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Mr David A Stawick  
Secretary  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Washington DC 20581

4 November 2011

Dear Mr Stawick

Please find enclosed a submission to the Commodity Futures Trading Commission by LCH.Clearnet Limited under the procedure set out in 17 CFR Section 40.6 for the self-certification of rules.

Should you have any questions regarding this submission please contact me on 011-44-207-426-7622 or at [simon.wheatley@lchclearnet.com](mailto:simon.wheatley@lchclearnet.com).

Yours sincerely

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LCH.Clearnet Group Limited | LCH.Clearnet Limited | LCH.Clearnet SA

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**SUBMISSION OF AMENDMENTS TO THE CLEARINGHOUSE RULES**

TO THE  
**COMMODITY FUTURES TRADING COMMISSION**

SUBMITTED BY  
**LCH.Clearnet Limited**  
an English limited company

**FILING AS A REGISTERED DERIVATIVES CLEARING ORGANIZATION**

Pursuant to Commission Regulation § 40.6

**Submission of New and Amended Rules within the LCH.Clearnet Rulebook, to facilitate the clearing of non-deliverable forward FX contracts:**

- **General Regulations:** new rules 103-109 and consequential amendments
- **Procedures:** new rules section 2K and amended rules in section 1 (1.1-1.3 and 1.7-1.11)
- **Default Rules:** amended rules 3, 6, and 8
- **Default Fund Rules** new rules F1-F8 and amended rules 14-19, 20-24, 26, 28-29 and 31-36
- **Settlement Finality Rules:** amended rules 2.2.5-2.2.7 and 2.3.5-2.4.9

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Submitted: November 4, 2011

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**LCH.CLEARNET LIMITED SELF-CERTIFICATION OF  
NEW AND AMENDED RULES TO FACILITATE THE CLEARING OF  
NON-DELIVERABLE FORWARD FX (“FOREXCLEAR”) CONTRACTS**

LCH.Clearnet Limited (“LCH.Clearnet”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification pursuant to CFTC Regulation §40.6(a): (i) new rules concerning the introduction of non-deliverable forward FX contracts (“NDFs”) for clearing through LCH.Clearnet called “ForexClear Contracts”; and (ii) changes to the current Rulebook of LCH.Clearnet (the “LCH.Clearnet Rulebook”) pertaining to the clearing of ForexClear Contracts. These amendments and new rules will be implemented and become effective on November 20, 2011.

**Part I: Introduction**

ForexClear is a planned clearing service for over-the-counter (“OTC”) FX transactions. The first element of this service to be implemented is the ForexClear service for non-deliverable forward FX, which will provide trade and risk management for ForexClear Contracts from matching through to fixing and settlement. The ForexClear service will also provide the reporting services needed by ForexClear Clearing Members (“FXCCMs”) to enable them to monitor their activity in and exposure to LCH.Clearnet. The service will initially be available for six currency pairs, with settlement in USD. At service launch, trade fixing will be provided by utilising a single, standard fixing source for each currency pair as defined by the Emerging Markets Trade Association (EMTA).

This submission covers the rule changes necessary to introduce the ForexClear service.

A major driving force behind the ForexClear design is its potential for making a significant contribution to counterparty credit risk mitigation. This approach is intended to support the requirements of the Dodd-Frank Act passed into US law in July 2010 and the anticipated European legislation expected to mandate the central clearing of OTC NDFs.

**Part II: Description of the ForexClear service**

LCH.Clearnet is planning to introduce rules, key functionality and business processes for the ForexClear service with effect from 20 November 2011. The key aspects of this service are as follows.

**1) Product**

The ForexClear service will clear NDFs in the following currency pairs:

- USD / Chinese yuan
- USD / Russian rouble
- USD / Indian rupee
- USD / South Korean won
- USD / Chilean peso
- USD / Brazilian real

NDFs will be accepted for clearing if their remaining maturity is between 3 business days and 2 years plus 2 business days.

## **2) Trade acceptance**

The ForexClear service can accept trades for clearing from 20.00 local London time on Sunday night, through to 01.00 local London time on Saturday morning (ie 24 hours a day during that period). Trades submitted outside these hours are queued, pending the re-opening of the service. Members determine which trades they wish to clear via the ForexClear service and submit them for matching to the trade matcher, which in turn submits the matched trades to LCH.Clearnet for novation and clearing.

The ForexClear trade matcher will be provided by an external provider. That entity will perform basic trade eligibility checks before submitting the trade for clearing. LCH.Clearnet will perform a series of additional validation checks to ensure that ineligible trades are not accepted. Trade validation criteria include valid counterparty, trade type, currency and tenor, transmission by a recognised method in a predefined format, and matched status. Trades that satisfy the eligibility criteria are accepted for clearing and are parked awaiting novation following the next margin run.

## **3) Novation process**

Before novating ForexClear trades, LCH.Clearnet will perform pre-novation collateral adequacy checking via a margin run. Scheduled margin runs will take place periodically throughout the operational day. If sufficient available cover is confirmed by the margin run, trades are novated and LCH.Clearnet becomes the legal counterparty to the trades. Novated trades are included in subsequent margin runs. Where sufficient cover is not available, trades are temporarily parked pending novation. Trades remain parked until either (a) sufficient collateral is received, or (b) additional new trades are submitted for clearing which reduce the collateral required to the level that the member has available.

## **4) Settlement**

All variation margin (“VM”) arising from ForexClear Contracts is paid on a daily basis. Both VM and the final settlement amounts in relation to those Contracts are cash settled in USD via existing LCH.Clearnet payment processes.

The final net cash settlement amounts in respect of ForexClear Contracts will reflect the cumulative VM already paid/received on each trade. As such, the magnitude of VM flows at trade settlement will be similar to pre-settlement daily VM flows.

## **5) Membership criteria**

Membership of the ForexClear service will be subject to criteria identical to LCH.Clearnet's existing SwapClear membership criteria, with the exception that there will not be a requirement for a minimum portfolio size. Membership criteria are set out in Section 1.2 of the Procedures.

## **Part III: New and amended Rules**

The LCH.Clearnet Rulebook is being amended and supplemented to support the ForexClear service and the clearing of ForexClear Contracts by FXCCMs. The changes affect five elements of the LCH.Clearnet Rulebook which are (i) the General Regulations, (ii) the Procedures (Sections 1 and 2K), (iii) the Default Rules, (iv) the Default Fund Rules, and (v) the Settlement Finality Regulations. The LCH.Clearnet Rulebook is governed by the laws of England and Wales.



“LCH.Clearnet ForexClear Submission 11-01”

The following is a brief description of the relevant changes to the LCH.Clearnet Rulebook.

A. General Regulations

The General Regulations are attached hereto as Exhibit A-1. The General Regulations constitute the primary rules governing the relationship between FXCCMs and LCH.Clearnet, and govern the clearing of ForexClear Contracts.

New ForexClear Regulations 103-109 have been added to the General Regulations, covering the applicability of existing regulations to ForexClear business; the submission, registration, and cancellation of ForexClear Contracts; arrangements for ForexClear Dealers; variation margin; and arrangements in the event LCH.Clearnet decides to withdraw the ForexClear service. A Schedule to the Regulations sets out the ForexClear contract terms and eligibility criteria for ForexClear transactions.

Certain other Regulations of the General Regulations apply to the ForexClear service and these provisions are specified in Regulation 103. Consequential amendments have been made to those specified General Regulations and to the definitions to accommodate the ForexClear service.

B. Procedures

The Procedures supplement the General Regulations. The amended section (Section 1) and the new section (section 2K) are attached hereto as Exhibit A-2.

Section 1 of the Procedures (Membership) has been amended to incorporate membership requirements for ForexClear. This affects sections 1.1 to 1.3 and 1.7 to 1.11 of the Procedures.

A new section 2K of the Procedures has been inserted, covering the ForexClear service. Section 2K contains provisions for the operational aspects of the service, including the scope of the service, trade management, the provision of market data for pricing, valuation, margining, reporting and treasury operations.

C. LCH.Clearnet Default Rules

The LCH.Clearnet Default Rules have been amended in consequence of the introduction of the ForexClear service and are attached hereto as Exhibit A-3. The amended Default Rules are 3, 6, and 8.

D. LCH.Clearnet Default Fund Rules

The LCH.Clearnet Default Fund Rules are attached hereto as Exhibit A-4. The Default Fund Rules have been amended to provide for a segregated “ForexClear Fund Amount” to cover losses arising from the default of an FXCCM. Rules 14-19, 20-24, 26, 28-29 and 31-36 have been amended with consequential renumbering. A new ForexClear Default Fund Supplement has been inserted, containing Rules F1-F8, which covers the composition, calculation and replenishment of that segregated fund, and sets out the actions that would be taken in the event of service closure.

E. LCH.Clearnet Clearing House Settlement Finality Rules

The Settlement Finality Rules have been amended in consequence of the introduction of the ForexClear service, and are attached hereto as Exhibit A-5. Amendments have been made to the

“LCH.Clearnet ForexClear Submission 11-01”

Introduction, Definitions, rules 2.2.5 to 2.2.7 and 2.3.5 to 2.4.9. Some general updates have also been made.

**Part IV: Certification by LCH.Clearnet**

LCH.Clearnet certifies to the CFTC, in accordance with CFTC Regulation §40.6, that the ForexClear product and the LCH.Clearnet Rulebook (as amended for the ForexClear service) comply with the Commodity Exchange Act and the CFTC Regulations promulgated there under. A signed certification is attached to this submission as Exhibit B.

In addition, LCH.Clearnet certifies that LCH.Clearnet has posted a notice of pending certification with the CFTC and a copy of the submission on LCH.Clearnet's website. This can be found at the webpage:

[http://www.lchclearnet.com/rules\\_and\\_regulations/ltd/proposed\\_rules.asp](http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp)

**Part V: Core Principles**

LCH.Clearnet will continue to comply with all Core Principles following the introduction of ForexClear Contracts and the proposed amendments and additions to the LCH.Clearnet Rulebook. LCH.Clearnet has concluded that its compliance with Core Principles would not be adversely affected by these changes. For the Core Principles that could potentially have been affected, further relevant information is provided follows:

Core Principle B: RISK MANAGEMENT, parts (i) and (iii)

Part (i) (“In General”)

LCH.Clearnet generates initial margin requirements for ForexClear Contracts using “FXPaR” (Foreign Exchange Portfolio Analysis and Risk). FXPaR is a value-at-risk (VaR) model based on filtered historical simulation with volatility scaling. FXPaR is calculated on the basis of a five-day holding period and a confidence level of 99.76% consistent with LCH.Clearnet Board risk appetite. FXPaR was developed by LCH.Clearnet with considerable member input.

The clearing of ForexClear Contracts using the FXPaR methodology will not adversely affect LCH.Clearnet's compliance with Core Principle B.

Part (iii) (“Limitation of Exposure to Potential Losses from Defaults”)

The Default Fund Rules provide for a segregated default fund. Rules F1-F5 set out the procedure for determining the size of the ForexClear default fund, and how it should be funded by FXCCMs. The minimum size of the ForexClear default fund is USD 70mm. At the end of every month, the default fund will be re-sized such that it is equal to the aggregate of the two largest stress testing losses in respect of ForexClear business incurred on each day over the preceding 30 days, plus 10%. FXCCMs' contributions will be rebalanced so that they contribute amounts pro rata to their risk (measured by average initial margin) over the 30 day period. This is subject to a minimum contribution of USD 5mm per FXCCM. ForexClear default fund contributions will be made in USD cash and accounted for separately, but will be managed and invested alongside other USD cash in LCH.Clearnet's liquidity portfolio.

LCH.Clearnet has concluded that it will continue to meet Core Principle B following the implementation of these changes.

**Core Principle G: DEFAULT RULES AND PROCEDURES**

As with existing LCH.Clearnet products, the first resources to be used in managing a default would be the defaulting entity's own margin and default fund contributions, followed by a share of GBP 20mm of LCH.Clearnet's own capital. After that point, the resources used would be (a) the dedicated ForexClear default fund; (b) any unutilised excess from the “General Business” default fund; and (c) any additional contributions from FXCCMs. In the event that all those resources were exhausted the ForexClear service would close, following the procedure set out in Default Fund Rule F8. No further LCH.Clearnet capital is included in the waterfall.

LCH.Clearnet has concluded that it will continue to meet Core Principle G following the implementation of the relevant rules and rule changes.

**Part VI: Opposing Views**

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

**Exhibit A-1**  
**General Regulations**

See Attached.

**Exhibit A-2  
Procedures**

See Attached.

**Exhibit A-3**  
**Default Rules**

See Attached.

**Exhibit A-4**  
**Default Fund Rules**

See Attached.

**Exhibit A-5**  
**Settlement Finality Rules**

See Attached.



**Exhibit B**  
**LCH.Cleernet Certification to CFTC**

See Attached.

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## **LCH.CLEARNET LIMITED**

### **GENERAL REGULATIONS OF THE CLEARING HOUSE**

#### **Scope**

Save where expressly stated to the contrary in these Regulations or the Procedures, these Regulations govern clearing services provided by LCH.Clearnet Limited. They do **not** cover clearing services provided by LCH.Clearnet SA which are governed by a separate set of rules.

For the purposes of these Regulations, LCH.Clearnet Limited is referred to as "the Clearing House". The terms "Member" or "Clearing Member" are used to refer to an undertaking which is entitled to receive clearing services from LCH.Clearnet Limited (see "Definitions"). They do not mean "shareholder" of LCH.Clearnet Limited or of any other undertaking in the LCH.Clearnet Group.

Any Regulation or group of Regulations expressly stated not to apply to a category, or categories, of Contract shall not apply to such category, or categories, of Contract.

The Link Regulations set out in Regulations 40 to 44 apply only to Contracts on the terms of a Linked Exchange Contract as further provided in Regulation 40.

The SwapClear Regulations set out in Regulations 46 to 52 apply only to SwapClear Contracts. Save as provided in Regulation 46, the provisions of Regulations 1 to 39A shall not apply to SwapClear Contracts.

The RepoClear Regulations set out in Regulations 53 to 60 apply only to RepoClear Contracts. Save as provided in Regulation 53, the provisions of Regulations 1 to 39A shall not apply to RepoClear Contracts.

The EquityClear Regulations set out in Regulations 61 to 67 apply only to EquityClear Contracts. Save as provided in Regulation 61, the provisions of Regulation 1 to 39A shall not apply to EquityClear Contracts.

LCH EnClear OTC Regulations set out in Regulation 68 and Regulations 73A to 73D respectively apply only to LCH EnClear OTC Contracts. Save as provided in Regulation 68, the provisions of Regulation 1 to 39A shall not apply to LCH EnClear OTC Contracts.

The Turquoise Derivatives Regulations set out in Regulations 74 to 87 apply only to Turquoise Derivatives Cleared Exchange Contracts which are eligible for clearing pursuant to these Regulations and the Turquoise Derivatives Rules.

The HKMEx Regulations set out in Regulations 88 to 91 apply only to HKMEx Contracts.

The Nodal Regulations set out in Regulations 92 to 95 apply only to Nodal Contracts.

The ForexClear Regulations set out in Regulations 103 to 109 apply only to ForexClear Contracts. Save as provided in Regulation 103, the provisions of Regulations 1 to 39A shall not apply to ForexClear Contracts.

**Definitions**

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

- Account Balance* - Means, in relation to the SwapClear Clearing Client Business of a defaulter, an Individual Segregated Account Balance or an Omnibus Net Segregated Account Balance.
- Additional Collateral* - Means, in relation to SwapClear Clearing Client Business, collateral delivered by a SwapClear Clearing Member to the Clearing House in respect of a SwapClear Clearing Client which is in excess of the Required Collateral relating to the SwapClear Clearing Client Business undertaken by the relevant SwapClear Clearing Member in respect of the relevant SwapClear Clearing Client and which has been designated by that SwapClear Clearing Member as being Additional Collateral to be held in the Additional Collateral Account held in respect of that SwapClear Clearing Client.
- Additional Collateral Account* - Means, in relation to SwapClear Clearing Client Business, a sub-account opened by a SwapClear Clearing Member with the Clearing House in respect of a SwapClear Clearing Client for the purposes of holding Additional Collateral.
- approved agent* - A person appointed by the Clearing House to perform certain functions on its behalf in respect of an ATP.
- Approved Broker* - A person authorised by the Clearing House to participate as a broker in the LCH EnClear OTC service.
- Approved Turquoise Derivatives Settlement Provider* - The securities depository or securities settlement system (or an operator thereof) approved by the Clearing House from time to time for the provision of settlement services in connection with the Turquoise Derivatives Service.
- Approved EquityClear Clearing Agreement* - An agreement prescribed as such by the Clearing House from time to time between an EquityClear Clearing Member, an EquityClear NCM and the Clearing House.
- Approved EquityClear Settlement Provider ("ASP")* - The operator of the securities depository and/or securities settlement system prescribed by the Clearing House from time to time for the provision of settlement services in respect of specified EquityClear Contracts.
- Approved EquityClear Trading Platform ("ATP")* - Any trading platform approved as such from time to time by the Clearing House in respect of the EquityClear service.
- Associated Clearing House* - The clearing house appointed from time to time by a Co-operating Exchange to act as the central counterparty to some or all transactions made on, or under the rules of the Co-operating Exchange.

- ATP Market Rules* - The rules, regulations, administrative procedures, Memorandum and Articles of Association or bye-laws which regulate an ATP and the market administered by it as notified from time to time to the Clearing House.
- Automated Trading System* - An automated trading system in respect of which the Clearing House has an agreement with the operator thereof and in respect of which the Clearing House has notified RepoClear Participants in accordance with the Procedures.
- Backup SwapClear Clearing Member* - Means, in relation to SwapClear Clearing Client Business, the SwapClear Clearing Member(s) indicated by a SwapClear Clearing Client as acting as such and notified to the Clearing House from time to time.
- Board* - The board of directors or other governing body (whether called a board, a committee or otherwise) of an Exchange.
- Bond Trade* - A trading activity in which a RepoClear Participant offers to sell RepoClear Eligible Securities, and another RepoClear Participant offers to purchase those RepoClear Eligible Securities, and a trade subsequently ensues.
- business day* - In respect of a Cleared Exchange Contract, an OTC Contract (except where specified otherwise in the relevant OTC Contract Terms), an LCH EnClear OTC Contract (except where specified otherwise in the LCH EnClear OTC Contract Terms), and an EquityClear Contract a day on which the Clearing House is open for business.
- buyer* - A Member (or the Clearing House where the context so requires) who is a buyer under the terms of an exchange contract, a Cleared Exchange Contract, an Turquoise Derivatives Cleared Exchange Contract, a RepoClear Transaction, a RepoClear Contract, a RepoClear GC Transaction, a RepoClear GC Contract, an EquityClear ATP Match, an EquityClear Novation Transaction, EquityClear (ccCFD) ATP Match or an Eligible OTC Trade, as the case may be.
- Cleared Exchange Contract* - A Contract entered into by the Clearing House on the terms of an exchange contract.
- Clearing House* - LCH.Clearnet Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom.
- Clearing House Prescribed Language* - Means, in relation to SwapClear Clearing Client Business, the wording prescribed by the Clearing House for inclusion in the SwapClear Clearing Agreements entered into by SwapClear Clearing Members with their clients.

- Clearing Membership Agreement* - The agreement so designated under which, inter alia, the Clearing House agrees to make available clearing services in respect of Contracts together with any extension letter or other agreement; in these Regulations and the Procedures the expressions "Clearing Member Agreement", "Member Agreement" and "Membership Agreement" shall have the same meaning as "Clearing Membership Agreement"; and in the Default Rules and the Default Fund Rules "Clearing Membership Agreement" includes the FCM Clearing Membership Agreement and FCM Default Fund Agreement.
- client account* - Means a segregated account with the Clearing House opened in the name of a Member in which Contracts relating to contracts made by the Member with one or more segregated clients are registered and to which monies in respect of such Contracts are credited.
- closing-out contract* - For the purposes of these Regulations, a contract effected by or on behalf of the Clearing House and registered in a Member's name, being a contract on the same terms (except as to price or premium) as an open contract in the Member's name, save that where the Clearing House is a buyer or a fixed rate payer, as the case may be, under the terms of such open contract the Clearing House shall be a seller or floating rate payer, as the case may be, under the terms of such closing-out contract and vice-versa.
- Co-operating Clearing House* - (i) a Co-operating Exchange or Associated Clearing House party to a Link Agreement with the Clearing House; or (ii) a clearing house party to an agreement with the Clearing House in respect of the co-clearing of an Exchange pursuant to which such organisation co-clears specific types of Contract and agrees to be bound by these Regulations as a Member to the extent and subject to any variations agreed in such agreement.
- Co-operating Exchange* - An exchange (which may also act as a central counterparty) which is party to a co-operation agreement with TGHL.
- Combined Turquoise Derivatives Orderbook* - Means the electronic Orderbook operated by TGHL. and one or more Co-operating Exchanges.
- Commodity* - Any kind of property, currency, documents, right or interest (including an option) which is the subject matter of an exchange contract or an LCH EnClear OTC Contract.
- confirmed contract* - An original exchange contract which has been confirmed to the Clearing House by or on behalf of a buyer and a seller pursuant to Regulation 6 or 7 and the Procedures, save that where one or more allocations of an original exchange contract have taken place in accordance with Regulation 7 and the Procedures a "confirmed contract" shall only arise when the last allocation of such original



- exchange contract has been made and confirmed by a Member pursuant to Regulation 7 and the Procedures.
- Contract*
- (i) A contract subject to the Regulations entered into by the Clearing House with a Member for the purposes of or in connection with the provision of clearing services including, without limitation, an open contract, settlement contract, re-opening contract or closing-out contract; and also (ii) in the case of the Default Rules, the Default Fund Rules, the FCM Default Fund Agreement, any DMPA and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM SwapClear Contract.
- contract for differences*
- A Cleared Exchange Contract, a Turquoise Derivatives Cleared Exchange Contract, an OTC Contract or an LCH EnClear OTC Contract which is to be performed by cash settlement only.
- Contribution*
- In relation to the Default Fund Rules, has the meaning assigned to it in rule 17 of the Default Fund Rules.
- cover*
- An amount determined by the Clearing House of cash or, with the approval of the Clearing House, security in a currency and a form acceptable to the Clearing House as prescribed by the Procedures.
- Cross-Border Transfers*
- The automatic transfers of Turquoise Derivatives Cleared Exchange Contracts from an account of a Linked Member maintained with a Co-operating Exchange to an account of a Member with the Clearing House.
- Cross-Margining Affiliate*
- A Member or a member of a Cross-Margining Exchange who has been accepted as eligible to be a Cross-Margining Participant by the Clearing House or the Cross-Margining Exchange, as the case may be, and who is an affiliate (as defined in a Cross-Margining Agreement) of a Cross-Margining Participant of the other exchange or clearing organisation.
- Cross-Margining Agreement*
- An agreement entered into between the Clearing House and a Cross-Margining Exchange (together or with other parties, as the case may be) pursuant to which the Clearing House agrees to take into account, in calculating cover for initial margin to be furnished to the Clearing House by a Member who is a Cross-Margining Participant, contracts entered into between the Cross Margining Exchange and the Cross-Margining Participant or his Cross-Margining Affiliate and pursuant to which the Clearing House is liable to make payments to the Cross-Margining Exchange (and, as the case may be, the Cross-Margining Exchange is liable to make payments to the Clearing House) of amounts calculated in accordance with the terms of the loss-sharing arrangements set forth in such Cross-Margining Agreement.

- Cross-Margining Exchange* - An exchange, clearing house or organisation party to a Cross-Margining Agreement with the Clearing House.
- Cross-Margining Participant* - A Member or a member of a Cross-Margining Exchange, which the Clearing House or the Cross-Margining Exchange, as the case may be, has accepted may participate in the cross-margining arrangements set forth in the Cross-Margining Agreement as a Cross-Margining Participant or Cross-Margining Affiliate.
- daily settlement amounts* - Amounts due to the Clearing House from a Member or to a Member from the Clearing House, as the case may be, arising out of settlement of open contracts pursuant to Regulation 15 or Regulation 73c, and the Procedures.
- Day Position Balances* - For the purposes of the Link Regulations, the meaning attributed to it in the Procedures in respect of Contracts on the terms of a Linked Exchange Contract referred to in Regulation 41(b) or, in respect of contracts on the terms of a Participating Exchange Contract referred to in Regulation 41A, the meaning attributed to it in the relevant Link Agreement.
- Deed of Assignment* - Means a deed of assignment entered into between a SwapClear Clearing Member and a SwapClear Clearing Client (or, notwithstanding any description to the contrary, such SwapClear Clearing Client's security trustee) in respect of a SwapClear Clearing Agreement. For this purpose, where the Deed of Assignment is entered into with the Clearing House acting as security trustee for the benefit of a SwapClear Clearing Client, any reference to the exercise of rights by a SwapClear Clearing Client pursuant to such Deed of Assignment shall be a reference to the Clearing House exercising such rights in its capacity as a security trustee for the benefit of the SwapClear Clearing Client
- defaulter* - The meaning attributed to it in rule 4 of the Default Rules.
- Default Fund Rules* - The Clearing House's Default Fund Rules from time to time in force which, for the avoidance of doubt, form part of the General Regulations and of the Default Rules.
- Default Rules* - The Clearing House's Default Rules from time to time in force pursuant to Part IV of The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 which, for the avoidance of doubt, form a part of these General Regulations.
- delivery contract* - A Cleared Exchange Contract or Turquoise Derivatives Cleared Exchange Contract between the Clearing House and a Member:

- (i) for the immediate sale and purchase of a commodity arising on the exercise of an option pursuant to these Regulations; or
  - (ii) for the sale and purchase of a commodity for delivery on the date specified in the contract or on the date agreed between the parties, in either case being an open contract under which tender is not required to be given.
- delivery month* - In respect of an exchange contract, the meaning ascribed to it in the Exchange Rules governing such contract or, in respect of an LCH EnClear OTC Contract, the meaning ascribed to it in the LCH EnClear OTC Procedures, or in respect of a Turquoise Derivatives Cleared Exchange Contract, an expiration month as defined in the Turquoise Derivatives Rules.
- DMPA* - A default management process agreement in force between the Clearing House and a SwapClear Clearing Member, which for the avoidance of doubt includes any FCM Clearing Member, as amended from time to time.
- Economic Terms* - That part of the SwapClear Contract Terms, RepoClear Contract Terms, RepoClear GC Contract Terms, EquityClear Contract Terms ~~or~~, LCH EnClear OTC Contract Terms, or ForexClear Contract Terms as the case may require, designated as Economic Terms by the Clearing House from time to time.
- Eligibility Criteria* - With regard to an EquityClear Open Offer, the conditions set out in Regulation 62A(c) or 62C(c).
- Eligible OTC Trade* - A trade eligible for registration in the LCH EnClear OTC Services.
- EquityClear ATP Match* - An EquityClear (Equities) ATP Match or EquityClear (ccCFD) ATP Match.
- EquityClear Clearing Member* - A Member who is designated by the Clearing House as an EquityClear Clearing Member eligible to clear EquityClear Contracts.
- EquityClear(ccCFD) Contract Terms* - The terms applicable to each EquityClear (ccCFD) Contract, where such terms are not specified by the ATP, as set out from time to time in the Schedule to the EquityClear Regulations or the Procedures.
- EquityClear (ccCFD) ATP Match* - An EquityClear ATP Match where the relevant ATP Market Rules permit the matching of Trading Platform Particulars that consist of the sale or purchase of an EquityClear Eligible ccCFD and the corresponding purchase or sale, as the case may be, of an EquityClear Eligible ccCFD.
- EquityClear (ccCFD) Open* - The open offer made by the Clearing House in respect of an EquityClear (ccCFD) ATP Match meeting the

<i>Offer</i>	EquityClear (ccCFD) Open Offer Eligibility Criteria.
<i>EquityClear (ccCFD) Contract</i>	- An EquityClear Contract entered into by the Clearing House with an EquityClear Clearing Member on the EquityClear (ccCFD) Contract Terms or such other terms specified by the relevant ATP.
<i>EquityClear Clearing Member</i>	- a Member who is designated by the Clearing House as an EquityClear Clearing Member eligible to clear EquityClear Contracts.
<i>EquityClear Contract</i>	- An EquityClear (Equities) Contract and/or an EquityClear (ccCFD) Contract as the case may be.
<i>EquityClear Contract Terms</i>	- The EquityClear (Equities) Contract Terms and/or the EquityClear (ccCFD) Contract Terms as the case may be.
<i>EquityClear Eligible ccCFD'</i>	- A contract for difference in respect of an EquityClear Eligible Underlying Instrument prescribed by the Clearing House and eligible for those prescribed parts of the EquityClear service and which appear in the list or lists published for this purpose from time to time by the Clearing House.
<i>EquityClear Eligible ccCFD Underlying Instruments</i>	- The security, index, commodity, currency pair or other asset or product that is the subject matter of an EquityClear (ccCFD) and which appear in the list or lists published for this purpose from time to time by the Clearing House.
<i>EquityClear Eligible Equities</i>	- Securities prescribed from time to time by the Clearing House which are eligible for any part or parts of the EquityClear service and which appear in the list or lists published from time to time by the Clearing House.
<i>EquityClear (Equities) ATP Match</i>	- The matched Trading Platform Particulars resulting from the matching on an ATP, in accordance with the relevant ATP Market Rules, of Trading Platform Particulars received from, or on behalf of: (i) two EquityClear Clearing Members (with one as buyer and one as seller); or (ii) one EquityClear Clearing Member and one member of a relevant Co-operating Clearing House (with one as buyer and one as seller).
<i>EquityClear (Equities) Contract</i>	- An EquityClear Contract entered into by the Clearing House with an EquityClear Clearing Member on the EquityClear (Equities) Contract Terms or such other terms specified by the relevant ATP.
<i>EquityClear (Equities) Contract Terms</i>	- The terms applicable to each EquityClear (Equities) Contract, where such terms are not specified by the ATP, as set out from time to time in the Schedule to the EquityClear Regulations or the Procedures.
<i>EquityClear (Equities) Open</i>	- The open offer made by the Clearing House in respect of an EquityClear (Equities) ATP Match meeting the

<i>Offer</i>	EquityClear (Equities) Open Offer Eligibility Criteria.
<i>EquityClear Mixed Member Match</i>	- (i) An ATP Match reflecting two sets of matched Trading Platform Particulars submitted by, or on behalf of, one EquityClear Clearing Member and one member of a relevant Co-operating Clearing House (with one as buyer and one as seller), or (ii) an EquityClear Novation Transaction between one EquityClear Clearing Member and one member of a relevant Co-operating Clearing House (with one as buyer and one as seller).
<i>EquityClear Non-Clearing Member (EquityClear NCM)</i>	- A person who is not a Member but is party to an Approved EquityClear Clearing Agreement with an EquityClear Clearing Member/s and the Clearing House, and is included by the Clearing House on the Register of EquityClear NCMs as eligible to submit Trading Platform Particulars to such one or more Approved EquityClear Trading Platform/s as may be approved by the Clearing House with regard to that person, and any resulting EquityClear ATP Matches to the Clearing House, on behalf of the relevant EquityClear Clearing Member pursuant to, and in accordance with, such Approved EquityClear Clearing Agreement, the relevant ATP Market Rules, the Regulations and the Procedures.
<i>EquityClear Novation Transaction</i>	- The matched Trading Platform Particulars representing a bilateral transaction and either: <ul style="list-style-type: none"> <li>(i) concluded other than through the orderbook of a relevant ATP which is capable of being cleared in accordance with the relevant ATP Market Rules and the Regulations; or</li> <li>(ii) concluded through an orderbook of an ATP, where the relevant ATP Market Rules specify that transactions executed there will be cleared via novation; and</li> <li>(iii) in either case is submitted for registration by, or on behalf of, one EquityClear Clearing Member (or, in respect of an EquityClear Mixed Member Match, one member of the relevant Co-operating Clearing House) identified as, or as acting as clearing member for, the buyer and the same or another EquityClear Clearing Member identified as, or as acting as clearing member for, the seller.</li> </ul>
<i>EquityClear Open Offer</i>	- An EquityClear (Equities) Open Offer or EquityClear (ccCFD) Open offer
<i>EquityClear Participants</i>	- EquityClear Clearing Members and EquityClear NCMs.
<i>EquityClear Regulations</i>	- The Clearing House's Regulations, applicable to EquityClear Contracts only, from time to time in force.
<i>€GC Trade</i>	- A trading activity in which a RepoClear Participant ("the First Participant") offers to sell (or buy) an agreed value

of securities comprised in a €GC Basket, to be allocated in accordance with the RepoClear Procedures applicable to RepoClear €GC Contracts, and another RepoClear Participant ("the Second Participant") offers to buy (or sell, as the case may be) the securities so allocated, on the conditions that:

- (i) at the end of a specified period of time, the Second Participant sells (or buys, as the case may be) Equivalent Securities (as such term is used in the RepoClear €GC Contract Terms) and the First Participant buys (or sells, as the case may be) those Equivalent Securities; and
- (ii) the understanding of the parties is that their obligations during the term of the transaction will be represented by a series of overnight repurchase transactions effected either through CBL's service under the AutoAssign Supplement, Euroclear's AutoSelect service or any other equivalent service provided by a Triparty Agent, as the case may be, as contemplated by the RepoClear Procedures applicable to RepoClear €GC Contracts,

and a trade subsequently ensues.

*Event Protection Contract*

- A Cleared Exchange Contract between the Clearing House and a Member arising in connection with a LIFFE Credit Default Swap Index Contract pursuant to Regulation 18.

*Excess Collateral*

- Means, in relation to SwapClear Clearing Client Business, collateral, other than Additional Collateral, delivered to the Clearing House by a SwapClear Clearing Member in respect of its SwapClear Clearing Client Business which is in excess of the Required Collateral in respect of such SwapClear Clearing Client Business.

*Exchange*

- An organisation (whether an exchange, association, company or otherwise) responsible for administering a futures, options, stock or other market, to which the Clearing House provides clearing services.

*exchange contract*

- A class of contract (1) on the terms published from time to time by an Exchange and permitted to be made by a member of such Exchange on the market administered by that Exchange or otherwise in accordance with Exchange Rules, or (2) eligible for submission to the Clearing House for registration pursuant to the Exchange Rules. For the purposes of these Regulations "exchange contract" shall not include any class of contract capable of being made on the London Stock Exchange, or on any ATP.

*Exchange Rules*

- The rules, regulations, administrative procedures, Memorandum and Articles of Association or bye-laws which regulate an Exchange and the market

administered by it as notified from time to time to the Clearing House and, without prejudice to the generality of the foregoing, any regulations or directions made by the Board and any procedures, practices and administrative requirements of the Exchange. The term "Exchange Rules" shall include the Turquoise Derivatives Rules, as the case may be, save where the context otherwise requires.

<i>Executing Party</i>	- Has the meaning assigned to it in the FCM Regulations.
<i>expiry date or month</i>	- A date or month prescribed by Exchange Rules in respect of an option contract.
FCM Clearing Member	- Has the meaning assigned to it in the FCM Regulations.
FCM Clearing Membership Agreement	- Has the meaning assigned to it in the FCM Regulations.
FCM Client	- Has the meaning assigned to it in the FCM Regulations
FCM Default Fund Agreement	- Has the meaning assigned to it in the FCM Regulations
FCM Omnibus OTC Client Account with LCH	- Has the meaning assigned to it in the FCM Regulations.
FCM Procedures	- Has the meaning assigned to it in the FCM Regulations.
FCM Regulations	- Means the Clearing House's FCM Regulations.
FCM SwapClear Clearing Services	- Has the meaning assigned to it in the FCM Regulations.
FCM SwapClear Contract	- Has the meaning assigned to it in the FCM Regulations.
FCM SwapClear Transaction	- Has the meaning assigned to it in the FCM Regulations.
<u><i>ForexClear Clearing Member (FXCCM)</i></u>	<u>:- A Member who is designated by the Clearing House as a ForexClear Clearing Member eligible to clear ForexClear Contracts.</u>
<u><i>ForexClear Contract</i></u>	<u>:- A Contract entered into by the Clearing House with a ForexClear Clearing Member on the ForexClear Contract Terms.</u>
<u><i>ForexClear Contract Terms</i></u>	<u>:- The terms applicable to each ForexClear Contract as set out from time to time in the Schedule to the ForexClear Regulations or the Procedures.</u>
<u><i>ForexClear Dealer (FXD)</i></u>	<u>:- A person admitted by the Clearing House to the Register of ForexClear Dealers and who has not been removed from the Register of ForexClear Dealers.</u>
<u>ForexClear Dealer Clearing Agreement (FDC Agreement)</u>	<u>A written agreement, in the form and on the terms prescribed by the Clearing House between an FXD, an FXCCM and the Clearing House which has the function, amongst other things, of setting out the terms on which</u>

		<u>the FXCCM agrees to clear ForexClear Transactions for the ForexClear Dealer.</u>
<u>ForexClear Eligibility Criteria</u>	=	<u>With regard to ForexClear Transactions, the product criteria set out in Part B of the Schedule to the ForexClear Regulations.</u>
<u>ForexClear Matcher</u>		<u>A party which has been notified in writing by the Clearing House to ForexClear Participants from time to time as being a matching provider for the ForexClear Service.</u>
<u>ForexClear Participants (FXPs)</u>	=	<u>ForexClear Clearing Members, and ForexClear Dealers, and "ForexClear Participant" means either of them.</u>
<u>ForexClear Regulations</u>	=	<u>The Regulations entitled as such, applicable to ForexClear Contracts only, from time to time in force.</u>
<u>ForexClear Service</u>	=	<u>The service provided by the Clearing House under the ForexClear Regulations.</u>
<u>ForexClear Transaction</u>	=	<u>A contract, meeting the ForexClear Eligibility Criteria for registration as a ForexClear Contract, entered into between two ForexClear Clearing Members, of which particulars are presented to the Clearing House for registration in the name of ForexClear Clearing Members in accordance with the Regulations.</u>
<u>Non-Deliverable FX Transaction</u>	=	<u>Has the meaning given to it in the 1998 FX and Currency Option Definitions published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association, and the Foreign Exchange Committee, or any successor organisations, as amended and updated from time to time.</u>
<u>Reference Currency Buyer</u>	=	<u>Means in relation to ForexClear Contract that is a Non-Deliverable FX Transaction, the party specified as the 'Reference Currency Buyer' in the Economic Terms.</u>
<u>Reference Currency Seller</u>		<u>Means in relation to ForexClear Contract that is a Non-Deliverable FX Transaction, the party specified as the 'Reference Currency Seller' in the Economic Terms.</u>
<u>Register of ForexClear Dealers</u>	=	<u>The register which lists ForexClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as ForexClear Contracts by the Clearing House.</u>
GC Trade	-	A €GC Trade or a SGC Trade.
HKMEx	-	The Hong Kong Mercantile Exchange Limited of 1905 International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, and such of its affiliates as may operate the HKMEx Trading System from time to time.
HKMEx Contract	-	A Contract entered into by the Clearing House with a HKMEx Service Clearing Member pursuant to the



	HKMEx Regulations.
<i>HKMEx Contract Terms</i>	- The terms of a HKMEx Contract as set out in the HKMEx contract specification provided in HKMEx's Rules.
<i>HKMEx Eligible Product</i>	- A product prescribed from time to time by the Clearing House as eligible for the HKMEx Service.
<i>HKMEx Non-Clearing Member</i>	- A person other than a HKMEx Service Clearing Member who is party to an agreement with HKMEx allowing such person to be a participant in the HKMEx Trading System and subjecting such person to the provisions of HKMEx's Rules.
<i>HKMEx Participants</i>	- HKMEx Service Clearing Members and HKMEx Non-Clearing Member.
<i>HKMEx Regulations</i>	- The Clearing House's Regulations applicable to HKMEx Contracts from time to time in force.
<i>HKMEx's Rules</i>	- The rules, practices, procedures, trading protocols and arrangements of the HKMEx Trading System as may be prescribed from time to time relating to HKMEx Eligible Products.
<i>HKMEx Service</i>	- The service provided by the Clearing House under the HKMEx Regulations.
<i>HKMEx Service Clearing Member</i>	- A Member who is designated by the Clearing House as eligible to clear HKMEx Contracts.
<i>HKMEx Trading System</i>	- The facility, trading system or systems operated directly or indirectly by HKMEx on which HKMEx Eligible Products may be traded.
<i>HKMEx Transaction</i>	- A contract in a HKMEx Eligible Product between HKMEx Service Clearing Members arising or registered on a HKMEx Trading System meeting the requirements of the Regulations and the Procedures.
<i>Individual Segregated Account</i>	- Means, in relation to SwapClear Clearing Client Business, a sub-account opened within the Clearing House by a SwapClear Clearing Member in respect of Individual Segregated Account Business.
<i>Individual Segregated Account Balance</i>	- Means, in respect of an Individual Segregated Account Clearing Client, the sum of (i) the Required Collateral attributed by the Clearing House in accordance with its rules and procedures to that client; (ii) the Excess Collateral attributed by the Clearing House in accordance with its rules and procedures to that client; and (iii) the Additional Collateral held in the Additional Collateral Account in respect of that client.
<i>Individual Segregated Account</i>	- Has the meaning ascribed to such term in sub-paragraph

<i>Business</i>	(i) of paragraph (c) of Regulation 52A.
<i>Individual Segregated Account Clearing Client</i>	- Means, in relation to SwapClear Clearing Client Business, a client in respect of whom a SwapClear Clearing Member engages in Individual Segregated Account Business.
<i>initial margin</i>	- An amount determined and published from time to time by the Clearing House with regard to each category of contract, in respect of which Members may be required to provide to the Clearing House cover in accordance with these Regulations and the Procedures as a condition of registration of a contract by the Clearing House and otherwise in respect of all Contracts registered with the Clearing House, as prescribed by these Regulations and the Procedures.
<i>LCH.Clearnet Group</i>	- The group of undertakings consisting of LCH.Clearnet Limited, LCH.Clearnet Group Limited and Banque Centrale de Compensation S.A. trading as LCH.Clearnet SA. (Reference to a "member" of LCH.Clearnet Group within these Regulations is to be construed accordingly).
<i>LCH EnClear OTC Clearing Member</i>	- A Member who is designated by the Clearing House as an LCH EnClear OTC Clearing Member eligible to clear LCH EnClear OTC Contracts.
<i>LCH EnClear OTC Contract</i>	- A Contract entered into by the Clearing House with an LCH EnClear OTC Clearing Member on any applicable set of Contract Terms prescribed in the LCH EnClear OTC Regulations.
<i>LCH EnClear OTC Contract Terms</i>	- The relevant Contract Terms in respect of LCH EnClear OTC Contracts.
<i>LCH EnClear OTC Regulations</i>	- The Clearing House's Regulations, applicable to LCH EnClear OTC Contracts only, from time to time in force.
<i>LCIA Rules</i>	The LCIA Arbitration Rules of The London Court of International Arbitration.
<i>LIFFE</i>	- LIFFE Administration and Management
<i>LIFFE Credit Default Swap Index Contract</i>	- A Cleared Exchange Contract entered into by the Clearing House and a Member on the LIFFE Credit Default Swap Index Contract Terms.
<i>LIFFE Credit Default Swap Index Contract Terms</i>	- The terms of the LIFFE Credit Default Swap Index Contract specification provided in LIFFE Rules.
<i>LIFFE Market</i>	- Any market operated by LIFFE regardless as to whether the market is an exchange, multilateral trading facility, alternative trading system, other platform or an over the counter market but excluding any market outside of the

	European Union operated by LIFFE.
<i>LIFFE Rules</i>	- The rules adopted by LIFFE in force from time to time and which govern the membership and operation of a LIFFE Market.
<i>Link</i>	- The trading and/or clearing arrangements established by the Clearing House and a Participating Exchange and, as the case may be, an Exchange in respect of either or both of the following:  (i) one or more exchange contracts;  (ii) one or more Participating Exchange Contracts.
<i>Link Agreement</i>	- An agreement entered into between the Clearing House and a Participating Exchange and, if applicable, an Exchange for the purposes of a Link.
<i>Link Clearing Agreement</i>	- A written agreement in one or more forms and in the terms prescribed by an Exchange, the Clearing House and a Participating Exchange to which, amongst others, a Member is party which has the function, amongst other things, of facilitating the transfer of Contracts on the terms of one or more Linked Exchange Contracts covered by such agreement in accordance with Regulation 41.
<i>Linked Exchange Contract</i>	- An exchange contract which is the subject of a Link.
<i>Linked Member</i>	- A member of a Co-operating Exchange.
<i>Link Regulations</i>	- The Clearing House's Link Regulations from time to time in force.
<i>lot</i>	- The standard unit or quantity prescribed by an Exchange, with the approval of the Clearing House, as the trading unit of an exchange contract; or  - In relation to a contract other than an exchange contract, the standard unit or quantity prescribed by the relevant contract terms.
<i>LSE</i>	- The London Stock Exchange plc or any successor in title.
<i>margin</i>	- Initial margin and/or variation margin.
<i>market</i>	- A futures, options, forward, stock or other market, administered by an Exchange, or an OTC market in respect of which the Clearing House has agreed with such Exchange or, in respect of an OTC market, with certain participants in that market, to provide clearing services on the terms of these Regulations and the Procedures.
<i>market day</i>	- In respect of a commodity, a day on which the market on

which that commodity is dealt in is open for trading.

- Member or Clearing Member* - (i) Subject to (ii) means an undertaking (including a firm or company) which is entitled to be party to Contracts with the Clearing House in accordance with a Clearing Membership Agreement and the Procedures, a Participating Exchange or a Co-operating Clearing House, where so agreed with the Participating Exchange or the Co-operating Clearing House (as applicable). For the avoidance of doubt, the terms "Member" and "Clearing Member" for the purposes of these Regulations, Default Rules and Procedures, do not mean shareholder of LCH.Clearnet Limited or of any other undertaking in the LCH.Clearnet Group.
- (ii) "Clearing Member" includes or means (as the case may be) FCM Clearing Member for the purpose of the Default Rules, the Default Fund Rules, the FCM Default Fund Agreement, any DMPA and any other document, rule or procedure as specified by the Clearing House from time to time.
- Member Link Agreement* - A Link Clearing Agreement or a Trade Allocation Agreement.
- Nodal* - Nodal Exchange, LLC of 8065 Leesburg Pike, Suite 700, Vienna, VA 22182, United States of America.
- Nodal Contract* - A Contract entered into by the Clearing House with a Nodal Service Clearing Member pursuant to the Nodal Regulations.
- Nodal Contract Terms* - The terms of a Nodal Contract as set out in the Nodal contract specification provided in Nodal's Rules.
- Nodal Eligible Derivative Product* - A derivative product prescribed from time to time by the Clearing House as eligible for the Nodal Service.
- Nodal Non-Clearing Participant* - A person other than a Nodal Service Clearing Member who is party to an agreement with Nodal allowing such person to be a participant in the Nodal Trading Facility and subjecting such person to the provisions of Nodal's Rules.
- Nodal Participants* - Nodal Service Clearing Members and Nodal Non-Clearing Participants.
- Nodal Reference Price* - A Reference Price in respect of a Nodal Contract.
- Nodal Regulations* - The Clearing House's Regulations applicable to Nodal Contracts from time to time in force.
- Nodal's Rules* - The rules, practices, procedures, trading protocols and arrangements of the Nodal Trading Facility as the case

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	may be and as may be prescribed from time to time relating to Nodal Eligible Derivative Products.
<i>Nodal Service</i>	- The service provided by the Clearing House under the Nodal Regulations.
<i>Nodal Service Clearing Member</i>	- A Member who is designated by the Clearing House as eligible to clear Nodal Contracts.
<i>Nodal Trading Facility</i>	- The facility, trading system or systems operated directly or indirectly by Nodal on which Nodal Eligible Derivative Products may be traded.
<i>Nodal Transaction</i>	- A contract in a Nodal Eligible Derivative Product between Nodal Service Clearing Members arising or registered on a Nodal Trading Facility meeting the requirements of the Regulations and the Procedures.
<i>NYSE Liffe Clearing Contract</i>	- A contract in the terms of a LIFFE exchange contract subject to the LIFFE Rules entered into by LIFFE as central counterparty with a NYSE Liffe Clearing Member including, without limitation, an open contract, settlement contract, re-opening contract or closing-out contract.
<i>NYSE Liffe Clearing Member</i>	- A Clearing Member who has been designated by LIFFE to clear NYSE Liffe Clearing Contracts and <i>NYSE Liffe Clearing Membership</i> shall be construed accordingly.
<i>NYSE Liffe Clearing Service</i>	- The central counterparty and ancillary services provided by LIFFE to NYSE Liffe Clearing Members in accordance with the LIFFE Rules.
<i>NYSE Liffe Clearing Membership Agreement</i>	- The tripartite clearing membership agreement relating to the NYSE Liffe Clearing Service between LIFFE, the Clearing House and each NYSE Liffe Clearing Member, as in force from time to time.
<i>official quotation</i>	- A price determined by the Clearing House under Regulation 14.
<i>Omnibus Net Segregated Account</i>	- Means, in relation to SwapClear Clearing Client Business, a sub-account opened within the Clearing House by a SwapClear Clearing Member in respect of Omnibus Net Segregated Business.
<i>Omnibus Net Segregated Account Balance</i>	- Means, in respect of an individual Omnibus Net Segregated Clearing Client, the sum of (i) the Required Collateral attributed by the Clearing House in accordance with its rules and procedures to that client; (ii) the Excess Collateral attributed by the Clearing House in accordance with its rules and procedures to that client; and (iii) the Additional Collateral held in the Additional Collateral Account in respect of that client.
<i>Omnibus Net Segregated Business</i>	- Has the meaning ascribed to such term in sub-paragraph (ii) of paragraph (c) of Regulation 52A

<i>Omnibus Net Segregated Clearing Client</i>	- Means, in relation to SwapClear Clearing Client Business, a client in respect of whom a SwapClear Clearing Member engages in Omnibus Net Segregated Business.
<i>Open Contract or open contract</i>	- A Contract made with a Member on the terms (subject to variation of such terms as provided in the Regulations) of an original contract or a Contract made with a Member on the terms set out in the Regulations and/or any agreement entered into with the Member, which, in either case, has not been closed-out, settled or invoiced back in accordance with the Regulations and the Procedures. The term "open contract" shall include, where relevant, an option contract a delivery contract and an Event Protection Contract, but shall not include a settlement contract, a re-opening contract or a closing-out contract.
<i>open contract subject to tender</i>	- A Cleared Exchange Contract made with a Member on the terms (unless otherwise provided in the Regulations) of an original exchange contract in respect of which a tender has been given, which has not been closed out, settled or invoiced back in accordance with the Regulations and the Procedures, and shall include, except where the context otherwise requires, a delivery contract.
<i>Open Offer for Turquoise Derivatives</i>	- The open offer contained in Regulation 75 in relation to Orderbook Matches.
<i>option</i>	- A right to enter into a contract for the sale and purchase of a commodity for future delivery, a contract for differences, or a delivery contract.
<i>option contract</i>	- A contract for an option on the terms of an exchange contract; or
<i>original contract</i>	- An original exchange contract, EquityClear Novation Transaction, Eligible OTC Trade, or an OTC Transaction other than a Repo Trade, Bond Trade or GC Trade.
<i>original exchange contract</i>	- A contract including, where relevant, an option contract on the terms of an exchange contract which <ol style="list-style-type: none"><li>(i) has been entered into on a market or otherwise under or in accordance with Exchange Rules and subject to Exchange Rules of which particulars are to be presented to the Clearing House for registration in the name of members in accordance with Exchange Rules, the Regulations or the Procedures; or</li><li>(ii) arises pursuant to Regulation 41A(b) upon the transfer of a contract on the terms of a Participating Exchange Contract under a Link; or</li><li>(iii) by agreement with a Participating Exchange is to be registered in the name of a Participating</li></ol>

Exchange in accordance with the terms of any agreement made with a Participating Exchange.

Where any such contract is for more than one lot there shall be deemed to be a separate contract in respect of each lot and the term "original exchange contract" shall be construed accordingly. The term "original exchange contract" shall include a confirmed contract, except where the context otherwise requires. For the avoidance of doubt, the term "original exchange contract" shall not include any ATP Match made pursuant to the rules of an Approved EquityClear Trading Platform.

- OTC Contract*
- A Contract entered into by the Clearing House with a Member on the relevant OTC Contract Terms, as prescribed by the Clearing House from time to time, in accordance with the Regulations and the Procedures and/or any agreement entered into with the Member.
- OTC Contract Terms*
- The SwapClear Contract Terms in respect of SwapClear Contracts, the RepoClear Contract Terms in respect of RepoClear Contracts, the RepoClear SGC Contract Terms in respect of RepoClear SGC Contracts and the RepoClear €GC Contract Terms in respect of RepoClear €GC, the ForexClear Contract Terms in respect of ForexClear Contracts.
- OTC market*
- Any dealings in an investment (as defined in section 22(1) and Schedule 2 Part II of the Financial Services and Markets Act 2000) which are entered into otherwise than on or subject to the rules of an Exchange.
- OTC Service*
- A service provided by the Clearing House for the clearing of a category of OTC Contract.
- OTC Transaction*
- A transaction being a SwapClear Transaction, RepoClear Transaction, RepoClear GC Transaction, Repo Trade, Bond Trade or GC Trade, or ForexClear Transaction.
- Participating Exchange*
- An organisation (whether an exchange, association, company or otherwise), other than an Exchange, responsible for administering a futures, options, stock or other market which has concluded a Link Agreement with the Clearing House including such an organisation pursuant to which Link Agreement:
    - contracts on the terms of one or more Linked Exchange Contracts are to be transferred to, for clearing by, such organisation; or
    - contracts on the terms of one or more Participating Exchange Contracts are to be transferred to, for clearing by, the Clearing House.
  - And, for the purposes of these Regulations, the term "Participating Exchange" shall include a Co-operating Clearing House and Co-operating Exchange and any

- clearing house (other than the Clearing House) which from time to time provides clearing services to such organisation.
- Participating Exchange Contract* - In respect of a Participating Exchange, means a class of contract, the terms of which are published by the Participating Exchange from time to time, permitted to be made by members of the Participating Exchange under Participating Exchange Rules and which is the subject of a Link.
- Participating Exchange Rules* - The provisions of a Participating Exchange's Memorandum or Articles of Association or other constitutional documents, by-laws, rules, regulations, procedures, customs, practices, notices and resolutions in whatever form adopted by such Participating Exchange and any amendment, variation or addition thereto.
- premium* - The consideration for the selling of an option payable by the buyer in accordance with these Regulations and the Procedures.
- Price* - In the case of:
- (i) a contract on the terms of an exchange contract which is to be performed by delivery of a commodity, the consideration to be paid by the buyer in cash in the currency prescribed by the terms of the exchange contract, and in the case of an exchange contract which is a contract for differences, the valuation quoted as a price under its terms: or
  - (ii) an OTC Contract, the price calculated by the Clearing House in accordance with the Regulations and the Procedures; or
  - (iii) an EquityClear Contract, the consideration to be paid by the buyer in cash in the currency as set out in the ATP Match or ATP Match or EquityClear Novation Transaction information received by the Clearing House or its relevant approved agent; or
  - (iv) an LCH EnClear OTC Contract, the price calculated by the Clearing House in accordance with the Regulations and Procedures.
- Procedures* - One or more documents containing the working practices and administrative or other requirements of the Clearing House for the purposes of implementing or supplementing these Regulations, or the procedures for application for and regulation of membership of the Clearing House and in respect of SwapClear Dealers, RepoClear Dealers, EquityClear NCMs, and ForexClear Dealers respectively, for:



- (i) application for admission to the Register of SwapClear Dealers and regulation of SwapClear Dealers admitted to the Register;
- (ii) application for admission to the Register of RepoClear Dealers and regulation of RepoClear Dealers; and
- (iii) application for admission to the Register of EquityClear NCMs.
- (iv) application for admission to the Register of ForexClear Dealers.

and "Procedures" includes FCM Procedures when used in the Default Rules and the Default Fund Rules.

*prompt date*

- In respect of an exchange contract, the meaning ascribed to it in the Exchange Rules governing such contract.

*Proprietary Account*

- Means a house account with the Clearing House opened in the name of a Member to which Contracts made by the Member for its own account are registered and to which monies in respect of such Contracts are credited.

*Protest*

- Has the meaning given to it in Exchange Rules.

*Reference Price*

- A price (howsoever called) by reference to which a Contract is settled to market, marked to market, settled or valued in accordance with the Regulations and Procedures.

*Register of EquityClear NCMs*

- The register which lists EquityClear NCMs.

*Register of ForexClear Dealers*

- The register which lists ForexClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as ForexClear Contracts by the Clearing House.

*Register of RepoClear Dealers*

- The register which lists RepoClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as RepoClear Contracts or RepoClear GC Contracts by the Clearing House or to deal through one or more Automated Trading Systems specified by the Clearing House in respect of each such RepoClear Dealer pursuant to which the Clearing House becomes a party to RepoClear Contracts or RepoClear GC Contracts, as the case may be, in accordance with the terms of the RepoClear Dealer Clearing Agreement and Regulation 56A.

*Register of SwapClear Dealers*

- The register which lists SwapClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as SwapClear Contracts by the Clearing House.

- Registration Time*
- In respect of SwapClear Contracts shall have the meaning given in Regulation 47(d) or Regulation 48(d) as applicable; in respect of RepoClear Contracts and RepoClear SGC Contracts, shall have the meaning given in Regulation 54(d) or Regulation 55(d), as applicable; in respect of LCH EnClear OTC Contracts, shall have the meaning given in Regulation 73A, in respect of HKMEX Contracts, shall have the meaning given in Regulation 89(b) and, in respect of Nodal Contracts, shall have the meaning given in Regulation 93(b), in respect of ForexClear Contracts, shall have the meaning given in Regulation 104(d).
- Regulations*
- The Clearing House's General Regulations which include the Link Regulations, Default Rules, Default Fund Rules and Clearing House Settlement Finality Regulations, from time to time in force.
- Regulatory Body*
- The Secretary of State, The Financial Services Authority or professional body designated under Part XX of the Financial Services and Markets Act 2000 or other body given regulatory powers under that Act, the Bank of England, the Commodity Futures Trading Commission of the United States (CFTC) or any department, agency, office or tribunal of a nation or state or any other body or authority which exercises a regulatory or supervisory function under the laws of the United Kingdom or under any foreign law.
- re-opening contract*
- A contract arising pursuant to Regulation 20(c) or (d).
- Repo Trade*
- A trading activity in which a RepoClear Participant ("the First Participant") offers to sell (or buy) RepoClear Eligible Securities, and another RepoClear Participant ("the Second Participant") offers to buy (or sell, as the case may be) those securities, on condition that, at the end of a specified period of time, the Second Participant sells (or buys, as the case may be) equivalent securities and the First Participant buys (or sells, as the case may be) those equivalent securities, and a trade subsequently ensues.
- RepoClear Clearing Member*
- A Member who is designated by the Clearing House as a RepoClear Clearing Member eligible to clear RepoClear Contracts, RepoClear GC Contracts and RepoClear €GC Contract.
- RepoClear Contract*
- A Contract entered into by the Clearing House with a RepoClear Clearing Member on the RepoClear Contract Terms.
- RepoClear Contract Terms*
- The Terms set out or referred to in Parts A and B of the Schedule to the RepoClear Regulations.
- RepoClear Dealer*
- A person admitted by the Clearing House to the Register of RepoClear Dealers and who has not been removed

from the Register.

- RepoClear Dealer Clearing Agreement* - A written agreement, in the form and on the terms prescribed by the Clearing House, between a RepoClear Dealer, a RepoClear Clearing Member and the Clearing House which has the function, amongst other things, of setting out the terms on which the RepoClear Clearing Member agrees to clear RepoClear Transactions, RepoClear SGC Transactions, RepoClear €GC Transactions, Repo Trades, Bond Trades, SGC Trades and €GC Trades for the RepoClear Dealer.
- RepoClear Eligibility Criteria* - With regard to RepoClear Transactions, Bond Trades and Repo Trades the product criteria set out in Part B ("Product Criteria for registration as a RepoClear Contract") of the Schedule to the RepoClear Regulations, and with regard to RepoClear SGC Transactions and SGC Trades, the product criteria set out in Part F ("Product Eligibility Criteria for registration as a RepoClear SGC Contract") of the Schedule to the RepoClear Regulations and with regard to RepoClear €GC Transactions and €GC Trades, the product criteria set out in Part H ("Product Eligibility Criteria for the registration of a RepoClear €GC contract") of the Schedule to the RepoClear Regulations.
- RepoClear Eligible Securities* - With regard to RepoClear Transactions, Bond Trades and Repo Trades securities of a type described in Part B to the Schedule to the RepoClear Regulations, and which appear in the list published for this purpose from time to time by the Clearing House.
- RepoClear €GC Contract* - A Contract entered into by the Clearing House with a RepoClear Clearing Member on the RepoClear €GC Contract Terms.
- RepoClear €GC Contract Terms* - The Terms set out or referred to in Parts G and H of the Schedule to the RepoClear Regulations.
- RepoClear €GC Transaction* - A contract, meeting the requirements of the Regulations and Procedures for registration as a RepoClear €GC Contract, details of which are presented to the Clearing House for registration in the name of RepoClear Clearing Members in accordance with the Regulations, Procedures and the terms of any agreement entered into between the Clearing House and each such RepoClear Clearing Member, and any RepoClear Dealer Clearing Agreement, as applicable.
- RepoClear GC Contract* - A RepoClear €GC Contract or a RepoClear SGC Contract.
- RepoClear GC Transaction* - A RepoClear €GC Transaction or a RepoClear SGC Transaction.
- RepoClear Open Offer* - With regard to Bond Trades, Repo Trades and GC Trades, the requirements set out in paragraphs (i) to (v)

<i>Eligibility Criteria</i>	inclusive of Regulation 56(c) of the Regulations or in subparagraphs (i) to (vi) inclusive of Regulation 56A(c) of the Regulations, as applicable;
<i>RepoClear Participants</i>	- RepoClear Clearing Members and RepoClear Dealers and "RepoClear Participant" means any of them.
<i>RepoClear Regulations</i>	- The Clearing House's RepoClear Regulations, applicable to RepoClear Contracts only, from time to time in force.
<i>RepoClear SGC Contract</i>	- A Contract entered into by the Clearing House with a RepoClear Clearing Member on the RepoClear SGC Contract Terms.
<i>RepoClear SGC Transaction</i>	- A contract, meeting the requirements of the Regulations and Procedures for registration as a RepoClear SGC Contract, details of which are presented to the Clearing House for registration in the name of RepoClear Clearing Members in accordance with the Regulations, Procedures and the terms of any agreement entered into between the Clearing House and each such RepoClear Clearing Member, and any RepoClear Dealer Clearing Agreement, as applicable.
<i>RepoClear Transaction</i>	- A contract, meeting the requirements of the Regulations and Procedures for registration as a RepoClear Contract, details of which are presented to the Clearing House for registration in the name of RepoClear Clearing Members in accordance with the Regulations, Procedures and the terms of any agreement entered into between the Clearing House and each such RepoClear Clearing Member, and any RepoClear Dealer Clearing Agreement, as applicable. A "RepoClear Repo Transaction" is such a contract for the trade of a repo; a "RepoClear Bond Transaction" is such a contract for the trade of bond/s.
<i>Reported Trade</i>	- A trade, other than a trade resulting in a Turquoise Derivatives Orderbook Match, which is reported to EDX for registration with the Clearing House in accordance with Exchange Rules or the terms of any arrangements entered into between TGHL and a Co-operating Exchange.
<i>Required Collateral</i>	- Means, in relation to SwapClear Clearing Client Business, the margin required by the Clearing House from a SwapClear Clearing Member from time to time in respect of its SwapClear Client Business.
<i>Rulebook</i>	- The Regulations, <del>Default rules</del> Rules, Settlement Finality Regulations, Procedures, and such other rules of the Clearing House, as published and amended from time to time.
<i>Rules of the Clearing House</i>	- The Rulebook of the Clearing House including the General Regulations, Default Rules, Settlement Finality Rules, Procedures and these NYSE Liffe Clearing

## Regulations

- SCM Branch*
- A branch or part of a SwapClear Clearing Member, not being a different legal person from the SwapClear Clearing Member, which is authorized by the Clearing House to submit to the Clearing House, in the name of that SwapClear Clearing Member, SwapClear Transactions for registration, subject to these Regulations and the Procedures, by the Clearing House as SwapClear Contracts.
- segregated client*
- A person whose monies are held by a Member separately from the Member's own monies with whom the Member has agreed (or in respect of which the Member is required) not to use such person's monies for the Member's own account.
- seller*
- A Member (or the Clearing House where the context so requires) who is a seller under the terms of an exchange contract, a Cleared Exchange Contract, a Turquoise Derivatives Cleared Exchange Contract, a RepoClear Transaction, a RepoClear SGC Transaction, a RepoClear Contract, a RepoClear SGC Contract, an EquityClear ATP Match, an EquityClear Novation Transaction, an EquityClear Contract, or an LCH EnClear OTC Contract, as the case may be.
- settlement contract*
- A contract between the Clearing House and a Member arising pursuant to Regulation 15(b), Regulation 73C(b) or Regulation 91(b) or 95(b).
- settlement price*
- One or more prices determined and issued by an Exchange in accordance with its Exchange Rules in respect of a delivery month or prompt date; or
  - In relation to a Contract other than an exchange contract, one or more prices determined in accordance with the Regulations or the Procedures.
- SGC Trade*
- A trading activity in which a RepoClear Participant ("the First Participant") offers to sell (or buy) an agreed value of securities comprised in an SGC Basket, to be allocated in accordance with the RepoClear Procedures applicable to RepoClear SGC Contracts, and another RepoClear Participant ("the Second Participant") offers to buy (or sell, as the case may be) the securities so allocated, on the conditions that:
    - (i) at the end of a specified period of time, the Second Participant sells (or buys, as the case may be) Equivalent Securities (as such term is used in the RepoClear SGC Contract Terms) and the First Participant buys (or sells, as the case may be) those Equivalent Securities; and
    - (ii) the understanding of the parties is that their obligations during the term of the transaction will

be represented by a series of overnight repurchase transactions effected through Euroclear UK and Ireland delivery by value (DBV) functionality, as contemplated by the RepoClear Procedures applicable to RepoClear SGC Contracts,

and a trade subsequently ensues.

*Special Member*

- (a) An organisation which has the necessary licences, authorisations and approvals to act as a clearing house or otherwise provide clearing services or an organisation which has the necessary licences, authorisations and approvals to administer a futures, options, stock or other market and also to act as a clearing house in respect of such market or markets.
- (b) An organisation carrying on comparable activities as the Clearing House may determine from time to time,

which has concluded a Clearing Membership Agreement with the Clearing House in such form as the parties may agree, pursuant to which such organisation clears specific types of Contract and agrees to be bound by these Regulations as a Member, to the extent and subject to any variations agreed in such Clearing Membership Agreement.

*Standard Terms*

- That part of the SwapClear Contract Terms, the RepoClear Contract Terms or the LCH EnClear OTC Contract Terms, or the ForexClear Contract Terms designated as Standard Terms by the Clearing House from time to time.

*strike price*

- The price specified in an option contract which becomes the price of the commodity under a contract for the future sale and purchase of that commodity for future delivery or, as the case may be, under a delivery contract, in either case on the exercise of the option, the subject of such option contract, in accordance with Exchange Rules, these Regulations and the Procedures.

*SwapClear Clearing Agreement*

- Means the client clearing agreement providing for the creation of a separate ISDA Master Agreement (including any Credit Support Annex and other supplementary agreements) between a SwapClear Clearing Member and a SwapClear Clearing Client in relation to the SwapClear Clearing Services.

*SwapClear Clearing Client*

- Means an Individual Segregated Account Clearing Client or an Omnibus Net Segregated Clearing Client.

*SwapClear Clearing Client Business*

- Means Individual Segregated Account Business and Omnibus Net Segregated Business entered into by a SwapClear Clearing Member in respect of its SwapClear

## Clearing Clients.

- SwapClear Clearing End-User Notice* - Means the SwapClear Clearing End-User Notice as specified by the Clearing House from time to time.
- SwapClear Clearing House Business* - Means SwapClear Contracts entered into by a SwapClear Clearing Member with the Clearing House on a proprietary basis and for its own account.
- SwapClear Clearing Member (SCM)* - A Member who is designated by the Clearing House as a SwapClear Clearing Member eligible to clear SwapClear Contracts which includes, in the case of the Default Rules, the Default Fund Rules, the FCM Default Fund Agreement, any DMPA and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM Clearing Member.
- SwapClear Clearing Services* - Means the entering into of SwapClear Contracts by a SwapClear Clearing Member in respect of its Individual Segregated Account Clearing Clients and its Omnibus Net Segregated Clearing Clients.
- SwapClear Contract* - A Contract entered into by the Clearing House with a SwapClear Clearing Member on the SwapClear Contract Terms which includes, in the case of the Default Rules, the Default Fund Rules, the FCM Default Fund Agreement, any DMPA and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM SwapClear Contract.
- SwapClear Contract Terms* - The terms applicable to each SwapClear Contract as set out from time to time in the Schedule to the SwapClear Regulations or the Procedures.
- SwapClear Dealer (SD)* - A person admitted by the Clearing House to the Register of SwapClear Dealers and who has not been removed from the Register.
- SwapClear Dealer Clearing Agreement* - A written agreement, in the form and on the terms prescribed by the Clearing House between a SwapClear Dealer, a SwapClear Clearing Member and the Clearing House which has the function, amongst other things, of setting out the terms on which the SwapClear Clearing Member agrees to clear SwapClear Transactions for the SwapClear Dealer.
- SwapClear Participants* - *SwapClear Clearing Members, SCM Branches and SwapClear Dealers*, and "*SwapClear Participant*" means any of them.
- SwapClear Regulations* - The Regulations entitled as such, applicable to SwapClear Contracts only, from time to time in force.
- SwapClear Transaction* - A contract, meeting the eligibility criteria for registration as a SwapClear Contract, entered into between two SwapClear Dealers, of which particulars are presented to the Clearing House for registration in the name of

- SwapClear Clearing Members in accordance with the Regulations and the terms of any agreement entered into between the Clearing House and each such SwapClear Dealer.
- SWORD* - The system operated by the Clearing House for, inter alia, facilitating the issue, recording and electronic transfer of London Metal Exchange warrants.
- tender* - A notice in writing, given by or on behalf of a seller (or buyer where Exchange Rules so require) pursuant to Exchange Rules these Regulations and the Procedures, of an intention to make (or take) delivery of a commodity.
- The Clearing House Turquoise Derivatives Services -* - The services provided by the Clearing House pursuant to the Turquoise Derivatives Regulations.
- TGHL.* - Turquoise Global Holding London Limited whose registered office is at 10 Paternoster Square, London EC4M 7LS.
- Turquoise Derivatives Account* - An account maintained in the name of TGHL. by the Clearing House pursuant to Regulation 5 in which Turquoise Derivatives Cleared Exchange Contracts may be registered pursuant to Regulation 75, 80 or in such other circumstances as may be agreed between TGHL. and the Clearing House from time to time.
- Turquoise Derivatives Cleared Exchange Contract* - A Contract entered into by the Clearing House in accordance with the Turquoise Derivatives Regulations.
- Turquoise Derivatives Contract Specification* - In respect of a Turquoise Derivatives Eligible Product, the relevant contract specification set out in the Turquoise Derivatives Rules.
- Turquoise Derivatives Eligible Product* - A product which TGHL has agreed from time to time with the Clearing House is to be cleared by the Clearing House pursuant to these Regulations.
- Turquoise Derivatives Non-Clearing Member (Turquoise Derivatives NCM)* - A member of TGHL who is not a Member and is party to a subsisting Turquoise Derivatives NCM-GCM Agreement.
- Turquoise Derivatives Orderbook* - The electronic orderbook operated by TGHL for the trading of Turquoise Derivatives Eligible Products.
- Turquoise Derivatives Orderbook Match or Orderbook Match* - A match made on the Turquoise Derivatives Orderbook of two sets of Turquoise Derivatives Trade Particulars submitted by or on behalf of two Members or a match made on the Combined Turquoise Derivatives Orderbook of two sets of Turquoise Derivatives Trade Particulars submitted by or on behalf of a Member and a Linked Member.
- Turquoise Derivatives Regulations* - The Regulations set out in Regulations 74 to 87 inclusive.



- Turquoise Derivatives Trade Particulars* - Means the trade particulars of an order submitted to the Turquoise Derivatives Orderbook by or on behalf of a Member or, in the case of a Member which is a Co operating Clearing House, submitted to the Combined Turquoise Derivatives Orderbook by or on behalf of a relevant Linked Member.
- Turquoise Derivatives OTC Trade* - An OTC trade reported to TGH London in accordance with its Rules for its OTC Service.
- Turquoise Derivatives Transactions* - An Orderbook Match, Turquoise Derivatives OTC Trade, Reported Trade, Cross-Border Re-registration and a Cross-Border Transfer.
- Trade Allocation Agreement* - An agreement in one or more forms and in the terms prescribed by an Exchange, the Clearing House and a Participating Exchange to which, amongst others, a Member is a party which has the function of facilitating, amongst other things, the transfer, in accordance with Regulation 41, of those Contracts on the terms of a Linked Exchange Contract which are permitted by the terms of such agreement to be transferred under such agreement.
- trade correction procedures* - The procedures established for the purposes of a Link to facilitate the correction of errors contemplated by such procedures.
- Trading Platform Particulars* - The orders or other trade particulars submitted in respect of the sale or purchase of EquityClear Eligible Equities or EquityClear Eligible ccCFD(s), to an ATP in accordance with the relevant ATP Market Rules by, or on behalf of, an EquityClear Clearing Member (including, where relevant, submission of such orders or other trade particulars by or on behalf of an EquityClear NCM on behalf of the relevant EquityClear Clearing Member pursuant to, and in accordance with, the relevant Approved EquityClear Clearing Agreement between them and the relevant ATP Market Rules) or, in the case of an EquityClear Mixed Member Match, by, or on behalf of a member of a relevant Co-operating Clearing House.
- Treasury Contract* - Means any contract, including a contract of deposit, entered into by the Clearing House with that Member for purposes of, in connection with or otherwise in the course of its treasury management activities.
- Treasury Account* - Means any accounting process under which an amount due under a Treasury Contract from a member to the Clearing House is set off against any amount due from the Clearing House to that Member.
- variation margin* - An amount determined by the Clearing House in accordance with the Procedures in respect of original contracts or open contracts (as the case may be) by reference to the difference between the contract value of such contracts (as determined in accordance with the

Procedures) and the value of such contracts at official quotations or at such other prices as the Clearing House may determine pursuant to the Procedures. The term "variation margin" shall include daily settlement amounts save where the context otherwise requires.

Terms not otherwise defined have the meaning given to them in the General Regulations of the Clearing House.

Any reference in these Regulations or the Procedures to statutes or statutory instruments or provisions thereof shall be to such statutes or statutory instruments or provisions thereof as amended, modified or replaced from time to time.

Reference to writing contained in these Regulations or the Procedures shall include typing, printing, lithography, photography or any other mode of representing or reproducing words in a visible form.

Words importing the singular shall, where the context permits, include the plural and vice-versa.

Any reference to time contained in these Regulations or the Procedures shall, unless otherwise stated, be to London time. Times are shown using the twenty four hour clock.

Any reference in these Regulations to a person or a party (howsoever described) shall include its successors.

Headings are used herein for ease of reference only.

**Regulation 1      Obligations of the Clearing House to each Member**

- (a)      The Clearing House shall perform the obligations referred to in paragraph (b) below so as to ensure the performance of all open contracts in accordance with these Regulations.
  
- (b)      The obligations of the Clearing House to each Member shall be, as a counterpart to an open contract registered in the name of a Member in accordance with these Regulations and the Procedures, to perform its obligations under the terms of such open contract as principal to such Member in accordance with the provisions of these Regulations and the Procedures, but subject to the restrictions on the Clearing House's obligations and liabilities contained in these Regulations.
  
- (c)      The performance by the Clearing House of its obligations referred to in this Regulation 1 shall always be subject to the provisions of these Regulations. The benefit of the performance by the Clearing House of such obligations is conferred upon Members as principals and upon no other persons whatsoever. It is not the intention of the Clearing House or its members to confer any benefit on or give any right to enforce any provisions of this Regulation or any of the other Regulations to any person who is not a member. Rights of third parties to enforce any provision of any of these Regulations pursuant to the Contract (Rights of Third Parties) Act 1999 are expressly excluded.

**Regulation 2      Performance by the Clearing House of its Obligations under the Terms of an Open Contract**

The Clearing House's obligations under the terms of an open contract shall be performed (a) in the manner and form and by such day and time as may be prescribed in Exchange Rules (where applicable), these Regulations or the Procedures, and (b) in the case of an open contract to which the Clearing House is party with a Member which is a Participating Exchange, in accordance with the terms of any agreement made with such Member, save that (i) where Exchange Rules specify a time by which the seller or the buyer shall perform its obligations under the terms of an exchange contract, the Clearing House shall be deemed to have complied with Exchange Rules if it performs its obligations under the terms of an open contract, as seller or buyer, as the case may be, promptly after such time, unless Exchange Rules expressly provide that performance must be made by the Clearing House by such time; and (ii) where the Economic Terms of an OTC Contract, or the EquityClear Contract Terms, or the LCH EnClear OTC Contract Terms specify a time by which a party thereto shall perform its obligations, the Clearing House shall be deemed to have complied with the Economic Terms, or the EquityClear Contract Terms or the LCH EnClear OTC Contract Terms, as applicable, if it performs its obligations promptly after such time.

**Regulation 3      Novation**

- (a) This paragraph (a) shall not apply to contracts registered under Regulation 9(f). Upon registration of an original contract by the Clearing House, such contract shall be replaced by novation (without prejudice to the Clearing House's rights to effect further novation under paragraph (b) below) by two open contracts, one between the seller and the Clearing House as buyer, as principals to such contract, and one between the buyer and the Clearing House as seller, as principals to such contract. Each open contract shall be subject to the Regulations including the restrictions on the Clearing House's obligations and liabilities set out in the Regulations (including, without limit, Regulation 22 and Regulation 39) and otherwise on the same terms as the original contract replaced by such open contracts.
- (b) Upon the transfer of an open contract pursuant to these Regulations except pursuant to Regulation 41, such open contract shall be discharged and replaced by novation by an open contract between the Member into whose name the contract was transferred and the Clearing House, as principals to such open contract. Such open contract shall be subject to the Regulations and otherwise on the same terms as the open contract which it replaced.
- (c) Upon the exercise of an option by or on behalf of a Member or, as the case may be, by the Clearing House or upon the deemed exercise of such option pursuant to these Regulations, the option contract shall be replaced by novation by an open contract on the terms specified in the option contract at the strike price or at some other price in accordance with the terms of such option contract.

**Regulation 4 Clearing Member Status of the Clearing House**

- (a) Application for clearing member status of the Clearing House shall be made in accordance with the Procedures. A Member's clearing member status of the Clearing House shall be governed by these Regulations, the Procedures and any Clearing Membership Agreement to which he is for the time being party. Clearing member status does not provide or entitle a Member to any shareholding membership of LCH.Clearnet Limited or any shareholding or other membership of any other member of the LCH.Clearnet Group or any entitlement to membership of or participation in LCH.Clearnet SA, which has separate and distinct membership requirements.
- (b) The Clearing House shall determine which categories of Contract a Member is eligible to have registered in its name from time to time. If, in its absolute discretion, the Clearing House determines that a Member no longer meets the relevant eligibility criteria for a particular category, or categories, of Contract the Clearing House may rescind that Member's eligibility to have Contracts of such category or categories registered in its name, but without prejudice to his right to have registered in his name, subject to the Regulations, the categories of Contracts in respect of which the Member does meet the eligibility criteria. The Clearing House may from time to time publish a list of Members identifying the category or categories of Contracts which each Member is eligible to have registered in its name.
- (c) A Member shall be a principal to and not an agent in respect of any Contract registered in his name with the Clearing House. In performing its obligations and exercising its rights under these Regulations, the Clearing House shall take no account of any right or interest which any person other than the Member may have in any cover furnished by such Member to the Clearing House.
- (d) Any Regulation or group of Regulations expressly stated not to apply to a Participating Exchange, and paragraph (a) above, shall not apply to a Participating Exchange, being an Exchange which is party to a trading and/or clearing agreement with an Exchange to whom the Clearing House provides clearing services and who has agreed to become a Member. The Clearing House shall enter into one or more agreements with such Participating Exchange which shall govern dealings between them and which may apply, disapply or modify, as the case may require, some or all of these Regulations with respect to such Participating Exchange.

**Regulation 5     Accounts**

- (a) Accounts (including, where requested, client accounts) shall be opened between each Member and the Clearing House in accordance with the Procedures. A Member shall be responsible for all obligations owed to the Clearing House in respect of every account opened in respect of such Member.
- (b) This paragraph applies to a Member's Proprietary Accounts. In the event that more than one Proprietary Account is opened in respect of a Member, the Clearing House shall have the right to combine or consolidate the balances on any or all of the Member's Proprietary Accounts, and to set off any amount or amounts standing from time to time to the credit of any one or more of such accounts in or towards payment or satisfaction of all or any of the Member's liabilities to the Clearing House on any one or more of such accounts.
- (c) This paragraph applies to a Member's client accounts. Unless the Rules of the Clearing House provide otherwise, in the event that more than one client account is opened in respect of a Member, the Clearing House shall have the right to combine or consolidate the balances on any or all of such client accounts of a Member, and to set off any amount or amounts standing to the credit of any one or more of such client accounts of a Member in or towards payment or satisfaction of all or any of the Member's liabilities to the Clearing House on any one or more of such client accounts.
- (d) Amounts standing to the credit of a Member's accounts, other than, subject to paragraphs (c) above, his client accounts, may be applied by the Clearing House towards the payment of any sum whatsoever due by the Member to the Clearing House whether or not arising under these Regulations, save that, subject to Rule 8(d) of the Default Rules, no amounts standing to the credit of such Member's accounts shall be applied in or towards payment or satisfaction of all or any of the Member's liabilities to the Clearing House on any one or more of the Member's client accounts. Amounts standing to the credit of a Member's account relating to Contributions made under the Default Fund Rules may be applied as provided for in the Default Fund Rules.
- (e) Any rights of set-off, combination of accounts or appropriation which the Clearing House may have under these Regulations or otherwise shall apply whether or not accounts are denominated in the same currency.
- (f) Interest calculated on a basis determined from time to time by the Clearing House in accordance with the Procedures may at the Clearing House's discretion (but subject to the provisions of the Default Fund Rules and to Regulation 58(d) be paid) on amounts standing to the credit of any of the Member's accounts.
- (g) Debit balances due to the Clearing House on any account opened in respect of a Member are payable by such Member on demand and interest may at the Clearing House's discretion be charged on debit balances remaining unpaid (whether or not demand for payment is made) on a basis and at a rate determined from time to time by the Clearing House in accordance with the Procedures.
- (h) Subject to the provisions of the Default Fund Rules, the Clearing House may at its absolute discretion alter the basis of calculating interest rates and such alteration shall be effective in respect of all current and future business on the date notified to Exchanges and to Members in accordance with the Procedures.

- (i) If a Member specifies a Termination Date under Regulation 39A, the Member shall be entitled to set off any or all amounts (whether present or future, liquidated or unliquidated, actual or contingent) due as between the Clearing House and the Member.



**Regulation 6      Presentation of Particulars of Original Exchange Contracts and Confirmation of Original Exchange Contracts**

- (a) None of the paragraphs of this Regulation 6 shall apply to a contract on the terms of an exchange contract which arises pursuant to Regulation 41A(b) upon the transfer of a contract on the terms of a Participating Exchange Contract under a Link. Subject to paragraph (h) particulars of every original contract which is to be registered by the Clearing House in the name of a Member shall be presented to the Clearing House (i) by or on behalf of the Member who made the original contract on the market or otherwise under Exchange Rules, (ii) in the case of a party to the original contract who is not a Member, by or on behalf of the Member who acts as his clearing member or on whose instructions the original contract was made or, (iii) if made on the instructions of a member of the market who is not a Member, by or on behalf of the Member who acts as the latter's clearing member. Presentation of particulars shall be made in such form and manner and by such times as are prescribed by the Procedures or, where the Clearing House has so agreed with an Exchange, as prescribed in Exchange Rules.
- (b) The obligation contained in paragraph (a) above to present particulars of original contracts shall be in addition to and without prejudice to any obligation on any Member to present particulars of an original contract pursuant to Regulation 19(h) or 19(i).
- (c) Subject to paragraph (d) below, every original contract presented for registration in the name of a Member in accordance with paragraph (a) above shall be confirmed by or on behalf of such Member, in such manner and form and by such times as are prescribed by the Procedures or, where the Clearing House has so agreed with an Exchange, as prescribed in Exchange Rules.
- (d) Notwithstanding paragraph (c) above, an original contract may subject to Exchange Rules and the Procedures be allocated by or on behalf of a Member to another Member or to a member of an Exchange who is not a Member and shall thus be confirmed pursuant to Regulation 7(a) instead of paragraph (c) above.
- (e) If an original contract is not confirmed by or on behalf of a Member pursuant to paragraph (c) above, or is not allocated by or on behalf of such Member within the prescribed time pursuant to Regulation 7, the Clearing House may in accordance with the Procedures deem such contract as having been confirmed pursuant to paragraph (c) above.
- (f) Any changes to the prescribed methods, forms and times set out in the Procedures in respect of presentation of particulars of original contracts and confirmation of such contracts shall be made by the Clearing House only after consultation with the relevant Exchange or Exchanges, save that the Clearing House may at its absolute discretion make such changes without such consultation where it deems it necessary in the circumstances then prevailing.
- (g) Confirmation of an original contract by or on behalf of a Member pursuant to this Regulation 6 or Regulation 7 and the Procedures shall be effective immediately (unless otherwise specified in the Procedures) and shall constitute the consent of the Member to such contract being registered in his name in accordance with these Regulations.
- (h) An original contract which is to be registered in the name of a Member which is a Participating Exchange, of which details have been provided to the Clearing

House by the Exchange with whom the Participating Exchange has entered into an agreement, shall be so registered under Regulation 9. The Clearing House shall treat such contract as having been confirmed by the Participating Exchange under this Regulation 6.

**Regulation 7 Allocation of Original Exchange Contracts**

- (a) Any Member proposing to allocate an original contract to another Member or to a member of an Exchange who is not a Member shall do so in such manner and form and by such time as may be prescribed by the Procedures. Allocation of an original contract by or on behalf of a Member pursuant to the Procedures shall constitute confirmation of the original contract by such Member.
- (b) Unless it is intended that an original contract be allocated on in accordance with the Procedures to another Member or to a member of an Exchange who is not a Member, any contract allocated to a Member or to a member of an Exchange who is not a Member shall be confirmed or, where the Procedures so prescribe, shall be deemed to have been confirmed to the Clearing House by or on behalf of such Member or, as the case may be, the Member who acts as the clearing member for such member of the Exchange, in such manner and form and by such time as may be prescribed by the Procedures. If such contract is allocated on by or on behalf of such Member to another Member or to a member of an Exchange who is not a Member, such act of allocation shall constitute confirmation of the contract by such Member.
- (c) Where an original contract is allocated to a Member or to a member of an Exchange who is not a Member pursuant to paragraph (a) or (b) above and the Clearing House does not receive confirmation of such contract from that Member or the Member acting as clearing member for such member, as the case may be, within the relevant time prescribed by the Procedures, the Clearing House shall, subject to Regulation 9, register such contract in the name of the Member who sought to allocate the contract.
- (d) Notwithstanding paragraph (c) above, a Member may from time to time agree in writing with the Clearing House that he shall accept for registration in his name any original contract allocated to him in accordance with paragraphs (a) or (b) above and such Member shall be deemed to have confirmed such contract in accordance with the Procedures.
- (e) No original contract on the terms of an exchange contract may be allocated under this Regulation 7 to any Member who is not authorised under Exchange Rules to have original contracts on the terms of that exchange contract registered in his name.
- (f) Notwithstanding the provisions of the Procedures, the Clearing House may, without assigning any reason, make any allocation of an original contract subject to any conditions stipulated by it.

**Regulation 8      Designation**

A Member shall designate the account of the Member in which a contract shall be registered in the manner and form and by the time prescribed by Exchange Rules or the Procedures. If the Member fails to so designate an account, the Clearing House may, at its discretion and in accordance with the Procedures, determine in which account of the Member the contract shall be entered.

