

## FORM CA-1

### **FORM FOR REGISTRATION OR FOR EXEMPTION FROM REGISTRATION AS A CLEARING AGENCY AND FOR AMENDMENT TO REGISTRATION AS A CLEARING AGENCY PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934**

#### GENERAL

Form CA-1 is to be used to apply for registration or for exemption from registration as a clearing agency and to amend registration as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities and Exchange Act of 1934. Read all instructions before preparing the Form. Please type or print all responses.

Banque Centrale de Compensation

(Exact name of registrant as specified in charter)

18 rue du Quatre Septembre 75002 Paris FRANCE

(Address of registrant's principal place of business)

This Form is filed as:

a registration  
 a request for exemption from registration  
 an amendment

If filed as a registration, does registrant request the Commission to consider granting registration in accordance with paragraph (c)(1) of Rule 17Ab2-1 under the Act?.....  Yes  No

#### EXECUTION

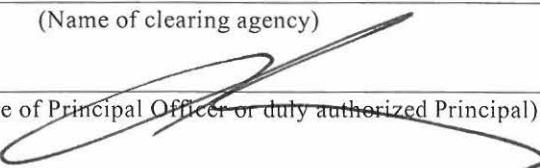
The Registrant submitting this Form, its schedules, its exhibits and its attachments and the person by whom it is executed represent hereby that all information contained herein is true, current and complete. Submission of any amendment after registration has become effective represents that items 1-3 and any schedules, exhibits and attachments related to items 1-3 remain true, current and complete as previously submitted.

Registrant agrees and consents that the notice of any proceedings under Sections 17A or 19 of the Act involving registrant may be given by sending such notice by registered or certified mail or confirmed telegram to the person named, and at the address given, in response to item 2.

Dated the 4 day of July, 2016

LCH SA

(Name of clearing agency)

  
(Manual signature of Principal Officer or duly authorized Principal)

Chief Executive Officer

(Title)

ATTENTION: Intentional misstatements or omissions of fact constitute Federal Criminal Violations  
(See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a))

#### **GENERAL INFORMATION**

1. Exact name, principal business address, mailing address (if different) and telephone number of registrant:

Name of registrant: Banque Centrale de Compensation IRS Employee Identification No. 69203248500108

Name under which clearing agency activities are conducted, if different: LCH SA

If name of registrant is hereby amended, state name under which registered previously: N/A

If name under which clearing agency activities are conducted is hereby amended, state name given previously: LCH.Clearnet SA

Address of principal place of business:

18 rue du Quatre Septembre Paris France 75002  
Number and Street City State Zip Code

Mailing address, if different:

Number and Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone Number: \_\_\_\_\_

2 Name, title, mailing address and telephone number of person in charge of registrant's clearing agency activities:

Christophe HEMON Chief Executive Officer

Name 18 rue du Quatre Septembre	Title	Paris	France	75002
Number and Street	City	State	Zip Code	

Number and Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone Number: 0033 170376300  
Area Code    Telephone Number

3. (a) If registrant is a corporation or a national association: state date on which registrant was incorporated or organized and jurisdiction in which incorporated or under which organized:

Date: \_\_\_\_\_ Jurisdiction: \_\_\_\_\_

(b) If registrant is not a corporation or a national association, describe on Schedule A the form of organization under which registrant conducts its business and identify the jurisdiction in which registrant is organized.

4. Does registrant have any arrangement with any other person under which, with respect to registrant's clearing agency activities, such other person processes, keeps, transmits or maintains any securities, funds, records or accounts of registrant or registrant's participants relating to clearing agency activities?.....  Yes  No

If answer is "yes," furnish & n Schedule A, as to each such arrangement, the full name and principal business address of the other person and a brief summary of each such arrangement.

5. (a) With respect to clearing agency activities, please provide the following information regarding the type of insurance carried or provided:

Type of Insurance	Yes	No	Amount of Coverage	Amount of Deductible
1. Blanket Bond	See Sch A		\$	\$
2. Fidelity	See Sch A		\$	\$
3. Errors and Omissions	See Sch A		\$	\$
4. Mail Policy		X	\$	\$
5. Air Courier		X	\$	\$
6. Lost Instrument		X	\$	\$
7. Other (please specify on Schedule A)	X		\$	\$

(b) If any of registrant's clearing activities are not covered by insurance, has provision been made for self-insurance?  Yes  No

If yes, indicate on Schedule A the provisions made for self-insurance (e.g., accounting reserve or funded reserve) and the amount thereof.

(c) (i) As a result of registrant's clearing agency activities, is registrant exposed to loss if a participant fails to perform its obligations to the clearing agency, any other participant or any other person?.....  Yes  No

(ii) If "yes," describe on Schedule A the operational, organizational or other rules, procedures or practices (citing rules if applicable) which result in registrant's exposure to loss.

- (d) (i) Does the registrant maintain a clearing or participants' fund, mark to the market open obligations involving the purchase or sale of securities or otherwise required participants to protect registrant against losses to which it may be exposed as a result of a participant's failure to perform its obligations to the clearing agency, any other participant or any other person? .....  Yes  No
- (ii) If "yes," describe on Schedule A the operational, organizational or other rules, procedures or practices (citing rules if applicable) which are designed to protect registrant against any such losses.
6. (a) Is registrant audited by an independent accountant? .....  Yes  No
- (b) If registrant is audited by an independent accountant, does the audit include a review of internal controls related to clearing agency activities? .....  Yes  No
- (c) Fiscal year-end of registrant 31 / December (Day/Month)
7. (a) What are registrant's internal policies and procedures for reconciling differences (including long and short stock record differences and dividend differences) in its clearing agency activities? (Describe on Schedule A.)
- (b) State, as of September 30, 1975, the dollar amount of the potential exposure of registrant, if any, as a result of differences (without offsetting long differences against short differences and without offsetting any suspense account items) in its clearing agency activities not resolved after 20 business days. \$ \$0.00
8. (a) How many employees does registrant have engaged in clearing agency activities? 24.3 permanent employees are engaged in CDS clearing activities
- (b) How many years has registrant performed clearing agency activities? CDS Clearing Service was started in March 2010
9. (a) Are registrant's clearing agency activities subject to regulation by any federal agency other than the Commission or by any state or political subdivision? .....  Yes  No

If yes, specify the name of the agency, state or political subdivision:

Commodity and Futures Trading Association

(b) Have the registrant's clearing agency activities been the subject of periodic examinations by any federal agency other than the Commission or by any state or political subdivision? .....  Yes  No

If yes, specify the name of the agency, state or political subdivision:

Commodity and Futures Trading Association

#### SCHEDULE A OF FORM CA-1

1. Full name of Registrant as stated in Item 1 of Form CA-1

Banque Centrale de Compensation

2.

Item of Form (Identify)	Response

## **EXHIBITS—BUSINESS ORGANIZATION**

10. List in Exhibit A any person who either directly or indirectly, through agreement or otherwise, may control or direct the management or policies of registrant. For each person listed, provide the full name and address and attach a copy of each written agreement or, if the agreements are unwritten, describe the agreement or arrangement through which such person exercises or may exercise such control or direction.
11. List in Exhibit B the registrant's corporate officers, trust officers, managers or other persons occupying a similar status or performing similar functions who supervise, or are directly responsible for the conduct of, registrant's clearing agency activities, indicating for each:
  - (a) Name
  - (b) Title
  - (c) Area of responsibility
  - (d) A brief account of the business experience during the last five (5) years.
12. Attach as Exhibit C narrative and graphic descriptions of registrant's organizational structure. If clearing agency activities are conducted primarily by a division, subdivision, or other segregable entity within the registrant corporation or organization, identify the relationship of such entity to the registrant's overall organizational structure and limit the descriptions to the division, subdivision or other segregable entity which performs clearing agency activities.
13. Attach as Exhibit D a list of persons who directly or indirectly, through one or more intermediaries, are controlled by, or are under common control with, the clearing agency and indicate the nature of the control relationship.
14. Attach as Exhibit E a copy of the currently effective constitution, articles of incorporation or association, by-laws, rules, procedures and instruments corresponding thereto, of the registrant and a complete list of all dues, fees and other charges imposed by registrant for its clearing agency activities.
15. Attach as Exhibit F a brief description of any material pending legal proceeding, other than ordinary and routine litigation incidental to the business, to which the registrant or any of its subsidiaries is a party or to which any of its or their property is the subject. Include the name of the court or agency in which the proceeding is pending, the date instituted, and the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceeding known to be contemplated by governmental agencies.
16. Attach as Exhibit G copies of all contracts with any national securities exchange, national securities association or clearing agency or securities market for which the registrant acts as a clearing agency or performs clearing agency functions.

## **EXHIBITS—FINANCIAL INFORMATION**

17. Attach as Exhibit H a balance sheet and statement of income and expenses, and all notes or schedules thereto of registrant, as of registrant's most recent fiscal year for which such information is available, certified by an independent accountant. (If certified financial information is not available, uncertified financial information should be submitted).
18. Attach as Exhibit I the addresses of all offices in which clearing agency activities are performed by registrant, or for registrant by any person listed in response to item 4, and identify the nature of the clearing activities performed in each office listed.

## **EXHIBITS—OPERATIONAL CAPACITY**

19. Attach as Exhibit J narrative descriptions of each service or function performed by the registrant.
20. Attach as Exhibit K a description of the measures or procedures employed by registrant to provide for the security of any system which performs the functions of a clearing agency. Include a general description of any operational safeguards designed to prevent unauthorized access to the system (including unauthorized input or retrieval of information for which the primary record source is not hard copy). Identify any instances within the past year in which the described security measures or safeguards failed to prevent unauthorized access to the system and describe any measures taken to prevent a recurrence of any such incident. Describe also any measures used to verify the accuracy of information received or disseminated by the system.
21. Attach as Exhibit L a description of the measures or procedures employed by registrant to provide for the safeguarding of securities and funds in its custody or control. Identify any instances within the past year in which the described security measures or safeguards failed to prevent any unauthorized access to securities or funds in possession of registrant and any measures taken to prevent a recurrence of any such incident.
22. If clearing agency functions are performed by automated facilities or systems, attach as Exhibit M a description of all backup systems or subsystems which are designed to prevent interruptions in the performance of any function as a result of technical or other malfunction. Include backups for input or output links to the system and precautions with respect to malfunctions in any areas external to the system.

#### **EXHIBITS—ACCESS TO SERVICES**

23. Attach as Exhibit N a list of the persons who currently participate, or who have applied for participation, in registrant's clearing agency activities (if registrant performs more than one activity, a columnar presentation may be utilized).
24. Attach as Exhibit O a description of any specifications, qualifications, or other criteria which limit, are interpreted to limit, or have the effect of limiting access to, or use of, any clearing agency service furnished by the registrant and state the reasons for imposing such specifications, qualifications, or other criteria.
25. Attach as Exhibit P copies of any form of contracts governing the terms on which persons may subscribe to clearing agency services provided by the registrant.
26. Attach as Exhibit Q a schedule of any prices, rates or fees fixed by registrant for services rendered by its participants.
27. Attach as Exhibit R a schedule of any prohibitions or limitations imposed by the clearing agency on access by any person to services offered by any participant.

#### **EXHIBIT—APPLICATION FOR EXEMPTION**

28. If this is an application for an exemption from registration as a clearing agency, attach as Exhibit S a statement demonstrating why the granting of an exemption from registration as a clearing agency would be consistent with the public interest, the protection of investors and the purposes of Section 17A of the Act, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds.

## SCHEDULE A OF FORM CA-1

1. **Full name of Registrant as stated in Item 1 of Form CA-1:** Banque Centrale de Compensation.

2. **Additional Responses**

**Question 3(b) : If registrant is not a corporation or a national association, describe on Schedule A the form of organization under which registrant conducts its business and identify the jurisdiction in which registrant is organized.**

LCH SA is incorporated in France as a limited company (société anonyme) with the legal name Banque Centrale de Compensation.

**Question 4 : Does registrant have any arrangement with any other person under which, with respect to registrant's clearing agency activities, such other person processes, keeps, transmits or maintains any securities, funds, records or accounts of registrant or registrant's participants relating to clearing agency activities?**

Yes  No

If answer is "yes," furnish on Schedule A, as to each such arrangement, the full name and principal business address of the other person and a brief summary of each such arrangement.

### **Payment and Settlement Systems**

Margin payments, fees, CDS Default Fund contributions and EUR denominated product-related payments relating to CDS clearing (e.g., variation margin upfront premiums and coupon payments) are processed in central bank funds through the TARGET 2 settlement system, which is operated by European central banks, including Banque de France. As a regulated credit institution in France, LCH SA is a direct participant in the TARGET 2 system.

USD denominated product-related payments related to CDS clearing are processed through Bank of New York Mellon.

### **Record Keeping**

All cleared CDS trades are booked in the Trade Information Warehouse ("TIW") managed by DTCC. The TIW provides a central registry for electronic booking of CDS trades. It also provides processing for various trade lifecycle events affecting CDS trades. Trade records in LCH SA's clearing system and the TIW

are reconciled on a daily basis to ensure they are aligned. In case of any discrepancy, LCH SA's version of the trade is the legal record.

### **Regulatory Reporting**

All cleared trades are reported to UnaVista for the purpose of EMIR Trade Repository reporting and to the Global Trade Repository managed by DTCC for the purpose of CFTC SDR reporting.

### **Daily Pricing**

LCH SA requires daily pricing for all cleared CDS transactions in order to calculate its margin requirements. LCH SA has entered into an agreement with Markit pursuant to which Markit provides LCH SA with composite prices on a daily basis. Markit has implemented an end-of-day dealer price contribution system to provide daily pricing to LCH SA for purposes of calculating margin. Markit also is the provider of "RED" codes, which are used to identify the CDS products in The Trade Information Warehouse managed by DTCC and in LCH SA's clearing system.

### **Information Technology**

The outsourcing relationship between Atos and LCH SA is governed by the New Framework Agreement ("NFA"), which was signed on June 30, 2005. This agreement was designed in such a way as to structure the relationship between Atos and LCH SA in the form of obligations of performance which evolve as amendments are signed. There has been a number of modifications to this agreement and the currently enforceable agreement is the New Framework Agreement 3 ("NFA3") entered into between Atos and LCH SA in 2014. The scope of services provided by Atos is limited to managing infrastructure, production and data centers, software applications, maintenance and development. Service Level Agreements and financial rules allowing for potential penalties have been put in place on the basis of key performance indicators. Best practices in respect of IT services have been included, and governance of the agreement, including its various clauses, is regularly revised and improved. There are specific clauses covering contingency planning, security policy and audits.

An ad hoc governance model is included in the Atos service agreement, which is based on a structure of steering and monitoring committees.

### **Intra-Group Service Agreement**

Pursuant to a Framework Intra-Group Services Agreement dated October 1, 2007, as lately amended in 2014, entered into among LCH SA, LCH Group Limited, LCH Limited, LCH LLC and LCH (Luxembourg) S.A.R.L (the "**Intra-Group Service Agreement**") and supplemented by subsequent Service Agreements entered into between LCH Limited and LCH SA, LCH Limited

provides LCH SA with certain services that fall outside the scope of the NFA with Atos, including “office automation services,” meaning IT services for all LCH SA headquarters sites such as office desktop services, network services, print services and support services telephony services, blackberry services, authentication services and remote access services, email infrastructure, file service, intranet services, and visio-conferencing services. LCH Limited also provides LCH SA with “hosted applications,” including resilient server infrastructure, which includes back-up infrastructure, infrastructure maintenance, and disaster recovery functions, as well as operation, administration and support of the hosted applications notably but not exclusively used for accounting, payroll, database for legal contracts, documentation management. LCH Limited also provides LCH SA with “Technical Specified Services,” including resilient server infrastructure, which includes back-up infrastructure, infrastructure maintenance, and disaster recovery functions, as well as operation, administration and support of the Technical Specified applications, which are software relating to clearing services. In particular, LCH Limited has established network links between its data centers and LCH SA headquarters to continue delivering such services when LCH SA has activated its business continuity/disaster recovery procedures.

Pursuant to a Technology Services Agreement entered into in December 2015 between LSEG Business Services Limited and LCH SA and related Order Form, LSEG Business Services Limited took over from LCH Limited on 1 January 2016 the provision of certain IT services to LCH SA, namely End User Computing, Networks, Service Desk, Third Party Applications, IT Support Tools and then Technical Specified Services from 1 April 2016.

Contact information for each of the entities involved in the arrangements described above is as follows:

TARGET 2 - Banque de France  
1 rue La Vrillière  
75001  
Paris, France

Bank of New York Mellon  
225 Liberty Street  
NY 10005  
New York, NY  
USA

DTCC Deriv:Serv LLC

55 Water Street  
NY 10041  
New York, NY  
USA

UnaVista

London Stock Exchange Group  
10 Paternoster Square  
London EC4M 7LS  
United Kingdom

Markit Group Limited

2 More London Riverside  
London SE1 2AP  
United Kingdom

Atos Origin Infogérance SAS

18 avenue d'Alsace  
92400  
Courbevoie, France

LCH Limited

Aldgate House  
33 Aldgate High Street  
London EC3N 1EA  
United Kingdom

LSEG Business Services Limited

10 Paternoster Square  
London EC4M 7LS  
United Kingdom

**Question 5 (a) : With respect to clearing agency activities, please provide the following information regarding the type of insurance carried or provided:**

Type of Insurance	Yes	No	Amount of coverage	Amount of Deductible
1. Blanket Bond	See Crime and Civil Liability in "Other Insurance Carried or Provided" below		\$	\$

2. Fidelity	See Crime and Civil Liability in “Other Insurance Carried or Provided” below		\$	\$
3. Errors and Omissions <sup>[1]</sup>	See Crime and Civil Liability in “Other Insurance Carried or Provided” below		\$	\$
4. Mail Policy		X	\$	\$
5. Air Courier		X	\$	\$
6. Lost Instrument		X	\$	\$
7. Other (please specify on Schedule A)	X		\$	\$

#### Other Insurance Carried or Provided

Type of Insurance	Yes	No	Amount of coverage	Amount of Deductible
1. Pension Trustee Liability	X		GBP 10,000,000	GBP 10,000 Nil <sup>[2]</sup>
2. Crime and Civil Liability	X		GBP 200,000,000 in the aggregate	GBP 1,000,000 each and every loss

<sup>[1]</sup> Blanket Bond, Fidelity and Errors and Omissions are part of the Crime and Civil Liability discussed below in “Other Insurance Carried or Provided.”

<sup>[2]</sup> In relation to Theft.

3. D&O Liability	X	GBP 100,000,000 in the aggregate Plus an additional GBP 25,000,000 for Side A <sup>[3]</sup> in respect of Main Group Board	Nil for Side A <sup>[3]</sup> GBP 150,000 for Side B <sup>[4]</sup> GBP 250,000 for Side C <sup>[5]</sup>
4. Public Liability and Product Liability	X	GBP 150,000,000 in the aggregate	GBP 500 each and every claim
5. Material Damage and Business Interruption	X	GBP 200,000,000 GBP 10,000,000 in respect of Machinery Breakdown	GBP 10,000 any one claim
6. Terrorism	X	GBP 50,000,000	Nil

**Question 5(b) : If any of registrant's clearing activities are not covered by insurance, has provision been made for self-insurance?**

Yes  No

If "yes", indicate on Schedule A the provisions made for self-insurance (e.g., accounting reserve or funded reserve) and the amount thereof.

N/A

**Question 5(c)(i) : As a result of registrant's clearing agency activities, is registrant exposed to loss if a participant fails to perform its obligations to the clearing agency, any other participant or any other person?**

Yes  No

**Question 5(c)(ii) : If "yes," describe on Schedule A the operational, organizational or other rules, procedures or practices (citing rules if applicable) which result in registrant's exposure to loss.**

Upon acceptance of a CDS for clearing by LCH SA, the original CDS is extinguished and is replaced by an equal and opposite CDS between LCH and each clearing member that is acting as either principal for a house trade or as agent (and guarantor) for a customer trade. LCH SA is therefore exposed to

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<sup>[3]</sup> Side A relates to Directors being sued personally.

<sup>[4]</sup> Side B relates to Company reimbursement.

<sup>[5]</sup> Side C relates to Securities Entity Cover.

potential loss resulting from: (1) a clearing member's default with respect to a house trade, or (2) a clearing member's default on its obligation to LCH SA as guarantor for a customer's trade.

LCH SA's CDS trade novation process is described in Section 3.1.6 of the LCH SA CDS Clearing Rule Book. LCH SA's obligations to clearing members, including its undertaking to perform its obligations to each clearing member on the basis of the cleared transactions, are set forth in Section 1.2.9 of the LCH SA CDS Clearing Rule Book.

The process through which LCH SA and the CDS Default Management Group will manage a default of a clearing member is set forth in the CDS Default Management Process, which is an appendix to the LCH SA CDS Clearing Rule Book.

**Question 5(d)(i) : Does the registrant maintain a clearing or participants' fund, mark to the market open obligations involving the purchase or sale of securities or otherwise required participants to protect registrant against losses to which it may be exposed as a result of a participant's failure to perform its obligations to the clearing agency, any other participant or any other person?**

Yes  No

**Question 5(d)(ii) : If "yes," describe on Schedule A the operational, organizational or other rules, procedures or practices (citing rules if applicable) which are designed to protect registrant against any such losses.**

Robust and effective risk management is the core of LCH SA's business.

### **Risk Management Framework**

LCH SA's Board maintains overall responsibility for risk management of the CDS clearing business. However, prior to making decisions with respect to risk management, the LCH SA Board will obtain advice and recommendations from the Risk Committee, Market Risk Management Committee, the Executive Risk Committee and Risk Department, each of which is described below.

- **Risk Committee.** LCH SA's Risk Committee, which reports to the LCH SA Board, is responsible for: (i) the risk controls designed for new activities, including clearing new markets or accepting new contracts for clearing; (ii) criteria for admission and member risk assessment policies; (iii) the margining policy for each cleared market or product; (iv) the Default Fund policy and stress testing methodology; (v) the treasury investment policy (including the setting of exposure limits); (vi) policies on inter-central counterparty risk (interoperability); (vi) the policy on acceptable forms of collateral; (vii) the payment and settlement risk policy and any new arrangements; (viii) the default management framework and policy; (ix) the liquidity risk policy to manage operational

and stress liquidity risk events; and (x) the policy on operational risk. All policies are reviewed by the Risk Committee on an annual basis and approved by the full LCH SA Board. The Risk Committee consists of both external members, who serve in risk management or other senior capacities for a Clearing Member, and internal members including LCH SA's Risk Management director (who serves as the Committee's secretary) and chief executive, and is chaired by an independent non-executive director.

- **Market Risk Management Committee**. The Market Risk Management Committee is responsible for assisting the Group Head of Market Risk in discharging his/her responsibilities in respect of the management of the latent market risk profiles of LCH Group Limited, LCH Limited, LCH SA and LCH LLC.
- **Executive Risk Committee**. The Executive Risk Committee (the “**ERCo**”) is responsible for the effective and timely management, monitoring and oversight of all material risks undertaken in pursuit of the stated business objectives and risk appetite of a number of LCH group entities. In particular, the ERCo's role includes the management and control of risks across LCH Group Limited, LCH Limited, LCH SA and LCH LLC (together, the “**LCH Group**”) pertaining to those risk types specified in the LCH Group’s single risk appetite statement and risk tolerance statement.
- **Risk Department**. LCH SA’s Risk Department is responsible for overseeing the following elements of the risk management framework:
  - the Risk Policy team, which is responsible for: (1) conducting annual reviews of LCH SA’s risk policies (described below), (2) establishing risk policies for new products or markets, (3) ensuring compliance with international regulations and recommendations and (4) performing quantitative research;
  - the Risk Project team, which is in charge of the functional design, functional specifications, user acceptance testing of information technology developments and supports the implementation team in the information technology systems used in risk management and also serves as the liaison between (1) the Risk Department, (2) the IT Department and (3) the project management structure.
  - the Risk Monitoring team, which is responsible for: (1) conducting daily monitoring of Clearing Member exposures, the adequacy of margin and CDS Default Fund amounts, (2) of margin parameters, (3) calling for intra-day margin and (4) preparing reports to be sent to LCH SA management and to regulators; and

- the Financial Monitoring team, which is responsible for the daily monitoring of: (1) the counterparty credit risk posed to LCH SA by its Clearing Members, (2) the potential counterparty credit risk that would be posed to LCH SA by potential Clearing Members, (3) the counterparty credit risk posed to LCH SA by LCH SA's counterparties with respect to the investments LCH SA makes pursuant to its Treasury Investment Policy, and (4) LCH SA's compliance with capital requirements.

### **Admissions and Ongoing Membership Requirements**

LCH SA's admissions and ongoing membership requirements are designed to ensure that Clearing Members have sufficient financial resources and the operational capacity to meet their obligations arising from their participation in LCH SA's CDS clearing service. The admissions and ongoing membership requirements impose, among other things: Clearing Member capital requirements, minimum operational standards, and credit risk standards. The admissions and ongoing membership requirements, all of which are objective and consistent with applicable regulatory requirements, are necessary to protect LCH SA and are appropriate for the CDS Clearing Service. LCH SA has carefully designed these requirements to be risk appropriate, without being unnecessarily restrictive. The requirements permit fair and open access and do not unfairly discriminate in the admission of members or among members. The requirements are set forth in Sections 2.2.1 through 2.2.4 of the LCH SA CDS Clearing Rule Book (the "**Rule Book**"). LCH SA also requires its Clearing Members to maintain current written risk management policies that address the risks that the Clearing Member may pose to LCH SA's CDS clearing business. The requirements concerning written Clearing Member risk management policies are set forth in Section 2.3.5 of the Rule Book.

### **Monitoring of Clearing Members' Financial and Operational Resources**

On an ongoing basis, LCH SA also carefully monitors the financial and operational resources of its CDS Clearing Members. LCH SA also actively monitors various forward-looking indicators concerning the financial health of its Clearing Members, including, for example, CDS spreads in respect of a Clearing Member. Among other things, LCH SA also requires its Clearing Members to regularly file specified financial information with LCH SA, including, for example, audited financial statements. In addition, LCH SA rules impose specific reporting obligations on Clearing Members. More specifically, LCH SA requires its Clearing Members to notify LCH SA in writing without delay upon the occurrence of particular events or circumstances, including, for example, when a Clearing Member's capital is reduced by more than 10% from that shown on the latest financial statement that the Clearing Member filed with LCH SA. These requirements are set forth in Sections 2.3.1 and 2.3.2 of the Rule Book.

In addition, LCH SA has the authority to inspect the clearing activities of its members and require an audit of a Clearing Member's systems and operations. This authority helps LCH SA evaluate the financial health and operational capacity of its Clearing Members and ensure that they are complying with applicable LCH SA rules and procedures. This inspection and audit authority is set forth in Section 2.3.3 of the Rule Book. In addition, LCH SA has the authority to suspend or terminate a Clearing Member's membership status in certain circumstances, including, for example, as a result of disciplinary proceedings brought against the Clearing Member or upon the occurrence of an event in respect of a Clearing Member that could materially impact the Clearing Member's ability to perform its obligations. These provisions are set forth in Sections 2.4.1 and 2.4.2 of the Rule Book.

### **Margin**

In order to manage its risk exposure, LCH SA requires each Clearing Member to transfer to LCH SA certain types of permissible collateral to satisfy the Clearing Member's House Margin Requirement and Total Client Margin Requirement. LCH SA calculates margin requirements in accordance with a robust margin methodology and established procedures. LCH SA is entitled, in consultation with the Risk Committee where reasonably possible, at any time to impose, amend or withdraw additional requirements in relation to the calculation of Margin payable by all Clearing Members. Provisions relating to margin are set forth in Sections 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6 and 4.2.7 of the Rule Book and Section 2 of the LCH SA CDS Clearing Procedures (the "Procedures").

### **Management of Events of Default**

LCH SA is authorized to determine that certain events constitute an "Event of Default" with respect to a Clearing Member, including, for example, when a Clearing Member fails to perform its obligations in accordance with the CDS Clearing Documentation. Following its declaration of an Event of Default, LCH SA is required to take certain designated steps, such as publishing a Clearing Notice on its website specifying the name of the Defaulting Clearing Member, as further described in Articles 4.3.1.2 through 4.3.2.2 of the Rule Book. In addition, as soon as possible after declaring an Event of Default in respect of a Clearing Member, LCH SA must commence the CDS Default Management Process, which consists of specified steps that are designed to allow LCH SA to efficiently manage its exposure to potential losses associated with an Event of Default. The following general steps, all of which are described in detail in Clause 2 of Appendix 1 to the Rule Book, make up the CDS Default Management Process:

- **Hedging.** LCH SA will reduce the market risk associated with a Defaulting Clearing member's obligations to LCH SA so far as is reasonably practicable by hedging LCH SA's exposure in respect of the Defaulting Clearing Member's Cleared Transactions.

- Competitive Auction. LCH SA will then auction a portfolio consisting of one or more cleared transactions registered in the name of the Defaulting Clearing Member (and related hedging trades) to non-defaulting Clearing Members.
- Loss Distribution Process. In the event that LCH SA determines that it has an uncovered loss, LCH SA may invoke a Loss Distribution Process set forth in Clause 7 of Appendix 1 to the Rule Book.
- Early Termination. In the event that LCH SA determines that an Early Termination Trigger Date has occurred, the provisions of Clause 8 of Appendix 1 to the Rule Book concerning early termination will apply.

\*A separate CDS Client Clearing Default Management process is set forth in Clause 4 of Appendix 1 to the Rule Book.

In addition, LCH SA has discretionary authority to take certain other specified measures that it deems necessary or useful in respect of a Defaulting Clearing Member to manage the impact of the Event of Default, including, for example: (i) terminating the Defaulting Clearing Member's membership, (ii) imposing increased margin requirements in respect of any of the margin accounts of the Defaulting Clearing Member, or (iii) liquidating Collateral posted by the Defaulting Clearing Member in its House Collateral Account and in respect of any non-ported cleared transactions. Further information is set forth in Sections 4.3.1 and 4.3.2 of the Rule Book.

Any damage incurred by LCH SA following, and in relation to, the declaration of an Event of Default will be reduced or covered in accordance with a prescribed methodology (waterfall) set forth in Article 4.3.3.1 of the Rule Book.

When the resources listed in Article 4.3.3.1 (i) and (ii) of the Rule Book are insufficient to cover the losses incurred by LCH SA as a result of an Event of Default, then contributions of Non-Defaulting Clearing Members to the CDS Default Fund shall be applied by LCH SA. The CDS Default Fund is established for the CDS Clearing Service only and is a default fund solely for cleared CDS transactions and is separate from the default fund(s) for LCH SA's other clearing services. Details regarding the CDS Default Fund are set forth in Section 4.4.1 of the Rule Book and Section 6 of the Procedures.

**Question 7(a) : What are registrant's internal policies and procedures for reconciling differences (including long and short stock record differences and dividend differences) in its clearing agency activities?**

LCH SA performs several novation cycle that require reconciliation.

### **Weekly Backloading Cycle**

LCH SA receives the “Gold Records File” from DTCC. The Gold Record File includes the transaction data for a trade leg of a CDS referencing either an eligible index or an eligible security-based swap.

Upon receipt of the Gold Records File, LCH SA performs consistency checks and functional controls including (i) ensuring the completeness of the information required by LCH SA to process the transaction data and (ii) determining whether the Gold Record meets the eligibility requirements for LCH SA.

Upon such verification, LCH SA prepares the Clearing Eligibility Report that includes the transactions that have successfully passed the eligibility controls. Clearing Members then prepare and send a report of the transactions they wish to submit for clearing to LCH SA on the basis of the Clearing Eligibility Report.

LCH SA will reconcile the reports sent by the Clearing Members in order to match transactions between Clearing Members. LCH SA will reconcile the resulting transactions with the latest available Gold Record File to ensure the transactions have not been removed from the Trade Information Warehouse.

### **Daily Backloading Cycle**

LCH SA will receive transaction data from an Approved Matching Provider and will perform the eligibility controls similar to the ones described under the Weekly Backloading Cycle. In respect of an original transaction entered into by a Client and not a Clearing Member (a “**Client Transaction**”), LCH SA will perform additional checks to ensure that the Clearing Member that has been nominated by the Client consented to the novation of the transaction.

Transactions that have successfully passed the above-mentioned controls and checks will be part of the daily novation cycle.

### **Intraday Process**

The intraday process relies on similar controls and checks as described in the Daily Backloading Cycle. This is because the transaction data will be received by LCH SA from an Approved Matching Provider.

### **Difference in Records**

LCH SA will ensure that all cleared transactions as a result of the Weekly Backloading Cycle, the Daily Backloading Cycle or the Intraday Process are stored in the CDS Clearing System and in the Trade Information Warehouse. Each of the following events will require the CDS Clearing System and the Trade Information Warehouse to be updated:

- Novation of Backloading Transactions;
- Novation of Intraday Transactions;
- Trade Compression;
- Creation of Restructuring Cleared Transactions;
- Re-couponing of the Cleared Transactions; and
- Completion of Physical Settlement following a Credit Event.

Any differences noticed by the Clearing Members between the record held by the CDS Clearing System and the Trade Information Warehouse must be reported to LCH SA as soon as reasonably practicable. LCH SA then amends the appropriate record to correct the differences, to the extent it is authorized to do so.

In case of a discrepancy between the CDS Clearing System and the Trade Information Warehouse records, the records held in the CDS Clearing System will prevail.

## Exhibit A-2

**LCH.Clearnet SA  
Terms of Reference of the Board  
(Adopted by the Board on 12 February 2015)**

### **Article 1. Purpose**

These Terms of Reference provide for the terms relating to the organisation and functioning of the Board of the Company and of its Committees, which in addition to the law and to the articles of association, specify certain rules relating to the allocation of tasks and responsibilities between the General Management, the Chairman and the Board, and specify the rules applicable to the Directors.

The Directors are bound by the provisions of these Terms of Reference.

### **Article 2. Definitions**

The following words and expressions when used in these Terms of Reference have the meaning given to them below:

**Audit Committee** means the audit committee of the Company.

**Board** means the board of directors (*conseil d'administration*) of the Company.

**Cash Clearing Agreement** means the agreement for cash equities clearing between the Company and EURONEXT dated 28 January 2013.

**Cash Clearing Infrastructure** means UCS Cash, or the successor clearing infrastructure used for cleared financial instruments agreed upon between the Company and EURONEXT as the clearing infrastructure to be used by the Company to render the clearing services.

**Cash Common Services** means the clearing services provided by the Company to the trading facilities for the cash clearing of financial instruments listed on the Euronext markets and other trading facilities operated by EURONEXT using the Cash Clearing Infrastructure developed and operated by the Company for the clearing of such financial instruments.

**CEO** means the chief executive officer (*directeur général*) of the Company.

**Chairman** means the chairman (*président du conseil d'administration*) of the Board.

**Clearing Member** has the meaning ascribed to it in the Company's clearing rules.

**Committee** means a committee established by the Board, which are listed in Article 15.

**Company** means LCH.Clearnet SA.

**Conflicted Shareholder** has the meaning ascribed to it in Article 14.18 of these Terms of Reference.

**Conflict of Interest** means a situation in which a Director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company.

**Conflict Situation** has the meaning ascribed to it in Article 14.18 of these Terms of Reference.

**Core Operating Principles** means the principles to be applied by LCH.Clearnet Group Limited in managing its business, as set out in and adopted pursuant to the Relationship Agreement.

**Customer** has the meaning set out in the US CFTC Rules as in force from time to time.

**Customer Director** means a Director who is nominated by a shareholder of LCH.Clearnet Group Limited which is a Customer or who is otherwise connected to such Customer shareholder by virtue of his employment or directorship.

**Deputy-CEO** means a deputy managing director (*directeur général délégué*) of the Company, if any.

**Director** means a director (*administrateur*) of the Company.

**Eligible Institution** has the meaning ascribed to it in the articles of association of LCH.Clearnet Group Limited from time to time.

**EMIR Regulation** means the Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories as well as the Commission Implementing Regulation (EU) No. 1249/2012 of 19 December 2012 implementing regulatory technical standards and Commission Delegated Regulation (EU) No. 153/2013 of 19 December 2012 supplementing Regulation (EU) No. 648/2012 of the European Parliament and of the Council, or any applicable successor law or regulation.

**Euronext** means Euronext Brussels S.A./N.V., Euronext Amsterdam N.V., Euronext Paris S.A., Euronext Lisbon – Sociedade Gestora De Mercados Regulamentados S.A. and Liffe Administration and Management.

**Exchanges** has the meaning ascribed to it in the articles of association of LCH.Clearnet Group Limited from time to time.

**General Management** means the general management (*direction générale*) of the Company.

**Group Nomination Committee** means the nomination committee of the LCH Group.

**Head of Compliance and Public Affairs** means the person who satisfies the role of chief compliance officer of the Company, as defined under the EMIR Regulation.

**Independent Director** means an independent director, who satisfies applicable Regulatory Requirements regarding independent directors and who is appointed in accordance with the Group Nomination Committee terms of reference.

**LCH Group** means LCH.Clearnet Group Limited and its subsidiaries from time to time.

**LSEG** means London Stock Exchange Group plc.

**LSEG Audit Representative** means the LSEG chief financial officer, the LSEG head of audit or the LSEG chief risk officer or any other person of appropriate seniority and expertise as may be agreed from time to time between LSEG and the chairman of LCH.Clearnet Group Limited to sit on the Company's Audit Committee.

**LSEG Consent Matters** has the meaning given thereto in the Relationship Agreement.

**LSEG Director** means a director appointed to the board of LCH.Clearnet Group Limited by LSEG (other than the CEO of LCH.Clearnet Group Limited).

**LSEG Group** means London Stock Exchange Group plc and its subsidiaries from time to time other than those entities comprising the LCH Group.

**LSEG NomCom Representative** means any person of appropriate seniority and expertise as may be agreed from time to time between LSEG and the chairman of LCH.Clearnet Group Limited to sit on the nomination committee,.

**Managers in Charge** means the CEO and the other person(s) designated as "dirigeant effectif" of the Company in accordance with applicable Regulatory Requirements, who are empowered with the effective determination of the operation of the Company's business, as described in Article 13.2 of these Terms of Reference.

**Material Interest** means the entitlement to exercise or control the exercise of at least 20 per cent. of the votes able

to be cast on all or substantially all matters at general meetings of LCH.Clearnet Group Limited.

**Minority Protection Reserved Matters** has the meaning given thereto in the Relationship Agreement.

**Push Matters** has the meaning ascribed to it in the Relationship Agreement.

**Regulatory Requirements** means, with respect to the Company, any regulation or requirement of applicable law or of any applicable regulatory body or any request of any applicable regulatory body, with which failure to comply would result or would reasonably be expected by the Company to result in the withdrawal of authorisation necessary to conduct clearing business in any relevant jurisdiction or other disciplinary or enforcement action that would have a material adverse effect on the ability of any member of the LCH Group to conduct clearing business in any relevant jurisdiction.

**Relationship Agreement** means the relationship agreement entered into by LCH.Clearnet Group Limited, LSEG and London Stock Exchange (C) Limited.

**Remuneration Committee** means the remuneration committee of the Company.

**Risk Committee** means the risk committee of the Company.

**Secretary** means the secretary (*secrétaire*) of the Board.

**Senior Management** has the meaning given thereto in the EMIR Regulation.

**Settlement Systems** means one of the settlement systems used by the Company for the Cash Common Services which are Euroclear Bank, Euroclear Belgium, Euroclear France, Euroclear Netherlands, or Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (Interbolsa), Banque Nationale de Belgique (BNB), or any successor settlement system agreed upon between the Company and EURONEXT.

**Significant Interest** means the entitlement to exercise or control the exercise of at least 40 per cent. of the votes able to be cast on all or substantially all matters at general meetings of LCH.Clearnet Group Limited.

**Terms of Reference** means these terms of reference (*réglement intérieur*) of the Board.

**User** means Eligible Institutions other than Venues.

**User Director** means a director who is nominated by a shareholder of LCH.Clearnet Group Limited which is a User or who is otherwise connected to such User shareholder by virtue of his employment or directorship (and, for the avoidance of doubt, excludes a Customer Director).

**Venue** means Eligible Institutions (save for LSEG) which are Exchanges.

**Venue Director** means a director who is nominated by a shareholder of LCH.Clearnet Group Limited which is a Venue or who is otherwise connected to such Venue shareholder by virtue of his employment or directorship.

### **Article 3. Composition of the Board**

The Board is composed of a minimum of three and a maximum of eighteen Directors. Each Director is proposed by the Board at a shareholders' meeting and appointed for a period of three years. The Board's proposals regarding appointment of Directors shall be based on recommendations made by the Group Nomination Committee in accordance with its terms of reference and the Relationship Agreement.

Subject to the decision of the shareholders' meeting, the Board shall be composed of the following categories of Directors:

- non-executive Chairman

- independent non-executive directors (including the chairman of LCH.Clearnet Group Limited);
- executive directors (including the CEO of the Company, the CEO of LCH.Clearnet Group Limited and the chief risk officer of LCH.Clearnet Group Limited);
- Venue Directors or, if an insufficient number of Venue Directors is available, independent non-executive directors nominated by LSEG;
- User Directors; and
- one Director representing LSEG (for so long as LSEG is entitled to exercise or control the exercise of at least 5 per cent. of the votes able to be cast on all or substantially all matters at general meetings in LCH.Clearnet Group Limited),

such categories and such numbers of Directors within each category being subject to change to comply with any applicable legal or regulatory requirements from time to time (including the appointment of additional Independent Directors or Customer Directors as may be required from time to time to comply with applicable Regulatory Requirements).

Pursuant to the Cash Clearing Agreement and for so long as the Cash Clearing Agreement is in force, EURONEXT is entitled to propose the appointment of a Director to the Board through the Group Nomination Committee, such appointment being approved by the shareholders' meeting upon recommendation made by the Board (with the assistance of the Group Nomination Committee).

In its proposals, the Board aims for its own composition and that of the Committees it creates to be balanced and in line with the needs of the Company in terms of the skills and experience of the Directors chosen. The preceding sentence notwithstanding, the composition of the Board and its Committees shall at all times reflect Regulatory Requirements. The Board shall take appropriate measures to ensure that the Directors meet all appropriate fitness standards under applicable law and that their duties are carried out with the necessary level of independence, integrity and objectivity.

Directors may be dismissed at any time by the shareholders' meeting without cause. If the conduct of a Director appears to the Group Nomination Committee likely to be prejudicial to the sound and prudent management of the Company, the Group Nomination Committee shall (and with regard to Directors appointed by LSEG, with LSEG's consent (not to be unreasonably withheld or delayed)) recommend to the Board convening a shareholders' meeting and the Board may propose such Director's removal at the shareholders' meeting. The shareholders may decide, in their sole discretion, taking into account the recommendation of the Board, to dismiss the relevant Director.

Directors may also resign by notice to the Company.

Otherwise, a Director's duties come to an end at the close of the shareholders' meeting approving the annual accounts for the past financial year and held the year the Director's term ends.

Directors shall be eligible for re-appointment up to a maximum of three three-year terms, unless otherwise determined by the Group Nomination Committee.

Only in case of a vacancy due to the death or resignation of one or more Directors, the Board may, in the period between shareholders' meetings, decide on temporary appointments, subject to the ratification by the next shareholders' meeting and compliance with Regulatory Requirements. A Director appointed by the Board to replace another shall remain in office for the remaining period of his/her predecessor's term. He/she is eligible for re-appointment.

#### **Article 4. Rules applicable to Directors**

##### **4.1 General obligations**

The Directors represent the shareholders as a whole and must act under all circumstances in the corporate interest

of the Company.

A Director must, at the time of his/her appointment, review the laws and regulations regarding his/her function as well as the specific provisions laid out in the articles of association and the internal rules and procedure of the Board and its Committees. A Director should, if he/she deems it necessary, be able to receive training regarding the specific features of the Company and its activities.

A Director's acceptance of his/her appointment requires his/her commitment, in particular:

- To dedicate the required time and attention to his/her duties and to matters considered by the Board, and where applicable, by the Committee of which he/she is a member;
- To ask for any additional information he/she might find useful;
- To form an opinion prior to making any decision; taking into consideration only the Company's best interests; and
- To actively participate in Board meetings.

He/she undertakes to attend Board meetings according to the pre-established annual calendar and, where possible, to make him/herself available for any exceptional meetings.

Each Director must fulfil his/her duties with respect to the requirement to commit sufficient time to perform their functions in the Company and the rules governing the number of corporate directorships that can be held. In a case where a Director intends to accept an office in addition to the ones he/she already holds, he/she must notify the Secretary.

Directors shall be prohibited from accepting an office (*mandat social*) in a competing company, save for an office in the LSEG Group.

#### 4.2 Right of information of Directors

Save as otherwise prescribed in these Terms of Reference, the Chairman or the CEO shall communicate to the Directors all necessary information for the fulfilment of their duties and the Directors may obtain all documents they consider useful prior to any meeting.

If a majority of the Independent Directors determine in good faith that, in order to prevent a breach of applicable competition law or regulation, a Director connected to a particular shareholder of LCH.Clearnet Group Limited should not have access to competitively sensitive information concerning a particular Eligible Institution, the relevant Director shall be notified of this situation and shall immediately make appropriate arrangements in order not to receive such competitively sensitive information. The relevant Director shall also absent him/herself from any part of a Board meeting at which such competitively sensitive information is discussed, and/or shall abstain him/herself to participate in discussions or vote on any resolution at such Board meeting (or a meeting of any Committee) relating to such competitively sensitive information, unless a majority of the Independent Directors agree otherwise.

The Independent Directors may only make a determination described in the paragraph above on a case by case basis and:

- on their own initiative, provided that they have consulted the Company's legal advisers in advance of such determination and taken their views into account; or
- if, following receipt by the Company of a written request from any Eligible Institution that a particular Director should not have access to certain competitively sensitive information concerning such Eligible Institution, a majority of the Independent Directors determine, having obtained such legal advice as they consider appropriate, that such request is proportionate and not vexatious.

Any restriction imposed pursuant to the previous paragraphs shall be without prejudice to any rights of consent under

the LSEG Consent Matters and Minority Protection Reserved Matters, or any of LSEG's rights in connection with the Push Matters.

The Chairman, assisted by the Secretary, is responsible for the communication to Directors of all relevant information according to the circumstances and the points on the scheduled agenda. Where practicable, the Board's files shall be made available to the Directors at least a week before the proposed Board meeting.

Directors shall be informed regularly, by any means, of the Company's financial situation, its accounts and its undertakings as well as of any significant risk, event or operation regarding the Company as well as risk management policies and any amendments thereto.

To complete the information they have and for the fulfilment of their duties, Directors may meet with the Company's managers as reasonably requested, provided that the Chairman and the CEO have given their prior approval to such a meeting.

#### 4.3 Discretionary and confidentiality duties

Without prejudice to any rights LSEG may have in the Relationship Agreement, reports and documents provided to the Board shall be deemed confidential, unless otherwise indicated. The discussions as well as the minutes transcribing their content shall also be confidential. This duty of confidentiality applies to all persons attending the Board meetings.

Directors shall be bound by an absolute duty of confidentiality, even after the end of their term, with respect to the content of the discussions and deliberations of the Board with the exception of cases where the disclosure of such information is required by the laws or regulations in force or where it is in the public interest.

#### 4.4 Duty of expression

Directors commit to clearly express any objection they might have to a draft decision they deem might harm the Company.

### Article 5. Board meetings

The dates of Board meetings for the following calendar year shall be agreed on a provisional basis, taking into account the scheduled dates of the meetings of the other boards of the LCH Group, as well as those of the board-level committees in the LCH Group. The proposed schedule is subject to the approval of the Chairman and the CEO as well as executives of the LCH Group. It is then placed on the Board's agenda to inform all Directors.

The Board shall meet as often as required in the interests of the Company, at the request of any Director of the Company. The Board shall meet, on average, six times per year and at least once per annum. The Board shall devote an item on its agenda to a discussion of its working procedures.

When the Board does not meet for more than two months, a Director may request that the Chairman call a meeting with a determined agenda. The CEO may also request at any time that the Chairman call the Board with a determined agenda.

A Board meeting may be convened in exceptional cases on a specific topic and when being convened to discuss a specific topic, it may be convened by email.

Board meetings shall be held at the registered office or at any other location specified in the notice (including abroad). Meetings shall be chaired by the Chairman or, failing that, by a Director temporarily carrying out the duties of chairman designated for that purpose by the Board.

Within the limits and conditions of the legal and regulatory provisions, the Board meetings may take place by means of video-conferencing or telecommunication. Any Directors participating in this manner shall be deemed to be present for the purpose of establishing quorum and majority, except (i) if provided otherwise by the articles of association, or (ii) when decisions relating to the closing of the annual accounts and consolidated financial

statements and the drafting of the corporate management report are being made.

## **Article 6. Quorum**

The board of Directors may validly deliberate only if half of the Directors are present.

If there is a breakdown in the telecommunication or video-conference link noted by the Chairman, the Board may validly deliberate and/or continue with the Directors who are physically present as long as the conditions of quorum have been fulfilled. The occurrence of any technical incident disrupting the operation will be mentioned in the minutes, including the interruption and re-establishment of remote participation.

Should no quorum exist at the commencement of a meeting, the Board shall be reconvened within five days with the same agenda.

## **Article 7. Voting majority**

### **7.1 Simple majority**

Subject to Article 7.2, decisions shall be made by a majority vote of the Directors present or represented at the Board meeting. The Chairman casts the deciding vote in the event of an equality of votes.

When only two Directors are present, decisions must be made by unanimous vote.

### **7.2 Enhanced majority**

Decisions of the Board in respect of the following topics require a majority vote of 75% of the non-conflicted Directors voting at the meeting, unless otherwise agreed by EURONEXT and the Company:

- reduction in the choice, access to, and operating principles of Settlement Systems relevant to the Cash Common Services;
- changes of information technology systems or developments of new information technology architectures, advancements, in technologies (hardware, software and parameterisation of these hardwares and softwares) relating to the Cash Clearing Infrastructure; and
- allocation of costs relating to information technology systems developments (which include the costs incurred for hardware purchasing, software development, parameterisation, consultancy services, project management, related maintenance and support services and the Clearing Members technical support services) relating to the Cash Clearing Infrastructure.

## **Article 8. Alternate Director**

Any Director may give a proxy in writing (by email, fax or letter) to another Director to represent him/herself at a specified Board meeting.

Each Director may only hold one proxy per meeting and cannot represent more than one Director. An Independent Director may only appoint a proxy who qualifies as an Independent Director and any purported appointment of an alternative who does not so qualify will be void *ab initio*.

## **Article 9. Record of Board attendance**

Where Directors are unable to attend any Board meeting, they must notify the Secretary of their intended absence in a timely manner following receipt of their convening notice. The Secretary shall have the Directors sign the attendance register and take note of the Directors attending by means of videoconferencing or telecommunication, as the case may be. In the event that a Director has been repeatedly absent for more than three consecutive Board meetings, the Director concerned may be called to order by the Chairman.

The attendance register is kept in a safe in the office of the Secretary.

#### **Article 10. Minutes**

The minutes of any Board meetings shall be prepared by the Secretary. The minutes shall be subject to approval of the Chairman and CEO. They shall be distributed to the Directors and approved at the following meeting. Given the French and English composition of the Board, minutes shall be translated into French before being presented to the Board.

The minutes shall be signed by the chairman of the meeting and at least one Director. In case of impediment of the chairman of the meeting, the minutes shall be signed by at least two Directors.

Copies or extracts from the minutes of the meetings shall be validly certified either by the Chairman, the CEO, a Deputy-CEO (if any), any other Director temporarily delegated to fulfil the functions of the chairman, or by a proxy empowered for this purpose.

During the liquidation of the Company, these copies or extracts would be certified by a sole liquidator.

#### **Article 11. Board Secretary**

The Secretary may be any person that the Board elects to appoint.

The Secretary is responsible for convening the Board meetings and the shareholders' meetings on behalf of the Chairman. In conjunction with the Chairman and CEO, the Secretary draws up the agenda of the Board. The agenda and notice of any Board meeting shall be then sent to the Directors or any other Board meeting attendees such as representatives of the works council.

The Secretary establishes the list of the documents that will be provided to the Directors in accordance with the proposed agenda and ensures their collection. The content of all the supplied documents shall be subject to the approval of the Chairman and the CEO before being sent or transmitted to Directors where practicable, approximately a week before the proposed Board meeting.

In compliance with laws and regulations, the Secretary shall ensure that copies of minutes are provided upon request to anyone entitled to receive such copies.

The Secretary is available to satisfy any request for information from a Director regarding his/her rights and obligations, the operation of the Board or the life of the Company.

The Secretary submits evidence of any official changes (Directors, financial statements, articles of association, etc.) to the commercial registry and to any relevant legal gazette, if required.

#### **Article 12. Powers of the Board**

The Board determines the business strategies of the Company and oversees their implementation. Subject to the powers that the laws and regulations expressly reserve to general meetings of shareholders and to the Managers in Charge, namely the CEO and the other person(s) designated as "dirigeant effectif" of the Company, and within the limits of the Company's corporate purpose, the Board is responsible for the overall management of the Company, deals with all questions concerning the smooth course of the Company's business and passes resolutions to settle all matters that concern it.

This Article does not prevent the Board from having full access to relevant information which is outside the scope of the matters listed in this Article. In following this Article, the Board shall have regard to the relevant provisions of the Relationship Agreement.

The business of the Company will be managed in a manner that is consistent with LCH.Clearnet Group Limited being run at all times in accordance with the Core Operating Principles.

Within this framework, and without this list being exhaustive:

- (a) with respect to business management and strategy, the Board shall:
  - establish clear objectives and strategies for the Company;
  - approve the Company's annual operating and capital expenditure budget;
  - approve any material changes to the Company's budget;
  - review the Company's performance in light of the strategy, objectives, business plans and budgets approved by the Board and any subsequent revision, and ensure that appropriate corrective action is taken;
  - approve any change in the fee grid which has a material impact on the relevant Business line's approved budget;
  - ensure that no person, save for the CEO, is entitled on his/her own, on behalf of the Company, to make an expense exceeding EUR 100,000 and to commit to its payment;
  - approve the terms and conditions of any merger agreement between the Company and a third party;
  - convene and set the agenda of the shareholders' meeting;
  - approve the planned extension of the Company's activities through the launch of new products or the launch of existing products in new geographic areas;
- (b) with respect to the structure and capital of the Company, the Board shall issue a report to the shareholders to recommend:
  - any changes relating to the Company's share or regulatory capital structure including any reduction of capital, issue of shares or other securities and share buy-back, to be decided upon by a general meeting of shareholders. In addition to shareholder approval, each issue of shares in the Company shall be subject to the consent of LSEG for so long as LSEG and any member of its Group hold in aggregate a Significant Interest in LCH.Clearnet Group Limited (such consent not to be unreasonably delayed), (save where such breach results from the issue or loan by a member of the LCH Group of a de minimis number of shares to one or more of its directors to comply with legal requirements);
  - any changes to the Company's legal status to be decided upon by general meeting of shareholders;
  - any changes to the Company's management and control structure to be decided upon by general meeting of shareholders;
- (c) with respect to remuneration of the Company's employees, the Board shall:
  - establish and regularly review appropriate remuneration policies, with the assistance of the Remuneration Committee, and control its implementation;
  - on the basis of the recommendation of the Remuneration Committee, to the extent required by EMIR or by the Company's regulators, approve the remuneration policy for the Chairman of the Board, the Executive Directors of the Company, the Company's Head of Compliance and Public Affairs and any other senior executive personnel of the Company as decided by the Board;

- determine the remuneration of the non-executive Directors of the Company;
  - in consultation with the Boards of other LCH Group subsidiary companies (as applicable), determine any material changes to the Company's pension arrangements;
- (d) with respect to financial reporting and controls, the Board shall:
- prepare the Company's annual accounts to be approved by general meeting of shareholders and issue a related management report to the shareholders;
  - issue a report to the shareholders to recommend the payment of any interim and final dividend to be decided upon by general meeting of shareholders;
  - approve any significant changes in accounting policies or practices;
- (e) with respect to risk management, the Board shall:
- establish and monitor the risk management function of the Company;
  - determine the general framework of membership rules (e.g. criteria for admission) following recommendation from the Risk Committee;
  - determine the general framework of risk control rules following recommendation from the Risk Committee;
  - determine the framework of Default Fund rules following recommendation from the Risk Committee;
  - approve the internal policy framework for defining the type of extreme but plausible market conditions that could expose the Company to greatest risk following recommendation of the Risk Committee and review any material change reported by the Risk Committee and any review undertaken by the Risk Committee and reported to the Board;
  - approve the new stress-testing model following recommendation from the Risk Committee;
  - determine the Company's Liquidity Policy, Risk Appetite Statement, Operational Risk Policy, Treasury Investment Policy and Interest Rate Risk Policy and any significant changes to those policies, following recommendation from the Risk Committee;
  - approve the liquidity plan after consulting the Risk Committee;
  - approve the level of liquidity risk tolerance determined by the Managers in Charge, and come to a decision at least once per year on such level of risk tolerance and on the strategies, policies, procedures, systems, tools and limits allowing the Company to detect, measure, manage and follow the liquidity risk, and approve any material change thereto;
  - approve the limits (including, without limitation, the risk global limits) proposed by the Managers in Charge after having consulted, as the case may be, the Risk Committee;
  - determine the conditions of communication and periodicity under which information on whether risk limits are satisfied, including whether global limits are likely to be reached, is communicated to the Board and the Risk Committee
  - approve the business continuity policy and the disaster recovery plan of the Company, and review independent reviews of such business continuity policy and disaster recovery plan reported to the Board;

- oversee the crisis management function of the Company;
  - ratify the suitability of any guarantor which is the issuer of a commercial bank guarantee to be accepted as collateral, after a full assessment of the issuer and of the legal, contractual and operational framework of the guarantee and ensure that the Company has a high level of comfort on the effectiveness of the guarantee;
  - approve the policy for the use of derivative contracts by the Company for the purpose of investing its financial resources, after having consulted the Risk Committee;
  - approve each year, or following any material change, the model that the financial and non-financial counterparties shall have for using marking-to-model as referred to in the EMIR Regulation, unless this approval has been delegated by the Board to a Committee (e.g. the Risk Committee);
  - review the results of the independent audit assessments of the information technology systems and the information security framework reported to the Board;
  - approve the contemplated dismissal of the chief risk officer (*responsable de la fonction de gestion des risques*);
- (f) with respect to Board membership and other appointments, the Board shall:
- recommend changes to the structure, size and composition of the Board upon recommendations from the Group Nomination Committee, to be approved by general meeting of shareholders;
  - ensure adequate succession planning for the Board;
  - decide appointments to the Board Committees further to recommendations from the Group Nomination Committee;
  - appoint the Chairman of the Board and the CEO and determine their remuneration;
  - in consultation with the Company's Head of Compliance and Public Affairs (or his or her designee) manage and authorise Director conflicts of interest in accordance with these Terms of Reference;
  - recommend the appointment or reappointment of the external auditor upon recommendations from the Audit Committee, to be approved by general meeting of shareholders;
  - be responsible for the oversight of the Company's Head of Compliance and Public Affairs, internal audit function and chief risk officer (all of which report directly to the Board); and
  - effectively monitor the Senior Management of the Company.
- (g) with respect to delegation of authority, the Board shall approve the terms of reference of Board Committees and any changes thereto;
- (h) with respect to compliance and internal control, the Board shall:
- determine the compliance policies and procedures of the Company, jointly with the Managers in Charge;
  - monitor the compliance function and internal control function of the Company;
  - review on a regular basis, with the assistance of the Risk Committee, the policies

- implemented in order to comply with internal control requirements, and assess the efficiency of such policies, arrangements and procedures implemented for the same purpose and of the measures taken to remedy any failures;
- review on a regular basis, with the assistance of the Risk Committee, the effectiveness of the implementation of the Company's risk and control processes by the Managers in Charge and take all appropriate measures to remedy any failures;
  - undertake twice a year a review of the Company's risk and control processes, results and activities of the internal control system, including the control of compliance, and the significant incidents revealed by the internal control procedures;
  - determine the nature, volume, form and frequency of information communicated to the Board;
  - set the criteria and thresholds of significance allowing the identification of incidents by risk analysis and risk measurement systems, which must be brought to its attention;
  - approve the audit planning of the Company and its review;
  - oversee the outsourcing arrangements of the Company;
  - oversee the compliance of the Company with all provisions of the EMIR Regulation and all other regulatory and supervisory requirements;
  - meet with the Company's Head of Compliance and Public Affairs at least once per year, together with the Managers in Charge, to which the Company's Head of Compliance and Public Affairs reports;
  - provide accountability to the shareholders or owners and employees, clearing members and their customers of the Company and other relevant stakeholders;
- (i) with respect to corporate governance and compliance, the Board shall:
- undertake an annual review of its own performance and that of its Committees;
  - oversee compliance with applicable legal, regulatory and contractual requirements from time to time; and
  - take into account any implications of the group for the Company's own governance arrangements (including having an appropriate conflicts policy in place) including whether the Company has the necessary level of independence to meet its regulatory obligations as a distinct legal person and whether its independence could be compromised by the group structure.

If there is any doubt as to whether a particular matter falls within the scope of this Article, the matter shall be brought to the attention of the Secretary of the Board who shall refer it to the Chairman of the Board who shall then decide whether the matter referred to him is reserved for the Board and his decision shall be final.

### **Article 13. Company management (Chairman – CEO)**

The Board appoints from the Directors a Chairman, who shall be an individual. The Chairman may be dismissed at any time by the Board.

In following this Article, the Board shall have regard to the relevant provisions of the Relationship Agreement.

#### **13.1 General Management**

The Board shall entrust the General Management to the CEO.

The Chairman does not assume the General Management, he/she has no executive responsibilities and will be in charge of the following functions:

- To ensure the proper operation of the Company's bodies and in particular ensure that the Directors are able to carry out their duties within the Board;
- To report to the shareholders' meeting on the manner in which the work of the Board and the internal control procedures implemented by the Company are prepared and organized;
- To ensure the application of good governance standards;
- To maintain, in consultation with the CEO, the Company's high-level relationships with customers, regulators and public authorities both in France and abroad.

As the functions of Chairman and CEO are separated, the Board, with assistance from its Committees, appoints the CEO, sets the term of office, determines the remuneration and, if necessary, the limitations on its powers.

The CEO may be dismissed at any time by the Board.

With respect to day-to-day management, the CEO is vested with the broadest powers to act in any and all circumstances in the name of the Company. He/she exercises these powers within the limits of the Company's corporate purpose and subject to those powers that the law expressly reserves to general meetings of shareholders and to the Board.

The CEO represents the Company in its relationship with third parties. The CEO is also responsible for providing the Board and its Committees with the information they need and to implement the decisions taken by the Board.

As an internal restriction only and without effect towards third parties, the CEO must obtain the prior approval by a resolution of the Board in order to carry out:

- any planned extension of the Company's activities through the launch of new products or through the launch of existing products in new geographic areas;
- any opening of a new branch or representative office of the Company, whether conducting clearing activities through such branch or office or otherwise;
- any type of joint venture arrangement between the Company and any third party;
- any acquisition of a business with a valuation representing 5% or more of the Company's net revenue stated in the last audited accounts published by the LCH Group;
- any disposal of all or any material part of the Company's business;
- any decision to cease to operate all or any material part of the Company's business;
- any major change to the Company's corporate structure such as the creation of new holding or subsidiary companies;
- any contract which the Company or any subsidiary of the Company proposes to enter into in the ordinary course of business of the Company, which is material to the Company's business strategically or by reason of its duration (over three years) or its size, namely with an estimated or actual present value of EUR 5,000,000 or more;
- any contract which the Company or any subsidiary of the Company proposes to enter into outside the ordinary course of business of the Company including any loan or similar arrangement with a value of EUR

- 1,000,000 or more;
- any acquisition or disposal of shares or any interest in shares of the Company, any significant investment in any third party or the making of any takeover offer;
- any prosecution, defence or settlement of litigation worth at least EUR 2,000,000 or otherwise material to the Company's interests;
- any item of expenditure or the incurrence of any liability if such expenditure or liability is in excess of EUR 10,000,000 or results in the total limit on spending or costs set out in the annual budget exceeding the budgeted level by more than 10%;
- any material acquisitions and disposals, including in relation to intellectual property and the Company's various business segments and group undertakings. For the purposes of this paragraph, an acquisition or disposal shall be **material** if the value of the consideration or the assets which are the subject of the transaction exceed an aggregate amount of EUR 10,000,000;
- any material borrowings and material capital expenditure. For the purposes of this paragraph: (i) **material borrowings** includes any new committed facilities (irrespective of the size of the borrowing), the Preferred Securities (as defined in the Articles of LCH.Clearnet Group Limited) and any intra-day or over-night settlement bank and concentration bank facilities entered into for the purposes of the Company's clearing activities; and (ii) capital expenditure shall be **material** if it exceeds an aggregate annual amount of EUR 3,000,000; and
- any material IT investments proposed to be made by the Company. IT investments shall be **material** if they exceed an aggregate annual amount of EUR 2,000,000.

### 13.2 Managers in Charge

The Managers in Charge (dirigeants effectifs) and other members of the Senior Management of the Company (if any), are both empowered with the effective determination of the operation of the Company's business. In summary, they are responsible for (i) the accounting and financial information of the Company, (ii) ensuring the Company complies with French and EU law requirements relating to its own funds and (iii) ensuring the Company complies with French law requirements relating to internal control within the Company. In particular but not limited to:

- (a) with respect to risk management, the Managers in Charge and other members of the Senior Management of the Company (if any) shall:
  - ensure consistency of the Company's activities with the objectives and strategy of the Company as determined by the Board;
  - ensure that sufficient resources are devoted to risk management;
  - determine and manage effective admission to clearing membership, and provide feedback and suggestions to the Board as well as information to the Risk Committee, in respect of the determination by the Board of a general framework of membership rules;
  - determine and manage day to day risk control designed or adapted for the clearing of a new market, and provide feedback and suggestions to the Board as well as information to the Risk Committee, in respect of the determination by the Board of a general framework of risk control rules;
  - determine and manage any change in the size of the Default Fund, and provide feedback and suggestions to the Board as well as information to the Risk Committee, in respect of the determination by the Board of a general framework of Default Fund rules;
  - provide feedback and suggestions to the Board as well as information to the Risk Committee

in respect of new stress-testing model to be approved by the Board;

- provide feedback and suggestions to the Board as well as information to the Risk Committee in respect of the Company's Liquidity Policy, Risk Appetite Statement, Operational Risk Policy, Treasury Investment Policy and Interest Rate Risk Policy and any significant changes to those policies to be determined by the Board;
  - determine the level of liquidity risk tolerance to be approved by the Board and the liquidity management policy adapted to the level of risk tolerance, and set up the procedures, systems, limits and tools to identify, measure and manage the liquidity risk; review the adequacy of such procedures, systems, limits and tools by controlling the evolution of the liquidity and communicate at least twice per year the results of their analyses to the Board and the Risk Committee
  - determine and review, as often as necessary and at least once per year, the risk global limits to be approved by the Board;
  - more generally, ensure that risks posed to the Company by its clearing and activities linked to the clearing are duly addressed;
- (b) with respect to compliance and internal controls, the Managers in Charge and other members of the Senior Management of the Company (if any) shall:
- determine the compliance policies and procedures of the Company that promote the Company's objectives, jointly with the Board;
  - determine, implement and amend if necessary the effective Company's risk, compliance and internal control processes and procedures (subject to regular review and testing and control of their efficiency );
  - provide the Board and the Risk Committee with information on a regular basis, and at least once per year, on (i) the essential items and main lessons which can be drawn from the analysis and follow-up of the activity and results of the Company and the LCH Group, (ii) the measures taken to ensure the continuity of the activity and the assessment of the efficiency of the current arrangements, and (iii) the measures taken to ensure the control of the outsourced activities and the potential risks arising therefrom for the Company;
  - ensure that sufficient resources are devoted to compliance.

#### **Article 14. Conflicts of Interest**

14.1 Subject to Article 14.18 and applicable Regulatory Requirements, a Director shall be authorised by the Board to act or continue to act as a Director of the Company notwithstanding that at the time of his/her appointment or subsequently he/she also:

- holds office as a director of, or holds any other office or employment with, any other member of the LCH Group or the LSEG Group;
- holds office as a director of, or holds any other office or employment with, any other Eligible Institution that is a shareholder;
- participates in any scheme, transaction or arrangement for the benefit of the employees or former employees of the Company or any other member of the LCH Group or the LSEG Group (including any pension fund or retirement, death or disability scheme or other bonus or employee benefit scheme); or
- is interested directly or indirectly in any shares or debentures (or any rights to acquire shares or

debentures) in the Company or any other member of the LCH Group or the LSEG Group; and such authorisation shall also apply to a conflicting interest or duty that subsequently arises as a result of such office, employment, participation or interest.

14.2 A majority of the Independent Directors (in consultation with the Company's Head of Compliance and Public Affairs (or his or her designee)) may, in accordance with Article 14.18, authorise any matter proposed to them which would, if not so authorised, involve a breach by a Director of his/her duty to avoid Conflicts of Interest.

14.3 Any authorisation under Article 14.2 will be effective only if:

- any requirement as to the quorum at the Board meeting at which the matter is considered is met without counting the Director in question or any other Director interested in the matter under consideration; and
- the matter was agreed to without such Directors voting or would have been agreed to if such Directors' votes had not been counted.

14.4 The Board may give any authorisation under Article 14.2 upon such terms as it thinks fit. The Board may vary or terminate any such authorisation at any time.

14.5 For the purposes of this Article 14, a Conflict of Interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.

14.6 A Director shall be under no duty to the Company with respect to any information which he/she obtains or has obtained otherwise than as a Director and in respect of which he/she owes a duty of confidentiality to another person. In particular the Director shall not be in breach of the general duties he/she owes to the Company if he/she:

- fails to disclose any such information to the Board or to any Director or other officer or employee of the Company; or
- does not use or apply any such information in performing his/her duties as a Director.

However, to the extent that his/her relationship with that other person gives rise to a Conflict of Interest or possible Conflict of Interest, this Article 14.6 applies only if the existence of that relationship has been authorised pursuant to Articles 14.1 or 14.2.

14.7 Where the existence of a Director's relationship with another person has been authorised pursuant to Articles 14.1 or 14.2 and his/her relationship with that person gives rise to a Conflict of Interest or possible Conflict of Interest, such Director shall not be in breach of the general duties he/she owes to the Company if at his/her discretion or upon suggestion of the Board or any Committee he/she:

- absents him/herself from a meeting of the Board or a Committee at which any matter relating to the Conflict of Interest or possible Conflict of Interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; or
- makes arrangements not to receive documents and information relating to any matter which gives rise to the Conflict of Interest or possible Conflict of Interest sent or supplied by or on behalf of the Company or for such documents and information to be received and read by a professional adviser on his/her behalf;

for so long as he/she reasonably believes such Conflict of Interest (or possible Conflict of Interest) subsists.

14.8 The provisions of Articles 14.6 and 14.7 are without prejudice to any equitable principle or rule of law

which may excuse the Director from:

- disclosing information, in circumstances where disclosure would otherwise be required under these Terms of Reference; or
  - attending meetings or discussions or receiving documents and information as referred to in Article 14.7, in circumstances where such attendance or receiving such documents and information would otherwise be required under these Terms of Reference.
- 14.9 Subject to Article 24, a Director who is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his/her interest to the Board before the Company enters into the transaction or arrangement.
- 14.10 Subject to Article 24, a Director who is in any way, directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his/her interest to the Board as soon as is reasonably practicable, unless the interest has already been declared under Article 14.9.
- 14.11 Subject to Article 24, any declaration required by Article 14.9. may (but need not) be made at a Board meeting or by notice in writing. Any declaration required by Article 14.10 must be made at a Board meeting or by notice in writing.
- 14.12 If a declaration made under Article 14.9 or 14.10 proves to be, or becomes, inaccurate or incomplete, a further declaration must be made as appropriate.
- 14.13 Subject to Article 24, a Director need not declare an interest under this Article 14:
- if it cannot reasonably be regarded as likely to give rise to a Conflict of Interest;
  - if, or to the extent that, the Board is already aware of it (and for this purpose the Board is treated as aware of anything of which it ought reasonably to be aware);
  - if he/she is not aware of his/her interest or is not aware of the transaction or arrangement in question (and for this purpose a Director is treated as being aware of matters of which he/she ought reasonably to be aware).
- 14.14 Subject to the provisions of the law and provided that he/she has declared the nature and extent of any direct or indirect interest of his/hers in accordance with this Article 14, where Article 14.13 applies and no declaration of interest is required, or where Article 14.1 applies, a Director notwithstanding his/her office:
- may be a party to, or otherwise be interested in, any transaction or arrangement with the Company or in which the Company is directly or indirectly interested;
  - may act by him/herself or through his/her firm in a professional capacity for the Company (otherwise than as auditor), and in any such case on such terms as to remuneration and otherwise as the Board may decide; or
  - may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise be interested in, any corporate body:
    - in which the Company is directly or indirectly interested as shareholder or otherwise; or
    - which is the parent undertaking of the Company or a subsidiary undertaking of any parent undertaking of the Company; or
    - with which he/she has such a relationship at the request or direction of the Company or any

parent undertaking of the Company or a subsidiary undertaking of any parent undertaking of the Company.

14.15 A Director shall not, by reason of his/her office, be accountable to the Company for any remuneration or other benefit which he/she derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate:

- the acceptance, entry into or existence of which has been authorised pursuant to Articles 14.1 or 14.2; or
- which he/she is permitted to hold or enter into pursuant to Article 14.14 or otherwise pursuant to these Terms of Reference;

nor shall the receipt of any such remuneration or other benefit constitute a breach of his/her duty not to accept benefits from third parties. No transaction or arrangement authorised or permitted pursuant to Article 14.1, 14.2 or 14.14 or otherwise pursuant to these Terms of Reference shall be liable to be avoided on the ground of any such interest or benefit.

14.16 Subject to the terms of the Relationship Agreement, a Director nominated by a shareholder of LCH.Clearnet Group Limited (or that Director's alternate) may not provide to the shareholder of LCH.Clearnet Group Limited which nominated him any information which he or she receives by virtue of being a Director without the consent of a majority of the Independent Directors. The Independent Directors may give such consent either generally or in relation to specific information, and may vary or withdraw such consent at their absolute discretion.

14.17 Without prejudice to the Director's disclosure obligations under the law and these Terms of Reference, but subject to Articles 4.2 above, 14.18 and 24 below, a Director may:

- vote at any meeting of the Board or of a Committee on any resolution and be counted in the quorum present at a meeting in relation to any resolution; or
- participate in any decision unanimously taken;

concerning a transaction or arrangement with the Company or in which the Company is interested, or concerning any other matter in which the Company is interested, notwithstanding that the Director is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the Company in relation to it.

14.18 If a majority of the Independent Directors (in consultation with the Company's Head of Compliance and Public Affairs (or his or her designee)) determine that there is a conflict of interest, pursuant to Articles 14.1 to 14.15, between:

- (a) (i) a shareholder of LCH.Clearnet Group Limited which is connected to a Director by virtue of his employment or directorship (a "**Conflicted Shareholder**") and (ii) the Company or any other member of the LCH Group due to litigation, arbitration or other dispute, or the proposed entry into, material variation or termination of a contract, between any member of the LCH Group and the Conflicted Shareholder; or
- (b) (i) a Conflicted Shareholder other than LSEG and (ii) the Company or any other member of the LCH Group due to a matter other than those set out in (a) above;

each of (a) and (b) being a "**Conflict Situation**", then any Director connected to such Conflicted Shareholder shall abstain him/herself from attending any meeting (or part of a meeting) or participating in discussions or voting on any resolution at meetings of the Board or any Committee which relate to the relevant Conflict Situation, or from receiving confidential information concerning such Conflict Situation, unless a majority of the Independent Directors, in consultation with the Company's Head of Compliance and

Public Affairs (or his or her designee) agree otherwise.

#### **Article 15. Committees of the Board**

Committees established by the Board shall be responsible for preparing some of the deliberations of the Board and submitting to the Board their opinions, proposals and recommendations.

Committees may, in the exercise of their duties, after having informed the Chairman, carry out at the Company's expense any study that may inform the deliberations of the Board. In carrying out its duties, the Committees may interview the LCH Group management as well as auditors.

There are four standing committees which assist the Company: the Audit Committee, the Risk Committee, the Remuneration Committee and the Group Nomination Committee. Each Committee is composed of Directors or other individuals with specific skills in given areas.

In addition to these standing Committees, the Board may establish one or more *ad hoc* Committees.

The Group Nomination Committee is a LCH Group level committee but can make recommendations to the Board in relation to the Company.

The proceedings of the Committees shall be governed by those provisions of the articles of association of the Company and of these Terms of Reference which regulate the proceedings of Directors so far as they apply.

#### **Article 16. Audit Committee**

Organisation and functioning of the Company's Audit Committee is detailed in the *Terms of reference of the Audit Committee* from time to time.

These terms of reference are reviewed annually and are subject to approval of the Board. These terms of reference shall be on substantially similar terms to the terms of reference of the audit committee of LCH.Clearnet Group Limited, subject to any changes required by the regulators of LCH Group or as a result of applicable law or regulation, including with regard to the composition of the Company's Audit Committee.

LSEG shall be entitled to nominate a director (or, following the appointment by LSEG of one independent non-executive director as an LSEG Director to the LCH.Clearnet Group board, other LSEG Audit Representative) to the Company's Audit Committee.

#### **Article 17. Risk Committee**

Organisation and functioning of the Company's Risk Committee is detailed in the terms of reference of the Risk Committee from time to time.

These terms of reference are reviewed annually and are subject to approval of the Board.

LSEG shall be entitled to nominate to the Company's Risk Committee:

- for so long as LSEG has a Significant Interest in LCH.Clearnet Group Limited, the vice-chairman (or such other person as LSEG chooses); and
- for so long as LSEG has a Material Interest in LCH.Clearnet Group Limited, one representative,

in each case, provided that such person has the skills and experience commensurate with such a role.

#### **Article 18. Group Nomination Committee**

Organisation and functioning of the Group Nomination Committee is detailed in the terms of reference of the Nomination Committee from time to time

These terms of reference are reviewed annually and are subject to approval of the board of LCH.Clearnet Group Limited, the Board, the Boards of any other entities within the LCH Group from time to time and LSEG (for so long as LSEG is entitled to exercise or control the exercise of at least 40% of the votes able to be cast on all or substantially all matters at general meetings of LCH Clearnet Group Limited).

If the Company establishes its own nomination committee, such committee shall adopt terms of reference on substantially similar terms to the terms of reference of the Group Nomination Committee, subject to any changes required by the regulators of LCH Group or as a result of applicable law or regulation, including with regard to the composition of such nomination committee.

LSEG shall be entitled to nominate a director, who is a director appointed by LSEG on the board of any LCH Group company (or other LSEG NomCom Representative) to the Company's nomination committee.

#### **Article 19. Remuneration Committee**

The Company has established its own Remuneration Committee and has therefore adopted terms of reference which take into account the remuneration policy and principles applied by the remuneration committee of LCH.Clearnet Group Limited (Group) and the remuneration committee of LSEG for its executive management.

Organisation and functioning of the Remuneration Committee is detailed in the LCH.Clearnet SA terms of reference of the Remuneration Committee of the Board of Directors from time to time. These terms of reference are reviewed annually.

Such terms of reference may be amended with the approval of the Board only and (for so long as LSEG is entitled to exercise or control the exercise of at least 40 per cent of the votes able to be cast on all or substantially all matters at general meetings in the Company and only to the extent that LSEG's rights or interests in those paragraphs are being amended) the consent of LSEG.

The Remuneration Committee shall also be mindful of its obligation to operate in accordance with the terms set out in clause 12 of the Relationship Agreement between inter alia LCH Group and LSEG, as amended from time to time.

Eventually, for so long as LSEG is entitled to exercise or control the exercise of at least 5 per cent of the votes able to be cast on all or substantially all matters at general meetings in the Company, LSEG shall be entitled to nominate one independent non-executive director of the board of LSEG (who may also be, but is not required to be, a director appointed to the Board of the Company by LSEG) to the Remuneration Committee. Ideally such independent non-executive director of the board of LSEG would also be a member of LSEG's remuneration committee.

#### **Article 20. Remuneration of non-executive Directors**

Non-executive Directors may only receive a fixed annual sum as compensation for their activity (as Directors and/or Committees members), the amount of which would be decided by the shareholders' meeting.

The Board may decide to entrust certain Directors with specific tasks or services for and on behalf of the Company. Directors shall on the recommendation of the Remuneration Committee be entitled to exceptional remuneration as the Board may determine in respect of these specific tasks or services, excluding the Independent Directors.

No Independent Director or non-executive Director may receive performance-based remuneration for their services.

#### **Article 21. Reimbursement of expenses**

Expenses regarding travel, accommodation, food services and the tasks of Directors related to Board meetings, Committee meetings or any other meeting regarding the work of the Board or its Committees, shall be covered or shall be subject to reimbursement by the Company, upon the presentation of receipts.

The Secretary receives and verifies the aforementioned receipts and sees to their payment or to the reimbursement of the amounts due.

## **Article 22. Training**

Upon their appointment or throughout the duration of their term, each Director can receive training regarding the activities of the Company as deemed necessary for the fulfilment of their tasks.

Any Director who wishes to receive training on his/her role as a Director or the specific features of the Company may request it at any time. One or more ad hoc training sessions will then be set up which will include meetings with the executive officers.

Information on the specific accounting, financial and operational features of the Company is made available to all members of the Audit Committee on request.

## **Article 23. Evaluation of the Board**

Each year, a questionnaire evaluating the Board's performance is submitted to each Director.

This questionnaire covers the Board's activities demonstrating its role and responsibilities, organisation, operation and training policy. The analysis of the questionnaire is done anonymously and the results shall be presented at the last meeting of the Board for the year. The results of this evaluation as well as the follow up measures that may be decided shall be outlined in the minutes of the meeting.

## **Article 24. Related party agreements between the Company and a manager, a Director or a shareholder**

Save for transactions entered into by the Company in the ordinary course of business and transactions entered into two companies if one of them holds, directly or indirectly, the entire share capital of the other (after deduction of the minimum number of shares required to comply with article L. 225-1 of the French Commercial Code), agreements between the Company and its Chairman, its CEO, one of its Deputy-CEO (if any), one of its Directors, or one of its shareholders holding over 10% of the voting rights of the Company, or in the case of a company which is a shareholder of the Company, agreements with the entity that controls this shareholder, shall be subject to the authorisation, verification and approval procedure provided for in the French commercial code. The same applies to agreements in which one of the above persons has an indirect interest or where they enter into an agreement with the Company through an intermediary.

Agreements between the Company and an entity where the CEO of the Company, one of the Deputy-CEO of the Company (if any) or one of the Directors of the Company is a shareholder, a partner with unlimited liability, a manager, a director, a member of the supervisory board or, in general, a manager of that entity, are also subject to the aforementioned procedure.

Directors (whether legal persons or not) are prohibited, under penalty of nullity of the contract, from entering into contracts in relation to obtaining from the Company (i) loans or overdrafts on a current account, or (ii) an endorsement or guarantee of the Directors' commitments towards third parties. This prohibition also applies to the spouses, ascendants and descendants of the Directors as well as to all intermediaries.

**LCH.CLEARNET SA**  
(the *Company*)

**TERMS OF REFERENCE OF THE RISK COMMITTEE  
OF THE BOARD OF DIRECTORS**

Adopted by the board of directors on 8 October 2015

**1. COMPOSITION**

**1.1** The Risk Committee (the *Committee*) shall, subject to paragraph 1.4 below and subject to any co-option as referred to in paragraph 1.10 below, comprise:

- 1.1.1 such number of independent non-executive directors that is required from time to time each of whom has been appointed either (i) in accordance with, and satisfies the criteria for independence set out in, the terms of reference of the LCH.Clearnet group nomination committee or (ii) in the case of the Vice Chairman of the Committee (the *Vice Chairman*), who has been appointed pursuant to paragraph 1.4 below, satisfies all applicable corporate governance standards of independence (each, an *Independent Director*). One of the Independent Directors will be the Chairman of the Committee (the *Committee Chairman*) nominated by the Board and one will be the Vice Chairman of the Committee, if relevant, appointed pursuant to paragraph 1.4 below;
- 1.1.2 such number of members who represent a clearing member of the Company or part of the group to which a clearing member belongs that is required from time to time and who have significant expertise and experience in market, credit or liquidity risk management or other risk disciplines related to CCP risk management(each, a *User*); and
- 1.1.3 such number of representatives of end-client of Users (who shall have significant expertise and experience in risk-related, audit, regulatory or compliance issues) that is required from time to time (each, a *Client*); provided that: (1) the Committee Chairman is an Independent Director; (2) at least 35% but not more than 50% of Committee members are Independent Directors; (3) not more than 50% of Committee members are Users; (4) at least 10% but not more than 50% of Committee members are Clients; and (5) no User, or Client representatives are also employees of the LCH.Clearnet group (the *Group*).

**1.2** The following individuals may be invited to attend the meetings of the Committee on relevant matters from time to time, in a non-voting capacity:

- 1.2.1 the Chairman of the Audit Committee of the Company;
- 1.2.2 *ex officio* the Chief Executive Officer of the Company;
- 1.2.3 *ex officio* the Chief Risk Officer of the Company who shall be responsible for all technical issues and recommendations made to the Committee;

- 1.2.4 *ex officio* the Group Chief Risk Officer;
  - 1.2.5 *ex officio* the Chief Executive Officer of LCH.Clearnet Group Limited;
  - 1.2.6 *ex officio* the Head of Financial Risk of the London Stock Exchange Group plc, or their nominated delegate;
  - 1.2.7 *ex officio* a representative of Euronext who shall be a specialist in risk related , audit, regulatory or compliance issues , or their nominated delegate;
  - 1.2.8 such other individuals within the Group as considered appropriate by the Committee; and
- 1.3 such other risk expert individuals who are representatives of Users of the Company (who are not already represented by a voting member of the Committee) as considered appropriate by the Committee (hereafter the (“**Risk Expert Attendees**”). Members of the Committee shall be appointed by the Board in consultation with the Committee Chairman, save (i) for the Vice Chairman or who shall be appointed pursuant to paragraph 1.4 below and (ii) in the circumstances described in paragraph 2.7 below.
- 1.4 For so long as the London Stock Exchange Group plc (**LSEG**) is entitled to exercise or control the exercise of at least 40 per cent. of the votes able to be cast on all or substantially all matters at general meetings of the Company, LSEG shall be entitled to appoint the Vice Chairman to the Committee provided that such person has the skills and experience commensurate with such a role.
- 1.5 Committee members that are not Independent Directors (each, an **External Committee Member**) attend in their capacity as risk experts and represent the clearing members or end-user clients (as the case may be) as a whole.
- 1.6 Only one External Committee Member from each User or Client (or, if any are part of a group, the group to which such User or Client belongs), is permitted. External Committee Members will do their best to contribute both their own expertise and the expertise of the User or Client (or group, if appropriate) for which they work for all markets and products which the User or Client (or group, if appropriate) clears with the Company. Where expertise other than the specialty of the External Committee Member is required, he will consult internally prior to the Committee meeting. Papers will be issued in good time to permit this.
- 1.7 User and Client membership of the Committee will be reviewed on an annual basis at a minimum. The metric for determining which Users and Clients are members of the Committee will be based on factors including the asset classes cleared, volume cleared, the level of contribution to the relevant default funds and whether they have previously been a voting member of the Committee.
- 1.8 As far as Users’ membership of the Committee is concerned, a rotation between Risk Experts shall be performed, as previously approved by the Board, in accordance with the terms set out in Appendix 1.

- 1.9 The Company secretary or his or her appointed nominee shall be secretary of the Committee (the ***Committee Secretary***).
- 1.10 The Committee Chairman, Vice Chairman and Committee Secretary will together seek to ensure that the Committee has a suitable range of expertise to consider and evaluate the risk matters placed before it, with particular reference to changes in the risks managed by the Company.
- 1.11 The Committee may co-opt any person, either for consideration of an individual subject or for a longer period.
- 1.12 The Committee may set up one or more advisory groups for the purpose of reporting back to it on specific issues. The Committee shall not delegate any of its powers or responsibilities set out herein to any such advisory group.
- 1.13 Subject to paragraph 1.4, the Board may remove members of the Committee with or without cause. It is acknowledged that competent regulatory authorities shall have the right to request to attend Committee meetings in a non-voting capacity and be duly informed of the activities and decisions of the Committee.

## 2. CONDUCT OF MEETINGS

- 2.1 Notice of meetings shall be given by the Committee Chairman, or the Committee Secretary at the request of the Committee Chairman.
- 2.2 Save for in exceptional circumstances, (i) notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend prior to the date of the meeting in a timely manner and (ii) supporting papers shall be sent to Committee members, and to other attendees, as appropriate, at least 72 hours before the start of each meeting.
- 2.3 In exceptional circumstances the Chairman has the discretion to convene a meeting of the Committee on short notice.
- 2.4 Meetings shall be held a minimum of six times per year, or more frequently according to the business to be considered.
- 2.5 Other than in exceptional circumstances, all meetings shall be held in one of the registered offices of the Group entities.
- 2.6 Committee members, including External Committee Members are encouraged to attend Committee meetings in person. Meetings can however be attended by audio or video conference facilities if necessary.
- 2.7 A quorum shall consist of a majority of the Committee members, including the Committee Chairman or Vice Chairman who shall at his sole discretion decide whether to defer decisions or recommendations on certain items in the light of the balance of attendance. Exceptionally, the Committee Chairman or Vice Chairman may nominate another Independent Director to represent them. Without prejudice to the above, in the event that the quorum requirement would not be met, the Committee Chairman, for the purpose of a specific meeting, may appoint a Risk Expert as a User

Member (hereafter a Back-up Member) from a list approved by the Board and in the order established by such a list. In any event, the Committee Chairman shall ensure, when appointing a Back-up Member, that there is an appropriate representation of clearing members as a whole and shall report such an appointment to the Board.

- 2.8 Decisions will be taken by consensus. If no consensus can be reached then the topic shall be put to a vote. All voting members of the Committee have one vote. The decision will be taken by simple majority of those present at the meeting. A decision requires the majority of the Independent Directors present at the meeting to vote in favour.
- 2.9 The Committee Chairman and/or Vice Chairman shall report to the Board of the Company on the discussions, decisions and recommendations of the Committee in order for the Board to formally ratify these decisions and recommendations. The Committee Secretary shall make all minutes available to the Board and to the respective Committee Chairmen of the Audit Committee of the Company and of LCH.Clearnet Group Limited.
- 2.10 The Chief Risk Officer of the Company shall report to the Board of LCH.Clearnet Group Limited on the discussions, decisions and recommendations of the Committee to formally ratify those decisions and recommendations which affect the Group.

## **PURPOSE OF THE COMMITTEE**

### **3. RISK APPETITE**

To consider and comment on aspects of the Company's risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment, as reported upon regularly at Committee meetings.

### **4. EXECUTIVE RISK COMMITTEE**

- 4.1 To receive advice, recommendations and updates (as applicable) from the Executive Risk Committee of the Company (*ERCo*) in respect of the areas to which ERCo's delegated powers, described in these Terms of Reference, apply and in respect of proposed revisions to the risk policies and risk methodology subject to the ERCo's oversight and review.
- 4.2 To receive a detailed report from the ERCo which includes (i) the risk profile of the Company and the Group on a monthly basis and its evolution over time, (ii) qualitative comments from the ERCo and the Chief Risk Officer of the Company in relation to areas of potential concern, and (iii) a particular focus on concentration risk and members' margin circumstances.

## **5. CLARIFICATION OF THE POWERS OF THE CHIEF EXECUTIVE OFFICER OF THE COMPANY**

- 5.1 The Chief Executive Officer of the Company has responsibility for all risk decisions taken within the framework of agreed risk policies. The exercise of these powers is considered necessary to formally preserve the independence of risk management, to avoid conflicts of interest if the Board or Committee was involved in the decision taking, and to ensure a timely response to situations which may develop or deteriorate rapidly.
- 5.2 These powers of the Chief Executive Officer establish a boundary line between the Committee's role in respect of policy review and recommendation and executive responsibility for risk management actions within the agreed policy framework.
- 5.3 The Chief Executive Officer may delegate the powers necessary to achieve the performance and implementation of any and all of his responsibilities and decisions referred to in these Terms of Reference to the Chief Risk Officer of the Company.

## **6. MEMBERSHIP**

- 6.1 To review, on a periodic basis, criteria for initial admission to clearing membership and continuing membership criteria, to consider proposals for new criteria, and, as appropriate, to recommend any changes to the relevant decision-making body.
- 6.2 To review decisions of the Chief Executive Officer of the Company or his delegate relating to approvals and denials of membership applications.
- 6.3 To review annually the Counterparty Credit Risk Policy and, as appropriate, to recommend any changes to the Board. This review should include data on the previous year's changes in overall membership, specific aggregate information on the nature of the new members (if any) and their risk profile (if different from the existing membership), together with an assessment of any potential policy implications.
- 6.4 Clarification of approvals of the Chief Executive Officer of the Company:
  - 6.4.1 Pursuant to paragraph 6.1 above, application by a current clearing member to extend its clearing activities *vis-a-vis* the Company may be approved by the Chief Executive Officer of the Company subject to the Committee and the Board being notified. The Chief Executive Officer of the Company may, at his discretion, refer any such applications for consideration by the Committee.
  - 6.4.2 Pursuant to paragraph 6.3 above and without prejudice to the Committee's authority under paragraph 6.2 above, new membership applications may be approved by the Chief Executive Officer of the Company subject to the applicant meeting the criteria determined by the Committee (and endorsed by the Board) subject to the Committee being notified of any such approvals. If an applicant is rejected by the Chief Executive Officer of the Company, it may appeal to the Board. If, before coming to a decision, the Chief Executive Officer of the Company has particular concerns regarding the applicant, he may

exceptionally refer such an application for consideration by the Committee.

## 7. NEW CLEARING ACTIVITY: NEW MARKETS AND CONTRACTS

- 7.1 To consider the risk controls designed or adapted for the clearing of a new market (whether in the form of an exchange, or of a new product-specific OTC clearing service) or new class of instruments, and to recommend to the Board for approval.
- 7.2 To consider the risk controls designed or adapted for the clearing of a new contract proposed by a cleared exchange, or a new product type proposed for the Company's clearing service, and to recommend to the Board for approval.
- 7.3 To consider the risk controls designed or adapted for the continued clearing of an exchange contract or OTC clearing service product whose proposed terms have been significantly modified, and to make a recommendation to the Board on the continuation of clearing.
- 7.4 To review, on an annual basis (or more frequently if deemed necessary), the risk policy on the eligibility of new products accepted for clearing, to consider proposals for the amendment of the policy, and, as appropriate, to recommend any changes to the Board.
- 7.5 To review, on an annual basis (or more frequently if deemed necessary), the policy containing the principles for managing the counterparty risk of other central counterparties with which an interoperability link has been established and, as appropriate, to recommend any changes to the Board.
- 7.6 Clarification of approvals of the Chief Executive Officer of the Company:
  - 7.6.1 Pursuant to paragraph 7.2 above and without prejudice to the Committee's authority contained therein, approval for the clearing of new contracts or products which present no novel risk features and require no amendment of risk controls may be granted by the Chief Executive Officer of the Company, subject to the Committee being notified of any such approvals. The Chief Executive Officer may, at his discretion, refer any such applications for consideration by the Committee.
  - 7.6.2 In cases where the proposal is that the Company should clear a potentially large number of new contracts or products, none of which present novel risk features, the proposal will be presented for Committee consideration because of the proposed scale of the extension of clearing. The Committee will make a recommendation to the Board for approval.

## 8. MARGINING

- 8.1 To consider proposals for significant amendments to, or the introduction of new, variation margin methodologies, and, as appropriate, to recommend any changes to the Board.

- 8.2 To review, on an annual basis (or more frequently if deemed necessary), the initial margin policies, consider amendments to the policies and, as appropriate, to recommend any changes to the Board.
- 8.3 To consider proposals for significant amendments to, or the introduction of new, initial margin methodologies, and, as appropriate, to recommend any changes to the Board.
- 8.4 To review, on an annual basis (or more frequently if deemed necessary), the company's intra-day calling policy, to consider proposals for the adoption of a new policy, and, as appropriate, to recommend any changes to the Board.
- 8.5 Clarification of powers of the Chief Executive Officer of the Company:
  - 8.5.1 The establishment and regular review of initial margin parameters at contract level, the introduction of higher initial margin parameters or other financial requirements specific to a member or a group of members, and intra-day calls under the current policy.
- 8.6 Clarification of powers delegated to the Chief Risk Officer of the Company:
  - 8.6.1 In the context of initial margin rate setting policies approved by the Committee and the Board, and with reference to the powers of the Chief Executive Officer of the Company in respect of initial margin rates, the Chief Risk Officer of the Company in his role as Director, Risk Management of the Company, shall ensure that any rate that does not directly flow from any of the policies is documented as exceptional treatment. The reason for such treatment must be either that a disproportionate and unrealistic margin rate would otherwise have been established or that application of the documented policy would lower a rate or rates at a time of significant volatility and run a high risk of rapid reversal. The Chief Risk Officer of the Company will ensure that the Committee is informed of such treatment in the case of major contracts as part of standard reporting of margin adequacy.

## 9. **DEFAULT FUND, DEFAULT RULES AND DEFAULT PROCEDURES**

- 9.1 To review quarterly, and on an *ad hoc* basis, as initiated by the Chief Risk Officer of the Company, the adequacy of the default funds of the Company (the **Default Funds**) on the basis of stress-testing figures, and to recommend any change in the size of the Default Funds to the Board for approval. To review, on an annual basis (or more frequently if deemed necessary), the Default Fund policies and recommend any changes to these policies to the Board for approval.
- 9.2 To consider any adjustment to the stress testing model or the assumptions used in the model and to recommend any changes to the Board.
- 9.3 To consider any proposals to adopt a new stress-testing model and to recommend to the Board for approval.
- 9.4 To consider any proposals for changes to the Default Fund Rules and, as appropriate, make recommendations to the Board for approval.

- 9.5 To consider the default management policy for managing a default across individual and multiple product lines and to make recommendations to the Board for approval.
- 9.6 To consider as soon as possible after a member default, the default procedures taken and the continued adequacy of the Default Rules and, as appropriate, make recommendations to the Board.
- 9.7 The Committee will be notified of any significant amendments, additions or deletions to the stress testing scenarios. The Committee may also request new scenarios to be added to the stress testing model.
- 9.8 Clarification of powers of the Chief Executive Officer of the Company:

- 9.8.1 Pursuant to paragraph 9.1 above, the periodic recalculation of the Default Fund size and contributions, the stress test parameters as well as the review of the cap and floor of the Default Fund where applied, within the scope of the policy approved by the Board.
- 9.8.2 Pursuant to paragraph 9.5 above, default declaration and management are a Chief Executive Officer responsibility, subject to a commitment to notify the Board and convene a meeting of the Board if appropriate.

## **10. PAYMENT AND MONEY SETTLEMENT ARRANGEMENTS, BANK EXPOSURES, LIQUIDITY RISK AND COLLATERAL POLICY**

- 10.1 To review, on an annual basis (or more frequently if deemed necessary), the Company's payment and money settlement arrangements and collateral custody arrangements, to consider proposals for modification of those arrangements and, as appropriate, to recommend changes to the Board.
- 10.2 To review, on an annual basis (or more frequently if deemed necessary), the Company's 'Investment Risk Policy' for setting bank limits and 'Liquidity Risk Policy' for determining liquidity needs, to consider proposals to change these policies, and, as appropriate, to recommend any changes to the Board for approval.
- 10.3 To review, on an annual basis (or more frequently if deemed necessary), the Company's policy on acceptable forms of collateral contained within the Collateral Risk Policy together with the haircuts applied, to consider proposals to change these policies, and, as appropriate, to recommend any changes to the Board.
- 10.4 Clarification of discretion of the Chief Executive Officer of the Company:

- 10.4.1 Pursuant to paragraph 10.2 above, to decrease or remove investments or a counterparty's investment limits if there are concerns over the investment or counterparty for any reason.
- 10.4.2 To approve proposals for the periodic adjustment of exposure limits within the scope of the Credit Risk Management Framework approved by the Committee.

- 10.4.3 To change repo limits in line with the size of the cash portfolio to ensure that the assigned limits do not act as a constraint on securing the portfolio.
- 10.4.4 If any of the limits or restrictions detailed in the Collateral Risk Policy and/or the Investment Risk Policy are breached, that breach must be (i) notified to the Chief Risk Officer and Head of CaLM, (ii) signed off by either the Chief Risk Officer or the Head of CaLM and (iii) reported to the Committee, the ERCo, the Chief Executive Officers of the Company and of LCH.Clearnet Group Limited and the Audit Committees of the Company and of LCH.Clearnet Group Limited.

## **11. OPERATIONAL RISK MANAGEMENT**

- 11.1 To review, on an annual basis (or more frequently if deemed necessary), the Company's Operational Risk Policy and to consider proposals for modification of those arrangements and to make recommendations to the Board for approval.
- 11.2 On request by the Audit Committee or the Board to review and provide advice on any aspects of the Company's operational risk management framework.

## **12. REGULATORY ISSUES**

- 12.1 To consider any risk policy-related regulatory issues referred to it, and to make recommendations to the Board.
- 12.2 To consider any issue relating to the outsourcing of functions which may impact the risk management of the CCP and periodically review any relevant outsourcing policy implemented by the Company.
- 12.3 To ensure that the Company promptly reports to the relevant regulatory authorities of any decision in which the Board has rejected a recommendation of, or superseded an action by, the Committee, such report to contain at a minimum the following:
  - 12.3.1 the Committee's recommendation or action, as applicable;
  - 12.3.2 the rationale for such recommendation or action;
  - 12.3.3 the rationale of the Board for rejecting such recommendation or superseding such action; and
  - 12.3.4 the course of action the Board decided to take contrary to such recommendation or action.
- 12.4 The Committee Chairman, or his or her designee, will make available to the Chief Compliance Officer of the Company such information relating to the Committee's work as is necessary for the Chief Compliance Officer of the Company to draft and submit:
  - 12.4.1 the Company's annual compliance report (i) to the ACP as required under French law and regulation in force from time to time, (ii) to the FSA, Treasury and OFT as required under UK law and regulations in force from time to time, and (iii) to the CFTC as required under the

CFTC Rules in force from time to time and any successor regulation; and

- 12.4.2 any other reports that the Chief Compliance Officer of the Company may from time to time be required to submit, pursuant to regulatory requirements.

It is noted that in the event that the Board does not follow a recommendation of the Committee the *Autorité de Contrôle Prudentiel*, as the lead regulator of the Company, will be notified by the Company Secretary.

### **13. MISCELLANEOUS**

- 13.1 To discharge any duties ascribed to the Committee in the Group risk policies reviewed by the Committee from time to time.
- 13.2 To consider any other matters as directed by the Board.
- 13.3 To hold joint meetings with the Risk Committee of LCH.Clearnet Limited, LCH.Clearnet LLC and the Risk Committees of any other operating subsidiaries of the Group as there may be from time to time.

### **14. PUBLICATIONS**

The Committee shall ensure that summaries of significant decisions implicating the public interest, including all decisions relating to (i) open access; (ii) membership; and (iii) the finding of products acceptable or not acceptable for clearing, including a description regarding whether the Board has rejected or superseded an action of the Committee, shall be made public on the Company's website in an up to date, clear and accurate manner.

### **15. REGULAR REPORTS**

- 15.1 The Committee shall consider and review regular reports prepared by the Risk Management department of the Company which shall cover developments in the previous three months, or as otherwise determined, in at least the following areas:

- 15.1.1 Membership (additions, deletions, extensions to business cleared, and other significant developments, including training provided)
- 15.1.2 Operation and adequacy of margin rate setting (back testing) and of the default fund (as revealed by the stress test results)
- 15.1.3 Operation of Liquidity Risk policy
- 15.1.4 Operation of Counterparty Credit Risk policy
- 15.1.5 Operation of Collateral Risk policy
- 15.1.6 Operation of Payment, Settlement and Custody Risk policy
- 15.1.7 Operation of Investment Risk Policy; and
- 15.1.8 Any other material issues which have arisen during the previous three

months for any risk policy or its implementation.

## **16. CONFIDENTIALITY AND CONFLICTS OF INTEREST**

- 16.1 Without prejudice to any rights LSEG may have in the Relationship Agreement between the Company and LSEG, all confidential matters considered by the Committee and any confidential information disclosed to members of the Committee in connection with their position as a member of the Committee must remain confidential, notwithstanding the company to which that information relates, nor whether the member is a director of that company or not, save as required to be disclosed by law or regulation. Any other persons (with the sole exception of competent regulatory authorities) involved in the Committee's work shall either be bound by undertakings of professional secrecy or by ad hoc confidentiality agreements with the Committee.
- 16.2 Conflicts of interest relating to Committee members shall be governed by the relevant provisions in the reglement interieur of the Company from time to time and those relevant provisions shall apply to the External Committee Members as if they were directors of the Company.

## **17. HARMONISATION WITH LCH.CLEARNET LIMITED AND/OR LCH.CLEARNET LLC**

- 17.1 To review any proposals for harmonisation of policies or procedures between the Company, LCH.Clearnet Limited, LCH.Clearnet LLC and any other operating subsidiaries of the Group as there may be from time to time, having regard to local law or regulatory requirements and liquidity characteristics of the relevant entity in the Group, and, as appropriate, to recommend any changes to the Board.
- 17.2 In the event that the Risk Committees of the Company, LCH.Clearnet Limited, LCH.Clearnet LLC and any other operating subsidiaries of the Group as there may be from time to time cannot agree on the harmonisation issues, the Board of LCH.Clearnet Group Limited and the Board of the relevant operating subsidiary together are responsible for the final decision.

## **18. RELATIONSHIP WITH THE COMPANY'S AUDIT COMMITTEE**

- 18.1 Internal audits, external audits, investigations and reviews carried out under the auspices of (and contained in the relevant regular reporting to) the Company's Audit Committee will cover those departments and teams executing the policies and methodologies set by the Risk Committee.