**Regulation 9 Registration**

- (a) Paragraphs (b), (d) and (f) only of this Regulation shall apply to a contract on the terms of an exchange contract arising under Regulation 41A(b) upon the transfer of a contract on the terms of a Participating Exchange Contract under a Link. The Clearing House shall not register an original exchange contract or an Event Protection Contract in the name of a Member unless such contract has been confirmed or deemed confirmed pursuant to Regulation 6, 7 or 18 by or on behalf of a Member as a buyer and a Member as a seller who thereby have consented to such contract being registered in his name. The Clearing House shall register a contract in the name of a Member which is a Participating Exchange in accordance with the terms of any agreement made with the Participating Exchange and none of the following paragraphs shall apply in respect of a Member which is a Participating Exchange.
- (b) Where the Procedures so provide the Clearing House may require the Members in whose names one or more contracts are to be registered to furnish it with cover for initial and variation margin as a condition of registration of such contract or contracts, and such cover shall be furnished to the Clearing House in accordance with Regulation 12 and, if applicable, the SwapClear Regulations, the RepoClear Regulations, the EquityClear Regulations, the LCH EnClear Regulations, the LCH EnClear OTC Regulations, the Turquoise Derivatives Regulations, the HKMEX Regulations, ~~or the Nodal Regulations,~~ or the ForexClear Regulations.
- (c) The Clearing House may decline to register an original contract in the name of a Member where it considers such action advisable for its own protection or the protection of the relevant market. The Clearing House may, without assigning any reason, make the registration of any contract subject to any conditions stipulated by the Clearing House including, without limitation, the furnishing of cover for margin by both Members in whose name any such contract is to be registered.
- (d) This paragraph does not apply to a Member which is a Participating Exchange. No original exchange contract for a commodity shall be registered in the name of a Member who is not entitled under Exchange Rules to have original exchange contracts for such commodity registered in his name.
- (e) The Clearing House shall be deemed to register in the name of a Member an original exchange contract, at the time prescribed in the Procedures in respect of such exchange contract or, in the case of an original exchange contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, at the time chosen by the Clearing House whereupon Regulation 3(a) shall take effect.
- (f) A contract on the terms of an exchange contract arising under Regulation 41A(b) upon the transfer of a contract on the terms of a Participating Exchange Contract under a Link shall be registered in the name of the Member referred to in Regulation 41A(b) and shall be deemed to be registered in the name of such Member upon the arising of such Contract.

**Regulation 10 Trading Information**

The Clearing House shall make available to a Member in the manner and by the time prescribed by the Procedures, such details of original contracts presented for registration in the name of that Member, open contracts registered in that Member's name, and cover furnished by that Member as may be prescribed in the Procedures.

**Regulation 11 Transfer**

- (a) A Member may not allocate or transfer a confirmed contract, or an open contract registered in his name except as provided in paragraph (d) below or in Regulation 41.
- (b) If a Member wishes to transfer an open contract from his name to be registered in the name of another Member, the Clearing House may, with the agreement of both Members and subject to such conditions as it may stipulate, at its absolute discretion and, without prejudice to any power of the Clearing House under the Default Rules, and where relevant with the consent of the Exchange whose Exchange Rules form part of the terms of such open contract, transfer the registration of such open contract into the name of the Member agreeing to have such contract registered in his name, whereupon Regulation 3(b) shall take effect.
- (c) No open contract on the terms of an exchange contract may be transferred pursuant to paragraph (b) above to any Member who is not entitled under Exchange Rules to have open contracts on the terms of that exchange contract registered in his name. No open contract, being a SwapClear Contract, may be transferred pursuant to paragraph (b) above to any Member who is not a SwapClear Clearing Member, and no open contract, being a RepoClear Contract, may be transferred pursuant to paragraph (b) above to any Member who is not a RepoClear Clearing Member. No open EquityClear Contract may be transferred pursuant to paragraph (b) above to any Member who is not an EquityClear Clearing Member. No open LCH EnClear OTC Contract may be transferred pursuant to paragraph (b) above to any Member who is not an LCH EnClear OTC Clearing Member. No open ForexClear Contract may be transferred pursuant to paragraph (b) above to any Member who is not a ForexClear Clearing Member.
- (d) Rights under an open contract shall not be capable of assignment by a Member. Any such purported assignment by a Member, or any purported transfer that is not in compliance with this Regulation, shall be void.

**Regulation 12 Margin and Cover for Margin**

- (a) The Clearing House may in accordance with the Procedures require a Member to furnish it with cover, and to keep the Clearing House furnished with sufficient cover at all times, in an amount determined by the Clearing House, as security for the performance by such Member of its obligations to the Clearing House in respect of all contracts from time to time to be registered in his name as open contracts pursuant to these Regulations. The obligation upon a Member to furnish cover to the Clearing House pursuant to this paragraph shall be in addition to any other obligation of the Member to furnish cover to the Clearing House pursuant to these Regulations.
- (b) The Clearing House may in accordance with the Procedures require a Member to furnish it with cover in respect of initial or variation margin in circumstances prescribed by the Regulations and the Procedures in respect of any open contract registered in the Member's name, such cover to be furnished by the Member in such form and manner and by such time or times as may be prescribed by the Procedures.
- (c) If insufficient monies are standing to the credit of a Member's account, or if any security deposited by a Member as cover is determined by the Clearing House in accordance with the Procedures to be insufficient, such cover for margin as the Clearing House requires a Member to furnish to it pursuant to paragraph (b) above or Regulation 9 or the SwapClear Regulations, the RepoClear Regulations, the EquityClear Regulations, the LCH EnClear Regulations, or LCH EnClear OTC Regulations, the Turquoise Derivatives Regulations, the HKMEx Regulations, or the Nodal Regulations, or the ForexClear Regulations, as applicable, shall be furnished by the Member in such form and manner and by such time or times as may be prescribed by the Procedures.
- (d) (i) The Clearing House shall be entitled to assume that all securities and other assets furnished or deposited by a Member to or with the Clearing House as cover pursuant to these Regulations or under the terms of any agreement made with the Member are the sole legal and beneficial property of the Member or are furnished or deposited for the purposes of these Regulations with the legal and beneficial owner's unconditional consent and free of such owner's interest. A Member may not furnish or deposit securities or other assets to or with the Clearing House as cover otherwise than in conformity to this paragraph. It shall be accepted by every person dealing on the terms of these Regulations that a Member has such person's unconditional consent to furnish or deposit to or with the Clearing House as cover for the purposes of these Regulations any securities or other assets of such person in the Member's possession, free of such person's interest.
- (ii) Each Member represents and warrants to the Clearing House as at each date on which such Member furnishes or deposits securities or other assets to or with the Clearing House as cover pursuant to these Regulations (a) that such Member is the sole legal and beneficial owner of those securities or other assets or, as the case may be, those securities or other assets are so furnished or deposited with the legal and beneficial owner's unconditional consent and free of such owner's interest and (b) that the provision to the Clearing House of such securities or other assets pursuant to these Regulations will not constitute or result in a breach of any trust, agreement or undertaking whatsoever.



- (iii) The Clearing House may, in its absolute discretion and at any time require a Member to furnish or deposit other securities or assets to or with the Clearing House in substitution of any securities or assets deposited with the Clearing House pursuant to this Regulation 12.
- (e) The rate of initial margin in respect of each exchange contract shall be determined from time to time by the Clearing House after consultation with the relevant Exchange and such rate shall be published from time to time by the Clearing House. Subject to paragraph (g) below, any alteration of the rate so determined shall take effect on the expiry of such period of notice to Members as shall from time to time be agreed with the relevant Exchange. Any such notice shall be given to Members in accordance with the Procedures.
- (f) The rate of initial margin in respect of each category of OTC Contract shall be determined from time to time by the Clearing House, and such rate shall be published from time to time by the Clearing House. The rate of initial margin in respect of EquityClear Contracts and LCH EnClear OTC Contracts respectively shall be determined from time to time by the Clearing House and such rate shall be published from time to time by the Clearing House.
- (g) Notwithstanding paragraph (e) or paragraph (def) above, the Clearing House shall be entitled at its absolute discretion, without assigning any reason and without prior notice to a Member or, where applicable, to an Exchange, to modify the rate of initial margin applicable to an exchange contract, to an OTC Contract or to EquityClear Contracts or to LCH EnClear OTC Contracts, or to call for larger or additional amounts of cover in respect of initial margin to be furnished to it by a Member, either before registration of a contract or at any time after registration. Any cover called by the Clearing House pursuant to this paragraph shall be furnished by the Member on demand and in such form as the Clearing House may require.
- (h) The Clearing House shall be entitled at any time to demand immediate provision of cover for margin from a Member in an amount deemed necessary by the Clearing House without reference to official quotations or Reference Prices in respect of any open contract in the Member's name, if, in the opinion of the Clearing House, the furnishing of such cover by the Member is necessary in the circumstances then prevailing which may be affecting or may in the Clearing House's opinion be likely to affect market conditions or the Member's performance of its obligations under the terms of such contracts or under the terms of any original or confirmed contract to which the member is party. In this paragraph, "immediate provision" means payment to the Clearing House within one hour of demand.
- (i) A Member shall furnish to the Clearing House in the manner and form and by the time or times prescribed in the Procedures cover in respect of the premium in respect of option contracts or cover in respect of the initial payment amount or fixed payment amounts in respect of LIFFE Credit Default Swap Index Contracts on the terms of such contracts as are specified in the Procedures.
- (j) The Clearing House shall be entitled to make an accommodation charge at a rate determined by the Clearing House and specified in the Procedures, in respect of any security furnished to it as cover in a form prescribed by the Procedures. Any alteration in the basis of calculating the rates of accommodation charge shall become effective in respect of all current and future business by the time specified in the Procedures.

- (k) Without prejudice to the requirements of paragraph (e) or (ddf) above, the Clearing House may at its absolute discretion accept cover to an agreed amount in a form other than those specified in the Procedures, subject always to the Clearing House's prior assessment as to the appropriateness of such form of collateral in accordance with its standard risk management procedures and to any special arrangements which the Clearing House may prescribe in each case (including as to valuation and haircut). The Clearing House may at its discretion make an accommodation charge at a special rate.
- (l) If, in the opinion of the Clearing House, any security which has been furnished to it by a Member as cover pursuant to these Regulations is no longer either of sufficient value or otherwise acceptable to the Clearing House, the Clearing House shall be entitled to demand further provision of cover from such Member. Such cover shall be furnished by such Member on demand in a form prescribed by the Procedures, provided that at any time the Clearing House shall be entitled to require the Member to furnish it with cover in a specified form and to demand that the Member replace the whole or part of any security furnished by a Member pursuant to these Regulations by cover in the form of cash.
- (m) If, in respect of open contracts in a Member's name, official quotations indicate that cover which has been furnished to the Clearing House by such Member in respect of such contracts is in excess of variation margin, the Clearing House may or at the Member's request shall (but only where the excess consists of cash) release the excess of such cover.
- (n) If the Clearing House takes any step or steps under the Default Rules in relation to a Member, any sum (including without limitation the price due to be paid by the Clearing House in respect of the delivery of any property or currency by or on behalf of the Member) standing to the credit of any of the Member's accounts shall be treated as cover.
- (o) Unless the Clearing House otherwise agrees in writing, cover provided to the Clearing House by way of cash shall not be capable of assignment by any person. Any purported assignment by a Member (whether by way of security or otherwise) of cash cover provided to the Clearing House shall be void. A Member shall not otherwise encumber (or seek to encumber) any cash cover provided to the Clearing House.
- (p) Where the Clearing House is party to a Link Agreement with a Participating Exchange:
  - (i) the Clearing House may call that Participating Exchange for cover in whatever form may be stipulated in the terms of that Link Agreement; and
  - (ii) if collateral is provided by such Participating Exchange pursuant to such Link Agreement, that collateral shall be deemed to be cover for the purposes of these Regulations and the Default Rules.

**Regulation 13 Premium under Option Contracts and Payments under LIFFE Credit Default Swap Index Contracts**

- (a) The premium payable by a buyer under the terms of an option contract shall be paid by the buyer to the Clearing House in the form and manner prescribed in the Procedures and by the time specified in Exchange Rules or the Procedures with respect to the relevant exchange contract.
- (b) The Clearing House shall pay to a seller under the terms of an option contract his premium in accordance with the Procedures and by the time specified in Exchange Rules or the Procedures with respect to the relevant exchange contract.
- (c) Any payment payable by a Member to the Clearing House or by the Clearing House to a Member under the terms of a LIFFE Credit Default Swap Index Contract, being either:
  - (i) the initial payment amount payable by a seller; or
  - (ii) the fixed payment amounts payable by a buyer,

shall be paid by the Member to the Clearing House or by the Clearing House to the Member (as applicable) in the form and manner prescribed in the Procedures and by the time specified in LIFFE Rules or the Procedures.

**Regulation 14 Official Quotations and Reference Price**

- (a) The Clearing House may determine official quotations and Reference Prices for the purposes of these Regulations and the Procedures in such manner and at such times as may be prescribed in the Procedures. Except as prescribed in the Procedures, an official quotation or Reference Price is binding on a Clearing Member and may in no circumstances be called in question.
  
- (b) For the avoidance of doubt, the Clearing House is not responsible for and does not warrant the accuracy of any settlement price determined by a third party or any index which is the subject of an exchange contract or any Reference Price.

**Regulation 15 Daily Settlement or Marking to Market**

- (a) Where Exchange Rules or the Procedures so prescribe in respect of exchange contracts, the Clearing House may effect the daily settlement to market or daily marking to market of all open contracts on the terms of such exchange contracts in accordance with the Procedures and Exchange Rules, save where the Procedures otherwise provide. Daily settlement to market shall not apply to such open contracts which are for the account of a Member's client accounts.
- (b) The Clearing House shall, in accordance with the Procedures, in respect of each open contract in a Member's name which is subject to daily settlement to market or daily marking to market, effect and register a settlement contract, being a contract on the same terms (except as to price or premium), including the strike price where applicable, as the open contract, save that where the Member is a buyer under the terms of the open contract the Member shall be a seller under the terms of the settlement contract and vice-versa, such settlement contract to be effected in accordance with the Procedures (or Exchange Rules if applicable) at the relevant official quotation for that day. The Clearing House shall thereupon settle each open contract against the respective settlement contract in accordance with the Procedures.
- (c) The Clearing House shall, upon completion of the procedure set out in paragraph (b) above, calculate the daily settlement amounts in accordance with the Procedures and shall thereafter make up the Member's account and upon the Clearing House so doing, the Member and the Clearing House shall (unless otherwise agreed) settle any daily settlement amounts arising as follows:
- (i) any profit arising to a Member shall be credited to the applicable account and, subject to the Clearing House's right to retain such profit pursuant to these Regulations and in respect of a Cross-Margining Participant to the terms of any relevant Cross-Margining Agreement, such profit shall be paid to the Member on the Member's request; and
  - (ii) any loss arising to a Member shall be debited to the applicable account of the Member and (subject to these Regulations) the Member shall pay the amount of such loss to the Clearing House forthwith on demand.
- (d) The Clearing House shall, upon completion of the calculation of daily settlement amounts pursuant to paragraph (c) above, in the manner prescribed by the Procedures:
- (i) in respect of those open contracts in a Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily settlement to market, register at the official quotation referred to in paragraph (b) above, contracts in the Member's name as open contracts on the same terms (except as to price or premium), including the strike price where applicable, as the settled open contracts, save that no contract for the purchase and no contract for the sale of the same commodity, for the same delivery month, or expiry month and strike price, where applicable, shall be registered in the Member's name;
  - (ii) in respect of those open contracts in a Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily marking to market as prescribed by the Procedures, register at the official quotation referred to in paragraph (b) above contracts in the Member's

name as open contracts on the same terms (except as to price or premium) including the strike price, where applicable, as the settled open contracts.

- (e) A Member may, in respect of all open contracts in his name which are subject to daily marking to market, request the Clearing House within the time and in the manner prescribed by the Procedures, to settle such contracts being the same number of contracts for the purchase and sale of the same commodity for the same delivery month or, where applicable, for the same expiry month and strike price. Such a request, once made, shall be irrevocable unless the Clearing House otherwise consents. Where such a request is made, the Clearing House shall as soon as practicable after the close of trading on that market day (but not necessarily on that day, and provided documentation has been supplied by the Member in accordance with the Procedures) make up the Member's account.
- (f) In respect of those open contracts of which settlement might have been requested by a Member under paragraph (e) above, the Clearing House may, if no request for settlement has been received by the cessation of trading for the delivery month applicable to those contracts, at any time thereafter proceed as if settlement had been requested and make up and render the Member's accounts accordingly.

**Regulation 15A Settlement and Revaluation: Clearing Processing System**

- (a) Where Exchange Rules or the Procedures so prescribe in respect of exchange contracts, the Clearing House may effect the settlement or revaluation of open contracts on the terms of such exchange contracts in accordance with a clearing processing system adopted by the Exchange.
- (b) The settlement of open contracts under this Regulation may be effected daily or less frequently, as required by the clearing processing system. The clearing processing system may expressly or by implication require the contract value of open contracts to be altered daily or less frequently by reference to official quotations or otherwise and, if so, open contracts subject to the system shall be revalued accordingly. The Clearing House shall have no obligation to notify a Member of the revaluation of an open contract to which he is party, save as provided by the clearing processing system.

**Regulation 16 Other Modes of Settlement and Revaluation**

Settlement and revaluation procedures (other than those contained in Regulations 15 and 15A) may be prescribed, in respect of open contracts on the terms of certain exchange contracts and in respect of open contracts which are OTC Contracts, EquityClear Contracts or LCH EnClear OTC Contracts in the Procedures or where agreed with, an Exchange, in Exchange Rules. Settlement of open contracts may be effected by the Clearing House in accordance with such provisions.



**Regulation 17 Exercise of Options**

- (a) An option may, subject to paragraph (d) below, be exercised, or deemed to be exercised, or abandoned in accordance with paragraph (b) or (c) below on the day and by the time prescribed by Exchange Rules, or if there is no such prescribed day or time, by the day and time specified in the Procedures. If any prescribed day is not a business day, an option may be exercised, deemed to be exercised, or abandoned on such day as may be prescribed by the relevant Exchange Rules, or if no such day is so prescribed, on the next business day.
- (b) Subject to Exchange Rules an option may be exercised by notice in writing or in such other form as may be prescribed by Exchange Rules or the Procedures and in the manner prescribed by the Procedures, and if not so exercised by the day and time referred to in paragraph (a) above, the option shall either expire or, if Exchange Rules so provide, be deemed to have been exercised in accordance with Exchange Rules or, where relevant, the Procedures.
- (c) Subject to Exchange Rules, an option may be abandoned by notice in writing or in such other form as may be prescribed by Exchange Rules or the Procedures and in the manner prescribed by the Procedures and if not so abandoned by the day and time referred to in paragraph (a) above, the option shall be deemed to have been exercised in accordance with the Exchange Rules or, where relevant, the Procedures.
- (d) If permitted under Exchange Rules or, where relevant, the Procedures, an option may be exercised or abandoned by or on behalf of a Member prior to the day and time referred to in paragraph (a) above in accordance with Exchange Rules or, where relevant, the Procedures.
- (e) The Clearing House shall be entitled to rely and act upon any form of exercise or abandonment made in accordance with paragraphs (b), (c) or (d) above without making any enquiry, investigation or check as to whether it complies with the Exchange Rules or as to the authority of any person purporting to exercise or abandon an option on behalf of a Member save that the Clearing House may reject any notice of exercise or abandonment (or exercise or abandonment made in such other prescribed form, as the case may be) if it does not appear to comply with Exchange Rules or the Procedures notwithstanding that it may as buyer have passed on such notice or other prescribed form of exercise or abandonment to a seller.
- (f) Subject to paragraph (e) above, no notice (or other form) of exercise or abandonment once received by the Clearing House may be cancelled or withdrawn.
- (g) Where the Clearing House is a buyer under the terms of an option contract, the Clearing House may exercise or abandon an option in accordance with Exchange Rules or the Procedures and in accordance with Regulation 2.
- (h) Upon the exercise or deemed exercise of an option pursuant to this Regulation 17, Regulation 3(c) shall come into effect.

**Regulation 18 Delivery Contract Arising upon the Exercise of an Option and Event Protection Contracts**

- (a) Subject to these Regulations open contracts which are delivery contracts shall be fulfilled in accordance with Exchange Rules. No delivery contract shall be for a unit or quantity smaller than one lot and the amount or quantity to be delivered shall be one lot or such other amount or quantity as may be specified for the commodity in Exchange Rules from time to time after agreement with the Clearing House.
- (b) Where an open contract which is a delivery contract arises by novation pursuant to Regulation 3(c) upon the exercise or deemed exercise of an option, the buyer under the terms of the delivery contract shall give to the Clearing House such information as may be prescribed by Exchange Rules or, where relevant, the Procedures by the time and in the manner specified in Exchange Rules or the Procedures. The Clearing House as buyer under the terms of a delivery contract shall, in accordance with Regulation 2, give to the seller under the terms of such contract, such information as may be prescribed by Exchange Rules or the Procedures.
- (c) The seller under the terms of a delivery contract shall deliver the commodity to the Clearing House as buyer in such manner and at such time as may be prescribed in Exchange Rules or, where relevant, the Procedures, and the Clearing House as seller under the terms of a delivery contract shall, in accordance with Regulation 2, deliver the commodity the subject of such contract to a Member as buyer under the terms of such contract.
- (d) The buyer shall pay the price and such other amounts to the Clearing House as may be required by Exchange Rules or, where relevant, the Procedures in the form and manner and by the time prescribed in Exchange Rules or the Procedures, and the Clearing House shall, in accordance with Regulation 2, pay the seller his price and such other amounts as may be required by Exchange Rules or, where relevant, the Procedures.
- (e) Notwithstanding paragraphs (c) and (d) above, the Clearing House may in its absolute discretion in accordance with the Procedures:
- (i) direct a Member who is a seller under a delivery contract to deliver the commodity the subject matter of such contract to such other Member, being a buyer under a delivery contract, as the Clearing House may appoint; and
  - (ii) direct a Member who is a buyer under a delivery contract to pay the price and any other amounts payable pursuant to such contract to such other Member, being a seller under a delivery contract, as the Clearing House may appoint;

and delivery or payment in accordance with such direction shall constitute the due performance of such obligations of such buyer or seller as the case may be towards the Clearing House. Each Member agrees that it will accept delivery of a commodity, or as the case may be, payment of the price, from a Member directed in accordance with (i) or (ii) above, in satisfaction of the obligations owed to it by the Clearing House to deliver the commodity or make payment of the price and such other amounts under the terms of a delivery contract.

- (f) If an invoice is not ready when payment becomes due pursuant to this Regulation, payment shall be made and received on account.
- (g) In relation to a LIFFE Credit Default Swap Index Contract between a Member and the Clearing House, in the circumstances prescribed under the LIFFE Rules an Event Protection Contract shall automatically arise between the Clearing House and that Member where the seller under the LIFFE Credit Default Swap Index Contract shall be the seller under the Event Protection Contract and the buyer under the LIFFE Credit Default Swap Index Contract Terms shall be the buyer under the Event Protection Contract. The Clearing House shall immediately register such Event Protection Contract in the name of the Member. The Member shall, by its confirmation of an original contract on the LIFFE Credit Default Swap Index Contract Terms, be deemed to have consented to the subsequent registration in its name of any Event Protection Contracts arising in connection with such LIFFE Credit Default Swap Index Contract in accordance with these Regulations.
- (h) Subject to these Regulations, open contracts which are Event Protection Contracts shall be fulfilled in accordance with LIFFE Rules. Each Event Protection Contract shall be subject to the Regulations including the restrictions on the Clearing House's obligations and liabilities set out in the Regulations (including, without limitation, Regulation 39) and otherwise on the terms prescribed by LIFFE Rules and the Procedures.

**Regulation 19    Obligation to Make and Accept Tender under Cleared Exchange Contracts**

- (a) Subject to these Regulations open contracts which are Cleared Exchange Contracts or Turquoise Derivatives Cleared Exchange Contracts shall be fulfilled in accordance with Exchange Rules or the Procedures. No Cleared Exchange Contract shall be for a unit or quantity smaller than one lot and the amount or quantity tendered shall be for one lot or such other amount or quantity as may be specified for the commodity in Exchange Rules from time to time after agreement with the Clearing House. Where the terms of a Cleared Exchange Contract or Turquoise Derivatives Cleared Exchange Contract so permit, the Clearing House may give directions to one or more Members concerning the performance of such contract and in such case each such Member shall be bound by and shall comply with any such direction.
- (b) Paragraphs (c) to (l) below and Regulations 20 and 21 shall not apply to Cleared Exchange Contracts and Turquoise Derivatives Cleared Exchange Contracts which are contracts for differences or such option contracts as the Procedures may prescribe. Members shall fulfil their obligations to the Clearing House under the terms of such contracts in the manner and by the time prescribed by Exchange Rules, these Regulations and the Procedures. The Clearing House shall fulfil its obligations as seller or buyer, as the case may be, under the terms of such contracts in accordance with Regulation 2. Regulation 19A shall apply and paragraphs (c) to (l) below shall not apply to delivery contracts.
- (c) A Member, as seller in respect of a Cleared Exchange Contract in his name which is not to be settled pursuant to Regulation 15 or 16 and the Procedures, shall give a tender to the Clearing House as buyer, together with such other documents as may be required by Exchange Rules or the Procedures by the time specified in Exchange Rules or the Procedures in respect of a Cleared Exchange Contract for a particular delivery month or prompt date, and in the form and manner prescribed by Exchange Rules or the Procedures. The Clearing House, as seller in respect of a Cleared Exchange Contract which is not to be settled pursuant to Regulation 15 or 16 and the Procedures, shall in accordance with Regulation 2 give a tender to the buyer under the terms of such contract, together with such other documents as may be required by Exchange Rules or the Procedures.
- (d) A seller or buyer shall give to the Clearing House such additional documents or information required by Exchange Rules to be given in respect of an open contract subject to tender by the time prescribed by Exchange Rules and in the form and manner specified therein or in the Procedures. The Clearing House as seller (or buyer) under the terms of an open contract subject to tender shall in accordance with Regulation 2 give such additional documents or information to the buyer (or seller) under the terms of such contract.
- (e) The Clearing House shall be under no obligation to check a tender or documents received from a Member pursuant to paragraph (c) or (d) above. The passing on by the Clearing House of such tender or such documents received from a seller (or buyer as the case may be) pursuant to the terms of an open contract subject to tender, to a buyer (or seller as the case may be) pursuant to the terms of an open contract subject to tender, shall not constitute acceptance by the Clearing House of such tender or such documents, and if the Member to whom it passed on such tender or such documents rejects the same where permitted by Exchange Rules, the Clearing House shall be entitled to reject the same as against the Member from whom it received such tender or such documents.

- (f) Every buyer (not being the Clearing House) who has a Cleared Exchange Contract in his name for the current delivery period or prompt date shall be bound to accept in fulfillment of the Clearing House's obligations as seller under paragraph (c) any tender or documents complying with Exchange Rules which is given to him by the Clearing House in accordance with Regulation 2.
- (g) Subject to paragraph (e), no tender may be withdrawn or substituted by the seller once such tender is received by the buyer except with the consent of such buyer or otherwise in accordance with Exchange Rules.
- (h) Where permitted by Exchange Rules, a tender together with such other documents as may be required by Exchange Rules or the Procedures may be given to the Clearing House by or on behalf of a seller in respect of an original exchange contract to which the seller is party, such tender to be given to the Clearing House together with such particulars of the contract as may be required by the Clearing House, including if required the name of the buyer in respect of such contract, by the time specified in Exchange Rules or the Procedures. Registration of such contract in the name of the seller shall be effected as prescribed by the Procedures.
- (i) The Clearing House may give a tender, together with such other documents as may be required by Exchange Rules or the Procedures, to a buyer in respect of an original exchange contract to which the buyer is party. Such particulars of the contract as the Clearing House may require shall be furnished by or on behalf of the buyer to the Clearing House in accordance with Exchange Rules or the Procedures. Registration of such contract in the name of the buyer shall be effected as prescribed by the Procedures.
- (j) The Clearing House may give a tender and documents received from a seller pursuant to paragraph (h) above to a buyer in respect of an original exchange contract to which the buyer is party, and shall do so as agent for the seller. The furnishing of particulars and the registration of such contract in the name of a buyer shall be effected as provided in paragraph (i) above. Upon registration of an original exchange contract pursuant to paragraph (h), the giving of the tender and documents by the Clearing House to the buyer pursuant to this paragraph shall be deemed to have been given and accepted by such parties in fulfillment of their obligations under paragraph (c) and (f) above.
- (k) In implementing this Regulation, the Clearing House may effect and register such contracts in a Member's name as may be prescribed in the Procedures at a price determined by the Clearing House in accordance with the Procedures.
- (l) If Exchange Rules require a buyer to give a tender and a seller to receive a tender in respect of a Cleared Exchange Contract, a reference in this Regulation and in Regulation 20 to a seller giving a tender shall be construed as being a reference to a buyer giving a tender and a reference to a buyer receiving a tender shall be construed as being a reference to a seller receiving a tender.

**Regulation 19A Delivery Contracts**

- (a) The obligations of Members under delivery contracts shall be performed in accordance with the terms of such delivery contracts and in the manner and by the time prescribed by Exchange Rules, these Regulations and the Procedures. The Clearing House shall fulfill its obligations as seller or buyer, as the case may be, under the terms of a delivery contract in accordance with Regulation 2 and the Procedures.
- (b) Where the terms of an open contract so permit, the Clearing House may give directions to one or more Members concerning the performance of such open contract and in such case each such Members shall be bound by and shall comply with any such direction.

**Regulation 20 Open Contracts Subject to Tender**

- (a) Without prejudice to the provisions of Regulation 21(a), under an open contract subject to tender or a delivery contract:
- (i) the buyer shall be obliged to pay his buying price to the Clearing House as seller in the manner and by the time prescribed by Exchange Rules or the Procedures;
  - (ii) the Clearing House as buyer shall be obliged to pay the seller his selling price in the manner and by the time prescribed by Regulation 2;
  - (iii) subject to Exchange Rules any compensation, adjusting payment, or other allowance payable by or to either the buyer or seller under the terms of the open contract shall be paid to or by the Clearing House;
- (b) Every tender and accompanying documents (except documents which, in accordance with Exchange Rules a buyer is obliged to take up and pay for) given by the Clearing House as seller to a buyer pursuant to Regulation 19(c) shall for the purposes of these Regulations be deemed to comply with Exchange Rules unless the buyer notifies the Clearing House, by 10.00 hours on the business day following the day on which the tender and accompanying documents were given to him by the Clearing House in accordance with Exchange Rules or the Procedures, that the tender and accompanying documents do not so comply, and the Clearing House shall be entitled after receiving such notice, promptly thereafter and notwithstanding that it may do so after 10.00 hours on such business day, to notify the seller to it under the terms of an open contract from whom it received such tender and accompanying documents that such tender and accompanying documents do not so comply.
- (c) Notwithstanding that open contracts may have been settled under Regulation 15, or (in the case of HKMEx Contracts) Regulation 91, or (in the case of Nodal Contracts) Regulation 95, a seller may, with the agreement of the Clearing House and by the time specified in the Procedures, give the Clearing House a tender in respect of any such contract so settled. Upon receipt of such tender, the Clearing House shall (unless the Procedures otherwise allow) effect on the Member's behalf re-opening contracts (that is a sale by the Member to the Clearing House and a purchase by the Member from the Clearing House of one lot, each on the same terms (including delivery) as the settled contract except as to price) and register such contracts as open contracts in the Member's name, the re-opening contracts to be effected at a price determined by the Clearing House or the Exchange as prescribed by the Procedures. The submission of a tender in accordance with the Procedures shall constitute confirmation of any such re-opening contracts and the seller's tender (or buyer's as the case may be) shall be deemed to have been made pursuant to his sale (or purchase) under the respective re-opening contract.
- (d) Notwithstanding that an open contract may have been settled under Regulation 15, or (in the case of HKMEx Contracts) Regulation 91, or (in the case of Nodal Contracts) Regulation 95, the Clearing House may in accordance with the Procedures give a tender to a buyer under Regulation 19 as if the contract were still open and on so doing the Clearing House shall effect on the Member's behalf re-opening contracts (defined as in paragraph (c) above and to be effected as there described) and register such contracts as open contracts in the Member's name. The receipt by the Buyer of such tender shall constitute confirmation of the

re-opening contract and shall be deemed to occur pursuant to the Member's purchase under the respective re-opening contract.

- (e) In implementing this Regulation, the Clearing House may effect and register such contracts in a Member's name as it may deem necessary for the purposes hereof or as may be prescribed in the Procedures and at a price determined by the Clearing House in accordance with the Procedures.



**Regulation 21 Arrangements for Delivery and Payment of Price**

- (a) In respect of its obligations under the terms of any open contract as seller to deliver a commodity to the buyer or as buyer to pay the price and any other payments required to be made under the terms of such contract to the seller, the Clearing House may in its absolute discretion in accordance with the Procedures:
- (i) direct a Member who is a seller under an open contract to deliver the commodity the subject matter of such contract to such other Member, being a buyer under an open contract as the Clearing House may appoint, and
  - (ii) direct a Member who is a buyer under an open contract to pay the price and any other amounts payable pursuant to such contract to such other Member, being a seller under an open contract as the Clearing House may appoint;

and delivery or payment in accordance with such direction shall constitute the due performance of such obligations of such buyer or seller as the case may be towards the Clearing House. Each Member agrees that it will accept delivery of a commodity or, as the case may be, payment of the price, and such other amounts from another Member in accordance with such direction in satisfaction of the obligations owed to it by the Clearing House to make payment of the price or such other amounts or to deliver the commodity under the terms of an open contract.

- (b) If an invoice is not ready when payment becomes due, payment shall be made and received on account.
- (c) A Member may from time to time agree in writing with the Clearing House in respect of such exchange contracts as are prescribed in the Procedures that he shall pay to and receive from the Clearing House in accordance with the Procedures a net amount in respect of his obligations to make or take delivery (as the case may be) of a commodity where such commodity is a currency and to make or receive payment (as the case may be) of the buying or selling price.
- (d) If a buyer where permitted by Exchange Rules, rejects the commodity delivered to it pursuant to the Clearing House's obligations to make delivery of the commodity under the terms of an open contract subject to tender, the Clearing House shall be entitled to reject the same as against the seller from whom it took delivery of the same under the terms of an open contract subject to tender, and the Clearing House shall not be deemed to have accepted a commodity delivered to it by a seller which it delivers on to a buyer until such buyer has accepted the commodity.

**Regulation 22 Restrictions on Clearing House's Obligations and Liability**

- (a) This Regulation shall apply to open contracts subject to tender and delivery contracts and shall not apply to contracts for differences or option contracts.
- (b) The Clearing House (or any other member of the LCH.Clearnet Group) shall not be liable in respect of a claim made against it in respect of an open contract subject to tender or a delivery contract by a Member concerning:
  - (i) a tender given by the Clearing House; or
  - (ii) any documents accompanying a tender as required by Exchange Rules or Procedures; or
  - (iii) the performance by the Clearing House of its obligations under an open contract to make delivery of a commodity or to pay the price; or
  - (iv) any other dispute or matter arising under the terms of such contract;

unless the conditions set out in paragraphs (c), (d) and (e) below are satisfied.

- (c) The Member shall (without prejudice to his taking any other steps which may be required of or open to him under the relevant Exchange Rules or the Procedures) give written notice and particulars of his claim to the Clearing House not later than 17:00 hours (such time to be of the essence) on the seventh business day following the day on which, in accordance with the relevant Exchange Rules or the Procedures, documents must be taken up and paid for by the buyer (whether or not a buyer fulfils such obligation), or if there are no such documents, not later than 17.00 hours (such time to be of the essence) on the seventh business day following the last day on which the buyer, in accordance with the relevant Exchange Rules or the Procedures, must take delivery of the commodity (whether or not the buyer fulfils such obligation).
- (d) Where the relevant Exchange Rules provide for arbitration, the Member shall refer all disputes referred to in paragraph (b) above in respect of the contract to arbitration under the relevant Exchange Rules, shall give to the Clearing House notice of such referral pursuant to Exchange Rules and details of any award made.
- (e) The Member shall promptly provide the Clearing House with such further particulars of his claim, as the Clearing House may from time to time require in writing.

**Regulation 23 Arbitration: Cleared Exchange Contracts, Turquoise Derivatives Cleared Exchange Contracts, EquityClear Contracts or LCH EnClear OTC Contracts (for Physical Delivery)**

- (a) In this Regulation 23, "Relevant Rules" means relevant Exchange Rules or relevant ATP Market Rules.

Subject to Regulation 62A(n), paragraph (e) below, and to the terms of a Member Link Agreement to which the Clearing House and a Member are party, a dispute arising from or in relation to any Cleared Exchange Contract, any EquityClear Contract, or any LCH EnClear OTC Contract for physical delivery ("Physical LCH EnClear Contract") or in relation to these Regulations relating to the clearing of Cleared Exchange Contracts, EquityClear Contracts or Physical LCH EnClear Contracts shall, unless resolved between the Clearing House and the Member, be referred to arbitration under the Relevant Rules and arbitration shall be conducted in accordance with such Relevant Rules. The Clearing House shall be entitled to call upon a Member who is a buyer and a Member who is a seller, under the terms of Cleared Exchange Contracts, EquityClear Contracts or Physical LCH EnClear Contracts as applicable, which have been matched by the Clearing House and in respect of which reference to arbitration has been made under the same Relevant Rules, to conduct the arbitration between them under such Relevant Rules as applicable.

- (b) In the event that the Clearing House elects to call upon a seller and a buyer to arbitrate between them pursuant to Regulation 23(a) above and the Relevant Rules, the following procedures shall apply:
- (i) the Clearing House shall give notice of such election to the buyer, the seller and the relevant Exchange, the relevant ATP or relevant AETS, as applicable, in accordance with such Relevant Rules;
  - (ii) the seller shall at its own expense have the conduct of the Clearing House's case against the buyer, and the buyer shall at its own expense have the conduct of the Clearing House's case against the seller, in either case, subject to the provisions of this Regulation;
  - (iii) copies of all pleadings, correspondence and documents shall be given to the Clearing House and the Clearing House shall be entitled to submit any additional arguments to the arbitrators in support of its own case, in which case it shall supply copies of such submissions to the seller and the buyer;
  - (iv) the arbitrators shall have the power to call upon the Clearing House to disclose documents relating to the arbitration which are in its custody, power or possession to the same extent as if it were a direct party to the arbitration; and
  - (v) the arbitrators shall issue two awards, one between the seller and the Clearing House and one between the buyer and the Clearing House which shall determine the rights of each of the seller and the buyer against the Clearing House and vice versa.
- (c) If the Clearing House is found liable to one of the parties to the arbitration ("the first party") in respect of a breach of a Cleared Exchange Contract or an EquityClear Contract and the other party to the arbitration ("the second party") is found liable to the Clearing House in respect of such breach of a Cleared Exchange Contract, or EquityClear Contract as applicable, which has been

matched by the Clearing House as referred to in paragraph (a) above, the liability of the Clearing House to the first party shall be deemed to be a foreseeable consequence of the breach by the second party and the Clearing House shall be entitled to be indemnified in respect of such liability by the second party.

- (d) Subject to the terms of Link Agreement to which the Clearing House and a Participating Exchange are party, a dispute arising from or in relation to any Turquoise Derivatives Cleared Exchange Contract (including a dispute concerning Member compliance with the Exchange Rules) or in relation to these Regulations relating to the clearing of a Turquoise Derivatives Cleared Exchange Contracts shall, unless resolved between the Clearing House and the Member, be finally resolved by arbitration under the LCIA Rules, which rules are deemed to be incorporated by reference into this clause, by three arbitrators, the seat of the arbitration to be England, with any hearings to be held in London in the English language. The Clearing House shall be entitled, at its option, to call upon a Member who is a buyer and a Member who is a seller, under the terms of the Turquoise Derivatives Cleared Exchange Contracts to conduct the arbitration accordingly.
- (e) In the event that the Clearing House elects pursuant to Regulation 23(d) above, to call upon a seller and a buyer to arbitrate between them, the following procedures shall apply:
  - (i) the Clearing House shall give notice of such election to the buyer, the seller and to TGHL and any relevant Participating Exchange;
  - (ii) the seller shall at its own expense have the conduct of the Clearing House's case against the buyer, and the buyer shall at its own expense have the conduct of the Clearing House's case against the seller, in either case, subject to the provisions of this Regulation;
  - (iii) copies of all pleadings, correspondence and documents shall be given to the Clearing House and the Clearing House shall be entitled to submit any additional arguments to the arbitrators in support of its own case, in which case it shall supply copies of such submissions to the seller and the buyer;
  - (iv) the arbitrators shall have the power to call upon the Clearing House to disclose documents relating to the arbitration which are in its custody, power or possession to the same extent as if it were a direct party to the arbitration; and
  - (v) the arbitrators shall issue two awards, one between the seller and the Clearing House and one between the buyer and the Clearing House which shall determine the rights of each of the seller and the buyer against the Clearing House and vice versa.
- (f) If the Clearing House is found liable to one of the parties to the arbitration ("the first party") in respect of a breach of a Turquoise Derivatives Cleared Exchange Contract and the other party to the arbitration ("the second party") is found liable to the Clearing House in respect of such breach of a Turquoise Derivatives Cleared Exchange Contract, the liability of the Clearing House to the first party shall be deemed to be a foreseeable consequence of the breach by the second party and the Clearing House shall be entitled to be indemnified in respect of such liability by the second party.

- (g) Where any dispute arises from or in relation to any LCH EnClear OTC Contract or in relation to these Regulations relating to the clearing of an LCH EnClear OTC Contract and there are at the time such dispute arises no provisions in the Relevant Rules for arbitration of such dispute or no Relevant Rules, then the dispute shall, unless resolved between the Clearing House and the Member, be finally resolved by the LCIA Rules, which rules are deemed to be incorporated by reference into this clause, by three arbitrators, the seat of the arbitration to be England, with any hearings to be held in London in the English language. . The Clearing House shall be entitled, at its option, to call upon a Member who is a buyer and a Member who is a seller, under the terms of the LCH EnClear OTC Contract to conduct the arbitration accordingly.
- (h) In the event that the Clearing House elects pursuant to Regulation 23(g) above, to call upon a seller and a buyer to arbitrate between them, the following procedures shall apply:
- (i) the Clearing House shall give notice of such election to the buyer, the seller and to any relevant AETS, as applicable;
  - (ii) the seller shall at its own expense have the conduct of the Clearing House's case against the buyer, and the buyer shall at its own expense have the conduct of the Clearing House's case against the seller, in either case, subject to the provisions of this Regulation;
  - (iii) copies of all pleadings, correspondence and documents shall be given to the Clearing House and the Clearing House shall be entitled to submit any additional arguments to the arbitrators in support of its own case, in which case it shall supply copies of such submissions to the seller and the buyer;
  - (iv) the arbitrators shall have the power to call upon the Clearing House to disclose documents relating to the arbitration which are in its custody, power or possession to the same extent as if it were a direct party to the arbitration; and
  - (v) the arbitrators shall issue two awards, one between the seller and the Clearing House and one between the buyer and the Clearing House which shall determine the rights of each of the seller and the buyer against the Clearing House and vice versa.
- (i) If the Clearing House is found liable to one of the parties to the arbitration ("the first party") in respect of a breach of an LCH EnClear OTC Contract and the other party to the arbitration ("the second party") is found liable to the Clearing House in respect of such breach of an LCH EnClear OTC Contract, the liability of the Clearing House to the first party shall be deemed to be a foreseeable consequence of the breach by the second party and the Clearing House shall be entitled to be indemnified in respect of such liability by the second party.
- (j) The Clearing House shall be bound by an arbitration award made against it in pursuance of an, arbitration whether it participates directly in the arbitration or not.
- (k) No person may refer to arbitration under Exchange Rules any dispute arising from or in connection with the Default Rules or any step taken or proposed to be taken under the Default Rules.

**Regulation 24 Cover in Event of a Claim**

If notice of claim and notice of intention to refer a dispute to arbitration is given to the Clearing House pursuant to Exchange Rules, Regulation 22 or Regulation 62A in respect of an open contract, an EquityClear Contract, any or all cover standing to the credit of the accounts of a Member who is party to one or more contracts under dispute (whether such cover is held with respect to a contract under dispute or otherwise) may be retained by the Clearing House. The Clearing House may at any time and from time to time call for payment by such Member of additional cover, in such amount as it may deem appropriate in respect of such contract or contracts, to be held by the Clearing House under these Regulations until the claim is finally disposed of. The amount of such cover to be furnished by the Member to the Clearing House shall be assessed by reference to such circumstances as the Clearing House in its discretion deems relevant.

**Regulation 25 Default of a Member: Substituted Obligation**

Where a Member defaults in performance of an open contract subject to tender, and by the operation of Default Rules the Member's rights and liabilities in respect of such performance are discharged and there arises in their place an obligation to account as between the Member and the Clearing House for a settlement amount, then the Clearing House shall be entitled to substitute an obligation to account for such settlement amount, or proportions thereof pro rata, for its rights and liabilities in respect of performance of open contracts subject to tender with one or more other Members (such open contracts and such other Members to be selected by the Clearing House in its absolute discretion) for the same commodity and delivery month or prompt date. No Member shall question the settlement amount or any determination made by the Clearing House under this Regulation.

**Regulation 26 Market Disorders, Impossibility of Performance, Trade Emergency**

- (a) Paragraph (c) of this Regulation 26 shall not apply to open contracts which are option contracts.
- (b) In relation to Cleared Exchange Contracts and Turquoise Derivatives Cleared Exchange Contracts, if a Board, after consultation with the Clearing House, or the Clearing House, if it deems it impracticable to consult with the Board with respect to sub-paragraph (i) below only, or if the Clearing House, in relation to OTC Contracts or EquityClear Contracts, or LCH EnClear OTC Contracts determines that one of the following conditions is satisfied, namely:
- (i) a state of war exists or is imminent or threatened or civil unrest or terrorist or other criminal action has occurred or is imminent or threatened, and is likely to affect or has affected the normal course of business, including, but not limited to, performance under a Contract; or
  - (ii) the government of any nation, state or territory or any institution or agency thereof has proclaimed or given notice of its intention to exercise, vary or revoke controls which appear likely to affect the normal course of business, including, but not limited to, performance under a Contract; or
  - (iii) the EU or any international organisation, or any institution or agency thereof, has introduced, varied, terminated or allowed to lapse any provision so as to be likely to affect the normal course of business, including, but not limited to, performance under a Contract; or has given notice of its intention to do so or appears to be about to do so;

then:

- (iv) in respect of such open contracts which are OTC Contracts or EquityClear Contracts or LCH EnClear OTC Contracts as specified by the Clearing House, and notified to the affected Members, the Clearing House shall be entitled to invoice back such contracts in accordance with Regulation 28 and the Procedures at a price determined by the Clearing House or to require such Members to comply with any directions issued by the Clearing House regarding the performance of, or any other direction in respect of, such contracts; and
- (v) such open contracts which are Cleared Exchange Contracts for such delivery months, prompt dates or other delivery periods as the Board in consultation with the Clearing House or (where the Clearing House so determines without consultation with the Board) as the Clearing House shall specify (which may include open contracts under which tender or a notice or some other prescribed form of exercise has been given) shall, (unless the relevant Exchange Rules otherwise provide) upon the Board's (or the Clearing House's, as the case may be) formal announcement that such condition is satisfied, be invoiced back in accordance with Regulation 28 and the Procedures at a price determined by the Board (or the Clearing House as the case may be). In the event that a price falls to be determined by the Clearing House it shall, adopt the settlement price which in the opinion of the Clearing House was last determined or announced by the Board pursuant to Exchange Rules.



Accounts shall be made up by the Clearing House in accordance with the Procedures for each Member who is a party to open contracts invoiced back pursuant to this paragraph. Settlement of such accounts shall be due immediately and settlement thereof shall be made forthwith in discharge of such contracts invoiced back notwithstanding any further change of circumstances.

- (c) If, in the opinion of the Clearing House after consultation with the relevant Board, a seller's complete performance of an open contract becomes impossible for any reason whatsoever (except in such circumstances as are set out in paragraph (b) above), the affected contract may at the Clearing House's option thereupon be closed by invoicing back at a price determined by the Board, and such price shall be binding on all affected parties. Accounts shall be made up by the Clearing House in accordance with the Procedures.
  
- (d) If an Exchange determines in accordance with its Exchange Rules that an excessive position or unwarranted speculation or any other undesirable situation or practice is developing or has developed which is affecting or capable of affecting a market in a commodity, the Clearing House may take such action as is requested of it by such Exchange in respect of one or more open contracts for such commodity in a Member's name as may be provided by Exchange Rules, or as may be agreed between the Exchange and the Clearing House.

Any formal announcement made under this Regulation shall be made by notice posted up on the floor of the market or as prescribed by the Procedures.

**Regulation 27 Force Majeure**

- (a) Neither the Clearing House (nor any other member of the LCH.Clearnet Group) nor a Member shall be liable for any failure, hindrance or delay in performance in whole or in part of its obligations under the terms of these Regulations or of any Contract if such failure, hindrance or delay arises out of events or circumstances beyond its control. Such events or circumstances may include, but are not limited to, acts of God or the public enemy, acts of a civil or military authority other than the acts referred in Regulation 26(b)(i), (ii) or (iii) above, terrorist or other criminal action, civil unrest, embargoes, fire, flood, labour dispute, unavailability or restriction of computer or data processing facilities, energy supplies, settlement systems or of bank transfer systems or wires, and any other causes beyond the parties reasonable control including, without prejudice to the foregoing, any causes specified in Exchange Rules.
- (b) On the happening of any one or more of the events or circumstances referred to in paragraph (a) above, which shall immediately be notified by the party prevented, hindered or delayed from performing any of the obligations referred to in paragraph (a) above to the other:
  - (i) in respect of affected Cleared Exchange Contracts, and Turquoise Derivatives Cleared Exchange Contracts, the Clearing House shall be entitled at the time prescribed in the relevant Exchange Rules or if no such time is prescribed at any time after receipt of such notice, to invoice back in accordance with Regulation 28, some or all Contracts in the Member's name at a price determined by the relevant Exchange, or where Exchange Rules permit, to take such other action as it deems necessary or desirable in respect of some or all Contracts in the Member's name or require the Member to take such action as the Clearing House may direct in respect of the same; and
  - (ii) in respect of affected OTC Contracts, affected EquityClear Contracts, and affected LCH EnClear OTC Contracts, the Clearing House shall be entitled to require any of the affected Contracts to be performed in accordance with directions issued by the Clearing House or invoiced back in accordance with Regulation 28, or shall be entitled to require the Member to take such action as the Clearing House may direct in respect of such Contracts.

**Regulation 28 Invoicing Back**

- (a) Invoicing back of a Member's Contracts pursuant to Regulation 26 or 27 or the Default Rules or otherwise shall be carried out by the Clearing House effecting and registering pursuant to the Procedures opposite contracts between itself and the Member at the price referred to in the relevant Regulation or, where applicable, in paragraph (d) below, and thereupon settling such Contracts against such opposite contracts.
- (b) The Clearing House shall, in addition to carrying out the procedures referred to in paragraph (a) above, register opposite contracts between itself and such other Members as the Clearing House may select in its absolute discretion in proportion to the net position of open contracts in their names for the same commodity and delivery month or prompt date as the Contracts invoiced back under paragraph (a) above to the nearest whole number of lots, or in the case of option contracts on the terms of the exchange contracts specified in the Procedures, for the same expiry month and strike price as the Contracts invoiced back under paragraph (a) above, or in the case of OTC Contracts on the same OTC Contract Terms as the Contracts invoiced back under paragraph (a) above, or in the case of EquityClear Contracts on the same EquityClear Contract Terms as the Contracts invoiced back under paragraph (a) above, or in the case of LCH EnClear OTC Contracts on the same LCH EnClear OTC Contract Terms (as the case may be) as the Contracts invoiced back under paragraph (a) above, and thereupon settling such open contracts against such opposite contracts.
- (c) Where open contracts are invoiced back pursuant to Regulation 26(b) or (c) the Clearing House shall make up the accounts of any Member affected by such invoicing back in accordance with Regulation 26(b) or (c), as applicable. Where a Contract is invoiced back under the Default Rules, the account of such other Member as may be affected under paragraph (b) above shall be made up in accordance with that paragraph.
- (d) Opposite contracts effected and registered by the Clearing House pursuant to paragraph (a) and (b) above shall, subject to Regulation 26(b) or (c), be at a price or, where applicable, a premium fixed or determined by the relevant Board or, in the case of OTC contracts or EquityClear Contracts or LCH EnClear OTC Contracts, at a price determined by the Clearing House, and shall be binding as a final settlement upon the parties affected by invoicing back except that where invoicing back is carried out pursuant to the Default Rules, this paragraph shall be without prejudice to any further liability of the defaulting Member to the Clearing House or to any additional rights which the Clearing House may have against the defaulting Member whether under these Regulations, at law or otherwise.
- (e) In this Regulation:
- (i) "net position" means: in respect of open contracts which are Cleared Exchange Contracts or Turquoise Derivatives Cleared Exchange Contracts, one or more of such Cleared Exchange Contracts or Turquoise Derivatives Cleared Exchange Contracts as the case may be, against which the Member in whose name they are registered has no matching Cleared Exchange Contracts or Turquoise Derivatives Cleared Exchange Contracts as the case may be for the same delivery month, expiry month or prompt date; in respect of open contracts which are SwapClear Contracts, means one or more of such SwapClear Contracts against which the Member in whose name they are registered has no

matching SwapClear Contracts on the same Economic Terms; in respect of RepoClear Contracts, means one or more of such RepoClear Contracts against which the Member in whose name they are registered has no matching RepoClear Contracts on the same Economic Terms; in respect of EquityClear Contracts, means one or more of such EquityClear Contracts against which the Member in whose name they are registered has no matching EquityClear Contracts on the same EquityClear Contract Terms; in respect of LCH EnClear OTC Contracts, means one or more of such LCH EnClear OTC Contracts against which the Member in whose name they are registered has no matching LCH EnClear OTC Contracts on the same LCH EnClear OTC Contract Terms, as the case may be; in respect of open contracts which are ForexClear Contracts, means one or more of such ForexClear Contracts against which the Member in whose name they are registered has no matching ForexClear Contracts on the same Economic Terms;

(ii) "opposite contract" means a contract on the same terms (except as to price or premium), as the Contract to be invoiced back in accordance with this Regulation, but:

(1) where a Member is a seller, in respect of the Cleared Exchange Contract, the Turquoise Derivatives Cleared Exchange Contract, the RepoClear Contract, the EquityClear Contract or LCH EnClear OTC Contract to be invoiced back, such Member shall be a buyer in respect of the opposite contract and vice versa;

(2) where a SwapClear Clearing Member is a floating rate payer, in respect of a SwapClear Contract to be invoiced back, such SwapClear Clearing Member shall be a fixed rate payer in respect of the opposite contract and vice versa;

~~(2)~~(3) where a ForexClear Clearing Member is a Reference Currency Buyer in respect of a ForexClear Contract to be invoiced back, such ForexClear Clearing Member shall be a Reference Currency Seller in respect of the opposite contract and vice versa.

**Regulation 29    Currency Conversion**

For the purpose of exercising any rights under these Regulations, the Clearing House shall be entitled in its discretion to convert monies standing to the debit or credit of a Member's accounts (including client accounts) into such other currency or currencies as it thinks fit, such conversion to be effected at such reasonable rate or rates of exchange as the Clearing House may determine in accordance with the Procedures.

**Regulation 30 Disclosure**

- (a) The Clearing House shall have authority to supply any information whatsoever concerning a Member and its trading to (a) an Exchange or an exchange with whom the Clearing House has entered into an agreement pursuant to which the parties have agreed to exchange information as required or contemplated by its Exchange Rules, (b) to any Regulatory Body which is entitled to receive or request any such details or information, (c) to a Participating Exchange pursuant to an agreement entered into with the Participating Exchange, (d) any Approved EquityClear Settlement Provider pursuant to an agreement entered into with that Approved EquityClear Settlement Provider (e) LCH.Clearnet Group Limited (f) LCH.Clearnet SA or (g) to any other person or body to which the Clearing House is, in its reasonable opinion, legally required to disclose the same.
- (b) The Clearing House shall also be entitled to supply any information whatsoever concerning a Member to any person who has provided or may be contemplating entering into arrangements to provide the Clearing House directly or indirectly with stand-by or other finance, insurance cover, guarantee or other financial backing, which the Clearing House has been requested or is legally required to disclose to assist such person in relation to the provision of, or continued provision of, such finance, insurance cover, guarantee or financial backing.
- (c) The Clearing House shall have authority (a) to obtain and make use of information from SWORD relating to a Member; and (b) to disclose such information to any Regulatory Body or Exchange which is entitled to receive or request any such information.
- (d) The Clearing House shall have authority to supply to a Cross-Margining Exchange any information relative to a Cross-Margining Participant, as contemplated under the Cross-Margining Agreement between the Clearing House and the Cross-Margining Exchange.

**Regulation 31 Fees and Other Charges**

- (a) The Clearing House shall be entitled to levy fees in respect of such matters and at such rates as may from time to time be prescribed. Such fees shall be payable by such Members, by such times, and in such manner as may be prescribed by the Procedures.
- (b) Accommodation charges made by the Clearing House pursuant to Regulation 12(h) or (i) shall be payable to the Clearing House by such Members, in such manner and by such times as may be prescribed by the Procedures.
- (c) Any changes to be made to the fees and charges payable pursuant to paragraphs (a) and (b) above shall take effect, as prescribed by the Procedures.

**Regulation 32**    **Records**

A Member shall not be entitled to the return of any particulars, notices or any other documentation presented to the Clearing House pursuant to Regulations 6 to 8 and 15 to 20 inclusive.



***Regulation 33***    **Procedures**

The Procedures shall take effect and shall be binding on Members as if they formed part of these Regulations save that, in the event of any conflict between the provisions of these Regulations and the Procedures, the provisions of these Regulations shall prevail.

**Regulation 34 Alteration of Regulations and the Procedures**

- (a) Unless the Clearing Membership Agreement or these Regulations otherwise specifically provide in relation to any proposed amendment or extension, the Clearing House may from time to time, by notice delivered to the Exchanges and Members, amend or extend these Regulations and such amendment or extension may be made with immediate effect or with such deferred effect as the Clearing House shall determine. Any amendment or extension to these Regulations may take effect so as to apply to Contracts registered in a Member's name at the time such amendment or extension comes into effect if the Clearing House so determines.
- (b) Unless the Clearing Membership Agreement or these Regulations or the Procedures otherwise specifically provide in relation to any proposed amendment or extension, the Clearing House may from time to time amend or extend the Procedures by notice delivered to such Exchanges and Members as may be affected.
- (c) The accidental omission to give notice under this Regulation to, or the non-receipt of notice under this Regulation by, any Exchange or Member shall not invalidate the amendment or extension with which the notice is concerned.

**Regulation 35 Interpretation of these Regulations**

- (a) In the event of inconsistency between the provisions of these Regulations and Exchange Rules, or between these Regulations and the rules or regulations or other contractual provisions of any trading platform or other undertaking, the provisions of these Regulations shall prevail.
- (b) The headings to these Regulations are for convenience only and shall not affect their interpretation.

**Regulation 36 Waiver**

No failure by the Clearing House to exercise, nor any delay on its part in exercising, any of its rights (in whole or in part) under these Regulations shall operate as a waiver of the Clearing House's rights or remedies upon that or any subsequent occasion, nor shall any single or partial exercise of any right or remedy prevent any further exercise thereof or any other right or remedy.

**Regulation 37**    **Validity of Regulations and Action**

- (a)    If at any time any provision of these Regulations becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of these Regulations nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.
  
- (b)    Action taken by the Clearing House pursuant to Exchange Rules may not be questioned on the ground that the Exchange Rules are to any extent invalid or ultra vires or that a determination or request made by the Exchange, or any agreement made by the Exchange, is ultra vires, incompatible with Exchange Rules or otherwise questionable.

**Regulation 38 Governing Law and Jurisdiction**

- (a) These Regulations and the Procedures shall be governed by and construed in accordance with English law.
- (b) Subject to the terms of a Member Link Agreement to which the Clearing House and a Member are party any dispute arising from or in relation to any Contract or in relation to these Regulations shall, unless resolved between the Clearing House and a Member, be referred to arbitration under the Relevant Rules in accordance with Regulation 23. The obtaining of an arbitration award shall be a condition precedent to the right of the Clearing House or the Member to bring or maintain any action, suit or other legal proceedings against the other, except only the Clearing House's right to maintain proceedings to obtain security for a claim. This paragraph is subject to Regulation 23(k) and shall not apply to any action, suit or other legal procedure concerning a dispute there referred to.
- (c) The Clearing House and every Member hereby irrevocably agree for the benefit of the Clearing House that the courts of England shall have exclusive jurisdiction to hear and determine any claim or matter arising from or in relation to any Contract or in relation to these Regulations which does not fall to be referred to arbitration under paragraph (b), or to be dealt with in a different forum under the terms of a Member Link Agreement or to be dealt with under the ATS Rules (as defined in Regulation 56A(a)) pursuant to the provisions of Regulation 56(l) and each Member irrevocably submits to such jurisdiction and to waive any objection which it might otherwise have to such courts being a convenient and appropriate forum, save that this submission to the exclusive jurisdiction of the English courts shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the taking of action in any other jurisdiction, whether concurrently or not.
- (d) Each Member irrevocably waives, with respect to itself and its revenues and assets, all immunity on the grounds of sovereignty or other similar grounds from suit, jurisdiction of any court, relief by way of injunction, order for specific performance or for recovery of property, attachment of its assets (whether before or after judgement) and execution or enforcement of any judgement to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction and irrevocably agrees that it will not claim any such immunity in any proceedings.
- (e) Subject to paragraph (a) above and (i) below and (j) below and Exchange Rules, a Cleared Exchange Contract shall, after registration in the name of a Member, continue to be governed by and construed in accordance with the law governing it prior to registration.
- (f) An OTC Contract and a Turquoise Derivatives Cleared Exchange Contract shall be governed by and construed in accordance with English law.
- (g) An EquityClear Contract shall be governed by and construed in accordance with English law.
- (h) An LCH EnClear OTC Contract shall be governed by and construed in accordance with English law.

- (i) A HKMEx Contract shall be governed by and construed in accordance with English law.
- (j) A Nodal Contract shall be governed by and construed in accordance with English law.

**Regulation 39 Exclusion of Liability**

- (a) Without prejudice to the provisions of Regulations 1 and 22 and 39(e) or to the provisions of a Member Link Agreement, neither the Clearing House, nor any other member of the LCH.Clearnet Group shall have any liability whatsoever to any Member or to any other person (including, without limitation, any client of a Member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person, as the case may be, as a result of: any suspension, restriction or closure of the market administered by an Exchange, an ATP or a Participating Exchange, whether for a temporary period or otherwise or as a result of a decision taken on the occurrence of a market emergency; any failure by the Clearing House or an Exchange or a Participating Exchange or an ATP or its operator or the relevant approved agent or the Approved EquityClear Settlement Provider to supply each other with data or information in accordance with arrangements from time to time established between any or all of such persons; the failure of any systems, communication facilities or technology supplied, operated or used by the Clearing House, an Exchange, or a Participating Exchange for the purposes of a Link; any event which is outside the control of the Clearing House; any act or omission of an Exchange, or a Participating Exchange in connection with a Linked Exchange Contract or a Participating Exchange Contract or any contracts made on such terms, including, without limitation, any error in the establishment of a settlement price made by an Exchange; any act or omission of the Clearing House, an Exchange, or a Participating Exchange (as the case may be) in connection with the operation of a Link or the arrangements for the transfer of Contracts under a Link; or any act or omission of a Board or an Exchange or any determination made under Exchange Rules in connection with LIFFE Credit Default Swap Index Contracts or the terms thereof.
- (b) Neither the Clearing House nor any other member of the LCH.Clearnet Group shall have any liability to a Member or any other person (including without limitation a SwapClear Dealer, a RepoClear Dealer or an EquityClear NCM or a ForexClear Dealer) in respect of any dispute arising from or in relation to any OTC Transaction, Eligible OTC Trade, or an ATP Match including, but not limited to, any dispute as to the validity or otherwise of such OTC Transaction, Eligible OTC Trade, the terms of such OTC Transaction, Eligible OTC Trade, trade or ATP Match, or whether any alleged agreement or arrangement constitutes an OTC Transaction or Eligible OTC Trade.
- (c) Without prejudice to the provisions of Regulation 1 and Regulation 39(e), neither the Clearing House nor any other member of the LCH.Clearnet Group shall have any liability whatsoever to any SwapClear Clearing Member, a RepoClear Clearing Member, EquityClear Participant, LCH EnClear OTC Clearing Member, ForexClear Participant or to any other person (including, without limitation, a SwapClear Dealer or a RepoClear Dealer) in contract, tort (including without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred as a result of: any suspension of an OTC Service or the EquityClear Service or the LCH EnClear OTC Services (or any part thereof), whether for a temporary period or otherwise, a step taken by the Clearing House under Regulations 26, 27, 47(f), 54(f) or 67 or any failure or malfunction of any systems, communication lines or facilities, software or technology supplied, operated or used by the Clearing House or the relevant approved agent; the occurrence of any event which is outside the control of the Clearing House; or any exercise by the



Clearing House of its discretion under the Regulations, or any decision by the Clearing House not to exercise any such discretion.

- (d) Without prejudice to Regulation 39(c) and 39(e), unless otherwise expressly provided in the Regulations or in any other agreement to which the Clearing House is party, neither the Clearing House nor any other member of the LCH.Clearnet Group shall have any liability under any circumstances (including, without limitation, as a result of any negligence by the Clearing House, or any other member of the LCH.Clearnet Group Limited, or their respective officers, employees, agents or representatives), be liable to any Member, or a SwapClear Dealer, a RepoClear Dealer, ~~or an EquityClear NCM,~~ or a ForexClear Dealer for any indirect or consequential loss or damage, or loss of anticipated profit (whether direct or indirect) or loss of bargain, suffered or incurred by any such Member, SwapClear Dealer, RepoClear Dealer, ~~or an EquityClear NCM,~~ or a ForexClear Dealer, and shall not in any circumstances be liable for any loss, cost, damage or expense suffered or incurred by any person as a result of any negligence on the part of the Clearing House, or any other member of the LCH.Clearnet Group Limited, or their respective officers, employees, agents or representatives.
- (e) Nothing in this Regulation 39 shall be construed as an attempt by the Clearing House to exclude any liability for any fraud, fraudulent misrepresentation or wilful default on the part of the Clearing House. The Clearing House accepts liability for any personal injury or death caused by the negligence of the Clearing House and for any fraud or wilful default on the part of the Clearing House.
- (f) Without prejudice to the provisions of Regulations 1 and 22 and 39(e) neither the Clearing House, nor any other member of the LCH.Clearnet Group shall have any liability whatsoever to any Member or to any other person (including, without limitation, any client of a Member or a member of a Participating Exchange or any client of such member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person, as the case may be, as a result of the failure of any systems, communication facilities or technology supplied, operated or used by TGHL or as a result of any negligence, wrongdoing, or other act, error, failure or omission on the part of TGHL, in supplying any services to the Clearing House with regard to the Clearing House Turquoise Derivatives Services or as a result of or in connection with any inconsistency or conflict between any provision contained in the Turquoise Derivatives Rules on the one hand and any provision of these Regulations, Default Rules and Procedures and any other Clearing House documentation on the other hand.
- (g) Without prejudice to the provisions of Regulations 22 and 39(e) neither the Clearing House, nor any other member of the LCH.Clearnet Group shall have any liability whatsoever to any Member or to any other person (including, without limitation, any client of a Member or a member of a Participating Exchange or any client of such member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person, as the case may be, as a result of the failure of any systems, communication facilities or technology supplied, operated or used by LIFFE, or as a result of any negligence, wrongdoing, or other act, error, failure or omission on the part of LIFFE in relation to the physical settlement of any Contracts or any failure in its administration of deliveries under any Contracts or as a result of or in connection with any inconsistency or conflict between any provision relating to

such settlement contained in the LIFFE Rules on the one hand and any provision of these Regulations, Default Rules and Procedures and any other Clearing House documentation on the other hand.

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

**Regulation 39A Netting**

- (a) If at any time the Clearing House fails to make a payment to a Member, other than a defaulter, under a Contract for a period of 30 days from the date when the obligation to pay fell due then that Member may exercise its rights under paragraph (c) below.
- (b) If at any time the Clearing House commences a voluntary case or other procedure seeking or proposing liquidation, administration, receivership, voluntary arrangement or a scheme of arrangement, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law, or if any of the foregoing cases or procedures is commenced in relation to the Clearing House by any other person which results in liquidation or winding up of the Clearing House, or if the Clearing House takes corporate action to authorise any of the foregoing, in any such case other than for the purposes of corporate restructuring (including any consolidation, amalgamation or merger), then a Member, other than a defaulter, may exercise the right given to it under paragraph (c) below.
- (c) A Member entitled to exercise rights under this paragraph may, at any time whilst any of the circumstances referred to in paragraph Regulation 39A or (b) giving rise to such rights continue, by notice in writing to the Clearing House, specify a Termination Date for the termination and liquidation of all Contracts to which it is a party in accordance with paragraph (d) below.
- (d) Upon the occurrence of a Termination Date:
- (i) neither the Clearing House nor the Member shall be obliged to make any further payments or deliveries under any Contract between them which would, but for this Regulation 39A, have fallen due for performance on or after the Termination Date, and any obligations to make further payments or deliveries which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount;
  - (ii) the Member shall (on, or as soon as reasonably practicable after, the Termination Date) determine (discounting if appropriate) in respect of each Contract its total loss or, as the case may be, gain, in each case expressed in the lawful currency of the United Kingdom (the "Base Currency"), (and, if appropriate, including any loss of bargain, cost of funding or, without duplication, loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position), as a result of the termination, pursuant to this agreement, of each payment or delivery which would otherwise have been required to be made under such Contract (assuming satisfaction of each applicable condition precedent and having due regard to, if appropriate, such market quotations published on, or official settlement prices set by, a relevant exchange or clearing organisation, as may be available on, or immediately preceding, the date of calculation); and
  - (iii) the Member shall treat each loss to it, determined as above, as a positive amount and each gain by it, so determined, as a negative amount and, subject to paragraph (iv), shall aggregate all of such amounts to produce

a single, net positive or negative amount, denominated in the Base Currency (the "Termination Amount").

- (iv) Where a Member has a house and one or more client accounts:
  - (1) the Member shall determine two net amounts under paragraph (d)(iii); one net amount in respect of gains and losses arising on Contracts registered in the Member's client account (or client accounts as combined) and a second net amount in respect of gains and losses arising on all other Contracts; and
  - (2) the two net amounts determined under paragraph (iv)(1) shall constitute Termination Amounts.
- (v) If a Termination Amount determined pursuant to paragraph (d) or (iv) above is a positive amount, the Clearing House shall pay it to the Member and if any such Termination Amount is a negative amount, the Member shall pay it to the Clearing House, in either case in accordance with paragraph (vi). The Member shall notify the Clearing House of each such Termination Amount, and by which party it is payable, immediately after the calculation thereof.
- (vi) A Termination Amount shall be paid in the Base Currency by the close of business on the business day following notification pursuant to paragraph (v) above (converted as required by applicable law into any other currency, any costs of such conversion to be borne by, and (if applicable) deducted from any payment to, the Clearing House). Any Termination Amount which is not paid on such day shall bear interest, at the average rate at which overnight deposits in the currency of such payment are offered by major banks in the London interbank market as of 11:00 hours (London time) (or, if no such rate is available, at such reasonable rate as the Member may select) plus 1% per annum, for each day for which any such sum remains unpaid.
- (vii) For the purposes of any calculation required to be made under this Regulation, the Member may convert amounts denominated in any other currency into the Base Currency at such rate prevailing at the time of the calculation as it shall reasonably select.

The Member's rights under this Regulation 39A shall be in addition to, and not in limitation or exclusion of, any other rights which the Member may have (whether by agreement, operation of law or otherwise, including its rights under Regulation 5(l)).

## LINK REGULATIONS

### **Regulation 40 Application of Link Regulations**

- (a) These Link Regulations, which form a part of the General Regulations, apply in conjunction with all other provisions of the Regulations to Contracts which are on the terms of those Linked Exchange Contracts specified for the purpose of these Link Regulations in the Procedures and which are registered by the Clearing House in the name of a Member pursuant to Regulation 9. The references in these Link Regulations to "Contracts on the terms of a Linked Exchange Contract" shall be construed as referring to Contracts on the terms of a Linked Exchange Contract specified for the purpose of these Link Regulations in the Procedures. The references in these Link Regulations to "contracts on the terms of a Participating Exchange Contract" shall be construed as referring to contracts on the terms of a Participating Exchange Contract specified for the purposes of these Link Regulations in the Procedures.
  
- (b) In the event of any conflict between these Link Regulations and the Default Rules, the Default Rules shall prevail.

**Regulation 41 Transfer of Contracts on the terms of a Linked Exchange Contract**

- (a) Each Contract on the terms of a Linked Exchange Contract registered by the Clearing House in the name of a Member pursuant to Regulation 9 which forms part of a Member's Day Position Balances and all other Contracts on the terms of a Linked Exchange Contract which do not form part of such Day Position Balances shall, subject to Regulations 42(a), 42(b) and 44, be transferred in accordance with paragraph (c) below.
- (b) The Clearing House shall, in accordance with the Procedures, calculate each Member's Day Position Balances with respect to Contracts on the terms of a Linked Exchange Contract which are registered on a business day in each such Member's name and recorded in certain accounts referred to in the Procedures. Subject to Regulations 42(a), 42(b) and 44, the Clearing House shall transmit details of such Day Position Balances and all other Contracts on the terms of a Linked Exchange Contract registered on such business day in each such Member's name which do not form part of a Member's Day Position Balances to the relevant Participating Exchange in accordance with procedures from time to time agreed with, and by such time or times and on such day as agreed with, such Participating Exchange.
- (c) Upon the dispatch by the relevant Participating Exchange of a confirmation in such form as may be agreed from time to time with the Clearing House following receipt by such Participating Exchange of the details of Contracts transmitted pursuant to paragraph (b) above, all such Contracts comprised in each Member's Day Position Balances and all other Contracts referred to in paragraph (b) shall be transferred under this paragraph (c) and the terms of a Member Link Agreement to which each Member party to such Contracts is a party. The transfer of such Contracts shall, subject to Regulation 42(d), have effect so that:
- (i) the Clearing House and each Member party to each such Contract shall be released from their obligations to each other under each such Contract ("a discharged Contract") (except from their obligations under these Regulations including, without limitation, obligations with respect to any fees payable under the Regulations or to pay any daily settlement amounts in respect of one or more discharged Contracts or to provide cover for margin) and, without prejudice to the foregoing or to the claims of either the Clearing House or a Member arising out of or in relation to a discharged Contract;
  - (ii) the respective rights of the Clearing House and a Member against each other under a discharged Contract shall be cancelled and the discharged Contract shall be replaced simultaneously by a contract on the terms of the relevant Participating Exchange Contract between the persons specified in the relevant Member Link Agreement to which the Member party to a discharged Contract is a party and under which such discharged Contract was transferred.
- (d) Contracts other than option Contracts comprised in a Member's Day Position Balances shall be transferred at the settlement price for the delivery month of such Contracts established by the relevant Exchange. Such Contracts (other than option Contracts) shall be transferred at the official quotation for such delivery month if no such Settlement Price has been established. Contracts in the terms of a Linked Exchange Contract which do not form part of a Member's Day Position Balances shall, subject to paragraph (e) below, be transferred at the price at which

they were entered into and, unless paragraph (e) applies, no daily settlement amounts shall be payable in respect of such Contracts under the Regulations. Option Contracts comprised in a Member's Day Position Balance shall be transferred with effect that no premium shall be payable under contracts on the terms of the relevant Participating Exchange Contract which arise pursuant to Regulation 41(c)(ii), but without prejudice to the obligation of the buyer to pay the premium due under each discharged Contract.

- (e) If Regulation 44(a) applies, all Contracts (other than option Contracts) which are subsequently transferred pursuant to paragraph (c) above after the business day on which they were registered by the Clearing House shall, subject to paragraph (f) below, be transferred at the settlement price referred to in paragraph (d) above, or if no such settlement price has been established, at the official quotation referred to in paragraph (d) above, for the business day immediately preceding the business day on which such transfer is made. Option Contracts which are subsequently transferred pursuant to paragraph (c) above after the business day on which they were registered by the Clearing House shall, subject to paragraph (f) below, be transferred with effect that no premium shall be payable under contracts on the terms of the relevant Participating Exchange Contract which arise pursuant to Regulation 41(c)(ii), but without prejudice to the obligation of the buyer to pay the premium due under each discharged Contract.
- (f) If Contracts to be transferred pursuant to Regulation 41(c) have been entered into pursuant to the trade correction procedures, such Contracts may be transferred at a different price to the price specified in paragraph (e) above.

**Regulation 41A Transfer to the Clearing House of Participating Exchange Contracts**

- (a) Each contract on the terms of a Participating Exchange Contract registered by a Participating Exchange in the name of a member of a Participating Exchange forming part of the member of the Participating Exchange's Day Position Balances shall, subject to Regulations 42 and 44, be transferred at the time or times and in the manner referred to in either or both of the Participating Exchange Rules of the relevant Participating Exchange and the applicable Member Link Agreement to which such member of the Participating Exchange is party and in accordance with any other procedures from time to time agreed between the Clearing House and the Participating Exchange and any Exchange party to the relevant Link. Notwithstanding the preceding sentence, such contracts on the terms of a Participating Exchange Contract may be transferred after such time or times if the Clearing House, the Participating Exchange, and any Exchange party to the relevant Link so agrees.
- (b) Upon the transfer of a contract referred to in paragraph (a) which is on the terms of a Participating Exchange Contract pursuant to a Member Link Agreement, the parties to such contract shall be released from their obligations to each other under such contract (except from those obligations which the Member Link Agreement and the relevant Participating Exchange Rules expressly state shall survive) (a "discharged contract") and, without prejudice to the provisions of the Participating Exchange Rules, their respective rights against each other shall be cancelled and the discharged contract shall be replaced simultaneously by a contract on the terms of the relevant exchange contract between the Clearing House and the Member party to such Member Link Agreement for the same number of lots and the same delivery month or expiry month and exercise price (as applicable) as the discharged contract. Such contract shall, upon its arising, be subject to the relevant Exchange Rules and the Regulations and shall not be subject to any Participating Exchange Rules and shall, upon registration pursuant to Regulation 9(f), become an open contract.



**Regulation 42 Default Affecting Transfer**

- (a) (i) If, prior to the transfer of Contracts on the terms of one or more Linked Exchange Contracts pursuant to Regulation 41(c), a Member becomes a defaulter or any other default-related or other event specified in a relevant Member Link Agreement to which the Member is party occurs with respect to the Member ("the defaulting Member"), Contracts on the terms of one or more relevant Linked Exchange Contracts registered in the defaulting Member's name with the Clearing House shall not be transferred pursuant to Regulation 41(c) if the terms of the relevant Member Link Agreement so provides.
- (ii) Following the occurrence of any event referred to in sub-paragraph (a)(i) above in respect of a Member, and if Contracts in the terms of the relevant Linked Exchange Contracts to which the defaulting Member is party cannot be transferred pursuant to Regulation 41(c), the Clearing House shall, without prejudice to the Default Rules or to paragraph (f) above, for the purposes of facilitating the transfer of Contracts under one or more Links pursuant to Regulation 41(c), either enter into Contracts ("Default Management Contracts") as a principal with one or more Members (each "a Nominated Member") who agrees to enter into such contracts which shall, in accordance with paragraph (c) of this Regulation 42, be in the terms of such Contracts on the terms of one or more relevant Linked Exchange Contracts which are or become registered in the defaulting Member's name with the Clearing House or, if the terms of the relevant Link Agreement so requires, implement the provisions of Regulation 42(g).
- (b) (i) If, prior to the transfer of Contracts on the terms of one or more Linked Exchange Contracts pursuant to Regulation 41(c), the Clearing House becomes aware that a member of a Participating Exchange who is party to such Member Link Agreement with a Member ("affected Member") has become a Defaulter (as defined in such Member Link Agreement) or any other default-related or other event specified in such Member Link Agreement occurs with respect to the member of the Participating Exchange, Contracts on the terms of one or more relevant Linked Exchange Contracts registered in the name of an affected Member shall not be transferred under such Member Link Agreement or under any other relevant Member Link Agreement if the terms of any such agreement do not so permit and, pursuant to the terms of the relevant Link Agreement either the provisions of sub-paragraph (ii) **Error! Reference source not found.** or Regulation 42(g) shall apply.
- (iii) If, pursuant to sub-paragraph (i) above, this sub-paragraph (ii) applies, the Clearing House shall, for the purposes of facilitating the transfer of Contracts under a Link pursuant to Regulation 41(c), enter into Default Management Contracts with one or more Nominated Members who agree to enter into such Contracts, which shall in accordance with paragraph (c) of this Regulation 42 be on the terms of Contracts on the terms of one or more relevant Linked Exchange Contracts which are or become registered in the affected Member's name.
- (c) Default Management Contracts entered into by the Clearing House pursuant to paragraph (a) or (b)(ii) above with one or more Nominated Members shall (in aggregate) be for the same number of lots as the number of lots of Contracts on

the terms of one or more relevant Linked Exchange Contracts which remain open contracts after the Clearing House has taken steps (if any) pursuant to the Default Rules (or the relevant Exchange has taken steps (if any) under Exchange Rules) to achieve a discharge of the defaulter's rights and liabilities under or in respect of such Contracts or, as the case may be, pursuant to paragraph (f) below to achieve a discharge of the affected Member's Contracts and shall be assigned to such accounts of a Nominated Member as agreed between the Clearing House and the Nominated Member and, as applicable, shall be included in the Nominated Member's Day Position Balances or aggregated with the Contracts registered in the Nominated Member's accounts which do not form part of his Day Position Balances. Details of such Default Management Contracts shall be transmitted to the relevant Participating Exchange pursuant to Regulation 41(b).

- (d) Default Management Contracts entered into by the Clearing House pursuant to Regulation 42(a) or 42(b)(ii) with a Nominated Member shall be transferred pursuant to Regulation 41(c) and thereby discharged in accordance with the terms of any written agreement entered into between the Clearing House and the Nominated Member for the purposes of this Regulation 42 and upon such transfer, the Clearing House and the Nominated Member shall become party to new Contracts which shall be subject to the Regulations and in the same terms and for the same number of lots as the Default Management Contracts, as more particularly described in such agreement, save that the Clearing House, if a party to a Default Management Contract as a seller, shall be a buyer under a Contract to which the Clearing House becomes a party under this paragraph (d) and vice versa. Such new Contracts shall not be transferred pursuant to Regulation 41, but shall be performed in accordance with the Regulations and the terms of any written agreement to which the Clearing House and the Nominated Member is a party for the purposes of this Regulation 42.
- (e) Contracts on the terms of a Linked Exchange Contract to which a defaulter or an affected Member is a party and which cannot be transferred pursuant to Regulation 41(c) ("affected Contracts") shall remain subject to and shall be discharged in accordance with the Regulations.
- (f) Without prejudice to the Default Rules, the Clearing House shall have the right to take such action and by such means as the Clearing House in its absolute discretion determines to close-out, cash-settle by invoicing back, transfer to another member pursuant to Regulation 11, or otherwise achieve a discharge of the affected Member's affected Contracts whether or not the affected Member is a defaulter.
- (g) If the terms of the applicable Link Agreement so require the Clearing House shall, following the occurrence of an event referred to in Regulation 42(a) in respect of a Member or in Regulation 42(b) in respect of a member of the relevant Participating Exchange, become party to one or more contracts (each a "Default Contract") with the Participating Exchange party to such Link Agreement which shall be on the same terms and for the same number of lots as the number of lots of the affected contracts which remain open contracts after the Clearing House has taken steps pursuant to the Default Rules or pursuant to paragraph (f) above with respect to such affected Contracts, except that each Default Contract shall be subject to the relevant Participating Exchange Rules and not subject to these Regulations or to the relevant Exchange Rules. The Clearing House shall have the right to take such action and by such means as the Clearing House in its absolute discretion determines to close-out, transfer or otherwise achieve the discharge of each Default Contract pursuant to the relevant Participating

Exchange Rules or the terms of any agreement concluded between the Clearing House and such Participating Exchange and to close-out, transfer or otherwise achieve a discharge of the affected Contracts pursuant to the Default Rules or Regulation 42(f).

- (h)
  - (i) If the terms of the relevant Link Agreement so require, following the occurrence of an event referred to in Regulation 42(a) in relation to a Member or in Regulation 42(b) in relation to a member of a Participating Exchange, contracts on the terms of one or more relevant Participating Exchange Contracts registered with the relevant Participating Exchange in the name of such member of the Participating Exchange or a member of the Participating Exchange party to a Member Link Agreement with the Member and which form part of such member of the Participating Exchange's day Position Balances shall not be transferred pursuant to Regulation 41A (b) and the Participating Exchange (as a Member of the Clearing House) shall become party to one or more open contracts (each a "Default Contract") with the Clearing House.
  - (ii) Each such Default contract shall be on the same terms and for the same number of lots as such contracts on the terms of each such Participating Exchange Contract, except that each Default Contract shall be subject to the Regulations and the relevant Exchange Rules and not subject to the relevant Participating Exchange Rules. The Participating Exchange shall have the right to take such action and by such means as the Participating Exchange in its absolute discretion determines to close-out, transfer or otherwise achieve the discharge of each Default Contract pursuant to the Regulations or the terms of any agreement concluded between the Clearing House and the relevant Participating Exchange, provided that, without prejudice to the Default Rules, the Clearing House shall also have the right to take such action and by such means as the Clearing House in its absolute discretion determines to close-out, transfer to another Member pursuant to Regulation 11, or (if they cannot be so transferred) otherwise achieve a discharge of each such Default Contract, and may take such action whether or not the Participating Exchange is a defaulter.

**Regulation 43    Margin**

Without prejudice to the provisions of Regulation 9(b) or Regulation 12, the Procedures or any agreement entered into between the Clearing House and a Member with respect to cover for margin provided or to be provided by such Member to the Clearing House, the Clearing House shall be entitled to require a Member to furnish cover to the Clearing House in an amount determined by the Clearing House as a condition of the Clearing House agreeing to register original contracts on the terms of a Linked Exchange Contract in the name of the Member and to keep the Clearing House furnished with sufficient cover at all times, in an amount or amounts determined by the Clearing House, as security for the performance by such Member of his obligations to the Clearing House in respect of such original contracts to be registered or Contracts registered with the Clearing House. In addition, the Clearing House shall be entitled to require cover in a form and in an amount determined by the Clearing House from a Member as a condition of the Clearing House agreeing to take any steps pursuant to any trade correction procedures.

**Regulation 44 Impossibility of Transfer**

- (a) If it is not possible for any reason (other than for a reason referred to in Regulation 42) (including, without limitation, as a result of any action taken by an Exchange pursuant to Exchange Rules or, as a result of the act of a government or a Regulatory Body or any change in applicable law or as a result of the failure of any systems, communication facilities or other technology) for details of open contracts on the terms of a Linked Exchange Contract to be transmitted on a day pursuant to Regulation 41(b), or for the relevant Participating Exchange to receive such details or to despatch a confirmation as referred to in Regulation 41(c), so that such Contracts cannot be transferred pursuant to Regulation 41(c) on the business day on which such Contracts were registered by the Clearing House, such Contracts shall remain registered with the Clearing House and subject to the Regulations and Procedures. Details of such Contracts which remain as open contracts shall be transmitted to the relevant Participating Exchange pursuant to Regulation 41(b) on the next day on which such Contracts are permitted to be transferred under the Link entered into with the relevant Participating Exchange and on which it is possible for details of such Contracts to be transmitted.
- (b) If it is not possible for any reason other than for a reason referred to in Regulation 42 (including, without limitation, as a result of any action taken by an Exchange or a Participating Exchange pursuant to Exchange Rules or Participating Exchange Rules (as the case may be), or as a result of the act of a government or a Regulatory Body or any change in applicable law or a result of the failure of any systems, communication facilities or other technology) for contracts on the terms of a Participating Exchange Contract to be transferred pursuant to Regulation 41A on the day on which such contracts were registered by the Participating Exchange, such contracts shall remain registered with the Participating Exchange and subject to its Participating Exchange Rules. Such contracts shall be transferred to the Clearing House pursuant to Regulation 41A on the next day on which such contracts are permitted to be so transferred under the Link Agreement entered into with the relevant Participating Exchange and on which it is possible to do so.
- (c) If the Link entered into with a Participating Exchange is suspended for an indefinite period or terminated, Contracts which have not been transferred pursuant to Regulation 41(c) shall remain registered with the Clearing House and subject to the Regulations and shall be performed in accordance with their terms or may be closed-out or otherwise discharged in accordance with the Regulations or the relevant Exchange Rules.

**Regulation 45 Cross-Margining Regulations**

- (a) A Member who is a Cross-Margining Participant shall indemnify and hold harmless the Clearing House against all amounts which are or may become due and payable by the Clearing House to a Cross-Margining Exchange pursuant to a Cross-Margining Agreement entered into between the Clearing House and the Cross-Margining Exchange (amongst other parties, as the case may be) to which the Member is also a party or is bound by agreement with the Clearing House and the Cross-Margining Exchange.
- (b) A Member shall pay on demand any amount or amounts which the Clearing House claims from the Member pursuant to the indemnity contained in Regulation 45(a). Any amount or amounts so demanded shall be conclusive and binding on the Member.
- (c) In the event of any conflict between the terms of the indemnity contained in paragraph (a) above and the terms of any indemnity, reimbursement obligation or like obligation to which the Member is bound by the terms of a Cross-Margining Agreement, the terms of the indemnity in Regulation 45(a) shall prevail.