## **19. AUTHORITY**

- 19.1 The Committee is authorised to: (i) investigate any activity relating to these Terms of Reference; (ii) seek any information it requires from any employee of the Company in order to perform its duties; (iii) call any employee to be questioned at a Committee meeting as and when required; and (iv) obtain at the Company's expense, outside legal or other professional advice on any matter within its Terms of Reference.
- 19.2 In particular, the Committee shall have access to: (i) the risk management department (to assess how the remuneration structure affects the risk profile of the Company); (ii) the human resource department; (iii) the compliance department (to ensure legal and

regulatory changes are properly implemented); and (iv) the internal audit department (who shall periodically carry out and report to the Committee on an independent audit of the design, implementation and effects of the remuneration structure).

## 20. **OTHER**

- 20.1 Notwithstanding any other provision set out herein, the Committee is solely accountable to, and reports solely to, the Board of the Company. Without limiting the foregoing, no decisions made by the Committee under paragraph 6 (*Membership*) or paragraph 7 (*New Clearing Activity: New Markets and Contracts*) may be restricted or otherwise limited by any body other than the Board of the Company.
- 20.2 Every member of the Committee shall be given a copy of these Terms of Reference.
- 20.3 The Committee, in particular the Independent Directors, shall be provided with appropriate and timely training, both as an induction process and on an ongoing basis, and provided with access to external consultancy support, when required.
- 20.4 The Committee shall arrange for periodic reviews of its own performance and, at least annually, shall arrange for independent internal review of its constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **APPENDIX I**

### **Rotation of voting rights Among Users**

A number of Risk Experts who attend the Risk Committee fulfil the criteria of Users. The voting rights of the Risk Committee are rotated between the Risk Experts on a regular basis (at least once a year), so as to ensure compliance with the quorum requirements set out in Clause 1.1 of the Terms of Reference.

The following criteria are applied by the Board when rotating the voting rights of the Risk Committee:

1. Expertise in matters of risk;
2. Length of service on the Risk Committee;
3. Attendance at Risk Committee meetings; and
4. The Chairman of the Risk Committee being satisfied that the membership of Users on the Risk Committee is an appropriate representation of the clearing members as a whole.

## **EXHIBIT A-5**

**LCH.CLEARNET SA**  
(the *Company*)

### **TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

Adopted by the board of directors on 4 December 2014

#### **1. PURPOSE**

- 1.1 The Audit Committee (the *Committee*) shall be appointed by the Board of Directors of the Company (the *Board*) and shall represent the interests of the Board in the sound financial management and internal control management of the Company.
- 1.2 The Committee shall determine whether management has put in place adequate internal control systems that provide reasonable assurance that corporate objectives will be achieved and that the Company complies with applicable regulatory requirements, in force from time to time.
- 1.3 The Committee shall assist the Board in fulfilling its responsibility relating to:
  - 1.3.1 Review of the Company's audited financial statements;
  - 1.3.2 Review of the external auditor appointed by the Company (the *External Auditor*);
  - 1.3.3 Review of the Company's internal audit function;
  - 1.3.4 Review of the Company's regulatory compliance;
  - 1.3.5 Review of the Company's Risk Governance Framework (including its operational risk framework); Review the Company's compliance with its risk governance framework, in particular through review of the Company's combined assurance report;
  - 1.3.6 Review of the Company's internal control environment; and
  - 1.3.7 Review of the Company's Information Security and Business Continuity Planning programmes.
- 1.4 The Committee shall keep itself informed of any changes in the laws and regulations applicable to the audit policy of the Company and the matters for which the Committee is responsible.
- 1.5 Nothing in these Terms of Reference shall diminish the responsibility of the Board to maintain ongoing review of the Company's audit policy.

#### **2. STRUCTURE AND MEMBERSHIP**

##### **2.1 Composition**

- 2.1.1 The Committee shall comprise no fewer than four non-executive directors of the Board, of which:

- (a) no fewer than three shall be independent non-executive directors of the Board, each of whom has been appointed in accordance with, and satisfies the criteria for independence set out in, the terms of reference of the LCH.Clearnet group nomination committee (the ***Independent Directors***) and one of such Independent Directors shall be appointed chairman of the Committee (the ***Committee Chairman***);
  - (b) one shall be a member of the Risk Committee of LCH.Clearnet SA;
  - (c) one shall be a director associated with or connected to LCH.Clearnet Group Limited shareholders other than exchanges, trading venues, multilateral trading facilities, alternative trading systems or similar (***User Director***); and
  - (d) for so long as London Stock Exchange Group plc (***LSEG***) is entitled to exercise or control the exercise of at least 20 per cent. of the votes able to be cast on all or substantially all matters at general meetings of LCH.Clearnet Group Limited (***Material Interest***), one shall be a director recommended or approved by LSEG (the ***LSEG Director***) (or, following the appointment of one independent non-executive director to the Board of LCH.Clearnet Group Limited by LSEG pursuant to Clause 10.10 of the Relationship Agreement between the Company and LSEG (***RA***), the LSEG chief financial officer, the LSEG chief risk officer or the LSEG head of audit, or any other person of appropriate seniority and expertise as may be agreed from time to time between LSEG and the Chairman of the Board (the ***LSEG Audit Representative***)).
- 2.1.2 Members of the Committee shall ideally have significant, recent and relevant financial experience, either by virtue of their experience in the senior executive or non-executive management or regulation of another financial institution, or as an auditor or finance director (or holding that responsibility) within a different company. At least one Committee member should have a professional qualification from one of the professional accountancy bodies.

## 2.2 Selection and Removal

- 2.2.1 Subject to paragraph 2.1.1(d), members of the Committee shall be selected and appointed by the Board at any time in consultation with the Committee Chairman.
- 2.2.2 Subject to paragraph 2.1.1(d), the Board may remove members of the Committee with or without cause.

## 2.3 Committee Chairman

- 2.3.1 The Board normally elects the Committee Chairman. On an exceptional basis and in the absence of the appointed Committee Chairman, the Committee shall elect a substitute Committee Chairman from amongst its ranks by majority vote.
- 2.3.2 For the avoidance of doubt, the Committee Chairman may also be appointed as Chairman to the audit committees of LCH.Clearnet Limited, LCH.Clearnet Group Limited and/or LCH.Clearnet LLC.

2.3.3 The Committee Chairman will keep the Committee's composition under review and shall make proposals to the Board accordingly.

## 2.4 **Secretary**

2.4.1 The secretary to the Committee (the **Committee Secretary**) shall be the Company secretary or such other person as he may nominate.

2.4.2 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required and, where deemed necessary or appropriate, to professional advisors.

## 2.5 **Notice of Meetings**

2.5.1 Notice of meetings shall be given by the Committee Chairman, or the Committee Secretary at the request of the Committee Chairman.

2.5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required or permitted to attend prior to the date of the meeting in a timely manner. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.

## 2.6 **Frequency of meetings and location**

The Committee shall meet as frequently as it determines necessary, but not less frequently than four times per year and otherwise as required. Other than in exceptional circumstances, all meetings shall be held in one of the registered offices of the Group entities. The Committee Chairman, or any other member of the Committee, may call meetings of the Committee. The External Auditor may request a special meeting at any time.

## 2.7 **Attendance**

2.7.1 Only members of the Committee have the right to attend Committee meetings.

2.7.2 Members of the Company's executive, the Head of Internal Audit of the Company and representatives of the External Auditor may attend the meetings by invitation as and when appropriate and necessary, in accordance with items on the agenda.

2.7.3 Members of the Committee may hold meetings in person, by telephone or by video conferences.

## 2.8 **Quorum**

The quorum for meetings shall be (i) the Committee Chairman, (ii) the User Director, (iii) for so long as LSEG holds a Material Interest in the Company, the LSEG Director or, following the appointment of one independent non-executive director to the Board of LCH.Clearnet Group Limited pursuant to Clause 10.10 of the RA, other LSEG Audit Representative and (iv) one other member of the Committee. Two of the directors present shall be Independent Directors and one shall have recent and relevant financial experience. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **2.9 Conduct of Meetings**

Except as outlined above, meetings of the Committee shall be conducted in accordance with the provisions of the Company's articles of association governing the proceedings of directors.

## **2.10 Remuneration**

The remuneration of Committee members shall be as determined by the Board. No member of the Committee may receive any consulting, performance, advisory or other compensatory fee from the Company other than fees paid in his or her capacity as a member of the Board or as a member of a Committee of the Board.

## **3. AUTHORITY AND RESPONSIBILITIES**

- 3.1** The Committee's role is one of review. The authority and responsibilities set forth do not reflect nor create any duty or obligation of the Committee to (i) plan or conduct any audit, although the Committee is responsible for agreeing the programme of audits proposed by the Internal Audit department and challenging the outcome of the audits, as appropriate, (ii) determine or certify that the Company's financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles or applicable law, or (iii) guarantee the External Auditor's report.
- 3.2** The Committee will hold joint sessions of meetings with the audit committees of LCH.Clearnet Group Limited, LCH.Clearnet Limited and LCH.Clearnet LLC from time to time as appropriate. All directors remain equally responsible for the affairs of the Company of which they are a director, as a matter of law.
- 3.3** The Committee shall perform the following specific functions:

### *3.3.1 Review of the Company's Financial Statements*

The Committee shall review, discuss with [and challenge where necessary] the Company's management and the External Auditor with regard to the Company's audited financial statements, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance, before their approval by the Board, notably concerning:

- (a) Compliance with accounting standards, policies, practices, legal requirements as well as any changes;
- (b) Major judgmental areas;
- (c) Any significant adjustments arising from the audit;
- (d) The "going-concern" assumption;
- (e) The proposed statement on the directors' review of the Company's system of internal control;
- (f) Other material written communication between the External Auditor and Company management.

### 3.3.2 *Review of the External Auditor*

- (a) *Selection.* The Committee shall be responsible for making recommendations to the Board concerning the appointment, evaluation and termination of the engagement of the External Auditor for the Company. The Committee shall oversee the selection process for a new External Auditor and if an External Auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.
- (b) *Independence.* The Committee shall take, or recommend that the Board take, appropriate action to oversee the independence of the External Auditor. The Committee shall actively engage in dialogue with the External Auditor concerning any disclosed relationships or services that might impact upon the objectivity and independence of the External Auditor. It is the general policy of the Company that the currently engaged External Auditor will not be asked to tender for any non-audit services with the exception of tax advice directly related to the Company's existing business.
- (c) *Services and Compensation.* The Committee shall discuss with the External Auditor his proposals regarding the nature, scope and planning of his work and to ensure proper co-ordination with internal audits planned by the Company's Internal Audit department. The Committee shall review from time to time the operational, control and cost effectiveness of the External Auditor.
- (d) *Review.* The Committee shall have ultimate responsibility for overseeing the External Auditor, including resolution of disagreements between Company management and the External Auditor regarding financial reporting. It shall ensure that the External Auditor has the fullest co-operation of staff.
- (e) *Access.* The Committee has the right to have direct access to the Company's External Auditor on a confidential basis at any time. It shall meet the External Auditor without executives of the Company being present at least once a year.
- (f) *Former Employees.* The Committee shall agree with the Board a policy on the employment of former employees of the External Auditor, then monitoring the implementation of this policy.
- (g) *Ethical Standards.* The Committee shall monitor the External Auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements.
- (h) *Qualifications.* The Committee shall assess annually the qualifications, expertise and resources of the External Auditor and the effectiveness of the audit process, which shall include a report from the External Auditor on their own internal quality procedures.
- (i) *Co-ordination.* The Committee shall seek to ensure co-ordination with the activities of the internal audit function.

- (j) *Reports.* The Committee shall review with the External Auditor:
- (i) the interim and final audits;
  - (ii) any matters the External Auditor may wish to discuss;
  - (iii) any representation letters required by the External Auditor before they are signed by management;
  - (iv) the management letter and the responses from management; and
  - (v) compliance with any codes of conduct of corporate governance applicable from time to time or which the Board otherwise determines should be complied with to achieve best practice corporate governance standards.

### 3.3.3 *Review of the Company's Internal Audit Function*

The Committee shall regularly review the functioning of the Internal Audit department, notably concerning:

- (a) *Internal Audit Charter.* The Committee shall review from time to time, and no less frequently than once every three years, the Internal Audit Charter of the Company.
- (b) *Audit Planning.* The Committee shall review the annual audit plan prepared by the Internal Audit department after approval by the CEO of the Company and ahead of annual submission to the Company's regulator. In doing so, the Committee shall determine whether the audit programme provides appropriate coverage and may request any special tasks or projects to be included in the plan. The Committee shall also ensure that the plan is effectively coordinated with the External Auditor and shall respond to any requests from the LCH.Clearnet Group Audit Committee to vary the internal audit programme of work, under the supervision of, and subject to the approval of the Board.
- (c) *Quality and Effectiveness.* The Committee shall monitor the quality and effectiveness of the Internal Audit department. An external review of Internal Audit will be conducted at least every three years. The Committee Chairman shall provide an annual appraisal of the Head of Internal Audit.
- (d) *Reporting line.* The Chairman of the Company shall, with the assistance of the advice and recommendations of the Committee, approve the appointment or termination of employment of the Head of Internal Audit of the Company and keep under review the reporting line to ensure independent operation of the department. In the event of an unresolved dispute between the executive and Internal Audit, or in respect of any matter he deems as being necessary, the Head of Internal Audit of the Company, to the extent such position exists within the Company from time to time, has the absolute right to report directly to the Committee Chairman or any Committee member.

- (e) *Resources.* The Committee shall monitor the adequacy of resources within the Internal Audit department.
- (f) *Reporting.* The Head of Internal Audit shall report directly to the Committee Chairman (as well as, where appropriate, the Chairman of the Board). The Committee shall agree and receive regular reporting from the Internal Audit department including coverage of completed audit assignments, follow up of issues and planned progress. It shall meet the Head of Internal Audit of the Company regularly, and at least once a year without executives of the Company being present.

#### 3.3.4 *Review of the Company's regulatory compliance*

The Committee shall:

- (a) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up actions;
- (b) review the Company's procedures for detecting and preventing financial crime including fraud, bribery and money-laundering;
- (c) discuss with management and the External Auditor any correspondence with regulators, which raise material issues regarding the Company's financial statements, accounting policies and/or internal control system;
- (d) monitor the Company's procedures for ensuring compliance with regulatory reporting requirements and its relationship with the relevant regulatory authorities;
- (e) review the performance of the Company's Chief Compliance Officer and make recommendations with respect to such performance to the Board; and
- (f) discuss legal matters that may have a material impact on the financial statements or on the Company's compliance policies.

#### 3.3.5 *Review of the Company's Risk Management Framework*

- (a) Review the process for the annual validations of the Company's risk management models;
- (b) Review breaches of the Company's Risk Governance Framework, as approved by the Board; and
- (c) Commission and review audit reports relating to the risk management of the Company.

3.3.6 *Review of the Company's Internal Control Environment*

- (a) *Internal Control.* The Committee shall:
- (i) keep under review the Company's framework of internal controls and make recommendations for change to the Board;
  - (ii) consider internal reports on the operation of controls and the proposals for implementation of change and strengthening;
  - (iii) receive annually reports as required by articles 42 and 43 of the French CRBF Regulation no. 97-02 dated 21 February 1997 relating to internal control of credit institutions and investment firms, as amended, and the Règlement Général de l'Autorité des Marchés Financiers (or any other similar reports required by law or regulation from time to time) on the conditions in which internal control is conducted and on the measurement and monitoring of internal controls and compliance;
  - (iv) review at least once a year the provisions for business continuity and disaster recovery and the assessment of the effectiveness of the arrangements in place;
  - (v) review at least once a year the measures taken to control outsourced activities and any risks the Company may incur; and
  - (vi) determine whether the risk internal control and compliance resources are adequate and whether such controls and monitoring have appropriate standing within the Company.
- (b) *Issues.* The Committee shall consider any major findings, and management response(s) arising from internal audits, external audits, management reporting and internal investigations, and any other reviews carried out (including recommendations from regulatory authorities) and take appropriate actions, which include escalating issues to the Board where appropriate.

3.3.7 *Review of the Company's Information Security and Business Continuity Planning programmes*

- (a) Review written reports or minutes of meetings regarding the Company's information security programme and business continuity planning programme. The written reports or minutes should address the results of the risk assessment process; risk management and control decisions; service provider arrangements; results of security monitoring and testing; business continuity planning exercise schedules and results; business continuity planning invocations; security breaches or violations and management response; information security; business continuity planning awareness programme status; and recommendations for major changes to the information security or business continuity planning programmes.

- (b) Provide feedback and questions to information security and business continuity planning management on desired metrics, reporting detail and specific concerns.

### 3.3.8 *Coordination with the Group Audit Committee and SA Risk Committee*

- (a) The work of the Committee is complementary to that of the audit committee of LCH.Clearnet Group Limited. It will be that Committee's responsibility to consider Group-level issues.
- (b) Internal audits, external audits, investigations and reviews carried out under the auspices of (and contained in the relevant reporting to) the Committee will include control areas responsible for executing the policies and methodologies set by the Company's Risk Committee.

### 3.3.9 *Other Subjects*

- (a) *Operational Risk Policy.* The Committee shall establish the Company's operational risk policy and will review the same on an annual basis. The Committee will (i) assess operational risk within the risk management processes and the related mitigating actions, requesting additional actions from the relevant business areas if necessary and (ii) assess any incidents resulting from operational risks in the risk management processes and the measures taken to prevent their recurrence in the future. The Committee will provide a report (or an executive summary thereof) to the Risk Committee on the same.
- (b) *Combined Assurance Report.* The Committee will (i) review the summary rating of the enterprise wide risks against the tolerance for the risk (ii) assess actions to mitigate the risk levels and request additional actions from the relevant business areas if necessary and (ii) assess any significant incidents impacting each risk type and the measures taken to prevent their recurrence in the future. The Committee will provide a report to the Board and an executive summary thereof to the Risk Committee on the same.
- (c) *Board Direction.* The Committee shall consider any other matters as directed by the Board.

## 4. PROVISIONS FOR ACCESS

### 4.1 Access to Management

The Committee shall have full and unrestricted access to the Company's management and employees, and to the Company's Internal and External Auditor. All employees are directed to co-operate with any requests made by the Committee.

### 4.2 Access to Outside Advisers

The Committee is authorised by the Board, at its discretion, to obtain independent professional advice and to secure the assistance of outsiders with relevant expertise. This

shall apply both to the Committee as a whole and to individual Committee members. Costs relating to the provision of advice shall be borne by the Company.

#### 4.3 **Access to Company Information**

The Committee shall have full and unrestricted access to (i) any systems or facilities of the Company and of the LCH.Clearnet group (the **Group**) and (ii) any books, records or other data it requires from the Company and from the Group in order to carry out its functions.

### 5. **REPORTING**

- 5.1 *Minutes / Agenda.* The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless it would be inappropriate to do so.

#### *Board Reporting*

- 5.2 The Committee Chairman shall report the Committee's discussions, decisions and recommendations to the Board, which shall decide on an appropriate policy response.
- 5.3 The Committee shall have no executive powers with respect to those findings and recommendations.
- 5.4 The Committee shall ensure that the Board is regularly informed of the adequacy of key control systems in the financial, operational and compliance-related areas.

#### *Annual Reports*

- 5.5 The Committee Chairman, or his or her designee, will make available to the Chief Compliance Officer of the Company such information relating to the Committee's work as is necessary for the Chief Compliance Officer of the Company to draft and submit the annual compliance reports required by applicable regulations in force from time to time.
- 5.6 The Committee shall produce a report including (i) a summary of its main responsibilities and the work of the Committee in discharging those responsibilities, (ii) details of its composition, including relevant qualifications and experience, (iii) an explanation of how it assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the External Auditor, (iv) information on the length of tenure of the current audit firm and when a tender was last conducted, (v) if the External Auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded and (vi) any significant issues the Committee considered in relation to the financial statements. This report shall be put to the Board for approval each year. Following such approval, that report is to be included in the Company's annual report.
- 5.7 Where requested by the Board, the Committee should provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

*Provision of information to LSEG*

- 5.8 The Chairman of the Committee shall liaise regularly with the chairman of the audit committee of LSEG with a view to assisting LSEG in fulfilling its own audit requirements, including with respect to the information set out at paragraph 3.3.1 above and as referred to in paragraph 5.9 below.
- 5.9 The Committee shall have regard for LCH.Clearnet Group Limited's obligations under the RA to provide information to LSEG, in particular under clause 21 of the RA and in particular with regard to LSEG's status as a listed issuer required to comply with the UK Corporate Governance Code.

**6. EDUCATION, TRAINING AND COMPETENCE**

- 6.1 An induction programme shall be provided for new Committee members. This shall cover the role of the Committee, including its Terms of Reference and expected time commitment by members and an overview of the Company's business, identifying the main business and financial dynamics and risks.
- 6.2 The Committee shall be provided with appropriate and timely training, both as an induction process and on an ongoing basis, and provided with access to external consultancy support, when required.
- 6.3 Induction and training may be provided on a joint basis with all or any of the audit committees of LCH.Clearnet Group Limited, LCH.Clearnet Limited and LCH.Clearnet LLC.

**7. CONFIDENTIALITY AND CONFLICTS OF INTEREST**

- 7.1 Without prejudice to any rights LSEG may have in the RA, all confidential matters considered by the Committee and any confidential information disclosed to members of the Committee in connection with their position as a member of the Committee must remain confidential, notwithstanding the company to which that information relates, nor whether the member is a director of that company or not, save as required to be disclosed by law or regulation. Any other persons involved in the Committee's work shall either be bound by undertakings of professional secrecy or by ad hoc confidentiality agreements with the Committee.
- 7.2 Conflicts of interest relating to Committee members shall be governed by the relevant provisions in the reglement interieur of the Company from time to time.
- 7.3 Any disagreement within the Board, including disagreement between the Committee's members and the rest of the Board, should be resolved at Board level. Where disagreements between the Committee and the Board cannot be resolved, the Committee will report the issue through the Audit Committee of LCH.Clearnet Group Limited to the Board of LCH.Clearnet Group Limited.

**8. ANNUAL EVALUATION AND TERMS OF REFERENCE REVIEW**

The Committee shall arrange for periodic reviews of its own performance and, at least annually, shall arrange for independent internal review of its constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## EXHIBIT D

*Attach as Exhibit D, a list of persons who directly or indirectly, through one or more intermediaries, are controlled by, or are under common control with, the clearing agency and indicate the nature of the control relationship.*

Attached, as Exhibit D-1, is a chart identifying the persons who directly or indirectly, through one or more intermediaries, are controlled by, or are under common control with, Group. The chart also identifies the nature of such relationships. As noted in Exhibit A, LSEG holds 58 percent of the equity voting shares of Group. Ownership of the remaining equity shares of Group is divided among the numerous users of Group (35 percent) and two exchanges (7 percent).

## EXHIBIT E

*Attach as Exhibit E, a copy of the currently effective constitution, articles of incorporation or association, by-laws, rules, procedures and instruments corresponding thereto, of the registrant and a complete list of all dues, fees and other charges imposed by registrant for its clearing agency activities.*

- LCH SA (“LCH”) is incorporated in France as a limited company (société anonyme) with the legal name Banque Centrale de Compensation and registered office located at 18, rue du Quatre Septembre, 75002 Paris, France. A copy of LCH’s Articles of Association updated as of April 8, 2016 is attached as Exhibit E-1.
- A copy of the Articles of Association of Group as adopted by a special resolution of shareholders passed on March 27, 2013 is attached as Exhibit E-2.
- An extract from the Paris Chamber of Commerce in respect of LCH is attached as Exhibit E-3.
- The CDS Clearing Rule Book which is currently in force is attached as Exhibit E-4.
- The CDS Clearing Supplement which is currently in force is attached as Exhibit E-5.
- The CDS Clearing Procedures for LCH are comprised of nine sections and are attached as Exhibits E-6.1 to E-6.9
- The CDS FCM Regulations are attached as Exhibit E-7.
- The CDS Dispute Resolution Protocol is attached as Exhibit E.8.
- A complete list of all dues, fees and other charges for clearing agency activities is attached as Exhibit Q.

**EXHIBIT E-1**

**BANQUE CENTRALE DE COMPENSATION**

**Trade names: LCH.Clearnet SA and LCH SA**

**Incorporated in France as a *société anonyme* (limited company)**

**with share capital of EUR 113,066,860.26 euros**

**Registered office: 18 rue du Quatre Septembre 75002 Paris, France  
692 032 485 R.C.S. Paris**

**ARTICLES OF ASSOCIATION**  
**(*Statuts*)**

Updated: 6 July 1992	:	Transfer of registered office
Updated: 13 March 1995	:	Transfer of registered office
Updated: 14 April 1998	:	Amendments: purpose, legal form, board composition, shares
Updated: 20 July 1998	:	Organisation of board
Updated: 10 August 1998	:	Purpose
Updated: 28 May 1999	:	Purpose, Share capital
Updated: 4 November 1999	:	Transfer of registered office
Updated: 20 October 2000	:	Share capital
Updated: 1 February 2001	:	Purpose, Share capital
Updated: 7 February 2002	:	Purpose, Share capital, Change of share capital, Shares, Board composition, Management shares, Proceedings of the board, Powers of the board, Chairman of the board of directors, Chairman – Managing directors, Government commissioner, Quorum and majority, Disputes – Election of domicile
Updated: 15 July 2003	:	Share capital
Updated: 22 December 2003	:	Change in share capital, Shares, Composition of the Board, Profits
Updated: 28 May 2004	:	Proceedings of the Boards
Updated: 5 November 2004	:	Transfer of registered office
Updated: 10 May 2006	:	Purpose
Updated: 17 April 2009	:	Purpose, Composition of the Board
Updated: 22 March 2010	:	Proceedings of the Board
Updated: 24 February 2012	:	Name, Corporate purpose, Share capital, Shares, Proceedings of the Board, Powers of the Board, Advisors ( <i>Censeurs</i> ), Agreements between the Company and a director, a manager or a shareholder, Convening of General Meetings, Quorum and Majority, Powers – Quorum and Majority, Accounts.
Updated: 11 June 2015	:	Board meetings, Chairman – Managing Directors, Advisors ( <i>Censeurs</i> ), Agreements between the Company and a director, a manager or a shareholder, Effects of deliberations, Convening of General Meetings, Powers – Quorum and Majority
Updated: 8 April 2016	:	Trade name

This English translation is for the convenience of English-speaking readers. However, only the French text has any legal value. Consequently, the translation may not be relied upon to sustain any legal claim, nor should it be used as the basis of any legal opinion..

The use of the masculine gender in these Articles of Association includes the feminine gender, and when the context requires, the use of the singular includes the plural.

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ARTICLE 3	CORPORATE PURPOSE	
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ARTICLE 26	FINANCIAL YEAR	
ARTICLE 27	ACCOUNTS	
ARTICLE 28	PROFITS	
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**TITLE I**  
**LEGAL FORM – NAME – PURPOSE – REGISTERED OFFICE - DURATION**

**ARTICLE 1 – LEGAL FORM**

The company is incorporated in France as a *société anonyme* (limited company) governed by the legal and regulatory provisions applicable to *sociétés anonymes*, by the Financial and Monetary Code, by any legal or regulatory provisions pertaining to said Code, and by these articles of association (*statuts*).

**ARTICLE 2 - NAME**

The company is named "Banque Centrale de Compensation".

In all acts and documents coming from the company and intended to third parties, the name has to be preceded or followed immediately by the words "société anonyme" or the initials "S.A." and the mention of the amount of the share capital.

**ARTICLE 3 – CORPORATE PURPOSE**

The main purpose of the company is to operate as a clearing house, as defined by Article L 440-1 of the Financial and Monetary Code and Articles 541-1 and the followings of the *Règlement général de l'Autorité des marchés financiers*.

In this respect, it shall be:

- the clearing house for financial instruments admitted on the negotiation on any regulated market, multilateral system of negotiation or any other form of market or system of negotiation managed by a investment company.
- the clearing house for financial instruments traded off-exchange and recorded under procedures that it establishes.

The company is entitled to lead activities of investment services in the limit of the approval of the *Autorité de contrôle prudentiel ("ACP")* as an investment services provider.

The company is also entitled to create, operate and manage a system of financial instrument's delivery payment as defined in Article L 330-1 of the Financial and Monetary Code.

It can clear and guarantee in full or in part the obligations arising from transactions on any market in financial instruments on the basis of and according to the conditions set forth in an agreement that it signs with the company that manages said market, within the limits authorised by the *ACP*.

Acting for its own account, for third parties or in partnership, both in France and abroad, the company can undertake transactions of any nature, whether bank-related (governed by Book V of the Financial and Monetary Code), financial, economic, industrial, legal, civil or commercial, or involving movable or immovable property, including resources and/or IT services provided notably to LCH.Clearnet Group Limited, to any entity which it controls within the meaning of Article L 233-1 et seq. of the Commercial Code, and to its members or to the suppliers of IT services to its members, that might relate directly or indirectly to the above purpose or to all similar, related or complementary purposes, subject to the authorisation of the *ACP* and in compliance with the legal and regulatory provisions applicable thereto, in accordance with French law, European Directives and international agreements.

**ARTICLE 4 – REGISTERED OFFICE**

The registered office is located at "Le Centorial, 18 rue du Quatre Septembre, 75002 Paris, France.

It can be transferred to any other place within the same city or to an adjacent administrative area (*département*), pursuant to a decision by the board of directors submitted for ratification to the next following ordinary general meeting of shareholders, or to any other place pursuant to a resolution of an extraordinary general meeting.

The board of directors may set up branches, offices, agencies or representation offices in any place it deems expedient, whether in France or in another country.

## **Article 5 - DURATION**

The duration of the company shall be ninety-nine (99) years, starting from its registration with the *Registre du Commerce* (Companies Register), except in the event of extension or early dissolution.

## **TITLE II**

### **SHARE CAPITAL - SHARES**

## **ARTICLE 6 - SHARE CAPITAL**

The share capital shall be EUR 113,066,860.26 divided into 7,416,700 fully paid-up and same category shares with no par value.

It is hereby recalled that:

- under the proceedings of the extraordinary general meeting of shareholders of 28 May 1999, the capital was increased by FRF 346,412,400 following the spin-off of the entire, autonomous clearing business of Société des Bourses Françaises (the former name of Euronext Paris SA);
- under the proceedings of the board of directors' meeting of 20 October 2000, the capital was converted to euro;
- under the proceedings the extraordinary general meeting of shareholders on 1 February 2001, the capital was increased by EUR 30,898,898 following the contribution of Dutch and Belgian clearing activities by AEX-EffectenClearing B.V., AEX-OpticClearing B.V. and Brussels Exchange Clearing House;
- under the proceedings of the combined general meeting of shareholders on 7 February 2002 the capital was increased by EUR 22,070,653.56 as a result of the interest taken by Euronext NV.
- Under the proceedings of the extraordinary general meeting of shareholders of 15 July 2003, the capital was increased by EUR 2,713,607.70 following the spin-off of the clearing business of Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados S.A.

## **ARTICLE 7 – CHANGE IN SHARE CAPITAL**

The extraordinary general meeting of shareholders may decide to increase or reduce the share capital, in accordance with law.

The annual general meeting may delegate to the Board the necessary powers to this effect.

Each time it is necessary to possess several shares to exercise any right, particularly in the case of a share reduction for whatever reason and whichever way it could be, the shareholders must take personally the grouping, and possibly the purchase or the sale of the number of necessary shares or rights.

The shareholders have, proportionally to the amount of their shares, a pre-emption right to the subscription of the cash shares issued to realise an increase in capital. The shareholders may renounce individually to their pre-emption right.

## **ARTICLE 8 - SHARES**

### 8.1 Payment on subscription

Cash shares must be paid up on subscription by not less than one-quarter of the value of the portion of capital represented, that is to say the non-specified nominal value resulting from the division of the share capital by the total

number of shares issued and the total issue premium. The balance shall be called by the board of directors within five years.

Shareholders shall be informed of capital calls at least twenty days in advance, either by insertion in a legal gazette in the place at which the company has its registered office or by individual registered letter.

Late payments in respect of shares shall bear interest for the company automatically and without prior notice. Such interest shall be calculated from the date such payments fall due at the legal business rate plus three percentage points.

## 8.2 Form – Classes of share

Shares shall be registered. Shares are held in book entry form, in accordance with prevailing law and regulations.

These registered accounts can be “pure registered” or “administrated nominative” accounts according to the choice of the shareholder’s preference.

## 8.3 Transfers

1.- Shares shall be conveyed solely by account transfer upon presentation of a transfer order signed by the transferor alone, if the shares are fully paid up, or by the transferor and the transferee if not.

The company can require that the signature of the parties be certified, as provided for in prevailing laws and regulations.

Shares are not eligible for transfer unless all due payments have been made.

2.- Shares and rights attaching to a capital increase by the company can be transferred freely between shareholders. They can also be transferred freely to a subsidiary, affiliate or parent company and, within the limit of a single share, to any natural person or to any legal persona designated by a shareholder as a candidate for a directorship.

For the purposes of these presents, (i) "subsidiary" shall mean any joint stock company in which one of the shareholders holds, directly or indirectly, fifty per cent (50%) or more of the voting rights at ordinary and extraordinary general meetings; (ii) "parent company" shall mean any joint stock company that holds, directly or indirectly, fifty per cent (50%) or more of the voting rights of one of the shareholders; (iii) "affiliate" shall mean any joint stock company in which fifty per cent (50%) or more of the voting rights is held by a parent company (as defined above).

Except as provided for in the above subparagraphs and in Article 8.2.II (b), any transfer of shares to a third party made in any way whatsoever, whether free of charge or for valuable consideration, even where such transfer involves a contribution to the company's assets or a voluntary or compulsory public tender, must be approved by the board of directors voting by a two-thirds majority of the incumbent directors, and under the terms specified herein, in order to be considered final. However, in the event of a division of a community of marital property or a transfer either to a spouse or to an ascendant or descendant, shares can be transferred freely.

3.- To that end, the company shall be informed of the transferee's authorisation application by means of an extrajudicial process or a registered letter with return receipt.

That application shall specify the number of shares to be transferred, the class and price of the shares, the full name, profession, business name, home address or registered office and nationality of the proposed transferee and, where the shares are not fully paid up, a transfer acceptance letter from the transferee.

In the event of a transfer of rights to subscribe for a capital increase, the transferor shall dispatch an authorisation application, as per the above subparagraph.

Within three months of such application, the board of directors shall inform the transferor whether or not it accepts the proposed transfer. Absent notification within three months, the authorisation is accorded.

The board of directors shall not be required to disclose the reasons for a refusal. The decision taken by the board voting by a two-thirds majority, likewise the refusal of an authorisation owing to the absence of a majority, shall be made known to the parties concerned by registered letter with return receipt.

Where the application is accepted, the shares must be transferred by the applicant to the proposed transferee at the price specified in the application within five days of notification of acceptance.

Where subscription rights are concerned, these are transferred under the same terms and within the same time period.

A transfer into the name of the transferee(s) may be affected by the chairman of board of directors or a delegate of the board on his own initiative; the signatures of the shareholders or rights holders are not required. Such shareholders are officially notified by registered letter with return receipt within five days of acquisition, as described above.

If the transfer beneficiary's application is rejected, the board of directors shall, within three months of notification of refusal, procure the purchase of the shares either by one or more shareholders or one or more French banks or, with the assent of the transferor, by the company with a view to reducing its capital. Absent an agreement between the parties, the price of the shares shall be determined in compliance with Article 1843-4 of the Civil Code.

If, at the end of the time period specified in the above subparagraph, the purchase has not been effected, the authorisation shall be deemed granted.

However, this time period may be extended by a decision of the courts at the request of the company.

In the event that applications from shareholders exceed the number of shares offered, and absent an accord between the applicants, the board of directors shall allocate the shares among such applicants in proportion to the number of shares held by each one and to the extent of each one's demand.

#### 8.4 Rights attaching to shares

Ownership of a share automatically implies the holder's acceptance of these articles and the resolutions of annual general meetings.

Each share carries the right to attend general meetings and vote on resolutions, as provided by law and these presents.

Each share entitles the holder to an ownership interest in the corporate assets and a share of the company's profits that is proportional to the number of existing shares, taking into account the nominal value of the shares, the unpaid capital or the balance of capital remaining where part has been redeemed.

All existing shares forming part of the share capital, and any new shares issued by the company in the future, shall have exactly the same status in respect of the tax liabilities to which they may give rise. Consequently, all tax liabilities which may fall due, either during the company's lifetime or upon liquidation, as a result of the redemption of the share capital shall be divided among all the shares making up the capital when such redemption(s) take(s) place, such that all existing shares and any new shares issued in future shall confer on their owners, for the same paid up and unredeemed amount, the same effective benefits and shall entitle them to receive the same net sum.

#### 8.5 Indivisibility

The shares are indivisible vis-à-vis the company. All co-owners of shares must be represented in respect of the company by a single co-owner or by a joint agent.

The heirs, representatives or creditors of a shareholder may not, on any pretext whatsoever, seal or take action against the company's property or documents, request the partition or sale by auction thereof, or interfere in any way in its administration. They must refer to the schedules of assets and liabilities and to the resolutions of the general meetings of shareholders.

## **TITLE III**

### **ADMINISTRATION OF THE COMPANY**

#### **CHAPTER I: BOARD OF DIRECTORS**

## **ARTICLE 9 - COMPOSITION OF THE BOARD**

The company shall be administered by a board of directors composed of no fewer than three members and no more than eighteen members. Each director shall be appointed **for three years** by the general meeting of shareholders.

A legal persona can be appointed as a director but, when appointed, must designate a natural person to be its permanent representative on the board of directors. The term of office of the permanent representative is equal to that of said legal persona and must be confirmed each time that the term is renewed.

Where the legal persona dismisses its representative, it shall at the same time provide a replacement and shall inform the company immediately by registered letter of such dismissal and of the identity of the new permanent representative. The same shall apply where the permanent representative dies or retires.

The term of office of a director terminates after the ordinary general meeting called to consider the accounts of the previous year and held during the year in which the said director's term expires.

Directors shall be eligible for re-election indefinitely.

Where a vacancy arises owing to the death or resignation of one or more directors, the board of directors can make appointments on a temporary basis between two general meetings, subject to confirmation by the next following general meeting.

Where the number of directors falls below the statutory minimum, the remaining directors shall immediately convene an ordinary general meeting in order to return the board to full strength.

A director appointed to replace another director shall hold office only for the remainder of his predecessor's term.

## **ARTICLE 10 – MANAGEMENT SHARES**

Each director is entitled to hold at least one share throughout his term of office. Nevertheless, the holding of shares by the directors does not constitute an obligation for them.

## **ARTICLE 11 - ORGANISATION OF THE BOARD**

1. The board of directors shall appoint from among its members a chairman, who shall be a natural person and whose emoluments shall be decided by the board.

The chairman is appointed for a period that cannot exceed his term of office as director. The chairman can be re-elected.

The board of directors can dismiss the chairman at any time. Any conflicting provision shall be deemed invalid.

In the event of the temporary unavailability or the death of the chairman, the board of directors can delegate a director to act as chairman. In the case of temporary unavailability, such delegation shall be given for limited, renewable period. In the case of death, the delegation is valid until a new chairman is elected.

In addition the board of directors can, if it deems expedient, appoint a vice-chairman responsible for chairing board meetings and general meetings if the chairman is absent.

The board of directors can also appoint a secretary, who need not be chosen from among its members.

2. The chairman represents the board of directors. He organises and manages the board's work, and reports to the general meeting thereon. He ensures that the corporate bodies function properly and in particular that the directors are able to perform their duties.

## **ARTICLE 12 – PROCEEDINGS OF THE BOARD**

1.- The board of directors shall meet when convened by the chairman, the director delegated for that purpose or any other director of the company, as often as the interests of the company so require.

Where the board of directors has not met for more than two months, at least one-third of its members can request the chairman to convene a board meeting to discuss a preset agenda. The managing director can also request the chairman to convene a board meeting with a preset agenda. The chairman shall be bound by such requests.

Meetings shall be held either at the registered office or at such other premises or place as may be stated in the notice of meeting. The chairman of the board of directors shall preside at the meeting or, in his absence, a director delegated for that purpose or, failing this, a director chosen by the board.

Any director can give in writing another director, even by letter or facsimile, a proxy to represent him and vote in his stead at a given board meeting. However, a director may not act as proxy for more than one of his colleagues at a given board meeting.

An attendance register shall be kept and signed by all directors attending a meeting.

2.- Proceedings shall be valid only if not less than half the members of the board are present.

Resolutions shall be passed by a majority of the votes of the members present in person or by proxy. In the case of equality of votes, the chairman of the meeting shall have the casting vote.

However, where only two directors are present, resolutions shall be passed by unanimous vote.

Moreover, the following decisions require a majority vote of 75% of the non-conflicted Directors entitled to vote and voting at the meeting:

- Reduction in the choice, access to, and operating principles of Settlement Systems relevant to the Cash Common Services;
- Changes of information technology systems or developments of new information technology architectures, advancements, in technologies (hardware, software and parameterisation of these hardwares and softwares) relating to the Cash Clearing Infrastructure; and
- Allocation of costs relating to information technology systems developments (which include the costs incurred for hardware purchasing, software development, parameterisation, consultancy services, project management, related maintenance and support services and the Clearing Members technical support services) relating to the Cash Clearing Infrastructure.

Except the agenda of the board is relating to the closing of the annual financial statements and the consolidated financial statements, the directors who take part in the board by the mean of videoconference or telecommunication of a kind and according to the mode of enforcement in accordance with regulations are considered as present for the calculation of the quorum and the majority.

3.- Proceedings of the board shall be recorded in minutes, which shall be kept in a special minute book at the registered office, duly signed, or on loose-leaf paper numbered and initialled without omission, in accordance with law.

Minutes are signed by the chairman of the meeting and one director. If the chairman of the meeting is unavailable, the minutes are signed by two directors.

A copy or extract of the minutes is sufficient to prove the number of incumbent directors as well their presence in person or by proxy.

Copies or extracts of the minutes of the proceedings shall be certified by the chairman of the board of directors, the managing director or the deputy managing director, the director delegated temporarily as chairman or a person with power of attorney for that purpose.

Where the company is being wound up, such copies or extracts shall be duly certified by a single liquidator.

## **ARTICLE 13 – POWERS OF THE BOARD**

The board of directors shall determine the company's business policies and see to it they are implemented. Subject to the powers expressly reserved to general meetings of shareholders, and to the extent of the corporate purpose, it deals with all questions concerning the smooth course of the company's business and passes resolutions to settle all matters that concern it.

In its relations with third parties, the company shall be bound by all acts of the board of directors that do not come within its corporate purpose, unless it can prove that such third party knew that the act was outside such purpose or could not in view of the circumstances have been unaware of it; disclosure of these articles shall not of itself be sufficient proof thereof<sup>1</sup>.

The board of directors carries out the controls and inspections it deems appropriate. Each director receives all the information needed to carry out his duties and can procure all documents he considers useful.

The decisions of the board of directors are put into execution by the chairman, the managing director, one of the assistant managing directors, where such exist, or by any special delegate appointed by the board of directors.

In addition, the board of directors can give one of its members or third parties, who need not be shareholders, all special mandates for one or more special purposes, with or without the right for such representatives to delegate all or part of their authority.

The board of directors can also vote to create a study committee or management committee; it sets the operating principles and powers of such committees.

## **ARTICLE 14 - REMUNERATION OF DIRECTORS**

As consideration for their activity, directors receive a fixed annual sum by way of attendance fees, the amount of which shall be determined by a general meeting of shareholders.

The board apportions such attendance fees among its members as it thinks fit. In particular, it can allocate a larger portion to directors serving on committees.

It can also allocate exceptional consideration for duties or mandates given to directors. Such consideration is subject to the legal provisions governing agreements requiring prior authorisation from the board of directors.

## **CHAPTER 2: MANAGEMENT OF THE COMPANY**

## **ARTICLE 15 - CHAIRMAN – MANAGING DIRECTORS**

### **15.1. Organisation principle**

Responsibility for the management of the company shall be assumed by a natural person, other than the Chairman of the Board, appointed by the board of directors and having the capacity of managing director.

A change in the method of general management shall not entail a change in the articles of association.

### **15.2. Managing director**

The board of directors appoints the managing director, sets his term of office, and decides his remuneration and, where appropriate, the limits of his powers.

The managing director can be dismissed at any time by the board of directors.

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<sup>1</sup> First Council Directive 68/151/EEC of 9 March 1968 on co-ordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, with a view to making such safeguards equivalent throughout the Community

The managing director is vested with the broadest powers to act in any and all circumstances in the name of the company. He exercises those powers to the extent of the company's purpose and subject to those powers that the law expressly reserves to general meetings of shareholders and the board of directors.

The managing director represents the company in its dealings with third parties. The company is bound by the acts of the managing director that do not come within its corporate purpose, unless it can prove that such third party knew that the act was outside such purpose or could not in view of the circumstances have been unaware of it.

### **15.3. Assistant managing directors**

On the recommendation of the managing director, whether such function such be taken on by the chairman of the board of directors or by another person, the board of directors can appoint one or more natural persons to assist the managing director in the capacity of assistant managing director(s).

The number of assistant managing directors shall not exceed five (5).

In agreement with the managing director, the board of directors determines the scope and duration of the powers vested in assistant managing directors.

With respect to third parties, an assistant managing director has the same power as the managing director.

The board of directors determines the remuneration of assistant managing directors.

Where the managing director leaves office or is unavailable, the assistant managing directors shall retain their duties and powers, unless the board of directors decides otherwise, until a new managing director is appointed.

An assistant managing director can be dismissed at any time by the board of directors, on the recommendation of the managing director; such dismissal can give rise to damages if it is without just cause.

### **15.4 Managers in charge**

Pursuant to the French Monetary and Financial code, the effective determination of the credit institution or financing companies' business shall be performed by at least two people. The Managers in charge shall comply with legal and regulatgory obligations applying to their appointment.

## **CHAPTER 3: SUPERVISION OF THE COMPANY**

### **ARTICLE 16 – STATUTORY AUDITORS**

The company shall be supervised by two (2) statutory auditors which, with the exception of the original auditors appointed in the company's memorandum of association, are appointed by an ordinary general meeting.

One or more alternate auditors can also be appointed to replace the statutory auditors in the event of death, unavailability or refusal to act of said statutory auditors.

Statutory auditors shall be appointed for six financial years and their duties shall expire after the ordinary general meeting that reviews the financial statements of the sixth financial year. They can be relieved of their duties by a general meeting in the event of negligence (*faute*) or unavailability.

They shall be summoned to the board meeting that rules the annual financial statements and also to all general meetings of shareholders.

The statutory auditors shall receive a remuneration that is set in accordance with existing regulations.

An auditor appointed to replace another auditor shall hold office only for the remainder of his predecessor's term.

## **ARTICLE 17 – ADVISORS (CENSEURS)**

An ordinary general meeting can appoint nonvoting directors to serve in an advisory capacity (*censeurs*). Legal personae appointed as advisors can be represented by a natural person who shall not be a shareholder. Advisors are always eligible for re-election.

Their term of office shall be three years. It shall terminate after the ordinary general meeting called to review the financial statements for the year and held during the year in which the advisors' terms of office expire.

Advisors shall attend board meetings in a consultative and non-deliberative capacity at the behest of the chairman or, if he is unavailable, the director delegated to those duties, or any other director of the company.

An ordinary general meeting can allocate a fixed annual sum to advisors by way of attendance fees as consideration for their activity. The amount thus allocated shall be apportioned among the advisors at the discretion of the board of directors.

## **ARTICLE 18 – AGREEMENTS BETWEEN THE COMPANY AND A DIRECTOR, A MANAGER OR A SHAREHOLDER**

Any agreement entered into, either directly or through an intermediary, between the company and its general manager, with one of its assistant general managers, one of its directors, one of its shareholders holding a fraction of the voting rights greater than 10% or, in the case of a corporate shareholder, with the company which controls it within the meaning of Article L. 233-3, must be subject to the prior consent of the board of directors.

The same applies to agreements in which a person referred to in the previous paragraph has an indirect interest.

Agreements entered into between the company and another firm are also subject to prior consent if the company's general manager, one of its assistant general managers or one of its directors is the owner, a fully liable partner, a manager, a director or a member of that firm's supervisory board or, more generally, a person in any way involved in its management.

The Board's prior consent shall be motivated by justifying that this agreement is entered into in the interest of the company, notably in the light of the financial conditions of such an agreement.

The agreements which were entered into in the course of previous accounting years and that still remain in force shall be reviewed annually by the Board and communicated to statutory auditors.

The above provisions do not apply, neither to current transactions entered into during the normal course of business, nor to the agreements entered into by two companies when one of them holds, directly or indirectly, the totality of the capital of the other.

Under penalty of void contract, with the exception of all corporate entities, Company directors are strictly prohibited from taking out loans from the Company, seeking approval by the Company of overdrafts on current accounts or borrowing in any similar manner, or seeking endorsements or guarantees by the Company with respect to commitments towards third parties.

However, if the company operates a banking or financial institution, the prohibition shall not apply to ordinary transactions concluded on normal terms and conditions in the course of its business.

The foregoing provision shall apply to the General Manager, the Deputy General Managers and the permanent representatives of corporate entities who are directors. It should also apply to a spouse, the direct ascendants and descendants of the above mentioned persons as well as to any third party.

## **TITLE IV**

### **GENERAL MEETINGS OF SHAREHOLDERS**

#### **CHAPTER 1: GENERAL PROVISIONS**

## **ARTICLE 19 – EFFECT OF RESOLUTIONS, NOTICES OF MEETING, ATTENDANCE**

### Effect of resolutions

A general meeting duly constituted shall represent the entire body of shareholders. Resolutions passed by a general meeting in accordance with law and these articles shall be binding on all shareholders, including absent, incapacitated or dissenting shareholders.

### Notices of meeting

Shareholders shall be convened annually to an ordinary general meeting within five months of the yearend close.

Furthermore, general meetings, whether ordinary convened extraordinarily or extraordinary, can be called at any time during the year.

Notices of meeting shall be sent out at least fifteen clear days before the planned date of the meeting. This period shall be reduced to six clear days where second notice is given.

Meetings shall be convened by a notice appearing in a publication entitled to carry legal notices in the *département* where the company has its registered office. This publication could be replaced by a convocation, at the Company's costs, by ordinary letter or registered letter with acknowledge receipt sent to each shareholder.

Shareholder that have held shares for at least one month as at the date of the notice shall be called to attend by ordinary letter; subject to the payment to the company of the registration fees, they may request to be convened by registered letter

As a meeting has not been entitled to deliberate regularly, due to a lack of required quorum, the second meeting is noticed in the same way as the first assembly and the notice publication remind the date of the meeting. It is the same for a deferred meeting as provided in the French commercial code.

All this shall be independent from prior notices served on shareholders, in compliance with legal requirements and time limits, in respect of possible requests to have draft resolutions placed on the agenda.

### Attendance

The general meeting shall comprise all shareholders, irrespective of the number of shares they hold.

The right to attend general meetings is contingent on the shareholder's shares being registered in the company's share registry on the third working day prior to such meeting, at 00:00, Paris time. However, the board of directors can always reduce this period through a general measure benefiting to all the shareholders if it sees fit.

Holders of shares on which amounts due have not been paid within thirty (30) clear days of notice to that effect being served by the company shall not be admitted to general meetings. Such shares are discounted for the purposes of calculating the quorum. The company may validly vote shares purchased by it. Also, are denied the right to vote such shares of prospective purchasers in the general meetings approving the removal of preferential subscription rights and actions of the person in proceedings under section 18.

Any shareholder can be represented by another shareholder, by their spouse or partner with whom he entered into a civil partnership. The mandate is given for a single general meeting, it can be for two general meetings, one ordinary and one extraordinary, if they are held on the same day or within fifteen days. It applies to successive general meetings convened with the same agenda.

Any Shareholder may vote by mail using a form which is considered only if received by the company at least three days before the meeting of the general meeting. This form may, where appropriate, be on the same document as the power of attorney form.

The company is required to join to any power of attorney form and postal voting submitted to the shareholders the information required by the regulations in force.

Any shareholder who owns shares of a given class may participate in special general meetings of shareholders of that

class, under the conditions specified above.

The Board may can organize as provided by law and regulations, the participation and voting of the shareholders to general meetings by videoconference or by means of telecommunication allowing their identification. If the Board decides to exercise this power for a given general meeting, it reports its decision in the notice of meeting and/or summon The Shareholders participating to the general meetings by videoconference or by any other means of telecommunication referred to above, at the discretion of the Board, are deemed present for the quorum and majority.

## **ARTICLE 20 – CONVENING OF GENERAL MEETINGS**

General meetings are convened by the board of directors at the company's registered office or at such other premises or place as may be stated in the notice of meeting.

Failing this, they can be convened:

1.- by the statutory auditor,

2.- by a legally appointed authorised agent at the request of any interested party in the event of an emergency or at the request of one or more shareholders representing at least one-tenth of the capital.

Each member of the general meeting shall be entitled to as many votes as shall equal the number of shares he owns or represents, and each share give right to at least one vote.

The chairman of the board of directors shall preside at general meetings or, in his absence, a director delegated for that purpose. Failing this, the general meeting itself elects a chairman. In case of summons by the auditors, by an agent of justice or by the liquidators, the general meeting is presided over by him or by one of those who convened.

The agenda of a meeting shall be drawn up by the convenor of that meeting or by court order appointing the agent responsible for convening the general meeting. One or more shareholders representing the share of capital determined by the laws and regulations have the right to request the inclusion of draft resolutions to the agenda of the meeting. The latter can not deliberate on a matter not listed on the agenda, which can not be changed on second summon. The general meeting may, however, in all circumstances dismiss one or more directors and replace them.

The duties of scrutineers shall be performed by the two shareholders present and willing who represent the greatest number of shares.

The officers shall appoint the secretary, who need not be a shareholder.

An attendance sheet shall be prepared; it shall be duly signed by the shareholders present and certified by the officers of the general meeting.

Proceedings of the meeting shall be recorded in minutes, which shall be kept in a special minute book at the registered office, duly signed, or on loose-leaf paper numbered and initialled without omission, in accordance with law.

The minutes shall be signed by the officers; copies or extracts thereof shall be certified by the chairman of the board of directors, by a director serving as managing director, or by the secretary of the meeting..

## **CHAPTER 2: ORDINARY GENERAL MEETINGS**

### **ARTICLE 21 - QUORUM AND MAJORITY**

The proceedings of an ordinary general meeting held after first notice shall be valid only if the shareholders present in person or by proxy own no less than one-quarter of shares with voting rights.

After second notice, the proceedings shall be valid irrespective of the number of shares represented.

An ordinary general meeting shall pass resolutions by a majority of the votes of the shareholders present in person, voting by correspondence or by proxy.

## **ARTICLE 22 - POWERS**

The ordinary general meeting shall hear the reports of the board of directors and the auditor(s) and shall take note of the annual financial statements.

The general meeting shall discuss, approve, rectify or reject the financial statements, and shall fix the dividends to be distributed and the profits to be carried forward.

It shall decide on the setting up of all reserves, deciding on the deductions therefor and the distribution thereof.

It shall determine attendance fees.

It shall appoint, replace, re-elect or dismiss directors. It shall confirm temporary appointments of directors by the board of directors.

It shall appoint the statutory auditors and, where appropriate, pass judgment on the special report.

It shall authorise the contracting of loans by the issue or non-convertible, non-exchangeable bonds and debentures as well as the posting of special collateral therefor.

Moreover, the general meeting of credit institutions and financing companies shall acknowledge the overall amount of remunerations of any kind paid during the last fiscal year to the persons referred to in Article L511-71 of the Monetary and Financial Code.

It shall take decisions on any other proposals that are not within the sole competence of an extraordinary general meeting.

## **CHAPTER 3: EXTRAORDINARY GENERAL MEETINGS**

## **ARTICLE 23 - POWERS**

The extraordinary general meeting shall take decisions on all business that is not within the competence of an ordinary general meeting.

An extraordinary general meeting can amend all the provisions of these articles and can also decide to convert the company into a company of any other legal form.

It may not under any circumstances increase the commitments of shareholders if the decision to do so is not unanimous; neither can it infringe their rights.

## **ARTICLE 24 - QUORUM AND MAJORITY**

1.- The proceedings of an extraordinary general meeting shall be valid only if the shareholders present in person or by proxy own no less than one-third of voting shares, after first notice, or one-quarter of such shares after second notice.

Resolutions shall be passed by a two-thirds majority of the votes of the shareholders present in person, voting by correspondence or by proxy.

2.- Where the matter at hand is to decide on or authorise the board of directors to increase the capital by capitalising reserves, profits or issue premiums, the quorum shall be only one-quarter after first call. The proceedings are valid after second call, irrespective of the number of shares represented.

Resolutions shall be passed by the majority of the votes of the shareholders present in person, voting by

correspondence or by proxy.

- 3.- A capital increase effected by raising the nominal value of the shares to be paid up in cash or issued against outstanding debt can be decided only by a unanimous vote of the shareholders holding all the shares making up the capital.

## **CHAPTER 4: SPECIAL GENERAL MEETINGS**

### **ARTICLE 25 – POWERS, QUORUM AND MAJORITY**

Special general meetings convene the shareholders of a special category of shares in order to decide on a modification of the rights relating to the shares of this category.

Special general meetings decide properly only if the present shareholders, voting by correspondence or by proxy hold at least on first notice the half and on second notice the quarter of the shares with voting rights and of which it is planned to modify the rights. In absence of this quorum, the general meeting could be deferred to a postponed date of two months maximum to the date on which it has been noticed. Those general meetings decide at a majority of two third of the votes present, voting by correspondence or by proxy.

## **TITLE V**

### **FINANCIAL STATEMENTS**

### **ARTICLE 26 – FINANCIAL YEAR**

The financial year shall run from 1 January to 31 December.

### **ARTICLE 27 - ACCOUNTS**

At the date of the year-end closure, the board of directors shall draw up a schedule of assets and liabilities at that date, together with the annual financial statements. The commitments endorsed or otherwise guaranteed are stated in a report accompanying the balance sheet.

The board of directors shall also prepare a management report, the contents of which are defined by law.

Those accounts and this management report are at the disposal of statutory auditors in the conditions determined by the applicable law, and are submitted at the yearly meeting of the board of directors.

The annual financial statements must be drawn up each year in the same forms and same evaluation methods as the precedent years. If modifications take place, they are pointed out, described and justified in the conditions provided by the Commercial code relating to companies.

Consolidated accounts and a group's management report are also prepared by the board of directors and presented to the annual meeting, if the company fills into the conditions provided for the preparation of such accounts.

The general meeting decide on the annual financial statements et, as the case may be, on the consolidated accounts.

### **ARTICLE 28 - PROFITS**

The profit for the financial year shall comprise the income for the year, less the company's overheads and other expenses, including all amortisation and depreciation allowances and provisions.

A levy of no less than five per cent (5%) shall be made on the profits for the financial year, less where appropriate, previous losses, and shall be allocated to a reserve fund termed "legal reserve". This levy shall cease to be obligatory when the said fund is equal to one-tenth of the company's share capital.

As for any surplus, the general meeting shall decide whether to distribute it, carry it forward or pay it into one or more reserve funds.

## **TITLE VI**

### **DISSOLUTION – EXTENSION – WINDING UP - DISPUTES**

#### **ARTICLE 29 – EARLY DISSOLUTION - EXTENSION**

An extraordinary general meeting can vote to dissolve the company earlier than intended and, when the period fixed for its duration expires, to extend it.

At least one year before the period fixed for the duration expires, the board of directors calls an extraordinary general meeting of shareholders to decide whether the company is to be extended.

#### **ARTICLE 30 – LOSS OF ONE-HALF OF THE SHARE CAPITAL**

If, by reason of the losses ascertained in the accounting documents, the shareholders' equity of the company falls below one-half of the share capital, the board of directors shall be required to call an extraordinary general meeting within the four months following the approval of the financial statements that revealed such loss, in order to decide whether the company should be dissolved earlier than intended.

If the decision is not in favour of dissolution, the company shall be required, not later than the closure of the second financial year following the year in which the losses were ascertained and subject to the provision of the Commercial Code, to reduce its capital by an amount at least equal to that of the losses which could not be charged to the reserves if, within that period, the shareholders' equity has not been replenished to an amount at least equal to half of the company's capital.

In both cases, the resolution passed by the general meeting is published in accordance with law.

#### **ARTICLE 31 – WINDING UP**

On expiration of the period fixed for the company's duration or in the event of early dissolution, the general meeting shall determine the method of winding up and shall appoint one or more liquidators, whose powers it shall determine.

On appointment of the liquidators, the powers of the directors, the chairman, the managing director, where one exists,, and the assistant managing director(s) shall lapse. Throughout the winding up process, the general meeting shall retain the same powers.

The net proceeds of winding up, after clearance of the company's debts, shall be applied in the first place in repayment of the paid up amount of the share capital that has not been redeemed. The balance shall then be distributed among all shares.

When winding up is complete, the partners are convened to adopt the winding-up account, discharge the liquidators for the performance of their duties, and take official note of the winding up. The winding up shall be published in accordance with law.

#### **ARTICLE 32 – DISPUTES - ELECTION OF DOMICILE**

All disputes arising during the life of the company or in the course of its winding up, whether between shareholders and the company or between the shareholders themselves, concerning the affairs of the company shall be subject to the authority of the courts within whose jurisdiction the registered office is located.

To this end, every shareholder shall give an address within the jurisdiction in which the registered office is situated, and any summons or notice is valid if served at that address.

Where an address for service is not given, summonses and notices are valid if served at the office of *M. le Procureur de la République près le Tribunal de Grande Instance* within whose jurisdiction the seat of the company is situated.

**EXHIBIT E-2**

Company No 4743602

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**SPECIAL RESOLUTION**

of

**LCH.CLEARNET GROUP LIMITED  
(the "Company")**

FRIDAY



A44      \*A27LLDR4\*  
03/05/2013      #149  
COMPANIES HOUSE

At a general meeting of the Company duly convened and held at Aldgate House, 33 Aldgate High Street, London EC3N 1EA at 09.00 am (London time) on 27 March 2013, the following resolution was passed as a special resolution

**SPECIAL RESOLUTION**

THAT, in connection with the Transaction:

- (a) conditional upon and with effect from Completion of the Majority Acquisition, new articles of association of the Company in the form of the draft produced to the meeting and initialled by the Chairman for identification purposes be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the current articles of association and each and every variation, modification or abrogation of the rights and privileges attached to the ordinary shares of €1 each in the capital of the Company which is or may be thereby effected be and are hereby sanctioned,
- (b) without in any way limiting the powers set out in article 45 of the New Articles, Placings to one or more Future Venue Partners (as defined in the New Articles) at a price of at least €10 per New Share be and are hereby approved,
- (c) without in any way limiting the powers set out in article 45 of the New Articles, Placings to Shareholders at a price of at least €10 per New Share including the Top-Up Placing to LSEG at €10 per New Share, in each case, in accordance with the New Articles and in addition to the authorities set out in the New Articles, be and are hereby approved,
- (d) the issue at €10 per New Share of such number of New Shares pursuant to the offering as is required to raise the Capital Raise Amount, taking into account the

proceeds of any placings of New Shares authorised pursuant to paragraphs (b) or (c) of this Resolution, on the basis described in the Circular be and is hereby approved,

- (e) in addition to the authorities set out in the New Articles, the directors of the Company be and are hereby unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares (as defined in section 540 of the Act) in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of €32 million, such authorities to expire on the date immediately following completion of the Capital Raise but so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired,
- (f) in addition to the authorities set out in the New Articles, the directors of the Company be and are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorities contained in this Resolution free of the restriction in section 561 of the Act, such power to expire on the date immediately following completion of the Capital Raise but so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired, and
- (g) the directors of the Company be and are hereby authorised to do or procure to be done all such acts and things on behalf of the Company as they consider necessary or expedient for the purposes of giving effect to the Transaction provided that no such act or thing is materially inconsistent with any matter described in the Circular



CHAIRMAN

**Company No. 4743602**

**THE COMPANIES ACT 1985**

**THE COMPANIES ACT 2006**

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**PRIVATE COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

**of**

**LCH.CLEARNET GROUP LIMITED**

Incorporated 24 April 2003

(Adopted by special resolution of the shareholders passed on 27 March 2013)

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Company No 4743602

THE COMPANIES ACT 1985

THE COMPANIES ACT 2006

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PRIVATE COMPANY LIMITED BY SHARES

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ARTICLES OF ASSOCIATION

of

LCH CLEARNET GROUP LIMITED

Incorporated 24 April 2003

(Adopted by special resolution of the shareholders passed on 27 March 2013)

**1. PRELIMINARY**

1.1 In these Articles

**5 Per Cent. Interest** means the entitlement to exercise or control the exercise of at least 5 per cent of the votes able to be cast on all or substantially all matters at general meetings of the Company,

**10 Per Cent. Interest** means the entitlement to exercise or control the exercise of at least 10 per cent of the votes able to be cast on all or substantially all matters at general meetings of the Company,

**Acceptance Period** has the meaning given thereto in article 12.7,

**ACP** means the Autorité de contrôle prudentiel,

**Act** means the Companies Act 2006,

**Additional Sale Closing Date** has the meaning given thereto in article 13.5(c),

**Additional Sale Notice** has the meaning given thereto in article 13.5,

**Additional Sale Price** has the meaning given thereto in article 13.5(a),

**address** has the same meaning as in section 1148 of the Act,

**alternate** or **alternate director** means a person appointed pursuant to article 24,

**appointor** has the meaning given thereto in article 24.1,

**Articles** means the Company's articles of association, as altered from time to time by special resolution,

*Assets* has the meaning given thereto in article 6 24,

*associate* means, in relation to a body corporate (the *first body corporate*)

- (a) any other body corporate which is a subsidiary undertaking of the first body corporate or, in relation to a first body corporate other than the Company, any other body corporate that is a parent undertaking of the first body corporate or fellow subsidiary undertaking of that parent undertaking,
- (b) any body corporate whose directors are accustomed to act in accordance with the first body corporate's instructions or directions, and
- (c) any body corporate in the capital of which the first body corporate, and any other body corporate under (a) or (b) taken together, is (or would on the fulfilment of a condition or the occurrence of a contingency be) interested so that they are (or would on the fulfilment of the condition or the occurrence of the contingency be) able
  - (i) to exercise or control the exercise of, directly or indirectly, more than 50 per cent of the votes able to be cast at general meetings on all, or substantially all, matters,
  - (ii) to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters, or
  - (iii) to direct or cause the direction of the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise,

and *associated with* shall be construed accordingly,

*bankruptcy* includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy,

*Board* means the board of directors from time to time of the Company (or a duly appointed committee of the Board),

*Budget* means the Initial Budget and, in relation to years commencing after 31 December 2013, the then current annual budget of the Company, as acknowledged or approved by the Board,

*Business Day* means a day on which the banks are ordinarily open for business in London and Paris excluding Saturdays, Sundays and public holidays in England or France,

*Business Plan* means the Initial Business Plan and, in relation to years commencing after 31 December 2013, the then current business plan of the Company, as acknowledged or approved by the Board,

*Buy Notice* has the meaning given thereto in article 12 8,

*Buyer* has the meaning given thereto in article 12 26(b),

***Capital Deficiency Event*** means the occurrence of either of the following events

- (a) a decline in the Consolidated Capital Ratio, calculated in accordance with the Capital Regulations, to below the minimum percentage required by the Regulator according to the Capital Regulations (a ***Minimum Percentage Decline***), or
- (b) the notification by the Regulator, in its sole discretion, to the General Partner or to the Company that it has determined, in view of the deteriorating financial condition of the Company that a Minimum Percentage Decline will occur in the near term,

***Capital Disqualification Event*** means the General Partner has determined, after consultation with the Regulator, that securities in the nature of the Preferred Securities or the NCPSs, as appropriate, no longer qualify in calculating the Tier 1 Capital of the Company on a consolidated basis under the Capital Regulations,

***Capital Regulations*** means at any time the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the French Ministry of Finance applied by the Regulator, or such other authority in France (or elsewhere) having primary bank supervisory authority with respect to the Company,

***Capital Return Event*** means a return of capital on a winding up of the Company or otherwise,

***Capped Shareholder*** has the meaning given thereto in article 4 26,

***Cash Subscription Price*** has the meaning given thereto in article 4 9,

***CEO*** means the chief executive officer for the time being of the Company,

***CFTC*** means the U S Commodities Futures and Trading Commission,

***Chairman*** has the meaning given in article 28 15,

***clear days*** means, in relation to a period of notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect,

***Clearing Agreement*** means any clearing agreement or any clearing membership agreement made between any person and any member of the LCH Clearnet Group which has not been terminated (where notice of termination has been validly given, the date of termination shall be the date of the notice (in the case of a notice served by the clearing member) or the date on which such notice expires (in the case of a notice served by the Company)),

***clearing member*** means a person which is a party to, or whose associate is a party to, a Clearing Agreement,

***Clearing Participants*** means those persons other than LSEG which are Eligible Institutions,

***Clearing Rules*** means the clearing rules comprised in the rule books of members of the LCH Clearnet Group from time to time,

***Closing Date*** means 18 May 2007,

***Company*** means LCH Clearnet Group Limited,

**Company Books** means any accounting records or other book or document of the Company,

**Company Secretary** means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary,

**Company's Accountants** means an appropriate firm of accountants of international repute as selected by the Company from time to time,

**completion date** has the meaning given thereto in article 13 6(c),

**Compulsory Sale Notice** means a notice served by the Company requiring a Compulsory Seller to appoint the Company as its agent to offer some or all of its Ordinary Shares for sale pursuant to articles 4 23 and 4 24 or pursuant to article 13, as the context requires,

**Compulsory Seller** means a person whose Ordinary Shares are to be transferred pursuant to articles 4 24 and 4 25 or pursuant to article 13, as the context requires,

**Compulsory Transfer Excess Shares** has the meaning given thereto in article 13 4(e),

**Condition Period** has the meaning given thereto in article 12 11,

**conflict of interest** has the meaning given thereto in article 26 3,

**Conflict Situation** has the meaning given thereto in article 28 23,

**Conflicted Shareholder** has the meaning given thereto in article 28 23,

**Consent Date** has the meaning given thereto in article 4 9,

**Consolidated Capital Ratio** means the total risk-based capital ratio of the Company and its consolidated Subsidiaries,

**Consolidated Net Income** means the consolidated net income (excluding minority interests) of the Company, as calculated and set out in the audited annual consolidated financial statements of the Company,

**Continuing Shareholders** means the shareholders other than (i) the Selling Shareholder and (ii) if the Selling Shareholder is a Venue Shareholder and has served a Transfer Notice on LSEG in accordance with article 12 15 and LSEG has failed to send a Buy Notice to the Selling Venue Shareholder before the expiry of the relevant Acceptance Period, LSEG,

**Controlling Interest** means the entitlement to exercise or control the exercise of more than 50 per cent of the votes able to be cast on all or substantially all matters at general meetings of the Company,

**Core Operating Principles** means the principles to be applied by the Board in managing the business of the Company, as set out in and adopted pursuant to the Implementation Agreement and as may be amended in accordance with these Articles from time to time,

**Customer** has the meaning set out in the CFTC Rules as in force from time to time,

**Customer Director** means a director who is nominated by a Customer or who is otherwise connected to a Customer by virtue of his employment or directorship,

**director** means a director of the Company, and includes any person occupying the position of director, by whatever name called and **the directors** means the directors or any of them acting as the board of directors of the Company,

**Dissolved Shareholder** means a shareholder which has been dissolved or struck off or any equivalent status under the laws of any other jurisdiction,

**Dissolved Shareholder's representative** means a liquidator or other person who is entitled to receive notice and/or receive assets or payment as appropriate on behalf of a Dissolved Shareholder,

**Distributable Profits** means the Company's accumulated realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated realised losses, so far as not previously written-off in a reduction or reorganisation of capital duly made, or such profits as the Company may lawfully distribute in accordance with section 830 of the Act (as amended or re-enacted from time to time), if different. For the purposes of this definition, references to **realised profits** and **realised losses** are to such profits or losses of the Company as fall to be treated as realised in accordance with principles generally accepted at the time when the relevant accounts are prepared, with respect to the determination for accounting purposes of realised profits or losses,

**Distribution** means a non-cumulative distribution in respect of the Preferred Securities,

**Distribution Payment Date** means 18 May in each year commencing on 18 May 2008 to (and including) the NCPS First Call Date and thereafter 18 February, 18 May, 18 August and 18 November in each year save that if any Distribution Payment Date after the NCPS First Call Date would otherwise fall on a day which is not a TARGET Business Day, it shall be postponed to the next day which is a TARGET Business Day unless it would then fall into the next calendar month in which event the Distribution Payment Date shall be brought forward to the immediately preceding TARGET Business Day and **Distribution Payment Date** shall be construed accordingly,

**Distribution Period** means the period from, and including, the Closing Date to, but excluding the first Distribution Payment Date and each period thereafter from, and including, one Distribution Payment Date to, but excluding, the next following Distribution Payment Date,

**distribution recipient** has the meaning given in article 32.8,

**Dividend Stopper Period** means, with respect to any Distribution Payment Date, any NCPS Dividend Payment Date or the equivalent term in respect of any Parity Security one calendar year from and including the earlier of the date (a) on which either a full Distribution on the Preferred Securities or a NCPS Dividend, as appropriate, is not paid or (b) on which a full scheduled dividend or distribution on any Parity Security has not been paid,

**document** includes, unless otherwise specified, any document sent or supplied in electronic form,

**Dormant Member** has the meaning given thereto in article 6.4,

**electronic form** has the meaning given in section 1168 of the Act,

**Eligible Institution Associate** means a person who is for the time being an associate of an Eligible Institution,

***Eligible Institutions*** means

- (a) inter-dealer brokers,
- (b) clearing members,
- (c) financial institutions or investors which are buy-side, indirect "users", including asset managers,
- (d) Exchanges, and
- (e) subject to the consent of LSEG (not to be unreasonably delayed) for so long as it and any other member of its Group hold in aggregate a Significant Interest in the Company, any other category of market participant with a legitimate community of interest with the business of the LCH Clearnet Group, as determined by the Board from time to time,

provided in the case of each entity other than LSEG and any other member of its Group that the number of the relevant entity's contracts or trades (as the case may be) cleared by the LCH Clearnet Group is considered by the Board to be significant or the relevant entity otherwise demonstrates a mutual business relationship or interest to the satisfaction of the Board, acting reasonably, and the Board may take into account the regulatory good standing of such entity when determining whether it is so satisfied,

and ***Eligible Institution*** means any one of them,

***Enumerated Entity*** means a person which is captured by the definition of "enumerated entity" as such term is defined in the Rules of the U S Commodity Futures Trading Commission from time to time or in any applicable successor law or regulation or equivalent rules and, for the avoidance of doubt, excludes LSEG,

***Equity Proportions*** means the respective proportions in which Ordinary Shares are held from time to time by each of the shareholders except that, if the expression Equity Proportion is used in the context of some (but not all) of the shareholders, it shall mean the respective proportions in which Ordinary Shares are held by those particular shareholders,

***EURIBOR*** means

- (a) the rate for deposits in Euro for a period of 3 months which appears on Reuters Page EURIBOR01 as of 11 00 a m , Brussels time,
- (b) if such rate does not appear on Reuters Page EURIBOR01, the rate for that Distribution Period will be determined as if the parties had specified "EUR-EURIBOR-Reference Banks" (as such term is defined in the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc (the ***ISDA Definitions***)) where the Reset Date is the first day of the relevant Distribution Period and the Designated Maturity is 3 months and where the terms ***Reset Date*** and ***Designated Maturity*** have the meanings given to those terms in the ISDA Definitions,

provided that any calculation of the rate of interest by the Company and of each such interest amount shall, in the absence of manifest error, be final and binding,

**Euro** or **€** means the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Community, as amended by the Treaty on European Union,

**Euronext Director** means a director appointed by NYSE Euronext in accordance with the provisions of article 22.1,

**Excess New Shares** has the meaning given in article 4.6(c),

**Exchanges** means any operating entity of, or market or trading facility operated by, settlement facility providers or trading platforms, including but not limited to

- (a) a trading venue regulated under Council Directive 2004/39/EC of April 21, 2004 on markets in financial instruments (**MiFID**) as amended or replaced, including but not limited to a regulated market as defined under article 4(1)(14) of MiFID and a multilateral trading facility as defined under article 4(1)(15) of MiFID,
- (b) a trading venue located outside the European Union, which has been approved by local authorities based on requirements similar to those used under the MiFID,
- (c) an organised market (defined as a market or trading facility that is characterised by a set of formal and non-discretionary rules, procedures and processes which match (or register for matching) multiple buy and sell interests in financial instruments, commodities or any other instrument on a continuous or periodic basis so as to allow the execution of transactions, the prices of which are determined by the interaction of trading interests on that system (whether through the matching of priced orders or the lifting of quotes)), or
- (d) a trading venue subject to regulation under the federal securities or commodities laws of the United States, including but not limited to (i) a designated contract market, swap execution facility, board of trade and trading facility (each as defined in the US Commodity Exchange Act, as amended, and the regulations promulgated thereunder), and (ii) an exchange, security-based swap execution facility and alternative trading system (each as defined in the US Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder),

and each an **Exchange**,

**executed** means any mode of execution,

**Executive Delegation** means the agreed form of board delegation to the CEO, as set out in and adopted pursuant to the Implementation Agreement,

**Expert** has the meaning given thereto in article 4.9,

**Fair Market Value** means the value of a share as certified to the Company by the Company's Accountants, such persons acting as experts and not as arbitrators (in the case of a compulsory transfer in accordance with article 13, the cost of the Company's Accountants is to be deducted from the proceeds of sale by the Company) which shall, in the absence of fraud or manifest error, be final and binding on the parties. Such share shall be valued on the basis of a sale between a willing seller and a willing buyer and, in determining such market value, the Company's Accountants shall be instructed in particular to assume that

- (a) the relevant Share is being sold as between a willing buyer and a willing seller at arm's length for cash payable in full on completion, and
- (b) the relevant share is capable of transfer without restriction,

in each case taking full account of the loan capital and debt structure of the LCH Clearnet Group and having regard to the size of the seller's shareholding,

**Financial Year** means each period determined in accordance with section 390 of the Act preceding the accounting reference date of the Company as registered at Companies House,

**Fully Diluted Share Capital** means the aggregate of the number of Ordinary Shares in issue from time to time,

**fully paid** in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company,

**Future Venue Partner** means any Venue or inter-dealer broker which the Board determines should become a shareholder of the Company,

**General Partner** means LCH Clearnet GP Limited, a wholly owned subsidiary of the Company, or any other entity appointed by the Company to replace it as the general partner of the Issuer,

**Group** means, in relation to any corporate entity, that entity and its associates,

**hard copy form** has the meaning given in section 1168 of the Act,

**holder** means, in relation to a share, the person whose name is entered in the register of members as the holder of that share,

**Implementation Agreement** means the agreement between the Company, LSEG and London Stock Exchange (C) Limited dated 7 March 2013, setting out certain obligations and commitments of the parties in relation to the implementation of the LSEG Acquisition,

**in writing** means in hard copy form or, to the extent permitted by the Act, in any other form,

**inactive member** means, in relation to a User Shareholder, a User Shareholder which has not, and no associate of which has, used the clearing services of any member of the LCH Clearnet Group for a minimum continuous period of 3 months and, in relation to a Venue Shareholder, a Venue Shareholder which has not, and no associate of which has, notified any member of the LCH Clearnet Group of any trade to be cleared for a minimum continuous period of 3 months,

**Independent Director** means an independent director, who satisfies applicable Regulatory Requirements relating to independent directors and who is either a member of the Board or

the date of adoption of these Articles or is appointed in accordance with the terms of the Relationship Agreement and the Nomination Committee terms of reference,

**Initial Business Plan** means the medium term financial plan of the Company for the years 2013 to 2017, as acknowledged or approved by the Board,

**Initial Value** means, in relation to each Ordinary Share, ten Euros (€10) and in relation to each NCPS, fifty thousand Euros (€50,000), except where there has been any consolidation and/or subdivision of the share capital of the Company and an adjustment has been made by the Board (in such manner as it shall determine to be fair and reasonable, subject to the written confirmation of the Company's Accountants (acting as expert and not as arbitrator) that the adjustment is in their opinion fair and reasonable) For the avoidance of doubt, the Initial Value may differ according to the class of share concerned,

**instrument** means a document in hard copy form,

**issue** includes unconditional allotment,

**Issue Notice** has the meaning given in article 4 6(b),

**Issuer** means LCH Clearnet Funding LP,

**LCH.Clearnet Group** means the Company and its associates and **member of the LCH.Clearnet Group** means any one such entity,

**Loss Absorbency Event** means a Capital Deficiency Event has occurred and has continued for a period of six months and has not been cured or the Consolidated Capital Ratio of the Company has not been restored to above the minimum percentage required by the Regulator according to the Capital Regulations,

**LSE Clearing Agreement** means the clearing agreement between LCH Clearnet Limited and London Stock Exchange plc dated 11 December 2008, as amended from time to time,

**LSEG** means London Stock Exchange Group plc and any person that is not a member of LSEG's Group to which all the shares held by LSEG and any other member of its Group from time to time are transferred, and references to the rights and obligations of LSEG shall be deemed to be references to the rights and obligations of any member of LSEG's Group that is a shareholder,

**LSEG Acquisition** means the acquisition by LSEG of a controlling interest in the Company pursuant to an offer made by London Stock Exchange (C) Limited to acquire, or procure acquirers for, the entire issued share capital of the Company on the terms and subject to the conditions set out in an offer document dated 11 March 2013 and the associated form of acceptance,

**LSEG Audit Representative** means the LSEG chief financial officer, the LSEG head of audit or LSEG chief risk officer, or any other person of appropriate seniority and expertise as may be agreed from time to time between LSEG and the Chairman to sit on the audit committee,

**LSEG Consent Matters** has the meaning given thereto in the Relationship Agreement,

**LSEG Director** means a director appointed by LSEG in accordance with the terms of the Relationship Agreement,

**LSEG Group** means LSEG and its associates and **member of the LSEG Group** means any one such entity,

**LSEG Initial Percentage** means the shareholding of LSEG's Group (expressed as a percentage of the Company's issued share capital) on completion of the LSEG Acquisition, taking into account any shares allotted to LSEG pursuant to clause 9.6 of the Implementation Agreement,

**LSEG NomCom Representative** means any person of appropriate seniority and expertise as may be agreed from time to time between LSEG and the Chairman to sit on the nomination committee,

**LSEG Representative** means any person of appropriate seniority and expertise as may be agreed from time to time between LSEG and the Chairman,

**Material Interest** means the entitlement to exercise or control the exercise of at least 20 per cent of the votes able to be cast on all or substantially all matters at general meetings of the Company,

**Minority Protection Reserved Matters** has the meaning given thereto in the Relationship Agreement,

**Misrepresenting Member** has the meaning given thereto in article 6.4(b),

**NCPS** means a non-cumulative callable preference share of one Euro (€1) in the capital of the Company having the rights set out in articles 6.16,

**NCPS Dividend** has the meaning given thereto in article 6.17,

**NCPS Dividend Payment Date** has the meaning given thereto in article 6.18,

**NCPS Dividend Period** means in respect of the first NCPS Dividend the period from (and including) the date of the Return to Profitability to (but excluding) the next Distribution Payment Date and each period thereafter from, and including, one Distribution Payment Date to, but excluding, the next following Distribution Payment Date,

**NCPS First Call Date** means 18 May 2017,

**NCPS Liquidation Payment** has the meaning given thereto in article 6.24,

**NCPS Redemption Value** has the meaning given thereto in article 6.27,

**NCPS Value** means fifty thousand Euros (€50,000),

**Nomination Committee** means the committee appointed by the Board to nominate, in accordance with the Nomination Committee terms of reference from time to time, suitable candidates to stand for election on the Board and the boards of operating entities within the LCH Clearnet Group,

**Non-Clearing Member** has the meaning given thereto in article 6.4(a),

**Non-Voting Shares** means the non-voting non-redeemable shares of one Euro each in the capital of the Company, having the rights set out in articles 6.10 to 6.15 (inclusive),

**NYSE Euronext** means a Delaware corporation organised on May 22, 2006 and whose principal executive office is located at 11 Wall Street, New York, New York 10005, USA, or any successor or surviving entity,

**NYSE Euronext Group** means NYSE Euronext and its associates, which, for the avoidance of doubt, shall exclude the LCH Clearnet Group, and **member of the NYSE Euronext Group** means any one such entity or interest,

**Offer Terms** has the meaning given thereto in article 12 6(d),

**Offerees** has the meaning given thereto in article 13 5,

**office** means the registered office of the Company,

**ordinary resolution** has the meaning given in section 282 of the Act,

**Ordinary Share** means a voting redeemable share of one Euro (€1) in the capital of the Company, having the rights set out in article 6 1,

**Ordinary Share redemption money** has the meaning given thereto in article 6 6,

**Other Shareholders** has the meaning given thereto in article 13 4,

**paid** means paid or credited as paid,

**parent undertaking** has, in relation to an undertaking, the same meaning as in section 1162 of the Act,

**Parity Security** means any preference shares (other than the NCPSs), preferred securities (other than the Preferred Securities) or other securities either (a) issued directly by the Company and expressed to rank *pari passu* with the Company's obligations under the Subordinated Guarantee or (b) issued by the Issuer or any subsidiary of the Company or other entity and entitled to the benefit of the Subordinated Guarantee or any other guarantee or support agreement expressed to rank *pari passu* with the Subordinated Guarantee,

**participate**, in relation to a directors' meeting, has the meaning given in article 28 8,

**Permissible Capital** means the capital of the Company which may be used to redeem shares in accordance with sections 710, 711 and 712 of the Act,

**Preferred Securities** means the €200,000,000 fixed rate/floating rate guaranteed non-voting non-cumulative perpetual preferred securities, originally issued on the Closing Date in denominations of €50,000 each representing an interest in the Issuer and including any further Preferred Securities of the Issuer of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Issuer,

**present** has the meaning given thereto in article 1 5,

**Pro Rata Entitlement** has the meaning given thereto in article 13 4(d),

**Pro Rata Share Entitlement** has the meaning given thereto in article 4 6(a),

**Proportionate Entitlement** has the meaning given thereto in article 12 6,

**Purchaser** has the meaning given thereto in article 13 6(a),

**Purchasing Other Shareholder** has the meaning given thereto in article 13 4(f)(ii),

**Push Matters** has the meaning given thereto in the Relationship Agreement,

**Push Notice** has the meaning given thereto in article 19 4,

**Push Resolution** has the meaning given thereto in article 19 7,

**Redemption Date** means the NCPS First Call Date or any NCPS Dividend Payment Date thereafter in respect of which the Company has elected to redeem the NCPS in accordance with article 6 27,

**Redemption Money** means the NCPS Redemption Value,

**Reference Banks** means HSBC Bank, ABN Amro and BNP Paribas,

**Regulator** means the ACP and the *Secrétariat Général* acting on its behalf or such other national or supranational regulatory authority as may at the relevant time have responsibility for the regulation and supervision of the Company,

**Regulatory Body** means any governmental, taxation, regulatory or licensing authority having jurisdiction over any member of the LCH Clearnet Group, including, but not limited to, in the UK, the UK Government, the UK Customs and Excise, the UK Inland Revenue, the UK Office of Fair Trading, the Financial Services Authority, in the USA, the Commodity Futures Trading Commission, the United States Securities and Exchange Commission, in France, the ACP and the *Autorité des marchés financiers*, in the European Union, the European Commission, and the equivalent authorities in the Netherlands, Belgium, Portugal, Italy, Japan and in any other country in which the LCH Clearnet Group carries on business including successors thereto,

**Regulatory Requirements** means, with respect to the Company, any regulation or requirement of applicable law or of any applicable Regulatory Body, or any request of any applicable Regulatory Body failure to comply with which would result or would reasonably be expected by the Company to result in the withdrawal of authorisation necessary to conduct clearing business in any relevant jurisdiction or other disciplinary or enforcement action that would have a material adverse effect on the ability of any member of the LCH Clearnet Group to conduct clearing business in any relevant jurisdiction,

**Relationship Agreement** means the relationship agreement entered into by the Company, LSEG and London Stock Exchange (C) Limited pursuant to the Implementation Agreement, including the schedules thereto, as the same may be amended from time to time,

**Relevant Capacity** means acting in the capacity as the holder of any of the Non-Voting Shares or the Special Share or exercising any rights attaching to any such shares,

**Relevant Votes** means those votes which attach to the Special Share and which are exercisable by the Company Secretary under articles 6 7, 17 1 and 17 3,

**representative** has the meaning given thereto in article 17 14,

**Return to Profitability** means (a) no Capital Deficiency Event is continuing at such time and (b) the Company has recorded positive Consolidated Net Income for at least two consecutive

fiscal years following the end of the fiscal year in which the relevant Loss Absorbency Event occurred,

***ROFR Excess Shares*** has the meaning given thereto in article 12 10,

***Sale Closing Date*** has the meaning given thereto in article 13 4(f),

***Sale Price*** has the meaning given thereto in article 13 3,

***Sale Proportion*** means the proportion which the Seller's Shares to be transferred to the Buyer (or, where more than one, to each Buyer) bears to the number of Seller's Shares held by the Seller prior to the transfer,

***Sale Shares*** means the Ordinary Shares of the Compulsory Seller which are to be transferred pursuant to articles 4 24 and 4 25 or pursuant to article 13, as the context requires,

***seal*** means the common seal of the Company,

***Seller's Shares*** has the meaning given thereto in article 12 6,

***Selling Shareholder*** has the meaning given thereto in article 12 6,

***Selling Venue Shareholder*** has the meaning given thereto in article 12 15,

***share*** means a share in the capital of the Company from time to time,

***shareholder*** means a member of the Company from time to time,

***Shareholder Director*** has the meaning given thereto in article 28 24,

***shareholding*** means the number of Ordinary Shares held by a shareholder,

***Shareholding Cap*** means any limit on the number of Ordinary Shares which a shareholder together with its associates may hold (directly or indirectly) as set by the Board pursuant to article 4 21, article 4 22 or article 4 23,

***Significant Interest*** means the entitlement to exercise or control the exercise of at least 40 per cent of the votes able to be cast on all or substantially all matters at general meetings of the Company,

***special resolution*** has the meaning given in section 283 of the Act,

***Special Share*** means an Ordinary Share held by the Company Secretary,

***Specified Price*** has the meaning given thereto in article 12 6(b),

***Subordinated Guarantee*** means the subordinated guarantee in respect of the Preferred Securities executed by the Company on the Closing Date as a deed poll,

***Subscription Price*** has the meaning given thereto in article 4 6(b),

***Subsidiary*** has, in relation to an undertaking, the same meaning as in section 1159 of the Act,

**subsidiary undertaking** has, in relation to an undertaking, the same meaning as in section 1162 of the Act,

**Sufficient Distributable Reserves** has the meaning given thereto in article 6 20,

**TARGET Business Day** means a day on which the Trans-European Automatic Real-Time Gross Settlement Express Transfer System (TARGET2) is operating,

**Termination** has the meaning given thereto in article 6 4,

**Third-Party Purchaser** has the meaning given in article 12 6(c),

**Tier 1 Capital** has the meaning ascribed to it in Regulation No 90-02 of 23 February 1990 relating to own funds and in the memorandum of the ACP relating to the calculation method of the solvency ratio of 2012 or any successor regulation and memorandum or equivalent rules of the Regulator,

**Transfer Notice** has the meaning given in article 12 6,

**Transferee** has the meaning given in article 12 25,

**Transferor** has the meaning given in article 12 25,

**undertaking** means a body corporate or partnership or unincorporated association carrying on a trade or business with or without a view to profit,

**United Kingdom** or **UK** means the United Kingdom of Great Britain and Northern Ireland,

**User Director** means a director who is nominated by a User Shareholder or who is otherwise connected to a User Shareholder by virtue of his employment or directorship and, for the avoidance of doubt, excludes a Customer Director,

**User Shareholder** means a shareholder that is a User,

**Users** means Clearing Participants other than Venues,

**Venue Director** means a director who is nominated by a Venue Shareholder or who is otherwise connected to a Venue Shareholder by virtue of his employment or directorship,

**Venue Shareholder** means a shareholder that is a Venue,

**Venues** means Clearing Participants which are Exchanges, and

**Voting Cap** means any limit on the number of votes attaching to shares which a shareholder together with its associates may exercise as set by the Board pursuant to article 17 2

1 2 Unless the context otherwise requires, words and expressions to which a particular meaning is given by the Act as in force when the Articles are adopted shall have the same meaning in the Articles, except where the word or expression is otherwise defined in the Articles

1 3 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special resolution is also effective for that purpose

1 4 References to any statutory provision or statute include all modifications thereto and all re-enactments thereof (with or without modification) and all subordinate legislation made thereunder in each case for the time being in force This article does not affect the interpretation of article 1 2

1 5 A member is *present* at a meeting if the member (being an individual) attends in person or if the member (being a corporation) attends by its duly authorised representative, who attends in person, or if the member attends by his or its duly appointed proxy, who attends in person

1 6 Where these Articles provide for a date on or by which anything is to be done and such date is not a Business Day, that thing must be done on the next Business Day

1 7 A reference to

- (a) a decision or determination made by “the Board” means a decision or determination made by a majority of the members of the Board voting on the issue in question,
- (b) a person includes a reference to a corporation, body corporate, association or partnership,
- (c) the singular includes the plural and vice versa,
- (d) the masculine includes the feminine and vice versa, and
- (e) an article, unless the context otherwise requires, is a reference to an article of these Articles

1 8 No regulations contained in any statute or subordinate legislation, including the regulations contained in Table A in the schedule to the Companies (Table A to F) Regulations 1985 or the model articles contained in the schedule to the Companies (Model Articles) Regulations 2008 apply as the regulations or articles of association of the Company

## 2. PRIVATE COMPANY

2 1 The Company is a private company limited by shares

2 2 The liability of the Company’s members is limited to the amount, if any, unpaid on the shares held by them

## 3. OPERATION OF THE COMPANY

3 1 The Company shall be run at all times in accordance with the Core Operating Principles

3 2 Any material amendment to the Relationship Agreement (save for any amendment(s) pursuant to any legal or regulatory requirement) may only be made by special resolution The determination of whether a proposed amendment to the Relationship Agreement is material shall be made by a majority decision of the Independent Directors

3 3 A Minority Protection Reserved Matter that is required to be approved by shareholders pursuant to the Relationship Agreement shall not occur or be implemented unless it has also been approved by special resolution

#### **4. SHARE CAPITAL**

##### **Directors' Allotment Powers**

4 1 Except to the extent authorised by these Articles, the directors shall not exercise any power to allot shares in the Company or to grant rights to subscribe for or convert any security into any shares in the Company

4 2 Subject to the Act and this article 4, the directors have general and unconditional authority to allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of all shares for the time being in the capital of the Company (whether forming part of the original or any increased share capital) and to grant rights to subscribe for or convert any security into shares to such persons, at such times and on such terms and conditions as the directors may decide, except that

- (a) no share may be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue, and
- (b) no share may be issued to any person unless
  - (i) such person is, or will become in connection with such issue, an Eligible Institution or an Eligible Institution Associate, and
  - (ii) such issue has been approved by the Board

4 3 Subject to this article 4 and to any resolution of the Company in general meeting passed pursuant thereto, the directors have general and unconditional authority, pursuant to section 551 of the Act, to exercise all powers of the Company to allot shares in the Company for a period expiring on the fifth anniversary of the date of the adoption of this article 4 3 unless previously renewed, varied or revoked by the Company in general meeting. The maximum amount of shares in the Company which may be allotted pursuant to the authority conferred by this article 4 3 is 24,731,270. By the authority conferred by this article 4 3, the directors may, before the authority expires, make an offer or agreement which would or might require shares of the Company to be allotted after it expires and may allot shares in pursuance of that offer or agreement. The authority conferred by this article 4 3 shall be without prejudice to the directors' powers under section 550 of the Act in the event that the Company has only one class of shares.

4 4 Each allotment of shares in the Company (other than an allotment of NCPSs as permitted by these Articles) shall be subject to the consent of LSEG for so long as LSEG and any member of its Group hold in aggregate a Significant Interest in the Company (LSEG's decision on whether to grant such consent not to be unreasonably delayed)

##### **Section 561 Disapplication**

4 5 Subject to this article 4 and to any resolution of the Company in general meeting passed pursuant thereto, the Board is empowered to allot equity securities for cash pursuant to the authority conferred by article 4 3 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to

- (a) the allotment of shares for cash in accordance with the provisions of article 4 6, and/or
- (b) the allotment of shares for cash to any Future Venue Partner, and/or

- (c) the allotment of shares for cash to LSEG (i) pursuant to its subscription obligation as set out in clause 9.6 of the Implementation Agreement, or (ii) for the purposes of maintaining sufficient regulatory capital, and/or
- (d) the allotment of equity securities for cash otherwise than pursuant to article 4.5(a), 4.5(b) or 4.5(c) in an aggregate amount of no more than 5 per cent of the Fully Diluted Share Capital per calendar year and no more than 7.5 per cent of the Fully Diluted Share Capital in any rolling three-year period

4.6 If the Company proposes to issue new shares for cash (*New Shares*) pursuant to article 4.5(a), then subject to articles 4.7 and 6.7

- (a) the New Shares shall be offered for subscription in cash and on the same terms to each shareholder pro rata to its Equity Proportion (as nearly as may be) (as at the record date reasonably determined by the Board in its sole discretion (the *Record Date*)) (a shareholder's *Pro Rata Share Entitlement*) on the basis that each shareholder may take up all or part or none of the New Shares offered to it,
- (b) each offer shall be made by notice from the Company (the *Issue Notice*) specifying (i) the number of New Shares to which the relevant shareholder is entitled or, if the Record Date is after the date of the Issue Notice, the basis on which that number of New Shares to which the relevant shareholder is entitled will be determined, subject to article 4.6(a) (ii) the price per New Share (the *Subscription Price*) and (iii) a time (being not less than 14 days from the date of the Issue Notice or if later, 14 days from the Record Date) within which, if the offer is not accepted, it will be deemed to be declined,
- (c) each shareholder who accepts the offer by notice to the Company shall, in addition, state either (i) that it would accept, on the same terms, New Shares (specifying a maximum number) that are not accepted by other shareholders (*Excess New Shares*) or (ii) that it would not accept any Excess New Shares (and, if a shareholder who accepts the offer fails to make a confirmation in the terms of (i) or (ii), it shall be deemed to have made a confirmation in the terms of (ii)) and shall (unless prescribed otherwise in the Issue Notice) accompany its acceptance with a remittance for the maximum number of New Shares for which it is applying,
- (d) on expiry of the acceptance period referred to in article 4.6(b), New Shares shall be allocated to each shareholder who has validly applied for its Pro Rata Share Entitlement (or less than its Pro Rata Share Entitlement),
- (e) Excess New Shares shall be allocated to shareholders who have stated pursuant to article 4.6(c) that they are willing to accept them in such manner as the Board may reasonably determine,
- (f) after expiry of the time limit for acceptance of an offer made pursuant to article 4.6(b) or upon receipt by the Company of an acceptance or refusal of every offer made by the Company, the Board shall be entitled to dispose of any New Shares offered to shareholders and which have not been taken up in accordance with the provisions of this article 4.6, such disposal to be in such manner and to such third party or parties as the Board may think most beneficial to the Company, provided that the terms may differ to those offered to the shareholders and that each such person is, or has agreed with the Company to become, or is an associate of a person which is, or which has agreed with the Company to become in connection with the transfer, an Eligible Institution or an Eligible Institution Associate, and

- (g) where any allocation under this article 4.6 would result in a fractional allotment of New Shares, the Board may, in its absolute discretion, round up or down such fractional allotments so that the offers and/or allotments of New Shares by the Company are of whole numbers of shares (totalling the number of shares for which the shareholders have given approval for issue)

#### **Anti-Dilution Protection**

4.7 If the Company proposes to issue equity securities for cash or for non-cash consideration, equity securities of the same class shall be offered for cash and otherwise on the same or equivalent terms

- (a) to LSEG to the extent required in order for LSEG and any member of its Group
- (i) if they hold a Controlling Interest in the Company immediately prior to such issue, to hold (or continue to hold) in aggregate 50 per cent plus one Ordinary Share of the Fully Diluted Share Capital immediately after completion of such issue, or
  - (ii) if they hold a Significant Interest (but less than a Controlling Interest) in the Company immediately prior to such issue, to hold (or continue to hold) in aggregate 40 per cent of the Fully Diluted Share Capital immediately after completion of such issue, or
  - (iii) if they hold a Material Interest (but less than a Significant Interest) in the Company immediately prior to such issue, to hold (or continue to hold) in aggregate 20 per cent of the Fully Diluted Share Capital immediately after completion of such issue, or
  - (iv) if they hold a 10 Per Cent Interest (but less than a Material Interest) in the Company immediately prior to such issue, to hold (or continue to hold) in aggregate 10 per cent of the Fully Diluted Share Capital immediately after completion of such issue,
- (b) to User Shareholders to the extent required in order for such User Shareholders
- (i) if they hold 25 per cent or more of the Fully Diluted Share Capital immediately prior to such issue, to hold (or continue to hold) in aggregate 25 per cent plus one Ordinary Share of the Fully Diluted Share Capital immediately after completion of such issue, or
  - (ii) if they hold less than 25 per cent but no less than 20 per cent of the Fully Diluted Share Capital immediately prior to such issue, to hold (or continue to hold) in aggregate 20 per cent plus one Ordinary Share of the Fully Diluted Share Capital immediately after completion of such issue

4.8 Any offer for subscription to be made to User Shareholders pursuant to article 4.7(b) shall be made on the basis of the procedure set out in article 4.5 (*mutatis mutandis*), save that references to "each shareholder" shall be construed as references to "each User Shareholder"

4.9 In the event of an issue of equity securities for non-cash consideration, the cash subscription price payable by LSEG and/or the relevant Eligible Institutions (as applicable) (the **Cash Subscription Price**) shall be determined as at the date consent is given to the issue of the equity securities by the Board (the **Consent Date**). The Cash Subscription Price shall

be such price as the Independent Directors shall determine within 15 Business Days of the Consent Date or, if not so agreed or the Independent Directors otherwise consider it appropriate, shall be determined by an internationally recognised firm of investment bankers (the *Expert*) appointed in accordance with article 4 10

4 10 For this purpose

- (a) the Expert shall be such internationally recognised firm of investment bankers as the Independent Directors may agree or, if they fail to agree within 10 Business Days of the end of the period referred to in article 4 9, the Expert shall be such internationally recognised firm of investment bankers, independent of all of the shareholders, as the International Centre for Expertise of the International Chamber of Commerce nominates at the request of any Independent Director, and
- (b) the Expert shall act as an expert and not as an arbitrator and its decision, which shall be incorporated in a certificate (a copy of which will be provided to each of the shareholders and the Company), shall be final and binding on the shareholders (and the Company) and not subject to appeal to any court or tribunal on any basis whatsoever and the shareholders and the Company must comply with the Expert's decision. The Expert's fees and expenses shall be borne by the Company

4 11 The Expert shall exercise its independent professional judgment in arriving at a determination of the Cash Subscription Price (which shall be expressed in the currency in which the relevant equity securities are denominated) by (i) assessing the historical and projected financial performance of the Company (ii) applying generally accepted methodologies for valuing the Company and (iii) such other valuation methods as the Expert shall consider to be appropriate in the circumstances

4 12 The Expert shall determine the Cash Subscription Price of the New Shares on the following basis

- (a) by valuing the Company on a going concern basis for an arm's length sale between a willing buyer and a willing seller and on the assumption that the subject matter of the valuation is exposed to an open market,
- (b) by valuing the equity securities by reference to the value of the Company as a whole (and therefore without regard to the size of any relevant holding),
- (c) making no allowances for any expenses that might be incurred in connection with the issue of the equity securities,
- (d) without regard to the size of the issue of the equity securities,
- (e) on the assumption that the share capital of the Company has been increased by the issue of the equity securities and that the proceeds of the issue of such shares have been received, and
- (f) without any discount which would normally be taken into account in the case of a rights issue by a listed company,

provided that the Cash Subscription Price of the New Shares may reflect any other factors suggested by a director which the Expert reasonably believes should be taken into account

## **NCPSs**

4 13 Unless a Loss Absorbency Event has occurred, the Company may not issue any NCPSs

4 14 The Company may not cancel, redeem, purchase, reduce or otherwise acquire any Ordinary Shares, any Non-Voting Shares or any Parity Security during a Dividend Stopper Period

4 15 For so long as there are any NCPSs in issue, the Company may not (a) issue any further non-cumulative preference shares which rank in priority to the NCPSs or (b) enter into any guarantee or other contractual support undertaking in respect of any preference shares or preferred securities of a Subsidiary of the Company which rank in priority to the NCPSs as regards dividends or any other distributions declared, made or paid by the Company or rights on a winding-up of the Company

## **Powers to Issue Different Classes of Share**

4 16 Subject to the provisions of the Act and these Articles and without prejudice to any rights attached to existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in the absence of such determination, as the Board shall determine

4 17 Subject to the provisions of the Act and these Articles, and to the rights attached to existing shares, the Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares

4 18 The provisions of section 284 of the Act (votes general rules) do not apply where the rights and restrictions attaching to a class of shares make other provision for voting. The provisions of section 310 of the Act (persons entitled to receive notice of meetings) do not apply where the rights and restrictions attaching to a class of shares make other provision for entitlement to receive notice

## **Payment of Commissions on Subscription for Shares**

4 19 The Company may exercise the powers of paying commissions conferred by the Act. Subject to the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully-paid or partly-paid shares or partly in one way and partly in the other

## **Company not Bound by less than Absolute Interests**

4 20 Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by these Articles or by law) the Company shall not, save in respect of the Company Secretary, be bound by or recognise any interest in any share except an absolute right to the entirety of that share in the holder

## **Shareholding Cap**

4 21 Subject to article 4 27, where a person directly or indirectly holds or acquires Ordinary Shares which, when aggregated with those then or already held by it and those held by its associates, represent a proportion of 10 per cent or more of the Fully Diluted Share Capital, the provisions of articles 4 24 and 4 25 shall apply

4 22 Where an Enumerated Entity directly or indirectly holds or acquires Ordinary Shares which, when aggregated with those then or already held by it and those held by its associates, represent a proportion of 5 per cent or more of the Fully Diluted Share Capital, the provisions of articles 4 24 and 4 25 shall apply. For the purposes of applying this article, references to "shareholder" or "person" in articles 4 23 to 4 29 (inclusive) shall be construed as references to "Enumerated Entity".