**SWAPCLEAR REGULATIONS**

***Regulation 46* Application of SwapClear Regulations**

- (a) These SwapClear Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b) apply to SwapClear Contracts, SwapClear Clearing Members and, insofar as relevant, to SwapClear Dealers.
- (b) The Default Rules, Default Fund Rules, the definitions and Regulations 1, 2, 3(b), 4, 5, 8, 9(b) and (c), 10, 11, 12, 14, 16, 26 to 39A inclusive (other than Regulation 35(a) and Regulation 37(b)) of the General Regulations apply to SwapClear Contracts, SwapClear Clearing Members and, insofar as relevant, to SwapClear Dealers.

**Regulation 47 Registration of SwapClear Contracts**

- (a) A SwapClear Participant must submit particulars of a SwapClear Transaction for registration as a SwapClear Contract, through an office of that SwapClear Participant (a "Designated Office") as agreed to in writing with the Clearing House and, if party to a SwapClear Dealer Clearing Agreement, with its SwapClear Clearing Member.
- (b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a SwapClear Clearing Member shall be bound by a SwapClear Contract registered in its name pursuant to the presentation of particulars of a SwapClear Transaction by it (including presentation by any SCM Branch of that SwapClear Clearing Member) or by a SwapClear Dealer with whom it is party to a SwapClear Dealer Clearing Agreement and regardless of whether the SwapClear Clearing Member or SwapClear Dealer (as the case may be) entered into the SwapClear Transaction through a Designated Office or an office which is not a Designated Office, provided that the particulars of such SwapClear Transaction were submitted to the Clearing House through a Designated Office.
- (c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a SwapClear Transaction, particulars of which are submitted for registration as a SwapClear Contract, must meet the eligibility criteria prescribed in these Regulations and the Procedures at the time the particulars of the SwapClear Transaction are presented to the Clearing House and must continue to meet such criteria at the Registration Time in order to be registered as a SwapClear Contract.
- (d) The Clearing House shall be deemed to register a SwapClear Contract, in accordance with Regulation 48, in the name of a SwapClear Clearing Member at the time prescribed in the Procedures ("Registration Time").
- (e) For the avoidance of doubt, any transaction of which details have been submitted by SwapClear Participants for registration as a SwapClear Contract which is not so registered will remain in effect between the persons party thereto in accordance with any terms agreed between them and the Clearing House shall have no obligations or liability in relation thereto.
- (f) If at any time after registration of a SwapClear Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration did not, at the Registration Time, meet the eligibility criteria for registration as a SwapClear Contract, the Clearing House shall, as soon as practicable thereafter, set aside such SwapClear Contract. Upon the SwapClear Contract being set aside under this Regulation 47(f), the particulars of the transaction in question shall be deemed never to have been submitted to the Clearing House and such transaction shall remain in effect between the persons party thereto in accordance with any terms agreed between them. Any payment made under, or in respect of, a SwapClear Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 47(f), the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of a SwapClear Contract in respect of a transaction which did not meet the eligibility criteria at the Registration Time to enable it to be registered as a SwapClear Contract.



- (g) Where a SwapClear Contract relates to an FCM SwapClear Transaction, it is a condition for registration as a SwapClear Contract that the FCM SwapClear Transaction to which the SwapClear Contract relates be presented for clearing: (i) by an Executing Party (in its capacity as an FCM Clearing Member or SwapClear Clearing Member or through its designated FCM Clearing Member or SwapClear Clearing Member) as a SwapClear Contract or FCM SwapClear Contract (as the case may be); and (ii) by an FCM Clearing Member on behalf of its FCM Client as an FCM SwapClear Contract. In the event that the Clearing House registers a SwapClear Contract and, for whatever reason, the corresponding FCM SwapClear Contract has not also been registered, the SwapClear Contract shall be deemed not to be registered as a SwapClear Contract until such time as such corresponding FCM SwapClear Contract has been registered.
- (h) In relation to an FCM SwapClear Transaction, if either the Executing Party (in its capacity as an FCM Clearing Member or SwapClear Clearing Member or through its designated FCM Clearing Member or SwapClear Clearing Member) or the FCM Clearing Member (as the case may be) does not present an FCM SwapClear Transaction for clearing, the Clearing House shall set aside any FCM SwapClear Contract or SwapClear Contract that has been registered (if any) and the particulars of the corresponding FCM SwapClear Transaction in question shall at the Clearing House's discretion be either: (i) deemed never to have been submitted to the Clearing House; or (ii) rejected until such time as the Executing Party (in its capacity as an FCM Clearing Member or SwapClear Clearing Member or through its designated FCM Clearing Member or SwapClear Clearing Member) or the FCM Clearing Member have presented the relevant contract to the Clearing House. In addition, any payment made under, or in respect of, any FCM SwapClear Contract set aside or deemed not cleared under this paragraph shall be repayable to the person who made the payment. Without prejudice to FCM Regulation 26 and its obligations under this Regulation 47 and FCM Regulation 5, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of an FCM SwapClear Contract.

**Regulation 48 SwapClear Contracts**

- (a) Without prejudice to the Clearing House's rights to effect further novation under Regulation 3(b), a SwapClear Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as two SwapClear Contracts, one between the First SwapClear Clearing Member paying Rate X and the Clearing House as the party paying Rate Y, as principals to such contract, and the other between the Clearing House paying Rate X and the Second SwapClear Clearing Member paying Rate Y, as principals to such contract. For the purposes of this Regulation:
- (i) "First SwapClear Clearing Member" is a SwapClear Clearing Member who was, before registration of the SwapClear Contract, party to the corresponding SwapClear Transaction as the party paying Rate X, or who has a subsisting SwapClear Dealer Clearing Agreement with the SwapClear Dealer who was party to the corresponding SwapClear Transaction as the party paying Rate X; and
  - (ii) "Second SwapClear Clearing Member" is a SwapClear Clearing Member who was, before registration of the SwapClear Contract, party to the corresponding SwapClear Transaction as the party paying Rate Y, or who has a subsisting SwapClear Dealer Clearing Agreement with the SwapClear Dealer who was party to the corresponding SwapClear Transaction as the party paying Rate Y.
- (b) With effect from registration of a SwapClear Transaction as two SwapClear Contracts under paragraph (a) of this Regulation:
- (i) the parties to the corresponding SwapClear Transaction shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time;
  - (ii) each SwapClear Contract registered under paragraph (a) of this Regulation shall be governed by the SwapClear Contract Terms as applicable to that Contract;
  - (iii) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the First SwapClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the SwapClear Contract to which it is a party as the party paying Rate X had and owed in respect of its counterparty under the corresponding SwapClear Transaction; and
  - (iv) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the Second SwapClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the SwapClear Contract to which it is party as the party paying Rate Y had and owed in respect of its counterparty under the corresponding SwapClear Transaction.

In subparagraphs (iii) and (iv) above, a reference to the "same" rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the Economic Terms of the corresponding SwapClear Transaction (it being assumed, for this purpose, that such SwapClear Transaction was a legal, valid,

binding and enforceable obligation of the parties thereto and that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them, and subject to any change thereto as a result of the operation of the Standard Terms.

- (c) If a SwapClear Transaction, is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any SwapClear Contract arising under this Regulation, Regulation 3(b) or Regulation 11.

In the case of a SwapClear Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this Regulation 48 shall take effect.

For the avoidance of doubt, any reference in these Regulations and Procedures to an "SCM Branch" is not intended to and shall not be read as a reference to any person other than the legal person which is the SwapClear Clearing Member of which that SCM Branch is a part.

**Regulation 48A Termination by Automated Service**

- (a) SwapClear Contract may be terminated prior to its expiry by means of the automated SwapClear Intra-day Deletion Service (for the purposes of this Regulation "the Service"). The Service is designed so that the process of termination may be initiated by a SwapClear Dealer.
- (b) Each SwapClear Clearing Member is deemed to grant a continuing authority to every SwapClear Dealer with whom that SwapClear Clearing Member is a party to a SwapClear Dealer Clearing Agreement (for the purposes of this Regulation, an "SDC Agreement") to use the Service for the termination of any SwapClear Contract registered in the name of that SwapClear Clearing Member under that SDC Agreement. A SwapClear Clearing Member shall be bound by all entries, deletions and modifications which are made under this Service by the relevant SwapClear Dealer or which are purported to have been made by the relevant SwapClear Dealer.
- (c) A SwapClear Dealer shall have no obligation to inform, notify or seek the consent of any SwapClear Clearing Member prior to initiating the termination of a SwapClear Contract by means of the Service or making any entries, deletions or modifications when using the Service.
- (d) Each SwapClear Clearing Member is deemed to grant a continuing authority to the Clearing House to terminate any SwapClear Contract registered in the name of that SwapClear Clearing Member upon the request of a SwapClear Dealer with whom that SwapClear Clearing Member is a party to an SDC Agreement and make all other entries, deletions and modifications as may be required to give effect to such termination.
- (e) The Clearing House shall have no obligation to inform, notify or seek the consent of any SwapClear Clearing Member prior to terminating a SwapClear Contract or making any entries, deletions or modifications when operating the Service.
- (f) The termination of a SwapClear Contract to which the First SwapClear Clearing Member is a party is contingent upon *inter alia* the termination of the SwapClear Contract to which the Second SwapClear Clearing Member is a party, and vice versa.
- (g) The termination of a SwapClear Contract by means of the Service may be cancelled at any time prior to its termination or such earlier time as may be determined by the Clearing House from time to time, provided that, such cancellation must be agreed by both parties to the SwapClear Transaction which corresponds to that SwapClear Contract.
- (h) The date and time of termination of a SwapClear Contract shall be as reported by the Clearing House by means of the Service and shall be binding on all parties.
- (i) The Clearing House may decline to terminate any SwapClear Contract if, in the opinion of the Clearing House acting in its sole discretion, the termination of that SwapClear Contract is not consistent with the policies of the Clearing House, including, without limitation, any policies concerning risk management.
- (j) In addition to (i) above, the Clearing House may decline to terminate any SwapClear Contract if there is insufficient margin in the relevant PPS account of the relevant SwapClear Clearing Member to accommodate the termination of that

SwapClear Contract. For the avoidance of doubt and without limitation, the Clearing House may debit the relevant PPS account with any amount or amounts due to the Clearing House in connection with the termination of a SwapClear Contract.

- (k) Each SwapClear Dealer shall ensure that every user name, password and all other security information provided to it by the Clearing House is kept confidential and in a secure manner and is used solely for the purposes of utilising the Service. Each SwapClear Dealer shall be responsible for any action taken using any such security information as if SwapClear Dealer had itself taken the action concerned. Each SwapClear Dealer shall ensure that only such of its staff as are duly authorised are able to access and use the Service and that the Service is accessed and used by SwapClear Dealer and its authorised staff in accordance with all guidance and instructions issued by the Clearing House from time to time.
- (l) For the avoidance of doubt and without limitation, the provisions of Regulation 39 shall apply to the termination of each SwapClear Contract by means of the Service.
- (m) With effect from the time of the termination of a SwapClear Contract by means of the Service, the Clearing House shall have no obligation under the terms that SwapClear Contract and no liability in respect thereof, provided that the termination of any SwapClear Contract shall have no effect upon the rights and obligations already accrued under that SwapClear Contract, which rights and obligations shall survive such termination.
- (n) Upon the termination of a SwapClear Contract by means of the Service, the corresponding Parallel Contract arising by operation of the SDC Agreement shall also terminate.

**Regulation 49 SwapClear Dealers**

- (a) Application for admission to the Register of SwapClear Dealers shall be made in accordance with these Regulations and the Procedures. An applicant for admission to the Register of SwapClear Dealers must satisfy the criteria prescribed by the Clearing House from time to time in order to be admitted to the Register of SwapClear Dealers. A SwapClear Dealer shall be subject to, and governed by, these Regulations, the Procedures and, if applicable, the SwapClear Dealer Clearing Agreement to which it is for the time being party.
- (b) A person admitted to the Register of SwapClear Dealers shall ensure that it will, at all times, satisfy the criteria prescribed by the Clearing House, from time to time, for admission to the Register.
- (c) The Clearing House may suspend or remove a SwapClear Dealer from the Register of SwapClear Dealers in accordance with these Regulations, the Procedures and, if applicable, the SwapClear Dealer Clearing Agreement to which it is for the time being party. Any person who has been suspended from the Register of SwapClear Dealers for a period of more than three months shall be removed from the Register of SwapClear Dealers and must make a new application if it wishes to be readmitted to the Register.
- (d) A SwapClear Dealer may request, by giving three months' written notice to the Clearing House, that its name be removed from the Register of SwapClear Dealers. At the end of such notice period, the Clearing House shall remove the SwapClear Dealer from the Register of SwapClear Dealers.
- (e) A SwapClear Dealer's suspension or removal from the Register of SwapClear Dealers, under paragraph (c), shall not, where it is a Member, affect its membership of the Clearing House, nor, subject to any contrary determination by the Clearing House under Regulation 4(aa), shall it affect the categories of Contract which such a person is eligible to have registered in its name.
- (f) Where a SwapClear Clearing Member is also a SwapClear Dealer it shall, automatically on the Clearing House serving a default notice in accordance with these Regulations be, removed from the Register of SwapClear Dealers.
- (g) Without prejudice to paragraph (f) of this Regulation, the Clearing House shall suspend from the Register of SwapClear Dealers any Member whose Clearing Membership Agreement has been terminated or who is no longer eligible to have SwapClear Contracts registered in its name, and who is not, from the date of such termination or such ineligibility, party to a SwapClear Dealer Clearing Agreement with another SwapClear Clearing Member, for such period as the Clearing House may determine.

**Regulation 50 Settlement and Daily Revaluation of SwapClear Contracts**

- (a) The net present value of each SwapClear Contract shall be calculated by the Clearing House in such manner and at such times as may be provided in the Procedures. Except as prescribed in the Procedures, the net present value calculated by the Clearing House may in no circumstances be called in question. The Clearing House shall, at least daily, receive payment from, or pay to, the SwapClear Clearing Member cash cover for variation margin, representing the change in the net present value of the SwapClear Clearing Member's portfolio of SwapClear Contracts (the "SwapClear Portfolio") from the preceding business day, in accordance with the Procedures.
- (b) In respect of a SwapClear Portfolio and each Coupon Payment Date, the Clearing House shall aggregate:
- (i) the sums which would otherwise have been payable by the SwapClear Clearing Member to the Clearing House as cash cover (in respect of variation margin) on such date and the Coupon Payments due on that date; and
  - (ii) the sums which would otherwise have been payable by the Clearing House to the SwapClear Clearing Member as cash cover (in respect of variation margin) on such date and the Coupon Payments due on that date,

and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party then the obligations of each party under this Regulation 50 shall be automatically satisfied and discharged on payment by the party by whom the larger aggregate amount would have been payable to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

**Regulation 51**    **The reset rate for, and the net present value of, a SwapClear Contract**

The Clearing House may determine the reset rate for, and the net present value of, a SwapClear Contract for the purposes of these Regulations and the Procedures in such manner and at such times as may be prescribed in the Procedures. Except as prescribed in the Procedures, neither the reset rate nor the net present value determined by the Clearing House may in any circumstances be challenged.



**Regulation 52 Withdrawal of the SwapClear Service by the Clearing House**

- (a) If at any time the Clearing House decides to withdraw the SwapClear Service it shall give not less than six months' notice in accordance with the Procedures to all SwapClear Dealers and SwapClear Clearing Members of the date on which the service will be withdrawn ("the SwapClear Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation by, a one or more SwapClear Dealers or SwapClear Clearing Members shall not invalidate the SwapClear Withdrawal Date.
- (b) Without prejudice to its rights under the Default Rules, the Clearing House will not, other than pursuant to action under the Default Rules, register a SwapClear Contract, other than a closing-out contract after notice to withdraw the service has been given under Regulation 52(a).
- (c) If, at the SwapClear Withdrawal Date, a SwapClear Clearing Member has not closed out all open SwapClear Contracts registered in its name, the Clearing House shall, at its sole discretion, be entitled to:
  - (i) liquidate any or all of such SwapClear Contracts and require such contracts to be cash settled at a price determined by the Clearing House; and
  - (ii) postpone the SwapClear Withdrawal Date until such time as the Clearing House determines.

**Regulation 52A SwapClear Clearing Client Business**

- (a) SwapClear clearing is a service provided by the Clearing House to SwapClear Clearing Members. Any Clearing Member who wishes to offer SwapClear Clearing Services to its clients shall apply to the Clearing House and obtain the approval of the Clearing House before first offering such services. Any SwapClear related services which are offered by a Clearing Member prior to obtaining the approval of the Clearing House shall not be treated as SwapClear Clearing Services and the clients of the Clearing Member receiving such services shall not be treated as SwapClear Clearing Clients.
- (b) Subject to the provisions of these Regulations, SwapClear Clearing Services may be provided by a SwapClear Clearing Member to its SwapClear Clearing Clients on whatever terms the SwapClear Clearing Member decides should apply provided, however, that:
- (i) each SwapClear Clearing Member shall, before providing SwapClear Clearing Services to any client, ensure that it has entered into an agreement with that client which gives the Clearing House enforceable rights against that client in the terms of the Clearing House Prescribed Language and any such other provisions as shall be agreed from time to time between the Clearing House and SwapClear Clearing Members;
  - (ii) SwapClear Contracts entered into by the SwapClear Clearing Member in respect of SwapClear Clearing Client Business, and collateral provided to the Clearing House in respect of SwapClear Clearing Client Business, shall always be separately identified by the SwapClear Clearing Member to the Clearing House and, subject to the provisions of rule 8(d) of the Default Rules, shall never be combined with SwapClear Clearing House Business or collateral provided to the Clearing House in respect thereof;
  - (iii) in no circumstances will the client money protections provided for by the Client Assets sourcebook of the Handbook published by The Financial Services Authority be available from, or offered by, a SwapClear Clearing Member in relation to monies held in accounts opened by it with the Clearing House in respect of SwapClear Clearing Client Business; and
  - (iv) each SwapClear Clearing Member shall, before providing SwapClear Clearing Services to any SwapClear Clearing Client ensure that the SwapClear Clearing Client has been provided with or has been directed to a copy of the SwapClear Clearing End-User Notice and confirm to the Clearing House in writing that it has done so.
- (c) SwapClear Clearing Services may be provided by a SwapClear Clearing Member to its SwapClear Clearing Clients, and SwapClear Contracts may be entered into by a SwapClear Clearing Member with the Clearing House in respect of such SwapClear Clearing Clients, on:
- (i) an Individual Segregated Account basis ("Individual Segregated Account Business"); or
  - (ii) an Omnibus Net Segregated Account basis with segregation ("Omnibus Net Segregated Business").

- (d) A SwapClear Clearing Member acknowledges and agrees that, unless otherwise agreed with the Clearing House, it will not provide both Individual Segregated Account Business and Omnibus Net Segregated Business to a single SwapClear Clearing Client at the same time.
- (e) Subject to Regulation 52A(d), an Individual Segregated Account Clearing Client of a SwapClear Clearing Member may elect to become an Omnibus Net Segregated Clearing Client of that SwapClear Clearing Member and an Omnibus Net Segregated Clearing Client of a SwapClear Clearing Member may elect to become an Individual Segregated Account Clearing Client of that SwapClear Clearing Member provided, however, that the relevant SwapClear Clearing Member has not become a defaulter in accordance with Rule 4 of the Default Rules.
- (f) A SwapClear Clearing Member may operate one or more Omnibus Net Segregated Accounts. Each Omnibus Net Segregated SwapClear Clearing Client must be allocated to one such account. No Omnibus Net Segregated SwapClear Clearing Client may be allocated to more than one Omnibus Net Segregated Account.
- (g) A SwapClear Clearing Member may operate one or more Individual Segregated Accounts. Each Individual Segregated Account Clearing Client must be allocated to a separate Individual Segregated Account. No Individual Segregated Account Clearing Client may be allocated to more than one Individual Segregated Account.
- (h) A SwapClear Clearing Member may deliver to the Clearing House Excess Collateral and/or Additional Collateral in respect of its SwapClear Clearing Clients. However, no SwapClear Clearing Member shall deliver to the Clearing House any collateral other than amounts provided for the purposes of, or in connection with, the provision of clearing services by the Clearing House.
- (i) Required Collateral relating to the SwapClear Clearing Client Business of a SwapClear Clearing Member will be calculated by the Clearing House, and discharged by a SwapClear Clearing Member in respect of all of its SwapClear Clearing Clients, by:
  - (i) if and to the extent that there is Excess Collateral available, deduction by the Clearing House of amounts from such Excess Collateral;
  - (ii) if and to the extent that Additional Collateral is being held in respect of a SwapClear Clearing Client and to the extent that the Required Collateral relates to the SwapClear Clearing Client in question, and subject to appropriate instructions being received by the Clearing House from the SwapClear Clearing Member specifying the relevant Additional Collateral and the relevant SwapClear Clearing Client, deduction by the Clearing House of that Additional Collateral; and
  - (iii) otherwise, delivery by the SwapClear Clearing Member to the Clearing House of collateral with a value which is at least sufficient to discharge the relevant requirement.
- (j) A SwapClear Clearing Member who has opened an Additional Collateral Account may provide Additional Collateral to the Clearing House for the credit of such account. Such SwapClear Clearing Member shall inform the Clearing House of the identity of the SwapClear Clearing Client for whose account the Additional

Collateral is provided, together with the type and value of the Additional Collateral in question and the Clearing House will record the Additional Collateral in the Additional Collateral Account held in respect of the relevant SwapClear Clearing Client.

- (k) A SwapClear Clearing Member shall, as soon as reasonably practicable following a request from the Clearing House, provide the Clearing House with any information which the Clearing House may reasonably require in relation to the SwapClear Clearing Client Business of that SwapClear Clearing Member.
- (l) In addition to and without prejudice to any other provision in the Rulebook, in circumstances where an investment manager or similar third party agent acts on behalf of a SwapClear Clearing Client, the Clearing House shall be entitled to treat instructions received from the investment manager or similar third party as if they were instructions received from the relevant underlying SwapClear Clearing Client.
- (m) No SwapClear Clearing Member may withdraw any amount from:
  - (i) an Individual Segregated Account or an Omnibus Net Segregated Account if such withdrawal would cause the relevant Account Balance to be less than the Required Collateral then attributable to the relevant SwapClear Clearing Client by the Clearing House in accordance with the provisions of the Rulebook; or
  - (ii) an Additional Collateral Account unless such withdrawal is made (a) with the consent of the relevant SwapClear Clearing Client; or (b) in accordance with Regulation 52A(i).
- (n) Where any formalities or registration requirements apply in respect of the Deed of Assignment (and any other document which the Clearing House may from time to time determine), a SwapClear Clearing Member is required to comply with such obligations or to procure by agreement that such requirements are to be complied with.

**SCHEDULE TO THE SWAPCLEAR REGULATIONS****Part A****SwapClear Contract Terms**

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

- (1) Interpretation; and
- (2) Economic Terms; and
- (3) Standard Terms.

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

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

**1. Interpretation**

- 1.1. "ISDA Definitions" means the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), and the same are incorporated by reference herein.
- 1.2. Words and expressions used in these SwapClear Contract Terms which are not defined in the Regulations and the Procedures but which are defined in the "ISDA Definitions" shall have the same meaning herein as the ISDA Definitions, unless expressly provided otherwise.
- 1.3. In the event of an inconsistency between the Regulations and the Procedures and the ISDA Definitions, the Regulations and Procedures will prevail.
- 1.4. References in the ISDA Definitions to a "Swap Transaction" shall be deemed to be references to a "SwapClear Transaction" for the purposes of SwapClear.
- 1.5. Except where expressly stated otherwise, all reference to "Articles" means Articles in the ISDA Definitions" as published by ISDA:
  - (a) in relation to any amendments to the ISDA Definitions, the Clearing House may from time to time, by notice delivered to the SwapClear Clearing Members and the SwapClear Dealers, give directions as to whether such amendment shall apply to SwapClear Contracts with immediate effect or with such deferred effect as the Clearing House shall determine;
  - (b) any such notice may provide that the amendment to the ISDA Definitions may take effect so as to apply to SwapClear Contracts registered in a SwapClear Clearing Member's name at the time such amendment comes into effect if the Clearing House so determines;
  - (c) the accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by, any SwapClear Clearing Member

or SwapClear Dealer shall not invalidate the amendment with which the notice is concerned.

## 2. Economic Terms

- 2.1. The Economic Terms of a SwapClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding SwapClear Transaction in respect of the terms designated as Economic Terms in this Schedule.
- 2.2. It is part of the eligibility criteria for registration as a SwapClear Contract that the particulars of a SwapClear Transaction presented to the Clearing House must include matched information in respect of such designated Economic Terms, except that information in respect of (viii) OR (ix) (not both) must be provided.
- 2.3. The Economic Terms comprise:
- (a) Notional Amount (see Article 4.7 for definition);
  - (b) Currency (see Article 1.7 for definition);
  - (c) Trade Date (see Article 3.7 for definition);
  - (d) Effective Date (see Article 3.2 for definition);
  - (e) Termination Date (see Article 3.3 for definition);
  - (f) Additional Payments/Fees:
    - (i) the Payer of the Additional Payments/Fees (if any);
    - (ii) the amount of the Additional Payments/Fees (specify zero if none).
  - (g) Business Days (see Article 1.4 for definition);
  - (h) Business Day Convention (see Article 4.12 for definition);
  - (i) Where Fixed Rate – Floating Rate Swap:
    - (i) Fixed Rate Payer (see Article 2.1 for definition);
    - (ii) Fixed Rate Payer Payment Dates;
    - (iii) Fixed Amount (see Article 4.4 for definition) [or Fixed Rate and Fixed Rate Day Count Fraction];
    - (iv) Floating Rate Payer (see Article 2.2 for definition);
    - (v) Floating Rate Payer Payment Dates;
    - (vi) Floating Rate Payer compounding dates (if applicable);
    - (vii) Floating Amount (see Article 4.5 for definition);
    - (viii) Floating Rate Option (see Article 6.2(i) for definition);

**(Note:** The details of each such option are as provided in the Procedures).

- (ix) Designated Maturity (see Article 7.3(b) of the "Annex to the 2000 ISDA Definitions (June 2000 Version)" for definition);
  - (x) Spread (see Article 6.2(f) for definition);
  - (xi) Reset Dates (see Article 6.2(b) for definition);
  - (xii) Floating Rate Day Count Fraction (see Article 6.2(g) for definition).
- (j) Where Floating Rate – Floating Rate Swap ("basis" swap):
- (i) Floating Rate Payer 1 (see Article 2.2 for definition):
    - (a) Floating Rate Payer Payment Dates;
    - (b) Floating Rate Payer compounding dates (if applicable);
    - (c) Floating Rate Option (see Article 6.2(i) for definition);

**(Note:** the details of each such option are as provided in the Procedures)

- (d) Designated Maturity (see Article 7.3(b) of the "Annex to the 2000 ISDA Definitions (June 2000 version)" for definition);
  - (e) Spread (see Article 6.2(f) for definition);
  - (f) Reset Dates (see Article 6.2(b) for definition);
  - (g) Floating Rate Day Count Fraction (see Article 6.2(g) for definition)
- (ii) Floating Rate Payer 2 (see Article 2.2 for definition):
- (a) Floating Rate Payer Payment Dates;
  - (b) Floating Rate Payer compounding dates (if applicable);
  - (c) Floating Rate Option (see Article 6.2(i) for definition)

**(Note:** The details of each such option are as provided in the Procedures)

- (d) Designated Maturity (see Article 7.3(b) of the "Annex to the 2000 ISDA Definitions (June 2000 version)" for definition);
- (e) Spread (see Article 6.2(f) for definition);
- (f) Reset Dates (see Article 6.2(b) for definition);
- (g) Floating Rate Day Count Fraction (see Article 6.2(g) for definition)

PROVIDED, however, that, as set out more particularly in Regulation 48, where the SwapClear Transaction specifies a SwapClear Dealer as the party paying Rate X (the "First SwapClear Dealer"), with the other SwapClear Dealer as the party paying Rate Y (the

"Second SwapClear Dealer"), the Clearing House, in respect of each SwapClear Contract it is party to pursuant to the corresponding SwapClear Transaction, shall be (i) the party paying Rate Y to the First SwapClear Dealer, or its SwapClear Clearing Member, as applicable, under the SwapClear Contract; and (ii) the party paying Rate X to the Second SwapClear Dealer, or its SwapClear Clearing Member, as applicable, under the SwapClear Contract.

#### 2.4. Financial Centres

Detail of the relevant financial centre/s must be provided using the appropriate SWIFT code as set out below:

<b>Financial Centre</b>	<b>SWIFT Code</b>
Sydney	AUSY
Brussels	BEBR
Montreal	CAMO
Toronto	CATO
Geneva	CHGE
Zurich	CHZU
Prague	CZPR
Frankfurt	DEFR
Copenhagen	DKCO
Madrid	ESMA
Helsinki	FIHE
Paris	FRPA
London	GBLO
Hong Kong	HKHK
Budapest	HUBU
Milan	ITMI
Rome	ITRO
Tokyo	JPTO
Luxemburg	LULU
Amsterdam	NLAM
Oslo	NOOS



<b>Financial Centre</b>	<b>SWIFT Code</b>
Auckland	NZAU
Wellington	NZWE
Stockholm	SEST
Chicago	USCH
Los Angeles	USLA
New York	USNY
Target/Euro	EUTA
Warsaw	PLWA
Singapore	SGSI
Johannesburg	ZAJ0

### **3. Standard Terms**

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

#### **3.1. Business Days**

In addition to the Business Days for the financial centres specified in the Economic Terms, (such Business Days to be determined in accordance with the SwapsMonitor Financial Calendar) the Business Days specified in the calendar published by the Clearing House, from time to time, will apply to a SwapClear Contract.

#### **3.2. Economic and Monetary Union (EMU) Provisions**

- 3.2.1. The occurrence or non-occurrence of an event associated with EMU will not have the effect of altering any term of, or discharging or excusing performance under, a SwapClear Contract.
- 3.2.2. For the purposes of this provision events associated with EMU include those set out in the "EMU Continuity Provision" published by ISDA.
- 3.2.3. In addition, in relation to an occurrence of an event associated with EMU, the Clearing House may from time to time, by notice delivered to the SwapClear Clearing Members and SwapClear Dealers, give directions as to changes, if any, to these SwapClear Contract Terms and to its Procedures. Any such notice may provide that the changes to the SwapClear Contract Terms, and / or Procedures, may take effect so as to apply to SwapClear Contracts registered in a SwapClear Clearing Member's name at the time such amendment comes into effect if the Clearing House so determines.
- 3.2.4. The accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by any SwapClear Clearing Member or a SwapClear Dealer shall not invalidate the amendment with which the notice is concerned.

3.2.5. Where a SwapClear Contract is in Hong Kong Dollars, the parties agree that it is a fundamental basis and condition of the contract that at the registration of this SwapClear Contract and for the duration of this contract, the Hong Kong dollar rate of exchange against the US Dollar is 7.8 Hong Kong Dollars to one US Dollar. In the event that such exchange rate should vary for any one or more day at any time during the contract, the Clearing House shall have the right, on the giving of written notice, to terminate this contract forthwith.

**3.3. Negative Interest Rates**

The "Negative Interest Rate Method" as set out in Article 6.4(b) of the ISDA Definitions, will apply to a SwapClear Contract.

**3.4. Withholding Tax Provisions**

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

The Clearing House shall make any payments due to a SwapClear Clearing Member net of any deduction or withholding for or on account of any tax it is required to make from such payments.

**3.5. Payment of Stamp Tax**

Each SwapClear Clearing Member will pay any Stamp Tax or duty levied or imposed upon it in respect of any SwapClear Contract to which it is a party by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located ("Stamp Tax Jurisdiction") or by any other jurisdiction, and will indemnify the Clearing House against any Stamp Tax or duty levied or imposed upon the Clearing House by any such Stamp Tax Jurisdiction or by any other jurisdiction in respect of any SwapClear Contract registered by the Clearing House and to which that SwapClear Clearing Member is a party.

**3.6. Payments under a SwapClear Contract**

Payments under, and in respect of, a SwapClear Contract shall be calculated by the Clearing House and shall be made by, or to, the SwapClear Clearing Member in accordance with the provisions of the Procedures.

**3.7. Regulations**

A SwapClear Contract shall be subject to the Regulations and the Procedures, which shall form a part of its terms. In the event of any inconsistency between these SwapClear Contract Terms and the Regulations and the Procedures, the Regulations and the Procedures will prevail.

**3.8. Governing Law**

Each SwapClear Contract shall be governed by and construed in accordance with the laws of England and Wales and the parties irrevocably agree for the benefit of the Clearing House that the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. The SwapClear Clearing Member party hereto irrevocably submits to such jurisdiction and agrees to waive any objection it might otherwise have to such jurisdiction, save that this submission to the jurisdiction of the courts of England and Wales shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the Clearing House from taking action in any other jurisdiction, whether concurrently or not.

**3.9. Third Party Rights**

A person who is not a party to this SwapClear Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of this SwapClear Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

**Part B**

**Product Eligibility Criteria for Registration of a SwapClear Contract**

**1. SwapClear Transaction**

Without prejudice to the Regulations and the Procedures, the Clearing House will only register a SwapClear Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the eligibility criteria, set out in paragraphs 1.2 and 1.3, below for a SwapClear Transaction; and
- (b) each party to the transaction is either a SwapClear Dealer or a SwapClear Clearing Member (including an SCM Branch),

and the requirements of (a) and (b) continue to be satisfied at Registration Time.

**1.2. Product eligibility criteria for a SwapClear Transaction**

Instrument	Acceptable Currencies	Acceptable Indices <sup>1</sup>	Types	Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)		
Vanilla Interest rate swaps with constant notional principal	Sterling (GBP)	GBP-LIBOR-BBA	Fixed vs. Floating	Single currency	18,275 days	0.01-	
					736 days		
		GBP-WMBA-SONIA-COMPOUND	Fixed vs. Floating	Single currency			
			See Article 7.1w (vii) for definition	Floating vs. Floating		99,999,999,999.99	
	US Dollar (USD)	USD-LIBOR-BBA	Fixed vs. Floating	Single currency	18,275 days	0.01-	
							99,999,999,999.99
		See Article 7.1(ab) (xxii) for definition	Floating vs. Floating				
			USD-Federal Funds H.15-OIS-COMPOUND	Fixed vs. Floating	Single currency	736 days	
		See article 7.1(ab)(xxxix) for definition					
Euro (EUR)	EUR-LIBOR-BBA	Fixed vs. Floating	Single currency	18,275 days	0.01-		

<sup>1</sup> References in this column are to the 2006 ISDA Definitions

Instrument	Acceptable Currencies	Acceptable Indices <sup>1</sup>	Types	Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)	
Vanilla interest rate swaps with constant notional principal		See Article 7.1(f)(vii) for definition  EUR-EURIBOR-Telerate	Floating vs. Floating		99,999,999,999.99	
		See article 7.1 (f)(ii) for definition  EUR-EONIA-OIS-COMPOUND	Fixed vs. Floating	736 days		
	Australian Dollar (AUD)	See Article 7.1(f) (viii) for definition  AUD-BBR-BBSW	Fixed vs. Floating	Single currency	10,970 days	0.01-99,999,999,999.99
		See Article 7.1(a) (iv) for definition  AUD-LIBOR-BBA	Floating vs. Floating			
	Canadian Dollar (CAD)	See Article 7.1(a) (viii) for definition  CAD-BA-CDOR	Fixed vs. Floating	Single currency	10,970 days	0.01-99,999,999,999.99
		See Article 7.1(b) (ii) for definition  CAD-LIBOR-BBA	Floating vs. Floating			
	Czech Koruna (CZK)	See Article 7.1(b) (viii) for definition  CZK-PRIBOR-PRBO	FIXED vs. FLOAT	Single currency	3670 days	0.01-99,999,999,999.99
	Danish Krone (DKK)	See Article 7.1r (i) for definition  DKK-CIBOR-DKNA13	FLOAT vs. FLOAT Fixed vs. Floating	Single currency	3670 days	0.01-99,999,999,999.99
		See Article 7.1(e) (i) for	Floating vs.			

Instrument	Acceptable Currencies	Acceptable Indices <sup>1</sup>	Types	Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)	
		definition	Floating			
		DKK-CIBOR2-DKNA13				
		See Article 7.1(e) (ii) for definition				
	Hong Kong Dollar (HKD)	HKD-HIBOR-HIBOR=	Fixed vs. Floating	Single currency	3670 days	0.01-99,999,999,999.99
		See Article 7.1(g) (ii) for definition	Floating vs. Floating			
		HKD-HIBOR-HKAB				
		See Article 7.1(g) (iii) for definition				
		HKD-HIBOR-ISDC				
		See Article 7.1(g) (i) for definition				
	Hungarian Forint (HUF)	HUF-BUBOR-Reuters	FIXED vs. FLOAT	Single currency	3670 days	1-10,000,000,000.000
		See Article 7.1r (i) for definition	FLOAT vs. FLOAT			
	Japanese Yen (JPY)	JPY-LIBOR-BBA	Fixed vs. Floating	Single currency	10970 days	1-10,000,000,000.000
		See Article 7.1(l) (iv) for definition	Floating vs. Floating			
	New Zealand Dollar (NZD)	NZD-BBR-Telerate	Fixed vs. Floating	Single currency	3670 days	0.01-99,999,999,999.99
		See Article 7.1(l) (iii) for definition	Floating vs. Floating			
	New Zealand Dollar (NZD)	NZD-BBR-FRA	Fixed vs. Floating	Single currency	3670 days	0.01-99,999,999,999.99
		See Article 7.1(p) (iii) for definition	Floating vs. Floating			
	Norwegian Krone (NOK)	NOK-NIBOR-NIBR	Fixed vs. Floating	Single currency	3670 days	0.01-99,999,999,999.99
		See Article 7.1(q) (i) for definition	Floating vs. Floating			

Instrument	Acceptable Currencies	Acceptable Indices <sup>1</sup>	Types	Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)	
	Singapore Dollar (SGD)	SGD-SOR-Reuters	FIXED vs. FLOAT	Single currency	3670 days	0.01-99,999,999,999.99
		See Article 7.1(q) (i) for definition	Floating vs. Floating			
	Swedish Krona (SEK)	SEK-STIBOR-SIDE	Fixed vs. Floating	Single currency	10,970 days	0.01-99,999,999,999.99
		See Article 7.1(x) (i) for definition	Floating vs. Floating			
	Swiss Franc (CHF)	CHF-LIBOR-BBA	Fixed vs. Floating	Single currency	10,970 days	0.01-99,999,999,999.99
		See Article 7.1(y) (ii) for definition				
		CHF-TOIS_OIS_C OMPOUND	Fixed vs. Floating	Single currency	736 days	
		See Article 7.1(y) (iv) for definition	Floating vs. Floating			
	Polish Zloty (PLN)	PLN	FIXED vs. FLOAT	Single currency	3670 days	0.01-99,999,999,999.99
		WIBOR-WIBO				
		See Article 7.1r (i) for definition	FLOAT vs. FLOAT			
	South African Rand (ZAR)	ZAR	FIXED vs. FLOAT	Single currency	3670 days	0.01-99,999,999,999.99
		JIBAR-SAFEX				
		See Article 7.1v (i) for definition	FLOAT vs. FLOAT			

2. [ ]

3. **Additional Criteria for a SwapClear Transaction**

3.1. A contract must also meet the following additional criteria to be eligible as a SwapClear Transaction:

3.1.1 Day Count Fractions

(See Article 4.16 of the "Annex to 2000 ISDA Definitions (June 2000 Version)", for definition)

The Clearing House will only accept the following day count fractions:

<b>Fraction</b>	<b>SWIFT Code</b>
Actual/365, Actual/Actual (See Article 4.16(b) for definition)	ACT/365
Actual/365 (Fixed) (See Article 4.16(c) for definition)	AFI/365
Actual/360 (See Article 4.16(d) for definition)	ACT/360
30/360, 360/360, Bond Basis (See Article 4.16(e) for definition)	360/360
30E/360 (See Article 4.16(f) for definition)	30E/360

### 3.1.2 Business Day Conventions

The Business Day Convention specified in the Economic Terms must be one of the following:

Following (see Article 4.12 (i) for definition)

Modified Following (see Article 4.12 (ii) for definition)

### 3.1.3 Minimum Residual Term of the Trade

The residual term of the trade is the period from the date of submission of the trade for registration by the Clearing House to the date of termination. It must be greater than or equal to the period of the load status lag added to the period of the currency settlement lag. For these purposes the period of the load status lag is nil for new trades submitted through an Approved Trade Matching system, and one day for trades registered through any applicable Backloading Procedures, and the period of the currency settlement lag is one day for euro (EUR), US dollar (USD) Canadian Dollars (CAD) and Sterling (GBP) denominated trades and two days for Japanese Yen (JPY), Norwegian Krone (NOK), Danish Krone (DKK), Swedish Krona (SEK), Australian Dollar (AUD), New Zealand Dollar (NZD), Hong Kong Dollar (HKD), Swiss Franc (CHF), Polish Zloty (PLN) and South African Rand (ZAR), Czech Koruna (CZK), Hungarian Forint (HUF) and Singapore Dollar (SGD) denominated trades.

### 3.1.4 Designated Maturity

The Designated Maturity must be no less than one month and no more than twelve months. The Clearing House will, excepting stub periods, only accept a Designated Maturity that is a whole calendar month.

### 3.1.5 Calculation Periods

(See Article 4.13 for definition.)

The Clearing House will only accept non-standard Calculation Periods ("stub periods") at either the start or end of the contract. Transactions with stub periods at both the start and end of the transaction will not be eligible as SwapClear Transactions.





**REPOCLEAR REGULATIONS**

***Regulation 53* Application of RepoClear Regulations**

- (a) These RepoClear Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b) apply to RepoClear Contracts, RepoClear GC Contracts, RepoClear Clearing Members and, insofar as relevant, to RepoClear Dealers.
- (b) The Default Rules, Default Fund Rules, the Definitions and Regulations 1, 2, 3(b), 4, 5, 8, 9(b) and (c), 10, 11, 12, 14, 16, 26 to 39A inclusive (other than Regulation 35(a), Regulation 37(b) and Regulation 38(b)) of the General Regulations apply to RepoClear Contracts, RepoClear GC Contracts, RepoClear Clearing Members and, insofar as relevant, to RepoClear Dealers.

**Regulation 54 Submission of details of RepoClear Transactions and RepoClear GC Transactions through an Approved Trade Matching System**

- (a) Details of RepoClear Transactions and RepoClear GC Transactions other than those referred to in Regulation 56 (RepoClear Transactions and RepoClear GC Transactions entered into by RepoClear Clearing Members through an Automated Trading System) or Regulation 56A (RepoClear Transactions and RepoClear GC Transactions entered into by RepoClear Dealers through an Automated Trading System) which are to be submitted for registration must be submitted by the RepoClear Participants party to such transactions through an Approved Trade Matching System ("ATMS") specified for the purpose of this Regulation in the Procedures, and in accordance with the Procedures.
- (b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a RepoClear Clearing Member shall be bound by a RepoClear Contract or RepoClear GC Contract, as the case may be, registered in its name pursuant to the presentation of details of a RepoClear Transaction or RepoClear GC Transaction, as the case may be, by it or by a RepoClear Dealer with whom it is party to a RepoClear Dealer Clearing Agreement.
- (c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a RepoClear Transaction or RepoClear GC Transaction must, in order that it be registered as a RepoClear Contract or RepoClear GC Contract, as the case may be, meet the RepoClear Eligibility Criteria and other requirements as prescribed in the Regulations and the Procedures, at the time when the details (as prescribed from time to time by the Clearing House) of the RepoClear Transaction or RepoClear GC Transaction are presented to the Clearing House and at all times thereafter up to and including Registration Time.
- (d) The Clearing House shall be deemed to register a RepoClear Contract, or RepoClear GC Contract, as the case may be, in accordance with Regulation 55, in the name of a RepoClear Clearing Member at the time prescribed in the Procedures ("Registration Time").
- (e) For the avoidance of doubt, any transaction of which details have been presented by RepoClear Participants for registration as a RepoClear Contract or RepoClear GC Contract which is not so registered will remain in effect solely between the persons party thereto in accordance with any terms agreed between them and the Clearing House shall have no obligations or liability in relation thereto.
- (f) If at any time after registration of a RepoClear Contract or RepoClear GC Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration did not, at the Registration Time, meet the criteria for registration as a RepoClear Contract or RepoClear GC Contract, the Clearing House shall, as soon as practicable thereafter, set aside each such RepoClear Contract or RepoClear GC Contract. Upon a RepoClear Contract or RepoClear GC Contract, as the case may be, being set aside under this paragraph, the details of the transaction in question shall be deemed never to have been submitted to the Clearing House and such transaction shall remain in effect between the persons party thereto in accordance with any terms agreed between them. Any payment made under, or in respect of, a RepoClear Contract or RepoClear GC Contract set aside under this paragraph shall be repayable to the person who made the payment, and any securities delivered under such Contract shall be re-delivered to the person who made the delivery of such securities. Without prejudice to Regulation 39 and its obligations under this Regulation 54(f),

the Clearing House shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of a RepoClear Contract or RepoClear GC Contract, in respect of a transaction which did not meet the criteria at the Registration Time to enable it to be registered as a RepoClear Contract or RepoClear GC Contract, as the case may be.

**Regulation 55 Registration of RepoClear Contracts and RepoClear GC Contracts following Submission of Details of a RepoClear Transaction or RepoClear GC Transaction**

- (a) Without prejudice to the Clearing House's rights to effect further novation under Regulation 3(b), details of a RepoClear Transaction or RepoClear GC Transaction presented for registration through an Approved Trade Matching System to, and accepted by, the Clearing House, shall be registered by the Clearing House as two RepoClear Contracts or as two RepoClear GC Contracts, as the case may be, one between the Selling RepoClear Clearing Member and the Clearing House as buyer, as principals to such contract, and the other between the Clearing House as seller and the Buying RepoClear Clearing Member, as principals to such contract. For the purposes of this Regulation:
- (i) "Selling RepoClear Clearing Member" is a RepoClear Clearing Member who was, before registration of the RepoClear Contract or RepoClear GC Contract, party to the corresponding RepoClear Transaction or RepoClear GC Transaction as the seller, or who has a subsisting RepoClear Dealer Clearing Agreement with a RepoClear Dealer who was party to the corresponding RepoClear Transaction or RepoClear GC Transaction, as the case may be, as the seller; and
  - (ii) "Buying RepoClear Clearing Member" is a RepoClear Clearing Member who was, before registration of the RepoClear Contract or RepoClear GC Contract, party to the corresponding RepoClear Transaction or RepoClear GC Transaction as the buyer, or who has a subsisting RepoClear Dealer Clearing Agreement with a RepoClear Dealer who was party to the corresponding RepoClear Transaction or RepoClear GC Transaction, as the case may be, as the buyer.
- (b) With effect from registration of a RepoClear Transaction or RepoClear GC Transaction as two RepoClear Contracts or as two RepoClear GC Contracts, as the case may be under paragraph (a) of this Regulation:
- (i) the parties to the corresponding RepoClear Transaction or RepoClear GC Transaction shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time;
  - (ii) each RepoClear Contract registered under paragraph (a) of this Regulation shall be governed by the RepoClear Contract Terms;
  - (iii) each RepoClear GC Contract registered under paragraph (a) of this Regulation shall be governed by the RepoClear SGC Contract Terms or RepoClear €GC Contract Terms;
  - (iv) in respect of the Economic Terms, the Selling RepoClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the RepoClear Contract or RepoClear GC Contract to which it is a party as the selling party had and owed in respect of its counterparty under the corresponding RepoClear Transaction or RepoClear GC Transaction, as the case may be; and
  - (v) in respect of the Economic Terms, the Buying RepoClear Clearing Member shall have the same rights against, and owe the same

obligations to, the Clearing House under the RepoClear Contract or RepoClear GC Contract to which it is party as the buying party had and owed in respect of its counterparty under the corresponding RepoClear Transaction or RepoClear GC Transaction, as the case may be.

In subparagraphs (iv) and (v) above, a reference to the "same" rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the Economic Terms of the corresponding RepoClear Transaction or RepoClear GC Transaction (it being assumed, for this purpose, that such RepoClear Transaction or RepoClear GC Transaction was a legal, valid, binding and enforceable obligation of the parties thereto and that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them and subject to any changes thereto as a result of the operation of the Standard Terms.

- (c) If a RepoClear Transaction or RepoClear GC Transaction, is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration, that revocation, avoidance or invalidity shall not affect any RepoClear Contract or RepoClear GC Contract arising under this Regulation, Regulation 3(b) or Regulation 11.
- (d) The Clearing House may, with the agreement of RepoClear Clearing Members party to corresponding RepoClear Contracts or RepoClear GC Contracts, set aside or take such other steps with respect to such Contracts on such terms as may be agreed if either or both RepoClear Clearing Members consider that they have entered into a Contract in error or have agreed to certain terms of the Contract in error.
- (e) In the case of a RepoClear Contract or RepoClear GC Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this Regulation 55 shall take effect.

**Regulation 56 RepoClear transactions entered into by RepoClear Clearing Members through an Automated Trading System**

- (a) This Regulation 56 applies to Repo Trades, Bond Trades and GC Trades made by RepoClear Clearing Members (otherwise than pursuant to Regulation 56A) through an Automated Trading System which such RepoClear Clearing Member is authorised by the Clearing House to use under the Procedures ("an ATS") either as direct participants in the ATS or indirectly through a participant in the ATS. In the event of any inconsistency between the Regulations (including the terms of any other agreement entered into between the RepoClear Clearing Member and the Clearing House), and the rules, practices, procedures and arrangements of the ATS ("ATS Rules") the Regulations shall prevail.
- (b) If an "ATS participant" (defined for these purposes as a RepoClear Clearing Member, who is a direct or indirect participant in an ATS) has given notice to the Clearing House, in accordance with the Procedures, that it intends to carry out Repo Trades and/or Bond Trades and/or GC Trades through an ATS specified in its notice and has not withdrawn such notice in accordance with the Procedures, the Clearing House will enter into RepoClear Contracts or RepoClear GC Contracts, as the case may be, with the ATS participant pursuant to such dealings in accordance with and subject to the following provisions of this Regulation. The terms of a registered RepoClear Contract or RepoClear GC Contract shall be as notified to the Clearing House by the ATS and otherwise subject to the Regulations (and the Clearing House and the ATS participant party to the registered RepoClear Contract or RepoClear GC Contract, as the case may be, shall be obliged to perform their obligations thereunder in accordance with such terms).
- (c) The Clearing House makes an open offer to the ATS participant that it shall enter into a RepoClear Contract in respect of any Repo Trade or any Bond Trade or to enter into a RepoClear GC Contract in respect of any GC Trade, in accordance with paragraph (d) or paragraph (e) of this Regulation, as applicable, pursuant to the ATS participant's dealings through any ATS referred to in paragraph (b), provided that the following requirements ("the RepoClear Open Offer Eligibility Criteria") shall have been complied with:
- (i) not more than ten minutes have lapsed since the Clearing Membership Agreement to which the ATS participant is party was terminated in accordance with its terms and/or the Clearing House removed its authorisation of that ATS participant to participate in the RepoClear Service;
  - (ii) not more than ten minutes have lapsed since a Default Notice was signed in respect of the ATS participant under rule 3 of the Default Rules (without prejudice to the Clearing House's rights to register new Contracts (including RepoClear Contracts and RepoClear GC Contracts, whether closing out contracts or otherwise) in the ATS participant's name under the Default Rules in connection with the Clearing House's default proceedings);
  - (iii) such dealings satisfy the terms and conditions stated in the Regulations and the Procedures with respect to such dealings (together the "RepoClear Eligibility Criteria for RepoClear Contracts and RepoClear GC Contracts") and the offers made in this Regulation 56, including the terms of any Contract which would arise under paragraph (d) or (e) and all

- necessary details as required by the Clearing House, shall have been provided to the Clearing House;
- (iv) the dealings are recognised by the relevant ATS as satisfying the RepoClear Eligibility Criteria for a RepoClear Contract or RepoClear GC Contract and as dealings which the parties thereto have identified are to be registered by the Clearing House as RepoClear Contracts or RepoClear GC Contracts, as applicable;
  - (v) the ATS participant has executed such agreements or documents as may be required by the Clearing House from time to time in connection herewith; and
  - (vi) all or any conditions imposed by the Clearing House have been satisfied.
- (d) If particulars with respect to (i) a Repo Trade; (ii) a Bond Trade or (iii) a GC Trade which satisfy the relevant RepoClear Open Offer Eligibility Criteria have been input into the relevant ATS by or on behalf of an ATS participant as seller and have been matched by, or in accordance with the ATS Rules with particulars with respect to a Repo Trade, Bond Trade or GC Trade, on such terms input into such ATS by another ATS participant as buyer, and the relevant RepoClear Open Offer Eligibility Criteria have been satisfied, two RepoClear Contracts or RepoClear GC Contracts, as the case may be, shall arise immediately on the matching of such details as follows (provided that, if the selling ATS participant has not identified all relevant details required by the Clearing House in respect of the securities to be delivered by him under a transaction other than for a RepoClear GC Trade, the RepoClear Open Offer Eligibility Criteria will only be satisfied on his identifying all such relevant details in accordance with the ATS Rules and the two RepoClear Contracts shall arise immediately on such details being identified provided always that the other RepoClear Open Offer Eligibility Criteria are also satisfied at the time of such details being so provided). The Clearing House shall be the buyer under one RepoClear Contract or RepoClear GC Contract (as the case may be) to the selling ATS participant, and the seller under the second RepoClear Contract or relevant RepoClear GC Contract, as the case may be to the buying ATS participant.
- (e) If particulars with respect to (i) a Repo Trade; (ii) a Bond Trade or (iii) a GC Trade, which satisfy the relevant RepoClear Open Offer Eligibility Criteria have been input into the relevant ATS by or on behalf of an ATS participant as buyer and have been matched by, or in accordance with the ATS Rules with particulars with respect to a Repo Trade, Bond Trade or GC Trade, on such terms input into such ATS by another ATS participant as seller and the RepoClear Open Offer Eligibility Criteria have been satisfied, two RepoClear Contracts or two RepoClear GC Contracts, as the case may be, shall arise immediately on the matching of such details as follows (provided that, if the selling ATS participant has not identified all relevant details required by the Clearing House in respect of the securities to be delivered by him under a transaction other than for a RepoClear GC Trade, the RepoClear Open Offer Eligibility Criteria will only be satisfied on his identifying all such relevant details in accordance with the ATS Rules and the two RepoClear Contracts shall arise immediately on such details being identified provided always that the other RepoClear Open Offer Eligibility Criteria are also satisfied at the time of such details being so provided). The Clearing House shall be the seller under one RepoClear Contract or RepoClear GC Contract, as the case may be, to the buying ATS participant, and the buyer under the second RepoClear Contract or RepoClear GC Contract (as the case may be) to the selling ATS participant.



- (f) RepoClear Contracts or RepoClear GC Contracts entered into by the Clearing House under paragraph (d) or (e), as applicable, with RepoClear Clearing Members, shall be registered in the name of each RepoClear Clearing Member following receipt of the details required by the Clearing House of such Contracts from the operator of the relevant ATS.
- (g) If the details required by the Clearing House of RepoClear Contracts or RepoClear GC Contracts arising under paragraph (d) or (e) are not provided to the Clearing House by the operator of the relevant ATS in accordance with the terms of an agreement entered into between the Clearing House and the ATS operator by the time required by the Clearing House from time to time, neither the Clearing House nor the RepoClear Clearing Member party thereto shall be obliged to perform their respective obligations under the RepoClear Contracts or RepoClear GC Contracts, as the case may be arising under paragraph (d) or (e), as applicable. If the Clearing House receives such details after such time from such operator or in accordance with any directions issued by the Clearing House to the affected RepoClear Clearing Member, or any other RepoClear Participant, such RepoClear Contracts or RepoClear GC Contracts shall be performed in accordance with any directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected RepoClear Contract or RepoClear GC Contract. Any directions given by the Clearing House under this paragraph (g) shall be binding on all affected RepoClear Participants.
- (h) The Clearing House undertakes to keep open the offer made by it in this Regulation 56 until such ATS participant is no longer eligible to have RepoClear Contracts or RepoClear GC Contracts registered in its name or has withdrawn from trading through each ATS notified to the Clearing House under paragraph (b). Any such intended withdrawal from trading through an ATS must be notified to the Clearing House in accordance with the Procedures.
- (i) Without prejudice to Regulation 39, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall not be liable to any RepoClear Clearing Member or anyone else for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any RepoClear Contract or RepoClear GC Contract arising under paragraph (d) or (e) if the Clearing House does not receive the relevant details referred to in paragraph (g) by the time referred to in such paragraph (g) in respect of such RepoClear Contract or RepoClear GC Contract.
- (j) Notwithstanding the provisions of paragraph (c), if the Clearing House receives details of a trade from an ATS specified by an ATS participant by notice given under paragraph (b) and which notice has not been withdrawn and the details of the trade purportedly meet the relevant RepoClear Open Offer Eligibility Criteria in paragraph (c), the ATS participant shall be bound by any RepoClear Contract or RepoClear GC Contract registered in his name in respect of such trade and the terms of such registered RepoClear Contract or RepoClear GC Contract, as the case may be, shall be as set out in paragraph (b).
- (k) Without prejudice to paragraph (j), the Clearing House may with the agreement of RepoClear Clearing Members party to corresponding RepoClear Contracts or RepoClear GC Contracts, set aside or take such other steps with respect to such contracts on such terms as may be agreed if either or both RepoClear Clearing Members consider that they have entered into a contract in error or have agreed to certain terms of the contract in error.

- (l) In the event of a dispute arising out of, or in respect of, the existence of a trade, or whether it was identified to the ATS by the ATS participants (as defined above) as a trade to be registered by the Clearing House as a RepoClear Contract or RepoClear GC Contract, such dispute shall be settled as provided for in the ATS Rules, without recourse to the Clearing House. In respect of a dispute arising out of, or in respect of, a registered RepoClear Contract or RepoClear GC Contract, other than a dispute in respect of a matter referred to above as a dispute to be settled as provided for in the ATS Rules, such dispute shall be settled as provided in the Regulations.

**Regulation 56A RepoClear transactions entered into by RepoClear Dealers through an Automated Trading System**

- (a) This Regulation 56A applies to Repo Trades, Bond Trades and GC Trades made by a RepoClear Dealer (who is not a RepoClear Clearing Member) through an ATS which is an authorised ATS. In the event of any inconsistency between the Regulations, (including the RepoClear Dealer Clearing Agreement and the terms of any other agreement entered into between the RepoClear Dealer, the RepoClear Clearing Member and the Clearing House, or any of them) and relevant ATS Rules, the Regulations shall prevail.
- (b) If an "ATS participant" (defined for these purposes as a RepoClear Dealer who is a direct or indirect participant in an ATS), has given notice to the Clearing House in accordance with the Procedures, that it intends to carry out Repo Trades and/or Bond Trades and/or GC Trades through an ATS and has not withdrawn such notice in accordance with the Procedures, the Clearing House will enter into RepoClear Contracts or RepoClear GC Contracts, as the case may be, with the RepoClear Clearing Member of the ATS participant pursuant to such dealings in accordance with and subject to the following provisions of this Regulation. The terms of a registered RepoClear Contract or RepoClear GC Contract shall be as notified to the Clearing House by the ATS and otherwise subject to the Regulations (and the Clearing House and the RepoClear Clearing Member party to the registered RepoClear Contract or RepoClear GC Contract, as the case may be, shall be obliged to perform their obligations thereunder in accordance with such terms).
- (c) The Clearing House makes an open offer to the RepoClear Clearing Member of the ATS participant to enter into a RepoClear Contract in respect of any Repo Trade or any Bond Trade or to enter into a RepoClear GC Contract in respect of any GC Trade in accordance with paragraph (d) or paragraph (e) of this Regulation, as applicable, pursuant to the ATS participant's dealings through any ATS referred to in paragraph (b), provided that the following requirements ("the RepoClear Open Offer Eligibility Criteria") shall have been complied with:
- (i) the Clearing Membership Agreement to which the RepoClear Clearing Member is party has not been terminated in accordance with its terms;
  - (ii) the ATS participant has not been removed or suspended from the Register of RepoClear Dealers;
  - (iii) a Default Notice has not been issued in respect of the RepoClear Clearing Member under rule 3 of the Default Rules (without prejudice to the Clearing House's rights to register new contracts (including RepoClear Contracts and RepoClear GC Contracts, whether closing out contracts or otherwise) in the RepoClear Clearing Member's name under the Default Rules in connection with the Clearing House's default proceedings);
  - (iv) such dealings satisfy the terms and conditions stated in the Regulations and the Procedures with respect to such dealings (the "RepoClear Eligibility Criteria for a RepoClear Contract or RepoClear GC Contracts") and the offers made in this Regulation 56A, including the terms of any contract which would arise under paragraph (d) or (e) and all necessary details as required by the Clearing House shall have been provided to the Clearing House;

- (v) the dealings are recognised by the relevant authorised ATS as satisfying the RepoClear Eligibility Criteria for a RepoClear Contract or RepoClear GC Contract and as dealings which the parties thereto have identified are to be registered by the Clearing House as RepoClear Contracts or RepoClear GC Contracts, as applicable;
  - (vi) the RepoClear Clearing Member or the ATS participant as agent for the RepoClear Clearing Member has executed such agreements or documents as may be required by the Clearing House from time to time in connection herewith or the RepoClear Dealer Clearing Agreement; and
  - (vii) all or any conditions imposed by the Clearing House have been satisfied.
- (d) If particulars with respect to (i) a Repo Trade; (ii) a Bond Trade or (iii) a GC Trade which satisfy the RepoClear Open Offer Eligibility Criteria have been input in to the relevant authorised ATS by or on behalf of an ATS participant as seller and have been matched by, or in accordance with the ATS Rules with particulars with respect to a Repo Trade, Bond Trade, or GC Trade on such terms input into such ATS by another ATS participant as buyer, and the RepoClear Open Offer Eligibility Criteria have been satisfied, two RepoClear Contracts or two RepoClear GC Contracts, as the case may be, shall arise immediately on the matching of such details as follows (provided that, if the selling ATS participant has not identified all relevant details required by the Clearing House in respect of the securities to be delivered by him under a transaction other than for a RepoClear GC Trade, the RepoClear Open Offer Eligibility Criteria will only be satisfied on his identifying all such relevant details in accordance with the ATS Rules and the two RepoClear Contracts shall arise immediately on such details being identified provided always that the other RepoClear Open Offer Eligibility Criteria are also satisfied at the time of such details being so provided). The Clearing House shall be the buyer under one RepoClear Contract or RepoClear GC Contract, as the case may be, to the RepoClear Clearing Member of the selling ATS participant, and the seller under the second RepoClear Contract or RepoClear GC Contract, as the case may be, to the RepoClear Clearing Member of the buying ATS participant.
- (e) If particulars in respect of (i) a Repo Trade; (ii) a Bond Trade or (iii) a GC Trade, which satisfy the RepoClear Open Offer Eligibility Criteria have been input into the relevant ATS by or on behalf of an ATS participant as buyer and have been matched by, or in accordance with the ATS Rules with particulars in respect of a Repo Trade, Bond Trade or GC Trade (as the case may be), on such terms input into such ATS by another ATS participant as seller and the RepoClear Open Offer Eligibility Criteria have been satisfied, two RepoClear Contracts or two RepoClear GC Contracts, as the case may be, shall arise immediately on the matching of such details as follows (provided that, if the selling ATS participant has not identified all relevant details required by the Clearing House in respect of the securities to be delivered by him under a transaction other than for a RepoClear GC Trade, the RepoClear Open Offer Eligibility Criteria will only be satisfied on his identifying all such relevant details in accordance with the ATS Rules and the two RepoClear Contracts shall arise immediately on such details being identified provided always that the other RepoClear Open Offer Eligibility Criteria are also satisfied at the time of such details being so provided). The Clearing House shall be the seller under one RepoClear Contract or RepoClear GC Contract (as the case may be) to the RepoClear Clearing Member of the buying ATS participant, and the buyer under the second RepoClear Contract or RepoClear GC Contract

(as the case may be) to the RepoClear Clearing Member of the selling ATS participant.

- (f) RepoClear Contracts or RepoClear GC Contracts entered into by the Clearing House under paragraph (d) or (e), as applicable, with RepoClear Clearing Members, shall be registered in the name of each RepoClear Clearing Member following receipt of the details required by the Clearing House of such contracts from the operator of the relevant ATS.
- (g) If the details required by the Clearing House of RepoClear Contracts or RepoClear GC Contracts arising under paragraph (d) or (e) are not provided to the Clearing House by the operator of the relevant ATS in accordance with the terms of an agreement entered into between the Clearing House and the ATS operator by the time required by the Clearing House from time to time, neither the Clearing House nor the RepoClear Clearing Member party thereto shall be obliged to perform their respective obligations under the RepoClear Contracts or RepoClear GC Contracts arising under paragraph (d) or (e), as applicable. If the Clearing House receives such details after such time from such operator or in accordance with any directions issued by the Clearing House to the affected RepoClear Clearing Member, or any other RepoClear participant, such RepoClear Contracts or RepoClear GC Contracts shall be performed in accordance with any directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected RepoClear Contract or RepoClear GC Contract. Any directions given by the Clearing House under this paragraph (g) shall be binding on all affected RepoClear Participants.
- (h) The Clearing House undertakes to keep open the offer made by it in this Regulation 56A in respect of Repo Trades, Bond Trades or GC Trades meeting the RepoClear Open Offer Eligibility Criteria until each authorised ATS referred to in paragraph (b) has removed from the ATS participant the ability to submit Repo Trades or Bond Trades or GC Trades for registration with the Clearing House.
- (i) Without prejudice to Regulation 39A, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall not be liable to any RepoClear Clearing Member or anyone else for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any RepoClear Contract or any RepoClear GC Contract arising under paragraph (d) or (e) if the Clearing House does not receive the relevant details referred to in paragraph (g) by the time referred to in such paragraph (g) in respect of such RepoClear Contract or RepoClear GC Contract.
- (j) Notwithstanding the provisions of paragraph (c), if the Clearing House receives details of a trade from an ATS specified by an ATS participant by notice given under paragraph (b) and which notice has not been withdrawn and the details of the trade purportedly meet the relevant RepoClear Open Offer Eligibility Criteria in paragraph (c), the RepoClear Clearing Member of the relevant ATS participant shall be bound by any RepoClear Contract or RepoClear GC Contract registered in his name in respect of such trade and the terms of such registered RepoClear Contract or RepoClear GC Contract shall be as set out in paragraph (b).
- (k) Without prejudice to paragraph (i), the Clearing House may with the agreement of RepoClear Clearing Members party to corresponding RepoClear Contracts or RepoClear GC Contracts, set aside or take such other steps with respect to such contracts on such terms as may be agreed if either or both RepoClear Clearing Members consider that they have entered into a contract in error or that certain

terms of the contract have been agreed by their respective ATS participants in error.

- (l) In the event of a dispute arising out of, or in respect of, the existence of a trade, or whether it was identified to the ATS by the ATS participants (as defined above) as a trade to be registered by the Clearing House as a RepoClear Contract or RepoClear GC Contract, such dispute shall be settled as provided for in the ATS Rules, without recourse to the Clearing House. In respect of a dispute arising out of, or in respect of, a registered RepoClear Contract or RepoClear GC Contract, other than a dispute in respect of a matter referred to above as a dispute to be settled as provided for in the ATS Rules, such disputes shall be settled as provided in the Regulations.

**Regulation 57 RepoClear Dealers**

- (a) Application for admission to the Register of RepoClear Dealers shall be made in accordance with these Regulations and the Procedures. An applicant for admission to the Register of RepoClear Dealers must satisfy the criteria prescribed by the Clearing House from time to time in order to be admitted to the Register of RepoClear Dealers. A RepoClear Dealer shall be subject to, and governed by, these Regulations, the Procedures and the RepoClear Dealer Clearing Agreement to which it is for the time being party.
- (b) A person admitted to the Register of RepoClear Dealers shall at all times satisfy the criteria prescribed from time to time by the Clearing House for admission to the Register of RepoClear Dealers and any rules prescribed from time to time by the Clearing House for RepoClear Dealers.
- (c) The Clearing House may suspend or remove a RepoClear Dealer from the Register of RepoClear Dealers in accordance with these Regulations, the Procedures and, if applicable, the RepoClear Dealer Clearing Agreement to which it is for the time being party. Any person who has been suspended from the Register of RepoClear Dealers for a period of more than three months shall be removed from the Register of RepoClear Dealers and must make a new application if it wishes to be re-admitted to the Register.
- (d) A RepoClear Dealer may request, by giving three months' written notice to the Clearing House, that its name be removed from the Register of RepoClear Dealers. At the end of such notice period, the Clearing House shall remove the RepoClear Dealer from the Register of RepoClear Dealers.
- (e) The Clearing House may, for the purposes of Regulation 57(A), prescribe different criteria to be satisfied by RepoClear Dealers in respect of Repo Trades, Bond Trades, RepoClear Transactions, RepoClear GC Transactions or GC Trades.

**Regulation 57A Authorisation to act as a RepoClear Clearing Member**

- (a) A Member may not become party to RepoClear Contracts or RepoClear GC Contracts unless it has been authorised by the Clearing House as a RepoClear Clearing Member and is eligible to be party to such RepoClear Contracts or RepoClear GC Contracts and such authorisation has not been withdrawn or suspended by the Clearing House.
- (b) Application for authorisation as a RepoClear Clearing Member shall be made in accordance with these Regulations and the Procedures. In order to be authorised as a RepoClear Clearing Member, a Member must meet the criteria applicable to the RepoClear Contracts or RepoClear GC Contracts to which it wishes to become a party. A Clearing Member may be authorised as eligible to become party to certain RepoClear Contracts or RepoClear GC Contracts and not others.
- (c) The withdrawal or suspension of a Member's authorisation referred to in paragraph (a) shall not, of itself, affect its membership of the Clearing House, or its entitlement (if any) to become party to RepoClear Contracts or RepoClear GC Contracts which are not caught by the withdrawal or suspension of such authorisation.
- (d) Where a Default Notice is served in accordance with these Regulations, or the Clearing Membership Agreement of a RepoClear Clearing Member is terminated, the service of such notice or the termination of such Clearing Membership Agreement, as the case may be, shall automatically withdraw the authorisation of that Member to be a RepoClear Clearing Member.
- (e) Without prejudice to paragraph (d) of this Regulation, the Clearing House shall suspend the authorisation referred to in paragraph (a) of any Member who is no longer otherwise eligible to have RepoClear Contracts and/or RepoClear GC Contracts registered in its name for such period as the Clearing House may determine.
- (f) If a Member's authorisation to act as RepoClear Member is withdrawn, or is withdrawn with respect to some but not all RepoClear Contracts and RepoClear GC Contracts, those RepoClear Contracts or RepoClear GC Contracts which the Member is no longer eligible to clear with the Clearing House shall be closed-out in accordance with directions given by the Clearing House.



**Regulation 58 Daily Margining of RepoClear Contracts and RepoClear GC Contracts**

- (a) This Regulation 58 shall be without prejudice to the Clearing House's rights to require cover to be provided to it under Regulation 12.
- (b) The Net Present Value of each RepoClear Contract and each RepoClear GC Contract shall be calculated by the Clearing House in such manner and at such times as may be provided in the Procedures. Except as prescribed in the Procedures, the Net Present Value calculated by the Clearing House may in no circumstances be challenged.
- (c) Subject to paragraph (d), the Clearing House shall require payment, in accordance with the Procedures, at least daily, of cash cover for variation margin from a RepoClear Clearing Member, or will be required to pay cash cover for variation margin to such RepoClear Clearing Member, representing the change in the Net Present Value of all RepoClear Contracts and RepoClear GC Contracts registered in the RepoClear Clearing Member's name for a particular currency from the preceding RepoClear Opening Day (as defined in the Procedures), in an amount calculated in accordance with the Procedures. Payment of cash cover shall be made in accordance with and by the time or times stated in the Procedures.
- (d) Interest shall be paid by the Clearing House on cash cover paid to the Clearing House by such RepoClear Member and shall be calculated on the basis set out in the Procedures. A RepoClear Clearing Member shall pay interest to the Clearing House on cash cover paid by the Clearing House to the RepoClear Clearing Member as calculated by the Clearing House on the basis set out in the Procedures.

**Regulation 59 Delivery (or Other) Failures**

- (a) Without prejudice to the Default Rules, if a RepoClear Clearing Member as seller fails to deliver securities to the Clearing House under a RepoClear Contract or RepoClear GC Contract by the due time therefore, the Clearing House shall issue directions, in accordance with the Procedures, to the seller and to a RepoClear Clearing Member as buyer under a corresponding RepoClear Contract or RepoClear GC Contract regarding the performance of such contracts and such directions shall be binding on such members.
- (b) The Clearing House shall be entitled to call for cover for margin in such amounts and in such form as it may require in accordance with the Procedures from the selling RepoClear Clearing Member who has failed to deliver securities under a RepoClear Contract or RepoClear GC Contract by the due time therefore and from the buying RepoClear Clearing Member under the corresponding RepoClear Contract or RepoClear GC Contract.
- (c) Without prejudice to the Default Rules, if a selling RepoClear Clearing Member acts in such a manner (which could, without limit, include persistent failure to deliver securities to the Clearing House under RepoClear Contracts or RepoClear GC Contract (other than in circumstances where Regulations 26 and/or 27 apply)), and the Clearing House in its reasonable opinion determines that the reputation of the RepoClear Service is being, or has been, undermined, the Clearing House shall be entitled to terminate, on written notice, either summarily or at the expiry of the period specified in the notice, the RepoClear Member's ability to have RepoClear Contracts and/or RepoClear GC Contracts registered in his name and to require him to liquidate or transfer under Regulation 11 open contracts, being RepoClear Contracts and/or RepoClear GC Contracts registered in his name.

**Regulation 60    Withdrawal of RepoClear Service by the Clearing House**

- (a)    If at any time the Clearing House decides to withdraw the RepoClear service, it shall give not less than six months' notice to all RepoClear Participants of the date on which the service will be withdrawn ("the RepoClear Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation by, one or more RepoClear Participants shall not invalidate the RepoClear Withdrawal Date.
- (b)    Without prejudice to its rights under the Default Rules, any notice given under paragraph (a) shall specify the nature of the service which the Clearing House will provide until the RepoClear Withdrawal Date.
- (c)    If, at the RepoClear Withdrawal Date, a RepoClear Clearing Member has open Contracts, being RepoClear Contracts and/or RepoClear GC Contracts, registered in its name, the Clearing House shall, at its sole discretion, be entitled to liquidate any such RepoClear Contracts and/or RepoClear GC Contracts and effect cash settlement in respect of them with the RepoClear Clearing Member.
- (d)    The Clearing House shall have the right to postpone the RepoClear Withdrawal Date until such time as the Clearing House determines.

**SCHEDULE TO THE REPOCLEAR REGULATIONS****Part A****RepoClear Contract Terms: RepoClear Contracts arising from RepoClear Transactions, Repo Trades or Bond Trades**

Where a RepoClear Contract arises between the Clearing House and a RepoClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such RepoClear Contract shall include these RepoClear Contract Terms, which shall comprise:

- (1) Economic Terms;
- (2) Standard Terms; and
- (3) Interpretation section.

**Interpretation Section**

Save as otherwise specified herein, words and phrases defined elsewhere in the General Regulations, Procedures and Default Rules of the Clearing House (together, and as amended from time to time, the "**Regulations**") shall have the same meanings in these RepoClear Contract Terms.

In the event of any inconsistency between these RepoClear Contract Terms and the Regulations, the Regulations will prevail, unless expressly otherwise specified.

As used in these RepoClear Contract Terms:

**"Equivalent Securities"** means securities equivalent to Purchased Securities. If and to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the proceeds of redemption.

Securities are "**equivalent to**" other securities for the purposes of these RepoClear Contract Terms if they are: (i) of the same issuer; (ii) part of the same issue; (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other securities.

**"Income"** means, with respect to any Purchased Securities at any time, all interest, dividends or other distributions thereon ("**Distributions**").

**"Income Payment Date"** means, with respect to any Purchased Securities, the date on which Income is paid in respect of such Purchased Securities, or in the case of registered Purchased Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income.

**"Price Differential"** means, with regard to this RepoClear Contract if it has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55, or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, the aggregate amount obtained by daily application of the Pricing Rate to the Purchase Price (on a day basis in accordance with the RepoClear Procedures) for the actual number of days during the period commencing on (and including) the Purchase Date and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date.

**"Pricing Rate"** means the per annum percentage rate used in the calculation of the Price Differential, which in turn, is used to calculate the Repurchase Price.

**"Purchase Date"** means the date on which the Purchased Securities will be sold by Seller to Buyer.

**"Purchased Securities"** means the underlying securities to be sold by Seller to Buyer on the Purchase Date.

**"Purchase Price"** means the cash amount payable by Buyer to Seller for the Purchased Securities.

**"RepoClear Contract"** means a contract between Buyer and Seller on the basis of the Standard Terms and the Economic Terms, and references to "this RepoClear Contract" are to the particular RepoClear Contract in question.

**"RepoClear Procedures"** means the part of the Procedures of the Clearing House that contains provisions in respect of RepoClear Contracts.

**"Repurchase Date"** means, with regard to this RepoClear Contract if it has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, the date on which Equivalent Securities will be sold by Buyer to Seller.

**"Repurchase Price"** with regard to this RepoClear Contract if it has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55, or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, means, as of any date, the sum of the Purchase Price and the Price Differential as of such date.

**"Term"** means, with respect to this RepoClear Contract if it has arisen from a RepoClear Repo Transaction in accordance with Regulation 55, or from a Repo Trade in accordance with the provisions of Regulations 56 or Regulation 56A, the interval of time commencing with the Purchase Date and ending with the Repurchase Date.

## 1. Economic Terms

In relation to this RepoClear Contract, the terms in (a) to (g) below (the "Economic Terms") will: (i) where this RepoClear Contract is dealt with through an automated trade capture system, be derived from the information presented by the RepoClear Participants to the Clearing House for registration, and (ii) where this RepoClear Contract is dealt with through an Automated Trading System, be derived from the information input by the RepoClear Participants and matched by or in accordance with the rules and procedures of such Automated Trading System.

The Economic Terms comprise details of:

- (a) Buyer;
- (b) Seller;
- (c) Pricing Rate;
- (d) Purchase Date;
- (e) Purchase Price;

- (f) Purchased Securities; and
- (g) Repurchase Date.

PROVIDED, however, that, when such information presented or input (as the case may be) by any RepoClear Participant specifies such RepoClear Participant as: (i) Buyer under a contract, with the other party as Seller, the Clearing House will be Seller under the RepoClear Contract; and (ii) Seller under a contract, with the other party as Buyer, the Clearing House will be Buyer under the RepoClear Contract.

## **2. Standard Terms**

### **2.1. General**

- (a) On the Purchase Date, Seller shall transfer the Purchased Securities to Buyer against payment of the Purchase Price by Buyer.
- (b) If this RepoClear Contract has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, then on the Repurchase Date, Buyer shall transfer to Seller Equivalent Securities against the payment of the Repurchase Price by Seller.
- (c) Notwithstanding the use of expressions such as "margin", and, if this RepoClear Contract has arisen from a RepoClear Repo Transaction in accordance with Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulations 56A, the use of expressions such as "Repurchase date", "Repurchase Price" and "substitution", which are used to reflect terminology used in the market for transactions of the kinds provided for in these Standard Terms, all right, title and interest in and to Purchased Securities and money transferred or paid under these Standard Terms and, if this RepoClear Contract has arisen from a Repo Trade all right, title and interest in Equivalent Securities, shall pass to the transferee on transfer or payment, and the obligation of the party receiving Purchased Securities if this RepoClear Contract has arisen from a Repo Trade shall be an obligation to transfer Equivalent Securities.
- (d) Subject to the Default Rules, any Purchase Price, Repurchase Price and amounts in respect of Income Payment Dates (if applicable) in the same currency payable by either party to the other under this RepoClear Contract and any other RepoClear Contract on the same date shall be combined in a single calculation of a net sum payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.
- (e) Subject to the Default Rules, all securities of the same issue, denomination, currency and series, transferable by either party to the other under this RepoClear Contract and any other RepoClear Contract on the same date, whether this or any such other RepoClear Contract has arisen from a RepoClear Repo Transaction or from a RepoClear Bond Transaction in accordance with the provisions of Regulation 55, or from a Repo Trade or a Bond Trade in accordance with the provisions of Regulation 56 or Regulation 56A, shall be combined in a single calculation of a net quantity of securities transferable by one party to the other and the obligation to transfer

the net quantity of securities shall be the only obligation of either party in respect of the securities so transferable and receivable.

**2.2. Margin Maintenance**

The provisions set out in the General Regulations and the Procedures in relation to margin and cover for margin shall be applicable to this RepoClear Contract. Any cover for variation margin liability will be in the form of cash only.

**2.3. Income Payments**

If this RepoClear Contract has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, where the Term of this RepoClear Contract extends over any Income Payment Date in respect of any Purchased Securities subject to this RepoClear Contract, Buyer shall make payment of such amounts in respect of such Income Payment Date in accordance with the RepoClear Procedures.

**2.4. Payment and Transfer**

- (a) Each of the following insofar as it is applicable to this RepoClear Contract shall be paid or transferred, as the case may be, in accordance with the provisions set out in the RepoClear Procedures: the Purchase Price, the Repurchase Price, the Purchased Securities, the Equivalent Securities.
- (b) In accordance with the RepoClear Procedures, either party may appoint another person to make any payments and/or to make any transfers of securities on its behalf. Notwithstanding any such appointment, each of the parties agree that it shall remain liable under this RepoClear Contract as principal.
- (c) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, and if this RepoClear Contract has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, in any Equivalent Securities, shall pass to the party to which transfer is being made upon transfer of the same in accordance with these Standard Terms, free from all liens, claims, charges and encumbrances.

**2.5. Withholding Tax Provisions**

- (a) All money payable by the RepoClear Clearing Member to the Clearing House in respect of this RepoClear Contract shall be paid free and clear of any deduction. Where however, a RepoClear Clearing Member is required by any applicable law or any taxation authority properly acting within the scope of its authority or power, to withhold or deduct any tax or duty from any payment due in respect of this RepoClear Contract, the RepoClear Clearing Member shall be entitled to withhold or deduct such tax or duty, and shall pay to the Clearing House such additional amounts as will result in the net amounts receivable by the Clearing House (after taking account of such withholding or deduction) being equal to such amounts as would have been received by the Clearing House had no such taxes or duties been required to be withheld or deducted.

- (b) All money payable by the Clearing House to the RepoClear Clearing Member in respect of this RepoClear Contract shall be paid free and clear of any deduction. Where however, the Clearing House is required by any applicable law or any taxation authority properly acting within the scope of its authority or power, to withhold or deduct any tax or duty from any payment due in respect of this RepoClear Contract, the Clearing House shall be entitled to withhold or deduct such tax or duty. In such event, the Clearing House shall pay such additional amounts as will result in the net amounts receivable by the RepoClear Clearing Member (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted, PROVIDED, however, that the Clearing House shall only be under an obligation to pay such additional amounts to the extent that the Clearing House determines, in its sole and absolute discretion, that it is entitled to recover and does recover the amount payable by it from another RepoClear Clearing Member in respect of any related RepoClear Contract.

## 2.6. Substitution

- (a) This RepoClear Contract may be varied by the transfer by Buyer to Seller of securities equivalent to the Purchased Securities in exchange for the transfer by Seller to Buyer of other securities, in accordance with the provisions of the RepoClear Procedures.
- (b) Notwithstanding the provisions of the RepoClear Procedures, where this RepoClear Contract has arisen from a RepoClear Repo Transaction in accordance with Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, and the Repurchase Date is not the Business Day immediately following the Purchase Date, Seller shall have the right (subject to the proviso to this paragraph 2.6(b)) by notice to Buyer (such notice to be given in accordance with the RepoClear Procedures) to vary this RepoClear Contract in accordance with the provisions of the RepoClear Procedures; provided, however, that Buyer may elect by close of business on the Business Day on which such notice is received (or by close of business on the next Business Day if notice is received after the time specified in the RepoClear Procedures for the giving of such notice) not to vary this RepoClear Contract. If Buyer elects not to vary this RepoClear Contract, Seller shall have the right, by notice to Buyer, to terminate this RepoClear Contract on the Business Day specified in that notice, such Business Day not to be later than two Business Days after the date of the notice.
- (c) Notwithstanding the provisions of the Default Rules, where the RepoClear Clearing Member is Seller and the Clearing House is Buyer in respect of this RepoClear Contract and the RepoClear Clearing Member exercises its right to vary this RepoClear Contract or to terminate this RepoClear Contract under paragraph 2.6(b), the RepoClear Clearing Member shall be required to pay to the Clearing House by close of business on the Business Day of such variation or termination an amount equal to such amount that the Clearing House determines, in its sole and absolute discretion, that is payable in respect of any related RepoClear Contract by the Clearing House (in its capacity as Seller in respect of such related RepoClear Contract) to a RepoClear Clearing Member in respect of such related RepoClear Contract (in its capacity as Buyer in respect of such related RepoClear Contract).



- (d) Notwithstanding the provisions of the Default Rules, where the Clearing House is Seller and the RepoClear Clearing Member is Buyer in respect of this RepoClear Contract and the Clearing House exercises its right to vary this RepoClear Contract or to terminate this RepoClear Contract under paragraph 2.6(b), the Clearing House shall be required to pay to the RepoClear Clearing Member by close of business on the Business Day of such variation or termination an amount equal to:
- (i) the RepoClear Clearing Member's actual cost (including all fees, expenses and commissions) of (aa) entering into replacement transactions; (bb) entering into or terminating hedge transactions; and (cc) terminating or varying transactions with third parties in connection with or as a result of such variation or termination; and
  - (ii) to the extent that the RepoClear Clearing Member does not enter into replacement transactions, the loss incurred by the RepoClear Clearing Member directly arising or resulting from such variation or termination,

in each case as determined and calculated in good faith by the RepoClear Clearing Member; PROVIDED, however, that the Clearing House shall only be required to pay such amount to the extent that the Clearing House determines, in its sole and absolute discretion, that it is entitled to recover the amount payable by it from a RepoClear Clearing Member in respect of any related RepoClear Contract.

#### **2.7. Regulations**

This RepoClear Contract shall be subject to the Regulations, which shall form a part of its terms.

#### **2.8. "When Issued" Securities**

Where the subject matter of this RepoClear Contract is RepoClear Eligible Securities which have not yet been issued at the time this contract comes into being, in the event that such securities are not issued by the issuer this RepoClear Contract shall be null and void ab initio, and the only liability shall be that of the Clearing House to return to the RepoClear Clearing Member of any margin held by it, subject to compliance by the RepoClear Clearing Member with all the requirements of these Regulations and Procedures in respect of such RepoClear Contract.

#### **2.9. Governing Law**

This RepoClear Contract shall be governed by, and construed in accordance with, English law and the parties hereby submit to the jurisdiction of the English courts.

#### **2.10. Third Party Rights**

A person who is not a party to this RepoClear Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of this RepoClear Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

**SCHEDULE TO THE REPOCLEAR REGULATIONS****Part B****Product Eligibility Criteria for Registration of a RepoClear Contract****1. Eligibility Criteria**

- 1.1 Without prejudice to the Regulations and Procedures, including but not limited to the RepoClear Procedures, the Clearing House shall only register a RepoClear Transaction, Repo Trade or a Bond Trade as a RepoClear Contract pursuant to receipt of details of such RepoClear Transaction, Repo Trade or Bond Trade where at the time the details are presented:
- (a) subject to 1.2 below, such RepoClear Transaction, Repo Trade or Bond Trade meets the Eligibility Criteria set out for in 2.1 and 2.2 or 3.1 and 3.2 below (as the case may be), and the securities appear in the list published for this purpose from time to time by the Clearing House; and
  - (b) the details of such RepoClear Transaction, Repo Trade or Bond Trade are submitted for registration in accordance with the Regulations, the Procedures and all such other requirements from time to time of the Clearing House; and
  - (c) the parties to such RepoClear Transaction, Repo Trade or Bond Trade are RepoClear Participants,

and the requirements of (a) to (c) inclusive continue to be satisfied at Registration Time.