4 23 If the Independent Directors consider it necessary or desirable in connection with any applicable regulatory or legal requirements in order for the Company to carry on its business as carried on by it for the time being, or intended to be carried on in accordance with the then current Business Plan, at the time the relevant legal or regulatory requirement (as the case may be) is applicable, the Independent Directors may impose a Shareholding Cap lower than that specified in article 4 21 or article 4 22 (as appropriate) in respect of any shareholder or in respect of shareholders generally.

4 24 Where article 4 21 applies, article 4 22 applies or a person directly or indirectly holds or acquires Ordinary Shares which, when aggregated with those then or already held by it and those held by its associates, represent a proportion in excess of any lower Shareholding Cap that the Company may have imposed pursuant to article 4 23, then the Company may, without prejudice to the provisions of articles 17 1 to 17 4

(a) (on more than one occasion)

- (i) serve a Compulsory Sale Notice on such person and/or such person's associates pursuant to which the Company, acting as agent, may offer the Ordinary Shares held by such person and/or such person's associates for sale and shall specify the Fair Market Value being the price at which the Ordinary Shares are to be offered, or
- (ii) subject to article 4 14 and provided that the Company has sufficient Distributable Profits, serve a notice of redemption on such person and/or such person's associates pursuant to which the Company shall redeem the Ordinary Shares held by such person and/or such person's associates at the Initial Value,

in each case to such extent as will, immediately following such sale or redemption (as applicable), result in such person and such person's associates holding (directly or indirectly) as near as possible to, but no more than, the applicable Shareholding Cap, and/or

(b) direct that no payment shall be made by way of dividend or other distribution in respect of those Ordinary Shares held by such person in excess of the applicable Shareholding Cap.

4 25 If the Company serves a Compulsory Sale Notice pursuant to article 4 24(a)(i), the person or persons upon whom such notice is served shall be Compulsory Sellers, any Ordinary Shares transferred pursuant to such Compulsory Sale Notice shall be Sale Shares, and the provisions of articles 13 4 to 13 7 (inclusive) shall apply to such transfer *mutatis mutandis*.

4 26 If the Company serves a notice of redemption pursuant to article 4 24(a)(ii), each person upon whom such notice is served shall be a **Capped Shareholder** and the provisions of article 6 6 shall apply to such redemption.

4 27 The provisions of articles 4 21 to 4 26 shall not apply to LSEG for as long as it (together with its associates) holds a 10 Per Cent Interest in the Company

4 28 Each provision of these Articles relating to the allotment and issue or the transfer of shares shall only apply, in relation to each shareholder, to the extent that such provision would not result in such shareholder directly or indirectly holding or acquiring Ordinary Shares which, when aggregated with those then or already held by it and those held by its associates, would exceed any Shareholding Cap for the time being applicable to such shareholder

4 29 If any director or the Company Secretary becomes aware of a breach of the Shareholding Cap by a shareholder, they shall notify the Group Head of Compliance and Public Affairs of such breach

## **5. ALTERATION OF SHARE CAPITAL**

### **New Shares Subject to these Articles**

5 1 All shares created by increase of the Company's share capital, by consolidation, division or sub-division of its share capital or the conversion of stock into paid-up shares shall be

- (a) subject to all the provisions of these Articles, including without limitation provisions relating to transfer and transmission, and
- (b) unclassified, unless otherwise provided by these Articles, by the resolution creating the shares or by the terms of allotment of the shares

### **Fractions of Shares**

5 2 Whenever as a result of a consolidation or division of shares any shareholders would become entitled to fractions of a share, the directors may, on behalf of those shareholders, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among those shareholders, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale

5 3 Where any holder's entitlement to part of the proceeds of sale amounts to less than a minimum figure determined by the directors, that shareholder's part may be distributed to an organisation which is a charity for the purposes of the law of England and Wales, Scotland or Northern Ireland

## **6. SHARE RIGHTS**

### **Ordinary Shares**

6 1 The Ordinary Shares constitute a single class of shares and the holders thereof are entitled *pari passu* to the rights set out below

*Dividend*

6 2 The Board may declare and pay dividends on the Ordinary Shares in accordance with article 32

*Return of capital*

6 3 On a return of capital on a winding-up or otherwise, any surplus assets of the Company available for distribution shall, after paying the holders of NCPSs in accordance with article 6 24 and article 6 25, and the holder of the Non-Voting Shares in accordance with article 6 12, be distributed to each holder of an Ordinary Share pro rata to its shareholding

*Redemption*

6 4 If

- (a) a shareholder or its associate (other than LSEG or an associate of LSEG) is declared or deemed to be a defaulter by the relevant member of the LCH Clearnet Group in accordance with the Clearing Rules, or a shareholder or its associate (other than LSEG or an associate of LSEG) is given notice in writing by the Company that it has been declared an inactive member (each a *Non-Clearing Member*),
- (b) any of the details provided pursuant to article 12 6 in respect of a shareholder (a *Misrepresenting Member*) are found to have been materially incorrect (as determined by the Board in its sole discretion) as at the date they were provided,
- (c) a shareholder which is an Eligible Institution or an Eligible Institution Associate ceases to be an Eligible Institution or an Eligible Institution Associate (as applicable), or such shareholder becomes a Dissolved Shareholder (each such shareholder being an *Ineligible Person*), or
- (d) in addition, in the case of LSEG
  - (i) LSEG or any member of LSEG's Group (other than the Company or any of its subsidiary undertakings) (the *Terminating Party*) serves notice to terminate the LSE Clearing Agreement other than if such notice is served pursuant to a termination right that has accrued to the Terminating Party in accordance with the terms of, or due to a default by the Company in the performance of its obligations under, the LSE Clearing Agreement, or
  - (ii) the Company serves notice to terminate the LSE Clearing Agreement if such notice is served pursuant to a termination right that has accrued to the Company as a result of the liquidation, administration or insolvency of London Stock Exchange plc or the termination of London Stock Exchange plc's Recognised Investment Exchange status (or equivalent status) in accordance with the terms of the LSE Clearing Agreement, provided that, in the latter case, this article 6 4(d)(ii) shall cease to apply if London Stock Exchange plc regains Recognised Investment Exchange status (or equivalent status), or
  - (iii) in the circumstances set out in clause 18 1 3 of the Relationship Agreement,

each of a Non-Clearing Member, Misrepresenting Member, Ineligible Person and (only if the circumstances set out above apply) LSEG being a **Dormant Member**, (each a **Termination**), then the provisions of article 6 5 shall apply

6 5 Subject to article 4 14 and provided that the Company has sufficient Distributable Profits, and without prejudice to the Company's right to direct a transfer of shares pursuant to article 13, the Company has the right, in its absolute discretion, to serve a notice of redemption on a Dormant Member pursuant to which the Company shall redeem the outstanding Ordinary Shares held by the Dormant Member at the Initial Value Notice may be served to a Dissolved Shareholder by sending such notice of redemption to the Dissolved Shareholder's registered address unless, prior to sending, the Company has been notified (by a person whom the Board considers in its discretion likely on a balance of probabilities to have due authority) of a Dissolved Shareholder's representative, in which case notice shall be served to the Dissolved Shareholder's representative

6 6 On the redemption date specified in any redemption notice served pursuant to article 4 24(a)(ii) or article 6 5, the Ordinary Shares specified in the notice of redemption shall be redeemed and cancelled, whether or not the Capped Shareholder, the Dormant Member or the Dissolved Shareholder's representative, as applicable, delivers a share certificate or an indemnity in a form reasonably satisfactory to the Board in respect of a share certificate which cannot be produced, unless a Dividend Stopper Period is in operation in which case such Ordinary Shares shall be redeemed on the first Business Day following the end of the Dividend Stopper Period. The amount payable by the Company in respect of the Ordinary Shares to be redeemed (the **Ordinary Share redemption money**) shall be paid to each Capped Shareholder, Dormant Member or Dissolved Shareholder's representative, as applicable, in respect of those Ordinary Shares which are to be redeemed upon production of the relevant share certificate or satisfactory indemnity at the office. If a Capped Shareholder, Dormant Member or Dissolved Shareholder's representative, as applicable, produces neither the share certificate nor a satisfactory indemnity, the Company may retain the Ordinary Share redemption money, which shall not bear interest, until delivery of the certificate or a satisfactory indemnity. The Company shall cancel each share certificate in respect of redeemed Ordinary Shares

6 7 On the occurrence of a Termination the Ordinary Shares held by a Dormant Member (or any proxy therefor) will cease to confer on such shareholder any rights to (a) vote, whether exercisable at any general meeting or at any separate meeting of the class in question or otherwise, or (b) participate in any further issues of shares, or (c) in the case of a Misrepresenting Member, receive dividends or any other distribution declared, made or paid on or after the date of Termination, in each case otherwise attaching to such Ordinary Shares or pursuant to an offer made to the holder. Until such Ordinary Shares are transferred in accordance with article 13 and subject to articles 7 1 and 22 3, the voting rights otherwise attaching to such shares shall become Relevant Votes and will attach to the Special Share and will be exercisable by the Company Secretary

#### *Votes*

6 8 Subject to articles 6 7 and 17 4, each holder of an Ordinary Share shall have one vote for every share of which it is the holder

#### *Transfer*

6 9 Ordinary Shares may only be transferred in accordance with articles 12 and 13

#### **Non-Voting Shares**

6 10 The Non-Voting Shares shall entitle the holder thereof to the rights set out below

*Dividend*

6 11 Subject to article 6 12, the holder of the Non-Voting Shares shall not be entitled to participate in the profits of the Company

*Return of Capital*

6 12 On a return of capital on a winding up or otherwise of the Company, the holder of the Non-Voting Shares shall be entitled to receive out of the assets of the Company available for distribution to its shareholders the sum of €2 after the holders of NCPSs have been paid in accordance with articles 6 24 and 6 25 but shall not be entitled to any further participation in the assets of the Company

*Voting*

6 13 The holder of the Non-Voting Shares shall have no right to attend, speak or vote, either in person or by proxy, at any general meeting of the Company or any meeting of a class of shareholders of the Company in respect of the Non-Voting Shares, save where required by law

*Transfer*

6 14 The Non-Voting Shares are to be held by the Company Secretary as designated by the Board from time to time Upon the holder for the time being of the Non-Voting Shares ceasing to be the Company Secretary, he shall forthwith transfer the Non-Voting Shares to his successor or to such other person as the Company shall direct for a consideration of €1 per Non-Voting Share If the person ceasing to be Company Secretary fails so to transfer the Non-Voting Shares, he shall be deemed to have appointed any director as his agent to execute a transfer of the Non-Voting Shares and to receive the consideration in trust for him The Non-Voting Shares may not be transferred otherwise than in accordance with this article 6 14

*Further Rights*

6 15 The Non-Voting Shares shall carry the right to receive notice of every meeting in accordance with article 15 but shall not confer any right to participate in any offer or invitation by way of rights or otherwise to subscribe for additional shares in the Company or confer any right to participate in any issue of bonus shares

**Non-Cumulative Callable Preference Shares**

6 16 The NCPSs shall entitle the holders thereof to the rights set out below

*Dividend*

6 17 Prior to redemption and subject to article 6 19, the Board may in its absolute and sole discretion resolve to declare and pay a non-cumulative preferred annual dividend on each NCPS at a fixed rate equal to 6 576 per cent per annum up to (but excluding) 18 May 2017 and thereafter at a floating rate of 3 month EURIBOR plus 2 10 per cent per annum on a principal amount equal to the NCPS Value (the *NCPS Dividend*) The Board shall not be required to give any person a reason for exercising such discretion

6 18 If a NCPS Dividend is declared in accordance with article 6 17 it shall be payable quarterly in arrears on each Distribution Payment Date, or if any such date is not a Business Day on the following Business Day, in each Financial Year in respect of the Distribution Period ending on the day immediately before those dates and on the NCPS First Call Date (if any) (the *NCPS Dividend Payment Date*)

6 19 NCPS Dividends shall only be payable (a) following a Return to Profitability and (b) out of Distributable Profits To the extent declared by the Board in accordance with article 6 17 and provided that the Company has Distributable Profits available on the relevant date for payment, NCPS Dividends shall become a debt due to the holders of NCPSs

6 20 If on any NCPS Dividend Payment Date, the Company does not have sufficient Distributable Profits to enable payment to be made of the instalment of the NCPS Dividend payable on that date and, if applicable, of any payment payable on such date on any Parity Security (*Sufficient Distributable Reserves*), then the Board shall resolve that none of the said instalments shall be paid

6 21 If, following a Return to Profitability, (a) a Capital Deficiency Event has occurred and has continued for a period of six months or two NCPS Dividend Periods and has not been cured or (b) the Consolidated Capital Ratio of the Company has not been restored to above the minimum percentage required by the Regulator according to the Capital Regulations, then, notwithstanding that the Company would have Sufficient Distributable Reserves, no NCPS Dividend or instalment thereof shall be payable until a further Return to Profitability

6 22 On any NCPS Dividend Payment Date with respect to which (a) a Capital Disqualification Event has occurred and is continuing and (b) there is no Capital Deficiency Event subsisting, the Company shall be obliged to pay the instalment of the NCPS Dividend payable on that date and the Board may not exercise its discretion to not declare a NCPS Dividend

6 23 The NCPS Dividend shall be paid *pari passu* with the payment of any dividend or other payment on a Parity Security of the Company and in priority to the payment of any dividend on any Ordinary Share

#### *Return of Capital*

6 24 On a Capital Return Event, the surplus assets of the Company remaining after the payment or satisfaction of amounts due to creditors (whether secured or unsecured, and including creditors under subordinated debt instruments that are currently, or may in the future, be issued or outstanding, whether in France or elsewhere) (the *Assets*) shall be applied in paying to each holder of a NCPS equally and rateably to the payment to each holder of a Parity Security of the Company but in priority to any payment to the holders of any Ordinary Shares or any Non-Voting Shares the NCPS Value and such further amount as equals any NCPS Dividends which have accrued for the period from but excluding the last Distribution Payment Date to and including the date of the Capital Return Event (*NCPS Liquidation Payment*)

6 25 In the event that the Company is unable to make the NCPS Liquidation Payment to a holder of a NCPS, the Assets shall be distributed to each holder of a NCPS and each holder of a Parity Security of the Company pro rata to its shareholding

6 26 Except as provided in articles 6 27 and 6 28 regarding redemption, a NCPS does not entitle the holder thereof to any further rights of participation in the profits or assets of the Company

*Redemption*

6 27 Subject to the prior written approval of the Regulator, the Company may, in its sole discretion, elect to redeem all, but not some only, of the NCPSs on the NCPS First Call Date or on any NCPS Dividend Payment Date thereafter at its Initial Value together with any accrued NCPS Dividend for the period from, but excluding, the last NCPS Dividend Payment Date to, and including, the NCPS First Call Date (*NCPS Redemption Value*) by giving the holders of NCPSs not less than 30 nor more than 60 days' notice in writing

6 28 NCPSs shall be cancelled, and the Redemption Money payable in respect thereof shall be paid, in accordance with articles 6 31 to 6 35

*Votes*

6 29 The holders of NCPSs are entitled, in respect of any NCPSs held, to receive notice of general meetings, class meetings or other meetings of the shareholders or any of them but are not entitled to attend or vote at general meetings or other meetings of the shareholders other than in respect of a resolution to wind-up the Company or at a class meeting of the holders of NCPSs

*Transfer*

6 30 NCPSs may not be transferred

*Redemption Payments*

6 31 On the relevant Redemption Date, the Redemption Money shall be paid to each holder of a NCPS in respect of those NCPSs which are to be redeemed against production of the relevant share certificate (or an indemnity in a form reasonably satisfactory to the Board in respect of a share certificate which cannot be produced) at the office If a holder of a NCPS produces neither the share certificate nor a satisfactory indemnity, the Company may retain the Redemption Money until delivery thereof

6 32 The Company shall cancel each share certificate in respect of a NCPS and shall issue in respect of each NCPS a fresh certificate, without charge, in respect of the balance of any NCPSs represented by the relevant certificate and remaining outstanding

6 33 As from the relevant Redemption Date, the NCPS Dividend shall cease to accrue on the NCPSs to be redeemed unless, despite presentation of the relevant share certificate or a satisfactory indemnity, the Company fails to pay the Redemption Money in respect of all the NCPSs to be so redeemed In such circumstances the NCPS Dividend shall continue to accrue or be deemed to continue to accrue on the NCPSs in respect of which Redemption Money is outstanding until the Redemption Money is paid

6 34 If the Company does not have sufficient Distributable Profits to redeem NCPSs on the relevant Redemption Date, the Company may finance such redemption

- (a) out of the proceeds of an issue of Ordinary Shares in accordance with article 4 5, provided that any Ordinary Shares issued for such purpose shall be issued on terms that the proceeds thereof shall be used to finance the redemption in full, or
- (b) out of Permissible Capital

6.35 To the extent the Company proposes to issue Ordinary Shares in accordance with articles 6.31 to 6.34, NYSE Euronext and each of its associates holding Ordinary Shares shall, and shall procure that each of their associates shall, take all necessary steps and undertake to exercise all powers of control available to it (whether as a shareholder or by its representatives appointed to the Board) to vote in favour of all resolutions necessary for such issue of Ordinary Shares

## 7. VARIATION OF CLASS RIGHTS

7.1 The Ordinary Shares constitute a single class of shares and are not divided into classes, save in respect of any right to appoint a director or directors in accordance with article 18 or article 22. Save as otherwise provided in these Articles, any special rights attached to any shares in the capital of the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of those entitled to attend and vote at general meetings of the Company representing 75 per cent of the voting rights attaching to Ordinary Shares which may be exercised at such meetings, or with the sanction of 75 per cent of those votes attaching to Ordinary Shares cast on a special resolution proposed at a separate general meeting of all those entitled to attend and vote at general meetings of the Company, but not otherwise (in each case the registered holders of such shares to which Relevant Votes attach may exercise such Relevant Votes to the exclusion of the Company Secretary)

7.2 The special rights attaching to the NCPSs may only be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up, in accordance with this article 7.2. Any such variation or abrogation shall require the consent in writing of the holders of not less than two-thirds of the issued NCPSs

7.3 A resolution to vary any class rights relating to the giving, variation, revocation or renewal of any authority of the directors to allot shares or relating to a reduction of the Company's capital may only be varied or abrogated in accordance with the Act but not otherwise

7.4 The provisions of these Articles relating to general meetings shall apply to every meeting of the holders of a class of shares except that the necessary quorum shall be one or more persons holding or representing by proxy at least ten per cent of the issued shares of the class in aggregate other than in respect of any separate general meeting of the holders of NCPSs. The quorum at any such meeting of the holders of NCPSs shall be a person or persons having the right to exercise the votes, holding or representing by proxy at least one-third of NCPSs in issue. At any adjourned separate general meeting of the holders of NCPSs, the quorum shall be such number of holders of NCPSs as is present in person or by proxy at such meeting.

## 8. COMPANY SECRETARY VOTING RIGHTS

8.1 The Company Secretary shall exercise the Relevant Votes in accordance with the recommendation of the Board

8.2 Subject to the provisions of the Act, but without prejudice to any indemnity to which the Company Secretary may otherwise be entitled, the Company Secretary is entitled to be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him as a result of investigating, defending or settling a claim made against him in his Relevant Capacity by the Company or any of the shareholders unless and to the extent that

such cost, charge, loss or liability is due to the fraud, negligence or wilful default of the Company Secretary

8 3 Subject to the provisions of the Act, but without prejudice to any indemnity to which the Company may otherwise be entitled, the Company is entitled to be indemnified by a shareholder (other than the Company Secretary) against all costs, charges, losses and liabilities incurred by the Company as a result of investigating, defending or settling a claim made against the Company by the Company Secretary in his Relevant Capacity as a result of the Company Secretary investigating or defending an unsuccessful claim made against the Company Secretary in his Relevant Capacity by that shareholder unless and to the extent that such cost, charge, loss or liability is due to the fraud, negligence or wilful default of the Company

8 4 Save as otherwise expressly provided in these Articles, the Company Secretary shall not be liable to the Company in respect of anything done or omitted to be done by him in his Relevant Capacity under or in relation to any of the Articles otherwise than by reason of his own fraud, negligence or wilful default

8 5 The Company Secretary

- (a) does not owe any duty to any shareholder,
- (b) shall be immune from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process brought against it by any shareholder, and
- (c) shall not be liable to any shareholder,

in respect of anything done or omitted to be done by him in his Relevant Capacity otherwise than by reason of his own fraud, negligence or wilful default

8 6 Without prejudice to article 8 5, no shareholder shall commence proceedings against the Company Secretary in respect of any action or omission of the Company Secretary in his Relevant Capacity which is in accordance with the Articles

8 7 Where the Company Secretary ceases to act for any reason, the Board shall use all reasonable endeavours to find a replacement to act in his Relevant Capacity, provided that it shall not be obliged to find a replacement where it would incur unreasonable costs

8 8 For the avoidance of doubt, in exercising the Relevant Votes the Company Secretary in his Relevant Capacity shall have no fiduciary duty to the Company or any shareholder, and his only liabilities and duties with respect to the exercise of Relevant Votes in his Relevant Capacity shall be owed to the Company as expressly set out in an agreement with the Company, if any, concerning the exercise of the Relevant Votes

**9. SHARE CERTIFICATES**

9 1 Every shareholder, upon becoming the holder of any shares shall be entitled, without payment, to one certificate for all the shares of each class held by it (and, upon transferring a part of its holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of its shares, upon payment for every certificate after the first of such reasonable sum as the directors may determine No certificate may be issued in respect of shares of more than one class Every certificate shall have the seal affixed to it or be otherwise executed in accordance with the Act and shall specify the number, class and

distinguishing numbers (if any) of the shares to which it relates, the nominal value thereof and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate for a share to one joint holder shall be a sufficient delivery to all of them.

9.2 If a share certificate is damaged, defaced, worn-out, lost, stolen or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of damage, defacement or wearing-out) on delivery up of the old certificate.

#### **10. LIEN**

10.1 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time (generally or in a particular case) waive any lien or declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien on a share shall extend to any amount (including without limitation dividends) payable in respect of it.

10.2 The Company may sell in such manner as the directors determine, any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.

10.3 To give effect to that sale, the directors may authorise any person to execute an instrument of transfer in respect of the shares sold to, or in accordance with the directions of, the purchaser. The purchaser shall not be bound to see to the application of the purchase money and the title of the transferee to the shares shall not be affected by any irregularity or invalidity in the proceedings in relation to the sale.

10.4 The net proceeds of the sale, after payment of the costs, shall be applied in or towards payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any monies not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

#### **11. CALLS ON SHARES, FORFEITURE AND SURRENDER**

##### **Calls on Shares**

11.1 Subject to the terms of allotment, the directors may make calls upon the shareholders in respect of any monies unpaid on their shares (whether in respect of nominal value or premium) and each shareholder shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company, as required by the notice, the amount called on its shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due hereunder, be revoked in whole or in part and payment of a call may be postponed in whole or part, in each case as the directors may determine. A person upon whom a call is made shall remain liable for calls made upon it notwithstanding the subsequent transfer of the shares in respect of which the call was made.

11.2 A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.

11 3 The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share

11 4 If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may in respect of any individual shareholder waive payment of the interest wholly or in part

11 5 An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and notified and payable on the date so fixed or in accordance with the terms of the allotment. If it is not paid when due, all the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified

11 6 Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the allottees or holders in the amounts and times of payment of calls on their shares

11 7 The directors may, if they think fit, receive from any shareholder all or any part of the monies uncalled and unpaid on any share held by it. Such payment in advance of calls shall extinguish the liability on the share in respect of which it is made to the extent of the payment. The Company may pay on all or any of the monies so advanced (until they would but for such advance become presently payable) interest at such rate agreed between the directors and the shareholder not exceeding the appropriate rate (as defined by the Act)

#### **Forfeiture and Surrender**

11 8 If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid, together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited

11 9 If the notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other monies payable in respect of the forfeited share and not paid before the forfeiture. Where a share has been forfeited, notice of the forfeiture shall be sent to the person who was the holder of the share before the forfeiture and an entry shall be made promptly in the register of members of the Company opposite the entry of the share showing that notice has been sent, that the share has been forfeited and the date of forfeiture. No forfeiture shall be invalidated by the omission or neglect to send that notice or to make those entries

11 10 Subject to the Act, a forfeited share shall be deemed to belong to the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person, and at any time before a sale, re-allotment or other disposal, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person, the directors may authorise any person to execute an instrument of transfer of the share to that person

11 11 A person any of whose shares have been forfeited shall cease to be a member in respect of those shares and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all monies which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest on that amount at the rate at which interest was payable on those monies before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal

11 12 A statutory declaration by a director or the Company Secretary that a share has been forfeited or surrendered on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, surrender, sale, re-allotment or disposal of the share

## **12. TRANSFER OF SHARES**

### **Permitted Transfers**

12 1 Ordinary Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor

12 2 Unless it is (i) a transfer of Ordinary Shares permitted by these Articles or (ii) a transfer of Ordinary Shares made with the prior written consent of all of the other holders of Ordinary Shares, no holder of Ordinary Shares shall

- (a) sell, transfer or dispose of or otherwise deal with any right or interest in any Ordinary Shares (including the grant of any option over or in respect of any Ordinary Shares), or
- (b) create or permit to exist any pledge, lien, mortgage, fixed or floating charge or other encumbrance over any Ordinary Shares or any interest in any Ordinary Shares, or
- (c) enter into any agreement with any person who is not a shareholder in respect of the votes attached to any Ordinary Shares

### **Transfers to Eligible Institutions Only**

12 3 Subject to article 12 32, a holder of Ordinary Shares may only transfer Ordinary Shares to a person which remains, or becomes in connection with such transfer, an Eligible Institution or an Eligible Institution Associate

### **Right of the Board to Approve Transferee**

12 4 A proposed transfer of Ordinary Shares to LSEG and/or any member of its Group pursuant to the provisions of articles 12 15 to 12 24 (inclusive) which would not result in the level of LSEG's Group's shareholding exceeding the LSEG Initial Percentage shall not require Board approval. In all other cases, provided that a transfer is in accordance with article 12 3 and the Board considers that the transfer would be in the best interests of the

Company, the Board can choose to approve the transfer of any Ordinary Share (including to new Venue Shareholders) on the basis that articles 12 6 to 12 24 (inclusive) shall not apply to such transfers. If the Board does not determine the transfer to be in the best interests of the Company, articles 12 6 to 12 24 (inclusive) shall apply.

### **LSEG Transfer Right**

12 5 Provided that a transfer is in accordance with article 12 3 and for so long as LSEG and any member of its Group hold a Significant Interest in the Company, LSEG may transfer Ordinary Shares to any Future Venue Partners and the provisions of articles 12 6 to 12 14 (inclusive) shall not apply to such transfer, provided that on completion of such transfer LSEG continues to hold a Significant Interest in the Company.

### **General Right of First Refusal**

12 6 Subject to article 12 4, article 12 5, articles 12 15 to 12 24 (inclusive) and article 12 32, before a shareholder (the *Selling Shareholder*) makes any transfer of the Ordinary Shares held by it (the *Seller's Shares*) to an Eligible Institution or an Eligible Institution Association under article 12 3, it shall first give a written notice (a *Transfer Notice*) to the Continuing Shareholders offering to sell the Seller's Shares to each of the Continuing Shareholders in the same proportion (as nearly as may be) as the number of Ordinary Shares held by such Continuing Shareholder bears to the total shareholdings of the Continuing Shareholders (a Continuing Shareholder's *Proportionate Entitlement*) as at the close of business on the date prior to the date of the Transfer Notice. A Transfer Notice shall specify:

- (a) the number of Seller's Shares which the Selling Shareholder is proposing to sell and each Continuing Shareholder's Proportionate Entitlement,
- (b) the proposed consideration for the relevant transfer, which must be cash and, if the Selling Shareholder has proposed a price to the proposed Third-Party Purchaser (as defined below), must be no more than such price (the *Specified Price*),
- (c) the identity and address of the person(s) to whom the Selling Shareholder proposes to sell the Seller's Shares (the *Third-Party Purchaser*) and details of the existing holdings of the Third-Party Purchaser and its associates, and
- (d) any other material terms of the proposed sale (the *Offer Terms*)

12 7 A Transfer Notice shall be irrevocable (except as provided by article 12 13) and shall constitute an offer by the Selling Shareholder to sell the Seller's Shares to the Continuing Shareholders at the Specified Price and on the Offer Terms and shall be open for acceptance by each of the Continuing Shareholders for 20 Business Days from the date of despatch of the Transfer Notice (the *Acceptance Period*).

12 8 Each of the Continuing Shareholders may at any time before the expiry of the Acceptance Period give notice (a *Buy Notice*) to the Selling Shareholder of (i) its wish to purchase all or any of the Seller's Shares offered to it by the Selling Shareholder at the Specified Price and on the Offer Terms and (ii) if applicable its wish to apply for Seller's Shares in excess of its Proportionate Entitlement by specifying in its Buy Notice the number of Seller's Shares in excess of its Proportionate Entitlement which it is prepared to purchase. A Buy Notice shall be irrevocable unless agreed in writing by the Selling Shareholder and all the Continuing Shareholders giving Buy Notices.

12 9 If any of the Continuing Shareholders fails to serve a Buy Notice before the expiry of the Acceptance Period, it shall be deemed to have declined the offer by the Selling Shareholder constituted by the Transfer Notice

12 10 If any Continuing Shareholder has applied for less than its Proportionate Entitlement

- (a) the excess Seller's Shares (the *ROFR Excess Shares*) shall be allocated (as nearly as may be) to each Continuing Shareholder who has applied for Seller's Shares in excess of its Proportionate Entitlement in the same proportion as the number of Ordinary Shares held by such Continuing Shareholder bears to the total number of Ordinary Shares held by the Continuing Shareholders who have so applied as at the close of business on the Business Day prior to the date of the Transfer Notice,
- (b) any allocation made under this article shall not, however, result in any Continuing Shareholder being allocated more Seller's Shares than it has applied for, any remaining ROFR Excess Shares being apportioned by applying this article without taking account of such Continuing Shareholder, and
- (c) in cases where there are insufficient ROFR Excess Shares to satisfy all applications, the ROFR Excess Shares shall be allocated (as nearly as may be) to each Continuing Shareholder which has applied for ROFR Excess Shares in the same proportion as the number of ROFR Excess Shares applied for by such Continuing Shareholder bears to the total number of ROFR Excess Shares applied for by all Continuing Shareholders

12 11 A Buy Notice may be expressed to be subject to the fulfilment of such specified conditions as may be required in order to enable the Seller's Shares to be acquired without breach of any relevant law or regulation. The right may be reserved to waive all or any of such conditions, whether in whole or in part, provided that a Buy Notice must provide that it will cease to be effective if all relevant conditions are not fulfilled or waived within a specified period not exceeding 45 Business Days from the date of the Buy Notice (the *Condition Period*)

12 12 If Buy Notices (for which all of the specified conditions are fulfilled or waived within the Condition Period) are served by Continuing Shareholders for all of the Seller's Shares, the Selling Shareholder shall be bound to sell, and such Continuing Shareholders shall be bound to purchase, all of the Seller's Shares at the Specified Price and upon the Offer Terms and otherwise in accordance with article 12 26 Completion shall take place within 10 Business Days from the end of the Condition Period

12 13 If Buy Notices are served by Continuing Shareholders for some or all of the Seller's Shares but not all of the specified conditions in the Buy Notices are fulfilled or waived within the Condition Period, or if Buy Notices (for which all specified conditions are fulfilled or waived within the Condition Period) are served for less than all of the Seller's Shares, then the Selling Shareholder shall be entitled at its discretion to

- (a) withdraw its Transfer Notice and retain all the Seller's Shares, or
- (b) transfer all of the Seller's Shares to the Third-Party Purchaser, or
- (c) transfer to the relevant Continuing Shareholders those Seller's Shares in respect of which the Continuing Shareholders have served Buy Notices (the relevant conditions of which have been fulfilled or waived), including in order to satisfy any applications from such Continuing Shareholders to acquire Seller's Shares in excess of their respective Proportionate Entitlements, and

- (i) retain the remaining Seller's Shares, or
- (ii) transfer the remaining Seller's Shares to the Third-Party Purchaser,

each such transfer to be made at not less than the Specified Price and on the Offer Terms, provided that the transfer is completed within 60 Business Days of the end of the Condition Period. The Selling Shareholder shall indicate whether it has elected for option (a), (b) or (c) by notice to the Continuing Shareholders and the Company within 5 Business Days of the end of the Condition Period. If it does not so elect, it shall be deemed to have elected for option (a). Completion of any transfer pursuant to this article 12.13 shall take place within 15 Business Days from the end of the Condition Period.

12.14 If the Selling Shareholder withdraws the Transfer Notice under article 12.13, the Selling Shareholder shall not be entitled to serve a further Transfer Notice in respect of the Seller's Shares for a period of 6 months after the end of the Acceptance Period, and then only by serving a further Transfer Notice and otherwise complying with the Articles.

#### **Right of First Refusal for LSEG**

12.15 Notwithstanding articles 12.6 to 12.14 (inclusive), but always subject to article 12.4, before a Venue Shareholder that is a Selling Shareholder (*a Selling Venue Shareholder*) issues a Transfer Notice in accordance with article 12.6, for so long as LSEG and any member of its Group hold in aggregate a Significant Interest in the Company it shall first give a Transfer Notice to LSEG only offering to sell the Seller's Shares to LSEG. Such Transfer Notice shall specify

- (a) the number of Seller's Shares which the Selling Venue Shareholder is proposing to sell,
- (b) the Specified Price,
- (c) the identity and address of the Third-Party Purchaser and details of the existing holdings of the Third-Party Purchaser and its associates, and
- (d) the Offer Terms

12.16 The Transfer Notice shall be irrevocable (except as provided by article 12.19, 12.22 and article 12.23) and shall constitute an offer by the Selling Venue Shareholder to sell the Seller's Shares to LSEG at the Specified Price and on the Offer Terms and shall be open for acceptance by LSEG during the Acceptance Period.

12.17 On receipt of such Transfer Notice

- (a) if the aggregate shareholding of LSEG and its associates is at or greater than LSEG Initial Percentage, LSEG shall promptly notify the Selling Venue Shareholder and the provisions of articles 12.15 to 12.24 shall not apply, and
- (b) if LSEG's shareholding is less than LSEG Initial Percentage, LSEG shall only be permitted to serve a Buy Notice for such number of Seller's Shares as would not result in LSEG's shareholding exceeding the LSEG Initial Percentage on completion of the transfer of such shares

12 18 LSEG may at any time before the expiry of the Acceptance Period send a Buy Notice to the Selling Venue Shareholder A Buy Notice shall be irrevocable unless agreed in writing by the Selling Venue Shareholder and LSEG

12 19 If LSEG fails to serve a Buy Notice before the expiry of the Acceptance Period, it shall be deemed to have declined the offer by the Selling Venue Shareholder constituted by the Transfer Notice and the Selling Venue Shareholder shall be entitled at its discretion either to (i) withdraw its Transfer Notice and retain all the Seller's Shares or (ii) offer the Seller's Shares to the Continuing Shareholders pursuant to articles 12 6 to 12 14 (inclusive) The Selling Venue Shareholder shall indicate whether it has elected for option (i) or option (ii) by notice to LSEG and the Company within 5 Business Days of the end of the Acceptance Period If it does not so elect, it shall be deemed to have elected for option (i)

12 20 A Buy Notice may be expressed to be subject to the fulfilment of such specified conditions as may be required in order to enable the Seller's Shares to be acquired without breach of any relevant law or regulation The right may be reserved to waive all or any of such conditions, whether in whole or in part, provided that a Buy Notice must provide that it will cease to be effective if all relevant conditions are not fulfilled or waived within the Condition Period

12 21 If LSEG is entitled to serve a Buy Notice pursuant to article 12 17(b) for all the Seller's Shares and does so, and all of the specified conditions for such Buy Notice are fulfilled or waived within the Condition Period, the Selling Venue Shareholder shall be bound to sell, and LSEG shall be bound to purchase, all of the Seller's Shares at the Specified Price and upon the Offer Terms and otherwise in accordance with article 12 7 and 12 26 Completion shall take place within 10 Business Days from the end of the Condition Period

12 22 If LSEG is entitled to serve a Buy Notice pursuant to article 12 17(b) for some or all the Seller's Shares and does so, but not all of the specified conditions in the Buy Notice are fulfilled within the Condition Period, the Selling Venue Shareholder shall be entitled at its discretion either to (i) withdraw its Transfer Notice and retain all the Seller's Shares or (ii) offer the Seller's Shares to the Continuing Shareholders pursuant to articles 12 6 to 12 14 (inclusive) The Selling Venue Shareholder shall indicate whether it has elected for option (i) or option (ii) by notice to LSEG and the Company within 5 Business Days of the end of the Condition Period If it does not so elect, it shall be deemed to have elected for option (i)

12 23 If LSEG is entitled to serve a Buy Notice pursuant to article 12 17(b) for some only of the Seller's Shares and does so (or if LSEG is entitled to serve a Buy Notice pursuant to article 12 17(b) for all the Seller's Shares but serves a Buy Notice in respect of some only), and all of the specified conditions in the Buy Notice are fulfilled or waived within the Condition Period, the Selling Venue Shareholder shall be entitled at its discretion either to (i) withdraw its Transfer Notice and retain all the Seller's Shares, (ii) transfer to LSEG the proportion of the Seller's Shares in respect of which it has served a Buy Notice and offer the remaining Seller's Shares to the Continuing Shareholders pursuant to articles 12 6 to 12 14 (inclusive) The Selling Venue Shareholder shall indicate whether it has elected for option (i) or option (ii) by notice to LSEG and the Company within 5 Business Days of the end of the Acceptance Period If it does not so elect, it shall be deemed to have elected for option (i) If the Selling Venue Shareholder elects for option (ii) Completion of the transfer of the relevant proportion of Seller's Shares to LSEG shall take place within 15 Business Days from the end of the Acceptance Period

12 24 If the Selling Venue Shareholder withdraws the Transfer Notice under article 12 13, the Selling Venue Shareholder shall not be entitled to serve a further Transfer Notice in

respect of the Seller's Shares for a period of 6 months after the end of the Acceptance Period, and then only by serving a further Transfer Notice and otherwise complying with the Articles

### **Intra-Group Transfers and De-Grouping**

12.25 Notwithstanding the provisions of articles 12.6 to 12.24 (inclusive), but subject always to article 12.3, a shareholder (the *Transferor*) shall be entitled to transfer some or all of its Seller's Shares to any member of its Group. If the Transferor transfers its Seller's Shares to a member of its Group (the *Transferee*) pursuant to this article then

- (a) unless it is a transfer by LSEG and/or another member of its Group, the Transferor shall procure that, if the Transferee proposes to cease to be a member of the Transferor's Group, before the Transferee leaves the Transferor's Group the Transferee shall transfer all of its interest in any Seller's Shares to the Transferor or another member of the Transferor's Group, and
- (b) in the case of a transfer by LSEG and/or another member of its Group of all the shares, or of a Controlling Interest in the Company, held by LSEG's Group at the time of transfer then LSEG shall procure that the Transferee shall execute a deed of adherence to the Relationship Agreement in accordance with its terms and deliver it to the Company prior to and as a condition to the registration of such transfer, and

in both cases the provisions of article 12.26 (as specified in that article) shall apply to such transfer

### **Terms of Transfer**

12.26 Any transfer of Seller's Shares pursuant to these Articles shall be on the following terms

- (a) the shares shall be sold free from all liens, charges and encumbrances and third party rights, together with all rights of any nature attaching to them including all rights to any dividends or other distributions declared, paid or made after the date of the Transfer Notice,
- (b) the Seller shall deliver to the Continuing Shareholders or the Third-Party Purchaser (as the case may be) (the *Buyer*) duly executed transfer(s) in favour of the Buyer(s), or as it or they may direct, together with, if appropriate, certificate(s) for the Seller's Shares and a certified copy of any authority under which such transfer(s) is/are executed and, against delivery of the transfer(s), the Buyer(s) shall pay the consideration for the Seller's Shares (in the Sale Proportion) to the Seller in cleared funds for value on the completion date,
- (c) the shareholders shall ensure (insofar as they are able) that the relevant transfer or transfers (subject to their being duly stamped, stamp duty to be paid by the Buyer(s) (in the Sale Proportion) are registered in the name(s) of the Buyer(s) or as it or they may direct,
- (d) the Seller shall do all such other things and execute all other documents (including any deed) as the Buyer(s) may reasonably request to give effect to the sale and purchase of the Seller's Shares, and
- (e) this article (except for paragraph (b)) shall also apply to any intra-group transfer referred to in article 12.25 so that references to the Buyer(s) shall be deemed to be

references to the Transferee and references to the Seller shall be deemed to be references to the Transferor

12.27 If, after becoming bound to transfer shares pursuant to article 12.12, the Selling Shareholder makes default in transferring the Seller's Shares, the Company may receive the purchase money and, in such event, the Selling Shareholder shall be deemed to have appointed any one director or the Company Secretary as his agent to execute a transfer of the Seller's Shares to the Continuing Shareholder or Continuing Shareholders and, upon execution of such transfer, the Company shall hold the purchase money in trust for the Selling Shareholder. The receipt of the Company for the purchase money shall be a good discharge to each Continuing Shareholder and, after his name has been entered in the register of shareholders of the Company, the validity of the proceedings shall not be questioned by any person.

12.28 Subject to any discretion granted to the directors pursuant to these Articles, the directors shall be bound to register a transfer of shares if

- (a) the transfer is in accordance with these Articles, and
- (b) a duly stamped (or exempt) form of transfer is lodged at the office, or at such other place as the directors may appoint, and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfers.

12.29 No fee may be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share

12.30 The Company may retain any instrument of transfer which is registered

12.31 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it

### **Company Secretary**

12.32 The Company Secretary shall, upon ceasing to act as such, forthwith transfer the Special Share held by him for a consideration of €1 to his successor or to such other person as directed by the Board. If the Company Secretary fails so to transfer the Special Share, he shall be deemed to have appointed any director of the Company as his agent to execute a transfer of the Special Share and to receive the consideration in trust for him. The Special Share may not be transferred otherwise than in accordance with this article 12.32

### **13. COMPULSORY TRANSFER**

13.1 Following the date of occurrence of a Termination, the Company may (on more than one occasion) serve a Compulsory Sale Notice requiring a Dormant Member to make the Company its agent to offer some or all of its Sale Shares for sale

13.2 A Compulsory Sale Notice shall, in each case, specify the Fair Market Value, being the price at which the relevant Sale Shares are to be offered

13.3 The Company's Accountants are to be instructed to certify the Fair Market Value of the Sale Shares and to notify the Board of their determination within 10 Business Days of the initial referral to them (the *Sale Price*)

13 4 The Sale Shares shall be offered to the other shareholders (*Other Shareholders*) as follows

- (a) the Company shall serve a written notice on all Other Shareholders (a *Sale Notice*) stating the number of Sale Shares for sale and the Sale Price,
- (b) the Sale Shares are to be purchased for cash consideration payable immediately in full at the time of transfer,
- (c) the Sale Shares are to be sold free from all liens, charges and encumbrances together with all rights attaching to them,
- (d) the Sale Shares shall be first allocated such that each Other Shareholder who applied for Sale Shares shall receive that number of shares as bears the same proportion to all the Sale Shares as that shareholder's shareholding bears to the total shareholdings of all Other Shareholders (*Pro Rata Entitlement*) but not so as to exceed the number of Sale Shares for which that Other Shareholder applied,
- (e) any Sale Share not allocated pursuant to article 13 4(d) (*Compulsory Transfer Excess Shares*) shall be allocated to those Other Shareholders who applied for a number of Sale Shares greater than its Pro Rata Entitlement but not so as to exceed the aggregate number applied for by each such Other Shareholder. In cases where there are insufficient Compulsory Transfer Excess Shares to satisfy all applications, the Compulsory Transfer Excess Shares shall be allocated (as nearly as may be) to each Other Shareholder that has applied for Compulsory Transfer Excess Shares in the same proportion as the number of Compulsory Transfer Excess Shares applied for by such Other Shareholder bears to the total number of Compulsory Transfer Excess Shares applied for by all Other Shareholders, and
- (f) 10 Business Days after the Company's despatch of the Sale Notice to the Other Shareholders (the *Sale Closing Date*)
  - (i) an Other Shareholder who has not made an application in writing shall be deemed to have declined it, and
  - (ii) each application to acquire Sale Shares shall become irrevocable and binding on the relevant Other Shareholder (*Purchasing Other Shareholder*)

13 5 If by the Sale Closing Date not all the Sale Shares have been taken up, the Company may within 15 Business Days of the Sale Closing Date invite applications by notice in writing (the *Additional Sale Notice*) for the remaining Sale Shares from such person or persons as the Company may determine, provided that each such person is, or has agreed with the Company to become or is an associate of a person which is, or which has agreed with the Company to become in connection with the transfer, an Eligible Institution or an Eligible Institution Associate (the *Offerees*) on the following terms

- (a) the price for each Sale Share is the Fair Market Value (the *Additional Sale Price*),
- (b) the Sale Shares are to be sold free from all liens, charges and encumbrances together with all rights attaching to them,
- (c) 10 Business Days after the Company's despatch of the Additional Sale Notice to the Offerees (the *Additional Sale Closing Date*)

- (i) the Additional Sale Notice shall become irrevocable,
- (ii) an Offeree which has not responded in writing to the invitation set out in the Additional Sale Notice, shall be deemed to have declined it, and
- (iii) each application to acquire Sale Shares under the Additional Sale Notice shall become irrevocable

13.6 Within five Business Days of the Sale Closing Date or, if the Company elects to follow the procedure under article 13.5, the Additional Sale Closing Date

- (a) the Company shall notify the Compulsory Seller of the names and addresses of each Purchasing Other Shareholder and/or Offeree (as the case may be) (each a *Purchaser*) and the number of Sale Shares to be purchased by each,
- (b) the Company shall notify each Purchaser of the number of Sale Shares to be purchased by them, and
- (c) the Company's notices under article 13.6(a) and 13.6(b) shall specify the Sale Price or Additional Sale Price (as the case may be) and specify a date, between 5 and 10 Business Days later, on which the sale and purchase of the Sale Shares is to be completed (*the completion date*)

13.7 On the completion date, each Purchaser which is committed to buy Sale Shares shall pay to the Company the Sale Price and/or Additional Sale Price (as the case may be) in respect thereof and, upon surrender of the share certificates (or an indemnity in a form reasonably satisfactory to the Board in respect of a share certificate which cannot be produced) and delivery of executed stock transfer forms in respect of the Sale Shares to the Company, the Company shall pay the Compulsory Seller, on behalf of each Purchaser, the Sale Price and/or Additional Sale Price (as the case may be) for the Sale Shares less any costs or expenses reasonably incurred by the Company in connection with the sale to the extent such Purchaser has put the Company in the requisite funds. The Company shall cancel the share certificate in respect of the Sale Shares and issue share certificates to each Purchaser and shall register the transfer once the appropriate stamp duty has been paid by such Purchaser. The Company's receipt for the price shall be a good discharge to the Purchaser. The Company shall deduct the costs and expenses of such sale (including the costs and expenses of the Company's Accountants) from the proceeds of sale. If a Compulsory Seller fails to deliver an executed stock transfer form and share certificate or a satisfactory indemnity, the directors may authorise any director to execute an instrument of transfer in respect of the Sale Shares on the Compulsory Seller's behalf as agent to each Purchaser to the extent the relevant Purchaser has, by the completion date, put the Company in funds to pay the certified price for the Sale Shares offered to him. The Company shall hold the price in trust for the Compulsory Seller without any obligation to pay interest. On delivery of the executed stock transfer form and share certificate or a satisfactory indemnity, the Compulsory Seller shall be entitled to the agreed or certified price for the Sale Shares which shall not bear interest, less the costs and expenses of sale and price determination (including the costs and expenses of the Company's Accountants).

#### 14. GENERAL MEETINGS

14.1 The directors may call general meetings and, on the requirement of members pursuant to the Act, shall call a general meeting (i) within 21 days from the date on which they become subject to the requirement, and (ii) to be held on a date not more than 28 days after the date of the notice convening the meeting.

14.2 If there are not sufficient directors within the United Kingdom to call a general meeting, any director or any member may call a general meeting

#### **15. NOTICE OF GENERAL MEETINGS**

15.1 A general meeting (other than an adjourned meeting) and an annual general meeting shall be called by at least 14 clear days' notice but may be called by shorter notice if it is so agreed by a majority in number of the shareholders (which must include the Company Secretary while the Company Secretary has the right to cast votes representing 10 per cent or more of the Fully Diluted Share Capital) having a right to attend and vote at the meeting, who together hold not less than 90 per cent of the Fully Diluted Share Capital giving that right

15.2 The notice of meeting shall specify the time, date and place of the meeting and the general nature of the business to be dealt with at the meeting. If the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as a special resolution shall also be specified. The notice of meeting shall also specify, with reasonable prominence, the member's rights to appoint one or more proxies under section 324 of the Act

15.3 Subject to the provisions of these Articles and to any restrictions imposed on any shares, the notice shall be given to all the shareholders and to the directors and auditors. Where the notice of meeting is published on a website in accordance with articles 35.1(c) and 35.3, it shall continue to be published in the same place on that website from the date of the notification given under article 35.3 until the conclusion of the meeting to which the notice relates

15.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting. Where a notice of meeting published on a website in accordance with articles 35.1(c) and 35.3 is by accident published in different places on the website or published for part only of the period from the date of the notification given under article 35.3 until the conclusion of the meeting to which the notice relates, the proceedings at such meeting are not thereby invalidated

#### **16. PROCEEDINGS AT SHAREHOLDERS' MEETINGS**

##### **Attendance and Speaking at General Meetings**

16.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting

16.2 A person is able to exercise the right to vote at a general meeting when

- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
- (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting

16.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it

16 4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other

16 5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them

### **Quorum for General Meetings**

16 6 Subject to any special rights or restrictions as to voting attached to any shares in the capital of the Company by or in accordance with these Articles or their terms of issue, at every meeting

- (a) every shareholder present either personally, by a corporate representative or by proxy and entitled to vote in accordance therewith, shall have in the case of an Ordinary Share (other than the Non-Voting Shares) one vote for every share held by him, and
- (b) the holder of the Special Share shall, in addition to any votes under article 16 6(a), have the right to exercise the Relevant Votes

16 7 No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The quorum at a general meeting shall consist of two shareholders (one of whom shall be LSEG for so long as it and any member of its Group hold in aggregate a Material Interest in the Company), each of whom is present throughout the meeting in person or by proxy or, in the case of a corporation, by a duly authorised representative, and the Company Secretary while he has the right to cast votes representing one per cent or more of the votes capable of being cast at such meeting in respect of any of the business to be transacted

16 8 If a quorum is not present within one hour of the time at which the general meeting was due to start, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such day, time and place as the directors may determine, at which adjourned meeting the quorum shall be two shareholders (one of whom shall be LSEG for so long as it and any member of its Group hold in aggregate a Significant Interest in the Company), each of whom is present throughout the meeting in person or by proxy or, in the case of a corporation, by a duly authorised representative, and the Company Secretary while he has the right to cast votes representing one per cent or more of the votes capable of being cast at such meeting in respect of any of the business to be transacted

16 9 If a quorum is not present within one hour of the time at which the adjourned meeting was due to start, the meeting shall stand adjourned to the same time and place, or such time and place as the directors may determine, two Business Days later, at which adjourned meeting the quorum shall be two shareholders, each of whom shall be present throughout the meeting in person or by proxy or, in the case of a corporation, by a duly authorised representative, and a resolution shall be valid if passed by a majority vote irrespective of which member or members vote in favour of its being passed (provided that this shall only be the case for the purpose of the transaction of the business specified in the agenda contained in the notice of the meeting)

### **Chairing General Meetings**

16 10 The Chairman or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the Chairman nor such other director is present within 15 minutes after the time appointed for holding the meeting and willing to act,

the directors present shall elect one of their number to be chairman of the meeting and, if there is only one director present and willing to act, he shall be chairman of the meeting

16 11 If no director is willing to act as chairman of the meeting, or if no director is present within 15 minutes after the time appointed for holding the meeting, the shareholders and proxies present and entitled to vote shall choose one of their number to be chairman of the meeting

#### **Attendance and Speaking by Directors and Non-Shareholders**

16 12 A director shall, notwithstanding that he is not a shareholder, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company

16 13 The chairman of the meeting may permit other persons who are not shareholders of the Company or otherwise entitled to exercise the rights of shareholders in relation to general meetings to attend and speak at a general meeting

#### **Adjournment**

16 14 The chairman of the meeting may adjourn a general meeting at which a quorum is present if (a) the meeting consents to an adjournment or (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner. The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting. No business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place

16 15 When adjourning a general meeting, the chairman of the meeting must either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and have regard to any directions as to the time and place of any adjournment which have been given by the meeting. When a meeting is adjourned for 14 days or more or for an indefinite period, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting. Such notice shall be given to the same persons to whom notice of the Company's general meetings is required to be given and shall contain the same information which such notice is required to contain. Otherwise it shall not be necessary to send any notice of an adjournment of or of the business to be dealt with at an adjourned meeting

#### **Voting: General**

16 16 All votes cast at any meeting shall be on a poll. A poll shall be taken in such manner as the chairman of the meeting directs, and he may appoint scrutineers (who need not be shareholders) and fix a place, date and time for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded

16 17 In the case of equality of votes, the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have

16 18 A declaration by the chairman of the meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution

16 19 If, after the sending of notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board decides that it is impracticable or unreasonable, for a reason beyond its control, to hold the meeting at the declared place and/or time, it may change the place and/or postpone the time at which the meeting is to be held. If such a decision is made, the Board may then change the place and/or postpone the time again if it decides that it is reasonable to do so. In either case

- (a) no new notice of the meeting need be sent, but the Board shall, if practicable, make arrangements to notify shareholders of the change of place and/or postponement to appear at the original place and/or at the original time, and
- (b) a proxy appointment in relation to the meeting may, if by means of a document in hard copy form, be delivered to the office or, if in electronic form, be received at the address (if any) specified by or on behalf of the Company in accordance with article 17 11 at any time not less than 48 hours before the postponed time appointed for holding the meeting

### **Class Meetings**

16 20 The provisions of the articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of shares

### **Written Resolutions**

16 21 A resolution of the shareholders (or of a class of shareholders) may be passed as a written resolution in accordance with the Act, provided that it is proposed in a form that provides the shareholders (or the relevant class of shareholders) with the ability to cast their votes against as well as in favour of such resolution. A proposed written resolution lapses if it is not passed before the period of 28 days beginning with the circulation date.

## **17. VOTES OF SHAREHOLDERS**

### **Voting Limits**

17 1 Subject to article 17 5, where a person directly or indirectly holds or acquires Ordinary Shares which, when aggregated with those then or already held by it and those held by its associates, represents a 5 Per Cent Interest, except on a resolution to vary the rights attaching to those Ordinary Shares in accordance with article 7 1, the excess votes shall become Relevant Votes and shall attach to the Special Share and shall only be exercisable by the Company Secretary.

17 2 In order for the Company to comply with any applicable regulatory or legal requirements in order to carry on its business as carried on by it for the time being, or intended to be carried on in accordance with the then current Business Plan, at the time the relevant legal or regulatory requirement (as the case may be) is applicable, the Independent Directors may impose a Voting Cap lower than that specified in article 17 1 in respect of any shareholder or in respect of shareholders generally.

17 3 Subject to article 17 5, where a person directly or indirectly holds or acquires Ordinary Shares which, when aggregated with those then or already held by it and those held by its associates, results in the proportion of the voting rights of the Company held by them being in excess of a Voting Cap set by the Board pursuant to article 17 2, except on a resolution to vary the rights attaching to those Ordinary Shares in accordance with article 7 1,

the excess votes shall become Relevant Votes and shall attach to the Special Share and shall only be exercisable by the Company Secretary

17 4 The Company Secretary, as holder of the Special Share, shall, in addition to any votes under article 6 8, have the right to exercise the Relevant Votes

17 5 The provisions of articles 17 1 to 17 4 shall not apply to LSEG for as long as it holds at least a 10 Per Cent Interest in the Company For the avoidance of doubt, articles 17 1 to 17 4 shall not operate to restrict the exercise of a shareholder's rights under articles 7 1 or 22 3 or the provision in respect of the Company Secretary in articles 6 7 and 17 3

### **Joint Holders**

17 6 In the case of joint holders of a share, only the vote of the senior holder who votes (and any proxy duly authorised by him) may be counted by the Company For the purposes of this article, the senior holder of a share is determined by the order in which the names of the joint holders appear in the register of shareholders

### **Restrictions on Voting**

17 7 No shareholder shall (and in respect of Relevant Votes, the Company Secretary shall not), unless the directors otherwise determine, be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share (or any share from which a Relevant Vote is derived, where applicable) unless all monies presently payable by the shareholder in respect of that share have been paid

### **Errors and Disputes**

17 8 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid Any objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive

### **Appointment of Proxies**

17 9 A shareholder may appoint another person as his proxy to exercise all or any of his rights to attend and to speak and to vote (both on a show of hands and on a poll) on a resolution or amendment of a resolution, or on other business arising, at a meeting or meetings of the Company Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions However, unless the contrary is stated in any instrument appointing a proxy, the appointment of a proxy shall be deemed to confer authority to exercise all such rights as the proxy thinks fit and to constitute the appointment of that person as a proxy in relation to any adjournment of the meeting to which it relates as well as the meeting itself A shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder Deposit or delivery of a form of appointment of a proxy does not preclude a shareholder from attending and voting at the meeting or at any adjournment of it

### **Form and Content of Proxy Notices**

17 10 Subject as set out herein, an instrument appointing a proxy shall be in writing in any usual form or in any other form which the directors may approve and shall be executed by or

on behalf of the appointer save that, subject to the Act, the directors may accept the appointment of a proxy received in an electronic form at an address specified for such purpose, on such terms and subject to such conditions as they consider fit A proxy may only be validly appointed if the instrument appointing it is delivered to the Company in accordance with these Articles and any instructions contained in the notice of the meeting to which it relates The Company may require proxy notices to be delivered in a particular form and may specify different forms for different purposes The directors may require the production of any evidence which they consider necessary to determine the validity of any appointment pursuant to this article

#### **Delivery of Proxy Notices**

17 11 The form of appointment of a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors shall

- (a) in the case of an instrument in writing, be left at or sent by post to the office or such other place within the United Kingdom as is specified in the notice convening the meeting or in any form of appointment of proxy sent out by the Company in relation to the meeting at least 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote,
- (b) in the case of an appointment of a proxy contained in an electronic form, be received at any address to which the appointment of a proxy may be sent by electronic means pursuant to a provision of the Act or to any other address specified by or on behalf of the Company for the purpose of receiving the appointment of a proxy in electronic form
  - (i) in the notice convening the meeting, or
  - (ii) in any form of appointment of a proxy sent out by or on behalf of the Company in relation to the meeting, or
  - (iii) in any invitation to appoint a proxy issued by the Company in relation to the meeting, or
  - (iv) on a website that is maintained by or on behalf of the Company and identifies the Company,

at least 48 hours before the time for holding the meeting or adjourned meeting (or any postponed time appointed for holding the meeting pursuant to article 16 19) at which the person named in the form of appointment of proxy proposes to vote,

and a form of appointment of proxy which is not deposited or delivered in accordance with this article is invalid

#### **Termination of Authority**

17 12 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given

17 13 The termination of the authority of a person to act as proxy or as the duly authorised representative of a shareholder which is a corporation, does not affect whether he counts in deciding whether there is a quorum at a meeting, the validity of anything he does as chairman of a meeting or the validity of a vote given by that person unless notice of the termination was received by the Company at the office or, in the case of a proxy, any other place specified for delivery or receipt of the form of appointment of proxy or, where the appointment of a proxy was sent by electronic means, at the address at which the form of appointment was received, before the commencement of the relevant meeting or adjourned meeting

#### **Corporate Representatives**

17 14 In accordance with the Act, a corporation which is a shareholder may, by resolution of its directors or other governing body, authorise a person or persons to act as its representative or representatives at any meeting of the Company (a *representative*) Where the corporation authorises only one person, he is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual shareholder of the Company Subject to the Act, where the corporation so authorises more than one person, any one of them is entitled to exercise such powers A director, the Company Secretary or other person authorised for the purpose by the Company Secretary may require a representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers

#### **No Obligation to Verify**

17 15 The Company is not obliged to verify that a proxy or representative of a corporation has acted in accordance with the terms of his appointment and any failure to so act in accordance with the terms of his appointment shall not affect the validity of any proceedings at a meeting of the Company

### **18. COMPOSITION OF BOARD**

#### **Number of Directors**

18 1 Unless otherwise determined by the Board or as mandated pursuant to Regulatory Requirements, the number of directors is not subject to a maximum and the minimum number is two

#### **Initial Board Composition**

18 2 On the date of adoption of these Articles, the Board shall comprise 17 directors as follows, save for any changes required from time to time as a result of regulatory requirement including, to the extent required, the appointment of Customer Directors

- (a) the Chairman,
- (b) the CEO,
- (c) four Independent Directors,
- (d) five User Directors,
- (e) three directors nominated by LSEG, and

- (f) three Venue Directors (or, if there are insufficient Venue Shareholders that LSEG considers suitable to nominate a director, the number of further Independent Directors nominated by LSEG required to ensure that the total number of Venue Directors and such further Independent Directors is three)

### **Future Board Appointments**

18 3 Subject to articles 18 4 to 18 6 and article 22 1, future appointments to the Board shall be made by Board resolution in accordance with the provisions of the Relationship Agreement and the terms of reference of the Nomination Committee. For so long as LSEG and any member of its Group hold in aggregate a Significant Interest in the Company, any amendment to the terms of reference of the Nomination Committee may only be made with the consent of LSEG (such consent not to be unreasonably withheld or delayed)

18 4 For so long as LSEG and any member of its Group hold in aggregate a Significant Interest in the Company, LSEG shall have the right to

- (a) remove and replace the CEO, and
- (b) appoint and remove three further directors,

by giving notice in writing to the Company and, in the case of any resolution proposed in relation to such matters, LSEG shall be entitled to cast such number of votes as is necessary to pass the resolution (if LSEG casts its votes in favour of the resolution) or to defeat the resolution (if LSEG casts its votes against the resolution)

18 5 For so long as LSEG and any member of its Group hold in aggregate a Material Interest in the Company, LSEG shall have the right to appoint and remove two directors by giving notice in writing to the Company and, in the case of any resolution proposed in relation to the appointment and/or removal of either or both such directors, LSEG shall be entitled to cast such number of votes as is necessary to pass the resolution (if LSEG casts its votes in favour of the resolution) or to defeat the resolution (if LSEG casts its votes against the resolution)

18 6 For so long as LSEG and any member of its Group hold in aggregate a 5 Per Cent Interest in the Company, LSEG shall have the right to appoint and remove one director by giving notice in writing to the Company and, in the case of any resolution proposed in relation to the appointment and/or removal of such director, LSEG shall be entitled to cast such number of votes as is necessary to pass the resolution (if LSEG casts its votes in favour of the resolution) or to defeat the resolution (if LSEG casts its votes against the resolution)

### **Board Observers**

18 7 The Board may, at any time, appoint such persons as it shall see fit to receive information in relation to and attend, but not to speak or vote on matters at, meetings of the Board (*Observers*). The appointment of each Observer shall otherwise be on such terms and for such period as the Board shall determine. If the Board fails to agree on the appointment of an Observer or on the terms or duration of such appointment, then the matters on which the Board has failed to agree shall be referred to the Independent Directors for their determination by a majority vote

## **19. POWERS OF DIRECTORS**

### **Directors' General Authority**

19 1 Subject to the Act and these Articles, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of these Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by these Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

19 2 The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

### **Shareholders' Reserve Power**

19 3 For so long as LSEG and any member of its Group hold in aggregate a Significant Interest in the Company (or such lesser interest as LSEG and the Company may agree either generally or in relation to a specific LSEG Consent Matter), no LSEG Consent Matter shall be approved by the directors or implemented except with the consent of LSEG.

19 4 For so long as LSEG and any member of its Group hold in aggregate a Significant Interest in the Company, and subject always to article 19 5, LSEG or any LSEG Director may by notice in writing to the Company (a *Push Notice*) require that in respect of any Push Matter which

- (a) has already been resolved upon by the Board, or
  - (b) LSEG has (by notice to the Chairman) proposed for decision by the Board and
    - (i) the Board has failed to consider, or
    - (ii) on which the Board has been unable to reach agreement,
- in each case within a reasonable period of time,

shall (unless shareholder approval of such Push Matter would cause the Company to breach any applicable laws or regulations) be considered by the shareholders in accordance with article 19 7.

19 5 Neither LSEG nor any LSEG Director may serve a Push Notice unless LSEG or the LSEG Director (as applicable) has consulted the Chairman and

- (a) in the case of a matter falling under article 19 4(a) or 19 4(b)(ii), requested that the Board reconsider such matter and allowed a reasonable period of time (being at least three Business Days after the date of such request) for the Board to reconsider that matter, or
- (b) in the case of a matter falling under article 19 4(b)(i), requested that the Board consider such matter and allowed a reasonable period of time (being at least 10 Business Days after the date of such request) for the Board to consider that matter

19 6 Where a matter is to be considered or reconsidered (as the case may be) under article 19 5, the Board shall procure that the Company shall suspend or refrain from taking any action in connection with such matter (save to the extent necessary or desirable to comply with regulatory matters) until the expiry of any period specified by LSEG or the LSEG Director (as applicable) pursuant to article 19 5 and, following service of a Push Notice in accordance with this article 19, until the relevant Push Matter has been decided upon by shareholders under article 19 8

19 7 Within ten Business Days after the valid service of a Push Notice under article 19 4, the Board shall convene a general meeting of the Company to consider the resolution in respect of the relevant Push Matter (the *Push Resolution*)

19 8 If a Push Resolution proposed at a meeting convened in accordance with article 19 7 is approved by shareholders holding at least 60 per cent of the votes attaching to the Ordinary Shares cast on such Push Resolution (and such shareholders include User Shareholders holding at least 25 per cent of the votes attaching to the Ordinary Shares cast by User Shareholders on such Push Resolution), then such Push Resolution shall override any decision of the Board to the contrary and shall be binding upon, and implemented as soon as practicable by, the Board

## 20. DELEGATION OF DIRECTORS' POWERS

Subject to the Articles, the directors may delegate any of their powers to any committee consisting of one or more directors comprised as described in article 21 3. The directors may also delegate to any nominated director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made by such means (including by power of attorney), to such extent, in relation to such matters or territories, and subject to such conditions as the directors may impose, may authorise further delegation of the directors' powers by any person to whom they are delegated, may be made either collaterally with or to the exclusion of its own powers, and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more directors shall be governed by the provisions of these Articles regulating the proceedings of directors so far as they are capable of applying. Where a provision of these Articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

## 21. COMMITTEES

21 1 Subject to articles 21 3 and 21 4, committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by directors

21 2 The day-to-day management of the Company shall be delegated by the Board to the CEO in accordance with, but subject to the limitations set out in, the Executive Delegation

21 3 A committee of directors shall always consist of at least

- (a) for so long as LSEG and any member of its Group hold in aggregate at least a Significant Interest in the Company one LSEG Director or
  - (i) in the case of the audit committee of the Company, following the appointment of one independent non-executive director by LSEG to the

Board pursuant to Clause 10 10 of the Relationship Agreement, other LSEG Audit Representative,

- (ii) in the case of the nomination committee of the Company, one LSEG NomCom Representative,
  - (iii) in the case of the remuneration committee of the Company, one independent non-executive director of the board of directors of LSEG (who may be but is not required to be an LSEG Director), or
  - (iv) in the case of future committees established by the Company, one LSEG Representative,
- (b) one User Director, and
- (c) one Independent Director,

each of whom must be present throughout the meeting

21 4 A committee of directors may meet and adjourn as it sees fit (except that the provisions of articles 28 20 and 28 21 applicable to meetings of directors shall also apply to meetings of any committee of directors)

## **22. APPOINTMENT AND REMOVAL OF DIRECTORS**

### **Euronext Director**

22 1 NYSE Euronext is entitled by notice in writing to the Company to appoint and remove one director (subject in each case to the prior approval in writing by the Board, such consent not to be unreasonably withheld) for so long as the NYSE Euronext Group holds Ordinary Shares representing at least five per cent of the Fully Diluted Share Capital (such person shall be referred to as the *Euronext Director*)

22 2 On NYSE Euronext ceasing to be entitled to appoint a Euronext Director pursuant to article 22 1, the Euronext Director shall automatically cease to hold office from the date on which NYSE Euronext ceased to be so entitled

22 3 While NYSE Euronext remains entitled to appoint a Euronext Director pursuant to article 22 1, on any resolution to remove a Euronext Director or to amend article 22 1, any member of the NYSE Euronext Group that holds shares shall, in respect of Ordinary Shares held by it, be deemed to have twenty times the aggregate number of votes capable of being cast by all the other shareholders which are not NYSE Euronext Group members voting on the relevant resolution (including the Relevant Votes)

### **Replacement**

22 4 The Board may from time to time notify NYSE Euronext that it requests that NYSE Euronext considers, in good faith, whether it would be appropriate to replace a director appointed by it

## **23. DISQUALIFICATION AND REMOVAL OF DIRECTORS**

The office of a director shall be vacated

- (a) if he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director,
- (b) if he becomes bankrupt or makes any arrangement or composition with his creditors generally,
- (c) if he becomes, in the opinion of a majority his co-directors, incapable by reason of mental disorder of discharging his duties as director,
- (d) if his conduct is likely to be prejudicial to the sound and prudent management of the Company, in the opinion of a majority of his co-directors and upon the recommendation of the Nomination Committee and, with regard to Directors appointed by LSEG, with LSEG's consent (not to be unreasonably withheld or delayed),
- (e) if he resigns his office by notice to the Company, and such resignation has taken effect in accordance with its terms,
- (f) upon the occurrence of any circumstance requiring the office of that director to be vacated that is provided for under his letter of appointment or service contract with the Company, or
- (g) if he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and that person's alternate director (if any) has not attended in that person's place during that period and the directors resolve that that person's office be vacated

#### **24. ALTERNATE DIRECTORS**

##### **Appointment and Removal of Alternates**

24 1 Any director (the *appointor*) may appoint as an alternate any other director to

- (a) exercise that director's powers, and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors in the absence of the alternate's appointor A director may be appointed as an alternate director to represent more than one director An alternate cannot appoint an alternate An Independent Director may only appoint an alternate who qualifies as an Independent Director and any purported appointment of an alternate who does not so qualify will be void *ab initio*

24 2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors The appointment or removal shall take effect when received by the Company or on such later date (if any) specified in the notice The notice must identify the proposed alternate

##### **Rights and Responsibilities of Alternate Directors**

24 3 An alternate director has the same rights, in relation to any directors' meeting or any decision taken in accordance with articles 28 20 and 28 21, as the alternate's appointor

24 4 Except as the Articles specify otherwise, an alternate director

- (a) is liable for his own acts and omissions,
- (b) is subject to the same restrictions as his appointor,
- (c) is not deemed to be an agent of or for his appointor, and
- (d) is entitled to receive notice of all directors' meetings and of all meetings of committees of directors of which his appointor is a member

24 5 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing to the Company

#### **Termination of Alternate Directorship**

24 6 An alternate director's appointment as an alternate terminates

- (a) in accordance with the terms of a notice in writing from the alternate's appointor to the Company revoking the appointment and specifying when it is to terminate,
- (b) on the occurrence of any event in relation to the alternate which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,
- (c) on the death of the alternate's appointor,
- (d) when the alternate's appointor's appointment as a director terminates, or
- (e) if he resigns by notice in writing to the Company and such resignation has taken effect in accordance with its terms

#### **25. REMUNERATION OF DIRECTORS**

25 1 The directors may undertake any services for and on behalf of the Company as the Board may decide. The directors are entitled to such remuneration as the Board may determine in respect of their services for and on behalf of the Company as directors and, excluding the Independent Directors, for any other service which they undertake for and on behalf of the Company, provided that no Independent Director or Non-Executive Director may receive performance-based compensation for service as a director. Subject to the Articles, a director's remuneration may take any form and include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director. Unless the Board decides otherwise, the directors' remuneration shall be deemed to accrue from day to day.

25 2 The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a Subsidiary of the Company or a predecessor in business of the Company or of any such Subsidiary, and for any member of that director's family (including a spouse and a former spouse) or any person who is or was dependent on him or her, and may (before or after ceasing to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

25 3 Without prejudice to the generality of this article 25, no director or former director shall be accountable to the Company or the members for any benefit provided pursuant to this article or article 40. The receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

## 26. DIRECTORS' APPOINTMENTS AND INTERESTS

### Appointment of Nominated Directors

26 1 Subject to the Act and the Articles, the directors may appoint one or more of their number, excluding the Independent Directors, to the office of nominated director or to any other executive office under the Company, and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall determine if he ceases to be a director but without prejudice to any claim for damages for breach of the contract of service between the director and the Company.

### Authorisation under Section 175 of the Act

26 2 Subject to article 28 23, a director shall be authorised for the purposes of section 175 of the Act to act or continue to act as a director of the Company notwithstanding that at the time of his appointment or subsequently he also

- (a) holds office as a director of, or holds any other office or employment with, any other member of the LCH Clearnet Group or the LSEG Group,
- (b) holds office as a director of, or holds any other office or employment with, any other Eligible Institution that is a shareholder,
- (c) participates in any scheme, transaction or arrangement for the benefit of the employees or former employees of the Company or any other member of the LCH Clearnet Group or the LSEG Group (including any pension fund or retirement, death or disability scheme or other bonus or employee benefit scheme), or
- (d) is interested directly or indirectly in any shares or debentures (or any rights to acquire shares or debentures) in the Company or any other member of the LCH Clearnet Group or the LSEG Group,

and such authorisation shall also apply to a conflicting interest or duty that subsequently arises as a result of such office, employment, participation or interest.

26 3 A majority of the Independent Directors (in consultation with the Group Head of Compliance and Public Affairs (or his or her designee)) may, in accordance with article 28 23, authorise any matter proposed to them which would, if not so authorised, involve a breach of duty by a director under section 175 of the Act, including, without limitation, any matter which relates to a situation in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company (a *conflict of interest*).

26 4 Any authorisation under article 26 3 will be effective only if

- (a) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other director interested in the matter under consideration, and
- (b) the matter was agreed to without such directors voting or would have been agreed to if such directors' votes had not been counted

26 5 The directors may give any authorisation under article 26 3 upon such terms as they think fit. The directors may vary or terminate any such authorisation at any time.

26 6 For the purposes of this article 26, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.

#### **Duty of Confidentiality to Another Person**

26 7 A director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person. In particular the director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 of the Act if he

- (a) fails to disclose any such information to the directors or to any director or other officer or employee of the Company, or
- (b) does not use or apply any such information in performing his duties as a director of the Company

However, to the extent that his relationship with that other person gives rise to a conflict of interest or possible conflict of interest, this article 26 7 applies only if the existence of that relationship has been authorised by article 26 2, by the directors pursuant to article 26 3 or by the members (subject, in any such case, to any terms upon which such authorisation was given).

#### **Consequences of Authorisation**

26 8 Where the existence of a director's relationship with another person has been authorised pursuant to article 26 2, authorised by the Independent Directors pursuant to article 26 3 or authorised by the members and his relationship with that person gives rise to a conflict of interest or possible conflict of interest, the director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 of the Act if at his discretion or at the request or direction of the directors or any committee of directors he

- (a) absents himself from a meeting of directors or a committee of directors at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise, or
- (b) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by or on behalf of the Company or for such documents and information to be received and read by a professional adviser on his behalf,

for so long as he reasonably believes such conflict of interest (or possible conflict of interest) subsists.

### **Without Prejudice to Equitable Principles or Rule of Law**

26 9 The provisions of articles 26 7 and 26 8 are without prejudice to any equitable principle or rule of law which may excuse the director from

- (a) disclosing information, in circumstances where disclosure would otherwise be required under these Articles, or
- (b) attending meetings or discussions or receiving documents and information as referred to in article 26 8, in circumstances where such attendance or receiving such documents and information would otherwise be required under these Articles

### **Declaration of Interest**

26 10 A director who is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement

26 11 A director who is in any way, directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable, unless the interest has already been declared under article 26 10

26 12 Any declaration required by article 26 10 may (but need not) be made at a meeting of the directors or by notice in writing in accordance with section 184 of the Act or by general notice in accordance with section 185 of the Act Any declaration required by article 26 11 must be made at a meeting of the directors or by notice in writing in accordance with section 184 of the Act or by general notice in accordance with section 185 of the Act

26 13 If a declaration made under article 26 10 or 26 11 proves to be, or becomes, inaccurate or incomplete, a further declaration must be made under article 26 10 or 26 11, as appropriate

26 14 A director need not declare an interest under this article 26

- (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest,
- (b) if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware),
- (c) if, or to the extent that, it concerns terms of his service contract that have been or are to be considered by a meeting of the directors or by a committee of the directors appointed for the purpose under these Articles, or
- (d) if the director is not aware of his interest or is not aware of the transaction or arrangement in question (and for this purpose a director is treated as being aware of matters of which he ought reasonably to be aware)

### **Director May Contract with the Company and Hold Other Offices etc.**

26 15 Subject to the provisions of the Act and Regulatory Requirements and provided that he has declared the nature and extent of any direct or indirect interest of his in accordance

with this article 26, where article 26 14 applies and no declaration of interest is required, or where article 26 2 applies, a director notwithstanding his office

- (a) may be a party to, or otherwise be interested in, any transaction or arrangement with the Company or in which the Company is directly or indirectly interested,
- (b) may act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor), and in any such case on such terms as to remuneration and otherwise as the directors may decide, or
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise be interested in, any body corporate
  - (i) in which the Company is directly or indirectly interested as shareholder or otherwise, or
  - (ii) which is the parent undertaking of the Company or a subsidiary undertaking of any parent undertaking of the Company, or
  - (iii) with which he has such a relationship at the request or direction of the Company or any parent undertaking of the Company or a subsidiary undertaking of any parent undertaking of the Company

#### **Remuneration, Benefits etc.**

26 16 A director shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate

- (a) the acceptance, entry into or existence of which has been authorised pursuant to article 26 2, authorised by the directors pursuant to article 26 3 or authorised by the members (subject, in any such case, to any terms upon which such authorisation was given), or
- (b) which he is permitted to hold or enter into pursuant to article 26 15 or otherwise pursuant to these Articles,

nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act. No transaction or arrangement authorised or permitted pursuant to article 26 2, 26 3 or 26 15 or otherwise pursuant to these Articles shall be liable to be avoided on the ground of any such interest or benefit

#### **Provision of Information**

26 17 Subject to the terms of the Relationship Agreement, a director appointed by a shareholder (or that director's alternate) may not provide to the shareholder(s) which appointed him any information which he or she receives by virtue of being a director without the consent of a majority of the Independent Directors. The Independent Directors may give such consent either generally or in relation to specific information, and may vary or withdraw such consent at their absolute discretion

## **27. DIRECTORS' EXPENSES**

The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties Subject to the Act, the directors shall have the power to make arrangements to provide a director with funds to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him properly to perform his duties as an officer of the Company or to enable him to avoid incurring any such expenditure

## **28. PROCEEDINGS OF DIRECTORS**

### **Directors' Meetings**

28 1 Any decision by the directors must be taken at a meeting of the directors in accordance with these Articles or must be a decision taken in accordance with articles 28 20 and 28 21

28 2 Subject to the provisions of these Articles, the directors may regulate their proceedings as they think fit

### **Calling a Directors' Meeting**

28 3 A director may, and the Company Secretary at the request of a director shall, call a meeting of the directors Notice of any directors' meeting must indicate its proposed date and time, where it is to take place and, if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting

28 4 At least seven days' notice of a directors' meeting must be given in writing to each director unless all the directors (or their alternates) or the Chairman in the case of urgency approve a shorter notice period No business, except that in respect of which notice has been given shall be transacted at a meeting unless all the directors agree otherwise

28 5 Notice of a directors' meeting is deemed to be duly given to a director if it is given to him personally or by word of mouth or by electronic form to an address given by him to the Company for that purpose or sent in writing to him at his last known address or other address given by him to the Company for that purpose

28 6 A director may waive the requirement that notice be given to him of a meeting of directors or a committee of directors, either prospectively or retrospectively Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it

28 7 Questions arising at a meeting shall be decided by a majority of votes

### **Participation in Directors' Meetings**

28 8 Subject to the Articles, directors may participate in a meeting of directors or a committee of directors through the medium of conference telephone or similar form of communications equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote Subject to

the Act, all business transacted in this way by the directors or a committee of directors is for the purposes of these Articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of directors although no two directors are physically present at the same place

28 9 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is, but in the absence of such a decision the meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting is at the start of the meeting

#### **Quorum for Directors' Meetings**

28 10 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting

28 11 The quorum for directors' meetings shall (subject to articles 28 12, 28.13 and 28 14) be

- (a) two LSEG Directors (for so long as LSEG and any member of its Group hold in aggregate a Material Interest in the Company),
- (b) one Independent Director who may be but is not required to be the Chairman, and
- (c) one User Director,

each of whom must be present throughout the meeting

28 12 If there is no quorum within 30 minutes from the time at which the directors' meeting was due to start or if during the meeting such a quorum ceases to be present the meeting shall be adjourned to the same day in the next week at the same time and place at which the quorum shall be any two directors (including at least one LSEG Director for so long as LSEG and any member of its Group hold in aggregate a Significant Interest in the Company), each of whom must be present throughout the meeting

28 13 If there is no quorum within 30 minutes from the time at which a directors' meeting adjourned pursuant to article 28 12 was due to start or if during the meeting such a quorum ceases to be present, the meeting shall be adjourned and shall take place two Business Days later at the same time and place at which the quorum shall be any two directors, each of whom must be present throughout the meeting

28 14 If and so long as the number of directors is reduced below the quorum prescribed by article 28 11 (except in the circumstances provided for in article 28 12 and 28 13), the directors must not take any decision other than a decision to call a general meeting

#### **Chairing of Directors' Meetings**

28 15 The directors may by simple majority appoint one of the Independent Directors to chair their meetings as a non-executive chairman. The person so appointed for the time being is known as the **Chairman**. Without prejudice to the shareholders' statutory right to remove a director from office by ordinary resolution, the directors may remove the Chairman by a 75 per cent majority of the Board (excluding the Chairman) at any time. If the Chairman is not participating in a directors' meeting within 15 minutes of the time at which it was due to start, the participating directors may appoint another Independent Director to chair it

28 16 Unless he is unwilling to do so, the Chairman shall preside at every meeting of directors at which he is present. Where there is no director holding that office, or if the director holding it is unwilling to preside or is not present within 15 minutes after the time appointed for the meeting, the participating directors present may appoint another Independent Director to chair the meeting.

#### **Validity of resolutions**

28 17 All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall be valid notwithstanding that it is afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had ceased to hold office, or were not entitled to vote on the matter in question.

#### **Voting at Directors' Meetings**

28 18 Subject to the Articles, each director participating in a decision has one vote. A director who is also an alternate director has an additional vote on behalf of each appointor who is not participating in taking the decision and would have been entitled to vote if they were participating.

#### **No Casting Vote**

28 19 If at a directors' meeting the numbers of votes for and against a proposal are equal (ignoring any votes which in accordance with the Act are not to be counted), the Chairman or other director chairing the meeting does not have a casting vote.

#### **Unanimous Decisions**

28 20 A decision of the directors is taken in accordance with articles 28 20 and 28 21 when all eligible directors indicate to each other by any means that they share a common view on a matter. Such a decision may take the form of a resolution in writing, at least one copy of which has been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

28 21 References in article 28 20 to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting but excluding any director whose vote is not to be counted in respect of the matter in question. A decision may not be taken in accordance with article 28 20 if the eligible directors would not have formed a quorum at such a meeting.

#### **Directors' Power to Participate in Decision when Interested in Contract**

28 22 Without prejudice to the director's disclosure obligations under the Act and these Articles, but subject to articles 28 23 to 28 26 below, a director may

- (a) vote at any meeting of the directors or of a committee of the directors on any resolution and be counted in the quorum present at a meeting in relation to any resolution, or
- (b) participate in any decision taken in accordance with articles 28 20 and 28 21,

concerning a transaction or arrangement with the Company or in which the Company is interested, or concerning any other matter in which the Company is interested,

notwithstanding that the director is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the Company in relation to it

28 23 If a majority of the Independent Directors (in consultation with the Group Head of Compliance and Public Affairs (or his or her designee)) determines that there is a conflict of interest, pursuant to article 26, between

- (a) (i) a shareholder which has appointed a director or which is otherwise connected to a director by virtue of his employment or directorship (a **Conflicted Shareholder**) and (ii) the Company or any other member of the LCH Clearnet Group due to litigation, arbitration or other dispute, or the proposed entry into, material variation or termination of a contract, between any member of the LCH Clearnet Group and the Conflicted Shareholder, or
- (b) (i) a Conflicted Shareholder other than LSEG and (ii) the Company or any other member of the LCH Clearnet Group due to a matter other than those set out in article 28 23(a) above,

each of (a) and (b) being a **Conflict Situation**, then any director appointed by or otherwise connected to such Conflicted Shareholder shall not be entitled to attend any meeting (or part of a meeting) or participate in discussions or vote on any resolution at meetings of the Board or any committee of the Board which relate to the relevant Conflict Situation, or to receive confidential information concerning such Conflict Situation, unless a majority of the Independent Directors in consultation with the Group Head of Compliance and Public Affairs (or his or her designee) agree otherwise

28 24 If a majority of the Independent Directors determines in good faith that, in order to prevent a breach of applicable competition law or regulation, a director appointed by or otherwise connected to a particular shareholder (a **Shareholder Director**) should not have access to competitively sensitive information concerning a particular Eligible Institution, the relevant Shareholder Director shall not be entitled to receive such competitively sensitive information, attend any part of a meeting at which such competitively sensitive information is discussed, or participate in discussions or vote on any resolution at such a meeting (or a meeting of any committee of the Board) relating to such competitively sensitive information, unless a majority of the Independent Directors agree otherwise

28 25 The Independent Directors may only make a determination pursuant to article 28 24 on a case by case basis and

- (a) on their own initiative, provided that they have consulted the Company's legal advisers in advance of such determination and taken their views into account, or
- (b) if, following receipt by the Company of a written request from any Eligible Institution that a particular Shareholder Director should not have access to certain competitively sensitive information concerning such Eligible Institution, a majority of the Independent Directors determine, having obtained such legal advice as they consider appropriate, that such request is proportionate and not vexatious

28 26 Any restriction imposed pursuant to articles 28 24 and 28 25 shall be without prejudice to any rights of consent under the LSEG Consent Matters and Minority Protection Reserved Matters, or any of LSEG's rights in connection with the Push Matters

## **29. COMPANY SECRETARY**

Subject to the Act, the Company Secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they think fit and any Company Secretary so appointed may be removed by the directors

## **30. MINUTES**

- 30 1 The directors shall cause minutes to be made in books kept for the purpose
- (a) of all appointments of officers made by the directors, and
  - (b) of all proceedings of meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting
- 30 2 The Company shall also keep records comprising copies of all resolutions of shareholders passed otherwise than at general meetings All such records must be kept for at least 10 years (and in a readily accessible format for the first 2 years) from the date of the meeting or resolution or decision (as appropriate)

## **31. THE SEAL**

The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors The directors may decide by what means and in what form the seal is to be used The directors may determine who shall sign any instrument to which the seal is affixed, and unless otherwise so determined every such instrument shall be signed by at least one authorised person in the presence of a witness who attests the signature For the purposes of this Article, an authorised person is any director of the Company, the Company Secretary or any person authorised by the directors for the purpose of signing documents to which the seal is applied

## **32. DIVIDENDS**

### **Procedure for Declaring Dividends**

- 32 1 Subject always to the Core Operating Principles
- (a) the Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends, and
  - (b) a dividend must not be declared unless the directors have made a recommendation as to its amount Such a dividend must not exceed the amount recommended by the directors
- 32 2 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights
- 32 3 Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it

32 4 Notwithstanding any other provision of these Articles, the Company or the directors may fix any date as the record date for any dividend, distribution, allotment or issue, which may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made

32 5 The Company will not declare or pay dividends or any other distributions on any Ordinary Shares or any Parity Security during a Dividend Stopper Period

32 6 Once a dividend has been declared on the Ordinary Shares, it shall become a debt and the Company shall pay it promptly when due

#### **Payment of Dividends and Other Distributions**

32 7 Any dividend or other monies payable on or in respect of a share may be paid by one or more of the following means

- (a) telegraphic transfer or other electronic transmission to such bank account as the distribution recipient may in writing direct,
- (b) by sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share) or (in any other case) to such address as the distribution recipient may in writing direct, or
- (c) by any other means of payment agreed by the directors and the distribution recipient in writing

32 8 In the Articles, the *distribution recipient* means, in respect of a share in respect of which a dividend or other sum is payable

- (a) the holder of the share, or
- (b) if the share has two or more joint holders, whichever of them is named first in the register of members, or
- (c) such other person as the Board determines (acting reasonably) to be entitled thereto

Any joint holder or other person jointly entitled to a share may give receipts for any dividend or other monies payable in respect of the share

#### **Interim Dividends**

32 9 Subject to the provisions of the Act and these Articles, the directors may pay interim dividends if it appears to them that they are justified by the Distributable Profits of the Company If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears Subject to the provisions of these Articles, the directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the Distributable Profits justify the payment Provided the directors act in good faith, they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights

32.10 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

32.11 The directors may deduct from a dividend or other amounts payable to a person in respect of a share any amounts due from him to the Company on account of a call or otherwise in relation to a share.

#### **Non-Cash Distributions**

32.12 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution upon the recommendation of the directors, direct to pay or all part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company). For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, and where any difficulty arises in regard to such distribution the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any shareholder upon the footing of the value so fixed in order to adjust the rights of shareholders and may vest any assets in trustees.

#### **No Interest on Distributions**

32.13 No dividend or other monies payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share or the provisions of another agreement between the holder of that share and the Company.

#### **Unclaimed Distributions**

32.14 All dividends or other monies which are payable in respect of shares and unclaimed after having been declared or become payable may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

32.15 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

32.16 Any dividend or other monies payable in respect of shares which has remained unclaimed for 12 years from the date when it became due for payment, shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

#### **Waiver of Distributions**

32.17 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if:

- (a) the share has more than one holder, or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share

### **33. ACCOUNTS**

33 1 No shareholder other than LSEG shall (as such) have any right of inspecting any Company Books except as conferred by statute or authorised by the directors or by ordinary resolution of the Company

33 2 Any accounts, directors' report or auditor's report required or permitted to be sent by the Company pursuant to any statute to any person in accordance with this article are to be treated as sent to him not less than 21 days before the date of the meeting at which copies of those documents are to be laid if, and only if

- (a) the documents are published on the website throughout a period beginning at least 21 days before the date of the meeting and ending with the conclusion of the meeting, and
- (b) the notification given for the purposes of article 35 3 is given not less than 21 days before the date of the meeting

33 3 Nothing in article 33 2 shall invalidate the proceedings of a meeting where any documents that are required to be published as mentioned in article 33 2 are by accident published in different places on the website or published for a part, but not all, of the period mentioned in that article

### **34. CAPITALISATION OF PROFITS**

34 1 The directors may with the authority of an ordinary resolution of the Company

- (a) subject as provided in this article, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve,
- (b) appropriate the sum resolved to be capitalised to the shareholders who would have been entitled to it if it were distributed by way of dividend and in the same proportions, and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to such sum, and allot the shares or debentures credited as fully paid to those shareholders, or as they may direct, in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to shareholders credited as fully paid,
- (c) resolve that any shares so allotted to any shareholder in respect of a holding by him of any partly-paid shares rank for dividend, so long as such shares remain partly paid, only to the extent that such partly-paid shares rank for dividend,
- (d) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this article in fractions, and

- (e) authorise any person to enter on behalf of all the shareholders concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they may be entitled upon such capitalisation, any agreement made under such authority being binding on all such shareholders

### **35. NOTICES AND COMMUNICATIONS BY THE COMPANY**

35 1 Other than a notice convening a meeting of the Board, any notice, document or information to be sent or supplied by the Company may be sent or supplied in accordance with the Act (whether authorised or required to be sent or supplied by the Act or otherwise)

- (a) in writing,
- (b) in electronic form, or
- (c) by means of a website

35 2 A notice, document or information sent to a shareholder (or other person entitled to receive notices under these Articles) by post at his registered address or address for service within the United Kingdom is deemed to be given to or received by the intended recipient

- (a) 24 hours after posting, if pre-paid as first class, or
- (b) 48 hours after posting, if pre-paid as second class

A notice, document or information sent to a shareholder (or other person entitled to receive notice under these Articles) by post to an address outside the United Kingdom is deemed to be given 48 hours after posting, if pre-paid as airmail. Proof that an envelope containing the notice was properly addressed, pre-paid and posted is conclusive evidence that the notice was given

35 3 A notice, document or information sent or supplied in electronic form to an address specified for the purpose by the shareholder is deemed to be given to or received by the intended recipient 24 hours after the time it was sent and in proving service it is sufficient to prove that the communication was properly addressed and sent. In the event that a notice, document or information is sent or supplied to a person by being made available on a website, the Company must notify the intended recipient, in the manner agreed for the time being between the shareholder and the Company, of the following information

- (a) the presence of the notice, document or information on the website,
- (b) the address of the website,
- (c) the place on the website where the notice, document or information may be accessed, and
- (d) how to access the notice, document or information

A notice, document or information sent or supplied by means of a website is deemed to have been given to or received by the intended recipient when (i) the material was first made available on the website or (ii) if later, when the recipient received (or, is deemed to have received under this article 35) notification of the fact that the material was available on the website

35 4 A notice, document or information not sent by post but delivered by hand (which includes delivery by courier) to a registered address or address for service is deemed to be given on the day it is left A notice, document or information served or delivered by the Company by any other means authorised in writing by the shareholder concerned is deemed to be served when the Company has taken the action it has been authorised to take for that purpose

35 5 In the case of joint holders of a share, all notices, documents or information shall be validly sent or supplied to all joint holders if sent or supplied to whichever of them is named first in the register of members in respect of the joint holding Anything to be agreed or specified in relation to a notice, document or information to be sent or supplied to joint holders, may be agreed or specified by the joint holder who is named first in the register of members in respect of the joint holding

35 6 A shareholder present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting, and, where requisite, of the purposes for which it was called

35 7 Every person who becomes entitled to any share shall be bound by any notice in respect of that share which, before his name is entered in the register of shareholders, has been given to the person from whom he derives his title

35 8 A notice, document or information may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a shareholder by sending or delivering it, in any manner authorised by these Articles for the giving of a notice, document or information to a shareholder, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description, at the address, if any, supplied for that purpose by the persons claiming to be so entitled Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred

35 9 Subject to the Articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being

## **36. DESTRUCTION OF DOCUMENTS**

36 1 The Company is entitled to destroy

- (a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entries are made in the register of members, from six years after the date of registration,
- (b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address, from two years after they have been recorded,
- (c) all share certificates which have been cancelled from one year after the date of the cancellation,
- (d) all paid dividend warrants and cheques from one year after the date of actual payment, and

- (e) all proxy notices from one year after the end of the meeting to which the proxy notice relates

36 2 If the Company destroys a document in good faith, in accordance with the Articles, and without notice of any claim to which that document may be relevant, it is conclusively presumed in favour of the Company that

- (a) entries in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed were duly and properly made,
- (b) any instrument of transfer so destroyed was a valid and effective instrument duly and properly registered,
- (c) any share certificate so destroyed was a valid and effective certificate duly and properly cancelled, and
- (d) any other document so destroyed was a valid and effective document in accordance with its recorded particulars in the books or records of the Company

36 3 This article does not impose on the Company any liability which it would not otherwise have if it destroys any document before the time at which this article permits it to do so

36 4 In this article, references to the destruction of any document include a reference to its being disposed of in any manner

### **37. CERTIFICATION**

37 1 Any director or the Company Secretary or any person appointed by the directors for the purpose shall have power to authenticate and certify as true copies of and extracts from

- (a) any document comprising or affecting the constitution of the Company, whether in hard copy form or in electronic form,
- (b) any resolution passed by the Company, the holders of any class of shares in the capital of the Company, the directors or any committee of the directors, whether in hard copy form or in electronic form, and
- (c) any book, record and document relating to the business of the Company, whether in hard copy form or in electronic form (including, without limitation, the accounts)

37 2 If certified in this way, a document purporting to be a copy of a resolution, or the minutes of or an extract from the minutes of a meeting of the Company, the holders of any class of shares in the capital of the Company, the directors or a committee of the directors, whether in hard copy form or in electronic form, shall be conclusive evidence in favour of all persons dealing with the Company in reliance on it or them that the resolution was duly passed or that the minutes are, or the extract from the minutes is, a true and accurate record of proceedings at a duly constituted meeting

### **38. PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS**

The directors may make provision for the benefit of any persons employed or formerly employed by the Company or any of its subsidiaries, other than a director or former director or shadow director, in connection with the cessation or the transfer of the whole or part of the

undertaking of the Company or any Subsidiary Any such provision shall be made by a resolution of the directors in accordance with section 247 of the Act

### **39. WINDING UP**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of shareholders The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he with the like sanction determines, but no shareholder shall be compelled to accept any assets upon which there is a liability

### **40. INDEMNITY AND INSURANCE**

#### **Indemnity**

40 1 To the extent permitted by the Act and without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a director or other officer of the Company (other than any person, whether or not an officer of the Company, engaged by the Company as auditor) shall be and shall be kept indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him (whether in connection with any negligence, default, breach of duty or breach of trust by him or otherwise), in relation to the Company or its affairs provided that such indemnity shall not apply in respect of any liability incurred by him

- (a) to the Company or to any associated company,
- (b) to pay a fine imposed in criminal proceedings,
- (c) to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (howsoever arising),
- (d) in defending any criminal proceedings in which he is convicted,
- (e) in defending any civil proceedings brought by the Company, or an associated company, in which judgment is given against him, or
- (f) in connection with any application under any of the following provisions in which the court refuses to grant him relief, namely
  - (i) section 661(3) or (4) of the Act (acquisition of shares by innocent nominee), or
  - (ii) section 1157 of the Act (court power to grant relief in certain cases)

40 2 In article 40 1(d), (e) or (f), the reference to a conviction, judgment or refusal of relief is a reference to one that has become final A conviction, judgment or refusal of relief becomes final

- (a) if not appealed against, at the end of the period for bringing an appeal, or
- (b) if appealed against, at a time when the appeal (or any further appeal) is disposed of

An appeal is disposed of

- (c) if it is determined and the period for bringing any further appeal has ended, or
- (d) if it is abandoned or otherwise ceases to have effect

40 3 To the extent permitted by the Act and without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a director of the Company acting in its capacity as a trustee of an occupational pension scheme shall be and shall be kept indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in connection with the Company's activities as trustee of the scheme provided that such indemnity shall not apply in respect of any liability incurred by him

- (a) to pay a fine imposed in criminal proceedings,
- (b) to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (howsoever arising), or
- (c) in defending criminal proceedings in which he is convicted

For the purposes of this article, a reference to a conviction is to the final decision in the proceedings. The provisions of article 40 2 shall apply in determining when a conviction becomes final

40 4 Without prejudice to article 40 1 or to any indemnity to which a director may otherwise be entitled, and to the extent permitted by the Act and otherwise upon such terms and subject to such conditions as the directors may in their absolute discretion think fit, the directors shall have the power to make arrangements to provide a director with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with an application under section 661 of the Act (acquisition of shares by innocent nominee) or section 1157 of the Act (court power to grant relief in certain cases) or in defending himself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority or to enable a director to avoid incurring any such expenditure

### **Insurance**

40 5 To the extent permitted by the Act, the directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is or was

- (a) a director, alternate director, secretary or employee of the Company or of a company which is or was the holding company or a subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had an interest (whether direct or indirect), or with which the Company or such holding company or subsidiary undertaking is or was in any way allied or associated, or
- (b) trustee of a retirement benefits scheme or other trust in which a person referred to in the preceding paragraph is or has been interested,

indemnifying him and keeping him indemnified against liability for negligence, default, breach of duty or breach of trust or other liability which may lawfully be insured against by the Company



**Greffre du Tribunal de Commerce de Paris**

1 quai de la Corse  
75198 Paris CEDEX 04

N° de gestion 1969B03248

**Extrait Kbis**

**EXTRAIT D'IMMATRICULATION PRINCIPALE AU REGISTRE DU COMMERCE ET DES SOCIETES**

**à jour au 26 mai 2016**

**IDENTIFICATION DE LA PERSONNE MORALE**

*Immatriculation au RCS, numéro 692 032 485 R.C.S. Paris*

*Date d'immatriculation* 31/07/1969

*Dénomination ou raison sociale* **BANQUE CENTRALE DE COMPENSATION**

*Forme juridique* Société anonyme

*Capital social* 113 066 860,26 EUROS

*Adresse du siège* 18 rue du 4 Septembre 75002 Paris

*Activités principales* ACTIVITE DE CHAMBRE DE COMPENSATION TELLE QUE DEFINIE PAR L'ARTICLE L440-1 DU CODE MONETAIRE ET FINANCIER ET PAR LES ARTICLES 541-1 ET SUIVANTS DU REGLEMENT GENERAL DE L'AUTORITE DES MARCHES FINANCIERS. A CE TITRE, ELLE EST : LA CHAMBRE DE COMPENSATION D'INSTRUMENTS FINANCIERS ADMIS A LA NEGOCIATION SUR TOUT MARCHE REGLEMENTE, SYSTEME MULTILATERAL DE NEGOCIATION OU TOUT AUTRE FORME DE MARCHE OU DE SYSTEME DE NEGOCIATION GERE PAR UNE ENTREPRISE D'INVESTISSEMENT ; LA CHAMBRE DE COMPENSATION D'INSTRUMENTS FINANCIERS NEGOCIES DE GRE A GRE ET ENREGISTRES SELON LES MODALITES QU'ELLE FIXE. LA SOCIETE PEUT EXERCER DES ACTIVITES DE SERVICES D'INVESTISSEMENT DANS LES LIMITES DE L'AGREMENT DELIVRE PAR L'AUTORITE DE CONTROLE PRUDENTIEL EN TANT QUE PRESTATAIRE DE SERVICES D'INVESTISSEMENT. LA SOCIETE PEUT EGALEMENT CONSTITUER, OPERER ET GERER UN SYSTEME DE REGLEMENT LIVRAISON D'INSTRUMENTS FINANCIERS TEL QUE DEFINI A L'ARTICLE L.330-1 DU CODE MONETAIRE ET FINANCIER. ELLE PEUT COMPENSER ET GARANTIR TOUT OU PARTIE DES OBLIGATIONS DECOULANT DES TRANSACTIONS EFFECTUEES SUR TOUT MARCHE D'INSTRUMENTS FINANCIERS SUR LA BASE ET DANS LES CONDITIONS DEFINIES PAR UNE CONVENTION QU'ELLE SIGNE AVEC LA SOCIETE QUI GERE LEDIT MARCHE ET DANS LES LIMITES AUTORISEES PAR L'AUTORITE DE CONTROLE PRUDENTIEL. LA SOCIETE PEUT FAIRE POUR ELLE-MEME, POUR LE COMPTE DE TIERS EN PARTICIPATION, EN FRANCE ET A L'ETRANGER, TOUTES OPERATIONS DE QUELQUE NATURE QU'ELLES SOIENT, BANCAIRES (RELEVANT DU LIVRE V DU CODE MONETAIRE ET FINANCIER), FINANCIERES, ECONOMIQUES, INDUSTRIELLES, JURIDIQUES, CIVILES OU COMMERCIALES, MOBILIERES OU IMMOBILIERES, Y COMPRIS LA FOURNITURE DE MOYENS TECHNIQUES ET/OU DE SERVICES INFORMATIQUES NOTAMMENT A LCH.CLEARNET GROUP LIMITED, AUX SOCIETES DANS LESQUELLES CETTE DERNIERE A UNE PARTICIPATION AU SENS DES ARTICLES L.233-1 ET SUIVANTS DU CODE DE COMMERCE, ET A SES ADHERENTS OU AUX FOURNISSEURS DE SERVICES INFORMATIQUES AUX DITS ADHERENTS POUVANT SE RATTACHER DIRECTEMENT OU INDIRECTEMENT A L'OBJET CI-DESSUS OU A TOUS OBJETS SIMILAIRES, CONNEXES OU COMPLEMENTAIRES SOUS RESERVE DE L'AGREMENT DE L'AUTORITE DE CONTROLE PRUDENTIEL, DU RESPECT DES DISPOSITIONS LEGALES ET REGLEMENTAIRES QUI LUI SONT APPLICABLES CONFORMEMENT AU DROIT FRANCAIS, AUX DIRECTIVES EUROPEENNES ET AUX ACCORDS INTERNATIONAUX.



Durée de la personne morale Jusqu'au 30/07/2068  
Date de clôture de l'exercice social 31 décembre

## GESTION, DIRECTION, ADMINISTRATION, CONTROLE, ASSOCIES OU MEMBRES

### Président du conseil d'administration

Nom, prénoms Hoogduin Leonardus  
Date et lieu de naissance Le 07/09/1956 à Leiden (PAYS-BAS)  
Nationalité Néerlandaise  
Domicile personnel Julianalaan 2 1412 GS Naarden (Pays-Bas)

### Directeur général - Administrateur

Nom, prénoms Hemon Christophe  
Date et lieu de naissance Le 14/06/1961 à Mansigné (72)  
Nationalité Française  
Domicile personnel 132 avenue Achille Peretti 92200 Neuilly sur Seine

### Administrateur

Nom, prénoms Abrams Ian  
Date et lieu de naissance Le 17/08/1950 à LIVERPOOL (ROYAUME-UNI)  
Nationalité Britannique  
Domicile personnel 4 Eden Close Hampstead Londres NW3 7UL (Royaume-Uni)

### Administrateur

Nom, prénoms Walker Neil  
Date et lieu de naissance Le 02/07/1969 à Londres (ROYAUME-UNI)  
Nationalité Britannique  
Domicile personnel 21 Belsize Crescent NW3 5QY London (Royaume-Uni)

### Administrateur

Nom, prénoms McLaughlin Dennis  
Date et lieu de naissance Le 22/03/1963 à Eireannach (IRLANDE)  
Nationalité Irlandaise  
Domicile personnel 11 The Chase SL5 7UJ Ascot Berkshire (Irlande)

### Administrateur

Nom, prénoms Litvack Eric  
Date et lieu de naissance Le 16/10/1964 à Montreal (CANADA)  
Nationalité Française  
Domicile personnel 20 route du Grand Pont 78110 Le Vésinet

### Administrateur

Nom, prénoms Harry Serge  
Date et lieu de naissance Le 03/02/1960 à Montargis (45)  
Nationalité Française  
Domicile personnel 39 avenue Franklin Roosevelt 92330 Sceaux

### Administrateur

Nom, prénoms Bourrette Rémi  
Date et lieu de naissance Le 10/11/1969 à Paris 20ème (75)  
Nationalité Française  
Domicile personnel Flat 2, 30 Bina Gardens London SW5 0LA (Royaume-Uni)

### Administrateur

Nom, prénoms Perrier Yves  
Date et lieu de naissance Le 26/10/1954 à Scionzier (74)  
Nationalité Française  
Domicile personnel 41 rue de Saint-Pétersbourg 75008 Paris

### Administrateur

Nom, prénoms Bakhsit Suneel  
Date et lieu de naissance Le 05/09/1958 à Amritsar (INDE)  
Nationalité Britannique



<b>Domicile personnel</b>	1 phillimore place London W8 7BY (Royaume-Uni)
<b>Administrateur</b>	
Nom, prénoms	Attia Anthony
Date et lieu de naissance	Le 11/04/1974 à Nice (06)
Nationalité	Française
Domicile personnel	29 avenue de la Motte Piquet 75007 Paris
<b>Administrateur</b>	
Nom, prénoms	Eliot Jonathan
Date et lieu de naissance	Le 24/03/1966 à CROWBOROUGH (ROYAUME-UNI)
Nationalité	Britannique
Domicile personnel	East Sussex - TN7 4DN Cottchford House Hartfield East Sussex (Royaume-Uni)
<b>Administrateur</b>	
Nom, prénoms	Lubochinsky Catherine
Date et lieu de naissance	Le 06/09/1957 à Paris 12ème (75)
Nationalité	Française
Domicile personnel	19 rue Bezout 75014 Paris
<b>Commissaire aux comptes titulaire</b>	
Dénomination	ERNST & YOUNG AUDIT
Forme juridique	Société anonyme
Adresse	Tour Ernst & Young faubourg de l'Arche 92037 Paris la Defense CEDEX
Immatriculation au RCS, numéro	344 366 315 Nanterre
<b>Commissaire aux comptes titulaire</b>	
Dénomination	KPMG AUDIT FS I
Forme juridique	Société par actions simplifiée
Adresse	Immeuble le Palatin 3 cours du Triangle 92939 Paris la Defense CEDEX
Immatriculation au RCS, numéro	512 802 596 Nanterre
<b>Commissaire aux comptes suppléant</b>	
Dénomination	KPMG AUDIT FS II
Forme juridique	Société par actions simplifiée
Adresse	Immeuble le Palatin 3 cours du Triangle 92939 Paris la Defense CEDEX
Immatriculation au RCS, numéro	512 802 539 Nanterre
<b>Commissaire aux comptes suppléant</b>	
Dénomination	PICARLE ET ASSOCIES
Forme juridique	Société par actions simplifiée
Adresse	Fbd de l'Arche tour Ernst & Young 92037 Paris la Défense CEDEX
Immatriculation au RCS, numéro	410 105 894 Paris

## SOCIETE RESULTANT D'UNE FUSION OU D'UNE SCISSION

- Mention n° 23868 du 23/07/1999	SOCIETE AYANT PARTICIPE A L'OPERATION DE SCISSION : DENOMINATION SOCIETE DE BOURSES FRANCAISES FORME JURIDIQUE SA SIEGE SOCIAL PALAIS DE LA BOURSE 75002 PARIS RCS B343406732
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## RENSEIGNEMENTS RELATIFS A L'ACTIVITE ET A L'ETABLISSEMENT PRINCIPAL

Adresse de l'établissement	18 rue du 4 Septembre 75002 Paris
Nom commercial	LCH.Clearnet SA et LCH SA
Activité(s) exercée(s)	ACTIVITE DE CHAMBRE DE COMPENSATION TELLE QUE DEFINIE PAR L'ARTICLE L440-1 DU CODE MONETAIRE ET FINANCIER ET PAR LES ARTICLES 541-1 ET SUIVANTS DU REGLEMENT GENERAL DE L'AUTORITE DES MARCHES FINANCIERS. A CE TITRE, ELLE EST : LA CHAMBRE DE COMPENSATION D'INSTRUMENTS FINANCIERS ADMIS A LA NEGOCIATION SUR TOUT MARCHE REGLEMENTE, SYSTEME MULTILATERAL DE NEGOCIATION OU TOUT AUTRE FORME DE MARCHE OU DE SYSTEME DE NEGOCIATION GERE PAR UNE ENTREPRISE D'INVESTISSEMENT ; LA CHAMBRE DE COMPENSATION D'INSTRUMENTS FINANCIERS NEGOCIES DE GRE A GRE ET ENREGISTRES SELON LES MODALITES QU'ELLE FIXE. LA SOCIETE PEUT EXERCER DES ACTIVITES DE SERVICES D'INVESTISSEMENT DANS LES LIMITES DE L'AGREMENT DELIVRE PAR L'AUTORITE DE CONTROLE PRUDENTIEL EN TANT QUE PRESTATAIRE DE SERVICES D'INVESTISSEMENT. LA SOCIETE PEUT EGALLEMENT CONSTITUER, OPERER ET GERER UN SYSTEME DE REGLEMENT LIVRAISON D'INSTRUMENTS FINANCIERS TEL QUE DEFINI A L'ARTICLE L.330-1 DU CODE MONETAIRE ET FINANCIER. ELLE PEUT COMPENSER ET GARANTIR TOUT OU PARTIE DES OBLIGATIONS DECOULANT DES TRANSACTIONS EFFECTUEES SUR TOUT MARCHE D'INSTRUMENTS FINANCIERS SUR LA BASE ET DANS LES CONDITIONS DEFINIES PAR UNE CONVENTION QU'ELLE SIGNE AVEC LA SOCIETE QUI GERE LEDIT MARCHE ET DANS LES LIMITES AUTORISEES PAR L'AUTORITE DE CONTROLE PRUDENTIEL. LA SOCIETE PEUT FAIRE POUR ELLE-MEME, POUR LE COMPTE DE TIERS EN PARTICIPATION, EN FRANCE ET A L'ETRANGER, TOUTES OPERATIONS DE QUELQUE NATURE QU'ELLES SOIENT, BANCAIRES (RELEVANT DU LIVRE V DU CODE MONETAIRE ET FINANCIER), FINANCIERES, ECONOMIQUES, INDUSTRIELLES, JURIDIQUES, CIVILES OU COMMERCIALES, MOBILIERES OU IMMOBILIERES, Y COMPRIS LA FOURNITURE DE MOYENS TECHNIQUES ET/OU DE SERVICES INFORMATIQUES NOTAMMENT A LCH.CLEARNET GROUP LIMITED, AUX SOCIETES DANS LESQUELLES CETTE DERNIERE A UNE PARTICIPATION AU SENS DES ARTICLES L.233-1 ET SUIVANTS DU CODE DE COMMERCE, ET A SES ADHERENTS OU AUX FOURNISSEURS DE SERVICES INFORMATIQUES AUX DITS ADHERENTS POUVANT SE RATTACHER DIRECTEMENT OU INDIRECTEMENT A L'OBJET CI-DESSUS OU A TOUS OBJETS SIMILAIRES, CONNEXES OU COMPLEMENTAIRES SOUS RESERVE DE L'AGREMENT DE L'AUTORITE DE CONTROLE PRUDENTIEL, DU RESPECT DES DISPOSITIONS LEGALES ET REGLEMENTAIRES QUI LUI SONT APPLICABLES CONFORMEMENT AU DROIT FRANCAIS, AUX DIRECTIVES EUROPEENNES ET AUX ACCORDS INTERNATIONAUX.
Date de commencement d'activité	31/07/1969
Origine du fonds ou de l'activité	Création
Mode d'exploitation	Exploitation directe

## OBSERVATIONS ET RENSEIGNEMENTS COMPLEMENTAIRES

- Mention n° 1
- Société régie par la loi du 24 juillet 1966 et le décret du 23 mars 1967 sur les sociétés commerciales.
- Mention n° 73544 du 05/03/2002
- Mise en harmonie des statuts avec la loi 2001-420 du 15 mai 2001



Le Greffier

A handwritten signature in black ink, appearing to read "T. J. P.", is placed above the official stamp.



FIN DE L'EXTRAIT

RCS Paris - 27/05/2016 - 08:35:37





# LCH.Clearnet SA

## CDS Clearing Rule Book

### 18 April 2016

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**TITLE I**

**GENERAL PROVISIONS**

**&**

**LEGAL FRAMEWORK**

### **Article 1.0.1.1**

LCH.Clearnet SA is a clearing house within the meaning of Article L. 440-1 of the French Monetary and Financial Code and EMIR which acts as a central counterparty for clearing Original Transactions entered into between the CDS Buyer and the CDS Seller in accordance with the CDS Clearing Documentation.

In this framework, LCH.Clearnet SA acts in accordance with applicable banking and financial regulations, including EMIR.

LCH.Clearnet SA is under the supervision of its Competent Authorities within the scope of their respective remit as granted by their national law.

### **Article 1.0.1.2**

LCH.Clearnet SA has been notified to the European Commission as a securities settlement system pursuant to the Settlement Finality Directive. Thus, as described in Section 1 of the Procedures, any person with a legitimate interest can obtain information on LCH.Clearnet SA, the CDS Clearing Service and the CDS Clearing Documentation upon request.

### **Article 1.0.1.3**

In accordance with the CDS Clearing Documentation, LCH.Clearnet SA novates and clears CDS, supervises the Cleared Transactions registered in the name of each Clearing Member, calculates the risk associated with such Cleared Transactions, calls Margin to cover this risk, ensures the proper settlement of the Cleared Transactions as central counterparty, manages the CDS Default Management Process and performs all other functions specified in the CDS Clearing Documentation.

## CHAPTER 1 - DEFINITIONS AND INTERPRETATION

### Section 1.1.1 Terms defined in the CDS Clearing Rule Book

For the purposes of the CDS Clearing Documentation, the following capitalised terms shall, unless otherwise specified, have the respective meanings set out below:

**2003 ISDA Credit Derivatives Definitions:** This term shall have the meaning set out in Part A of the CDS Clearing Supplement.

**2014 ISDA Credit Derivatives Definitions:** This term shall have the meaning set out in Part B of the CDS Clearing Supplement.

**Account Structure:** The House Account Structure and the Client Account Structure(s) of a CCM and an FCM Clearing Member, respectively.

**Accrued Fixed Amount Liquidation Risk Margin:** The amount calculated by LCH.Clearnet SA, in accordance with Section 2 of the Procedures.

**Additional Contribution Amount:** An unfunded contribution equal to the amount of a Clearing Member's Contribution which is payable by a Clearing Member to LCH.Clearnet SA pursuant to Article 4.4.3.2 following an application of the CDS Default Fund.

**Additional Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Affected Clearing Member:** In relation to the circumstances set out in Article 1.3.1.1(i), a Clearing Member who has been subject to a failure to pay or deliver, and, in relation to the circumstances set out in Article 1.3.1.1 (ii) or (iii), any Clearing Member.

**Affiliate:** With respect to a Clearing Member, any entity that controls, directly or indirectly, the Clearing Member, any entity controlled, directly or indirectly, by the Clearing Member or any entity directly or indirectly under common control with such Clearing Member. For this purpose, "control" of an entity or of a Clearing Member means ownership of a majority of the voting power of the entity or the Clearing Member. Solely for the purposes of classifying a Person as an FCM Client or as an Affiliate of an FCM Clearing Member, the term "Affiliate" also means any Person whose account, when carried by the FCM Clearing Member, would be considered a proprietary account pursuant to CFTC Regulation 1.3(y) (or any successor or replacement regulation).

**Allocated Client Collateral Buffer:** The CCM Allocated Client Collateral Buffer or the FCM Allocated Client Collateral Buffer, as the context requires.

**AMF:** The *Autorité des Marchés Financiers* and any successor organisation.

**Applicable Law:** Any applicable national, federal, supranational, state, provincial, local or other statute, law, ordinance, regulation, rule, code, guidance, order, published practice or concession, judgment or decision of a Governmental Authority or a Competent Authority.

**Applicant:** A legal person that wishes to be admitted as a Clearing Member.

**Approved Trade Source System:** An entity as specified in a Clearing Notice and with whom:

- (i) LCH.Clearnet SA has entered into an agreement regarding the submission of Original Transactions by ATSS Participants for registration and clearing by LCH.Clearnet SA; and

- (ii) ATSS Participants have entered into a participant agreement allowing such entity to deliver Original Transactions details to LCH.Clearnet SA on behalf of the relevant ATSS Participant for the purpose of clearing such Original Transactions by LCH.Clearnet SA.

**ATSS Participant:** A Clearing Member or a Client that is a direct participant in an Approved Trade Source System.

**Auction Settlement Amount:** In respect of any Cleared Transaction, as defined under the terms of such Cleared Transaction incorporating the ISDA Credit Derivatives Definitions.

**Automatic Early Termination Event Stipulation:** A stipulation by LCH.Clearnet SA that Cleared Transactions of a Clearing Member are subject to automatic termination.

**Available Client Collateral Buffer:** The CCM Available Client Collateral Buffer or the FCM Available Client Collateral Buffer, as the context requires.

**Backloading Failure:** With respect to a Clearing Member due to have a Cleared Transaction, arising from a Backloading Transaction, registered in any of its Trade Accounts, the failure by such Clearing Member to transfer the Required Collateral Amount to LCH.Clearnet SA at the relevant Morning Call.

**Backloading Failure Notice:** A notice in writing setting out details of the occurrence of a Backloading Failure (which, for the avoidance of doubt, shall not identify, directly or indirectly, the relevant Clearing Member(s) subject to such Backloading Failure).

**Backloading Transaction:** A Weekly Backloading Transaction or a Daily Backloading Transaction.

**Backloading Transaction Reports:** This term shall have the meaning set out in Section 5 of the Procedures.

**Backup Clearing Member:** In relation to Client Cleared Transactions, the Clearing Member indicated by the relevant Client as acting as such and notified to LCH.Clearnet SA from time to time, provided that:

- (i) only an FCM Clearing Member may serve as Backup Clearing Member of an FCM Client; and
- (ii) only a CCM may serve as Backup Clearing Member of a CCM Client.

**Backup Client:** In relation to Client Cleared Transactions registered in a CCM Indirect Client Segregated Account Structure, the CCM Individual Segregated Account Client indicated by the relevant CCM as acting as such and notified to LCH.Clearnet SA from time to time.

**Banking Consolidation Directive:** Directive 2006/48/EC.

**Bilateral Trades Report:** This term shall have the meaning set out in Section 5 of the Procedures.

**Buffer Collateral Account:** With respect to each CCM, the house account opened in the books of LCH.Clearnet SA to record its CCM Client Collateral Buffer, and with respect to each FCM Clearing Member, the FCM Buffer Financial Account opened in the books of LCH.Clearnet SA within the FCM Clearing Member's Client Account Structure.

**Business Day:** Any day that is not a holiday in the TARGET2 calendar.

**Capital Requirements Directive:** Banking Consolidation Directive and Directive 2006/49/EC.

**Carrying Clearing Member:** The Clearing Member in whose Client Trade Account(s) and CCM Client Collateral Account(s) (with respect to a CCM) or FCM Client Financial Account(s) (with respect to an FCM Clearing Member) Client Cleared Transactions and associated Client Assets, which are to be transferred (in whole or in part) to a Receiving Clearing Member in accordance with TITLE V, Chapter 3 or TITLE VI, Chapter 3 (as applicable), are registered.

**Cash Collateral:** Any cash provided in an Eligible Currency which is transferred to LCH.Clearnet SA by way of full title transfer in accordance with Section 3 of the Procedures for the purpose of satisfying a Clearing Member's Margin Requirements and/or its Contribution Requirement and/or novating Original Transactions, as the case may be.

**Cash Payment:** Any payment due by a Clearing Member to LCH.Clearnet SA, or due to be received by a Clearing Member from LCH.Clearnet SA, of:

- (i) cash amounts due upon the occurrence of Credit Events;
- (ii) Price Alignment Interest;
- (iii) Fixed Amounts;
- (iv) Variation Margin;
- (v) Initial Payment Amount;
- (vi) any fees due to LCH.Clearnet SA;
- (vii) cash amounts due in connection with an MTM Change; or
- (viii) any other cash amounts (other than Cash Collateral).

**Cash Payment Day:** With respect to a Cleared Transaction with a CDS Contractual Currency:

- (i) in Euro: a Business Day; or
- (ii) in US Dollar:
  - (a) a Business Day that is a day on which commercial banks in New York City are open for business; or
  - (b) with respect to cash amounts due upon the occurrence of Credit Events only as referred to in the definition of Cash Payment, any day that is a day on which commercial banks in New York City are open for business.

**CCM:** Any legal entity admitted as a clearing member in accordance with the CDS Clearing Rules and party to the CDS Admission Agreement and which, if such entity is an FCM, has satisfied LCH.Clearnet SA that it is able to provide the CCM CDS Client Clearing Services described in TITLE V.

**CCM Allocated Client Collateral Buffer:** The portion of the CCM Client Collateral Buffer which, at the relevant time, is allocated to a CCM Client Account Structure in accordance with Article 4.2.2.4 and Section 2 of the Procedures.

**CCM Available Client Collateral Buffer:** The portion of the CCM Client Collateral Buffer which, at the relevant time, is not allocated to any CCM Client Account Structure.

**CCM Cleared Transaction:** A CDS between LCH.Clearnet SA and a CCM acting either in its own name and for its own account (in respect of a House Cleared Transaction) or as *commissionnaire*

in its own name and for the account of a Client (in respect of a Client Cleared Transaction), registered in any Trade Account of such CCM and resulting from:

- (i) the novation of an Original Transaction;
- (ii) the creation of a Spin-off Single Name Cleared Transaction, a Restructuring Cleared Transaction, a Resulting Single Name Cleared Transaction or a Physically Settled Cleared Transaction (where applicable) pursuant to the CDS Clearing Supplement;
- (iii) the compression of existing Cleared Transactions to a single Cleared Transaction pursuant to TITLE III, CHAPTER 3;
- (iv) LCH.Clearnet SA and a CCM entering into hedging transactions pursuant to the CDS Default Management Process;
- (v) the porting of Client Cleared Transactions pursuant to TITLE V, CHAPTER 3;
- (vi) the porting of the Relevant Client Cleared Transactions pursuant to Clause 4.3 of the CDS Default Management Process; or
- (vii) the registration of Transfer Positions pursuant to Clause 6 of the CDS Default Management Process.

**CCM Client:** A CCM Individual Segregated Account Client, a CCM Net Omnibus Segregated Account Client or a CCM Gross Omnibus Segregated Account Client.

**CCM Client Account Structure:** A CCM Individual Segregated Account Structure, a CCM Net Omnibus Segregated Account Structure or a CCM Gross Omnibus Segregated Account Structure, as the case may be.

**CCM Client Collateral Account:** With respect to each CCM, an account opened in the books of LCH.Clearnet SA in relation to a CCM Client Account Structure to record the Collateral provided by a CCM for the purpose of satisfying the CCM Client Margin Requirement(s) for such CCM Client Account Structure and allowing the novation of Client Trade Legs of Eligible Intraday Transactions.

**CCM Client Collateral Buffer:** The aggregate value of Collateral transferred by a CCM to LCH.Clearnet SA and recorded in such CCM's Buffer Collateral Account for the purpose of:

- (i) allocating Collateral to a CCM Client Account Structure in accordance with Article 4.2.2.4 and Section 2 of the Procedures to satisfy a positive Intraday Novation Margin Requirement for Eligible Intraday Transactions comprising one or more Client Trade Leg(s);
- (ii) covering the CCM's House Cleared Transactions subsequent to an Event of Default occurring in respect of such CCM in accordance with Article 4.3.3.1; or
- (iii) covering the CCM's House Cleared Transactions subsequent to an LCH Default in accordance with Article 1.3.1.6.

**CCM Client Collateral Buffer Shortfall:** The amount (if any) by which the CCM Client Collateral Buffer Threshold exceeds the CCM Client Collateral Buffer.

**CCM Client Collateral Buffer Threshold:** The minimum value of Collateral which a CCM wishes to maintain as CCM Client Collateral Buffer.

**CCM Client Excess Collateral:** With respect to:

- (i) a CCM Net Omnibus Segregated Client Margin Account or a CCM Individual Segregated Client Margin Account, the amount by which the Margin Balance exceeds the relevant CCM Client Margin Requirement; and
- (ii) all the CCM Gross Omnibus Multi Sub-Account Client Margin Account(s) and CCM Gross Omnibus Single Sub-Account Client Margin Account(s) of a single CCM Gross Omnibus Segregated Account Structure, the amount by which the Margin Balance exceeds the total value of the CCM Client Margin Requirements associated to such CCM Gross Omnibus Segregated Account Structure.

**CCM Client Margin Account:** A CCM Individual Segregated Client Margin Account, a CCM Net Omnibus Segregated Client Margin Account, a CCM Gross Omnibus Single Sub-Account Client Margin Account, CCM Gross Omnibus Multi Sub-Account Client Margin Account or a CCM Indirect Client Segregated Margin Account, as the case may be.

**CCM Client Margin Requirement:** With respect to each CCM Client Margin Account of a CCM, an amount equal to:

- (i) for all purposes other than the Morning Call: the aggregate of the Margins (other than Variation Margin and Credit Quality Margin), calculated by LCH.Clearnet SA on the basis of the Open Positions registered in such CCM Client Margin Account of the CCM plus any positions corresponding to Eligible Intraday Transactions pre-registered in accordance with Section 3.1.7; and
- (ii) for the purposes of the Morning Call: the higher of the following two amounts:
  - (a) the aggregate of the Margins (other than Variation Margin and Credit Quality Margin) in respect of the Open Positions registered in such CCM Client Margin Account; or
  - (b) the aggregate of the Margins (other than Variation Margin and Credit Quality Margin) in respect of the Open Positions registered in such CCM Client Margin Account plus any positions corresponding to Irrevocable Backloading Transactions which are not Rejected Transactions and/or Cleared Transactions which are pre-registered in accordance with Section 3.1.7.

**CCM Client Margin Shortfall:** With respect to:

- (i) a CCM Net Omnibus Segregated Client Margin Account or a CCM Individual Segregated Client Margin Account of a CCM, the amount by which the CCM Client Margin Requirement for such CCM Client Margin Account exceeds the CCM Margin Balance of the associated CCM Client Collateral Account, if any; and
- (ii) a CCM Gross Omnibus Segregated Account Structure of a CCM, the amount by which the CCM Client Margin Requirements for all the CCM Client Margin Accounts of such CCM Gross Omnibus Segregated Account Structure exceeds the CCM Margin Balance of the CCM Client Collateral Account associated to such CCM Gross Omnibus Segregated Account Structure, if any.

**CCM Client Termination Amount:** For the purpose of Title I, Chapter 3, any net positive or negative amount, denominated in Euro and determined pursuant to and in accordance with Article 1.3.1.9 (ii)(a).

**CCM Client Trade Account:** An account opened by LCH.Clearnet SA at the request, and in the name, of a CCM for the benefit of a CCM Client in order to register all Cleared Transactions cleared by such CCM in relation to such CCM Client.

**CCM Direct Client Segregated Account Structure:** With respect to a CCM Individual Segregated Account Structure opened by LCH.Clearnet SA in the name of a CCM for the benefit of a CCM Individual Segregated Account Client, the sub-account structure consisting of:

- (i) a CCM Client Trade Account;
- (ii) a CCM Individual Segregated Client Margin Account; and
- (iii) a CCM Client Collateral Account,

for the purpose of registering Client Cleared Transactions which are not designated as being entered into in relation to the clearing services provided by such CCM Individual Segregated Account Client to its CCM Indirect Clients.

**CCM Excess Collateral:** The CCM Client Excess Collateral or the CCM House Excess Collateral, as the case may be.

**CCM Excess Collateral Threshold:** The CCM House Excess Collateral Threshold or the CCM Client Collateral Buffer Threshold as applicable.

**CCM Gross Omnibus Client Set:** All the CCM Gross Omnibus Segregated Account Clients belonging to the same CCM Gross Omnibus Segregated Account Structure.

**CCM Gross Omnibus Multi Sub-Account Client:** A client of a CCM to which the CCM provides CDS Client Clearing Services and which has opted for a CCM Gross Omnibus Multi Sub-Account Structure.

**CCM Gross Omnibus Multi Sub-Account Client Margin Account:** An account opened by LCH.Clearnet SA in the name of a CCM for the benefit of a CCM Gross Omnibus Multi Sub-Account Client Set in the CDS Clearing System for risk management purposes, in which the Cleared Transactions of such CCM Gross Omnibus Multi Sub-Account Client Set are netted and corresponding Open Positions are registered, and such CCM Gross Omnibus Multi Sub-Account Client Set related positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such CCM (if so applicable pursuant to Section 3.1.7) are recorded, in order to calculate the CCM Client Margin Requirement and Client Variation Margin Requirement of the relevant CCM in respect of such CCM Gross Omnibus Multi Sub-Account Client Set.

**CCM Gross Omnibus Multi Sub-Account Client Set:** All the CCM Gross Omnibus Multi Sub-Account Clients belonging to the same CCM Gross Omnibus Multi Sub-Account Structure.

**CCM Gross Omnibus Multi Sub-Account Structure:** With respect to a CCM Gross Omnibus Segregated Account Structure, the sub-account structure consisting of:

- (i) a CCM Client Trade Account *per* CCM Gross Omnibus Multi Sub-Account Client belonging to such CCM Gross Omnibus Multi Sub-Account Structure ;
- (ii) a single CCM Gross Omnibus Multi Sub-Account Client Margin Account opened for the benefit of the relevant CCM Gross Omnibus Multi Sub-Account Client Set; and

- (iii) a single CCM Client Collateral Account opened for the benefit of that CCM Gross Omnibus Client Set.

**CCM Gross Omnibus Segregated Account Client:** A CCM Gross Omnibus Multi Sub-Account Client or a CCM Gross Omnibus Single Sub-Account Client, as the case may be.

**CCM Gross Omnibus Segregated Account Structure:** With respect to a CCM, the Account Structure consisting of one or more CCM Gross Omnibus Multi Sub-Account Structure(s) and/or one or more CCM Gross Omnibus Single Sub-Account Structure(s) as linked together for that CCM Client Account Structure in accordance with TITLE V, CHAPTER 2.

**CCM Gross Omnibus Single Sub-Account Client:** A client of a CCM to which the CCM provides CDS Client Clearing Services and which has opted for a CCM Gross Omnibus Single Sub-Account Structure.

**CCM Gross Omnibus Single Sub-Account Client Margin Account:** An account opened by LCH.Clearnet SA in the name of a CCM for the benefit of a CCM Gross Omnibus Single Sub-Account Client in the CDS Clearing System for risk management purposes, in which the Cleared Transactions of the relevant CCM Gross Omnibus Single Sub-Account Client are netted and corresponding Open Positions are registered, and any CCM Gross Omnibus Single Sub-Account Client related positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such CCM (if so applicable pursuant to Section 3.1.7) are recorded, in order to calculate the CCM Client Margin Requirement and Client Variation Margin Requirement of the relevant CCM in respect of such CCM Gross Omnibus Single Sub-Account Client.

**CCM Gross Omnibus Single Sub-Account Structure:** With respect to a CCM Gross Omnibus Segregated Account Structure, the sub-account structure consisting of:

- (i) a CCM Client Trade Account *per* CCM Gross Omnibus Single Sub-Account Client;
- (ii) a CCM Gross Omnibus Single Sub-Account Client Margin Account *per* CCM Gross Omnibus Single Sub-Account Client; and
- (iii) a single CCM Client Collateral Account opened for the benefit of the relevant CCM Gross Omnibus Client Set.

**CCM Gross Omnibus Sub-Account Structure:** A CCM Gross Omnibus Multi Sub-Account Structure or a CCM Gross Omnibus Single Sub-Account Structure, as the case may be.

**CCM Gross Omnibus Sub-Account Balance:** In relation to each of the CCM Gross Omnibus Sub-Account Structure of a CCM Gross Omnibus Segregated Account Structure, the *pro rata* share ("PRS") of the most recent value of the Client Assets recorded in the relevant CCM Client Collateral Account as determined by LCH.Clearnet SA in accordance with Section 3 of the Procedures, which is attributable to the CCM Client Margin Account of such CCM Gross Omnibus Sub-Account Structure and which is determined on the basis of the following formula:

$$PRS = \frac{A}{B}$$

Where:

**A** is the last CCM Client Margin Requirement calculated and satisfied for the CCM Client Margin Account of that CCM Gross Omnibus Sub-Account Structure; and

**B** is the sum of all the last CCM Client Margin Requirements calculated and satisfied for all the CCM Client Margin Accounts associated to the relevant CCM Gross Omnibus Segregated Account Structure.

**CCM House Collateral Account:** With respect to each CCM, a house account opened in the books of LCH.Clearnet SA to record Collateral provided by such CCM for the purpose of satisfying its CCM House Margin Requirement and novating House Trade Legs of Eligible Intraday Transactions.

**CCM House Excess Collateral:** With respect to a CCM House Margin Account, the amount by which the Margin Balance exceeds the CCM House Margin Requirement for such CCM House Margin Account.

**CCM House Excess Collateral Shortfall:** The amount (if any) by which the CCM House Excess Collateral Threshold exceeds the CCM House Excess Collateral.

**CCM House Excess Collateral Threshold:** The minimum value of Collateral, which a CCM wishes to maintain as CCM House Excess Collateral.

**CCM House Margin Account:** An account opened by LCH.Clearnet SA in the name of a CCM in the CDS Clearing System for risk management purposes, in which CCM House Cleared Transactions are netted and corresponding Open Positions are registered, and any house positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such CCM (if so applicable pursuant to Section 3.1.7) are recorded, in order to calculate the CCM House Margin Requirement and House Variation Margin Requirement of the relevant CCM.

**CCM House Margin Requirement:** With respect to the CCM House Margin Account of each CCM, an amount equal to:

- (i) for all purposes other than the Morning Call, the aggregate of the Margins (other than Variation Margin) calculated by LCH.Clearnet SA on the basis of the Open Positions registered in such CCM House Margin Account plus any positions corresponding to Eligible Intraday Transactions pre-registered in accordance with Section 3.1.7; and
- (ii) for the purposes of the Morning Call, the higher of the following amounts:
  - (a) the aggregate of the Margins (other than Variation Margin) in respect of the Open Positions registered in such CCM House Margin Account; or
  - (b) the aggregate of the Margins (other than Variation Margin) in respect of the Open Positions registered in such CCM House Margin Account plus any positions corresponding to Irrevocable Backloading Transactions which are not Rejected Transactions.

**CCM House Margin Shortfall:** With respect to a CCM House Margin Account of a CCM, the amount by which the CCM House Margin Requirement for such CCM House Margin Account exceeds the CCM Margin Balance of the associated CCM House Collateral Account, if any.

**CCM Indirect Client:** A client of a CCM Individual Segregated Account Client on whose account such CCM Individual Segregated Account Client acts in receiving the CDS Client Clearing Services from the relevant CCM.

**CCM Indirect Client Segregated Account Structure:** With respect to a CCM Individual Segregated Account Structure opened by LCH.Clearnet SA in the name of a CCM for the benefit a CCM Individual Segregated Account Client, the sub-account structure consisting of:

- (i) a CCM Client Trade Account;
- (i) a CCM Indirect Client Segregated Margin Account; and
- (ii) a CCM Client Collateral Account,

for the purpose of registering Client Cleared Transactions which are designated as entered into in relation to the clearing services provided by such CCM Individual Segregated Account Client to its CCM Indirect Clients.

**CCM Indirect Client Segregated Margin Account:** An account opened by LCH.Clearnet SA in the name of a CCM for the benefit of all the CCM Indirect Clients of a CCM Individual Segregated Account Client in the CDS Clearing System for risk management purposes, in which the Cleared Transactions of all the CCM Indirect Clients of the relevant CCM Individual Segregated Account Client are netted and corresponding Open Positions are registered, and any CCM Individual Segregated Account Client's CCM Indirect Clients related positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such CCM (if so applicable pursuant to Section 3.1.7) are recorded, in order to calculate the CCM Client Margin Requirement and Client Variation Margin Requirement of the relevant CCM in respect of such CCM Indirect Clients.

**CCM Individual Segregated Account Client:** A client of a CCM (including for the avoidance of doubt an Affiliate) to which the CCM provides CDS Client Clearing Services and which has opted for a CCM Individual Segregated Account Structure.

**CCM Individual Segregated Account Structure:** With respect to a CCM, the account structure consisting of:

- (i) for each CCM Individual Segregated Account Client of such CCM: a CCM Direct Client Segregated Account Structure, and
- (ii) for each CCM Individual Segregated Account Client of such CCM which has opted to provide indirect clearing services: a CCM Indirect Client Segregated Account Structure.

**CCM Individual Segregated Client Margin Account:** An account opened by LCH.Clearnet SA in the name of a CCM for the benefit of a CCM Individual Segregated Account Client in the CDS Clearing System for risk management purposes, in which the Cleared Transactions of the relevant CCM Individual Segregated Account Client are netted and corresponding Open Positions are registered, and any CCM Individual Segregated Account Client related positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such CCM (if so applicable pursuant to Section 3.1.7) are recorded, in order to calculate the CCM Client Margin Requirement and Client Variation Margin Requirement of the relevant CCM in respect of such CCM Individual Segregated Account Client.

**CCM Margin Balance:** With respect to:

- (i) the CCM House Margin Account of a CCM, the aggregate value of Collateral transferred to LCH.Clearnet SA recorded in such CCM's CCM House Collateral Account;

- (ii) a CCM Net Omnibus Segregated Client Margin Account or a CCM Individual Segregated Client Margin Account of a CCM, the aggregate value of Collateral transferred to LCH.Clearnet SA recorded in the CCM Client Collateral Account attached to the relevant Client Margin Account; and
- (iii) all the CCM Gross Omnibus Multi Sub-Account Client Margin Account(s) and CCM Gross Omnibus Single Sub-Account Client Margin Account(s) of a single CCM Gross Omnibus Segregated Account Structure, the aggregate value of the Collateral transferred to LCH.Clearnet SA recorded in the CCM Client Collateral Account associated to such CCM Gross Omnibus Segregated Account Structure.

**CCM Net Omnibus Client Set:** All the CCM Net Omnibus Segregated Account Clients belonging to the same CCM Net Omnibus Segregated Account Structure.

**CCM Net Omnibus Segregated Account Client:** A client of a CCM to which the CCM provides CDS Client Clearing Services and which has opted for a CCM Net Omnibus Segregated Account Structure.

**CCM Net Omnibus Segregated Account Structure:** With respect to a CCM, the Account Structure consisting of:

- (i) a CCM Client Trade Account *per* CCM Net Omnibus Segregated Account Client belonging to such CCM Net Omnibus Segregated Account Structure;
- (ii) a single CCM Net Omnibus Segregated Client Margin Account opened for the benefit of the relevant CCM Net Omnibus Client Set; and
- (iii) a single CCM Client Collateral Account opened for the benefit of that CCM Net Omnibus Client Set.

**CCM Net Omnibus Segregated Client Margin Account:** An account opened by LCH.Clearnet SA in the name of a CCM for the benefit of a CCM Net Omnibus Client Set in the CDS Clearing System for risk management purposes, in which the Cleared Transactions of such CCM Net Omnibus Client Set are netted and corresponding Open Positions are registered, and such CCM Net Omnibus Client Set related positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such CCM (if so applicable pursuant to Section 3.1.7) are recorded, in order to calculate the CCM Client Margin Requirement and Client Variation Margin Requirement of the relevant CCM in respect of such CCM Net Omnibus Client Set.

**CCM Omnibus Segregated Account Client:** A CCM Gross Omnibus Segregated Account Client or a CCM Net Omnibus Segregated Account Client, as the case may be.

**CCM Required Collateral Amount:** For each CCM, the sum of:

- (i) the CCM House Margin Shortfall;
- (ii) the CCM House Excess Collateral Shortfall;
- (iii) the CCM Client Collateral Buffer Shortfall; and
- (iv) the Total Client Margin Shortfall.

**CCM Unallocated Client Collateral:** Cash Collateral provided by a CCM to LCH.Clearnet SA in accordance with Article 4.2.2.3 and Section 3 of the Procedures which is identified as being for the

account of one or more CCM Clients but where such CCM has not specified the CCM Client Collateral Account(s) in which such Cash Collateral should be recorded.

**CCM Unallocated Client Collateral Account:** With respect to each CCM, the client account opened in the books of LCH.Clearnet SA to record any CCM Unallocated Client Collateral.

**CDS:** A credit default swap transaction.

**CDS Admission Agreement:** The written agreement (including its annexes), as amended from time to time, entered into between LCH.Clearnet SA and an Applicant in order for such Applicant to become a Clearing Member.

**CDS Buyer:** A Clearing Member that is party to a Cleared Transaction as protection buyer.

**CDS Clearing Document:** Any document which forms part of the CDS Clearing Documentation.

**CDS Clearing Documentation:** The CDS Admission Agreement, the CDS Clearing Rules, the CDS Clearing Supplement Documents, the Index Cleared Transaction Confirmation and the Single Name Cleared Transaction Confirmation (including all exhibits, attachments, annexes, schedules and appendices thereto, and any document incorporated by reference therein, if any), as each such document is amended from time to time.

**CDS Clearing Rule Book:** This document (including all exhibits, attachments, annexes, schedules and appendices hereto), as amended from time to time.

**CDS Clearing Rules:** This CDS Clearing Rule Book, the CDS Dispute Resolution Protocol, the Procedures, all related Clearing Notices and, in the case of an FCM Clearing Member, the FCM CDS Clearing Regulations, as each such document is amended from time to time.

**CDS Clearing Service:** The service provided by LCH.Clearnet SA in respect of clearing CDS in accordance with the CDS Clearing Documentation, including the special terms applicable to use of the service by a CCM pursuant to TITLE V and to use of the service by an FCM Clearing Member pursuant to TITLE VI.

**CDS Clearing Supplement:** The document issued by LCH.Clearnet SA and entitled "CDS Clearing Supplement", as amended from time to time.

**CDS Clearing Supplement Documents:** The CDS Clearing Supplement, the Procedures and all related Clearing Notices, as each such document is amended from time to time.

**CDS Clearing System:** The IT system managed by LCH.Clearnet SA and providing Clearing Members with technical access to the CDS Clearing Service.

**CDS Client Clearing Agreement:** The client clearing agreement entered into between a Clearing Member and a Client which relates, in whole or in part, to the clearing of CDS through the CDS Clearing Service.

**CDS Client Clearing DMP or CDS Client Clearing Default Management Process:** The process set out in Clause 4 of the CDS Default Management Process and pursuant to which LCH.Clearnet SA will effect the porting of the Relevant Client Cleared Transactions or the liquidation of the Non-Ported Cleared Transactions.

**CDS Client Clearing Entitlement:** This term has the meaning set out in Clause 4.4.3 of the CDS Default Management Process.

**CDS Client Clearing Services:** Clearing services in respect of CDS provided by a Clearing Member to its Clients.

**CDS Contractual Currency:** The currency required under the terms of any Cleared Transaction.

**CDS Default Fund:** The default fund established and maintained pursuant to TITLE IV, CHAPTER 4 for Cleared Transactions.

**CDS Default Fund Amount:** The amount of the CDS Default Fund as required pursuant to Article 4.4.1.2.

**CDS Default Fund Calculation Amount:** An amount equal to the CDS Default Fund Amount less the aggregate of the Contribution Requirement for all of the Clearing Members in respect of whom the initial calculation of their respective Contribution Requirement requires them to pay a Contribution equal to the minimum contribution set out in Article 4.4.1.3.

**CDS Default Management Committee:** The committee which is set up by LCH.Clearnet SA in accordance with the provisions of the CDS Default Management Process in order to assist LCH.Clearnet SA with the development and implementation of:

- (i) the CDS Default Management Process; and
- (ii) any auction process to liquidate a Self Referencing Transaction and enter into an equivalent Single Name Cleared Transaction.

**CDS Default Management Group:** The group which is set up by LCH.Clearnet SA in accordance with the provisions of the CDS Default Management Process in order to assist LCH.Clearnet SA, in circumstances where:

- (i) an Event of Default has been declared by LCH.Clearnet SA as occurring in respect of a Clearing Member, with the implementation of the CDS Default Management Process and liquidation of Cleared Transactions in accordance with this CDS Clearing Rule Book; or
- (ii) an auction process pursuant to Section 9 of Part A or Part B, as applicable, of the CDS Clearing Supplement, needs to be implemented to liquidate a Self Referencing Transaction and enter into an equivalent Single Name Cleared Transaction.

**CDS Default Management Process:** The process in accordance with which LCH.Clearnet SA and the CDS Default Management Group will manage a default of a Clearing Member (including, to the extent appropriate, the CDS Client Clearing Default Management Process), as set out in Appendix 1.

**CDS Dispute Resolution Protocol:** The protocol pursuant to which Disputes will be resolved.

**CDS Global Cash Call Document:** This term shall have the meaning set out in Section 5 of the Procedures.

**CDS Post-Default Period:** The period specified in Article 4.4.3.3.

**CDS Seller:** A Clearing Member that is party to a Cleared Transaction as protection seller.

**CDS Type:** This term shall have the meaning set out in the CDS Clearing Supplement.

**CEA:** The U.S. Commodity Exchange Act, as amended.

**CFTC:** The U.S. Commodity Futures Trading Commission, and any successor thereto.

**CFTC Regulations:** The rules and regulations promulgated by the CFTC.

**Cleared Trades Report:** This term shall have the meaning set out in Section 5 of the Procedures.

**Cleared Transaction:** A CCM Cleared Transaction or an FCM Cleared Transaction.

**Clearing Day:** Any day that is: (i) a Business Day; and (ii) a day on which commercial banks in London are open for business.

**Clearing Eligibility Report:** The report containing the Weekly Backloading Transactions which is made available by LCH.Clearnet SA to each Clearing Member at such time set out in Section 5 of the Procedures.

**Clearing Member:** A CCM, an FCM Clearing Member, or both, as the context requires.

**Clearing Member Novation Acceptance Time:** The time when all relevant Clearing Members are deemed to have accepted a Daily Backloading Transaction or Weekly Backloading Transaction for clearing, where such Clearing Members indicate such deemed acceptance by meeting the Morning Call on the relevant Daily Backloading Novation Day or Weekly Backloading Novation Day, as applicable.

**Clearing Member Termination Date:** The date on which Membership Termination in respect of a Clearing Member becomes effective in accordance with Article 2.4.2.1 or Article 2.4.2.2(ii).

**Clearing Notice:** Any notice issued by LCH.Clearnet SA from time to time which:

- (i) provides guidance to all or a particular category of Clearing Members on a matter of interpretation in connection with this CDS Clearing Rule Book, the CDS Clearing Supplement or the Procedures;
- (ii) notifies all Clearing Members of the existence or cessation of a Force Majeure Event occurring with respect to LCH.Clearnet SA in accordance with Article 1.2.11.2 (ii) and Article 1.2.11.2 (vi);
- (iii) notifies all Clearing Members of an LCH Default in accordance with Article 1.3.1.3;
- (iv) notifies all Clearing Members of the termination or suspension of a particular Clearing Member's membership of the CDS Clearing Service;
- (v) notifies all Clearing Members of the occurrence of an Event of Default in accordance with Article 4.3.1.3; or
- (vi) such other Clearing Notices as may be required or contemplated by this CDS Clearing Rule Book, the CDS Clearing Supplement or the Procedures.

**Client:** A CCM Client, an FCM Client, or both, as the context requires.

**Client Account Structure:** The CCM Client Account Structure or FCM Client Account Structure, as the context requires.

**Client Assets:** Any Collateral transferred to LCH.Clearnet SA by a Clearing Member in respect of Client Cleared Transactions or Relevant Client Cleared Transactions, as applicable, along with accruals on such Client Cleared Transactions or Relevant Client Cleared Transactions (which accruals shall, for the avoidance of doubt, include Variation Margin which is payable by LCH.Clearnet SA to the Clearing Member in respect of the relevant Client Margin Account in accordance with Section 2 of the Procedures), and recorded in a Client Collateral Account. For the

avoidance of doubt, Client Assets constituting FCM Unallocated Client Excess Collateral are subject to restrictions on transfer and use as provided in the CDS Clearing Rules.

**Client Backloading Transaction:** An existing CDS which:

- (i) is registered in the TIW;
- (ii) comprises one or more Client Trade Leg(s); and
- (iii) is submitted for clearing by the relevant ATSS Participants via an Approved Trade Source System as part of the Daily Backloading Cycle.

**Client Cleared Transaction:** A Cleared Transaction registered in a Client Trade Account of a Clearing Member.

**Client Collateral Account:** A CCM Client Collateral Account or an FCM Client Financial Account, as the context requires.

**Client Collateral Buffer:** The CCM Client Collateral Buffer (carried within the CCM House Account Structure) or the FCM Client Collateral Buffer (carried within the FCM Client Account Structure), as the context requires.

**Client Collateral Buffer Shortfall:** The CCM Client Collateral Buffer Shortfall or the FCM Client Collateral Buffer Shortfall, as the context requires.

**Client Collateral Buffer Threshold:** The CCM Client Collateral Buffer Threshold or the FCM Client Collateral Buffer Threshold, as the context requires.

**Client Excess Collateral:** The CCM Client Excess Collateral or the FCM Client Excess Collateral, as the context requires.

**Client Margin Account:** A CCM Client Margin Account or an FCM Client Margin Account, as the context requires.

**Client Margin Requirement:** The CCM Client Margin Requirement or the FCM Client Margin Requirement, as the context requires.

**Client Margin Shortfall:** A CCM Client Margin Shortfall or an FCM Client Margin Shortfall, as the context requires.

**Client Pledged Eligible Collateral:** With respect to a CCM, the Pledged Eligible Collateral recorded in each CCM Client Collateral Account of such CCM.

**Client Termination Amount:** The CCM Client Termination Amount or the FCM Client Termination Amount.

**Client Trade Account:** A CCM Client Trade Account or an FCM Client Trade Account, as the context requires.

**Client Trade Leg:** Any trade leg of a CDS in respect of which a Client acts as protection buyer or protection seller.

**Client Transaction Checks:** With respect to an Intraday Transaction comprising one or more Client Trade Leg(s) or a Client Backloading Transaction, the process undertaken by LCH.Clearnet SA to ensure that a Nominated Clearing Member has consented, in the manner and form prescribed by Section 5 of the Procedures, to the registration of the relevant Client Trade Leg, in the relevant Client Trade Account(s) of such Nominated Clearing Member.

**Client Variation Margin Requirement:** For each Client Margin Account of a Clearing Member, the amount of Variation Margin calculated by LCH.Clearnet SA as being payable:

- (i) by such Clearing Member to LCH.Clearnet SA; or
- (ii) by LCH.Clearnet SA to such Clearing Member

on the basis of the Open Positions in the relevant Client Margin Account, in accordance with Section 2 of the Procedures.

**CM Backloading Transaction:** An existing CDS which:

- (i) is registered in the TIW;
- (ii) comprises two House Trade Leg(s); and
- (iii) is submitted for clearing by the relevant ATSS Participants via an Approved Trade Source System as part of the Daily Backloading Cycle.

**Collateral:** Any Eligible Collateral and/or Cash Collateral.

**Collateral Account:** A House Collateral Account, a Client Collateral Account, or a Buffer Collateral Account, or a CCM Unallocated Client Collateral Account as the case may be.

**Collateral Call:** A request by LCH.Clearnet SA to a Clearing Member for an amount of Collateral calculated by LCH.Clearnet SA in accordance with the CDS Clearing Documentation, such Collateral to be delivered by such Clearing Member to LCH.Clearnet SA in accordance with Section 3 of the Procedures.

**Combined Unmargin Risk:** The maximum value of the two highest daily Member Uncovered Risks over the last sixty Clearing Days, plus a buffer equal to 10 percent.

**Competent Authority:** Other than for LCH.Clearnet SA, any authority which:

- (i) is recognised as such by a Person's home Member State under the terms of the Banking Consolidation Directive or MiFID; or
- (ii) has concluded a cooperation agreement with the French Competent Authorities in respect of exercising a regulatory or supervisory function under the laws of any jurisdiction to which a Person is subject,

and for LCH.Clearnet SA, each of the AMF, the *Autorité de Contrôle Prudentiel et de Résolution*, the *Banque de France*, the European Securities and Markets Authority, the United Kingdom Prudential Regulation Authority and Financial Conduct Authority, the CFTC, any successor body of any of the foregoing and any other body which has concluded a cooperation agreement with the AMF, the *Autorité de Contrôle Prudentiel et de Résolution*, the *Banque de France* in respect of exercising a regulatory or supervisory function under the laws of any jurisdiction and designated as such by LCH.Clearnet SA from time to time.

**Concentration Risk Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Contingency Variation Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Contribution:** With respect to each Clearing Member, an amount calculated by LCH.Clearnet SA in accordance with Article 4.4.1.3 and payable by each Clearing Member to LCH.Clearnet SA to

fund the CDS Default Fund (and, for the avoidance of doubt, excluding any Additional Contribution Amount of such Clearing Member).

**Contribution Balance:** The aggregate value of Collateral (determined in accordance with Section 3 of the Procedures) deposited by a Clearing Member with LCH.Clearnet SA to satisfy its Contribution Requirement.

**Contribution Excess:** The amount, if any, by which a Clearing Member's Contribution Balance exceeds its Contribution Requirement.

**Contribution Requirement:** The aggregate of a Clearing Member's Contribution and its Additional Contribution Amount, if applicable.

**Contribution Shortfall:** The amount, if any, by which a Clearing Member's Contribution Requirement exceeds the Contribution Balance.

**Credit Derivatives Determinations Committee:** This term shall have the meaning set out in the ISDA Credit Derivatives Definitions.

**Credit Event:** In respect of any Cleared Transaction, as defined under the terms of such Cleared Transaction incorporating the ISDA Credit Derivatives Definitions.

**Credit Event Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Credit Event Notice:** In respect of any Cleared Transaction, as defined under the terms of such Cleared Transaction incorporating the ISDA Credit Derivatives Definitions.

**Credit Institution:** Any credit institution as defined in the Banking Consolidation Directive.

**Credit Quality Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Daily Backloading Novation Day:** With respect to a Daily Backloading Transaction, the Clearing Day immediately following the Business Day on which such Daily Backloading Transaction has been submitted for clearing to LCH.Clearnet SA in accordance with Article 3.1.2.2.

**Daily Backloading Cycle:** The process operated by LCH.Clearnet SA, in accordance with Section 3.1.2, pursuant to which Daily Backloading Transactions are submitted for clearing.

**Daily Backloading Transaction:** A Client Backloading Transaction or a CM Backloading Transaction, as the case may be.

**Damage:** Any damage, loss, cost or expense of whatsoever nature.

**Data Protection Law:** Any legislation in force from time to time which implements the Directive 95/46/EC and Directive 2002/58/EC and any other similar applicable national privacy law, which applies to the business activities of LCH.Clearnet SA.

**DC Credit Event Announcement:** This term shall have the meaning given to such term for the purposes of the applicable Cleared Transaction.

**Deemed Client Transaction:** This term shall have the meaning given in Article 5.1.1.3(ii).

**Default Notice:** A notice issued by LCH.Clearnet SA to a Clearing Member following a determination that an Event of Default has occurred or is occurring in respect of such Clearing Member, including where that notice takes the form of an Automatic Early Termination Event

Stipulation and that such Clearing Member will henceforth be treated as a Defaulting Clearing Member.

**Defaulting Clearing Member:** Any Clearing Member in respect of which an Event of Default has been declared by LCH.Clearnet SA.

**Defaulting Clearing Member Termination Date:** The date notified as such to a Defaulting Clearing Member by LCH.Clearnet SA in the Default Notice.

**Delegation:** The *délégation de créance imparfaite* mechanism governed by articles 1275 *et seq.* of the French Civil Code, as described in Article 5.1.2.2.

**Derivatives Clearing Organization:** A derivatives clearing organization as defined in Section 1a (15) of the CEA and registered as such with the CFTC.

**Disciplinary Proceedings:** Proceedings established pursuant to Section 8 of the Procedures, under which LCH.Clearnet SA shall investigate and, where it considers appropriate, take action against a Clearing Member following any breaches or alleged breaches of the CDS Clearing Documentation.

**Dispute:** This term shall have the meaning set out in the CDS Dispute Resolution Protocol.

**DTCC:** The Warehouse Trust Company LLC, a subsidiary of the US Depository Trust and Clearing Corporation, and any successor thereto.

**DTCC Matching and Eligibility Report:** The report containing the Eligible Weekly Backloading Transactions for each Clearing Member which is made available by LCH.Clearnet SA to each Clearing Member, at the time and in the manner set out in Section 5 of the Procedures.

**Early Termination Trigger Date:** The date specified in Clause 8.1 of the CDS Default Management Process.

**EEA:** The European Economic Area.

**Eligibility Controls:** The consistency checks and functional controls performed by LCH.Clearnet SA in accordance with Section 4 of the Procedures including:

- (i) checking to ensure the completeness of the information required by LCH.Clearnet SA as previously notified to Clearing Members to process the Transaction Data and novate the Original Transaction pursuant to and in accordance with the CDS Clearing Rules and the CDS Clearing Supplement; and
- (ii) determining whether such Original Transaction meets the Eligibility Requirements.

**Eligibility Requirements:** The requirements described in Section 4 of the Procedures with which Original Transactions must comply in order to be eligible for clearing by LCH.Clearnet SA.

**Eligible Collateral:** Such securities and other types of non Cash Collateral as are set out in Section 3 of the Procedures as being acceptable by LCH.Clearnet SA for the purposes of satisfying a Clearing Member's Margin Requirements and/or novating Original Transactions, as applicable.

**Eligible Currency:** Cash in such currencies as are set out in Section 3 of the Procedures as being acceptable by LCH.Clearnet SA as Cash Collateral.

**Eligible Index Version:** The version of a credit default swap index identified in accordance with Section 4 of the Procedures and in respect of which LCH.Clearnet SA provides CDS Clearing Services.

**Eligible Intraday Transaction:** An Intraday Transaction which passes the Eligibility Controls and the Client Transaction Checks (if applicable), pursuant to and in accordance with Article 3.1.4.4.

**Eligible Reference Entity:** A Reference Entity identified in accordance with Section 4 of the Procedures and in respect of which LCH.Clearnet SA provides CDS Clearing Services.

**Eligible Weekly Backloading Transaction:** A Weekly Backloading Transaction which:

- (i) has passed the Eligibility Controls; and
- (ii) has been selected by each of the relevant Clearing Members to be included in the Weekly Backloading Cycle in accordance with Section 5 of the Procedures.

**EMIR:** Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and all delegated regulatory and implementing technical standards adopted pursuant to Regulation (EU) No. 648/2012 and published in the Official Journal of the European Union from time to time.

**End of Day:** 19.30 on each Price Contribution Day.

**End of Day Contributed Price:** For each type of CDS meeting the Eligibility Requirements and identical in all material aspects other than the Notional Amount, the price/spread provided by the Index Publisher to LCH.Clearnet SA for such CDS and resulting from the Market Data.

**End of Real Time:** 19.00 on each Clearing Day.

**Euro:** The Euro.

**Eurosystem Central Bank:** The European Central Bank and any of the national central banks of the European Union Member States that have adapted the Euro as their common currency.

**Event:** Any of the events listed in Article 4.3.1.1 occurring in respect of a Clearing Member.

**Event of Default:** An Event that LCH.Clearnet SA has determined, pursuant to Article 4.3.1.1 and Article 4.3.1.2, should constitute an event of default and in respect of which a Default Notice is issued.

**Excess Collateral:** The CCM Excess Collateral or the FCM House Excess Collateral.

**Excess Collateral Threshold:** The CCM Excess Collateral Threshold or the FCM House Excess Collateral Threshold.

**Extraordinary Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Extreme Market Developments:** Any one of the following:

- (i) an occurrence or circumstance that threatens or may threaten the fair and orderly clearing, settlement or liquidation of, or in respect of, Cleared Transactions (whether generally or in respect of a particular category of Cleared Transactions) or the continuity or proper and sound functioning of the CDS Clearing Service;

- (ii) a suspension to trading on markets of CDS or other financial instruments relevant to the price or value of CDS or any other form of market disruption which makes the proper determination of the End of Day Contributed Price impossible or impractical; and/or
- (iii) any occurrence or circumstance that would negatively impact any financial market relevant to the CDS Clearing Service by introducing an unacceptable level of uncertainty, volatility or risk in respect of any or all Cleared Transactions or to the CDS Clearing Service;

and, in each case, the result of which makes it impractical for LCH.Clearnet SA to continue to operate the CDS Clearing Service in accordance with the CDS Clearing Documentation while satisfactorily managing its risks. For the avoidance of doubt, an event may constitute an Extreme Market Development even if it affects only one Clearing Member or a group of Clearing Members.

**Failed Backloading Clearing Member:** Any Clearing Member that is subject to a Backloading Failure.

**Fallback Settlement Method:** This term shall have the meaning set out in the ISDA Credit Derivatives Definitions.

**FCM:** A legal entity that is a futures commission merchant, as defined under CFTC Regulation 1.3(p) (or any successor or replacement regulation), and is registered in such capacity with the CFTC and a member in good standing of the NFA.

**FCM Allocated Client Collateral Buffer:** The portion of the FCM Client Collateral Buffer which, at the relevant time, is allocated to an FCM Client Margin Account in accordance with Article 4.2.2.4 and Section 2 of the Procedures.

**FCM Available Client Collateral Buffer:** The portion of the FCM Client Collateral Buffer which, at the relevant time, is not allocated to any FCM Client Margin Account and is available to be used to enable the novation of Client Trade Legs.

**FCM Buffer Financial Account:** A segregated account opened in the books of LCH.Clearnet SA to record the value of an FCM Clearing Member's FCM Client Collateral Buffer.

**FCM CDS Clearing Regulations:** The document issued by LCH.Clearnet SA and entitled "*FCM CDS Clearing Regulations*," as amended from time to time.

**FCM Cleared Transaction:** A CDS between LCH.Clearnet SA and an FCM Clearing Member as agent<sup>1</sup> for the account of an FCM Client (as described in FCM CDS Clearing Regulation 1(c)), registered in the relevant FCM Client Trade Account of such FCM Clearing Member, or as principal for its own account, registered in the FCM House Trade Account of such FCM Clearing Member, and resulting from:

- (i) the novation of an FCM Original Transaction;
- (ii) the creation of a Spin-off Single Name Cleared Transaction, a Restructuring Cleared Transaction, a Resulting Single Name Cleared Transaction or a Physically Settled Cleared Transaction (where applicable) pursuant to the CDS Clearing Supplement;
- (iii) the compression of existing FCM Cleared Transactions to a single FCM Cleared Transaction pursuant to TITLE III, Chapter 3;

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<sup>1</sup> Note to reader: the use of the term "agent" is required by the CFTC Regulations and does not refer to any specific legal category under French law.

- (iv) LCH.Clearnet SA entering into hedging transactions with an FCM Clearing Member pursuant to the CDS Default Management Process;
- (v) the transfer of FCM Cleared Transactions or Porting FCM Cleared Transactions in accordance with Section 3.4.1;
- (vi) the Porting of FCM Cleared Transactions in accordance with the CDS Default Management Process; or
- (vii) LCH.Clearnet SA and a Backup Clearing Member entering into a new contract on equivalent terms to a terminated FCM Cleared Transaction as part of Porting pursuant to the CDS Default Management Process.

**FCM Clearing Member:** Any FCM that has been admitted as a clearing member in accordance with the CDS Clearing Rules and is a party to the CDS Admission Agreement and which has not elected to become a CCM.

**FCM Client:** A client of an FCM Clearing Member to which the FCM Clearing Member provides CDS Client Clearing Services and that is an eligible contract participant as defined in Section 1a(18) of the CEA, other than subparagraph (C) thereof, or as may be further defined by CFTC Regulations, with positions in Cleared Swaps (as that term is defined in CFTC Regulation 22.1), including FCM Cleared Transactions, on behalf of which the FCM Clearing Member provides the CDS Clearing Services described in Title VI and clears FCM Cleared Transactions; provided that any such client is only an FCM Client with respect to its positions in Cleared Swaps (as that term is defined in CFTC Regulation 22.1). For the avoidance of doubt, if an Affiliate of an FCM Clearing Member, which Affiliate is also registered with the CFTC as an FCM, carries Cleared Swaps on behalf of Cleared Swaps Customers (as that term is defined in CFTC Regulation 22.1) and maintains an omnibus account with such FCM Clearing Member to clear Cleared Swaps on behalf of such Cleared Swaps Customers, such omnibus account shall be considered an FCM Client for purposes of the CDS Clearing Rules.

**FCM Client Account Structure:** The FCM Client Trade Account(s), FCM Client Margin Account(s), FCM Client Financial Account(s), FCM Buffer Financial Account, FCM Unallocated Client Collateral Financial Account and FCM Client Collateral Account registered in the CDS Clearing System in the name of an FCM Clearing Member as described in TITLE VI, CHAPTER 2.

**FCM Client Collateral Account:** An account opened in the books of LCH.Clearnet SA to record the Collateral held by LCH.Clearnet SA for the benefit of an FCM Clearing Member's FCM Clients, the aggregate value of such Collateral being divided amongst, and recorded in:

- (i) the FCM Client Financial Account(s);
- (ii) the FCM Buffer Financial Account; and
- (iii) the FCM Unallocated Client Collateral Financial Account.

**FCM Client Collateral Buffer:** The aggregate value of Collateral transferred by an FCM Clearing Member to LCH.Clearnet SA, comprising such FCM Clearing Member's own property, and recorded in such FCM Clearing Members FCM Buffer Financial Account which may be used by LCH.Clearnet SA to meet obligations in respect of the Cleared Transactions of the FCM Clients of such FCM Clearing Member, including for the purpose of satisfying the Notional and Collateral Checks performed by LCH.Clearnet SA in respect of Eligible Intraday Transactions comprising one or more Client Trade Leg(s). For the avoidance of doubt, the FCM Client Collateral Buffer

constitutes Cleared Swaps Customer Collateral as that term is defined in CFTC Regulation 22.1 (or any successor or replacement regulation).

**FCM Client Collateral Buffer Shortfall:** The amount (if any) by which the FCM Client Collateral Buffer Threshold exceeds the FCM Client Collateral Buffer.

**FCM Client Collateral Buffer Threshold:** The minimum value of Collateral which an FCM Clearing Member wishes to maintain as FCM Client Collateral Buffer.

**FCM Client Excess Collateral:** The amount of any FCM Excess Collateral attributable to an FCM Client Margin Account.

**FCM Client Financial Account:** A segregated account opened in the books of LCH.Clearnet SA for each FCM Client of the FCM Clearing Member to record the Legally Segregated Value of such FCM Client as determined by LCH.Clearnet SA in accordance with the CDS Clearing Rules.

**FCM Client Margin Account:** An account opened by LCH.Clearnet SA in the name of an FCM Clearing Member for the benefit of an FCM Client in the CDS Clearing System for risk management purposes, in which the FCM Cleared Transactions of the FCM Client are netted and corresponding Open Positions are registered, and any FCM Client related positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such FCM Clearing Member (if so applicable pursuant to Section 3.1.7 are recorded, in order to calculate the FCM Client Margin Requirement and Client Variation Margin Requirement of the FCM Clearing Member in respect of such FCM Client.

**FCM Client Margin Requirement:** With respect to each FCM Client Margin Account of an FCM Clearing Member, an amount equal to:

- (i) for all purposes other than the Morning Call: the aggregate of the Margins (other than Variation Margin and Credit Quality Margin), calculated by LCH.Clearnet SA on the basis of the Open Positions registered in such FCM Client Margin Account of the FCM plus any positions corresponding to Eligible Intraday Transactions pre-registered in accordance with Section 3.1.7; and
- (ii) for the purposes of the Morning Call: the higher of the following two amounts:
  - (a) the aggregate of the Margins (other than Variation Margin and Credit Quality Margin) in respect of the Open Positions registered in such FCM Client Margin Account; or
  - (b) the aggregate of the Margins (other than Variation Margin and Credit Quality Margin) in respect of the Open Positions registered in such FCM Client Margin Account plus any positions corresponding to Irrevocable Backloading Transactions which are not Rejected Transactions and/or Cleared Transactions which are pre-registered in accordance with Section 3.1.7.

**FCM Client Margin Shortfall:** With respect to an FCM Client Margin Account of an FCM Clearing Member, the amount by which the FCM Client Margin Requirement for such FCM Client Margin Account exceeds the FCM Margin Balance of the associated FCM Client Financial Account, if any.

**FCM Client Termination Amount:** For the purpose of Title I, Chapter 3, any net positive or negative amount, denominated in Euro and determined pursuant to and in accordance with Article 1.3.1.9(ii)(b).

**FCM Client Trade Account:** An account opened by LCH.Clearnet SA in the name of an FCM Clearing Member for the benefit of an FCM Client in order to register all Cleared Transactions cleared by such FCM Clearing Member in relation to such FCM Client.

**FCM Excess Collateral:** The amount (if any) by which the FCM Margin Balance exceeds the Margin Requirement for any Margin Account of an FCM Clearing Member.

**FCM House Cleared Transaction:** Any FCM Cleared Transaction registered in the House Trade Account of an FCM Clearing Member.

**FCM House Collateral Account:** A house account opened in the books of LCH.Clearnet SA to record:

- (i) Collateral provided by an FCM Clearing Member for the purpose of satisfying its FCM House Margin Requirement; and
- (ii) FCM House Excess Collateral.

**FCM House Excess Collateral:** The amount of any FCM Excess Collateral attributable to an FCM House Margin Account.

**FCM House Excess Collateral Shortfall:** The amount (if any) by which the FCM House Excess Collateral Threshold exceeds the FCM House Excess Collateral.

**FCM House Excess Collateral Threshold:** The minimum amount of Collateral that an FCM Clearing Member wishes to maintain as FCM House Excess Collateral in its FCM House Collateral Account.

**FCM House Margin Account:** An account opened by LCH.Clearnet SA in the name of an FCM Clearing Member in the CDS Clearing System for risk management purposes, in which FCM House Cleared Transactions are netted and corresponding Open Positions are registered, and any house positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such FCM Clearing Member (if so applicable pursuant to Section 3.1.7) are recorded, in order to calculate the FCM House Margin Requirement and House Variation Margin Requirement of the relevant FCM Clearing Member.

**FCM House Margin Requirement:** With respect to the FCM House Margin Account of each FCM Clearing Member, an amount equal to:

- (i) for all purposes other than the Morning Call, the aggregate of the Margins (other than Variation Margin) calculated by LCH.Clearnet SA on the basis of the Open Positions registered in such FCM House Margin Account plus any positions corresponding to Eligible Intraday Transactions pre-registered in accordance with Section 3.1.7; and
- (ii) for the purposes of the Morning Call, the higher of the following amounts:
  - (a) the aggregate of the Margins (other than Variation Margin) in respect of the Open Positions registered in such Margin Account; or
  - (b) the aggregate of the Margins (other than Variation Margin) in respect of the Open Positions registered in such CCM House Margin Account plus any positions corresponding to Irrevocable Backloading Transactions which are not Rejected Transactions.

**FCM House Margin Shortfall:** With respect to a FCM House Margin Account of an FCM, the amount by which the FCM House Margin Requirement for such FCM House Margin Account exceeds the FCM Margin Balance of the associated FCM House Collateral Account, if any.

**FCM Margin Balance:** With respect to:

- (i) the FCM House Margin Account of an FCM Clearing Member, the aggregate value of Collateral transferred to LCH.Clearnet SA recorded in the corresponding FCM House Collateral Account; and
- (ii) an FCM Client Margin Account of an FCM Clearing Member, the Legally Segregated Value that LCH.Clearnet SA ascribes to, and records in, the FCM Client Financial Account attached to such FCM Client Margin Account in accordance with Section 2 of the Procedures.

**FCM Required Collateral Amount:** For each FCM Clearing Member, the sum of:

- (i) the FCM House Margin Shortfall;
- (ii) the FCM House Excess Collateral Shortfall;
- (iii) the FCM Client Buffer Collateral Shortfall; and
- (iv) the Total Client Margin Shortfall.

**FCM Unallocated Client Excess Collateral:** This term has the meaning set out in Article 6.2.5.1(ii).

**FCM Unallocated Client Collateral Financial Account:** A segregated account opened in the books of LCH.Clearnet SA to record the value of FCM Unallocated Client Excess Collateral as determined by LCH.Clearnet SA in accordance with Article 6.2.5.1 and Section 3 of the Procedures.

**Final Settlement Notice:** The notice delivered by LCH.Clearnet SA to a Defaulting Clearing Member pursuant to Article 4.3.3.4.

**Financial Group:** A Person shall belong to the same Financial Group as:

- (i) any entity controlled, directly or indirectly by the Person;
- (ii) any entity that controls, directly or indirectly, the Person; or
- (iii) any entity directly or indirectly under common control with the Person.

For this purpose, "control" of any entity or Person means ownership of a majority of the voting power of the entity or Person.

**First Intraday Call:** The Collateral Call performed on each Business Day at the time specified in Section 2 of the Procedures for an amount of collateral determined in accordance with Section 4.2.3 and Section 2 of the Procedures.

**Fixed Amount:** This term shall have the meaning given to it pursuant to the relevant Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation, as applicable.

**Fixed Rate Payer:** This term shall have the meaning given to it pursuant to the relevant Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation, as applicable.

**Floating Rate Payer:** This term shall have the meaning given to it pursuant to the relevant Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation, as applicable.

**Force Majeure Event:** Any extraordinary event that cannot be foreseen or avoided, which is outside the control of LCH.Clearnet SA or the relevant Clearing Member, as applicable, and which hinders or prevents the performance in whole or in part of any of their obligations under the CDS Clearing Documentation and, in relation to any obligation under the CDS Clearing Supplement that is part of the terms and conditions of a Cleared Transaction and where such obligation has not yet fallen due, such an occurrence that would hinder or prevent performance in whole or in part of any of their obligations thereunder were the occurrence or effects of the occurrence to continue until the date of performance of the relevant obligations, including but not limited to: fire, flood, storm, hurricanes, earthquakes, explosions, strokes of lightening, international conflicts, hostilities, terrorist action, civil unrest, war, embargoes, the unavailability or impairment of computer or data processing facilities, the failure of any external systems, including but not limited to any Approved Trade Source System, (and in respect of DTCC, after giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the CDS Clearing Supplement), TARGET2 and Illegality.

**Former Clearing Member:** A Person who was a Clearing Member prior to Membership Termination.

**Global House Termination Amount:** For the purpose of TITLE I, Chapter 3, the single, net positive or negative amount, denominated in Euro and determined pursuant to and in accordance with Article 1.3.1.9.

**Gold Record:** The Transaction Data in respect of a trade leg of a CDS which references an Eligible Index Version or an Eligible Reference Entity, as the case may be.

**Gold Records File:** The file received by LCH.Clearnet SA from DTCC which contains the Gold Records.

**Governmental Authority:** Any de facto or de jure government or any agency, instrumentality, ministry or department thereof.

**House Account Structure:** The House Trade Account, House Margin Account and House Collateral Account registered in the CDS Clearing System in the name of a Clearing Member as described in TITLE III, CHAPTER 2.

**House Cleared Transaction:** Any Cleared Transaction registered in the House Trade Account of a Clearing Member.

**House Collateral Account:** A CCM House Collateral Account or an FCM House Collateral Account, as the context requires.

**House Excess Collateral:** CCM House Excess Collateral or FCM House Excess Collateral, as the context requires.

**House Excess Collateral Shortfall:** The CCM House Excess Collateral Shortfall or the FCM House Excess Collateral Shortfall, as the context requires.

**House Excess Collateral Threshold:** The CCM House Excess Collateral Threshold or the FCM House Excess Collateral Threshold, as the context requires.

**House Margin Account:** A CCM House Margin Account or an FCM House Margin Account, as the context requires.

**House Margin Requirement:** The CCM House Margin Requirement or the FCM House Margin Requirement, as the context requires.

**House Margin Shortfall:** A CCM House Margin Shortfall or an FCM House Margin Shortfall, as the context requires.

**House Termination Amount:** For the purpose of TITLE I, Chapter 3, the single, net positive or negative amount, denominated in Euro and determined pursuant to and in accordance with Article 1.3.1.9(i).

**House Trade Account:** An account opened by LCH.Clearnet SA at the request and in the name of a Clearing Member within the Account Structure of the Clearing Member in the CDS Clearing System in order to register Cleared Transactions cleared by such Clearing Member for its own account.

**House Trade Leg:** Any trade leg of a CDS in respect of which a Clearing Member acts as protection buyer or protection seller.

**House Variation Margin Requirement:** The amount of Variation Margin calculated by LCH.Clearnet SA as being payable:

- (i) by a Clearing Member to LCH.Clearnet SA; or
- (ii) by LCH.Clearnet SA to a Clearing Member,

on the basis of the Open Positions registered in the relevant Clearing Member's House Margin Account, in accordance with Section 2 of the Procedures.

**Illegality:** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the CDS Clearing Supplement, due to an event or circumstance (other than any action taken by a party occurring after a Cleared Transaction is entered into), it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of circumstances where a party would not have used all reasonable efforts to maintain in full force and effect all consents of any Governmental Authority that are required to be obtained by it with respect to the CDS Clearing Documentation or would not have used all reasonable efforts to obtain any that may become necessary in the future) for the Office through which such party makes and receives payments or deliveries with respect to such Cleared Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Cleared Transaction, to receive a payment or delivery in respect of such Cleared Transaction or to comply with any other material provision of the CDS Clearing Documentation relating to such Cleared Transaction.

**Index Cleared Transaction:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Index Cleared Transaction Confirmation:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Index Publisher:** For the iTraxx® Europe Indices and Markit CDX™ Indices, Markit Group Limited or any successor thereto or any replacement then appointed by the Index Sponsor for purposes of officially publishing the relevant index.

**Index Sponsor:** For the iTraxx® Europe Indices, Markit Indices Limited, and for the Markit CDX™ Indices, Markit North America Inc., or any successor thereto.

**Initial Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Initial Margin Floor:** An amount representing the minimum level of Initial Margin, calculated in accordance with Section 2 of the Procedures by LCH.Clearnet SA, payable by Clearing Members and notified to Clearing Members generally from time to time.

**Initial Payment Amount:** This term shall have the meaning given to it pursuant to the relevant Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation.

**Insolvency Proceeding:** Where a Clearing Member or, as applicable, any related Parent:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) becomes insolvent or unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (iv) institutes or has instituted against it a proceeding seeking judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding-up or liquidation and in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition: (a) results in a judgment of insolvency or bankruptcy, or the entry of an order for relief, or the making of an order for winding-up or liquidation; or (b) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof;
- (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets;
- (vii) has a secured party take possession of all or substantially all its assets, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained in each case within thirty calendar days thereafter; or
- (viii) causes or is subject to any event with respect to it which, under Applicable Law, has an analogous effect to any of the events specified in paragraphs (i) to (vii) above.

**Interest Rate Risk Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Intraday Call:** The First Intraday Call or the Second Intraday Call, as the case may be.

**Intraday Call Reports:** This term shall have the meaning set out in Section 5 of the Procedures.

**Intraday Novation Margin Requirement:** With respect to any Margin Account, an amount equal to the aggregate of the Margins (other than Variation Margin), calculated by LCH.Clearnet SA on the basis of the position corresponding to the relevant trade leg of the Eligible Intraday Transaction pre-registered in accordance with Section 3.1.7 after taking into account the effects of netting, if any, with the Open positions already registered in such Margin Account.

**Intraday Transaction:** A CDS which:

- (i) has been entered into between two ATSS Participants; and
- (ii) is submitted for clearing to LCH.Clearnet SA by the relevant ATSS Participants through an Approved Trade Source System in accordance with Section 3.1.4.

**Investment Firm:** An investment firm as defined in MiFID.

**Irrevocable Backloading Transaction:** An Irrevocable Weekly Backloading Transaction or an Irrevocable Daily Backloading Transaction, as the case may be.

**Irrevocable Daily Backloading Transaction:** Any Daily Backloading Transaction in respect of which the relevant Clearing Members are deemed to have given, at such time set out in Article 3.1.2.3, their irrevocable agreement for the novation by LCH.Clearnet SA of such Daily Backloading Transaction.

**Irrevocable Weekly Backloading Transaction:** Any Eligible Weekly Backloading Transaction in respect of which the relevant Clearing Members are deemed to have given, at such time set out in Section 5 of the Procedures, their irrevocable agreement for the novation by LCH.Clearnet SA of such Eligible Weekly Backloading Transaction.

**ISDA:** The International Swaps and Derivatives Association, Inc., and any successor thereto.

**ISDA Credit Derivatives Definitions:** The 2003 ISDA Credit Derivatives Definitions or the 2014 ISDA Credit Derivatives Definitions, as applicable.

**iTraxx® Europe Indices:** Each of the series and versions of iTraxx® indices published on the Website, in accordance with Section 4 of the Procedures. Information about these indices and their publication, composition, weighting and calculation is available on the website of the Index Publisher ([www.markit.com](http://www.markit.com)).

**LCH Businesses:** This term shall have the meaning set out in Article 4.3.3.1.

**LCH.Clearnet SA:** The commercial name of "Banque Centrale de Compensation", a clearing house as defined by Article L. 440-1 of the French Monetary and Financial Code (*Code monétaire et financier*) complying with Title IV of Book V of the general regulations of the AMF.

**LCH.Clearnet SA Contribution:** An amount of Euro 20 million.

**LCH Approved Outsourcing Agent:** A person designated as such by LCH.Clearnet SA.

**LCH Default:** The occurrence of any of the events listed in Article 1.3.1.1, provided notice is provided pursuant to Article 1.3.1.2.

**LCH Default Date:** The date on which a notice given to LCH.Clearnet SA pursuant to Article 1.3.1.2 is deemed delivered to LCH.Clearnet SA as provided in Article 1.2.5.4.

**LCH Default Payment Date:** The day 27 Clearing Days after the Termination Date, unless otherwise set out in accordance with Article 1.3.1.9 or amended by LCH.Clearnet SA pursuant to Article 1.3.1.10.

**LCH Default Time:** The time at which a notice given to LCH.Clearnet SA pursuant to Article 1.3.1.2 is deemed delivered to LCH.Clearnet SA as provided in Article 1.2.5.4 and in the event that notices are received from more than one Affected Clearing Member, the first of those notices.

**LCH Insolvency Proceeding:** For the purpose of TITLE I, Chapter 3, where a safeguard procedure (*procédure de sauvegarde*), judicial reorganisation procedure (*procédure de redressement judiciaire*) or winding-up procedure (*procédure de liquidation judiciaire*) is formally opened by a French court against LCH.Clearnet SA in accordance with French applicable law and the judgment opening such LCH Insolvency Proceeding has been duly notified by the registry of the relevant French court in accordance with the provisions of the French Commercial Code or duly published in accordance with the provisions of the French Commercial Code.

**Legally Segregated Value:** With respect to an FCM Clearing Member, the value determined by LCH.Clearnet SA, at the times and in the manner set out in Section 2.2(f) of the Procedures, for each FCM Client Margin Account of such FCM Clearing Member, based on the aggregate value of the Collateral (excluding FCM Client Collateral Buffer) transferred by the FCM Clearing Member to LCH.Clearnet SA to meet the FCM Clearing Member's Total Client Margin Requirement.

**Loss Distribution Period:** The period set out in Clause 1.1 of the CDS Default Management Process.

**Loss Distribution Process:** The process set out in Clause 7 of the CDS Default Management Process.

**Mandatory Client Clearing Provisions:** The provisions set out in Article 5.1.1.3.

**Mandatory Indirect Client Clearing Provisions:** The provisions set out in Article 5.1.3.2.

**Margin:** Any margin, including Initial Margin, Additional Margin, Short Charge Margin, Self-Referencing Protection Margin, Recovery Risk Margin, Interest Rate Risk Margin, Wrong Way Risk Margin, Accrued Fixed Amount Liquidation Risk Margin, Credit Event Margin, Variation Margin, Credit Quality Margin, Extraordinary Margin, Concentration Risk Margin and Contingency Variation Margin that LCH.Clearnet SA calculates to be payable by a Clearing Member in accordance with the terms of this CDS Clearing Rule Book and the Procedures.

**Margin Account:** A House Margin Account or a Client Margin Account, as the case may be, of a CCM or FCM Clearing Member.

**Margin Account Uncovered Risk:** In respect of any Business Day, the stress-tested potential loss that would be incurred on that Business Day in relation to the Open Positions that are registered in a Clearing Member's Margin Account, calculated in accordance with the methodology established by LCH.Clearnet SA.

**Margin Balance:** The CCM Margin Balance or the FCM Margin Balance, as the context requires.

**Margin Repayment Amount:** This term has the meaning set out in Clause 8.5 of the CDS Default Management Process.

**Margin Requirement:** The House Margin Requirement or any Client Margin Requirement , as applicable.

**Margin Shortfall:** The House Margin Shortfall or the Client Margin Shortfall, as the case may be.

**Market Data:** With respect to the Open Positions of a Clearing Member, the daily prices of such Open Positions which are provided to LCH.Clearnet SA in accordance with Section 5 of the Procedures.

**Markit CDX™ Indices:** Each of the series and versions of Markit CDX™ indices published on the Website, in accordance with Section 4 of the Procedures. Information about these indices and their publication, composition, weighting and calculation is available on the website of the Index Publisher ([www.markit.com](http://www.markit.com)).

**Markit LCH Settlement Price:** This term shall have the meaning given in Article 4.2.7.1.

**Matched Buyer:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Matched Pair:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Matched Seller:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Maximum Notional Amount:** The amount specified by LCH.Clearnet SA from time to time, if any, for all Clearing Members pursuant to Section 5 of the Procedures.

**Member State:** Any of the member states of the EEA from time to time.

**Member Uncovered Risk:** In respect of any Business Day, the stress-tested potential loss that would be incurred on that Business Day in relation to the Open Positions that are registered in a Clearing Member's Account Structure, calculated in accordance with the methodology established by LCH.Clearnet SA.

**Membership Termination:** The effective termination of a Clearing Member's membership of the CDS Clearing System and, subject to Article 2.4.2.4, the extinguishment of its liabilities and obligations to LCH.Clearnet SA in respect of Cleared Transactions.

**Membership Termination Notice:** A notice served by either LCH.Clearnet SA in accordance with Article 2.4.2.2(i) or a Clearing Member in accordance with Article 2.4.2.2(ii).

**Membership Termination Notice Period:** The period from the date on which a Membership Termination Notice is served to the Clearing Member Termination Date.

**MiFID:** Directive 2004/39/EC.

**Morning Call:** The Collateral Call performed on each Business Day at the time specified in Section 2 of the Procedures for an amount determined in accordance with Section 4.2.3 and Section 2 of the Procedures.

**MTM Change:** In relation to a Cleared Transaction, a material effect on the mark to market price of such Cleared Transaction.

**NFA:** The U.S. National Futures Association and any successor organisation.

**Nominated Clearing Member:** With respect to an Intraday Transaction comprising one or more Client Trade Leg(s) or a Client Backloading Transaction, a Clearing Member which has been nominated by a Client, in the manner and form as prescribed by Section 5 of the Procedures, to

consent to the registration of the relevant Client Trade Leg in the corresponding Client Trade Account(s).

**Non Bidder:** This term shall have the meaning set out in the CDS Default Management Process.

**Non-Default Termination:** Termination of a Clearing Member's membership other than as a result of:

- (i) an Event of Default occurring in respect of such Clearing Member; or
- (ii) an LCH Default.

**Non-Default Unwind:** In relation to a Clearing Member, the process by which the Clearing Member unwinds its Cleared Transactions, through:

- (i) transferring its House Cleared Transactions to another Clearing Member;
- (ii) procuring a transfer of the Client Cleared Transactions to one or more Receiving Clearing Member(s) in accordance with Title V, CHAPTER 3;
- (iii) liquidating, compressing or effecting any other form of close-out in relation to of its House Cleared Transactions or Client Cleared Transactions that have not been transferred to a Receiving Clearing Member in accordance with Title V, Chapter 3.

A closing out of Cleared Transactions on the termination of a Clearing Member's membership of LCH.Clearnet SA is a Non-Default Unwind only where an Event of Default has not occurred in relation to that Clearing Member.

**Non-Defaulting Clearing Member:** At any time, each Clearing Member who is not a Defaulting Clearing Member.

**Non-Ported Cleared Transactions:** The Client Cleared Transactions of a Defaulting Clearing Member which have not been ported in accordance with Clause 4.3 of the CDS Default Management Process.

**Notional Amount:** In respect of any Cleared Transaction, the Floating Rate Payer Calculation Amount as defined under the terms of such Cleared Transaction incorporating the ISDA Credit Derivatives Definitions.

**Notional and Collateral Check:** The process by which LCH.Clearnet SA determines whether the Notional Amount of the relevant Eligible Intraday Transaction exceeds the Maximum Notional Amount and whether the Clearing Member has:

- (i) sufficient Excess Collateral recorded in the relevant Collateral Account which can be used to satisfy the Intraday Novation Margin Requirement as required by and set out in Section 2 of the Procedures; or
- (ii) in the circumstances described in Article 4.2.2.4 sufficient Available Client Collateral Buffer to allocate to:
  - (a) the relevant Client Account Structure, in the case of a CCM; or
  - (b) the relevant FCM Client Margin Account, in the case of an FCM Clearing Member,to satisfy the Intraday Novation Margin Requirement as required by and set out in Section 2 of the Procedures.

**Novation Time:**

- (i) In respect of a Backloading Transaction, as soon as technologically practicable following the Clearing Member Novation Acceptance Time on the relevant Clearing Day; and
- (ii) in respect of an Intraday Transaction, the point in time at which such Intraday Transaction is novated immediately following completion and satisfaction of the relevant Notional and Collateral Check with respect to the relevant Clearing Member as determined in accordance with the CDS Clearing System processes.

**Office:** With respect to LCH.Clearnet SA, its Paris head office and, with respect to any Clearing Member, the branch or office through which it acts for the purposes of the CDS Clearing Documentation, as initially set out in the CDS Admission Agreement it has entered into with LCH.Clearnet SA and as may be amended from time to time.

**Open Position:** The net sum of the obligations resulting from the netting of Cleared Transactions in accordance with Article 3.2.2.3, Article 5.2.3.3 or Article 6.2.3.3, as applicable.

**Opening Hours:** 08.00 to 19.30 on each Business Day.

**Original Transaction:** A Backloading Transaction or an Intraday Transaction.

**Original Transaction Data:** The Transaction Data and, in respect of an Intraday Transaction comprising one or more Client Trade Leg(s) or a Client Backloading Transaction, the identifier of the Nominated Clearing Member and as the case may be, the identifier of the relevant branch of the Client.

**Parent:** An entity is a parent in relation to another entity (the subsidiary) if:

- (i) it holds a majority of the voting rights in the subsidiary; or
- (ii) it is a shareholder or partner of the subsidiary and has the right to appoint or remove a majority of its board of directors; or
- (iii) it has the right to exercise a dominant influence over the subsidiary: (a) by virtue of provisions contained in the subsidiary's articles, or (b) by virtue of a control contract; or
- (iv) it is a shareholder or partner of the subsidiary and controls alone, pursuant to an agreement with other shareholders or partners, a majority of the voting rights in the subsidiary.

**Payment Agent:** A third party which holds a cash account with a central bank and/or a Credit Institution designated by LCH.Clearnet SA, and which a Clearing Member can use to fulfil some or all of its payment or Margin obligations towards LCH.Clearnet SA in accordance with the CDS Clearing Documentation.

**Payment Failure:** Any failure by a Clearing Member to, by the due time, transfer, deliver, deposit with or pay to LCH.Clearnet SA:

- (i) any or all Price Alignment Interest, Initial Payment Amount, Fixed Amounts, cash amounts due upon the occurrence of a Credit Event, securities, deliverable obligations or assets owed to LCH.Clearnet SA or to another Clearing Member in respect of Cleared Transactions registered in the name of the Defaulting Clearing Member with LCH.Clearnet SA;

- (ii) subject to Article 4.2.3.3(iii) Collateral to satisfy its Margin Requirements (including but limited to Initial Margin, Additional Margin, Short Charge Margin, Self-Referencing Protection Margin, Recovery Risk Margin, Interest Rate Risk Margin, Wrong Way Risk Margin, Accrued Fixed Amount Liquidation Risk Margin, Credit Event Margin, Concentration Risk Margin, Credit Quality Margin, Extraordinary Margin, Contingency Variation Margin or any additional Margin imposed by LCH.Clearnet SA pursuant to Article 4.2.1.2);
- (iii) Collateral to satisfy its Contribution Requirement; and
- (iv) Cash Payment to satisfy its Variation Margin Requirement.

**Person:** Any individual, legal entity, corporation, partnership, association, trust, sovereign state, agency or entity as the context admits or requires.

**Physical Settlement Amount:** In respect of any Cleared Transaction, as defined under the terms of such Cleared Transaction incorporating the ISDA Credit Derivatives Definitions.

**Physically Settled Cleared Transactions:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Pledge Agreement:** The agreement entered into between LCH.Clearnet SA and a Clearing Member having exercised its option to transfer Eligible Collateral to LCH.Clearnet SA through a Belgian law security interest pursuant to Article 3.2.3.2 and/or Article 5.2.4.2.

**Pledged Eligible Collateral:** Eligible Collateral which is pledged in accordance with a Pledge Agreement.

**Ported Collateral:** In relation to each Client Margin Account of a Defaulting Clearing Member:

- (i) the Client Assets or in respect of the CCM Client Margin Account of a CCM Gross Omnibus Sub-Account Structure, Client Assets, as attributed to that CCM Gross Omnibus Sub-Account Structure in the sole discretion of LCH.Clearnet SA, and/or as the case may be, the liquidation value of such Client Assets, together in an amount equivalent to the CCM Gross Omnibus Sub-Account Balance attributable to that CCM Gross Omnibus Sub-Account Structure; plus
- (ii) any other payments which would have been payable by LCH.Clearnet SA to the Defaulting Clearing Member in respect of the relevant Client Margin Account, but for the operation of Article 1.2.9.2, provided that the relevant Payment Failure was not attributable to the relevant Client Margin Account.

**Porting FCM Cleared Transaction:** This term has the meaning set out in Article 6.3.3.1.

**Power of Attorney:** Authority validly given by a Person, in accordance with all relevant Applicable Law, to enable another to act in the name of that Person.

**Price Alignment Interest:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Price Contribution Day:** With respect to a Cleared Transaction with a CDS Contractual Currency:

- (i) in Euro: a Clearing Day; or
- (ii) in US Dollar: a Clearing Day that is a day on which commercial banks in New York City are open for business.

**Price Contribution Delegate:** In respect of a Clearing Member, an entity that:

- (i) is both an Affiliate and a Clearing Member; and
- (ii) has been duly approved by LCH.Clearnet SA to act in the place of such Clearing Member, pursuant to the conditions set forth in Section 5 of the Procedures.

**Price Contribution Participant:** Each Clearing Member or its Price Contribution Delegate.

**Procedures:** One or more documents published and identified as such containing the working practices and administrative or other requirements of LCH.Clearnet SA for the purpose of implementing or supplementing this CDS Clearing Rule Book and the CDS Clearing Supplement, or the procedures for application for and regulation of membership of LCH.Clearnet SA, as amended from time to time.

**Real Time Session:** The period commencing at the Start of Real Time and ending at the End of Real Time in respect of each Clearing Day.

**Receiving Clearing Member:** A Clearing Member receiving part or all the Cleared Transactions and, as the case may be, associated Client Assets, of a Client from a Carrying Clearing Member, pursuant to TITLE V, Chapter 3 for CCMs and TITLE VI, Chapter 3 for FCM Clearing Members, and in accordance with the Procedures.

**Recovery Risk Margin:** The amount calculated by LCH.Clearnet SA, in accordance with Section 2 of the Procedures.

**Reference Entity:** This term shall have the meaning set out in the ISDA Credit Derivatives Definitions.

**Regulatory Body:** The Secretary of State, The Prudential Regulation Authority and Financial Conduct 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 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, including any Competent Authority.

**Rejected Transaction:** Any Original Transaction which is submitted to LCH.Clearnet SA but is rejected during the clearing process in accordance with the CDS Clearing Documentation and, therefore, does not become a Cleared Transaction.

**Relevant Client Cleared Transaction:** Any Client Cleared Transaction registered in a Client Trade Account of a Defaulting Clearing Member.

**Representative:** In relation to a Clearing Member, any Person that carries out or is responsible for (or purports to carry out or be responsible for) any of the functions of the Clearing Member, including without limitation any director, partner and/or any duly authorised officer, executive, employee, or agent.

**Required Collateral Amount:** The CCM Required Collateral Amount or the FCM Required Collateral Amount, as the context requires.

**Restructuring:** In respect of any Cleared Transaction, as defined under the terms of such Cleared Transaction incorporating the ISDA Credit Derivatives Definitions.

**Restructuring Cleared Transaction:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Restructuring Matched Pair:** This term has the meaning set out in the CDS Clearing Supplement.

**Resulting Single Name Cleared Transaction:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Risk Committee:** A committee installed by the board of directors of LCH.Clearnet SA in order to provide the latter with advice and recommendations on risk management matters. It is composed of representatives of LCH.Clearnet SA, representatives of Clearing Members and representatives of independent third parties. The committee assesses the risks borne by LCH.Clearnet SA and reviews LCH.Clearnet SA risk policies. More generally, it provides advice and recommendations on risk management framework which are ratified either by LCH.Clearnet SA Chief Executive Officer or by the board of directors of LCH.Clearnet SA as set-out in its terms of reference. The composition, frequency and powers of the committee are organised by its terms of reference as modified from time to time.

**Rules Notice:** A notice issued by LCH.Clearnet SA detailing any new, amended or revoked provisions of the CDS Clearing Documentation.

**Rules Proposal:** A consultation document issued by LCH.Clearnet SA detailing any proposal for a change in the provisions of the CDS Clearing Documentation.

**Scheduled Membership Termination Date:** The date specified in a Membership Termination Notice as being the date on which Membership Termination occurs.

**Second Intraday Call:** The Collateral Call performed on each Business Day at the time set out in Section 2 of the Procedures for an amount of collateral determined in accordance with Section 4.2.3 and Section 2 of the Procedures.

**Securities Settlement Agent:** A third party which is admitted as a participant of a securities settlement system and/or a central securities depository designated by LCH.Clearnet SA and holds a Securities account which a Clearing Member can use to fulfil some or all of its Securities delivery obligations or Margin obligations towards LCH.Clearnet SA or another Clearing Member.

**Self-Referencing Protection Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Self Referencing Transaction:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Settlement Finality Directive:** Directive 98/26/EEC.

**Settlement Matched Pair:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Short Charge Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

**Single Name Cleared Transaction:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Single Name Cleared Transaction Confirmation:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Specific Matter:** Any one of the following:

- (i) the provisions set out in Article 4.4.3.4 and Article 4.4.1.4 which ensure that, during a CDS Post-Default Period, a Clearing Member cannot be required to transfer Collateral to LCH.Clearnet SA as a Contribution Requirement other than where it is called upon to pay its Additional Contribution Amount, calculated in accordance with Article 4.4.1.4;
- (ii) the provision in Article 4.3.2.2 which requires LCH.Clearnet SA to implement the CDS Default Management Process to manage the impact of any Event of Default of a Clearing Member;
- (iii) any provision, whether relating to the CDS Default Management Process or other provisions of the CDS Clearing Documentation, which purports to introduce the creation of, or closing out and valuation of, Cleared Transactions at a price and on terms determined by LCH.Clearnet SA in its discretion, forced allocation or any other analogous procedure through which a Clearing Member is required to take on additional risk at a price or on terms other than as agreed by the Clearing Member or in accordance with the CDS Default Management Process;
- (iv) the provisions in Article 1.3.1.1(i) in respect of the period of three Business Days following which a failure to pay or redeliver constitutes an LCH Default;
- (v) the resources which are available to LCH.Clearnet SA following the occurrence of an Event of Default and the order in which they are available to be used, as set out in Article 4.3.3.1;
- (vi) the provisions set out in Article 4.4.1.2 and Article 4.4.1.3, the definition of Additional Contribution Amount and the provisions set out in Section 6 of the Procedures, which govern the size of the CDS Default Fund; and
- (vii) the rights of the Clearing Members pursuant to Article 1.2.2.7 in relation to Specific Matters.

**Spin-off Single Name Cleared Transaction:** This term shall have the meaning set out in the CDS Clearing Supplement.

**Start of Real Time (SoRT):** On each Clearing Day, the earlier of: (i) the time when all relevant Clearing Members have satisfied the Morning Call; and (ii) 09.05.

**Systems and Operations:** All parts and components of the technical system of a Clearing Member, including hardware and software that is operated and maintained by or on behalf of a Clearing Member to clear Original Transactions together with the procedures that are in place to operate such system, including risk management provisions.

**TARGET2:** The system known as Trans-European Automated Real-time Gross Settlement Express Transfer 2.

**TARGET2 Account:** An account held by a TARGET2 participant in TARGET2 payment module with a Eurosystem Central Bank which is necessary for such TARGET2 participant to:

- (i) submit payment orders or receive payments via TARGET2; and

- (ii) settle such payments with such Eurosystem Central Bank.

**Termination Amounts:** The House Termination Amount, or the Global House Termination Amount as applicable, and the Client Termination Amount(s) as the case may be.

**Termination Date:** For the purpose of TITLE I, Chapter 3, the date (being a Clearing Day not earlier than the Clearing Day on which the relevant notice is effective) upon which the Cleared Transactions in each Trade Account of a Clearing Member will be terminated and liquidated in accordance with Article 1.3.1.3 to Article 1.3.1.12.

**TIW:** The Trade Information Warehouse operated by DTCC.

**TIW Participant:** Any Person that is a direct participant in the TIW.

**Total Client Margin Requirement:** The sum of all Client Margin Requirements of a Clearing Member.

**Total Client Margin Shortfall:** With respect to a Clearing Member, an amount equal to the aggregate of the Client Margin Shortfalls of such Clearing Member.

**Total Client Variation Margin Requirement:** In respect of a Clearing Member, an amount equal to the aggregate of the Client Variation Margin Requirements of such Clearing Member.

**Total Non Bidder Fraction:** This term shall have the meaning set out in the CDS Default Management Process.

**Trade Account:** A House Trade Account and/or a Client Trade Account.

**Transaction Data:** This term shall have the meaning set out in the CDS Clearing Supplement.

**US Dollar:** The United States Dollar.

**Variation Margin:** The amount calculated by LCH.Clearnet SA in accordance with Section 2 of the Procedures and including, where relevant, the Price Alignment Interest.

**Variation Margin Requirement:** The House Variation Margin Requirement or the Client Variation Margin Requirement in respect of any Client Margin Account, as applicable.

**Website:** [www.lchclearnet.com](http://www.lchclearnet.com).

**Weekly Backloading Cycle:** The process operated by LCH.Clearnet SA, in accordance with Section 3.1.1, pursuant to which Weekly Backloading Transactions are submitted for clearing.

**Weekly Backloading Start Day:** Each Monday which is a Business Day or any other day as may be determined by LCH.Clearnet SA in accordance with Article 3.1.1.10.

**Weekly Backloading Novation Day:** Each Thursday which is a Business Day or any other day as may be determined by LCH.Clearnet SA in accordance with Article 3.1.1.10.

**Weekly Backloading Transaction:** An existing CDS:

- (i) which has two House Trade Legs; and
- (ii) whose Transaction Data is contained in the Gold Records File.

**Winding Down Event:** A decision which:

- (i) is made by the *Autorité de Contrôle Prudentiel et de Résolution* and is final; or

- (ii) is made by a court of competent jurisdiction which is final and cannot be appealed (or, to the extent it could be appealed, there are reasonable grounds for concluding that such appeal would have no reasonable chance of success);

which prevents LCH.Clearnet SA from providing the CDS Clearing Service to all, or substantially all Clearing Members.

**Wrong Way Risk Margin:** The amount calculated by LCH.Clearnet SA, in accordance with Section 2 of the Procedures.

### **Section 1.1.2 Incorporation of defined terms**

#### **Article 1.1.2.1**

The capitalised terms listed in this CDS Clearing Rule Book as having the meaning set out in the CDS Clearing Supplement, the ISDA Credit Derivatives Definitions, an Index Cleared Transaction Confirmation, a Single Name Cleared Transaction Confirmation, or the CDS Dispute Resolution Protocol shall be interpreted in accordance with the governing law of the CDS Clearing Supplement or the CDS Dispute Resolution Protocol, as the case may be.

#### **Article 1.1.2.2**

Capitalised terms which are used in the CDS Clearing Documentation and not otherwise defined in this CDS Clearing Rule Book shall have the meanings given in the document in which such terms are defined and shall be interpreted in accordance with the governing law of that document. Any Clearing Notice will be interpreted in accordance with the law of the relevant CDS Clearing Document to which it relates.

### **Section 1.1.3 Interpretation and references**

#### **Article 1.1.3.1**

References to any law, regulation or directive in the CDS Clearing Documentation shall include any notice, order, guidance, example or subordinate legislation made from time to time under such law, regulation or directive.

#### **Article 1.1.3.2**

References to any law, regulation or directive in the CDS Clearing Documentation shall be construed as references to such law, regulation or directive as in force from time to time and, insofar as liability may arise thereunder, shall include such past law, regulation or directive which was applicable at the time of the relevant act or omission.

#### **Article 1.1.3.3**

Where reference is made in the CDS Clearing Documentation to a TITLE, Chapter, Section or Article, such reference is to a TITLE, Chapter, Section or Article of this CDS Clearing Rule Book unless otherwise indicated. Appendices to this CDS Clearing Rule Book form part of this CDS Clearing Rule Book.

#### **Article 1.1.3.4**

Chapter or Section headings in the CDS Clearing Documentation are for ease of reference only; they are not part of the content of the relevant Chapter or Section and shall not in any way affect the interpretation thereof.

### **Article 1.1.3.5**

This CDS Clearing Rule Book and the CDS Clearing Supplement shall be implemented and supplemented by Procedures and interpreted by reference to Clearing Notices. The Procedures shall take effect and shall be binding on Clearing Members as if they formed part of this CDS Clearing Rule Book or the CDS Clearing Supplement, if applicable, subject to Article 1.1.3.8 below.

### **Article 1.1.3.6**

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

### **Article 1.1.3.7**

Reference to writing contained in the CDS Clearing Documentation shall include typing, printing, lithography, photography or any other mode of representing or reproducing words in the visual form.

### **Article 1.1.3.8**

The CDS Clearing Documentation shall be drawn up in English. Different language versions or translations of the CDS Clearing Documentation may be issued for information purposes. In the event of inconsistency between different language versions or translations of the CDS Clearing Documentation, the English language version of the CDS Clearing Documentation shall prevail over any other language versions or translations.

To the extent of any conflict between (i) any definition or provision contained in Appendix 1 of this CDS Clearing Rule Book; (ii) the remainder of this CDS Clearing Rule Book; (iii) the CDS Admission Agreement; (iv) the Pledge Agreement; (v) the CDS Clearing Supplement; (vi) an Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation (as applicable); (vii) the Procedures; or (viii) any Clearing Notices, the first referenced document shall prevail, except with respect to any conflict arising from this CDS Clearing Rule Book being governed by French law and the CDS Clearing Supplement being governed by English law in relation to determining the existence and/or amount of any payment and delivery obligations under any Cleared Transactions, in respect of which the CDS Clearing Supplement, the Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation, as applicable, shall prevail to the extent permitted by law.

### **Article 1.1.3.9**

The "CDS Buyer" and "CDS Seller" within the meaning of the CDS Clearing Documentation shall not be construed as being, respectively, a buyer or a seller under a sale contract within the meaning of article 1582 of the French Civil Code.

## **CHAPTER 2 - GENERAL PROVISIONS**

### **Section 1.2.1 General**

#### **Article 1.2.1.1**

The CDS Clearing Documentation sets out the principles and general conditions governing the organisation and operation of the CDS Clearing Service.

#### **Article 1.2.1.2**

Any general or specific decisions which LCH.Clearnet SA is required or permitted to take pursuant to the provisions of the CDS Clearing Documentation shall be taken in accordance with general principles of good faith and fair dealing, in a commercially reasonable manner, in accordance with high standards of integrity, and at an appropriate level of seniority.

#### **Article 1.2.1.3**

The provisions of the CDS Clearing Documentation shall be binding on all Clearing Members in relation to the CDS Clearing Service and Clearing Members shall at all times comply with the requirements set out in the CDS Clearing Documentation in addition to any other conditions and restrictions that apply or are imposed in accordance herein.