**1.2 German Government Debt Securities made available for trading on day of auction:**

- 1.2.1 Where a RepoClear Transaction, Repo Trade or Bond Trade is a trade of RepoClear Eligible Securities which are to be auctioned by the German Government, and the trade is submitted from an Approved Trade Matching System, or Automated Trading System (as referred to in Regulation 56 or Regulation 56A), on the day on which such securities are to be auctioned, then the Clearing House shall register such trade PROVIDING THAT the requirements of 1.1 above are satisfied and the German Government proceeds to issue such securities; in the event that the German Government decides, on the basis of the auction, not to proceed to issue the securities;

1.2.1.1 any such RepoClear Transaction, shall be deemed to be null and void and the Clearing House will reject it. In such circumstances, no RepoClear Contracts will arise with the Clearing House; and

1.2.1.2 any RepoClear Contract already registered by the Clearing House, whether arising from a RepoClear Transaction or a Repo Trade or Bond Trade, shall be deemed to be void ab initio.

- 1.2.2 The first valid settlement day for a RepoClear Transaction, Repo Trade or Bond Trade referred to in 1.2.1 above shall be trade day plus two days (T+2).

- 1.3 United Kingdom Government Debt Securities made available for trading prior to issue date:

- 1.3.1 Where a RepoClear Transaction, Repo Trade or Bond Trade is a trade of RepoClear Eligible Securities which are to be issued by the United Kingdom Government, and the trade is submitted from an Approved Trade Matching System, or Automated Trading System (as referred to in Regulation 56 or Regulation 56A), on a day prior to the day on which such securities are to be issued, then the Clearing House shall register such trade PROVIDING THAT the requirements of 1.1 above are satisfied and the United Kingdom Government proceeds to issue such securities; in the event that the United Kingdom Government decides not to proceed to issue the securities:
- 1.3.2 any such RepoClear Transaction shall be deemed to be null and void and the Clearing House will reject it. In such circumstances, no RepoClear Contracts will arise with the Clearing House; and
  - 1.3.2.1 any RepoClear Contract already registered by the Clearing House, whether arising from a RepoClear Transaction or a Repo Trade or Bond Trade, shall be deemed to be void ab initio.
- 1.3.3 The first valid settlement date for a RepoClear Transaction, Repo Trade or Bond Trade referred to in 1.3.1 above, shall be issue date plus one day (T+1).
- 1.4 Where the Clearing House rejects any RepoClear Transaction in the circumstances set out in 1.2 or 1.3 above, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability, and where a RepoClear Contract is deemed void ab initio in such circumstances, the only liability shall be that of the Clearing House to return to the relevant RepoClear Clearing Member/s of any margin held by it, subject to compliance by the relevant RepoClear Clearing Members with all the requirements of these Regulations and Procedures in respect of such RepoClear Contract.
- 1.5 For the purposes of this Part B of the Schedule to the RepoClear Regulations, “**RepoClear Operating Day**” means any RepoClear Opening Day (see Section 2B.2.1) and is also a day when all Approved Depository Systems (as defined in section 2B of the RepoClear Procedures) for the category of the securities are operational for the completion of transfer of those Securities.

**2. Repo Trades and RepoClear Repo Transactions**

**2.1 Product Eligibility Criteria for a Repo Trade or RepoClear Repo Transaction**

<b>Deal Types</b>	Classic repo/reverse repo		
<b>Collateral Types</b>	Specifically named collateral		
<b>Structure</b>	Fixed rate repo; Fixed term repo		
<b>Eligible Securities</b>	German Government Debt Securities (see 2.2.1 below)	US Dollar International Bonds	United Kingdom Government Debt Securities (see 2.2.1 below)

	Austrian Government Debt Securities (see 2.2.1 below)		
	Dutch Government Debt Securities (see 2.2.1 below)		
	Irish Government Debt Securities (see 2.2.1 below)		
	Finnish Government Debt Securities (see 2.2.1 below)		
	Portuguese Government Debt Securities (see 2.2.1 below)		
	Spanish Government Debt Securities (see 2.2.1 below)		
	German Jumbo Pfandbrief Bonds (see 2.2.2 below)		
	International Bonds denominated in Euro (see 2.2.2 below)		
<b>Currency</b>	Euro	US Dollar	Sterling
<b>Delivery Depositories</b>	Euroclear; Clearstream Luxemburg (CBL); Clearstream Frankfurt (CBF) (including all cross-border combinations); National Bank of Belgium (via our agent, KBC Brussels)	Euroclear; Clearstream Luxemburg (CBL); (including all cross-border combinations )	Euroclear UK and Ireland
<b>Term</b>			
Minimum Opening Leg	Date of registration by the Clearing House	Date of registration by the Clearing House plus 1 RepoClear Operating Day	Date of registration by the Clearing House
Maximum Opening Leg	Any valid settlement day up to 374 days from the trade date subject to the restrictions with respect to the Closing Leg	Any valid settlement day up to 374 days from the trade date subject to the restrictions	Any valid settlement day up to 374 days from the trade date subject to the restrictions with respect to the Closing

		with respect to the Closing Leg	Leg
Minimum Closing Leg	Settlement Date of Opening Leg plus 1 RepoClear Operating Day		
Maximum Closing Leg	Any valid settlement day which is 1 to 374 days later than the opening leg and is no later than bond maturity date minus 2 RepoClear Operating Days. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375 days.	Any valid settlement day which is 1 to 374 days later than the opening leg and is no later than bond maturity date minus 2 RepoClear Operating Days. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375 days.	Any valid settlement day which is 1 to 374 days later than the opening leg and is no later than bond maturity date minus 9 RepoClear Operating Days. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375 days.

## 2.2 Eligible Securities for a Repo Trade or RepoClear Repo Transaction

The following tables set out a description of the types of bonds which are usually eligible for registration by the Clearing House. A definitive list containing details of all bonds which are RepoClear Eligible Securities is published from time to time by the Clearing House.

### 2.2.1 Government Debt Securities

Germany
- Treasury Bills (Bubills)
- Schatzanweisungen der Bundesrepublik Deutschland (Schatz)
- Schatzanweisungen der Bundesrepublik Deutschland - Fonds "Deutsche Einheit"
- German Unity Fund BKO
- Anleihen der Bundesrepublik Deutschland (Bunds)
- Anleihen der Bundesrepublik Deutschland - Fonds "Deutsche Einheit" (German Unity Fund)
- Anleihen der Bundesrepublik Deutschland (Bund Principal Strips)
- Anleihen der Bundesrepublik Deutschland (Bund Coupon Strips)
- Obligationen der Bundesrepublik Deutschland (Bobl)
- Anleihen der Treuhandstalt
- Obligationen der Treuhandstalt (Tobl)

Belgium
- Fixed-coupon linear-bonds (OLOs)
- Principal strips
- Coupon strips
- Belgian Treasury Certificates
Austria
- Austrian Government Bonds
Netherlands
- Dutch Government Bonds (also known as Dutch State Loans)
- Dutch Treasury Certificates
Ireland
- Irish Government Bonds
Finland
- Finnish Government Bonds
Portugal
- Portuguese Government Bonds
Spain
- Spanish Government Bonds
United Kingdom
- United Kingdom Government Bonds and Treasury Bills

### 2.2.2 Other Bonds

German Jumbo Pfandbriefe
Issuers:
Allgemeine Hypothekenbank
Bayerische Hypo-und Vereinsbank AG
Bayerische Landesbank Girozentrale
Berlin-Hannover Hypothekenbank
DekaBank
Depfa Bank
Deutsche Genossenschafts-Hypothekenbank
Deutsche Hypothekenbank Frankfurt AG
Deutsche Hyp-Deutsche Hypothekenbank Frankfurt-Hamburg AG
Dexia Hypothekenbank
Dusseldorfer Hypothekenbank
Enrohypo AG Europaeische Hypothekenbank der Deutschen Bank
Eurohypo Aktiengesellschaft
Hypothekenbank IN Essen
Hypo Real Estate Bank AG
Landesbank Baden-Wuerttemberg
Landesbank Berlin
Landesbank Hessen-Thueringen
Landesbank NRW
Landesbank Rheiland-Pflaz-Girozentrale
Landesbank Sachsen

<b>German Jumbo Pfandbriefe</b> Munchener Hypothekenbank Norddeutsche Landesbank Rheinhyp Schleswig-Holsteinische SEB Hypothekenbank Westfaelische Hypothekenbank WestLB Wuerttembergische Hypothekenbank AG
<b>International Bonds (denominated in Euro or in US Dollar)</b> Agency Bonds Sovereign Bonds Supranational Bonds

The Clearing House may, from time to time and at its sole discretion, refuse to register certain bonds which would otherwise meet the criteria set out in 2.1 and 2.2 above to be RepoClear Eligible Securities.

### 3. **Bond Trades and RepoClear Bond Transactions**

#### 3.1 ***Product Eligibility Criteria for a Bond Trade or RepoClear Bond Transaction***

Eligible Securities	German Government Debt Securities (see 3.2.1 below)  Belgian Government Debt Securities (see 3.2.1 below)  Austrian Government Debt Securities (see 3.2.1 below)  Dutch Government Debt Securities (see 3.2.1 below)  Irish Government Debt Securities (see 3.2.1 below)  Finnish Government Debt Securities (see 3.2.1 below)  German Jumbo Pfandbrief Bonds (see 3.2.2 below)  Portuguese Government Debt Securities (see 3.2.1 below)  Spanish Government Debt Securities (see 3.2.1	US Dollar International Bonds	United Kingdom Government Bonds (see 3.2.1 below)
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below)

International Bonds  
denominated in Euro (see  
3.2.2 below)

Please see LCH.Clearnet  
Limited website for full  
details of all bonds eligible  
from time to time

Currency	Euro	US Dollar	Sterling
Delivery Depositories	Euroclear; Clearstream Luxemburg (CBL); Clearstream Frankfurt (CBF) (including all cross- border combinations); National Bank of Belgium (via our agent, KBC Brussels)	Euroclear; Clearstream Luxemburg (CBL); (including all cross-border combinations )	Euroclear UK and Ireland
Minimum Settlement Date	Date of registration by the Clearing House	Date of registration by the Clearing House plus 1 RepoClear Operating Day	Date of registration by the Clearing House
Maximum Settlement Date	Any valid settlement day up to 385 days from the date of registration by the Clearing House and being no later than bond maturity date minus 2 RepoClear Operating Days.	Any valid settlement day up to 385 days from the date of registration by the Clearing House and being no later than bond maturity date minus 2 RepoClear Operating Days.	Any valid settlement day up to 385 days from the date of registration by the Clearing House and being no later than bond maturity date minus 9 RepoClear Operating Days or Treasury Bill maturity date minus 1 RepoClear Operating d

### 3.2 **Eligible Securities for a Bond Trade or RepoClear Bond Transaction**

The following tables set out a description of the types of bonds which are usually eligible for registration by the Clearing House. A definitive list containing details of all bonds which are RepoClear Eligible Securities is published from time to time by the Clearing House.



3.2.1 **Government Debt Securities**

Germany
<ul style="list-style-type: none"> <li>- Treasury Bills (Bubills)</li> <li>- Schatzanweisungen der Bundesrepublik Deutschland (Schatz)</li> <li>- Schatzanweisungen der Bundesrepublik Deutschland - Fonds "Deutsche Einheit"</li> <li>- German Unity Fund BKO</li> <li>- Anleihen der Bundesrepublik Deutschland (Bunds)</li> <li>- Anleihen der Bundesrepublik Deutschland - Fonds "Deutsche Einheit" (German Unity Fund)</li> <li>- Anleihen der Bundesrepublik Deutschland (Bund Principal Strips)</li> <li>- Anleihen der Bundesrepublik Deutschland (Bund Coupon Strips)</li> <li>- Obligationen der Bundesrepublik Deutschland (Bobl)</li> <li>- Anleihen der Treuhandstalt</li> <li>- Obligationen der Treuhandstalt (Tobl)</li> </ul>

Belgium
<ul style="list-style-type: none"> <li>- Fixed-coupon linear-bonds (OLOs)</li> <li>- Principal strips</li> <li>- Coupon strips</li> <li>- Belgian Treasury Certificates</li> </ul>

Austria
<ul style="list-style-type: none"> <li>- Austrian Government Bonds</li> </ul>
Netherlands
<ul style="list-style-type: none"> <li>- Dutch Government Bonds (also known as Dutch State Loans)</li> <li>- Dutch Treasury Certificates</li> </ul>

Ireland
<ul style="list-style-type: none"> <li>- Irish Government Bonds</li> </ul>

Finland
<ul style="list-style-type: none"> <li>- Finnish Government Bonds</li> </ul>

Portugal
<ul style="list-style-type: none"> <li>- Portuguese Government Bonds</li> </ul>

Spain
<ul style="list-style-type: none"> <li>- Spanish Government Bonds</li> </ul>

United Kingdom
<ul style="list-style-type: none"> <li>- United Kingdom Government Bonds and Treasury Bills</li> </ul>

3.2.2 **Other Bonds**

German Jumbo Pfandbriefe
<p>Issuers:</p> <ul style="list-style-type: none"> <li>Allgemeine Hypothekenbank</li> <li>Bayerische Hypo-und Vereinsbank AG</li> <li>Bayerische Landesbank Girozentrale</li> <li>Berlin-Hannover Hypothekenbank</li> <li>DekaBank</li> <li>Depfa Bank</li> </ul>

<b>German Jumbo Pfandbriefe</b> Deutsche Genossenschafts-Hypothekenbank Deutsche Hypothekenbank Frankfurt AG Deutsche Hyp-Deutsche Hypothekenbank Frankfurt-Hamburg AG Dexia Hypothekenbank Dusseldorfer Hypothekenbank Enrohypo AG Europaeische Hypothekenbank der Deutschen Bank Eurohypo Aktiengesellschaft Hypothekenbank IN Essen Hypo Real Estate Bank AG Landesbank Baden-Wuerttemberg Landesbank Berlin Landesbank Hessen-Thuringen Landesbank NRW Landesbank Rheiland-Pflaz-Girozentrale Landesbank Sachsen Munchener Hypothekenbank Norddeutsche Landesbank Rheinhyp Schleswig-Holsteinische
SEB Hypothekenbank Westfaelische Hypothekenbank WestLB Wuerttembergische Hypothekenbank AG
<b>International Bonds (denominated in Euro or in US Dollar)</b> Agency Bonds Sovereign Bonds Supranational Bonds

The Clearing House may, from time to time and at its sole discretion, refuse to register certain bonds which would otherwise meet the criteria set out in 3.1 and 3.2 above to be RepoClear Eligible Securities.

**SCHEDULE TO THE REPOCLEAR REGULATIONS**

**Part C**

**LCH GC Repo Contract Terms**

PART C of the Schedule to the RepoClear Regulations has been deleted as the service offering for LCH GC Repo has been withdrawn for the time being.

**SCHEDULE TO THE REPOCLEAR REGULATIONS**

**Part D**

**Product Eligibility Criteria for Registration of a LCH GC Repo Contract**

PART D of the Schedule to the RepoClear Regulations has been deleted as the service offering for LCH GC Repo has been withdrawn for the time being.

**SCHEDULE TO THE REPOCLEAR REGULATIONS**

**Part E**

**RepoClear SGC Contract Terms: RepoClear SGC Contracts arising from RepoClear SGC Transactions or SGC Trades**

Where a RepoClear SGC Contract arises between the Clearing House and a RepoClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such RepoClear SGC Contract shall include these REPOCLEAR SGC CONTRACT TERMS, which shall comprise:

- (1) Interpretation section;
- (2) Economic Terms; and
- (3) Standard Terms.

**Interpretation Section**

Save as otherwise specified herein, words and phrases defined elsewhere in this Rulebook shall have the same meanings in these RepoClear SGC Contract Terms.

In the event of any inconsistency between these RepoClear SGC Contract Terms and the Rulebook, the Rulebook will prevail, unless expressly otherwise specified.

As used in these RepoClear SGC Contract Terms:

**"Closing Cash Amount"** means the cash amount identified in the Economic Terms as set out in paragraph 1 below.

**"Daily Cash Amount"** means, on any SGC Day, the net cash amount payable by either party to the other, calculated under paragraph 2.5(c).

**"Daily Equivalent Securities"** means, on any day, the net securities transferable by either party to the other, calculated under paragraph 2.5(b).

**"Daily Purchased Securities"** means, on any SGC Day, the net securities transferable by either party to the other, calculated under paragraph 2.5(a).

**"Daily Return Amount"** means, on any SGC Day, the net cash amount payable by either party to the other, calculated under paragraph 2.5(d).

**"Eligible Securities"** means securities of any issue of securities comprised in a SGC Basket.

**"Eligible SGC Basket"** means an SGC Basket which appears in the list containing details of all Eligible SGC Baskets published for this purpose from time to time by the Clearing House.

**"Eligible SGC Trade"** means a RepoClear SGC Transaction or SGC Trade, as applicable.

**"End Date"** means the last day upon which Equivalent Securities will be delivered by the Buyer to the Seller in accordance with these RepoClear SGC Contract Terms, as stated in the Economic Terms.

**"Equivalent Securities"** means, on any day, securities equivalent to the Purchased Securities that were transferred by Seller to Buyer on the immediate preceding SGC Day.

Securities are **"equivalent to"** other securities for the purposes of these RepoClear SGC Contract Terms if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other securities.

**"Interest"** means with regard to this RepoClear SGC Contract, the amount obtained by deducting the Opening Cash Amount from the Closing Cash Amount.

**"Last SGC Date"** means, with regard to this RepoClear SGC Contract, the last date upon which Purchased Securities will be sold by Seller to Buyer in accordance with these RepoClear SGC Contract Terms.

**"Opening Cash Amount"** means the cash amount identified in the Economic Terms as set out paragraph 1 below.

**"Purchased Securities"** means, on any SGC Day, Eligible Securities transferable by Seller to Buyer on that SGC Day under these RepoClear SGC Contract Terms.

**"RepoClear Procedures"** means the part of the Rulebook of the Clearing House that contains provisions in respect of RepoClear SGC Contracts.

**"RepoClear SGC Contract"** means a RepoClear SGC Contract between Buyer and Seller on the RepoClear SGC Contract Terms and references to "this RepoClear SGC Contract" are to the particular RepoClear SGC Contract in question.

**"Return Amount"** means a cash amount which is equivalent in value to, and in the same currency as, the Opening Cash Amount.

**"SGC Basket"** means the issues of securities published by the Clearing House from time to time in accordance with the RepoClear Procedures which, together, comprise a basket of securities.

**"SGC Cut-Off Time"** means such time on each SGC day as is set out in the RepoClear Procedures (as the time after which on that day no further Eligible SGC Trades will be accepted by the Clearing House for registration which are to be settled on the same SGC day).

**"SGC Day"** means any day of the Term on which the RepoClear SGC Service operates.

**"Start Date"** means the SGC Day being the first day upon which Purchased Securities will be sold by Seller to Buyer as stated in the Economic Terms and in accordance with these RepoClear SGC Contract Terms.

**"Term"** means the interval of time commencing on and including the Start Date and ending on and including the Last SGC Date.

**"Underlying SGC Basket"** means the SGC Basket identified in the Economic Terms of a RepoClear SGC Contract.

## 1. Economic Terms

In relation to this RepoClear SGC Contract, the terms in (a) to (h) below (the "**Economic Terms**") will (i) where this RepoClear SGC Contract is dealt with through an Approved Trade Matching System, be derived from the information presented by the RepoClear Participants to the Clearing House for registration, and (ii) where this RepoClear SGC Contract is dealt with through an Automated Trading System, be derived from the information input by the RepoClear Participants and matched by or in accordance with the rules and procedures of such Automated Trading System.

The Economic Terms comprise details of:

- (a) Buyer;
- (b) Seller;
- (c) Underlying SGC Basket (identified by ISIN);
- (d) Trade date and time;
- (e) Start Date;
- (f) End Date;
- (g) Opening Cash Amount;
- (h) Closing Cash Amount;

PROVIDED, however, that, when such information presented or input (as the case may be) by any RepoClear Participants specifies such RepoClear Participant as (i) Buyer under a contract, with the other party as Seller, the Clearing House will be Seller under the RepoClear SGC Contract; and (ii) Seller under a contract, with the other party as Buyer, the Clearing House will be Buyer under the RepoClear SGC Contract.

## 2. Standard Terms

- 2.1 RepoClear SGC Contracts shall arise in accordance with the Rulebook and shall be on these RepoClear SGC Contract Terms.

### Allocation of Eligible Securities

- 2.2 On each SGC Day of this RepoClear SGC Contract, Seller agrees that Purchased Securities shall be allocated from the Underlying SGC Basket in accordance with the terms of this RepoClear SGC Contract and the RepoClear Procedures. Purchased Securities may be allocated from more than one issue of securities in the Underlying SGC Basket. Following the application of paragraph 2.5, the value of Daily Purchased Securities to be allocated on any SGC Day shall be equal to the Daily Cash Amount (subject to any minor discrepancies in value attributable to allocation methodologies as contemplated within the RepoClear Procedures from time to time).

- 2.3 [ ]

### Transfer of Securities and Cash

- 2.4 Subject to paragraph 2.5 below:

- (a) on the Start Date and each subsequent SGC Day, Seller shall transfer Purchased Securities to Buyer against payment of the Opening Cash Amount by Buyer, in accordance with the RepoClear Procedures.
- (b) on the SGC Day immediately after the Start Date and on each subsequent SGC Day and also the End Date, Buyer shall transfer Equivalent Securities to Seller against payment of the Return Amount, in accordance with the RepoClear Procedures.

2.5 Subject to the Default Rules:

- (a) the value of Purchased Securities transferable by Seller to Buyer under this RepoClear SGC Contract on any SGC Day and the value of Purchased Securities transferable by either party to the other under any other open RepoClear SGC Contract relating to the same Underlying SGC Basket on the same day shall be combined into a single calculation of a net value of securities of that SGC Basket transferable by one party to the other and the obligation to transfer securities of that net value and of that SGC Basket (the "**Daily Purchased Securities**") through the CREST DBV System on that day shall be the only obligation of either party in respect of all Purchased Securities so transferable and receivable on that day;
- (b) the Equivalent Securities transferable by Buyer to Seller under this RepoClear SGC Contract on any day and the Equivalent Securities transferable by either party to the other under any other open RepoClear SGC Contract relating to the same Underlying SGC Basket on the same day shall be replaced by a single obligation by one party (the "**delivering party**") to transfer on that day to the other party (the "**receiving party**") through the CREST DBV System securities equivalent to the Daily Purchased Securities that were transferred on the previous SGC Day by the receiving party to the delivering party (the "**Daily Equivalent Securities**"), and that obligation to transfer the Daily Equivalent Securities shall be the only obligation of either party in respect of all Equivalent Securities so transferable and receivable on that day;
- (c) the Opening Cash Amount transferable by Buyer to Seller under this RepoClear SGC Contract on any SGC Day and any Opening Cash Amount transferable by either party to the other under any other open RepoClear SGC Contract on the same day shall be combined in a single calculation of a net cash amount ("**the Daily Cash Amount**") transferable by one party to the other and the obligation to transfer the Daily Cash Amount shall be the only obligation of either party in respect of all Opening Cash Amounts so transferable and receivable on that day;
- (d) the Return Amount transferable by Seller to Buyer under this RepoClear SGC Contract on any day and any Return Amount transferable by either party to the other under any other open RepoClear SGC Contract on the same day shall be replaced by a single net obligation by one party (the "**paying party**") to transfer to the other party (the "**receiving party**") on that day cash equivalent in amount to, and of the same currency as, the Daily Cash Amount that was transferred on the previous SGC Day by the receiving party to the paying party ("**the Daily Return Amount**"), and that obligation to transfer the Daily Return Amount shall be the only obligation



of either party in respect of all Return Amounts so transferable and receivable on that day;

PROVIDED ALWAYS THAT any obligation of a party to transfer any Daily Cash Amount shall not be combined with any obligation of a party to transfer any Daily Return Amount arising on the same day and payment of such Daily Cash Amount shall be made gross and separate from such Daily Return Amount in accordance with the RepoClear Procedures.

#### Terminology

- 2.6 Notwithstanding the use of expressions such as "margin", "Equivalent Securities", "Opening Cash Amount", "Purchased Securities", "Daily Cash Amount", "Daily Return Amount", "Daily Purchased Securities" and "Daily Equivalent Securities" which are used to reflect terminology used in the market for transactions of the kinds provided for in these RepoClear SGC Contract Terms, all right, title and interest in and to Daily Purchased Securities, Daily Cash Amount and Daily Return Amount transferred or paid under these RepoClear SGC Contract Terms and, all right, title and interest in Daily Equivalent Securities, shall pass to the transferee on transfer or payment, and the obligation of the party receiving Daily Purchased Securities on any SGC Day shall be an obligation to transfer Daily Equivalent Securities on the next following day, at such time as is set out in the RepoClear Procedures.

#### Interest

- 2.7 Seller shall pay the Interest to Buyer on the End Date in accordance with these RepoClear SGC Contract Terms and the RepoClear Procedures.
- 2.8 Subject to the Default Rules, Interest payable under this RepoClear SGC Contract and Interest payable by either party to the other under any other RepoClear SGC Contract with the same End Date shall be combined in a single calculation of a net cash amount payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.

#### Payment and Transfer

- 2.9 Each of the following insofar as it is applicable to this RepoClear SGC Contract, shall be paid or transferred in accordance with the provisions set out in the RepoClear Procedures: Daily Purchased Securities; Daily Equivalent Securities; Daily Cash Amount; Daily Return Amount; Interest.
- 2.10 In accordance with the RepoClear Procedures, either party may appoint another person to make any payments and to make any transfers of securities on its behalf. Notwithstanding any such appointment, each of the parties agrees that it shall remain liable under this RepoClear SGC Contract as principal.
- 2.11 The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, and in any Equivalent Securities, shall pass to the party to which transfer is being made upon transfer of the same in accordance with these Standard Terms, free from all liens, claims, charges and encumbrances.

### 3. General

#### Margin Maintenance

- 3.1 The provisions set out in the General Regulations and the Procedures in relation to margin and cover for margin shall be applicable to this RepoClear SGC Contract. Any cover for variation margin liability will be in the form of cash only.

Withholding Tax Provisions

- 3.2 All money payable by a RepoClear Clearing Member to the Clearing House in respect of this RepoClear SGC Contract shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having the power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the RepoClear Clearing Member shall pay such additional amounts as will result in the net amounts receivable by the Clearing House (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.
- 3.3 All money payable by the Clearing House to a RepoClear Clearing Member in respect of this RepoClear SGC Contract shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having the power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Clearing House shall pay such additional amounts as will result in the net amounts receivable by the RepoClear Clearing Member (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted; PROVIDED, however, that the Clearing House shall only be under an obligation to pay such additional amounts to the extent that the Clearing House determines, in its sole and absolute discretion, that it is entitled to recover the amount payable by it from a RepoClear Clearing Member in respect of any related RepoClear SGC Contract.

Regulations

- 3.4 This RepoClear SGC Contract shall be subject to the Regulations, which shall form a part of its terms.

Governing Law

- 3.5 This RepoClear SGC Contract shall be governed by and construed in accordance with English law and the parties hereby submit to the exclusive jurisdiction of the English courts.

Third Party Rights

- 3.6 A person who is not a party to this RepoClear SGC Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of his RepoClear SGC Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

**SCHEDULE TO THE REPOCLEAR REGULATIONS****Part F****Product Eligibility Criteria for Registration of a RepoClear SGC Contract****1. Eligibility Criteria**

Without prejudice to the Regulations and Procedures, including but not limited to the RepoClear Procedures, the Clearing House shall only register a RepoClear SGC Transaction or a SGC Trade as a RepoClear SGC Contract pursuant to receipt of details of such RepoClear SGC transaction or SGC Trade where at the time the details are presented:

- (a) RepoClear SGC Transaction or SGC Trade meets the Eligibility Criteria set out for in 2.1 and 2.2 and the Underlying SGC Basket appears in the list containing details of all Eligible SGC Baskets published for this purpose from time to time by the Clearing House; and
- (b) the details of such RepoClear SGC Transaction or SGC Trade are submitted for registration in accordance with the Rulebook and all such other requirements from time to time of the Clearing House; and
- (c) the parties to such RepoClear SGC Transaction or SGC Trade are RepoClear Participants,

and the requirements of (a) to (c) inclusive continue to be satisfied at Registration Time.

**2. RepoClear SGC Transactions and SGC Trades****2.1 *Product Eligibility Criteria for a RepoClear SGC Transaction or RepoClear SGC Trade***

Deal Types	classic repo; reverse repo
Collateral Types	Securities combined in specifically named SGC Baskets
Structure	A series of one or more overnight (with respect to days on which the RepoClear SGC service is operational) repo transactions with immediate or forward start and  Fixed rate repo
SGC Baskets	ISIN GB00B1347K44 LCH.Cleernet GC Basket – RepoClear STLG GC UK Government BD Basket
Currency	Pounds sterling
Settlement Depository	Euroclear UK and Ireland
Term	
Minimum Opening Leg	Date of registration by the Clearing House up to the SGC Cut-Off Time

Maximum Opening Leg	Any valid SGC Day up to 374 days from the trade date
Minimum Closing Leg	Opening Leg plus 1 SGC Day
Maximum Closing Leg	Any valid SGC settlement day, which is 1 to 374 days later than, the opening leg. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375

## 2.2 ***Eligible SGC Baskets for a RepoClear SGC Transaction or SGC Trade***

The following SGC Baskets are available for trading as subject to these Rulebook provisions:

- (a) British Government Unstripped Sterling SGC Basket; Eligible Securities in this SGC Basket are such Unstripped British Government bonds as are published from time to time by the Clearing House on the LCH.Clearnet Member-only web site.

**SCHEDULE TO THE REPOCLEAR REGULATIONS****Part G****RepoClear GC Contract Terms: RepoClear €GC Contracts arising from RepoClear €GC Transactions or €GC Trades**

Where a RepoClear €GC Contract arises between the Clearing House and a RepoClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such RepoClear €GC Contract shall include these REPOCLEAR €GC CONTRACT TERMS, which shall comprise:

- (1) Interpretation section;
- (2) Economic Terms; and
- (3) Standard Term.

**Interpretation Section**

Save as otherwise specified herein, words and phrases defined elsewhere in this Rulebook shall have the same meanings in these RepoClear €GC Contract Terms.

In the event of any inconsistency between these RepoClear €GC Contract Terms and the Rulebook, the Rulebook will prevail, unless expressly otherwise specified.

As used in these RepoClear €GC Contract Terms:

**"AutoAssign Supplement"** means the CBL arrangement outlining services facilitating selection of securities for €GC Contracts.

**"AutoSelect"** means the Euroclear electronic processing module facilitating the selection of securities for €GC Contracts.

**"CBL"** means Clearstream Banking Limited.

**"Closing Cash Amount"** means the cash amount identified in the Economic Terms as set out in paragraph 1 below.

**"Daily Cash Amount"** means, on any €GC Day, the net cash amount payable by either party to the other, calculated under paragraph 2.4(c).

**"Daily Equivalent Securities"** means, on any day, the net securities transferable by either party to the other, calculated under paragraph 2.4(b).

**"Daily Purchased Securities"** means, on any €GC Day, the net securities transferable by either party to the other, calculated under paragraph 2.4(a).

**"Daily Return Amount"** means, on any €GC Day, the net cash amount payable by either party to the other, calculated under paragraph 2.4(d).

**"Eligible €GC Basket"** means a €GC Basket which appears in the list containing details of all Eligible €GC Baskets published for this purpose from time to time by the Clearing House.

**"Eligible €GC Trade"** means a RepoClear €GC Transaction or €GC Trade, as applicable.

**"Eligible Securities"** means securities of any issue of securities comprised in a €GC Basket.

**"End Date"** means the last day upon which Equivalent Securities will be delivered by the Buyer to the Seller in accordance with these RepoClear €GC Contract Terms, as stated in the Economic Terms.

**"Equivalent Securities"** means, on any day, securities equivalent to the Purchased Securities that were transferred by Seller to Buyer on the immediate preceding €GC Day.

Securities are **"equivalent to"** other securities for the purposes of these RepoClear €GC Contract Terms if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other securities.

**"Euroclear"** means Euroclear Bank.

**"€GC Basket"** means the issues of securities recognised by the Clearing House in accordance with the RepoClear Procedures which, together, comprise each basket of securities as set out in Part H of the Schedule to the RepoClear Regulations.

**"€GC Cut-Off Time"** means such time on each €GC day as is set out in the RepoClear Procedures (as the time after which on that day no further Eligible €GC Trades will be accepted by the Clearing House for registration which are to be settled on the same €GC day).

**"€GC Day"** means any day of the Term on which the RepoClear €GC service operates.

**"Euro Zone Countries"** means the countries which are member states of the European Union who have adopted the euro currency union.

**"Interest"** means with regard to this RepoClear €GC Contract, the amount obtained by deducting the Opening Cash Amount from the Closing Cash Amount.

**"Last €GC Date"** means, with regard to this RepoClear €GC Contract, the last date upon which Purchased Securities will be sold by Seller to Buyer in accordance with these RepoClear €GC Contract Terms.

**"Opening Cash Amount"** means the cash amount identified in the Economic Terms as set out in paragraph 1 below.

**"Purchased Securities"** means on any €GC Day, Eligible Securities transferable by Seller to Buyer on that €GC Day under these RepoClear €GC Contract Terms.

**"RepoClear Procedures"** means the part of the Rulebook of the Clearing House that contains provisions in respect of RepoClear €GC Contracts.

**"RepoClear €GC Contract"** means a RepoClear €GC Contract between Buyer and Seller on these RepoClear €GC Contract Terms and references to "this RepoClear €GC Contract" are to the particular RepoClear €GC Contract in question.

**"Return Amount"** means a cash amount which is equivalent in value to, and in the same currency as, the Opening Cash Amount.

**"Start Date"** means the €GC Day being the first day upon which Purchased Securities will be sold by Seller to Buyer as stated in the Economic Terms and in accordance with these RepoClear €GC Contract Terms.

**“Triparty Agent”** means CBL, Euroclear or any other agent as the Clearing House may appoint from time to time.

**“Term”** means the interval of time commencing on and including the Start Date and ending on and including the Last €GC Date.

**“Underlying €GC Basket”** means the €GC Basket identified in the Economic Terms of a RepoClear €GC Contract.

## 1. Economic Terms

In relation to this RepoClear €GC Contract, the terms in (a) to (g) below (the **“Economic Terms”**) will (i) where this RepoClear €GC Contract is dealt with through an Approved Trade Matching System, be derived from the information presented by the RepoClear Participants to the Clearing House for registration, and (ii) where this RepoClear €GC Contract is dealt with through an Automated Trading System, be derived from the information input by the RepoClear Participants and matched by or in accordance with the rules and procedures of such Automated Trading System.

The Economic Terms comprise details of:

- (a) Buyer;
- (b) Seller;
- (c) Underlying €GC Basket (identified by ISIN);
- (d) Trade date and time;
- (e) Start Date;
- (f) End Date;
- (g) Opening Cash Amount;
- (h) Closing Cash Amount;

PROVIDED, however, that, when such information presented or input (as the case may be) by any RepoClear Participants specifies such RepoClear Participant as (i) Buyer under a contract, with the other party as Seller, the Clearing House will be Seller under the RepoClear €GC Contract; and (ii) Seller under a contract, with the other party as Buyer, the Clearing House will be Buyer under the RepoClear €GC Contract.

## 2. Standard Terms

2.1 RepoClear €GC Contracts shall arise in accordance with the Rulebook and shall be on these RepoClear €GC Contract Terms.

### Allocation of Eligible Securities

2.2 On each €GC Day of this RepoClear €GC Contract, Seller agrees that Purchased Securities shall be allocated from the Underlying €GC Basket in accordance with the terms of this RepoClear €GC Contract and the RepoClear Procedures. Purchased Securities may be allocated from more than one issue of securities in the Underlying €GC Basket. Following the application of paragraph 2.4, the value of Daily Purchased Securities to be allocated on any €GC Day shall be equal to

the Daily Cash Amount (subject to any discrepancies in value attributable to allocation methodologies as contemplated within the RepoClear Procedures from time to time).

#### Transfer of Securities and Cash

2.3 Subject to paragraph 2.4 below:

- (a) on the Start Date and each subsequent €GC Day, Seller shall transfer Purchased Securities to Buyer against payment of the Opening Cash Amount by Buyer, in accordance with the RepoClear Procedures;
- (b) on the €GC Day immediately after the Start Date and on each subsequent €GC Day and also the End Date, Buyer shall transfer Equivalent Securities to Seller against payment of the Return Amount, in accordance with the RepoClear Procedures.

2.4 Subject to the Default Rules:

- (a) the value of Purchased Securities transferable by Seller to Buyer under this RepoClear €GC Contract on any €GC Day and the value of Purchased Securities transferable by either party to the other under any other open RepoClear €GC Contract relating to the same Underlying €GC Basket on the same day shall be combined into a single calculation of a net value of securities of that €GC Basket transferable by one party to the other and the obligation to transfer securities of that net value and of that €GC Basket (the "**Daily Purchased Securities**") through either CBL's service under the AutoAssign Supplement, Euroclear's AutoSelect service or any other equivalent service provided by a Triparty Agent, as the case may be, on that day shall be the only obligation of either party in respect of all Purchased Securities in relation to that €GC Basket so transferable and receivable on that day;
- (b) the Equivalent Securities transferable by Buyer to Seller under this RepoClear €GC Contract on any day and the Equivalent Securities transferable by either party to the other under any other open RepoClear €GC Contract relating to the same Underlying €GC Basket on the same day shall be replaced by a single obligation by one party (the "**delivering party**") to transfer on that day to the other party (the "**receiving party**") in the same manner as set out above at 2.4(a) securities equivalent to the Daily Purchased Securities that were transferred on the previous €GC Day by the receiving party to the delivering party (the "**Daily Equivalent Securities**"), and that obligation to transfer the Daily Equivalent Securities shall be the only obligation of either party in respect of all Equivalent Securities in relation to that €GC Basket so transferable and receivable on that day;
- (c) the Opening Cash Amount transferable by Buyer to Seller under this RepoClear €GC Contract on any €GC Day and any Opening Cash Amount transferable by either party to the other under any other open RepoClear €GC Contract in relation to the same Underlying €GC Basket on the same day shall be combined in a single calculation of a net cash amount ("**the Daily Cash Amount**") transferable by one party to the other and the obligation to transfer the Daily Cash Amount shall be the only obligation of either party in respect of all Opening Cash Amounts in



relation to the same Underlying €GC Basket so transferable and receivable on that day;

- (d) the Return Amount transferable by Seller to Buyer under this RepoClear €GC Contract on any day and any Return Amount transferable by either party to the other under any other open RepoClear €GC Contract in relation to the same Underlying €GC Basket on the same day shall be replaced by a single net obligation by one party (the "**paying party**") to transfer to the other party (the "**receiving party**") on that day cash equivalent in amount to, and of the same currency as, the Daily Cash Amount that was transferred on the previous €GC Day by the receiving party to the paying party ("**the Daily Return Amount**"), and that obligation to transfer the Daily Return Amount shall be the only obligation of either party in respect of all Return Amounts in relation to the same Underlying €GC Basket so transferable and receivable on that day;

PROVIDED ALWAYS THAT any obligation of a party to transfer any Daily Cash Amount shall not be combined with any obligation of a party to transfer any Daily Return Amount arising on the same day and payment of such Daily Cash Amount shall be made gross and separate from such Daily Return Amount in accordance with the RepoClear Procedures.

#### Terminology

- 2.5 Notwithstanding the use of expressions such as "margin", "Equivalent Securities", "Opening Cash Amount", "Purchased Securities", "Daily Cash Amount", "Daily Return Amount", "Daily Purchased Securities" and "Daily Equivalent Securities" which are used to reflect terminology used in the market for transactions of the kinds provided for in these RepoClear €GC Contract Terms, all right, title and interest in and to Daily Purchased Securities, Daily Cash Amount and Daily Return Amount transferred or paid under these RepoClear €GC Contract Terms and, all right, title and interest in Daily Equivalent Securities, shall pass to the transferee on transfer or payment, and the obligation of the party receiving Daily Purchased Securities on any €GC Day shall be an obligation to transfer Daily Equivalent Securities on the next following day, at such time as is set out in the RepoClear Procedures.

#### Interest

- 2.6 Seller shall pay the Interest to Buyer on the End Date in accordance with these RepoClear €GC Contract Terms and the RepoClear Procedures.
- 2.7 Subject to the Default Rules, Interest payable under this RepoClear €GC Contract and Interest payable by either party to the other under any other RepoClear €GC Contract with the same End Date and settled through the same Triparty Agent shall be combined in a single calculation of a net cash amount payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.

#### Payment and Transfer

- 2.8 Each of the following, insofar as it is applicable to this RepoClear €GC Contract, shall be paid or transferred in accordance with the provisions set out in the RepoClear Procedures: Daily Purchased Securities; Daily Equivalent Securities; Daily Cash Amount; Daily Return Amount; Interest.

- 2.9 In accordance with the RepoClear Procedures, either party may appoint another person to make any payments and to make any transfers of securities on its behalf. Notwithstanding any such appointment, each of the parties agrees that it shall remain liable under this RepoClear €GC Contract as principal.
- 2.10 The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities and in any Equivalent Securities shall pass to the party to which transfer is being made upon transfer of the same in accordance with these Standard Terms, free from all liens, claims, charges and encumbrances.

### 3. General

#### Margin Maintenance

- 3.1 The provisions set out in the General Regulations and the Procedures in relation to margin and cover for margin shall be applicable to this RepoClear €GC Contract. Any cover for variation margin liability will be in the form of cash only denominated in Euro.

#### Withholding Tax Provisions

- 3.2 All money payable by a RepoClear Clearing Member to the Clearing House in respect of this RepoClear €GC Contract shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having the power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the RepoClear Clearing Member shall pay such additional amounts as will result in the net amounts receivable by the Clearing House (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.
- 3.3 All money payable by the Clearing House to a RepoClear Clearing Member in respect of this RepoClear €GC Contract shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having the power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Clearing House shall pay such additional amounts as will result in the net amounts receivable by the RepoClear Clearing Member (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted; PROVIDED, however, that the Clearing House shall only be under an obligation to pay such additional amounts to the extent that the Clearing House determines, in its sole and absolute discretion, that it is entitled to recover the amount payable by it from a RepoClear Clearing Member in respect of any related RepoClear €GC Contract.

#### Regulations

- 3.4 This RepoClear €GC Contract shall be subject to the Regulations, which shall form a part of its terms.

#### Governing Law

- 3.5 This RepoClear €GC Contract shall be governed by, and construed in accordance with English law and the parties hereby submit to the exclusive jurisdiction of the English courts.

Third Party Rights

- 3.6 A person who is not a party to this RepoClear €GC Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of his RepoClear €GC Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

**SCHEDULE TO THE REPOCLEAR REGULATIONS****Part H****Product Eligibility Criteria for Registration of A RepoClear €GC Contract****1. Eligibility Criteria**

Without prejudice to the Regulations and Procedures, including but not limited to the RepoClear Procedures, the Clearing House shall only register a RepoClear €GC Transaction or a €GC Trade as a RepoClear €GC Contract pursuant to receipt of details of such RepoClear €GC Transaction or €GC Trade where at the time the details are presented:

- (a) RepoClear €GC Transaction or €GC Trade meets the Eligibility Criteria set out for in 2.1 and 2.2 and the Underlying €GC Basket appears in the list containing details of all Eligible €GC Baskets published for this purpose from time to time by the Clearing House; and
- (b) the details of such RepoClear €GC Transaction or €GC Trade are submitted for registration in accordance with the Rulebook and all such other requirements from time to time of the Clearing House; and
- (c) the parties to such RepoClear €GC Transaction or €GC Trade are RepoClear Participants,

and the requirements of (a) to (c) inclusive continue to be satisfied at Registration Time.

**2. RepoClear €GC Transactions and €GC Trades****2.1 *Product Eligibility Criteria for a RepoClear €GC Transaction or RepoClear €GC Trade***

Deal Types	Classic repo; reverse repo
Collateral Types	Securities combined in specifically named €GC Baskets
Structure	A series of one or more overnight (with respect to days on which the RepoClear €GC service is operational) repo transactions with immediate or forward start and Fixed rate repo.
€GC Baskets	RepoClear €GC AAA Euro Government Bond Basket (EB) ISIN code XS0334393260 RepoClear €GC AA Euro Government Bond Basket (EB) ISIN code XS0334393187 RepoClear €GC A Euro Government Bond Basket (EB) ISIN code XS0334392965 RepoClear €GC German Government Bond Basket (EB) ISIN code XS0417057287 RepoClear €GC German Sub-10 Government Bond Basket (EB) ISIN code XS0434408539 RepoClear €GC French Government Bond Basket (EB) ISIN code XS0417060588 RepoClear €GC Spanish Government Bond Basket (EB) ISIN code XS0417076584 RepoClear €GC Dutch Government Bond Basket (EB) ISIN code XS0417074969 RepoClear €GC Belgian Government Bond Basket (EB) ISIN

code XS0417076741

RepoClear €GC Italian Government Bond Basket (EB) ISIN code XS0417087607

RepoClear €GC AAA Euro Government Bond Basket (CBL) ISIN code XS0333936523

RepoClear €GC AA Euro Government Bond Basket (CBL) ISIN code XS0333972080

RepoClear €GC A Euro Government Bond Basket (CBL) ISIN code XS0334012647

RepoClear €GC German Government Bond Basket (CBL) ISIN code XS0414733989

RepoClear €GC German Sub-10 Government Bond Basket (CBL) ISIN code XS0432413200

RepoClear €GC French Government Bond Basket (CBL) ISIN code XS0414742626

RepoClear €GC Spanish Government Bond Basket (CBL) ISIN code XS0414744325

RepoClear €GC Dutch Government Bond Basket (CBL) ISIN code XS0414743517

RepoClear €GC Belgian Government Bond Basket (CBL) ISIN code XS0414748748

RepoClear €GC Italian Government Bond Basket (CBL) ISIN code XS0414746965

Currency  
Settlement  
Depository  
Term

Euro  
Clearstream Banking, Luxembourg or Euroclear Bank

Minimum  
Opening Leg  
Maximum  
Opening Leg  
Minimum  
Closing Leg  
Maximum  
Closing Leg

Date of registration by the Clearing House, up to the €GC Cut-Off Time.

Any valid €GC Day up to 374 days from the trade date

Opening Leg plus 1 RepoClear Operating Day on which the €GC service operates.

Any valid €GC settlement day which is 1 to 374 days later than the opening leg. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375

## 2.2 **Eligible €GC Baskets for a RepoClear €GC Transaction or €GC Trade**

The following €GC Baskets are available for trading as subject to these Rulebook provisions:

### **Eligible €GC Baskets for settlement at Euroclear Bank**

- (1) RepoClear €GC AAA Euro Government Bond Basket (EB) - ISIN code XS0334393260

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is AAA.

- (2) RepoClear €GC AA Euro Government Bond Basket (EB) - ISIN code XS0334393187

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is AA or AAA.

- (3) RepoClear €GC A Euro Government Bond Basket (EB) - ISIN code XS0334392965

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is A, AA or AAA.

- (4) RepoClear €GC German Government Bond Basket (EB) - ISIN code XS0417057287

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated German government debt.

- (5) RepoClear €GC German Sub-10 Government Bond Basket (EB) - ISIN code XS0434408539

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated German government debt with less than 10 years to maturity.

- (6) RepoClear €GC French Government Bond Basket (EB) - ISIN code XS0417060588

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated French government debt.

- (7) RepoClear €GC Spanish Government Bond Basket (EB) - ISIN code XS0417076584

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Spanish government debt.

- (8) RepoClear €GC Dutch Government Bond Basket (EB) - ISIN code XS0417074969

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Dutch government debt.

- (9) RepoClear €GC Belgian Government Bond Basket (EB) - ISIN code XS0417076741

Eligible Securities in this €GC Basket are such issues of Securities that are euro-denominated Belgian government debt.

- (10) RepoClear €GC Italian Government Bond Basket (EB) - ISIN code XS0417087607

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Italian government debt

***Eligible €GC Baskets for settlement at Clearstream Bank Luxembourg***

- (11) RepoClear €GC AAA Euro Government Bond Basket (CBL) -ISIN code XS0333936523

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is AAA.

- (12) RepoClear €GC AA Euro Government Bond Basket (CBL)- ISIN code XS0333972080

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is AA or AAA.

- (13) RepoClear €GC A Euro Government Bond Basket (CBL)- ISIN code XS0334012647

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the combined credit rating of the country is A, AA or AAA.

- (14) RepoClear €GC German Government Bond Basket (CBL) ISIN: XS0414733989

Eligible Securities in this €GC Basket are such issues of securities that are euro denominated German government debt.

- (15) RepoClear €GC German Sub-10 Government Bond Basket (CBL) ISIN: XS0432413200

Eligible Securities in this €GC Basket are such issues of securities that are euro denominated German government debt with less than 10 years to maturity.

- (16) RepoClear €GC French Government Bond Basket (CBL) ISIN: XS0414742626

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated French government debt.

- (17) RepoClear €GC Spanish Government Bond Basket (CBL) ISIN: XS0414744325

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Spanish government debt.

- (18) RepoClear €GC Dutch Government Bond Basket (CBL) ISIN: XS0414743517

Eligible Securities in this €GC Basket are such issues of securities that are euro denominated Dutch government debt.

- (19) RepoClear €GC Belgian Government Bond Basket (CBL) ISIN: XS0414748748

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Belgian government debt.

- (20) RepoClear €GC Italian Government Bond Basket (CBL) ISIN: XS0414746965

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Italian government debt.

For each of the above Eligible €GC Baskets, individual issues of securities which would otherwise meet the eligibility criteria defined for an Eligible €GC Basket, may be excluded from that Eligible €GC Basket at the sole discretion of the Clearing House, where that issue of securities does not meet the Clearing House's requirements for risk management purposes.

Notwithstanding that individual issues of securities meet the eligibility criteria defined for an Eligible €GC Basket, where the relevant Triparty Agent for that €GC Basket does not allow the allocation of that issue of security as part of its Autoselect or AutoAssign Supplement, that issue of securities will be excluded from the relevant basket.

#### DERIVATION OF COMBINED CREDIT RATING

Combined Credit Rating	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
A	A1	A+	A+
	A2	A	A
	A3	A-	A-

To determine the Combined Credit Rating of a country, the lowest rating allocated by Moody's, S&P and Fitch should be used.

### 3. Netting across Triparty Agent's accounts

When the triparty systems of Euroclear and CBL are able to support the necessary level of interoperability (the "Triparty Bridge"), the Clearing House reserves the right to:

- (a) cease to register new trades in the Eligible €GC Baskets defined in section 2.2; and
- (b) for each set of two Eligible €GC Baskets which have the same Eligible Securities, introduce one new Eligible €GC Basket which can be settled at either Euroclear or CBL, and re-register any existing trades in the original two Eligible €GC basket into the single Eligible €GC Basket which replaces them.



**EQUITYCLEAR REGULATIONS**

**Regulation 61 Application of EquityClear Regulations**

- (a) These EquityClear Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b) apply to EquityClear Contracts, EquityClear Clearing Members and, insofar as relevant EquityClear NCMs.
- (b) The Default Rules, Default Fund Rules, the Definitions and Regulations 1, 2, 3(b), 4, 5, 8, 9(b) and (c), 10, 11, 12, 13, 23, 24, 26 to 39A inclusive (other than Regulation 35(a), Regulation 37(b) and Regulation 38(b)) of the Regulations apply to EquityClear Contracts, EquityClear Clearing Members and, insofar as relevant, to EquityClear NCMs.

**Regulation 62 EquityClear****Regulation 62A EquityClear (Equities) Open Offer for EquityClear (Equities) ATP Matches**

- (a) This Regulation 62A applies to EquityClear (Equities) ATP Matches arising on an ATP pursuant to Trading Platform Particulars submitted by or on behalf of an EquityClear Clearing Member (which shall, for the avoidance of doubt, exclude any Co-operating Clearing House in connection with the EquityClear service). In the event of any inconsistency between the Regulations, (including the terms of any agreement entered into between the EquityClear Clearing Member and the Clearing House) and the relevant ATP Market Rules, the Regulations shall prevail.
- (b) If an EquityClear Clearing Member has been given approval by the Clearing House to clear eligible EquityClear (Equities) ATP Matches in respect of the ATP specified in such approval and such approval has not been withdrawn by the Clearing House the Clearing House will enter into EquityClear Contracts with that EquityClear Clearing Member pursuant to such approval in accordance with and subject to the following provisions of this Regulation. The terms of a registered EquityClear Contract shall be as received by the Clearing House, or its relevant approved agent, from the relevant ATP and otherwise subject to the Regulations (and the Clearing House and the EquityClear Clearing Member party to the registered EquityClear Contract shall be obliged to perform their obligations thereunder in accordance with such terms and the Regulations).
- (c) The Clearing House makes an open offer to the EquityClear Clearing Member to enter into an EquityClear (Equities) Contract in respect of an EquityClear (Equities) ATP Match made on the relevant ATP (as referred to in paragraph (b)) in accordance with paragraphs (e) to (g) of this Regulation 62A, as applicable, pursuant to the submission of Trading Platform Particulars by or on behalf of that EquityClear Clearing Member (including by an EquityClear NCM under the provisions of the relevant Approved EquityClear Clearing Agreement) provided that the following requirements ("the EquityClear (Equities) Open Offer Eligibility Criteria") shall have been satisfied:
- (i) where the EquityClear (Equities) ATP Match arises pursuant to Trading Platform Particulars submitted by an EquityClear NCM on behalf of the EquityClear Clearing Member, and without prejudice to the other provisions of Regulation 62A: (aa) there was in place at the time that the Trading Platform Particulars were submitted and up to and including the time the EquityClear (Equities) ATP Match was made (the "relevant times"), an Approved EquityClear Clearing Agreement relating to such ATP to which that EquityClear Clearing Member and that EquityClear NCM are party; (bb) such Approved EquityClear Clearing Agreement had not been terminated or suspended at the relevant times; (cc) the EquityClear NCM had not been suspended or removed from the Register of EquityClear NCMs at the relevant times; and (dd) the EquityClear (Equities) Open Offer had not, at the relevant times, been suspended by the Clearing House in respect of EquityClear (Equities) ATP Matches made on such ATP pursuant to the relevant Approved EquityClear Clearing Agreement;
- (ii) at the relevant times the EquityClear Clearing Member was party to a valid and subsisting Clearing Membership Agreement;

- (iii) at the relevant times and up to and including the time at which the Clearing House or its relevant approved agent receives the details referred to under sub-paragraph (v) of this paragraph (c) the EquityClear Clearing Member had not been declared a defaulter, by default notice or otherwise, by the Clearing House or the ATP, where applicable;
- (iv) the securities the subject of the EquityClear (Equities) ATP Match satisfy, at the relevant times, the EquityClear Eligible Equities criteria;
- (v) all necessary details as required by the Clearing House from time to time in respect of the EquityClear (Equities) ATP Match shall have been provided to the Clearing House or its approved agent in the form, and by the times, prescribed by the Clearing House from time to time. Such information must be complete, must not be corrupted and must be legible at the time of receipt by the Clearing House, or its relevant approved agent, as applicable;
- (vi) the EquityClear Eligible Equities, which are the subject of the EquityClear (Equities) ATP Match, are not subject to any trading halts, suspension of dealings or any other action having equivalent effect published by the relevant ATP;
- (vii) at the relevant times, the EquityClear service or the EquityClear (Equities) Open Offer in respect of EquityClear (Equities) ATP Matches made on such ATP had not been suspended or withdrawn;
- (viii) the EquityClear Clearing Member has executed such other agreements or documents as may be required by the Clearing House from time to time in connection with the EquityClear service;
- (ix) there are in place appropriate arrangements (as prescribed from time to time by the Clearing House) between the EquityClear Clearing Member (or its nominated agent, who may be the EquityClear NCM, where applicable) and an Approved EquityClear Settlement Provider for the delivery, or receipt, as applicable, of the EquityClear Eligible Equities which are the subject of an EquityClear (Equities) ATP Match; and
- (x) in the case of an EquityClear (Equities) ATP Match which is an EquityClear Mixed Member Match:
  - (1) the eligibility criteria (howsoever defined) of the relevant Co-operating Clearing House in respect of such EquityClear (Equities) ATP Match have been satisfied and the relevant Co-operating Clearing House has not declined to register, rejected, cancelled, avoided or terminated such EquityClear (Equities) ATP Match or any contract between the Co-operating Clearing House and its member arising out of it; and
  - (2) a balancing contract is deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear (Equities) ATP Match pursuant to the agreement in place between them in relation to the co-clearing of the relevant ATP and such balancing contract has not been rejected, cancelled, avoided or terminated for any reason; and

- (3) at the relevant times and up to and including the time at which the Clearing House or its relevant approved agent receives the details referred to under sub-paragraph (v) of this paragraph (c), neither of the Clearing House or the relevant Co-operating Clearing House has been declared a defaulter by the other, by default notice or otherwise.
- (d) For the avoidance of doubt, Trading Platform Particulars are deemed to have been submitted by or on behalf of the EquityClear Clearing Member if the details of the EquityClear (Equities) ATP Match received by the Clearing House identify, in accordance with the relevant ATP Market Rules or the Procedures, the EquityClear (Equities) ATP Match as having been made by or on behalf of that EquityClear Clearing Member.
- (e) If Trading Platform Particulars have been input into the relevant ATP by or on behalf of an EquityClear Clearing Member (including on its behalf by an EquityClear NCM), as seller (the "selling EquityClear Clearing Member") and have been matched by, or in accordance with the ATP Market Rules with Trading Platform Particulars input into such ATP by or on behalf of another EquityClear Clearing Member (including on its behalf by an EquityClear NCM), as buyer (the "buying EquityClear Clearing Member"), and the resulting EquityClear (Equities) ATP Match satisfies the EquityClear (Equities) Open Offer Eligibility Criteria, two EquityClear (Equities) Contracts shall arise immediately on the EquityClear (Equities) ATP Match being made, as follows:
- (i) the Clearing House shall be the buyer under one EquityClear (Equities) Contract to the selling EquityClear Clearing Member; and
- (ii) the Clearing House shall be the seller under one EquityClear (Equities) Contract to the buying EquityClear Clearing Member.
- (f) If Trading Platform Particulars have been input into the relevant ATP by or on behalf of an EquityClear Clearing Member, (including on its behalf by an EquityClear NCM), as buyer (the "buying EquityClear Clearing Member") and have been matched by, or in accordance with the ATP Market Rules with Trading Platform Particulars input into such ATP by or on behalf of another EquityClear Clearing Member, (including on its behalf by its EquityClear NCM), as seller (the "selling EquityClear Clearing Member"), and the resulting EquityClear (Equities) ATP Match satisfies the EquityClear (Equities) Open Offer Eligibility Criteria, two EquityClear (Equities) Contracts shall arise immediately on the EquityClear (Equities) ATP Match being made, as follows:
- (i) the Clearing House shall be the seller under one EquityClear (Equities) Contract to the buying EquityClear Clearing Member; and
- (ii) the Clearing House shall be the buyer under one EquityClear (Equities) Contract to the selling EquityClear Clearing Member.
- (g) In respect of an EquityClear Mixed Member Match which is at EquityClear (Equities) ATP Match, where Trading Platform Particulars submitted by, or on behalf of, an EquityClear Clearing Member to the relevant ATP have been matched, in accordance with the ATP Market Rules, with Trading Platform Particulars submitted by, or on behalf of, a member of a relevant Co-operating Clearing House, the Clearing House shall, on receipt of details of such EquityClear (Equities) ATP Match through the ATP (or by such other means) and

subject to the EquityClear (Equities) Open Offer Eligibility Criteria having been met with respect to such EquityClear Clearing Member and the relevant Co-operating Clearing House being party to a valid and subsisting agreement with the Clearing House for the co-clearing of EquityClear Mixed Member Matches, register Contracts in the name of the EquityClear Clearing Member and in the name of the relevant Co-operating Clearing House as follows:

- (i) where the EquityClear Clearing Member is identified in the EquityClear (Equities) ATP Match as the buyer, (A) the Clearing House shall be the seller under an EquityClear (Equities) Contract with the EquityClear Clearing Member as buyer; and (B) the Clearing House shall be the buyer under a Contract with the Co-operating Clearing House as seller; and
  - (ii) where the EquityClear Clearing Member is identified in the EquityClear (Equities) ATP Match as the seller, (A) the Clearing House shall be the buyer under an EquityClear (Equities) Contract with the EquityClear Clearing Member as seller; and (B) the Clearing House shall be the seller under a Contract with the Co-operating Clearing House as buyer.
- (h) EquityClear (Equities) Contracts entered into by the Clearing House under paragraphs (e) to (g), as applicable, with EquityClear Clearing Members, shall be registered in the name of each EquityClear Clearing Member following receipt by the Clearing House of the details required by the Clearing House of such Contracts, such details to be made available to the Clearing House by the operator of the relevant ATP or the relevant approved agent, as applicable (in accordance with the arrangements made between the Clearing House and such ATP or approved agent from time to time).
- (i) If the details of EquityClear (Equities) Contracts arising under paragraphs (e) to (g) required by the Clearing House are not made available to the Clearing House by the operator of the relevant ATP or the relevant approved agent, as applicable, as required by the Clearing House in accordance with the Clearing House's requirements, by the time prescribed by the Clearing House from time to time, or the Clearing House is not able to access such details the Clearing House may decree that neither the Clearing House nor the EquityClear Clearing Member party thereto shall be obliged to perform their respective obligations under the EquityClear (Equities) Contracts arising under paragraphs (e) to (g), as applicable. If the Clearing House so decrees, the Clearing House shall issue directions to the affected EquityClear Clearing Members and such EquityClear (Equities) Contracts shall be performed in accordance with any such directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected EquityClear (Equities) Contract. Any directions given by the Clearing House under this paragraph (i) shall be binding on all affected EquityClear Clearing Members.
- (j) Subject to its rights to suspend the EquityClear (Equities) Open Offer and/or the EquityClear service generally or in respect of one or more ATPs and/or one or more EquityClear NCMs, or to withdraw the EquityClear service in whole or in part, as set out in an Approved EquityClear Clearing Agreement, these Regulations or the Procedures, the Clearing House undertakes to keep open the offer made by it in this Regulation 62A until such EquityClear Clearing Member is no longer eligible to have EquityClear (Equities) Contracts registered in its name or has withdrawn from trading through each ATP notified to the Clearing House under paragraph (b). Any such intended withdrawal from trading through an ATP must be notified to the Clearing House in accordance with the Procedures.

- (k) Without prejudice to Regulation 39A, the Clearing House shall not be liable to any EquityClear Clearing Member (or anyone else, including but not limited to any EquityClear NCM), for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any EquityClear (Equities) Contract arising under paragraphs (e) to (g) if the Clearing House does not receive the relevant details referred to in paragraph (i) by the time referred to in such paragraph (i) in respect of such EquityClear (Equities) Contract and has not pursuant to paragraph (i) performed its obligations under any such contract.
- (l) Notwithstanding the provisions of paragraph (c), if the Clearing House or its approved agent receives details of an EquityClear (Equities) ATP Match in respect of an EquityClear Clearing Member from an ATP specified by the EquityClear Clearing Member by notice given under paragraph (b) and which has not been withdrawn in respect of that ATP, and the details of the EquityClear (Equities) ATP Match purportedly meet the relevant EquityClear (Equities) Open Offer Eligibility Criteria in paragraph (c) the EquityClear Clearing Member shall be bound by any EquityClear (Equities) Contract registered in his name in respect of such EquityClear (Equities) ATP Match and the terms of such registered EquityClear (Equities) Contract shall be as set out in paragraph (b).
- (m) Without prejudice to paragraph (l), the Clearing House may with the agreement of each EquityClear Clearing Member party to any corresponding EquityClear (Equities) Contract and the relevant ATP, set aside or take such other steps with respect to such Contracts on such terms as may be agreed between each such EquityClear Clearing Member and the Clearing House, if any such EquityClear Clearing Member considers that a Contract has been entered into in error or certain terms of the Contract have been agreed in error.
- (n) In the event of a dispute:
- (i) arising out of, or in respect of, the existence of an EquityClear (Equities) ATP Match or, where applicable, whether it was identified to the ATP by the relevant EquityClear Participants as an EquityClear (Equities) ATP Match to be registered by the Clearing House as an EquityClear (Equities) Contract such dispute shall be settled as provided for in the ATP Market Rules without recourse to the Clearing House;
  - (ii) in respect of registered EquityClear (Equities) Contracts a dispute arising out of, or in respect of, such registered EquityClear (Equities) Contracts, or in relation to these Regulations relating to the clearing of such EquityClear (Equities) Contracts, other than a dispute referred to in (i) above, shall be referred to arbitration and settled as provided in Regulation 23 where the relevant ATP Market Rules provide for arbitration. Where the relevant ATP Market Rules do not include relevant arbitration provisions, or the application of such arbitration provisions to EquityClear (Equities) Contracts is disappplied in these Regulations or the Procedures, a dispute arising out of, or in respect of, such registered EquityClear (Equities) Contracts, or in relation to these Regulations relating to the clearing of such EquityClear (Equities) Contracts, shall be settled in accordance with the Regulations and the Procedures, as applicable.
- (o) Without prejudice to the generality of Regulation 39 or any other provision of the Regulations or Procedures concerning liability of the Clearing House or a Member, any liability of the Clearing House (and each other member of the LCH.Clearnet

Group and their respective officers, employees and agents) to a Member or to any other person (including, without limitation, any client of a Member) which might otherwise arise in connection with the EquityClear service shall, if and to the extent such liability arises out of any act or omission of any third party upon whom the Clearing House is reliant in any material respect in its provision of the EquityClear service (including, without limitation, an Approved EquityClear Trading Platform, Approved EquityClear Settlement Provider, a Co-operating Clearing House or any provider of transaction routing functionality), be limited to such amounts as the Clearing House is entitled to recover and is successful in recovering from that third party in respect of that party's acts and/or omissions.

**Regulation 62B EquityClear Novation Transactions**

- (a) Details of any EquityClear Novation Transaction in respect of an ATP which is to be submitted for registration must be submitted in accordance with the Procedures by or on behalf of the EquityClear Clearing Member (including by an EquityClear NCM on their behalf under the provisions of the relevant Approved EquityClear Clearing Agreement or by any person acting on behalf of such an EquityClear NCM) who is party to, or is providing clearing services to a party to, such EquityClear Novation Transaction. For the avoidance of doubt, where the particulars of an EquityClear Novation Transaction submitted by or on behalf of an EquityClear Clearing Member and received by the Clearing House identify, in accordance with the relevant ATP Market Rules or the Procedures, that EquityClear Clearing Member as buyer or seller, or as acting as clearing member for the buyer or seller, in respect of the EquityClear Novation Transaction, the Clearing House will enter into an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract, as applicable with that EquityClear Clearing Member in accordance with and subject to the following provisions of this Regulation 62B.
- (b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation 62B, an EquityClear Clearing Member shall be bound by an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract registered in its name pursuant to the presentation of details of an EquityClear Novation Transaction by it or on its behalf (including on its behalf by an EquityClear NCM or any person acting on behalf of an EquityClear NCM in respect of an EquityClear (Equities) Contract only).
- (c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation 62B, an EquityClear Novation Transaction, particulars of which are submitted for registration as an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract by or on behalf of an EquityClear Clearing Member, must meet the following eligibility criteria at the time when the particulars of such EquityClear Novation Transaction are presented to the Clearing House and must continue to meet such criteria at all times thereafter up to and including the Registration Time (each such time, for the purposes of this Regulation 62B, the "relevant times") in order to be registered as an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract, as applicable:
- (i) without prejudice to the other provisions of this Regulation 62B, in the case of particulars of any EquityClear Novation Transaction submitted by an EquityClear NCM (or by any person acting on behalf of an EquityClear NCM) on behalf of an EquityClear Clearing Member:
- (1) there is in place at the relevant times an Approved EquityClear Clearing Agreement in a form approved in writing by the Clearing House to which that EquityClear NCM and the EquityClear Clearing Member are party; and
  - (2) such Approved EquityClear Clearing Agreement has not been terminated or suspended at the relevant times;
  - (3) at the relevant times the EquityClear Clearing Member was party to a valid and subsisting Clearing Membership Agreement;



- (4) at the relevant times, the EquityClear Clearing Member has not been declared a defaulter, by default notice or otherwise, by the Clearing House or the ATP, where applicable;
- (ii) the securities the subject of the EquityClear Novation Transaction are, at the relevant times, EquityClear Eligible Equities;
- (iii) all necessary details as required by the Clearing House from time to time in respect of the EquityClear Novation Transaction shall have been provided to the Clearing House or its approved agent in the form, and by the times, prescribed by the Clearing House from time to time. Such information must be complete, must not be corrupted and must be legible at the time of receipt by the Clearing House, or its relevant approved agent, as applicable;
- (iv) the EquityClear Eligible Equities, which are the subject of the EquityClear Novation Transaction, are not subject to any trading halts, suspension of dealings or any other action having equivalent effect published by or on behalf of the ATP;
- (v) at the relevant times, the EquityClear services for the relevant ATP has not been suspended or withdrawn, generally or in relation to the relevant EquityClear Eligible Equities or EquityClear Clearing Member;
- (vi) the EquityClear Clearing Member has executed such other agreements or documents as may be required by the Clearing House from time to time in connection with the EquityClear service;
- (vii) there are in place appropriate arrangements (as prescribed from time to time by the Clearing House) between the EquityClear Clearing Member (or its nominated agent, who may be an EquityClear NCM or any person acting on behalf of an EquityClear NCM, where applicable) and an ASP for the delivery, or receipt, as applicable, of the EquityClear Eligible Equities which are the subject of the EquityClear Novation Transaction; and
- (viii) in the case of an EquityClear Novation Transaction which is an EquityClear Mixed Member Match:
  - (1) the eligibility criteria (howsoever defined) of the relevant Co-operating Clearing House in respect of such EquityClear Novation Transaction have been satisfied and the relevant Co-operating Clearing House has not declined to register, rejected, cancelled, avoided or terminated such EquityClear Novation Transaction or any contract between the Co-operating Clearing House and its member arising out of it; and
  - (2) a balancing contract is deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear Novation Transaction pursuant to the agreement in place between them in relation to the co-clearing of the relevant ATP and such balancing contract has not been rejected, cancelled, avoided or terminated for any reason; and

- (3) at the relevant times and up to and including the time at which the Clearing House or its relevant approved agent receives the details referred to under sub-paragraph (v) of this paragraph (c), neither of the Clearing House or the relevant Co-operating Clearing House has been declared a defaulter by the other, by default notice or otherwise.
- (d) The Clearing House shall be deemed to register an EquityClear (Equities) Contract and/or EquityClear (ccCFD) Contract, as the case may be, in accordance with Regulation 62B, in the name of an EquityClear Clearing Member at the time prescribed in the Procedures ("Registration Time").
- (e) For the avoidance of doubt, any transaction of which details have been presented by or on behalf of EquityClear Clearing Members (including on their behalf by an EquityClear NCM or any person acting on behalf of an EquityClear NCM) for registration as an EquityClear (Equities) Contract and/or EquityClear (ccCFD) Contract, as the case may be which is not so registered will remain in effect between the original parties to that transaction or be terminated, as the case may be, according to any terms agreed between the parties thereto (directly or by virtue of the application of the relevant ATP Market Rules), and the Clearing House shall have no obligations or liability in relation thereto.
- (f) If at any time after registration of an EquityClear (Equities) Contract and EquityClear (ccCFD) Contract, as the case may be the Clearing House determines that the EquityClear Novation Transaction did not, at the Registration Time, meet the eligibility criteria for registration as an EquityClear (Equities) Contract or an EquityClear (ccCFD) Contract, as the case may be, the Clearing House shall, as soon as practicable thereafter, set aside such EquityClear (Equities) Contract or EquityClear (ccCFD) Contract. Upon an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract being set aside under this Regulation 62B, the particulars of the transaction in question shall be deemed never to have been submitted to the Clearing House and such transaction shall remain in effect between the original parties to that transaction or be terminated, as the case may be, in accordance with any terms agreed between the parties thereto (directly or by virtue of the application of the relevant ATP Market Rules). Any payment made under, or in respect of, an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 62B, the Clearing House (and each other of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract in respect of a transaction which did not meet the eligibility criteria at the Registration Time to enable it to be registered as an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract.
- (g) Without prejudice to the Clearing House's rights to effect further novation under Regulation 3(b), particulars of an EquityClear Novation Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House in accordance with the Procedures as two EquityClear (Equities) Contracts or two EquityClear (ccCFD) Contracts, as the case may be, in each case, one between the First EquityClear Clearing Member being the seller and the Clearing House as the buyer as principals to such contract, and the other between the Clearing House as the seller and the Second EquityClear Clearing Member

being the buyer as principals to such contract. For the purposes of this Regulation 62B(g):

- (i) "First EquityClear Clearing Member" is an EquityClear Clearing Member who was, before registration of the EquityClear (Equities) Contract or EquityClear (ccCFD) Contract, as applicable, identified in the particulars of the corresponding EquityClear Novation Transaction as, or as acting as clearing member for, the seller;
- (ii) "Second EquityClear Clearing Member" is an EquityClear Clearing Member who was, before registration of the EquityClear (Equities) Contract or EquityClear (ccCFD) Contract, as applicable, identified in the particulars of the corresponding EquityClear Novation Transaction as, or as acting as clearing member for, the buyer.

In the case of an EquityClear Novation Transaction which is an EquityClear Mixed Member Match.

The Clearing House shall, on receipt of details of such EquityClear Novation Transaction and subject to Regulation 62B(c) having been met with respect to such EquityClear Novation Transaction and the relevant Co-operating Clearing House being party to a valid and subsisting agreement with the Clearing House for the co-clearing of EquityClear Mixed Member Matches, register Contracts in the name of the EquityClear Clearing Member and in the name of the relevant Co-operating Clearing House as follows:

- (1) where the EquityClear Clearing Member is identified in the EquityClear Novation Transaction as the buyer, (A) the Clearing House shall be the seller under an EquityClear (Equities) Contract with the EquityClear Clearing Member as buyer; and (B) the Clearing House shall be the buyer under a Contract with the Co-operating Clearing House as seller; and
  - (2) where the EquityClear Clearing Member is identified in the EquityClear Novation Transaction as the seller, (A) the Clearing House shall be the buyer under an EquityClear (Equities) Contract with the EquityClear Clearing Member as seller; and (B) the Clearing House shall be the seller under a Contract with the Co-operating Clearing House as buyer.
- (h) With effect from registration of an EquityClear Novation Transaction as two EquityClear (Equities) Contracts or EquityClear (ccCFD) Contracts, as the case may be under paragraph (g) of this Regulation:
- (i) the parties to the corresponding EquityClear Novation Transaction shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time;
  - (ii) each EquityClear (Equities) Contract or EquityClear (ccCFD) Contract registered under paragraph (g) of this Regulation 62B shall be governed by the relevant EquityClear (Equities) Contract Terms or EquityClear (ccCFD) Contract Terms as applicable to that Contract and the General Regulations and Procedures.

- (iii) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the First EquityClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the respective EquityClear (Equities) Contract or EquityClear (ccCFD) Contract Terms to which it is a party as the party which is identified in the particulars of the corresponding EquityClear Novation Transaction as, or as acting as clearing member for, the seller; and
- (iv) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the Second EquityClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the respective EquityClear (Equities) Contract or EquityClear (ccCFD) Contract, as applicable to which it is a party as the party which is identified in the particulars of the corresponding EquityClear Novation Transaction as, or as acting as clearing member for, the buyer.

In subparagraphs (iii) and (iv) above, a reference to the "same" rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the Economic Terms of the corresponding EquityClear Novation Transaction (it being assumed, for this purpose, that such EquityClear Novation Transaction was a legal, valid, binding and enforceable obligation of the parties thereto and that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them, and subject to any change thereto as a result of the operation of the EquityClear (Equities) Contract Terms or EquityClear (ccCFD) Contract Terms, as applicable.

If an EquityClear Novation Transaction is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any EquityClear (Equities) Contract arising under this Regulation or Regulation 3(b).

In the case of an EquityClear (Equities) Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this Regulation 62B shall take effect.

**Regulation 62C EquityClear Open Offer for EquityClear (ccCFD) ATP Matches ("EquityClear (ccCFD) Open Offer")**

- (a) This Regulation 62C applies to EquityClear (ccCFD) ATP Matches arising pursuant to Trading Platform Particulars submitted by or on behalf of an EquityClear Clearing Member.
- (b) If an EquityClear Clearing Member has been given approval by the Clearing House to clear eligible EquityClear (ccCFD) ATP Matches in respect of the ATP specified in such approval and such approval has not been withdrawn by the Clearing House, the Clearing House will enter into EquityClear (ccCFD) Contracts with that EquityClear Clearing Member pursuant to such approval in accordance with and subject to the following provisions of this Regulation. The terms of a registered EquityClear (ccCFD) Contract shall be as received by the Clearing House, or its relevant approved agent, from the relevant EquityClear Clearing Member and otherwise subject to the Regulations (and the Clearing House, and the EquityClear Clearing Members party to the registered EquityClear (ccCFD) Contract shall be obliged to perform their obligations thereunder in accordance with such terms and the Regulations).
- (c) The Clearing House makes an open offer to EquityClear Clearing Members to enter into an EquityClear (ccCFD) Contract in respect of an EquityClear (ccCFD) ATP Match in accordance with paragraph (e) or (f) of this Regulation 62C, as applicable, pursuant to the submission of Trading Platform Particulars by or on behalf of those EquityClear Clearing Members (including by an EquityClear NCM on behalf of EquityClear Clearing Member under the provisions of the relevant Approved EquityClear Clearing Agreement) provided that the following requirements ("the EquityClear (ccCFD) Open Offer Eligibility Criteria") shall have been satisfied:
- (i) where the EquityClear (ccCFD) ATP Match arises pursuant to Trading Platform Particulars submitted by an EquityClear NCM on behalf of an EquityClear Clearing Member, and without prejudice to the other provisions of Regulation 62C;
- (1) there was in place at the time that the Trading Platform Particulars were submitted and up to and including the time the EquityClear (ccCFD) ATP Match was made (the "relevant times"), an Approved EquityClear Clearing Agreement relating to such ATP to which that EquityClear Clearing Member and that EquityClear NCM are party;
  - (2) such Approved EquityClear Clearing Agreement had not be terminated or suspended at the relevant times;
  - (3) the EquityClear NCM had not been suspended or removed from the Register of EquityClear NCMs at the relevant times; and
  - (4) the EquityClear (ccCFD) Open Offer had not, at the relevant times, been suspended by the Clearing House in respect of EquityClear (ccCFD) ATP Matches made pursuant to the relevant Approved EquityClear Clearing Agreement;
- (ii) at the relevant times the EquityClear Clearing Member was party to a valid and subsisting Clearing Membership Agreement;

- (iii) at the relevant times and up to and including the time at which the Clearing House or its relevant approved agent receives the details referred to under sub-paragraph (v) of this paragraph (c) the EquityClear Clearing Member has not been declared a defaulter, by default notice or otherwise, by the Clearing House or the ATP, where applicable;
  - (iv) the financial instruments the subject of the EquityClear (ccCFD) ATP Matches satisfy, at the relevant times, the EquityClear Eligible ccCFD criteria;
  - (v) all necessary details as required by the Clearing House from time to time in respect of the EquityClear (ccCFD) ATP Matches shall have been provided to the Clearing House or its approved agent in the form, and by the times, prescribed by the Clearing House from time to time. Such information must be complete, must not be corrupted and must be legible at the time of receipt by the Clearing House, or its relevant approved agent, as applicable;
  - (vi) the EquityClear Eligible ccCFD, which is the subject of the EquityClear (ccCFD) ATP Match, is not subject to any trading halts, suspension of dealings or any other action having equivalent effect published by the relevant ATP;
  - (vii) at the relevant times, the EquityClear service or any relevant part of it or the EquityClear (ccCFD) Open Offer in respect of EquityClear (ccCFD) ATP Matches made on such ATP had not been suspended or withdrawn; and
  - (viii) the EquityClear Clearing Member has executed such other agreements or documents as may be required by the Clearing House from time to time in connection with the EquityClear service.
- (d) For the avoidance of doubt, Trading Platform Particulars are deemed to have been submitted by or on behalf of the EquityClear Clearing Member if the details of the EquityClear (ccCFD) ATP Matches received by the Clearing House identify, in accordance with the relevant Regulations or the Procedures, the EquityClear (ccCFD) ATP Matches as having been made by or on behalf of that EquityClear Clearing Member.
- (e) If Trading Platform Particulars have been input into the relevant ATP by or on behalf of an EquityClear Clearing Member (including on its behalf by an EquityClear NCM), as seller (the "selling EquityClear Clearing Member) and have been matched by, or in accordance with the ATP Market Rules with Trading Platform Particulars input into such ATP by or on behalf of another EquityClear Clearing Member (including on its behalf by an EquityClear NCM), as buyer (the "buying EquityClear Clearing Member"), and the resulting EquityClear (ccCFD) ATP Match satisfies the EquityClear (ccCFD) Open Offer Eligibility Criteria, two EquityClear (ccCFD) Contracts shall arise immediately on the EquityClear (ccCFD) ATP Match being made, as follows:
- (i) the Clearing House shall be the buyer under one EquityClear (ccCFD) Contract to the selling EquityClear Clearing Member; and
  - (ii) the Clearing House shall be the seller under one EquityClear (ccCFD) Contract to the buying EquityClear Clearing Member.

- (f) If Trading Platform Particulars have been input into the relevant ATP by or on behalf of an EquityClear Clearing Member (including on its behalf by an EquityClear NCM) as buyer (the "buying EquityClear Clearing Member") and have been matched by, or in accordance with the ATP Market Rules with Trading Platform Particulars input into such ATP by or on behalf of another EquityClear Clearing Member, (including on its behalf by its EquityClear NCM), as seller (the "selling EquityClear Clearing Member"), and the resulting EquityClear (ccCFD) ATP Match satisfies the EquityClear (ccCFD) Open Offer Eligibility Criteria, two EquityClear (ccCFD) Contracts shall arise immediately on the EquityClear (ccCFD) ATP Match being made, as follows:
- (i) the Clearing House shall be the seller under one EquityClear (ccCFD) Contract to the buying EquityClear Clearing Member; and
  - (ii) the Clearing House shall be the buyer under one EquityClear (ccCFD) Contract to the selling EquityClear Clearing Member.
- (g) EquityClear (ccCFD) Contracts entered into by the Clearing House under paragraphs (e) or (f), as applicable, with EquityClear Clearing Members, shall be registered in the name of each respective EquityClear Clearing Member following receipt by the Clearing House of the details required by the Clearing House of such Contracts, such details to be made available to the Clearing House by the operator of the ATP or the relevant approved agent, as applicable, in accordance with the arrangements made between the Clearing House and such ATP or approved agent from time to time.
- (h) If the details of EquityClear (ccCFD) Contracts arising under paragraphs (e) or (f) required by the Clearing House are not made available to the Clearing House by the operator of the relevant ATP or the relevant approved agent, as applicable, as required by the Clearing House in accordance with the Clearing House's requirements, by the time prescribed by the Clearing House from time to time, or the Clearing House is not able to access such details the Clearing House may decree that neither the Clearing House nor the EquityClear Clearing Member party thereto shall be obliged to perform their respective obligations under the EquityClear (ccCFD) Contracts arising under paragraphs (e) or (f), as applicable. If the Clearing House so decrees, the Clearing House shall issue directions to the affected EquityClear Clearing Members and such EquityClear (ccCFD) Contracts shall be performed in accordance with any such directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected EquityClear (ccCFD) Contract. Any directions given by the Clearing House under this paragraph (h) shall be binding on all affected EquityClear Clearing Members.
- (i) Subject to its rights to suspend the EquityClear (ccCFD) Open Offer and/or the EquityClear service generally or in respect of one or more ATPs and/or one or more EquityClear NCMs, or to withdraw the EquityClear service in whole or in part, as set out in an Approved EquityClear Clearing Agreement, these Regulations or the Procedures, the Clearing House undertakes to keep open the offer made by it in this Regulation 62C until such EquityClear Clearing Member is no longer eligible to have EquityClear (ccCFD) Contracts registered in its name or has withdrawn from trading through each ATP notified to the Clearing House under paragraph (b). Any such intended withdrawal from trading through an ATP must be notified to the Clearing House in accordance with the Procedures.
- (j) Without prejudice to Regulation 39A, the Clearing House shall not be liable to any EquityClear Clearing Member (or anyone else, including but not limited to any

EquityClear NCM), for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any EquityClear (ccCFD) Contract arising under paragraphs (e) or (f) if the Clearing House does not receive the relevant details referred to in paragraph (h) by the time referred to in such paragraph (h) in respect of such EquityClear (ccCFD) Contract and has not pursuant to paragraph (h) performed its obligations under any such contract.

- (k) Notwithstanding the provisions of paragraph (c), if the Clearing House or its approved agent receives details of an EquityClear (ccCFD) ATP Match, and the details of the EquityClear (ccCFD) ATP Match purportedly meet the relevant EquityClear (ccCFD) Open Offer Eligibility Criteria in paragraph (c), the EquityClear Clearing Members shall each be bound by any EquityClear (ccCFD) Contract registered in his name in respect of such EquityClear (ccCFD) ATP Match and the terms of such registered EquityClear (ccCFD) Contract shall be as set out in paragraph (b).
- (l) Without prejudice to paragraph (k), the Clearing House may with the agreement of an EquityClear Clearing Member party to an EquityClear (ccCFD) Contract and the relevant ATP, set aside or take such other steps with respect to such Contracts on such terms as may be agreed between each such EquityClear Clearing Member and the Clearing House, if any such EquityClear Clearing Member considers that a Contract has been entered into in error or certain terms of the Contract have been agreed in error.
- (m) In the event of a dispute:
- (i) arising out of, or in respect of, the existence of an EquityClear (ccCFD) ATP Match or, where applicable, whether it was identified to the ATP by the relevant EquityClear Trading Participants as an EquityClear (ccCFD) ATP Match to be registered by the Clearing House as an EquityClear (ccCFD) Contract such dispute shall be settled as provided for in the ATP Market Rules without recourse to the Clearing House;
- (ii) in respect of registered EquityClear (ccCFD) Contracts, arising out of, or in respect of, such registered EquityClear (ccCFD) Contracts, or in relation to these Regulations relating to the clearing of such EquityClear (ccCFD) Contracts, other than a dispute referred to in (i) above, shall be referred to arbitration and settled as provided in Regulation 23 where the relevant ATP Market Rules provide for arbitration. Where the relevant ATP Market Rules do not include relevant arbitration provisions, or the application of such arbitration provisions to EquityClear (ccCFD) Contracts is disapplied in these Regulations or the Procedures, a dispute arising out of, or in respect of, such registered EquityClear (ccCFD) Contracts, or in relation to these Regulations relating to the clearing of such EquityClear (ccCFD) Contracts, shall be settled in accordance with the Regulations and the Procedures, as applicable.
- (n) Without prejudice to the generality of Regulation 39 or any other provision of the Regulations or Procedures concerning liability of the Clearing House or a Member, any liability of the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) to a Member or to any other person (including, without limitation, any client of a Member) which might otherwise arise in connection with the EquityClear service shall, if and to the extent such liability arises out of any act or omission of any third party upon whom the Clearing House is reliant in any material respect in its provision of the



EquityClear service (including, without limitation, an Approved EquityClear Trading Platform, or any provider of transaction routing functionality), be limited to such amounts as the Clearing House is entitled to recover and is successful in recovering from that third party in respect of that party's acts and/or omissions.

**Regulation 63 EquityClear NCMs**

- (a) A person who is not a Member but who is party to an Approved EquityClear Clearing Agreement shall be admitted by the Clearing House to the Register of EquityClear NCMs and shall remain on the Register for so long as that Approved EquityClear Clearing Agreement subsists.
  
- (b) The Clearing House shall suspend from the Register of EquityClear NCMs any EquityClear NCM who is party to an Approved EquityClear Clearing Agreement with an EquityClear Clearing Member whose Clearing Membership Agreement has been terminated or who is no longer eligible to have EquityClear Contracts registered in its name, for such period as the Clearing House may determine.

**Regulation 64 Delivery (or Other) Failures**

- (a) Without prejudice to the Default Rules and the Procedures, if an EquityClear Clearing Member as seller fails to deliver financial instruments to the Clearing House under an EquityClear Contract by the due time therefor, the Clearing House may issue directions, in accordance with the Procedures, to the seller and to an EquityClear Clearing Member as buyer under a corresponding EquityClear Contract regarding the performance of such contracts and such directions shall be binding on such members.
- (b) The Clearing House shall be entitled to call for cover for margin in such amounts and in such form as it may require in accordance with the Procedures from the selling EquityClear Clearing Member who has failed to deliver securities under an EquityClear Contract by the due time therefor and from the buying EquityClear Clearing Member under the corresponding EquityClear Contract.
- (c) Without prejudice to the Default Rules, if a selling EquityClear Clearing Member acts in such a manner (which could, without limit, include persistent failure to deliver securities to the Clearing House under EquityClear Contracts (other than in circumstances where Regulations 26 and/or 27 apply)), and the Clearing House in its reasonable opinion determines that the reputation of the EquityClear Service is being, or has been, undermined, the Clearing House shall be entitled to terminate, on written notice, either summarily or at the expiry of the period specified in the notice, the EquityClear Clearing Member's ability to have EquityClear Contracts registered in his name and to require him to liquidate or transfer under Regulation 11 open contracts, being EquityClear Contracts registered in his name.