### **Section 1.2.2 Modification**

#### **Article 1.2.2.1**

LCH.Clearnet SA shall only be permitted to modify the CDS Clearing Documentation from time to time, in accordance with the provisions of this Section 1.2.2. For the avoidance of doubt, this Section 1.2.2 does not apply to the issuance of Clearing Notices.

#### **Article 1.2.2.2**

In respect of any proposed modification applying to Clearing Members generally including any proposed new provisions or amendments to and/or revocations of existing provisions, LCH.Clearnet SA shall first consult with the appropriate legal, risk, operational and/or other forums established by LCH.Clearnet SA, in which Clearing Members may request to participate. Subject to Article 1.2.2.4 and Article 1.2.2.7, if, pursuant to this consultation process, LCH.Clearnet SA wishes to proceed with a proposed modification, LCH.Clearnet SA shall issue a Rules Proposal to all Clearing Members providing at least 14 days for Clearing Members to respond.

#### **Article 1.2.2.3**

Subject to Article 1.2.2.6, following the due completion of the process set out in Article 1.2.2.2, LCH.Clearnet SA may issue a Rules Notice. The Rules Notice shall provide full details of each new, amended or revoked provision of the CDS Clearing Document. Each such Rules Notice shall come into effect two Clearing Days after its publication or upon a later Clearing Day specified in such Rules Notice.

#### **Article 1.2.2.4**

Other than in respect of any matter which is a Specific Matter, for which Article 1.2.2.7 shall apply, LCH.Clearnet SA may issue a Rules Notice without having issued a Rules Proposal or provided 14 days for Clearing Members to respond in accordance with Article 1.2.2.2 in the following circumstances:

- (i) the proposed modification is of a limited, technical nature or relates to minor, administrative provisions and, in each case, LCH.Clearnet SA reasonably considers that prior consultation of Clearing Members in accordance with Article 1.2.2.2 is not appropriate;
- (ii) the proposed modification is required, necessary or desirable (whether in accordance with the legal advice received by LCH.Clearnet SA or otherwise) to ensure that LCH.Clearnet SA:
  - (a) complies with Applicable Law, accounting standards or the requirements or recommendations of any Governmental Authority or relevant Regulatory Body; or
  - (b) maintains its status as a clearing house within the meaning of Article L. 440-1 of the French Monetary and Financial Code or any other legal or regulatory status it has under any other Applicable Law;
  - (c) properly manages any risks to LCH.Clearnet SA arising out of what LCH.Clearnet SA reasonably considers to be Extreme Market Developments;

provided that no modifications shall be made under sub-paragraphs (a) or (b) above without issuing a Rules Proposal and providing 14 days for Clearing Members to respond unless it is impractical for LCH.Clearnet SA to do so or LCH.Clearnet SA acting reasonably and in good faith considers it not to be necessary; and provided that no modifications shall be made under sub-paragraph (c) above without LCH.Clearnet SA having first convened an emergency meeting of the Risk Committee (which shall constitute the appropriate forum for the purposes of Article 1.2.2.2) on whatever notice period LCH.Clearnet SA is able to give and LCH.Clearnet SA's having regard to any advice of the Risk Committee before making any such modifications.

Notwithstanding its rights set out in this Article 1.2.2.4(ii)(c), LCH.Clearnet SA shall deal with an Event occurring in respect of a Clearing Member in accordance with its rights set out in Section 2.4.1 and Section 4.3.1 and shall deal with an Event of Default being declared in respect of a Clearing Member in accordance with Section 4.3.2 and Section 4.3.3. The occurrence of an Event, the declaration of an Event of Default or the due implementation of the CDS Default Management Process shall not constitute Extreme Market Developments.

#### **Article 1.2.2.5**

Where LCH.Clearnet SA issues a Rules Notice in the circumstances described in Article 1.2.2.4(i) or (ii), the Rules Notice shall come into effect on the expiry of such period of notice as is set out in such Rules Notice and LCH.Clearnet SA shall not be bound by the minimum period set out in Article 1.2.2.3. Notwithstanding the foregoing, LCH.Clearnet SA agrees that, wherever feasible, a Rules Notice will be published on the Website two Clearing Days prior to it coming into effect.

#### **Article 1.2.2.6**

Subject to Article 1.2.2.4 and Article 1.2.2.11, LCH.Clearnet SA shall not, in any circumstances, be permitted to make any modification to the CDS Clearing Documentation that would alter the terms, including, but not limited to, the payment or delivery obligations, of a Cleared Transaction.

Notwithstanding the foregoing, in relation to any relevant index, where the related Index Publisher publishes an updated form of confirmation in respect of CDS referencing such index, or where ISDA publishes an updated form of confirmation for the Single Name Cleared Transaction, LCH.Clearnet SA may, in consultation with the Risk Committee, adopt such form of confirmation in respect of Index Cleared Transactions or Single Name Cleared Transactions, as the case may be, either:

- (i) with respect to existing and future Cleared Transactions referencing such index or Single Name Cleared Transactions, as the case may be; or
- (ii) with respect to future Cleared Transactions referencing such index or Single Name Cleared Transactions, as the case may be, only,

and in each case may make consequential changes to the CDS Clearing Supplement and the Procedures, provided that LCH.Clearnet SA may only adopt such confirmations and make consequential changes following consultation with the Risk Committee and provided further that:

- (a) LCH.Clearnet SA may only adopt such confirmations when LCH.Clearnet SA determines, following consultation with the Risk Committee, that such confirmations are industry standard; and
- (b) LCH.Clearnet SA may only modify existing Cleared Transactions as the case may be, if LCH.Clearnet SA determines, following consultation with the Risk Committee, that such modifications will not result in an MTM Change in respect of the relevant Cleared Transaction, as the case may be.

Without prejudice to its right to make other changes to the CDS Clearing Documentation in accordance with this Section 1.2.2, LCH.Clearnet SA shall not, by Clearing Notice or otherwise, issue any interpretation of any provision of any Cleared Transaction that is or purports to be binding on Clearing Members generally. Following the due completion of the process set out in Article 1.2.2.2, LCH.Clearnet SA will issue a Rules Notice in accordance with Article 1.2.2.3.

#### **Article 1.2.2.7**

If LCH.Clearnet SA issues a Rules Proposal which purports to amend, introduce, override, contravene or revoke any Specific Matter, LCH.Clearnet SA shall ensure that the consultation process involving Clearing Members shall be no less than 30 calendar days from the date of the publication of this Rules Proposal and, as part of such consultation process, LCH.Clearnet SA shall act fairly and professionally in accordance with the best interests of the Clearing Members (as a whole) and sound risk management. On completion of the consultation process, LCH.Clearnet SA may issue a Rules Notice, subject that such Rules Notice shall come into effect no earlier than 180 calendar days from the date of its publication. Notwithstanding the foregoing, LCH.Clearnet SA shall be permitted to shorten the 30 calendar day and/or the 180 calendar day period if at least 50% of Clearing Members by number and 75% by contributions to the CDS Default Fund as at the date of its last calculation pursuant to Article 4.4.1.5 and Article 4.4.1.6 agree in writing to LCH.Clearnet SA.

Notwithstanding the foregoing, this Article 1.2.2.7 shall not apply in respect of any Rules Proposal and Rules Notice issued in order solely to implement a binding direction issued to LCH.Clearnet SA by a Regulatory Body.

#### **Article 1.2.2.8**

LCH.Clearnet SA may issue from time to time a Clearing Notice in accordance with this CDS Clearing Rule Book, the CDS Clearing Supplement or the Procedures. LCH.Clearnet SA may amend or revoke any previous Clearing Notice by means of a Clearing Notice. Except in cases where LCH.Clearnet SA considers a modification to guidance to be urgent (where modification may take immediate effect), a Clearing Notice shall take effect two Clearing Days after its publication.

#### **Article 1.2.2.9**

Clearing Notices may not be used to issue new, or amend or revoke any existing, principles, rights or obligations as set out in the CDS Clearing Rules or any Cleared Transaction. For the avoidance of doubt, Clearing Notices shall not be notices contemplated by or to be given under the terms of Cleared Transactions pursuant to the CDS Clearing Supplement and shall not be subject to Section 1.10 (Requirements Regarding Notices) of the 2003 ISDA Credit Derivatives Definitions or Section 1.38 (Requirements Regarding Notices) of the 2014 ISDA Credit Derivatives Definitions, as applicable.

#### **Article 1.2.2.10**

The terms of reference of the Risk Committee will be set by the board of directors of LCH.Clearnet SA, and any decision to change thereto will be subject to prior consultation with the Risk Committee. Such changes will be notified in advance to the Clearing Members and made by the board of directors of LCH.Clearnet SA.

#### **Article 1.2.2.11**

LCH.Clearnet SA may, in consultation with the Risk Committee and such other appropriate legal, operational and other forums established by LCH.Clearnet SA, modify this CDS Clearing Rule Book, the CDS Clearing Supplement and/or the Procedures in accordance with any relevant CDS industry sponsored protocol or other industry sponsored protocol (or, in each case, other multilateral agreement process) to which, as at 17.00 on the originally scheduled closing date of such protocol or other multilateral agreement process, at least 50% of Clearing Members by number and 50% by contribution to the CDS Default Fund as at the date of its last recalculation pursuant to Article 4.4.1.5 and Article 4.4.1.6 agree to adhere, with such modification to be applicable to all existing or future Cleared Transactions of the relevant CDS Type as set forth in such protocol or multilateral agreement process or resolution.

#### **Article 1.2.2.12**

In relation to any proposed modification in accordance with Article 1.2.2.4, LCH.Clearnet SA shall, following consultation with the appropriate legal, risk, operational and/or other forums established by LCH.Clearnet SA in relation to such proposed modification, determine whether such proposed modification will have an MTM Change on any existing Cleared Transaction that will be affected by any such proposed modification and any amount that shall be payable to a Clearing Member by LCH.Clearnet SA or from a Clearing Member to LCH.Clearnet SA to reflect such MTM Change. LCH.Clearnet SA shall, following any determination of an MTM Change in respect of a Cleared Transaction and any payment due in respect thereof, promptly notify each relevant Clearing

Member of the same and the date on which such amount shall be due and payable by LCH.Clearnet SA or the Clearing Member as applicable.

### **Section 1.2.3 Publication**

#### **Article 1.2.3.1**

LCH.Clearnet SA shall ensure that the CDS Clearing Documentation is kept updated and that all such documents and each Clearing Notice, each Rules Proposal and each Rules Notice and all other decisions of general application to the Clearing Members and/or any relevant decisions in relation to the CDS Clearing Service provided by LCH.Clearnet SA to Clearing Members are posted on its Website and notified to Clearing Members individually in accordance with the CDS Admission Agreement, as appropriate.

#### **Article 1.2.3.2**

Whenever any Rules Notice is issued in relation to the CDS Clearing Service provided by LCH.Clearnet SA to Clearing Members, LCH.Clearnet SA shall ensure that the relevant CDS Clearing Documents are updated as soon as reasonably possible to reflect the modifications contained in the Rules Notice and shall post such updated document on the Website.

#### **Article 1.2.3.3**

LCH.Clearnet SA shall additionally update the Procedures periodically to incorporate guidance issued by way of Clearing Notice in relation to the CDS Clearing Service provided by LCH.Clearnet SA to Clearing Members, pursuant to Article 1.2.2.8, and shall post such updated Procedures on the Website.

### **Section 1.2.4 Extension or waiver**

#### **Article 1.2.4.1**

The time fixed by the CDS Clearing Documentation for the doing of any acts by a Clearing Member in relation to LCH.Clearnet SA may be extended or waived by LCH.Clearnet SA in its discretion whenever it considers that an extension or waiver is necessary or in the best interests of the CDS Clearing Service.

#### **Article 1.2.4.2**

Any waiver of any right or consent given by LCH.Clearnet SA under the CDS Clearing Documentation is only effective if it is given in writing. Any such waiver or consent shall only apply to the circumstances for which it was given and shall not prevent LCH.Clearnet SA from subsequently relying upon the relevant provision in another circumstance. No delay or failure by LCH.Clearnet SA to exercise its rights or pursue any of its remedies under the CDS Clearing Documentation shall constitute a waiver.

### **Section 1.2.5 Notices - Communications**

#### **Article 1.2.5.1**

Unless stated otherwise in the relevant sections of the CDS Clearing Documentation, LCH.Clearnet SA shall deliver any notice, order or communication which is required to be given to Clearing Members pursuant to the CDS Clearing Documentation by hand, post, courier, electronic transmission, email, facsimile or telephone to the address, email address, facsimile number or telephone number specified by a Clearing Member in the CDS Admission Agreement, as updated

from time to time, except that a copy of any Default Notice delivered pursuant to Article 4.3.1.3, Final Settlement Notice delivered pursuant to Article 4.3.3.4 and/or Membership Termination Notice delivered pursuant to Article 2.4.2.2 must additionally be delivered to a Clearing Member by hand, post or courier.

#### **Article 1.2.5.2**

Upon the occurrence of an Event of Default in respect of a Clearing Member, LCH.Clearnet SA shall rely on the latest information received by LCH.Clearnet SA from the relevant Defaulting Clearing Member on its Client(s) in order to contact the relevant Client(s) or for the purposes of any payment to the relevant Clients(s).

#### **Article 1.2.5.3**

Clearing Members shall deliver, provide, serve on or file with LCH.Clearnet SA any notice, document, communication, filing or form that is required pursuant to the CDS Clearing Documentation in writing unless otherwise specified in the CDS Clearing Documentation.

#### **Article 1.2.5.4**

With the exception of modifications made under Section 1.2.2 (which will become effective on the date stated therein), and unless stated otherwise in the relevant sections of the CDS Clearing Documentation, any notice (including but not limited to any Default Notice, Clearing Notice, Rules Notice, and excluding any notice relating to Margin), document (including but not limited to any Rules Proposal), communication, filing or form, provided by LCH.Clearnet SA or a Clearing Member will, unless otherwise specified in the CDS Clearing Rules, only be effectively served, filed, made or provided:

- (i) if sent by post, on the third Business Day (or tenth Business Day in the case of airmail) after the day on which it was posted, with full postage paid and in a correctly addressed envelope;
- (ii) if delivered by hand or by courier, at the time of delivery or, if not delivered prior to 17.00 on a Business Day, on the following Business Day; and
- (iii) if delivered by facsimile or electronic transmission or published on the Website, on the Business Day of transmission or publication where such transmission or publication occurs prior to 16.00 or, where transmission or publication occurs after 16.00, on the following Business Day.

#### **Article 1.2.5.5**

LCH.Clearnet SA is entitled to act upon notice, order or communication appearing to have been issued by, or have come from, a Clearing Member or, pursuant to Clause 4.3 of the CDS Client Clearing DMP, a Client. These will be accepted by LCH.Clearnet SA as genuine, even if, for example, they are later found:

- (i) to be inaccurate, whether in whole or in part; or
- (ii) not to have been given by the Clearing Member or a Client, as appropriate; or
- (iii) not to have been given with the authority of the Clearing Member or a Client, as appropriate.

## **Section 1.2.6 Fees**

### **Article 1.2.6.1**

The fees payable by Clearing Members to LCH.Clearnet SA shall be published from time to time by LCH.Clearnet SA on the Website.

### **Article 1.2.6.2**

Each Clearing Member shall pay to LCH.Clearnet SA such fees when due and payable and in such manner as is required by LCH.Clearnet SA.

## **Section 1.2.7 Currency**

### **Article 1.2.7.1**

Subject to Article 1.2.7.4, if at any time a currency is substituted by another currency pursuant to existing or new legislation, the obligations of Clearing Members arising under the CDS Clearing Documentation shall take place in the substitute currency as from the effective date of such replacement providing that such substitute currency is an Eligible Currency.

### **Article 1.2.7.2**

If substitution of a specific currency involves a period of transition, clearing by Clearing Members during this period of transition will take place in the currency as specified by LCH.Clearnet SA in a Rules Notice.

### **Article 1.2.7.3**

If necessary, LCH.Clearnet SA shall establish the rate for converting the replaced currency to the substitute currency as well as the applicable rounding rules in accordance with the Procedures, subject to Applicable Law.

### **Article 1.2.7.4**

If at any time the currency in which Clearing Members are required to make Cash Payments is succeeded or substituted by another currency pursuant to existing or new legislation, LCH.Clearnet SA shall be required to consult with Clearing Members, in accordance with Article 1.2.2.2, prior to issuing a Rules Notice which revises the currency in which such Cash Payment obligations are required to be performed.

### **Article 1.2.7.5**

Subject to Article 1.2.7.1 to Article 1.2.7.4 above, and to the extent permitted by Applicable Law, if any judgment or order expressed in a currency other than the CDS Contractual Currency is rendered:

- (i) for the payment of any amount owing in respect of any Cleared Transaction;
- (ii) for the payment of any amount relating to any early termination in respect of such Cleared Transaction; or
- (iii) in respect of a judgment or order of another court for the payment of any amount described in sub-paragraph (i) or (ii) above,

the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other

party the amount of any shortfall of the CDS Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the CDS Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the CDS Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using commercially reasonable procedures in converting the currency received into the CDS Contractual Currency, to purchase the CDS Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

#### **Article 1.2.7.6**

To the extent permitted by Applicable Law, the provisions of Article 1.2.7.5 above constitute separate and independent obligations from the other obligations under the CDS Clearing Documentation, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of the CDS Admission Agreement.

#### **Article 1.2.7.7**

For the purpose of Article 1.2.7.5 and Article 1.2.7.6 above, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase of currencies been made.

### **Section 1.2.8 Time reference**

#### **Article 1.2.8.1**

Where reference is made in the CDS Clearing Documentation to a time or deadline, it shall be understood to mean Central European Time (CET), unless otherwise stipulated in the CDS Clearing Documentation.

### **Section 1.2.9 Obligations of LCH.Clearnet SA to each Clearing Member**

#### **Article 1.2.9.1**

In accordance with Article 3 of the Settlement Finality Directive, upon registration in accordance with this CDS Clearing Rule Book, Cleared Transactions shall be legally enforceable and binding on third parties even in the event of Insolvency Proceedings against a Clearing Member.

LCH.Clearnet SA undertakes to perform its obligations to each Clearing Member on the basis of the Cleared Transactions registered in its name, in accordance with the CDS Clearing Documentation.

#### **Article 1.2.9.2**

Where a Clearing Member is subject to a Payment Failure, LCH.Clearnet SA may (without prejudice to any other rights it may have against the Clearing Member) withhold any payments it would otherwise be obliged to make under the CDS Clearing Documentation to such Clearing Member up to the value of the payment(s) that constitute the Payment Failure (such value calculated using reasonable currency conversion rates where necessary) for so long as the Payment Failure continues.

The scope of the obligations that LCH.Clearnet SA undertakes to perform as counterparty to the relevant Clearing Members with respect to Cleared Transactions and as detailed in the relevant provisions of the CDS Clearing Documentation after registration in accordance with this CDS Clearing Rule Book has occurred include, without limitation:

- (i) the payment of the Variation Margin to the relevant Clearing Member;
- (ii) the payment of the Price Alignment Interest to the Clearing Member;
- (iii) the payment of the Initial Payment Amount, if any, to the relevant Clearing Member;
- (iv) the payment of Fixed Amounts to the CDS Seller; and
- (v) following a Credit Event, and in accordance with the CDS Clearing Supplement:
  - (a) when Auction Settlement applies, the payment of the Auction Settlement Amount to the CDS Buyer;
  - (b) when Physical Settlement applies, the payment to the CDS Buyer of the Physical Settlement Amount; and
  - (c) where the Partial Cash Settlement Terms apply pursuant to the Cleared Transaction, the payment of the Cash Settlement Amount to the CDS Buyer.

These obligations of LCH.Clearnet SA to each Clearing Member shall be determined after giving effect to netting as set out in Section 3 of the Procedures.

## **Section 1.2.10 Liability**

### **Article 1.2.10.1**

Subject to Article 1.2.10.2, Article 1.2.10.3 and Article 1.2.10.5 below, a Clearing Member shall be liable for any direct Damage incurred or suffered by LCH.Clearnet SA as a consequence of such Clearing Member's breach of any of its obligations under the CDS Clearing Documentation or the terms of a Cleared Transaction.

### **Article 1.2.10.2**

A Clearing Member will not be held liable for any special, indirect or consequential Damage, including loss of custom, profit or revenues, or any Damage which results from abnormal or fraudulent use of the CDS Clearing System by third parties, or for any Damage resulting from acts or omissions of third parties, other than members of its Financial Group.

### **Article 1.2.10.3**

Unless expressly stated otherwise in the CDS Clearing Documentation, LCH.Clearnet SA will under no circumstances be liable for any Damage, including that arising out of or in connection with any of the following:

- (i) in respect of a claim for Damages by a Clearing Member or a Client, following a total or partial failure by such Clearing Member to perform or comply with the CDS Clearing Documentation;
- (ii) any act or omission of a Clearing Member or other third party, including, without limitation, in the circumstances set out in (ix) or (xviii) below;

- (iii) any agreement or arrangement that a Clearing Member has entered into with a third party in connection with its activities under the CDS Clearing Documentation (including, without limitation, the CDS Client Clearing Agreement and any agreement or arrangement referred to in Section 2.2.7);
- (iv) any suspension, restriction or closure of LCH.Clearnet SA or its services, where required of LCH.Clearnet SA pursuant to Applicable Law, whether for a temporary period or otherwise;
- (v) reliance by LCH.Clearnet SA on any data provided to it by a Clearing Member or as may otherwise be provided to it in accordance with this CDS Clearing Rule Book, including the End of Day Contributed Prices;
- (vi) excepting any dispute arising under the CDS Dispute Resolution Protocol which may relate to whether an Original Transaction has been novated pursuant to this CDS Clearing Rule Book, any dispute arising from or in relation to any Original Transaction; including, but not limited to, any dispute as to the validity or otherwise of the Original Transaction, the terms of the Original Transaction or whether any alleged agreement or arrangement constitutes an Original Transaction;
- (vii) any failure to pre-register, or the improper pre-registration of, positions in the CDS Clearing System corresponding to an Original Transaction eligible for clearing by LCH.Clearnet SA because of a third party's fault or a Force Majeure Event affecting LCH.Clearnet SA;
- (viii) registration of Cleared Transactions in a Clearing Member's Trade Account and/or allocation of such Cleared Transactions in a Clearing Member's Margin Account where it does so on the basis of the Original Transaction Data with respect to the relevant Original Transaction;
- (ix) the quality, fitness for purpose, completeness or accuracy of End of Day Contributed Prices or composite prices/spreads;
- (x) in respect of a claim for Damages by a Defaulting Clearing Member, any decision by LCH.Clearnet SA to proceed with a liquidation of its Cleared Transactions or the taking of any other action pursuant to Article 4.3.2.3 or the CDS Default Management Process (including, for the avoidance of doubt, the CDS Client Clearing DMP);
- (xi) the exercise, or failure to exercise, by LCH.Clearnet SA of any discretion or right conferred upon it by the CDS Clearing Documentation, including any actions taken or omitted to be taken in relation to the application of LCH.Clearnet SA's rights following the declaration of an Event of Default in respect of a Clearing Member;
- (xii) any statement, representation or warranty by LCH.Clearnet SA or any of its officers or representatives other than as expressly set out in the CDS Clearing Documentation or the CDS Admission Agreement;
- (xiii) any special, indirect or consequential Damage, including loss of custom, profit or revenues;
- (xiv) rejection of any application to become a Clearing Member;

- (xv) the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Trade Source System or the timeliness or otherwise of the delivery of any Original Transaction details by that Approved Trade Source System to LCH.Clearnet SA;
- (xvi) any error within or corruption of any data sent by an Approved Trade Source System directly or indirectly to LCH.Clearnet SA or to a Clearing Member or any delay in or failure of the transmission of such data to LCH.Clearnet SA;
- (xvii) the registration of a Cleared Transaction on the basis of incorrect or corrupted data sent to it by an Approved Trade Source System;
- (xviii) any decision of any ISDA Credit Derivatives Determinations Committee or any failure of any such committee to take any decision;
- (xix) any breach by a Clearing Member of its obligations, under any Applicable Law or otherwise resulting from the CDS Clearing Services, vis-à-vis its Clients, Affiliates or LCH.Clearnet SA (including, without limitation, in the case of an FCM Clearing Member, any breach of its obligations under the FCM CDS Clearing Regulations regarding segregation or any agreement or arrangement to which it is a party);
- (xx) any action or inaction on the part of any Clearing Member or third party which would prevent, impair, limit, restrict or delay the transfer or porting of Cleared Transactions or the conditions under which Cleared Transactions may be or are transferred or ported (whether in the context of an Event of Default or otherwise); or
- (xxi) any default of an FCM Client (or, if permitted pursuant to Article 6.1.1.1, an Affiliate), including, without limitation, a breach by an FCM Client (or such Affiliate) of its obligations under any Applicable Law, FCM Cleared Transaction or CDS Client Clearing Agreement.

#### **Article 1.2.10.4**

Nothing in Article 1.2.10.3 above shall be construed as LCH.Clearnet SA excluding or restricting its liability vis-à-vis any Clearing Member for:

- (i) fraud, fraudulent representation, gross negligence or an intentional omission or act on the part of LCH.Clearnet SA;
- (ii) personal injury or death caused by the negligence, recklessness or any intentional act or omission of LCH.Clearnet SA;
- (iii) any liability which cannot be lawfully excluded under Applicable Law (to the extent such liability cannot be lawfully excluded);
- (iv) the performance of its obligations vis-à-vis any Clearing Member pursuant to Section 1.2.9 (to the extent that no Event of Default has occurred with respect to such Clearing Member (and is ongoing), and other than where such liability occurs as a result of LCH.Clearnet SA following the CDS Default Management Process);
- (v) its obligation to return the Excess Collateral to a Clearing Member pursuant to Article 4.2.2.5 (to the extent that no Event of Default has occurred with respect to such Clearing Member);
- (vi) its obligation to transfer the Client Assets to a Receiving Clearing Member pursuant to Section 5.3.2 or Section 6.3.2;

- (vii) its obligation to return any CCM Unallocated Client Collateral or FCM Unallocated Client Excess Collateral (as applicable) to the Defaulting Clearing Member in accordance with Article 4.3.2.4;
- (viii) its obligation to transfer the Ported Collateral to a Backup Clearing Member pursuant to Clause 4 of the CDS Default Management Process;
- (ix) its obligation, in the case of a CCM, to return the CDS Client Clearing Entitlement to the relevant Client pursuant to Clause 4 of the CDS Default Management Process;
- (x) its obligation, pursuant to Article 2.4.2.11, to repay to a Clearing Member who voluntarily terminates its membership in accordance with Article 2.4.2.2 an amount equal to the sum of its Margin Balance and Client Collateral Buffer, (save that LCH.Clearnet SA shall be entitled to retain any collateral in accordance with the FCM CDS Clearing Regulations), any Collateral that has been transferred to LCH.Clearnet SA to satisfy its Contribution Requirement to the extent it has not been used by LCH.Clearnet SA in accordance with the CDS Clearing Rules and any recovery made by LCH.Clearnet SA in accordance with Article 4.4.3.8; or
- (xi) its obligation to return any FCM Client Collateral Buffer to an FCM Clearing Member.

#### **Article 1.2.10.5**

LCH.Clearnet SA and each Clearing Member shall take all reasonable care in the selection and monitoring of any Person that is to act on its behalf.

### **Section 1.2.11 Force Majeure Events**

#### **Article 1.2.11.1**

Neither LCH.Clearnet SA nor a Clearing Member shall be liable for any failure, hindrance or delay in performance in whole or in part of its obligations under the CDS Clearing Documentation if and to the extent that such failure, hindrance or delay arises as a result of a Force Majeure Event affecting LCH.Clearnet SA or the Clearing Member (as the case may be).

#### **Article 1.2.11.2**

On the occurrence of a Force Majeure Event:

- (i) if applicable to a Clearing Member, such Clearing Member shall as soon as reasonably practicable notify LCH.Clearnet SA of the occurrence of the Force Majeure Event occurring in respect of it. The decision to notify LCH.Clearnet SA of a Force Majeure Event under this Article 1.2.11.2 will be taken by a Clearing Member at an appropriate level of seniority;
- (ii) if applicable to LCH.Clearnet SA, LCH.Clearnet SA shall issue a Clearing Notice, notifying all Clearing Members of the occurrence of the Force Majeure Event occurring in respect of it, which must be made by the Chief Executive Officer of LCH.Clearnet SA or at an appropriate level of seniority;
- (iii) all Clearing Members shall comply with any reasonable directions issued by LCH.Clearnet SA in respect of such Cleared Transactions affected by the Force Majeure Event and as are specified by LCH.Clearnet SA provided that such directions may not have the effect of amending, introducing, overriding, contravening or revoking any of the rights of Clearing Members in respect of any Specific Matter (unless, for the avoidance of doubt,

LCH.Clearnet SA complies with the procedures set out in Article 1.2.2.7 as applicable) save where LCH.Clearnet SA is required to do so in order to implement a binding direction issued to it by a Regulatory Body, and provided that no such direction shall be given in the circumstances contemplated by Article 1.2.2.4(ii)(c) without LCH.Clearnet SA having complied with the requirements of that Article;

- (iv) each of the Clearing Members and LCH.Clearnet SA who are, and continue to be, affected by the Force Majeure Event shall use all reasonable endeavours to mitigate the effect of the same upon each of their respective ability to perform their obligations under the CDS Clearing Documentation;
- (v) each Clearing Member affected by the Force Majeure Event shall promptly notify LCH.Clearnet SA as soon as its ability to perform is no longer affected by the Force Majeure Event; and
- (vi) if LCH.Clearnet SA was obliged to issue a Clearing Notice pursuant to Article 1.2.11.2(ii) above, it shall issue a further Clearing Notice to all Clearing Members as soon as its ability to perform is no longer affected by the Force Majeure Event.

## **Section 1.2.12 Confidentiality**

### **Article 1.2.12.1**

LCH.Clearnet SA shall hold all information concerning past or current activities of a Clearing Member (including, but not limited to, information concerning:

- (i) the Cleared Transactions registered in its Trade Account(s);
- (ii) the Open Positions registered in its Margin Account(s);
- (iii) the positions pre-registered in its Account Structure;
- (iv) its Margin Requirement;
- (v) the level of Excess Collateral maintained by such Clearing Member in respect of any of its Margin Accounts;
- (vi) the level of Collateral maintained by such Clearing Member in its Buffer Collateral Account;
- (vii) the Collateral transferred to LCH.Clearnet SA by such Clearing Member;
- (viii) deliveries and payments made by or to such Clearing Member; and
- (ix) any financial statements and other documents filed with LCH.Clearnet SA by such Clearing Member,

in a confidential manner and shall not make such confidential information known to any other person, save to the extent permitted by Article 1.2.12.2 to Article 1.2.12.5 below.

### **Article 1.2.12.2**

LCH.Clearnet SA may, in accordance with the provisions of Article L. 632-17 of the French Monetary and Financial Code, when applicable, disclose any information referred to in Article 1.2.12.1 above:

- (i) with the written consent of the relevant Clearing Member;

- (ii) to any person to whom, at such times and in such manner as, LCH.Clearnet SA is required or formally requested to disclose information pursuant to an order of a competent court, or by or on behalf of any relevant Regulatory Body with respect to LCH.Clearnet SA and/or the relevant Clearing Member, Client or Affiliate;
- (iii) to an Approved Trade Source System or the TIW, to the extent that such disclosure is necessary for the proper performance by LCH.Clearnet SA or the relevant Clearing Member of its obligations under the CDS Clearing Documentation;
- (iv) as expressly permitted by the CDS Clearing Documentation, including, without limitation, to one or several Clearing Members, to the extent that such disclosure is necessary for the proper management of an Event of Default or of an LCH Default and the implementation by LCH.Clearnet SA and Clearing Members of physical settlement of the Cleared Transactions, and the information thus disclosed by LCH.Clearnet SA shall be treated as confidential information by the receiving Clearing Members and shall not be made known to any other person nor used for any purpose other than that for which it has been disclosed by LCH.Clearnet SA;
- (v) to other clearing houses, to which the relevant Clearing Member is admitted as a member for the purpose of clearing CDS, in connection with the occurrence of an Event or an Event of Default in respect of such Clearing Member; or
- (vi) to any other person (with the exception of ratings agencies including but not limited to Moody's, Standard and Poor's and Fitch) to whom LCH.Clearnet SA is authorised to disclose such information pursuant to and in accordance with the provisions of Articles L. 511-33 and L. 511-34 of the French Monetary and Financial Code.

#### **Article 1.2.12.3**

LCH.Clearnet SA shall disclose to a Clearing Member, on request, details of the Regulatory Body(ies) to whom it may disclose information, referred to in Article 1.2.12.1, pursuant to Article 1.2.12.2(ii).

#### **Article 1.2.12.4**

Where LCH.Clearnet SA is required or requested to disclose information referred to in Article 1.2.12.1 above in the circumstance described in Article 1.2.12.2(ii), the relevant Competent Authorities will also be promptly informed of such disclosure.

#### **Article 1.2.12.5**

LCH.Clearnet SA may disclose any information referred to in Article 1.2.12.1 above to LCH.Clearnet Group Limited, LCH.Clearnet Limited or LCH.Clearnet LLC, provided such recipient is bound by equivalent obligations of confidentiality regarding this information as those set out in this Section 1.2.12. Any such disclosure permitted under this Article 1.2.12.5 is limited to disclosure which allows LCH.Clearnet SA to perform its obligations under the CDS Clearing Documentation or for risk management purposes and no information is to be released for the commercial benefit of LCH.Clearnet Group Limited, LCH.Clearnet Limited, LCH.Clearnet LLC or any other Person.

#### **Article 1.2.12.6**

For the avoidance of doubt, nothing in this Section 1.2.12 shall prevent a Clearing Member from disclosing any information provided to LCH.Clearnet SA to Regulatory Body(ies) or other third parties where required by Applicable Law.

#### **Article 1.2.12.7**

Where a Clearing Member owes a duty of confidentiality to LCH.Clearnet SA under the CDS Clearing Documentation, that Clearing Member is released from that duty to the extent that such disclosure is required under Applicable Law or by the Clearing Member's Competent Authority.

### **Section 1.2.13 Data protection**

#### **Article 1.2.13.1**

For the purposes of its general administration, client and risk management and for the proper performance by LCH.Clearnet SA of its obligations under the CDS Clearing Documentation and Applicable Law and regulation, LCH.Clearnet SA, acting as data controller, processes personal data concerning representatives, managers, employees or any other individuals acting on behalf of the Clearing Members, in accordance with the Data Protection Law.

#### **Article 1.2.13.2**

LCH.Clearnet SA may disclose such personal data to such Persons and for such purposes as are set out in Section 1.2.12 in accordance with the Data Protection Law.

#### **Article 1.2.13.3**

In accordance with the Data Protection Law, the individuals, in relation to whom personal data is processed by LCH.Clearnet SA have the right (subject to payment of such fee to LCH.Clearnet SA as is published on the Website, where LCH.Clearnet SA is lawfully entitled to levy such a fee) to receive a copy of personal data held by LCH.Clearnet SA and to rectify any errors or inaccuracies in such personal data or delete them, in accordance with the provisions of the Data Protection Law, by contacting the membership department by email ([Lchclearnetsa\\_Membership@lchclearnet.com](mailto:Lchclearnetsa_Membership@lchclearnet.com)). Without prejudice to any other rights that individuals may have under the Data Protection Law, they may oppose the use of their personal data by LCH.Clearnet SA for marketing operations.

#### **Article 1.2.13.4**

The Clearing Members declare that each of their Representatives in relation to whom personal data is processed by LCH.Clearnet SA have been notified of the disclosure of their personal data to LCH.Clearnet SA for the purposes set out in Article 1.2.13.3.

#### **Article 1.2.13.5**

LCH.Clearnet SA and each Clearing Member consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with conversations contemplated by the CDS Clearing Documentation, and agrees to obtain any necessary consent of, and give any necessary notice of such recordings to, its relevant personnel and agrees, subject to Applicable Law, that recordings may be used in evidence.

## **Section 1.2.14     Governing law**

### **Article 1.2.14.1**

The CDS Clearing Rules and the CDS Admission Agreement shall be governed by and construed in accordance with French substantive law unless explicitly stated otherwise.

### **Article 1.2.14.2**

The CDS Clearing Supplement, the ISDA Credit Derivatives Definitions, any Cleared Transactions (and any related definitions or Clearing Notices issued in respect of the CDS Clearing Supplement, the ISDA Credit Derivatives Definitions or any Cleared Transactions) shall be governed by and construed in accordance with English substantive law.

### **Article 1.2.14.3**

The Pledge Agreement shall be governed by and construed in accordance with Belgian substantive law.

### **Article 1.2.14.4**

The FCM CDS Clearing Regulations (and any related definitions or Clearing Notices issued in respect of the FCM CDS Clearing Regulations), shall be governed by and construed in accordance with the laws of the State of New York, without regard to any conflicts of laws principles, and the laws of the United States of America, in accordance with the terms of the FCM CDS Clearing Regulations.

### **Article 1.2.14.5**

Any non-contractual obligations (within the meaning of Regulation (EC) no. 864/2007 as may be amended from time to time) arising out of, relating to, or having any connection with the CDS Clearing Documentation, or any Cleared Transaction, shall be governed by and construed in accordance with either: (i) French, substantive law; (ii) English substantive law; (iii) Belgian substantive law; or (iv) the substantive law of the State of New York and the federal laws of the United States of America, as determined by this Article 1.2.14.5. Such non-contractual obligations shall be governed by and construed in accordance with:

- (i) French law, where the non-contractual obligation is more closely connected to the CDS Clearing Rules (save the CDS Dispute Resolution Protocol) or the CDS Admission Agreement; or
- (ii) English law, where the non-contractual obligation is more closely connected to the CDS Clearing Supplement, the ISDA Credit Derivatives Definitions, the CDS Dispute Resolution Protocol and/or any Cleared Transactions (and/or to any related definitions or Clearing Notices issued in respect of the CDS Clearing Supplement, the ISDA Credit Derivatives Definitions, the CDS Dispute Resolution Protocol or any Cleared Transactions); or
- (iii) Belgian law, where the non-contractual obligation is more closely connected to the Pledge Agreement; or
- (iv) the laws of the State of New York and the laws of the United States of America where the non-contractual obligation is more closely connected to the FCM CDS Clearing Regulations (and/or to any related definitions or Clearing Notices issued in respect of the FCM CDS Clearing Regulations).

## **Section 1.2.15 Dispute resolution**

### **Article 1.2.15.1**

All Disputes shall be referred to and finally resolved by arbitration or litigation as applicable in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

## **Section 1.2.16 Default Interest**

### **Article 1.2.16.1**

If either LCH.Clearnet SA or a Clearing Member defaults in the performance of any payment obligation, it will, to the extent permitted by Applicable Law, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in Euro, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the average rate at which overnight deposits in Euro are offered by major banks in the French interbank market as at 11.00 (or, if no such rate is available, at such reasonable rate as LCH.Clearnet SA or, as applicable, the relevant Clearing Member may select) plus 1% *per annum*, for each day for which any such sum remains unpaid provided that default interest payable in case of late payment of fees due to LCH.Clearnet SA shall be as set out in the CDS Admission Agreement.

## **Section 1.2.17 Tax**

### **Article 1.2.17.1**

All payments under the CDS Clearing Documentation or any Cleared Transaction will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If LCH.Clearnet SA or a Clearing Member is so required to deduct or withhold, then LCH.Clearnet SA or the Clearing Member ("X") will:

- (i) promptly notify the recipient ("Y") of such requirement;
- (ii) pay to the relevant authorities the full amount required to be deducted or withheld (in the case of a Clearing Member as X, including the full amount required to be deducted or withheld from any amount paid by the Clearing Member to LCH.Clearnet SA under Article 1.2.17.1, Article 1.2.17.2 or Article 1.2.17.3) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (iii) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities.

For the purpose of the CDS Clearing Documentation and Cleared Transactions, "Tax" shall mean any present or future tax, levy, impost, duty, charge, assessment, or fee of any nature (including interest, penalties, and additions thereto) that is imposed by any government or other taxing authority.

### **Article 1.2.17.2**

In the event that any payment made by a Clearing Member to LCH.Clearnet SA under the CDS Clearing Documentation or any Cleared Transaction is subject to deduction or withholding (either at the time of such payment or in the future) for or on account of any Tax (other than a Tax that

would not have been imposed in respect of such payment but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and LCH.Clearnet SA), then the Clearing Member shall pay to LCH.Clearnet SA an amount (such amount, together with any additional amount paid pursuant to Article 1.2.17.7, the "**Additional Amount**"), in addition to the payment to which LCH.Clearnet SA is otherwise entitled under the CDS Clearing Documentation or any Cleared Transaction, necessary to ensure that the net amount actually received by LCH.Clearnet SA (free and clear of any such deduction or withholding for or on account of any such Tax, whether assessed against the Clearing Member or LCH.Clearnet SA), will equal the full amount LCH.Clearnet SA would have received in the absence of any such deduction or withholding.

However, a Clearing Member will not be required to pay any Additional Amount to LCH.Clearnet SA under this Article 1.2.17.2 to the extent that it would not be required to be paid but for (i) the failure by LCH.Clearnet SA to provide to the Clearing Member such forms and documents as required under Article 1.2.17.5 or the CDS Admission Agreement, provided that this clause (i) shall apply only if (A) the relevant Clearing Member has notified LCH.Clearnet SA in writing of such failure and (B) LCH.Clearnet SA has failed to provide such forms or documents within five Business Days after the receipt of such notice; or (ii) the failure of a tax representation made by LCH.Clearnet SA pursuant to the CDS Admission Agreement between LCH.Clearnet SA and the Clearing Member to be accurate and true (unless the failure under this clause (ii) would not have occurred but for (A) any action taken by a taxing authority, or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to the relevant CDS Admission Agreement) or (B) a Change in Tax Law, that in each case occurs after LCH.Clearnet SA and the Clearing Member enter into the relevant CDS Admission Agreement (or, if applicable, the date that LCH.Clearnet SA and the Clearing Member amend such CDS Admission Agreement to account for such Change in Tax Law) or a failure by LCH.Clearnet SA to provide the representations that it is obligated to provide pursuant to Article 1.2.17.10 below.

In the event that the failure under clause (ii) of the preceding paragraph would not have occurred but for the reasons described under sub-clause (A) or (B) thereof, LCH.Clearnet SA shall use commercially reasonable efforts to provide to the Clearing Member a new tax representation (to the extent that it is appropriate) for the purpose of the relevant CDS Admission Agreement between LCH.Clearnet SA and the Clearing Member, promptly after the learning of such failure (so long as the provision of such representation would not materially prejudice the legal or commercial position of LCH.Clearnet SA).

A Clearing Member will also not be required to pay any Additional Amount to LCH.Clearnet SA under this Article 1.2.17.2 for any tax (a "**FATCA Withholding Tax**") imposed under U.S. Internal Revenue Code Sections 1471, 1472, 1473 or 1474 (or any successor sections that are substantially similar) and any regulation or authoritative guidance promulgated thereunder (collectively, the "**FATCA Rules**") provided that such FATCA Withholding Tax would not have been imposed but for LCH.Clearnet SA's failure to comply with the FATCA Rules.

For the purpose of this Article 1.2.17.2, "**Change in Tax Law**" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law).

### **Article 1.2.17.3**

If: (i) a Clearing Member is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding from any payment

made to LCH.Clearnet SA under the CDS Clearing Documentation or any Cleared Transaction for or on account of any Tax, in respect of which the Clearing Member would be required to pay an Additional Amount to LCH.Clearnet SA under Article 1.2.17.2; (ii) the Clearing Member does not so deduct or withhold; and (iii) a liability resulting from such Tax is assessed directly against LCH.Clearnet SA, then, except to the extent the Clearing Member has satisfied or then satisfies the liability resulting from such Tax, the Clearing Member will promptly pay to LCH.Clearnet SA the amount of such liability (including any related liability for interest, penalties and costs).

#### **Article 1.2.17.4**

If: (i) LCH.Clearnet SA is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding from any payment made to a Clearing Member under the CDS Clearing Documentation or any Cleared Transaction for or on account of any Tax; (ii) LCH.Clearnet SA does not so deduct or withhold; and (iii) a liability resulting from such Tax is assessed directly against LCH.Clearnet SA, then, except to the extent the Clearing Member has satisfied or then satisfies the liability resulting from such Tax, the Clearing Member will promptly pay to LCH.Clearnet SA the amount of such liability (excluding any related liability for interest, penalties and costs).

#### **Article 1.2.17.5**

LCH.Clearnet SA shall provide to each Clearing Member (i) the tax forms and documents specified in the CDS Admission Agreement between LCH.Clearnet SA and the Clearing Member and (ii) any other form or document reasonably requested in writing by the Clearing Member in order to allow the Clearing Member to make a payment under the CDS Clearing Documentation or any Cleared Transaction without deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document as described in this clause (ii) would not materially prejudice the legal or commercial position of LCH.Clearnet SA).

#### **Article 1.2.17.6**

LCH.Clearnet SA shall request from each Clearing Member: (i) the tax forms and documents specified in the CDS Admission Agreement between LCH.Clearnet SA and the Clearing Member and (ii) any other form or document reasonably requested in order to allow LCH.Clearnet SA to make a payment under the CDS Clearing Documentation or any Cleared Transaction without deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate. For the avoidance of doubt, in the event that any payment made by LCH.Clearnet SA to a Clearing Member under the CDS Clearing Documentation or any Cleared Transaction is subject to deduction or withholding (either at the time of such payment or in the future) for or on account of any Tax, LCH.Clearnet SA is not required to pay any additional amount in respect of such deduction or withholding. LCH.Clearnet SA will, at the Clearing Member's expense, use commercially reasonable efforts to cooperate with a Clearing Member to seek any credit or remission or other relief available with respect to any such Tax so deducted or withheld (so long as such cooperation would not, in LCH.Clearnet SA's judgment, materially prejudice the legal or commercial position of LCH.Clearnet SA).

#### **Article 1.2.17.7**

Each Clearing Member will pay any stamp, registration, documentation, excise, sales or value added Tax or any other similar Tax levied or imposed upon it or in respect of its execution or performance of any agreement, contract or transaction in connection with the CDS Clearing

Documentation and will indemnify LCH.Clearnet SA against any such stamp, registration, documentation, excise, sales or value added Tax (to the extent that LCH.Clearnet SA is not able, in LCH.Clearnet SA's commercially reasonable judgment, to reclaim or recover such value added Tax) or any other similar Tax levied or imposed upon LCH.Clearnet SA or in respect of LCH.Clearnet SA's execution or performance of any agreement, contract or transaction in connection with the CDS Clearing Documentation. Any payment required to be made by a Clearing Member to LCH.Clearnet SA under this Article 1.2.17.7 shall include an additional amount equal to any Tax levied or imposed on LCH.Clearnet SA as a result of the receipt of any payment under this Article 1.2.17.7.

#### **Article 1.2.17.8**

Each Clearing Member shall promptly notify LCH.Clearnet SA in writing upon learning that any payment made by LCH.Clearnet SA to the Clearing Member or by the Clearing Member to LCH.Clearnet SA under the CDS Clearing Documentation is subject to any Tax, other than any Tax imposed or levied based on the net income of the Clearing Member or LCH.Clearnet SA, as applicable.

#### **Article 1.2.17.9**

Clearing Members shall not have any termination or other special rights in respect of Cleared Transactions as a result of the occurrence of adverse Tax consequences, whether relating to a Change in Tax Law or otherwise, it being understood that Clearing Members may, in accordance with the CDS Clearing Documentation, submit for clearing Original Transactions that, if accepted, would offset its Cleared Transaction. If so requested by a Clearing Member for the purpose of reducing adverse Tax consequences to such Clearing Member, LCH.Clearnet SA shall use reasonable efforts to expeditiously review an application for status as a Clearing Member submitted by an Affiliate of such requesting Clearing Member.

#### **Article 1.2.17.10**

LCH.Clearnet SA shall provide such representations and documentation as are required and requested by each Clearing Member such that each Clearing Member can make payments to LCH.Clearnet SA without deduction or withholding being applicable.

## **CHAPTER 3 - LCH DEFAULT**

### **Section 1.3.1**

#### **Article 1.3.1.1**

Any of the following events shall, on the service of notice in accordance with Article 1.3.1.2, constitute an LCH Default:

- (i) LCH.Clearnet SA has failed to make a payment, or to redeliver Eligible Collateral when such payment or redelivery is due and payable in accordance with the CDS Clearing Documentation, to a Clearing Member (other than to a Defaulting Clearing Member or in accordance with the first paragraph of Article 1.2.9.2) under any Cleared Transaction and such failure has not been cured by 17.00 on the third Business Day after the date on which notice of such failure is given by the Clearing Member to LCH.Clearnet SA;
- (ii) LCH.Clearnet SA notifies the Clearing Members stating that it is unable to pay the aggregate amount of the Margin Repayment Amounts or redeliver all relevant Pledged Eligible Collateral pursuant to Clause 8.6 of the CDS Default Management Process or fails to pay an LCH Repayment Amount when due by LCH.Clearnet SA to a Clearing Member in full pursuant to Clause 8.7 of the CDS Default Management Process (other than by operation of Clause 7.8 of the CDS Default Management Process); or
- (iii) LCH.Clearnet SA becomes subject to LCH Insolvency Proceedings.

In the event LCH.Clearnet SA becomes subject to LCH Insolvency Proceedings, LCH.Clearnet SA shall as soon as reasonably practicable, and no later than 23.59 on the Business Day on which the LCH Insolvency Proceedings commence (or, if such day is not a Business Day, no later than 23.59 on the first Business Day following the day on which the LCH Insolvency Proceedings commence), post a notice on the Website informing all Clearing Members of such circumstance. A failure to provide such notice shall not prohibit an Affected Clearing Member from posting the notice specified in Article 1.3.1.2.

Copies of any notices provided under Article 1.3.1.1(i) or (ii) shall be provided by LCH.Clearnet SA to the *Autorité de Contrôle Prudentiel et de Résolution*.

#### **Article 1.3.1.2**

In the event of any of the circumstances set out in Article 1.3.1.1 occurring, the Affected Clearing Member may provide LCH.Clearnet SA in writing with a notice, specifying the occurrence of an LCH Default. In the circumstance set out in Article 1.3.1.1(i) and (ii), such notice shall only be valid if given within 10 Clearing Days of the occurrence of the relevant event and the failure to pay or redeliver is continuing at the time the notice is delivered. In the circumstance set out in Article 1.3.1.1(iii), such notice shall only be valid if given within 10 Clearing Days of the day on which LCH Insolvency Proceedings have been published in the *Bulletin officiel des annonces civiles et commerciales (Bodacc)* in accordance with the provisions of the French Commercial Code. Any such notice provided in accordance with this Article 1.3.1.2 must be provided in accordance with, and subject to, the requirements of Section 1.2.5.

An Affected Clearing Member shall not be permitted to serve a notice pursuant to this Article 1.3.1.2 in the case of the circumstances set out in Article 1.3.1.1(i) and (ii) where:

- (i) the failure to make the required payment, or to redeliver the required Eligible Collateral, and the failure to cure such failure within the grace period specified in Article 1.3.1.1, is solely as a consequence of a Force Majeure Event or such other technical or administrative reason outside of the reasonable control of LCH.Clearnet SA, provided that:
  - (a) LCH.Clearnet SA is able to, and does, confirm that it would have had sufficient available resources to pay or redeliver but for the applicable Force Majeure Event, technical or administrative event; and (b) LCH.Clearnet SA makes such payment or delivery no later than one Clearing Day after the consequences of the Force Majeure Event or the other technical or administrative reason for its failure to pay or redeliver have ceased. For the avoidance of doubt, the limitation on an Affected Clearing Member serving a notice pursuant to this paragraph shall continue for as long as the consequence of a Force Majeure Event or such other technical or administrative reason mentioned above continues;
- (ii) the failure to pay or redeliver is permitted by the CDS Default Management Process.

For the purposes of Article 1.3.1.3 to Article 1.3.1.12, a notice duly provided by an Affected Clearing Member in accordance with this Article 1.3.1.2 shall bind LCH.Clearnet SA and all other Clearing Members (regardless of whether they are Affected Clearing Members or not) as if all other Clearing Members were Affected Clearing Members and had served such notice.

### **Article 1.3.1.3**

In the event that it is subject to an LCH Default, LCH.Clearnet SA shall promptly post a Clearing Notice on its Website specifying the Termination Date and the LCH Default Time applicable to all Clearing Members. The Termination Date shall be the first Clearing Day after the LCH Default Date. Any failure of LCH.Clearnet SA to post a Clearing Notice on its Website shall not invalidate or otherwise delay the Termination Date.

As from the LCH Default Time:

- (i) LCH.Clearnet SA shall not accept any Original Transactions submitted to it for clearing and registration as Cleared Transactions and shall not otherwise register any new Cleared Transactions;
- (ii) neither LCH.Clearnet SA nor any Clearing Member shall be obliged to make any further payments or deliveries under any Cleared Transaction between them which would, but for this TITLE I, Chapter 3, have fallen due for performance on or after the LCH Default Time other than by settlement of the House Termination Amount and Client Termination Amount; 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 House Termination Amount and Client Termination Amount;
- (iii) any Power of Attorney or other authority for LCH.Clearnet SA to debit any payment or securities account of a Clearing Member, including a Clearing Member's TARGET2 Account shall be revoked and LCH.Clearnet SA shall not use, rely on or seek to use or rely on any such Power of Attorney or other authority;
- (iv) in circumstances where Client Collateral Buffer has been allocated to a CCM Client Account Structure in accordance with Article 4.2.2.4 and Section 2 of the Procedures,

LCH.Clearnet SA shall transfer an amount of Collateral which is equal to the CCM Allocated Client Collateral Buffer for the relevant CCM Client Account Structure from the Buffer Collateral Account to the CCM Client Collateral Account of that CCM Client Account Structure as soon as reasonably practicable;

- (v) where a CCM has CCM Unallocated Client Collateral, such CCM shall use its reasonable endeavours to notify LCH.Clearnet SA of the CCM Client Collateral Account(s) to which such Collateral should be recorded and, where LCH.Clearnet SA receives such notification, it shall update its books and records accordingly; and
- (vi) all other payment and delivery obligations (other than as set out in (ii) above) in relation to any Cleared Transactions and any other obligations pursuant to the CDS Clearing Documentation (including the repayment or redelivery, as applicable, of a Clearing Member's Margin Balance, Excess Collateral, CCM Unallocated Client Collateral, the Client Collateral Buffer, FCM Unallocated Client Excess Collateral, and other Collateral representing a Clearing Member's Contribution Requirement) shall be payable or deliverable on the Termination Date and in accordance with the provisions of this Chapter 3.

LCH.Clearnet SA shall, to the extent possible, return or redeliver all amounts received, or debited contrary to the revocation of its authority pursuant to sub-paragraph (iii), after the LCH Default Time.

#### **Article 1.3.1.4**

Each Clearing Member shall, on, or as soon as reasonably practicable after, the Termination Date, and in no event later than 25 Clearing Days after the Termination Date, determine as of the Termination Date:

- (i) the value of each Cleared Transaction; and
- (ii) the value of all other amounts which it owes to LCH.Clearnet SA and which LCH.Clearnet SA owes to it, in each case whether future, liquidated or unliquidated, actual or contingent, pursuant to the CDS Clearing Documentation.

Such calculations shall be undertaken separately in respect of the Client Cleared Transactions registered in, and all other amounts owed in relation to, each Client Trade Account, Client Margin Account and CCM Client Collateral Account or FCM Client Financial Account (as applicable), for each Client Account Structure of the Clearing Member.

#### **Article 1.3.1.5**

For the purpose of Article 1.3.1.4(i) and where the LCH Default arises because of the circumstance set out in Article 1.3.1.1(i) or Article 1.3.1.1(ii), the determination by a Clearing Member of the value of each Cleared Transaction shall be determined, assuming satisfaction of each applicable condition precedent, without reference to the receipt or payment of Variation Margin in relation to any Cleared Transaction (or, for the avoidance of doubt, any part of the Margin Balance and Client Collateral Buffer) and without application of the Loss Distribution Process (if applicable) subject that each Clearing Member may take into account, in addition, any loss of bargain, any cost of funding, and/or without duplication, any 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.

### **Article 1.3.1.6**

For the purpose of Article 1.3.1.4, and in relation to Client Cleared Transactions recorded in and amounts owed in relation to each Client Account Structure, the Clearing Member shall calculate the value of:

- (i) the repayment by the Clearing Member or LCH.Clearnet SA of Variation Margin in respect of Open Positions registered in the corresponding Client Margin Account;
- (ii) the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded in the relevant Client Collateral Account (including, in the case of a CCM, any Collateral transferred (or due to be transferred) to the relevant CCM Client Collateral Account by LCH.Clearnet SA pursuant to Article 1.3.1.3(iv) and further, in the case of an FCM Clearing Member, the Legally Segregated Value ascribed to the FCM Client Financial Account) in respect of such Client Cleared Transactions, as the case may be, in each case without applying any haircuts to the valuation of the Collateral. In determining such amounts, the Clearing Member shall not take into account (a) Client Pledged Eligible Collateral returned to a CCM in accordance with the CDS Clearing Rules; (b) any CDS Client Clearing Entitlement calculated in accordance with Clause 4.4 of the CDS Default Management Process; or (c) any Collateral applied by LCH.Clearnet SA in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process;
- (iii) in the case of an FCM Clearing Member, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as Available Client Collateral Buffer in its FCM Buffer Financial Account (if any) in each case without applying any haircuts to the valuation of the Collateral;
- (iv) in the case of an FCM Clearing Member, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as Allocated Client Collateral Buffer in its FCM Buffer Financial Account (if any) in each case without applying any haircuts to the valuation of the Collateral;
- (v) in the event that the relevant Client Margin Account of the Clearing Member is a Cash Gainer as at the last successful payment of Margin prior to the LCH Default Date, the repayment by LCH.Clearnet SA of any net Cash Gainer Adjustments made pursuant to the CDS Default Management Process; and
- (vi) any other amounts that may be due to or from either the Clearing Member or LCH.Clearnet SA to or from the other in relation to the relevant Client Cleared Transactions, pursuant to the CDS Clearing Documentation.

For the purpose of Article 1.3.1.4, and in relation to House Cleared Transactions recorded in and amounts owed in relation to its House Account Structure, the Clearing Member shall calculate the value of:

- (i) the repayment by the Clearing Member or LCH.Clearnet SA of Variation Margin in respect of Open Positions registered in its House Margin Account;
- (ii) the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded in its House Collateral Account in respect of such House Cleared Transactions, without applying any haircuts to the valuation of the Collateral. In determining such amounts, the Clearing Member shall not take into account (a) Pledged Eligible Collateral returned to the Clearing Member in accordance with the CDS Clearing Rules; or (b) any Collateral applied by

LCH.Clearnet SA in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process;

- (iii) in the case of a CCM, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as CCM Available Client Collateral Buffer in its Buffer Collateral Account (if any) in each case without applying any haircuts to the valuation of the Collateral;
- (iv) in the event that the House Margin Account of the Clearing Member is a Cash Gainer as at the last successful payment of Margin prior to the LCH Default Date, the repayment by LCH.Clearnet SA of any net Cash Gainer Adjustments made pursuant to the CDS Default Management Process; and
- (v) any other amounts that may be due to or from either the Clearing Member or LCH.Clearnet SA to or from the other in relation to the relevant House Cleared Transactions, pursuant to the CDS Clearing Documentation.

Where the LCH Default arises because of the circumstance set out in Article 1.3.1.1(ii), each Clearing Member shall use such amounts calculated by LCH.Clearnet SA pursuant to Clause 8.2(i) of the CDS Default Management Process (and without, for the avoidance of doubt, applying Clause 8.3) for the purposes of its valuation pursuant to Article 1.3.1.4(ii).

#### **Article 1.3.1.7**

For the purposes of any calculation required to be made under this Chapter 3, any sums calculated other than in Euro shall be converted into Euro at the relevant exchange rate as at 17.00 on the Termination Date. The relevant exchange rate shall be determined by the European Central Bank and taken from Reuters or, where not available for the relevant currency, such other provider as is notified in a Clearing Notice.

#### **Article 1.3.1.8**

Pursuant to the determination made under Article 1.3.1.4:

- (i) each gain by the Clearing Member and each other amount which LCH.Clearnet SA owes to it, shall be treated as a positive amount; and
- (ii) each loss suffered by the Clearing Member and each other amount which it owes to LCH.Clearnet SA shall be treated as a negative amount.

#### **Article 1.3.1.9**

A Clearing Member shall, as applicable:

- (i) with respect to its House Account Structure, aggregate all positive and negative amounts related to House Cleared Transactions calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above in order to produce one net termination amount (the "**House Termination Amount**"); and
- (ii) (a) in the case of a CCM, with respect to each of its CCM Client Account Structures, aggregate: (I) all positive and negative amounts related to Client Cleared Transactions registered in the CCM Client Trade Account(s) of a CCM Individual Segregated Account Structure, calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above, in order to produce one net termination amount for such CCM Individual Segregated Account Structure; (II) all positive and negative amounts related to Client Cleared Transactions registered in the CCM Client Trade

Accounts of CCM Net Omnibus Segregated Account Clients in a single CCM Net Omnibus Client Set, calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above, in order to produce one net termination amount for such CCM Net Omnibus Client Set; and (III) all positive and negative amounts related to Client Cleared Transactions registered in the CCM Client Trade Accounts of CCM Gross Omnibus Segregated Account Clients in a single CCM Gross Omnibus Client Set, calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above, in order to produce one net termination amount for such CCM Gross Omnibus Client Set (each a "**CCM Client Termination Amount**"); or

- (b) in the case of an FCM Clearing Member, with respect to its FCM Client Account Structure, aggregate: (I) all positive and negative amounts related to Client Cleared Transactions registered in each FCM Client Trade Account, calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above, in order to produce one net termination amount for each such FCM Client Trade Account; and (II) all positive and negative amounts calculated pursuant to the foregoing clause (I), in order to produce one net termination amount for all FCM Client Trade Accounts of the FCM Clearing Member (such amount calculated pursuant to this clause (II), an "**FCM Client Termination Amount**").

For the avoidance of doubt, when calculating:

- (i) the House Termination Amount in accordance with this Article 1.3.1.9, a Clearing Member's obligations to LCH.Clearnet SA may never be set off: (x) with amounts attributable to any Client Collateral Account; (y) in the case of a CCM, with amounts attributable to the CCM Unallocated Client Collateral Account; or (z) in the case of an FCM Clearing Member, with amounts attributable to the FCM Buffer Financial Account or the FCM Unallocated Client Collateral Financial Account; and
- (ii) a Client Termination Amount in accordance with this Article 1.3.1.9, a Clearing Member's obligations to LCH.Clearnet SA may never be set off: (x) with amounts attributable to the House Collateral Account; (y) in the case of a CCM, with amounts attributable to the CCM Unallocated Client Collateral Account; or (z) in the case of a CCM, with amounts attributable to another Client Account Structure.

To the extent a Clearing Member is a member of another clearing service(s) provided by LCH.Clearnet SA, such Clearing Member shall aggregate the House Termination Amount and the house termination amount calculated in respect of a house account structure held in connection with such other clearing service(s) where LCH.Clearnet SA is subject to an LCH Default in accordance with the CDS Clearing Rules and a default in accordance with rules applicable to such other clearing service(s), in order to produce one net termination amount owed in relation to the CDS Clearing Service and such other clearing service(s) provided by LCH.Clearnet SA (the "**Global House Termination Amount**").

The Global House Termination Amount shall be notified and paid in accordance with Article 1.3.1.9 to Article 1.3.1.11.

The Clearing Member shall notify LCH.Clearnet SA of the Termination Amounts, by which party each such Termination Amount is payable, and showing in reasonable detail how they have been calculated, immediately after the calculation thereof.

If for any reason one or more Clearing Member(s) fail(s) to determine and notify the Termination Amounts to LCH.Clearnet SA on or before the day falling 25 Clearing Days after the Termination Date (such day being the "**Notification Limit Date**"), LCH.Clearnet SA shall post a notice on the Website and make its own determination of the respective Termination Amounts, in respect of each such Clearing Member(s) within the 25 Clearing Days following the Notification Limit Date, and shall notify the relevant Clearing Member(s) of the respective Termination Amounts it has determined immediately after the calculation thereof. In such case, the LCH Default Payment Date for all Clearing Members shall be the second Clearing Day after the date on which the Termination Amounts have been notified by LCH.Clearnet SA; if, however, LCH.Clearnet SA fails to make such determination and notification, the LCH Default Payment Date in respect of all Clearing Members having duly determined and notified their Termination Amounts to LCH.Clearnet SA shall be the 27<sup>th</sup> Clearing Day following the Notification Limit Date.

If any of the Termination Amounts is a positive amount, LCH.Clearnet SA shall pay it to the Clearing Member and, if any of the Termination Amounts is a negative amount, the Clearing Member shall pay it to LCH.Clearnet SA, in each case in accordance with Article 1.3.1.10 below.

#### **Article 1.3.1.10**

The Termination Amounts in respect of each Clearing Member shall be paid by LCH.Clearnet SA or a Clearing Member, as the case may be, in Euro by 17:00 on the LCH Default Payment Date. Neither LCH.Clearnet SA nor a Clearing Member, as the case may be, shall be permitted to effect payment netting between the House Termination Amount, or the Global House Termination Amount as applicable, on the one hand and the Client Termination Amounts on the other hand.

In addition, to the extent a CCM has any CCM Unallocated Client Collateral or an FCM Clearing Member has any FCM Unallocated Client Excess Collateral as at the Notification Limit Date, LCH.Clearnet SA shall repay such Collateral to the Clearing Member for the account of its Clients by 17:00 on the LCH Default Payment Date.

#### **Article 1.3.1.11**

If LCH.Clearnet SA has received notices pursuant to Article 1.3.1.9 from all Clearing Members setting out their respective Termination Amounts, LCH.Clearnet SA may by no less than 2 Clearing Days' notice on the Website specify an earlier date as the LCH Default Payment Date.

In addition, LCH.Clearnet SA shall redeliver all Pledged Eligible Collateral (other than Pledged Eligible Collateral which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process) on the LCH Default Payment Date.

#### **Article 1.3.1.12**

The Clearing Member's rights under this Chapter 3 shall be in addition to, and not in limitation or exclusion of, any other rights which the Clearing Member may have.

This Chapter 3 shall be without prejudice to the rights that LCH.Clearnet SA may have pursuant to the CDS Clearing Rules against any Clearing Member prior to the occurrence of the LCH Default.

# **TITLE II**

# **MEMBERSHIP**

## **CHAPTER 1 - GENERAL PROVISIONS**

### **Section 2.1.1 Participants**

#### **Article 2.1.1.1**

As a securities settlement system within the meaning of the Settlement Finality Directive, LCH.Clearnet SA has only direct participants, being the Clearing Members. It does not have any indirect participants.

#### **Article 2.1.1.2**

The following entities are eligible to become a Clearing Member, pursuant to Article L. 440-2 of the French Monetary and Financial Code:

- (i) Credit Institutions, having their head office in a Member State;
- (ii) Investment Firms, having their head office in a Member State;
- (iii) legal persons whose members or shareholders have unlimited joint and several liability for their debts and obligations, provided that such members or shareholders are institutions or firms mentioned under Article 2.1.1.2(i) and/or (ii) above;
- (iv) legal persons having their head office in metropolitan France or in French overseas departments or in Saint-Barthélemy or Saint-Martin and whose principal or sole object is the clearing of financial instruments; and
- (v) in the circumstances set out in the general regulations of the AMF and with the prior approval of the AMF, Credit Institutions and Investment Firms not having their head office in a Member State, and legal persons whose principal or sole object is the clearing of financial instruments, that are not established in metropolitan France or in French overseas departments or in Saint-Barthélemy or Saint-Martin. An agreement between the AMF and the relevant Governmental Authority(ies) may provide for an exemption from prior authorisation for a category of entities.

Without prejudice to the membership requirements set out in the CDS Clearing Rules and Applicable Law, FCMs are eligible to become FCM Clearing Members.

## **CHAPTER 2 - LEGAL OBLIGATIONS**

### **Article 2.2.0.1**

An Applicant shall be required to evidence its ability to comply with the obligations set out in this Chapter 2. LCH.Clearnet SA may refuse to admit an Applicant as a Clearing Member if the conditions set out in Article 2.2.1.1 have not been satisfied, or if it considers that admission of such Applicant as a Clearing Member may adversely affect the operation of the CDS Clearing System or the provision of the CDS Clearing Service.

LCH.Clearnet SA shall be entitled, in consultation with the Risk Committee, at any time to impose, amend or withdraw additional requirements in relation to the membership requirements set out in this Chapter 2, provided that, if such additional requirements are imposed or amended, they are non-discriminatory and their objective is to control the risk for LCH.Clearnet SA.

Further information in respect of the application procedure can be obtained from LCH.Clearnet SA's CDSClear Member Sales & Relationship Management team whose contact details are set out in Section 1 of the Procedures.

### **Article 2.2.0.2**

Application for Clearing Member status in LCH.Clearnet SA shall be made in accordance with Section 1 of the Procedures. A Clearing Member's status in LCH.Clearnet SA and all Clearing Services shall be governed by the CDS Clearing Rules. Additionally, a Clearing Member's status in LCH.Clearnet SA shall be governed by any CDS Admission Agreement to which it is for the time being party. Clearing Member status does not provide or entitle a Clearing Member to any other clearing member status with LCH.Clearnet SA, or 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, each of which has separate and distinct membership requirements.

## **Section 2.2.1 Membership requirements**

### **Article 2.2.1.1**

Any Applicant wishing to be admitted as a Clearing Member by LCH.Clearnet SA should satisfy the following conditions:

- (i) be validly incorporated and existing under the laws of its jurisdiction of incorporation and (if relevant in such jurisdiction) be in good standing;
- (ii) be the subject of supervision by its Competent Authorities;
- (iii) undertake to accept and comply with the CDS Clearing Documentation by executing the CDS Admission Agreement;
- (iv) have a CDS Client Clearing Agreement, meeting the requirements Article 5.1.1.2 (i) (in the case of a CCM) or Article 6.1.1.2 (in the case of an FCM Clearing Member), in place with each of its Clients;
- (v) provide LCH.Clearnet SA with updated documentation and information required pursuant to Section 1 of the Procedures, in respect of each of its Clients;

- (vi) to accept to comply with all Applicable Law relating to its status as a Clearing Member and the performance of its obligations pursuant to the CDS Clearing Documentation;
- (vii) not be subject to Insolvency Proceedings;
- (viii) meet the Capital requirements as specified in Section 2.2.3, and any further liquidity and/or solvency requirements as may be set by LCH.Clearnet SA from time to time in accordance with this CDS Clearing Rule Book, taking into account notably the indicators mentioned in Article 2.3.2.1;
- (ix) satisfy a minimum internal credit score which is determined by LCH.Clearnet SA as set out in Article 2.2.4.1 below;
- (x) satisfy LCH.Clearnet SA that it has sufficient expertise in relation to clearing activities, that its Systems and Operations are operationally reliable and capable of supporting the proper performance of its business as a Clearing Member and that its risk management policy is adequate;
- (xi) participate, or demonstrate that it has: (A) an affiliated Clearing Member or, alternatively, a non-clearing member Affiliate that clears through the Clearing Member, that can successfully participate; or (B) an LCH Approved Outsourcing Agent that can successfully participate in the implementation of the CDS Default Management Process, and participate in (and satisfy LCH.Clearnet SA's requirements with respect to the carrying out of) regular fire drills run by LCH.Clearnet SA from time to time, in accordance with this CDS Clearing Rule Book;
- (xii) have nominated and notified to LCH.Clearnet SA:
  - (a) a Person, having director, general partner, trustee or officer status at the Clearing Member (or a Person occupying a similar status or performing similar functions) who is both responsible for the clearing operations of the Clearing Member and authorised to act on behalf of the Clearing Member in respect of all transactions with or involving LCH.Clearnet SA; and
  - (b) an alternate Person that satisfies the requirements set out in sub-paragraph (a) above and who is authorised to act on behalf of the Clearing Member in the event that the first Person is incapable or unable to act;
- (xiii) pay all fees and other amounts required by LCH.Clearnet SA in accordance with the CDS Clearing Documentation, including, without limitation, satisfying its Margin Requirement, its Contribution Requirement and its Cash Payment obligations;
- (xiv) be in a position to provide Collateral in satisfaction of its Margin Requirements and its Contribution Requirement, and to perform Cash Payment obligations, including:
  - (a) submitting evidence and details of duly existing cash accounts (including, at least, one TARGET2 Account and one cash account in US Dollar) for the purposes of payment of cash amounts, as well as evidence that a Power of Attorney has been issued in favour of LCH.Clearnet SA to allow the debiting or crediting of such cash accounts for the performance of Cash Payment obligations and the provision of Cash Collateral; and
  - (b) having in place all appropriate settlement solutions (direct access or indirect access to at least one settlement system) in case of Physical Settlement;

- (xv) have at its disposal the technical environment, including facilities, equipment, operational capability, personnel, hardware and software systems as may be required to support the proper performance of its business as a Clearing Member, including such IT links as may be necessary for it to be connected to the CDS Clearing System managed by LCH.Clearnet SA;
- (xvi) have operational competence in CDS substantially similar to Original Transactions eligible for clearing by LCH.Clearnet SA;
- (xvii) be a TIW Participant for the purposes of maintaining Original Transactions and Cleared Transactions in the TIW;
- (xviii) be an ATSS Participant for the purpose of submitting Original Transactions for clearing;
- (xix) have access to one of the means of access and reporting mechanism as specified in a Clearing Notice to obtain CDS Clearing System reports;
- (xx) be party to any required documentation with DTCC allowing LCH.Clearnet SA as "Service Provider" to :
  - (a) arrange for the removal of Backloading Transactions or if applicable, Intraday Transactions, from the TIW in accordance with Section 3.1.10;
  - (b) arrange for the registration of Cleared Transactions in the TIW in accordance with Section 3.1.10; and
  - (c) send to DTCC messages by which Cleared Transactions would be adhered to Credit Events;
- (xxi) if it is incorporated or registered in the United States of America, be an eligible contract participant, as defined in Section 1a(12) of the Commodity Exchange Act (other than paragraph (C) thereof);
- (xxii) satisfy any additional membership requirements as set out in Section 1 of the Procedures, including without limitation any caps on the aggregate amount of Initial Margin it may have on deposit at any given time with LCH.Clearnet SA.;
- (xxiii) accept to comply with the performance of its obligations pursuant to the Pledge Agreement;
- (xxiv) in respect of any Applicant that is an FCM, be registered with the CFTC as an FCM and a member in good standing with NFA; and
- (xxv) in respect of any Applicant that is an FCM wishing to be admitted as a CCM, provide LCH.Clearnet SA with an opinion of counsel letter confirming that its performance of the obligations of a CCM would not be contrary to Applicable Law relating to such status, in form and content acceptable to LCH.Clearnet SA.

#### **Article 2.2.1.2**

In addition each FCM Clearing Member must at all times be registered with the CFTC as an FCM and a member in good standing with NFA.

### **Article 2.2.1.3**

In the event a Clearing Member breaches any of the membership requirements set out in Article 2.2.1.1, LCH.Clearnet SA shall consult with the French Competent Authorities to determine whether such breach shall be publically disclosed in accordance with EMIR.

## **Section 2.2.2 Continuing obligations**

### **Article 2.2.2.1**

Each Clearing Member must at all times:

- (i) comply with the membership requirements set out in Section 2.2.1;
- (ii) be a party to the CDS Admission Agreement;
- (iii) comply with the CDS Clearing Documentation;
- (iv) have a CDS Client Clearing Agreement, meeting the requirements of Article 5.1.1.2 (i) (in the case of a CCM) or Article 6.1.1.2 (in the case of an FCM Clearing Member), in place with each of its Clients;
- (v) comply with all Applicable Law relating to its status as a Clearing Member and the performance of its obligations pursuant to the CDS Clearing Documentation;
- (vi) comply with the performance of its obligations pursuant to the Pledge Agreement; and
- (vii) not be subject to Insolvency Proceedings.

## **Section 2.2.3 Capital requirements**

### **Article 2.2.3.1**

A Clearing Member must maintain a minimum net capital of at least EUR 37,000,000 in respect of a Clearing Member which is a CCM (other than a CCM that is an FCM) or \$50,000,000 (fifty million US Dollars) in respect of a Clearing Member which is an FCM. Such net capital shall be calculated as follows:

- (i) the net capital of an FCM means its adjusted net capital, as defined in CFTC Regulation 1.17; and
- (ii) the net capital of a CCM (other than a CCM that is an FCM) means its own original funds as defined in the Capital Requirements Directive;

provided that LCH.Clearnet SA shall be permitted (in its sole and reasonable discretion), to scale (A) a Clearing Member's required level of net capital in accordance with the level of risk introduced to LCH.Clearnet SA by such Clearing Member; and (B) a Clearing Member's level of risk introduced to LCH.Clearnet SA by such Clearing Member in accordance with its level of net capital (and regardless of whether such Clearing Member has a minimum net capital exceeding EUR 37,000,000 or \$50,000,000, as applicable);

provided, further, that each Clearing Member or Clearing Member applicant must maintain compliance with all regulatory financial requirements (whether relating to capital, equity, risk or otherwise) applicable to it (including in the case of an FCM Clearing Member or CCM that is an FCM, compliance with the applicable requirements of CFTC Regulation 1.17 and Part 23 of the CFTC Regulations).

## **Section 2.2.4 Internal credit scoring**

### **Article 2.2.4.1**

The Clearing Member must satisfy the credit risk assessment minimum requirements. LCH.Clearnet SA assesses the credit risk of the Clearing Member in accordance with the internal credit score based on a range of quantitative and qualitative data. These include financial analysis, external market data as well as consideration of any implicit or explicit support available to the Clearing Member. The analysis is performed on a predetermined methodology applicable to any Clearing Member.

## **Section 2.2.5 Corporate organisation**

### **Article 2.2.5.1**

A Clearing Member may organise itself in such manner as it sees fit in relation to the performance of its clearing and back office obligations pursuant to the CDS Clearing Documentation, provided that it can satisfy LCH.Clearnet SA that it maintains sufficient oversight over the performance of such function.

### **Article 2.2.5.2**

Subject to Article 2.2.5.3, a Clearing Member may outsource the performance of all or part of its clearing activities, subject that the Clearing Member shall remain responsible to LCH.Clearnet SA for the performance of all such activities pursuant to the CDS Clearing Documentation. In respect of any such outsourcing, the Clearing Member shall ensure that:

- (i) any entity to whom such activities are outsourced have the ability, capacity and authorisation to carry out such functions;
- (ii) it supervises and monitors the performance of the outsourced activities; and
- (iii) it has effective access to data related to the outsourced activities and to the business premises of the entity to whom the activities have been outsourced and is able to provide such access to LCH.Clearnet SA as would apply to the Clearing Member under this CDS Clearing Rule Book.

### **Article 2.2.5.3**

A Clearing Member may only outsource a material part of its clearing activities with the prior consent of LCH.Clearnet SA. In this context, an outsourcing will be "material" if a failure in the performance of the outsourcee entity would be such as to materially impair the ability of the Clearing Member to perform its obligations to LCH.Clearnet SA. LCH.Clearnet SA may decline to approve such an outsourcing if a failure in such arrangement could be such as to materially impair the ongoing financial soundness or the proper performance of the CDS Clearing Service.

## **Section 2.2.6 Membership of industry organisations or systems relating to CDS contracts**

### **Article 2.2.6.1**

Clearing Members must be members of industry organisations or systems relating to CDS, as designated by LCH.Clearnet SA from time to time as such in accordance with Section 5 of the

Procedures. LCH.Clearnet SA may only make a designation where it is reasonable to do so or it is otherwise necessary for a Clearing Member to utilise the CDS Clearing Service.

### **Section 2.2.7 Third party contractual obligations**

#### **Article 2.2.7.1**

The payment of Physical Settlement Amounts shall not be subject to the provisions of this Section 2.2.7 save as set out in the CDS Clearing Supplement.

#### **Relationship with Securities Settlement Agents and Payment Agents**

#### **Article 2.2.7.2**

A Clearing Member that wishes to use a Securities Settlement Agent and/or a Payment Agent to:

- (i) deliver Eligible Collateral;
- (ii) provide Cash Collateral; or
- (iii) perform Cash Payment obligations

in accordance with the CDS Clearing Documentation, must enter into an agreement with a Securities Settlement Agent and/or a Payment Agent, on such terms as allow the Clearing Member to perform its obligations under the CDS Clearing Documentation as required by LCH.Clearnet SA.

#### **Article 2.2.7.3**

Notwithstanding the provisions of Article 2.2.7.2 above, the use of a Securities Settlement Agent and a Payment Agent shall not relieve the Clearing Member of its obligations under the CDS Clearing Documentation.

#### **Provisions related to Payment Agents**

#### **Article 2.2.7.4**

Clearing Members must ensure that they are able to comply with their Cash Payment obligations to LCH.Clearnet SA and their obligations to provide Cash Collateral, in respect of Euro, through TARGET2 and, in respect of US Dollar, through their cash account(s) in US Dollar, in each case as provided for in Section 3 of the Procedures.

#### **Article 2.2.7.5**

Each Clearing Member must provide LCH.Clearnet SA with a Power of Attorney enabling it to directly debit or credit the Clearing Member's TARGET2 Account(s) and/or cash account(s) in US Dollar or the cash account(s) of any Payment Agent, being used to satisfy the Clearing Member's obligations under Article 2.2.7.2.

#### **Provisions related to Securities Settlement Agents**

#### **Article 2.2.7.6**

Each Clearing Member shall ensure that it has entered into arrangements with the relevant central securities depository or securities settlement system enabling them to provide Eligible Collateral through such central securities depository or securities settlement system if required.

## **Relationship with the Approved Trade Source System(s)**

### **Article 2.2.7.7**

Clearing Members and LCH.Clearnet SA use the services offered by Approved Trade Source System(s) (which, for the avoidance of doubt, include DTCC) in accordance with their own contractual arrangements.

LCH.Clearnet SA shall not be responsible for verifying the content of such contractual arrangements between Clearing Members and the Approved Trade Source System(s).

## **Section 2.2.8 Test processing**

### **Article 2.2.8.1**

Each Clearing Member must participate in technical and operational tests, organised reasonably at the discretion of LCH.Clearnet SA, in order, amongst other things, to ensure the continuity and orderly functioning of the CDS Clearing Service.

## **CHAPTER 3 - INFORMATION OBLIGATIONS, MONITORING AND AUDIT**

### **Section 2.3.1 Information and financial reporting**

#### **Article 2.3.1.1**

Each Clearing Member shall notify LCH.Clearnet SA in writing without delay providing full particulars known to it:

- (i) if there is a change in those direct or indirect shareholders having or controlling 10% or more of its share capital or voting rights (such notification to be given as soon as it becomes aware of that change and provided also that it is not prevented from disclosing the change by Applicable Law);
- (ii) if it ceases to satisfy the Capital requirement in Section 2.2.3;
- (iii) if the amount of its Capital is reduced by more than 10% from that shown on the latest financial statement filed with LCH.Clearnet SA;
- (iv) if it ceases to be subject to the supervision of a Competent Authority;
- (v) in the event that it fails to comply with any applicable financial requirements of any Governmental Authority, Competent Authority, exchange, clearing organisation, or settlement system;
- (vi) of Insolvency Proceedings affecting the Clearing Member or any Parent;
- (vii) an Event which could permit LCH.Clearnet SA to declare an Event of Default against that Clearing Member;
- (viii) of a default of any of the Clearing Member's Clients pursuant to the CDS Client Clearing Agreement;
- (ix) of any material breach of Applicable Law which relates to its status and performance as a Clearing Member under the CDS Clearing Documentation;
- (x) of a Force Majeure Event or the cessation of a Force Majeure Event occurring in respect of it to the extent required by Article 1.2.11.2;
- (xi) any change to its Systems and Operations that materially impacts its ability to comply with its obligations under the CDS Clearing Documentation; and
- (xii) of anything relating to the Clearing Member of which LCH.Clearnet SA would reasonably expect notice (including any matter, circumstance, change or occurrence which would cause a statement previously furnished under this Article 2.3.1.1, any information supplied in connection with its application for admission to membership of the CDS Clearing Service, or otherwise to be inaccurate, incomplete or superseded).

#### **Article 2.3.1.2**

Each Clearing Member must file the following information with LCH.Clearnet SA:

- (i) audited financial statements and audited consolidated financial statements, including balance sheet and profit and loss accounts, with the auditor's report drawn up in accordance with Applicable Law and accounting standards within 90 days of the end of the Clearing Member's fiscal year;

- (ii) interim financial statements, including management profit and loss accounts and balance sheet, drawn up in accordance with Applicable Law and accounting standards, within 60 days of the end of the relevant period; and
- (iii) such financial or other relevant information, in addition to what is explicitly required by this Article 2.3.1.2, as may be requested by LCH.Clearnet SA at its reasonable discretion from time to time.

#### **Article 2.3.1.3**

On request from LCH.Clearnet SA on an annual basis, a Clearing Member shall send to LCH.Clearnet SA:

- (i) an updated group organisation chart and a list of each of its direct and indirect shareholders holding more than a 10% interest in the share capital or voting rights of the Clearing Member; and
- (ii) any change to the identity of those Persons notified to LCH.Clearnet SA in accordance with Article 2.2.1.1 (xii).

This is without prejudice to LCH.Clearnet SA's right reasonably to request such information more frequently if it wishes to do so.

#### **Article 2.3.1.4**

A Clearing Member shall answer any reasonable requests that LCH.Clearnet SA may deem necessary for any matter arising out of or in connection with an Event and shall co-operate with LCH.Clearnet SA in order to process the Event relating to it. For these purposes, it is irrelevant whether the Event has been determined to be an Event of Default by LCH.Clearnet SA pursuant to Section 4.3.1.

#### **Article 2.3.1.5**

A Clearing Member will not breach any obligation to provide information to LCH.Clearnet SA if it is prevented from providing such information:

- (i) by a mandatory provision of Applicable Law or pursuant to an order or direction from a Regulatory Body or court with jurisdiction over the Clearing Member; or
- (ii) in case such Clearing Member does not have the required information and must obtain it from a Client, due to the refusal of such Client to provide the required information (provided the Clearing Member has undertaken reasonable due diligence and provides LCH.Clearnet SA with documented proof of its inability to obtain relevant information from the Client despite such due diligence).

#### **Article 2.3.1.6**

The Clearing Member shall respond to all reasonable requests for information from LCH.Clearnet SA concerning its clearing activities and exposure to general and financial risks (Cleared Transactions, Open Positions, defaults etc).

#### **Article 2.3.1.7**

Clearing Members shall send LCH.Clearnet SA a copy of all injunctions, formal administrative or disciplinary notifications or sanctions imposed on them by any Regulatory Body regarding any event which may significantly affect the ability of the Clearing Member to perform its obligations

under the CDS Clearing Documentation, the exercise of its duties and/or the orderly conduct of its activities as a Clearing Member.

### **Section 2.3.2 Monitoring**

#### **Article 2.3.2.1**

LCH.Clearnet SA will monitor, on an ongoing basis, a number of forward-looking indicators, including, but not limited to:

- (i) CDS spreads in respect of a Clearing Member, its Parent, or other members of its Financial Group;
- (ii) the long-term credit rating(s) of a Clearing Member, its Parent or other member of its Financial Group, as applicable; and
- (iii) equity returns for a Clearing Member, its Parent or other member of its Financial Group, as applicable,

and where, as a result of this monitoring, LCH.Clearnet SA deems it necessary to contain its exposure, it shall have discretion to suspend a Clearing Member as set out in Article 2.4.1.1 and/or to require Credit Quality Margin to be paid in accordance with Article 4.2.1.2 and Section 4.2.4.

### **Section 2.3.3 Audit and inspection**

#### **Article 2.3.3.1**

Each Clearing Member agrees to submit its clearing activity carried out under the CDS Clearing Documentation to inspections reasonably requested by LCH.Clearnet SA.

#### **Article 2.3.3.2**

LCH.Clearnet SA may require an audit of a Clearing Member's Systems and Operations on reasonable notice and no more than twice annually.

#### **Article 2.3.3.3**

In establishing its internal arrangements, the Clearing Member shall ensure that LCH.Clearnet SA shall be permitted access pursuant to Applicable Law in any jurisdiction in which the Clearing Member performs its clearing activities, whether by the Clearing Member itself, a Person in the same Financial Group or a third party outsourcee pursuant to Article 2.2.5.2.

#### **Article 2.3.3.4**

Each Clearing Member shall be entitled to deny the attendance of LCH.Clearnet SA representatives at an inspection or audit if they are affected by conflicts of interest and in such event shall provide appropriate reasons for such denial.

#### **Article 2.3.3.5**

Each Clearing Member shall ensure that appropriate personnel are available for communications with LCH.Clearnet SA during Opening Hours on each Business Day.

#### **Article 2.3.3.6**

If, upon the completion of an audit under this Section 2.3.3, LCH.Clearnet SA believes that any modifications are necessary to the Clearing Member's Systems and Operations or to any other

part of the Clearing Member's business activities, the Clearing Member will enter into good faith discussions with LCH.Clearnet SA as to the necessary extent of any modifications and the timescale within which the Clearing Member will make such modifications.

### **Section 2.3.4 Record keeping**

#### **Article 2.3.4.1**

Each Clearing Member is required to keep all data relating to each Cleared Transaction for at least six years following the termination of each such Cleared Transaction and must make the data available to LCH.Clearnet SA upon demand, subject to any mandatory provisions of Applicable Law to which a Clearing Member is subject, throughout that period.

#### **Article 2.3.4.2**

Both LCH.Clearnet SA and each FCM Clearing Member will maintain books and records which comply with Regulation 6(i) of the FCM CDS Clearing Regulations and otherwise as required by Applicable Law.

### **Section 2.3.5 Clearing Member risk management**

#### **Article 2.3.5.1**

Each Clearing Member shall maintain current written risk management policies and procedures that address the risks that it may pose to the CDS Clearing Service provided by LCH.Clearnet SA, including any policies and procedures that LCH.Clearnet SA may reasonably request be incorporated therein. Upon the request of LCH.Clearnet SA (or the CFTC, the AMF or the *Autorité de Contrôle Prudentiel et de Résolution*, as applicable), a Clearing Member shall promptly provide LCH.Clearnet SA (or the CFTC, the AMF or the *Autorité de Contrôle Prudentiel et de Résolution*, as applicable) with a copy of its current policies and procedures, along with relating information and documents including, without limitation, information and documents relating to the liquidity of the Clearing Member's financial resources and its settlement procedures.

LCH.Clearnet SA shall periodically review the risk management policies, procedures, and practices of each Clearing Member, which address the risks that such Clearing Member may pose to LCH.Clearnet SA. All such reviews shall be documented and maintained in accordance with LCH.Clearnet SA's recordkeeping policy.

## **CHAPTER 4 - SUSPENSION AND TERMINATION OF MEMBERSHIP**

### **Section 2.4.1 Suspension**

#### **Article 2.4.1.1**

LCH.Clearnet SA shall be entitled, subject to Article 2.4.1.3, to suspend a Clearing Member's ability to submit all new Original Transactions, or, alternatively, those Original Transactions which LCH.Clearnet SA does not consider as contributing to reducing the risks of the Clearing Member, for clearing by LCH.Clearnet SA:

- (i) upon any unremedied breach by the Clearing Member of the CDS Clearing Documentation, except where such breach is minor, technical or administrative in nature in the reasonable opinion of LCH.Clearnet SA;
- (ii) when LCH.Clearnet SA determines that it is necessary for it to contain its exposure to the Clearing Member following its monitoring pursuant to Article 2.3.2.1;
- (iii) upon suspension or termination (other than a voluntary termination) of the Clearing Member's membership of another clearing house provided that the circumstances relating to that suspension or termination are, in LCH.Clearnet SA's reasonable opinion, material to the management of its risk by LCH.Clearnet SA, and that LCH.Clearnet SA first consults or attempts to consult with the Clearing Member and LCH.Clearnet SA's Competent Authority;
- (iv) as a result of Disciplinary Proceedings brought against a Clearing Member; or
- (v) upon the occurrence of an Event in respect of the Clearing Member that could materially impact the ability of that Clearing Member to perform its obligations under the CDS Clearing Documentation.

#### **Article 2.4.1.2**

A suspended Clearing Member shall remain and continue to be bound by all of its obligations under the CDS Clearing Documentation.

#### **Article 2.4.1.3**

Before suspending a Clearing Member under Article 2.4.1.1, and without limiting its rights under Section 4.3.1, LCH.Clearnet SA must consult with the relevant Clearing Member, where to do so would be reasonable in the circumstances, further to which LCH.Clearnet SA may either agree a grace period within which the Clearing Member may remedy the event in question or institute Disciplinary Proceedings in respect of the Clearing Member without limitation to any right to declare an Event of Default.

#### **Article 2.4.1.4**

LCH.Clearnet SA shall be entitled, at any time and at its discretion, to revoke the suspension imposed on a Clearing Member under Article 2.4.1.1 above.

#### **Article 2.4.1.5**

Suspension of membership shall be promptly notified to the Competent Authorities.

## **Section 2.4.2 Membership Termination**

### **Article 2.4.2.1**

Membership Termination shall become effective, in the case of a Clearing Member in respect of which a Default Notice has been served by LCH.Clearnet SA, on the Defaulting Clearing Member Termination Date, and in the case of an LCH Default, on the Termination Date.

### **Article 2.4.2.2**

Subject to Article 2.4.2.1, the membership of a Clearing Member may be terminated:

- (i) by LCH.Clearnet SA serving a Membership Termination Notice to the relevant Clearing Member, specifying a date in respect of which Membership Termination shall be effective, which may be no earlier than the date six months after service of the Membership Termination Notice save in the case of a Defaulting Clearing Member in which case the termination date may be any date stated by LCH.Clearnet SA; or
- (ii) by a Clearing Member serving a Membership Termination Notice to LCH.Clearnet SA, specifying a date in respect of which Membership Termination shall be effective, which may be no earlier than the date 25 Business Days after service of the Membership Termination Notice, provided that no such termination shall be effective where it relates to a Defaulting Clearing Member.

In each case, the Clearing Member shall be required to effect a Non-Default Unwind of all of its Cleared Transactions prior to the Scheduled Membership Termination Date.

### **Article 2.4.2.3**

For the purposes of Article 4.3.1.1, a failure by a Clearing Member to effect a Non-Default Unwind of all of its Cleared Transactions prior to the Scheduled Membership Termination Date shall constitute a breach of the CDS Clearing Documentation but not an Event for the purposes of Article 4.3.1.1.

However, if a Clearing Member fails to effect a Non-Default Unwind of all of its Cleared Transactions prior to the Scheduled Membership Termination Date, LCH.Clearnet SA shall consult with the relevant Clearing Member to agree a grace period (to be no longer than 10 Clearing Days) for the Clearing Member to effect the Non-Default Unwind of all of its Cleared Transactions. If, at the end of such grace period (or, in the absence of any agreement on such grace period, on the 10<sup>th</sup> Clearing Day following the Scheduled Membership Termination Date), the relevant Clearing Member has not effected a Non-Default Unwind of all of its Cleared Transactions, LCH.Clearnet SA shall be entitled to take any of the actions set out in Article 4.3.2.3 as if an Event of Default had been declared with respect to such Clearing Member and such Clearing Member was a Defaulting Clearing Member.

### **Article 2.4.2.4**

In the event of any Non-Default Termination, Membership Termination shall be effective (unless the relevant Membership Termination Notice is withdrawn in accordance with Article 2.4.2.5):

- (i) if the Membership Termination Notice is delivered during a CDS Post-Default Period:
  - (a) if such Clearing Member has concluded a Non-Default Unwind of all of its Cleared Transactions on or prior to the final calendar day of such CDS Post-Default Period, on the final calendar day of such CDS Post-Default Period; and

- (b) if such Clearing Member has not concluded a Non-Default Unwind of all of its Cleared Transactions on or prior to the final calendar day of such CDS Post-Default Period, on the 10th calendar day following the first date as of which such Clearing Member has concluded its Non-Default Unwind of all of its Cleared Transactions, provided that if an Event of Default in relation to another Clearing Member occurs prior to such date of effective withdrawal, the Clearing Member's Membership Termination Notice shall be deemed to have been given during the resulting CDS Post-Default Period and the provisions of this sub-paragraph (i) shall apply again in relation to that Clearing Member's Membership Termination Notice;
- (ii) if the Membership Termination Notice is delivered other than during a CDS Post-Default Period:
  - (a) if such Clearing Member has concluded a Non-Default Unwind of all of its Cleared Transactions on or prior to the Scheduled Membership Termination Date, on such Scheduled Membership Termination Date; or
  - (b) if such Clearing Member has not concluded a Non-Default Unwind of all of its Cleared Transactions on or prior to the Scheduled Membership Termination Date, on the 10th calendar day following the first date as of which such Clearing Member has concluded a Non-Default Unwind of all of its Cleared Transactions,

provided that, in each case, if a Default Notice is issued in relation to another Clearing Member prior to such date, such Membership Termination Notice shall be deemed to have been given during the resulting CDS Post-Default Period and the provisions of sub-paragraph (i) shall apply.

#### **Article 2.4.2.5**

A Clearing Member or LCH.Clearnet SA, as the case may be, shall be entitled to withdraw its Membership Termination Notice served pursuant to Article 2.4.2.2 at any time prior to Membership Termination.

#### **Article 2.4.2.6**

In the event that, during a Membership Termination Notice Period for a Clearing Member, an LCH Default occurs or a Default Notice is served in respect of that Clearing Member, the procedures being undertaken in relation to the Non-Default Termination shall end and the rights of LCH.Clearnet SA, in relation to an Event of Default, and the rights of a Clearing Member, in relation to an LCH Default, shall prevail.

#### **Article 2.4.2.7**

Where LCH.Clearnet SA issues a Default Notice prior to Membership Termination, the Collateral transferred to LCH.Clearnet SA as a Contribution or Additional Contribution Amount by a Clearing Member may be applied in accordance with Article 4.3.3.1.

#### **Article 2.4.2.8**

Subject to the application of TITLE I, Chapter 3 during any Membership Termination Notice Period, the relevant Clearing Member shall remain liable to:

- (i) provide Collateral to satisfy its Margin Requirements;
- (ii) satisfy its Variation Margin Requirement when due to LCH.Clearnet SA;

- (iii) provide Collateral to satisfy its Contribution Requirement, including any increase to the level of its Contribution in the event that LCH.Clearnet SA recalculates the required CDS Default Fund in accordance with Article 4.4.1.5 during the Membership Termination Notice Period;
- (iv) make all other required Cash Payments;
- (v) transfer, liquidate and make settlement/delivery (as applicable) in respect of all Cleared Transactions to which it is party in accordance with this CDS Clearing Rule Book, the CDS Clearing Supplement and the terms of the relevant Cleared Transactions;
- (vi) participate in the CDS Default Management Process;
- (vii) co-operate fully with LCH.Clearnet SA and to deal with any requests from it in a prompt and orderly fashion; and
- (viii) continue to satisfy conditions to its membership as set out in TITLE II and the CDS Admission Agreement.

For the avoidance of doubt, if an LCH Default occurs during the Membership Termination Notice Period other than where the Clearing Member is itself subject to an Event of Default, the provisions of TITLE I, Chapter 3 shall take precedence with respect to the Cleared Transactions registered in the Account Structure of the relevant Clearing Member and for which the relevant Clearing Member has not concluded a Non-Default Unwind on or prior to the LCH Default Time.

#### **Article 2.4.2.9**

Following Membership Termination, LCH.Clearnet SA and any Former Clearing Member shall remain:

- (i) subject to Article 1.2.14.1, Section 1.2.15 and any proceedings under the CDS Dispute Resolution Protocol and any provisions of the CDS Clearing Documentation which relate in whole or in part to any acts or omissions of LCH.Clearnet SA or the Former Clearing Member while it was a Clearing Member;
- (ii) in the event of an LCH Default, subject to the rights and obligations set out in TITLE I, Chapter 3; and
- (iii) liable in respect of all fees, fines, charges and payments under Cleared Transactions, amounts due to LCH.Clearnet SA or the Former Clearing Member as a result of its Cleared Transactions and any other liabilities accrued prior to Membership Termination, including in particular, the payment of any Termination Amount(s) pursuant to Article 1.3.1.10, any amounts due pursuant to Article 4.3.3.4 or the payment of the LCH Repayment Amount pursuant to Clause 8.7 of the CDS Default Management Process.

#### **Article 2.4.2.10**

Promptly following Membership Termination, pursuant to Non-Default Termination, LCH.Clearnet SA shall issue a Clearing Notice specifying the name of the Former Clearing Member and, where appropriate, that they have opted to voluntarily terminate their membership pursuant to Article 2.4.2.2(ii).

#### **Article 2.4.2.11**

In relation to a Former Clearing Member's House Account Structure, following Membership Termination, LCH.Clearnet SA shall, if not already repaid, redelivered or accounted for pursuant to the CDS Clearing Rules, repay to a Former Clearing Member an amount equal to the sum of:

- (i) the Margin Balance for its House Margin Account; plus
- (ii) in the case of a CCM, any CCM Client Collateral Buffer; plus
- (iii) in the case of a CCM, any CCM Unallocated Client Collateral (to be held on account for its CCM Clients); plus
- (iv) any Collateral that has been transferred to LCH.Clearnet SA to satisfy its Contribution Requirement to the extent it has not been used by LCH.Clearnet SA in accordance with, or as permitted by, the CDS Clearing Rules; less
- (v) any amounts owing by the Former Clearing Member to LCH.Clearnet SA in respect of House Cleared Transactions recorded in its House Trade Account;

and redeliver to the Former Clearing Member any Pledged Eligible Collateral (other than Pledged Eligible Collateral which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process) which the Former Clearing Member has transferred to LCH.Clearnet SA to be recorded in its House Collateral Account.

In relation to each Client Account Structure of a Former Clearing Member, following Membership Termination, LCH.Clearnet SA shall, if not already repaid, redelivered or accounted for pursuant to the CDS Clearing Rules, repay to a Former Clearing Member an amount equal to the sum of:

- (i) the Margin Balance (if any) for each CCM Client Account Structure in the case of a CCM or as the case may be, for each FCM Client Margin Account in the case of an FCM Clearing Member; plus
- (ii) in the case of an FCM Clearing Member, any FCM Client Collateral Buffer and FCM Unallocated Client Collateral (save that LCH.Clearnet SA shall be entitled to retain any FCM Client Collateral Buffer in accordance with the FCM CDS Clearing Regulations to the extent a default has occurred in respect of an FCM Client);

and, in the case of a CCM, redeliver to the Former Clearing Member any Client Pledged Eligible Collateral (other than Client Pledged Eligible Collateral which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process) which the Former Clearing Member has transferred to LCH.Clearnet SA to be recorded in the relevant Client Collateral Account.

Repayment shall be made as soon as reasonably possible after LCH.Clearnet SA has determined that the Former Clearing Member has no outstanding sums owing to LCH.Clearnet SA.

#### **Article 2.4.2.12**

Termination of membership shall be promptly notified to the Competent Authorities.

## **Section 2.4.3 Winding Down Event**

### **Article 2.4.3.1**

Upon the date which it specifies in a Clearing Notice, and following the occurrence of a Winding Down Event, LCH.Clearnet SA shall be entitled to cease the CDS Clearing Service provided that it publishes a Clearing Notice notifying all Clearing Members that a Winding Down Event has occurred, and to the extent possible, of the Early Termination Trigger Date with respect to the cessation. LCH Clearnet SA shall publish the Clearing Notice as far in advance of the Early Termination Trigger Date as is reasonably possible.

### **Article 2.4.3.2**

Clearing Members shall use all reasonable efforts to effect a Non-Default Unwind of their positions prior to the Early Termination Trigger Date notified in accordance with Article 2.4.3.1, however failure to do so will not constitute an Event of Default.

### **Article 2.4.3.3**

As soon after the Early Termination Trigger Date notified in accordance with Article 2.4.3.1 as is possible, and in any case, no longer than three Business Days after the Early Termination Trigger Date, or any other date required by the *Autorité de Contrôle Prudentiel et de Résolution*, LCH.Clearnet SA shall apply the process set out in Clauses 8.1.4 to Clause 8.12 of the CDS Default Management Process to determine the final payments to be made to each Clearing Member. For this purpose, the term:

- (i) "Non Defaulting Clearing Member" shall read "Clearing Member"; and
- (ii) "Early Termination Trigger Date" shall read as the date which is specified in the Clearing Notice as the date on which Original Transactions shall cease to be accepted for clearing on the CDS Clearing Service.

# **TITLE III**

# **CLEARING OPERATIONS**

## **CHAPTER 1 - NOVATION AND REGISTRATION**

### **Section 3.1.1 Weekly Backloading Cycle**

#### **Article 3.1.1.1**

LCH.Clearnet SA performs a Weekly Backloading Cycle in accordance with Section 3.1.1 and Section 5 of the Procedures.

On each Weekly Backloading Start Day on which LCH.Clearnet SA receives the Gold Records File from DTCC in relation to one or more Weekly Backloading Transactions, LCH.Clearnet SA will start performing the Weekly Backloading Cycle set out in this Section 3 in relation to such Weekly Backloading Transactions.

#### **Article 3.1.1.2**

On each relevant Weekly Backloading Start Day, upon receipt by LCH.Clearnet SA of the Gold Records File, LCH.Clearnet SA will extract the Transaction Data of each Weekly Backloading Transaction.

#### **Article 3.1.1.3**

Following the extraction of Transaction Data in relation to each Weekly Backloading Transaction pursuant to Article 3.1.1.2, LCH.Clearnet SA will, on such day at such times and in such form as prescribed in Section 5 of the Procedures:

- (i) perform the Eligibility Controls;
- (ii) issue the Clearing Eligibility Report;
- (iii) request each Clearing Member to identify the Weekly Backloading Transactions which it wants to include in the Weekly Backloading Cycle;
- (iv) identify the Eligible Weekly Backloading Transactions;
- (v) notify each Clearing Member of the estimated Margin Requirements which would be required from the relevant Clearing Member if each relevant trade leg of its Eligible Weekly Backloading Transactions were included as Cleared Transactions registered in its Trade Accounts at the time the estimation is performed; and
- (vi) issue the DTCC Matching and Eligibility Report.