**Regulation 65 Suspension of the EquityClear service or the EquityClear Open Offer**

The Clearing House may, from time to time, in its absolute discretion suspend the EquityClear service or the EquityClear Open Offer in respect of ATP Matches or the EquityClear (ccCFD) Open Offer in respect of EquityClear (ccCFD) ATP Matches or its service in respect of any EquityClear Novation Transaction on one or more ATPs for such period of time as it may determine.

**Regulation 66    Withdrawal of EquityClear Service by the Clearing House**

- (a) If at any time the Clearing House decides to withdraw part or the whole of the EquityClear service it shall give not less than six months' notice to all affected EquityClear Clearing Members of the date on which the service will be withdrawn ("the EquityClear Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation 66 by, one or more affected EquityClear Clearing Members shall not invalidate the EquityClear Withdrawal Date.
- (b) Without prejudice to its rights under the Default Rules, any notice given under paragraph (a) shall specify the nature of the service which the Clearing House will provide until the EquityClear Withdrawal Date.
- (c) If, at the EquityClear Withdrawal Date, an EquityClear Clearing Member has open Contracts, being affected EquityClear Contracts, registered in its name, the Clearing House shall, at its sole discretion, be entitled to liquidate any such EquityClear Contracts and effect cash settlement in respect of them with the EquityClear Clearing Member.
- (d) The Clearing House shall have the right to postpone the EquityClear Withdrawal Date until such time as the Clearing House determines.

**Regulation 67 Rejection of ATP Matches and of EquityClear Novation Transactions**

- (a) Any EquityClear (Equities) ATP Match, particulars of which are submitted to the Clearing House, or its relevant approved agent, for registration by the Clearing House as an EquityClear Contract, which does not meet the EquityClear (Equities) Open Offer Eligibility Criteria as set out in Regulation 62A (or any EquityClear (Equities) ATP Match which is an EquityClear Mixed Member Match where the relevant Co-operating Clearing House subsequently declines to register, rejects, cancels, avoids or terminates such EquityClear (Equities) ATP Match or any contract between the Co-operating Clearing House and its member arising out of it and any balancing contract deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear (Equities) ATP Match), or which the Clearing House declines to register under any other provision within these Regulations will, subject to paragraph (c), be rejected by the Clearing House and no EquityClear Contracts shall be deemed to have arisen. Without prejudice to the generality of Regulation 39, or any other provision of the Regulation or Procedures concerning liability of the Clearing House or a Member, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any Member or any other person (including but not limited to any EquityClear NCM) with regard to the rejection by it of any such EquityClear (Equities) ATP Match.
- (b) Any EquityClear Novation Transaction, particulars of which are submitted to the Clearing House, or its relevant approved agent, for registration by the Clearing House as an EquityClear Contract, which does not meet the applicable eligibility criteria as set out in Regulation 62B (or any EquityClear Novation Transaction which is an EquityClear Mixed Member Match where the relevant Co-operating Clearing House subsequently declines to register, rejects, cancels, avoids or terminates such EquityClear Novation Transaction or any contract between the Co-operating Clearing House and its member arising out of it and any balancing contract deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear Novation Transaction), or which the Clearing House declines to register under any other provision within these Regulations will, subject to paragraph (c), be rejected by the Clearing House and no EquityClear Contracts shall be deemed to have arisen. Without prejudice to the generality of Regulation 39, or any other provision of the Regulation or Procedures concerning liability of the Clearing House or a Member, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any Member or any other person (including but not limited to any EquityClear NCM) with regard to the rejection by it of any such EquityClear Novation Transaction.
- (c) The Clearing House may, in its absolute discretion, agree to register an EquityClear Contract, notwithstanding that it does not meet the EquityClear (Equities) Open Offer Eligibility Criteria or the eligibility criteria set out in Regulation 62B(c) (as applicable) or it contains invalid or incomplete message data, in accordance with provisions prescribed by the Clearing House from time to time in the Procedures.

**Regulation 67A Rejection of EquityClear (ccCFD) ATP Matches**

- (a) Any EquityClear (ccCFD) ATP Match, particulars of which are submitted to the Clearing House, or its relevant approved agent, for registration by the Clearing House as an EquityClear (ccCFD) Contract, which does not meet the EquityClear (ccCFD) Open Offer Eligibility Criteria (as set out in Regulation 62C) as the case may be, or which the Clearing House declines to register under any other provision within these Regulations will, subject to paragraph (b), be rejected by the Clearing House and no EquityClear (ccCFD) Contracts shall be deemed to have arisen. Without prejudice to the generality of Regulation 39, or any other provision of the Regulation or Procedures concerning liability of the Clearing House or a Member, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any Member or any other person (including but not limited to any EquityClear NCM) with regard to the rejection by it of any such EquityClear (ccCFD) ATP Match.
  
- (b) The Clearing House may, in its absolute discretion, agree to register an EquityClear (ccCFD) Contract, notwithstanding that it does not meet the EquityClear (ccCFD) Eligibility Criteria or it contains invalid or incomplete message data, in accordance with provisions prescribed by the Clearing House from time to time in the Procedures.

**SCHEDULE TO THE EQUITYCLEAR REGULATIONS**

**Part A**

**EquityClear (Equities) Contract Terms**

The terms of an EquityClear Contract shall comprise the Economic Terms and the General Terms.

1. The Economic Terms of an EquityClear (Equities) Contract shall comprise:
  - (a) Buyer;
  - (b) Seller;
  - (c) Security (type and number);
  - (d) Price;
  - (e) Settlement date.
2. The General Terms shall comprise such further and other provisions as may be set out in this Part A and the Procedures.
3. Obligations regarding taxes and corporate events shall be as set out in the Procedures.
4. Economic Terms will be as set out in the information received by the Clearing House from the relevant ATP in respect of the EquityClear (Equities) ATP Match or EquityClear Novation Transaction giving rise to the EquityClear (Equities) Contract except that :
  - (c) in respect of an EquityClear (Equities) ATP Match or EquityClear Novation Transaction under Regulation 62A or 62B respectively, where such information specifies the EquityClear Clearing Members as the
    - (i) Buyer under the EquityClear (Equities) ATP Match or EquityClear Novation Transaction, with the other party as Seller, the Clearing House will be Seller under the EquityClear (Equities) Contract; or
    - (ii) Seller under the EquityClear (Equities) ATP Match or EquityClear Novation Transaction, with the other party as Buyer, the Clearing House will be the Buyer under the EquityClear (Equities) Contract.

**5. Third Party Rights**

A person who is not a party to an EquityClear (Equities) Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of an EquityClear (Equities) Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

**6. Regulations**

Each EquityClear (Equities) Contract shall be subject to the Regulations, which shall form a part of its terms.



**7. Governing Law**

Each EquityClear (Equities) Contract shall be governed by, and construed in accordance with English law and the parties hereby submit to the exclusive jurisdiction of the English courts.

**8. EquityClear (Equities) ATP Matches and EquityClear Novation Transactions**

Without prejudice to these Regulations or the Procedures, the relevant ATP Market Rules shall apply in respect of EquityClear (Equities) Contracts, and such EquityClear (Equities) Contracts shall be settled in accordance with the ATP Market Rules, the settlement rules of the relevant Approved EquityClear Settlement Provider, and these Regulations and Procedures, including but not limited to the relevant provisions in respect of suspension of settlement, for instance on the insolvency of the issuer of the relevant securities, or otherwise. Where there is any conflict between any term of any ATP Market Rule or any term of the settlement rules of any Approved EquityClear Settlement Provider, and the Regulations and Procedures of the Clearing House, the latter shall prevail.

**SCHEDULE TO THE EQUITYCLEAR REGULATIONS**

**Part B**

**EquityClear Eligible (Equities)**

Such securities, as are prescribed, for these purposes from time to time by the Clearing House, and published by the Clearing House, in accordance with the Procedures.

**SCHEDULE TO THE EQUITYCLEAR REGULATIONS****Part C****EquityClear (ccCFD) Contract Terms**

The terms of an EquityClear (ccCFD) Contract shall include these EquityClear (ccCFD) Contract Terms which shall comprise:

- (1) Interpretation section;
- (2) Economic Terms; and
- (3) Standard Terms – (i) Specific Standard Terms and (ii) General Standard Terms.

**1. Interpretation Section**

1.1 Save as otherwise specified herein, words and phrases defined elsewhere in the General Regulations, Procedures and Default Rules of the Clearing House (together, and as amended from time to time, the "**Rulebook**") shall have the same meanings in these EquityClear (ccCFD) Contract Terms.

1.2 In the event of any inconsistency between these LCH EquityClear (ccCFD) Contract Terms and the Rulebook, the Rulebook will prevail, unless expressly otherwise specified.

1.3 In these EquityClear (ccCFD) Contract Terms, the following terms have the following meanings:

**"Benchmark Interest Rate"** means the relevant interbank cash interest rate applicable to the Relevant Currency;

**"Contract Date"** means the date on which the EquityClear (ccCFD) Contract is first entered into by the Clearing House;

**"Contract Quantity"** means the number of Units bought or sold under the EquityClear (ccCFD) Contract;

**"Relevant ATP"** means the ATP on which the EquityClear ATP Match underlying this EquityClear (ccCFD) arises;

**"Relevant Currency"** means the currency in which an EquityClear (ccCFD) Contract is traded and will be settled, as identified in the Economic Terms;

**"Spread Charge"** means the daily cost charged by LCH for holding an open position in an EquityClear (ccCFD) Contracts;

**"Underlying Exchange"** means the exchange on which an Underlying Security is listed;

**"Underlying Instrument"** means the Underlying Security, index, commodity, currency pair or other asset or product that is the subject matter of an EquityClear (ccCFD) Contract;

**"Underlying Security"** Means the equity security listed by the Underlying Exchange and identified as the Underlying Instrument in the Economic Terms

**"Unit"** means the minimum quantity of the relevant Underlying Instrument may be bought or sold under an EquityClear (ccCFD) Contract.

**2. Economic Terms**

2.1 The Economic Terms of a EquityClear (ccCFD) Contract shall comprise details of:

- (a) Buyer
- (b) Seller
- (c) Price
- (d) Contract Quantity
- (e) Relevant Currency
- (f) Underlying Instrument
- (g) Unit

2.2 The Economic Terms of an EquityClear (ccCFD) Contract will be as set out in the information received by the Clearing House from the relevant ATP in respect of an EquityClear ATP Match except that (a) where such information specifies an EquityClear Clearing Member as the buyer, the Clearing House shall be the seller; and (b) where such information specifies an EquityClear Clearing Member as the seller, the Clearing House shall be the buyer.

**3. Specific Standard Terms**

3.1 **Contracts for Difference on Equities**

<b>Type of Contract</b>	Equity Contract for Difference
<b>Description</b>	Contract for Difference on the Underlying Security
<b>Unit</b>	One Unit represents 1 share of the Underlying Security. Follows Underlying Exchange electronic order book price format
<b>Minimum contract size</b>	One Unit
<b>Relevant Currency</b>	The currency in which the Underlying Security is denominated
<b>Trading hours</b>	7.30 am to 5.30pm GMT
<b>Daily settlement price</b>	The price is equal to that of the closing price as determined by Clearing House
<b>Contract Standard</b>	Daily margining based on Daily Settlement Price Closure of the contract is performed by an equal and opposite transaction.
<b>Benchmark Interest Rate</b>	Seller: Receives Benchmark Interest Rate (or

	Relevant Currency equivalent) Buyer: Pays Benchmark Interest Rate (or Relevant Currency equivalent)
<b>Spread Charge</b>	Seller: Pays or receives daily Spread Charge Buyer: Pays or receives daily Spread Charge
<b>Financing Amount</b>	The net amount of the Benchmark Interest Rate and the Spread Charge paid or received daily
<b>Expiry</b>	N/A
<b>Cash Equivalent Dividend Payment</b>	If a dividend is declared in respect of the Underlying Security of an EquityClear (ccCFD) Contract, then the Seller must pay to the Buyer an amount calculated in accordance with the Rulebook and payable at the time specified in the Rulebook.
	UK Equities Seller: Net cash equivalent paid at the applicable rate . Buyer: Net cash equivalent received at the applicable rate.

**4. General Standard Terms**

The following General Standard Terms apply to all EquityClear (ccCFD) Contracts:

**4.1 Term**

This EquityClear (ccCFD) Contract shall be of indefinite duration, subject to termination in accordance with the Rulebook.

**4.2 Daily Settlement**

This EquityClear (ccCFD) Contract shall be subject to daily settlement in accordance with the Rulebook.

**4.3 Lack of Daily Settlement Price**

If no Daily Settlement Price is available, for whatsoever reason, the Clearing House may, in consultation with the Relevant ATP, fix an alternative at a price determined by them, in their absolute discretion, as being consistent with cash market values of the Underlying Instrument.

**4.4 Financing Amount**

A daily Financing Amount will be calculated and payable daily by reference to the net number of those open EquityClear (ccCFD) Contracts held by the Buyer and Seller in its House account and Client account. The Financing Amount will be calculated in arrears commencing 3 days from the trade date.

The daily Financing Amount is based on two components: (i) the Benchmark Interest Rate; and (ii) the Spread Charge. Holders of long positions pay the daily Benchmark Interest Rate and pay or receive the Spread Charge. Holders of short positions receive the daily Benchmark Interest Rate and pay or receive the Spread Charge. At the end of each day, the daily Financing Amount of each position is calculated, using the following formula:

Long CFD (adjustable by trade source and currency)

$$F = n \times p \times (L \text{ +/- CMIs}) \times (d / b)$$

Short CFD (adjustable by trade source and currency)

$$F = n \times p \times (L \text{ +/- CMss}) \times (d / b)$$

Where:

F	is the daily Financing Amount per ISIN paid to or received from the Buyer or Seller.
n	is the end of day position quantity per ISIN.
p	is the end of day daily price
L	is the applicable Benchmark Rate (or Relevant Currency equivalent).
CMIs or CMss	is the applicable long (or short) Spread Charge charged or paid by the Buyer or Seller. Note, the short Spread Charge also includes the stock borrow rate for equities. Can be positive or negative.
d	is the number of days position is financed for, (between current business day and next cost of carry run) using a currency calendar. For example, one for overnight calculations and 3 days for standard weekends.
b	is the standard days basis for the settlement currency. For UK 365 days is used.

#### 4.5 Third Party Rights

A person who is not a party to an EquityClear (ccCFD) Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of an EquityClear (ccCFD) Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

#### 4.6 Regulations

Each EquityClear (ccCFD) Contract shall be subject to the Regulations, which shall form a part of its terms.

#### 4.7 Governing Law

Each EquityClear (ccCFD) Contract shall be governed by, and construed in accordance with English law and the parties hereby submit to the exclusive jurisdiction of the English courts

**LCH ENCLEAR OTC REGULATIONS**

**Regulation 68 Application of LCH EnClear OTC Regulations**

- (a) The LCH EnClear OTC Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b) apply to LCH EnClear OTC Contracts and LCH EnClear OTC Clearing Members.
- (b) The Default Rules, Default Fund Rules, the definitions and Regulations 1, 2, 3(b), 4, 5, 8, 9(b) and (c), 10, 11, 12, 14, 16, 23, 24, 26 to 39A inclusive (other than Regulation 35(a) and Regulation 37(b)) of the General Regulations apply to LCH EnClear OTC Contracts and LCH EnClear OTC Clearing Members.

**Regulation 69**    **Registration of LCH EnClear Contracts**

[Regulations 69-73 (inclusive) are no longer in force.]



***Regulation 70***    **LCH EnClear Contracts**

[Regulations 69-73 (inclusive) are no longer in force.]

***Regulation 71* LCH EnClear Third Party Clearing Participants**

[Regulations 69-73 (inclusive) are no longer in force.]

**Regulation 72 Daily Settlement**

[Regulations 69-73 (inclusive) are no longer in force.]

***Regulation 73***    **Withdrawal of the LCH EnClear Service by the Clearing House**

[Regulations 69-73 (inclusive) are no longer in force.]

**Regulation 73A Registration of LCH EnClear OTC Contracts**

- (a) An LCH EnClear OTC Clearing Member must submit particulars of an Eligible OTC Trade for registration as an LCH EnClear OTC Contract, through such means as shall be prescribed by the Procedures.
- (b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, an LCH EnClear OTC Clearing Member shall be bound by an LCH EnClear OTC Contract registered in its name pursuant to the presentation of particulars of an Eligible OTC Trade by it or on its behalf, or by an Approved Broker or presented by another LCH EnClear OTC Clearing Member provided that the particulars of such Eligible OTC Trade are submitted to the Clearing House through such means as shall be prescribed by the Procedures.
- (c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, an Eligible OTC Trade, particulars of which are submitted for registration as an LCH EnClear OTC Contract, must meet the eligibility criteria prescribed in these Regulations and the Procedures at the time the particulars of such Eligible OTC Trade are presented to the Clearing House and must continue to meet such criteria at the Registration Time in order to be registered as an LCH EnClear OTC Contract.
- (d) The Clearing House shall be deemed to register an LCH EnClear OTC Contract, in accordance with Regulation 73A in the name of an LCH EnClear OTC Clearing Member at the time prescribed in the LCH EnClear Procedures ("Registration Time").
- (e) For the avoidance of doubt, any transaction of which details have been submitted by or on behalf of, a LCH EnClear OTC Clearing Member or by an Approved Broker for registration as an LCH EnClear OTC Contract which is not so registered shall remain in effect or be terminated, as the case may be, according to any terms agreed between the parties thereto, and the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no obligations or liability in relation thereto.
- (f) If at any time after registration of an LCH EnClear OTC Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration was not an Eligible OTC Trade or did not, at the Registration Time, meet the eligibility criteria for registration as an LCH EnClear OTC Contract, the Clearing House shall, as soon as practicable thereafter, set aside such LCH EnClear OTC Contract. Upon the LCH EnClear OTC Contract being set aside under this Regulation 73A(f), the particulars of the transaction in question shall be deemed never to have been submitted to the Clearing House and such transaction shall remain in effect or be terminated, as the case may be, in accordance with any terms agreed between the parties thereto. Any payment made under, or in respect of, an LCH EnClear OTC Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 73A(f), the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of an LCH EnClear OTC Contract in respect of a transaction which did not meet the eligibility criteria at the Registration Time to enable it to be registered as an LCH EnClear OTC Contract.

**Regulation 73B LCH EnClear OTC Contracts**

- (a) Without prejudice to the Clearing House's rights to effect further novation under Regulation 3(b), an Eligible OTC Trade presented for registration to, and accepted by the Clearing House, shall be registered by the Clearing House as two LCH EnClear OTC Contracts, one between the First LCH EnClear OTC Clearing Member being the seller, or party paying a Fixed Price (as the case may be) and the Clearing House as buyer, or the party paying a Floating Price (as the case may be) as principals to such contract, and the other between the Clearing House as the seller or party paying a Fixed Price (as the case may be) and the Second LCH EnClear OTC Clearing Member being the buyer or the party paying a Floating Price (as the case may be) as principals to such contract. For the purposes of this Regulation:
- (i) "First LCH EnClear OTC Clearing Member" is an LCH EnClear OTC Clearing Member who was, before registration of the LCH EnClear OTC Contract, party to the corresponding Eligible OTC Trade as the seller, or party paying a Fixed Price (as the case may be), or, if appropriate, who has Accepted such Eligible OTC Trade in accordance with the relevant Procedures; and
  - (ii) "Second LCH EnClear OTC Clearing Member" is an LCH EnClear OTC Clearing Member who was, before registration of the LCH EnClear OTC Contract, party to the corresponding Eligible OTC Trade as the buyer, or the party paying a Floating Price (as the case may be), or, if appropriate, who has accepted such Eligible OTC Trade in accordance with the relevant Procedures.

For the purposes of this Regulation 73B, "Accepted" shall mean that the relevant LCH EnClear OTC Clearing Member has agreed, by such means as may be prescribed from time to time by the Procedures, to become counterparty with the Clearing House to such LCH EnClear OTC Contract.

- (b) With effect from registration of an Eligible OTC Trade as two LCH EnClear OTC Contracts under paragraph (a) of this Regulation:
- (i) the parties to the corresponding Eligible OTC Trade, to the extent that they are bound by these Regulations, shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time; where the parties to the corresponding OTC Eligible Trade are not bound by these Regulations, such trade shall be dealt with according to the terms agreed by the parties to that trade;
  - (ii) each LCH EnClear OTC Contract registered under paragraph (a) of this Regulation shall be governed by the relevant LCH EnClear OTC Contract Terms as applicable to that Contract;
  - (iii) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the First LCH EnClear OTC Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the LCH EnClear OTC Contract to which it is party as the seller had and owed in respect of its counterparty under the corresponding Eligible OTC Trade; and

- (iv) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the Second LCH EnClear OTC Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the LCH EnClear OTC Contract to which it is party as the buyer, had and owed in respect of its counterparty under the corresponding Eligible OTC Trade.

In sub-paragraphs (iii) and (iv) above, a reference to the "same" rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the Economic Terms of the corresponding Eligible OTC Trade (it being assumed, for this purpose, that such Eligible OTC Trade was a legal, valid, binding and enforceable obligation of the parties thereto and that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them, and subject to any change thereto as a result of the operation of the Standard Terms.

- (c) If an Eligible OTC Trade is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any LCH EnClear OTC Contract arising under this Regulation, Regulation 3(b) or Regulation 11.
- (d) In the case of a LCH EnClear OTC Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this Regulation 73B shall take effect.

**Regulation 73C Daily Settlement**

- (a) Where the LCH EnClear OTC Procedures so provide, in respect of any Eligible OTC Trade, and any LCH EnClear OTC Contract arising therefrom the Clearing House may affect the daily settlement to market, of such open LCH EnClear OTC Contracts in accordance with the Procedures.
- (b) The Clearing House may, in accordance with the Procedures, in respect of each such open LCH EnClear OTC Contract in an LCH EnClear OTC Clearing Member's name which is subject to daily settlement to market, effect and register a settlement contract, being a contract on the same terms (except as to price) as the open contract, save that where that Clearing Member is the seller or the party paying a Fixed Price (as the case may be) under the terms of the open contract, that Clearing Member shall be the buyer or the party paying a Floating Price (as the case may be) under the terms of the settlement contract and vice-versa, such settlement contract to be effected in accordance with the Procedures at the relevant Reference Price for that day. The Clearing House shall thereupon settle each open contract against the respective settlement contract in accordance with the Procedures.
- (c) Upon completion of the procedure set out in paragraph (b) above, the Clearing House may, if the Procedures so provide, calculate the daily settlement amounts in accordance with the Procedures and may thereafter make up the LCH EnClear OTC Clearing Member's account and upon the Clearing House so doing, that Clearing Member and the Clearing House shall (unless otherwise agreed) settle any daily settlement amounts arising in accordance with the arrangements set out in the Procedures in respect of the relevant LCH EnClear OTC Contract.
- (d) The Clearing House shall, upon completion of the calculation of daily settlement amounts pursuant to paragraph (c) above in the manner prescribed by the Procedures, in respect of those open LCH EnClear OTC Contracts in an LCH EnClear OTC Clearing Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily settlement to market, register at the Reference Price referred to in paragraph (b) above, which price shall be deemed to be the Traded Price, contracts in that Clearing Member's name as open LCH EnClear OTC Contracts on the same terms (except as to price) as the settled open contracts, save that no contract for the purchase and no contract for the sale of the same commodity, for the same delivery month, or expiry month and price, shall be registered in that Clearing Member's name.
- (e) [This provision has been left blank intentionally]
- (f) [This provision has been left blank intentionally]
- (g) [This provision has been left blank intentionally]
- (h) [This provision has been left blank intentionally]
- (i) [This provision has been left blank intentionally]
- (j) [This provision has been left blank intentionally]



**Regulation 73D [This provision has been left blank intentionally]**

**Regulation 73E Withdrawal of the LCH EnClear OTC Services by the Clearing House**

- (a) If at any time the Clearing House decides to withdraw its LCH EnClear OTC Services (or any part of it) it shall give not less than six months' notice in accordance with the Procedures to all LCH EnClear OTC Clearing Members of the date on which the service will be withdrawn ("the LCH EnClear OTC Services Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation by a LCH EnClear OTC Clearing Member shall not invalidate the LCH EnClear OTC Services Withdrawal Date. Where only a part of the LCH EnClear OTC Services is being withdrawn, notice shall only be given to those LCH EnClear OTC Clearing Members authorised or approved to participate in that part of the Services.
- (b) Without prejudice to its rights under the Default Rules, the Clearing House will not, other than pursuant to action under the Default Rules, register an LCH EnClear OTC Contract, other than a closing-out contract after notice to withdraw the service has been given under Regulation 73E(a).
- (c) If, at the LCH EnClear OTC Services Withdrawal Date, an LCH EnClear OTC Clearing Member has not closed out all open LCH EnClear OTC Contracts registered in its name, the Clearing House shall, at its sole discretion, be entitled to:
  - (i) liquidate any or all of such LCH EnClear OTC Contracts and require such contracts to be cash settled at a price determined by the Clearing House; and
  - (ii) postpone the LCH EnClear OTC Services Withdrawal Date until such time as the Clearing House determines.

**SCHEDULE TO THE LCH ENCLEAR OTC REGULATIONS****Part A****LCH EnClear OTC Contract Terms**

Where an LCH EnClear OTC Contract arises between the Clearing House and an LCH EnClear OTC Clearing Member pursuant to the Regulations and the terms of any agreement between them, the terms of a registered LCH EnClear OTC Contract shall include these LCH EnClear OTC Contracts Terms which shall comprise:

- (1) Interpretation and Definitions;
- (2) Economic Terms;
- (3) Specific Standard Terms\*; and
- (4) General Standard Terms

**Section 1 Interpretation and Definitions: General**

- 1.1 [This section has been removed.]
- 1.2 Words and expressions used in these LCH OTC EnClear OTC Contract Terms shall have the same meaning as in the General Regulations, Default Rules and Procedures of the Clearing House (together, and as amended from time to time, the "Regulations").
- 1.3 The accidental omission to give any notice which may be required under the Regulations or Procedures for the amendment of these Contract Terms, or the non-receipt of any such notice by any LCH EnClear OTC Clearing Member shall not invalidate the amendment with which such notice is concerned.
- 1.4 In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.
- 1.5 Subject to the Regulations and the Procedures, the Clearing House will use the relevant LCH EnClear OTC Contract Terms applicable to an LCH EnClear OTC Contract to calculate the amounts due under the LCH EnClear OTC Contract to, or from, the Clearing House in accordance with the Procedures.
- 1.6 Subject to the Regulations and the Procedures, the Clearing House will use the relevant LCH EnClear OTC Contract Terms applicable to an LCH EnClear OTC Contract to calculate the amounts due under the LCH EnClear OTC Contract to, or from, the Clearing House in accordance with the Procedures.
- 1.7 "US Business Day" means a day upon which banks in the United States of America are generally open to settle payments and for general business. "UK Business Day" means a day upon which banks in England and Wales are generally open to settle payments and for general business.

**Section 2 Economic Terms**

- 2.1 The Economic Terms of an LCH EnClear OTC Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding

Eligible OTC Trade in respect of the terms designated as Economic Terms in this Schedule.

- 2.2 It is part of the eligibility criteria for registration as an LCH EnClear OTC Contract that the particulars of an Eligible OTC Trade presented to the Clearing House must include matched information in respect of all such designated Economic Terms with the exception of 2.3(viii) which will be determined in accordance with the Procedures.
- 2.3 The Economic Terms comprise:
- (a) Fixed Rate Payer or seller;
  - (b) Floating Rate Payer or buyer;
  - (c) Contract;
  - (d) Contract Series;
  - (e) Quantity;
  - (f) Delivery Period (where applicable);
  - (g) Fixed Price or Traded Price (as the case may be);
  - (h) Floating Price (where applicable).

PROVIDED, however, that, as set out in Regulation 73B where the Eligible OTC Trade specifies an LCH EnClear OTC Clearing Member as the party paying the Fixed Price or being the seller ("the First LCH EnClear OTC Clearing Member") with the other LCH EnClear OTC Clearing Member as the party paying the Floating Price or being the buyer ("the Second LCH EnClear OTC Clearing Member") the Clearing House, in respect of each LCH EnClear OTC Contract it is party to pursuant to the corresponding Eligible OTC Trade, shall be (i) the party paying the Floating Price or the buyer to the First LCH EnClear OTC Clearing Member under the LCH EnClear OTC Contract; and (ii) the party paying the Fixed Price or seller to the Second LCH EnClear OTC Clearing Member under the LCH EnClear OTC Contract.

### **Section 3 Specific Standard Terms For LCH EnClear OTC Contracts**

[Sections 3.1 and 3.2 no longer in force]

#### **3.3 LCH EnClear OTC Services: Energy Division**

The following sets of terms are designated as Specific Standard Terms of a registered LCH EnClear OTC Contract arising from an Eligible OTC Trade in the Energy Division of the LCH EnClear OTC Services.

Section	Contract
3.3A	No longer in force
3.3B	No longer in force
3.3C and 3.3D	OTC Emissions – EUAs
3.3C and 3.3E	OTC Emissions – CERs
3.3F	OTC Emissions – EUA Spot

- 3.3G OTC Emissions – CER Spot  
 3.3H OTC Emissions – EUA Options  
 3.3I OTC Emissions – CER Options  
 3.3A **No longer in force**

3.3B **No longer in force**

3.3C **LCH EnClear OTC Services: Energy**

3.3C.1 **Standard Terms: Additional Definitions**

The following additional definitions shall apply to any LCH EnClear OTC Contract within the LCH EnClear OTC Services: Energy Division.

Defined Term	Definition
CER	A certified emissions reduction, as defined in the Directive, that may be used for determining compliance with emissions limitation commitments pursuant to and in accordance with the Scheme, excluding allowances generated by hydroelectric projects with a generating capacity exceeding 20MW.
CITL	The independent transaction log provided for in Article 20(1) of the Directive.
Commitment Period Reserve	The commitment period reserve requirements set out in paragraphs 6 and 7 of the Annex to Decision 11 of the Meeting of the Parties to the UNFCCC (modalities, rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol), as amended from time to time.
Compliance Period	The first five-year period referred to in Article 11(2) of the Directive, namely 2008 to 2012 inclusive.
Delivery Period	The period beginning at 09.30 hours on the first business day following the last trading day and ending at 19.30 hours on the third business day following the last trading day.
Directive	Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, as amended from time to time.
EUA	An allowance to permit the emission of one tonne of carbon dioxide equivalent during the relevant period that has been issued by a competent authority pursuant to the Directive for the purposes of the Scheme.
Holding Account	A holding account maintained pursuant to the Registry Regulation.
ITL	The international transaction log established pursuant to paragraph 38 of the Annex to Decision 13 of the Conference of the Parties to the UNFCCC.
ITL Operation	The establishment and continuing functioning of the link between the ITL, the CITL, the relevant Registry or Registries and, where applicable, the UNFCCC Clean Delivery Mechanism Registry.
LEBA Index	The index as published daily by the London Energy Brokers Association.
Registry Regulation	The EU Commission Regulation (EC) No 2216/2004 for a

Defined Term	Definition
	standardised and secured system of registries pursuant to Directive 2003/87/EC of the European Parliament and of the Council and Decision 280/2004/EC of the European Parliament and of the Council, as amended from time to time.
Scheme	The scheme for transferring emissions allowances, including EUAs and CERS, established pursuant to the Directive and the Registry Regulation and as implemented by the national laws of EU member states.
Suspension Event	(i) The absence of ITL Operation; (ii) the suspension of the Scheme; or (iii) the inability of a party to perform its obligations under an LCH EnClear OTC Contract as a result of a breach or breaches of the Commitment Period Reserve in each of the member states in which that party maintains a Holding Account.
UNFCCC	The United Nations Framework Convention on Climate Change.

### 3.3C.2 **Standard Terms: Additional Provisions**

#### (a) Suspension Event

If and to the extent that the performance of any LCH EnClear OTC Contract is frustrated by a Suspension Event, that event shall be deemed to be an event beyond the reasonable control of the parties for the purposes of Regulation 27 of the General Regulations and the Clearing House may act accordingly. In such circumstances, the Clearing House may, without limitation and acting in its sole discretion, issue directions such that the obligations of the Clearing Members under any affected LCH EnClear OTC Contract shall be fulfilled at such future time and by such means as the Clearing House may acting in its sole discretion determine.

#### (b) Abandonment of ITL Operation

Without prejudice to or limitation of any powers that the Clearing House may have under the General Regulations, if by official announcement of the European Commission or the UNFCCC or by joint announcement of those bodies it is established that ITL Operation will not be achieved during the Compliance Period, the Clearing House may invoice back such LCH EnClear OTC Contracts as are open at the relevant time. If and when LCH EnClear OTC Contracts are invoiced back in such circumstances, opposite contracts shall be effected and registered at the LEBA Index price published on the business day immediately preceding the day on which the official announcement referred to above is made. If such price is not available for whatever reason, or if in all the circumstances it would be unreasonable to use such price in the opinion of the Clearing House, opposite contracts shall be effected and registered at such other price as the Clearing House shall, acting in its sole discretion, reasonably determine.

#### (c) Exclusion of Liability

Without prejudice to the General Regulations, including without limitation those provisions of the General Regulations concerning liability, the Clearing House excludes all liability of any kind to the fullest extent possible in respect of any

performance of or failure to perform an LCH EnClear OTC Contract that may be attributable to:

- (i) the lack of availability, failure and/or malfunction of any system, device, software or hardware which forms part of the Scheme or which has been designed for use in connection with it;
- (ii) any act or omission by any third party in connection with the Scheme.

### 3.3D **Standard Terms: Basic Provisions – EUAs**

<b>Description</b>	Physically settled contracts for the forward delivery of EUAs.
<b>Unit of Trading</b>	One lot of 1000 EUAs.
<b>Minimum Contract Size</b>	One lot.
<b>Currency</b>	Euros.
<b>Tick Size</b>	One euro cent (ten euros per lot).
<b>Reference Price for Daily Settlement</b>	LEBA EUA closing price or such other price as may be prescribed by the Clearing House from time to time.
<b>Final Settlement</b>	LEBA EUA closing price or such other price as may be prescribed by the Clearing House from time to time.
<b>Minimum Fluctuation</b>	<b>Price</b> One euro cent.
<b>Maximum Price Fluctuation</b>	Unlimited.
<b>Contract Series</b>	Annual December contract months beginning December 2008 and ending December 2015.
<b>Business Days</b>	UK Business days plus the UK Bank Holiday at the end of May and the UK Bank Holiday in August.
<b>Expiry/Last Trading Date</b>	Contracts will expire at 18:00 on the last Monday of the contract month. Where the last Monday of the contract month is not a business day, or there is a non-business day in the four days following the last Monday of the contract month, then the expiry day will be the second last Monday of the contract month. In cases where there is a non-business day in the four days following the second last Monday of the contract month, then the expiry day will be the third last Monday of the contract month.

<b>Settlement</b>	Physical delivery by the transfer of EUAs in accordance with the Procedures.
<b>Final Payment Date</b>	The business day following the last trading day.

### 3.3E **Standard Terms: Basic Provisions – CERs**

Description	Physically settled contracts for the forward delivery of CERs.
Nature of Contract	A contract for the transfer of CERs as specified for that contract.
Unit of Trading	One lot of 1000 CERs.
Minimum Contract Size	One lot.
Currency	Euros.
Tick Size	One euro cent (ten euros per lot).
Reference Price for Daily Settlement	LEBA CER closing price or such other price as may be prescribed by the Clearing House from time to time.
Final Settlement	LEBA CER closing price or such other price as may be prescribed by the Clearing House from time to time.
Minimum Price Fluctuation	One euro cent.
Maximum Price Fluctuation	Unlimited.
Contract Series	Annual December contract months beginning December 2008 and ending December 2015.
Business Days	UK Business days plus the UK Bank Holiday at the end of May and the UK Bank Holiday in August.
Expiry/Last Trading Date	Contracts will expire at 18:00 on the last Monday of the contract month. Where the last Monday of the contract month is not a business day, or there is a non-business day in the four days following the last Monday of the contract month, then the expiry day will be the second last Monday of the contract month. In cases where there is a non-business day in the four days following the second last Monday of the contract month, then the expiry day will be the third last Monday of the contract month.
Settlement	Physical delivery by the transfer of CERs in



accordance with the Procedures.

Final Payment Date The business day following the last trading day.

### 3.3F **Standard Terms: Basic Provisions EUA Spot Contract**

**Description** Physically settled day ahead spot contract for the delivery of EU Allowances issued in accordance with the terms of Directive 1003/87/EC.

**Lot Size** One lot is equal to 1000 EU Allowance units. A unit being the right to emit 1 tonne of CO2 equivalent.

**Minimum Contract Size** One Lot

**Currency** Euros (€)

**Minimum Tick Size** One Euro cent per tonne, €0.01/tonne

**Settlement Price** LEBA EUA closing price or such or other price as may be prescribed by LCH.Clearnet from time to time.

**Contract Series** Rolling day ahead spot contract for business days only. Contracts for Monday delivery are made available for trading on the Friday prior to delivery.

**Expiry Day** Contracts will expire at 18:00 on the trading day.

**Delivery** Delivery is fulfilled by the transfer of EU Allowances from the Holding Account at a designated Registry of the Seller to the Holding Account of LCH.Clearnet Ltd at the UK Emissions Trading Registry and from there to the Holding Account at the designated Registry of the Buyer.

### 3.3G **Standard Terms: Basic Provisions CER Spot Contract**

**Description** Physically settled day ahead spot contract for the delivery of Certified Emissions Reductions issued pursuant to Article 12 of the Kyoto Protocol that may be used for determining compliance with emissions limitation commitments in accordance with the EU Emissions Trading Scheme. Excluding allowances generated by hydroelectric projects with a generating capacity exceeding 20MW.

**Lot Size** One lot is equal to 1000 Certified Emission Reductions units. A unit being the right to emit 1 tonne of CO2 equivalent.

<b>Minimum Contract Size</b>	One lot
<b>Currency</b>	Euros (€)
<b>Minimum Tick Size</b>	One Euro cent per tonne, €0.01/tonne
<b>Settlement Price</b>	LEBA CER closing price or such or other price as may be prescribed by LCH.Clearnet from time to time.
<b>Contract Series</b>	Rolling day ahead spot contract for business days only. Contracts for Monday delivery are made available for trading on the Friday prior to delivery.
<b>Expiry Day</b>	Contracts will expire at 18:00 on the trading day.
<b>Delivery</b>	Delivery is fulfilled by the transfer of Certified Emissions Reductions from the Holding Account at a designated Registry of the Seller to the Holding Account of LCH.Clearnet Ltd at the UK Emissions Trading Registry and from there to the Holding Account at the designated Registry of the Buyer.

### 3.3H **Standard Terms: Basic Provisions – EUA Options Contract**

<b>Description</b>	Physically settled Premium Paid Option on the underlying EUA Forward contract for the corresponding December expiry.  These contracts, if “in the money” expire into their underlying EUA Forward contracts with a traded price equal to the Strike Price (see below)
<b>Lot size</b>	1000 tonnes
<b>Currency</b>	Euro
<b>Pricing</b>	Euro and Euro cents per metric tonne
<b>Minimum tick</b>	€0.01 per tonne
<b>Option Type</b>	Options are European style and will be automatically exercised on the expiry day if they are “in the money”. If an option is “out of the money” it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
<b>Option Premium</b>	The Premium is paid at the time of purchase.

<b>Last trading day</b>	<p>Contracts will expire at 18:00 hours UK time 3 business days prior to the last Monday of the options contract month.</p> <p>Where the last Monday of the contract month is not a business day, or there is a non-business day in the four days following the last Monday of the contract month, then the expiry day will be 3 days prior to the second last Monday of the contract month. In cases where there is a non-business day in the four days following the second last Monday of the contract month, then the expiry day will be 3 days prior to the third last Monday of the contract month.</p>
<b>Expiry</b>	<p>18:00 hours UK time on the last trading day</p> <p>Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price.</p> <p><b>Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract.</b></p> <p>The reference price will be a price in Euros and Euro cents, equal to the daily settlement price for the December EUA Forward contract of the corresponding year.</p> <p>For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying EUA forward contract.</p>
<b>Contract series</b>	<p>Four rolling month contracts (March, June, September and December) plus an additional two December contracts</p> <p>All option contracts expire into the underlying December contract of the corresponding year.</p>
<b>Strike Price</b>	<p>Fifty strike prices in increments of €0.50 above and below the "at-the-money" strike price in all contract series.</p> <p>Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each business day</p>
<b>Margin</b>	<p>Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis.</p>
<b>Business Days</b>	<p>UK business days</p>

3.31 **Standard Terms: Basic Provisions – CER Options Contract**

<b>Description</b>	<p>Physically settled Premium Paid Option on the underlying CER Forward contract for the corresponding December expiry.</p> <p>These contracts, if "in the money" expire into their underlying CER Forward contracts with a traded price equal to the Strike Price (see below)</p>
<b>Lot size</b>	1000 tonnes
<b>Currency</b>	Euro
<b>Pricing</b>	Euro and Euro cents per metric tonne
<b>Minimum tick</b>	€0.01 per tonne
<b>Option Type</b>	Options are European style and will be automatically exercised on the expiry day if they are "in the money". If an option is "out of the money" it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
<b>Option Premium</b>	The Premium is paid at the time of purchase.
<b>Last trading day</b>	<p>Contracts will expire at 18:00 hours UK time 3 business days prior to the last Monday of the options contract month.</p> <p>Where the last Monday of the contract month is not a business day, or there is a non-business day in the four days following the last Monday of the contract month, then the expiry day will be 3 days prior to the second last Monday of the contract month. In cases where there is a non-business day in the four days following the second last Monday of the contract month, then the expiry day will be 3 days prior to the third last Monday of the contract month.</p>
<b>Expiry</b>	<p>18:00 hours UK time on the last trading day</p> <p>Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price.</p> <p><b>Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract.</b></p> <p>The reference price will be a price in Euros and Euro cents, equal to the daily settlement price for the December EUA Forward contract of the</p>

corresponding year

For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying EUA forward contract.

**Contract series**

Four rolling month contracts (March, June, September and December) plus an additional two December contracts.

All option contracts expire into the underlying December contract of the corresponding year.

**Strike Price**

Fifty strike prices in increments of €0.50 above and below the "at-the-money" strike price in all contract series.

Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each business day

**Margin**

Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis.

**Business Days**

UK business days

**3.4 LCH EnClear OTC Services: Freight Division**

The following terms are designated as Specific Standard Terms of a registered LCH EnClear OTC Contract arising from an Eligible OTC Trade in the Freight Division of the LCH EnClear OTC Service.

**3.4.1 Standard Terms: Additional Definitions**

"*Baltic Exchange*" means The Baltic Exchange Limited of St Mary Axe, London EC3A 8BH, UK.

"*FIS*" means Freight Investor Services Pte Ltd of 16 Collyer Quay, 10-01 Hitachi Tower, Singapore.

"*Flat Rate*" means an amount in respect of each pricing date expressed in US\$/mt for that route for that pricing date as published by the Worldscale Association (London) Ltd, and the Worldscale Association (NYC) Inc.

"*LEBA*" means The London Energy Brokers Association

"*mt*" means metric tonnes.

"*Reference Price*" means the daily or final settlement price, as the case may be, for that route, as set out herein below.

"*Shanghai Shipping Exchange*" means Shanghai Shipping Exchange of 88 Yang Shu Pu Road, Shanghai 200082, PRC.

"*TSI*" means The Steel Index Limited of Palladium House, 1-4 Argyll Street, London W1F 7LD.

"Worldscale Point" or "WS Point" means a point of the pricing index operated by the Worldscale Association.

"Worldscale Rate" or "WS Rate" means the number of Worldscale Points.

Tanker Voyage Routes, Dry Voyage Routes, Dry Timecharter Basket Routes, Dry Trip Timecharter Routes and Timecharter Voyage Routes are those defined by the Baltic Exchange.

- 3.4.2 The following sets of terms are designated as Specific Standard Terms of a registered LCH EnClear OTC Contract arising from an Eligible OTC Trade (Freight Division).

The table below shows which set of terms (identified by the individual sub-section number of this section 3) applies to the relevant type of freight forward contract or option contract and route:

<b>Name of freight contract and route</b>	<b>Section</b>
Tanker Voyage Routes	Section 3.4A
\$ Per Tonne Tanker Voyage Routes	Section 3.4B
Dry Voyage Routes	Section 3.4C
Dry Timecharter Basket Routes - Forwards	Section 3.4D
Dry Trip Timecharter Routes	Section 3.4E
Timecharter Voyage Route	Section 3.4F
Dry Timecharter Basket Routes - Options	Section 3.4G
Baltic Exchange Dry Index	Section 3.4H
Iron Ore Swap	Section 3.4I
Fertilizer Swaps	Section 3.4J
Container Swaps	Section 3.4K
API 2 cif ARA (Argus/McCloskey) Coal Swap Contract	Section 3.4L
API 4 fob Richards Bay (Argus/McCloskey) Coal Swap Contract	Section 3.4M
European Hot Rolled Coil Steel Swaps	Section 3.4N
Chinese Hot Rolled Coil Steel Swap	Section 3.4O
Turkish Import Scrap Steel Swap	Section 3.4P
Chinese Domestic Hot Rolled Ribbed Bar Steel Swap	Section 3.4Q

API 2 of ARA (Argus/McCloskey) Coal Option Contract Section 3.4R

API 4 fob Richard Bay (Argus McCloskey) Coal Option Contract Section 3.4S

**3.4A Cash Settled Freight Forward Contracts: Tanker Voyage Routes**

Description	Cash settled freight forward contracts on any of the following Tanker Voyage Routes:  Baltic TD3 (260,000 mt ME Gulf – Japan) Baltic TD5 (130,000 mt W Africa – USAC) Baltic TD7 (80,000 mt North Sea – Cont) Baltic TC2 (37,000 mt Continent – USAC) Baltic TC4 (30,000 mt Singapore – Japan) Baltic TC5 (55,000 mt ME – Japan) Baltic TC6 (30,000 mt Algeria/Euromed)
Lot Size	1,000 mt
Currency	US Dollars
Minimum Tick	US\$0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price, calculated as Flatrate x WS Rate /100
Floating Price	In respect of daily revaluation, the floating price will be calculated as Flat Rate x WS Rate/100, where the WS rate is the end of day price as supplied by the Baltic Exchange.  In respect of final settlement, the floating price will be a price in US\$ per mt calculated as the mean of the Baltic Exchange WS rate spot price assessments multiplied by the Flat Rate divided by 100 for each pricing date in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day.

Contract Series	Front 6 Months, Front 5 Quarters (TC2, TC6, TD3, TD5, TD7), Front 4 Quarters (TC4, TC5), Front 2 Whole Calendar years. Out to a maximum of 36 months
Final Payment Date	The first business day following the expiry day
Business Days	UK business days

### 3.4B Cash Settled Freight Forward Contracts: \$ Per Tonne Tanker Voyage Routes

Description	Cash settled \$ per tonne freight forward contracts on the following Tanker Voyage Routes:  Baltic TC2 (DC2) (37,000 mt Continent – USAC)  Baltic TD3 (DD3) (260,000 mt ME Gulf – Japan)  Baltic TD5 (DD5) (130,000 mt W Africa – USAC)  Baltic TD7 (DD7) (80,000 mt North Sea – Cont)
Lot Size	1,000 mt
Currency	US Dollars
Pricing	US \$/tonne
Minimum Tick	US \$ 0.0001 to account for final settlement
Fixed Price	The traded price (in \$/t) or the previous day's settlement price, as supplied end of day by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price is the end of day price (in \$/t) as supplied by the Baltic Exchange.  In respect of final settlement, the floating price will be a price in US\$ per mt calculated as the mean of the Baltic Exchange WS rate spot price assessments multiplied by the Flate Rate divided by 100 for each pricing date in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non-working day.
Contract Series	Front 6 Months, Front 5 Quarters, Front 2 Whole Calendar Years. Out to a maximum of 35 months
Final Payment	The first business day following the expiry day.
Business Days	UK business days.



**3.4C Cash Settled Freight Forward Contracts: Dry Voyage Routes**

Description	Cash settled freight forward contracts on any of the following Dry Voyage Routes:  C3E (Tubarao – Beilun/Baoshan)  C4E (Capesize Richards Bay – Rotterdam)  C5E (W Australia – Beilun/Baoshan)  C7E (Capesize Bolivar – Rotterdam)
Lot Size	1,000 mt
Currency	US Dollars
Pricing	US \$/mt, \$0.01
Minimum Tick	US \$ 0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange.  In respect of final settlement, the floating price will be the mean of the daily Baltic Exchange spot price assessments for every trading day in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day
Contract Series	C4E and C7E – out to a time horizon of 3 whole Calendar Years (max 47 months), traded as either monthly contracts, quarters or Calendar Years.  C3E and C5E - Front 3 months, 4 whole quarters
Final Payment Date	The first business day following the expiry day
Business Days	UK Business Days

**3.4D Cash Settled Freight Forward Contracts: Dry Timecharter Basket Routes**

Description	Cash settled freight forward contracts on any of the following Dry Timecharter Basket Routes:  CTC (Capesize TC Avg 4 routes)
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	PTC (Panamax TC Avg 4 routes)
	STC (Supramax TC Avg 6 routes)
	HTC (Handysize TC Avg 6 routes)
Lot Size	1 day
Currency	US Dollars
Pricing	US \$ per day
Minimum Tick	US \$ 0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange.  In respect of final settlement, the floating price will be the mean of the daily Baltic Exchange spot price assessments for every trading day in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day
Contract Series	Front 1 or 2 months (remaining from expired front quarter) Front 4 Quarters, Front 2 Half Years, Front 5 Calendar Years.
Final Payment Date	The first business day following the expiry day
Business Days	UK Business Days

### 3.4E Cash Settled Freight Forward Contracts: Dry Trip Timecharter Routes

Description	Cash settled freight forward contracts on any of the following Dry Trip Timecharter routes: P1A, P1E (Panamax Transatlantic RV)  P2A (Panamax Cont Trip Far East)  P3A (Panamax trans Pacific round voyage)
Lot Size	1 day
Currency	US Dollars
Pricing	US\$ per/day

Minimum Tick	US\$0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange.  In respect of final settlement, the floating price will be the mean of the last 7 Baltic Exchange spot price assessments in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day
Contract Series	P1A, P1E – Front 6 Months, front 4 whole quarters  P2A, P3A – Front 6 Months, front 3 whole quarters
Final Payment Date	The first business day following the expiry day
Business Days	UK Business Days

#### 3.4F **Timecharter Voyager Route**

Description	Cash settled freight forward contract on the following Timecharter Voyage Route:  S7 (East coast India – China)
Lot Size	1 day
Currency	US Dollars
Pricing	US \$ per day
Minimum tick	US \$ 0.0001 to account for final settlement
Fixed price	The traded price or the previous day's settlement price as supplied end of day by the Baltic Exchange
Floating price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange.  In respect of final settlement, the floating price will be the mean of the daily Baltic Exchange spot price assessments for every trading day in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series.

Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non-working day.

Contract series	Current quarter and following 4 quarters
Final payment	The first business day following the last trading day
Business days	UK business days

### 3.4G **Cash Settled Premium Paid Options: Dry Timecharter Basket Routes**

Description Cash settled Premium Paid Options on any of the following Dry Timecharter Basket Routes: -

CTO (Capesize TC Avg 4 routes)

PTO (Panamax TC Avg 4 routes)

STO (Supramax TC Avg 6 routes)

HTO (Handysize TC Avg 6 routes)

These contracts, if "in the money" expire into their underlying freight forward contracts with a traded price equal to the Strike Price (see below)

Lot Size	1 day
Currency	US Dollars
Pricing	US\$ per day
Minimum Tick	US\$1 per day
Option Type	Options are European style and will be automatically exercised on the expiry day if they are "in the money". If an option is "out of the money" it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	At 17:00 hours UK time on last Business Day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous Business Day, where the 24th December is a non working day
Expiry	17:00 hours UK time on the Last Trading Day

Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater in-the-money when compared to the relevant reference price.

Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract.

The reference price will be a price in US dollars, cents and hundredths of a cent (\$0.0001), per day equal to the final settlement price for the underlying freight forward contracts.

For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying freight forward contracts.

Contract Series Front 1 or 2 months (remaining from expired front quarter)

Front 4 Quarters, Front 3 Calendar Years.

Strike Price CTO – Sixty strike prices in increments of \$250 per day both above and below the "at-the-money" strike price in all contract series.

STO - Thirty strike prices in increments of \$250 per day both above and below the "at-the-money" strike price in all contract series.

PTO - Thirty strike prices in increments of \$250 per day both above and below the "at-the-money" strike price in all contract series.

HTO - Thirty strike prices in increments of \$100 per day both above and below the "at-the-money" strike price in all contract series.

Where the "at the money" strike price of the underlying commodity moves additional strikes will be added each Business Day.

Business Days UK Business Days

**3.4H Cash Settled Freight Index Contract: Baltic Exchange Dry Index**

Description Cash settled freight swap on the Baltic Exchange Dry Index (BDI)

Lot Size 1 BDI tick

Currency US Dollars

Pricing 1 BDI tick = US \$1

Minimum Tick	US \$ 0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange.  In respect of final settlement, the floating price will be the mean of the daily Baltic Exchange BDI assessments for every trading day in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day.
Contract Series	Front 4 Months, Front 4 Quarters, One Whole Calendar
Final Payment Date	The first business day following the expiry day
Business Days	UK Business days

**3.41 Iron Ore Swap**

Description	Iron ore swap contract – settled against the daily TSI index (The Steel Index) 62% fe
Contract Code	TSI
Lot Size	1,000mt
Currency	US Dollars
Minimum Tick	\$0.01/mt
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by IOSDA or such other price as may be prescribed by the Clearing House from time to time.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by IOSDA or such other price as may be prescribed by the Clearing House from time to time.  In respect of final settlement, the floating price will be the mean of the daily TSI spot indices for that month.
Contract Series	Front 3 months, 4 quarters, 2 calendar years.
Expiry/Settlement	Last business day of the contract month.

Delivery	Cash settled monthly against the arithmetic average of all the indices in the contract month.
Final Payment	The first business day following expiry.
Business Days	UK Business Days
<b>3.4J Fertilizer Swaps</b>	
Description	Fertilizer swap contracts cash settled against: <ul style="list-style-type: none"> <li>UREA – New Orleans (UNO)</li> <li>UREA – Yuzhnyy (UYZ)</li> <li>UREA – Egypt (UNE)</li> <li>DAP – Tampa (DTA)</li> <li>DAP – New Orleans (DNO)</li> <li>UAN – NOLA (UAN)</li> </ul>
Lot Size	500mt – UYZ, DTA, UNE 500st – UNO, DNO, UAN
Currency	US Dollars
Minimum Tick	US\$0.0001
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by FIS.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by FIS.  In respect of final settlement, the floating price will be the arithmetic average of the relevant weekly indices for that contract as supplied by FIS for that month.
Contract Series	Front 6 months, 4 quarters
Expiry	Last publication day of the relevant index in the contract month (i.e. the last business Thursday of every month).  Exception – December contracts will expire on the penultimate Thursday, as there is no publication of an index in the week prior to New Year.  Where the last Thursday of the month is a non-business day, the expiry day will be the first business day preceding that Thursday

Settlement	The first business day following the expiry day
Delivery	Cash settled monthly against the average of all the relevant indices for that contract during the month.
Business Days	UK Business Days

### 3.4K **Container Freight Swap Agreement**

Description	SCFI cash settled container freight swap agreements on the following routes:  CNW (Shanghai – North West Europe)  CMD (Shanghai – Mediterranean)  CSW (Shanghai – US West Coast)  CSE (Shanghai – US East Coast)
Lot Size	1 TEU 20ft container (CMD and CNW)  1 FEU 40ft container (CSE and CSW)
Currency	US Dollars
Pricing	US \$ per TEU (CMD and CNW)  US \$ per FEU (CSE and CSW)
Minimum Tick	US \$ 0.01 to account for final settlement.
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by Approved OTC brokers, or such other price as may be prescribed by the Clearing House from time to time.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by Approved OTC brokers, or such other price as may be prescribed by the Clearing House from time to time.  In respect of final settlement, the floating price will be the mean of the all the SCFI weekly spot assessments for the contract route as published by the Shanghai Shipping Exchange each Friday during the contract month.
Contract Series	Front 3 months, front quarter + following 3 quarters, 1 whole calendar year (out to a maximum of 23 months).
Last Trading Day	Last publication day of the relevant index in the contract month (i.e. the last Chinese business Friday of every month).



Where the last Friday of the month is a UK business day but a Chinese holiday, the last trading day will be the previous publication day.

Where the last Friday of the month is a Chinese business day but a UK holiday, the last trading day will be the previous UK business day.

Delivery	Cash settled monthly against the arithmetic average of all the <u>SCFI</u> indices in the contract month.
Final payment	The first UK Business Day following the Last Trading Day.
Business days	Chinese business days for the purpose of Index publication.
	UK Business Days for the purpose of trade registration, confirmation and final payment.

#### 3.4L **API 2 (cif ARA) Coal Swap Contract**

Description	Cash settled API 2 cif ARA (Argus/McCloskey) coal swap contract.
Lot Size	1000 tonnes
Minimum Contract Size	Five Lots
Currency	US Dollars
Minimum Tick	\$0.05/tonne
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by LEBA, or such other price as may be prescribed by the Clearing house from time to time.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by LEBA, or such other price as may be prescribed by the Clearing house from time to time.
	In respect of final settlement, the floating price will be the average of weekly Argus/McCloskey API 2 (cif ARA) index prices for the contract month as published in Argus/McCloskey's Coal Price Index Report.
Contract Series	Front 4 contract months, the front 4 to 7 quarter contracts (i.e. quarter contracts up to the end of the front calendar year), 5 whole season contracts and up to 4 calendar years.
Expiry / Last Trading Day	Month contracts will cease trading at the close of business on the last Friday of the contract month. Quarters, seasons and calendar years cease trading as a

quarter/season/calendar year at the close of business on the last Friday of the first month contract in that quarter/season/calendar year. Where the last Friday of the month is a non-business day, the expiry day will be the first business day preceding that Friday.

**Delivery** Cash settled at the average of weekly Argus/McCloskey API 2 (cif ARA) index prices for the contract month as published in Argus/McCloskey's Coal Price Index Report.

**Business Days** UK Business Days

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### 3.4M **API 4 (fob Richards Bay) Coal Swap Contract**

**Description** Cash settled API 4 fob Richards Bay (Argus/McCloskey) coal swap contract.

**Lot Size** 1000 tonnes

**Minimum Contract Size** Five Lots

**Currency** US Dollars

**Minimum Tick** \$0.05/tonne

**Fixed Price** The traded price or the previous day's settlement price as supplied end of day by LEBA, or such other price as may be prescribed by the Clearing house from time to time.

**Floating Price** In respect of daily settlement, the floating price will be the end of day price as supplied by LEBA, or such other price as may be prescribed by the Clearing house from time to time.

In respect of final settlement, the floating price will be the average of weekly Argus/McCloskey API 4 (fob Richards Bay) index prices for the contract month as published in Argus/McCloskey's Coal Price Index Report.

**Contract Series** Front 4 contract months, the front 4 to 7 quarter contracts (i.e. quarter contracts up to the end of the front calendar year), 5 whole season contracts and up to 4 calendar years.

**Expiry / Last Trading Day** Month contracts will cease trading at the close of business on the last Friday of the contract month. Quarters, seasons and calendar years cease trading as a quarter/season/calendar year at the close of business on the last Friday of the first month contract in that

quarter/season/calendar year. Where the last Friday of the month is a non-business day, the expiry day will be the first business day preceding that Friday.

**Delivery** Cash settled at the average of weekly Argus/McCloskey API 4 (fob Richards Bay) index prices for the contract month as published in Argus/McCloskey's Coal Price Index Report.

**Business Days** UK Business Days

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### 3.4N **European Hot Rolled Coil Steel Swaps**

**Description** European Hot Rolled Coil Steel swaps, cash settled against The Steel Index:

Hot Rolled Coil – Northern Europe, domestic (SCN)

Hot Rolled Coil – Southern Europe, domestic (SCS)

**Lot Size** 20 mt

**Currency** Euros

**Pricing** € per metric tonne

**Minimum Tick** €0.0001 to account for final settlement

**Fixed Price** The traded price or the previous day's settlement price as supplied end of day by FIS, or any other such source as LCH.Clearnet may determine

**Floating Price** In respect of daily settlement, the floating price will be the end of day price as supplied by FIS, or any other such source as LCH.Clearnet may determine.

In respect of final settlement, the floating price will be the mean of the daily prices for the contract route as published by The Steel Index during the contract month.

**Contract Series** Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years

**Expiry / Last Trading Day** Last UK business day of the contract month.

**Delivery** Cash settled monthly against the arithmetic average of all the indices in the contract month

**Final Payment Date** The first business day following the expiry day

	Business Days	UK Business days
3.4O	<b>Chinese Hot Rolled Coil Steel Swaps</b>	
	Description	Chinese Hot Rolled Coil Steel swap, cash settled against the Cleartrade China Steel Index (provided by Umetal); Hot Rolled Coil (SCC)
	Lot Size	20 mt
	Currency	US Dollars
	Pricing	US \$ per metric tonne
	Minimum Tick	US \$0.0001 to account for final settlement
	Fixed Price	The traded price or the previous day's settlement price as supplied end of day by FIS, or any other such source as LCH.Clearnet may determine
	Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by FIS, or any other such source as LCH.Clearnet may determine.  In respect of final settlement, the floating price will be the arithmetic average of all the daily Cleartrade China Steel Index (provided by Umetal) indices for that month, including indices published at weekends which are Chinese business days*
	Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years
	Expiry / Last Trading Day	Last Chinese business day of the contract month. Where the last Chinese business day is a UK holiday, last trading day will be the previous UK business day.
	Delivery	Cash settled monthly against the arithmetic average of all the indices in the contract month
	Final Payment Date	The first UK business day following the expiry day
	Business Days	Chinese business days for the purpose of Index publication  UK business days for the purpose of trade registration, confirmation and final payment

\*subject to the following currency exchange:

The Cleartrade China Steel Index is published in CNY and Cleartrade will use the daily Bloomberg USD CNY fixing rate, as published at 4pm China Standard Time, to convert the prices to USD. Where an index price is published at a weekend, the next published Bloomberg fixing rate at 4pm China Standard Time will be used to convert it.

3.4P **Turkish Import Scrap Steel Swap**

Description	Cash settled steel swap – settled against The Steel Index: Turkish Import Scrap (SST)
Lot Size	20 mt
Currency	US Dollars
Pricing	US \$ per metric tonne
Minimum Tick	\$0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by FIS, or any other such source as LCH.Clearnet may determine
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by FIS, or any other such source as LCH.Clearnet may determine.  In respect of final settlement, the floating price will be the mean of the daily prices for the contract route as published by The Steel Index during the contract month
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years
Expiry / Last Trading Day	Last UK business day of the contract month  Where the last business day of the month is a Monday, this will be the last publication day.  Where the last business day of the month is not a Monday, the last publication day will be the following Monday.  Where the last Monday of the month / first of the next is a non-business day, last publication will be the following business day.
Delivery	Cash settled monthly against the arithmetic average of all the indices in the contract month
Final Payment Date	The first business day following the expiry day
Business Days	UK Business days

3.4Q **Chinese Domestic Hot Rolled Ribbed Bar Steel Swap**

Description	Cash settled steel swap – settled against the Cleartrade China Steel Index (provided by Umetal):  China Domestic Hot Rolled Ribbed Bar (SBC)
Lot Size	20 mt

Currency	US Dollars
Pricing	US \$ per metric tonne
Minimum Tick	US \$0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by FIS, or any other such source as LCH.Clearnet may determine
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by FIS, or any other such source as LCH.Clearnet may determine.  In respect of final settlement, the floating price will be the arithmetic average of all the daily Cleartrade China Steel Index (provided by Umetal) indices for that month, including indices published at weekends which are Chinese business days*
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years
Expiry / Last Trading Day	Last Chinese business day of the contract month. Where the last Chinese business day is a UK holiday, last trading day will be the previous UK business day.
Delivery	Cash settled monthly against the arithmetic average of all the indices in the contract month
Final Payment Date	The first UK business day following the expiry day
Business Days	Chinese business days for the purpose of Index publication UK business days for the purpose of trade registration, confirmation and final payment

\*subject to the following currency exchange:

The Cleartrade China Steel Index is published in CNY and Cleartrade will use the daily Bloomberg USD CNY fixing rate, as published at 4pm China Standard Time, to convert the prices to USD. Where an index price is published at a weekend, the next published Bloomberg fixing rate at 4pm China Standard Time will be used to convert it.

### 3.4R **API 2 if ARA (Argus/McCloskey) coal options contract**

Description	Single expiry, cash settled, premium paid, option on the underlying API 2 if ARA (Argus McCloskey) Coal Swap contract for the corresponding expiry.
Lot Size	1,000 tonnes per month. A quarter contract will comprise 3,000 tonnes, a calendar contract will comprise 12,000 tonnes.
Minimum lot size	5 lots per month. A quarter contract will comprise 15 lots, a calendar contract will comprise 60 lots.
Currency	US Dollars

Pricing	USD and cents per metric tonne
Minimum Tick	\$0.01 per tonne
Option Type	Options are single expiry European style options and will be automatically exercised on the expiry day if they are "in the money" unless set to expire manually. If an option is "out of the money" it will expire automatically unless exercised manually. Manual exercise is only permitted on expiry day.
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	30 days prior to commencement of the underlying Coal swap contract. Where this is a non Business Day expiry will be on the Business Day immediately prior e.g. the Calendar 2012 and Q1 2012 contracts will expire on 02/12/2011.
Expiry	<p>17:00 hours UK time on the Last Trading Day</p> <p>Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price.</p> <p>Contracts are single expiry options. A quarter contract will expire into the underlying monthly swap contracts that comprise the quarter on Last Trading Day. A calendar contract will expire into the underlying monthly swap contracts comprising January through December on last trading day.</p> <p>Members are permitted to override automatic exercise settings or manually enter exercise instructions for this contract.</p> <p>The reference price will be a price in USD and cents, equal to the final settlement price for the underlying API 2 Swap contract.</p> <p>For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying API 2 cif ARA (Argus/McCloskey) Swap contract.</p>
Contract Series	<p>3 to 6 quarter contracts and 3 whole calendar contracts.</p> <p>All option contracts expire into the underlying months of the corresponding contract series.</p>
Strike Price	<p>50 strike prices in increments of \$1.00 above and below the "at-the-money" strike price in all contract series.</p> <p>Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each</p>

business day.

Margin Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis.

Business Days UK Business Days

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### 3.4S **API 4 fob Richards Bay (Argus/McCloskey) Coal Options Contract**

Description	Single expiry, cash settled, premium paid, option on the underlying API 4 fob Richards Bay (Argus McCloskey) Coal Swap contract for the corresponding expiry.
Lot Size	1,000 tonnes per month. A quarter contract will comprise 3,000 tonnes, a calendar contract will comprise 12,000 tonnes.
Minimum lot size	5 lots per month. A quarter contract will comprise 15 lots, a calendar contract will comprise 60 lots.
Currency	US Dollars
Pricing	USD and cents per metric tonne
Minimum Tick	\$0.01 per tonne
Option Type	Options are single expiry European style options and will be automatically exercised on the expiry day if they are "in the money" unless set to expire manually. If an option is "out of the money" it will expire automatically unless exercised manually. Manual exercise is only permitted on expiry day
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	30 days prior to commencement of the underlying Coal swap contract. Where this is a non Business Day, expiry will be on the Business Day immediately prior e.g. the Calendar 2012 and Q1 2012 contracts will expire on 02/12/2011.
Expiry	17:00 hours UK time on the Last Trading Day  Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price.



Contracts are single expiry options. A quarter contract will expire in to the underlying monthly swap contracts that comprise the quarter on last trading day. A calendar contract will expire into the underlying monthly swap contracts comprising January through December on last trading day.

Members are permitted to override automatic exercise settings or manually enter exercise instructions for this contract.

The reference price will be a price in USD and cents, equal to the final settlement price for the underlying API 4 Swap contract.

For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying API 4 fob Richards Bay (Argus/McCloskey) Swap contract.

Contract series	3 to 6 quarter contracts and 3 whole calendar contracts.
	All option contracts expire into the underlying months of the corresponding contract series
Strike Price	50 strike prices in increments of \$1.00 above and below the "at-the-money" strike price in all contract series.
	Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each business day.
Margin	Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis..
Business Days	UK business days

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### 3.5 **LCH EnClear OTC Services: Precious Metals Division**

The following terms are designated as Specific Standard Terms of a registered LCH EnClear OTC Contracts arising from an Eligible OTC Trade in the Precious Metals Division of the LCH EnClear OTC Services.

#### 3.5.1 **Standard Terms: Additional Definitions**

The following additional definitions shall apply to any LCH EnClear OTC Contract within the LCH EnClear OTC Services: Precious Metals Division.

<b>Defined Term</b>	<b>Definition</b>
<b>Gold</b>	Unallocated gold complying with the rules of The London Bullion Market Association relating to good delivery and fineness in effect from time to time.
<b>LBMA</b>	means The London Bullion Market Association or its successors
<b>LPMCL</b>	means London Precious Metals Clearing Limited or its successors
<b>Precious Metals</b>	means Gold, silver and any other metal(s) as may be defined from time to time.
<b>Unallocated Accounts</b>	means the accounts maintained by members of LPMCL to and from which fine troy ounces of Gold are credited and debited for the purposes of transferring Gold between two parties.

### 3.5.2 **Standard Terms: Basic Provisions - Gold**

<b>Description</b>	Physically settled contracts for the forward delivery of Gold.
<b>Unit of Trading</b>	One lot of 100 Fine Troy Ounces of Gold
<b>Minimum Contract Size</b>	One lot.
<b>Currency</b>	US Dollars.
<b>Tick Size</b>	US\$ 0.001 Per Fine Troy Ounce Of Gold.
<b>Reference Price for Daily Settlement</b>	LBMA Gold Forward Curve or such other price as may be prescribed by the Clearing House from time to time.
<b>Final Settlement</b>	PM London Gold Fixing or such other price as may be prescribed by the Clearing House from time to time.
<b>Minimum Price Fluctuation</b>	US\$0.001 per fine troy ounce of Gold.
<b>Maximum Price Fluctuation</b>	Unlimited.
<b>Contract Series</b>	Every Business day from Spot out to ten years.
<b>Business Days</b>	Means any day (other than Saturday or Sunday) on which banks are open for business in the UK and USA.

**Settlement** Physical delivery by crediting or debiting of Gold to or from Unallocated Accounts held with one of the commercial bank members of LPMCL in accordance with the Procedures.

#### **Section 4 General Standard Terms**

4A. The following General Standard Terms apply to all LCH EnClear OTC Contracts:

##### **4A.1 Payment of Stamp Tax and Other Taxes**

- (a) All payments due under an LCH EnClear OTC Contract shall be made by the LCH EnClear OTC Clearing Member free and clear and without deduction or withholding for or on account of any tax.
- (b) The Clearing House shall make any payments due to an LCH EnClear OTC Clearing Member net of any deduction or withholding for or on account of any tax it is required to make from such payments.
- (c) The LCH EnClear OTC Clearing Member shall indemnify the Clearing House against any Stamp Tax or other duty or tax levied or imposed upon the Clearing House in whatsoever jurisdiction in respect of the Clearing House's execution or performance of this LCH EnClear OTC Contract.

##### **4A.2 Payment of Stamp Tax**

- (a) The LCH EnClear OTC Clearing Member will pay any Stamp Tax or other similar duty levied or imposed upon it in respect of any LCH EnClear OTC Contract to which it is a party by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located ("Stamp Tax Jurisdiction") or by any other jurisdiction.
- (b) The LCH EnClear OTC Clearing Member shall indemnify the Clearing House against any Stamp Tax or other duty levied or imposed upon the Clearing House by any such Stamp Tax Jurisdiction or by any other jurisdiction in respect of any LCH EnClear OTC Contract registered by the Clearing House and to which that Clearing Member is a party.

##### **4A.3 Payments under an LCH EnClear OTC Contract**

- (a) The Clearing House shall, unless specified otherwise in the Procedures, effect daily settlement to market of open LCH EnClear OTC Contracts in accordance with the Regulations. Any Reference Price shall be determined in accordance with the Regulations and Procedures.
- (b) Payments under, and in respect of, an LCH EnClear OTC Contract shall be calculated by the Clearing House and shall be made by, or to, the LCH EnClear OTC Clearing Member in accordance with the provisions of the Regulations and the Procedures.

**4A.4 Regulations**

This LCH EnClear OTC Contract shall be subject to the Regulations and the Procedures, which shall form a part of its terms. In the event of any inconsistency between these LCH EnClear OTC Contract Terms and the Regulations and the Procedures, the Regulations and the Procedures will prevail.

**4A.5 Governing Law**

This LCH EnClear OTC Contract shall be governed by and construed in accordance with the laws of England and Wales and the parties irrevocably agree for the benefit of the Clearing House that the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. The LCH EnClear OTC Clearing Member party to this LCH EnClear OTC Contract irrevocably submits to such jurisdiction and to waive any objection it might otherwise have to such jurisdiction, save that this submission to the jurisdiction of the courts of England and Wales shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the Clearing House from taking action in any other jurisdiction, whether concurrently or not.

**4A.6 Third Party Rights**

A person who is not a party to this LCH EnClear OTC Contract shall have no rights under or in respect of this LCH EnClear OTC Contract. Rights of third parties to enforce any terms of this LCH EnClear OTC Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

**4B. The following Standard Terms apply only in respect of LCH EnClear OTC Contracts arising from Eligible OTC Trades (Precious Metals Division):****Unavailability of any Reference Price**

In the event that the Clearing House is unable, after exercising all reasonable commercial diligence, to obtain any relevant Reference Price on any day, the Clearing House may use a price as provided, in respect of the Daily Settlement Price, by one or more LBMA market makers, or, in respect of the Final Settlement Price, by one or more Members of the London Gold Market Fixing Ltd.

**4C. The following Standard Terms apply only in respect of LCH EnClear OTC Contracts arising from Eligible OTC Trades (Freight Division):****4C.1 Unavailability of any Reference Price**

In the event that the Clearing House is unable, after exercising all reasonable commercial diligence, to obtain any relevant Reference Price on any day, the Clearing House may use a price as provided by a panel formed by the Forward Freight Agreement Brokers Association or other applicable provider designated by the Clearing House.

**4C.2 Calculation Agent**

The Calculation Agent is the Clearing House.

**4C.3 Change in Route**

In the event of a change in a route, the successor reference price as published by the Baltic Exchange or other applicable provider designated by the Clearing House shall be applicable.

**SCHEDULE TO THE LCH ENCLEAR OTC REGULATIONS****Part B****Product Eligibility Criteria for Registration of a LCH EnClear OTC Contract****1. Eligible OTC Trades**

(a)

**1.2 Product Eligibility Criteria for Eligible OTC Trades**

1.2.1 [This section has been removed]

1.2.2 [This section has been removed]

**1.2.3 Product Eligibility Criteria for Eligible OTC Trades in Energy Division and in the Freight Division**

The following contracts are Eligible Products for the LCH EnClear OTC Services (Energy Division), LCH EnClear OTC Services (Freight Division) and LCH EnClear OTC Services (Precious Metals Division).

Energy Division:

**OTC Emissions – EUAs**

Description	Physically settled contracts for the forward delivery of EUAs
Unit of Trading	One lot of 1000 EUAs
Minimum Contract Size	One lot
Currency	Euros
Tick Size	One euro cent (ten euros per lot)
Contract Series	Annual December contract months beginning December 2008 and ending December 2015

**OTC Emissions – CERs**

Description	Physically settled contracts for the forward delivery of CERs
Unit of Trading	One lot of 1000 CERs
Minimum Contract Size	One lot
Currency	Euros
Tick Size	One euro cent (ten euros per lot)
Contract Series	Annual December contract months beginning

December 2008 and ending December 2012

## OTC Emissions – Spot EUAs

Description	Physically settled contracts for the next day delivery of EUAs.
Unit of Trading	One lot of 1000 EUAs
Minimum Contract Size	One lot
Currency	Euros
Tick Size	One euro cent (ten euros per lot)
Contract Series	Rolling day ahead spot contract for business days only

## OTC Emissions – Spot CERs

Description	Physically settled contracts for the next day delivery of CERs
Unit of Trading	One lot of 1000 CERs
Minimum Contract Size	One lot
Currency	Euros
Tick Size	One euro cent (ten euros per lot)
Contract Series	Rolling day ahead spot contract for business days only

## OTC Emissions – EUA Options

Description	Physically settled Premium Paid Option on the underlying EUA Forward contract for the corresponding December expiry.  These contracts, if “in the money” expire into their underlying EUA Forward contracts with a traded price equal to the Strike Price
Lot size	1000 tonnes
Currency	Euro
Minimum tick	€0.01 per tonne
Contract Series	Four rolling month contracts (March, June, September and December) plus an additional two December contracts  All option contracts expire into the underlying

December contract of the corresponding year.

OTC Emissions – CER Options

Description Physically settled Premium Paid Option on the underlying CER Forward contract for the corresponding December expiry.

These contracts, if "in the money" expire into their underlying CER Forward contracts with a traded price equal to the Strike Price

Lot size 1000 tonnes

Currency Euro

Minimum tick €0.01 per tonne

Contract series Four rolling month contracts (March, June, September and December) plus an additional two December contracts.

All option contracts expire into the underlying December contract of the corresponding year.

Freight Division:

Contract: Freight Forward, Cash Settled only: Tanker Voyage Routes

Description Cash settled freight forward contracts on any of the following Tanker Voyage Routes:

Baltic TD3 (260,000 mt ME Gulf – Japan)

Baltic TD5 (130,000 mt W Africa – USAC)

Baltic TD7 (80,000 mt North Sea – Continent)

Baltic TC2 (37,000 mt Continent – USAC)

Baltic TC4 (30,000 mt Singapore – Japan)

Baltic TC5 (55,000 mt ME – Japan)

Baltic TC6 (30,000 mt Algeria/Euromed)

Lot Size 1,000 mt

Minimum Tick US\$0.0001/mt

Currency US Dollars

Contract Series Front 6 Months, Front 5 Quarters (TC2, TC6, TD3, TD5, TD7), Front 4 Quarters (TC4, TC5), Front 2 Whole Calendar years. Out to a maximum of 36



months

Contract: Cash Settled Freight Forward Contracts: \$ Per Tonne Tanker Voyage Routes

Description	Cash settled \$ per tonne freight forward contracts on the following Tanker Voyage Routes:  Baltic TC2 (DC2) (37,000 mt Continent – USAC) Baltic TD3 (DD3) (260,000 mt ME Gulf – Japan) Baltic TD5 (DD5) (130,000 mt W Africa – USAC) Baltic TD7 (DD7) (80,000 mt North Sea – Cont)
Lot Size	1,000 mt
Minimum Tick	US \$ 0.0001/mt
Currency	US Dollars
Contract Series	Front 6 Months, Front 5 Quarters, Front 2 Whole Calendar Years. Out to a maximum of 35 months

Contract: Freight Forward, Cash Settled only: Dry Voyage Routes

Description	Cash settled freight forward contracts on any of the following Dry Voyage Routes:  C3E (Tubarao – Beilun/Baoshan) C4E (Capesize Richards Bay – Rotterdam) C5E (W Australia – Beilun/Baoshan) C7E (Capesize Bolivar – Rotterdam)
Lot Size	1,000 mt
Minimum Tick	US\$0.0001/mt
Currency	US Dollars
Contract Series	C4E and C7E - out to a time horizon of 3 whole Calendar Years (max 47 months), traded as either monthly contracts, quarters or calendar years.  C3E and C5E - Front 3 months, 4 whole quarters

Contract: Freight Forward, Cash Settled only: Dry Timecharter Basket Routes

Description	Cash settled freight forward contracts on any of the following Dry Timecharter Basket Routes:
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	CTC (Capesize TC Avg 4 routes)
	PTC (Panamax TC Avg 4 routes)
	STC (Supramax TC Avg 6 routes)
	HTC (Handysize TC Avg 6 routes)
Lot Size	1 day
Minimum Tick	US\$0.0001/day
Currency	US Dollars
Contract Series	Front 1 or 2 months (remaining from expired front quarter), Front 4 Quarters, Front 2 Half Years, Front 5 Calendar Years.
Contract: Freight Forward, Cash Settled only: Dry Trip Timecharter routes	
Description	Cash settled freight forward contracts on any of the following Dry Trip Timecharter Routes:
	P1A, P1E (Panamax Transatlantic RV)
	P2A (Panamax Cont Trip Far East)
	P3A (Panamax trans Pacific round voyage)
Lot Size	1 day
Minimum Tick	US\$0.0001/day
Currency	US Dollars
Contract Series	P1A, P1E – Front 6 Months, front 4 whole quarters P2A, P3A – Front 6 Months, front 3 whole quarters
Contract: Freight Forward, Cash Settled only: Timecharter Voyager Route	
Description	Cash settled freight forward contract on the following Timecharter Voyage Route:
	S7 (East coast India – China)
Lot Size	1 day
Minimum Tick	US\$0.0001/day
Currency	US Dollars
Contract Series	Current quarter and following 4 quarters

## Contract: Cash Settled Premium Paid Options: Dry Timecharter Basket Routes

Description	<p>Cash settled Premium Paid Option on any of the following Dry Timecharter Basket Routes: -</p> <p>CTO (Capesize TC Avg 4 routes)</p> <p>PTO (Panamax TC Avg 4 routes)</p> <p>STO (Supramax TC Avg 6 routes)</p> <p>HTO (Handysize TC Avg 6 routes)</p> <p>These contracts, if "in the money" expire into their underlying freight forward contracts with a traded price equal to the Strike Price (see below)</p>
Lot Size	1 day
Currency	US Dollars
Pricing	US\$ per day
Minimum Tick	US\$1 per day
Option Type	Options are European style and will be automatically exercised on the expiry day if they are "in the money". If an option is "out of the money" it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	<p>At 18:00 hours UK time on last Business Day of each month within the contract series.</p> <p>Exception – December contracts will expire on the 24th December, or previous Business Day, where the 24th December is a non working day</p>
Expiry	<p>18:00 hours UK time on the Last Trading Day</p> <p>Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation (\$0.0001) or greater in-the-money when compared to the relevant reference price.</p> <p>Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract.</p> <p>The reference price will be a price in US dollars, cents and hundredths of a cent (\$0.0001), per day equal to the final settlement price for the underlying</p>

	freight forward contracts.
	For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying freight forward contracts.
Contract Series	Front 1 or 2 months (remaining from expired front quarter)  Front 4 Quarters, Front 3 Calendar Years.
Strike Price	CTO – Sixty strike prices in increments of \$250 per day both above and below the "at-the-money" strike price in all contract series.  STO - Thirty strike prices in increments of \$250 per day both above and below the "at-the-money" strike price in all contract series.  PTO - Thirty strike prices in increments of \$250 per day both above and below the "at-the-money" strike price in all contract series  HTO - Thirty strike prices in increments of \$100 per day both above and below the "at-the-money" strike price in all contract series.  Where the "at the money" strike price of the underlying commodity moves additional strikes will be added each Business Day.
Business Days	UK Business Days
Contract: Freight Index, Cash Settled only: Baltic Exchange Dry Index	
Description	Cash settled freight swap on the Baltic Exchange Dry Index (BDI)
Lot Size	1 BDI tick
Minimum Tick	US\$0.0001 to account for final settlement
Currency	US Dollars
Contract Series	Front 4 Months, Front 4 Quarters, One Whole Quarter
Contract: Iron Ore Swap	
Description	Iron ore swap contract – settled against the daily TSI index (The Steel Index) 62% fe
Lot Size	1,000mt
Currency	US Dollars

Minimum Tick	\$0.01/mt
Contract Series	Front 3 months, 4 quarters, 2 calendar years
Contract: Fertilizer Swaps	
Description	Fertilizer swap contracts cash settled against: UREA – New Orleans (UNO) UREA – Yuzhnyy (UYZ) UREA – Egypt (UNE) DAP – Tampa (DTA) DAP – New Orleans (DNO) UAN – NOLA (UAN)
Lot Size	500mt – UYZ, DTA, UNE 500st – UNO, DNO, UAN
Currency	US Dollars
Minimum Tick	US \$0.0001
Contract Series	Front 6 months, 4 Quarters
Contract: Container Freight Swap Agreement	
Description	SCFI cash settled container freight swap agreements on the following routes: CNW (Shanghai – North West Europe) CMD (Shanghai – Mediterranean) CSW (Shanghai – US West Coast) CSE (Shanghai – US East Coast)
Lot Size	1 TEU 20ft container (CMD and CNW) 1 FEU 40ft container (CSE and CSW)
Currency	US Dollars
Pricing	US \$ per TEU (CMD and CNW) US \$ per FEU (CSE and CSW)
Minimum Tick	US \$ 0.01 to account for final settlement.
Contract Series	Front 3 months, front quarter + following 3 quarters, 1 whole calendar year (out to a maximum of 23

months).

Contract: API 2 (cif) coal swap contract

Description	Cash settled API 2 cif ARA (Argus/McCloskey) coal swap contract.
Lot Size	1000 tonnes
Minimum Contract Size	Five Lots
Currency	US Dollars
Minimum Tick	\$0.05/tonne
Contract Series	Front 4 contract months, the front 4 to 7 quarter contracts (i.e. quarter contracts up to the end of the front calendar year), 5 whole season contracts and up to 4 calendar years.

Contract: API 4 (fob Richard Bay) coal swap contract

Description	Cash settled API 4 fob Richards Bay (Argus/McCloskey) coal swap contract.
Lot Size	1000 tonnes
Minimum Contract Size	Five Lots
Currency	US Dollars
Minimum Tick	\$0.05/tonne
Contract Series	Front 4 contract months, the front 4 to 7 quarter contracts (i.e. quarter contracts up to the end of the front calendar year), 5 whole season contracts and up to 4 calendar years.

**Precious Metals Division:**

**Gold**

<b>Description</b>	Physically settled contracts for the forward delivery of Unallocated Gold
<b>Unit of Trading</b>	One lot of 100 fine troy ounces
<b>Minimum Contract Size</b>	One lot
<b>Currency</b>	US Dollars
<b>Tick Size</b>	US\$ 0.001 per fine troy ounce of gold
<b>Contract Series</b>	Daily out to 10 years from the spot date

**Contract: European Hot Rolled Steel Swaps**

<b>Description</b>	European Hot Rolled Coil Steel swaps, cash settled against The Steel Index:  Hot Rolled Coil – Northern Europe, domestic (SCN)  Hot Rolled Coil – Southern Europe, domestic (SCS)
<b>Lot Size</b>	20 mt
<b>Currency</b>	Euros
<b>Minimum Tick</b>	€0.0001 to account for final settlement
<b>Contract Series</b>	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years

**Contract: Chinese Hot Rolled Steel Swap**

<b>Description</b>	Chinese Hot Rolled Coil Steel swap, cash settled against the Cleartrade China Steel Index (provided by Umetal): (SCC)
<b>Lot Size</b>	20 mt
<b>Currency</b>	US Dollars
<b>Minimum Tick</b>	\$0.0001 to account for final settlement
<b>Contract Series</b>	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years

**Contract: Turkish Import Scrap Steel Swap**

<b>Description</b>	Turkish Import Scrap Steel swap, cash settled against The Steel Index: (SST)
<b>Lot Size</b>	20 mt
<b>Currency</b>	US Dollars
<b>Minimum Tick</b>	\$0.0001 to account for final settlement
<b>Contract Series</b>	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years

**Contract: Chinese Domestic Hot Rolled Ribbed Bar Steel Swap**

<b>Description</b>	Chinese Domestic Hot Rolled Ribbed Bar Steel swap, cash settled against the Cleartrade China Steel Index (provided by Umetal): (SBC)
<b>Lot Size</b>	20 mt

<b>Currency</b>	US Dollars
<b>Minimum Tick</b>	€0.0001 to account for final settlement
<b>Contract Series</b>	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years
<b>Contract: API 2 cif ARA (Argus/McCloskey) coal options contract</b>	
<b>Description</b>	Single expiry, cash settled, premium paid, option on the underlying API 2 cif ARA (Argus McCloskey) Coal Swap contract for the corresponding expiry.
<b>Lot size</b>	1,000 tonnes per month. A quarter contract will comprise 3,000 tonnes, a calendar contract will comprise 12,000 tonnes.
<b>Currency</b>	US Dollars
<b>Pricing</b>	USD and cents per metric tonne
<b>Minimum tick</b>	\$0.01 per tonne
<b>Option Type</b>	Options are single expiry European style options and will be automatically exercised on the expiry day if they are "in the money" unless set to expire manually. If an option is "out of the money" it will expire automatically unless exercised manually. Manual exercise is only permitted on expiry day.
<b>Option Premium</b>	The Premium is paid at the time of purchase.
<b>Last Trading Day</b>	30 days prior to commencement of the underlying Coal swap contract. Where this is a non Business Day expiry will be on the Business Day immediately prior e.g. the Calendar 2012 and Q1 2012 contracts will expire on 02/12/2011.
<b>Expiry</b>	<p>17:00 hours UK time on the last trading day</p> <p>Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price.</p> <p>Contracts are single expiry options. A quarter contract will expire into the underlying monthly swap contracts that comprise the quarter on Last Trading Day. A calendar contract will expire into the underlying monthly swap contracts comprising January through December on last trading day.</p> <p><b>Members are permitted to override automatic exercise settings or manually enter exercise instructions for this contract.</b></p> <p>The reference price will be a price in USD and cents,</p>



equal to the final settlement price for the underlying API 2 Swap contract.

For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying API 2 cif ARA (Argus/McCloskey) Swap contract.

<b>Contract series</b>	3 to 6 quarter contracts and 3 whole calendar contracts. All option contracts expire into the underlying months of the corresponding contract series.
<b>Strike Price</b>	50 strike prices in increments of \$1.00 above and below the "at-the-money" strike price in all contract series. Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each business day.
<b>Business Days</b>	UK Business Days
<b>Contract: API 4 Richards Bay (Argus/McCloskey) Options Contract</b>	
<b>Description</b>	Single expiry, cash settled, premium paid, option on the underlying API 4 Richards Bay (Argus McCloskey) Coal Swap contract for the corresponding expiry.
<b>Lot size</b>	1,000 tonnes per month. A quarter contract will comprise 3,000 tonnes, a calendar contract will comprise 12,000 tonnes.
<b>Currency</b>	US Dollars
<b>Pricing</b>	USD and cents per metric tonne
<b>Minimum tick</b>	\$0.01 per tonne
<b>Option Type</b>	Options are single expiry European style options and will be automatically exercised on the expiry day if they are "in the money" unless set to expire manually. If an option is "out of the money" it will expire automatically unless exercised manually. Manual exercise is only permitted on expiry day.
<b>Option Premium</b>	The Premium is paid at the time of purchase.
<b>Last Trading Day</b>	30 days prior to commencement of the underlying Coal swap contract. Where this is a non Business Day expiry will be on the Business Day immediately prior e.g. the Calendar 2012 and Q1 2012 contracts will expire on 02/12/2011.

<b>Expiry</b>	<p>17:00 hours UK time on the Last Trading Day</p> <p>Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price.</p> <p>Contracts are single expiry options. A quarter contract will expire in to the underlying monthly swap contracts that comprise the quarter on last trading day. A calendar contract will expire into the underlying monthly swap contracts comprising January through December on last trading day.</p> <p><b>Members are permitted to override automatic exercise settings or manually enter exercise instructions for this contract.</b></p> <p>The reference price will be a price in USD and cents, equal to the final settlement price for the underlying API 4 Swap contract.</p> <p>For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying API 4 Richards Bay (Argus/McCloskey) Swap contract.</p>
<b>Contract series</b>	<p>3 to 6 quarter contracts and 3 whole calendar contracts.</p> <p>All option contracts expire into the underlying months of the corresponding contract series.</p>
<b>Strike Price</b>	<p>50 strike prices in increments of \$1.00 above and below the "at-the-money" strike price in all contract series.</p> <p>Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each business day.</p>
<b>Business Days</b>	<p>UK business days</p>

**TURQUOISE DERIVATIVES REGULATIONS**

**Regulation 74 Application of Regulations for TGHL market**

- (a) These Turquoise Derivatives Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b), apply to:
  - (i) Turquoise Derivatives Cleared Exchange Contracts arising from Turquoise Derivatives Transactions;
  - (ii) Clearing Members and, insofar as relevant, Turquoise Derivatives NCMs in their dealings in relation to the TGHL market; and
  - (iii) any relevant Co-operating Clearing House to the extent provided in any Link Agreement between the Clearing House and such Co-operating Clearing House.
- (b) The Regulations referred to in paragraph (a) are the Default Rules, Default Fund Rules, the Definitions and Regulations 1, 2, 3(b), 3(c), 4, 5, 8, 9(b), 9(c), save that the first sentence of Regulation 9(c) shall be subject to Regulation 81(c), 9(d), 10, 11, 12, 13, 14, 16, 17, 18, 19A, 21(a), (b) [and (c)], 22, [23,] 24, 26 to 39A inclusive.

**Regulation 75 Turquoise Derivatives Orderbook Matches made on TGHL Market**

- (a) This Regulation 75 applies to Turquoise Derivatives Orderbook Matches made in accordance with the Exchange Rules pursuant to the matching of Turquoise Derivatives Trade Particulars submitted to the Turquoise Derivatives Orderbook by or on behalf of Members. This Regulation 75 also applies to Turquoise Derivatives Orderbook Matches made on the Combined Turquoise Derivatives Orderbook. As between the Clearing House and a Clearing Member, in the event of any inconsistency between the Regulations (including the terms of any agreement entered into between a Clearing Member and the Clearing House) and the Exchange Rules, the Regulations shall prevail.
- (b) The Clearing House will enter into Turquoise Derivatives Cleared Exchange Contracts with Clearing Members pursuant to Turquoise Derivatives Orderbook Matches made in the Turquoise Derivatives Orderbook in accordance with and subject to the following provisions of this Regulation 75.
- (c) This paragraph (c) shall be without prejudice to paragraph (o). The Clearing House makes an open offer to a Clearing Member to enter into a Turquoise Derivatives Cleared Exchange Contract in accordance with paragraph (f) of this Regulation 75 in respect of a Turquoise Derivatives Orderbook Match made in the Turquoise Derivatives Orderbook in accordance with the Exchange Rules pursuant to the submission of Turquoise Derivatives Trade Particulars by or on behalf of that Clearing Member, provided that the following requirements shall have been satisfied:
- (i) in the case of any Turquoise Derivatives Trade Particulars submitted to the Turquoise Derivatives Orderbook by a Turquoise Derivatives NCM on behalf of the Clearing Member, there is in place at the time that the Turquoise Derivatives Trade Particulars were submitted and up to and including the time the Turquoise Derivatives Orderbook Match was made (for the purposes of this Regulation 75 (the "relevant times"), a Turquoise Derivatives NCM-GCM Agreement to which that Turquoise Derivatives NCM and the Clearing Member are party, in a form approved in writing by the Clearing House, and such Turquoise Derivatives NCM-GCM Agreement has not been terminated or suspended at the relevant times in accordance with the Turquoise Derivatives NCM-GCM Agreement by notice in writing given by one party to such Agreement to the other parties thereto and to TGHL;
  - (ii) at the relevant times the Clearing Member was party to a valid and subsisting Clearing Membership Agreement;
  - (iii) at the relevant times, the Clearing Member has not been declared a defaulter, by default notice or otherwise, by the Clearing House or TGHL;
  - (iv) the product the subject of the Turquoise Derivatives Orderbook Match is, at the relevant times, a Turquoise Derivatives Eligible Product;
  - (v) all necessary details as required by the Clearing House from time to time in respect of the Turquoise Derivatives Orderbook Match shall have been received by the Clearing House, through TGHL, in accordance with procedures established by the Clearing House with TGHL from time to time or otherwise. Such information must be complete, must not be corrupted and must be legible at the time such details were received;

- (vi) at the time at which any Turquoise Derivatives Orderbook Match is effected, the Turquoise Derivatives Eligible Product which is the subject of the Turquoise Derivatives Orderbook Match is not subject to any trading halts, suspension of dealings or any other action having equivalent effect published by or on behalf of TGHL; and
  - (vii) at the relevant times, the Open Offer for Turquoise Derivatives in respect of Turquoise Derivatives Orderbook Matches made on TGHL has not been suspended or withdrawn generally or with respect to such Clearing Member.
- (d) It is a requirement of the Exchange Rules and the Procedures that, in order for a Clearing Member to be eligible to have Turquoise Derivatives Cleared Exchange Contracts registered in its name with the Clearing House:
- (i) the Clearing Member shall have executed such agreements or documents as may be required by the Clearing House from time to time in connection with the Clearing House Turquoise Derivatives Services;
  - (ii) there are in place appropriate arrangements (as prescribed from time to time by the Clearing House) between the Clearing Member (or its nominated agent) and an Approved Turquoise Derivatives Settlement Provider for the delivery, or receipt, as applicable, of any securities or other instruments which may be or become deliverable under the terms of a Turquoise Derivatives Cleared Exchange Contract.

The Clearing House shall be entitled to take such steps as are set out in the Procedures in respect of any Clearing Member who does not satisfy any of these requirements.

- (e) For the purposes of this Regulation 75, Turquoise Derivatives Trade Particulars giving rise to a Turquoise Derivatives Orderbook Match in the EDX Orderbook are deemed to have been submitted by or on behalf of a Clearing Member if the details of a Turquoise Derivatives Orderbook Match, received by the Clearing House pursuant to Regulation 75(c) (v) identify, in accordance with the Exchange Rules or the Procedures, that Turquoise Derivatives Orderbook Match as having been made by or on behalf of that Clearing Member.
- (f) If Turquoise Derivatives Trade Particulars have been submitted to the Turquoise Derivatives Orderbook by or on behalf of a Clearing Member as seller (for the purposes of this paragraph (f), the "selling Clearing Member") and have been matched by, or in accordance with, the Exchange Rules with Turquoise Derivatives Trade Particulars which have been submitted to the Turquoise Derivatives Orderbook by or on behalf of another Clearing Member as buyer (for the purposes of this paragraph (f), the "buying Clearing Member"), and the requirements stated in paragraph (c) have been satisfied in respect of the selling Clearing Member and the buying Clearing Member, two Turquoise Derivatives Cleared Exchange Contracts shall arise immediately on registration by the Clearing House, as follows:
- (i) the Clearing House shall be the buyer under one Turquoise Derivatives Cleared Exchange Contract with the selling Clearing Member as the seller; and

- (ii) the Clearing House shall be the seller under one Turquoise Derivatives Cleared Exchange Contract with the buying Clearing Member as the buyer.
- (g) This paragraph (g) shall be without prejudice to paragraph (o). Where pursuant to arrangements entered into between TGHL and one or more Co-operating Exchanges, Turquoise Derivatives Trade Particulars submitted by or on behalf of a Clearing Member to the Turquoise Derivatives Orderbook have been matched in the Combined Turquoise Derivatives Orderbook with Turquoise Derivatives Trade Particulars submitted by or on behalf of a Linked Member, the Clearing House shall, on receipt of details of such Turquoise Derivatives Orderbook Match through TGHL (or by such other means) and subject to the requirements of Regulation 7(c) having been met with respect to such Clearing Member and the relevant Co operating Clearing House being party to a valid and subsisting Link Agreement, register a Turquoise Derivatives Cleared Exchange Contract in the name of the Clearing Member and in the name of the relevant Co-operating Clearing House. The Clearing House shall be party:
  - (i) as seller to a Turquoise Derivatives Cleared Exchange Contract with the Clearing Member, where the Clearing Member is identified in the details received by TGHL as the buying Clearing Member and party as buyer to a Turquoise Derivatives Cleared Exchange Contract with such Co-operating Clearing House as seller; and
  - (ii) as buyer to a Turquoise Derivatives Cleared Exchange Contract with the Clearing Member, where the Clearing Member is identified in the details received by TGHL as the selling Clearing Member and party as seller to a Turquoise Derivatives Cleared Exchange Contract with such Co-operating Clearing House as buyer.
- (h) Turquoise Derivatives Cleared Exchange Contracts registered in respect of a Turquoise Derivatives Orderbook Match shall be in the terms received by the Clearing House pursuant to Regulation 75(c)(v) and otherwise on the terms of the relevant Turquoise Derivatives Contract Specification contained in the Exchange Rules and any other terms specified in these Regulations and the Procedures. The Clearing House and the Clearing Member party to a Turquoise Derivatives Cleared Exchange Contract shall be obliged to perform their obligations thereunder in accordance with such terms and the Regulations.
- (i) Subject to its rights to suspend the Open Offer for Turquoise Derivatives generally under Regulation 6 or to withdraw the Clearing House Turquoise Derivatives Services in whole or in part as set out in these Regulations or the Procedures, the Clearing House undertakes to keep open the Open Offer for Turquoise Derivatives to a Clearing Member until the Member is no longer eligible under the Exchange Rules or these Turquoise Derivatives Regulations to have Turquoise Derivatives Cleared Exchange Contracts registered in its name or has given notice to the Clearing House, in accordance with the Procedures, stating that it no longer wishes to participate in the Clearing House Turquoise Derivatives Services.
- (j) Without prejudice to the generality of Regulation 39, any other provision of these Regulations, the Procedures or the Exchange Rules concerning the liability of the Clearing House, the Clearing House shall not be liable to any Clearing Member (or any other person, including but not limited to any Turquoise Derivatives NCM, Co operating Clearing House or Linked Member), for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them if the Clearing

House does not receive the details of a Turquoise Derivatives Orderbook Match pursuant to Regulation 75(c)(v) or does not receive accurate, complete or legible details of such Turquoise Derivatives Orderbook Match in accordance with such Regulation. The Clearing House shall be under no duty or obligation to verify the accuracy or completeness of details of Turquoise Derivatives Orderbook Matches received by the Clearing House through TGHL.

- (k) Without prejudice to Regulation 80 or Regulation 81 a Clearing Member shall be bound by a Turquoise Derivatives Cleared Exchange Contract registered in its name in respect of a Turquoise Derivatives Orderbook Match under these Regulations and notwithstanding that the requirements of paragraph (c) may not have been satisfied in respect of the Clearing Member.
- (l) For the purposes of this Regulation 75, a Turquoise Derivatives NCM party to a Turquoise Derivatives NCM-GCM Agreement with a Clearing Member shall, in submitting Turquoise Derivatives Trade Particulars to the Turquoise Derivatives Orderbook, be deemed to act as the agent of that Clearing Member and accordingly to submit such Turquoise Derivatives Trade Particulars to the Turquoise Derivatives Orderbook on behalf of the Clearing Member. The Clearing Member shall be bound by all acts of such Turquoise Derivatives NCM as its agent under this paragraph (l), any other provision of these Regulations or any provision of the Procedures, a Turquoise Derivatives NCM-GCM Agreement or the Exchange Rules, notwithstanding any lapse of authority of such Turquoise Derivatives NCM so to act.
- (m) In the event of a dispute arising out of, or in respect of, the existence or terms of a Turquoise Derivatives Orderbook Match or, where applicable, whether Turquoise Derivatives Trade Particulars giving rise to a Turquoise Derivatives Orderbook Match were submitted by or on behalf of the Clearing Members in whose names Turquoise Derivatives Cleared Exchange Contracts have been (or are to be) registered by the Clearing House, such dispute shall be settled as provided for in the Exchange Rules relating to cancellation of incorrect transactions and Protests and, in connection with this, in accordance with Regulation 80.
- (n) The Clearing House shall be deemed to register a Turquoise Derivatives Cleared Exchange Contract in accordance with this Regulation 75 in the name of a Clearing Member at the time prescribed in the Procedures or, if such registration is effected pursuant to the paragraph 6(a) of the Default Rules, at the time chosen by the Clearing House.
- (o) If a Clearing Member fails to satisfy the criteria referred to in Regulation 75(c)(i), (ii), (iii) or the Open Offer for Turquoise Derivatives has been withdrawn with respect to such Clearing Member (as opposed to generally), the Clearing House may, in respect of any Turquoise Derivatives Orderbook Match which has been submitted by or on behalf of such Clearing Member to the Turquoise Derivatives Orderbook, register a Turquoise Derivatives Cleared Exchange Contract in the Turquoise Derivatives Account where required by, and in accordance with, arrangements agreed from time to time with TGHL. This paragraph shall not apply where both Clearing Members (or a Clearing Member and a Linked Member) party to a Turquoise Derivatives Orderbook Match fails to satisfy the criteria referred to in Regulation 75(c).

**Regulation 76    Reported Trades and Turquoise Derivatives OTC Trades Reported to TGHL for Registration**

- (a) Regulations 76 and 77 and the Procedures apply to Reported Trades and Turquoise Derivatives OTC Trades made by or on behalf of Clearing Members or by or on behalf of a Clearing Member and a Member of a Linked Exchange. Reported Trades and Turquoise Derivatives OTC Trades will not be registered by the Clearing House unless the Clearing House accepts such trades for registration. Acceptance by the Clearing House of Reported Trades and Turquoise Derivatives OTC Trades for registration shall be at the discretion of the Clearing House.
- (b) Details of Reported Trades and Turquoise Derivatives OTC Trades made by or on behalf of Turquoise Derivatives Members which are reported to TGHL in accordance with Exchange Rules for registration with the Clearing House may only be submitted to the Clearing House by TGHL, who shall submit such details on behalf of the Clearing Members party thereto in accordance with arrangements made between the Clearing House and TGHL from time to time.
- (c) Details of Reported Trades and Turquoise Derivatives OTC Trades made by or on behalf of a Clearing Member and a Linked Member may only be submitted to the Clearing House by TGHL, who shall submit such details on behalf of the Clearing Member and the relevant Co-operating Clearing House in accordance with arrangements made between the Clearing House and TGHL from time to time.
- (d) If the Clearing House determines to accept a Reported Trade or Turquoise Derivatives OTC Trade for registration, the Clearing House shall arrange for TGHL to confirm the Clearing House's acceptance to the relevant Turquoise Derivatives Members or to the relevant Turquoise Derivatives Member and the relevant Co-operating Clearing House.
- (e) Subject to paragraph (f), the Clearing House shall register Turquoise Derivatives Cleared Exchange Contracts which it has accepted for registration pursuant to Regulation 76(d), at the time referred to in the Procedures and in accordance with Regulation 77.
- (f) The Clearing House shall not register a Reported Trade or Turquoise Derivatives OTC Trade, of which details have been reported to the Clearing House under paragraph (c), if the relevant Co operating Clearing House declines to enter into a Turquoise Derivatives Cleared Exchange Contract with respect to such Reported Trade.
- (g) Without prejudice to Regulation 80 or Regulation 81, a Clearing Member shall be bound by a Turquoise Derivatives Cleared Exchange Contract registered under Regulation 77 in its name pursuant to the presentation to the Clearing House by TGHL under paragraph (b) or (c) of details of a Reported Trade or Turquoise Derivatives OTC Trade to which it (or a Turquoise Derivatives NCM with whom it is party to a Turquoise Derivatives NCM-GCM Agreement) is party.
- (h) For the purposes of this Regulation 76, a Turquoise Derivatives NCM party to a Turquoise Derivatives NCM-GCM Agreement with a Clearing Member shall, in submitting details of Reported Trades to TGHL, be deemed to act as the agent of that Clearing Member. The Member shall be bound by all acts of such Turquoise Derivatives NCM as his agent under this paragraph (h), any other provision of these Regulations or any provision of the Procedures, a Turquoise Derivatives



NCM-GCM Agreement or the Exchange Rules, notwithstanding any lapse of authority of such Turquoise Derivatives NCM to so act.

**Regulation 77 Registration of Turquoise Derivatives Cleared Exchange Contracts following Submission of Details of a Reported Trade or Turquoise Derivatives OTC Trade**

- (a) Details of a Reported Trade or Turquoise Derivatives OTC Trade accepted for registration by the Clearing House under Regulation 76(d) shall, subject to Regulation 76(f), be registered by the Clearing House as two Turquoise Derivatives Cleared Exchange Contracts between:
- (i) as seller, the Clearing Member, or the Clearing Member party to a Turquoise Derivatives NCM-GCM Agreement with a Turquoise Derivatives NCM, who was named in the Reported Trade or Turquoise Derivatives OTC Trade as the seller (or, where a Linked Member was named as the seller, the Member which is the relevant Co-operating Clearing House) and the Clearing House as buyer; and
  - (ii) as buyer, the Clearing Member, or the Clearing Member party to a Turquoise Derivatives NCM-GCM Agreement with a Turquoise Derivatives NCM who was named in the Reported Trade or Turquoise Derivatives OTC Trade as the buyer (or, where a Linked Member was named as the buyer, the Member which is the relevant Co-operating Clearing House) and the Clearing House as seller.
- (b) Where a Reported Trade is accepted for registration by the Clearing House, each Turquoise Derivatives Cleared Exchange Contract registered under paragraph (a) of this Regulation 77 shall be on the terms received by the Clearing House from TGH and otherwise on the terms of the relevant Turquoise Derivatives Contract Specification contained in the Exchange Rules and any other terms specified in these Regulations and the Procedures. Where a Turquoise Derivatives OTC Trade is accepted for registration, each Turquoise Derivatives Cleared Exchange Contract registered under paragraph (a) of this Regulation 77 shall be on the terms set out in Part A to the Schedule to these Turquoise Derivatives Regulations.
- (c) Without prejudice to Regulation 80, if a Reported Trade is revoked, avoided or otherwise declared invalid for any reason by a person other than the Clearing House or TGH after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any Turquoise Derivatives Cleared Exchange Contract arising under this Regulation or Regulation 76(b) and the Clearing Member party thereto shall be bound by such Turquoise Derivatives Cleared Exchange Contract.
- (d) The Clearing House shall be deemed to register a Turquoise Derivatives Cleared Exchange Contract in respect of a Reported Trade or Turquoise Derivatives OTC Trade in accordance with this Regulation 77 in the name of a Clearing Member at the time prescribed in the Procedures or, if registered by the Clearing House pursuant to rule 6(a) of the Default Rules, at the time chosen by the Clearing House.



**Regulation 78 Delivery (or Other) Failures**

- (a) Without prejudice to the Default Rules and the Procedures, if a Clearing Member as seller fails to deliver securities or other instruments to the Clearing House under a Turquoise Derivatives Cleared Exchange Contract by the due time therefor, the Clearing House may issue directions, in accordance with the Procedures, to that Clearing Member and to a Clearing Member as buyer under a corresponding Turquoise Derivatives Cleared Exchange Contract regarding the performance of such Contracts and take such steps, as it may determine, in accordance with the Procedures and any such steps or directions shall be binding on the Clearing Members.
- (b) The Clearing House shall be entitled to call for cover for margin in such amounts and in such form as it may require in accordance with the Procedures from a Clearing Member where it has failed to deliver securities or other instruments or pay the Price under a Turquoise Derivatives Cleared Exchange Contract by the due time therefor.
- (c) A Clearing Member who has failed to deliver securities or other instruments to the Clearing House under a Turquoise Derivatives Cleared Exchange Contract or to pay the Price shall indemnify the Clearing House in respect of all losses, costs, taxes and expenses suffered or incurred by the Clearing House in taking any steps under paragraph (a) of this Regulation 78.
- (d) Without prejudice to the Default Rules, if a Clearing Member acts in such a manner (which could, without limitation, include persistent failure to deliver securities or other instruments to the Clearing House under Turquoise Derivatives Cleared Exchange Contracts in respect of which it is the seller (other than in circumstances where Regulations 26 and/or 27 apply)) and the Clearing House in its reasonable opinion and after consultation with TGHL determines that the reputation of the Clearing House Turquoise Derivatives Services is being, or has been, undermined, the Clearing House shall be entitled to terminate, on written notice, either summarily or at the expiry of the period specified in the notice, the Clearing Member's ability to have Turquoise Derivatives Cleared Exchange Contracts registered in its name and to require it to liquidate or transfer under Regulation 11 open Turquoise Derivatives Cleared Exchange Contracts registered in its name.

**Regulation 79 Suspension of the Open Offer for Turquoise Derivatives**

The Clearing House may, from time to time, in its absolute discretion suspend the Clearing House Turquoise Derivatives Services for such period of time as it may determine in the circumstances referred to in this Regulation 79 or with the agreement of TGHL.

The Clearing House Turquoise Derivatives Services may be suspended:

- (a) as a result of a malfunction, breakdown or other failure in the electronic communication link between TGHL London and the Clearing House (including any linkage via a third party system) or in the Clearing House's computer systems or any other relevant communication link or computer system such that the Clearing House is not able to receive or otherwise access all such particulars as it may require in order to exercise adequate risk management controls over contracts registered under the Clearing House Turquoise Derivatives Services;
- (b) as a result of a significant banking crisis or an extended disruption to any relevant bank payment system or any other event the occurrence of which in the Clearing House's reasonable opinion may jeopardise the solvency or the integrity of the Clearing House, and in any such case in the Clearing House's reasonable opinion there is a need to suspend the Clearing House Turquoise Derivatives Services in order to protect the solvency or the integrity of the Clearing House;
- (c) where a market emergency affecting TGHL London and/or the Clearing House has a material effect on the provision of the Clearing House Turquoise Derivatives Services and/or the TGHL market;
- (d) in order to comply with any requirements to which it is subject under applicable laws or regulations or with any order or direction given by, or a requirement of, a relevant regulation or pursuant to the rules of any such regulator.

**Regulation 80    Withdrawal of Clearing House Turquoise Derivatives Services by the Clearing House**

- (a) If, at any time, the Clearing House decides in its absolute discretion to withdraw all or any part of the Clearing House Turquoise Derivatives Services it shall give not less than six months' notice to all affected Clearing Members of the date on which the Clearing House Turquoise Derivatives Services will be withdrawn (the "Service Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation 80 to, or the non-receipt of notice under this Regulation 80 by, one or more affected Members shall not invalidate the Service Withdrawal Date.
- (b) Without prejudice to its rights under the Default Rules, any notice given under paragraph (a) shall specify the nature of the service which the Clearing House will provide until the Service Withdrawal Date.
- (c) If, at the Service Withdrawal Date, a Clearing Member has open Turquoise Derivatives Cleared Exchange Contracts registered in its name, the Clearing House shall, at its sole discretion, be entitled to liquidate any such Turquoise Derivatives Cleared Exchange Contracts and effect cash settlement in respect thereto with that Clearing Member.
- (d) The Clearing House shall have the right to postpone the Service Withdrawal Date until such time as the Clearing House determines in its absolute discretion.

**Regulation 81 Cancellation, variation etc of Turquoise Derivatives Cleared Exchange Contracts**

- (a) The Clearing House shall, in accordance with procedures agreed with TGHL, cancel, or vary the terms of, a Turquoise Derivatives Cleared Exchange Contract and the corresponding Turquoise Derivatives Cleared Exchange Contract pursuant to a determination to this effect made by TGHL under the Exchange Rules that such Contracts have been entered into in error or certain terms have been agreed in error or in such other circumstances as may be set out in the Exchange Rules.
- (b) If following receipt of a statement from TGHL recording the details of Turquoise Derivatives Cleared Exchange Contracts which have been registered on a business day in the name of a Clearing Member under the Regulations, the Clearing Member considers that there has been an error or omission in such statement, it shall submit a Protest to TGHL in accordance with, and by the time required, by the Exchange Rules. On receipt of such Protest, TGHL will consult with the Clearing House with a view to determining whether the Protest is valid and, if valid, what step or steps (if any) should be taken in respect of such Clearing Member or any other affected Clearing Member, which may include registering, re-registering, cancelling or varying a Turquoise Derivatives Cleared Exchange Contract. The Clearing House shall take such steps as TGHL and the Clearing House determine to be appropriate and any other step or steps as may be required by the Procedures, which may include requiring cover to be furnished to the Clearing House as required by the Clearing House. If the Clearing House does not take any steps under this paragraph (b) in respect of a Turquoise Derivatives Cleared Exchange Contract, the Clearing Member shall remain bound by the terms of each such Turquoise Derivatives Cleared Exchange Contract registered in his name with the Clearing House. This paragraph shall not apply in the circumstances contemplated by paragraph (a) of this Regulation.
- (c) Turquoise Derivatives Cleared Exchange Contracts may be registered in the Turquoise Derivatives Account in connection with any step taken by the Clearing House under paragraph (b) of this Regulation 81 or in such other circumstances as may be agreed between TGHL and the Clearing House from time to time.
- (d) A Clearing Member whose Turquoise Derivatives Cleared Exchange Contracts have been varied under this Regulation 81 shall be bound by the terms of such Contracts as varied and any relevant provisions of the Procedures.
- (e) Upon a Turquoise Derivatives Cleared Exchange Contract being cancelled under this Regulation 80, the particulars of the transaction in question shall be deemed never to have been submitted to the Clearing House for registration. Any payment (other than fees) made to the Clearing House under, or in respect of, a Turquoise Derivatives Cleared Exchange Contract which has been cancelled under this Regulation 81 shall be repayable to the person who made the payment, subject to LCH's rights under Regulation 12 and the Default Rules.
- (f) Without prejudice to Regulation 39 and its rights and obligations set out in this Regulation 81, the Clearing House shall have no liability whatsoever to any person in respect of any step taken under paragraph (a) or (b) of this Regulation 80.

**Regulation 82 Rejection of Orderbook Matches**

- (a) Subject to paragraphs (b) and (c) of this Regulation 81 and to Regulation 75 (o), any Turquoise Derivatives Orderbook Match, which does not meet the requirements set out in Regulation 75(c), or in respect of which the Clearing House declines to register Turquoise Derivatives Cleared Exchange Contracts under Regulation 9(c), will be rejected by the Clearing House and no Turquoise Derivatives Cleared Exchange Contracts shall be deemed to have arisen. Without prejudice to the generality of Regulation 39, any other provision of these Regulations, the Procedures, or the Exchange Rules concerning the liability of the Clearing House, the Clearing House shall have no liability whatsoever to any Clearing Member or any other person (including but not limited to any Turquoise Derivatives NCM or Linked Member) with regard to the rejection by it of any such Turquoise Derivatives Orderbook Match or any Reported Trade.
- (b) The Clearing House may, in its absolute discretion, agree to register a Turquoise Derivatives Cleared Exchange Contract in the account of a Clearing Member in respect of a Turquoise Derivatives Orderbook Match in accordance with any provisions in this regard set out in the Procedures, notwithstanding that the Clearing Member does not meet the requirements set out in Regulation 75(c) in respect of the Turquoise Derivatives Orderbook Match or the Clearing House receives invalid or incomplete message data in respect of a Turquoise Derivatives Orderbook Match.
- (c) The Clearing House shall only exercise its rights to decline to register Turquoise Derivatives Cleared Exchange Contracts under Regulation 9(c) if:
- (i) the Clearing House is required by an order or direction issued by, or a requirement of, a Regulatory Body pursuant to its rules or otherwise, or in order to comply with any applicable laws, regulations or court order, to cancel, decline to enter into or reject a Turquoise Derivatives Cleared Exchange Contract or to take other similar measures in relation to a Turquoise Derivatives Cleared Exchange Contract; or
  - (ii) a Turquoise Derivatives Orderbook Match exceeds a size specified in the Exchange Rules or the Procedures from time to time.
- (d) If any of the circumstances referred to in paragraph (c)(i) apply in respect of an affected Clearing Member, the Clearing House shall take such action as it may determine in order that the Clearing House does not have (or to minimise the effect of) an unbalanced position. Any such action may, without limit, include entering into contracts with a Clearing Member or a third party in order to balance its position, or to vary or cancel Turquoise Derivatives Cleared Exchange Contracts entered into with a Co-operating Clearing House, as appropriate and the affected Clearing Member shall indemnify the Clearing House against all losses, costs, taxes or expenses suffered or incurred by the Clearing House in taking such action.



**Regulation 83 Cross-Border Transfers to the Clearing House of Contracts Executed by a Member of a Co-operating Exchange - Automatic Transfers**

- (a) Where, pursuant to arrangements set forth in the Exchange Rules, a Clearing Member wishes automatically to accept transfers of contracts executed by a Linked Member on or under the Rules of a Co-operating Exchange for registration with the Clearing House, the Clearing Member shall enter into such agreements as may be required for this purpose by the Exchange Rules and shall notify to the Clearing House, in accordance with the Procedures, the account of the Linked Member (the "**Linked Account**") from which such contracts shall be transferred and the Clearing Member's account with the Clearing House in which such contracts shall be registered. The Clearing House shall register such transferred contracts as Turquoise Derivatives Cleared Exchange Contracts in such account of the Clearing Member in accordance with this Regulation 83 and the Exchange Rules.
- (b) Cross-Border Transfers shall be effected at the time or times and in accordance with procedures agreed between the Clearing House and the relevant Co-operating Clearing House from time to time and otherwise subject to these Regulations and the Exchange Rules.
- (c) Cross-Border Transfers shall not be made in the circumstances set out in Regulation 84 or 85 or if TGHL notifies the Clearing House that the Clearing Member is no longer party to the applicable agreements required by Exchange Rules with respect to Cross-Border Transfers to be made under this Regulation 83.
- (d) The Clearing House shall be entitled to rely on the details notified to it by TGHL of the contracts to be transferred from a Linked Account to the account of a Clearing Member and shall be under no obligation to verify such details with TGHL or the Clearing Member.
- (e) Cross-Border Transfers of Contracts to the account of a Clearing Member with the Clearing House shall be automatically made in accordance with this Regulation 82 without further instructions from the Clearing Member.
- (f) The Clearing House shall not be liable to a Clearing Member, a Linked Member or any person whatsoever in accepting a transfer of contracts for registration in a Clearing Member's account in accordance with this Regulation 83 or if the Clearing House does not accept any such transfer pursuant to Regulation 84 or 85.
- (g) If the Clearing House would have an unbalanced position on registering Turquoise Derivatives Cleared Exchange Contracts in an account of a Member in respect of a Cross-Border Transfer made in accordance with this Regulation 83, the Clearing House shall register an equal number of corresponding Turquoise Derivatives Cleared Exchange Contracts in the name of the relevant Co-operating Clearing House.
- (h) Turquoise Derivatives Cleared Exchange Contracts registered under this Regulation 82 in a Clearing Member's account shall have the same economic terms as the contracts executed by the Linked Member on a Co-operating Exchange, but otherwise shall be subject to the Regulations and the Exchange Rules.

- (i) The Clearing House shall have the same rights to decline to register or accept a contract for registration under this Regulation 83 as it has under these Regulations in respect of a Turquoise Derivatives Orderbook Match or a Reported Trade or Turquoise Derivatives OTC Trade.

**Regulation 84 Default affecting a Cross-Border Transfer**

If, prior to effecting a Cross-Border Transfer under these Regulations, a Clearing Member or a Linked Member party to such proposed Cross-Border Transfer is a defaulter or in default under the rules of the relevant Co-operating Exchange the Cross-Border Transfer shall not occur, unless the Clearing House and the relevant Co-operating Clearing House decide otherwise or it is not practicable to prevent any such Cross-Border Transfer.

**Regulation 85**    **Impossibility of Transfer**

- (a)    Cross-Border Transfers shall not occur on any day under Regulation 80 if it is impossible, for any technological or other reason, for any such transfer to take place. Any affected Cross-Border Transfer shall take place as soon as it is possible for such transfer to be effected.
  
- (b)    Cross Border Transfers shall not occur if it would contravene any applicable law or regulation or requirement of a regulator for any such transfer to take place.

**Regulation 86 Options**

An Turquoise Derivatives Cleared Exchange Contract, being an option, shall be exercised by a Member in accordance with the applicable Exchange Rules and these Regulations and the Procedures. Where there is any conflict between the terms of the applicable Exchange Rules and these Regulations and Procedures, the terms of the Regulations and Procedures shall prevail. References in Regulation 17 to a notice in writing shall be construed to mean an instruction given, or to be given to TGHL, in accordance with the Exchange Rules, as agent for the Clearing House.

**Regulation 87 Re-registration of Contracts**

- (a) A Clearing Member may arrange for a Turquoise Derivatives Cleared Exchange Contract to be transferred to another Clearing Member or to a member of a Co-operating Clearing House in the circumstances prescribed in Turquoise Derivatives Rules 2.14 and 3.4 or as contemplated by this Regulation 87. Any such transfer to an account of another Clearing Member shall be effected by the Clearing House in accordance with Regulation 11.
- (b) Where a Clearing Member submits a Request for Re-Registration to TGHL in accordance with Turquoise Derivatives Rule 3.4, TGHL shall notify the Clearing House, in accordance with the Procedures, that it has received such Request for Re-Registration.
- (c) Transfers of Turquoise Derivatives Cleared Exchange Contracts pursuant to a Request for Re-Registration submitted by a Clearing Member to TGHL and notified to the Clearing House under paragraph (a) shall be effected only if TGHL and the Clearing House have determined to accept such Request for Re-Registration. The Clearing House shall effect such transfer in accordance with Regulation 11 and the Procedures.
- (d) Where a Clearing Member has submitted a Request for Re-Registration to TGHL requesting that one or more Turquoise Derivatives Cleared Exchange Contracts be transferred to an account maintained by a Linked Member with a Co-operating Clearing House, Co-operating Exchange or its Associated Clearing House, the Clearing Member shall notify the Clearing House, in accordance with the Procedures, that such request has been made to TGHL. No such transfers shall be made, unless such conditions set forth in the Exchange Rules have been satisfied and the Clearing House, TGHL and the relevant Co-operating Clearing House, Co-operating Exchange or Associated Clearing House, as the case may be, have given their approval to the transfer. Any such transfer shall be on such terms as the Clearing House may stipulate.

A Clearing Member may in accordance with the Procedures and with the approval of the Clearing House accept for registration in his name contracts executed by a Linked Member and registered with the relevant Co-operating Clearing House or Associated Clearing House which the Linked Member wishes to transfer to an account of the Clearing Member with the Clearing House.

**SCHEDULE TO THE TURQUOISE DERIVATIVES REGULATIONS****Part A****Turquoise Derivatives Cleared Exchange Contract Terms arising from Turquoise Derivatives OTC Trades**

The terms of a registered Turquoise Derivatives Cleared Exchange Contract arising from a Turquoise Derivatives OTC Trade shall include these Contract Terms which shall comprise:

- (1) Interpretation; and
- (2) Economic Terms; and
- (3) Standard Terms.

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

Subject to the Regulations and the Procedures, the Clearing House will use these Contract Terms to calculate the amounts due under this Turquoise Derivatives Cleared Exchange Contract to, or from, the Clearing House in accordance with the Procedures.

For the purposes of this Schedule any reference to a Turquoise Derivatives Cleared Exchange Contract shall be a reference to a Turquoise Derivatives Cleared Exchange Contract arising from a Turquoise Derivatives OTC Trade in accordance with the Regulations.

**1. Interpretation**

- 1.1. "ISDA Definitions" means the 2002 ISDA Equity Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), and the same are incorporated by reference herein.
- 1.2. Words and expressions used in these Contract Terms which are not defined in the Regulations and the Procedures but which are defined in the "ISDA Definitions" shall have the same meaning herein as the ISDA Definitions, unless expressly provided otherwise.
- 1.3. In the event of an inconsistency between the Regulations and the Procedures and the ISDA Definitions, the Regulations and Procedures will prevail.
- 1.4. References in the ISDA Definitions to an "Option Transaction", "Forward Transaction", or "Futures Transaction" shall be deemed to be references to a "Turquoise Derivatives OTC Trade".
- 1.5. Except where expressly stated otherwise, all reference to "Articles" means Articles in the ISDA Definitions as published by ISDA.
- 1.6. In relation to any amendments to the ISDA Definitions, the Clearing House may from time to time, by notice delivered to Clearing Members, give directions as to whether such amendment shall apply to EDX Cleared Exchange Contracts with immediate effect or with such deferred effect as the Clearing House shall determine.

1.7. Any such notice may provide that the amendment to the ISDA Definitions may take effect so as to apply to Turquoise Derivatives Cleared Exchange Contracts registered in a Clearing Member's name at the time such amendment comes into effect if the Clearing House so determines.

1.8. The accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by any Clearing Member shall not invalidate the amendment with which the notice is concerned.

## 2. Economic Terms

2.1. The Economic Terms of a Turquoise Derivatives Cleared Exchange Contract shall be derived from the information presented to the Clearing House by TGHL in respect of the terms designated as Economic Terms in this Schedule.

2.2. It is part of the eligibility criteria for registration as a Turquoise Derivatives Cleared Exchange Contract that the particulars of a Turquoise Derivatives OTC Trade presented to the Clearing House must include matched information in respect all such designated Economic Terms.

2.3. The Economic Terms comprise:

- (i) Trade Date (see Article 1.17 for definition);
- (ii) Buyer (see Article 1.18 for definition);
- (iii) Seller (see Article 1.19 for definition);
- (iv) Settlement Currency (see Article 1.33 for definition);
- (v) Cash-settled (see Article 1.38 for definition) or Physically-settled (see Article 1.39 for definition);
- (vi) if Cash-settled, Cash Settlement Payment Date (see Article 8.8 for definition)
- (vii) if Physically-settled, Settlement Date (see Article 9.4 for definition);
- (viii) Where an Option transaction:
  - (a) Commencement Date (see Article 2.1 (a) for definition);
  - (b) Number of Options (see Article 2.1 (b) for definition);
  - (c) Option Entitlement (see Article 2.1 (c) for definition);
  - (d) American Option (see Article 2.2 (a) for definition) or European Option (see Article 2.2 (b) for definition);
  - (e) Call (see Article 2.3 (a) for definition) or Put (see Article 2.3 (b) for definition);
  - (f) Payment of Premium (see Article 2.4 (a) for definition);
  - (g) Premium (see Article 2.4 (b) for definition);



- (h) Premium Payment Date (see Article 2.4 (c) for definition);
- (i) Exercise Period (see Article 3.1 (a) for definition);
- (j) Exercise Date (see Article 3.1 (b) for definition);
- (k) Expiration Date (see Article 3.1 (a) for definition);
- (ix) Where a Forward Transaction:
  - (a) Forward Price (see Article 4.1 (a) for definition);
  - (b) Expiration Date.
- (x) Where a Futures Transaction:
  - (a) Futures Price;
  - (b) Expiration Date.
- (xi) Where Share Option, Share Forward or Share Future Transaction:
  - (a) Number of Shares (see Article 1.20 for definition);
  - (b) Number of Shares to be Delivered (see Article 9.5 for definition).

PROVIDED, however, that, where in the "Option Transaction", "Forward Transaction", or "Future Transaction" a Clearing Member is party as the Seller ("the First Member") with the other Clearing Member as the party being the buyer ("the Second Member") the Clearing House, in respect of each Turquoise Derivatives Cleared Exchange Contract to which it is party shall be (i) the Buyer to the First Member and (ii) the Seller to the Second Member.

### 3. **Standard Terms**

The following terms are designated as Standard Terms of a registered Turquoise Derivatives Cleared Exchange Contract:

#### 3.1. **Other Relevant Definitions**

"Exchange" is defined in Article 1.25.

"Settlement price" is defined in Article 7.3.

#### 3.2. **Calculation Agent**

The Calculation Agent is the Clearing House.

#### 3.3. **Withholding Tax Provisions**

All payments due under a Turquoise Derivatives Cleared Exchange Contract shall be made by the Clearing Member free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the Clearing Member, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Clearing House receives and retains (free from any

liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

The Clearing House shall make any payments due to a Clearing Member net of any deduction or withholding for or on account of any tax it is required to make from such payments.

**3.4. Payment of Stamp Tax**

Each Clearing Member will pay any Stamp Tax or duty levied or imposed upon it in respect of any Turquoise Derivatives Cleared Exchange Contract to which it is a party by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located ("Stamp Tax Jurisdiction") or by any other jurisdiction, and will indemnify the Clearing House against any Stamp Tax or duty levied or imposed upon the Clearing House by any such Stamp Tax Jurisdiction or by any other jurisdiction in respect of any Turquoise Derivatives Cleared Exchange Contract registered by the Clearing House and to which that Clearing Member is a party.

**3.5. Payments under a Turquoise Derivatives Cleared Exchange Contract**

Payments under, and in respect of, a Turquoise Derivatives Cleared Exchange Contract shall be calculated by the Clearing House and shall be made by, or to, the Clearing Member in accordance with the provisions of the Procedures.

**3.6. Regulations**

This Turquoise Derivatives Cleared Exchange Contract shall be subject to the Regulations and the Procedures, which shall form a part of its terms. In the event of any inconsistency between these Contract Terms and the Regulations and the Procedures, the Regulations and the Procedures will prevail.

**3.7. Governing Law**

This Turquoise Derivatives Cleared Exchange Contract shall be governed by and construed in accordance with the laws of England and Wales and the parties irrevocably agree for the benefit of the Clearing House that the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. The Clearing Member party to this Turquoise Derivatives Cleared Exchange Contract irrevocably submits to such jurisdiction and to waive any objection it might otherwise have to such jurisdiction, save that this submission to the jurisdiction of the courts of England and Wales shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the Clearing House from taking action in any other jurisdiction, whether concurrently or not.

**3.8. Third Party Rights**

A person who is not a party to this Turquoise Derivatives Cleared Exchange Contract shall have no rights under or in respect of this Contract. Rights of third parties to enforce any terms of this Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

**SCHEDULE TO THE Turquoise Derivatives REGULATIONS****Part B****Product Eligibility Criteria for Registration of an Turquoise Derivatives OTC Trade****1. Turquoise Derivatives OTC Trades**

1.1 Without prejudice to the Regulations and the Procedures, the Clearing House may decline to register to register a Turquoise Derivatives OTC Trade unless at the time that the required particulars of that Turquoise Derivatives OTC Trade are presented:

- (a) the Turquoise Derivatives OTC Trade meets the eligibility criteria, set out in section 2 below for an eligible Turquoise Derivatives OTC Trade, and all other requirements of the Clearing House from time to time including the requirements set out in these Regulations and Procedures; and
- (b) details of the Turquoise Derivatives OTC Trade are submitted for registration in accordance with the Regulations, the Procedures and all other requirements from time to time of the Clearing House; and
- (c) the parties to the Turquoise Derivatives OTC Trade are Clearing Members approved by the Clearing House as persons eligible to submit such trades for registration by the Clearing House or Turquoise Derivatives Non-Clearing Members, so approved,

and the requirements of (a) to (c) inclusive and Section 2 continue to be satisfied at Registration Time.

**2. Product Eligibility Criteria for a Turquoise Derivatives OTC Trade**

"Eurozone" means either a share listed on a French, German, Dutch, Finnish, Spanish or Italian market

Contract	Expiration Date	Option Type	Contract Size	Currency	Option Premium	Settlement Type	Settlement Date
Eurozone Share Option	Less than 5 Years	American/ European	1	Euro	Payable Trade Date +1	Physical Cash Settlement	or ED+2/3
Eurozone Share Future/ Forward	Less than 5 Years	N/A	1	Euro	N/A	Physical Cash Settlement	or ED+2/3
Swiss Share Option	Less than 5 Years	American/ European	1	CHF	Payable Trade Date +1	Physical Cash Settlement	or ED+3
Swiss Share Future/ Forward	Less than 5 Years	N/A	1	CHF	N/A	Physical Cash Settlement	or ED+3
UK Share Option	Less than 5 Years	American/ European	1	GBP	Payable Trade	Physical Cash	or ED+3

Contract	Expiration Date	Option Type	Contract Size	Currency	Option Premium	Settlement Type	Settlement Date
					Date +1	Settlement	
UK Share Future/ Forward	Less than 5 years	N/A	1	GBP	N/A	Physical Cash Settlement	or ED+3
Eurozone Index Options	Less than 5 Years	European	1	Euro	Payable Trade Date +1	Cash Settlement	ED+1
Eurozone Index Future/ Forward	Less than 5 Years	N/A	1	Euro	N/A	Cash Settlement	ED+1
Swiss Index Option	Less than 5 Years	European	1	CHF	Payable Trade Date +1	Cash Settlement	ED+1
Swiss Index Future/ Forward	Less than 5 Years	N/A	1	CHF	N/A	Cash Settlement	ED+1
UK Index Option	Less than 5 Years	European	1	GBP	Payable Trade Date +1	Cash Settlement	ED+1
UK Index Future/ Forward	Less than 5 Years	N/A	1	GBP	N/A	Cash Settlement	ED+1

## HKMEX REGULATIONS

### **Regulation 88 Introduction and Application**

#### **General**

- (a) The Clearing House shall provide the HKMEx Service subject to and in accordance with the terms of these HKMEx Regulations and the Procedures.
- (b) Clearing Members which are HKMEx Service Clearing Members, and applicants to become HKMEx Service Clearing Members, shall be bound by these HKMEx Regulations. Other than as specified in the Regulations, the remainder of the Regulations shall not apply to the HKMEx Service.
- (c) Regulations 1 and 2 of the Regulations apply to the HKMEx Service.

#### **HKMEx Service Clearing Membership**

- (d) A Clearing Member may apply to become a HKMEx Service Clearing Member in accordance with the Procedures.
- (e) Regulations 4(a) to 4(c) (inclusive) apply to HKMEx Service Clearing Membership and applications therefor as it applies to clearing membership.
- (f) In the event of any inconsistency between HKMEx's Rules and the HKMEx Regulations, the HKMEx Regulations shall prevail.

#### **Accounts**

- (g) Regulation 5 applies to the opening and operation of accounts with respect to a HKMEx Service Clearing Member. Such accounts shall be designated in accordance with Regulation 8.

#### **Formation, registration and transfers of HKMEx Contracts**

- (h) HKMEx's Rules govern the formation of a HKMEx Transaction.
- (i) Regulations 89 and 90 govern the registration and formation of a HKMEx Contract.
- (j) A HKMEx Service Clearing Member may clear HKMEx Transactions for a HKMEx Non-Clearing Member in accordance with the Procedures and HKMEx's Rules.
- (k) Regulation 11 (and, insofar as relevant, Regulation 3(b)) apply to a HKMEx Contract which is an open contract.

#### **Margin and cover for margin**

- (l) Regulation 12 applies to a HKMEx Service Clearing Member.

***Daily settlement***

- (m) Regulations 13, 14, 91 and 16 apply to the daily settlement to market of open HKMEX Contracts.

***Options***

- (n) Regulations 17 and 18 apply to HKMEX Contracts which are options.

***Physical settlement***

- (o) Regulations 19 to 22 (inclusive) and 25 apply to HKMEX Contracts.

***Arbitration***

- (p) Regulations 23 and 24 apply to HKMEX Contracts.

***Market disorders; force majeure; invoicing back; currency conversion; disclosure; fees and other charges; records; Procedures; alteration of Regulations and Procedures; interpretation; waiver; validity; governing law and jurisdiction; exclusion of liability; netting***

- (q) Regulations 25 to 39A (inclusive) apply to HKMEX Service Clearing Members and HKMEX Contracts.

***Default Rules and Default Fund Rules***

- (r) The Default Rules and the Default Fund Rules apply to HKMEX Service Clearing Members and HKMEX Contracts.

***Clearing House Settlement Finality Regulations***

- (s) The Clearing House Settlement Finality Regulations apply in relation to HKMEX Service Clearing Members and HKMEX Contracts.

**Regulation 89 Presentation, allocation of HKMEX Transactions and registration of HKMEX Contracts**

- (a) In order to utilise the HKMEX Service a HKMEX Service Clearing Member must cause particulars of a HKMEX Transaction to which it is party to be submitted for registration as a HKMEX Contract, through such means as shall be prescribed by the Procedures.
- (b) A HKMEX Transaction submitted for registration must meet the eligibility criteria prescribed in the Procedures at the time the particulars of such HKMEX Transaction are presented to the Clearing House and must continue to meet such criteria at the time prescribed in the Procedures ("Registration Time") in order to be registered as HKMEX Contracts. A HKMEX Service Clearing Member may not revoke, cancel or transfer a HKMEX Transaction unless permitted by HKMEX's Rules, the Regulations or the Procedures or with the consent of the Clearing House.
- (c) A HKMEX Service Clearing Member shall not allow the submission for registration of a transaction which is not a HKMEX Transaction.
- (d) The Clearing House may require HKMEX Transactions presented for registration in the name of a HKMEX Service Clearing Member to be confirmed by or on behalf of such Member, in which case it shall specify the manner, form and time of such confirmation in the Procedures.
- (e) A HKMEX Transaction may, subject to the Procedures or HKMEX's Rules (as may be the case), be allocated (or reallocated) by or on behalf of a HKMEX Service Clearing Member to another HKMEX Service Clearing Member in such manner and form and by such time as may be prescribed by the Procedures.
- (f) Where a HKMEX Transaction is allocated (or reallocated) to a HKMEX Service Clearing Member, then unless the Clearing House receives confirmation of the acceptance of the allocation of such contract from the HKMEX Service Clearing Member to whom such contract is being allocated (or reallocated) within the relevant time prescribed by the Procedures, the Clearing House shall register such HKMEX Transaction in the name of the HKMEX Service Clearing Member who sought to allocate the HKMEX Transaction.
- (g) Notwithstanding paragraph (f) of this Regulation, a HKMEX Service Clearing Member may from time to time agree in writing with the Clearing House that he shall accept for registration in his name any HKMEX Transaction allocated to him.
- (h) The Clearing House may decline to register a HKMEX Transaction in the name of a HKMEX Service Clearing Member where it considers such action advisable for its own protection or the protection of the relevant market. The Clearing House may, without assigning any reason, make the registration of any HKMEX Transaction subject to any conditions stipulated by the Clearing House including, without limitation, the furnishing of cover for margin by both HKMEX Service Clearing Members in whose name any such HKMEX Transaction is to be registered.
- (i) Without prejudice to the Clearing House's rights under paragraph (k) of this Regulation, a HKMEX Service Clearing Member shall be bound by a HKMEX Contract registered in its name pursuant to the presentation of particulars of a HKMEX Transaction.

- (j) The Clearing House shall be deemed to register a HKMEx Contract in relation to a HKMEx Transaction in the name of a HKMEx Service Clearing Member at the Registration Time for that type of HKMEx Contract in accordance with Regulation 90.
- (k) For the avoidance of doubt, any transaction of which details have been submitted by HKMEx Participants for registration as HKMEx Contracts which is not so registered shall remain in effect or be terminated, as the case may be, according to any terms agreed between the parties thereto (directly or by virtue of their common participation or membership of the HKMEx Trading System through or on which the transaction was executed or by which it was registered), and the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no obligations or liability in relation thereto.
- (l) If at any time after registration of a HKMEx Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration was not a HKMEx Transaction or did not, at the Registration Time, meet the eligibility criteria for registration as a HKMEx Contract, the Clearing House shall, as soon as practicable thereafter, set aside each such HKMEx Contract. Upon the purported HKMEx Contract being set aside under this Regulation 89(l), the particulars of the transaction in question shall be deemed never to have been registered. Any payment made under, or in respect of, a HKMEx Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 89(l), the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of a contract as a HKMEx Contract in respect of a transaction which did not meet the eligibility criteria at the Registration Time to enable it to be registered as a HKMEx Contract.



**Regulation 90 HKMEx Contracts**

- (a) A HKMEx Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as two HKMEx Contracts, one between the First HKMEx Service Clearing Member as the seller and the Clearing House as the buyer as principals to such contract, and the other between the Clearing House as the seller and the Second HKMEx Service Clearing Member as the buyer (as the case may be) as principals to such contract. For the purposes of this Regulation:
- (i) "First HKMEx Service Clearing Member" is a HKMEx Service Clearing Member who was, before registration of the HKMEx Contract, party to the corresponding HKMEx Transaction as the seller;
  - (ii) "Second HKMEx Service Clearing Member" is a HKMEx Service Clearing Member who was, before registration of the HKMEx Contract, party to the corresponding HKMEx Transaction as the buyer.
- (b) With effect from registration of a HKMEx Transaction as two HKMEx Contracts under paragraph (a) of this Regulation:
- (i) the parties to the corresponding HKMEx Transaction shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time;
  - (ii) each HKMEx Contract registered under paragraph (a) of this Regulation shall be governed by the relevant HKMEx Contract Terms applicable to that HKMEx Contract;
  - (iii) subject always to sub-paragraph (ii) above, the First HKMEx Service Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the HKMEx Contract to which it is a party as the seller had and owed in respect of its counterparty under the corresponding HKMEx Transaction; and
  - (iv) subject always to sub-paragraph (ii) above, the Second HKMEx Service Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the HKMEx Contract to which it is party as the buyer had and owed in respect of its counterparty under the corresponding HKMEx Transaction.
- In sub-paragraphs (iii) and (iv) above, a reference to the "same" rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the corresponding HKMEx Transaction (it being assumed, for this purpose, that such HKMEx Transaction was a legal, valid, binding and enforceable obligation of the parties thereto), notwithstanding the change in the person entitled to them or obliged to perform them.
- (c) If a HKMEx Transaction is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any HKMEX Contract unless otherwise determined by the Clearing House.

- (d) In the case of a HKMEx Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this Regulation 90 shall take effect.

**Regulation 91 Daily Settlement or Marking to Market**

- (a) Where the Procedures so provide, the Clearing House may effect the daily settlement to market or daily marking to market of those open HKMEX Contracts in accordance with the Procedures. Daily settlement to market shall not apply to such open HKMEX Contracts which are for the account of a HKMEX Service Clearing Member's client accounts.
- (b) The Clearing House shall, in accordance with the Procedures, in respect of each open HKMEX Contract in a HKMEX Service Clearing Member's name which is subject to daily settlement to market or daily marking to market, effect and register a settlement contract, being a contract on the same terms (except as to price or premium) including the strike price where applicable as the open HKMEX Contract, save that where a HKMEX Service Clearing Member is the seller under the terms of the open HKMEX Contract that HKMEX Service Clearing Member shall be the buyer under the terms of the settlement contract and vice-versa, such settlement contract to be effected in accordance with the Procedures at the relevant HKMEX Reference Price for that day. The Clearing House shall thereupon settle each open HKMEX Contract against the respective settlement contract in accordance with the Procedures.
- (c) The Clearing House shall, upon completion of the procedure set out in paragraph (b) above, calculate the daily settlement amounts in accordance with the Procedures and shall thereafter make up the HKMEX Service Clearing Member's account and upon the Clearing House so doing, that HKMEX Service Clearing Member and the Clearing House shall (unless otherwise agreed) settle any daily settlement amounts arising as follows:
- (i) any profit arising to a HKMEX Service Clearing Member shall be credited to the applicable account and, subject to the Clearing House's right to retain such profit pursuant to these Regulations, such profit shall be paid to that HKMEX Service Clearing Member on that HKMEX Service Clearing Member's request; and
- (ii) any loss arising to a HKMEX Service Clearing Member shall be debited to the applicable account of that HKMEX Service Clearing Member and (subject to these Regulations) that HKMEX Service Clearing Member shall pay the amount of such loss to the Clearing House forthwith on demand.
- (d) The Clearing House shall, upon completion of the calculation of daily settlement amounts pursuant to paragraph (c) above in the manner prescribed by the Procedures:
- (i) in respect of those open HKMEX Contracts in a HKMEX Service Clearing Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily settlement to market, register at the relevant HKMEX Reference Price referred to in the Procedures, HKMEX Contracts in that HKMEX Service Clearing Member's name as open HKMEX Contracts on the same terms (except as to price or premium) including the strike price where applicable, as the settled open HKMEX Contracts, save that no HKMEX Contract for the purchase and no contract for the sale of the same commodity, for the same delivery month, or expiry month and price, shall be registered in that HKMEX Service Clearing Member's name;

- (ii) in respect of those open HKMEx Contracts in a HKMEx Service Clearing Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily marking to market as prescribed by the Procedures, register at the relevant HKMEx Reference Price referred to in the Procedures, HKMEx Contracts in the HKMEx Service Clearing Member's name as open HKMEx Contracts on the same terms (except as to price or premium) including the strike price, where applicable, as the settled open HKMEx Contracts.
- (e) A HKMEx Service Clearing Member may, in respect of all open HKMEx Contracts in his name which are subject to daily marking to market, request the Clearing House within the time and in the manner prescribed by the Procedures, to settle such HKMEx Contracts being the same number of contracts for the purchase and sale of the same commodity for the same delivery month or, where applicable, for the same expiry month and strike price. Such a request, once made, shall be irrevocable unless the Clearing House otherwise consents. Where such a request is made, the Clearing House shall as soon as practicable after the close of trading on that market day (but not necessarily on that day, and provided documentation has been supplied by the Member in accordance with the Procedures) make up the HKMEx Service Clearing Member's account.
- (f) In respect of those open HKMEx Contracts of which settlement might have been requested by a HKMEx Service Clearing Member under paragraph (e) above, the Clearing House may, if no request for settlement has been received by the cessation of trading for the delivery month applicable to those HKMEx Contracts, at any time thereafter proceed as if settlement had been requested and make up and render the HKMEx Service Clearing Member's accounts accordingly.

## **NODAL REGULATIONS**

### **Regulation 92 Introduction and Application**

#### **General**

- (a) The Clearing House shall provide the Nodal Service subject to and in accordance with the terms of these Nodal Regulations and the Procedures.
- (b) Clearing Members which are Nodal Service Clearing Members, and applicants to become Nodal Service Clearing Members, shall be bound by these Nodal Regulations. Other than as specified in the Regulations, the remainder of the Regulations shall not apply to the Nodal Service.
- (c) Regulations 1 and 2 of the Regulations apply to the Nodal Service.

#### **Nodal Service Clearing Membership**

- (d) A Clearing Member may apply to become a Nodal Service Clearing Member in accordance with the Procedures.
- (e) Regulations 4(a) to 4(c) (inclusive) apply to Nodal Service Clearing Membership and applications therefor as it applies to clearing membership.

#### **Nodal's Rules**

- (f) In the event of any inconsistency between Nodal's Rules and the Nodal Regulations, the Nodal Regulations shall prevail.

#### **Accounts**

- (g) Regulation 5 applies to the opening and operation of accounts with respect to a Nodal Service Clearing Member. Such accounts shall be designated in accordance with Regulation 8.

#### **Formation, Registration and Transfers of Nodal Contracts**

- (h) Nodal's Rules govern the formation of a Nodal Transaction.
- (i) Regulations 93 and 94 govern the registration and formation of a Nodal Contract.
- (j) A Nodal Service Clearing Member may clear Nodal Transactions for a Nodal Non-Clearing Participant in accordance with the Procedures and Nodal's Rules.
- (k) Regulation 11 (and, insofar as relevant, Regulation 3(b)) apply to a Nodal Contract which is an open contract.

#### **Margin and Cover for Margin**

- (l) Regulation 12 applies to a Nodal Service Clearing Member.

#### **Daily Settlement**

- (m) Regulations 13, 14, 95 and 16 apply to the daily settlement to market of open Nodal Contracts.

**Options**

- (n) Regulations 17 and 18 apply to Nodal Contracts which are options.

**Physical Settlement**

- (o) Regulations 19 to 22 (inclusive) and 25 apply to Nodal Contracts.

**Arbitration**

- (p) Regulations 23 and 24 apply to Nodal Contracts.

**Market disorders; force majeure; invoicing back; currency conversion; disclosure; fees and other charges; records; Procedures; alteration of Regulations and Procedures; interpretation; waiver; validity; governing law and jurisdiction; exclusion of liability; netting**

- (q) Regulations 25 to 39A (inclusive) apply to Nodal Service Clearing Members and Nodal Contracts.

**Default Rules and Default Fund Rules**

- (r) The Default Rules and the Default Fund Rules apply to Nodal Service Clearing Members and Nodal Contracts.

**Clearing House Settlement Finality Regulations**

- (s) The Clearing House Settlement Finality Regulations apply in relation to Nodal Service Clearing Members and Nodal Contracts.

**Regulation 93 Presentation, Allocation of Nodal Transactions and Registration of Nodal Contracts**

- (a) In order to utilise the Nodal Service a Nodal Service Clearing Member must cause particulars of a Nodal Transaction to which it is party to be submitted for registration as a Nodal Contract, through such means as shall be prescribed by the Procedures.
- (b) A Nodal Transaction submitted for registration must meet the eligibility criteria prescribed in the Procedures at the time the particulars of such Nodal Transaction are presented to the Clearing House and must continue to meet such criteria at the time prescribed in the Procedures ("**Registration Time**") in order to be registered as Nodal Contracts. A Nodal Service Clearing Member may not revoke, cancel or transfer a Nodal Transaction unless permitted by Nodal's Rules, the Regulations or the Procedures or with the consent of the Clearing House and Nodal.
- (c) A Nodal Service Clearing Member shall not allow the submission for registration of a transaction which is not a Nodal Transaction.
- (d) The Clearing House may require Nodal Transactions presented for registration in the name of a Nodal Service Clearing Member to be confirmed by or on behalf of such Member, in which case it shall specify the manner, form and time of such confirmation in the Procedures.
- (e) The Clearing House may decline to register a Nodal Transaction in the name of a Nodal Service Clearing Member where it considers such action advisable for its own protection or the protection of the relevant market. The Clearing House may, without assigning any reason, make the registration of any Nodal Transaction subject to any conditions stipulated by the Clearing House including, without limitation, the furnishing of cover for margin by both Nodal Service Clearing Members in whose name any such Nodal Transaction is to be registered.
- (f) Without prejudice to the Clearing House's rights under paragraph (h) of this Regulation, a Nodal Service Clearing Member shall be bound by a Nodal Contract registered in its name pursuant to the presentation of particulars of a Nodal Transaction.
- (g) The Clearing House shall be deemed to register a Nodal Contract in relation to a Nodal Transaction in the name of a Nodal Service Clearing Member at the Registration Time for that type of Nodal Contract in accordance with Regulation 94.
- (h) For the avoidance of doubt, any transaction of which details have been submitted for registration as Nodal Contracts which is not so registered shall remain in effect or be terminated, as the case may be, according to any terms agreed between the parties thereto (directly or by virtue of their common participation in the Nodal Trading Facility through or on which the transaction was executed or by which it was registered), but subject in all cases to Nodal's Rules, and the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no obligations or liability in relation thereto.
- (i) If at any time after registration of a Nodal Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration was not a Nodal Transaction or did not, at the Registration Time, meet the

eligibility criteria for registration as a Nodal Contract, the Clearing House shall, as soon as practicable thereafter, set aside each such Nodal Contract. Upon the purported Nodal Contract being set aside under this Regulation 92(l), the particulars of the transaction in question shall be deemed never to have been registered. Any payment made under, or in respect of, a Nodal Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 92(l), the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of a contract as a Nodal Contract in respect of a transaction which did not meet the eligibility criteria at the Registration Time to enable it to be registered as a Nodal Contract.



**Regulation 94 Nodal Contracts**

- (a) A Nodal Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as two Nodal Contracts, one between the First Nodal Service Clearing Member as the seller and the Clearing House as the buyer as principals to such contract, and the other between the Clearing House as the seller and the Second Nodal Service Clearing Member as the buyer (as the case may be) as principals to such contract. For the purposes of this Regulation:
- (i) "First Nodal Service Clearing Member" is a Nodal Service Clearing Member who was, before registration of the Nodal Contract, party to the corresponding Nodal Transaction as the seller;
  - (ii) "Second Nodal Service Clearing Member" is a Nodal Service Clearing Member (who may also be the same as the First Nodal Service Clearing Member) who was, before registration of the Nodal Contract, party to the corresponding Nodal Transaction as the buyer.
- (b) With effect from registration of a Nodal Transaction as two Nodal Contracts under paragraph (a) of this Regulation:
- (i) the parties to the corresponding Nodal Transaction shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time;
  - (ii) each Nodal Contract registered under paragraph (a) of this Regulation shall be governed by the relevant Nodal Contract;

Terms applicable to that Nodal Contract;

- (iii) subject always to sub-paragraph (ii) above, the First Nodal Service Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the Nodal Contract to which it is a party as the seller had and owed in respect of its counterparty under the corresponding Nodal Transaction; and
- (iv) subject always to sub-paragraph (ii) above, the Second Nodal Service Clearing Member shall have the same rights against, and owe the same obligations to the Clearing House under the Nodal Contract to which it is party as the buyer had and owed in respect of its counterparty under the corresponding Nodal Transaction.

In sub-paragraphs (iii) and (iv) above, a reference to the "same" rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the corresponding Nodal Transaction (it being assumed, for this purpose, that such Nodal Transaction was a legal, valid, binding and enforceable obligation of the parties thereto), notwithstanding the change in the person entitled to them or obliged to perform them.

- (c) If a Nodal Transaction is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any Nodal Contract unless otherwise determined by the Clearing House.

- (d) In the case of a Nodal Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this Regulation 94 shall take effect.

**Regulation 95 Daily Settlement or Marking to Market**

- (a) Where the Procedures so provide, the Clearing House may effect the daily settlement to market or daily marking to market of those open Nodal Contracts in accordance with the Procedures. Daily settlement to market shall not apply to such open Nodal Contracts which are for the account of a Nodal Service Clearing Member's client accounts.
- (b) The Clearing House shall, in accordance with the Procedures, in respect of each open Nodal Contract in a Nodal Service Clearing Member's name which is subject to daily settlement to market or daily marking to market, effect and register a settlement contract, being a contract on the same terms (except as to price or premium) including the strike price where applicable as the open Nodal Contract, save that where a Nodal Service Clearing Member is the seller under the terms of the open Nodal Contract that Nodal Service Clearing Member shall be the buyer under the terms of the settlement contract and vice-versa, such settlement contract to be effected in accordance with the Procedures at the relevant Nodal Reference Price for that day. The Clearing House shall thereupon settle each open Nodal Contract against the respective settlement contract in accordance with the Procedures.
- (c) The Clearing House shall, upon completion of the procedure set out in paragraph (b) above, calculate the daily settlement amounts in accordance with the Procedures and shall thereafter make up the Nodal Service Clearing Member's account and upon the Clearing House so doing, that Nodal Service Clearing Member and the Clearing House shall (unless otherwise agreed) settle any daily settlement amounts arising as follows:
- (i) any profit arising to a Nodal Service Clearing Member shall be credited to the applicable account and, subject to the Clearing House's right to retain such profit pursuant to these Regulations, such profit shall be paid to that Nodal Service Clearing Member on that Nodal Service Clearing Member's request; and
  - (ii) any loss arising to a Nodal Service Clearing Member shall be debited to the applicable account of that Nodal Service Clearing Member and (subject to these Regulations) that Nodal Service Clearing Member shall pay the amount of such loss to the Clearing House forthwith on demand.
- (d) The Clearing House shall, upon completion of the calculation of daily settlement amounts pursuant to paragraph (c) above in the manner prescribed by the Procedures:
- (i) in respect of those open Nodal Contracts in a Nodal Service Clearing Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily settlement to market, register at the relevant Nodal Reference Price referred to in the Procedures, Nodal Contracts in that Nodal Service Clearing Member's name as open Nodal Contracts on the same terms (except as to price or premium) including the strike price where applicable, as the settled open Nodal Contracts, save that no Nodal Contract for the purchase and no contract for the sale of the same commodity, for the same delivery month, or expiry month and price, shall be registered in that Nodal Service Clearing Member's name;

- (ii) in respect of those open Nodal Contracts in a Nodal Service Clearing Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily marking to market as prescribed by the Procedures, register at the relevant Nodal Reference Price referred to in the Procedures, Nodal Contracts in the Nodal Service Clearing Member's name as open Nodal Contracts on the same terms (except as to price or premium) including the strike price, where applicable, as the settled open Nodal Contracts.
  
- (e) A Nodal Service Clearing Member may, in respect of all open Nodal Contracts in his name which are subject to daily marking to market, request the Clearing House within the time and in the manner prescribed by the Procedures, to settle such Nodal Contracts being the same number of contracts for the purchase and sale of the same commodity for the same delivery month or, where applicable, for the same expiry month and strike price. Such a request, once made, shall be irrevocable unless the Clearing House otherwise consents. Where such a request is made, the Clearing House shall as soon as practicable after the close of trading on that market day (but not necessarily on that day, and provided documentation has been supplied by the Member in accordance with the Procedures) make up the Nodal Service Clearing Member's account.
  
- (f) In respect of those open Nodal Contracts of which settlement might have been requested by a Nodal Service Clearing Member under paragraph (e) above, the Clearing House may, if no request for settlement has been received by the cessation of trading for the delivery month applicable to those Nodal Contracts, at any time thereafter proceed as if settlement had been requested and make up and render the Nodal Service Clearing Member's accounts accordingly.

**NYSE LIFFE CLEARING REGULATIONS**

**Regulation 96 Introduction and Application**

**General**

- (a) The Clearing House shall provide certain services in relation to the NYSE Liffe Clearing Service subject to and in accordance with the terms of these NYSE Liffe Clearing Regulations and the Procedures.
- (b) Clearing Members which are NYSE Liffe Clearing Members, and applicants to become NYSE Liffe Clearing Members, shall be bound by these NYSE Liffe Clearing Regulations. Other than as set out in these NYSE Liffe Clearing Regulations, the LIFFE Rules shall apply to NYSE Liffe Clearing Contracts and the NYSE Liffe Clearing Service and the General Regulations shall not apply thereto. As set out in the LIFFE Rules and the relevant NYSE Liffe Clearing Membership Agreement, the Clearing House shall have available to it certain powers of LIFFE under section 13 of the LIFFE Rules in relation to the NYSE Liffe Clearing Service and NYSE Liffe Clearing Contracts.

**Regulation 97 NYSE Liffe Clearing Membership**

- (a) In order to use the NYSE Liffe Clearing Service, a person must at all times be a clearing member of the market administered by LIFFE and a Clearing Member of the Clearing House, as further set out in the NYSE LIFFE Clearing Membership Agreement.
- (b) Regulations 4(a) and 4(c) apply to NYSE Liffe Clearing Membership and applications for such membership, as they apply to clearing membership.

**LIFFE's Rules**

- (c) In the event of any inconsistency between the LIFFE Rules and these NYSE Liffe Clearing Regulations, these NYSE Liffe Clearing Regulations shall prevail as between the NYSE Liffe Clearing Member and the Clearing House.

**Accounts**

- (d) Regulation 5 applies to the opening and operation of accounts with respect to an NYSE Liffe Clearing Member. Such accounts shall be designated in accordance with the LIFFE Rules.

**Margin and Cover for Margin**

- (e) Regulation 12 and the LIFFE Rules apply to margin and cover for margin with respect to an NYSE Liffe Clearing Member.

**Force Majeure; Disclosure; Procedures; Alteration of Regulations and the Procedures; Interpretation of these Regulations; Waiver; Validity of Regulations and Action; Governing Law and Jurisdiction; Exclusion of Liability**

- (f) Regulations 27, 30, 33, 34, 35, 36, 37, 38 and 39 apply to NYSE Liffe Clearing Members and in respect of the NYSE Liffe Clearing Contracts of such NYSE Liffe Clearing Members in relation to the relationship between such NYSE Liffe Clearing Members and the Clearing House.

**Default Rules and Default Fund Rules**

- (g) Where an NYSE Liffe Clearing Member has been declared a defaulter and its positions have transferred to the Clearing House in accordance with the LIFFE default rules or where the Clearing House has declared a Special Member of the Clearing House to be a defaulter, the Default Rules of the Clearing House shall apply: (i) to such NYSE Liffe Clearing Member; (ii) to such Special Member of the Clearing House; and (iii) in respect of the NYSE Liffe Clearing Contracts of such NYSE Liffe Clearing Member or such Special Member of the Clearing House.

The Default Fund Rules of the Clearing House shall apply to NYSE Liffe Clearing Members and in respect of the NYSE Liffe Clearing Contracts of such NYSE Liffe Clearing Members at all times.

**Clearing House Settlement Finality Regulations**

- (h) The Clearing House Settlement Finality Regulations apply in relation to NYSE Liffe Clearing Members and to instructions relating to NYSE Liffe Clearing Contracts to the extent that such instructions constitute "transfer orders" as

defined in the terms of the UK Financial Markets and Insolvency (Settlement Finality) Regulations 1999. Settlement finality protection for NYSE Liffe Clearing Members and NYSE Liffe Clearing Contracts under the Clearing House Settlement Finality Regulations applies subject to the terms of the SF Regulations including, inter alia, Regulation 20 of the SF Regulations which in certain circumstances would prevent settlement finality protection from applying to transfer orders issued by a NYSE Liffe Clearing Member after certain specified events relating to that NYSE Liffe Clearing Member's insolvency.

**Regulation 98 Default of a NYSE Liffe Clearing Member**

- (a) In the event that either the Clearing House or LIFFE declares an NYSE Liffe Clearing Member in default: (i) such NYSE Liffe Clearing Member will continue to be bound by the LIFFE Rules in respect of any open contracts; and (ii) the following provisions shall also apply to such NYSE Liffe Clearing Member:
- (i) following the transfer by novation of such NYSE Liffe Clearing Member's open contracts to the Clearing House, (which such contracts shall be deemed, by virtue of this rule, to have been confirmed by LIFFE on behalf of the NYSE Liffe Clearing Member and registered by the Clearing House as exchange contracts) Regulations 1 to 39 of the Clearing House shall apply to all contracts in such NYSE Liffe Clearing Member's name novated to the Clearing House as from the moment of such novation and the Clearing House shall, without limitation, have the relevant powers of LIFFE available to it in relation to such novated contracts; and
  - (ii) In addition the Clearing House may take any or all of the steps to discharge the rights and liabilities of the NYSE Liffe Clearing Member in respect of such NYSE Liffe Clearing Member's LIFFE business (and only such business unless the Clearing House has declared the NYSE Liffe Clearing Member to be a defaulter) which the Clearing House would be able to take to discharge the rights and liabilities of a Clearing Member under Default Rule 6 of the Default Rules.
- (b) If LIFFE has declared an NYSE Liffe Clearing Member to be in default, the Clearing House will use all reasonable endeavours to assist LIFFE in the calculation of the net sum(s), if any, resulting from action taken by the Clearing House pursuant to paragraph a(ii) above, which net sum(s) LIFFE may be under a regulatory requirement to certify.



**RESERVED**

**Regulation 99 RESERVED**

**Regulation 100 RESERVED**

**Regulation 101 RESERVED**

**Regulation 102 RESERVED**

**FOREXCLEAR REGULATIONS****Regulation 103 Application of ForexClear Regulations**

- (a) The Clearing House shall provide the ForexClear Service subject to and in accordance with the terms of these ForexClear Regulations and the Procedures.
- (b) ForexClear Clearing Members shall be bound by these ForexClear Regulations. Applications to become a ForexClear Clearing Member shall be made in accordance with Regulation 103(d) and (e). Other than as expressly specified in this Regulation 103, the remainder of the Regulations shall not apply to the ForexClear Service. A summary table of those Regulations which apply to the ForexClear Service as described in Regulation 103(a) to (o) is provided at Regulation 103(p).
- (c) Regulations 1 and 2 of the Regulations apply to the ForexClear Service.

**ForexClear Clearing Membership**

- (d) A Clearing Member may apply to become a ForexClear Clearing Member in accordance with the Procedures.
- (e) Regulation 4(a) to 4(c) applies to membership of the ForexClear Service and applications for such membership.

**Accounts**

- (f) Regulation 5 applies to the opening and operation of accounts with respect to a ForexClear Clearing Member. Such accounts shall be designated in accordance with Regulation 8.

**Formation, registration and transfers of ForexClear Contracts**

- (g) Regulations 9(b), 9(c) and 10 apply to the registration of a ForexClear Contract.
- (h) Regulation 104 and Regulation 105 (a) govern the registration and formation of a ForexClear Contract.
- (i) Regulation 3(b) of the Regulations applies to the ForexClear Service.
- (i) Regulation 11 (and, insofar as relevant, Regulation 3(b)) apply to a ForexClear Contract that is an open contract.

**Margin and cover for margin**

- (k) Regulation 12 applies to a ForexClear Clearing Member.

**Reference prices and Revaluation**

- (l) Regulations 14 and Regulation 108 apply to open ForexClear Contracts.

**Other Applicable Regulations**

- (m) Regulations 26 to 39A inclusive apply to ForexClear Clearing Members and ForexClear Contracts.

**Default Rules and Default Fund Rules**

(n) The Default Rules and the Default Fund Rules apply to ForexClear Clearing Members and ForexClear Contracts.

**Clearing House Settlement Finality Regulations**

(o) The Clearing House Settlement Finality Regulations apply in relation to ForexClear Clearing Members and ForexClear Contracts.

**Summary table of Regulations which apply to the ForexClear Service**

(p) The Regulations listed in this Regulation 103(p) apply to the ForexClear Service as described under Regulation 103(a) to (o).

<b><u>Regulation</u></b>	<b><u>Title</u></b>
<u>1</u>	<u>Obligation to the Clearing House to each Member</u>
<u>2</u>	<u>Performance by the Clearing House of its Obligations under the Terms of an Open Contract</u>
<u>3(b)</u>	<u>Novation</u>
<u>4(a) to (c)</u>	<u>Clearing Member Status of the Clearing House</u>
<u>5</u>	<u>Accounts</u>
<u>8</u>	<u>Designation</u>
<u>9(b), (c)</u>	<u>Registration</u>
<u>10</u>	<u>Trading Information</u>
<u>11</u>	<u>Transfer</u>
<u>12</u>	<u>Margin and Cover for Margin</u>
<u>14</u>	<u>Official Quotations and Reference Price</u>
<u>26</u>	<u>Mark Disorders, Impossibility of Performance, Trade Emergency</u>
<u>27</u>	<u>Force Majeure</u>
<u>28</u>	<u>Invoicing Back</u>
<u>29</u>	<u>Currency Conversion</u>
<u>30</u>	<u>Disclosure</u>
<u>31</u>	<u>Fees and Other Charges</u>
<u>32</u>	<u>Records</u>

<u>Regulation</u>	<u>Title</u>
<u>33</u>	<u>Procedures</u>
<u>34</u>	<u>Alteration of Regulations and the Procedures</u>
<u>35</u>	<u>Interpretation of these Regulations</u>
<u>36</u>	<u>Waiver</u>
<u>37</u>	<u>Validity of Regulations and Action</u>
<u>38</u>	<u>Governing Law and Jurisdiction</u>
<u>39</u>	<u>Exclusion of Liability</u>
<u>39A</u>	<u>Netting</u>
<u>103 to 109</u>	<u>ForexClear Regulations</u>
<u>Default Rules</u>	<u>Default Rules</u>
<u>Default Fund Rules</u>	<u>Default Fund Rules</u>
<u>Settlement Finality Regulations</u>	<u>Settlement Finality Regulations</u>

**Regulation 104 Registration of ForexClear Contracts**

- (a) In order to use the ForexClear Service, a ForexClear Participant must submit the particulars of a ForexClear Transaction for registration as a ForexClear Contract in accordance with these ForexClear Regulations and the Procedures.
- (b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a ForexClear Clearing Member shall be bound by a ForexClear Contract registered in its name pursuant to the presentation of particulars of a ForexClear Transaction by it or by a ForexClear Dealer with whom the ForexClear Clearing Member is party to a FDC Agreement.
- (c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a ForexClear Transaction, particulars of which are submitted for registration as a ForexClear Contract, must meet the ForexClear Eligibility Criteria at the time the particulars of the ForexClear Transaction are presented to the Clearing House and must continue to meet such ForexClear Eligibility Criteria at the Registration Time as defined in Regulation 104(d) below in order to be registered as a ForexClear Contract.
- (d) The Clearing House shall be deemed to register a ForexClear Contract, in accordance with Regulation 105, in the name of a ForexClear Clearing Member at the time prescribed in the Procedures ("Registration Time")
- (e) For the avoidance of doubt, any transaction of which details have been submitted by ForexClear Participants for registration as a ForexClear Contract which is not so registered will remain in effect between the persons party thereto in accordance with any terms agreed between them and the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no obligations or liability in relation thereto.
- (f) Subject to Regulation 104(h), if at any time falling after the registration of any ForexClear Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration did not, at the Registration Time, meet the ForexClear Eligibility Criteria in existence at the Registration Time (an "Ineligible Transaction"), the Clearing House shall, as soon as practicable thereafter, set aside both ForexClear Contracts arising from such Ineligible Transaction in accordance with Regulation 104(g) below.
- (g) Upon a ForexClear Contract (an "Ineligible ForexClear Contract") being set aside under Regulation 104(f), the Clearing House will notify the FXCCM party to such Ineligible ForexClear Contract via the ForexClear Matcher that such Ineligible ForexClear Contract has been set aside. The following shall take effect immediately upon the delivery of such notice: (i) such Ineligible ForexClear Contract shall be deemed to be terminated at the time of the notification and shall thereafter have no force or effect; (ii) all variation margin (if any) paid by the Clearing House or by an FXCCM in respect of such Ineligible ForexClear Contract shall be retained by the receiving party upon termination; (iii) where there is a difference between the value of the Ineligible ForexClear Contract as at the last margin run and the value (as determined by the Clearing House) of that Ineligible ForexClear Contract at the time of the next official settlement rate for that currency pair, then a payment shall be made between the FXCCMs to the original Ineligible Transaction equal to such difference; and (iv) these payments shall be deemed to satisfy in full the relevant party's obligations under the Ineligible ForexClear

Contract and shall be retained by the receiving party upon termination as a termination payment.

- (h) The Clearing House may not determine a transaction to be an Ineligible Transaction if after the Valuation Date (as defined in Part A of the Schedule to the ForexClear Regulations) in respect of the ForexClear Contracts arising from the registration of such a transaction has occurred.
- (i) Where an original party to an Ineligible Transaction is an FXD upon the setting aside of the Ineligible ForexClear Contract under Regulation 104(f), any Parallel Contract (as defined in the FDC Agreement) corresponding to the Ineligible Transaction and arising by operation of the FDC Agreement shall be terminated at the same value as the Ineligible ForexClear Contract to which it corresponds at the time of the notification under Regulation 104(g) and shall thereafter have no force or effect.
- (j) The Clearing House shall provide no less than 10 business days' prior notice (including by email) to ForexClear Clearing Members of an amendment to the ForexClear Eligibility Criteria.

**Regulation 105 ForexClear Contracts**

- (a) A ForexClear Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as two ForexClear Contracts, one between the First ForexClear Clearing Member as the Reference Currency Buyer and the Clearing House as the Reference Currency Seller, as principals to such contract, and the other between the Clearing House as the Reference Currency Buyer and the Second ForexClear Clearing Member as the Reference Currency Seller, as principals to such contract. For the purposes of this Regulation:
- (i) "First ForexClear Clearing Member" is a ForexClear Clearing Member who was, before registration of the ForexClear Contract, party to the corresponding ForexClear Transaction as the Reference Currency Buyer, or who has a subsisting FDC Agreement with the ForexClear Dealer who was party to the corresponding ForexClear Transaction as the Reference Currency Buyer; and
- (ii) "Second ForexClear Clearing Member" is a ForexClear Clearing Member who was, before registration of the ForexClear Contract, party to the corresponding ForexClear Transaction as the Reference Currency Seller, or who has a subsisting FDC Agreement with the ForexClear Dealer who was party to the corresponding ForexClear Transaction as the Reference Currency Seller.
- (b) With effect from registration of a ForexClear Transaction as two ForexClear Contracts under paragraph (a) of this Regulation:
- (i) the parties to the corresponding ForexClear Transaction shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time;
- (ii) each ForexClear Contract registered under paragraph (a) of this Regulation shall be governed by the ForexClear Contract Terms as applicable to that Contract;
- (iii) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the First ForexClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the ForexClear Contract to which it is a party as the Reference Currency Buyer had and owed in respect of its counterparty under the corresponding ForexClear Transaction; and
- (iv) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the Second ForexClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the ForexClear Contract to which it is party as the Reference Currency Seller had and owed in respect of its counterparty under the corresponding ForexClear Transaction.
- (c) In subparagraphs (iii) and (iv) above, a reference to the "same" rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the Economic Terms of the corresponding ForexClear Transaction (it being assumed, for this purpose, that

such ForexClear Transaction was a legal, valid, binding and enforceable obligation of the parties thereto and that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them, and subject to any change thereto as a result of the operation of the Standard Terms.

- (d) If a ForexClear Transaction, is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any ForexClear Contract arising under this Regulation, Regulation 3(b) or Regulation 11.
- (e) In the case of a ForexClear Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this Regulation 105 shall take effect.



**Regulation 106 Cancellation of ForexClear Contracts**

- (a) A ForexClear Clearing Member may, in accordance with this Regulation 106 and the Procedures, cancel a ForexClear Contract to which it is a party.
- (b) A ForexClear Dealer may, in accordance with this Regulation 106 and the Procedures, cancel a ForexClear Contract that arose from a ForexClear Transaction to which it is a party.
- (c) A ForexClear Clearing Member shall be bound by the cancellation of a ForexClear Contract made by the relevant ForexClear Dealer.
- (d) A ForexClear Dealer shall have no obligation to inform, notify or seek the consent of any ForexClear Clearing Member prior to initiating the cancellation of a ForexClear Contract in accordance with Regulation 4(d).
- (e) Each ForexClear Clearing Member is deemed to grant a continuing authority to the Clearing House to terminate any ForexClear Contract registered in the name of that ForexClear Clearing Member upon the request of a ForexClear Dealer with whom that ForexClear Clearing Member is a party to an FDC Agreement.
- (f) The Clearing House shall have no obligation to inform, notify or seek the consent of any ForexClear Clearing Member prior to cancelling a ForexClear Contract in accordance with this Regulation 106.
- (g) The cancellation of a ForexClear Contract to which a ForexClear Clearing Member is a party (in this Regulation, the "First ForexClear Contract") is contingent upon *inter alia* the cancellation of the corresponding ForexClear Contract that arose from the same underlying ForexClear Transaction (in this Regulation, the "Second ForexClear Contract), and vice versa.
- (h) The date and time of the cancellation of a ForexClear Contract shall be as reported by the Clearing House in accordance with the Procedures and shall be binding on ForexClear Clearing Members.
- (i) The Clearing House may decline to cancel a ForexClear Contract if:
- (i) in the opinion of the Clearing House acting in its sole discretion, the cancellation of that ForexClear Contract is not consistent with the Regulations and Procedures of the Clearing House and any policies of the clearing house concerning risk management;
  - (ii) if there is insufficient margin standing to the credit of a ForexClear Clearing Member's account to accommodate the cancellation of the First ForexClear Contract and/or the Second ForexClear Contract.
- (j) With effect from the time of the cancellation of a ForexClear Contract in accordance with this Regulation 106, neither the ForexClear Clearing Member nor the Clearing House shall have any obligations under the terms of that ForexClear Contract and liability in respect thereof.
- (k) Upon the cancellation of a ForexClear Contract in accordance with this Regulation 106, the corresponding Parallel Contract (as defined in the FDC Agreement) arising by operation of the FDC Agreement shall also terminate.