#### **Article 3.1.1.4**

Each Clearing Member agrees, by submitting its Weekly Backloading Transactions to LCH.Clearnet SA in its Clearing Eligibility Report, to be bound by the registration of such Weekly Backloading Transactions in accordance with this Section 3.1.1.

#### **Article 3.1.1.5**

An Eligible Weekly Backloading Transaction can be removed from the Weekly Backloading Cycle provided that such removal is requested in the manner set out in Section 5 of the Procedures:

- (i) prior to becoming an Irrevocable Weekly Backloading Transaction, and

- (ii) by both the Clearing Member acting as protection buyer and the Clearing Member acting as protection seller in respect of such Eligible Weekly Backloading Transaction. Any Eligible Weekly Backloading Transaction so removed will become a Rejected Transaction.

Where not so removed, each Eligible Weekly Backloading Transaction shall become an Irrevocable Weekly Backloading Transaction at the time specified in Section 5 of the Procedures.

#### **Article 3.1.1.6**

A Weekly Backloading Cycle may be cancelled by LCH.Clearnet SA in accordance with Section 5 of the Procedures if a Clearing Member has duly notified LCH.Clearnet SA that there is an error in the DTCC Matching and Eligibility Report issued to such Clearing Member.

#### **Article 3.1.1.7**

Unless the Weekly Backloading Cycle is cancelled pursuant to Article 3.1.1.6, LCH.Clearnet SA will, in accordance with Section 3.1.7, pre-register the positions corresponding to each Irrevocable Weekly Backloading Transaction in the relevant Clearing Member's House Account Structure at the times set out in Section 5 of the Procedures on the relevant Weekly Backloading Novation Day provided that:

- (i) all Eligibility Requirements of such Irrevocable Weekly Backloading Transaction are still met, and
- (ii) the Weekly Backloading Transactions have not been removed from the TIW.

If, at this time, either of the conditions set out in Article 3.1.1.7 (i) or (ii) are no longer met in respect of any Irrevocable Weekly Backloading Transaction, such Irrevocable Weekly Backloading Transaction shall become a Rejected Transaction. For the avoidance of doubt, the characterisation of one or more Irrevocable Weekly Backloading Transactions as Rejected Transactions in accordance with this Article 3.1.1.7 shall not impact the pre-registration of the remaining Irrevocable Weekly Backloading Transactions in the House Account Structures of the relevant Clearing Members.

#### **Article 3.1.1.8**

Any Weekly Backloading Transaction which:

- (i) has not been successfully reconciled pursuant to Article 3.1.1.2;
- (ii) fails the Eligibility Controls on the Weekly Backloading Start Day;
- (iii) no longer meets any of the Eligibility Requirements at any time on or prior to the Weekly Backloading Novation Day;
- (iv) does not become an Eligible Weekly Backloading Transaction or an Irrevocable Weekly Backloading Transaction;
- (v) is affected by a Backloading Failure in accordance with Article 3.1.3.1 and Section 5 of the Procedures; or
- (vi) is part of a Weekly Backloading Cycle cancelled pursuant to Article 3.1.4.6;

will become a Rejected Transaction.

### **Article 3.1.1.9**

Following the Morning Call on the relevant Weekly Backloading Novation Day, LCH.Clearnet SA shall:

- (i) novate in accordance with Article 3.1.6.1 each Irrevocable Weekly Backloading Transaction that is not a Rejected Transaction at the Novation Time;
- (ii) if applicable, perform the compression of Cleared Transactions in accordance with TITLE III, Chapter 3 and Section 5 of the Procedures;
- (iii) register in the TIW, in accordance with Section 3.1.10, the Cleared Transactions arising out of the novation and, if applicable, compression process; and
- (iv) if applicable, remove from the TIW, in accordance with Section 3.1.10, the relevant Backloading Transactions and Cleared Transactions which are terminated as a result of the compression process.

### **Article 3.1.1.10**

In December of each year, LCH.Clearnet SA shall issue a Clearing Notice containing a provisional calendar which specifies the Weekly Backloading Cycle of the following year. LCH.Clearnet SA may as required, amend such provisional calendar by issuing a Clearing Notice.

## **Section 3.1.2 Daily Backloading Cycle**

### **Article 3.1.2.1**

LCH.Clearnet SA operates a Daily Backloading Cycle in accordance with this Section 3.1.2 and Section 5 of the Procedures.

### **Article 3.1.2.2**

On any Business Day, a Daily Backloading Transaction may be submitted to LCH.Clearnet SA through an Approved Trade Source System during the Real Time Session.

Upon receipt of Original Transaction Data relating to a Daily Backloading Transaction from an Approved Trade Source System, LCH.Clearnet SA will perform in the following order:

- (i) the Eligibility Controls; and
- (ii) the Client Transaction Checks (if applicable).

### **Article 3.1.2.3**

A CM Backloading Transaction will become an Irrevocable Daily Backloading Transaction once it has passed the Eligibility Controls and a Client Backloading Transaction will become an Irrevocable Daily Backloading Transaction once it has passed the Eligibility Controls and the Client Transaction Checks. If any of the Eligibility Controls or the Client Transaction Checks is not successfully completed, the relevant Daily Backloading Transaction will become a Rejected Transaction.

LCH.Clearnet SA will, in accordance with Section 3.1.7, pre-register the positions corresponding to each Irrevocable Daily Backloading Transaction in the relevant Clearing Member's Account Structure at the times set out in Section 5 of the Procedures on the relevant Daily Backloading Novation Day provided that all Eligibility Requirements of such Irrevocable Daily Backloading Transaction are still met.

Any Daily Backloading Transaction affected by a Backloading Failure in accordance with Article 3.1.3.1 and Section 5 of the Procedures shall become a Rejected Transaction.

#### **Article 3.1.2.4**

Following the Morning Call on the relevant Daily Backloading Novation Day, LCH.Clearnet SA shall:

- (i) novate in accordance with Article 3.1.6.1 each Irrevocable Daily Backloading Transaction that is not a Rejected Transaction at the Novation Time;
- (ii) if applicable, perform the compression of Cleared Transactions in accordance with TITLE III, Chapter 3 and Section 5 of the Procedures;
- (iii) register in the TIW, in accordance with Section 3.1.10, the Cleared Transactions arising out of the novation and, if applicable, compression process; and
- (iv) if applicable, remove from the TIW, in accordance with Section 3.1.10, the relevant Daily Backloading Transactions and Cleared Transactions which are terminated as a result of the compression process.

### **Section 3.1.3 Backloading Failure**

#### **Article 3.1.3.1**

If, on a Clearing Day, a Backloading Failure occurs in respect of one or more Clearing Member(s), the following Backloading Transactions will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle:

- (i) all the Backloading Transactions which were due to give rise to the registration of Cleared Transactions in the Trade Account(s) of the Failed Backloading Clearing Member(s); and
- (ii) any Backloading Transactions which are linked to the Backloading Transactions referenced in Article 3.1.3.1(i) above, pursuant to and in accordance with Section 5 of the Procedures;

The Backloading Transactions removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle pursuant to this Article 3.1.3.1 shall become Rejected Transactions.

#### **Article 3.1.3.2**

Following the occurrence of a Backloading Failure, LCH.Clearnet SA will promptly deliver a Backloading Failure Notice to all Clearing Members.

#### **Article 3.1.3.3**

Each Failed Backloading Clearing Member will be liable for costs incurred by LCH.Clearnet SA in connection with the process described in Article 3.1.3.1 as specified in a fee grid published from time to time by LCH.Clearnet SA on the Website.

### **Section 3.1.4 Intraday Process**

#### **Article 3.1.4.1**

An Intraday Transaction may be submitted to LCH.Clearnet SA for clearing through an Approved Trade Source System during the Real Time Session on any Clearing Day.

#### **Article 3.1.4.2**

Submission by an ATSS Participant to an Approved Trade Source System of an Intraday Transaction with a designation for clearing by LCH.Clearnet SA shall be deemed to be an irrevocable agreement by such ATSS Participant that:

- (i) the relevant Original Transaction Data may be sent by such Approved Trade Source System, pursuant to the Approved Trade Source System's terms and conditions, to LCH.Clearnet SA;
- (ii) such Intraday Transaction is intended to be novated to LCH.Clearnet SA pursuant to and in accordance with the terms of the CDS Clearing Rules and the CDS Clearing Supplement; and
- (iii) the terms of such Intraday Transaction will not be amended prior to novation (unless such Intraday Transaction becomes a Rejected Transaction).

#### **Article 3.1.4.3**

On each Clearing Day, the Real Time Session will begin at the Start of Real Time. Upon receipt of Original Transaction Data relating to an Intraday Transaction from an Approved Trade Source System, during the Real Time Session, LCH.Clearnet SA will perform in the following order:

- (i) the Eligibility Controls; and
- (ii) the Client Transaction Checks (if applicable).

If an Intraday Transaction is received for clearing by LCH.Clearnet SA outside of the Real Time Session or if any of the Eligibility Controls, the Client Transaction Checks (if applicable) or the Notional and Collateral Checks are not successfully completed, such Intraday Transaction will automatically become a Rejected Transaction.

#### **Article 3.1.4.4**

An Intraday Transaction will become an Eligible Intraday Transaction only once the Eligibility Controls and the Client Transaction Checks (if applicable) have been successfully completed. LCH.Clearnet SA will then pre-register the positions corresponding to any Eligible Intraday Transaction in the Account Structure of the relevant Clearing Member in accordance with Section 3.1.7, and such Eligible Intraday Transaction will then be subject to the Notional and Collateral Check with respect to the relevant Clearing Member. If an Eligible Intraday Transaction passes the Notional and Collateral Check with respect to each of the Clearing Members in respect of whom a Cleared Transaction would be registered, LCH.Clearnet SA will novate such Eligible Intraday Transaction pursuant to Article 3.1.6.1.

#### **Article 3.1.4.5**

Unless otherwise stated in this Section 3.1.4, each stage of the intraday process as set out in this Section 3.1.4 will be conducted by LCH.Clearnet SA as quickly as technologically practicable and, where applicable, will begin as quickly as technologically practicable after the previous stage.

#### **Article 3.1.4.6**

LCH.Clearnet SA will inform all relevant Clearing Members of the results of the application of the Eligibility Controls, the Client Transaction Checks (if applicable) and the Notional and Collateral

Check on each relevant Intraday Transaction in the relevant Intraday Call Reports, made available to Clearing Members in accordance with Section 5 of the Procedures.

### **Section 3.1.5 Rejected Transactions**

#### **Article 3.1.5.1**

A Rejected Transaction will immediately be withdrawn from the registration process by LCH.Clearnet SA and will not be capable of being novated pursuant to this CDS Clearing Rule Book but may be re-submitted for clearing in accordance with the CDS Clearing Rules and the CDS Clearing Supplement. LCH.Clearnet SA will notify the relevant Clearing Member of any Rejected Transaction in accordance with and subject to Section 5 of the Procedures. Rejected Transactions that have been pre-registered in accordance with Article 3.1.7.1 will be un-registered from that Clearing Member's Account Structure.

#### **Article 3.1.5.2**

Notwithstanding any other provision of this CDS Clearing Rule Book, LCH.Clearnet SA may reject any Original Transaction which does not comply with this CDS Clearing Rule Book, the Procedures or the Eligibility Requirements or where an Event has occurred or, in LCH.Clearnet SA's reasonable opinion, is likely to occur, in relation to the relevant Clearing Member.

### **Section 3.1.6 Novation Process**

#### **Article 3.1.6.1**

In respect of each Original Transaction novated by LCH.Clearnet SA, with effect from the Novation Time of such Original Transaction:

- (i) if such Original Transaction comprises two House Trade Legs, the parties to such Original Transaction shall be automatically and immediately released and discharged from all their obligations to each other under such Original Transaction (and the books and records of such parties shall be updated to reflect such novation) other than in respect of:
  - (a) any amounts which are due and payable (or deliverable) by one party to the other pursuant to the terms of such Original Transaction but have not yet been paid (or delivered), on or prior to the Novation Time; and
  - (b) any Initial Payment Amounts or any Fixed Amounts, when such amounts remain payable between the parties to such Original Transaction and in accordance with the terms of such Original Transaction pursuant to the CDS Clearing Supplement;
- (ii) if such Original Transaction comprises at least one Client Trade Leg, the parties to such Original Transaction shall be released and discharged from all their obligations to each other in accordance with the relevant agreement they have entered into other than in respect of:
  - (a) any amounts which are due and payable (or deliverable) by one party to the other pursuant to the terms of such Original Transaction but have not yet been paid (or delivered), on or prior to the Novation Time; and
  - (b) any Initial Payment Amounts or any Fixed Amounts, when such amounts remain payable between the parties to such Original Transaction and in accordance with the terms of such Original Transaction pursuant to the CDS Clearing Supplement;

- (iii) each such Original Transaction will be replaced by two Cleared Transactions as follows:
  - (a) a Cleared Transaction entered into between LCH.Clearnet SA (acting as the protection seller in respect of such Cleared Transaction) and either: (x) in the event the Fixed Rate Payer of the Original Transaction is a Clearing Member, the Fixed Rate Payer (acting as CDS Buyer in respect of such Cleared Transaction); or (y) in the event the Fixed Rate Payer of the Original Transaction is a Client, the relevant Nominated Clearing Member (acting as CDS Buyer in respect of such Cleared Transaction), as applicable; and
  - (b) a Cleared Transaction entered into between LCH.Clearnet SA (acting as the protection buyer in respect of such Cleared Transaction) and either: (x) in the event the Floating Rate Payer of the Original Transaction is a Clearing Member, the Floating Rate Payer (acting as CDS Seller in respect of such Cleared Transaction); or (y) in the event the Floating Rate Payer of the Original Transaction is a Client, the relevant Nominated Clearing Member (acting as CDS Seller in respect of such Cleared Transaction), as applicable; and
- (iv) each such Cleared Transaction is deemed entered into by LCH.Clearnet SA as a system and is irrevocable in accordance with Article L. 330-1 III and IV of the French Monetary and Financial Code.

Any failure by a party to perform its obligations under such Original Transaction shall not affect the liability of any such party to LCH.Clearnet SA following the novation of such Original Transaction.

#### **Article 3.1.6.2**

LCH.Clearnet SA will inform the relevant Clearing Members of the novation of an Original Transaction, novated pursuant to Article 3.1.6.1, in the relevant Cleared Trades Report and Bilateral Trades Report, in accordance with Section 5 of the Procedures.

#### **Article 3.1.6.3**

The CDS Clearing System used for the purposes of the novation of Backloading Transactions is not a real-time monitoring of transactions process.

Registration of Cleared Transactions in the Account Structure of the relevant Clearing Members will depend upon the effective receipt by LCH.Clearnet SA of appropriate information from the Approved Trade Source System, and will be processed during Clearing Days as set out in Section 5 of the Procedures.

LCH.Clearnet SA shall not be in breach of the CDS Clearing Documentation by reason of late provision of any report or information by the Approved Trade Source System.

#### **Article 3.1.6.4**

LCH.Clearnet SA will be entitled to assume and will assume that no Credit Event Notice or Notice of Physical Settlement under an Original Transaction submitted for clearing by LCH.Clearnet SA in accordance with this TITLE III, Chapter 1 has been delivered by either party to the other prior to the Novation Time for that Original Transaction (other than any deemed delivery of a Credit Event Notice pursuant to a DC Credit Event Announcement). Each Clearing Member upon submitting an Original Transaction for clearing by LCH.Clearnet SA acknowledges and agrees that any Credit Event Notice (other than any deemed delivery of a Credit Event Notice pursuant to a DC Credit Event Announcement) or Notice of Physical Settlement (or NOPS Amendment Notice) delivered in

relation to an Original Transaction which is accepted for clearing by LCH.Clearnet SA in accordance with Section 3.1.1, Section 3.1.2 or Section 3.1.4 shall be deemed, at the Novation Time, never to have been delivered.

#### **Article 3.1.6.5**

Subject to Article 3.1.6.1 above, each Cleared Transaction shall be on identical terms as those set out in the Transaction Data of the Original Transaction replaced by such Cleared Transaction, and otherwise subject to the provisions of the CDS Clearing Documentation. With effect from the Novation Time, the terms of the Cleared Transaction shall be definitive, regardless of whether any Cleared Transaction is based on any Original Transaction and regardless of any error or the validity of any Original Transactions.

#### **Article 3.1.6.6**

Notwithstanding the designation by LCH.Clearnet SA of any system as an Approved Trade Source System, LCH.Clearnet SA makes no warranty as to the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Trade Source System or the timeliness or otherwise of the delivery of any Original Transaction, details by that Approved Trade Source System to LCH.Clearnet SA. The ability of Clearing Members to submit Original Transactions through a particular Approved Trade Source System may be suspended from time to time provided that any such suspension applies to all Clearing Members and, where reasonably practicable, LCH.Clearnet SA gives at least 2 Clearing Days notice of such suspension.

#### **Article 3.1.6.7**

In the event that LCH.Clearnet SA registers Cleared Transactions on the basis of incorrect or corrupted data sent to it by an Approved Trade Source System, the Clearing Member concerned shall be bound by the terms of such Cleared Transactions. LCH.Clearnet SA may agree to use its reasonable endeavours to assist the relevant Clearing Members in re-registering such trades on the correct basis but it shall be under no obligation to do so. LCH.Clearnet SA shall not be liable to Clearing Members or anyone else with regard to the registration of such Cleared Transactions.

### **Section 3.1.7 Pre-registration**

#### **Article 3.1.7.1**

Pre-registration is an internal process implemented by LCH.Clearnet SA for the purposes only of ensuring that:

- (i) the terms of the relevant Eligible Intraday Transactions or Irrevocable Backloading Transactions, as applicable;
- (ii) in respect of a Receiving Clearing Member, the Client Cleared Transactions to be transferred to it in accordance with TITLE V, Chapter 3 or TITLE VI, Chapter 3 (as applicable); and/or
- (iii) in respect of a Backup Clearing Member, the Relevant Client Cleared Transactions to be transferred to it in accordance with clause 4.3 of the CDS Default Management Process,

are taken into account for the purposes of determining the Intraday Novation Margin Requirement and/or the Margin Requirement for each Margin Account of each Clearing Member, on the relevant Clearing Day pursuant to Section 4.2.3 and Section 2 of the Procedures.

For the avoidance of doubt, pre-registration of:

- (i) the positions corresponding to an Eligible Intraday Transaction or an Irrevocable Backloading Transaction does not constitute the novation of such Eligible Intraday Transaction or Irrevocable Backloading Transaction; and
- (ii) a Client Cleared Transaction or Relevant Client Cleared Transaction does not constitute the actual transfer of such Client Cleared Transaction or Relevant Client Cleared Transaction to the Receiving Clearing Member or Backup Clearing Member, as applicable.

#### **Article 3.1.7.2**

LCH.Clearnet SA shall upon successful completion of:

- (i) in respect of an Intraday Transaction: the Eligibility Controls and the Client Transaction Checks (if applicable);
- (ii) in respect of an Irrevocable Weekly Backloading Transaction: the Eligibility Controls performed on the Weekly Backloading Novation Day; or
- (iii) in respect of an Irrevocable Daily Backloading Transaction: the Eligibility Controls performed on the Daily Backloading Novation Day;

promptly pre-register the positions corresponding to the relevant Original Transaction in the Account Structure of the relevant Clearing Member. The position that will be pre-registered will be equivalent to the Cleared Transaction that would be registered on the clearing of such Original Transaction.

#### **Article 3.1.7.3**

LCH.Clearnet SA shall pre-register:

- (i) the Client Cleared Transactions to be transferred to a Receiving Clearing Member in accordance with TITLE V, Chapter 3 or TITLE VI, Chapter 3 (as applicable); or
- (ii) the Relevant Client Cleared Transactions to be transferred to a Backup Clearing Member in accordance with clause 4.3 of the CDS Default Management Process;

in the Account Structure of the relevant Receiving Clearing Member or Backup Clearing Member, as applicable.

### **Section 3.1.8 Margin calculation**

#### **Article 3.1.8.1**

LCH.Clearnet SA shall calculate the Margin Requirement and the Variation Margin Requirement for each Margin Account of each Clearing Member in accordance with Title IV, Chapter 2 and Section 2 of the Procedures, taking into account the Open Positions registered within its Account Structure plus, where applicable, the positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of the relevant Clearing Member in accordance with Section 3.1.7.

### **Section 3.1.9 Loss Distribution Periods**

#### **Article 3.1.9.1**

If, on a Business Day and in accordance with Clause 7.3 of the CDS Default Management Process, LCH.Clearnet SA requests that an adjustment be made to the Loss Distribution Cap Amount for one or more Non-Defaulting Clearing Member(s), and such day is also:

- (i) a Daily Backloading Novation Day but not a Weekly Backloading Novation Day: the novation of all Daily Backloading Transactions that have not been novated prior to such request will be postponed; or
- (ii) a Daily Backloading Novation Day and a Weekly Backloading Novation Day: the novation of all Backloading Transactions that have not been novated prior to such request will be postponed.

In this circumstance, LCH.Clearnet SA shall promptly, and by no later than 07.45, publish a Clearing Notice notifying all Clearing Members that it will not novate any Original Transactions submitted to LCH.Clearnet SA for clearing on such Clearing Day unless and until each affected Non-Defaulting Clearing Member has agreed to an adjustment to their Loss Distribution Cap Amount. For the avoidance of doubt, such Clearing Notice will not identify the Non-Defaulting Clearing Members who are being consulted in relation to an adjustment to their Loss Distribution Cap Amount.

#### **Article 3.1.9.2**

In the event that each relevant Non-Defaulting Clearing Member agrees to an adjustment to their Loss Distribution Cap Amount on such Business Day in the form and within the timeframe set out in the relevant Clearing Notice, LCH.Clearnet SA will promptly distribute the relevant Backloading Transaction Reports (in accordance with and subject to Section 5 of the Procedures) to each Clearing Member for that Business Day. Following the Morning Call made by LCH.Clearnet SA, each Clearing Member will be required to satisfy the Margin Requirement(s) and Variation Margin Requirement(s) in respect of the Margin Account(s) for each of its Account Structure(s) at the time of the next available TARGET2 payment window (as set out in Section 3 of the Procedures) on such Business Day, save that if the time of the next available TARGET2 payment window is less than 45 minutes from the time of distribution of the relevant Backloading Transaction Reports (in accordance with Section 5 of the Procedures) each Clearing Member will be required to satisfy the Margin Requirement(s) and Variation Margin Requirement(s) in respect of the Margin Account(s) for each of its Account Structure(s) at the time of the second next available TARGET2 payment window on such Business Day. LCH.Clearnet SA shall ensure that each Clearing Member is provided with at least 45 minutes notice of the time at which it will be required to satisfy the Margin Requirement(s) and Variation Margin Requirement(s) in respect of the Margin Account(s) for each of its Account Structure(s) on such Business Day.

#### **Article 3.1.9.3**

Provided that following the Morning Call made by LCH.Clearnet SA, each Clearing Member satisfies its Margin Requirement(s) and Variation Margin Requirement(s) in respect of the Margin Account(s) for each of its Account Structure(s) by the close of the relevant TARGET2 payment window, in accordance with Article 3.1.9.2, all the Backloading Transactions submitted to LCH.Clearnet SA for clearing pursuant to Section 3.1.1 or Section 3.1.2 shall be novated as soon as technologically practicable after the Clearing Member Novation Acceptance Time. In the event

that a Backloading Failure occurs in respect of any Clearing Member, LCH.Clearnet SA shall novate the Backloading Transactions that have not become Rejected Transactions as a result of Section 3.1.3.

#### **Article 3.1.9.4**

If any Non-Defaulting Clearing Member does not agree to an adjustment to its Loss Distribution Cap Amount on such Business Day in the form and within the timeframe set out in the relevant Clearing Notice, an Early Termination Trigger Date shall arise, in accordance with Clause 8.1 of the CDS Default Management Process. Upon an Early Termination Trigger Date, LCH.Clearnet SA shall promptly publish a Clearing Notice notifying all Clearing Members that an Early Termination Trigger Date has arisen, and that LCH.Clearnet SA will not novate any more Original Transactions submitted to it for clearing on such day (if such day is a Clearing Day) and will not accept any Original Transactions which are submitted to LCH.Clearnet SA for clearing by Clearing Members at any time after the Early Termination Trigger Date has arisen.

### **Section 3.1.10 Registration of Cleared Transactions**

#### **Article 3.1.10.1**

Following the novation of Backloading Transactions in accordance with Section 3.1.1 or Section 3.1.2, and, if applicable, the compression of Cleared Transactions in accordance with Title III, Chapter 3 and Section 5 of the Procedures, LCH.Clearnet SA shall promptly arrange for:

- (i) the removal of the relevant Backloading Transactions from the TIW on behalf the relevant Clearing Members and/or Client(s);
- (ii) if applicable, the removal of the Cleared Transactions which are terminated as a result of the compression process; and
- (iii) the registration of the relevant Cleared Transactions in the TIW on its own behalf and on behalf the relevant Clearing Members.

For the avoidance of doubt, if Cleared Transactions have been compressed pursuant to TITLE III, Chapter 3 as part of the Daily Backloading Cycle or the Weekly Backloading Cycle in accordance with Article 3.1.1.9 or Article 3.1.2.4, as applicable, LCH.Clearnet SA shall register in the TIW only the compressed Cleared Transaction(s), if any.

#### **Article 3.1.10.2**

Following the novation of Intraday Transactions in accordance with Section 3.1.4, LCH.Clearnet SA shall, in accordance with Section 5 of the Procedures, promptly arrange for:

- (i) if applicable, the removal of the relevant Intraday Transactions from the TIW on behalf of the relevant Clearing Members which have already been registered in the TIW but which are terminated as a result of the registration of the relevant Cleared Transactions; and
- (ii) the registration of the two related Cleared Transactions in the TIW on its own behalf and on behalf the relevant Clearing Members.

#### **Article 3.1.10.3**

Cleared Transactions shall be registered by LCH.Clearnet SA in the CDS Clearing System in the Account Structure of the relevant Clearing Members.

#### **Article 3.1.10.4**

The terms and conditions of Cleared Transactions are determined pursuant to the CDS Clearing Supplement.

#### **Article 3.1.10.5**

Each relevant Clearing Member with respect to an Original Transaction novated in accordance with the CDS Clearing Rules and the CDS Clearing Supplement must ensure that its books and records are updated to reflect the novation of such Original Transaction and the creation of the relevant Cleared Transaction as soon as reasonably practicable after the relevant Cleared Trades Report has been made available to such Clearing Member, in accordance with Section 5 of the Procedures, following novation of such Original Transaction in accordance with Article 3.1.6.1.

#### **Article 3.1.10.6**

Cleared Transactions are registered in Trade Accounts on a trade by trade basis. LCH.Clearnet SA will not perform compression or netting at the Trade Account level otherwise than pursuant to TITLE III, Chapter 3.

#### **Article 3.1.10.7**

The process as described in Article 3.1.10.1 will apply, *mutatis mutandis*, in all other circumstances where termination and creation messages relating to Cleared Transactions of a Clearing Member are to be exchanged between the Approved Trade Source System, LCH.Clearnet SA and such Clearing Member, including, without limitation, in connection with:

- (i) the creation of Restructuring Matched Pairs or Settlement Matched Pairs (where applicable and subject to Sections 5 and 6 of Part A or Part B, as applicable, of the CDS Clearing Supplement, as applicable); and
- (ii) the transfer of Cleared Transactions.

#### **Article 3.1.10.8**

Upon the occurrence of specific events where LCH.Clearnet SA manually undertakes, with respect to any Cleared Transactions, automatic processes that are usually provided by the TIW in accordance with Section 5 of the Procedures, LCH.Clearnet SA will charge the relevant Clearing Member fees for undertaking such manual procedure, specified in a fee grid published from time to time by LCH.Clearnet SA on its Website.

### **Section 3.1.11 Reporting requirements**

#### **Article 3.1.11.1**

LCH.Clearnet SA and the Clearing Member shall comply with their obligations to report the details of a Cleared Transaction and any modification or termination of such Cleared Transaction without duplication to a trade repository duly registered or recognised in accordance with EMIR, or if such a trade repository is not available, to the European Securities and Markets Authority, in accordance with the requirements of EMIR and at the times and in the manner set out in Section 5 of the Procedures.

### **Article 3.1.11.2**

LCH.Clearnet SA shall submit any report required under Part 45 of the CFTC Regulations in respect of any Cleared Transactions, in accordance with Section 5 of the Procedures.

## **CHAPTER 2 – HOUSE ACCOUNT STRUCTURE**

### **Section 3.2.1 House Trade Account**

#### **Article 3.2.1.1**

LCH.Clearnet SA shall open one House Trade Account for each Clearing Member.

#### **Article 3.2.1.2**

Registration of Cleared Transactions in a House Trade Account shall initially be made by LCH.Clearnet SA on the basis of the Transaction Data with respect to the relevant Original Transaction and amended to reflect any compression of Cleared Transactions pursuant TITLE III, Chapter 3.

### **Section 3.2.2 House Margin Account**

#### **Article 3.2.2.1**

LCH.Clearnet SA shall open one House Margin Account for each Clearing Member for the purposes of risk calculation, as described in Title IV.

#### **Article 3.2.2.2**

House Cleared Transactions of a Clearing Member will be allocated to the House Margin Account of the Clearing Member, for the purposes of the determination of Open Positions registered in such House Margin Account.

#### **Article 3.2.2.3**

LCH.Clearnet SA shall calculate a Clearing Member's Open Positions registered in its House Margin Account by netting the Cleared Transactions which are allocated to the House Margin Account and which are of the same CDS Type.

### **Section 3.2.3 House Collateral Account**

#### **Article 3.2.3.1**

Cash Collateral provided by Clearing Members to satisfy its House Margin Requirement or to create House Excess Collateral, will be provided by way of full title transfer and will be held by LCH.Clearnet SA in accordance with Section 3 of the Procedures.

#### **Article 3.2.3.2**

At the option of each Clearing Member, and in accordance with Section 3 of the Procedures, Eligible Collateral may be transferred by the relevant Clearing Member to LCH.Clearnet SA to satisfy its House Margin Requirement or to create House Excess Collateral, either on a full title transfer basis pursuant to Article L. 440-7 of the French Monetary and Financial Code, or by way of a Belgian law security interest with no title transfer pursuant to the applicable provisions of Belgian law.

### **Article 3.2.3.3**

LCH.Clearnet SA shall open one House Collateral Account for each Clearing Member for the purposes of identifying Collateral such Clearing Member has provided to satisfy its House Margin Requirement or to create House Excess Collateral.

## **CHAPTER 3 - COMPRESSION**

### **Section 3.3.1 General**

#### **Article 3.3.1.1**

Subject to Article 3.3.1.3, there will be no compression of Cleared Transactions unless requested by a Clearing Member in accordance with this Section 3.3.1. Two methods are available to Clearing Members:

- (i) ad hoc compression which can be requested by any Clearing Member only in respect of Cleared Transactions which have already been registered in the TIW; or
- (ii) automatic compression which can be set up by a Clearing Member in respect of:
  - (a) Cleared Transactions which have been novated as part of the Daily Backloading Cycle and/or Weekly Backloading Cycle but have not yet been registered in the TIW: such Cleared Transactions may be compressed with (x) other Cleared Transactions novated as part the same Daily Backloading Cycle or Weekly Backloading Cycle, as applicable, and/or (y) other Cleared Transactions already registered in the TIW; and/or
  - (b) Cleared Transactions already registered in the TIW.

The process and conditions for ad hoc compression and automatic compression are set out in further details in Section 5 of the Procedures.

#### **Article 3.3.1.2**

A request by a Clearing Member to effect compression in accordance with this Section 3.3.1 and Section 5 of the Procedures, may only be made in relation to Cleared Transactions which are registered in the same Trade Account of such Clearing Member.

#### **Article 3.3.1.3**

As set out in Section 5 of the Procedures following a Credit Event in respect of any Cleared Transactions, other than a Restructuring Credit Event, LCH.Clearnet SA may compress Cleared Transactions to result in one or more Cleared Transaction(s) *per CDS Type*.

As set out in Section 5 of the Procedures following a Restructuring Credit Event in respect of any Cleared Transactions, LCH.Clearnet SA may compress Single Name Cleared Transactions to result in one or more Cleared Transaction(s) *per CDS Type*.

As set out in Section 5 of the Procedures following a DC Credit Event Announcement, if the Fallback Settlement Method applies in respect of any Cleared Transactions, LCH.Clearnet SA may compress Physically Settled Cleared Transactions to result in one or more Cleared Transactions *per CDS Type*.

Following an Event of Default, TITLE IV, CHAPTER 3 of this CDS Clearing Rule Book shall prevail and apply in relation to all matters concerning aggregation, compression, set off, closing out and termination of Cleared Transactions.

#### **Article 3.3.1.4**

In the event that a Clearing Member does elect for the compression of some or all of its Cleared Transactions in accordance with this Section 3.3.1 and Section 5 of the Procedures, such

compression shall take place through termination of the relevant existing Cleared Transaction or Cleared Transactions of the same CDS Type in consideration for entry into a new replacement single Cleared Transaction.

#### **Article 3.3.1.5**

Neither Article 3.3.1.1 nor Article 3.3.1.3 affects the definition, or calculation, of the Open Positions registered in each Margin Account of a Clearing Member, the Clearing Member's Margin Requirement, or the Clearing Member's Contribution Requirement.

#### **Article 3.3.1.6**

LCH.Clearnet SA will reflect each compression in the records of the TIW on its own behalf and on behalf the relevant Clearing Members and/or Clients, in accordance with Section 5 of the Procedures.

If the records of trades in the TIW do not reflect the Cleared Transactions to which a Clearing Member and LCH.Clearnet SA are party following compression, then LCH.Clearnet SA will correct the records of the TIW accordingly.

#### **Article 3.3.1.7**

Where compression has taken place in respect of any Cleared Transactions, the accrued Fixed Amounts for the relevant Cleared Transactions shall be netted and the Fixed Amount for the Cleared Transaction resulting from the compression shall be determined by reference to the Cleared Transactions which were compressed.

# **TITLE IV**

# **RISK MANAGEMENT**

## **CHAPTER 1 - GENERAL PROVISIONS**

### **Section 4.1.1**

#### **Article 4.1.1.1**

For each Clearing Member, all calculations and determinations (including calculation of the House Margin Requirement, Client Margin Requirement, House Variation Margin Requirement and Client Variation Margin Requirement) performed by LCH.Clearnet SA pursuant to Title IV, CHAPTER 2 and Sections 2 and 3 of the Procedures shall be undertaken separately in respect of its House Margin Account and each of its Client Margin Accounts,

notwithstanding that in respect of its Client Margin Accounts, LCH.Clearnet SA will:

- (i) require a Clearing Member to transfer Collateral to meet its Total Client Margin Requirement and/or make Cash Payments where the Total Client Variation Margin Requirement is due to LCH.Clearnet SA; and/or
- (ii) make Cash Payments to a Clearing Member where the Total Client Variation Margin Requirement is due to such Clearing Member,

in accordance with Sections 2 and 3 of the Procedures.

#### **Article 4.1.1.2**

LCH.Clearnet SA shall calculate the Margin Requirements on the basis of the Open Positions registered in each relevant Margin Account. Where applicable, LCH.Clearnet SA shall also take into account those positions corresponding to Irrevocable Backloading Transactions pre-registered in the Account Structure of such Clearing Member.

#### **Article 4.1.1.3**

Once a Cleared Transaction is terminated or duly settled in accordance with its terms, such Cleared Transaction will no longer be taken into account for the purposes of calculating the Margin Requirement for the relevant Margin Account of the Clearing Member.

## **CHAPTER 2 - MARGIN**

### **Section 4.2.1 Margin Requirement**

#### **Article 4.2.1.1**

In order to manage its risk exposure, LCH.Clearnet SA shall require each Clearing Member to transfer to LCH.Clearnet SA such Collateral as is necessary to satisfy its House Margin Requirement and its Total Client Margin Requirement. LCH.Clearnet SA shall make Collateral Calls, in accordance with Section 4.2.3 below and Section 3 of the Procedures, for this purpose.

#### **Article 4.2.1.2**

LCH.Clearnet SA shall be entitled, in consultation with the Risk Committee where reasonably possible, at any time to:

- (i) impose, amend or withdraw additional requirements in relation to the calculation of Margin payable by all Clearing Members; or
- (ii) require Credit Quality Margin to be paid by a particular Clearing Member.

Where advance consultation with the Risk Committee is not practicable, LCH.Clearnet SA shall be required to seek the advice of the Risk Committee at its next meeting as regards the continued applicability of any such amended Margin calculations and shall seek ratification of the decision to amend the manner in which LCH.Clearnet SA makes its Margin calculations at the next meeting of the LCH.Clearnet SA board of directors.

### **Section 4.2.2 Excess Collateral and the Client Collateral Buffer**

#### **Article 4.2.2.1**

A Clearing Member may specify, and may update, its House Excess Collateral Threshold and its Client Collateral Buffer Threshold at such times and in such manner as set out in Section 2 of the Procedures.

House Excess Collateral can be used by LCH.Clearnet SA to cover increases in the House Margin Requirement and to satisfy the Notional and Collateral Check carried out by LCH.Clearnet SA in respect of Eligible Intraday Transactions comprising one or more House Trade Leg(s).

In the case of a CCM, CCM Client Excess Collateral can be used by LCH.Clearnet SA to cover increases in the relevant CCM Client Margin Requirement(s) calculated in respect of the Margin Accounts for a CCM Client Account Structure and to satisfy the Notional and Collateral Check carried out by LCH.Clearnet SA in respect of Eligible Intraday Transactions comprising one or more Client Trade Leg(s).

In the case of an FCM Clearing Member and in accordance with Article 6.2.5.1(ii), any intraday FCM Client Excess Collateral attributable to a specific FCM Client Financial Account can be used by LCH.Clearnet SA to cover increases in the relevant FCM Client Margin Requirement and to satisfy the Notional and Collateral Check carried out by LCH.Clearnet SA in respect of Eligible Intraday Transactions comprising one or more Client Trade Leg(s).

#### **Article 4.2.2.2**

If at any time, in respect of a Clearing Member:

- (i) its House Excess Collateral falls below its House Excess Collateral Threshold; and/or
- (ii) its Client Collateral Buffer falls below its Client Collateral Buffer Threshold,

LCH.Clearnet SA shall request the Clearing Member, at the next Collateral Call, to transfer Collateral equal to the House Excess Collateral Shortfall and the Client Collateral Buffer Shortfall.

#### **Article 4.2.2.3**

A Clearing Member may increase the amount of:

- (i) House Excess Collateral;
- (ii) in the case of a CCM:
  - (a) CCM Client Excess Collateral recorded in a particular CCM Client Collateral Account; or
  - (b) CCM Client Collateral Buffer,

by transferring additional Collateral to LCH.Clearnet SA in accordance with Section 3 of the Procedures.

#### **Article 4.2.2.4**

If, when carrying out a Notional and Collateral Check in respect of the Client Trade Leg of an Eligible Intraday Transaction, LCH.Clearnet SA determines that there is insufficient Client Excess Collateral allocated to:

- (i) in the case of a CCM: the relevant CCM Client Account Structure; or
- (ii) in the case of an FCM Clearing Member: the relevant FCM Client Margin Account,

to enable the novation of such Client Trade Leg, but there is sufficient Available Client Collateral Buffer, an amount of the Available Client Collateral Buffer shall be “allocated” to:

- (a) in the case of a CCM: the relevant CCM Client Account Structure; or
- (b) in the case of an FCM Clearing Member: the relevant FCM Client Margin Account,

in accordance with Section 2 of the Procedures, so as to satisfy the Intraday Novation Margin Requirement.

LCH.Clearnet SA will update the value of the Available Client Collateral Buffer for each relevant Clearing Member following:

- (i) the novation of each Intraday Transaction comprising one or more Client Trade Leg(s), if applicable; and
- (ii) each Collateral Call.

#### **Article 4.2.2.5**

Where, in the case of a CCM:

- (i) in respect of the CCM House Collateral Account: the CCM Margin Balance exceeds the CCM House Margin Requirement;
- (ii) in respect of a CCM Client Collateral Account: the CCM Margin Balance exceeds the relevant CCM Client Margin Requirement(s) calculated in respect of the Margin Accounts for the relevant CCM Client Account Structure; and/or
- (iii) in respect of the Buffer Collateral Account: there is CCM Available Client Collateral Buffer;

the CCM may request to have Collateral returned to it in accordance with the process set out in Section 3 of the Procedures.

Where, in the case of an FCM Clearing Member:

- (i) in respect of the FCM House Collateral Account; the FCM Margin Balance exceeds the FCM House Margin Requirement, the FCM Clearing Member may request to have Collateral returned to it in accordance with the process set out in Section 3 of the Procedures and subject to Article 6.2.5.1(i); and
- (ii) in respect of the FCM Client Collateral Account:
  - (a) the FCM Margin Balance of an FCM Client Financial Account exceeds the relevant FCM Client Margin Requirement prior to the Morning Call; or
  - (b) the value of the Collateral attributed to the FCM Buffer Financial Account exceeds the FCM Client Collateral Buffer Threshold,

the amount of the excess will be reclassified as FCM Unallocated Client Excess Collateral and thereafter may be returned to the FCM Clearing Member upon request in the conditions set out in Section 3 of the Procedures and subject to Article 6.2.5.1.

#### **Article 4.2.2.6**

A request to have Collateral returned, in accordance with Article 4.2.2.5 and Section 3 of the Procedures, will not impact the House Excess Collateral Threshold or Client Collateral Buffer Threshold specified by the Clearing Member. Unless separately updated in accordance with Article 4.2.2.1 and Section 2 of the Procedures, LCH.Clearnet SA shall continue to use the previously notified House Excess Collateral Threshold and Client Collateral Buffer Threshold for the purposes of making Collateral Calls pursuant to Section 4.2.3.

### **Section 4.2.3 Collateral Calls**

#### **Article 4.2.3.1**

Prior to each Collateral Call (other than an Additional Collateral Call), for each Clearing Member, LCH.Clearnet SA shall calculate, at such times set out in Section 2 of the Procedures and in such manner set out in Sections 2 and 3 of the Procedures:

- (i) in respect of its House Account Structure and each of its CCM Client Account Structure(s) in the case of a CCM or each of its FCM Client Margin Account(s) in the case of an FCM Clearing Member:
  - (a) the Margin Requirement for each Margin Account;

- (b) the Variation Margin Requirement for each Margin Account, in accordance with Article 4.2.5.2;
- (c) the Margin Balance; and
- (ii) the Client Collateral Buffer.

On the basis of such calculations, LCH.Clearnet SA shall determine, in respect of each Clearing Member, whether there is:

- (i) in respect of the House Account Structure and each CCM Client Account Structure(s) or as the case may be, each FCM Client Margin Account(s), a Margin Shortfall or an Excess Collateral; and
- (ii) a Client Collateral Buffer Shortfall.

LCH.Clearnet SA shall perform these calculations in accordance with Article 4.1.1.1 at the times and in the manner set out in Sections 2 and 3 of the Procedures.

On each Business Day, following each calculation made by LCH.Clearnet SA in accordance with Article 4.2.3.1, LCH.Clearnet SA shall inform each Clearing Member, in accordance with Section 5 of the Procedures, of:

- (i) in respect of its House Account Structure and each of its CCM Client Account Structure(s) or as the case may be, each of its FCM Client Margin Account(s):
  - (a) the Margin Requirement for each Margin Account;
  - (b) the Variation Margin Requirement for each Margin Account;
  - (c) the Margin Balance;
  - (d) the Margin Shortfall or Excess Collateral, as the case may be;
  - (e) the House Excess Collateral Shortfall (in respect of the House Margin Account only);
- (ii) any Client Collateral Buffer Shortfall (if any);
- (iii) for an FCM Clearing Member, the FCM Unallocated Client Excess Collateral,

through the reports made available to each Clearing Member in accordance with, and subject to, Section 5 of the Procedures.

The failure by LCH.Clearnet SA to provide any such reports shall not invalidate its ability to debit a Clearing Member's TARGET2 Account and/or any other cash account(s) as the case may be, in accordance with Article 4.2.3.2, using the Power of Attorney issued in its favour in accordance with Article 2.2.1.1(xiv)(a), to cover any Required Collateral Amount and/or Variation Margin.

#### **Article 4.2.3.2**

As set out in Section 3 of the Procedures, LCH.Clearnet SA will make a Collateral Call of an amount equal to the Required Collateral Amount in accordance with Section 3 of the Procedures.

At the same time as each Collateral Call (other than an Additional Collateral Call), except as otherwise provided for in the Procedures, each Clearing Member or LCH.Clearnet SA, as the case may be, shall also be required to make a Cash Payment to satisfy the Variation Margin

Requirement applicable to each of the Clearing Member's Margin Accounts. Such payments shall be made in the currency as provided for in Section 3 of the Procedures.

By exception to the above, in any circumstance preventing the Cash Payments from being performed in US Dollar, LCH.Clearnet SA shall be entitled, and inform the Clearing Members of its intention, to convert any amount denominated in US Dollar in Euro, such conversion to be effected at the prevailing rate of exchange at the time of conversion and therefore, the Cash Payments obligations shall be performed in Euro, in accordance with Section 3 of the Procedures.

All payments required to be made, in accordance with this Article 4.2.3.2, will be netted in the manner set out in Section 3 of the Procedures.

#### **Article 4.2.3.3**

The failure to transfer Collateral in an amount equal to:

- (i) the House Excess Collateral Shortfall;
- (ii) the Client Collateral Buffer Shortfall; and/or
- (iii) the Allocated Client Collateral Buffer,

in accordance with Article 4.2.3.2 shall not constitute a Payment Failure in respect of the relevant Clearing Member.

### **Section 4.2.4 Additional Collateral Call**

#### **Article 4.2.4.1**

LCH.Clearnet SA shall, at any time on any day in accordance with the CDS Clearing Rules, have the right to calculate and make a Collateral Call on a Clearing Member to transfer to LCH.Clearnet SA such additional Collateral through:

- (i) TARGET2, provided that such day is a Business Day;
- (ii) its cash account(s) in US Dollar, provided that such day is a day on which commercial banks in New York City are open for business,

as LCH.Clearnet SA deems necessary to manage its risk exposure.

For the avoidance of doubt, such Collateral Call may relate to either a House Account Structure or a Client Account Structure of a Clearing Member.

#### **Article 4.2.4.2**

Where LCH.Clearnet SA makes a Collateral Call in accordance with Article 4.2.4.1, each relevant Clearing Member shall transfer Collateral in the form and by such time as is required by LCH.Clearnet SA. LCH.Clearnet SA shall notify each relevant Clearing Member, as soon as is reasonably practicable, providing at least 45 minutes notice of the time at which such Clearing Member is required to transfer Collateral to LCH.Clearnet SA. LCH.Clearnet SA shall use all reasonable endeavours, from the time at which the decision to make a Collateral Call is made by it and until the time at which the Clearing Member is required to transfer Collateral, to contact each relevant Clearing Member, by any method of communication available to it, to inform the Clearing Member of its intention to make a Collateral Call in accordance with Article 4.2.4.1. Provided that LCH.Clearnet SA has complied with the requirements of this Article 4.2.4.2, it shall have the right to debit a Clearing Member's TARGET2 Account or as the case may be, any cash account in US

Dollar, using the Power of Attorney issued in its favour in accordance with Article 2.2.1.1(xiv)(a), to cover any such Collateral requirement.

## **Section 4.2.5 Variation Margin**

### **Article 4.2.5.1**

In order to manage the risk of price fluctuations occurring in respect of a Clearing Member's Open Positions, LCH.Clearnet SA and/or the Clearing Member shall be required to make Cash Payments (as applicable) to meet the House Variation Margin Requirement and Total Client Variation Margin Requirement when such amounts are due and payable. LCH.Clearnet SA shall separately calculate the Variation Margin Requirement for each Margin Account of a Clearing Member in accordance with Section 2 of the Procedures.

### **Article 4.2.5.2**

Variation Margin shall be payable by a Clearing Member or LCH.Clearnet SA, as applicable, at the same time as the Morning Call and First Intraday Call, except as otherwise provided for in the Procedures.

LCH.Clearnet SA and each Clearing Member required to make a Cash Payment in relation to such Variation Margin shall do so by such times as set out in Section 3 of the Procedures.

## **Section 4.2.6 Collateral**

### **Article 4.2.6.1**

The list of Eligible Currencies and Eligible Collateral is set out in Section 3 of the Procedures. LCH.Clearnet SA may notify Clearing Members of any change to what constitutes Eligible Currencies or Eligible Collateral by publication of a Clearing Notice.

### **Article 4.2.6.2**

On the specific written request of a Clearing Member, LCH.Clearnet SA shall ensure that the Risk Committee is consulted on the acceptance of any type of currency, security or other type of asset as an Eligible Currency or as Eligible Collateral as the case may be, provided that Applicable Law permits LCH.Clearnet SA to accept such currency, security or other asset as Collateral. If Applicable Law no longer permits any currency, security or other asset to be accepted by a LCH.Clearnet SA as Collateral, LCH.Clearnet SA shall amend the list of Eligible Currencies and Eligible Collateral in accordance with Article 1.2.2.4 (ii)(a).

### **Article 4.2.6.3**

- (i) A CCM shall post Cash Collateral and/or Eligible Collateral:
  - (a) to satisfy the Margin Requirement(s) in respect of the Margin Accounts for each of its Account Structures;
  - (b) where such CCM wishes to maintain Collateral over and above that which is needed to satisfy the CCM Client Margin Requirement(s) in respect of the Margin Accounts for any of its CCM Client Account Structures, in the relevant CCM Client Collateral Account;

- (c) where such CCM wishes to maintain Collateral over and above that which is needed to satisfy the CCM House Margin Requirement in the CCM House Collateral Account; and/or
- (d) where such CCM wishes to maintain CCM Client Collateral Buffer in its Buffer Collateral Account,

in accordance with the conditions set out in Section 3 of the Procedures.

- (ii) An FCM Clearing Member shall post Cash Collateral and/or Eligible Collateral:
  - (a) to satisfy the Margin Requirement, in respect of each of its Margin Accounts;
  - (b) where such FCM Clearing Member wishes to maintain FCM Client Collateral Buffer, in the FCM Buffer Financial Account; and/or
  - (c) where such FCM Clearing Member wishes to maintain FCM House Excess Collateral, in the FCM House Collateral Account,

in accordance with the conditions set out in Section 3 of the Procedures.

#### **Article 4.2.6.4**

LCH.Clearnet SA may apply such haircuts to Eligible Collateral and such FX adjustments to Cash Collateral as set out on the Website in calculating (as applicable):

- (i) the Margin Balance for each Account Structure of a CCM;
- (ii) the Margin Balance for any FCM House Margin Account;
- (iii) the aggregate value of Collateral (excluding FCM Client Collateral Buffer) transferred by an FCM Clearing Member to LCH.Clearnet SA to meet its Total Client Margin Requirement for purposes of and to the extent relevant for determining the Margin Balance and the Legally Segregated Value for each FCM Client Margin Account of such FCM Clearing Member; and
- (iv) the value of the Client Collateral Buffer.

#### **Article 4.2.6.5**

Cash Collateral and Eligible Collateral transferred to LCH.Clearnet SA shall be held by LCH.Clearnet SA in accordance with Section 3 of the Procedures.

#### **Article 4.2.6.6**

In providing any Eligible Collateral to LCH.Clearnet SA, a Clearing Member shall represent and warrant that:

- (i) the Clearing Member is the sole and beneficial owner of the assets making up such Eligible Collateral or, if an FCM Clearing Member provides Eligible Collateral for which it is not the sole and beneficial owner, such FCM Clearing Member has the right to grant to LCH.Clearnet SA a first security interest in and first priority and unencumbered first lien upon the assets making up such Eligible Collateral;
- (ii) none of the assets making up the Eligible Collateral for which the Clearing Member is the sole and beneficial owner are subject to any security interest, encumbrance or other third

party interest (other than a lien routinely imposed on all securities in a clearing system in which any such Eligible Collateral may be held);

- (iii) the use or application of the Eligible Collateral by LCH.Clearnet SA will not breach Applicable Law or any obligations owed by such Clearing Member to any third party; and
- (iv) it has the right, or will have the right at the time of their being credited to the relevant account, to transfer the Eligible Collateral to LCH.Clearnet SA for security purposes.

## **Section 4.2.7      Markit LCH Settlement Price**

### **Article 4.2.7.1**

LCH.Clearnet SA will use End of Day Contributed Prices, or if, for any reason whatsoever, such End of Day Contributed Prices are not available to LCH.Clearnet SA, other composite prices/spreads provided by the Index Publisher or such other prices/spreads as may be determined by the Risk Committee, for the purposes of any risk calculation performed by LCH.Clearnet SA pursuant to this CDS Clearing Rule Book including, without limitation, calculating and valuing a Clearing Member's Open Positions and calculating its Margin Requirement. The price/spread actually used by LCH.Clearnet SA to calculate the settlement prices for Cleared Transactions on either an end of day or intra-day basis shall be referred to as the "**Markit LCH Settlement Price**".

### **Article 4.2.7.2**

Each Clearing Member is hereby authorised:

- (i) to use the Markit LCH Settlement Prices internally and solely in connection with its clearing functions;
- (ii) to provide Markit LCH Settlement Prices to those Clients with Open Positions registered in its corresponding Client Margin Accounts; provided that: (a) such distribution is at no cost; (b) the Markit LCH Settlement Prices are provided for use by such Clients internally and solely in connection with their clearing functions, (c) any permitted onward distribution to the Client's affiliates and clients is equivalently restricted, and (d) the Markit LCH Settlement Prices are identified as such.

For the avoidance of doubt, "clearing functions" shall mean the validation of the Clearing Member's, or any relevant Clients', Margin Requirements and the calculation and valuation of the Clearing Member's, or any relevant Client's, Open Positions for the purposes of its own internal books and records.

### **Article 4.2.7.3**

Each Clearing Member accepts that LCH.Clearnet SA, the Index Publisher and its data providers, specifically disclaim (i) all warranties or representations as to, and (ii) all liabilities whether in contract, tort (including, but not limited to, negligence) or otherwise in relation to, the quality, fitness for purpose, completeness or accuracy of the Markit LCH Settlement Prices.

### **Article 4.2.7.4**

Should a Clearing Member breach the provisions of this Section 4.2.7, it shall indemnify LCH.Clearnet SA for any losses, costs, or expenses incurred by LCH.Clearnet SA as a result of that breach.

#### **Article 4.2.7.5**

Each Clearing Member acknowledges and agrees that the Markit LCH Settlement Prices are provided "as is", and that neither the Index Publisher nor any other person makes any representation or warranty related to the Markit LCH Settlement Prices nor shall the Index Publisher or any of its data providers have any liability, duty or obligation for or relating to the Markit LCH Settlement Prices, any errors, inaccuracies, omissions or delays in content, or for any actions taken in reliance thereon. In no event shall the Index Publisher or any of its data providers be liable for damages including, without limitation, damages resulting from lost data or lost profits or revenue, the costs of recovering such data, claims by third parties or for similar costs, or any special, incidental or consequential damages arising out of the use of the Markit LCH Settlement Prices.

#### **Article 4.2.7.6**

Each Clearing Member hereby makes the Index Publisher an intended third party beneficiary of Article 4.2.7.1 to Article 4.2.7.5 above.

#### **Article 4.2.7.7**

In connection with the establishment and validation of an End of Day Contributed Price, each Price Contribution Participant shall, in accordance with process set out in Section 5 of the Procedures relating to End of Day Contributed Prices, enter into a CDS with another Price Contribution Participant following notification from LCH.Clearnet SA that they are required to do so and the terms on which such CDS should be executed. By the End of Day on the Price Contribution Day following receipt of such notification from LCH.Clearnet SA, the Price Contribution Participant shall evidence that such CDS has been entered into, as described in Section 5 of the Procedures.

#### **Article 4.2.7.8**

A Clearing Member can delegate the performance of its obligations: (i) to submit Market Data pursuant to Section 5 of the Procedures; and (ii) to enter into CDS pursuant to Article 4.2.7.7 above to its Price Contribution Delegate.

Notwithstanding the due appointment of a Price Contribution Delegate, the Clearing Member shall remain responsible to LCH.Clearnet SA for the due performance of its obligations under Article 4.2.7.7 above and Section 5 of the Procedures.

## **CHAPTER 3 - EVENTS OF DEFAULT**

### **Section 4.3.1 Events of Default**

#### **Article 4.3.1.1**

Where any of the following events occurs and is continuing with respect to a Clearing Member, LCH.Clearnet SA shall, subject to Article 4.3.1.2, be entitled to determine that the relevant Event constitutes an Event of Default in respect of such Clearing Member:

- (i) that Clearing Member fails to perform its obligations in accordance with, or is in breach of, the CDS Clearing Documentation or the Pledge Agreement;
- (ii) that Clearing Member is declared to be in default by or is expelled from membership of another clearing house;
- (iii) that Clearing Member is suspended by, or expelled from membership of, any Regulatory Body;
- (iv) that Clearing Member commits a Payment Failure;
- (v) that Clearing Member is subject to Insolvency Proceedings;
- (vi) that in LCH.Clearnet SA's opinion, that Clearing Member is likely to become subject to Insolvency Proceedings;
- (vii) that Clearing Member is subject to an event of default in connection with any other clearing service provided to the Clearing Member by LCH.Clearnet SA; and/or
- (viii) that in LCH.Clearnet SA's opinion, that Clearing Member is likely to commit a Payment Failure.

#### **Article 4.3.1.2**

Before LCH.Clearnet SA is entitled to determine that an Event constitutes an Event of Default, LCH.Clearnet SA must:

- (i) attempt to notify (and, in the circumstances set out in Article 4.3.1.1(i), (ii), (iii) and (vi), consult or attempt to consult with) the relevant Clearing Member regarding such Event, further to which LCH.Clearnet SA may (without prejudice to any other rights under this Section 4.3.1) agree a grace period within which the Clearing Member may remedy such Event or institute Disciplinary Proceedings in respect of the Clearing Member;
- (ii) ensure that a decision to determine that such Event is an Event of Default has been approved by the CEO of LCH.Clearnet SA or by appropriately senior personnel of LCH.Clearnet SA;
- (iii) where such Event is neither a Payment Failure nor Insolvency Proceedings occurring in respect of it, or in respect of any Parent, consider whether:
  - (a) failing to determine that such Event constitutes an Event of Default would materially adversely impact the ongoing financial soundness or the proper performance of the CDS Clearing Service, or impact the solvency of LCH.Clearnet SA; and

- (b) determining that such Event constitutes an Event of Default would be proportionate in the given circumstances. In considering what constitutes "proportionate" action, LCH.Clearnet SA should have particular regard to whether another sanction could be imposed or alternative action taken by LCH.Clearnet SA in respect of the relevant Clearing Member pursuant to the CDS Clearing Documentation; and
- (iv) notify the relevant Competent Authorities of such Event, provided that any failure to do so shall not affect the validity and effectiveness of a Default Notice issued by LCH.Clearnet SA in accordance with Article 4.3.1.3.

#### **Article 4.3.1.3**

As soon as possible after LCH.Clearnet SA has determined that an Event should constitute an Event of Default in accordance with Article 4.3.1.2 or LCH.Clearnet SA has made an Automatic Early Termination Event Stipulation, it shall:

- (i) issue a Default Notice;
- (ii) in the event that the Defaulting Clearing Member is an FCM Clearing Member, confirm with the Defaulting Clearing Member the details of any FCM Clients who have instructed LCH.Clearnet SA to transfer, or terminate, close out and re-establish, their FCM Cleared Transactions to or with a BackUp Clearing Member in accordance with Regulation 4 of the FCM CDS Clearing Regulations and the CDS Default Management Process;
- (iii) publish a Clearing Notice on the Website specifying the name of the Defaulting Clearing Member; and
- (iv) notify the TIW and each Approved Trade Source System.

### **Section 4.3.2 Measures in case of an Event of Default**

#### **Article 4.3.2.1**

Following a determination that a particular Event should constitute an Event of Default, LCH.Clearnet SA:

- (i) shall issue a Default Notice; and if the Defaulting Clearing Member is a CCM, at, or around the same time, request the Defaulting Clearing Member to transfer its Client Pledged Eligible Collateral, if any, to LCH.Clearnet SA in accordance with the CDS Admission Agreement and Section 3 of the Procedures; and
- (ii) may, in co-ordination with the relevant Regulatory Body(ies), as the case may be, take any measure it deems necessary in order to contain its exposure and to mitigate overall market effects, whether or not these measures are set out in the CDS Clearing Documentation.

#### **Article 4.3.2.2**

LCH.Clearnet SA shall manage the impact of an Event of Default on Clearing Members and the CDS Clearing Service in accordance with the CDS Default Management Process and LCH.Clearnet SA, in taking any action pursuant to that process, shall consult with and consider guidance and advice from the CDS Default Management Group. The CDS Default Management Process and any procedures issued thereunder will be agreed by LCH.Clearnet SA in consultation with the CDS Default Management Committee.

### **Article 4.3.2.3**

Following the declaration of an Event of Default or the making of an Automatic Early Termination Event Stipulation and the issuance of a Default Notice, subject to Article 4.3.2.5, LCH.Clearnet SA may take any of the following measures or any other measures that it deems necessary or useful in respect of the Defaulting Clearing Member, taking into account the Event which has occurred, the need to act promptly in the manner LCH.Clearnet SA thinks best to contain its exposure and the actions to be taken in accordance with the CDS Default Management Process:

- (i) in the case of a CCM, port some or all the Relevant Client Cleared Transactions and some or all of the Ported Collateral of the Defaulting Clearing Member to the appointed Backup Clearing Member in accordance with Clause 4.3 of the CDS Default Management Process and, in the case of an FCM, arrange for porting to take place in accordance with Regulation 4 of the FCM CDS Clearing Regulations and the CDS Default Management Process;
- (ii) terminate the Defaulting Clearing Member's membership of the CDS Clearing Service in accordance with Article 2.4.2.1, it being specified that such termination shall not affect the Delegation, which will remain in full force and effect.
- (iii) enter into and register any new Original Transaction in the name, or for the account, of the Defaulting Clearing Member;
- (iv) suspend the Defaulting Clearing Member's ability to submit any new Original Transactions for clearing by LCH.Clearnet SA or those Original Transactions that LCH.Clearnet SA does not consider as contributing to reducing the risks of the Defaulting Clearing Member;
- (v) impose an increased Margin Requirement in respect of any of the Margin Accounts of the Defaulting Clearing Member in order to secure the performance by the Defaulting Clearing Member of its obligations under the CDS Clearing Documentation;
- (vi) call for Collateral equal to the value of any shortfall in the Defaulting Clearing Member's Contribution, arising from the Event of Default, and the Additional Contribution Amount to be transferred to LCH.Clearnet SA;
- (vii) in the event that the Defaulting Clearing Member was a Matched Buyer for the purposes of Physical Settlement of a Cleared Transaction which was the subject of a Matched Pair, call for Collateral equal to the value of any claim by the corresponding Matched Seller under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions, or Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions as applicable, in accordance with Section 6.18 of Part A, or Section 6.19 of Part B as applicable, of the CDS Clearing Supplement, to be transferred to LCH.Clearnet SA;
- (viii) declare any Cleared Transaction of the Defaulting Clearing Member, other than the Relevant Client Cleared Transactions which have been ported in accordance with Clause 4.3 of the CDS Default Management Process, to be terminated, declare one or more of the obligations of the Defaulting Clearing Member to be due and payable immediately, convert the delivery obligations of the Defaulting Clearing Member or LCH.Clearnet SA into payment obligations and/or set off all the reciprocal payment obligations of the Defaulting Clearing Member and LCH.Clearnet SA, so that these payment obligations will be deemed satisfied, in whole or in part, to the extent of the set-off;

- (ix) execute, for LCH.Clearnet SA's own account, hedging transactions including, without limitation, the purchase, exercise, sale or grant of Cleared Transactions;
- (x) compress and/or liquidate, in respect of each Client Trade Account, any Non-Ported Cleared Transactions, and in respect of the House Trade Account, House Cleared Transactions of the Defaulting Clearing Member (and any hedging transactions executed in accordance with Article 4.3.2.3(ix), in consultation with the CDS Default Management Group and in accordance with Regulation 4 of the FCM CDS Clearing Regulations (in the case of an FCM Clearing Member) and the CDS Default Management Process;
- (xi) obtain any advice, information or assistance from the Defaulting Clearing Member and/or any third party, as LCH.Clearnet SA may deem necessary for any matter arising out of or in connection with an Event of Default and at the expense of the Defaulting Clearing Member;
- (xii) liquidate the Collateral posted by the Defaulting Clearing Member in its House Collateral Account and in respect of any Non-Ported Cleared Transactions, to ensure the performance by the Defaulting Clearing Member of its obligations under the CDS Clearing Documentation;
- (xiii) liquidate the Collateral posted by the Defaulting Clearing Member that is a CCM in respect of any CCM Gross Omnibus Segregated Account Structure for which all of the Relevant Client Cleared Transactions are not transferred to a single Backup Clearing Member in accordance with the CDS Client Clearing Default Management Process;
- (xiv) liquidate the Available Client Collateral Buffer posted by the Defaulting Clearing Member, if any;
- (xv) liquidate the Collateral posted by the Defaulting Clearing Member that is an FCM Clearing Member in respect of its provision of the CDS Clearing Service to its FCM Clients in accordance with the FCM CDS Clearing Regulations to ensure the performance by the Defaulting Clearing Member of its obligations under the CDS Clearing Documentation;
- (xvi) act in lieu of the Defaulting Clearing Member for performing its payment and/or delivery obligations under Cleared Transactions;
- (xvii) impose upon the Defaulting Clearing Member a penalty for late delivery or payment, in the circumstances and at a rate set out by LCH.Clearnet SA;
- (xviii) claim from the Defaulting Clearing Member Damages incurred in relation to the occurrence of an Event of Default or the processing of the Event of Default in accordance with this Article 4.3.2.3 or the CDS Default Management Process; and/or
- (xix) enforce the security interest granted to LCH.Clearnet SA under, and in accordance with, the Pledge Agreement and/or, in the case of an FCM Clearing Member, Regulation 5 of the FCM CDS Clearing Regulations.

Notwithstanding the foregoing, where an Automatic Early Termination Event Stipulation has been made by LCH.Clearnet SA in respect of a Clearing Member, the Defaulting Clearing Member Termination Date shall arise immediately prior to the Insolvency Proceedings in respect of such Clearing Member without the need for any other or prior notice.

#### **Article 4.3.2.4**

Following the declaration of an Event of Default or the making of an Automatic Early Termination Event Stipulation and the issuance of a Default Notice, LCH.Clearnet SA shall return to the Defaulting Clearing Member, as applicable:

- (i) in the case of a CCM, any Collateral recorded as CCM Unallocated Client Collateral for the account of its Clients; or
- (ii) in the case of an FCM Clearing Member, any FCM Unallocated Client Excess Collateral.

#### **Article 4.3.2.5**

Other than in the circumstance set out in Article 4.3.2.6, LCH.Clearnet SA shall not enforce the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriation of the Defaulting Clearing Member's Pledged Eligible Collateral until such time as LCH.Clearnet SA has published a Clearing Notice, in accordance with Article 1.2.2.8, giving effect to the relevant provisions of the Pledge Agreement regarding enforcement through appropriation. For the avoidance of doubt, any proposed modification to the CDS Clearing Documentation proposed by LCH.Clearnet SA, in connection with the issuance of a Clearing Notice contemplated by this Article 4.3.2.5, shall be made in accordance with Section 1.2.2.

#### **Article 4.3.2.6**

If the Defaulting Clearing Member is a CCM and:

- (i) the Defaulting Clearing Member fails to transfer the Client Pledged Eligible Collateral to LCH.Clearnet SA within such period as LCH.Clearnet SA has specified in its request pursuant to Article 4.3.2.1(i); and
- (ii) it has been determined that some or all of the Client Pledged Eligible Collateral is to be transferred to a Backup Clearing Member or, as the case may be, different Backup Clearing Members in accordance with Clause 4.3 of the CDS Default Management Process;

LCH.Clearnet SA shall enforce the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriation of the Defaulting Clearing Member's Client Pledged Eligible Collateral. Where only some of the Client Pledged Eligible Collateral is to be transferred to a Backup Clearing Member in accordance with Clause 4.3 of the CDS Default Management Process, LCH.Clearnet SA shall only appropriate the Client Pledged Eligible Collateral attributable to the CCM Individual Segregated Account Client(s) and their CCM Indirect Clients (if applicable), the CCM Net Omnibus Client Set(s) and/or the CCM Gross Omnibus Client Set(s) whose Relevant Client Cleared Transactions are to be transferred to a Backup Clearing Member.

#### **Article 4.3.2.7**

Where LCH.Clearnet SA elects to enforce the security interest granted to it under, and in accordance with, the Pledge Agreement, and/or in the case of an FCM Clearing Member in accordance with Regulation 5 of the FCM CDS Clearing Regulations LCH.Clearnet SA shall use all reasonable endeavours, taking into account prevailing market conditions, to realise the value of the Defaulting Clearing Member's Collateral as soon as is reasonably practicable and prior, wherever possible, to the commencement of Competitive Bidding pursuant to the CDS Default Management Process.

#### **Article 4.3.2.8**

Measures taken by LCH.Clearnet SA pursuant to Article 4.3.2.3 or the CDS Default Management Process following the declaration of an Event of Default and issuance of a Default Notice by LCH.Clearnet SA shall be notified by LCH.Clearnet SA to the Defaulting Clearing Member and as LCH.Clearnet SA may deem necessary to any appropriate third parties.

### **Section 4.3.3 Recourse following an Event of Default**

#### **Article 4.3.3.1**

Any Damage incurred by LCH.Clearnet SA following, and in relation to, the declaration of an Event of Default shall be reduced or covered in descending priority:

- (i) by applying:
  - (a) in respect of the House Margin Account of the Defaulting Clearing Member:
    - (x) any Collateral recorded in the House Collateral Account;
    - (y) regarding CCMs, any Collateral recorded in the Buffer Collateral Account which is equal to the Available Client Collateral Buffer; and
    - (z) any collateral, transferred or granted by the Defaulting Clearing Member to LCH.Clearnet SA as margin cover in respect of a proprietary account, in connection with another clearing service(s) provided by LCH.Clearnet SA where LCH.Clearnet SA has declared the Defaulting Clearing Member to be in default and to the extent such collateral is not applied in the context of such other clearing service(s) in accordance with rules applicable to such other clearing service(s),  
to reduce or cover any Damage attributable to the liquidation of the House Cleared Transactions;
  - (b) in respect of any Client Margin Account comprising Non-Ported Cleared Transactions of the Defaulting Clearing Member:
    - (x) (I) in the case of a CCM, any Collateral recorded in the relevant CCM Client Collateral Account and, in the case of a CCM Client Margin Account of a CCM Gross Omnibus Sub-Account Structure, in an amount equivalent to the CCM Gross Omnibus Sub-Account Balance attributable to that CCM Client Margin Account; or (II) in the case of an FCM Clearing Member, the Legally Segregated Value recorded in the relevant FCM Client Financial Account;
    - (y) to the extent such Client Margin Account is a CCM Individual Segregated Client Margin Account, any collateral, transferred or granted by the Defaulting Clearing Member to LCH.Clearnet SA as margin cover in respect of a client account held for the benefit of the same CCM Individual Segregated Account Client, in connection with another clearing service(s) provided by LCH.Clearnet SA (to the extent such collateral is not applied in the context of such other clearing service(s) in accordance with the rules applicable to such other clearing service(s)); and

- (z) any House Excess Collateral remaining following the application of Article 4.3.3.1(i)(a) and in the case of an FCM Clearing Member, any FCM Allocated Client Collateral Buffer (but in no event any FCM Unallocated Client Excess Collateral),

to reduce or cover any Damage attributable to the liquidation of the relevant Non-Ported Cleared Transactions;

- (ii) by applying :
  - (a) any Collateral transferred or granted to LCH.Clearnet SA by the Defaulting Clearing Member as a Contribution or Additional Contribution Amount; and
  - (b) any collateral transferred or granted by the Defaulting Clearing Member to LCH.Clearnet SA as a contribution to the default fund, in connection with another clearing service(s) provided by LCH.Clearnet SA (to the extent such collateral is not applied in the context of such other clearing service(s) in accordance with the rules applicable to such other clearing service(s));
- (iii) by applying the LCH.Clearnet SA Contribution;
- (iv) by applying a percentage of the Collateral deposited by each Non Bidder as a Contribution equal to its Total Non Bidder Fraction pro rata each such Non Bidder's proportion of the resources available under this sub-paragraph (iv);
- (v) by applying *pro rata*:
  - (a) the Collateral deposited by each Non Bidder as a Contribution to the extent this has not been applied in accordance with sub-paragraph (iv) above; and
  - (b) any Collateral deposited by each other Clearing Member (other than Non Bidders) as a Contribution;
- (vi) by applying *pro rata* the Collateral deposited by each other Clearing Member as an Additional Contribution Amount (to the extent called, including where called from another Defaulting Clearing Member); and
- (vii) by following the Loss Distribution Process.

Where a Defaulting Clearing Member is a member of another clearing service(s) provided by LCH.Clearnet SA (such other service(s), together with the CDS Clearing Service, the "**LCH Businesses**"), the completion of the default management processes in respect of the LCH Businesses may occur at different times. LCH.Clearnet SA may be required to take action, including applying resources to reduce or cover Damage incurred by LCH.Clearnet SA in accordance with this Article 4.3.3.1, in order to manage the Event of Default at a time when: (x) the action which is taken is contingent on an outcome of the default management process in respect of another clearing service(s) provided by LCH.Clearnet SA, and (y) that outcome has not yet been reached.

In the interests of efficient resolution, LCH.Clearnet SA may, at such point, make assumptions about that outcome, and proceed with the relevant action on that basis. Where any such assumptions have been made, LCH.Clearnet SA shall, on the completion of the default management processes in respect of all LCH Businesses, make such credits to the default funds relating to the LCH Businesses and such distributions to former Clearing Members as may be

necessary to put the default funds and those firms which had contributed to such default funds at the time of the relevant default in the position that they would have been in if the correct outcomes had been used and the relevant assumptions had not been made.

In this Article 4.3.3.1, "applying" shall mean the use, by LCH.Clearnet SA, of the listed resources and the corresponding discharge of its obligations to return an equivalent amount of such resources to the Defaulting Clearing Member and/or Non-Defaulting Clearing Members (as applicable) in accordance with the CDS Clearing Documentation, whether such discharge is through the operation of set-off against LCH.Clearnet SA's rights against the Defaulting Clearing Member pursuant to Article 4.3.3.4, its rights pursuant to Article 4.4.3.2, or otherwise as set out in this CDS Clearing Documentation. In respect of sub-paragraph (iii), an application of the LCH.Clearnet SA Contribution means an amount that LCH.Clearnet SA shall bear for its own account up to the amount of the LCH.Clearnet SA Contribution.

For the avoidance of doubt, any Damage incurred by LCH.Clearnet SA following, and in relation to, the declaration of an Event of Default shall not be reduced or covered by the CDS Client Clearing Entitlement as determined in accordance with Clause 4.4.3 of the CDS Default Management Process.

#### **Article 4.3.3.2**

In relation to Article 4.3.3.1, where an Event of Default is declared in respect of a Clearing Member, (i) in the case of a CCM, any Collateral recorded in the relevant CCM Client Collateral Account and, in the case of a CCM Client Margin Account of a CCM Gross Omnibus Sub-Account Structure, in an amount equivalent to the CCM Gross Omnibus Sub-Account Balance attributable to that CCM Client Margin Account; or (ii) in the case of an FCM Clearing Member, the Legally Segregated Value recorded in the relevant FCM Client Financial Account ,shall only be applied to cover Damage incurred by LCH.Clearnet SA attributable to the hedging or liquidation of the relevant Non-Ported Cleared Transactions and in the case of an FCM Clearing Member, in accordance with Regulation 6 of the FCM CDS Clearing Regulations.

#### **Article 4.3.3.3**

A Defaulting Clearing Member shall be liable for all Damage incurred by LCH.Clearnet SA, including any amounts payable by LCH.Clearnet SA in respect of the liquidation or hedging of its:

- (i) House Cleared Transactions; and/or
- (ii) Non-Ported Cleared Transactions;

which arise out of or in connection with an Event of Default or where an Automatic Early Termination Event Stipulation has been made by LCH.Clearnet SA, as applicable. The Defaulting Clearing Member shall immediately, and in any event no later than the close of business on the Business Day following demand by LCH.Clearnet SA, make up any shortfall in its Contribution arising from the Event of Default. Any positive values arising from the liquidation of the Defaulting Clearing Member's House Cleared Transactions shall be for the account of the Defaulting Clearing Member and any positive values arising from the liquidation of the Defaulting Clearing Member's Non-Ported Cleared Transactions shall form part of the CDS Client Clearing Entitlement (subject to the determination of amounts due from the Defaulting Clearing Member to LCH.Clearnet SA pursuant to Article 4.3.3.4).

#### **Article 4.3.3.4**

Following: (a) porting of Relevant Client Cleared Transactions and any Ported Collateral; and (b) liquidation of all of: (i) the House Cleared Transactions of the Defaulting Clearing Member, and (ii) Non-Ported Cleared Transactions in accordance with the CDS Default Management Process, LCH.Clearnet SA shall determine whether any amount is due to or from the Defaulting Clearing Member, taking into account:

- (i) all costs and expenses for which the Defaulting Clearing Member is liable pursuant to the CDS Clearing Documentation;
- (ii) any liability that LCH.Clearnet SA has to make payments to a Matched Seller (where the Defaulting Clearing Member was a corresponding Matched Buyer in respect of Physical Settlement of Cleared Transactions) in respect of any claim under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions, or Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions as applicable, in accordance with Section 6.18 of Part A, or Section 6.19 of Part B as applicable, of the CDS Clearing Supplement;
- (iii) any liability that LCH.Clearnet SA has to make payments to the Defaulting Clearing Member as a Matched Seller in respect of any claim by the Defaulting Clearing Member under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions, or Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions as applicable, in accordance with Section 6.18 of Part A, or Section 6.19 of Part B as applicable, of the CDS Clearing Supplement; and
- (iv) the right of the Defaulting Clearing Member to a return or repayment of any Collateral and/or any other sums due to it pursuant to this CDS Clearing Rule Book and the CDS Clearing Documentation (including return to an FCM Clearing Member of any FCM Unallocated Client Excess Collateral or FCM Available Client Collateral Buffer).

This calculation will be undertaken separately in respect of the Defaulting Clearing Member's House Trade Account and each of its Client Trade Accounts and LCH.Clearnet SA shall notify the Defaulting Clearing Member of the amount(s) which LCH.Clearnet SA owes to the Defaulting Clearing Member or the amount(s) that the Defaulting Clearing Member owes to LCH.Clearnet SA, as the case may be. For the avoidance of doubt, where an amount is payable by LCH.Clearnet SA to the Defaulting Clearing Member in respect of its House Trade Account, the balance of the House Collateral Account shall not be applied to meet the shortfall(s) in the relevant Client Collateral Account(s), if any.

Any payments shall be due and payable on the Defaulting Clearing Member Termination Date.

In the event that LCH.Clearnet SA retains amounts to cover any liability arising in connection with Section 6.18 of Part A, or Section 6.19 of Part B as applicable, of the CDS Clearing Supplement, in accordance with sub-paragraph (ii) above, LCH.Clearnet SA shall notify the corresponding Matched Seller and shall pay such amounts to the Matched Seller as soon as possible following the Defaulting Clearing Member Termination Date.

#### **Article 4.3.3.5**

To the extent that:

- (i) the porting of the Relevant Client Cleared Transactions of the Defaulting Clearing Member, pursuant to the CDS Default Management Process;
- (ii) liquidation of the Defaulting Clearing Member's House Cleared Transactions, pursuant to the CDS Default Management Process; or
- (iii) liquidation of the Non-Ported Cleared Transactions, pursuant to the CDS Default Management Process;

requires new Cleared Transactions to be created in the TIW reflecting another Clearing Member as counterparty to the Cleared Transaction, LCH.Clearnet SA will have to submit these Cleared Transactions to DTCC in accordance with Article 3.1.10.2 (or Article 3.1.10.3, as the case may be), provided that LCH.Clearnet SA will submit any reports required under Part 45 of the CFTC Regulations in accordance with Section 5 of the Procedures.

## **CHAPTER 4 - CDS DEFAULT FUND**

### **Section 4.4.1 Purpose of the CDS Default Fund and Relevant Calculations**

#### **Article 4.4.1.1**

The CDS Default Fund is established for the CDS Clearing Service only and is a default fund solely for Cleared Transactions and separate from the default fund(s) for LCH.Clearnet SA's other clearing services. Contributions shall only be applied by LCH.Clearnet SA in accordance with Article 4.3.3.1 following its determination of an Event of Default with respect to a Clearing Member pursuant to Article 4.3.1.2 or the making of an Automatic Early Termination Event Stipulation and where the resources listed in Article 4.3.3.1 (i) and (ii) are insufficient to cover the losses incurred by LCH.Clearnet SA as a result of such Event of Default.

To the extent a Defaulting Clearing Member is a member of another clearing service(s) provided by LCH.Clearnet SA, the Contribution and the Additional Contribution Amount of such Defaulting Clearing Member may additionally be used in accordance with the rules applicable to such other clearing service(s), provided, and only to the extent, that the Defaulting Clearing Member's Contribution and its Additional Contribution Amount have not been exhausted through the application of resources pursuant to Article 4.3.3.1(ii)(a).

Where the balance of a Defaulting Clearing Member's Contribution and/or its Additional Contribution Amount is used, in accordance with the rules applicable to another clearing service(s) provided by LCH.Clearnet SA, such use shall give rise to a corresponding discharge of LCH.Clearnet SA's obligations (whether through the operation of set off pursuant to Article 4.3.3.4 or otherwise pursuant to the CDS Clearing Documentation) to return an equivalent amount of such resources to the Defaulting Clearing Member in accordance with the CDS Clearing Documentation

#### **Article 4.4.1.2**

The funded portion of the CDS Default Fund shall be equal to the sum of the theoretical losses caused by an Event of Default occurring in respect of the Clearing Members that are responsible for the two highest daily Member Uncovered Risks over the last sixty Clearing Days plus a buffer equal to 10 percent (i.e. the Combined Unmargined Risk), calculated in accordance with Section 6 of the Procedures or such other methodology as may be determined by LCH.Clearnet SA after consultation with the Risk Committee.

Notwithstanding the above, the funded portion of the CDS Default Fund may be capped at a specific amount, as set out in Section 6 of the Procedures, and shall not be less than the floor amount established in Section 6 of the Procedures. The method for calculating the Combined Unmargined Risk is set forth in Section 6 of the Procedures.

#### **Article 4.4.1.3**

Subject to Section 6 of the Procedures, a Clearing Member's Contribution shall be equal to the greater of:

- (i) such Clearing Member's proportionate share of the CDS Default Fund Amount, each Clearing Member's proportionate share being based on its Margin Requirements over the last sixty Clearing Days; and
- (ii) a minimum contribution of EUR10,000,000.

Further detail regarding the method for calculating each Clearing Member's Contribution is set out in Section 6 of the Procedures.

For each Clearing Member where the initial calculation of its Contribution yields an amount greater than the minimum contribution amount set out in sub-paragraph (ii) above, LCH.Clearnet SA shall recalculate the Contribution Requirement of such Clearing Member such that each Clearing Member's Contribution Requirement is a proportionate share of the CDS Default Fund Calculation Amount.

#### **Article 4.4.1.4**

Each Clearing Member has an unconditional obligation during any CDS Post-Default Period to pay a single Additional Contribution Amount to the CDS Default Fund if required to do so by LCH.Clearnet SA, calculated as of the date LCH.Clearnet SA makes a call on the CDS Default Fund in accordance with Section 6 of the Procedures. Each Clearing Member will pay such Additional Contribution Amount by such time specified in Section 6 of the Procedures. The Additional Contribution Amount may be called by LCH.Clearnet SA during any CDS Post-Default Period in one or more drawdowns, subject that the aggregate amount paid by a Clearing Member shall not exceed that Clearing Member's Additional Contribution Amount during such CDS Post-Default Period.

#### **Article 4.4.1.5**

LCH.Clearnet SA shall calculate the CDS Default Fund Amount and each Clearing Member's Contribution Requirement on:

- (i) the fourth Business Day of each month; and
- (ii) any Business Day should the largest two losses on that day described in Article 4.4.1.2 above change by more than 5% from the calculation date,

in each case other than during a CDS Post-Default Period.

#### **Article 4.4.1.6**

LCH.Clearnet SA shall also recalculate the CDS Default Fund Amount and each Clearing Member's Contribution Requirement on the first Business Day following either:

- (i) the final calendar day of a CDS Post-Default Period; or
- (ii) a Clearing Member Termination Date which is other than in a CDS Post-Default Period.

#### **Article 4.4.1.7**

Following any recalculation of the CDS Default Fund Amount, LCH.Clearnet SA shall, within one Business Day, provide a notice to each Clearing Member detailing its revised Contribution Requirement. The notice shall specify the amount of any Contribution Shortfall or any Contribution Excess that is to be returned. Where there is a Contribution Shortfall, a Clearing Member shall transfer to LCH.Clearnet SA additional Cash Collateral within two Business Days after delivery of such notice so that the Contribution Balance has a value at least equal to the revised Contribution Requirement. Where there is a Contribution Excess, the Clearing Member may request that a return of Cash Collateral be made by LCH.Clearnet SA, in which case LCH.Clearnet SA shall return such Cash Collateral according to the conditions and timetable set forth in Section 6 of the Procedures.

#### **Article 4.4.1.8**

If a Clearing Member is subject to a material change in its business such that the Clearing Member's Member Uncovered Risk is increased by 10% or more in accordance with Section 4.2.1 LCH.Clearnet SA may recalculate the Contribution Requirement of such Clearing Member. In such circumstances, LCH.Clearnet SA may calculate the CDS Default Fund Amount and that Clearing Member's Contribution Requirement on the day such Clearing Member's Member Uncovered Risk is increased and, if the Clearing Member's Contribution Requirement has increased since the last calculation performed by LCH.Clearnet SA, LCH.Clearnet SA may notify such Clearing Member of its increased Contribution Requirement, and the Clearing Member shall transfer to LCH.Clearnet SA additional Collateral within two Business Days after delivery of such notice so that the Contribution Requirement is at least met.

Nothing in the foregoing shall permit LCH.Clearnet SA to increase the Contribution Requirement of a Clearing Member whose Margin Requirement has not increased (or whose Margin Requirement has been increased solely as a result of a Credit Quality Margin being called pursuant to Article 4.2.1.2 other than pursuant to Article 4.4.1.3 to Article 4.4.1.7).

#### **Article 4.4.1.9**

If, during a CDS Post-Default Period, LCH.Clearnet SA determines that an increased Contribution Requirement is required pursuant to Article 4.4.1.8, the Clearing Member may elect to treat LCH.Clearnet SA's notification of an increased Contribution Requirement and Contribution Shortfall as notice of an increased House Margin Requirement and a House Margin Shortfall. In such case, the Clearing Member shall transfer to LCH.Clearnet SA Collateral equal to the value of the House Margin Shortfall for the remainder of the CDS Post-Default Period, subject that, on the first Business Day following the end of the CDS Post-Default Period, such Collateral shall be separately recorded as having been transferred to LCH.Clearnet SA to satisfy its increased Contribution Requirement.

For the avoidance of doubt:

- (i) if the Clearing Member elects to transfer Collateral equal to the value of the Margin Shortfall, such Collateral shall only be available to cover losses incurred by LCH.Clearnet SA, as provided in the CDS Clearing Rules, following the occurrence of an Event of Default in respect of such Clearing Member and there shall be no effect on such Clearing Member's Contribution during the CDS Post-Default Period; and
- (ii) the Clearing Member's Contribution Requirement shall be recalculated on the first Business Day following the final calendar day of the CDS Post-Default Period, as described in Article 4.4.1.6.

#### **Article 4.4.1.10**

Following delivery of a notice by LCH.Clearnet SA in accordance with Article 4.4.1.7 or Article 4.4.1.8, the Additional Contribution Amount shall be revised to be an unfunded amount equal to the amount of such Clearing Member's increased Contribution Requirement, regardless of whether such Clearing Member has elected to transfer to LCH.Clearnet SA Collateral equal to the value of the Margin Shortfall until the end of the CDS Post-Default Period, pursuant to Article 4.4.1.8.

#### **Article 4.4.1.11**

In the event that the board of directors of LCH.Clearnet SA makes one or more changes to the methodology for calculating the CDS Default Fund that collectively result in the CDS Default Fund Amount increasing by 20% or more in a period of not more than 30 calendar days, such changes to the methodology shall collectively be effective on the earlier of:

- (i) the 20th Business Day following the date LCH.Clearnet SA delivers notice of such changes to the Clearing Members; and
- (ii) if such changes are due to Applicable Law and a shorter period is necessary to comply with such Applicable Law, the date reasonably determined by LCH.Clearnet SA in consultation with the Risk Committee (which shall be no less than two Clearing Days following delivery of notice of such changes to the Clearing Members).

Clearing Members shall transfer to LCH.Clearnet SA any Collateral equal to the value of the Contribution Shortfall on or prior to the date such changes are effective.

#### **Article 4.4.1.12**

Upon receipt of notice, pursuant to Article 4.4.1.11, a Clearing Member may deliver a Membership Termination Notice to LCH.Clearnet SA in accordance with Article 2.4.2.2(ii).

In the event such Membership Termination Notice is delivered to LCH.Clearnet SA prior to the effectiveness of the changes to the methodology for calculating the CDS Default Fund, as determined in accordance with Article 4.4.1.11, the Clearing Member's Contribution Requirement shall remain at the level determined prior to when the changes to the methodology were made for the duration of the Membership Termination Notice Period. If, however, the Clearing Member Termination Date does not arise within 25 Business Days following the date on which such Clearing Member delivered its Membership Termination Notice or the Membership Termination Notice is withdrawn pursuant to Article 2.4.2.5, then such Clearing Member will be required to satisfy its Contribution Requirement in full, calculated based on the then-current methodology.

#### **Article 4.4.1.13**

For the avoidance of doubt, nothing in Article 4.4.1.11 or Article 4.4.1.12 shall apply to any increase to the CDS Default Fund resulting from periodic calculations of the CDS Default Fund, pursuant to Article 4.4.1.5 or Article 4.4.1.6, or any increase in a Clearing Member's Contribution pursuant to Article 4.4.1.7 or Article 4.4.1.8, or increase in a Clearing Member's Additional Contribution Amount, pursuant to Article 4.4.1.9.

### **Section 4.4.2 Contribution to the CDS Default Fund**

#### **Article 4.4.2.1**

A Clearing Member is obliged to make its Contribution by transferring Cash Collateral to LCH.Clearnet SA. A Clearing Member must make its Contribution in accordance with Section 6 of the Procedures.

#### **Article 4.4.2.2**

A Clearing Member's initial Contribution to the CDS Default Fund shall be made on the later of:

- (i) the Business Day on or immediately following the calendar day on which the CDS Admission Agreement is executed by LCH.Clearnet SA and the Clearing Member; and

- (ii) the Business Day preceding the day of the submission by a Clearing Member of its first Original Transaction.

#### **Article 4.4.2.3**

The list of Eligible Currencies is set out in Section 6 of the Procedures. LCH.Clearnet SA may notify Clearing Members of any change to what constitutes Eligible Currencies by publication of a Clearing Notice.

#### **Article 4.4.2.4**

On the specific written request of a Clearing Member, LCH.Clearnet SA shall ensure that the Risk Committee is consulted on the acceptance of any type of currency as Eligible Collateral where Applicable Law permits a clearing house to accept such currency. If Applicable Law no longer permits any currency, to be accepted by a clearing house, LCH.Clearnet SA shall amend the list of Eligible Currencies in accordance with Article 1.2.2.4(ii)(a).

The Collateral transferred to LCH.Clearnet SA for the purposes of a Clearing Member's Contribution Requirement shall be held by LCH.Clearnet SA and segregated from any Collateral recorded in a Collateral Account of such Clearing Member.

### **Section 4.4.3 Application of the CDS Default Fund, Replenishment and Multiple Defaults**

#### **Article 4.4.3.1**

Clearing Members' Contributions may be applied by LCH.Clearnet SA, pursuant to Article 4.3.3.1 and Article 4.3.3.2, in order to mitigate any Damage to LCH.Clearnet SA arising out of or in connection with an Event of Default. If LCH.Clearnet SA declares an Event of Default in respect of more than one Clearing Member simultaneously or in close sequence, LCH.Clearnet SA may, if it so chooses, manage each Event of Default separately under TITLE IV, CHAPTER 3 and TITLE IV, CHAPTER 4 to the extent permitted under Applicable Law.

#### **Article 4.4.3.2**

In the event the CDS Default Fund is applied by LCH.Clearnet SA pursuant to Article 4.3.3.1, each Clearing Member's Contribution or Additional Contribution Amount, as applicable, shall be applied in the order set out in Article 4.3.3.1, and in respect of each sub-paragraph, as set out in the relevant sub-paragraph of Article 4.3.3.1, on a *pro rata* basis by reference to the ratio such Clearing Member's Contribution bears to the aggregate CDS Default Fund.

Where LCH.Clearnet SA does so apply a Clearing Member's Contribution or Additional Contribution Amount pursuant to sub-paragraphs (ii), (iv), (v) or (vi) of Article 4.3.3.1, its obligation to redeliver any Collateral reflecting such Clearing Member's Contribution or Additional Contribution Amount shall be reduced on the value of the amount so applied and such action will constitute a full and final discharge of LCH.Clearnet SA's obligation to return the relevant amount of such Collateral.

#### **Article 4.4.3.3**

Upon the occurrence of an Event of Default with respect to a Clearing Member, a CDS Post-Default Period shall commence and shall last for the period from and including the issuance of the Default Notice to and including the day 25 Business Days thereafter. If any Default Notice is issued by LCH.Clearnet SA at any point during a CDS Post-Default Period, the end of the relevant CDS

Post-Default Period shall be extended to the 25th Business Day following the issuance of the last Default Notice issued during such period (as may be extended pursuant to this Article 4.4.3.3).

#### **Article 4.4.3.4**

During a CDS Post-Default Period, regardless of the number of Default Notices that are issued by LCH.Clearnet SA, LCH.Clearnet SA shall not be permitted to require a Clearing Member to transfer Collateral to LCH.Clearnet SA to meet any Contribution Requirement (including, for the avoidance of doubt, owing to any recalculation of the size of the CDS Default Fund or the Clearing Member's proportionate share of the CDS Default Fund or a replenishment of the Clearing Member's Contribution) other than to the extent that such Clearing Member is requested to pay its Additional Contribution Amount, calculated in accordance with Article 4.4.1.4, subject to amendments pursuant to Article 4.4.1.9, as the case may be.

#### **Article 4.4.3.5**

Following the expiration of a CDS Post-Default Period, LCH.Clearnet SA shall notify each Clearing Member of the amount of its Contribution and Additional Contribution Amount, as may be revised pursuant to Article 4.4.1.5. Prior to the expiration of a CDS Post-Default Period, and where the resources referred to in Article 4.3.3.1 (vi) have been applied to reduce the Damage referred to in Article 4.3.3.1, LCH.Clearnet SA may agree with some or all Clearing Members that such Clearing Members shall contribute additional funds to the CDS Default Fund prior to the expiration of the CDS Post-Default Period.

For the avoidance of doubt, nothing in this Article 4.4.3.5 shall oblige a Clearing Member to contribute additional funds prior to the expiration of the CDS Post-Default Period.

#### **Article 4.4.3.6**

The LCH.Clearnet SA Contribution shall be deposited with an EEA Credit Institution or the Banque de France and shall only be applied pursuant to the waterfall process as described in the CDS Clearing Documentation. In the event it becomes necessary to apply all or part of the LCH.Clearnet SA Contribution pursuant to Article 4.3.3.1 (iii) LCH.Clearnet SA shall be required to restore its LCH.Clearnet SA Contribution to an amount of Euro 20 million within one Business Day following the final calendar day of the expiration of the related CDS Post-Default Period.

The LCH.Clearnet SA Contribution shall be limited to an aggregate maximum of Euro 20 million during a CDS Post-Default Period regardless of the number of Default Notices that are issued during such CDS Post-Default Period.

#### **Article 4.4.3.7**

LCH.Clearnet SA will promptly report to each Clearing Member, and account for, any withdrawals made from the CDS Default Fund.

#### **Article 4.4.3.8**

If the CDS Default Fund has been applied by LCH.Clearnet SA in accordance with Article 4.3.3.1, LCH.Clearnet SA shall reimburse the Clearing Members (irrespective of whether they remain Clearing Members at the time of the recovery) and LCH.Clearnet SA in reverse order of the resources listed at Article 4.3.3.1 as applied and, in relation to the Contributions and/or Additional Contribution Amounts of Clearing Members in proportion to each Clearing Member's Contribution and/or Additional Contribution Amount so applied, in respect of:

- (i) any amounts received from the Defaulting Clearing Member as a result of LCH.Clearnet SA being a creditor of the Defaulting Clearing Member in the context of Insolvency Proceedings or otherwise, other than in respect of sums due to LCH.Clearnet SA; or
- (ii) any other amounts howsoever obtained or recovered in the course of LCH.Clearnet SA's operation of the CDS Default Management Process or which are otherwise referable to the Defaulting Clearing Member,

in each case net of any related expenses incurred by LCH.Clearnet SA or other sums owing to LCH.Clearnet SA by the Defaulting Clearing Member in connection with the CDS Clearing Service. For the avoidance of doubt, nothing in this Article 4.4.3.8 shall oblige LCH.Clearnet SA to pursue any litigation or other action in order to recover the amounts contemplated above and if another default fund of LCH.Clearnet SA has also been applied as a result of the Defaulting Clearing Member's default, any amounts recovered shall be applied pari passu as between the relevant default funds.

## **TITLE V**

### **CDS CCM CLIENT CLEARING SERVICES**

## **CHAPTER 1 - GENERAL PROVISIONS**

### **Section 5.1.1 Provision of CDS Client Clearing Services**

#### **Article 5.1.1.1**

Any CCM may offer CDS Client Clearing Services to a CCM Client after obtaining confirmation from LCH.Clearnet SA it has duly filed and submitted all the documentation and information required pursuant to Section 1 of the Procedures. Pursuant to EMIR, an Affiliate of a CCM shall be treated as a CCM Client.

#### **Article 5.1.1.2**

CDS Client Clearing Services may be provided by a CCM to its CCM Clients on whatever terms the CCM decides should apply provided, however, that:

- (i) each CCM shall, before providing CDS Client Clearing Services to any client, ensure that it has entered into a CDS Client Clearing Agreement pursuant to which the CCM Client agrees, among others, to be bound by the Mandatory Client Clearing Provisions;
- (ii) Client Cleared Transactions, Collateral provided by a CCM to LCH.Clearnet SA in respect of Client Cleared Transactions and CCM Client Excess Collateral if any, shall always be separately identified by the CCM to LCH.Clearnet SA, in accordance with Section 3 of the Procedures; and
- (iii) each CCM shall be obliged to provide LCH.Clearnet SA with any information that LCH.Clearnet SA may reasonably require in relation to the CDS Client Clearing Services provided by that CCM to its CCM Clients.

#### **Article 5.1.1.3**

The following provisions shall constitute the Mandatory Client Clearing Provisions:

- (i) the receipt of CDS Clearing Services from the CCM, which result in the registration of Client Cleared Transactions within such CCM's CCM Client Trade Account(s), will be governed by the applicable provisions of the CDS Clearing Documentation and the CDS Client Clearing Agreement;
- (ii) upon LCH.Clearnet SA's registration of Client Cleared Transactions within the CCM Client Account Structure of the relevant CCM (whether following a novation pursuant to Title III, Chapter 1, transfer of Client Cleared Transactions pursuant to Title V, Chapter 3 or porting of Relevant Client Cleared Transactions pursuant to the CDS Client Clearing DMP):
  - (a) a client transaction having the same economic terms as the Client Cleared Transaction will be deemed to arise under the CDS Client Clearing Agreement (a "**Deemed Client Transaction**") whereby: (x) if the CCM is a CDS Seller under a Client Cleared Transaction, such CCM shall be a CDS buyer, and the CCM Client shall be the CDS seller, under the Deemed Client Transaction; and (y) if the CCM is a CDS Buyer under a Client Cleared Transaction, such CCM shall be the CDS seller, and the CCM Client shall be the CDS buyer, under the Deemed Client Transaction, and in each case such that the CCM Client will remain in the same economic position as it had in relation to the original transaction that it entered into; and

- (b) where the Receiving Clearing Member receives Client Assets or the Backup Clearing Member receives Ported Collateral in connection with the registration of such Client Cleared Transaction, the CCM Client shall be deemed to have provided equivalent collateral in relation to the corresponding Deemed Client Transaction in such form as is agreed between the CCM and the CCM Client;
- (iii) upon the transfer of a Client Cleared Transaction to a Receiving Clearing Member in accordance with Title V, Chapter 3, the corresponding Deemed Client Transaction shall:
  - (a) be terminated for zero value; and
  - (b) in the event that Client Assets are transferred at or around the same time, in accordance with the CDS Clearing Rules, to the Receiving Clearing Member, the collateral relating to the terminated Deemed Client Transaction shall be deemed to have been returned to the CCM Client;
- (iv) upon the porting of a Relevant Client Cleared Transaction to a Backup Clearing Member in accordance with the CDS Client Clearing DMP, the corresponding Deemed Client Transaction shall:
  - (a) be terminated at the same value as the value given to the Client Cleared Transaction ported from the CCM Client Account Structure of the Defaulting Clearing Member; and
  - (b) in the event that Ported Collateral is transferred at or around the same time, in accordance with the CDS Clearing Rules, to the Backup Clearing Member, the collateral relating to the terminated Deemed Client Transaction shall be deemed to have been returned to the CCM Client;
- (v) where a Client Cleared Transaction is liquidated in accordance with the CDS Client Clearing DMP, the corresponding Deemed Client Transaction shall be simultaneously terminated and valued using the methodology set out in the CDS Client Clearing DMP;
- (vi) the CCM Client irrevocably consents to the benefit of the Delegation by which, under the CDS Admission Agreement, the CCM has delegated to LCH.Clearnet SA the obligation to pay to the CCM Client an amount equal to the CDS Client Clearing Entitlement, calculated in respect of each such CCM Client, if any. The Delegation is a délégation imparfaite governed by articles 1275 et seq. of the French Civil Code and the CDS Clearing Documentation. Accordingly, the CCM Client irrevocably acknowledges that, upon LCH.Clearnet SA's payment to the CCM Client under the Delegation, the CCM is discharged pro tanto from paying to the Client an amount equal to the CDS Client Clearing Entitlement automatically without further notice;
- (vii) the Client undertakes to return to the CCM any amounts received from LCH.Clearnet SA pursuant to the Delegation where such amounts exceed the amount which is due from the CCM to the CCM Client in relation to the clearing of CDS through the CDS Clearing Service in accordance with the CDS Client Clearing Agreement;
- (viii) following an LCH Default, each Deemed Client Transaction shall be valued using the methodology set out in Articles 1.3.1.4 to 1.3.1.6 and closed out simultaneously with the corresponding Client Cleared Transaction;

- (ix) where compression of Client Cleared Transactions is undertaken by LCH.Clearnet SA in accordance with Title III, Chapter 3, equivalent compression of the associated Deemed Client Transactions will be undertaken by the CCM;
- (x) LCH.Clearnet SA is authorised to make disclosure of information in accordance with the applicable provisions of the CDS Clearing Documentation;
- (xi) the CCM Client represents that it shall comply at all times with the CDS Clearing Documentation as it applies to the CCM Client and shall not act so as to cause, whether directly or indirectly, a breach of the CDS Clearing Documentation;
- (xii) save in the context of the Delegation and its right to receive an amount equal to the CDS Client Clearing Entitlement, the CCM Client has no contractual nexus with LCH.Clearnet SA and is not deemed to be party to, or participant in, the CDS Clearing Documentation;
- (xiii) LCH.Clearnet SA will:
  - (a) rely on the latest documentation and information received by LCH.Clearnet SA from the CCM, in accordance with Title 2, Chapter 2 and Section 1 of the Procedures, for the purpose of the payment of the relevant CDS Client Clearing Entitlement to the Client; and
  - (b) have no liability provided it has relied on such latest documentation and information;
- (xiv) where Collateral is transferred by the CCM in satisfaction of the applicable CCM Client Margin Requirement, the CCM Client shall not be entitled to assert any claim to the Collateral in circumstances where the assertion of such a claim would delay or inhibit the disposal of such Collateral by LCH.Clearnet SA and/or the application of the proceeds of sale of such Collateral in accordance with the provisions of the CDS Clearing Documentation and Applicable Law;
- (xv) LCH.Clearnet SA deals only with the CCM and the CCM Client shall have no right or authority to deal directly with LCH.Clearnet SA or to request any information from LCH.Clearnet SA save as otherwise provided by the CDS Clearing Documentation or any Applicable Law;
- (xvi) the Client shall answer, and authorises the CCM to answer, inquiries made by LCH.Clearnet SA concerning the CDS Client Clearing Services pursuant to Articles L. 440-10 and L. 511-33 of the French Monetary and Financial Code;
- (xvii) to the extent the Markit LCH Settlement Prices are provided to the CCM Client, the Client shall:
  - (a) use such Markit LCH Settlement Prices internally and solely in connection with its clearing functions; and
  - (b) only be permitted to provide the Markit LCH Settlement Prices to an affiliate or a client of its own if: (1) it does so at no cost; (2) the Markit LCH Settlement Prices are provided for the affiliate or client to use internally and solely in connection with their respective clearing functions; and (3) the Markit LCH Settlement Prices are identifiable as such;

For the avoidance of doubt, “clearing functions” shall mean the validation of the CCM Client’s Margin Requirement (or any margin requirement applicable to the CCM Client’s affiliate or client) and the calculation and valuation of the CCM Client’s Open Positions (or the net open positions of the CCM Client’s affiliate or client) for the purposes of its own internal books and records;

- (xviii) the CCM Client agrees to indemnify and hold the CCM and/or LCH.Clearnet SA harmless from and against any and all loss, liability, damage, cost, penalty, fine, tax or expense (including, without limitation, reasonable attorney’s fees, costs of collection, and any reasonable cost incurred in successfully defending against any claim) incurred by the CCM and/or LCH.Clearnet SA in connection with the indirect clearing arrangement referred to in Article 5.1.3.1 below and/or in connection with the provisions of the CDS Clearing Documentation applicable to indirect clearing and in particular Article 5.1.3.1, Article 5.4.1.1, Article 5.4.1.2 and Article 5.4.1.3 below; and
- (xix) in respect of CCMs intending to allow their CCM Individual Segregated Account Clients to provide indirect clearing services to their own clients in relation to the CDS Clearing Service:
  - (a) if the CCM Client intends to provide indirect clearing services to its own clients in relation to the CDS Clearing Service, it shall, before providing such indirect clearing services, ensure that the indirect clearing arrangement it intends to enter into with its own clients (x) is legally enforceable; and (y) contains, among others, the Mandatory Indirect Client Clearing Provisions set out in Article 5.1.3.2; and
  - (b) where a CCM Client has CCM Indirect Clients, the CCM Client:
    - (x) must promptly put into effect any requirement imposed upon it by LCH.Clearnet SA or the CCM in relation to the indirect clearing arrangements in place with the CCM Indirect Clients; and
    - (y) must make all information reasonably requested by the CCM (as a result of a request made by LCH.Clearnet SA to the CCM) available to the CCM upon demand.

## **Section 5.1.2 CDS Client Clearing DMP and Delegation**

### **Article 5.1.2.1**

Clause 4 of the CDS Client Clearing DMP sets out the process for: (i) porting Relevant Client Cleared Transactions and Ported Collateral; and/or (ii) liquidating Non-Ported Cleared Transactions and calculating the CDS Client Clearing Entitlement for each Client, of a Defaulting Clearing Member.

### **Article 5.1.2.2**

Each CCM has irrevocably delegated LCH.Clearnet SA, in favour of each of its CCM Clients, in the payment to each of its CCM Clients of an amount equal to the CDS Client Clearing Entitlement calculated in respect of each of its CCM Clients, if any. The Delegation is a *délégation imparfaite* governed by articles 1275 et seq. of the French Civil Code and the CDS Clearing Documentation. Accordingly, the CCM irrevocably acknowledges that:

- (i) it has directed LCH.Clearnet SA to pay to each of its CCM Clients, an amount equal to the relevant CDS Client Clearing Entitlement, if positive; and

- (ii) upon LCH.Clearnet SA paying the amount due in accordance with the Delegation to each CCM Client of the CCM, LCH.Clearnet SA shall irrevocably be discharged pro tanto from paying an amount equal to the relevant CDS Client Clearing Entitlement to the CCM automatically without further notice;

For the avoidance of doubt, this Delegation shall not restrict or otherwise prejudice the entitlement of the CCM to any Collateral in relation to its CCM House Margin Account save as expressly provided above.

### **Section 5.1.3 Indirect clearing**

#### **Article 5.1.3.1**

A CCM which intends to allow its CCM Individual Segregated Account Clients to provide indirect clearing services to their own clients in relation to the CDS Clearing Service shall first:

- (i) put in place appropriate procedures to ensure that the contractual terms of the indirect clearing arrangement intended to be entered into with its CCM Individual Segregated Account Clients which intend to provide indirect clearing services to its own clients (x) are legally enforceable in the relevant jurisdictions, (y) comply with the requirements of EMIR and (z) are consistent with the terms of the CDS Clearing Documentation; and
- (ii) request LCH. Clearnet SA (as set out in Section 1 of the Procedures) to open a single CCM Indirect Client Segregated Account Structure in respect of all the CCM Indirect Clients of any particular CCM Individual Segregated Account Client who intends to receive indirect clearing services in respect of the CDS Clearing Service.

LCH.Clearnet shall not incur any liability in connection with any indirect clearing arrangement entered into between a CCM Individual Segregated Account Client and a CCM Indirect Client.

#### **Article 5.1.3.2**

The following provisions shall constitute the Mandatory Indirect Client Clearing Provisions:

- (i) the CCM Indirect Client warrants that it understands, acknowledges and agrees to all rights and obligations relevant to the provision of CDS Clearing Services with respect to CCM Indirect Clients, under the CDS Clearing Rules;
- (ii) the CCM Indirect Client shall make all information reasonably requested by its CCM Individual Segregated Account Client (as a result of a request made by LCH.Clearnet SA to the CCM of such CCM Individual Segregated Account Client) available to its CCM Individual Segregated Account Client upon demand;
- (iii) the CCM Indirect Client acknowledges that LCH.Clearnet SA is authorised to make disclosure of information in accordance with the applicable provisions of the CDS Clearing Documentation;
- (iv) the CCM Indirect Client represents that it shall comply at all times with the CDS Clearing Documentation as it applies to the CCM Indirect Client and shall not act so as to cause, whether directly or indirectly, a breach of the CDS Clearing Documentation;
- (v) the CCM Indirect Client has no contractual nexus with LCH.Clearnet SA and is not deemed to be party to, or participant in, the CDS Clearing Documentation;

- (vi) where Collateral is transferred by the CCM in satisfaction of the applicable CCM Client Margin Requirement, the CCM Indirect Client shall not be entitled to assert any claim to the Collateral in circumstances where the assertion of such a claim would delay or inhibit the disposal of such Collateral by LCH.Clearnet SA and/or the application of the proceeds of sale of such Collateral in accordance with the provisions of the CDS Clearing Documentation and Applicable Law; and
- (vii) LCH.Clearnet SA deals only with the CCM and the CCM Indirect Client shall have no right or authority to deal directly with LCH.Clearnet SA (and as a result LCH.Clearnet SA shall not incur any liability whatsoever towards the CCM Indirect Client) or to request any information from LCH.Clearnet SA save as otherwise expressly provided for by the CDS Clearing Documentation or by any Applicable Law.

## **CHAPTER 2 - CCM CLIENT ACCOUNT STRUCTURE**

### **Section 5.2.1 General Provisions**

#### **Article 5.2.1.1**

A CCM is permitted to offer each of its clients the choice between the following categories of CCM Client Account Structures:

- (i) a CCM Individual Segregated Account Structure;
- (ii) a CCM Net Omnibus Segregated Account Structure; and
- (iii) a CCM Gross Omnibus Segregated Account Structure.

For the avoidance of doubt, a single CCM Client is not permitted to be allocated, at the same time, to (i) more than one CCM Client Account Structure of the same CCM and (ii) within a CCM Gross Omnibus Segregated Account Structure, more than one CCM Gross Omnibus Sub-Account Structure.

#### **Article 5.2.1.2**

A CCM may have as many CCM Client Account Structures as it requires.

Within a CCM Gross Omnibus Segregated Account Structure, a CCM may have as many CCM Gross Omnibus Multi Sub-Account Structures and as many CCM Gross Omnibus Single Sub-Account Structures as it requires.

#### **Article 5.2.1.3**

Each CCM Net Omnibus Segregated Account Client must be allocated to one CCM Client Trade Account, one CCM Client Margin Account and one CCM Client Collateral Account.

Each CCM Gross Omnibus Segregated Account Client must be allocated to a CCM Gross Omnibus Sub-Account Structure.

Each CCM Individual Segregated Account Client must be allocated to one CCM Direct Client Segregated Account Structure and, if such CCM Individual Segregated Account Client provides clearing services to CCM Indirect Clients, it must also be allocated to a CCM Indirect Client Segregated Account Structure.

#### **Article 5.2.1.4**

Subject to Article 5.2.1.1 above, a CCM Client of a CCM may request to be allocated to:

- (i) another category of CCM Client Account Structure referred to in Article 5.2.1.1 above; or
- (ii) as the case may be, another CCM Gross Omnibus Sub-Account Structure,

of that CCM provided, however, that at the time of election, the relevant CCM is not a Defaulting Clearing Member.

#### **Article 5.2.1.5**

Where such an election is made, the relevant CCM must notify LCH.Clearnet SA of such election and LCH.Clearnet SA shall reflect it in its books and records as soon as reasonably practicable following receipt of such notification.

## **Section 5.2.2 CCM Client Trade Accounts**

### **Article 5.2.2.1**

LCH.Clearnet SA shall open one CCM Client Trade Account:

- (i) for each CCM Omnibus Segregated Account Client;
- (ii) in the CCM Direct Client Segregated Account Structure of each CCM Individual Segregated Account Client; and
- (iii) in the CCM Indirect Client Segregated Account Structure of each CCM Individual Segregated Account Client which provides clearing services to CCM Indirect Clients.

### **Article 5.2.2.2**

Registration of CCM Cleared Transactions in a CCM Client Trade Account shall initially be made by LCH.Clearnet SA on the basis of the Transaction Data with respect to the relevant Original Transaction and amended to reflect any compression of CCM Cleared Transactions pursuant to TITLE III, Chapter 3.

## **Section 5.2.3 CCM Client Margin Accounts**

### **Article 5.2.3.1**

LCH.Clearnet SA shall open:

- (i) one CCM Individual Segregated Client Margin Account in the CCM Direct Client Segregated Account Structure of each CCM Individual Segregated Account Client for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Individual Segregated Account Client;
- (ii) one CCM Indirect Client Segregated Margin Account in the CCM Indirect Client Segregated Account Structure of each CCM Individual Segregated Account Client providing clearing services to CCM Indirect Clients for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Individual Segregated Account Client in respect of its CCM Indirect Clients; and
- (iii) one CCM Net Omnibus Segregated Client Margin Account for each CCM Net Omnibus Client Set for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Net Omnibus Client Set.
- (iv) one CCM Gross Omnibus Multi Sub-Account Client Margin Account for each CCM Gross Omnibus Multi Sub-Account Client Set for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Gross Omnibus Multi Sub-Account Client Set;
- (v) one CCM Gross Omnibus Single Sub-Account Client Margin Account for each CCM Gross Omnibus Single Sub-Account Client for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Gross Omnibus Single Sub-Account Client.

### **Article 5.2.3.2**

Client Cleared Transactions registered in a CCM Client Trade Account of a CCM will be allocated to the corresponding CCM Client Margin Account of the CCM, for the purposes of determining the Open Positions attributable to:

- (i) the CCM Individual Segregated Account Client;
- (ii) CCM Indirect Clients of a CCM Individual Segregated Account Client;
- (iii) the relevant CCM Net Omnibus Client Set; or
- (iv) within a CCM Gross Omnibus Segregated Account Structure:
  - (a) the CCM Gross Omnibus Single Sub-Account Client; or
  - (b) the relevant CCM Gross Omnibus Multi Sub-Account Client Set,

as the case may be.

### **Article 5.2.3.3**

Calculation of Open Positions attributable to a CCM Individual Segregated Account Client, its CCM Indirect Clients, if applicable, a CCM Net Omnibus Client Set, a CCM Gross Omnibus Multi Sub-Account Client Set and a CCM Gross Omnibus Single Sub-Account Client and their recording in the relevant CCM Client Margin Account will be carried out by LCH.Clearnet SA in accordance with the rules set out in Section 2 of the Procedures.

## **Section 5.2.4 CCM Client Collateral Accounts**

### **Article 5.2.4.1**

Cash Collateral provided by CCMs to satisfy its CCM Client Margin Requirements or to create CCM Client Excess Collateral, will be provided by way of full title transfer and will be held by LCH.Clearnet SA in accordance with Section 3 of the Procedures.

### **Article 5.2.4.2**

At the option of each CCM, and in accordance with Section 3 of the Procedures, Eligible Collateral may be transferred by the relevant CCM to LCH.Clearnet SA to satisfy its CCM Client Margin Requirements or to create CCM Client Excess Collateral, either on a full title transfer basis pursuant to Article L. 440-7 of the French Monetary and Financial Code, or by way of a Belgian law security interest with no title transfer pursuant to the applicable provisions of Belgian law.

### **Article 5.2.4.3**

LCH.Clearnet SA shall open one CCM Client Collateral Account:

- (i) in the CCM Direct Client Segregated Account Structure of each CCM Individual Segregated Account Client for the purposes of identifying Collateral provided by the relevant CCM for the benefit of such CCM Individual Segregated Account Client and CCM Client Excess Collateral if any;
- (ii) in the CCM Indirect Client Segregated Account Structure of each CCM Individual Segregated Account Client providing clearing services to CCM Indirect Clients for the purposes of identifying Collateral provided by the relevant CCM for the benefit of such

CCM Individual Segregated Account Client in respect of its CCM Indirect Clients, and CCM Client Excess Collateral in respect of its CCM Indirect Clients, if any;

- (iii) for each CCM Net Omnibus Client Set for the purposes of identifying Collateral provided by the relevant CCM for the benefit of such CCM Net Omnibus Segregated Account Clients and CCM Client Excess Collateral if any; and
- (iv) for each CCM Gross Omnibus Client Set for the purposes of identifying Collateral provided by the relevant CCM for the benefit of such CCM Gross Omnibus Segregated Account Clients and CCM Client Excess Collateral if any.

## **CHAPTER 3 - TRANSFER**

### **Section 5.3.1 General**

#### **Article 5.3.1.1**

Other than in the event that a CCM is a Defaulting Clearing Member, Client Cleared Transactions shall not be transferred from one CCM to another Clearing Member except as provided in TITLE V, CHAPTER 3 or CHAPTER 4 or as otherwise permitted by French law to LCH.Clearnet SA.

#### **Article 5.3.1.2**

Rights under a Client Cleared Transaction shall not be capable of assignment by a CCM. Any purported assignment by a CCM or any purported transfer that is not in compliance with this TITLE V, CHAPTER 3 shall be void.

### **Section 5.3.2 Full transfers**

#### **Article 5.3.2.1**

Upon the instruction of a CCM Individual Segregated Account Client, a Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer:

- (a) the entire portfolio (and not less than an entire portfolio) of:
  - (x) Client Cleared Transactions registered in the CCM Direct Client Segregated Account Structure of that CCM Individual Segregated Account Client; and/or
  - (y) Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client,

to the relevant CCM Client Trade Account(s) of the Receiving Clearing Member; and

- (b) if also requested by the Receiving Clearing Member, all Client Assets attributable to such CCM Individual Segregated Account Client and all its CCM Indirect Clients (if applicable) registered in the Carrying Clearing Member's relevant CCM Client Collateral Account(s) to the Receiving Clearing Member's relevant CCM Client Collateral Account(s).

Subject to paragraph (vii) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfers and acknowledges that they may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

It is a condition precedent to any such transfer of Client Cleared Transactions and/or relevant Client Assets (as the case may be) that:

- (i) such CCM Individual Segregated Account Client has not become insolvent (such CCM Individual Segregated Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) where the entire portfolio of Client Cleared Transactions of all the CCM Indirect Clients of that CCM Individual Segregated Account Client is to be transferred, none of the CCM Indirect Clients has become insolvent (such CCM Indirect Clients to be presumed to be

solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member);

- (iii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iv) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (v) where Client Assets to be transferred simultaneously with the transfer of the Client Cleared Transactions comprise Pledged Eligible Collateral, the Receiving Clearing Member has entered into a Pledge Agreement with LCH.Clearnet SA and has opened with LCH.Clearnet SA a pledged securities account at Euroclear Bank for the purpose of holding the relevant Eligible Collateral in respect of its CCM Clients;
- (vi) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vii) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.2.1(vii) above, the Carrying Clearing Member will be entitled to reject the transfer of the relevant Client Cleared Transactions only if: (a) the relevant CCM Individual Segregated Account Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions recorded in the CCM Individual Segregated Account Structure would result in the CCM Individual Segregated Account Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Individual Segregated Account Client.

#### **Article 5.3.2.2**

Upon the instruction of each CCM Net Omnibus Segregated Account Client within a CCM Net Omnibus Client Set of a Carrying Clearing Member, the Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer:

- (a) each of such CCM Net Omnibus Segregated Account Clients' entire portfolio (and not less than an entire portfolio) of Client Cleared Transactions to the relevant CCM Client Trade Accounts of the Receiving Clearing Member; and
- (b) if also requested by the Receiving Clearing Member, all Client Assets attributable to such CCM Net Omnibus Segregated Account Clients from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account. Subject to paragraph (vi) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfers and acknowledges that they may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

It is a condition precedent to any such transfer of Client Cleared Transactions and/or relevant Client Assets (as the case may be) that:

- (i) none of the CCM Net Omnibus Segregated Account Clients within the relevant CCM Net Omnibus Client Set has become insolvent (each such CCM Net Omnibus Segregated Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) where Client Assets, to be transferred simultaneously with the transfer of the Client Cleared Transactions, comprise Pledged Eligible Collateral, the Receiving Clearing Member has entered into a Pledge Agreement with LCH.Clearnet SA and has opened with LCH.Clearnet SA a pledged securities account at Euroclear Bank for the purpose of holding the relevant Eligible Collateral in respect of its CCM Clients;
- (v) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.2.2(vi) above, the Carrying Clearing Member will be entitled to reject the transfer of the relevant Client Cleared Transactions only if: (a) one or more of the relevant CCM Net Omnibus Segregated Account Clients has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the Client Cleared Transactions would result in one or more of the CCM Net Omnibus Segregated Account Clients breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with terms agreed as between the Carrying Clearing Member and one or more of the CCM Net Omnibus Segregated Account Clients.

### **Article 5.3.2.3**

Upon the instruction of each CCM Gross Omnibus Multi Sub-Account Client within a CCM Gross Omnibus Multi Sub-Account Client Set of a Carrying Clearing Member, the Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer:

- (a) each of such CCM Gross Omnibus Multi Sub-Account Clients' entire portfolio (and not less than an entire portfolio) of Client Cleared Transactions to the relevant CCM Client Trade Accounts of the Receiving Clearing Member; and
- (b) if also requested by the Receiving Clearing Member, all Client Assets relating to the CCM Cleared Transactions that are being transferred to a Receiving Clearing Member designated by such CCM Gross Omnibus Multi Sub-Account Clients (as set out in Section

5 of the Procedures), from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

Subject to paragraph (vi) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfers and acknowledges that they may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

It is a condition precedent to any such transfer of Client Cleared Transactions and/or relevant Client Assets (as the case may be) that:

- (i) none of the CCM Gross Omnibus Multi Sub-Account Clients within the relevant CCM Gross Omnibus Multi Sub-Account Client Set has become insolvent (each such CCM Gross Omnibus Multi Sub-Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) where Client Assets, to be transferred simultaneously with the transfer of the Client Cleared Transactions, comprise Pledged Eligible Collateral, the Receiving Clearing Member has entered into a Pledge Agreement with LCH.Clearnet SA and has opened with LCH.Clearnet SA a pledged securities account at Euroclear Bank for the purpose of holding the relevant Eligible Collateral in respect of its CCM Clients;
- (v) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.2.3(vi) above, the Carrying Clearing Member will be entitled to reject the transfer of the relevant Client Cleared Transactions only if: (a) one or more of the relevant CCM Gross Omnibus Multi Sub-Account Clients has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the Client Cleared Transactions would result in one or more of the CCM Gross Omnibus Multi Sub-Account Clients breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with terms agreed as between the Carrying Clearing Member and one or more of the CCM Gross Omnibus Multi Sub-Account Clients.

#### **Article 5.3.2.4**

Upon the instruction of a CCM Gross Omnibus Single Sub-Account Client, a Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer:

- (a) the entire portfolio (and not less than an entire portfolio) of Client Cleared Transactions registered in the CCM Gross Omnibus Single Sub-Account Structure of that CCM Gross

Omnibus Single Sub-Account Client to the relevant CCM Client Trade Account of the Receiving Clearing Member; and

- (b) if also requested by the Receiving Clearing Member, all Client Assets relating to the CCM Cleared Transactions that are being transferred to a Receiving Clearing Member designated by such CCM Gross Omnibus Multi Sub-Account Clients (as set out in Section 5 of the Procedures), from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

Subject to paragraph (vi) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfers and acknowledges that they may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

It is a condition precedent to any such transfer of Client Cleared Transactions and/or relevant Client Assets (as the case may be) that:

- (i) such CCM Gross Omnibus Single Sub-Account Client has not become insolvent (such CCM Gross Omnibus Single Sub-Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) where Client Assets to be transferred simultaneously with the transfer of the Client Cleared Transactions comprise Pledged Eligible Collateral, the Receiving Clearing Member has entered into a Pledge Agreement with LCH.Clearnet SA and has opened with LCH.Clearnet SA a pledged securities account at Euroclear Bank for the purpose of holding the relevant Eligible Collateral in respect of its CCM Clients;
- (v) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.2.4(vi) above, the Carrying Clearing Member will be entitled to reject the transfer of the relevant Client Cleared Transactions only if: (a) the relevant CCM Gross Omnibus Single Sub-Account Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions recorded in the CCM Gross Omnibus Single Sub-Account Structure would result in the CCM Gross Omnibus Single Sub-Account Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Gross Omnibus Single Sub-Account Client.

### **Article 5.3.2.5**

If, a transfer is not effected due to one of the conditions in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3 or Article 5.3.2.4 not being satisfied but the Receiving Clearing Member wishes to proceed with such transfer, it shall be required to submit a new request to transfer in accordance with Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3 or Article 5.3.2.4 (as applicable).

## **Section 5.3.3 Partial transfers**

### **Article 5.3.3.1**

Upon the instruction of a CCM Individual Segregated Account Client, a Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer:

- (a) a portion of the portfolio of Client Cleared Transactions registered in the CCM Direct Client Segregated Account Structure of that CCM Individual Segregated Account Client; and/or
- (b) a portion of the portfolio of Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client,

to the relevant CCM Client Trade Account(s) of the Receiving Clearing Member.

Subject to paragraph (vi) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfer and acknowledges that it may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

Where a request is made in accordance with this Article 5.3.3.1, no Client Assets shall be permitted to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account(s).

It is a condition precedent to any such transfer of the Client Cleared Transactions that:

- (i) such CCM Individual Segregated Account Client has not become insolvent (such CCM Individual Segregated Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) where Client Cleared Transactions of CCM Indirect Clients of that CCM Individual Segregated Account Client are to be transferred, none of the relevant CCM Indirect Clients has become insolvent (such CCM Indirect Clients to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member);
- (iii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iv) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (v) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.3.1(vi) above, the Carrying Clearing Member may be entitled to reject the transfer of the relevant Client Cleared Transactions only if; (a) the CCM Individual Segregated Account Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions recorded in the CCM Individual Segregated Account Structure would result in the CCM Individual Segregated Account Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Individual Segregated Account Client.

### **Article 5.3.3.2**

Upon the instruction of a CCM Net Omnibus Segregated Account Client in circumstances where (a) one or more CCM Net Omnibus Segregated Account Clients within the relevant CCM Net Omnibus Client Set of a Carrying Clearing Member do not wish to transfer all the relevant Client Cleared Transactions to the Receiving Clearing Member; or (b) a CCM Net Omnibus Segregated Account Client within the relevant CCM Net Omnibus Client Set wishes to transfer a portion of such CCM Net Omnibus Segregated Account Client's portfolio of Client Cleared Transactions to the Receiving Clearing Member, the Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer some but not all of Client Cleared Transactions to the relevant CCM Client Trade Account of the Receiving Clearing Member. Subject to paragraph (v) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfer and acknowledges that it may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

Where a request is made in accordance with this Article 5.3.3.2, no Client Assets shall be permitted to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

It is a condition precedent to the transfer of the Client Cleared Transactions of the CCM Net Omnibus Segregated Account Client(s) that:

- (i) no CCM Net Omnibus Segregated Account Client within the relevant CCM Net Omnibus Client Set has become insolvent (each CCM Net Omnibus Segregated Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (v) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For purposes of Article 5.3.3.2(v) above, the Carrying Clearing Member may be entitled to reject the transfer of the relevant Client Cleared Transactions only if; (a) one or more CCM Net Omnibus Segregated Account Clients within the relevant CCM Net Omnibus Client Set has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions would result in one or more CCM Net Omnibus Segregated Account Clients breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Net Omnibus Segregated Account Clients.

### **Article 5.3.3.3**

Upon the instruction of a CCM Gross Omnibus Multi Sub-Account Client in circumstances where (a) one or more CCM Gross Omnibus Multi Sub-Account Clients within the relevant CCM Gross Omnibus Multi Sub-Account Client Set of a Carrying Clearing Member do not wish to transfer all the relevant Client Cleared Transactions to the Receiving Clearing Member; or (b) a CCM Gross Omnibus Multi Sub-Account Client within the relevant CCM Gross Omnibus Multi Sub-Account Client Set wishes to transfer a portion of such CCM Gross Omnibus Multi Sub-Account Client's portfolio of Client Cleared Transactions to the Receiving Clearing Member, the Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer some but not all of Client Cleared Transactions to the relevant CCM Client Trade Account of the Receiving Clearing Member. Subject to paragraph (v) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfer and acknowledges that it may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

Where a request is made in accordance with this Article 5.3.3.3, no Client Assets shall be permitted to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

It is a condition precedent to the transfer of the Client Cleared Transactions of the CCM Gross Omnibus Multi Sub-Account Client(s) that:

- (i) no CCM Gross Omnibus Multi Sub-Account Client within the relevant CCM Gross Omnibus Multi Sub-Account Client Set has become insolvent (each CCM Gross Omnibus Multi Sub-Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (v) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For purposes of Article 5.3.3.3(v) above, the Carrying Clearing Member may be entitled to reject the transfer of the relevant Client Cleared Transactions only if; (a) one or more CCM Gross Omnibus Multi Sub-Account Clients within the relevant CCM Gross Omnibus Multi Sub-Account Client Set has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions would result in one or more CCM Gross Omnibus Multi Sub-Account Clients breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Gross Omnibus Multi Sub-Account Clients.

#### **Article 5.3.3.4**

Upon the instruction of a CCM Gross Omnibus Single Sub-Account Client, a Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer a portion of the portfolio of Client Cleared Transactions registered in the CCM Gross Omnibus Single Sub-Account Structure of that CCM Gross Omnibus Single Sub-Account Client to the relevant CCM Client Trade Account of the Receiving Clearing Member.

Subject to paragraph (v) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfer and acknowledges that it may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

Where a request is made in accordance with this Article 5.3.3.4, no Client Assets shall be permitted to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

It is a condition precedent to any such transfer of the Client Cleared Transactions that:

- (i) such CCM Gross Omnibus Single Sub-Account Client has not become insolvent (such CCM Gross Omnibus Single Sub-Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (v) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.3.4(v) above, the Carrying Clearing Member may be entitled to reject the transfer of the relevant Client Cleared Transactions only if; (a) the CCM Gross Omnibus Single Sub-Account Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result

from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions recorded in the CCM Gross Omnibus Single Sub-Account Structure would result in the CCM Gross Omnibus Single Sub-Account Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Gross Omnibus Single Sub-Account Client.

#### **Section 5.3.4 Transfer of Client Assets**

##### **Article 5.3.4.1**

In relation to the circumstances set out in Section 5.3.2, for the purpose of a transfer of Client Assets:

- (i) in accordance with Article 5.3.2.1 or Article 5.3.2.2, LCH.Clearnet SA shall notify the Receiving Clearing Member of the Client Assets which are to be transferred; or
- (ii) in accordance with Article 5.3.2.3 or Article 5.3.2.4, upon request from LCH.Clearnet SA, the Carrying Clearing Member shall notify LCH.Clearnet SA of the Client Assets which are attributable to the transferring CCM Gross Omnibus Multi Sub-Account Client Set or CCM Gross Omnibus Single Sub-Account Client (as the case may be) and, along with the Receiving Clearing Member, shall take such actions and provide such information to LCH.Clearnet SA in connection with the transfer as may be required by LCH.Clearnet SA. In the event that the Carrying Clearing Member fails to notify LCH.Clearnet SA of the Client Assets that are attributable to the relevant CCM Gross Omnibus Multi Sub-Account Client Set or CCM Gross Omnibus Single Sub-Account Client, LCH.Clearnet SA shall transfer such Collateral from the CCM Client Collateral Account of the Carrying Clearing Member's relevant CCM Gross Omnibus Segregated Account Structure to the Receiving Clearing Member's relevant CCM Client Collateral Account as it deems appropriate and as set out in Section 5 of the Procedures.

##### **Article 5.3.4.2**

Following such notification made in accordance with Article 5.3.4.1, the Receiving Clearing Member may elect to reject the transfer of some or all of the Client Assets. Any such election will not prevent the transfer of the relevant Client Cleared Transactions and any related Client Assets which have been accepted by the Receiving Clearing Member, provided that the conditions set out in sub-paragraphs (i) to (vii) of Article 5.3.2.1, sub-paragraphs (i) to (vi) of Article 5.3.2.2, sub-paragraphs (i) to (vi) of Article 5.3.2.3 or sub-paragraphs (i) to (vi) of Article 5.3.2.2 (as applicable) are satisfied in relation to such transfer.

##### **Article 5.3.4.3**

Provided that the Receiving Clearing Member has not rejected the transfer all of the Client Assets in accordance with Article 5.3.4.2, LCH.Clearnet SA shall transfer the Client Assets from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account. In the event that, for whatever reason, LCH.Clearnet SA is unable to transfer such Client Assets, LCH.Clearnet SA will not proceed with the transfer of the relevant Client Cleared Transactions.

## **Section 5.3.5 Transfer process**

### **Article 5.3.5.1**

- (i) Further to the satisfaction of the conditions set out in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4, Article 5.3.3.1, Article 5.3.3.2, Article 5.3.3.3 or Article 5.3.3.4 (as appropriate) above, and provided that LCH.Clearnet SA does not determine, in its sole discretion, that the transfer cannot be effected under this CDS Clearing Rule Book or the Procedures, LCH.Clearnet SA shall transfer the relevant Client Cleared Transaction(s) to the relevant CCM Client Trade Account(s) of the Receiving Clearing Member for the benefit of the relevant CCM Client(s). Such Client Cleared Transaction(s) will be processed in accordance with CHAPTER 1 of TITLE III.
- (ii) In the case where a transfer of Client Cleared Transactions, pursuant to Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3 or Article 5.3.3.2 will include the transfer of the related Client Assets:
  - (a) In respect of Client Assets which have been transferred by the Carrying Clearing Member to LCH.Clearnet SA on a full title transfer basis in accordance with Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3 or Article 5.3.2.4 such transfer shall be effected as follows:
    - (A) the Carrying Clearing Member shall relinquish all rights to such Client Assets (including, for the avoidance of doubt, any beneficial interest and/or equity of redemption in respect thereof);
    - (B) such Client Assets shall immediately upon such relinquishment be held by LCH.Clearnet SA on behalf of the Receiving Clearing Member; and
    - (C) the Receiving Clearing Member's rights to such Client Assets arising as described in paragraph (B) above shall become, in respect of the relevant Client Cleared Transactions, subject to the title transfer security arrangements entered into between the Receiving Clearing Member and LCH.Clearnet SA in relation to the provision of cover.
  - (b) In respect of Client Assets that are subject to the Pledge Agreement entered into between the Carrying Clearing Member and LCH.Clearnet SA in relation to the provision of Collateral, in accordance with Article 5.2.4.2, such transfer shall be effected in accordance with Section 3 of the Procedures.
- (iii) For the avoidance of doubt, the Carrying Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to, the Client Assets transferred.
- (iv) The transfer of the Client Cleared Transactions and associated Client Assets shall be deemed to occur simultaneously, and the transfer of the Client Cleared Transactions shall be conditional on the transfer of the related Client Assets, and vice versa.
- (v) If the transfer of the Client Cleared Transactions and associated Client Assets is not completed for any reason, then any transfer or registration of Client Assets or Client Cleared Transactions shall be immediately unwound and such transfer or registration shall be deemed never to have occurred.

### **Article 5.3.5.2**

Subject to Article 5.3.5.3 below, but otherwise notwithstanding anything to the contrary in the CDS Clearing Rules, in making any transfer of Client Cleared Transactions and (if applicable) Client Assets pursuant to this TITLE V, Chapter 3, LCH.Clearnet SA shall be authorised and entitled to rely conclusively on the instructions of and information provided by the relevant CCM(s), which shall be solely responsible for all such instructions and information, including ensuring that:

- (i) the transfer is properly authorised or rejected (as the case may be);
- (ii) the appropriate CCM Client Trade Account(s) have been identified; and
- (iii) in the case of a partial transfer of Client Cleared Transactions pursuant to Article 5.3.3.1, Article 5.3.3.2, Article 5.3.3.3 or Article 5.3.3.4 the appropriate Client Cleared Transactions have been identified by the Receiving Clearing Member,

and LCH.Clearnet SA shall have no responsibility or liability therefore.

### **Article 5.3.5.3**

LCH.Clearnet SA shall verify that the Client Cleared Transactions notified to it by a CCM, as being the subject of such a transfer, correspond to Client Cleared Transactions which, according to its records, are registered in the Client Account Structure of the Carrying Clearing Member in respect of the relevant CCM Client and CCM Indirect Clients (if applicable). In the event that LCH.Clearnet SA identifies a discrepancy, it will notify the relevant CCM(s) and no transfer will occur pursuant to TITLE V, Chapter 3, until such time as the Client Cleared Transactions identified to LCH.Clearnet SA by the relevant CCM(s) can be verified by LCH.Clearnet SA.

### **Article 5.3.5.4**

The Carrying Clearing Member agrees to indemnify LCH.Clearnet SA in respect of all liabilities, costs, loss, fees, damages or expenses suffered or incurred by LCH.Clearnet SA (howsoever arising or occurring) by reason of a proposed transfer being rejected by the Carrying Clearing Member other than in compliance with the grounds set out in the final paragraph of Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4, Article 5.3.3.1, Article 5.3.3.2, Article 5.3.3.3 or Article 5.3.3.4 (as the case may be).

## **CHAPTER 4 - EARLY TERMINATION**

### **Article 5.4.1.1**

If at any time an early termination date, howsoever described in the relevant CDS Client Clearing Agreement, occurs in respect of one or more Deemed Client Transaction(s) (other than Deemed Client Transactions entered into in relation to Client Cleared Transactions registered in a CCM Indirect Client Segregated Account Structure) and provided that, at the time of such early termination date, the relevant CCM is not a Defaulting Clearing Member, that CCM may instruct LCH.Clearnet SA to transfer the corresponding Client Cleared Transactions from the relevant CCM Client Trade Account to the House Trade Account of such CCM, in accordance with Section 5 of the Procedures.

### **Article 5.4.1.2**

If at any time, an early termination date, howsoever described in the relevant indirect clearing arrangement in place between a CCM Client and a CCM Indirect Client, occurs in respect of one or more transactions entered into between such CCM Client and such CCM Indirect Client and, in turn, triggers the early termination of the corresponding Deemed Client Transaction(s), and provided that the relevant CCM, at the time of such early termination date, is not a Defaulting Clearing Member, and an early termination date has not also occurred in respect of all Deemed Client Transaction(s), as described in Article 5.4.1.3, that CCM may instruct LCH.Clearnet SA to transfer the Client Cleared Transactions registered in the relevant CCM Indirect Client Segregated Account Structure to the relevant CCM Client's CCM Direct Client Segregated Account Structure, in accordance with Section 5 of the Procedures.

### **Article 5.4.1.3**

If at any time, an early termination date, howsoever described in the relevant CDS Client Clearing Agreement, occurs in respect of all Deemed Client Transactions which have been entered into in relation to Client Cleared Transactions registered in a CCM Indirect Client Segregated Account Structure, and provided that the relevant CCM, at the time of such early termination date, is not a Defaulting Clearing Member, that CCM may instruct LCH.Clearnet SA to take one of the following steps in relation to Client Cleared Transactions registered in a CCM Indirect Client Segregated Account Structure:

- (i) in circumstances where such CCM notifies a single Backup Client in respect of all Client Cleared Transactions registered in the relevant CCM Indirect Client Segregated Account Structure, and further provided that none of the relevant CCM Indirect Clients has become insolvent (such CCM Indirect Clients to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the CCM), transfer to the appointed Backup Client all the relevant Client Cleared Transactions and Client Assets registered in the relevant CCM Indirect Client Segregated Account Structure; or
- (ii) transfer all Client Cleared Transactions registered in the relevant CCM Indirect Client Segregated Account Structure to the House Trade Account of such CCM,

in accordance with the conditions set forth in Section 5 of the Procedures. For the avoidance of doubt, the list above is not exhaustive and LCH.Clearnet SA may take any steps or proceedings other than those referred to in this Article 5.4.1.3, in accordance with the instructions of the CCM.

#### **Article 5.4.1.4**

LCH.Clearnet SA will arrange a transfer of the relevant Client Cleared Transactions mentioned in Article 5.4.1.1, Article 5.4.1.2 and Article 5.4.1.3 in the conditions set out in Section 5 of the Procedures and provided that LCH.Clearnet SA has received an indemnity from the relevant CCM in a form suitable to LCH.Clearnet SA to cover any losses, costs or expenses incurred by LCH.Clearnet SA in connection with the transfer.

#### **Article 5.4.1.5**

LCH.Clearnet SA shall act solely upon the instructions of the CCM to perform the process set out in Article 5.4.1.3 and Section 5 of the Procedures and shall not incur any liability to the relevant CCM, CCM Individual Segregated Account Client or CCM Indirect Client as a result thereof.

The CCM agrees to indemnify and hold LCH.Clearnet SA harmless from and against any and all loss, liability, damage, cost, penalty, fine, tax or expense (including, without limitation, reasonable attorney's fees, cost of collection, and any reasonable cost incurred in successfully defending against any claim asserted by the CCM, CCM Individual Segregated Account Client or the CCM Indirect Client, as the case may be) in connection with any steps or proceedings taken by LCH.Clearnet SA pursuant to Article 5.4.1.3 or as a result of the application of Article 5.4.1.3.

# **TITLE VI**

## **CDS FCM CLIENT CLEARING**

## **CHAPTER 1 - GENERAL PROVISIONS**

### **Article 6.1.1.1**

An FCM Clearing Member may provide CDS Client Clearing Services to its FCM Clients after obtaining confirmation from LCH.Clearnet SA it has duly filed and submitted all the documentation and information required pursuant to Section 1 of the Procedures. An FCM Clearing Member may also enter into Cleared Transactions for its own account. Notwithstanding the foregoing, an FCM Clearing Member may not enter into Cleared Transactions for the account of an Affiliate, unless such FCM Clearing Member first provides LCH.Clearnet SA with an opinion of counsel, in form and content acceptable to LCH.Clearnet SA, confirming that entry into such Cleared Transactions would not be contrary to Applicable Law.

### **Article 6.1.1.2**

An FCM Clearing Member may provide CDS Clearing Services to a Client (or, if permitted pursuant to Article 6.1.1.1, an Affiliate) on any terms and conditions mutually agreed to by it and such Person; provided, however, that:

- (i) an FCM Clearing Member shall, before providing CDS Clearing Services to any Client or Affiliate, ensure that it has entered into an agreement, or an addendum to an existing agreement, with such Person, that binds such Person to the applicable provisions of the CDS Clearing Rules (including the FCM CDS Clearing Regulations) by direct reference thereto or otherwise, and any other provisions as shall be agreed from time to time between LCH.Clearnet SA and FCM Clearing Members, or as may be prescribed by LCH.Clearnet SA;
- (ii) an FCM Clearing Member shall notify LCH.Clearnet SA of each Affiliate for which it provides CDS Clearing Services;
- (iii) an FCM Clearing Member shall provide, and separately identify, to LCH.Clearnet SA Client Cleared Transactions and Collateral in respect of Client Cleared Transactions (in the aggregate); and
- (iv) an FCM Clearing Member may deliver, and shall separately identify, to LCH.Clearnet SA Collateral as FCM Client Collateral Buffer.

### **Article 6.1.1.3**

Each FCM Client (and, if permitted pursuant to Article 6.1.1.1, an Affiliate), by participating in Original Transactions and entering FCM Cleared Transactions through its FCM Clearing Member, shall be deemed to understand, acknowledge and agree that:

- (i) the receipt of CDS Clearing Services from the FCM Clearing Member which result in the registration of FCM Cleared Transactions within such FCM Clearing Member's Client Trade Account(s) or House Trade Account, as the case may be, will be governed by the applicable provisions of the CDS Clearing Documentation;
- (ii) it shall be bound by the applicable provisions of the CDS Clearing Documentation in respect of any FCM Cleared Transactions which are attributable to it;

- (iii) at the time an FCM Cleared Transaction is registered in an FCM Client Trade Account or House Trade Account of the FCM Clearing Member, as the case may be, on its behalf, the FCM Client or Affiliate, as applicable, will be deemed to be bound by the relevant FCM Cleared Transaction on the terms entered into between the FCM Clearing Member and LCH.Clearnet SA and such FCM Client or Affiliate agrees to be bound automatically and without further action by the FCM Clearing Member or the FCM Client or Affiliate;
- (iv) it shall not act so as to cause, whether directly or indirectly, a breach of the FCM CDS Clearing Documentation;
- (v) the provisions of the CDS Clearing Documentation referring to FCM Clients or Affiliates, for the benefit of LCH.Clearnet SA, including without limitation applicable provisions of this CDS Clearing Rule Book, are enforceable against such FCM Client or Affiliate by LCH.Clearnet SA as if they had been entered into by each such Person directly with LCH.Clearnet SA;
- (vi) LCH.Clearnet SA deals only with Clearing Members, and the FCM Client or Affiliate will have no right or authority to deal directly with LCH.Clearnet SA, including but not limited to in connection with the matters described in this Title VI;
- (vii) it will deal only with its FCM Clearing Member in connection with all FCM Cleared Transactions that are cleared on its behalf by such FCM Clearing Member through LCH.Clearnet SA;
- (viii) upon an Event of Default occurring in relation to an FCM Clearing Member, if LCH.Clearnet SA:
  - (a) is required to do so by any Competent Authority or Regulatory Body or Applicable Law,
  - (b) cannot for any reason proceed with a Porting of the FCM Cleared Transactions registered in an FCM Clearing Member's Account Structure and attributable to an FCM Client, or
  - (c) determines in its discretion that it is necessary for its protection,
 LCH.Clearnet SA may close out and terminate the FCM Cleared Transactions registered in the FCM Clearing Member's Client Account Structure or House Account Structure and attributable to an FCM Client or Affiliate, regardless whether such FCM Client or Affiliate had itself defaulted, and in certain circumstances LCH.Clearnet SA will not transfer or otherwise re-establish such positions;
- (ix) it will not be entitled to instruct LCH.Clearnet SA to act or omit to act in any manner at any time prior to an Event of Default in relation to the relevant FCM Clearing Member;
- (x) it will not be entitled to receive any information from LCH.Clearnet SA in respect of any Margin Balance that is recorded in either the FCM House Collateral Account or any FCM Client Financial Account, the FCM Unallocated Client Collateral Financial Account or the FCM Buffer Financial Account of an FCM Clearing Member;
- (xi) LCH.Clearnet SA will not hold any assets transferred to it directly on behalf of any such individual FCM Client or Affiliate;

- (xii) to the extent the Markit LCH Settlement Prices are provided to the FCM Client, the FCM Client shall:
  - (a) use such Markit LCH Settlement Prices internally and solely in connection with its clearing functions; and
  - (b) only be permitted to provide the Markit LCH Settlement Prices to an affiliate or a client of its own if: (1) it does so at no cost; (2) the Markit LCH Settlement Prices are provided for the affiliate or client to use internally and solely in connection with their respective clearing functions; and (3) the Markit LCH Settlement Prices are identifiable as such.

For the avoidance of doubt, “clearing functions” shall mean the validation of the FCM Client’s Margin Requirement (or any margin requirement applicable to the FCM Client’s affiliate or client) and the calculation and valuation of the FCM Client’s Open Positions (or the net open positions of the Client’s affiliate or client) for the purposes of its own internal books and records;
- (xiii) where Collateral is deposited by the FCM Clearing Member in satisfaction of the House Margin Requirement or the Client Margin Requirement (as applicable), it shall not be entitled to assert any equitable or other claim to the Collateral in circumstances where the assertion of such a claim would delay or inhibit the disposal of such Collateral by LCH.Clearnet SA and/or the application of the proceeds of sale of such Collateral in accordance with the provisions of the CDS Clearing Rules and Applicable Law;
- (xiv) the FCM Clearing Member has its unconditional consent to furnish or deposit Collateral with LCH.Clearnet SA in satisfaction of the Client Margin Requirement or House Margin Requirement which is attributable to the FCM Cleared Transactions cleared on its behalf, in accordance with the CDS Clearing Rule Book and the FCM CDS Clearing Regulations, and to re-pledge such property to LCH.Clearnet SA;
- (xv) LCH.Clearnet SA is authorized to make disclosure of information in accordance with the applicable provisions of the CDS Clearing Documentation; and
- (xvi) its agreement or agreement and addendum described in clause (i) of Article 6.1.1.2 is consistent with the CDS Clearing Documentation and Applicable Law.

#### **Article 6.1.1.4**

Each FCM Clearing Member shall be obliged (to the extent permitted by Applicable Law) to provide LCH.Clearnet SA with any information that LCH.Clearnet SA may reasonably require in relation to the CDS Clearing Services provided by that Clearing Member to its Clients or Affiliates, including, where and to the extent necessary for the proper performance by LCH.Clearnet SA of its risk management functions and legal and regulatory obligations, information on the identify of any of its FCM Clients or any of its Affiliates to which it provides FCM CDS Clearing Services, along with details of:

- (i) any agreement relating to the provision of CDS Client Clearing Services by the FCM Clearing Member to its FCM Clients and Affiliates (including the Clearing Agreements);
- (ii) any document reflecting the recording of the FCM Cleared Transactions in the different accounts held by the FCM Clearing Member *per* Clearing Day, the details of such FCM

Cleared Transactions and the cover held in respect of such FCM Cleared Transactions; and

- (iii) the FCM Clearing Member's written anti-money laundering procedures and written risk management policies and procedures, and practices, addressing the risks that such FCM Clearing Member may pose to LCH.Clearnet SA including, but not limited to, information and documents relating to the liquidity of such FCM Clearing Member's financial resources and settlement procedures.

#### **Article 6.1.1.5**

Each FCM Clearing Member shall maintain appropriate books and records identifying all pertinent information regarding (i) its FCM Clients and any Affiliates for which it provides CDS Clearing Services, and (ii) its Client Cleared Transactions and House Cleared Transactions. Without limitation of the foregoing, each FCM Clearing Member shall ensure that its books and records accurately reflect the Cleared Transactions maintained in the FCM Client Trade Accounts and corresponding Collateral maintained in the FCM Client Financial Accounts for its relevant FCM Clients. Each FCM Clearing Member will carry accounts for Clients within its own books and records, and maintain the funds and other property it holds on behalf of its Clients in respect of their Cleared Transactions, in accordance with the FCM CDS Clearing Regulations and Applicable Law.

## **CHAPTER 2 – FCM CLIENT ACCOUNT STRUCTURE**

### **Section 6.2.1 General Provisions**

#### **Article 6.2.1.1**

LCH.Clearnet SA shall open and maintain for each FCM Clearing Member, within its books and records for the CDS Clearing System, the accounts comprising the FCM Client Account Structure, as follows:

- (i) a separate FCM Client Trade Account for each FCM Client;
- (ii) a separate FCM Client Margin Account for each FCM Client;
- (iii) a separate FCM Client Financial Account for each FCM Client;
- (iv) an FCM Unallocated Client Collateral Financial Account;
- (v) an FCM Buffer Financial Account; and
- (vi) an FCM Client Collateral Account.

#### **Article 6.2.1.2**

LCH.Clearnet SA shall open and maintain the FCM Client Account Structure for an FCM Clearing Member in the name of such FCM Clearing Member for the benefit of its FCM Clients. The accounts comprising each FCM Clearing Member's FCM Client Account Structure shall have their situs located in the United States.

#### **Article 6.2.1.3**

LCH.Clearnet SA shall open and maintain the accounts comprising the FCM Client Account Structure for each FCM Clearing Member, and maintain the Collateral it holds on behalf of the FCM Clearing Member's FCM Clients in respect of their Cleared Transactions, in accordance with this TITLE VI, the FCM CDS Clearing Regulations, the Procedures and Applicable Law.

### **Section 6.2.2 FCM Client Trade Account**

#### **Article 6.2.2.1**

LCH.Clearnet SA shall open one FCM Client Trade Account for each FCM Client of each FCM Clearing Member.

#### **Article 6.2.2.2**

Registration of FCM Cleared Transactions in an FCM Client Trade Account shall initially be made by LCH.Clearnet SA on the basis of the Transaction Data with respect to the relevant Original Transaction and amended to reflect any compression of FCM Cleared Transactions pursuant to TITLE III, Chapter 3.

### **Section 6.2.3 FCM Client Margin Account**

#### **Article 6.2.3.1**

LCH.Clearnet SA shall open one FCM Client Margin Account for each FCM Client of each FCM Clearing Member.

### **Article 6.2.3.2**

FCM Cleared Transactions registered in an FCM Client Trade Account for an FCM Client of an FCM Clearing Member will be allocated to the corresponding FCM Client Margin Account for the purpose of the determination of the Open Positions attributable to such FCM Client.

### **Article 6.2.3.3**

Calculation of Open Positions attributable to an FCM Client and their recording in the relevant FCM Client Margin Account will be carried out by LCH.Clearnet SA in accordance with Section 2 of the Procedures.

### **Article 6.2.3.4**

Each FCM Client's Open Positions will be margined on a portfolio basis. The Total Margin Requirement for all Client Margin Accounts of an FCM Clearing Member will be margined based on the gross sum of the margin requirements for all such Client Margin Accounts.

## **Section 6.2.4      FCM Client Collateral Account, FCM Client Financial Account and Related Accounts**

### **Article 6.2.4.1**

LCH.Clearnet SA shall open:

- (i) an FCM Client Financial Account for each FCM Client of each FCM Clearing Member, in which LCH.Clearnet SA will record the value of Collateral provided by the FCM Clearing Member in respect of such FCM Client's Open Positions;
- (ii) an FCM Buffer Financial Account, in which LCH.Clearnet SA will record the value of Collateral provided by the FCM Clearing Member as FCM Client Collateral Buffer;
- (iii) an FCM Unallocated Client Collateral Financial Account, in which LCH.Clearnet SA will record the value of FCM Unallocated Client Excess Collateral; and
- (iv) an FCM Collateral Account, in which LCH.Clearnet SA will record the Collateral held by LCH.Clearnet recorded in the foregoing accounts.

### **Article 6.2.4.2**

LCH.Clearnet SA is entitled to assume that all Collateral delivered by an FCM Clearing Member to LCH.Clearnet SA:

- (i) to meet Client Margin Requirements is the sole legal and beneficial property of the FCM Clearing Member or is furnished or deposited with the legal and beneficial owner's unconditional consent and with the authority granted to the FCM Clearing Member to re-pledge such property to LCH.Clearnet SA; and
- (ii) as FCM Client Collateral Buffer is the sole legal and beneficial property of the FCM Clearing Member.

An FCM Clearing Member shall not deliver securities or other assets to LCH.Clearnet SA as Collateral for any FCM Client Financial Account or as FCM Client Collateral Buffer otherwise than in conformity to this Article 6.2.4.2. It shall be accepted by every Person (including FCM Clients) subject to or dealing on the terms of these CDS Clearing Rules, that an FCM Clearing Member has its respective FCM Clients' unconditional consent to deliver to LCH.Clearnet SA as Collateral

for the purposes of these CDS Clearing Rules any securities or other assets of such Person in the FCM Clearing Member's possession.

#### **Article 6.2.4.3**

All Collateral delivered by an FCM Clearing Member to meet its House Margin Requirement and its Client Margin Requirement shall be transferred to, and held by, LCH.Clearnet SA in accordance with Section 3 of the Procedures and the FCM CDS Clearing Regulations.

#### **Article 6.2.4.4**

When LCH.Clearnet SA determines the value of Collateral recorded in the FCM Client Collateral Account by applying haircuts to Eligible Collateral and/or FX adjustments to Cash Collateral in accordance with Article 4.2.6.4 (which determinations will occur at the times set out in Section 3 of the Procedures):

- (i) if there is an increase in the value of such Collateral, an amount of Collateral equal to such resulting increase will, following such determination, be transferred to the FCM Unallocated Client Collateral Financial Account, whereupon such amount will become FCM Unallocated Client Excess Collateral; or
- (ii) if there is a decrease in the value of such Collateral, following such determination, such decrease in value shall be allocated first against the FCM Available Client Collateral Buffer (if any), which will be reduced by an amount of Collateral equal to such resulting decrease. In the case where the FCM Available Client Collateral Buffer is not sufficient to cover the total amount of Collateral equal to the resulting decrease, the portion which is not covered by the FCM Available Client Collateral Buffer will reduce on a *pro rata* basis:
  - (a) the Legally Segregated Value recorded in each FCM Client Financial Account;
  - (b) the value of the FCM Allocated Client Collateral Buffer recorded in the FCM Buffer Financial Account; and
  - (c) the value of the FCM Unallocated Client Excess Collateral recorded in the FCM Unallocated Client Collateral Financial Account

of such FCM Clearing Member.

### **Section 6.2.5      FCM Client Collateral Buffer and FCM Unallocated Client Excess Collateral**

#### **Article 6.2.5.1**

If an FCM Clearing Member maintains any FCM Excess Collateral or FCM Client Collateral Buffer with LCH.Clearnet SA, then such FCM Excess Collateral or FCM Client Collateral Buffer shall be subject to the provision of this Article 6.2.5.1 and other applicable provisions of the CDS Clearing Rules.

- (i) House Excess Collateral. An FCM Clearing Member is permitted to maintain FCM House Excess Collateral with LCH.Clearnet SA. An FCM Clearing Member that is not a Defaulting Clearing Member may request the return of its FCM House Excess Collateral above its FCM House Excess Collateral Threshold at any time, and upon such request LCH.Clearnet SA shall return such amount, unless the FCM Clearing Member has a Margin Shortfall in any of its FCM Client Margin Accounts and does not have sufficient

FCM Client Collateral Buffer to satisfy such Margin Shortfall. LCH.Clearnet SA may also, in its discretion, elect at any time to return any FCM House Excess Collateral to the applicable FCM Clearing Member.

- (ii) FCM Client Excess Collateral and Reclassification of Same as FCM Unallocated Client Excess Collateral. An FCM Clearing Member is not permitted to maintain any FCM Client Excess Collateral on a day-to-day basis, but may hold FCM Client Excess Collateral on an intraday basis. Any intraday Client Excess Collateral attributable to a specific FCM Client Margin Account shall be available for purposes of LCH.Clearnet SA carrying out a Notional and Collateral Check in respect of the Client Trade Leg of an Eligible Intraday Transaction for such FCM Client, as provided in Article 4.2.2.4 and Section 2 of the Procedures. LCH.Clearnet SA shall transfer the value of any FCM Client Excess Collateral that is reflected in any FCM Client Financial Account of the FCM Clearing Member prior to the Morning Call to the FCM Clearing Member's FCM Unallocated Client Collateral Financial Account, which transfer will occur after (and only after) the FCM Clearing Member's satisfaction of that Morning Call, whereupon the FCM Client Excess Collateral shall become "**FCM Unallocated Client Excess Collateral**". If at any time an FCM Clearing Member delivers Collateral to LCH.Clearnet SA on behalf of an FCM Client in an amount that would cause such FCM Client's FCM Client Financial Account to contain FCM Client Excess Collateral, LCH.Clearnet SA may (a) reject the deposit, (b) immediately transfer the entire deposit or the amount of such excess back to the FCM Clearing Member or (c) accept the deposit and immediately transfer the amount of such excess to the FCM Clearing Member's FCM Unallocated Client Collateral Financial Account, whereupon it shall also become FCM Unallocated Client Excess Collateral. FCM Unallocated Client Excess Collateral also includes amounts described as such in Article 6.2.5.1(ii)(c) and any amounts transferred to the FCM Unallocated Client Collateral Financial Account in accordance with Article 6.2.4.4(i).
- (iii) FCM Client Collateral Buffer. An FCM Clearing Member may deposit Collateral that is the property of such FCM Clearing Member (and not of any of its FCM Clients) with LCH.Clearnet SA as FCM Client Collateral Buffer for the benefit of all of its FCM Clients, subject to the following provisions and the provisions of Article 6.2.4.4(ii):
  - (a) The FCM Clearing Member shall not, and represents to LCH.Clearnet SA that it shall not, deposit an amount of FCM Client Collateral Buffer with LCH.Clearnet SA that, in combination with any other money, securities or other property deposited by it with any other Derivatives Clearing Organization, in a manner whereby such FCM Clearing Member is assumed to be the sole legal and beneficial owner of such property, to meet the aggregate obligations of its Cleared Swaps Customers, exceeds its residual financial interest in its aggregate Cleared Swaps Customer Collateral. For purposes of this provision, the terms "Cleared Swaps Customer" and "Cleared Swaps Customer Collateral" have the meaning set out in CFTC Regulation 22.1 and the term "residual financial interest" has the meaning as contemplated in CFTC Regulation 22.2(e)(4) and (g).
  - (b) LCH.Clearnet SA shall record such FCM Client Collateral Buffer in the FCM Clearing Member's FCM Buffer Financial Account. If an FCM Clearing Member is a Defaulting Clearing Member, LCH.Clearnet SA may transfer FCM Allocated Client Collateral Buffer previously allocated (in accordance with Articles 4.2.2.4 and 6.2.4.4) to an FCM Client Financial Account from the FCM Buffer Financial

Account to apply such Collateral to cover any Margin Shortfall in such FCM Client Financial Account. The value of any FCM Client Collateral Buffer so transferred shall be recorded in the FCM Client Financial Account and shall be deemed to become part of the relevant FCM Client's Client Assets and shall no longer be deemed FCM Client Collateral Buffer.

- (c) If the value of an FCM Clearing Member's FCM Client Collateral Buffer exceeds its FCM Client Collateral Buffer Threshold due to a reduction in its prior FCM Client Collateral Buffer Threshold or to an increase in the value of the FCM Client Collateral Buffer, provided that such FCM Clearing Member is not a Defaulting Clearing Member, LCH.Clearnet SA will transfer such excess to its FCM Unallocated Client Collateral Financial Account, whereupon it shall also become FCM Unallocated Client Excess Collateral.
- (iv) Treatment of FCM Unallocated Client Excess Collateral. The following provisions apply to FCM Unallocated Client Excess Collateral:
  - (a) LCH.Clearnet SA shall hold FCM Unallocated Client Excess Collateral in the FCM Unallocated Client Collateral Financial Account for the benefit of the applicable FCM Clearing Member's FCM Clients as a class, segregated in accordance with the CEA and CFTC Regulations, including Part 22 of the CFTC Regulations. LCH.Clearnet SA shall treat and record the FCM Unallocated Client Excess Collateral on an unallocated basis, in that it shall not attribute any portion thereof to any individual FCM Client of an FCM Clearing Member.
  - (b) Each FCM Clearing Member that maintains any FCM Unallocated Client Excess Collateral with LCH.Clearnet SA shall ensure that its books and records accurately reflect at all times the FCM Client or FCM Clients to which the value of such FCM Unallocated Client Excess Collateral is attributable and the amount attributable to each such FCM Client.
  - (c) LCH.Clearnet SA shall not, at any time, apply any FCM Unallocated Client Excess Collateral as FCM Client Collateral Buffer or to the relevant FCM House Margin Account, or to any of such FCM Clearing Member's FCM Client Financial Account(s).
  - (d) Upon the request of an FCM Clearing Member, in accordance with Section 5 of the Procedures, LCH.Clearnet SA will return FCM Unallocated Client Excess Collateral to such FCM Clearing Member. The FCM Clearing Member shall be deemed to represent to LCH.Clearnet SA, upon making any such request, that such request complies with the CFTC Regulations and that the returned FCM Unallocated Client Excess Collateral will remain segregated as and to the extent required under the CFTC Regulations and the CDS Clearing Rule Book.
  - (e) Upon the default of an FCM Clearing Member, any FCM Unallocated Client Excess Collateral in such FCM Clearing Member's FCM Unallocated Client Collateral Financial Account shall be held by LCH.Clearnet SA for the benefit of such FCM Clearing Member's FCM Clients in accordance with Part 190 of the CFTC Regulations and Applicable Law. LCH.Clearnet SA shall not apply any such FCM Unallocated Client Excess Collateral to the obligations of the FCM Clearing Member to LCH.Clearnet SA, in respect of its FCM Clients or otherwise, except to

the extent directed by the applicable bankruptcy trustee or Regulatory Body in accordance with Applicable Law.

## **Section 6.2.6      Customer Margin Requirements**

### **Article 6.2.6.1**

An FCM Clearing Member must collect Collateral from each FCM Client in respect of such FCM Client's Open Positions in an amount at least equal to the greater of (i) the amount required by LCH.SA for the FCM Client Margin Account for such FCM Client, or (ii) such higher amount as required in Section 2 of the Procedures if the FCM Client's Open Positions are non-hedging in nature.

### **Article 6.2.6.2**

No FCM shall permit an FCM Client to withdraw cash, securities or other property from the Cleared Swaps Customer Account (as that term is defined in CFTC Regulation 22.1) carried by the FCM Clearing Member for such Client if such withdrawal would cause the account to be undermargined.

## **CHAPTER 3 - TRANSFER**

### **Section 6.3.1 General**

#### **Article 6.3.1.1**

Other than in the event that an FCM Clearing Member is a Defaulting Clearing Member, FCM Cleared Transactions shall not be transferred from one FCM Clearing Member to another FCM Clearing Member except as provided in this TITLE VI, CHAPTER 3.

Rights under an FCM Cleared Transaction shall not be capable of assignment by an FCM Clearing Member. Any purported assignment by an FCM Clearing Member or any purported transfer that is not in compliance this TITLE VI, CHAPTER 3 shall be void.

### **Section 6.3.2 Full Transfers**

#### **Article 6.3.2.1**

Upon the instruction of an FCM Client, via a Receiving Clearing Member (as set out in Section 5 of the Procedures), to transfer all FCM Cleared Transactions attributable to such FCM Client from the relevant FCM Client Trade Account of a Carrying Clearing Member, LCH.Clearnet SA shall transfer: (a) all FCM Cleared Transactions registered in the relevant FCM Client Trade Account of the Carrying Clearing Member on behalf of such FCM Client, as identified to LCH.Clearnet SA by the Carrying Clearing Member (such transfer to occur by novation of such FCM Cleared Transactions rather than by closeout and rebooking of new FCM Cleared Transactions); and (b) upon the request of the Receiving Clearing Member, on behalf of the relevant FCM Client, all Client Assets (if any) relating to the FCM Cleared Transactions that are being transferred to a Receiving Clearing Member designated by the FCM Client (as set out in Section 5 of the Procedures), provided that:

- (i) such FCM Client is solvent (such FCM Client will be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member, and no Event has occurred or is occurring with respect to either the Carrying Clearing Member or the Receiving Clearing Member;
- (iii) the Receiving Clearing Member and Carrying Clearing Member are each FCM Clearing Members, and the Receiving Clearing Member is in compliance with all obligations imposed on it as an FCM Clearing Member;
- (iv) the Receiving Clearing Member has consented in writing to such transfer, and has performed all necessary steps to allow LCH.Clearnet SA to open one FCM Client Trade Account and one FCM Client Margin Account in respect of the relevant FCM Client in its FCM Client Account Structure;
- (v) LCH.Clearnet SA has received sufficient Collateral (being the difference between the Receiving Clearing Member's FCM Client Margin Requirement in respect of the relevant FCM Cleared Transactions and the Client Assets that are to be transferred) from the Receiving Clearing Member in order to enable the transfer; and

- (vi) the FCM Client has satisfied (such satisfaction to be presumed by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA) all outstanding obligations that are due and payable to the Carrying Clearing Member and its Affiliates, including any increased margin due and payable that may result from the proposed transfer, unless the Carrying Clearing Member otherwise consents in writing.

For purposes of (vi) above, with respect to obligations owed to Affiliates of the Carrying Clearing Member by an FCM Client, "obligations" shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the FCM Cleared Transactions being transferred or the FCM Client's related collateral.

### **Section 6.3.3      Partial Transfers**

#### **Article 6.3.3.1**

Upon the instruction of an FCM Client via a Receiving Clearing Member (as set out in Section 5 of the FCM Procedures) to transfer a portion of the FCM Cleared Transactions attributable to such FCM Client from the relevant FCM Client Trade Account of a Carrying Clearing Member (the "**Porting FCM Cleared Transactions**"), LCH.Clearnet SA shall transfer (such transfer to occur by novation of such Porting FCM Cleared Transactions rather than by closeout and rebooking of new FCM Cleared Transactions) the Porting FCM Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of such FCM Client to a Receiving Clearing Member, designated by the FCM Client as set out in Section 5 of the Procedures, provided that:

- (i) such FCM Client is solvent (such FCM Client will be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member, and no Event has occurred or is occurring with respect to either the Carrying Clearing Member or the Receiving Clearing Member;
- (iii) the Receiving Clearing Member and Carrying Clearing Member are each FCMs, and the Receiving Clearing Member is in compliance with all obligations imposed on it as an FCM Clearing Member;
- (iv) the Receiving Clearing Member has consented in writing to such transfer, and has performed all necessary steps to allow LCH.Clearnet SA to open one FCM Client Trade Account and one FCM Client Margin Account in respect of the relevant FCM Client in its Account Structure;
- (v) the Receiving Clearing Member has provided sufficient Collateral to LCH.Clearnet SA in respect of its current FCM Cleared Transactions and the Porting FCM Cleared Transactions in order to enable the transfer;
- (vi) the FCM Client has satisfied (such satisfaction to be presumed by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA) all outstanding obligations that are due and payable to the Carrying Clearing Member and its Affiliates, including any increased margin due and payable that

may result from the proposed transfer, unless the Carrying Clearing Member otherwise consents in writing; and

- (vii) in the event that the transfer will lead to an increased cover requirement from the Carrying Clearing Member to LCH.Clearnet SA, the Carrying Clearing Member provides sufficient Collateral to LCH.Clearnet SA in respect of such increased cover requirement.

For purposes of (vi) above, with respect to obligations owed to Affiliates of the Carrying Clearing Member by an FCM Client, "obligations" shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the FCM Cleared Transactions being transferred or the FCM Client's related collateral.

### **Section 6.3.4 Transfer of Client Assets**

#### **Article 6.3.4.1**

Upon request from LCH.Clearnet SA, and in order to facilitate a transfer pursuant to Article 6.3.2.1, the Carrying Clearing Member shall notify LCH.Clearnet SA of the Client Assets which are attributable to the transferring FCM Client and, along with the Receiving Clearing Member, shall take such actions and provide such information to LCH.Clearnet SA in connection with the transfer as may be required by LCH.Clearnet SA. In the event that the Carrying Clearing Member fails to notify LCH.Clearnet SA of the Client Assets that are attributable to the relevant FCM Client, LCH.Clearnet SA shall transfer such Collateral from the Carrying Clearing Member's FCM Client Collateral Account to the Receiving Clearing Member's FCM Client Collateral Account as it deems appropriate and as set out in Section 5 of the Procedures.

#### **Article 6.3.4.2**

Once LCH.Clearnet SA has notified the Receiving Clearing Member of the Client Assets which are to be transferred in accordance with Article 6.3.2.1, the Receiving Clearing Member may elect to reject the transfer of some or all of the Client Assets. Any such election will not prevent the transfer of the relevant FCM Cleared Transactions and any related Client Assets which have been accepted by the Receiving Clearing Member, provided that the conditions set out in subparagraphs (i) to (vi) of Article 6.3.2.1 are satisfied in relation to such transfer.

### **Section 6.3.5 Transfer process**

#### **Article 6.3.5.1**

- (i) By notifying LCH.Clearnet SA of a request to accept a transfer of some or all of the FCM Cleared Transactions of an FCM Client, and the related Client Assets if applicable, pursuant to Article 6.3.2.1 or 6.3.3.1, the Receiving Clearing Member shall be deemed to have represented to LCH.Clearnet SA that all of the conditions set forth herein and in Section 5 of the Procedures to the transfer of the account of the FCM Client have been satisfied. Upon receipt of such transfer instructions, and provided that it does not determine, in its sole discretion, that the transfer cannot be effected under this CDS Clearing Rule Book, LCH.Clearnet SA shall transfer the FCM Cleared Transaction(s) into the relevant FCM Client Trade Account of the Receiving Clearing Member.
- (ii) In the case where a transfer of FCM Cleared Transactions pursuant to Article 6.3.2.1 will include the transfer of the related Client Assets:

- (1) In respect of Client Assets comprising Cash Collateral, such transfer shall be effected as follows:
  - (A) the Carrying Clearing Member shall relinquish all rights to such Client Assets (including, for the avoidance of doubt, any beneficial interest and/or equity of redemption in respect thereof);
  - (B) such Client Assets shall immediately upon such relinquishment be held by LCH.Clearnet SA on behalf of the Receiving Clearing Member; and
  - (C) the Receiving Clearing Member's rights to such Client Assets arising as described in paragraph (B) above shall become, in respect of the relevant FCM Cleared Transactions, subject to the title transfer security arrangements entered into between the Receiving Clearing Member and LCH.Clearnet SA in relation to the provision of cover.
- (2) In respect of Client Assets that are subject to the security interest granted by the Receiving Clearing Member pursuant to Regulation 5 of the FCM CDS Clearing Regulations, such transfer shall be effected in accordance with Section 3 of the Procedures.
  - (iii) For the avoidance of doubt, the Carrying Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to, the Client Assets transferred.
  - (iv) The transfer of the FCM Cleared Transactions and related Client Assets shall be deemed to occur simultaneously, and the transfer of the FCM Cleared Transactions shall be conditioned on the transfer of the related Client Assets, and vice versa.
  - (v) If the transfer of all of such FCM Cleared Transactions and related Client Assets is not completed for any reason, then any actual transfer of Client Assets or FCM Cleared Transactions that has occurred, as the case may be, shall be deemed void, and any actual transfer of Client Assets or FCM Cleared Transactions that has occurred shall be immediately unwound.

#### **Article 6.3.5.2**

In making any transfer of FCM Cleared Transactions and Client Assets pursuant to this TITLE VI, Chapter 3, LCH.Clearnet SA shall be authorized and entitled to rely conclusively on the instructions of and information provided by the relevant FCM Clearing Member(s), which shall be solely responsible for all such instructions and information, including ensuring that the transfer is properly authorised and that the appropriate FCM Client Trade Account, FCM Client Margin Account, FCM Cleared Transactions and Client Assets have been identified.

## **CHAPTER 4 – LIQUIDATION EVENT**

### **Article 6.4.1.1**

If at any time a liquidation date, howsoever described in the relevant clearing agreement or addendum to an existing agreement between an FCM Clearing Member and its FCM Client relating, in whole or in part, to clearing of CDS through the CDS Clearing Service, occurs in respect of one or more of the FCM Cleared Transaction(s) carried by an FCM Clearing Member for the account of an FCM Client and, at the time of such liquidation date, the relevant FCM Clearing Member is not a Defaulting Clearing Member, the relevant FCM Clearing Member may instruct LCH.Clearnet SA to transfer the relevant Client Cleared Transactions from the relevant FCM Client Trade Account to its FCM House Trade Account, in accordance with this TITLE VI, Chapter 4 and the Procedures.

### **Article 6.4.1.2**

Subject to Article 6.4.1.3 below, LCH.Clearnet SA will arrange a transfer of the relevant Client Cleared Transactions as soon as reasonably practicable (and usually within 24 hours of receipt of the documents listed in paragraphs (i) to (iii) of Article 6.4.1.3 below).

### **Article 6.4.1.3**

A transfer pursuant to this Article 6.4.1.3 will be subject to the receipt by LCH.Clearnet SA of the following:

- (i) a copy of the notice from the relevant FCM Clearing Member to the relevant FCM Client designating the relevant liquidation date, or if such liquidation date has occurred automatically, evidence of the relevant event of default or liquidation event having occurred;
- (ii) a copy of the notice served by the relevant FCM Clearing Member on the relevant FCM Client alerting that FCM Client of its intention to request a transfer of the relevant Client Cleared Transactions attributable to the FCM Client pursuant to this TITLE VI, Chapter 4; and
- (iii) an indemnity from the relevant FCM Clearing Member in a form suitable to LCH.Clearnet SA to cover any losses, costs or expenses incurred by LCH.Clearnet SA in connection with the transfer.

## APPENDIX 1

### CDS DEFAULT MANAGEMENT PROCESS

#### 1 Interpretation

Capitalised terms used in this Appendix 1, which sets out the CDS Default Management Process, and not otherwise defined in Clause 1.1, shall have the meaning given in Section 1.1.1 of the CDS Clearing Rule Book, as may be amended from time to time.

##### 1.1 Definitions

**"Adjusted Loss Distribution Cap Amount"** means, in respect of any Non-Defaulting Clearing Member, such amount as agreed between that Non-Defaulting Clearing Member and LCH.Clearnet SA pursuant to Clause 7.3;

**"Auction Non Bidder Bid Size"** means for each Auction Package (including any Residual Auction Package) and each Non Bidder, the Non Bidder's Minimum Bid Size (or Recalculated Minimum Bid Size for any Residual Auction Package) minus the aggregate Bid Size of the Market Bids submitted by the Non Bidder for the Auction Package, or Residual Auction Package as the case may be;

**"Auction Non Bidder Fraction"** is for each Non Bidder and each Auction Package, or Residual Auction Package as the case may be, the ratio of the Auction Non Bidder Bid Size to the member's Minimum Bid Size (or Recalculated Minimum Bid Size for any Residual Auction Package);

**"Auction Package"** means a portfolio of Auction Transactions reflecting one or more Cleared Transactions registered in the name of the Defaulting Clearing Member, together with any connected hedging trades that have been concluded by LCH.Clearnet SA through Hedging;

**"Auction Package Weight"** is for each Auction Package the ratio of the Initial Margin of the said Auction Package to the aggregate of Initial Margin across all Auction Packages. For the purposes of the foregoing, if for an Auction Package there is a Residual Auction Package which is subject to a second round of Competitive Bidding, the Auction Package Weight shall be divided as between the Reduced Auction Package and the Residual Auction Package on a *pro rata* basis by reference to the percentage of the Auction Package that is subject to the Residual Auction Package;

**"Auction Participant"** means each Non-Defaulting Clearing Member or, acting in the place of a Non-Defaulting Clearing Member, an affiliated Clearing Member or alternatively, a non-clearing member Affiliate that clears through the Clearing Member, or an LCH Approved Outsourcing Agent of such Non-Defaulting Clearing Member, in any case which LCH.Clearnet SA has previously determined is capable of successfully participating in the CDS Default Management Process in accordance with Article 2.2.1.1(xi);

**"Auction Portfolio"** means all the House Cleared Transactions of a Defaulting Clearing Member and/or the Non-Ported Cleared Transactions attributable to such Defaulting Clearing Member together with any connected hedging trades that have been concluded by LCH.Clearnet SA through Hedging;

**"Auction Transactions"** means the transactions making up an Auction Package;

**"Available CDS Funds"** means the amount of resources available to LCH.Clearnet SA as calculated in accordance with Clause 8.4;

**"Available Resources"** means, in respect of any Loss Distribution Period, the amounts available to LCH.Clearnet SA for application in meeting any Damage suffered or incurred by LCH.Clearnet SA in accordance with sub-paragraphs (i) to (vi) (inclusive) of Article 4.3.3.1 of the CDS Clearing Rule Book as at the relevant Last Call prior to Default;

**"Bid"** means a bid submitted to LCH.Clearnet SA by an Auction Participant as part of Competitive Bidding;

**"Bid Credit"** has the meaning set out in Clause 5.9(i);

**"Bid Deadline"** means the time by which Bids must be submitted in any Competitive Bidding;

**"Bid Price"** means the price submitted to LCH.Clearnet SA by an Auction Participant representing the nominal price that an Auction Participant would either:

- (i) pay to LCH.Clearnet SA; or
- (ii) require LCH.Clearnet SA to pay to it,

in each case in order to accept the registration of the Auction Transactions reflecting the Auction Package;

**"Bid Size"** means, for any Bid, the specified percentage of the Auction Package or the Residual Auction Package, as the case may be, as set out by an Auction Participant;

**"Cash Gain"** means, in respect of any Cash Gainer and any Loss Distribution Day, the amount of positive Cumulative Hypothetical Gains, Losses and Realised Cash Flows in respect of such Cash Gainer in respect of such Loss Distribution Day;

**"Cash Gainer"** means each Margin Account in respect of which the Cumulative Hypothetical Gains, Losses and Realised Cash Flows in respect of such Loss Distribution Day is greater than zero;

**"Cash Gainer Adjustment"** has the meaning set out in Clause 7.1.1;

**"Cash Loser"** means each Margin Account in respect of which the Cumulative Hypothetical Gains, Losses and Realised Cash Flows in respect of such Loss Distribution Day is equal to or less than zero;

**"Cash Loser Adjustment"** has the meaning set out in Clause 7.1.2;

**"CDS Default Management Guidance Manual"** means the detailed guidance manual developed by LCH.Clearnet SA, in consultation with the CDS Default Management Committee, setting out guidance for the CDS Default Management Group on the conduct of the Default Management Process in accordance with the principles set out in the CDS Default Management Process;

**"CDS Repayment Amount"** means the Negative CDS Repayment Amounts and the Positive CDS Repayment Amounts;

**"Clearing Member Adjustment Amount"** means, in respect of the Margin Account(s) of any Non-Defaulting Clearing Member and any Loss Distribution Day, an amount equal to the sum of the Cumulative Hypothetical Gains, Losses and Realised Cash Flows in respect of such Margin

Account(s) of such Clearing Member less the sum of the Cumulative Actual Gains, Losses and Realised Cash Flows in respect of such Margin Account(s) of such Clearing Member, in each case in respect of the Loss Distribution Period in which such Loss Distribution Day falls, provided that the calculations shall be conducted separately for House Margin Account(s) and Client Margin Account(s);

"**Client LCH Repayment Amount**" has the meaning set out in Clause 8.5.

"**Competitive Bidding**" means the competitive auction process in which Auction Participants submit Bids for Auction Package(s), described in Clause 5 of the CDS Default Management Process, as may be supplemented, from time to time, by the CDS Default Management Guidance Manual;

"**Confidential Material**" means data (including but not limited to portfolio data) and documents, which are not in the public domain and which are disclosed to a Clearing Member, its associated companies and advisers, or to which a Clearing Member obtains or otherwise has access as a result of participation in the Default Management Process as a member of the CDS Default Management Group (which, for the avoidance of doubt, does not include any information, data, or documents provided to LCH.Clearnet SA by the Clearing Member);

"**Cumulative Actual Gains, Losses and Realised Cash Flows**" means, in respect of each Margin Account of each Non-Defaulting Clearing Member and any Business Day, the aggregate amount, if any, paid by LCH.Clearnet SA to such Clearing Member (expressed as a positive number) or by such Clearing Member to LCH.Clearnet SA (expressed as a negative number) in respect of such Margin Account by way of Product Cash Payments, Variation Margin and Margin Account Adjustment from but excluding the relevant Last Call prior to Default to and including such Business Day;

"**Cumulative Hypothetical Gains, Losses and Realised Cash Flows**" means, in respect of each Margin Account of each Non-Defaulting Clearing Member and any Business Day, the sum of the Pre Haircut Gains, Losses and Realised Cash Flows for such Margin Account for each day from but excluding the relevant Last Call prior to Default to and including such Business Day;

"**Cumulative LCH Transfer Cost**" means, on any Business Day during any Loss Distribution Period, the sum of any LCH Transfer Cost for each day from but excluding the relevant Last Call prior to Default to and including such Business Day;

"**Discounted CDS Repayment Amount**" means the amount determined in relation to a Positive CDS Repayment Amount in accordance with Clause 7.4;

"**Distribution Haircut**" or "**DH**" means, on each Loss Distribution Day, the fraction determined by LCH.Clearnet SA in accordance with the following formula:

$$DH_{(t)} = LUL_{(t)} / TCH_{(t)}$$

where:

"LUL" means the LCH Uncovered Loss; and

"TCH" means the Total Cumulative Hypothetical Gains, Losses and Realised Cash Flows;

"**DMG Member**" means a Clearing Member representative within the CDS Default Management Group;

**"DMG Representatives"** has the meaning set out in Clause 11.2.2 ;

**"DMG Rotation Plan"** has the meaning set out in Clause 11.2.2;

**"DMG Term"** has the meaning set out in Clause 11.2.2;

**"Early Termination Trigger Date"** means the date specified in Clause 8.1;

**"Hedging"** means the process of reducing the market risk associated with a Defaulting Clearing Member's obligations to LCH.Clearnet SA under Cleared Transactions by reducing the exposure prior to Competitive Bidding, as described in Clause 2.1.1 below;

**"House LCH Repayment Amount"** has the meaning set out in Clause 8.5.

**"Information Barrier"** means an information barrier established within the different divisions of a Clearing Member to avoid any conflict of interest;

**"Initial Allocation Price"** means the price at which the entire Auction Package (subject to adjustment pursuant to Clause 5.6.3 (i)) is allocated in accordance with Clauses 5.6.2 and 5.8.1;

**"Initial Transfer Payable"** means the amount an Auction Participant or a Non Bidder, as appropriate, must pay to LCH.Clearnet SA in order to accept the registration of Auction Transactions reflecting the aggregate Bid Size(s) of its Initial Winning Bid(s), as determined in accordance with Clause 5.6.1(iii) or 5.6.3 (iii), as the case may be;

**"Initial Transfer Receivable"** means the amount an Auction Participant or a Non Bidder, as appropriate, must receive from LCH.Clearnet SA in order to accept the registration of Auction Transactions reflecting the aggregate Bid Size(s) of its Initial Winning Bid(s), as determined in accordance with Clause 5.6.1(iii) or 5.6.3 (iii), as the case may be;

**"Initial Winning Bid"** means a Bid (or part thereof) which has been allocated against the Auction Package at the Initial Allocation Price or at the Non Bidder Allocation Price pursuant to Clause 5.6.1 or 5.6.3, as may be amended in accordance with Clause 5.8.1 if appropriate;

**"Initial Winning Bidder"** means an Auction Participant or Non Bidder, as the case may be, holding an Initial Winning Bid who is notified of this pursuant to Clause 5.6.4;

**"Invoice Back"** means the process by which a Cleared Transaction of the same CDS Type is created by LCH.Clearnet SA with the role of CDS Buyer and CDS Seller reversed and, at LCH.Clearnet SA's discretion, a different price or premium and other terms as are determined by LCH.Clearnet SA applied. The term "**Invoicing Back**" and other similar expressions shall be construed accordingly;

**"Last Call prior to Default"** means the most recent Business Day on which payments of Margin required to be made by Clearing Members were made in full;

**"LCH Repayment Amount"** means the amount payable to LCH.Clearnet SA by a Clearing Member or by a Clearing Member to LCH.Clearnet SA in accordance with Clause 8.5;

**"LCH Transfer Cost"** means the cost to LCH.Clearnet SA of registering all Auction Transactions making up the Auction Package within the Account Structure of one or more Auction Participants following the conclusion of Competitive Bidding;

**"LCH Transfer Receipt"** means the amount to be received by LCH.Clearnet SA for registering all Auction Transactions making up the Auction Package within the Account Structure of one or more Auction Participants following the conclusion of Competitive Bidding;

**"LCH Uncovered Loss"** means, in respect of LCH.Clearnet SA on any Business Day in any Loss Distribution Period, the amount calculated in accordance with the following formula:

$$\text{LCH Uncovered Loss}_{(t)} = \text{Max} (0, (\text{TCPH}_{(t)} + \text{CLC}_{(t)} - \text{AR}))$$

where:

"TCPH" means the Total Cumulative Pre Haircut Gains, Losses and Realised Cash Flows;

"CLC" means the Cumulative LCH Transfer Cost;

"AR" means the Available Resources; and

the LCH Uncovered Loss as at the Last Call prior to Default shall be zero;

**"Loss Distribution Cap Amount"** means, in respect of any Non-Defaulting Clearing Member and any Loss Distribution Period, an amount equal to:

- (i) the higher of (A) EUR 100,000,000; (B) the product of (1) 100 per cent. and (2) the Contribution Requirement of such Non-Defaulting Clearing Member as at the last revaluation date prior to the declaration of the Event of Default at the beginning of that Loss Distribution Period in accordance with Article 4.4.1.5 and Article 4.4.1.6 and ignoring any increase pursuant to Article 4.4.1.8; and (C) its Adjusted Loss Distribution Cap Amount; minus
- (ii) the net amount of any Margin Account Adjustment paid and/or received by such Clearing Member to LCH.Clearnet SA with respect to each Margin Account of such Clearing Member as a result of the application of the Loss Distribution Process in any previous Loss Distribution Period the first day of which falls within the same CDS Post-Default Period as such Loss Distribution Period (but, for the avoidance of doubt, excluding any Loss Distribution Period the first day of which falls within a different CDS Post-Default Period),

or such other cap as may be agreed from time to time between LCH.Clearnet SA and the Risk Committee provided that the relevant percentage specified in (i)(B)(1) above shall not be greater than 100% and further provided that no such amendment to the definition of the Loss Distribution Cap Amount shall be made during any CDS Post-Default Period relating to such Loss Distribution Period;

**"Loss Distribution Day"** means any Business Day in a Loss Distribution Period on which LCH.Clearnet SA, in consultation with the CDS Default Management Group, prior to calling for Collateral in respect of each Clearing Member's Margin Requirement in accordance with the provisions of Section 3 of the Procedures on such Business Day, determines that the LCH Uncovered Loss for that Business Day is greater than zero;

**"Loss Distribution Period"** means the period from, but excluding, the day on which an Event of Default is declared with respect to any Clearing Member pursuant to Article 4.3.1.2 to but excluding the earlier of (i) the Clearing Day on which the Transfer Positions relating to any Auction Package(s) in connection with that Defaulting Clearing Member, or, if any Event of Default is declared pursuant to Article 4.3.1.2 with respect to any other Clearing Member prior

to the end of a Loss Distribution Period, any subsequent Defaulting Clearing Member, have been registered in the Account Structure of the relevant Auction Participants and all payments required to be made by such Auction Participants and/or LCH.Clearnet SA have been made in full; (ii) any Loss Distribution Day in respect of which LCH.Clearnet SA determines that the Clearing Member Adjustment Amount for any Clearing Member would be equal to or greater than the Loss Distribution Cap Amount for such Loss Distribution Day; or (iii) the Business Day on which LCH.Clearnet SA determines that it does not have sufficient financial resources available to make all payments required pursuant to Clause 5.10;

**"Margin Account Adjustment"** means, in respect of each Margin Account and any Business Day, any Cash Gainer Adjustment or Cash Loser Adjustment as the case may be payable in connection with such Margin Account on such Business Day;

**"Margin Repayment Amount"** has the meaning set out in Clause 8.5;

**"Market Bid"** means any Bid which satisfies the Market Bid Metric and any other Bid which LCH.Clearnet SA has determined not to be a Non Market Bid;

**"Market Bid Metric"** is satisfied by a Bid where:

- (i) in respect of a Bid for an Auction Package for which there will be an LCH Transfer Cost, the Bid Price is equal to or less than the aggregate of: (i) the Relevant Pro Rata Share of the Initial Allocation Price or Residual Allocation Price, as the case may be, and (ii) the Relevant Pro Rata Share of two times the Initial Margin calculated for the Auction Package on the basis of the Initial Allocation Price or Residual Allocation Price, as the case may be; and
- (ii) in respect of a Bid for an Auction Package for which there will be an LCH Transfer Receipt, the Bid Price is equal to or more than the difference between: (i) the Relevant Pro Rata Share of the Initial Allocation Price or Residual Allocation Price, as the case may be, and (ii) the Relevant Pro Rata Share of two times the Initial Margin calculated for the Auction Package on the basis of the Initial Allocation Price or Residual Allocation Price, as the case may be,

where **"Relevant Pro Rata Share"** means the percentage of the Bid Size for that Bid compared to Bid Size of the Auction Package as a whole;

**"Minimum Bid Size"** has the meaning set out in Clause 5.4.4;

**"Minimum Bid Size Denominator"** means 1.25 or such other amount as may be determined by LCH.Clearnet SA, in consultation with the CDS Default Management Group;

**"Negative CDS Repayment Amounts"** means the negative single net sum determined in respect of the House Account Structure and each Client Account Structure of a Clearing Member in accordance with Clause 8.2;

**"Nominated Representative"** means an LCH.Clearnet SA representative who is nominated by the CDS Default Management Group to receive Bids in Competitive Bidding, subject that if no one individual is nominated, any of the LCH.Clearnet SA representatives on the CDS Default Management Group;

**"Non Bidder"** means an Auction Participant who does not submit Market Bid(s) in an amount equal to its Minimum Bid Size by the Bid Deadline (and the expiration of any grace period granted by LCH.Clearnet SA, in consultation with the CDS Default Management Group,

pursuant to Clause 5.4.3) provided that such Auction Participant is required to bid for the relevant Auction Package(s) in accordance with Clause 5.4.1;

**"Non Bidder Allocation Price"** means the price at which Auction Transactions are allocated to Non Bidders in accordance with Clauses 5.6.3 and 5.8.1;

**"Non Market Bid"** means a Bid which LCH.Clearnet SA, having consulted with the CDS Default Management Group, has determined, in its sole discretion, has been submitted at a Bid Price which does not satisfy the Market Bid Metric (unless LCH.Clearnet SA determines otherwise in accordance with Clause 5.4.8) in respect of the relevant Auction Package subject that, if an Auction Participant has submitted Market Bid(s) in respect of an Auction Package which, in aggregate, equal or are in excess of its Minimum Bid Size, LCH.Clearnet SA shall not be entitled to classify such Auction Participant as a Non Bidder in respect of other Bid(s) submitted for the same Auction Package which could otherwise be classified as Non Market Bid(s);

**"Permitted Purpose"** means the proper fulfilment by the Clearing Member of its duties under the CDS Default Management Process and includes, after the completion of Competitive Bidding, the use by the Clearing Member, its associated companies and advisers (to be determined by it at its discretion) of any data or documents related to Transfer Positions allocated to it by LCH.Clearnet SA, for the purposes of its own ongoing portfolio management and to enable it to comply with ongoing legal or regulatory requirements;

**"Positive CDS Repayment Amounts"** means the positive single net sum determined in respect of the House Account Structure and each Client Account Structure of a Clearing Member in accordance with Clause 8.2;

**"Pre Haircut Gains, Losses and Realised Cash Flows"** means, in respect of each Margin Account of each Non-Defaulting Clearing Member and any Business Day, the amount which would be paid by LCH.Clearnet SA to such Clearing Member (expressed as a positive number) or by such Clearing Member to LCH.Clearnet SA (expressed as a negative number) by way of Product Cash Payments or Variation Margin in respect of such Margin Account on such Business Day in the absence of the application of the Distribution Haircut;

**"Product Cash Payments"** means, in respect of each Margin Account and any Clearing Day, any Fixed Amounts, Initial Payment Amounts, Auction Settlement Amounts or any Cash Settlement Amounts (as defined for the purpose of the applicable Cleared Transaction) connected to such Margin Account on such Clearing Day;

**"Recalculated Minimum Bid Size"** means, for each Auction Participant, the minimum percentage of the Residual Auction Portfolio, calculated in accordance with Clause 5.9.1, for which an Auction Participant is required to submit Bid(s);

**"Reduced Auction Package"** means the portion of the Auction Package that is not the Residual Auction Package;

**"Residual Allocation Price"** means the Bid Price of the Bid(s) at which the Residual Auction Package is allocated in accordance with Clause 5.6.2, pursuant to Clause 5.9;

**"Residual Auction Package"** means the portion of the Auction Package that LCH.Clearnet SA, in consultation with the CDS Default Management Group, determines should be the subject of a second round of Competitive Bidding in accordance with Clause 5.7.1;

**"Residual Transfer Payable"** means the amount an Auction Participant or Non Bidder, as appropriate, must pay to LCH.Clearnet SA in order to accept the registration of Auction Transactions reflecting the aggregate Bid Size(s) of its Residual Winning Bid(s), as determined in accordance with Clause 5.6.1(iii) or 5.6.3 (iii), as the case may be, pursuant to Clause 5.9;

**"Residual Transfer Receivable"** means the amount an Auction Participant or Non Bidder, as appropriate, must receive from LCH.Clearnet SA in order to accept the registration of Auction Transactions reflecting the aggregate Bid Size(s) of its Residual Winning Bid(s), as determined in accordance with Clause 5.6.1(iii) or 5.6.3 (iii), as the case may be, pursuant to Clause 5.9;

**"Residual Winning Bid"** means a Bid (or part thereof) which has been allocated against the Residual Auction Package at the Residual Allocation Price or at the Non Bidder Allocation Price pursuant to Clause 5.6.1 or 5.6.3, pursuant to Clause 5.9;

**"Residual Winning Bidder"** means an Auction Participant or Non Bidder, as the case may be, holding a Residual Winning Bid who is notified of this pursuant to Clause 5.9.3;

**"t"** means, in respect of any determination made in relation to a Business Day, such Business Day;

**"t-1"** means, in respect of any determination made in relation to a Business Day, the Business Day immediately prior to such Business Day;

**"Total Cumulative Hypothetical Gains, Losses and Realised Cash Flows"** means, in respect of any Business Day, the sum of the Cash Gain in respect of all Cash Gainers on such Business Day;

**"Total Pre Haircut Gains, Losses and Realised Cash Flows"** means, in respect of any Business Day, the sum of the Pre Haircut Gains, Losses and Realised Cash Flows in respect of all Margin Accounts of all Non-Defaulting Clearing Members on such Business Day;

**"Total Cumulative Pre Haircut Gains, Losses and Realised Cash Flows"** means, in respect of any Business Day, the sum of the Total Pre Haircut Gains, Losses and Realised Cash Flows for each Business Day from but excluding the relevant Last Call prior to Default to and including such Business Day;

**"Total Non Bidder Fraction"** is for a Non-Defaulting Clearing Member, who is a Non Bidder for one or more Auction Packages, the sum across all Auction Packages of the product of the Auction Package Weight and the Non Bidder's Auction Non Bidder Fraction for that Non-Defaulting Clearing Member;

**"Transaction Categories"** mean the different categories of Cleared Transactions, being:

- (i) Index Cleared Transactions together with the relevant off-setting Single Name Cleared Transactions;
- (ii) residual Index Cleared Transactions; and
- (iii) residual Single Name Cleared Transactions;

**"Transfer Positions"** means the positions allocated to an Auction Participant pursuant to Clauses 5.6.2 and 5.8.1, if applicable;

**"Winning Bid"** means any Initial Winning Bid and/or any Residual Winning Bid; and

**"Winning Bidder"** means either an Initial Winning Bidder or a Residual Winning Bidder.

## **1.2 Singular, plural, gender**

References to one gender include all genders and references to the singular include the plural and vice versa.

## **1.3 Headings**

Headings shall be ignored in interpreting the CDS Default Management Process.

## **1.4 Annexes etc.**

References to the CDS Default Management Process shall be to this Appendix 1 and shall include any Recitals and Annexes to this Appendix 1 and references to Clauses and Annexes are to Clauses of, and Annexes to, this Appendix 1. References to paragraphs are to paragraphs of the Annexes.

# **2 CDS Default Management Process**

## **2.1 The CDS Default Management Process**

Subject to the CDS Client Clearing DMP, the CDS Default Management Process shall involve the following stages (notwithstanding any other tasks that LCH.Clearnet SA is required to perform following the declaration of an Event of Default), each of which shall be completed to the satisfaction of the CDS Default Management Group. It is intended that these stages will be: (i) commenced as soon as possible after LCH.Clearnet SA has declared an Event of Default to be occurring in respect of a Clearing Member in accordance with Article 4.3.1.2 (which shall ordinarily be within 2 hours); and (ii) completed as soon as possible in the context of the relevant Event of Default and, in any event, no later than 5 Clearing Days following commencement.

### **2.1.1 Hedging**

LCH.Clearnet SA will, in consultation with and with the assistance of the CDS Default Management Group, reduce the market risk associated with a Defaulting Clearing Member's obligations to LCH.Clearnet SA so far as is reasonably practicable by hedging LCH.Clearnet SA's exposure in respect of the Defaulting Clearing Member's Cleared Transactions. The aim of Hedging will be to reduce market exposure so as to minimise the Initial Margin required, in respect of the Defaulting Clearing Member's Cleared Transactions, as much as possible within the time allotted, once LCH.Clearnet SA has declared an Event of Default in accordance with Article 4.3.1.2.

All Hedging shall be undertaken by LCH.Clearnet SA with Non-Defaulting Clearing Members, on the basis of separate agreements between LCH.Clearnet SA and each such Non-Defaulting Clearing Member. The Non-Defaulting Clearing Members commit to participate in Hedging on a collaborative basis with LCH.Clearnet SA.

### **2.1.2 Competitive Auction**

LCH.Clearnet SA shall then auction the Auction Package(s) to Auction Participants through Competitive Bidding. LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall be entitled to prescribe supplementary procedures for conduct of Competitive Bidding within the CDS Default Management Guidance Manual as it considers reasonably appropriate from time to time, but always with the aim of encouraging and rewarding participation in Competitive Bidding in line with the principles laid down in the CDS Default Management Process.

### **2.1.3 Loss Distribution Process**

In the event that LCH.Clearnet SA determines during a Loss Distribution Period that it has an LCH Uncovered Loss, LCH.Clearnet SA shall be permitted to invoke the Loss Distribution Process as set out in Clause 7.

### **2.1.4 Early Termination**

In the event LCH.Clearnet SA determines that it no longer has sufficient resources pursuant to Clause 8.1, the provisions of Clause 8 will apply and LCH.Clearnet SA and each Clearing Member agree to be bound by such provision.

### **2.1.5 LCH Default**

If at any stage during the operation of the CDS Default Management Process, LCH.Clearnet SA is subject to an LCH Default, the provisions of TITLE I, Chapter 3 shall prevail with respect to the Cleared Transactions registered in the Account Structure of the Non-Defaulting Clearing Members.

## **2.2 Status of the CDS Default Management Process**

The CDS Default Management Process is the definitive process for default management in respect of Cleared Transactions and is specified as such in Article 4.3.2.2. In the event of any inconsistency between the CDS Default Management Process and the remainder of the CDS Clearing Documentation, the CDS Default Management Process will prevail.

## **2.3 LCH.Clearnet SA's financial resources**

The financial resources available to LCH.Clearnet SA, and their order of use, are set out in Article 4.3.3.1.

## **2.4 CDS Default Management Guidance Manual**

LCH.Clearnet SA may from time to time supplement the details of the stages set out in Clause 2.1, or any other aspects of the CDS Default Management Process or CDS Client Clearing DMP, in consultation with the CDS Default Management Committee either by way of updating the CDS Default Management Guidance Manual or immediately upon notice to Clearing Members on a case-by-case basis where LCH.Clearnet SA deems it appropriate to do so in the circumstances of a particular Event of Default, provided that LCH.Clearnet SA may not take any such action that effects a material change to the CDS Default Management Process or CDS Client Clearing DMP unless it complies with the procedures set out in Article 1.2.2.7, as applicable.

## **3 Obligations and Undertakings**

### **3.1 Continuing obligations**

The Clearing Member and, as applicable, any non-clearing member Auction Participant, shall:

- 3.1.1** be bound by and act in accordance with the CDS Default Management Process, to the extent required by LCH.Clearnet SA;
- 3.1.2** enter Bid(s) for Auction Package(s) as part of, and in accordance with the provisions relating to, Competitive Bidding; and

- 3.1.3** take all steps and execute all documents necessary or desirable to comply with its obligations as a Clearing Member or Auction Participant arising out of the CDS Default Management Process.

### **3.2 Sole procedure**

LCH.Clearnet SA agrees that:

- 3.2.1** porting or liquidation of Client Cleared Transactions pursuant to the CDS Client Clearing DMP where applicable, Competitive Bidding, as preceded by Hedging, shall be the only permitted method by which LCH.Clearnet SA shall offload the risk associated with the Defaulting Clearing Member's Cleared Transactions;
- 3.2.2** it shall not, under any circumstances, be permitted to invoke a non-competitive allocation procedure or Invoicing Back in respect of the Defaulting Clearing Member's Cleared Transactions; and
- 3.2.3** notwithstanding the application of the Loss Distribution Process set out in Clause 7, and absent the provisions of Clause 8 applying, it shall not be permitted to pay to Auction Participants an amount less than the Initial Transfer Receivable or the Residual Transfer Receivable for each such Auction Participant.

### **3.3 FCM Clearing Members**

LCH.Clearnet SA and Clearing Members agree that, where an Event of Default as defined in Article 4.3.1.1 (v) or (vi) has been declared in respect of an FCM Clearing Member in accordance with the CDS Clearing Rule Book, this CDS Default Management Process shall be carried out:

- 3.3.1** in accordance with Regulation 4 of the FCM CDS Clearing Regulations, applicable US law and regulation (including but not limited to the requirements of the CEA, CFTC Regulations and applicable bankruptcy laws regarding the liquidation or transfer of FCM Cleared Transactions) and any directions issued by a Regulatory Body and/or a duly appointed trustee for the liquidation of the Defaulting FCM Clearing Member; and
- 3.3.2** in a manner that ensures the segregation of Client Assets attributable to FCM Cleared Transactions cleared on behalf of FCM Clients as is required by the CEA and CFTC Regulations, in accordance with Regulation 6 of the FCM CDS Clearing Regulations.

## **4 CDS Client Clearing Default Management Process**

### **4.1 Scope**

The CDS Client Clearing DMP in respect of any Relevant Client Cleared Transactions of the Defaulting Clearing Member shall involve the stages set out in this Clause 4. For the purposes of this Clause 4, a Relevant Client Cleared Transaction will be included in an Auction Package from such time as LCH.Clearnet SA determines that such Relevant Client Cleared Transaction will not be ported. For the avoidance of doubt, any such Auction Package will only contain Non-Ported Cleared Transactions. LCH.Clearnet SA shall not be entitled to include Non-Ported Cleared Transactions and House Cleared Transactions of the Defaulting Clearing Member in a single Auction Package pursuant to this Clause 4.

## **4.2 Stages**

If a Clearing Member becomes a Defaulting Clearing Member, LCH.Clearnet SA shall:

- 4.2.1** return any CCM Unallocated Client Collateral or FCM Unallocated Client Excess Collateral (as applicable) to the Defaulting Clearing Member in accordance with Article 4.3.2.4;
- 4.2.2** determine whether any Client Collateral Buffer has been allocated to (I) if the Defaulting Clearing Member is a CCM, a particular CCM Client Account Structure or (II) if the Defaulting Clearing Member is an FCM Clearing Member, a particular FCM Client Margin Account in accordance with Article 4.2.2.4 and Section 2 of the Procedures and, to the extent it has:
  - (i) if the Defaulting Clearing Member is a CCM, transfer an amount of Collateral which is equal to the CCM Allocated Client Collateral Buffer for the relevant CCM Client Account Structure from the Buffer Collateral Account to the relevant CCM Client Collateral Account; or
  - (ii) if the Defaulting Clearing Member is an FCM Clearing Member, transfer an amount of Collateral which is equal to the FCM Allocated Client Collateral Buffer for the relevant FCM Client Margin Requirement from the FCM Buffer Financial Account to the relevant FCM Client Financial Account;
- 4.2.3** take any action under Article 4.3.2.3 as it shall deem necessary in respect of the Relevant Client Cleared Transactions of the Defaulting Clearing Member and any Collateral recorded in the Client Collateral Account(s) of the Defaulting Clearing Member (provided that any such action taken in respect of a Relevant Client Cleared Transaction is clearly referable to the relevant CCM Individual Segregated Account Client, CCM Net Omnibus Segregated Account Client, CCM Gross Omnibus Single Sub-Account Client, CCM Gross Omnibus Multi Sub-Account Client or FCM Client, as applicable);
- 4.2.4** if the Defaulting Clearing Member is a CCM and such Defaulting Clearing Member transfers its Client Pledged Eligible Collateral to LCH.Clearnet SA in accordance with Article 4.3.2.1, update its books and records to show that the Eligible Collateral has been provided to LCH.Clearnet SA with full title and ensure that the precise Eligible Collateral, provided in respect of each CCM Individual Segregated Account Structure, CCM Net Omnibus Segregated Account Structure and/or CCM Gross Omnibus Segregated Account Structure, is recorded in the relevant CCM Client Collateral Account(s) in accordance with Section 3 of the Procedures;
- 4.2.5** ascertain whether:
  - (i) if the Defaulting Clearing Member is a CCM:
    - (a) each CCM Individual Segregated Account Client of the Defaulting Clearing Member has appointed a Backup Clearing Member;
    - (b) each of the CCM Net Omnibus Segregated Account Clients attributable to a single CCM Net Omnibus Segregated Account Structure of the Defaulting Clearing Member has appointed a single Backup Clearing Member;

- (c) with respect to each CCM Gross Omnibus Segregated Account Structure of the Defaulting Clearing Member, each of the CCM Gross Omnibus Segregated Account Clients attributable to a single CCM Gross Omnibus Sub-Account Structure has appointed a single Backup Clearing Member; and
  - (ii) if the Defaulting Clearing Member is an FCM Clearing Member, each of the FCM Clients of the Defaulting Clearing Member has appointed a Backup Clearing Member;
- within the compulsory timeframe as set out in Clause 4.3.1 or Clause 4.3.2 as the case may be;
- 4.2.6** in respect of each CCM Gross Omnibus Segregated Account Structure for which all of the Relevant Client Cleared Transactions are not to be transferred to a single Backup Clearing Member:
- (i) if the Defaulting Clearing Member has failed to transfer the Client Pledged Eligible Collateral to LCH.Clearnet SA within such period as LCH.Clearnet SA has specified in its request pursuant to Article 4.3.2.1(i), enforce the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriation of the Defaulting Clearing Member's Client Pledged Eligible Collateral in accordance with Article 4.3.2.6 and ensure that the precise Eligible Collateral is recorded in the relevant CCM Client Collateral Account; and
  - (ii) determine whether Client Assets recorded in the CCM Client Collateral Account of the relevant CCM Gross Omnibus Segregated Account Structure shall be liquidated (in whole or in part) and, as the case may be, liquidate such Client Assets and credit the liquidation value of such Client Assets to the CCM Client Collateral Account of that CCM Gross Omnibus Segregated Account Structure;
- 4.2.7** determine the Ported Collateral, in accordance with Clause 4.5, attributable to each Client Margin Account, of the Defaulting Clearing Member (ensuring that any Collateral which has been, or is to be, transferred to the relevant Client Collateral Account pursuant to Clause 4.2.2 above is taken into account for these purposes), save where all of the Relevant Client Cleared Transactions of a CCM Gross Omnibus Segregated Account Structure are to be transferred to a single Backup Clearing Member. In such a case, LCH.Clearnet SA will determine the Ported Collateral attributable to that CCM Gross Omnibus Segregated Account Structure, by treating the CCM Client Margin Accounts that are part of such CCM Gross Omnibus Segregated Account Structure as if they were a single CCM Client Margin Account;
- 4.2.8** where a Backup Clearing Member has been appointed in accordance with Clause 4.3.1 or Clause 4.3.2 as the case may be, send details of the open Relevant Client Cleared Transactions and Ported Collateral to the nominated Backup Clearing Member in respect of (i) each CCM Client of the Defaulting Clearing Member that is a CCM, or (ii) each FCM Client of the Defaulting Clearing Member that is an FCM Clearing Member;
- 4.2.9** if the Defaulting Clearing Member is a CCM and where such Defaulting Clearing Member has failed to transfer its Client Pledged Eligible Collateral to LCH.Clearnet SA in accordance with Article 4.3.2.1(i), enforce the security interest granted to it under,

and in accordance with, the Pledge Agreement by appropriation of the Defaulting Clearing Member's Client Pledged Eligible Collateral in accordance with Article 4.3.2.6;

- 4.2.10** notify the Defaulting Clearing Member of those Relevant Client Cleared Transactions that will be ported to the appointed Backup Clearing Member(s) and those Non-Ported Cleared Transactions that will be liquidated pursuant to the CDS Client Clearing DMP;
- 4.2.11** effect porting of the Relevant Client Cleared Transactions and transfer of the Ported Collateral to the Backup Clearing Member(s);
- 4.2.12** once LCH.Clearnet SA has determined that porting in respect of a Client Account Structure will not occur, perform such risk neutralisation as is required and thereafter commence the Competitive Bidding process in respect of any Auction Packages containing Non-Ported Cleared Transactions and, if the Defaulting Clearing Member is a CCM, enforce its security interest under, and in accordance with, the Pledge Agreement and realise the value of the Client Pledged Eligible Collateral (if any), in accordance with Clause 4.4.2, by liquidating such Client Pledged Eligible Collateral.