**Regulation 107 ForexClear Dealers**

- (a) Application for admission to the Register of ForexClear Dealers shall be made in accordance with these Regulations and the Procedures. An applicant for admission to the Register of ForexClear Dealers must satisfy the criteria prescribed by the Clearing House from time to time in order to be admitted to the Register of ForexClear Dealers. A ForexClear Dealer shall be subject to, and governed by, these Regulations, the Procedures and, if applicable, the FDC Agreement to which it is for the time being party.
- (b) A person admitted to the Register of ForexClear Dealers shall ensure that it will, at all times, satisfy the criteria prescribed by the Clearing House, from time to time, for admission to the Register.
- (c) The Clearing House may suspend or remove a ForexClear Dealer from the Register of ForexClear Dealers in accordance with these Regulations, the Procedures and, if applicable, the FDC Agreement to which it is for the time being party. Any person who has been suspended from the Register of ForexClear Dealers for a period of more than three months shall be removed from the Register of ForexClear Dealers and must make a new application if it wishes to be readmitted to the Register.
- (d) A ForexClear Dealer may request, by giving three months' written notice to the Clearing House, that its name be removed from the Register of ForexClear Dealers. At the end of such notice period, the Clearing House shall remove the ForexClear Dealer from the Register of ForexClear Dealers.
- (e) A ForexClear Dealer's suspension or removal from the Register of ForexClear Dealers, under paragraph (c), shall not, where it is a Member, affect its membership of the Clearing House, nor, subject to any contrary determination by the Clearing House under Regulation 4(b), shall it affect the categories of Contract which such a person is eligible to have registered in its name.
- (f) Upon the Clearing House serving a default notice in accordance with these Regulations to a ForexClear Clearing Member who is also a ForexClear Dealer, such ForexClear Clearing Member shall automatically be removed from the Register of ForexClear Dealers.
- (g) Without prejudice to paragraph (f) of this Regulation, the Clearing House shall suspend from the Register of ForexClear Dealers, for such period as the Clearing House may determine, any Member (i) whose Clearing Membership Agreement has been terminated; or (ii) who is no longer eligible to have ForexClear Contracts registered in its name, and who is not, from the date of such termination under (i) or such ineligibility under (ii), party to a FDC Agreement with another ForexClear Clearing Member, for such period as the Clearing House may determine.

**Regulation 108 Variation Margin**

- (a) The Clearing House shall, at least daily and in accordance with and at the times stated in the Procedures, pay to, or require payment from, a ForexClear Clearing Member cash cover for variation margin. The amount paid represents the change from the preceding business day in the net present value of all ForexClear Contracts registered in that ForexClear Clearing Member's name.
- (b) The net present value of each ForexClear Contract shall be calculated by the Clearing House in such manner and at such times as may be provided in the Procedures. Except as prescribed in the Procedures, the net present value calculated by the Clearing House may in no circumstances be challenged.
- (c) The Clearing House pays to (or receives from) each ForexClear Clearing Member interest on cash cover received (or paid) by the Clearing House, calculated in accordance with the Procedures.
- (d) This Regulation is without prejudice to the Clearing House's right to require cover to be provided to it under Regulation 12.

**Regulation 109 Withdrawal of the ForexClear Service by the Clearing House**

- (a) If at any time the Clearing House decides to withdraw the ForexClear Service it shall give not less than six months' written notice to all ForexClear Participants in accordance with the notice provisions in the Clearing Membership Agreement or the FDC Agreement (as applicable) to which a ForexClear Participant is party of the date on which the service will be withdrawn ("the ForexClear Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation by, one or more ForexClear Participants shall not invalidate the ForexClear Withdrawal Date. If the Clearing House becomes aware that it has omitted to give notice under this Regulation to any ForexClear Participant prior to the ForexClear Withdrawal Date it will immediately notify the affected ForexClear Participant(s) of the ForexClear Withdrawal Date in accordance with the notice provisions in the Clearing Membership Agreement or the ForexClear Dealer Clearing FDC Agreement (as applicable) to which a ForexClear Participant is party.
- (b) Without prejudice to its rights under the Default Rules, the Clearing House will not, other than pursuant to action under the Default Rules, register a ForexClear Contract, other than a closing-out contract, after notice to withdraw the service has been given under Regulation 109(a).
- (c) If, five Business Days before the ForexClear Withdrawal Date, a ForexClear Clearing Member has not closed out all open ForexClear Contracts registered in its name, the Clearing House shall, with five Business Days' notice to the ForexClear Clearing Member be entitled to:
- (i) liquidate any or all of such ForexClear Contracts and require such contracts to be cash settled at a price determined by the Clearing House; and
  - (ii) postpone the ForexClear Withdrawal Date until such time as the Clearing House determines.
- (d) Business Days for the purpose of this Regulation 109 means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

**SCHEDULE TO THE FOREXCLEAR REGULATIONS****Part A**  
**ForexClear Contract Terms**

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

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

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

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

**1. Interpretation ("Interpretation")**

- 1.1. "ISDA Definitions" means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), the Emerging Markets Trade Association ("EMTA") and The Foreign Exchange Committee ("FXC") and the same are incorporated by reference herein.
- 1.2. Words and expressions used in these ForexClear Contract Terms which are not defined in the Regulations and the Procedures but which are defined in the ISDA Definitions shall bear the same meaning herein as in the ISDA Definitions, unless expressly provided otherwise.
- 1.3. In the event of an inconsistency, the Regulations and Procedures will prevail over the ISDA Definitions.
- 1.4. References in the ISDA Definitions to an "FX Transaction" shall be deemed to be references to a "ForexClear Transaction" for the purposes of ForexClear.
- 1.5. Except where expressly stated otherwise, all reference to "Sections" means Sections in the ISDA Definitions.
- 1.6. In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the ForexClear Clearing Members, give directions as to whether such amendment shall apply to ForexClear Contracts with immediate effect or with such deferred effect as the Clearing House shall determine (provided that in any event any such amendment shall only apply in relation to ForexClear Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- 1.7. Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to ForexClear Contracts going forward, these ForexClear

Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with ForexClear Contracts registered in a ForexClear Clearing Member's name prior to the time such amendment comes into effect.

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

## **2. Economic Terms**

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

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

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

- 2.3. However, as set out more particularly in Regulation 105, where the ForexClear Transaction specifies a ForexClear Clearing Member as the Reference Currency Seller, with the other ForexClear Member as the Reference Currency Buyer, the Clearing House, in respect of each ForexClear Contract to which it is party pursuant to the corresponding ForexClear Transaction, shall be (i) the Reference Currency Buyer; and (ii) the Reference Currency Seller under such ForexClear Contract, respectively.

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

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

- 3.1. The EMTA template for Non-Deliverable FX Transactions appropriate to the particular Currency Pair (in effect and as posted on the website of EMTA ([www.emta.org](http://www.emta.org) or any successor website on the relevant Trade Date) (each an "EMTA Template")), governs the terms of a ForexClear Contract relating to such Currency Pair, other than the Economic Terms set out in Part 2 above and the Specific Standard Terms and the General Standard Terms set out in this Part 3. For the avoidance of doubt, each EMTA Template shall be deemed to exclude the EMTA Template Terms for Non-Deliverable Cross-Currency FX Transactions published by EMTA on 31 May 2011.

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

(1) BRL-USD

(2) CLP-USD

(3) CNY-USD

(4) INR-USD

(5) KRW-USD

(6) RUB-USD

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

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

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

(2) Reference Currency (Section 1.19):

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

Calculation Agent (Section 1.3):

(3) The Clearing House is the Calculation Agent.

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

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

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

##### **4.1. Business Days**

For the purposes of determining the Settlement Date only, in addition to the Business Days for the Principal Financial Centers for the Currency Pair specified in the relevant Economic Terms, the Business Days specified in the SwapsMonitor Financial Calendar as published by Swaps Monitor Publications, Inc. (as further detailed in the Procedures) from time to time, will apply to a ForexClear Contract.

##### **4.2. Withholding Tax Provisions**

4.2.1. All payments due under a ForexClear Contract shall be made by the ForexClear Clearing Member free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the ForexClear Clearing

Member, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Clearing House receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

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

#### **4.3. Payment of Stamp Tax**

Each ForexClear Clearing Member will pay any Stamp Tax or duty levied or imposed upon it in respect of any ForexClear Contract to which it is a party by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located ("Stamp Tax Jurisdiction") or by any other jurisdiction, and will indemnify the Clearing House against any Stamp Tax or duty levied or imposed upon the Clearing House by any such Stamp Tax Jurisdiction or by any other jurisdiction in respect of any ForexClear Contract registered by the Clearing House and to which that ForexClear Clearing Member is a party.

#### **4.4. Payments under a ForexClear Contract**

Payments under, and in respect of, a ForexClear Contract shall be calculated by the Clearing House and shall be made by, or to, the ForexClear Clearing Member in accordance with the provisions of the Procedures.

#### **4.5. Regulations**

A ForexClear Contract shall be subject to the Regulations and the Procedures, which shall form a part of its terms. In the event of any inconsistency between these ForexClear Contract Terms and the Regulations and the Procedures, the Regulations and the Procedures will prevail.

#### **4.6. Governing Law**

Each ForexClear Contract, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with the laws of England and Wales and the parties irrevocably agree for the benefit of the Clearing House that the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. The ForexClear Clearing Member party hereto irrevocably submits to such jurisdiction and agrees to waive any objection it might otherwise have to such jurisdiction, save that this submission to the jurisdiction of the courts of England and Wales shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the Clearing House from taking action in any other jurisdiction, whether concurrently or not.



**4.7. Third Party Rights**

A person who is not a party to this ForexClear Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of this ForexClear Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

**Part B**

**Registration of a ForexClear Contract - Product Eligibility Criteria**

**1. Registration of a ForexClear Contract**

Without prejudice to the Regulations and the Procedures, the Clearing House will only register a ForexClear Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the Product Eligibility Criteria set out in paragraph 2 below for a ForexClear Transaction;
- (b) each party to the transaction is either (i) a ForexClear Dealer or (ii) a ForexClear Clearing Member who has not been declared a defaulter by the Clearing House;
- (c) the ForexClear Clearing Member in whose name the ForexClear Contract is to be registered has not been declared a defaulter by the Clearing House.

and the requirements of Paragraph 1(a), (b) and (c) above continue to be satisfied at the Registration Time.

**2. Product Eligibility Criteria for a ForexClear Contract**

<b><u>Instrument</u></b>	<u>Non-Deliverable FX Transaction</u>
<b><u>Economic Terms</u></b>	<u>The transaction particulars submitted to the Clearing House specify all the Economic Terms.</u>
<b><u>Reference Currency</u></b>	<u>One of</u>
	<u>1. BRL - Brazilian Real,</u>
	<u>2. RUB - Russian Rouble,</u>
	<u>3. INR - Indian Rupee,</u>
	<u>4. CLP - Chilean Peso,</u>
	<u>5. CNY - Chinese Yuan, or</u>
	<u>6. KRW - South Korean Won.</u>
<b><u>Valuation Date</u></b>	<u>A valid Business Day for the Currency Pair to which the ForexClear Transaction relates and determined as set out in the relevant EMTA Template for the Currency Pair.</u>
<b><u>Settlement Date</u></b>	<u>A date falling:</u>
	<u>A. not earlier than the date falling three business days immediately following the Submission Date; and</u>
	<u>B. not later than the date falling two calendar years plus two business days immediately following the Submission Date, provided that in each case such date shall be, with respect to the Currency Pair to which the ForexClear Transaction relates: (i) a valid Business Day, (ii) a date falling the Number of Business Days (as defined in the Procedures) following the Valuation Date and (iii) determined as set out in the relevant</u>

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	<u>EMTA Template</u>
<b><u>Settlement Type</u></b>	<u>Non-Deliverable</u>
<b><u>Settlement Currency</u></b>	<u>USD</u>
<b><u>Calculation Agent</u></b>	<u>The Clearing House</u>

**SECTION 1**

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## 1. CLEARING MEMBER, DEALER, EQUITYCLEAR AND TURQUOISE DERIVATIVES NCMs (NON-CLEARING MEMBERS)

### 1.1 APPLICATION PROCEDURE

An application for Clearing Member status of the Clearing House, or for dealer status (whether as a ForexClear Dealer, RepoClear Dealer or SwapClear Dealer, each a "Dealer") or for other Non-Clearing Member status (EquityClear or Turquoise Derivatives), must be made on the appropriate form which can be obtained from the Clearing House's Membership Department. Additional information (including legal documents) must be supplied where necessary and submitted to the Clearing House with the completed form.

An application for the status of special clearing member ("Special Clearing Member status") must be initiated by a written request to the Clearing House. The nature of the application procedure and the documents and information required from the applicant will be determined by the Clearing House by reference to the nature of the application and will be notified by the Clearing House to the applicant upon receipt of such written request.

Applicants approved by the Clearing House for Clearing Member or Dealer status, ('Approved Applicants') must, within three months of notification of their approval, fulfil all conditions attached to their approval. If an Approved Applicant does not fulfil all such conditions within these three months, the Clearing House may, at its sole discretion, require that an Approved Applicant re-apply for consideration of approval to have lapsed and may notify the prospective Clearing Member or Dealer status, as the case may be accordingly that they will be required to provide further information, following which the application will be submitted for re-approval.

Clearing Members have the right to apply for approval to clear one or more of the markets cleared by the Clearing House, subject to meeting the requirements of the Clearing House in respect of each such market. Please note that Clearing Member status does not provide membership of the company LCH.Clearnet Limited or any right to a shareholding therein, nor does it provide the right to any shareholding in LCH.Clearnet Group Limited or any entitlement or right to participate in any way in LCH.Clearnet SA or the clearing services it offers. LCH.Clearnet SA has its own arrangements and admission criteria for Clearing Member status – see the LCH.Clearnet SA sections of the LCH.Clearnet website for further details.

Applicants approved as Dealers for ForexClear, RepoClear and/or SwapClear will be admitted to the Register of ForexClear Dealers, Register of RepoClear Dealers, and/or the Register of SwapClear Dealers ("the OTC Registers"), as appropriate. Successful admission to one OTC Register does not confer automatic admission to the any other OTC register Register.

#### 1.1.1 Clearing Member Status

The terms and conditions binding on each Clearing Member are set out in the Clearing Membership Agreement as amended. Two copies of this document will be provided to the applicant who must sign both (but not date them) and return them to the Clearing House's Membership Department along with the application documentation.

The applicant must pay the stipulated application fee to the Clearing House. This fee must accompany the application for Clearing Member status and is non refundable.

If and when Clearing Member status is granted, new Clearing Members will receive a duly executed (and dated) copy of the Clearing Membership Agreement together with the notification of acceptance and details of any condition(s) attached to Clearing Member status. If granted, Clearing Member status is subject to a Contribution to the Default Fund of the Clearing House (DF), as determined by the Clearing House under the Default Fund Rules.

#### 1.1.2 Dealer Status

The terms and conditions of admission to each of the OTC Registers are set out in the ForexClear Dealer Clearing Agreement, the RepoClear Dealer Clearing Agreement and the SwapClear Dealer Clearing Agreement ("the OTC Agreements") as amended. Admission to each OTC Register requires that three copies of the corresponding OTC Agreement must be signed by the applicant and their proposed Clearing Member.

The copies of the relevant OTC Agreement should be returned, undated, to the Clearing House's Membership Department along with the application documentation.

If and when admission to either OTC Register is granted, new Dealers will receive a duly executed and dated copy of the relevant OTC Agreement, together with the notification of acceptance and details of any condition(s) attached to their admission. The Clearing House will send, under separate cover, a copy of the duly executed and dated OTC Agreement to the elected Clearing Member.

#### 1.1.3 Conditions of Application

An applicant for Clearing Member or Dealer status must accept that the Clearing House:

- (a) is entitled to make enquiries of any nature about the applicant and any person connected or associated with the applicant;
- (b) is entitled to ask the applicant to supply additional information and take whatever steps are necessary to verify information;
- (c) is entitled to provide and/or disclose information to an exchange, governmental department, regulatory organisation, other authority, or to the Clearing House's insurers in connection with any form of insurance, or to any person pursuant to the provisions of the Financial Services and Markets Act 2000 as amended and any rules made thereunder, or in accordance with any other statutory requirement, and in accordance with the terms of the Clearing Membership Agreement, the ForexClear Dealer Clearing Agreement, the RepoClear Dealer Clearing Agreement, or the SwapClear Dealer Clearing Agreement as applicable;
- (d) may disclose to any other party the name, address, registered number and details of any exchange or clearing memberships held or applied for; and

- (e) will endeavour to process, consider and decide upon an application in a timely fashion, but owes no duty or obligation to the applicant to do so,

Conditions (a) to (e) apply equally to Clearing Members and to Dealers.

## **1.2 CRITERIA FOR CLEARING MEMBER STATUS**

### **1.2.1 General**

An applicant must satisfy the criteria set out below in order to be considered for Clearing Member status. These requirements are without prejudice to the provisions of the Clearing Membership Agreement which must be executed by the applicant, and must equally be met by Clearing Members.

The applicant must either be, or have applied to become, a RepoClear Clearing Member (categories F & G), a SwapClear Clearing Member (category H), an EquityClear Clearing Member (categories I & J), a Clearing Member of the relevant exchange(s) (categories B – D), an LCH EnClear OTC Clearing Member (categories ~~B – C~~ or a Special Clearing Member (category K) or a ForexClear Clearing Member (category L). Clearing Member status may be granted on a conditional basis before any Clearing House requirements have been fully met or before related exchange clearing membership(s) requirements are met, but cannot be operational until such requirements are satisfied.

The applicant must, if it also wishes to submit and clear RepoClear ~~and/or~~ SwapClear and/or ForexClear trades, meet the additional criteria for such status (see sections ~~1.2.2 and 1.2.2~~, 1.2.3 and 1.2.4 respectively). The applicant, any controller of the applicant, and those of its staff who exercise an executive or managerial role, must have a high standard of integrity and a level of knowledge, as determined by and acceptable to the Clearing House, of the nature, risks and obligations of trading in the markets and contracts they wish to clear.

A Clearing Member of one or more markets who wishes to clear the contracts of another market cleared by the Clearing House, must apply to the Clearing House for such extension and have the Clearing House's express written approval before commencing to submit trades in such other market for registration. The prescribed form of document for the relevant new market is available from the Clearing House Membership Department. Clearing Members should be aware that they also need the appropriate additional exchange clearing membership before they can extend their range of activities in this way. The Clearing Member must, within three months of notification of their approval to extend their activities, fulfil all conditions attached to their approval. If the Clearing Member does not, within these three months, fulfil all such conditions, the Clearing House may, at its sole discretion, consider the grant of approval to have lapsed and may notify the Clearing Member accordingly that they will be required to re-apply for approval ~~provide further information, following which the extension will be submitted for re-approval.~~

The applicant must satisfy the minimum Net Capital requirements, as set out in section 1.9.3 ("Net Capital Requirements") or such greater amounts as may be required by the Clearing House.

The applicant must open a Protected Payments System (PPS) bank account at one or more of the bank branches participating in the PPS system:-

- 1) in London in GBP;
- 2) in London in each currency in which it incurs settlements;
- 3) in the USA in US dollars,

and execute all necessary PPS mandates (see Section 3.2 of the Procedures) for House and Client accounts.

The applicant must refrain from contravening the general prohibition contained in section 19 of the Financial Services and Markets Act 2000.

If the applicant is a bank, it must at all times be appropriately authorised by the banking supervisors of its home country and additionally meet any notification or authorisation requirements set by banking supervisors in the United Kingdom.

The applicant must maintain a back office:

- (a) remote from both the trading floor and/or trading desks;
- (b) with adequate systems (including but not limited to computer and communications systems) and records;
- (c) with an adequate number of administrative staff fully conversant with procedures for the management of business transacted in the markets and contracts cleared by the Clearing House and in which the Clearing Member participates; and
- (d) with such equipment (including technology and connectivity) as may be stipulated by the Clearing House or by the exchange(s) or EquityClear Approved Trading Platform (ATP),

or, where the Clearing House Rulebook and exchange rules (where relevant) permit, have executed a Clearing Services Management Agreement (as defined at Section 2H.2.1 of the NYSE Liffe Clearing Service Procedures).

The applicant must at all times respond promptly to enquiries or requests for information made by the Clearing House.

#### 1.2.2 Supplementary Criteria Applicable to RepoClear Applicants

In addition to the minimum Net Capital ~~requirements~~ Requirements set out in section 1.9.3, applicants must satisfy the following criteria:

- (a) have an average long-term rating, or equivalent, of at least BBB (or equivalent) from Fitch Ratings, Moody's Investors Service or Standard & Poor's. If requested by an applicant, and where special circumstances exist, the Clearing House may take into consideration the rating of an agency other than those agencies described above in addition to the long-term ratings obtained from at least two of the agencies mentioned above. If an applicant has been placed on Rating Watch Negative (or equivalent) by any of the agencies described above where a downgrade would result in an average rating of below BBB they will not be eligible to join the RepoClear service; or



- (b) Bebe unconditionally guaranteed, in respect of all liabilities to the Clearing House (in a form acceptable to the Clearing House) from its parent company or from another member in the applicant's Group (not including a subsidiary of the applicant) provided that the guarantor itself meets those criteria or is a guarantor for another RepoClear Clearing Member (RCM) in its Group (and met the criteria mentioned above at the time of provision of that guarantee).
- (c) be authorised and supervised as either a credit institution or an investment firm by the competent authorities of a member state of the European Union; or
- (d) be authorised and supervised as the equivalent of a credit institution or an investment firm by the competent authorities of a country outside the European Union and be subject to prudential rules considered to be as stringent as those applicable to credit institutions and investment firms.

### **Rating Downgrades**

The Clearing House will, in the event of a RepoClear Clearing Member or its guarantor being downgraded to an average rating of below BBB in the relevant credit rating scale utilised by the Clearing House, apply a multiplier to that Clearing Member's initial margin requirement as calculated by the Clearing House. The initial margin multiplier shall be as follows:

- 110% for a Clearing Member downgraded to BBB-
- 200% for a Clearing Member downgraded to BB+

In the event that a Clearing Member is downgraded below BB+ in that scale, the Clearing Member will be required to leave the RepoClear service and its authorisation to participate in that service will be withdrawn. In the event that this process is invoked, details of the process will be provided by the Risk Management Department of the Clearing House.

### **1.2.3 Supplementary Criteria Applicable to SwapClear Applicants**

In addition to the minimum Net Capital ~~requirements~~Requirements as set out in section 1.9.3, an applicant must satisfy the following criteria:

- (a) have an average long-term rating from either Fitch Ratings, Standard & Poor's, or Moody's Investors Service of at least A or equivalent. If requested by an applicant, and where special circumstances exist, the Clearing House may take into consideration the rating of an agency other than those agencies described above in addition to the long-term ratings obtained from at least two of the agencies mentioned above. If an applicant has been placed on Rating Watch Negative (or equivalent) by any of the agencies described above where a downgrade would result in an average rating of below A they will not be eligible to join the SwapClear service;
- (b) have, or be a member of a corporate group that has, an interest rate swaps portfolio with a minimum notional outstanding principal of US\$1,000 billion (i.e. \$1,000,000,000,000) or equivalent; and

- (c) successfully participate, or have an affiliated SCM that has successfully participated, in a SwapClear "fire drill" run by the Clearing House which shall involve submitting a bid for a notional portfolio of trades within a specific currency in a specified timeframe. Submission of a bid outside the timeframe specified by the Clearing House or submitting a bid that is unreasonable will constitute a failure of the "fire drill" and the applicant's SwapClear Clearing Member application will not be approved.
- (d) sign the relevant Clearing House documentation confirming participation in the SwapClear Default Management Process;
- (e) have, within its corporate group, at least one credit institution or investment firm licensed by the competent authorities of a member state of the European Union, or the equivalent of a credit institution or an investment firm licensed by the competent authorities of a country outside the European Union and which is subject to prudential rules considered by the Clearing House to be at least as stringent as those applicable to credit institutions and investment firms within the European Union; and
- (f) in the event of a default, be able to receive from the Clearing House and process SwapClear contracts, and any associated hedge trades, in FPML format or, separated value electronic format.

The Clearing House may, at its discretion, deem the Net Capital ~~requirement~~Requirement set out in section 1.9.3 and the minimum rating criterion set out in (a) above, to be met by the provision to the Clearing House of an unconditional and unlimited guarantee (in a form acceptable to the Clearing House) from its parent company or from another member in the applicant's Group (not including a subsidiary of the applicant) provided that the guarantor itself meets those criteria or is a guarantor for another SwapClear Clearing Member (SCM) in its Group (and met the criteria mentioned above at the time of provision of that guarantee).

SwapClear Clearing Members are required promptly to notify or pre-notify the Clearing House of any changes which may result in non-compliance with the Clearing Member status criteria as stated in these Procedures.

Membership criteria for FCM Clearing Member status are contained in the Clearing House's FCM Regulations.

#### **Rating Downgrades**

The Clearing House will, in the event of a SwapClear Clearing Member or its guarantor being downgraded to an average rating of below A in the relevant credit rating scale utilised by the Clearing House, apply a multiplier to that Clearing Member's initial margin requirement as calculated by the Clearing House. The initial margin multiplier shall be as follows:

- 110% for a Clearing Member downgraded to A- ;
- 200% for a Clearing Member downgraded to BBB BB+ ; and
- 250% for a Clearing Member downgraded to BBB.

In the event that a Clearing Member is downgraded below BBB in that scale, the margin multiplier of 250% will continue to be applied, and the Clearing Member will be required to leave the service through the SwapClear Resignation Process and its authorisation to participate in that service will be withdrawn. In the event that this process is invoked, details of the process will be provided by the Risk Management Department of the Clearing House.

#### 1.2.4 Supplementary Criteria Applicable to ForexClear Applicants

In addition to the minimum Net Capital Requirements as set out in section 1.9.3, an applicant must satisfy the following criteria:

- (a) have an average long-term rating from either Fitch Ratings, Standard & Poor's, or Moody's Investors Service of at least A or equivalent. If requested by an applicant, and where special circumstances exist, the Clearing House may take into consideration the rating of an agency other than those agencies described above in addition to the long-term ratings obtained from at least two of the agencies mentioned above. If an applicant has been placed on Rating Watch Negative (or equivalent) by any of the agencies described above where a downgrade would result in an average rating of below A they will not be eligible to join the ForexClear service;
- (b) successfully participate, or have an affiliated ForexClear Clearing Member that has successfully participated, in a ForexClear "fire drill" run by the Clearing House which shall involve submitting a bid for a notional portfolio of trades within specific currency pairs in a specified timeframe. Submission of a bid outside the timeframe specified by the Clearing House or submitting a bid that is unreasonable will constitute a failure of the "fire drill" and the applicant's ForexClear Clearing Member application will not be approved.
- (c) sign the relevant Clearing House documentation confirming participation in the ForexClear Default Management Process;
- (d) have, within its corporate group, at least one credit institution or investment firm licensed by the competent authorities of a member state of the European Union, or the equivalent of a credit institution or an investment firm licensed by the competent authorities of a country outside the European Union and which is subject to prudential rules considered by the Clearing House to be at least as stringent as those applicable to credit institutions and investment firms within the European Union; and
- (e) in the event of a default, be able to receive from the Clearing House and process ForexClear contracts, and any associated hedge trades, in FPML format or, separated value electronic format.

The Clearing House may, at its discretion, deem the Net Capital Requirement set out in section 1.9.3 and the minimum rating criterion set out in (a) above, to be met by the provision to the Clearing House of an unconditional and unlimited guarantee (in a form acceptable to the Clearing House) from its parent company or from another member in the applicant's Group (not including a subsidiary of the applicant) provided that the guarantor itself meets those criteria (and met the criteria mentioned above at the time of provision of that guarantee).

ForexClear Clearing Members are required promptly to notify or pre-notify the Clearing House of any changes which may result in non-compliance with the Clearing Member status criteria as stated in these Procedures.

### **Rating Downgrades**

The Clearing House will, in the event of a ForexClear Clearing Member or its guarantor being downgraded to an average rating of below A in the relevant credit rating scale utilised by the Clearing House, apply a multiplier to that Clearing Member's initial margin requirement as calculated by the Clearing House. The initial margin multiplier shall be as follows:

- 110% for a Clearing Member downgraded to A- ;
- 200% for a Clearing Member downgraded to BBB+ ; and
- 250% for a Clearing Member downgraded to BBB.

In the event that a Clearing Member is downgraded below BBB in that scale, the margin multiplier of 250% will continue to be applied, and the Clearing Member will be required to leave the service through the ForexClear Resignation Process and its authorisation to participate in that service will be withdrawn. In the event that this process is invoked, details of the process will be provided by Risk Management Department of the Clearing House.

#### **1.2.5 1.2.4—Supplementary Criteria Applicable to Special Clearing Member Applicants**

The Clearing House may agree with an applicant for Special Clearing Member status, in addition to or in place of requirements set out in these Procedures, such further terms as it deems appropriate in the circumstances of the applicant and its business and these shall be reflected in the Clearing Membership Agreement.

### **1.3 DEALER STATUS CRITERIA**

An applicant must satisfy the criteria set out below in order to be considered for admission to either or both of the OTC Registers. These requirements are without prejudice to the provisions of the ForexClear Dealer Clearing Agreement, the RepoClear Dealer Clearing Agreement and/or the SwapClear Dealer Clearing Agreement, and must equally be met by Dealers.

The applicant and any controller of the applicant, and those of its staff who exercise an executive or managerial role, must have a high standard of integrity and a level of knowledge, acceptable to the Clearing House, of the nature, risks and obligations of trading foreign exchange transactions, over-the-counter repos and swaps cleared by the Clearing House.

The applicant must be a member of an Approved Trade Matching System (as approved by the Clearing House from time to time).

- (a) For RepoClear, see Section 2B of the Procedures (RepoClear).
- (b) For SwapClear, see Section 2C of the Procedures (SwapClear).
- (c) For ForexClear, see Section [2X] of the Procedures (ForexClear).

If the applicant is a bank it must, at all times, be appropriately authorised by the banking supervisors of its home country and additionally meet any notification or authorisation requirements set by banking supervisors in the United Kingdom.

The applicant must maintain a back office:

- (a) remote from both the exchange floor and/or trading desks;
- (b) with adequate systems (including but not limited to computer and communications systems) and records;
- (c) with an adequate number of administrative staff fully conversant with procedures for the management of business transacted in the markets and contracts cleared by the Clearing House in which the applicant participates; and
- (d) with such technology and connectivity as may be stipulated by the Clearing House.

The applicant must have executed and must maintain a ForexClear Dealer Clearing Agreement, a RepoClear Dealer Clearing Agreement and/or a SwapClear Dealer Clearing Agreement in the current standard form.

The applicant may specify any number of branches, with agreement from its corresponding Clearing Member, from which it proposes to submit eligible ForexClear, RepoClear and/or SwapClear Transactions. It is a requirement that only branches of the same legal entity as the Dealer may be specified. A company which is a different legal entity and which wishes to submit eligible ForexClear, RepoClear and/or SwapClear Transactions for clearing must apply separately for admission to the relevant OTC Register. ForexClear Dealers, RepoClear Dealers and SwapClear Dealers are entitled to remain on the relevant OTC Register for so long as a valid agreement remains in effect. In the event that the relevant agreement for any ForexClear Dealer, RepoClear Dealer or SwapClear Dealer is terminated, then that Dealer will be removed from the relevant OTC Register.

The applicant must at all times respond promptly to enquiries or requests for information made by the Clearing House.

### 1.3.2 ForexClear Dealer Status

The applicant must have a clearing arrangement for ForexClear transactions in place with an existing ForexClear Clearing Member within their corporate group.

### 1.3.3 4.3.2-RepoClear Dealer Status

The applicant must:

- (a) have minimum Net Capital (as defined in paragraph 1.10) of €100mn; and
- (b) be authorised and supervised as either a credit institution or an investment firm by the competent authorities of a member state of the European Union; or

- (c) be authorised and supervised as the equivalent of a credit institution or an investment firm by the competent authorities of a country outside the European Union and be subject to prudential rules considered to be as stringent as those applicable to credit institutions and investment firms.

#### 1.3.4 4.3.3-SwapClear Dealer Status

The applicant must have a clearing arrangement for SwapClear transactions in place with an existing SwapClear Clearing Member within their corporate group.

### **1.4 EQUITYCLEAR NON-CLEARING MEMBER STATUS**

A person who does not have Clearing Member status of the Clearing House may nevertheless participate indirectly in the EquityClear Service as an EquityClear Non-Clearing Member ("NCM"), subject to compliance with all the Clearing House requirements in this regard.

In order to participate in the manner described that person ("the Applicant NCM") must enter into the "EquityClear NCM-GCM Agreement" with a Clearing Member which is authorised by the Clearing House to clear the relevant market. This agreement must be in the form prescribed by the Clearing House. It must then be submitted to the Clearing House, together with the relevant EquityClear Static Data Form duly completed in the form prescribed by the Clearing House for that ATP. If the Clearing House agrees to admit the Applicant NCM to become an EquityClear NCM, as the case may be, it will indicate its consent by signing the agreement and adding the Applicant NCM to the section relating to that ATP in the Register of EquityClear NCMs.

An NCM is entitled to remain on the Register of NCMs for so long as a valid EquityClear NCM-GCM Agreement remains in effect. In the event that the relevant Agreement for any NCM is terminated, then that NCM will be removed from the Register of NCMs.

The rights and obligations of an NCM are set out in the EquityClear NCM-GCM Agreement.

The Clearing House may suspend the EquityClear Open Offer in respect of any ATP, and may, at the request of its GCM, suspend an NCM. Clearing Members and NCMs are referred to Section 2D of the Procedures (EquityClear) in this regard.

It should be noted that NCMs do not have Clearing Member status.

### **1.5 TURQUOISE DERIVATIVES NON-CLEARING MEMBER STATUS**

A person who does not have Clearing Member status may nevertheless participate indirectly in the Clearing House Turquoise Derivatives Service as an Turquoise Derivatives Non-Clearing Member ("NCM"), subject to compliance with all the Clearing House requirements.

In order to participate in the manner described, that person ("the Applicant NCM") must enter into an Turquoise Derivatives NCM-GCM Agreement with a Clearing Member which is authorised by the Clearing House to clear eligible trades as a "GCM". If the Clearing House agrees to admit the Applicant NCM, it will indicate its

consent by signing the agreement and adding the Applicant NCM to the Register of NCMs.

An NCM is entitled to remain on the Register of NCMs for so long as a valid Turquoise Derivatives NCM-GCM Agreement remains in effect. In the event that the Agreement for any NCM is terminated, then that NCM will be removed from the Register of NCMs.

The rights and obligations of an NCM are set out in the Turquoise Derivatives NCM-GCM Agreement.

It should be noted that NCMs do not have Clearing Member status.

### **1.6 PARTICIPATION IN CROSS-MARGINING AGREEMENTS**

Participation is limited to current Clearing Members who meet eligibility criteria specified in Cross-Margining Agreements. Clearing Members should contact the Clearing House's Membership Department to clarify the specific criteria.

### **1.7 EXTENSION OF CLEARING ACTIVITIES**

#### **1.7.1 Extension to Exchange clearing**

A Clearing Member must hold the appropriate category of Clearing Member status for the exchange(s) it wishes to clear.

A Clearing Member is approved to clear only the exchange(s) stipulated in its application. Subject to the Clearing Houses consent, this approval may be extended to include clearing on another exchange(s). Such approval must be given in writing by the Clearing House in the form prescribed from time to time. In determining such extension the Clearing House will have regard to, inter alia:

- (a) The Clearing Member having the appropriate category of exchange Clearing Member status applicable to the extension of its activities;
- (b) The Clearing Member demonstrably having sufficient staff resources and expertise in the new market that it wishes to clear; and
- (c) The Clearing Member having sufficient Net Capital to meet the additional requirement as set out in section 1.9.3.

#### **1.7.2 Extension to LCH EnClear OTC Services/EquityClear/ RepoClear/ SwapClear/ForexClear Clearing**

In addition to the requirements noted above, a Clearing Member wishing to commence clearing on each of the LCH EnClear OTC services (Freight, OTC Emissions and/or Precious Metals divisions), the EquityClear markets and/or clearing or dealing on ForexClear, RepoClear and/or SwapClear, must complete additional documentation and be approved by the Clearing House. Clearing Members who wish to either clear directly or to submit for clearing EquityClear ATP Matches, RepoClear Transactions and/or Bond/Repo Trades, ForexClear Transactions and/or SwapClear Transactions originating from an NCM or Dealer for clearing, should contact the Clearing House's Membership Department.

Dealers or NCMs who wish to clear their own transactions must apply for Clearing Member status. Potential applicants should contact the Clearing House's Membership Department.

1.7.3 Extension for SwapClear Clearing Members to clear for clients

Subject to obtaining approval from the Clearing House's Membership Department a SwapClear Clearing Member ("SCM") may offer certain SwapClear clearing services to its clients (SwapClear Clearing Clients). SCMs should contact the Clearing House's Membership Department for further details of the SwapClear Client Clearing service.

1.7.4 Special Clearing Members

A Special Clearing Member is only approved to clear the types of contract on the Clearing House service(s) and/or on the market(s) stipulated in its Clearing Membership Agreement, subject to the terms of that Agreement.

**1.8 TERMINATION OF CLEARING MEMBER STATUS**

1.8.1 In the event that a Clearing Member wishes to terminate its Clearing Member status, it may do so by giving notice of not less than three months ahead of its termination date. By the close of business on the termination date, the Clearing Member shall ensure that all Registered Contracts in ~~its~~ its name have been closed-out or transferred so as to ensure that there are no open Registered Contracts to which they are party to at the termination date. A resigning Clearing Member should note that any and all exchange NCMs or Dealers will be required to find alternative clearing arrangements by this date or will be unable to trade on the relevant exchange or cleared market. Clearing Members will need to give the Clearing House notice of termination in respect of all such NCM/Dealer agreements in accordance with the terms of those agreements and the relevant section of the Rulebook. For further information on the resignation process, Clearing Members should contact the Membership Department.

1.8.2 If a Clearing Member has not been active on any exchange or market for a continuous period of three months, they will be asked to confirm that they intend to utilise their Clearing Member status and failing a satisfactory response, they will be asked to resign their Clearing Member status.

**1.9 NET CAPITAL REQUIREMENTS**

1.9.1 Categories of Clearing Member Status

There are nine categories of Clearing Member status currently in use. These are as follows:

**Category B**

- |   |   |   |
|---|---|---|
| NYSE Liffe – Individual Clearing Member | - | <u>Individual Clearing Member (clearing own business)</u> |
| Turquoise Derivatives                   | - | <u>Individual Clearing Member (clearing own business)</u> |



- LCH EnClear OTC - LCH EnClear Clearing Member being an OTC Participant clearing own business for OTC Services: OTC Emissions, Freight and/or Precious Metals divisions (see Section 2E)
- Nodal Exchange - Individual Clearing Member (clearing own business)
- HKMEx - Clearing Member

**Category C**

- NYSE Liffe - General Clearing Member (clearing own business and the business of unrelated Non-Clearing Members)
- Turquoise Derivatives - General Clearing Member (clearing own business and the business of unrelated Non-Clearing Members)
- ~~LCH EnClear OTC~~ - ~~LCH EnClear Clearing Member being an OTC Participant clearing own business and client business for OTC Services: OTC Emissions and/or Freight divisions (see Section 2E.12.1)~~
- Nodal Exchange - General Clearing Member (clearing own business and the business of unrelated Non-Clearing Members)
- HKMEx Clearing Member

**Category D**

- LME - Associate Trade Clearing Member
- Associate Broker Clearing Member
- Ring Dealing Member

**Category E**

Category no longer in use.

**Category F**

RepoClear Clearing Member: clearing own business.

**Category G**

RepoClear Clearing Member: clearing own business, and the business of



Net Capital £2.0mn sterling

**Category D**

(i) LME Associate Trade Clearing Members

Net Capital £2.5mn sterling

(ii) LME Associate Broker Clearing and Ring Dealing Members

Net Capital £5.0mn sterling

**Category E**

Category no longer in use.

**Category F**

Net Capital €100.0mn

**Category G**

Net Capital €400.0mn

**Category H**

Net Capital US\$5,000mn

**Category I**

Net Capital £5.0mn sterling

**Category J**

Net Capital £10.0mn sterling

**Category K**

See section 4.10.41.9.5

**Category L**

Net Capital US\$5,000mn

1.9.4 Cross-Market Net Capital Requirement for categories B-D, I-J and I-JL

Subject to the absolute minimum requirement of £5mn sterling, Clearing Members who clear more than one exchange (categories B – D) or have LCH EnClear OTC Services Clearing Member status and/or EquityClear Clearing Member Status (categories I – J), are required to meet a minimum Net Capital requirement Requirement which is the sum of their specific requirements. For example, a Clearing Member acting as a General Clearing Member on NYSE Liffe (Category C - £2mn sterling) and as an EquityClear Individual Clearing Member (category I - £5mn sterling) has a minimum requirement of £7mn sterling. A Clearing

Member acting as a General Clearing Member on NYSE Liffe only (Category C - £2mn sterling) has a minimum requirement of £5mn sterling.

Clearing Members for ForexClear, RepoClear and/or SwapClear (including those who clear on other exchanges or markets through the Clearing House) are required to meet the applicable Category F, G ~~or~~ H or L minimum Net Capital requirement Requirement only.

#### 1.9.5 Capital Requirements for Category K

The minimum capital requirements for a Special Clearing Member will be established at the discretion of the Clearing House with reference to (i) the requirements set out in ~~this~~ section 1.9.3 which would be applicable to a Clearing Member carrying on comparable business in the same service(s) and/or market(s) of the Clearing House as that which is to be carried on by the Special Clearing Member pursuant to its Clearing Membership Agreement and (ii) any other factors which the Clearing House deems to be relevant in establishing such requirements for a Special Clearing Member.

#### 1.9.6 Additional Net Capital Requirements

Additional resources will be required when, in the Clearing House's assessment, a Clearing Member's Net Capital is not commensurate with its level of business, whether that business is confined to one market, or is cross-market in nature.

### **1.10 CALCULATION OF NET CAPITAL**

Net Capital ("Net Capital") is broadly defined as:

Permanent Capital plus Additional Capital less Intangible Fixed Assets (including goodwill, development costs, etc ("Intangible Fixed Assets")).

Clearing Members must comply with the Net Capital minimum requirements at all times (see section 1.9.3).

The Clearing House may vary the definitions below to include forms of capital or to exclude assets, other than those stated. An applicant wishing to determine the acceptability of specific forms of capital or the treatment of particular categories of assets should contact the Clearing House's Membership Department.

#### 1.10.1 Definition of Permanent Capital ("Permanent Capital")

The definition of Permanent Capital includes:

- issued and fully-paid ordinary share capital;
- issued and fully-paid preference share capital; and
- share premium account and reserves not available for distribution.

Accumulated profit and loss and reserves available for distribution will not be taken into account when calculating permanent capital. A deficit in reserves will, however, be deducted from permanent capital.

#### 1.10.2 Definition of Additional Capital ("Additional Capital")

The definition of Additional Capital includes:

- other equity reserves (distributable or otherwise);
- profit and loss reserve;
- redeemable shares; and
- subordinated loans.

Where loans, subordinated or otherwise, are allowed in a Clearing Member's Net Capital calculation, the Clearing House may require Clearing Members to provide the Clearing House with details of the terms and conditions of the loan(s) (see section 1.10.3). The Clearing House may, at its discretion, recognise other long-term loans in the calculation of additional capital.

#### 1.10.3 Acceptability of Subordinated Loans

The Clearing House will, in the Net Capital ~~requirement~~Requirement, allow subordinated loans from a parent company/ies as an acceptable form of capital. Where a Clearing Member is reliant upon subordinated loans to meet its minimum requirement, the Clearing House will require assurances that the loan(s) will not be repaid without the prior consent of the Clearing House.

Clearing Members who wish to re-structure their Net Capital in a way that subordinated loans become key to their meeting the minimum Net Capital ~~requirement~~Requirement, should contact the Clearing House's Membership Department. Clearing Members will be required to enter into an agreement with the Clearing House in the standard form prescribed by the Clearing House for these purposes.

#### 1.10.4 Recognition of Irrevocable Letters of Credit

In cases where the Net Capital ~~requirement~~Requirement is significantly greater than a Clearing Member's regulatory capital requirement, the Clearing House may, at its discretion, but in any case up to a maximum of 50% of the minimum capital requirement, recognise funds committed to the Clearing House under an Irrevocable Letter of Credit from a third party bank in determining whether the minimum requirement is met.

Clearing Members falling into this category and interested in meeting the requirements in this way will be required to enter into a standard form agreement with the Clearing House. That agreement is available from the Clearing House's Membership Department.

### 1.11 FINANCIAL REPORTING

Clearing Members must provide the financial information detailed below in order to demonstrate that they continue to comply with the Clearing House's Net Capital ~~requirements~~Requirements at all times.

#### 1.11.1 All Members

All Clearing Members must, within six months from the date on which their annual accounts are made up, provide the Clearing House with an English-language copy of their profit and loss account and balance sheet, together with a statement that their auditors have reviewed and approved them, drawn up either in accordance with Companies Act requirements or otherwise in accordance with the requirements of the Clearing House. In addition, the Clearing House may at its discretion require the provision of financial accounts for the ultimate or immediate parent of the Clearing Member.

#### 1.11.2 Regulated Clearing Members

Regulated Clearing Members must provide the Clearing House with copies of all financial returns made to their regulator. The Clearing House will, in respect of firms regulated by the Financial Services Authority ("FSA"), take returns direct from the FSA. This arrangement is for administrative convenience and the Clearing House reserves the right to require that financial returns are submitted direct by the Clearing Member to the Clearing House.

#### 1.11.3 Non-Regulated Clearing Members

Non-regulated Clearing Members must provide the Clearing House with a quarterly balance sheet and profit and loss statement within 30 days of their quarter-end date. This must be signed by two directors, a director and the company secretary, or two Authorised Signatories. Where the Clearing Member is a partnership the balance sheet and profit and loss statement must be signed by two partners of the firm. Please provide evidence of signing authority together with specimen signatures.

#### 1.11.4 Category K

Must provide the Clearing House with such financial information as is stipulated in their Clearing Membership Agreement.

#### 1.11.5 Reduction in Net Capital

All Clearing Members must immediately notify the Clearing House of any significant reduction (usually 10% or more), from the figures shown in their last financial returns, in:

- (a) shareholders' funds;
- (b) Net Capital.

### **1.12 ADDITIONAL REQUIREMENTS**

#### 1.12.1 Notification of Changes of Ownership

Clearing Members (other than Special Clearing Members, who shall be subject to such specific terms as set out in their Clearing Membership Agreement) are required, under the terms of their Clearing Membership Agreement, to notify or pre-notify the Clearing House of changes in controlling holdings (defined as the exercise or control of 20% or more of the voting power of the firm). The Clearing House recognises that, in the case of Clearing Members which are part of large financial groups, changes in controllers may occur with relative frequency, may only be known after the event and

are unlikely to be significant to the Clearing House. However in cases of changes in ownership, and particularly where those potentially acquiring a dominant stake in a Clearing Member are not known to the Clearing House, Clearing Members are required to pre-notify the Clearing House of their plans. The proposed change of ownership may be subject to an approval process involving the Risk Committee and Board of the Clearing House (LCH.Clearnet Limited).

**1.13 OTHER CONDITIONS**

The Clearing House may, at any time, impose additional conditions relative to continued Clearing Member status, and at any time vary or withdraw any such conditions. These conditions may include, but are not limited to, a requirement to deposit additional security in cash or collateral as determined by the Clearing House.

LCH.Clearnet Ltd  
Procedures:  
ForexClear (NDFs)  
Section 2K

*15 Sept*



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# 1 Introduction and Interpretation

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

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

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

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

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

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

The liability of the Clearing House is as set out in Regulation 39, which applies to these Procedures in its entirety unless provided otherwise.

## 1.1 Users of ForexClear

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

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

### 1.1.1 Termination of FXCCM status

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

### 1.1.2 Termination of FXD status

The ForexClear Dealer Agreement and Regulation 107 set out how the FXD relationship may be terminated.

## 2 Service Scope

### 2.1 Eligibility

Non-Deliverable FX Transactions as defined in Schedule A to the ForexClear Regulations ("NDFs") may be submitted for clearing through the ForexClear Service. To be eligible to be registered as a ForexClear Contract, a trade must meet the ForexClear Eligibility Criteria (as set out in Part B of the Schedule to the ForexClear Regulations).

### 2.2 Service Operating Hours

#### 2.2.1 Opening Days

The ForexClear Service will be open each day, except weekends, Christmas Day and New Year's Day.

#### 2.2.2 Opening Hours

The ForexClear Service will be open between 20:00 local London time Sunday night and 01:00 local London time Saturday morning ("**Opening Hours**"). The ForexClear Service will not accept ForexClear Transactions outside of these hours.

### 2.3 Account Structure

#### 2.3.1 FXCCMs

1. The ForexClear Service provides each FXCCM with (i) a single house position-keeping account with the account code "H"; (ii) a financial account associated with the house position-keeping account; and (iii) a separate financial account for each FXCCM's ForexClear Default Fund Contribution with the account code "F".
2. The FXCCM's single financial account is used to record cash balances, liabilities, and securities/documentary credits.
3. The FXCCM's house position-keeping account, as described in Regulation 5 and Regulation 103(f), is for house business.
4. Sub-accounts within the FXCCM's house position-keeping account may be set up (e.g. for branches or FXDs). Each such sub-account will carry the unique Bank Identifier Code ("**BIC**") of the relevant branch/ FXD (please see Section 2.3.2 below).
5. Sub-accounts within the FXCCM's house position-keeping account will be associated with the single financial account of the FXCCM and information contained across the house position-keeping sub-accounts is consolidated into the single financial account of each FXCCM.

#### 2.3.2 FXDs and Branches

1. Where an FXCCM enters into a ForexClear Dealer Clearing Agreement with an FXD, submission of a static data form to LCH will allow it to be provided with one or more sub-accounts for that FXD (for position-keeping purposes) within that FXCCM's house position-keeping account. The ForexClear Dealer Clearing Agreement enables an FXD to nominate the "Designated Offices" (i.e. BICs) through which it may submit ForexClear Transactions.
2. Submission of a static data form to LCH's membership department by an FXCCM will also allow an FXCCM to be provided with one or more sub-accounts for any branch of that FXCCM (for position-keeping purposes) within that FXCCM's house position-keeping account.
3. Because the single financial account reflects the consolidated balances and liabilities of the FXCCM, the balances and liabilities associated with ForexClear Transactions submitted by FXDs (if applicable) and/or per branch (if applicable) will be provided as an estimate.

#### 2.3.3 Novation and Registration

1. An NDF is a ForexClear Transaction (i.e. eligible for registration as a ForexClear Contract) if it satisfies the ForexClear Eligibility Criteria (set out at Part B of the Schedule to the ForexClear Regulations) at the Registration Time.

2. The ForexClear Service will register ForexClear Transactions submitted during the Opening Hours, provided that all FXCCMs have sufficient cover for their Liabilities (as defined in Section 6.2) at the time of the relevant Margin Run.
3. If any FXCCM does not have sufficient cover for its Liabilities at the time of the relevant Margin Run, then the registration of ForexClear Transactions will be suspended until sufficient cover is provided or until the FXCCM's portfolio risk is reduced by the FXCCM submitting for registration risk reducing ForexClear Transactions.
4. Once the ForexClear Transaction has passed the Validation Checks (as defined in Section 3.3.1) and the required cover has been provided by the relevant FXCCMs, the Clearing House will send, via the ForexClear Matcher, a message confirming the registration of the ForexClear Transaction as a ForexClear Contract and including a timestamp of the relevant registration time. For the purpose of the ForexClear Regulations, the time of dispatch of such message shall be the "**Registration Time**" of that ForexClear Contract.
5. The definitive report of the registered ForexClear Contract will be shown on the "All Open Contracts" report issued by ForexClear Reporting (as defined in Section 7).
6. If an FXCCM is declared a defaulter, the Clearing House will not register any ForexClear Transactions to which the defaulter was a party. ForexClear Transactions between non-defaulting FXCCMs will continue to be registered (assuming sufficient cover for their Liabilities has been provided).

## 3 Trade Management

### 3.1 Trade Capture

After the execution of an NDF (a “**trade**”), each FXP who is a party to the trade will submit individual instructions to the ForexClear Matcher for matching and clearing of the trade. FXPs are not required to submit a confirmation of any trade submitted to the Clearing House for registration. Submission of the matched trade terms through the ForexClear Matcher will ensure that the agreed terms of the trade are recorded.

Once the ForexClear Matcher receives the trade instructions from the FXPs who are parties to the trade, the ForexClear Matcher matches both instructions. The ForexClear Matcher validates the trade using the ForexClear Eligibility Criteria and will, if appropriate, submit a single message containing the names of the FXPs who are parties to the trade and the terms of the trade to the Clearing House for registration and clearing, such matched trade being known as a “**ForexClear Transaction**”. Once the Clearing House receives the ForexClear Transaction message, it will send a message of acknowledgement back via the ForexClear Matcher to each FXP that the trade has been matched and accepted for clearing. Instructions which show that one or both sides of the trade do not meet the ForexClear Eligibility Criteria (as per Section 3.3) are rejected. Rejections are reported back to the counterparties through the ForexClear Matcher.

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

### 3.2 The ForexClear Matcher

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

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

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

The Clearing House accepts no liability for any error within or corruption of any data sent by the ForexClear Matcher to the Clearing House or to an FXCCM or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any ForexClear Contract(s) on the basis of incorrect or corrupted data sent to it by a ForexClear Matcher, the FXCCM(s) concerned shall be bound by the terms of such ForexClear Contract(s), unless the ForexClear Contract is subsequently cancelled in accordance with Regulation [104] or [106].

### 3.3 Trade Validation and Registration

#### 3.3.1 Process flow description

1. The Clearing House performs a validation check on each trade submitted by FXPs to ensure that each such trade meets the ForexClear Eligibility Criteria and the Counterparty Validation Check (as defined below) required for ForexClear Transactions (together the “**Validation Checks**”).
2. The fields checked are as follows:
  - **Counterparties:** (a) are both parties submitting trade particulars FXPs and (b) has each FXCCM in whose name the ForexClear Contract is to be registered not been declared a defaulter by the Clearing House? (together, the “**Counterparty Validation Check**”);
  - **Trade type:** is the instrument type an NDF?

- **Economic Terms:** does the trade include all the Economic Terms (as defined in the Schedule to the ForexClear Regulations)?
- **Currency Pairs:** are the Reference Currency and the Settlement Currency a Currency Pair (as defined in the Schedule to the ForexClear Regulations)?
- **Settlement Currency:** is the Settlement Currency USD?
- **Trade tenor eligibility:** does the scheduled Settlement Date fall on a date: (a) not earlier than three business days immediately following the date on which the trade is submitted to the Clearing House for registration (the "**Submission Date**") and (b) not later than the date falling two calendar years plus two business days immediately following the Submission Date? If the ForexClear Transaction arrives after the ForexClear date roll (22.00 local London time), the Submission Date is defined as the next good business day.
- **Valuation Date and Settlement Date:** do the Valuation Date and Settlement Date for the ForexClear Transaction fall on a valid Business Day for the Currency Pair to which the ForexClear Transaction relates? Does the Settlement Date fall a specified number of Business Days after the Valuation Date (the "**Number of Business Days**")? The table below shows the relevant Business Days for determining the Valuation Date and the Settlement Date<sup>1</sup> and the Number of Business Days:

Currency Pair	Business Days for Valuation Date	Relevant City/Cities for Business Day for Valuation Date	Business Days for Settlement Date	Relevant City for Business Day for Settlement Date	Number of Business Days
USD-BRL	BRL & USD	Any of Rio de Janeiro, Brasilia or São Paulo and New York City	USD	New York City	2
USD-RUB	USD & RUB	New York and Moscow	USD	New York City	1
USD-INR	INR	Mumbai	USD	New York City	2
USD-CLP	USD & CLP	New York and Santiago	USD	New York City	2 <sup>2</sup>
USD-CNY	CNY	Beijing	USD	New York City	2
USD-KRW	KRW	Seoul	USD	New York City	2

<sup>1</sup> As amended from time to time as per the relevant EMTA Template.

<sup>2</sup> Banco Central de Chile tends to publish the "CLP DÓLAR OBS" or "CLP10" Settlement Rate at the end of the day (Santiago time) on the relevant Valuation Date but reserves the right to publish such rate by no later than 10:30 a.m. (Santiago time) on the following Business Day. With respect to any ForexClear Contract in relation to which CLP-USD is the relevant Currency Pair, in the event that such rate is published on the Business Day following the Valuation Date, the Settlement Date of such ForexClear Contract will fall on the Business Day following the date on which such rate is published, however, the Settlement Rate is still established as at the Valuation Date. In summary, the Settlement Date is a date falling two Business Days following the Valuation Date but the related Settlement Rate may be published one Business Day prior to the Settlement Date.

3. Trades that pass the Validation Checks are accepted and two trade records are created for the ForexClear Transaction: one for the ForexClear Contract between the Clearing House and the first FXCCM to the ForexClear Transaction and the other for the ForexClear Contract between the Clearing House and the second FXCCM to the ForexClear Transaction.
4. Provided each FXCCM has sufficient cover, the Clearing House will send a message via the ForexClear Matcher confirming the registration or, where the trade fails a Validation Check, the trade will be rejected and a status message will be sent to the ForexClear Matcher giving a reason for rejection.
5. As provided in Section 2.3.3, in respect of messages confirming registration, the time of dispatch of such message shall be the Registration Time of that ForexClear Contract.
6. The internal sub-account (i.e. FXCCM, branch, or FXD) into which each trade record is booked is derived from the BIC code within the message from the ForexClear Matcher. The BIC links to the FXCCM reference data.
7. Both new trade records arising out of the ForexClear Transaction have the same unique ForexClear ID (the "ForexClear ID"). Any further events or actions are applied on the basis of this ForexClear ID, to ensure consistency.

### 3.4 Manual Trade Rejection, Novation and Cancellation (Exceptional Event)

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

### 3.5 Trade Cancellation

1. The Clearing House accepts cancellation messages from FXPs against both non-novated trades (ForexClear Transactions) and novated trades (ForexClear Contracts).
2. With respect to any ForexClear Contract, cancellation messages may be submitted via the ForexClear Matcher until such ForexClear Contract is "fixed" – i.e. when its Settlement Rate has been determined on the relevant Valuation Date.
3. A successful cancellation message results in a "CANCELLED" status message if the ForexClear Transaction or the ForexClear Contract (as the case may be) is cancelled before or after a Margin Run (as defined in Section 6). The status messages are sent from the Clearing House to the FXCCM via the ForexClear Matcher.
4. There is no ForexClear Contract or ForexClear Transaction amendment functionality.

#### 3.5.2 Process flow description

1. The Clearing House accepts trade cancellation instructions from the ForexClear Matcher for ForexClear Transactions or ForexClear Contracts (as the case may be) that have previously been submitted to the ForexClear Service. Cancellation instructions must include the ForexClear ID.
2. The Clearing House acknowledges receipt of the instruction from the ForexClear Matcher to cancel a ForexClear Transaction/ForexClear Contract (as the case may be) and sends a "PENDING CANCELLATION" message to the ForexClear Matcher for the relevant FXPs.
3. The Clearing House checks that the cancellation instruction contains a valid ForexClear ID which relates to: (a) a ForexClear Transaction or ForexClear Contract (as the case may be) that has not been previously cancelled; and (b) in the case of a ForexClear Contract only, a ForexClear Contract with respect to which the relevant Valuation Date has not yet occurred.
4. Where a trade has already been rejected (as a result of having failed a Validation Check), the ForexClear Service sends a "CANCEL REJECTED" message to the ForexClear Matcher for the relevant FXPs.



5. If the ForexClear Transaction is "PARKED" but has not been included in a Margin Run, it is cancelled and a "CANCELLED" message is sent to the ForexClear Matcher to confirm to the relevant FXPs that the ForexClear Transaction has been cancelled. The ForexClear Transaction is excluded from the next and future Margin Runs. In accordance with Regulation [106(h)], the date and time of the cancellation shall be as reported by the Clearing House via the ForexClear Matcher.
6. If a Margin Run is currently in progress, the request to cancel is routed to a temporary queue for later manual action. Once the Margin Run has finished, the Clearing House will re-submit or reject the request to cancel.
7. If the ForexClear Contract is "NOVATED", the Clearing House amends the status of the relevant ForexClear Contract to "PARKED PENDING CANCELLATION" and sends this information in a message to the ForexClear Matcher for the relevant FXPs. The effect of the "PARKED PENDING CANCELLATION" ForexClear Contract is included in the next Margin Run.
8. The ForexClear Contract under sub-paragraph 7 is cancelled if all FXCCMs across the ForexClear Service have pledged sufficient collateral with the Clearing House to cover the margin requirement of the ForexClear Service without that particular ForexClear Contract. If an FXCCM has insufficient collateral pledged, the Clearing House makes a cash margin call via PPS. When confirmation of receipt of the margin call is received, the ForexClear Contract is cancelled. The ForexClear Contract is excluded from future Margin Runs and a "CANCELLED" message is sent to the ForexClear Matcher for the benefit of the relevant FXPs to the now excluded ForexClear Contract. In accordance with Regulation 106(h), the time of dispatch of such message shall be the cancellation date and time in respect of that ForexClear Contract. If an FXCCM is declared a defaulter, , the Clearing House will not process any cancellation of a ForexClear Contract to which the defaulter is a party, nor the corresponding ForexClear Contract that arose from the same underlying ForexClear Transaction. All ForexClear Contracts between non-defaulting FXCCMs for cancellation (assuming sufficient cover for their Liabilities has been provided) will be cancelled.

### 3.6 Backloading of Trades

As from 2 January 2012, the Clearing House will provide the facility for FXCCMs to backload ForexClear Transactions through the ForexClear Matcher. Backloading refers to submission for clearing of trades which were executed before the Submission Date.

For backloaded trades, as for non-backloaded trades, it is a pre-condition of registration that sufficient cover is provided. The Clearing House will perform the Validation Checks on backloaded trades and follow the processes as set out in Section 3.3.1 above.

### 3.7 Valuation Date Event Management

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

On the Valuation Date with respect to each ForexClear Contract, the Settlement Rate will be retrieved from the Settlement Rate Option per Currency Pair in accordance with the relevant EMTA Templates (as referenced in the Schedule to the ForexClear Regulations). The Market Data provider for Settlement Rates is Reuters.

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

- Settlement Rate Option source code (as below)
- Valuation Date

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

Currency Pair	Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)
USD-BRL	BRL PTAX (BRL09)
USD-RUB	RUB CME-EMTA (RUB03)
USD-INR	INR RBIB (INR01)
USD-CNY	CNY SAEC (CNY01)
USD-CLP	CLP DÓLAR OBS (CLP10)
USD-KRW	KRW KFTC18 (KRW02)

The Clearing House applies the Settlement Rate to all relevant ForexClear Contracts at a predefined time (see Section 4.3 below) following its publication.

The Clearing House calculates the Settlement Currency Amount in the Settlement Currency per ForexClear Contract. FXCCMs can retrieve the Settlement Rate and Settlement Currency Amount in the Settlement Currency via ForexClear Reporting (as defined in Section 7) on the ForexClear Service Portal and on MemWeb, which are internet services onto which information is loaded and can be accessed by FXCCMs.

### 3.7.1 Process flow description

1. After the Registration Time for a ForexClear Contract, the ForexClear Service links a Settlement Rate Option to it in accordance with the relevant EMTA Template for the Currency Pair.
2. On the Valuation Date, the Clearing House uses the Settlement Rate for the Currency Pair for the ForexClear Contract when it is published by Reuters, and calculates the Settlement Currency Amount for each ForexClear Contract in the Settlement Currency by applying the relevant Settlement Rate Option as published.
3. If the Settlement Rate Option set out in the relevant EMTA Template is unavailable at the relevant time, Disruption Fallback alternatives for the determination of the Settlement Rate will apply as set out in the relevant EMTA Template.

## 3.8 Settlement

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

From (and including) the Registration Time to (and including) the Business Day immediately preceding the Settlement Date, changes in the daily value of open ForexClear Contracts will have resulted in variation margin ("**VM**") credits and debits between the parties (as set out at Section 5.2). With respect to each ForexClear Contract, on the Business Day immediately preceding the Settlement Date, the Clearing House nets the Settlement Currency Amount against the aggregate net VM which has been paid/received through the term of the ForexClear Contract, the result of which is a Net Settlement Amount ("**NSA**"), which will be reflected in the FXCCMs' cash accounts with the Clearing House on the Settlement Date. As such, with respect to each ForexClear Contract, the payment in full of all the VM required during the term of such ForexClear Contract shall satisfy the relevant party's obligation to pay the Settlement Currency Amount on the Settlement Date of such ForexClear Contract. This paragraph applies even if the Settlement Date has been adjusted in accordance with the ForexClear Contract Terms.

## 3.9 Portfolio Management

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

The portfolio transfer capability allows the transfer of:

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

The Clearing House will carry out the portfolio transfer. For transfers under 2, 3 and 4, this can be on a ForexClear Contract by ForexClear Contract or on a Currency Pair basis.

Transfers will only be effected upon completion of a successful Margin Run.

### 3.9.1 Legal Documentation

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

## 3.10 Reference Data

### 3.10.1 Holiday Event Calendar

For the ForexClear Service the Clearing House uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, INC.) the ("**SwapsMonitor Financial Calendar**") in order to determine holidays. This requires all ForexClear Participants to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the ForexClear Service, will be available online for inspection and for file download from Clearing Member Reporting. SwapsMonitor is used on a daily basis across all calendars.

### 3.10.2 Date Adjustment

When a new holiday is declared in a particular jurisdiction, an update to the holiday calendar affecting ForexClear Contracts for which the Valuation Date is due on the new holiday is required. The Valuation Date and the Settlement Date will be adjusted in accordance with the provisions of the EMTA Template for the relevant Currency Pair.

The Clearing House may accede to a request from FXCCMs to suspend processing of adjustments to the relevant affected Valuation Dates and Settlement Dates so as to allow FXCCMs to cancel and rebook any ForexClear Contracts following any such adjustment. In such case, the Clearing House will inform FXCCMs as to the timing and duration of any such suspension. Market Data

## 4 Market Data

### 4.1 Sources used by ForexClear Service

The ForexClear Service collates instrument quotes for the following from multiple market sources (as detailed in Section 4.2) in relation to each Currency Pair:

- FX spot rates ("**FX Spot Rates**");
- FX swap points ("**FX Swap Points**");
- Settlement Rate Option;
- Interest rate curves (see Section 4.5.2 below) ("**Interest Rate Curves**");
- USD LIBOR Curve;
- PAI rates ("**PAI Rates**"); and
- Country credit spreads (see Section 4.6 below) ("**Country Credit Spreads**"),

together, "**Market Data**".

FX Spot Rates and FX Swap Points are received by the Clearing House via a live link from all eligible FXCCMs during the Opening Hours (as defined in Section 2.2.2).

### 4.2 Market Data Sources and Frequencies

The Clearing House receives the following updated raw prices:

1. FX Spot Rates:
  - Source - FXCCMs.
  - Frequency - every time updated by FXCCMs up to a maximum rate of once every five minutes.
2. FX Swap Points:
  - Source - all FXCCMs.
  - Frequency - every time updated by FXCCMs up to a maximum rate of once every five minutes.
  - Tenors – as shown in the table below.

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

3. Settlement Rate Options:
  - Source - Reuters.
  - Frequency - when published (at the times shown in the table at Section 4.3 below).
4. Interest Rate Curves:
  - Source - internal Clearing House

- Frequency - at each SwapClear margin run.
5. Country Credit Spreads:
    - Source - Bloomberg.
    - Frequency - when published.
  6. USD LIBOR Curve:
    - Source - SwapClear.
    - Frequency - at each SwapClear margin run.
  7. PAI rates:
    - Source - LCH Treasury.
    - Frequency - Daily.

### 4.3 Market Data

Reference Currency	Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)	Settlement Rate Publication Local Time (or as per the relevant EMTA Template as amended from time to time)
BRL	BRL PTAX (BRL09)	13:15 (São Paulo)
RUB	RUB CME-EMTA (RUB03)	13:30 (Moscow)
INR	INR RBIB (INR01)	12:30 (Mumbai)
CLP	CLP DÓLAR OBS (CLP10)	10:30 (Santiago)
CNY	CNY SAEC (CNY01)	09:15 (Beijing)
KRW	KRW KFTC18 (KRW02)	15:30 (Seoul)

### 4.4 Market Data Provision to FXCCMs

All Market Data used in a Margin Run is made available to FXCCMs via ForexClear Reporting (as defined in Section 7).

### 4.5 Curve Building in ForexClear

#### 4.5.1 FX Curve (Zero Coupon/Market Rate Curve)

The Clearing House builds for each Currency Pair an FX curve (zero coupon/market rate curve) using the FX Spot Rates, FX Swap Points and the USD LIBOR Curve based on interpolation techniques agreed through the ForexClear Risk & Trading Working Group (a group comprising the Clearing House and FXCCM's risk and trading representatives) ("RTWG"). The USD LIBOR Curve is used for discounting; the FX curve is used for capitalisation of forward cash flows.

#### 4.5.2 Interest Rate Curve

The Clearing House applies the linear interpolation method to build the Interest Rate Curve. Linear interpolation is applied on zero coupon curves.

#### 4.5.3 Curve Use

End of day is defined as 22.00 local London time ("EOD"). The following EOD data is used in the calculation of risk analytics for an EOD Margin Run (as defined in Section 6.1.2):

1. FX Spot Rates; and
2. FX Swap Points.

### 4.6 Country Credit Spreads

The Clearing House takes country credit spreads (in relation to Brazil, Russia, India, China, Chile and South Korea) from Bloomberg for use in risk multiplier calculations.

## 5 Valuation and Margin

### 5.1 Product Valuation

#### 5.1.1 Price submission

FXCCMs shall provide pricing data to the Clearing House in accordance with the ForexClear Market Data Interface (a document issued by LCH and as amended from time to time) as amended from time to time.

This data is used to calculate the NPV (as defined in Section 5.1.2 below) of ForexClear Contracts.

#### 5.1.2 Net Present Value ("NPV")

From (and including) the Registration Time to the EOD Margin Run on the business day preceding the Valuation Date, each ForexClear Contract is valued in USD using the current market rates and discounted from the future Settlement Date to its present value (being valued using the data submitted by FXCCMs, in accordance with Sections 4.2 and 5.1.1).

At EOD on the Valuation Date, the Settlement Rate is used to value the ForexClear Contract.

If Valuation Postponement applies, the ForexClear Contract is valued using the current forward price (based on the data submitted by FXCCMs, in accordance with Sections 4.2 and 5.1.1) to (and including) the date on which the Settlement Rate is determined in accordance with the ForexClear Contract Terms.

### 5.2 Variation Margin ("VM")

VM for each ForexClear Contract is calculated at EOD as the change from the preceding business day in its NPV. With respect to each FXCCM, the net sum of the VM for all open ForexClear Contracts is credited to or debited from such FXCCM once a day, following the EOD Margin Run.

Cover for VM (adjusted by PAI, as set out below) will be paid each business day by or to each FXCCM in respect of all of its open ForexClear Contracts. The VM will be calculated in, and must be paid in, USD.

With respect to each ForexClear Contract, VM is calculated every business day from (and including) the Registration Time to (and including) the EOD on the business day immediately preceding the Settlement Date.

### 5.3 Reporting Breakdown

ForexClear margin reports show the portfolio of open ForexClear Contracts of each FXCCM and of each FXD by Currency Pairs and in the Settlement Currency (i.e. USD).

### 5.4 Price Alignment Interest ("PAI")

The effect of daily cash VM movements results in the need for PAI. Without this adjustment, the pricing of ForexClear Contracts would differ from identical uncleared trades, as cash earned from favourable daily price moves would be priced into the product.

#### 5.4.1 PAI Calculation Methodology

PAI is calculated at EOD on each business day from (and including) the first business day after the Trade Date to (and including) the business day immediately preceding the Settlement Date.

In this Section 5.4, "T" means any given business day; "T-1" means the business day immediately preceding T; "T+1" means the business day immediately following T; and "MTM" means the total value (expressed in USD) of an FXCCM's portfolio open of ForexClear Contracts after valuation in accordance with Section 5.2 at close of business on any business day. The Clearing House calculates PAI in USD once a day at EOD.

##### 1. Principles:

- MTM is calculated at EOD on T-1.
- Change in MTM (net VM in respect of an FXCCM's portfolio of open ForexClear Contracts) is paid/ received on the morning of T.
- PAI Rate for T to be applied is known at EOD T.
- PAI is calculated on the night of T, for MTM of T-1 for ForexClear Contracts up to the business day before their Settlement Date.

- PAI is paid / received on morning of T+1 via PPS.
2. Components:
    - PAI Rate (annualised interest applied to an FXCCM's MTM).
    - MTM
    - Accrual Factor (factor used to convert the PAI Rate from an annual rate to a daily rate, on a basis of a year of 360 days).
  3. So:
    - $PAI_T = PAI_T \text{ Rate} \times MTM_{T-1} \times \text{Accrual Factor}$ .

The Clearing House uses the PAI Rate from the relevant EOD overnight index swap curves, which is sourced from the Clearing House.

#### 5.4.2 VM/PAI Adjustment

With respect to each FXCCM, the Clearing House makes the following adjustment to the EOD VM:

1. if, with respect to its portfolio of open ForexClear Contracts, such FXCCM has (to but excluding the relevant EOD) paid an amount in VM greater than the amount of VM it has received, such FXCCM will receive PAI; and
2. if, with respect to its portfolio of open ForexClear Contracts, such FXCCM has (to but excluding the relevant EOD) received an amount in VM greater than the amount of VM it has paid, such FXCCM will pay PAI.

### 5.5 Initial Margin ("IM")

The Clearing House will require FXCCMs to post IM.

#### 5.5.1 Calculation of Initial Margin

IM will be calculated within the day and at EOD on each business day as part of each Margin Run. With respect to each FXCCM, it is calculated for the portfolio of open ForexClear Contracts and ForexClear Transactions using a value at risk (VaR) based methodology based on filtered historical simulations ("**Historical Simulation**"). All open ForexClear Contracts and ForexClear Transactions in each Currency Pair are re-valued under a series of cross portfolio yield curve scenarios to estimate the potential portfolio profit and loss and therefore the IM requirement.

These scenarios will be continually monitored and reviewed periodically or on an ad hoc basis according to market conditions. ForexClear Clearing Members will usually be notified by the Clearing House of alterations to margin parameters no later than the day before calls are made based on the new parameters. Further details of this method are available upon request from the ForexClear Risk team.

Historical Simulation uses the historical (5 year) data submitted by FXCCMs pursuant to Section 5.1.1, which is adapted to current market prices.

### 5.6 Initial Margin Risk Multipliers

Credit risk, liquidity risk and sovereign risk are measured and applied to FXCCMs as part of the IM calculation.

#### 5.6.1 Credit Risk Multiplier ("CRiM").

1. The CRiM reflects additional credit risk from lower quality FXCCMs. The CRiM is calculated for every Margin Run and is applied to the initial IM value for each FXCCM.
2. ForexClear calculates the CRiM buffer margin using multipliers. The following table illustrates how these multipliers may be applied:

LCH Credit Rating	CRiM multiplier
1	1.00
2	1.00
3	1.00
4	1.50

5	2.00
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3. CRiM buffer margin = (CRiM multiplier \* IM) – IM

#### 5.6.2 Liquidity Risk multiplier (“IMM”).

1. Where an FXCCM has an exposure above set thresholds in a particular Currency Pair or tenor of ForexClear Contracts, the IMM is applied and additional IM is charged. The IMM is calculated in accordance with parameters set by the ForexClear Default Management Group (the “FXDMG”) according to tenor and notional concentration. The thresholds are reviewed quarterly and use prevailing perceptions of market conditions as seen by the FXDMG.
2. IMM increases IM called due to concentrated Currency Pair exposure by tenor of ForexClear Contracts. Additional IM is called to mitigate the risk of a position not being closed out in five days and/or the extra hedging costs that may be incurred.
3. The Clearing House calculates and applies IMM as part of each Margin Run, based on the IM for each Currency Pair in the FXCCM’s house position-keeping account.

#### 5.6.3 Sovereign Risk multiplier (“SRM”).

1. An SRM is applied when there is a perceived risk of sovereign default attached to ForexClear Contracts transacted in certain Reference Currencies. The SRM takes into account:
  - the credit rating of a country or sovereign entity associated with a Reference Currency; and
  - the devaluation risk of the Reference Currencies.
2. The SRM is calculated by assessing the three month probability of default for the different sovereign countries, based on the country’s 5-year credit default swap (CDS) spread. The spreads are updated once a week.
3. The Clearing House calculates and applies the SRM as part of each Margin Run, for each Currency Pair in the FXCCM’s house position-keeping account.

### 5.7 Additional Margin

The Clearing House may require an FXCCM to pay additional amounts (in addition to initial margin and variation margin) as security for the performance by an FXCCM of its obligations to the Clearing House in respect of ForexClear Contracts to which such FXCCM is a party in accordance with Regulation 12. This may be required from time to time where, in the opinion of the Clearing House, the risk inherent in ForexClear Contracts to which such FXCCM is a party not adequately covered by IM or VM. This may cover instances where stress testing losses under various scenarios provided in the ForexClear Default Fund Rules have increased.

### 5.8 Initial Margin Management Events Service (“IMMES”)

IMMES aims to find risk and IM reducing ForexClear Contracts amongst participating FXCCMs. IMMES can be run on all Currency Pairs that are cleared through the ForexClear Service, although the primary focus will be on those Currency Pairs that contribute to the largest IM requirement.

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

#### 5.8.1 Step-by-step details

1. The Clearing House usually conducts the IMMES at least monthly.
2. A reminder that there is an IMMES run taking place is sent out the week before to each FXCCM which is a party to an IMMES Agreement with LCH and each FXCCM is asked to confirm their participation.
3. On the day of the scheduled IMMES run, the Clearing House analyses all participating FXCCMs’ profiles to find ForexClear Contracts with equivalent and opposite delta values by tenor and Currency Pair to compile a list of offsetting suggested trades that are mutually beneficial in terms of IM reduction (the “**IMMES Trades**”).



4. The Clearing House then analyses the relevant FXCCM ForexClear Contract portfolios with the IMMES Trades and determines the change in NPV, IM, delta and zero yield sensitivity from the IMMES Trades.
5. The FXCCMs on either side of the trades are advised of the economic details of the IMMES Trades.
6. If the two FXCCMs agree to undertake the IMMES Trades, the Clearing House will then put them in touch with each other. The FXCCMs will enter into the bilateral IMMES Trades and submit them to the Clearing House through the ForexClear Matcher for registration.

## 6 General Margining Process

A "**Margin Run**" is the process by which the Clearing House calculates an FXCCM's IM requirement (if any) and, during an EOD Margin Run, its VM requirement and PAI adjustment (if required) (together its "**Margin Requirements**"); and (a) applies that FXCCM's cover to satisfy the Margin Requirements for that FXCCM in respect of the ForexClear Contracts within that FXCCM's portfolio; and/or (b) calls for additional cover (if required) to cover the relevant Margin Requirement.

### 6.1 Types of Margin Runs

There are three types of Margin Run:

#### 6.1.1 ITD / Ad Hoc - Day Margin Run

1. ITD/Ad-hoc London daytime Margin Runs are initiated as and when dictated by the schedule published by the Clearing House and notified to FXCCMs from time to time (the "**Schedule**") or as necessary, and are performed in the time period during which a PPS call can be made (the "**ITD/Ad-hoc Day Margin Run**"). PPS times are published on the Clearing House's website at: [http://www.lchclearnet.com/risk\\_management/itd/pps/](http://www.lchclearnet.com/risk_management/itd/pps/).
2. ITD/Ad-hoc Margin Runs are calls in respect of IM only. VM and PAI are not included in ITD/Ad-hoc Margin Runs.

#### 6.1.2 EOD Margin Run

1. The EOD Margin Run is the final ITD/Ad-hoc Day Margin Run that completes by 22:00 local London time on that business day (the "**EOD Margin Run**").
2. EOD Margin Runs are calls in respect of IM as well as VM and PAI.

#### 6.1.3 ITD / Ad Hoc - Night Margin Run

1. ITD/Ad-hoc London overnight Margin Runs are initiated as and when dictated by the Schedule or as necessary, and are performed in the time period during which a PPS call cannot be made (the "**ITD/Ad-hoc Night Margin Run**").
2. ITD/Ad-hoc Night Margin Runs are calls in respect of IM only. VM and PAI are not included in ITD/Ad-hoc Night Margin Runs.

### 6.2 Margin Run Process

1. Margin Runs cover all registered ForexClear Contracts with the status "NOVATED", ForexClear Transactions with the status "PARKED" and ForexClear Contracts in respect of which the Clearing House has received a request for cancellation with the status "PARKED PENDING CANCELLATION".
2. Margin runs will be carried out for each ForexClear Contract and ForexClear Transaction (as the case maybe) until (and including) the later of:
  - EOD Margin Run on the Settlement Date; or
  - EOD Margin Run after the Settlement Rate is published.
3. During every Margin Run the Clearing House calculates the IM required and (where applicable) the VM and PAI required to cover each FXCCM's open ForexClear Contracts and ForexClear Transactions (each a "**Liability**" and together the "**Liabilities**").
4. Each FXCCM's Liability is offset against that FXCCM's non-cash collateral account (being a sub-account of the FXCCM's financial account) (for IM only) or funds in that FXCCM's cash account (being a sub-account of the FXCCM's financial account) (for VM/PAI/IM). IM will always be a Liability (payable to the Clearing House) and VM and PAI may be a cash posting or a Liability (payable by, or to, the Clearing House, respectively).
5. FXCCMs are informed via email of their Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash collateral account(s)) and are directed to the ForexClear Service portal (being a secure website made available to FXCCMs) (the "**ForexClear Service Portal**") which provides reports (at the times

specified in Section 7.1) informing FXCCMs of their (i) total Liabilities under the ForexClear Service; (ii) current total cover posted with the Clearing House for ForexClear; and (iii) Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash collateral account(s)).

6. If following a Margin Run an FXCCM is required to provide additional collateral, this is also indicated in the email and via the ForexClear Service Portal. Registration of ForexClear Transactions and cancellations of ForexClear Contracts will cease until all FXCCMs have provided sufficient cover.
7. Once it is confirmed that all FXCCMs have sufficient cover, the Clearing House:
  - registers each ForexClear Transaction as two ForexClear Contracts and changes the status for each ForexClear Transaction from "PARKED" to "NOVATED" and informs the ForexClear Matcher; and
  - in respect of relevant ForexClear Contracts being cancelled, cancels the relevant ForexClear Contracts and changes the ForexClear Contract status of each relevant ForexClear Contract from "PARKED" to "CANCELLED".
8. The Clearing House acknowledges the ForexClear Contract status and sends a message to the ForexClear Matcher that the ForexClear Transaction/ForexClear Contract (as the case may be) is either "NOVATED" or "CANCELLED" as appropriate.

## 7 ForexClear Reporting

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

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

### 7.1 Margin Liability Reports

Reports detailing Liabilities are provided to FXCCMs following every scheduled Margin Run in accordance with Section 6.2 and where additional collateral cover has been called by the Clearing House. Additionally, a report, including sensitivities, is provided at ForexClear Contracts level at 22.00 local London time. If the EOD Margin Run has not completed by 22:00 local London time on a particular business day, the report generated at EOD will reflect that not all the Liabilities of all FXCCMs as covered by collateral by 22:00 local London time.

### 7.2 Market Data Reports

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

### 7.3 Trade Reports

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

### 7.4 Trade Fixing and Settlement Reports

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

<sup>3</sup> [http://www.lchclearnet.com/Images/banking\\_report\\_tcm6-48011.pdf](http://www.lchclearnet.com/Images/banking_report_tcm6-48011.pdf)

## 7.5 Fees Reports

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

## 7.6 Banking Reports

[Follow this link for a full list of Banking reports.](#)<sup>4</sup>

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<sup>4</sup> [http://www.lchclearnet.com/Images/banking\\_report\\_tcm6-48011.pdf](http://www.lchclearnet.com/Images/banking_report_tcm6-48011.pdf)

## 8 Treasury Operations & Collateral Management

### 8.1 Cover Distribution

The Clearing House nets each FXCCM's Liabilities (i.e. margins and multipliers) and then the total of cash collateral and non-cash collateral are applied to offset those net Liabilities. This process is known as cover distribution ("**Cover Distribution**"). FXCCMs can choose whether cash or non-cash collateral should be applied first. At the end of this process, if an FXCCM has a shortfall, a PPS (as defined in Section 8.2 below) call for additional collateral is made. Conversely, any excess cash remaining after the final overnight Margin Run can, if requested before 09:30 local London time, be repaid to the FXCCM.

#### 8.1.1 Cover Distribution Notification

1. FXCCMs are informed via email of their: Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash collateral account(s)) and are directed to the ForexClear Service Portal which provides reports (at the times specified in Section 7.1) informing FXCCMs of their (i) total Liabilities under the ForexClear Service; (ii) current total cover posted with the Clearing House for ForexClear; and (iii) Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash collateral account(s)).
2. The reports accessed via the ForexClear Service Portal will enable FXCCMs to log in and examine the underlying data.

### 8.2 Protected Payment System

The Clearing House operates the Protected Payments System ("**PPS**") for transferring funds to and from its FXCCMs to cover their Margin Requirements. This is similar to a direct debit arrangement where the PPS bank confirms that any Clearing House-specified call is met.

FXCCMs are obliged to hold an account with a London PPS bank in USD, as well as a USD account with a PPS bank in the USA.

Follow the link below for a list of PPS banks operating in the UK and US:

[List of PPS Banks<sup>5</sup>](#)

### 8.3 Acceptable Forms of Collateral Cover

Follow the link below for a detailed description of acceptable collateral and processes applicable from time to time:

[Risk Management/LCH.Clearnet Ltd/Acceptable Collateral<sup>6</sup>](#)

### 8.4 Interest and Accommodation

Interest is paid to FXCCMs on cash collateral held by the Clearing House. The London Deposit Rate ("**LDR**") is applied. This rate is set daily at 10.00 local London time.

A utilisation fee, known as an accommodation charge, is charged on securities lodged at the Clearing House to cover liabilities. For an overview of interest and accommodation charges, please contact the Clearing House's Treasury Operations or follow the link below:

[Overview of interest and charges<sup>7</sup>](#)

<sup>5</sup> [http://www.lchclearnet.com/risk\\_management/ltd/pps/](http://www.lchclearnet.com/risk_management/ltd/pps/)

<sup>6</sup> [http://www.lchclearnet.com/Images/Section4\\_tcm6-43748.pdf](http://www.lchclearnet.com/Images/Section4_tcm6-43748.pdf)

<sup>7</sup> [http://www.lchclearnet.com/risk\\_management/ltd/acceptable\\_collateral.asp](http://www.lchclearnet.com/risk_management/ltd/acceptable_collateral.asp)

## 9 Payment of Stamp Tax

Each FXCCM shall pay any Stamp Tax or duty levied or imposed upon it or in respect of its execution or performance of the Clearing Membership Agreement, the Regulations and the Procedures (including any registration of a ForexClear Contract) by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located ("**Stamp Tax Jurisdiction**") or by any other jurisdiction and shall indemnify the Clearing House against any Stamp Tax or duty levied or imposed upon the Clearing House or in respect of the Clearing House's execution or performance of the Clearing Membership Agreement, the Regulations and the Procedures (including any registration of a ForexClear Contract) by any such Stamp Tax Jurisdiction or by any other jurisdiction.

**LCH.CLEARNET LIMITED**

**The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001, Part IV**

**DEFAULT RULES**

1. Save where expressly stated to the contrary these Default Rules ("Rules") have effect with regard to the provision of clearing services for all markets cleared by the Clearing House.
  
2.
  - (a) Words and expressions defined in the Clearing House's Rulebook shall have the same meanings in these Rules, save that in relation to the provision of clearing services by an FCM Clearing Member, words and expressions defined in the Clearing House's FCM Regulations shall have the same meanings in these Rules and such meanings shall prevail over any other meaning given to the relevant word or expression in the Clearing House's Rulebook;
  
  - (b) a reference to a numbered Regulation in these Rules is a reference to the Regulation so numbered in the Regulations section of the Rulebook and a reference to a numbered FCM Regulation is a reference to the FCM Regulation so numbered in the FCM Regulations. A reference to a numbered Rule is a reference to the Rule so numbered in these Rules;
  
  - (c) the expression "relevant office-holder" in these Rules has the meaning given to it by section 189 of the Companies Act 1989 and a reference to the defaulter shall include where the context permits a reference to the relevant office-holder; and
  
  - (d) a reference to an agreement in these Rules is a reference to that agreement as amended, modified or varied from time to time.

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3. In the event of a Clearing Member appearing to the Clearing House to be unable, or to be likely to become unable, to meet its obligations in respect of one or more Contracts, the Clearing House may (or upon the occurrence of an Automatic Early Termination Event, in which case such contracts will automatically terminate, the Clearing House will) take such steps listed in Rule 6 as in the circumstances appear to it best calculated -
  - (a) to discharge all the Clearing Member's rights and liabilities under or in respect of all Contracts to which it is party or upon which it is or may be liable, and
  - (b) to complete the process set out in Rule 8.

Before taking any such step the Clearing House shall have regard to the interests of the members of any market that the Clearing Member may belong to and shall, where in the circumstances it is reasonably practicable to do so without prejudice to those interests if applicable or the interests of the Clearing House, consult any relevant Exchange to whose Exchange Rules open contracts registered in the name of the Clearing Member are subject. As soon as practicable after the Clearing House has elected to take any such step in relation to a Clearing Member (or in the case of an Automatic Early Termination Event as soon as practicable after the occurrence of such event) the Clearing House shall send to such Clearing Member: (a) a notice of such step being taken or notice of the occurrence of an Automatic Early Termination Event (a "Default Notice"), and shall publish a copy of the Default Notice; and (b) in relation a defaulter who is a SwapClear Clearing Member, copies of any written notices received from the Individual Segregated Account Clearing Client(s) and/or any of the Omnibus Net Segregated Clearing Client(s) of that defaulter confirming their instructions for the Clearing House to arrange for a transfer or termination, close-out and re-establishment of their open SwapClear Contracts to/with the relevant Back-up SwapClear Clearing Member(s), provided, however, that the Clearing House shall have no liability for any failure to deliver such notices.

4. A Clearing Member (i) in respect of whom the Clearing House has issued a Default Notice under Rule 3; or (ii) in respect of whom an Automatic Early Termination Event has occurred is in these Rules called a "defaulter".
5. Without prejudice to the generality of Rule 3, the Clearing House may take any or all of the events under paragraphs 5(a) to (q) below to show that a Clearing Member is or is



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likely to become unable to meet its obligations in respect of one or more Contracts. Also, the Clearing House may from time to time by publication in a circular to Clearing Members specify criteria (including but not limited to the jurisdiction of incorporation of a Clearing Member) according to which an event under paragraphs 5(i) to (p) below will constitute an Automatic Early Termination Event:

- (a) the Clearing Member fails duly to perform or is in breach of the Regulations, the FCM Regulations, the Procedures, or any of the terms of any agreement, understanding or arrangement with the Clearing House or the right of the Clearing Member to receive a transfer or termination, close-out and re-establishment of contracts pursuant to a Link has been suspended under Participating Exchange Rules, or a Clearing Member is a Defaulter (as defined in a Member Link Agreement to which the Clearing Member is a party);
- (b) the Clearing Member is in breach of the terms of membership of, or is declared to be in default by, or is suspended or expelled from membership of, an Exchange, a Participating Exchange or any other recognised, designated or overseas investment exchange or clearing house;
- (c) the Clearing Member is in breach of any Exchange Rules, Participating Exchange Rules or the rules of any recognised, designated or overseas investment exchange or clearing house;
- (d) the Clearing Member is in breach of the terms of membership of, or is refused an application for or is suspended or expelled from membership of, a Regulatory Body or is in breach of the rules of a Regulatory Body to which it is subject or its authorisation by a Regulatory Body is suspended or withdrawn;
- (e) a Regulatory Body takes or threatens to take action against or in respect of the Clearing Member under any statutory provision or process of law;
- (f) the Clearing Member is in default in the payment of any sum whatsoever due and payable to the Clearing House;
- (g) the Clearing Member is in default in making or accepting a tender pursuant to Regulation 19 or in performing an open contract subject to tender or a delivery contract;

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- (h) the Clearing Member fails to pay any sum due and payable, or is otherwise in default under the terms of any agreement or threatens to suspend payment or to default under the terms of any agreement;
  - (i) in respect of the Clearing Member, a bankruptcy petition is presented or bankruptcy order made or a voluntary arrangement is approved;
  - (j) in respect of the Clearing Member, a receiver, manager or administrative receiver is appointed or a composition or scheme of arrangement is approved by the court;
  - (k) an assignment or composition is made by the Clearing Member for the benefit of creditors or any of them;
  - (l) a petition is presented for the winding up of the Clearing Member;
  - (m) an order is made for the winding up of the Clearing Member, or a resolution is passed for the winding up of the Clearing Member (save for the purpose of its amalgamation or reconstruction);
  - (n) in respect of the Clearing Member, a petition is presented or order made for the appointment of an administrator;
  - (o) the Clearing Member, being a partnership, is dissolved, or being a registered company, is dissolved or suffers its name to be struck off the register of companies;
  - (p) any step analogous to those mentioned in paragraphs (i) to (o) is taken in respect of the Clearing Member in any jurisdiction; or
  - (q) any distress, execution or other process is levied or enforced or served upon or against any property of the Clearing Member.
6. The steps which may be taken by the Clearing House under Rule 3 in respect of the defaulter or otherwise are -
- (a) to register an original contract or an FCM SwapClear Transaction (as the case may be) in the name of the defaulter or to decline to register an original contract

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- or an FCM SwapClear Transaction (as the case may be) in the name of the defaulter or otherwise to exercise the Clearing House's discretion with regard to the defaulter under Regulation 9(c) or, in the case of an FCM Clearing Member, FCM Regulation 5(h);
- (b) to effect a closing-out in respect of an open contract of the defaulter (whether by the entering into of a closing-out contract or otherwise) and at the option of the Clearing House to settle such contracts or to effect the transfer or termination, close-out and cash-settlement of an open contract of the defaulter by applying a price determined by the Clearing House in its discretion;
  - (c) to settle any open contract of which settlement might have been requested by the defaulter pursuant to Regulation 15(e) or 16;
  - (d) to invoice a Contract, other than a SwapClear Contract or an FCM SwapClear Contract or a ForexClear Contract, of the defaulter back by way of compulsory settlement in accordance with Regulation 28 at a price or premium determined under paragraph (d) of that Regulation;
  - (e) to sell any security deposited by the defaulter pursuant to Regulation 12 or, in the case of a defaulter who is an FCM Clearing Member, FCM Regulation 10, or any agreement made between the defaulter and the Clearing House by public or private sale for account of the defaulter without being obliged to obtain the defaulter's consent or any order of a court of law, and to appoint any person to execute any document for such purpose in the name and on behalf of the defaulter;
  - (f) subject to the Procedures, to exercise an option of the defaulter on its behalf notwithstanding that such exercise may take place on a day which is not a day prescribed for such exercise by any relevant Exchange Rules;
  - (g) to transfer an open contract of the defaulter to the account of another Clearing Member or to close-out and terminate such open contract and re-establish it with another Clearing Member, being a Clearing Member entitled and willing to have such open contract registered in its name or to transfer an open contract from the account of another Clearing Member to the account of the defaulter for the purposes of closing out an open contract registered in an account of the

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defaulter or for any other reason which the Clearing House considers appropriate in the circumstances without requiring the consent of any relevant Exchange;

- (h) to take such steps as may be desirable, including crediting or debiting of accounts (including margin accounts), entry into new contracts; transfer of existing contracts, reversal of contracts, or termination, close-out and re-establishment of contracts, or any other step, to preserve as far as possible the position of any client of the Clearing Member. Where an open contract is transferred or closed-out, terminated, and re-established under paragraph (g), without requiring the consent of the relevant Exchange, to transfer (whether by way of transfer or by way of termination, close-out and re-establishment of positions) to the Clearing Member to whom the open contract is transferred (or with whom the replacement open contract is re-established) such cover held as security for the defaulter's obligations to the Clearing House on that account as the Clearing House may deem appropriate;
- (i) to tender or receive a tender in the defaulter's name;
- (j) to perform an open contract subject to tender or a delivery contract by either delivery of or accepting delivery of the commodity the subject of such contract to or from, as the case may be, the defaulter, its agent or a third party in any manner permitted by the terms of the Contract and the Exchange Rules (if any);
- (k) where the defaulter is party to an open contract subject to tender, to declare the defaulter's rights and liabilities in respect of performance thereof discharged, whereupon the provisions of Rule 7 shall apply to the defaulter in respect of the open contract;
- (l) to make or procure the making of one or more contracts, including (without limitation) original contracts for the purpose of hedging market risk to which the defaulter is exposed, and to register the same in the defaulter's name under the Regulations or the FCM Regulations (as the case may be);
- (m) to make or procure the making of one or more contracts, whether or not in the terms of exchange contracts, for the sale, purchase or other disposition of a

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commodity, and to register the same in the defaulter's name under the Regulations;

- (n) to designate a currency as a currency of account, and at the defaulter's expense to convert any sum payable by or to the defaulter in another currency into the currency of account;
- (o) to take any step which in the circumstances is open to the Clearing House under any applicable Exchange Rules including, without limitation, to transfer (whether by way of transfer or by way of termination, close-out and re-establishment) an open contract of the defaulter to a Participating Exchange to be registered at the Participating Exchange in accordance with its rules;
- (p) without prejudice to any other right of the Clearing House under the Regulations, to take such action as the Clearing House may deem necessary for its protection in the name and at the expense of the defaulter with regard to any open contract standing in its name;
- (q) in respect of Contracts standing in the defaulter's name, to charge to its account the amount (or, if the amount is not finally known, the estimated amount) of any expenses incurred by the Clearing House with regard to or in consequence of the circumstances mentioned in Rule 3 or the steps which are or may be taken under this Rule, the Regulations or the FCM Regulations (as the case may be) and any expenses incurred with regard thereto under Rule 11 and the amount of any losses, costs or expenses incurred or suffered by the Clearing House referred to in paragraph (g) of Regulation 42 and any other amounts referred to in such paragraph;
- (r) any other step calculated by the Clearing House to complete the process set out in Rule 8; and
- (s) to obtain such advice or assistance, whether legal advice or otherwise, as the Clearing House may deem necessary and at the expense of the defaulter for any matter arising out of or in connection with the default,

PROVIDED that in the case of SwapClear Contracts, the steps which shall be taken by the Clearing House shall be set out in the relevant DMPA and, in the case of

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SwapClear Clearing Client Business, the steps which shall be taken by the Clearing House shall be set out in the relevant DMPA and the relevant Default Management Process Agreement Amendment Agreement; and

PROVIDED further that in the case of ForexClear Contracts, the steps which shall be taken by the Clearing House shall be set out in the ForexClear Default Management Process Agreement in force between it and each ForexClear Clearing Member, as amended from time to time.

7. (a) Where the Clearing House declares the defaulter's rights and liabilities under an open contract subject to tender discharged under Rule 6(k) -
- (i) those rights and liabilities and the rights and liabilities of the Clearing House under the open contract shall be discharged, and,
  - (ii) there shall arise between the defaulter and the Clearing House in respect of the open contract an obligation to account, as directed by the Clearing House, for a settlement amount determined by the relevant Board under this Rule.
- (b) The settlement amount referred to in paragraph (a) shall be an amount which, at the request of the Clearing House, the relevant Board determines to represent adequate compensation (in the circumstances known to the Board) for the discharge of the mutual rights and liabilities of the defaulter and the Clearing House under the open contract. The Board's determination shall be conclusive. The Clearing House shall direct how the settlement amount is to be accounted for between the defaulter and itself.
- (c) Neither the Clearing House nor any relevant Board or Exchange shall have any liability whatsoever for anything done or omitted in the determination of a settlement amount under this Rule.
8. Upon the discharge of the defaulter's rights and liabilities under or in respect of all Contracts to which it is party the following process shall subject to any contrary provision in Rule 16, be completed by the Clearing House -

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- (a) there shall be brought into account all sums payable: (i) by or to a defaulter in respect of Contracts (other than FCM SwapClear Contracts); any other sum due under the Regulations; any sum due in respect of any breach of the Regulations; (except, if the Clearing House so determines at its discretion, any sum payable under a Contract as the price for the commodity the subject of such Contract delivered or to be delivered to the Clearing House by or on behalf of the defaulter); and/or any amount due from the defaulter to the Clearing House in respect of any Treasury Contract; or (ii) by or to a defaulter in respect of FCM SwapClear Contracts; any other sum due under the FCM Regulations; and/or any sum due in respect of any breach of the FCM Regulations;
- (b) the sums so payable shall be aggregated or set off so as to produce a net sum or as many net sums as required by Rule 10; and
- (c) such net sum, or each such net sum, -
  - (i) if payable by the defaulter to the Clearing House, shall be set off against any cover standing to the credit of the defaulter's account so as to produce a further net sum, or shall be aggregated with any debit balance of the defaulter's account, or
  - (ii) if payable by the Clearing House to the defaulter, shall be aggregated with any cover standing to the credit of the defaulter's account, or shall be set off against any debit balance of the defaulter's account so as to produce a further net sum.
- (d) Where an amount is payable by the Clearing House to the defaulter in respect of a balance on its Proprietary Account or accounts, and there are amounts due to the Clearing House in respect of any client account or any FCM Omnibus OTC Client Account with LCH (as the case may be) operated by it, the balance on the Proprietary Account or accounts may be applied to meet the shortfall on the client account or accounts or on the FCM Omnibus OTC Client Account(s) with LCH (as the case may be) in any way which the Clearing House may determine.

## *Default Rules*

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For the purposes of paragraph (a) of this Rule the Clearing House may assess the sum payable by or to the defaulter in respect of any breach of the Regulations or the FCM Regulations (as the case may be) in such reasonable manner as it thinks fit.

9. The sum, or each sum, finally payable by the defaulter to the Clearing House or by the Clearing House to the defaulter, or the fact that no sum is finally payable by either such party to the other, as the case may be upon completion of the process set out in Rule 8, shall be forthwith certified by the Clearing House. The certificate of the Clearing House under this Rule shall be conclusive as to the discharge of the defaulter's rights and liabilities in respect of the Contracts to which it relates. The Clearing House shall, as soon as practicable after issuing a Default Notice in respect of a Clearing Member, appoint a day on which any net sums certified under this Rule to be due to the defaulter are to be paid by the Clearing House. The day so appointed may fall before or after the effective date of termination of the defaulter's Clearing Membership Agreement but shall not fall on a day before the process specified in Rule 8 can be completed.
  
10. (a) Where the defaulter has more than one account with the Clearing House, the defaulter's accounts shall be combined for the purpose of Rules 8 and 9 as follows: an account which is an FCM Omnibus OTC Client Account with LCH of the defaulter may only be combined with other FCM Omnibus OTC Client Accounts with LCH of the defaulter; an account which is a Proprietary Account of the defaulter may be combined with any other Proprietary Accounts of the defaulter and (if the Clearing House so elects) Treasury Accounts of the defaulter (subject to Rule 8(d) and 10(d) of the Default Rules); and an account which is a Treasury Account of the defaulter may only be combined with other Treasury Accounts and (if the Clearing House so elects) Proprietary Accounts of the defaulter. Notwithstanding the foregoing, in no circumstances may an account which is an Individual Segregated Account of the defaulter or an Omnibus Net Segregated Account of the defaulter be combined with any other account of the defaulter.  
  
(b) For the purposes of this Rule 10, each Individual Segregated Account of the defaulter and each Omnibus Net Segregated Account of the defaulter shall constitute a separate "kind of account". Where the defaulter has more than one kind of account with the Clearing House, the process set out in Rule 8 shall be separately completed in respect of each kind of account. In the case of



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each kind of account of the defaulter which is not an Omnibus Net Segregated Account, the sum finally payable in respect of that kind of account following completion of the process set out in Rule 8 shall be separately certified under Rule 9. In the case of each kind of account of the defaulter which is an Omnibus Net Segregated Account, the sum finally payable in respect of that kind of account following completion of the process set out in Rule 8 will be allocated by the Clearing House (pro rata as it sees fit in its sole discretion) between the Omnibus Net Segregated Clearing Clients sharing in that Omnibus Net Segregated Account. Each sum so allocated to an Omnibus Net Segregated Clearing Client shall be separately certified under Rule 9.

- (c) In Rule 8(c) the "defaulter's account" means -
- (i) with regard to a net sum produced by reference to Contracts registered in an Individual Segregated Account of the defaulter, that Individual Segregated Account;
  - (ii) with regard to a net sum produced by reference to Contracts registered in an Omnibus Net Segregated Account of the defaulter, that Omnibus Net Segregated Account;
  - (iii) with regard to a net sum produced by reference to FCM SwapClear Contracts registered in one or more FCM Omnibus OTC Client Accounts with LCH of the defaulter, that FCM Omnibus OTC Client Account with LCH, or (if there is more than one) all those FCM Omnibus OTC Client Accounts with LCH combined;
  - (iv) with regard to a net sum produced by reference to Contracts registered in one or more Proprietary Accounts of the defaulter, that Proprietary Account or those Proprietary Accounts combined and (if the Clearing House has elected in accordance with Rule 10(a)) any Treasury Accounts of the defaulter; and
  - (v) with regard to a net sum produced by reference to one or more Treasury Accounts of the defaulter, that Treasury Account or those Treasury Accounts combined, and (if the Clearing House has elected in accordance with Rule 10(a)) Proprietary Accounts.

## *Default Rules*

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- (d) Notwithstanding any provision of the Rulebook to the contrary, any loss which relates to a Treasury Account may not be treated as a Default Loss (as defined in Rule 23(b)), whether or not cover has been applied in respect of such loss. Nothing in this Rule 10(d) requires the Clearing House to apply cover in respect of any such loss instead of any other amount referred to in Rule 8(a), except that the Clearing House may not apply cover in respect of any such loss to the extent that doing so would give rise to an Excess Loss (as defined in Rule 15).
11. Without further authorisation, permission or cooperation from the defaulter, the Clearing House may appoint any person to take or assist it in taking any step under these Rules or to complete or assist it in completing the process set out in Rule 8.
  12. The Clearing House may co-operate, by the sharing of information and otherwise, with any Regulatory Body or relevant Exchange, any relevant office-holder acting in relation to the defaulter or its estate and any other authority or body having responsibility for, or any Clearing Member having an interest in, any matter arising out of or connected with the circumstances mentioned in Rule 3.
  13. In addition to such copy report as it supplies under section 162(3) of the Companies Act 1989, the Clearing House shall report to the defaulter, or any relevant office-holder acting in relation to the defaulter or its estate, on steps taken in relation to the defaulter under Rule 6.

**LCH.CLEARNET LIMITED**

**(The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001, Part IV)**

**DEFAULT FUND RULES**

14. These Default Fund Rules (including the ForexClear Default Fund Supplement) form part of the Default Rules and the Clearing House Rulebook but do not apply in relation to a Participating Exchange.

**Interpretation**

15. For the purposes of Rules 15 to 37 (inclusive) and the ForexClear Default Fund Supplement, the following terms have the following meanings:-

**"Aggregate Excess Loss"** means the total value of either a General Excess Loss or a ForexClear Excess Loss or both;

**"Cleared Exchange Contract"** means, for the purposes of the Default Fund Rules, a Contract on the terms of a contract entered into under or in accordance with the rules of a Specified Exchange;

**"Contribution"** has the meaning assigned to it in Rule 17;

**"Deductible"** means, at the time of preparation of a Rule 26 Certificate, the Capped Amount as defined in Rule 16(3);

**"Default"** means the issue, in respect of a Clearing Member, of a Default Notice as provided for by Rule 3;

**"Default Loss"** has the meaning assigned to it in Rule 23(b);

**"EquityClear Clearing Member"** includes, for the purposes of the Default Fund Rules, any Clearing Member participating in any part of the EquityClear service;

**"EquityClear Contracts"** includes, for the purposes of the Default Fund Rules, all cash equity contracts and CFDs cleared by the Clearing House;

**"EquityClear Contribution"** means the part of a Clearing Member's Contribution attributable to EquityClear business as calculated in accordance with Rules 18A, 19A, 19B and 32A;

~~**"EquityClear Clearing Member"** includes, for the purposes of the Default Fund Rules, any Clearing Member participating in any part of the EquityClear service;~~

**"EquityClear Fund Amount"** means, subject to Rule 32, £100,000,000;

**"EquityClear Transition Date"** means the first Quarter Day as at which the aggregate of EquityClear Contributions calculated under the formula stated in Rule 19A is equal to or greater than the EquityClear Fund Amount;

~~**"Excess Loss"** means the net sum or aggregate of net sums certified to be payable by a defaulter by a Rule 26 Certificate less (a) the Deductible and (b) any sums then immediately payable in respect of Default Losses owed by such defaulter by any insurer or provider of analogous services under any policy of insurance or analogous instrument written in favour of the Clearing House in relation to Default Losses;~~

**"Excess Loss"** means a General Excess Loss;

**"Exchange Contribution"** has the meaning assigned to it in Rule 19;

**"Exchange Fund Amount"** means, subject to Rule 32, £310,000,000;

**"Excluded Transaction"** means, subject to Rule 37, any Contract designated by the Procedures as excluded for the purposes of the Default Fund Rules;

**"Fed Funds Rate"** means the Federal Funds Rate as published by the Federal Reserve Bank of New York;

"ForexClear Business" means any transaction, obligation or liability arising out of any Contract constituting ForexClear business;

"ForexClear Clearing Member" or "FXCCM" means, for the purposes of the Default Fund Rules and the ForexClear Default Fund Supplement, a Clearing Member which engages in ForexClear Business;

"ForexClear Contribution" has the meaning assigned to it in Rule 17;

"ForexClear Determination Date" has the meaning assigned to it in Rule F2;

"ForexClear Excess Loss" means the net sum or aggregate of net sums certified to be payable by a defaulter by a Rule 26 Certificate less (a) the proportion of the Deductible applicable to ForexClear Business under Rule 16(3) and (b) any sums then immediately payable in respect of Default Losses owed by such defaulter by any insurer or provider of analogous services under any policy of insurance or analogous instrument written in favour of the Clearing House in relation to Default Losses arising out of ForexClear business;

"ForexClear Fund Amount" means the amount as determined in accordance with Rule F2(a) of the ForexClear Default Fund Supplement;

"General Business" means any transaction, obligation or liability arising out of any Contract constituting EquityClear, RepoClear, SwapClear or Exchange business;

"General Clearing Member" means a Clearing Member which engages in General Business;

"General Contribution" has the meaning assigned to it in Rule 17;

"General Excess Loss" means the net sum or aggregate of net sums certified to be payable by a defaulter by a Rule 26 Certificate less (a) the proportion of the Deductible applicable to General Business under Rule 16(3) and (b) any sums then immediately payable in respect of Default Losses owed by such defaulter by any insurer or provider of analogous services under any policy of insurance or analogous instrument written in favour of the Clearing House in relation to Default Losses arising out of EquityClear, RepoClear, Swapclear or Exchange business;

**“General Fund Amount”** means the sum of the EquityClear Fund Amount and the Exchange Fund Amount and the RepoClear Fund Amount and the SwapClear Fund Amount;

**“LIBOR”** means, in relation to a Contribution, the rate per annum (rounded upwards, if not already such a multiple, to the next whole multiple of one-sixteenth of one per cent) known as the British Bankers' Association Interest Settlement Rate for three-month deposits in sterling being offered to prime banking names in London at or about the time specified by the Procedures for fixing the rate of interest for the period for which interest is payable or, where no such rate is available, such rate as in the opinion of the Clearing House approximates thereto;

**“Margin Weight”** has the meaning assigned to it in Rule 19;

**“Minimum Contribution”** means, subject to Rule 32, the sum of the Minimum EquityClear Contribution and the Minimum Exchange Contribution and the Minimum RepoClear Contribution and the Minimum SwapClear Contribution;

**“Minimum EquityClear Contribution”** means, subject to Rule 32, £1,000,000;

**“Minimum EquityClear Contribution Member”** means a Clearing Member in respect of which the Preliminary EquityClear Contribution calculated under Rule 19B is equal to or less than the Minimum EquityClear Contribution for the time being;

**“Minimum Exchange Contribution”** means, subject to Rule 32, £100,000;

**“Minimum Exchange Contribution Member”** means a Clearing Member in respect of which the Preliminary Exchange Contribution calculated under Rule 19(d) is equal to or less than the Minimum Exchange Contribution for the time being;

**“Minimum ForexClear Contribution”** means USD 5,000,000;

**“Minimum RepoClear Contribution”** means, subject to Rule 32, £1,000,000;

**“Minimum RepoClear Contribution Member”** means a Clearing Member in respect of which the Preliminary RepoClear Contribution calculated under Rule 19C is equal to or less than the Minimum RepoClear Contribution for the time being;

**"Minimum SwapClear Contribution"** means, subject to Rule 32, £2,000,000;

**"Minimum SwapClear Contribution Member"** means a Clearing Member in respect of which the Preliminary SwapClear Contribution calculated under Rule 19D is equal to or less than the Minimum SwapClear Contribution for the time being;

**"Net Recovery"** means any sum received by the Clearing House from or for the account of a defaulter after the issue by the Clearing House of a Rule 26 Certificate in respect of losses arising upon the defaulter's Default less any amount payable to any insurer or provider of analogous services in respect of any amount due from but not previously paid by the defaulter;

**"New Member"** means, at the time of assessment of either the amount of any:

i. ~~"New Member"~~ means, at the time of assessment of the amount of any General Contribution, any Clearing Member whose Clearing Member status commenced or will commence after the Quarter Day immediately before such time and includes any Clearing Member whose Clearing Membership Agreement commenced before the Quarter Day immediately before such time but who commenced or will commence clearing Cleared Exchange Contracts or EquityClear Contracts or RepoClear Contracts or SwapClear Contracts after the Quarter Day immediately before such time; or

ii. ForexClear Contribution, any FXCCM whose Clearing Member status commenced or will commence after the ForexClear Determination Date immediately before such time and includes any FXCCM whose Clearing Membership Agreement commenced before the ForexClear Determination Date immediately before such time but who commenced or will commence clearing ForexClear Contracts after the ForexClear Determination Date immediately before such time;

**"Quarter Day"** means each of 31 January, 30 April, 31 July and 31 October in any year or, if any such day is not a business day, the next succeeding business day, or, in exceptional circumstances, any such other business day as may be determined by the Clearing House;

**"RepoClear Contribution"** means the part of a Clearing Member's Contribution attributable to RepoClear business as calculated in accordance with ~~Rules~~Rule 19C and 32B;

**"RepoClear Fund Amount"** means, subject to Rule 32, £105,000,000;

**"Retiring Member"** means at any time any Clearing Member or, as the context may require, any former Clearing Member, who has given notice to terminate its Clearing Member status of the Clearing House or in respect of whom the Clearing House has terminated or given notice to terminate its Clearing Member status;

**"Rule 26 Certificate"** has the meaning assigned to it in Rule 26;

**"Specified Exchange"** means EDX London Limited, LIFFE Administration and Management Limited, The London Metal Exchange Limited, Nodal Exchange LLC or any Exchange succeeding to any such person;

**"SwapClear Contribution"** means the part of a Clearing Member's Contribution attributable to SwapClear business as calculated in accordance with ~~Rules~~Rule 19D and 32C;

**"SwapClear Fund Amount"** means, subject to Rule 32, £125,000,000; and

**"Volume Weight"** has the meaning assigned to it in Rule 19.

Words and expressions assigned meanings in the Clearing House Rulebook shall have the same meanings in these Rules.

#### **Reduction of Losses on Default**

16. Subject to any contrary provision of the Rulebook, where a defaulter fails to pay any sum payable to the Clearing House, the Clearing House shall reduce or bear its loss in the manner provided by this Rule:-

- (1) first, to the extent the Clearing House determines appropriate, in applying any cover for margin and any other sum owed to the defaulter other than his Contribution~~any Contribution~~, provided that margin related to the General



Business is to be applied first to any loss attributable to the General Business until such loss is absorbed, and margin related to the ForexClear Business is to be applied first to any loss attributable to the ForexClear business until such loss is absorbed;

- (2) second, in applying by set-off (i) the defaulter's own ~~Contribution~~ relevant Contribution (i.e. ForexClear Contribution in respect of ForexClear Business and General Contribution in respect of General Business), followed by (ii) any other Contribution made by the defaulter;
- (3) third, by payment from the Clearing House's own account of an amount up to a maximum of £20,000,000 (or such greater amount (if any) as may be determined from time to time by the Board of the Clearing House), (the "**Capped Amount**"). Where there are amounts due from the defaulter at this stage in respect of both General Business and ForexClear Business, the Capped Amount shall be applied to those amounts pro rata;
- (4) fourth, to the extent that any insurance or analogous arrangement is not available to the Clearing House, by recourse to the indemnities given under Rule 28 by Clearing Members other than the defaulter (which shall be satisfied by set-off against the Clearing House's obligation to repay such Clearing Members' Contributions);
- (5) fifth, by recourse to any insurance cover or analogous arrangement;
- (6) sixth, by recourse to ~~any undischarged balance of~~ the indemnities given under Rule 28 by Clearing Members other than the defaulter (which shall be satisfied by set-off against the Clearing House's obligation to repay such Clearing Members' Contributions);
- (7) seventh, by recourse to any other indemnities, guarantees, undertakings or monies provided by Clearing Members; and
- (8) eighth, and in respect of a General Business Loss only, as a loss borne by the Clearing House for its own account.

This Rule has effect without prejudice to any rights of the Clearing House or any other person against the defaulter. For the avoidance of doubt, the effect of Rule F8 is that only stages (1) to (7) under this Rule 16 will apply in respect of any ForexClear Excess Loss, and any outstanding contracts retained by the Clearing House will be closed out in accordance with the procedure set out in Rule F8 without any recourse to the capital of the Clearing House under Rule 16(8).

### Contributions to Fund

17. Each Clearing Member shall deposit and maintain with the Clearing House ~~a sum~~ one or more sums of cash (each a "**Contribution**") ~~which is~~ in an amount calculated by the Clearing House in accordance with these Rules. A Clearing Member's "**General Contribution**" shall be equal to the sum of its EquityClear Clearing Member Contribution (if any), as defined in Rule 19A, and its Exchange Contribution (if any), as defined in Rule 19, and its RepoClear Clearing Member Contribution (if any), as defined in Rule 19C, and its SwapClear Clearing Member Contribution (if any), as defined in Rule 19D, denominated in sterling as cover, in accordance with Rules 15 to 37 (inclusive). An FXCCM's "**ForexClear Contribution**" shall be the amount specified in the ForexClear Default Fund Supplement, in accordance with Rules 15 to 37 (inclusive).
18. Subject to Rule 18A, the amount of each General Clearing Member's General Contribution shall be determined by the Clearing House as soon as practicable after each Quarter Day on the basis of information available as at close of business on such Quarter Day and notified to such General Clearing Member as soon as practicable after such determination in accordance with the Procedures.
- 18A Until the EquityClear Transition Date, and subject to Rule 32A, the Clearing House may require an EquityClear Clearing Member to deposit and maintain with the Clearing House an additional sum of cash (a "**Supplementary EquityClear Contribution**") denominated in sterling as cover, to form part of the Clearing Member's General Contribution. The Clearing House may exercise its rights under this Rule in respect of any date before the EquityClear Transition Date on which, in the reasonable opinion of the Clearing House, 10% of the Clearing Member's requirement for initial margin (as calculated under the Procedures section of the Rulebook or other arrangements applicable) in respect of all EquityClear Contracts significantly exceeds the Clearing Member's EquityClear Contribution actually held by

the Clearing House on that date. A Supplementary EquityClear Contribution required to be deposited under this Rule shall be payable in such amount and at such time as the Clearing House shall appoint.

19. Subject to Rules 20, 21, 33 and 34, a General Clearing Member's Contribution contribution (its "**Exchange Contribution**") to the Exchange Fund Amount shall be determined with reference to business conducted by it on the Specified Exchanges and under the LCH Enclear OTC Regulations, as at close of business on each Quarter Day, as follows:-

- (a) the Clearing Member's "**Margin Weight**" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the Clearing Member during the Reference Period in respect: (1) of all Contracts (other than EquityClear, SwapClear, ForexClear and RepoClear Contracts) and (2) all LCH Enclear OTC Contracts by the total of such average daily requirements applied to all Clearing Members other than defaulters;
- (b) the Clearing Member's "**Volume Weight**" shall be calculated by dividing the average daily number of Cleared Exchange Contracts and LCH Enclear OTC Contracts registered for the first time with the Clearing House in the name of the Clearing Member during the Reference Period by the total of such average numbers for all Clearing Members other than defaulters;
- (c) the Clearing Member's "**Weight Factor**" shall be calculated by adding one-half of its Margin Weight as defined in (a) above to one-half of its Volume Weight as defined in (b) above;
- (d) the Clearing Member's "**Preliminary Exchange Contribution**" shall be calculated by multiplying the Exchange Fund Amount by its Weight Factor;
- (e) if the Clearing Member's Preliminary Exchange Contribution is below the Minimum Exchange Contribution for the time being, the Clearing Member's Exchange Contribution shall be the Minimum Exchange Contribution;

- (f) for each Minimum Exchange Contribution Member, the arithmetical difference shall be calculated between (i) the Minimum Exchange Contribution and (ii) the Clearing Member's Preliminary Exchange Contribution, and the "**Exchange Surplus**" shall be calculated by adding together all such differences;
  - (g) for each Clearing Member other than a Minimum Contribution Member, the Clearing Member's "**Exchange Discount**" shall be such Clearing Member's pro rata share of the Exchange Surplus calculated as the proportion of such Clearing Member's Preliminary Exchange Contribution relative to the aggregate Preliminary Exchange Contributions of all Clearing Members other than Minimum Exchange Contribution Members;
  - (h) for each Clearing Member other than a Minimum Exchange Contribution Member, the Clearing Member's Exchange Contribution shall be the Preliminary Exchange Contribution less the Clearing Member's Exchange Discount; provided that if the outcome of such calculation would result in an Exchange Contribution less than the Minimum Exchange Contribution, such Clearing Member shall pay the Minimum Exchange Contribution notwithstanding that the arithmetical sum of Exchange Contributions paid by all Clearing Members may thereby exceed the Exchange Fund Amount.
- 19A Subject to Rules 18A, 20, 21, 32A, 33 and 34, each EquityClear Clearing Member's Contribution attributable to EquityClear business conducted by it shall be determined as at close of business on each Quarter Day before the EquityClear Transition Date and shall be the higher of the Minimum EquityClear Contribution and 10% of the Clearing Member's average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the Clearing Member during the Reference Period in respect of all EquityClear Contracts.
- 19B Subject to Rules 20, 21, 33 and 34, each EquityClear Clearing Member's Contribution attributable to EquityClear business conducted by it shall be determined as at close of business on the EquityClear Transition Date and each Quarter Day thereafter as follows:-
- (a) the Clearing Member's "**EquityClear Margin Weight**" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the

Clearing Member during the Reference Period in respect of all EquityClear Contracts by the total of such average daily requirements applied to all Clearing Members other than defaulters;

- (b) the Clearing Member's "**Preliminary EquityClear Contribution**" shall be calculated by multiplying the EquityClear Fund Amount by the Clearing Member's EquityClear Margin Weight;
- (c) if the Clearing Member's Preliminary EquityClear Contribution is below the Minimum EquityClear Contribution for the time being, the Clearing Member's EquityClear Contribution shall be the Minimum EquityClear Contribution;
- (d) for each Minimum EquityClear Contribution Member, the arithmetical difference shall be calculated between (i) the Minimum EquityClear Contribution and (ii) the Clearing Member's Preliminary EquityClear Contribution, and the "**EquityClear Surplus**" shall be calculated by adding together all such differences;
- (e) for each Clearing Member other than a Minimum EquityClear Contribution Member, the Clearing Member's "**EquityClear Discount**" shall be such Clearing Member's pro rata share of the EquityClear Surplus calculated as the proportion of such Clearing Member's Preliminary EquityClear Contribution relative to the aggregate Preliminary EquityClear Contributions of all Clearing Members other than Minimum EquityClear Contribution Members;
- (f) for each Clearing Member other than a Minimum EquityClear Contribution Member, the Clearing Member's EquityClear Contribution shall be the Preliminary EquityClear Contribution less the Clearing Member's EquityClear Discount; provided that if the outcome of such calculation would result in a EquityClear Contribution less than the Minimum EquityClear Contribution, such Clearing Member shall pay the Minimum EquityClear Contribution notwithstanding that the arithmetical sum of EquityClear Contributions paid by all Clearing Members may thereby exceed the EquityClear Fund Amount.

19C Subject to Rules 20, 21, 33 and 34, each RepoClear Clearing Member's Contribution attributable to RepoClear business conducted by it shall be determined as at close of

business on the RepoClear Transition Date and each Quarter Day thereafter as follows:-

- (a) the Clearing Member's "**RepoClear Margin Weight**" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the Clearing Member during the Reference Period in respect of all RepoClear Contracts by the total of such average daily requirements applied to all Clearing Members other than defaulters;
- (b) the Clearing Member's "**Preliminary RepoClear Contribution**" shall be calculated by multiplying the RepoClear Fund Amount by the Clearing Member's RepoClear Margin Weight;
- (c) if the Clearing Member's Preliminary RepoClear Contribution is below the Minimum RepoClear Contribution for the time being, the Clearing Member's RepoClear Contribution shall be the Minimum RepoClear Contribution;
- (d) for each Minimum RepoClear Contribution Member, the arithmetical difference shall be calculated between (i) the Minimum RepoClear Contribution and (ii) the Clearing Member's Preliminary RepoClear Contribution, and the "**RepoClear Surplus**" shall be calculated by adding together all such differences;
- (e) for each Clearing Member other than a Minimum RepoClear Contribution Member, the Clearing Member's "**RepoClear Discount**" shall be such Clearing Member's pro rata share of the RepoClear Surplus calculated as the proportion of such Clearing Member's Preliminary RepoClear Contribution relative to the aggregate Preliminary RepoClear Contributions of all Clearing Members other than Minimum RepoClear Contribution Members;
- (f) for each Clearing Member other than a Minimum RepoClear Contribution Member, the Clearing Member's RepoClear Contribution shall be the Preliminary RepoClear Contribution less the Clearing Member's RepoClear Discount; provided that if the outcome of such calculation would result in a RepoClear Contribution less than the Minimum RepoClear Contribution, such

Clearing Member shall pay the Minimum RepoClear Contribution notwithstanding that the arithmetical sum of RepoClear Contributions paid by all Clearing Members may thereby exceed the RepoClear Fund Amount.

19D Subject to Rules 20, 21, 33 and 34, each SwapClear Clearing Member's Contribution attributable to SwapClear business conducted by it shall be determined as at close of business on the SwapClear Transition Date and each Quarter Day thereafter as follows:-

- (a) the Clearing Member's "**SwapClear Margin Weight**" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the Clearing Member during the Reference Period in respect of all SwapClear Contracts by the total of such average daily requirements applied to all Clearing Members other than defaulters;
- (b) the Clearing Member's "**Preliminary SwapClear Contribution**" shall be calculated by multiplying the SwapClear Fund Amount by the Clearing Member's SwapClear Margin Weight;
- (c) if the Clearing Member's Preliminary SwapClear Contribution is below the Minimum SwapClear Contribution for the time being, the Clearing Member's SwapClear Contribution shall be the Minimum SwapClear Contribution;
- (d) for each Minimum SwapClear Contribution Member, the arithmetical difference shall be calculated between (i) the Minimum SwapClear Contribution and (ii) the Clearing Member's Preliminary SwapClear Contribution, and the "**SwapClear Surplus**" shall be calculated by adding together all such differences;
- (e) for each Clearing Member other than a Minimum SwapClear Contribution Member, the Clearing Member's "**SwapClear Discount**" shall be such Clearing Member's pro rata share of the SwapClear Surplus calculated as the proportion of such Clearing Member's Preliminary SwapClear Contribution relative to the aggregate Preliminary SwapClear Contributions of all Clearing Members other than Minimum SwapClear Contribution Members;

- (f) for each Clearing Member other than a Minimum SwapClear Contribution Member, the Clearing Member's SwapClear Contribution shall be the Preliminary SwapClear Contribution less the Clearing Member's SwapClear Discount; provided that if the outcome of such calculation would result in a SwapClear Contribution less than the Minimum SwapClear Contribution, such Clearing Member shall pay the Minimum SwapClear Contribution notwithstanding that the arithmetical sum of SwapClear Contributions paid by all Clearing Members may thereby exceed the SwapClear Fund Amount.

20. For the purposes of the calculations under Rules 18A, 19, 19A, 19B, 19C and 19D:-

- (a) "**Reference Period**" means the period starting on the day immediately after the Quarter Day immediately before the Quarter Day as at which the determination is made and ending on the Quarter Day as at which the determination is made (including both the day at the start of the period and the day at the end of the period);
- (b) no account shall be taken, in calculating Margin Weight or EquityClear Margin Weight or RepoClear Margin Weight or SwapClear Margin Weight, of any margin required in relation to an Excluded Transaction, nor in calculating Volume Weight of any Contract which is registered in the course of an Excluded Transaction;
- (c) references to "**Clearing Members**" do not include references to defaulters (apart from any defaulter in respect of which the Clearing House permits the application of Rules 19, 19A, 19B, 19C<sub>±</sub> and 19D and this Rule) or persons which were formerly Clearing Members but are not Clearing Members ~~at~~ on the ~~Quarter Day as~~ date at which the determination is made;
- (d) Contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand pounds; and
- (e) no account shall be taken, in calculating initial margin under Rules 18A, or 19A, 19B, 19C<sub>±</sub> and 19D, Margin Weight under Rule 19, EquityClear Margin Weight under Rule 19B, RepoClear Margin Weight under Rule 19C<sub>±</sub> or



SwapClear Margin Weight under Rule 19D, of any offsets in the initial margin required for Cleared Exchange Contracts and SwapClear Contracts from a Clearing Member, which may otherwise be permissible under the Procedures or other arrangements applicable.

Provided that the Clearing Member is not a defaulter, the amount of its Contribution shall be paid in accordance with and subject to Rule 22. The provisions of Rule 19, 19A, 19B, 19C, and 19D and this Rule do not apply to a Clearing Member which is a defaulter, unless the Clearing House so permits in any particular case.

21. Without prejudice to any other requirements which the Clearing House may impose, the amount of the General Contribution of a New Member shall be the sum of (a) where the New Member has applied to become an EquityClear Clearing Member, the Minimum EquityClear Contribution, (b) where the New Member has applied to become an Exchange Clearing Member, the Minimum Exchange Contribution, (c) where the New Member has applied to become a RepoClear Clearing Member, the Minimum RepoClear Contribution, (d) where the New Member has applied to become a SwapClear Clearing Member, the Minimum SwapClear Contribution, and (e) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.

#### **Payment of Contributions**

22. Upon determination of the amount of a General Contribution as at any Quarter Day:
  - (a) if the amount of the General Contribution of a General Clearing Member immediately before close of business on that Quarter Day exceeds the amount of the General Clearing Member's General Contribution as determined under ~~Rule 19~~these Rules as at close of business on that Quarter Day, the excess shall be paid by the Clearing House to such General Clearing Member in accordance with the Procedures;
  - (b) if the amount of the General Contribution of a Clearing Member immediately before close of business on that Quarter Day is the same as the amount of the General Clearing Member's General Contribution as so determined, no sum

shall then be payable by or to such General Clearing Member in respect of its General Contribution; and

- (c) if the amount of the General Contribution of a General Clearing Member immediately before close of business on that Quarter Day is less than the amount of the General Clearing Member's General Contribution as so determined, the shortfall shall be paid by such General Clearing Member to the Clearing House in accordance with the Procedures.

The provisions of this Rule do not apply to a General Clearing Member which is a defaulter, unless the Clearing House so permits in any particular case.

**Terms on which Contribution is held**

23. (a) Subject to Rules 23(b) and 23(c), the outstanding balance of a Clearing Member's Contribution (or, as appropriate, part thereof) shall be repayable to the Clearing Member on the earliest to occur of the following events:
- (i) if the Clearing Member is not a defaulter, the effective date of termination of Clearing Member's status;
  - (ii) if the Clearing Member has become a defaulter, the date or event appointed by the Clearing House for repayment of sums due to the Clearing Member under Rule 9;
  - (iii) the amount of the Contribution being reduced by virtue of the recalculation of its amount in accordance with Rule 19 (in which case the Contribution shall be repayable only to the extent of such reduction); and
  - (iv) the expiry of a period of 50 years from the date on which the Contribution was paid to the Clearing House.
- (b) If a Clearing Member becomes a defaulter, the Clearing House shall as soon as practicable after any cover provided to the Clearing House in respect of the defaulter's obligations has been applied, certify ~~the one or more~~ net sums then payable by the defaulter to the Clearing House ~~(each a "in respect of either General Business ("General Business Default Loss") or ForexClear Business ("ForexClear Business Default Loss") (each a "Default Loss") or both,~~ disregarding for this purpose any of the Clearing Member's Contribution Contributions. If the Clearing House certifies ~~any~~ Default Loss, all of the Clearing Member's Contribution Contributions shall immediately mature, but only in an amount not exceeding the total Default Loss. In this regard:
- (i) where there is a General Business Default Loss only and the defaulter's General Contribution exceeds the General Business Default Loss, the defaulter's ForexClear Contribution shall not mature; and
  - (ii) where there is a ForexClear Business Default Loss only and the defaulter's ForexClear Contribution exceeds the ForexClear

Business Default Loss, the defaulter's General Business Default Loss shall not mature.

~~(e)~~ (c) If an amount becomes payable by the Clearing Member under Rule 28, the Clearing Member's relevant Contribution shall immediately mature, but only to the extent of such amount.

24. On any day interest shall accrue on the amount of each General Contribution then held by the Clearing House, to the extent that it has not been applied under Rule 26 or Rule 28, at such rate and in such manner as provided by the Procedures, provided that the rate of interest shall not be less than LIBOR plus one per cent. Interest shall be payable in arrear and shall be paid on the date or dates specified by the Procedures. In these Default Fund Rules any interest which has accrued under this Rule shall not be regarded as part of the Contribution.

25. A Clearing Member's entitlement to repayment of its Contribution or any part of it shall not be capable of assignment by the Clearing Member, nor shall it be capable of being charged or subject to any other form of security whether purporting to rank in priority over, pari passu with or subsequent to the rights of the Clearing House. Any purported charge or assignment by a Clearing Member (whether by way of security or otherwise) of its Contribution shall be void. A Clearing Member shall not otherwise encumber (or seek to encumber) its Contribution.

26. —

27. —

**Application of defaulter's Contribution, and Certification of Aggregate Excess**

**Losses**

26. Without prejudice to any other right of set-off or application of funds to which the Clearing House may be entitled, in the event of a Default and the certification by the Clearing House of a Default Loss under Rule 23(b) in respect thereof the Clearing House shall without notice set off in or towards satisfaction of any sums payable to the Clearing House from the defaulter any amount of ~~the defaulter's any~~ Contribution of the defaulter which has matured in accordance with Rule 23(b). If the Clearing House is to have recourse, in accordance with Rule 16, to the indemnities and Contributions of Clearing Members other than the defaulter, as soon as practicable the Clearing House shall certify (by a "**Rule 26 Certificate**"):-

- (a) the amount of the defaulter's Contribution applied under this Rule and the net sum (if any), or each net sum (if more than one), then immediately payable by the defaulter to the Clearing House in respect of ~~Contracts~~ (i) General Business and (ii) ForexClear Business, taking into account for this purpose the defaulter's Contribution but excluding for this purpose any sum due to the Clearing House in respect of any Excluded Transaction; and
- (b) the extent to which any sums so payable by the defaulter to the Clearing House but unpaid may be claimed by the Clearing House under a policy of insurance or analogous instrument relating to Default Losses.

The Clearing House may issue more than one Rule 26 Certificate in relation to losses arising upon any Default.

Where a Rule 26 Certificate is to be issued in respect of the default of an FXCCM, the Clearing House may assume that no further recoveries will be made in respect of obligations of the defaulting FXCCM arising out of that member's indemnity given in Rule 28(b) beyond the value of the ForexClear Contribution held by the Clearing House in respect of that indemnity.

27. The Clearing House may in the exercise of the right conferred by Rule 26 set off the amount due (in accordance with Rule 23(b)) to a defaulter in respect of the defaulter's Contribution or any part thereof against sums owing on any account whether or not it is a client account, and the Clearing House shall have unfettered

discretion in this regard. A defaulter's Contribution shall not be treated as standing to the credit of any client account of the defaulter except to the extent that any Default Loss certified under Rule 23(b) arises in relation to a client account and the Clearing House so requires.

**Application of Fund and Indemnity**

28. By virtue of the Clearing Membership Agreement and this Rule, and subject to Rule 29.

(a) each Clearing Member engaged in General Business indemnifies the Clearing House in respect of General Excess Loss upon the Default of another Clearing Member in an aggregate amount not exceeding the amount due from it as its General Contribution at the date of the issue of the Rule 26 Certificate which relates to such Aggregate Excess Loss; and

(b) each Clearing Member engaged in ForexClear Business indemnifies the Clearing House in respect of ForexClear Excess Loss upon the Default of another Clearing Member in an aggregate amount not exceeding the amount due from it as its ForexClear Contribution as calculated under the ForexClear Default Fund Supplement at the date of the issue of the Rule 26 Certificate which relates to such Aggregate Excess Loss.

~~28. By virtue of the Clearing Membership Agreement and this Rule, and subject to Rule 29, each Clearing Member indemnifies the Clearing House in respect of each Excess Loss arising upon the Default of another Clearing Member in an aggregate amount not exceeding the outstanding balance of its Contribution at the date of the issue of the Rule 26 Certificate which relates to such excess loss. The amount due by a Clearing Member in respect of each General Excess Loss or ForexClear Excess Loss shall be the Clearing Member's pro rata share of such Excess Loss arising upon the relevant Default calculated as the proportion of such Member's relevant Contribution relative to the aggregate relevant Contributions of all Clearing Members other than the relevant defaulter at the time of the relevant Default. The amount so due shall become immediately payable automatically (without any obligation on the part of the Clearing House to make demand on the Clearing Member) upon the issue by the Clearing House of the applicable Rule 26 Certificate. Without prejudice to any other right of set-off or application of funds to which the Clearing House may be entitled, the Clearing House shall forthwith without notice set off any amount due in accordance with Rule 23(c) to a Clearing Member in respect of such Clearing Member's Contribution in or towards satisfaction of the amount payable by such Clearing Member under this Rule 28.~~

29. This Rule applies to a defaulter (the "**First defaulter**") where the Contribution of the First defaulter has not been repaid to the First defaulter or applied by the Clearing House under Rule 26, and Aggregate Excess Losses arise upon the Defaults of other Clearing Members. Where this Rule applies, Rule 28 shall have effect with the following modifications:-
- (a) the balance (if any) of the First defaulter's relevant Contribution may be applied under Rule 28 in respect of such relevant Aggregate Excess Losses up to and including the date three months after the date of issue of the Default Notice in respect of the First defaulter's Default; and
  - (b) after the date three months after the date of issue of such Default Notice, the balance (if any) of the First defaulter's relevant Contribution may not be applied under Rule 28 in respect of such relevant Aggregate Excess Losses, but it may be retained on account of losses arising upon the First defaulter's own Default, and for the purposes of Rule 28 it shall be disregarded.
30. The Clearing House shall give notice to each Clearing Member as soon as practicable after an amount has become due in accordance with Rule 28 and of the manner in which it has been satisfied.
31. If, in relation to a Default, the Clearing House has been unable to certify in any Rule 26 Certificates issued on or before the Quarter Day or ForexClear Determination Date as appropriate immediately after the Default all sums which may be or become due to the Clearing House from the Defaulter (because such sums will not or may not become liquidated or for any other reason payable until a later date), the Clearing House shall maintain a Contribution from each Clearing Member (other than the Defaulter) as cover for the performance by such Clearing Member of its obligation to indemnify the Clearing House in relation to any General Excess Losses or ForexClear Excess Losses not yet certified. In fulfilment of this requirement the Clearing House may take any step which appears to the Clearing House to be appropriate, and the steps so taken may include any (including a combination) of the following:-
- (a) postponement of the date for adjustment of Clearing Members' Contributions under Rule 22;



- (b) reduction of the amounts payable to some or all Clearing Members under Rule 22(a); and
- (c) estimation of the amount of Aggregate Excess Losses which may become certified after the Quarter Day in question, and application of Rule 28 as if such estimated amount were already realised as General Excess Losses or ForexClear Excess Losses.

The Clearing House shall notify Clearing Members of any steps taken under this Rule.

### **Reinstatement of the Fund**

32. Where, after a Default, the Clearing House has applied part or all of a General Contribution under Rule 26 or Rule 28, the General Fund Amount shall be reduced forthwith by the aggregate amount of the Contributions or parts of Contributions so applied, and the EquityClear Fund Amount and the Exchange Fund Amount and the RepoClear Fund Amount and the SwapClear Fund Amount shall be reduced pro rata. Unless and until the Clearing House has repaid a defaulter's Contribution, the General Fund Amount shall be treated as having been reduced by the amount of the defaulter's Contribution (if any) regardless of whether the Clearing House has applied part or all of that Contribution under Rule 26. Following a reduction of the General Fund Amount in accordance with this Rule, the Clearing House may by a single increase or by a series of increases raise the General Fund Amount to such level not exceeding £640,000,000 and after such interval or intervals as it considers appropriate, provided that:

- (a) upon each such increase the EquityClear Fund Amount and the Exchange Fund Amount and the RepoClear Fund Amount and the SwapClear Fund Amount shall increase pro rata; and
- (b) no such increase shall bind any Clearing Member which does not agree to it.

Where by virtue of this Rule the General Fund Amount is less than £640,000,000, the size of the Minimum EquityClear Contribution and the Minimum Exchange Contribution and the Minimum RepoClear Contribution and the Minimum SwapClear Contribution shall also be adjusted in proportion to the size of the General Fund Amount as adjusted for the time being.

~~33.~~ ~~34.~~

~~A. 32A~~ If on any Quarter Day before the EquityClear Transition Date the General Fund Amount is by virtue of Rule 32 less than it was before the default the formula in Rule 19A shall be modified so that the alternative basis of calculation is reduced from 10% of the Clearing Member's average daily requirement for initial margin (as provided by Rule 19A) to 10% of such average daily requirement multiplied by the Relevant Proportion. On any date in respect of which the Clearing House exercises its rights under Rule 18A and as at which the General Fund Amount is by virtue of Rule 32 less than it was before the default the sum with which the Clearing Member's EquityClear Contribution is to be compared shall be reduced from 10% of the Clearing Member's requirement for initial margin (as provided by Rule 18A) to 10% of such requirement multiplied by the Relevant Proportion. For the purposes of this Rule, the "**Relevant Proportion**" means, in relation to a date, the proportion which the General Fund Amount at such date bears to the amount before the default.

#### **Effect of cessation of Clearing Member status**

~~33.~~ ~~35.~~ Subject to Rule 34, if a Quarter Day or a ForexClear Determination Date, as appropriate, occurs after the giving of notice by or in respect of any Retiring Member and before the termination of such Retiring Member's Clearing Member status:-

- (a) if the Retiring Member is not a defaulter, the amount of such Retiring Member's Contribution shall be determined by the Clearing House on the basis set out in Rules 19, 19A, 19B, 19C, 19D and ~~19D~~ the ForexClear Default Fund Supplement without regard to the impending termination of such Retiring Member's Clearing Member status, and the provisions of Rule 22 shall apply in respect of such Contribution accordingly;
- (b) if the Retiring Member is a defaulter, the balance of the defaulter's Contribution after any part of it has been applied under Rule 26 or Rule 28 shall not be subject to adjustment under Rules 19, 19A, 19B, 19C, 19D and ~~19D~~ the ForexClear Default Fund Supplement, and the provisions of Rule 22 shall not apply to such Retiring Member.

Notwithstanding the foregoing, in such circumstances the amounts of the respective Contributions of all Clearing Members other than any Retiring Member shall be determined by the Clearing House on the basis set out in Rules 18A, 19, 19A, 19B, 19C, 19D and ~~19D~~ the ForexClear Default Fund Supplement, but disregarding for all purposes any Clearing Member which is a Retiring Member, in particular disregarding such Clearing Member's daily requirement for margin and such Clearing Member's daily number of Contracts and treating such Clearing Member as no longer being a Clearing Member, but without prejudice to any reduction of the General Fund Amount under Rule 32.

34. ~~36.~~ This Rule applies at any Quarter Day or any ForexClear Determination Date, as appropriate, after a Retiring Member has given notice of termination of its Clearing Member status, where another Clearing Member (the "**Continuing Member**") has arranged to undertake clearing on behalf of the Retiring Member. If, in the opinion of the Clearing House, the Contribution of the Continuing Member determined under Rules 18A, 19, 19A, 19B, 19C and 19D and/or the ForexClear Default Fund Supplement does not fairly reflect the Continuing Member's share of clearing activity, the Clearing House may determine the Contribution of the Continuing Member as if the EquityClear Margin Weight, Margin Weight, Volume Weight, RepoClear Margin Weight ~~and SwapClear Margin Weight~~ and ForexClear Margin Weight of the Retiring Member were part of the EquityClear Margin Weight, Margin Weight, Volume Weight, RepoClear Margin Weight ~~and~~ SwapClear Margin Weight and ForexClear Margin Weight respectively of the Continuing Member. If the Clearing House determines the amount of a Continuing Member's Contribution under this Rule, the Clearing House shall give notice to the Continuing Member, and the provisions of Rule 33 shall not apply.

35. ~~37.~~ A Retiring Member shall, until the completion of the process set out in Rule 8 in relation to any Default, continue to be liable under its Rule 28 indemnity in respect of Aggregate Excess Losses arising upon such Default, notwithstanding that the Clearing Member status of the Retiring Member has terminated before that time. While a Retiring Member continues to be so liable, it shall provide such cover as the Clearing House shall require in respect of its liability in relation to any Aggregate Excess Losses not yet certified, subject to such cover not exceeding the Retiring Member's Contribution at the time of the termination of its clearing membership. In fulfilment of this requirement the Clearing House may take any step which appears to the Clearing House to be appropriate, including postponement of the date for repayment of part or

all of the Retiring Member's Contribution. The Clearing House shall notify the Retiring Member of any steps taken under this Rule.

**Recoveries from defaulters**

36. ~~38.~~ If all or part of the Contribution of any Clearing Member shall have been applied in accordance with Rule 28, the Clearing House shall account to each such Clearing Member (whether or not he remains at the relevant time a Clearing Member of the Clearing House) in respect of any Net Recovery, pro rata to the respective amounts applied in accordance with Rule 28 in relation to the relevant Default and not exceeding, in relation to each such Clearing Member, the amount of its Contribution so applied. Any such recovery shall be allocated as between General Business and ForexClear Business in accordance with the ratio of General Excess Loss to ForexClear Excess Loss, and shall be returned to Clearing Members in proportion to their contributions.

**Contracts on terms prescribed by new Exchanges**

37. ~~39.~~ Notwithstanding anything in the Procedures, and subject as follows, any Contract on terms prescribed by any Exchange other than a Specified Exchange shall be an Excluded Transaction. The Clearing House may direct that any such Contract as is referred to in this Rule shall not be an Excluded Transaction, provided that no such direction shall bind any Clearing Member which does not agree to it.

**ForexClear Default Fund Supplement**

- F1 The amount of each ForexClear Clearing Member's ForexClear Contributions shall be determined by the Clearing House as soon as practicable after each ForexClear Determination Date as appropriate on the basis of information available as at close of business on such ForexClear Determination Date and notified to such FXCCM as soon as practicable after such determination in accordance with the Procedures.
- F2 Each FXCCM's ForexClear Contribution shall be determined on the date that it joins the ForexClear service, and at close of business on the first business day of each subsequent month, and otherwise in accordance with (e) below, (each a "**ForexClear Determination Date**") as follows:-
- (a) the "**ForexClear Fund Amount**" shall be calculated in United States Dollars ("**USD**"), and shall be determined by: (a) calculating the aggregate of the two largest stress-testing losses in respect of ForexClear business incurred on each day over the preceding 30 calendar days; then (b) taking the largest aggregate loss determined under (a) plus 10%. The ForexClear Fund Amount shall not be less than USD 70 million.
- (b) the FXCCM's "**ForexClear Margin Weight**" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the FXCCM during the reference period in Rule F2(a), above, in respect of all ForexClear Contracts by the total of such average daily requirements applied to all FXCCMs other than defaulters;
- (c) the FXCCM's "**Preliminary ForexClear Contribution**" shall be calculated by multiplying the ForexClear Fund Amount by the FXCCM's ForexClear Margin Weight, save for those FXCCMs who are members of ForexClear from the start of the service whose contributions shall be the greater of: (i) an FXCCM's equal share of USD 70 million or (ii) the Minimum ForexClear Contribution;

(d) if the FXCCM's Preliminary ForexClear Contribution is below the Minimum ForexClear Contribution for the time being, the FXCCM's ForexClear Contribution shall be the Minimum ForexClear Contribution;

(e) the Clearing House may recalculate the ForexClear Fund Amount and the ForexClear Contributions due from each FXCCM on any day if the largest of the aggregate of the two largest stress-testing losses incurred on each day in the preceding 30 calendar days differs by more than 25% from the figure on which the previous ForexClear Contribution determination was based.

Notwithstanding the foregoing, the amount of an FXCCM's ForexClear Contribution may not be reduced for the first three months of operation of the ForexClear service.

F3 For the purposes of the calculations under Rule F2

(a) references to "ForexClear Clearing Members" or "FXCCMs" do not include references to defaulters (apart from any defaulter in respect of which the Clearing House permits the application of Rule F2) or persons which were formerly FXCCMs but are not FXCCMs at the ForexClear Determination Date at which the relevant determination is made;

(b) Contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand US dollars; and

(c) no account shall be taken, in calculating initial margin or ForexClear Margin Weight under Rule F2 of any offsets in the initial margin required for ForexClear Contracts from an FXCCM, which may otherwise be permissible under the Procedures or other arrangements applicable.

Provided that the FXCCM is not a defaulter, the amount of its ForexClear Contribution shall be paid in accordance with and subject to Rule F5. The provisions of Rule F1 and this Rule do not apply to an FXCCM which is a defaulter, unless the Clearing House so permits in any particular case.

F4 Without prejudice to any other requirements which the Clearing House may impose, the amount of the ForexClear Contribution of a New Member shall be the sum of

(a) the Minimum ForexClear Contribution and (b) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.

F5 Upon determination of the amount of a ForexClear Contribution in accordance with Rule F2:

(a) if the amount of the ForexClear Contribution of an FXCCM immediately before close of business on the relevant ForexClear Determination Date exceeds the amount of the FXCCM's ForexClear Contribution as determined under Rule F2 as at close of business on that day, the excess shall be paid by the Clearing House to such FXCCM in USD in accordance with the ForexClear Procedures;

(b) if the amount of the ForexClear Contribution of an FXCCM immediately before close of business on the relevant ForexClear Determination Date is the same as the amount of the FXCCM's ForexClear Contribution as so determined, no sum shall then be payable by or to such FXCCM in respect of its Contribution; and

(c) if the amount of the ForexClear Contribution of an FXCCM immediately before close of business on the relevant ForexClear Determination Date is less than the amount of the FXCCM's ForexClear Contribution as so determined, the shortfall shall be paid by such FXCCM to the Clearing House in USD in accordance with the ForexClear Procedures.

The provisions of this Rule do not apply to an FXCCM which is a defaulter, unless the Clearing House so permits in any particular case.

F6 On any day interest shall accrue on the amount of each ForexClear Contribution then held by the Clearing House, to the extent that it has not been applied under Rule 26 or Rule 28, at such rate and in such manner as provided by the Procedures, provided that the rate of interest shall be Fed Funds. Interest shall be payable in arrear and shall be paid on the date or dates specified by the Procedures. In these Default Fund Rules any interest which has accrued under this Rule shall not be regarded as part of the ForexClear Contribution.

F7 Where, after a Default, the Clearing House has applied part or all of a ForexClear Contribution under Rule 26 or Rule 28, the ForexClear Fund Amount shall be reduced forthwith by the aggregate amount of the Contributions or parts of Contributions so applied. Unless and until the Clearing House has repaid a defaulter's Contribution, the ForexClear Fund Amount shall be treated as having been reduced by the amount of the defaulter's ForexClear Contribution (if any), regardless of whether the Clearing House has applied part or all of that ForexClear Contribution under Rule 26. Following a reduction of the ForexClear Fund Amount in accordance with this Rule, the Clearing House may by a single increase or by a series of increases ("**Replenishment**") raise the ForexClear Fund Amount to the level which would but for this Rule be determined in accordance with Rule F2 and after such interval or intervals as it considers appropriate, provided that no such increase shall bind any Clearing Member which does not agree to it.

F8 Where, after the default of one or more FXCCMs, the Clearing House determines that it is clear at any stage that the ForexClear Excess Loss resulting from that default will exceed the amounts to be applied to it under Rule 16(1) to (7), the following provisions shall have effect.

(a) All outstanding ForexClear Contracts shall be closed out immediately. The closing prices used shall be mid prices derived from the most recent pricing data provided by FXCCMs and calculated by the Clearing House in accordance with the methodology used by it to carry out end of day margin runs in respect of the outstanding ForexClear Contracts. Where such data is not available to the Clearing House, the closing price shall be the last price used by the Clearing House to calculate the variation margin requirement for the position to be closed out.

(b) On the basis of the close out values established for each outstanding ForexClear Contract, an account shall be taken (as at the time of close out) of what is due in respect of each FXCCM, from that FXCCM to the Clearing House and from the Clearing House to that FXCCM (for the avoidance of doubt, including all amounts owing under ForexClear Contracts and returns of variation margin associated therewith), and the sums due from the FXCCM shall be set off against the sums due from the Clearing House and only the balance of the account shall be payable.



- (c) Where the result of such closing out is that an FXCCM owes an amount to the Clearing House, that FXCCM shall pay that amount to the Clearing House immediately.
- (d) Where the result of such closing out is that an FXCCM is owed an amount by the Clearing House, that FXCCM's claim shall be determined in accordance with (e) below.
- (e) The Clearing House shall aggregate into a single sum the amounts due to it under (c) above together with all of those resources applicable to the ForexClear Business under Rule 16(1) to (7) that have not been applied towards a ForexClear Excess Loss, and promptly pay that sum (less any attributable administration costs) to those FXCCMs with claims on the Clearing House under (d) above in proportion to the value of their claims. To the extent that such aggregated amount is insufficient to meet the claims of such FXCCMs in full, the balance of those claims shall be extinguished and the relevant FXCCMs shall have no further recourse to the Clearing House in respect thereof.
- (f) The Clearing House may make the payments due under (e) above in one or more instalments to the FXCCMs in proportion to the value of their claims on the Clearing House under (d) above if some but not all of the amounts due under (c) or Rule 16(7) above have not yet been received. The Clearing House shall take reasonable steps to recover such amounts and may deduct therefrom reasonable administration costs for such recovery.

## LCH.Clearnet Limited

### CLEARING HOUSE SETTLEMENT FINALITY REGULATIONS

#### Introduction

The Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (S.I. 1999 No. 2979) ("the SF Regulations") implement the Settlement Finality Directive (Directive 98/26/EC) of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems ("the SF Directive").

The SF Directive seeks to reduce the risks associated with participation in payment and securities settlement systems by minimizing the disruption caused by insolvency proceedings brought against a participant in such a system. The protection provided by the SF Regulations is given to any system which has been designated as a "designated system" by the Financial Services Authority or the Bank of England as the "designating authority".

In order to obtain such designation the Clearing House is required to satisfy the relevant designating authority that the requirements of the Schedule to the SF Regulations, and certain other matters, are satisfied in respect of the Clearing House.

These Settlement Finality Regulations (which form part of these Regulations) have been promulgated by the Clearing House in order to meet such of those requirements as are not addressed elsewhere in these Regulations.

#### 1. Definitions

- 1.1 **"Concentration Bank"** means a bank or other credit institution which has a current agreement with the Clearing House to participate in the Clearing House Protected Payments System (as described in the Regulations) as a concentration bank.
- 1.2 **"Institution"** shall have the same meaning as in the SF Regulations.
- 1.3 **"The Clearing House System"** means the standardized formal arrangements, common rules, procedures as described in the Regulations, Procedures and service descriptions (each as amended from time to time) published from time to time by the Clearing House, or, if applicable, those rules of LIFFE pursuant to which LCH acts as clearing service provider, and related functionality which:
- (a) enable the Clearing House in operating its Clearing House Protected Payments System to give instructions to place at the disposal of its members (as set out in the Regulations) amounts of money on the accounts of certain banks or other credit institutions; and
  - (b) enable Members through the Clearing House Protected Payments System to give instructions to place at the disposal of the Clearing House (as set out in the Regulations) amounts of money on the accounts of certain banks or other credit institutions; and
  - (c) enable the Clearing House to give instructions to Securities Systems Operators to transfer title to, or interest in securities; and
  - (d) enable Members and Non Member Participants to give instructions to Securities Systems Operators to transfer title to or interest in securities; and
  - (e) enable the Clearing House to become central counterparty to Members in respect of eligible trades in certain derivative instruments, equities, repos, bonds GC and €GC and products, as described in the Regulations; and

- (f) enable the Clearing House and Members to fulfill the obligations they incur in respect of contracts registered by the Clearing House and in respect of which it has become central counterparty; and
  - (g) facilitate supplementary and incidental matters.
- 1.4 **"Member"** has the same meaning as in the Regulations.
- 1.5 **"Non Member Participant"** means a person:-
- (a) who is not a Member or an exchange, and who is party to any one or more of the following agreements as described in the Regulations:
    - (i) an EquityClear GCM/NCM Agreement ~~(including an EquityClear GCM/NCM Agreement (virt-x));~~
    - (ii) a RepoClear Dealer Clearing Agreement;
    - (iii) a SwapClear Dealer Clearing Agreement;
    - (iv) an ~~LCH EnClear OTC Third Party~~ ForexClear Dealer Clearing Agreement; or
    - (v) an EDXTurquoise Derivatives NCM-GCM Agreement; or
  - (b) who acts as settlement agent for any person described in section 1.5(a) above.
- 1.6 **"PPS Bank"** means a bank or other credit institution which has a current agreement with the Clearing House to participate, other than solely as a Concentration Bank, in the Clearing House Protected Payment System ~~(including US PPS)~~, as described in the Regulations.
- 1.7 **"Participant"** means of any of the following:
- (a) LCH.Cleernet Limited ("the Clearing House");
  - (b) Any Member;
  - (c) Any Non-Member Participant;
  - (d) Any PPS Bank
- 1.8 **"Payment Transfer Order"** means
- (a) an instruction given by the Clearing House by means of a SWIFT message or other means to a PPS Bank to place at the disposal of a Member (by crediting a nominated account held by that Member at that bank) an amount of money to be debited from a nominated account held by the Clearing House at that bank ("a Credit Member/Debit LCH transfer order"); or
  - (b) an instruction given by the Clearing House by means of a SWIFT message or other means to a PPS Bank to place at the disposal of the Clearing House (by crediting a nominated account held by the Clearing House at that bank) an amount of money to be debited from a nominated account held by that Member at that bank ("a Credit LCH/Debit Member transfer order"); or
  - (c) an instruction given by the Clearing House to a Securities System Operator to place at the disposal of the Clearing House (by crediting a nominated cash account held by the Clearing House ) an amount of money to be debited from a nominated account held by that Securities System Operator for a Member or Non-Member Participant, as the case may be ("an Inward Cash Account Transfer Order"); or
  - (d) an instruction given by the Clearing House to a Securities System Operator to place at the disposal of a Member or Non-Member Participant, as the case may be, (by crediting a nominated cash account held by such Member or Non-Member Participant) an amount of money to be debited from a nominated account held by that Securities System Operator for the Clearing House ("an Outward Cash Account Transfer Order");

- (e) an instruction in the form of an electronic message forwarded by or on behalf of a Member or Non-Member Participant to the Clearing House or its agent or contractor containing data constituting particulars of an Exchange Contract, SwapClear Transaction, ForexClear Transaction, RepoClear Transaction, Repo Trade or Bond Trade, ATP Match, ~~ATP Match (virt-x)~~, ~~EDXTurquoise Derivatives~~ Orderbook Match, Eligible GC Trade, ~~LCH EnClear Transaction~~, or Eligible OTC Trade and submitted to the Clearing House for registration by the Clearing House in accordance with the Regulations (not including, for the avoidance of doubt, particulars in respect of any LIFFE exchange contract);
  - (f) an open Cleared Exchange Contract, SwapClear Contract, ForexClear Contract, RepoClear Contract, EquityClear Contract, ~~EquityClear Contract (virt-x)~~, ~~EDXTurquoise Derivatives~~ Cleared Exchange Contract, ~~LCH EnClear Contract~~ or LCH EnClear OTC Contract which has been registered by the Clearing House (but not including, for the avoidance of any doubt, any LIFFE exchange contract); or
  - (g) an instruction given by the Clearing House to a PPS Bank by means of a SWIFT message or other means to place at the disposal of the Clearing House (by crediting a nominated account of the Clearing House at a Concentration Bank) an amount of money to be debited from a nominated account held by the Clearing House at that PPS Bank; or
  - (h) an instruction given by the Clearing House to a Concentration Bank by means of a SWIFT message or other means to place at the disposal of the Clearing House (by crediting a nominated account of the Clearing House at a PPS Bank) an amount of money to be debited from a nominated account held by the Clearing House at that Concentration Bank.
- 1.9 “**Procedures**” means the practices and procedures of the Clearing House, as amended from time to time, including but not limited to the Procedures.
- 1.10 “**Regulations**” means the General Regulations, Default Rules and Procedures of the Clearing House as amended from time to time and “**the Procedures**” shall mean that part of the Regulations by that name.
- 1.11 “**Securities System Operator**” means:-
- (a) an operator of a securities depository and/or securities settlement system (including but not limited to Euroclear UK & Ireland Ltd, Euroclear Bank, Clearstream Frankfurt and Clearstream Luxemburg); or
  - (b) a bank or other credit institution (including but not limited to the National Bank of Belgium and Deutsche Bank AG) which provides securities holding and/or securities settlement services to the Clearing House as a nominee or otherwise through its participation in any securities settlement system or otherwise.
- 1.12 “**Securities Transfer Order**” means
- (a) an instruction, given by the Clearing House on its own behalf or on behalf of a Member or Non-Member Participant, to a Securities System Operator to transfer the title to or interest in securities to a Member, a Non-Member Participant, the Clearing House or other person by means of a book entry on the register maintained by that Securities System Operator, or otherwise; or
  - (b) an instruction given by a Member or Non-Member Participant to a Securities System Operator to transfer the title to or interest in securities to the Clearing House by means of a book entry on the register maintained by that Securities System Operator, or otherwise; or
  - (c) an instruction in the form of an electronic message forwarded by or on behalf of a Member or Non-Member Participant to the Clearing House containing data constituting particulars of an Exchange Contract for the transfer of Securities, RepoClear Transaction, Bond Trade, Repo Trade, ATP Match, ~~ATP Match (virt-~~

- x), or ~~EDX~~ or Turquoise Derivatives Orderbook Match, submitted for registration by the Clearing House in accordance with the provisions of the Regulations (not including, for the avoidance of doubt, particulars in respect of any LIFFE exchange contract); or
- (d) an open Cleared Exchange Contract for the transfer of Securities, a RepoClear Contract, an EquityClear Contract, ~~EquityClear Contract (virt-x)~~, or ~~EDX~~ or Turquoise Derivatives Cleared Exchange Contract which has been registered by the Clearing House (but not including, for the avoidance of doubt, any LIFFE exchange contract).
- 1.13 “**Settlement Finality Directive**” means Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems.
- 1.14 “**SF Regulations**” means The Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (S.I. 1999 No. 2979).
- 1.15 “**Transfer Order**” includes a Payment Transfer Order or a Securities Transfer Order.

## 2. Transfer Orders – Specific Provisions

- 2.1 A Transfer Order takes effect and enters the Clearing House System in accordance with the following:
- 2.1.1 Payment Transfer Orders
- (a) A Payment Transfer Order of the type set out in sections 1.8(a), 1.8(b), 1.8(c), 1.8(d), 1.8(g) and 1.8(h) above takes effect and enters the Clearing House System when the relevant SWIFT message, or other electronic message or fax or other communication is sent by the Clearing House.
- (b) A Payment Transfer Order of the type set out in section 1.8(e) takes effect and enters the Clearing House System when such particulars are received by the Clearing House or its agent or contractor.
- (c) A Payment Transfer Order of the type set out in section 1.8(f) takes effect and enters the Clearing House System at the time of registration. Details of registration timings are given in the Procedures.
- 2.1.2 Securities Transfer Orders:
- (a) A Securities Transfer Order of the type set out in section 1.12(a) takes effect and enters the Clearing House System when the relevant SWIFT message, or other electronic message or fax is sent by the Clearing House.
- (b) A Securities Transfer Order of the type set out in section 1.12(b) takes effect and enters the Clearing House system when the relevant SWIFT message, or other electronic message or fax is sent by the Member or Non-Member Participant.
- (c) A Securities Transfer Order of the type set out in section 1.12(c) takes effect and enters the Clearing House system when the particulars thereof are received by the Clearing House or its agent or contractor.
- (d) A Securities Transfer Order of the type set out in section 1.12(d) takes effect and enters the Clearing House system at the time of registration. Details of registration timings are given in the Procedures.
- 2.2 A Payment Transfer Order shall be irrevocable at the time specified below for that type of Payment Transfer Order.

- 2.2.1 A Credit Member/Debit LCH transfer order shall be irrevocable at the time when the relevant PPS Bank sends a SWIFT confirmation message or otherwise confirms that such payment will be made.
- 2.2.2 A Credit LCH/Debit Member transfer order shall be irrevocable at the time when the relevant PPS Bank sends a SWIFT confirmation message or otherwise confirms that such payment will be made.
- 2.2.3 An Inward Cash Account Transfer Order shall be irrevocable from the time prescribed from time to time by the relevant Securities System Operator as being the time after which such instruction may not be revoked by a participant or other person.
- 2.2.4 An Outward Cash Account Transfer Order shall be irrevocable from the time prescribed from time to time by the relevant Securities System Operator as being the time after which such instruction may not be revoked by a participant or other person.
- 2.2.5 An instruction in the form of an electronic message forwarded by or on behalf of a Member or Non-Member Participant to the Clearing House or its agent or contractor containing data constituting particulars of an Exchange Contract, RepoClear Transaction, SwapClear Transaction, ~~LCH EnClear~~ForexClear Transaction, or Eligible OTC Trade and submitted for registration by LCH in accordance with the Regulations shall be irrevocable from the time of its registration by the Clearing House.
- 2.2.6 An instruction in the form of an electronic message forwarded by or on behalf of a Member or Non-Member Participant to LCH, or its agent or contractor, containing data constituting particulars of a Bond Trade, Repo Trade, Eligible GC Trade, ATP Match, ~~ATP Match (virt-x), or EDX or~~ Turquoise Derivatives Orderbook Match submitted to LCH for registration in accordance with the Regulations shall be irrevocable from the time when, having passed all relevant checks required by the Clearing House, it passes through the relevant Computer Gateway. For these purposes a relevant Computer Gateway shall mean a computer gateway of a system operated by LCH or by an agent or contractor of the Clearing House for the purposes, inter alia, of receiving such electronic messages and carrying out such checks.
- 2.2.7 An open Cleared Exchange Contract, SwapClear Contract, ForexClear Contract, RepoClear Contract, EquityClear Contract, EquityClear Contract (virt-x), EDXTurquoise Derivatives Cleared Exchange Contract, ~~LCH EnClear Contract~~ or LCH EnClear OTC Contract which has been registered by the Clearing House shall be irrevocable from the time of its registration by the Clearing House.
- 2.2.8 An instruction given by the Clearing House to a PPS Bank by means of a SWIFT message or other means to place at the disposal of the Clearing House (by crediting a nominated account of the Clearing House at a Concentration Bank) an amount of money to be debited from a nominated account held by the Clearing House at that PPS Bank shall be irrevocable at the time when the relevant PPS Bank confirms that such payment will be made.
- 2.2.9 An instruction given by the Clearing House to a Concentration Bank by means of a SWIFT message or other means to place at the disposal of the Clearing House (by crediting a nominated account of the Clearing House at a PPS

Bank) an amount of money to be debited from a nominated account held by the Clearing House at that Concentration Bank shall be irrevocable at the time when the Concentration Bank confirms that such payment will be made.

- 2.3 Subject to section 2.5 below, a Securities Transfer Order shall be irrevocable at the time specified hereafter for the relevant type of Securities Transfer Order.
- 2.3.1 An instruction given by the Clearing House (on its own behalf or on behalf of a Member or Non-Member Participant) to a Securities System Operator of the kind referred to in section 1.11(a) to transfer the title to or interest in securities to a Member, Non-Member Participant, to the Clearing House or other person by means of a book entry on the register maintained by that Securities System Operator shall be irrevocable at the time prescribed from time to time by that Securities System Operator as being the time after which such instruction may not be revoked by a participant or other person.
- 2.3.2 An instruction given by the Clearing House (on its own behalf or on behalf of a Member or Non-Member Participant) to a Securities System Operator of the kind referred to in section 1.11(b) to transfer the title to or interest in securities to a Member, Non-Member Participant, to the Clearing House or other person by means of a book entry on the register maintained by another Securities System Operator shall be irrevocable at the time prescribed from time to time by that other Securities System Operator as being the time after which such instruction may not be revoked by a participant or other person.
- 2.3.3 An instruction given by a Member or, where permitted or required by the Regulations, a Non-Member Participant, to a Securities System Operator of the kind referred to in section 1.11(a) to transfer the title to or interest in securities to the Clearing House by means of a book entry on the register maintained by that Securities System Operator shall be irrevocable at the time prescribed from time to time by that Securities Settlement System Operator as being the time after which such instruction may not be revoked by a participant or other person.
- 2.3.4 An instruction given by a Member or, where permitted or required by the Regulations, a Non-Member Participant, to a Securities System Operator of the kind referred to in section 1.11(b) to transfer the title to or interest in securities to the Clearing House by means of a book entry on the register maintained by another Securities System Operator shall be irrevocable at the time prescribed from time to time by that other Securities Settlement System Operator as being the time after which such instruction may not be revoked by a participant or other person.
- 2.3.5 An instruction in the form of an electronic message forwarded by or on behalf of a Member or Non-Member Participant to the Clearing House or its agent or contractor containing data constituting particulars of an Exchange Contract, EDXTurquoise Derivatives Cleared Exchange Contract, or RepoClear Transaction for the transfer of securities, and submitted for registration by the Clearing House in accordance with the Regulations shall be irrevocable at the time of its registration by the Clearing House.
- 2.3.6 An instruction in the form of an electronic message forwarded by or on behalf of a Member or Non-Member Participant to the Clearing House, or its agent or contractor, containing data constituting particulars of a Bond Trade, Repo Trade, ATP Match, ~~ATP Match (virt-x)~~ or EDX or Turquoise Derivatives Orderbook Match submitted to LCH for registration in accordance with the

Regulations shall be irrevocable from the time when, having passed all relevant checks required by the Clearing House, it passes through the relevant Computer Gateway. For these purposes a relevant Computer Gateway shall mean a computer gateway of a system operated by the Clearing House or by an agent or contractor of the Clearing House for the purposes, inter alia, of receiving such electronic messages and carrying out such checks.

2.3.7 An open Cleared Exchange Contract a RepoClear Contract, an EquityClear Contract, ~~EquityClear Contract (virt-x), or EDX~~ or Turquoise Derivatives Cleared Exchange Contract for the transfer of Securities which has been registered by the Clearing House shall be irrevocable from the moment of its registration by LCH.

2.4

2.4.1 Particulars of when registration occurs for exchange contracts are set out in section ~~2A.5.3~~ of section 2A (~~Exchange~~LME Clearing) of the Procedures.

2.4.2 Particulars of when registration occurs for RepoClear Transactions, are set out in Section 2B.3 of the Procedures.

2.4.3 Particulars of when registration occurs for SwapClear Transactions are set out in Section 2C of the Procedures.

2.4.4 Particulars of when registration occurs for ATP Matches ~~and ATP Matches (virt-x)~~ in EquityClear Eligible Securities are set out in Section 2D.

2.4.5 Particulars of when registration occurs for ~~LCH EnClear Transactions and~~ Eligible OTC Trades are set out in Section 2E.

2.4.6 Particulars of when registration occurs for ~~EDX~~Turquoise Derivatives Orderbook Matches are set out in Section 2F.

2.4.7 Particulars of when registration occurs for Nodal Transactions are set out in Section 2G.

2.4.8 Particulars of when registration occurs for HKMEx Transactions are set out in Section 2I.

2.4.9 Particulars of when registration occurs for ForexClear Transactions are set out in Section [2X] of the Procedures.

2.5

2.5.1 For the purposes of this section 2.5 "Onward Instruction" shall mean any instruction to a securities settlement system, which is given by a Securities System Operator of the kind referred to in section 1.11(b) above, and through which that Securities System Operator gives effect to a Securities Transfer Order given to it by the Clearing House.

2.5.2 Where a Securities Transfer Order is given by LCH to a Securities Systems Operator of the kind referred to in section 1.11(b), that Securities Transfer Order shall be irrevocable from the time after which any Onward Instruction may not be revoked by that Securities Systems Operator as prescribed by the rules or other requirements of the securities settlement system to which such Onward Instruction is submitted.



**3. Prohibition of Revocation of Transfer Orders**

A Transfer Order shall not be revoked or purport to be revoked by a Participant (or by any liquidator or other insolvency office-holder appointed with regard to any undertaking operated by a Participant) after the time specified in section 2 above as being the time when such instruction becomes irrevocable.

**4. Provision of information**

- 4.1 A Participant shall, within 14 days of being requested to do so by any person ("the applicant") and upon being paid such reasonable charge as the Participant may require, provide to the applicant the following information:-
- 4.1.1 details of the systems which are designated for the purposes of the Settlement Finality Directive in which the Participant, as the case may be, participates; and
- 4.1.2 information about the main rules governing the functioning of those systems.
- 4.2 Nothing in this section 4 shall require the Participant to provide any of the above information to an applicant where, or to the extent that, such request is frivolous or vexatious.
- 4.3 Each Participant shall promptly supply to the Clearing House such information as the Clearing House may require from time to time in order for LCH to meet its obligations as the operator of a system designated under the Financial Markets and Insolvency (Settlement Finality) Regulations 1999.

**5. Notification of certain insolvency events**

- 5.1 Subject to section 5.2 below a Participant shall forthwith notify the Clearing House, the FSA and the Bank of England if:-
- 5.1.1 a resolution is passed for the voluntary winding up of the Participant; or
- 5.1.2 a trust deed granted by the Participant (as the case may be) becomes a protected trust deed.
- 5.2 If a Participant is required to give notice of any of the events set out in sections 5.1.1 and 5.1.2 above by any other provisions of the Regulations, then nothing in this section shall be taken to require the giving of a further notice to the Clearing House of the same event, providing always that such notice as is given under such other provision of the Regulations is given in writing and addresses to the person identified in section 5.3 below.
- 5.3 Any notice to be given to the Clearing House under this provision shall be given in writing, addressed to the General Counsel, and shall be sent by first class pre-paid post or hand delivered to the following address:

LCH.Clearent Limited  
Aldgate House,  
33 Aldgate High Street  
London EC3N 1EA

Or sent by fax (followed by postal confirmation) to the following fax number:  
+44 (0)20 7426 7210

- 5.4 Any notice given to the FSA under this provision shall be sent by first class pre-paid post or hand delivered to:

Manager, Clearing/Settlement,  
Financial Services Authority  
Markets and Exchanges Division  
25 The North Colonnade  
London E14 5HS

Or sent by fax (followed by postal confirmation) to the following fax number:  
+44 (0)20 7676 9735

- 5.5 Any notice given to the Bank of England under this provision shall be given by first class pre-paid post or hand delivered to:

The Senior Manager  
Payment Systems Oversight  
Market Infrastructure Division, HO-3  
Bank of England  
Threadneedle Street  
London EC2R 8AH

Or sent by fax (followed by postal confirmation) to the following fax number:  
+44 (0)20 7601 3561



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NEW AND AMENDED RULES SELF CERTIFICATION

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LCH.Clearnet Limited ("LCH") hereby certifies to the Commodity Futures Trading Commission ("CFTC"), pursuant to the procedures set forth in the Commission Regulations 40.6, that the following:

- Amendments and the insertion of new rules in LCH's General Regulations, Procedures, Default Rules, Default Fund Rules, and Settlement Finality Rules, to facilitate the clearing of non-deliverable FX forward contracts

comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Signed as of November 4, 2011

By: 

Name: Simon Wheatley

Title: Chief Compliance Officer

LCH.Clearnet Limited