#### **4.3 Portability of the Relevant Client Cleared Transactions**

- 4.3.1** Provided that (a) (I) a CCM Individual Segregated Account Client of a Defaulting Clearing Member that is a CCM, (II) a CCM Gross Omnibus Single Sub-Account Client of a Defaulting Clearing Member that is a CCM or (III) an FCM Client of a Defaulting Clearing Member that is an FCM Clearing Member has appointed a Backup Clearing Member and informed LCH.Clearnet SA of the identity of such Backup Clearing Member at such time as determined by LCH.Clearnet SA; (b) within such period as LCH.Clearnet SA may determine of the service of a Default Notice on the relevant Clearing Member pursuant to Article 4.3.1.3, LCH.Clearnet SA has received confirmation from the Backup Clearing Member of its unconditional agreement (such agreement to be in such form as LCH.Clearnet SA may require at the relevant time) to act as Backup Clearing Member in relation to all the Relevant Client Cleared Transactions registered in the Client Trade Account(s) of (I) the relevant CCM Individual Segregated Account Structure, (II) the relevant CCM Gross Omnibus Single Sub-Account Structure or (III) the relevant FCM Client Account Structure and the receipt of the related Ported Collateral; (c) LCH.Clearnet SA has received confirmation from the relevant Client (in respect of such matters and in such form as LCH.Clearnet SA may require at the relevant time); and (d) if the Defaulting Clearing Member is a CCM, (I) such Defaulting Clearing Member has transferred ownership of the Client Pledged Eligible Collateral to LCH.Clearnet SA in accordance with the CDS Admission Agreement and Section 3 of the Procedures or LCH.Clearnet SA has enforced the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriating the Defaulting Clearing Member's Client Pledged Eligible Collateral (if any) in accordance with Article 4.3.2.6:

- (i) LCH.Clearnet SA shall either: (a) transfer all of the open Relevant Client Cleared Transactions entered into by the Defaulting Clearing Member in respect of the relevant Client to the appointed Backup Clearing Member; or (b) terminate and close out such Relevant Client Cleared Transactions at their market value (as determined by LCH.Clearnet SA in its discretion) and enter into replacement Cleared Transactions on equivalent terms to such Relevant Client Cleared Transactions with the appointed Backup Clearing Member in respect of the

relevant Client. Transferred or replacement Relevant Client Cleared Transactions will be registered in a Client Trade Account of the Backup Clearing Member and the Ported Collateral (where transferred in accordance with paragraph (ii) of this Clause 4.3.1) will be credited to the relevant Client Collateral Account of the Backup Clearing Member overnight, in accordance with this Clause 4.3.1;

- (ii) where the relevant Client instructs a transfer of the Ported Collateral recorded in the relevant Client Collateral Account (including the CCM Client Collateral Account of a CCM Indirect Client Segregated Account Structure, if applicable) and attributable to the relevant CCM Client Margin Account, to the appointed Backup Clearing Member, LCH.Clearnet SA shall give effect to such instruction; and
- (iii) the amount due to be returned to the Defaulting Clearing Member in respect of the relevant Client shall be reduced by an amount equal to the value of the Ported Collateral transferred to the Backup Clearing Member, as referred to in paragraph (ii) of this Clause 4.3.1.

**4.3.2** Provided, if the Defaulting Clearing Member is a CCM, that (a) (I) all of the CCM Net Omnibus Segregated Account Clients within a CCM Net Omnibus Client Set of a Defaulting Clearing Member or (II) all of the CCM Gross Omnibus Multi Sub-Account Clients within a CCM Gross Omnibus Multi Sub-Account Client Set of a Defaulting Clearing Member, have appointed a single Backup Clearing Member and informed LCH.Clearnet SA of the identity of such Backup Clearing Member at such time as determined by LCH.Clearnet SA; (b) within such period as LCH.Clearnet SA may determine of the service of a Default Notice on the relevant Clearing Member pursuant to Article 4.3.1.3, LCH.Clearnet SA has received confirmation from the Backup Clearing Member of its unconditional agreement (such agreement to be in such form as LCH.Clearnet SA may require at the relevant time) to act as Backup Clearing Member in relation to all the Relevant Client Cleared Transactions registered in the relevant Client Trade Accounts and the receipt of the related Ported Collateral; (c) LCH.Clearnet SA has received confirmation from each of such CCM Clients (in respect of such matters and in such form as LCH.Clearnet SA may require at the relevant time); and (d) such Defaulting Clearing Member has transferred ownership of the Client Pledged Eligible Collateral to LCH.Clearnet SA in accordance with the CDS Admission Agreement or LCH.Clearnet SA has enforced the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriating the Defaulting Clearing Member's Client Pledged Eligible Collateral (if any) in accordance with Article 4.3.2.6:

- (i) LCH.Clearnet SA shall either (a) transfer all of the open Relevant Client Cleared Transactions entered into by the Defaulting Clearing Member in respect of the relevant CCM Clients to the appointed Backup Clearing Member; or (b) terminate and close out such Relevant Client Cleared Transactions at their market value (as determined by LCH.Clearnet SA in its discretion) and enter into replacement Cleared Transactions on equivalent terms to such Relevant Client Cleared Transactions with the appointed Backup Clearing Member in respect of the relevant CCM Clients. Transferred or replacement Relevant Client Cleared Transactions will be registered in Client Trade Accounts of the Backup Clearing Member and the Ported Collateral (where transferred in accordance with paragraph (ii) of this Clause 4.3.2) will be credited to the relevant Client

Collateral Account of the Backup Clearing Member overnight, in accordance with this Clause 4.3.2;

- (ii) where each of the relevant CCM Clients instructs a transfer of the Ported Collateral attributable to the relevant CCM Client Collateral Account to the appointed Backup Clearing Member, LCH.Clearnet SA shall give effect to such instruction; and
- (iii) the amount due to be returned to the Defaulting Clearing Member in respect of the relevant CCM Clients shall be reduced by an amount equivalent to the Ported Collateral transferred to the Backup Clearing Member, as referred to in paragraph (ii) of this Clause 4.3.2.

**4.3.3** For the purposes of Clause 4.3.1 or Clause 4.3.2 above, the relevant Client may provide consent to LCH.Clearnet SA in writing (including by facsimile and email) and shall not be entitled to withdraw such consent once received by LCH.Clearnet SA.

#### **4.4 Non-portability of the Relevant Client Cleared Transactions**

In relation to each Client Account Structure in respect of which the Defaulting Clearing Member has Non-Ported Cleared Transactions, LCH.Clearnet SA shall:

- 4.4.1** carry out Hedging and Competitive Bidding, in relation to such Non-Ported Cleared Transactions, in accordance with the provisions of the CDS Default Management Process, save that when establishing the Auction Packages for Competitive Bidding, LCH.Clearnet SA shall not combine the House Cleared Transactions of the Defaulting Clearing Member with such Non-Ported Cleared Transactions in a single Auction Package;
- 4.4.2** if the Defaulting Clearing Member is a CCM, enforce its security interest under, and in accordance with, the Pledge Agreement and realise the value of the Client Pledged Eligible Collateral (if any) associated with **each CCM Client Account Structure**, by liquidating such Pledged Eligible Collateral in accordance with Article 4.3.2.7 and crediting such value to the relevant CCM Client Collateral Account(s);
- 4.4.3** calculate an amount (the "**CDS Client Clearing Entitlement**") equal to:
  - (i) a *pro rata* share of the value (whether positive value or negative) arising from the liquidation of such Defaulting Clearing Member's Non-Ported Cleared Transactions such *pro rata* share being determined in accordance with the methodology set out in Clause 4.5.2; plus
  - (ii) (a) if the Defaulting Clearing Member is a CCM, in respect of:
    - (I) a CCM Individual Segregated Account Structure, the liquidation value of the Client Assets recorded in the relevant Client Collateral Account(s); or
    - (II) a CCM Net Omnibus Segregated Account Client or a CCM Gross Omnibus Segregated Account Client, a *pro rata* share of the liquidation value of the Client Assets recorded in the relevant Client Collateral Account, such *pro rata* share being determined by LCH.Clearnet SA in its sole discretion;

- (b) if the Defaulting Clearing Member is an FCM Clearing Member, in respect of each FCM Client, the value of the Client Assets attributable to such FCM Client's FCM Client Financial Account; minus
  - (iii) a *pro rata* share of the costs of any Hedging undertaken, such *pro rata* share being determined in accordance with the methodology set out in Clause 4.5.2; minus
  - (iv) a *pro rata* share of any costs, liabilities and expenses incurred or borne by LCH.Clearnet SA in connection with the implementation of the CDS Client DMP including, in particular, costs and amounts referred to in (i) and (iii) of this Clause 4.4.3, such *pro rata* share being determined in accordance with the methodology set out in Clause 4.5.2;
- 4.4.4** if the Defaulting Clearing Member is a CCM, pay to such Client an amount equal to the relevant CDS Client Clearing Entitlement, in accordance with the Delegation.

#### 4.5 Calculation process

- 4.5.1** Determination of the Ported Collateral and calculation of the CDS Client Clearing Entitlement for each Client will be undertaken by LCH.Clearnet SA in accordance with its own records based on information provided to it by the Defaulting Clearing Member. LCH.Clearnet SA shall be under no obligation to verify or conduct any independent enquiry in respect of any such information and shall be entitled for all purposes to treat it as definitive. However, LCH.Clearnet SA may, in its absolute discretion, adjust its records to reflect any matter which it believes should be taken into account in determining the Ported Collateral and/or calculating the CDS Client Clearing Entitlements.
- 4.5.2** When Non-Ported Cleared Transactions attributable to different Clients are dealt with as a single Auction Package, the *pro rata* share ("PRS") of the amounts specified in (i), (iii) and (iv) of Clause 4.4.3 should be determined on the basis of the following formula:

$$PRS = \frac{A}{B}$$

Where:

**A** is either: (i) if the Defaulting Clearing Member is a CCM, (a) the last Client Margin Requirement for the Client Margin Account(s) maintained by the Defaulting Clearing Member in respect of (I) a CCM Individual Segregated Account Structure or (II) a CCM Gross Omnibus Single Sub-Account Structure (as applicable) calculated and satisfied prior to the Event of Default occurring; or (b) a portion of the last Client Margin Requirement for the Client Margin Account maintained by the Defaulting Clearing Member in respect of (I) a CCM Net Omnibus Segregated Account Structure or (II) a CCM Gross Omnibus Multi Sub-Account Structure (as applicable) calculated and satisfied prior to the Event of Default occurring as attributed to the relevant CCM Net Omnibus Segregated Account Client in such CCM Net Omnibus Segregated Account Structure or the relevant CCM Gross Omnibus Multi Sub-Account Client in such CCM Gross Omnibus Multi Sub-Account Structure (as applicable), such portion being determined by LCH.Clearnet SA in its sole discretion; or (ii) if the Defaulting Clearing

Member is an FCM Clearing Member, the last Client Margin Requirement for the FCM Client Margin Account maintained by the FCM Clearing Member on behalf of an FCM Client calculated and satisfied prior to the Event of Default occurring; and

**B** is the last Client Margin Requirement for each Client Margin Account of the Defaulting Clearing Member in which the Non-Ported Cleared Transactions which are the subject of the relevant Auction Package are contained, calculated and satisfied prior to the Event of Default occurring.

## 5 Competitive Bidding

### 5.1 Principles of Competitive Bidding

LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall ensure that Competitive Bidding is carried out in accordance with the following principles:

- (i) all Non-Defaulting Clearing Members (directly or through an Affiliate or an LCH Approved Outsourcing Agent acting in its place as the Auction Participant) shall be required to participate in Competitive Bidding;
- (ii) all Auction Participants should be encouraged and incentivised to participate in Competitive Bidding; and
- (iii) Competitive Bidding should be structured to ensure that the risk associated with the Defaulting Clearing Member is offloaded by the cancellation of the Defaulting Clearing Member's Cleared Transactions at a price set in a commercially reasonable manner and their replacement with equivalent Cleared Transactions registered within the Account Structure of Non-Defaulting Clearing Member(s).

### 5.2 Construction of Auction Packages

#### 5.2.1 Determination by LCH.Clearnet SA

LCH.Clearnet SA will determine, in consultation with the CDS Default Management Group, the number of Auction Packages to be subject to Competitive Bidding.

LCH.Clearnet SA shall be permitted to establish multiple Auction Packages divided either by reference to the different Transaction Categories or within the same Transaction Category, provided that the determination of Auction Packages by LCH.Clearnet SA is made in accordance with Clause 4.4.1.

The determination of LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall be made in its discretion depending on the context of the particular Event of Default and the circumstances of the Defaulting Clearing Member.

#### 5.2.2 Off-setting

Where a decision is taken to divide the Auction Portfolio into multiple Auction Packages in accordance with Clause 5.2.1, LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall undertake such division at its discretion in good faith with a view to ensuring that Competitive Bidding is carried out in accordance with the principles set out in Clause 5.1. In exercising its discretion under this Clause 5.2.2, LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall consider, wherever possible, taking into account LCH.Clearnet SA's margining methodology, including within each

Auction Package, any Cleared Transactions which have been offset for the purposes of calculating the Defaulting Clearing Member's Margin Requirement under Article 4.2.3.1.

### **5.3 Competitive Bidding for multiple Auction Packages**

LCH.Clearnet SA shall hold a separate auction for each Auction Package. The principles set out in Clauses 5.4 to 5.9.2 shall govern Competitive Bidding for each Auction Package and shall apply to each Auction Package separately.

### **5.4 Conduct of Competitive Bidding**

#### **5.4.1 Participation in Competitive Bidding**

All Auction Participants are required to participate in Competitive Bidding for each Auction Package notwithstanding that any Auction Participant may not have registered within its Account Structure a Cleared Transaction of the type included in the relevant Transaction Category for an Auction Package, save where:

- (i) an Auction Package comprises Single Name Cleared Transactions whose Reference Entity is the Auction Participant, in which case that Auction Participant is not required to participate in Competitive Bidding for that Auction Package; and
- (ii) LCH.Clearnet SA reasonably considers on a non-discriminatory basis that such Auction Participant is not required to participate in Competitive Bidding for that Auction Package.

Where two or more Auction Participants within a Financial Group request LCH.Clearnet SA to treat them as a single Auction Participant for the purpose of requiring participation in Competitive Bidding under this Clause 5.4.1, LCH.Clearnet SA shall consent to such a request.

#### **5.4.2 Bidding Process**

Subject to Clause 9 and in accordance with the procedure set out in the CDS Default Management Guidance Manual, LCH.Clearnet SA, in consultation with the CDS Default Management Group shall determine, and notify to each Auction Participant, the following:

- (i) the number of Auction Packages, the size and direction of each Auction Package and such other information as may reasonably be considered necessary for the Auction Participants to receive;
- (ii) the number of Auction Participants required to participate in the Competitive Bidding for that Auction Package pursuant to Clause 5.4.1, taking into account the treatment of Auction Participants within a Financial Group as a single Auction Participant;
- (iii) the Minimum Bid Size Denominator;
- (iv) in respect of each Auction Package, the Minimum Bid Size for each Auction Participant required to participate in the Competitive Bidding for that Auction Package pursuant to Clause 5.4.1;
- (v) the identity of the Nominated Representative; and
- (vi) the Bid Deadline.

### **5.4.3 Bidding**

Each Auction Participant who participates in Competitive Bidding for an Auction Package is required to submit their Bid(s) in accordance with Clauses 5.4.4 to 5.4.7 below, to the Nominated Representative. Each Bid will specify the Bid Size and the Bid Price. By submitting a Bid, an Auction Participant represents that it will accept the registration of Auction Transactions equivalent to the Bid Size of the Bid at a cost determined in accordance with these provisions.

Auction Participants will be required to submit their Bid(s) by the Bid Deadline. However, in the event that LCH.Clearnet SA provides notification to all Auction Participants in reasonable time prior to the Bid Deadline, a grace period may be granted to all Auction Participants provided that such grace period shall be no longer than one hour, after consultation with the CDS Default Management Group.

Where Bids are received after the Bid Deadline (and the expiration of any grace period granted by LCH.Clearnet SA, pursuant to this Clause 5.4.3), LCH.Clearnet SA may, in its absolute discretion, reject a Bid on the grounds that it would prevent the CDS Default Management Process being completed within the targeted timeframe set out in Clause 2.1.

### **5.4.4 Minimum Bid Size**

For each Auction Package, each Auction Participant who is required to bid for that Auction Package in accordance with Clause 5.4.1 above shall be required to submit Bid(s) in an amount equal to or greater than its Minimum Bid Size. The Minimum Bid Size ("**MBS**") shall be calculated by LCH.Clearnet SA in accordance with the following formula and expressed as a percentage:

$$MBS = \left[ \frac{A}{B} \right] \times C$$

Where:

**A** is the amount of the Auction Participant's contribution to the CDS Default Fund as at the last revaluation date prior to the declaration of the relevant Event of Default by LCH.Clearnet SA in accordance with Article 4.4.1.3. For the purposes of this calculation, an Auction Participant's contribution shall be the aggregate of its Contribution and the Contribution of any other Clearing Member in its Financial Group and with whom it is being treated as a single Auction Participant, pursuant to Clause 5.4.1.

**B** is the sum of Contributions of all Auction Participants who are required to bid for that Auction Package in accordance with Clause 5.4.1 above, as at the last revaluation date of the CDS Default Fund prior to the declaration of the relevant Event of Default by LCH.Clearnet SA in accordance with Article 4.4.1.5 and Article 4.4.1.6.

**C** is the Minimum Bid Size Denominator.

### **5.4.5 Satisfying the Minimum Bid Size**

An Auction Participant can satisfy the requirement set out in Clause 5.4.4 by submitting multiple Bids with differing Bid Prices and Bid Sizes provided that, in aggregate, the Bid Size(s) of the Bids equals or exceeds the Minimum Bid Size. Accordingly, there is no requirement for an Auction Participant to submit a single Bid whose Bid Size equals the Minimum Bid Size, although it is entitled to do so.

#### **5.4.6 Bids in excess of the Minimum Bid Size**

An Auction Participant can submit Bid(s) whose Bid Size(s) alone, or in aggregate, exceed the Minimum Bid Size for any Auction Package, subject that an Auction Participant shall be prohibited from submitting Bid(s) whose Bid Size(s), alone or in aggregate, exceed 100 per cent. of the relevant Auction Package.

#### **5.4.7 Bid Price**

Auction Participants shall have sole discretion to specify the Bid Price that will apply to the Bid(s) submitted in the course of Competitive Bidding and neither LCH.Clearnet SA nor the CDS Default Management Group is permitted to specify, in advance of Competitive Bidding commencing, a minimum or maximum Bid Price that will apply in respect of a particular Auction Package.

#### **5.4.8 Assessment of Non Market Bids**

Following the Bid Deadline, LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall review the Bid(s) received in the course of Competitive Bidding to determine whether any Non Market Bid(s) have been submitted. LCH.Clearnet SA shall have the discretion to deem any Bid which does not satisfy the Market Bid Metric to be a Market Bid and in determining whether to exercise such discretion, in consultation with the CDS Default Management Group, shall take into account the relevant Auction Participant's Bid(s) as a whole.

### **5.5 Non Bidders**

For the avoidance of doubt, if:

- 5.5.1** an Auction Participant has submitted Market Bid(s) in respect of an Auction Package which, in aggregate, equal or are in excess of its Minimum Bid Size, LCH.Clearnet SA shall not be entitled to deem such Auction Participant to be a Non Bidder in respect of other Bid(s) submitted for the same Auction Package which could otherwise be deemed Non Market Bid(s); and/or
- 5.5.2** an Auction Participant is not required to bid for an Auction Package in accordance with Clause 5.4.1(i) above, LCH.Clearnet SA shall not be entitled to deem such Auction Participant to be a Non Bidder in respect of that Auction Package.

### **5.6 Allocation of the Auction Package**

#### **5.6.1 Calculation of the Initial Allocation Price**

Following the earlier of the receipt of final Bids from all Auction Participants and the Bid Deadline (and the expiration of any grace period granted by LCH.Clearnet SA pursuant to Clause 5.4.3), LCH.Clearnet SA, in consultation with the CDS Default Management Group, will determine the Initial Allocation Price, the Initial Transfer Payable and the Initial Transfer Receivable on the following basis:

- (i) it shall rank the Bids from best to worst, such that the Bid with the Bid Price which would ensure the best commercial result for LCH.Clearnet SA shall be regarded as the "best", and shall repeat such determination until all Bids are ranked according to their Bid Price. For these purposes, the "best commercial result" means the price at which LCH.Clearnet SA would receive the greatest amount or would have to pay the least amount in respect of the Auction Package;

- (ii) it shall determine the Initial Allocation Price as follows:
  - (a) it shall deem the Bid with the best Bid Price to be successful and shall allocate the Bid Size of such Bid against the Auction Package;
  - (b) it shall repeat the process with each successive Bid with the best Bid Price until such time as the Auction Package has been completely allocated, subject to adjustment pursuant to Clause 5.6.3 (i);
  - (c) if there is more than one Bid at the same Bid Price at which the entire Auction Package would be allocated, the Bids at that Bid Price shall be deemed allocated *pro rata* the relevant Bid Size of each Bid;
  - (d) each of the Bids (or parts thereof) which are allocated shall be deemed Initial Winning Bids and the worst Bid Price of all the Initial Winning Bids shall be the Initial Allocation Price; and
- (iii) the Initial Transfer Payable or Initial Transfer Receivable shall be determined for each Auction Participant as the product of the aggregate of the Bid Sizes of that Auction Participant's Initial Winning Bids and the Initial Allocation Price.

#### **5.6.2 Process of Allocation**

LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall allocate each Auction Package amongst each of the Initial Winning Bids in a fair and consistent manner. Accordingly, an Auction Participant with one or more Initial Winning Bids in respect of an Auction Package shall be allocated a percentage of each of the Auction Transactions equal to the aggregate of the Bid Size of its Initial Winning Bids.

#### **5.6.3 Non Bidders**

Where Non Bidders are identified:

- (i) LCH.Clearnet SA shall adjust the procedure for calculating the Initial Allocation Price, the Initial Transfer Payable and the Initial Transfer Receivable for Auction Participants by conducting the process set out in Clause 5.6.1(ii)(a) but on the basis that n% of the Auction Package shall be allocated, where "n" is equal to 100 minus the aggregate of each Non Bidder's Auction Non Bidder Bid Size;
- (ii) each Non Bidder shall be deemed to have submitted a single Bid with a Bid Size equal to their Auction Non Bidder Bid Size and a Bid Price equal to the Initial Allocation Price minus EUR 0.01 (where it is due an Initial Transfer Receivable in respect of the Auction Package) or plus EUR 0.01 (where it is required to make an Initial Transfer Payable in respect of the Auction Package) (the "**Non Bidder Allocation Price**"); and
- (iii) the Initial Transfer Payable or Initial Transfer Receivable for each Non Bidder shall then be determined as the product of the relevant Non Bidder's Auction Non Bidder Bid Size and the Non Bidder Allocation Price.

For the avoidance of doubt, an Auction Participant may be deemed to submit Market Bids and Non-Market Bids in respect of the same Auction Package and shall only be deemed to be a Non-Market Bidder in respect of those Bids which are Non Market Bids.

#### **5.6.4 Notification of Initial Allocation Price**

Following the calculation of:

- (i) the Initial Allocation Price and the Initial Transfer Payable or Initial Transfer Receivable for each Auction Participant (excluding Non Bidders); and
- (ii) the Non Bidder Allocation Price and the Initial Transfer Payable or Initial Transfer Receivable for each Non Bidder,

and provided that LCH.Clearnet SA has determined that it has sufficient financial resources in accordance with Clause 5.10 and that it does not need to hold a second round of Competitive Bidding in accordance with Clause 5.7.1, LCH.Clearnet SA will notify all Auction Participants that the Competitive Bidding process for the relevant Auction Package has been concluded and shall additionally notify each Clearing Member with an Initial Winning Bid(s), the details of the Initial Allocation Price or Non Bidder Allocation Prices (as the case may be) and the Initial Transfer Payable or Initial Transfer Receivable. Subject to Clause 6.3.2, an Initial Winning Bidder shall be contractually bound to accept registration of the Transfer Positions within its Account Structure in accordance with Clause 6.1.

### **5.7 Review of Competitive Bidding**

#### **5.7.1 Decision to hold a second round of Competitive Bidding**

Where, following the calculation of the Initial Allocation Price and the Non Bidder Allocation Price (as appropriate), the Initial Transfer Payable and the Initial Transfer Receivable in accordance with Clause 5.6.1, LCH.Clearnet SA, in consultation with the CDS Default Management Group, determines that an LCH Transfer Cost arises such as to require recourse to the LCH.Clearnet SA Contribution, in accordance with Article 4.3.3.1, then it shall be permitted to consider holding a second round of Competitive Bidding.

In such circumstance LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall determine in its absolute discretion whether:

- (i) it would be possible, through holding a second round of Competitive Bidding, to generate higher LCH Transfer Receipts (if the Auction Package has a positive mark-to-market) or a lower LCH Transfer Cost (if the Auction Package has a negative mark-to-market); and
- (ii) it would not be unrealistic that, following a second round of Competitive Bidding, the LCH Transfer Receipt or LCH Transfer Cost would be such as to enable LCH.Clearnet SA to register the Winning Bids within the Account Structure of the Non-Defaulting Clearing Member(s), in accordance with Clause 6.1, without exhausting the financial resources available to LCH.Clearnet SA under Article 4.3.3.1.

#### **5.7.2 Participation in a second round of Competitive Bidding**

Where LCH.Clearnet SA determines that a lower LCH Transfer Cost or a higher LCH Transfer Receipt, as appropriate, could be generated, it shall require Auction Participants to participate in a second round of Competitive Bidding as soon as is reasonably practicable. LCH.Clearnet SA will consult with the CDS Default Management Group in accordance with the procedure set out in the Default Management Guidance Manual.

LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall determine the percentage of the original Auction Package which will be subject to the second

Competitive Bidding (such portion being referred to in the remainder of this Clause 5 as the "**Residual Auction Package**"). However LCH.Clearnet SA shall not be permitted to determine that more than 20 per cent. of the relevant Auction Package shall form the Residual Auction Package, unless a minor increase to such percentage would have, in the reasonable determination of LCH.Clearnet SA and the CDS Default Management Group, a material impact on the LCH Transfer Cost or LCH Transfer Receipt, as applicable, which it is expected will be generated as a result of the second round of Competitive Bidding.

## **5.8 Recalculated Allocation of the Auction Package and Initial Registration**

### **5.8.1 Recalculation of Initial Allocation Price**

In the event that LCH.Clearnet SA determines that a second round of Competitive Bidding shall take place, LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall recalculate the Initial Allocation Price and the Non Bidder Allocation Price, as appropriate, (and, by definition, the Bids thereby treated as Initial Winning Bids) and Initial Transfer Payable or Initial Transfer Receivable by following the procedure set out in Clause 5.6.1 in respect of the Reduced Auction Package.

### **5.8.2 Notification of recalculated Initial Allocation Price**

Following any recalculation of:

- (i) the Initial Allocation Price and the Initial Transfer Payable or Initial Transfer Receivable for each Auction Participant (excluding Non Bidders); and
- (ii) the Non Bidder Allocation Price and the Initial Transfer Payable or Initial Transfer Receivable for each Non Bidder,

pursuant to Clause 5.8.1, provided it has determined that it has sufficient financial resources in accordance with Clause 5.10, LCH.Clearnet SA will notify all Auction Participants of the results of the Competitive Bidding process including, for each Clearing Member with an Initial Winning Bid(s), the details of the Initial Allocation Price or Non Bidder Allocation Prices (as the case may be) and the Initial Transfer Payable or Initial Transfer Receivable. Subject to Clause 6.3.2, an Initial Winning Bidder shall be contractually bound to accept registration of the Transfer Positions within its Account Structure in accordance with Clause 6.1.

## **5.9 Conduct of Competitive Bidding for the Residual Auction Package**

Competitive Bidding for the Residual Auction Package should be carried out in accordance with Clauses 5.1 to 5.4, treating the Residual Auction Package as the Auction Package for purposes of interpreting such provisions, but subject to the remainder of this Clause 5.9.

In applying such provisions to Competitive Bidding for the Residual Auction Package:

- (i) the Residual Allocation Price shall be determined on the basis that it were the Initial Allocation Price;
- (ii) the Residual Winning Bids shall be determined on the basis that they were Initial Winning Bids;
- (iii) the Residual Transfer Payable shall be determined on the basis that it were the Initial Transfer Payable;
- (iv) the Residual Transfer Receivable shall be determined on the basis that it were the Initial Transfer Receivable; and

- (v) LCH.Clearnet SA shall allocate the Auction Transactions for the Residual Auction Package in accordance with Clause 5.6.2.

#### **5.9.1 Recalculated Minimum Bid Size**

Each Auction Participant's Minimum Bid Size shall be subject to recalculation for the Residual Auction Package depending on the outcome of the first round of Competitive Bidding:

- (i) where the aggregate of the Bid Sizes of an Auction Participant's Initial Winning Bids for the related Auction Package exceeds that Auction Participant's original Minimum Bid Size calculated in accordance with Clause 5.4.4, that Auction Participant will have its Minimum Bid Size for the Residual Auction Package reduced by an amount equal to the Bid Credit. For these purposes, the "**Bid Credit**" for any Auction Participant shall be the percentage difference between the Minimum Bid Size and the percentage of the aggregate of the Bid Sizes of that Auction Participant's Initial Winning Bids;
- (ii) for each Auction Participant to whom a Bid Credit has not been ascribed, that Auction Participant's Minimum Bid Size shall be increased by a *pro rata* share of the aggregate Bid Credits ascribed in relation to that Residual Auction Package.

#### **5.9.2 Competitive Bidding Process**

LCH.Clearnet SA shall not be permitted to review the Competitive Bidding for the Residual Auction Package and shall be required to complete its obligations with respect to registration of the Transfer Positions, arising therefrom.

#### **5.9.3 Notification of Residual Allocation Price**

Following the calculation of:

- (i) the Residual Allocation Price and the Residual Transfer Payable or Residual Transfer Receivable for each Auction Participant (excluding Non Bidders); and
- (ii) the Non Bidder Allocation Price and the Residual Transfer Payable or Residual Transfer Receivable for each Non Bidder,

pursuant to Clause 5.9, LCH.Clearnet SA will notify all Auction Participants of the results of the second round of Competitive Bidding including, for each Clearing Member with a Residual Winning Bid(s), the details of the Residual Allocation Price or Non Bidder Allocation Price (as the case may be) and the Residual Transfer Payable or Residual Transfer Receivable. Subject to Clause 6.3.2, a Residual Winning Bidder shall be contractually bound to accept registration of the Transfer Positions within its Account Structure in accordance with Clause 6.1.

### **5.10 LCH.Clearnet SA determination of financial resources**

Following the determination of the Initial Allocation Price pursuant to the first round of Competitive Bidding (or Residual Allocation Price pursuant to the second round of Competitive Bidding, as the case may be), LCH.Clearnet SA shall determine whether it has sufficient financial resources to meet its obligations arising from such Competitive Bidding, including but not limited to the ability to credit a Winning Bidder with an Initial Transfer Receivable or a Residual Transfer Receivable, as the case may be.

If the calculation of the Distribution Haircut produces a figure greater than 1, LCH.Clearnet SA shall be required to determine that it does not have sufficient financial resources.

LCH.Clearnet SA may only notify Winning Bidders in accordance with Clause 5.6.4, Clause 5.8.2 or Clause 5.9.3, as appropriate, and perform its obligations pursuant to Clause 6 in respect of the relevant Transfer Positions if it has reasonably determined that it does have sufficient financial resources. If LCH.Clearnet SA determines that it does not have sufficient financial resources, it shall notify all Auction Participants of the failure of Competitive Bidding and shall call an Early Termination Trigger Date in accordance with Clause 8 and, for the avoidance of doubt, no Auction Participant shall be deemed to have a Winning Bid and LCH.Clearnet SA shall not be permitted to register any Transfer Positions within the Account Structure of any Auction Participant.

## **6 Registration of Transfer Positions**

### **6.1 Registration of Winning Bids**

LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall register the Transfer Positions within the House Account Structure of:

- 6.1.1** an Initial Winning Bidder by no later than 09.15 on the Clearing Day following conclusion of the first round of Competitive Bidding; and
- 6.1.2** a Residual Winning Bidder by no later than 09.15 on the Clearing Day following conclusion of the second round of Competitive Bidding.

For the avoidance of doubt, where two rounds of Competitive Bidding have been undertaken on the same day, LCH.Clearnet SA, in consultation with the CDS Default Management Group, shall nevertheless undertake separate registration processes for the Transfer Positions arising from the first round of Competitive Bidding and the Transfer Positions arising from the second round of Competitive Bidding.

### **6.2 Registration Obligations**

In order to effect the registration of the Transfer Positions within a Winning Bidder's House Account Structure, as contemplated by Clause 6.1, LCH.Clearnet SA shall prescribe such procedures and timetable as it considers reasonably appropriate in the circumstances. Winning Bidders will be required to comply with such requirements as may be established by LCH.Clearnet SA, after consultation with the CDS Default Management Group, to effect the registration of the Transfer Positions. In particular:

- (i) Winning Bidders will provide LCH.Clearnet SA with Collateral to satisfy an increased House Margin Requirement which shall take account of the Transfer Positions;
- (ii) if Competitive Bidding has given rise to an Initial Transfer Receivable or a Residual Transfer Receivable, as the case may be, LCH.Clearnet SA will credit the Winning Bidder with the requisite amount;
- (iii) if Competitive Bidding has given rise to an Initial Transfer Payable or a Residual Transfer Payable, as the case may be, the Winning Bidder will pay the requisite amount to LCH.Clearnet SA; and
- (iv) LCH.Clearnet SA shall ensure that the registration of the Transfer Positions is made in a way that recognises the Variation Margin paid or received, in relation to the Cleared

Transactions of the Defaulting Clearing Member representing such Transfer Positions, to date.

### **6.3 Failed Registration Obligations**

#### **6.3.1 Winning Bidder failure**

In the event that registration of a Transfer Position in accordance with Clause 6.1 requires the Winning Bidder to pay to LCH.Clearnet SA an amount reflecting an Initial Transfer Payable or a Residual Transfer Payable, as the case may be, any failure by the Winning Bidder to pay such amount or to provide Collateral to LCH.Clearnet SA as Margin in respect of the Transfer Position shall constitute a Payment Failure.

#### **6.3.2 LCH.Clearnet SA failure**

- (i) LCH.Clearnet SA shall not be permitted to register any Transfer Position with a Winning Bidder unless it is satisfied that its financial resources are sufficient to credit each Winning Bidder with its Initial Transfer Receivable or Residual Transfer Receivable, as the case may be.
- (ii) If LCH.Clearnet SA fails to credit such amount to the relevant Winning Bidder, either:
  - (a) prior to or simultaneously with calling for or returning, as the case may be, any Collateral taking into consideration the Open Positions reflecting such Transfer Positions; or
  - (b) if, in order to credit the required amounts to the Winner Bidder, LCH.Clearnet SA is dependent on Additional Contribution Amounts from Non-Defaulting Clearing Members being received in the same payment window as the payment or receipt of such Collateral, immediately after the payment window in which such Collateral shall be paid or received (as set out in Section 3 of the Procedures),  
such registration of the Transfer Position shall be deemed void *ab initio* and unenforceable against the Winning Bidder and:
- (x) LCH.Clearnet SA shall not take any Open Positions reflecting such Transfer Positions into account for the purpose of calculating that Winning Bidder's House Margin Requirement on an ongoing basis; and
- (y) to the extent a Collateral Call has already been made in respect of a Winning Bidder, taking account of Open Positions reflecting such Transfer Positions, and the relevant Winning Bidder has transferred Collateral in satisfaction of its House Margin Requirement on that basis the amount of Collateral called in respect of the Open Positions reflecting such Transfer Positions shall be returned to the Winning Bidder in accordance with Section 3 of the Procedures.
- (iii) In the event that LCH.Clearnet SA does not receive sufficient available resources in the relevant payment window on account of the failure of one or more Non-Defaulting Clearing Members, LCH.Clearnet SA, in consultation with the CDS Default Management Group, may take such action as is required, including holding a further auction process. In the event that LCH.Clearnet SA reasonably believes, after consultation with the CDS Default Management Group, that it will have sufficient available resources following an additional request for Additional Contribution Amounts from the then Non-Defaulting Clearing Members, LCH.Clearnet SA shall call for such

amounts in accordance with Section 6 of the Procedures no later than the first available payment window on the following Business Day and the registration of the Transfer Positions shall not be regarded as void *ab initio* until LCH.Clearnet SA has determined whether it has sufficient available resources following such payment window.

Notwithstanding any discretion provided to LCH.Clearnet SA in this paragraph (c), LCH.Clearnet SA shall be prohibited from determining not to credit each Winning Bidder with the full amount of its Initial Transfer Receivable or Residual Transfer Receivable and if it determines that it does not have, and will not have through the payment of Additional Contribution Amounts, sufficient available resources to credit such amounts, the registration of such Transfer Positions shall be deemed void *ab initio* in accordance with (b) above.

#### 6.4 Off-setting

LCH.Clearnet SA agrees that it shall make provision for set-off by LCH.Clearnet SA of amounts owed by LCH.Clearnet SA to the Winning Bidder as a result of the operation of the CDS Default Management Process against sums owed by the Winning Bidder to LCH.Clearnet SA in respect thereof.

### 7 Loss Distribution Process

#### 7.1 Adjustment of Variation Margin payments

##### 7.1.1 Cash Gainer

On each Loss Distribution Day for each Margin Account of each Non-Defaulting Clearing Member that is deemed to be a Cash Gainer, the relevant Non-Defaulting Clearing Member shall be required to pay LCH.Clearnet SA an amount equal to any positive amount determined in accordance with the following formula or, as applicable, LCH.Clearnet SA shall be required to pay the relevant Non-Defaulting Clearing Member the absolute value of any negative amount determined in accordance with the following formula (in each case, such amount the "**Cash Gainer Adjustment**"):

$$\text{Cash Gainer Adjustment}_{(t)} = \text{PHG}_{(t)} - (\text{CHG}_{(t)} * \text{Max} (0, 1 - \text{DH}_{(t)}) - \text{CAG}_{(t-1)})$$

where:

"PHG" means the Pre Haircut Gains, Losses and Realised Cash Flows;

"CHG" means the Cumulative Hypothetical Gains, Losses and Realised Cash Flows;

"DH" means the Distribution Haircut; and

"CAG" means the Cumulative Actual Gains, Losses and Realised Cash Flows and where "CAG" as at the Last Call prior to Default shall be zero.

##### 7.1.2 Cash Loser

On each Loss Distribution Day for each Margin Account of each Non-Defaulting Clearing Member that is deemed to be a Cash Loser, LCH.Clearnet SA shall be required to pay the absolute value of an amount (the "**Cash Loser Adjustment**") determined in accordance with the following formula:

$$\text{Cash Loser Adjustment}_{(t)} = \text{PHG}_{(t)} - (\text{CHG}_{(t)} - \text{CAG}_{(t-1)})$$

where:

"PHG" means the Pre Haircut Gains, Losses and Realised Cash Flows;

"CHG" means the Cumulative Hypothetical Gains, Losses and Realised Cash Flows; and

"CAG" means the Cumulative Actual Gains, Losses and Realised Cash Flows and where "CAG" as at the Last Call prior to Default shall be zero.

#### **7.1.3 Application of Margin Account Adjustment**

On each Loss Distribution Day, LCH.Clearnet SA shall apply the payment or receipt of any Margin Account Adjustment as an offset against any payments from or receivable by the relevant Clearing Member in respect of the same Margin Account.

#### **7.1.4 Adjustments for Physical Settlement**

Where Physical Settlement is applicable to any Cleared Transaction on any Loss Distribution Day, LCH.Clearnet SA may, following consultation with the Risk Committee or the CDS Default Management Group, as appropriate, make such adjustments as are necessary to the calculation of Cash Gainer Adjustment or Cash Loser Adjustment to reflect the payment flows arising from such Physical Settlement, keeping in mind the principle that the calculation of Cash Gainer Adjustment and Cash Loser Adjustment is designed to capture all profits and/or losses on positions during the relevant Loss Distribution Period.

### **7.2 Application of Cash Gainer Adjustment**

LCH.Clearnet SA shall apply all Cash Gainer Adjustment it receives solely for the purposes of meeting Damage incurred by LCH.Clearnet SA following, and in relation to, each relevant Event of Default, as contemplated at and in accordance with Article 4.3.3.1 of the CDS Clearing Rule Book.

### **7.3 Adjustment to Loss Distribution Cap Amount**

If, during any Loss Distribution Period, it appears to LCH.Clearnet SA that the Clearing Member Adjustment Amount for any Non-Defaulting Clearing Member is, or is about to be, equal to or greater than the Loss Distribution Cap Amount, LCH.Clearnet SA may request that an adjustment be made to the Loss Distribution Cap Amount for such Non-Defaulting Clearing Member. The relevant Non-Defaulting Clearing Member may, but is not required to, agree to an adjustment to such Loss Distribution Cap Amount. Once a Non-Defaulting Clearing Member has provided agreement to adjust the Loss Distribution Cap Amount in the form and within the timeframe set out in the relevant Clearing Notice referred to in Article 3.1.9.2 of the CDS Clearing Rule Book, such agreement will be considered irrevocable and cannot be withdrawn.

The Adjusted Loss Distribution Cap Amount shall be applicable in accordance with the agreement between the relevant Non-Defaulting Clearing Member and LCH.Clearnet SA and for such period as may be agreed by the relevant Non-Defaulting Clearing Member, but which shall in no event be longer than the applicable Loss Distribution Period.

### **7.4 No rebate**

The payment to LCH.Clearnet SA of any Cash Gainer Adjustment by any Non-Defaulting Clearing Member shall be final and shall not give rise to any obligation of LCH.Clearnet SA to repay any such amount or to pay any interest thereon, unless prior to the end of the Loss Distribution Period, there is an Early Termination Trigger Date or an LCH Default, in which case any net Cash Gainer Adjustment paid by a Non-Defaulting Clearing Member shall be repayable

by LCH.Clearnet SA in respect of the relevant Margin Account pursuant to Clause 8 or TITLE I, Chapter 3 of the CDS Clearing Rule Book, as the case may be.

### **7.5 Application of any recoveries**

Notwithstanding the provisions of Article 4.4.3.8 of the CDS Clearing Rule Book, if the Loss Distribution Process has been invoked by LCH.Clearnet SA in accordance with this Clause 7, LCH.Clearnet SA shall reimburse the Clearing Members (irrespective of whether they remain Clearing Members at the time of the recovery) and LCH.Clearnet SA on a *pro rata* basis by reference to the resources which have been applied pursuant to Article 4.3.1.1 of the CDS Clearing Rule Book during any CDS Post-Default Period relating to the relevant Defaulting Clearing Member and including the net amount of any Margin Account Adjustment paid by the relevant Clearing Members during such CDS Post-Default Period, the LCH.Clearnet SA Contribution and the Contributions and/or Additional Contribution Amounts of Clearing Members so applied, in respect of:

- 7.5.1** any amounts received from the Defaulting Clearing Member as a result of LCH.Clearnet SA being a creditor of the Defaulting Clearing Member in the context of Insolvency Proceedings or otherwise, other than in respect of sums due to LCH.Clearnet SA; or
- 7.5.2** any other amounts howsoever obtained or recovered in the course of LCH.Clearnet SA's operation of the CDS Default Management Process or which are otherwise referable to the Defaulting Clearing Member,

in each case net of any related expenses incurred by LCH.Clearnet SA or other sums owing to LCH.Clearnet SA by the Defaulting Clearing Member in connection with the CDS Clearing Service. For the avoidance of doubt, nothing in Article 4.4.3.8 of the CDS Clearing Rule Book shall oblige LCH.Clearnet SA to pursue any litigation or other action in order to recover the amounts contemplated above and if another default fund of LCH.Clearnet SA has also been applied as a result of the Defaulting Clearing Member's default, any amounts recovered shall be applied pari passu as between the relevant default funds.

## **8 Early Termination**

### **8.1 Early Termination Trigger**

- 8.1.1** If, on any Loss Distribution Day, LCH.Clearnet SA determines either that the Clearing Member Adjustment Amount for any Non-Defaulting Clearing Member would be equal to or greater than the applicable Loss Distribution Cap Amount for such Non-Defaulting Clearing Member (as adjusted pursuant to Clause 7.3, as the case may be) on that Loss Distribution Day or LCH.Clearnet SA does not have sufficient financial resources available to make all payments required pursuant to Clause 5.10 (the "**Early Termination Trigger Date**"), neither LCH.Clearnet SA nor any Non-Defaulting Clearing Member shall be obliged to make any further payments or deliveries under any Cleared Transaction between them which would, but for this Clause 8.1, have fallen due for performance on or after the Early Termination Trigger 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 House LCH Repayment Amount and Client LCH Repayment Amount(s) and other payment and delivery obligations in relation to any Cleared Transactions and any other obligations pursuant to the CDS Clearing Documentation (including Collateral registered in any

Collateral Accounts and other Collateral representing a Clearing Member's Contribution Requirement) shall be payable or deliverable on the Early Termination Trigger Date and in accordance with the provisions of this Clause 8.

- 8.1.2** Upon the occurrence of an Early Termination Trigger Date, LCH.Clearnet SA shall promptly publish a Clearing Notice in accordance with Article 3.1.9.4 of the CDS Clearing Rule Book.
- 8.1.3** In circumstances where Client Collateral Buffer has been allocated to a CCM Client Account Structure in accordance with Article 4.2.2.4 and Section 2 of the Procedures, LCH.Clearnet SA shall transfer an amount of Collateral which is equal to the CCM Allocated Client Collateral Buffer for the relevant CCM Client Account Structure from the Buffer Collateral Account to the CCM Client Collateral Account of that CCM Client Account Structure as soon as reasonably practicable.
- 8.1.4** For these purposes, the amounts to be repaid shall include, in respect each Margin Account of each Non-Defaulting Clearing Member:
  - (i) Variation Margin;
  - (ii) any Collateral recorded in the relevant Collateral Account (including, in the case of a CCM Client Margin Account, any Collateral transferred (or due to be transferred) to the relevant CCM Client Collateral Account by LCH.Clearnet SA pursuant to Clause 8.1.3), in each case without applying any haircuts to the valuation of the Collateral. Such amount will not include Pledged Eligible Collateral, CCM Unallocated Client Collateral or FCM Unallocated Client Excess Collateral returned to the relevant Non-Defaulting Clearing Member in accordance with Clause 8.7;
  - (iii) any net Cash Gainer Adjustments which has been paid by the Clearing Member to LCH.Clearnet SA pursuant to Clause 7.1, for each Margin Account;
  - (iv) any other amounts that may be due to or from either the Clearing Member or LCH.Clearnet SA to or from the other in relation to the CDS Clearing Service pursuant to the CDS Clearing Documentation; and
  - (v) in respect of a Non-Defaulting Clearing Member's House Margin Account, such Clearing Member's Contribution Balance and in the case of a CCM, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as CCM Available Client Collateral Buffer in its Buffer Collateral Account (if any) in each case without applying any haircuts to the valuation of the Collateral.

## **8.2 CDS Repayment Amount**

LCH.Clearnet SA shall calculate the CDS Repayment Amount separately in respect of each Non-Defaulting Clearing Member's House Account Structure and each of its Client Account Structures in accordance with the following:

- (i) LCH.Clearnet SA shall establish the value of (a) each Cleared Transaction as a result of the termination of each payment or delivery which would otherwise have been required to be made under the relevant Cleared Transaction (assuming satisfaction of each applicable condition precedent and based on its determination of the observable market price to be determined in accordance with Clause 8.3 below) and without application of

the Loss Distribution Process, (b) any net Cash Gainer Adjustments to be repaid to the Clearing Member; (c) the Variation Margin(s) to be repaid by the Clearing Member or LCH.Clearnet SA to the other; and (d) any other amounts that may be due to or from LCH.Clearnet SA in relation to Cleared Transactions pursuant to the CDS Clearing Rules, but excluding any repayment or redelivery obligations relating to any relevant Margin Balance, Excess Collateral and/or the Client Collateral Buffer; and

- (ii) on the basis of the sums so established, an account shall be taken of the amounts owed by either the Clearing Member or LCH.Clearnet SA to the other and the sums due from one shall be set off against the sums due from the other and only the balance shall be payable by either the Clearing Member or LCH.Clearnet SA to the other.

### **8.3 Observable Market Price**

For the purpose of determining an observable market price for each Cleared Transaction pursuant to Clause 8.2(i) above, LCH.Clearnet SA shall use its best efforts to determine the price of the relevant Cleared Transactions as at the end of the Business Day following the Early Termination Trigger Date, using such sources as it believes reasonable to provide the value of such Cleared Transactions. In doing so, LCH.Clearnet SA would be expected to use the following sources in order of descending priority as valuation points:

- (i) the end of day settlement prices published by another reputable clearing house operating in respect of CDS for the relevant valuation day;
- (ii) other objective and observable market prices for the relevant valuation day; and
- (iii) the mean settlement price for the relevant valuation day, calculated on the basis of a broad-based survey of market participants active in trading CDS.

### **8.4 Available CDS Funds**

Following its determination of the CDS Repayment Amount in relation to each of the Non-Defaulting Clearing Member's House Account Structure and each of its Client Account Structures, LCH.Clearnet SA shall calculate the Available CDS Funds as the sum equal to the aggregate of the Negative CDS Repayment Amounts in respect of each Non-Defaulting Clearing Member.

Where the Available CDS Funds are less than the aggregate amount of Positive CDS Repayment Amounts, LCH.Clearnet SA shall calculate the Discounted CDS Repayment Amount for each Positive CDS Repayment Amount payable to a Non-Defaulting Clearing Member by multiplying each such Positive CDS Repayment Amount by the fraction determined by dividing A by B, where "A" is the Available CDS Funds and "B" is the aggregate amount of Positive CDS Repayment Amounts.

### **8.5 LCH Repayment Amounts**

Following the calculation of each CDS Repayment Amount, or Discounted CDS Repayment Amount as the case may be, pursuant to Clauses 8.1 to 8.4 above, LCH.Clearnet SA shall calculate a LCH repayment amount separately in respect of each Non-Defaulting Clearing Member's (i) House Account Structure (the "**House LCH Repayment Amount**") and (ii) each of its Client Account Structures ("**Client LCH Repayment Amount**") (the "House LCH Repayment Amount" and "Client LCH Repayment Amount" being together referred to as the "**LCH Repayment Amounts**"). The LCH Repayment Amounts shall be determined as set out below.

LCH.Clearnet SA shall calculate in respect of the House Account Structure and each of the Client Account Structures of each Non-Defaulting Clearing Member, the value of Collateral recorded in the relevant Collateral Account, in each case without applying any haircuts to the valuation of the Collateral. Such amounts calculated in respect of each Margin Account (the "**Margin Repayment Amounts**") shall also include:

- (i) in respect of a CCM Client Margin Account, any Collateral transferred (or due to be transferred) to the relevant CCM Client Collateral Account by LCH.Clearnet SA pursuant to Clause 8.1.3); and
- (ii) in respect of any House Margin Account, such Non-Defaulting Clearing Member's Contribution Balance and in the case of a CCM, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as CCM Available Client Collateral Buffer in its Buffer Collateral Account (if any),

Such amount shall not include any Variation Margin, Pledged Eligible Collateral, CCM Unallocated Client Collateral or FCM Unallocated Client Excess Collateral returned to the relevant Non-Defaulting Clearing Member in accordance with Clause 8.7.

The Margin Repayment Amounts shall become immediately due and payable to the Clearing Member. In determining such amounts, LCH.Clearnet SA shall not separately value, nor take into account, as an amount due to the Clearing Member, any Collateral:

- (i) in respect of which the value has been accounted for in the determination of the value of any Cleared Transaction;
- (ii) which the Clearing Member has transferred to LCH.Clearnet SA other than on a full title transfer basis and which the Clearing Member will otherwise receive back in accordance with the CDS Clearing Rules; or
- (iii) which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 of the CDS Clearing Rule Book and the CDS Default Management Process.

LCH.Clearnet SA shall then, for the House Account Structure and each of the Client Account Structures of the Non-Defaulting Clearing Member: (a) aggregate each positive CDS Repayment Amount, or Discounted CDS Repayment Amount, as the case may be, with the Margin Repayment Amounts, or (b) net and set off each Negative CDS Repayment Amount with the Margin Repayment Amounts, in each case to produce the House LCH Repayment Amount in respect of the House Account Structure and a Client LCH Repayment Amount for each of the Client Account Structures, respectively.

Where the determination in accordance with this Clause 8.5 produces positive amounts, LCH.Clearnet SA shall pay the LCH Repayment Amounts to the Clearing Member in accordance with Clause 8.7 and, where it produces negative amounts, the Clearing Member shall pay the LCH Repayment Amounts to LCH.Clearnet SA in accordance with Clause 8.7.

## **8.6 Notification of LCH Repayment Amounts**

LCH.Clearnet SA shall notify each Clearing Member of the LCH Repayment Amounts which it will pay to the relevant Clearing Member, or which the relevant Clearing Member is required to pay to LCH.Clearnet SA, as the case may be. Such notification shall be made promptly and by no later than:

- (i) 15.00 on the Early Termination Trigger Date, where a determination is made by LCH.Clearnet SA prior to 10.00 on the Early Termination Trigger Date, or
- (ii) 15.00 on the first Business Day following the Early Termination Trigger Date, where a determination is made by LCH.Clearnet SA after 10.00 on the Early Termination Trigger Date.

This notification shall show in reasonable detail how the LCH Repayment Amount has been calculated by LCH.Clearnet SA.

Prior to making such notification, LCH.Clearnet SA shall determine whether it has sufficient funds in place in order to repay the aggregate of all Margin Repayment Amounts. If LCH.Clearnet SA determines that it is unable to pay the aggregate amount of the Margin Repayment Amounts, LCH.Clearnet SA shall notify the Clearing Members by the times set out in (i) and (ii) by posting such notice on its Website.

## **8.7 Payment of LCH Repayment Amounts and repayment/redelivery of Collateral**

Where the House LCH Repayment Amount and/or the Client LCH Repayment Amount is to be paid to LCH.Clearnet SA by a Clearing Member, it shall be paid in Euro by 15.00 on the Business Day following notification in accordance with Clause 8.6.

Where the House LCH Repayment Amount and/or the Client LCH Repayment Amount is to be paid by LCH.Clearnet SA to a Clearing Member, it shall be paid in Euro by 17.00 on the Business Day following notification in accordance with Clause 8.6.

Any Pledged Eligible Collateral (other than Pledged Eligible Collateral which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process) which the Clearing Member has transferred to LCH.Clearnet SA shall be redelivered by LCH.Clearnet SA to a Clearing Member by 17.00 on the Business Day following notification in accordance with Clause 8.6.

In addition, to the extent a CCM has any CCM Unallocated Client Collateral or an FCM Clearing Member has any FCM Unallocated Client Excess Collateral, LCH.Clearnet SA shall repay such Collateral to the Clearing Member for the account of its Clients by 17:00 on the Business Day following notification in accordance with Clause 8.6.

## **8.8 Recalculation of Available CDS Funds**

In the event that LCH.Clearnet SA does not receive the aggregate LCH Repayment Amounts due to it from Clearing Members in full by the time specified in Clause 8.7, LCH.Clearnet SA shall reduce each LCH Repayment Amount it is due to pay (which includes a Positive CDS Repayment Amount or Discounted CDS Repayment Amount, as the case may be) by an amount equal to the relevant Clearing Member's *pro rata* share of the shortfall.

## **8.9 Recovery of LCH Repayment Amounts**

If at any time LCH.Clearnet SA recovers amounts in addition to the CDS Available Funds calculated pursuant to Clause 8.4, or receives LCH Repayment Amounts from Clearing Members after the time specified in Clause 8.7 and following the adjustments contemplated by Clause 8.8, it shall promptly make such further payments in respect of any House Margin Account, CCM Client Account Structure or FCM Client Margin Account for which a discount to the relevant CDS Repayment Amount was applied in accordance with Clause 8.5 *pro rata* the amount of the discounts applied across all such House Margin Account, CCM Client Account Structure or FCM Client Margin Account.

## **8.10 Conversion**

For the purposes of any calculation required to be made under this Clause 8, any sums calculated other than in Euro shall be converted into Euro at the relevant exchange rate as at 17.00 on the Early Termination Trigger Date. The relevant exchange rate shall be determined by the European Central Bank and taken from Reuters or, where not available for the relevant currency, such other provider as is notified in a Clearing Notice.

## **8.11 No Rebate**

Subject to the obligations of LCH.Clearnet SA pursuant to Clause 8.9 above, the payment by LCH.Clearnet SA of any LCH Repayment Amount to a Non-Defaulting Clearing Member shall be final. Any claim by a Clearing Member to recover amounts owed to it as a result of the adjustment of the CDS Repayment Amount pursuant to Clause 8.3 or 8.8 above shall be extinguished and the relevant Clearing Member shall have no further recourse to LCH.Clearnet SA in respect thereof.

## **8.12 LCH Default**

Any failure by LCH.Clearnet SA to pay any LCH Repayment Amount in full to a Clearing Member, other than by operation of Clause 8.8, shall constitute an event falling within Article 1.3.1.1(ii).

# **9 Information regarding the CDS Default Management Process**

## **9.1 Notifications**

Whenever the CDS Default Management Process is implemented by LCH.Clearnet SA in respect of a Defaulting Clearing Member, LCH.Clearnet SA will, with the assistance of the CDS Default Management Group, provide such ongoing information to Clearing Members as LCH.Clearnet SA deems reasonably appropriate in respect of the progress of the CDS Default Management Process.

In particular LCH.Clearnet SA shall notify each Clearing Member:

- 9.1.1** when a Default Notice has been issued in respect of a Clearing Member, in accordance with Article 4.3.1.3
- 9.1.2** in advance of both the first and second round of Competitive Bidding, as the case may be, those items listed in Clause 5.4.2;
- 9.1.3** whether or not a grace period has been granted to Auction Participants as a whole, or a particular Auction Participant, pursuant to Clause 5.4.3;

- 9.1.4** whether or not some or all of their Bid(s) have been deemed to be Market Bid(s) in the course of either the first or second round of Competitive Bidding (if applicable);
- 9.1.5** whether or not they are an Initial Winning Bidder, what the Initial Allocation Price is and what the Initial Transfer Payable or Initial Transfer Receivable, as the case may be, is in accordance with Clause 5.6.4 and/or Clause 5.8.1;
- 9.1.6** whether or not they have been deemed a Non Bidder, what the Non Bidder Allocation Price is and what the Initial Transfer Payable or Initial Transfer Receivable, as the case may be, is in accordance with Clause 5.6.3;
- 9.1.7** which Transfer Positions are to be registered within its Account Structure as a result of being deemed an Initial Winning Bidder or a Non Bidder, as the case may be, in respect of the first round of Competitive Bidding and in respect thereof:
- (i) what the procedure and timeline will be for registration of the Transfer Positions, arising from the first round of Competitive Bidding, within its Account Structure;
  - (ii) prior to registering the Transfer Positions within its Account Structure, what the increase to the Winning Bidder's House Margin Requirement or Client Margin Requirement (as the case may be) will be;
  - (iii) prior to registering the Transfer Positions within its Account Structure, what the Initial Transfer Payable, or the Initial Transfer Receivable, as appropriate, will be
- 9.1.8** whether or not a second round of Competitive Bidding will be held;
- 9.1.9** to the extent a second round of Competitive Bidding is held, whether or not they are the holder of a Residual Winning Bid, what the Residual Allocation Price is and what the Residual Transfer Payable or Residual Transfer Receivable, as the case may be, is;
- 9.1.10** which Transfer Positions are to be registered within its Account Structure as a result of being deemed an Residual Winning Bidder or a Non Bidder, as the case may be, in respect of the second round of Competitive Bidding and in respect thereof:
- (i) what the procedure and timeline will be for registration of the Transfer Positions, arising from the second round of Competitive Bidding, within its Account Structure;
  - (ii) prior to registering the Transfer Positions within its Account Structure, what the increase to the Winning Bidder's House Margin Requirement or Client Margin Requirement (as the case may be) will be;
  - (iii) prior to registering the Transfer Positions within its Account Structure, what the Residual Transfer Payable or the Residual Transfer Receivable, as appropriate, will be; and
- 9.1.11** where LCH.Clearnet SA has determined that its financial resources are not sufficient to meet its obligations arising from either the first or second round of Competitive Bidding, as the case may be, in accordance with Clause 5.8.1, of the failure of Competitive Bidding and the occurrence of an LCH Default.

## **9.2 Sensitive Information**

Nothing in this Clause 9 shall require LCH.Clearnet SA to disclose information in respect of the CDS Default Management Process which, in the reasonable opinion of LCH.Clearnet SA, may be subject to obligations of confidentiality, may constitute market sensitive data or is, in LCH.Clearnet SA's reasonable opinion, inappropriate for disclosure to Clearing Members.

## **9.3 Competitive Bidding**

The Nominated Representative will ensure that the identity of each Auction Participant is not revealed to the Clearing Member representatives on the CDS Default Management Group.

# **10 Role and Constitution of the CDS Default Management Committee**

## **10.1 Role**

The CDS Default Management Committee shall meet at regular intervals (at least quarterly) in order to:

- 10.1.1** determine the provisions of the CDS Default Management Guidance Manual that will supplement the principles set out in the CDS Default Management Process and assist the members of the CDS Default Management Group in implementing the CDS Default Management Process;
- 10.1.2** keep both the CDS Default Management Process and the CDS Default Management Guidance Manual under review and to assist LCH.Clearnet SA in the design, testing and further improvement of the CDS Default Management Process;
- 10.1.3** participate in regular fire drills in relation to the CDS Default Management Process;
- 10.1.4** keep Section 9 of Part A or Part B, as applicable, of the CDS Clearing Supplement and Section 4.2 of the Procedures under review and assist members of the CDS Default Management Group in implementing the auction procedure to terminate any Self Referencing Transactions and enter into equivalent Single Name Cleared Transactions;
- 10.1.5** keep under review the Terms of Reference for both the CDS Default Management Committee and the CDS Default Management Group to ensure they remain appropriate;
- 10.1.6** maintain and keep under review the DMG Rotation Plan, as described at Clause 11.2.2 below;
- 10.1.7** consider appropriate supplements or amendments to the CDS Default Management Process and/or the CDS Default Management Guidance Manual in order to improve the procedures in place;
- 10.1.8** keep under review the manner in which Auction Participants should be encouraged and incentivised to participate in Competitive Bidding and the consequences (if any) for non-participation or non market participation in Competitive Bidding; and
- 10.1.9** consider any other business relevant to the CDS Default Management Process which any member of the CDS Default Management Committee from time to time sees fit to raise at such meetings.

## **10.2 Composition**

The CDS Default Management Committee shall be made up of the following individuals, each to be appointed by LCH.Clearnet SA, in consultation with the Risk Committee:

- 10.2.1** representatives nominated by each of the Clearing Members (including, without limitation, those DMG Representatives that have been appointed, or will be appointed within the next 6 months, on behalf of a Clearing Member to the CDS Default Management Group in accordance with the DMG Rotation Plan) with appropriate skills and expertise who shall participate in the design and testing, etc of the CDS Default Management Process;
- 10.2.2** at least one director (staff member of director grade) of the LCH.Clearnet SA Risk Management department, who shall be appointed as the vice-chairman of the CDS Default Management Committee by the LCH.Clearnet SA chief executive; and
- 10.2.3** such other individuals as the CDS Default Management Committee and/or the Risk Committee considers appropriate from time to time in relation to such meetings.

In making such appointments, LCH.Clearnet SA shall ensure that the composition of the CDS Default Management Committee is such as to provide effective review of the CDS Default Management Process and has suitable expertise and representation of market-making capacity in the event of an Event of Default.

In carrying out each appointment, LCH.Clearnet SA shall require each representative of a Clearing Member mentioned in Clause 10.2.1 and each individual mentioned in Clause 10.2.3 to file a Fitness Self Certification and a CV with LCH.Clearnet SA. LCH.Clearnet SA shall be permitted to undertake reasonable diligence in respect of each of them before appointing them as members of the CDS Default Management Committee, and may require a Clearing Member to nominate alternative representative(s) if it is not reasonably satisfied that the proposed representative(s) comply with the requirements set out in Clause 10.2.1 and/or refuse to appoint any individual mentioned in Clause 10.2.3.

## **11 Role and Constitution of the CDS Default Management Group**

### **11.1 Role**

#### **11.1.1 CDS Default Management Process**

The CDS Default Management Group shall meet within one hour, or as soon as reasonably practical, following notification by LCH.Clearnet SA that a Clearing Member is the subject of an Event of Default in accordance with Article 4.3.1.2, and at sufficiently frequent intervals thereafter for so long as may be necessary to assist LCH.Clearnet SA in the implementation of the CDS Default Management Process. Such implementation shall include, without limitation, the provision of default management advice with regard to:

- (i) the ongoing obligations of LCH.Clearnet SA to Non-Defaulting Clearing Members;
- (ii) Hedging and closing-out of Cleared Transactions registered in the name of the Defaulting Clearing Member; and
- (iii) the registration of Transfer Positions in accordance with the CDS Default Management Process.

### **11.1.2 Auctions in respect of Self Referencing Transactions**

In the event that LCH.Clearnet SA determines to conduct an auction pursuant to Section 9 of Part A or Part B, as applicable, of the CDS Clearing Supplement, the CDS Default Management Group shall meet as soon as reasonably practical, following notification by LCH.Clearnet SA that an auction to terminate any Self Referencing Transactions and enter into equivalent Single Name Cleared Transactions is required, and at sufficiently frequent intervals thereafter for so long as may be necessary to assist LCH.Clearnet SA in the implementation of the relevant auction procedure.

## **11.2 Composition**

### **11.2.1 Membership**

The CDS Default Management Group shall be made up of the following individuals each to be appointed by LCH.Clearnet SA in consultation with the CDS Default Management Committee and the Risk Committee:

- (i) the Global Head of CDSClear who shall act as chairman or any director of CDSClear as may be appointed by the Chairman as the Vice Chairman;
- (ii) representatives from the trading function of at least five Clearing Members, being senior executives with appropriate skills and expertise, knowledge of the CDS Default Management Process and experience of fire drills undertaken by the CDS Default Management Committee, who shall be nominated by the relevant Clearing Members and appointed in accordance with Clause 11.2.2 below;
- (iii) at least one director (staff member of director grade) of the LCH.Clearnet SA risk management department; and
- (iv) such other individuals as the CDS Default Management Group considers appropriate from time to time in relation to individual meetings.

In making such appointments, LCH.Clearnet SA shall ensure that the composition of the CDS Default Management Group is such as to provide effective review of the CDS Default Management Process and has suitable expertise and representation of market-making capacity in the event of an Event of Default.

### **11.2.2 Appointment of Clearing Member representatives**

Each Clearing Member is required to notify LCH.Clearnet SA of at least two representatives that can be called upon to participate, on behalf of that Clearing Member, as a member of the CDS Default Management Group in accordance with a rotational plan maintained by the CDS Default Management Committee in accordance with Clause 10.1.6 above ("**DMG Representatives**").

In nominating DMG Representatives, each Clearing Member shall identify a representative that shall be its principal DMG Representative and representative(s) that shall be its back-up DMG Representative(s).

Each proposed DMG Representative and each individual mentioned in Clause 11.2.1(iv) shall be required to file a Fitness Self Certification and a CV with LCH.Clearnet SA. LCH.Clearnet SA shall be permitted to undertake reasonable diligence in respect of any proposed DMG Representative before approving such representative's inclusion, on behalf of the relevant Clearing Member, on the rotational plan (the "**DMG Rotation Plan**") and may

require a Clearing Member to nominate alternative DMG Representative(s) if it is not reasonably satisfied that the nominated representative(s) comply with the requirements set out in Clause 11.2.1(ii). LCH.Clearnet SA shall also be permitted to undertake reasonable diligence in respect of any individual mentioned in Clause 11.2.1(iv) and to refuse to appoint any such individual.

The DMG Rotation Plan will be managed by the CDS Default Management Committee in accordance with the following principles:

- (i) the DMG Rotation Plan will list all DMG Representatives and the Clearing Member that each DMG Representative represents;
- (ii) the DMG Rotation Plan will set out a timetable for the appointment/retirement of Clearing Members to/from the CDS Default Management Group, the timetable being set by the CDS Default Management Committee in its discretion with a view to ensuring that the composition of the CDS Default Management Group at any one time has suitable expertise and representation of market-making capacity in the event of a default;
- (iii) at least five different Clearing Members shall be appointed to the CDS Default Management Group at any one time. For the avoidance of doubt, in the event that the CDS Default Management Group is required to convene in accordance with Clause 11.1.1, a Clearing Member that has been appointed to the CDS Default Management Group shall be permitted to provide any (but not all) of its principal or back up DMG Representatives to assist LCH.Clearnet SA in the management of the relevant Event of Default;
- (iv) the duration of each Clearing Member's appointment to the CDS Default Management Group shall be for a minimum of 6 months and a maximum of 5 years (at the discretion of the relevant Clearing Member) (the "**DMG Term**");
- (v) at the end of a Clearing Member's DMG Term (save where the expiry of such DMG Term arises in the course of management of an Event of Default, in which case the Clearing Member's DMG Term shall be extended at the discretion of the CDS Default Management Committee), the DMG Representatives representing such Clearing Member shall retire from the CDS Default Management Group and DMG Representatives (representing a different Clearing Member), as set out in the DMG Rotation Plan, shall be appointed to the CDS Default Management Group simultaneously in his/her place(s);
- (vi) only two Clearing Members may retire from the CDS Default Management Group and be replaced, in accordance with paragraph (v) above, in any 3 month period so as to maintain continuity of participation in the CDS Default Management Group.

### **11.2.3 Additional members**

Following consultation with the CDS Default Management Group, LCH.Clearnet SA may invite the Defaulting Clearing Member to nominate one or more representatives to join the CDS Default Management Group to assist it in carrying out its functions under the CDS Default Management Process for that Defaulting Clearing Member. LCH.Clearnet SA may also request that representatives from other Clearing Members join the CDS Default Management Group, following consultation with the CDS Default Management Group.

In the event of receiving such request, the Defaulting Clearing Member and/or the Clearing Member, as appropriate, will be obliged to provide its CDS Default Management Committee representative, or an alternate with appropriate skills, experience and expertise as if that representative were a member of the CDS Default Management Committee, to participate in the CDS Default Management Group. The CDS Default Management Committee shall be able to request a substitute where it believes the Defaulting Clearing Member and/or the Clearing Member's nominated representative, as appropriate, does not have the requisite skills or expertise.

### **11.3 Organisation**

#### **11.3.1 Clearing Member undertakings**

Each Clearing Member who makes available a DMG Member agrees, and shall procure that to, the extent applicable, its DMG Member agrees:

- (i) to ensure that its DMG Member will be fully available, at any time and for such periods of time as LCH.Clearnet SA may require during the course of an Event of Default, to perform his function as a member of the CDS Default Management Group including attending meetings, considering and advising LCH.Clearnet SA upon aspects of the CDS Default Management Process. The Clearing Member shall ensure that its DMG Member's other work commitments do not affect his availability for this purpose;
- (ii) to take all steps to respect the confidential capacity in which such a representative receives information through the CDS Default Management Group and to establish adequate procedures to prevent the disclosure or use for any commercial purpose outside the scope of the CDS Default Management Process of any such confidential information by the Clearing Member or its DMG Member. Such procedures shall normally include, without limitation, the establishment of Information Barriers within the Clearing Member; and
- (iii) to be bound by and to ensure that it and any of its executives, directors or employees serving on the CDS Default Management Group complies with the attached Annex covering confidentiality, non-disclosure and other terms.

## **12 Participation in the CDS Default Management Committee and CDS Default Management Group**

### **12.1 No liability**

Each Clearing Member shall accept that representatives of Clearing Members serving on the CDS Default Management Committee and DMG Members are doing so in order to assist LCH.Clearnet SA in ensuring the ongoing integrity of the CDS Clearing Service in the interests of Non-Defaulting Clearing Members, and that those representatives/DMG Members or their employers, shall have no liability for any disinterested advice or actions, mandated or otherwise, that are undertaken as part of the CDS Default Management Process.

### **12.2 LCH.Clearnet SA's Actions**

LCH.Clearnet SA agrees that, in exercising its rights and obligations in consulting with the CDS Default Management Committee or the CDS Default Management Group, as the case may be, pursuant to the CDS Default Management Process, it will use all reasonable commercial endeavours to agree a common position with the CDS Default Management Committee or the

CDS Default Management Group, as appropriate, provided that nothing in this Clause 12.2 shall prevent LCH.Clearnet SA acting in a way which it reasonably determines necessary to manage its risk or otherwise meet its continuing obligations as a clearing house under the supervision of its Competent Authorities.

## **13 Subsistence of the CDS Default Management Process**

### **13.1 Applications for membership**

Every Applicant shall be required to execute the CDS Admission Agreement, a condition of which shall be an undertaking to adhere to the CDS Default Management Process, failing which an application for membership shall not be approved by LCH.Clearnet SA.

### **13.2 Condition of Continuing Membership**

Each Clearing Member shall be required to participate in the CDS Default Management Process as a condition of continuing membership of the CDS Clearing Service.

### **13.3 Automatic Termination**

Save with regard to the provisions of Clause 13.4, the CDS Default Management Process shall cease to bind a Clearing Member immediately upon Membership Termination.

### **13.4 Survival**

Membership Termination shall not affect any accrued rights or liabilities of either LCH.Clearnet SA or the Clearing Member nor shall it affect the coming into force or the continuance in force of any provision of the CDS Default Management Process which is expressly or by implication intended to come into or continue in force on or after that termination, including without limitation the provisions of Clauses 2.3, 11.2, 11.3, 13 and 14.

## **14 Liability of LCH.Clearnet SA**

The liability of LCH.Clearnet SA to Clearing Members shall be as detailed in Section 1.2.10.

## **15 Governing Law**

The CDS Default Management Process shall be governed by and construed in accordance with the laws of France.

## Annex

### **Confidentiality, non-disclosure and participation in the CDS Default Management Group**

#### **General obligations of the Clearing Member**

##### **1 Confidentiality**

- 1.1 The Clearing Member agrees that, in consideration of being given Confidential Material, it will keep all such Confidential Material in the strictest confidence, adhere to the provisions of the CDS Default Management Process in respect thereof and, subject to paragraph 1.3, will not disclose it to any person without the prior written permission of the managing director of the LCH.Clearnet SA risk management department, providing always that the Clearing Member shall be relieved of such an obligation of confidentiality in respect of any Confidential Material if:
  - 1.1.1 it comes into the public domain other than through a breach by the Clearing Member of the CDS Default Management Process; or
  - 1.1.2 the Clearing Member is expressly obliged to do so by order of a court of competent jurisdiction upon the application of a third party, or as a result of any request to disclose such part or parts of the Confidential Material in connection with any inquiry or other request by a regulatory authority or self-regulatory authority asserting jurisdiction over the Clearing Member.
- 1.2 The Clearing Member further agrees that it will not use any Confidential Material for any purpose other than the Permitted Purpose. In this regard the Clearing Member expressly acknowledges and agrees that the Confidential Material may contain commercially sensitive information which if used inappropriately or otherwise than in accordance with the CDS Default Management Process might result in the gaining of an unfair commercial advantage by the Clearing Member over other Clearing Members.
- 1.3 Subject to paragraph 1.5, the Clearing Member may disclose any Confidential Material to any of its employees, representatives, associated companies and advisers on a "strictly need to know" basis, in the event that any such person needs that Confidential Material for the Permitted Purpose (and to that extent only), provided that the Clearing Member notifies the vice-chairman of the CDS Default Management Committee prior to such disclosure.
- 1.4 The Clearing Member agrees to establish and adhere to adequate procedures (including, without limitation, the establishment of appropriate Information Barriers) to ensure that any employee or representative to whom any Confidential Material is disclosed shall not use any part or all of that Confidential Material for any proprietary purpose outside the scope of the Permitted Purpose.
- 1.5 This paragraph and the duties hereunder shall survive the termination of the CDS Default Management Process and, in relation to any Confidential Material, shall expire on the second anniversary of the date the Confidential Material was first provided to the Clearing Member, without prejudice to confidentiality obligations under any Applicable Law which would prevent the Clearing Member from disclosing

or using any Confidential Material otherwise than pursuant to and in accordance with paragraphs 1.1 to 1.4 above.

## **2 Secrecy**

2.1 Except in accordance with the terms of this Annex, the Clearing Member agrees that it shall treat as strictly confidential and shall not disclose or allow to be divulged to any person:

2.1.1 Confidential Material;

2.1.2 the fact that it has received any Confidential Material;

2.1.3 the existence of any discussions or negotiations between the parties in this matter.

2.1.4 details of the Permitted Purpose and any of the proposals, terms, conditions, facts or other matters relating to any of the foregoing. Subject only to the Clearing Member being relieved of such an obligation because of the circumstances covered in paragraphs 1.1.1 and 1.1.2.

2.2 LCH.Clearnet SA undertakes to ensure that the Clearing Member is fully appraised of information on the CDS Default Management Process that it makes public and which is accordingly of relevance to the Clearing Member's obligations.

## **3 Property**

The parties acknowledge that the property in the Confidential Material (or any part of it) shall not pass to the Clearing Member or any Clearing Member, and the property in the media on which it is conveyed to the receiving party shall not pass to the Clearing Member or any Clearing Member unless expressly so agreed by LCH.Clearnet SA in writing.

## **4 Return of Confidential Material**

Upon request by LCH.Clearnet SA, and in any event upon fulfilment of the Permitted Purpose, the Clearing Member shall promptly return to LCH.Clearnet SA by a secure method of transportation all or any part of the Confidential Material and all copies thereof in its possession or control or that of its employees or representatives, including all other papers, programs and records incorporating any of that Confidential Material, or shall destroy such information and shall certify to LCH.Clearnet SA in writing that it has done so provided that the Clearing Member is permitted to retain copies of any Confidential Material which it requires as part of its portfolio management or otherwise for legal or regulatory reasons.

## **5 No Representations or Warranties; No Conflict of Interest**

5.1 Subject to references made in paragraph 6, the Confidential Material is disclosed by LCH.Clearnet SA without any representation or warranty whatsoever as to its accuracy or completeness or otherwise.

5.2 LCH.Clearnet SA acknowledges and agrees that, subject to compliance with the terms of this Annex by the Clearing Member and any of its employees or representatives to whom Confidential Material is provided in accordance with this Annex, the Clearing Member's participation in the CDS Default Management

Process shall not prevent the Clearing Member from carrying out any transaction, or otherwise providing investment services in respect of, investments that the Clearing Member may subsequently learn are the subject of Confidential Material and, furthermore, LCH.Clearnet SA agrees that it shall not be able to assert that the Clearing Member has a conflict of interest in doing so nor shall LCH.Clearnet SA have a claim or action in respect of the foregoing against the Clearing Member or any of its directors, employees or other representatives.

## **6 Remedies**

Without affecting any other rights or remedies that LCH.Clearnet SA may have, the Clearing Member acknowledges that LCH.Clearnet SA may be irreparably harmed by any breach of the terms of the CDS Default Management Process and that damages alone may not necessarily be an adequate remedy. Accordingly, LCH.Clearnet SA will be entitled to the remedies of injunction, specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of its terms, and no proof of special damages will be necessary to enforce the CDS Default Management Process.

## **General Terms of Participation in the CDS Default Management Group**

### **7 Conflict of interest**

The Clearing Member shall procure that, in the event that a DMG Member takes the view that a possible conflict of interest may arise with regard to any matter forming part of the business of the CDS Default Management Group, he shall promptly report his view to the Chairman of the CDS Default Management Group, who shall act accordingly, taking the advice of other DMG Members as appropriate.

### **8 Confidentiality**

- 8.1 Subject to paragraph 8.3 below, the Clearing Member shall procure that the DMG Member shall keep all Confidential Material strictly confidential to himself and will not disclose it to any person who is not a DMG Member (including, for the avoidance of doubt, the Clearing Member who recommended his appointment to the CDS Default Management Group or his employer (if different) or any other employee, adviser, officer or fellow worker of that Clearing Member or his employer) without the prior written permission of the managing director of LCH.Clearnet SA's risk management department or his properly authorised delegate, providing always that the DMG Member shall be relieved of such an obligation of confidentiality in respect of any Confidential Material if it comes into the public domain in the circumstances covered in paragraphs 1.1.1 and 1.1.2.
- 8.2 Subject to paragraph 8.3 below, the Clearing Member shall procure that the DMG Member shall not use any Confidential Material for any purpose other than the proper fulfilment of his duties as a DMG Member.
- 8.3 The parties acknowledge that, where LCH.Clearnet SA has declared an Event of Default in accordance with Article 4.3.1.2, the DMG Member may be required by a Clearing Member and/or his employer (if different) to provide certain services to

LCH.Clearnet SA in the management of the default. In such event, and only in such event, the parties acknowledge that the DMG Member shall be entitled to disclose any part or parts of the Confidential Material as may be agreed by LCH.Clearnet SA, in such manner and form and in accordance with such procedures as may be prescribed by LCH.Clearnet SA and/or the CDS Default Management Group with regard to the management of that default.

- 8.4 Upon request by LCH.Clearnet SA, and in any event upon termination of the membership of the DMG Member of the CDS Default Management Group, the Clearing Member shall procure that the DMG Member shall promptly return to LCH.Clearnet SA by a secure method of transportation all or any part of the Confidential Material and all copies thereof in his possession or control, including all abstracts, notes, drawings and other papers, programs and records incorporating any of that Confidential Material, or shall destroy such information and shall certify to LCH.Clearnet SA in writing that it has done so, provided that the DMG Member is permitted to retain a copy thereof to comply with applicable legal or regulatory requirements.

## **9      Warranty and representation**

The Clearing Member represents and warrants that it will procure that:

- 9.1 the Clearing Member and the DMG Member's employer (if different) are aware of the obligations of confidentiality arising out of the CDS Default Management Process; and
- 9.2 nothing in the CDS Default Management Process will cause the DMG Member to breach any duty or obligation (whether arising pursuant to contract or otherwise) which he owes to the Clearing Member or to his employer, if different, or any other contract counterparty of the DMG Member.



**CDSClear**

# LCH.Clearnet SA

# CDS Clearing Supplement

## 18 April 2016

This document is for use with the clearing of index linked transactions and single name transactions. The CDS Clearing Supplement is split into two parts, Part A and Part B.

Part A of the CDS Clearing Supplement shall only be used in connection with any single name transactions or components of index linked transactions that incorporate the 2003 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.

Part B of the CDS Clearing Supplement shall only be used in connection with any single name transactions or components of index linked transactions that incorporate the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.

**PART A**  
**CDS CLEARING SUPPLEMENT**

**FOR INDEX CLEARED TRANSACTIONS AND SINGLE NAME TRANSACTIONS  
INCORPORATING THE 2003 ISDA CREDIT DERIVATIVES DEFINITIONS**

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## 1. GENERAL PROVISIONS

### 1.1 Incorporation of Defined Terms

Capitalised terms used in this CDS Clearing Supplement and not otherwise defined herein shall have the meaning given pursuant to the Index Cleared Transaction Confirmation, Single Name Cleared Transaction Confirmation, the 2003 ISDA Credit Derivatives Definitions or the CDS Clearing Rule Book, as applicable. In the case of any such terms defined in the CDS Clearing Rule Book, such terms shall be interpreted in accordance with the governing law specified therefore in the CDS Clearing Rule Book.

### 1.2 Terms defined in the CDS Clearing Supplement

For the purposes of the CDS Clearing Documentation, the following capitalised terms shall, unless otherwise specified, have the respective meanings set out below:

**2003 ISDA Credit Derivatives Definitions:** The 2003 ISDA Credit Derivatives Definitions published by ISDA as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions, including the DC Rules and Credit Derivatives Auction Settlement Terms (each as defined therein).

**2014 ISDA Credit Derivatives Definitions:** The 2014 ISDA Credit Derivatives Definitions published by ISDA.

**Affected Cleared Transaction:** Following a DC Credit Event Announcement or a publication by the DC Secretary of:

- (a) a Succession Event Resolution; or
- (b) a DC Resolution that a Substitute Reference Obligation has been determined,

a Cleared Transaction that references the affected Reference Entity and/or Reference Obligation, as applicable.

**Buy-in Effective Date:** As set out at Section 6.8 (*Buy-in of Bonds – Matched Seller has entered into CCM Client Transaction*).

**CCM Client Cleared Transaction:** A Cleared Transaction between a CCM and LCH.Clearnet SA registered in a CCM Client Trade Account of a CCM.

**CCM Client Transaction:** A Transaction between a CCM and a CCM Client which is on the same economic terms as its corresponding CCM Client Cleared Transaction.

**CCM Client Transaction Documents:** The documentation entered into by a CCM and its CCM Client to document a CCM Client Transaction.

**CDSClear Preferred Reference Obligation** This term shall have the meaning set out in Section 4 of the Procedures.

**CDSClear Product Committee:** A committee composed of representatives of LCH.Clearnet SA and representatives of Clearing Members for the purposes of carrying-out the tasks apportioned to it by the CDS Clearing Documentation as further described in the terms of reference for such committee, agreed in consultation with the Clearing Members and as may be amended from time to time in consultation with the Clearing Members.

**CDS Clearing Rule Book:** The document entitled "CDS Clearing Rule Book" published by LCH.Clearnet SA, as amended from time to time.

**CDS Type:** A class of Cleared Transactions that are identical as to their terms, except that they may differ as to:

- (a) the Trade Date;
- (b) in respect of Index Cleared Transactions, the Original Notional Amount;
- (c) in respect of Single Name Cleared Transactions, the Effective Date (provided that the current and future Fixed Rate Payer Calculation Periods for such Single Name Cleared Transactions are the same), the Floating Rate Payer Calculation Amount and the Reference Obligation (provided that LCH.Clearnet SA determines that the Reference Obligations of the Cleared Transactions are equivalent for the purposes of this CDS Clearing Supplement);
- (d) the Initial Payment Payer;
- (e) the Initial Payment Amount;
- (f) the Initial Payment Date; and
- (g) the identity of the relevant Buyer and Seller.

**CEN Triggering Period:** In relation to any Restructuring Cleared Transaction, the period during which the parties thereto may deliver a Restructuring Credit Event Notice in relation to all or part of such Restructuring Cleared Transaction, such period starting at 9:00 a.m. on and including the earlier to occur of:

- (a) the Transaction Business Day following publication of the related Final List; and
- (b) the tenth calendar day following the No Auction Announcement Date,

and ending on and including the Exercise Cut-off Date.

**Clearing Member Acknowledgement:** As set out at Section 7.7 (*Clearing Member Acknowledgements*).

**Clearing Member Communications Failure Event:** As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

**Clearing Member Self Referencing Transaction:** A Single Name Cleared Transaction which is registered in the Account Structure of the Clearing Member and in respect of which, the Reference Entity is either the relevant Clearing Member or an Affiliate of such Clearing Member.

**Client Self Referencing Transaction:** A Single Name Cleared Transaction (a) that is registered in the Client Account Structure of a Clearing Member; and (b) in respect of which, the Reference Entity is either the relevant Client or an Affiliate of such Client.

**Compression Cut-off Date:** The last date on which a Clearing Member may submit a request for any Cleared Transaction to be compressed pursuant to the ad hoc compression methodology and on which a daily automatic compression cycle will be run by LCH.Clearnet SA, in each case in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book and Section 5 of the Procedures, being:

- (a) in respect of any Index Cleared Transaction, the date falling one Transaction Business Day prior to the Novation Cut-off Date in respect of the relevant Eligible Index Version;
- (b) in respect of any Single Name Cleared Transaction and:
  - (i) a Restructuring Credit Event, the earlier of (A) the date of publication of the relevant Initial List (as defined in the DC Rules), (B) the date falling two Transaction Business Days prior to the relevant date on which the related RMP Notification Deadline falls and (C) such other date falling between the dates in (A) and (B), as determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee and notified to the relevant Clearing Members prior to such date; and
  - (ii) a Failure to Pay Credit Event or a Bankruptcy Credit Event, the date falling one Transaction Business Day prior to the calendar day following the related Auction Final Price Determination Date, Auction Cancellation Date or No Auction Announcement Date;
  - (iii) a Succession Event, a date determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee, which shall be not later than the Transaction Business Day before the date on

which DTCC will amend its records in respect of such Single Name Cleared Transaction to take into account the occurrence of such Succession Event, and notified to the relevant Clearing Members prior to such date; and

- (iv) a Rename Event, the Transaction Business Day before the date on which DTCC will amend its records in respect of Single Name Cleared Transactions to take into account the occurrence of such Rename Event.

For the avoidance of doubt, where a Clearing Member has specified automatic compression on a weekly basis then the last such weekly automatic compression cycle performed by LCH.Clearnet SA will be performed on the Clearing Day falling on the Thursday on or before the relevant Compression Cut-off Date.

**DC Restructuring Announcement Date:** The date on which the DC Credit Event Announcement of a Restructuring Credit Event is made, *provided that* where such DC Credit Event Announcement is made after 6.30 p.m. on a Business Day or on a day which is not a Business Day, the DC Restructuring Announcement Date will be the first following Business Day.

**DC Rules:** This term shall have the meaning given to the term "Rules" in the 2003 ISDA Credit Derivatives Definitions.

**DC Secretary:** This term shall have the meaning set out in the DC Rules.

**Deemed Buy-in Period:** As set out at Section 6.8(b)(i).

**Dispute:** This term shall have the meaning set out in the CDS Dispute Resolution Protocol.

**DTCC Failure Event:** As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

**DTCC Failure Event Time:** As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

**DTCC Notice Facility:** A facility made available pursuant to the DTCC Rules for the delivery of Credit Event Notices relating to Restructuring Credit Events or Notices to Exercise Movement Option.

**DTCC Resolution Time:** As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

**DTCC Rules:** The "Operating Procedures", as published by DTCC and as amended from time to time.

**Failed Amount:** As set out at Section 6.10 (*Failure to pay Physical Settlement Amount*).

**First Novation Date:** In respect of:

- (a) an Index Cleared Transaction, the first date on which LCH.Clearnet SA will accept Original Transactions referencing the relevant Eligible Index Version for clearing pursuant to the CDS Clearing Documentation, being, in the case of any such version published pursuant to the occurrence of a Succession Event or Credit Event, the date on which credit default swap transactions referencing such version of such index are accepted for registration in the TIW in accordance with the DTCC Rules;
- (b) a Single Name Cleared Transaction in respect of which a Novation Cut-off Date has previously occurred pursuant to the occurrence of a Restructuring Credit Event in respect of the relevant Reference Entity, the calendar day following the Transaction Business Day following the latest possible Exercise Cut-off Date for the relevant Restructuring Credit Event or such other date on which LCH.Clearnet SA determines in consultation with the CDSClear Product Committee that LCH.Clearnet SA will begin to again accept Original Transactions referencing the relevant Reference Entity; and
- (c) a Single Name Cleared Transaction (other than in the circumstances set-out in (b) above), the first date on which LCH.Clearnet SA determines in consultation with the CDSClear Product Committee that LCH.Clearnet SA will accept or will begin to again accept (as applicable) Original Transactions referencing the relevant Reference Entity.

**Index Cleared Transaction:** A Cleared Transaction which references a portfolio of Reference Entities specified in a credit default swap index and consists of a Component Transaction (as defined in the Index Cleared Transaction Confirmation) in respect of each such Reference Entity, the terms of which are as evidenced by an Index Cleared Transaction Confirmation.

**Index Cleared Transaction Confirmation:** For

- (a) any Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 21 or below, the form of confirmation which incorporates the iTraxx® Europe Legacy Untranched Standard Terms Supplement, each as published on 20 September 2014 by Markit Group Limited; and

- (b) any Index Cleared Transaction which references a Markit CDX™ Index Series 22 or below, the form of confirmation which incorporates the CDX Legacy Untranched Transactions Standard Terms Supplement, each as published on 22 September 2014 by Markit Group Limited,

in each case as amended by this CDS Clearing Supplement and as completed by reference to the relevant Transaction Data (or such other form of confirmation as may be adopted in respect of any CDS Type in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book).

**Index CCM Client Transaction:** A CCM Client Transaction which references a portfolio of Reference Entities specified in a credit default swap index and consists of a Component Transaction (as defined in the Index Cleared Transaction Confirmation) in respect of each such Reference Entity and which is on the same economic terms as an Index Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

**Initial Re-couponing Notice:** As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

**Initial Single Name Cleared Transaction:** A Cleared Transaction entered into following the novation of an Original Transaction and which references a single Reference Entity, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

**Initial Single Name CCM Client Transaction:** A CCM Client Transaction which references a single Reference Entity and which is on the same economic terms as an Initial Single Name Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

**ISDA:** The International Swaps and Derivatives Association, Inc. and any successor thereto.

**Mandatory Provisions:** As set-out in Appendix XIII (*CCM Client Transaction Requirements*).

**Matched Buyer:** A CDS Buyer comprised in a Matched Pair.

**Matched Buyer Contract:** A Cleared Transaction (or part thereof) between a Matched Buyer and LCH.Clearnet SA which is the subject of a Matched Pair having the Restructuring Matched Pair Amount or the Settlement Matched Pair Delivery Amount, as the case may be, relating to that Matched Pair.

**Matched Contract:** A Matched Seller Contract or a Matched Buyer Contract, as applicable.

**Matched Pair:** A Restructuring Matched Pair or Settlement Matched Pair, as applicable.

**Matched Seller:** A CDS Seller comprised in a Matched Pair.

**Matched Seller Contract:** A Cleared Transaction (or part thereof) between a Matched Seller and LCH.Clearnet SA which is the subject of a Matched Pair having the Restructuring Matched Pair Amount or the Settlement Matched Pair Delivery Amount, as the case may be, relating to that Matched Pair.

**Matching Information Notification Deadline:** In respect of a Restructuring Cleared Transaction, 9.00 a.m. on the first day of the CEN Triggering Period, *provided that* the Matching Information Notification Deadline shall fall no earlier than the fifth Transaction Business Day following the relevant DC Credit Event Announcement.

**Matrix Re-versioning Date:** As set-out in Section 2.5 (*Physical Settlement Matrix Updates*).

**NEMO Triggering Period:** In relation to any Restructuring Cleared Transaction for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, the period starting at 9:00 a.m. on the day falling two Transaction Business Days prior to the relevant Movement Option Cut-off Date for the relevant Credit Event and ending at the last time for delivery of a valid Notice to Exercise Movement Option under the terms of the relevant Cleared Transaction.

**No Physical Settlement Confirmation:** As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

**No Physical Settlement Confirmation Deadline:** As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

**Non-Deliverable Obligation:** As set out at Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*).

**Non-DVP Obligation:** In respect of any Physically Settled Cleared Transaction, a Deliverable Obligation validly specified in a Notice of Physical Settlement which does not, in accordance with then current market standards, settle on a delivery-versus-payment basis through the books and records of a central securities depository or securities settlement system.

**Notice Acknowledgement Deadline:** As set out in Section 7.7 (*Clearing Member Acknowledgements*).

**Notice Reconciliation Deadline:** As set out in Section 7.7 (*Clearing Member Acknowledgements*).

**Novation Cut-off Date:** The date with effect from which LCH.Clearnet SA will no longer accept Original Transactions referencing an Eligible Index Version or Eligible Reference Entity for novation, being:

- (a) following the occurrence of a Restructuring Credit Event, the earlier of:
  - (i) a date determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee, which shall not be earlier than the DC Restructuring Announcement Date; and
  - (ii) the calendar day immediately following the No Auction Announcement Date,

*provided that* LCH.Clearnet SA in consultation with the CDSClear Product Committee may, but is not required to, determine that the Novation Cut-off Date for Index Cleared Transactions and the Novation Cut-off Date for Initial Single Name Cleared Transactions are to occur on different days;
- (b) following the occurrence of a Failure to Pay Credit Event or a Bankruptcy Credit Event, the calendar day following the related Auction Final Price Determination Date, Auction Cancellation Date or No Auction Announcement Date, as applicable;
- (c) following the occurrence of a Succession Event:
  - (i) in respect of an Index Cleared Transaction, the date notified by DTCC to LCH.Clearnet SA as being the date on which DTCC will amend its records in respect of such Cleared Transaction to take into account a new version of such index published by the relevant index publisher taking into account the occurrence of such Succession Event; or
  - (ii) in respect of a Single Name Cleared Transaction, the day after the date on which ISDA publicly announces that the relevant Determinations Committee has resolved that a Succession Event has occurred;
- (d) following the occurrence of a Rename Event in respect of Single Name Cleared Transactions, the date determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee, which such date shall not be later than the date on which DTCC amends its records in respect of Single Name Cleared Transactions to take into account the occurrence of such Rename Event; or

(e) otherwise, as determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee.

**Partial Cash Settlement Terms:** As set out in Section 9.8 (*Partial Cash Settlement Terms*) of the 2003 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement.

**Payer:** As set out at Section 6.17 (*Physical Settlement Costs*).

**Physical Settlement Confirmation:** As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

**Physical Settlement Confirmation Deadline:** As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

**Physically Settled Cleared Transaction:** As set out at Section 6.3 (*Physically Settled Cleared Transactions*).

**Physical Settlement Matrix:** The Credit Derivatives Physical Settlement Matrix (as defined in the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions published on March 7 2005).

**Recipient:** As set out at Section 6.17 (*Physical Settlement Costs*).

**Re-couponing Date:** As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

**Re-couponing Notice:** As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

**Rename Event:** As set out in Section 4.7 (*Rename Events*).

**Restructuring Cleared Transaction:** A Cleared Transaction which references a single Reference Entity and is created following the creation of Restructuring Matched Pairs pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*), the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

**Restructuring CCM Client Transaction:** A CCM Client Transaction between a CCM and a CCM Client which references a single Reference Entity and which is on the same economic terms as a Restructuring Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

**Restructuring Matched Pair:** A pairing comprised of a Matched Buyer and a Matched Seller in respect of Restructuring Cleared Transactions created by LCH.Clearnet SA for the purposes of delivery of Credit Event Notices in respect of the relevant Restructuring Credit Event under Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*).

**Restructuring Matched Pair Amount:** In respect of a Restructuring Matched Pair, the amount of the Floating Rate Payer Calculation Amount in respect of the relevant Restructuring Cleared Transactions allocated by LCH.Clearnet SA to such Restructuring Matched Pair under Section 8.1 (*Creation of Matched Pairs*).

**Resulting Single Name Cleared Transaction:** A Cleared Transaction which references a single Reference Entity and is created following the termination of a Restructuring Cleared Transaction pursuant to Section 5.15 (*Recouponing*) of the Procedures, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

**RMP Notification Deadline:** In respect of a notification by LCH.Clearnet SA to the relevant Clearing Members in relation to Restructuring Matched Pairs, 10.00 a.m. on the Transaction Business Day immediately prior to the first day of the CEN Triggering Period *provided that* the RMP Notification Deadline shall in no event fall prior to the second Transaction Business Day following the occurrence of the related DC Credit Event Announcement.

**Self Referencing Transaction:** A Clearing Member Self Referencing Transaction or a Client Self Referencing Transaction, as applicable.

**Settlement Matched Pair:** A pairing comprised of a Matched Buyer and a Matched Seller in respect of Physically Settled Cleared Transactions deemed to have been created by LCH.Clearnet SA under Section 6.3 (*Physically Settled Cleared Transactions*).

**Settlement Matched Pair Delivery Amount:** In respect of a Settlement Matched Pair, the amount of the Floating Rate Payer Calculation Amount in respect of the relevant Physically Settled Cleared Transactions allocated by LCH.Clearnet SA to such Settlement Matched Pair under Section 8.1 (*Creation of Matched Pairs*).

**Single Name Cleared Transaction:** An Initial Single Name Cleared Transaction, a Spin-off Single Name Cleared Transaction, a Restructuring Cleared Transaction and a Resulting Single Name Cleared Transaction.

**Single Name Cleared Transaction Confirmation:** The form of confirmation for use with the Physical Settlement Matrix that incorporates the 2003 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement and as completed by reference to:

- (a) in the case of an Initial Single Name Cleared Transaction, the relevant Transaction Data; or
- (b) in the case of any other type of Single Name Cleared Transaction, the relevant Cleared Transaction or Cleared Transactions that existed

immediately prior to the relevant event that resulted in the creation of such Single Name Cleared Transaction (with such amendments as are required pursuant to the terms of the CDS Clearing Documentation),

or such other form of confirmation as may be adopted in respect of any CDS Type in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book.

**Single Name CCM Client Transaction:** A CCM Client Transaction between a CCM and a CCM Client which is on the same economic terms as a Single Name Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

**SMP Notification Deadline:** In respect of a notification by LCH.Clearnet SA to the relevant Clearing Members in relation to Settlement Matched Pairs, noon on the Transaction Business Day following the day on which the Fallback Settlement Method first becomes applicable.

**Spin-off Single Name Cleared Transaction:** The separate Single Name Cleared Transaction formed in respect of a Reference Entity from a Component Transaction (as defined in the Index Cleared Transaction Confirmation) of an Index Cleared Transaction following the occurrence of a DC Credit Event Announcement in respect of a Restructuring Credit Event with respect to the Reference Entity of such Component Transaction in accordance with the terms of such Index Cleared Transaction, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

**Transaction Business Day:** A "Business Day", as defined in the Index Cleared Transaction Confirmation or the Single Name Cleared Transaction Confirmation, as applicable.

**Transaction Data:** In respect of an Original Transaction to be novated pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book and cleared by LCH.Clearnet SA as an Index Cleared Transaction or Initial Single Name Cleared Transaction, the data provided by an Approved Trade Source System to LCH.Clearnet SA for such purposes, which includes, without limitation:

- (a) in respect of an Index Cleared Transaction, the relevant index, including details of the index name, series and version, the annex date, the Original Notional Amount and the currency of the Original Notional Amount;
- (b) in respect of an Initial Single Name Cleared Transaction, the Reference Entity, Reference Obligation, applicable Transaction Type, Floating Rate Payer Calculation Amount, the currency of the Floating Rate Payer Calculation Amount and the Fixed Rate;

- (c) the Trade Date;
- (d) the Scheduled Termination Date;
- (e) the Floating Rate Payer;
- (f) the Fixed Rate Payer;
- (g) the Fixed Rate Payer Payment Dates;
- (h) the Initial Payment Payer;
- (i) the Initial Payment Amount; and
- (j) whether the 2003 Credit Derivatives Definitions or the 2014 Credit Derivatives Definitions are applicable to such Original Transaction (or, in the case of an Index Cleared Transaction, each component of such Original Transaction).

### 1.3 Inconsistency

To the extent of any conflict between:

- (a) any definition or provision contained in Appendix 1 (*CDS Default Management Process*) of the CDS Clearing Rule Book;
- (b) the remaining sections of the CDS Clearing Rule Book;
- (c) the CDS Admission Agreement;
- (d) this CDS Clearing Supplement;
- (e) an Index Cleared Transaction Confirmation or a Single Name Cleared Transaction Confirmation;
- (f) the Procedures; or
- (g) any Clearing Notices,

the first referenced document shall prevail except in relation to determining the existence and amount of any payment and delivery obligations under any Cleared Transactions, in respect of which this CDS Clearing Supplement, the Index Cleared Transaction Confirmation or the Single Name Cleared Transaction Confirmation, as applicable, shall prevail to the extent permitted by law.

## **1.4 Timing**

Pursuant to Article 1.2.8 (*Time reference*) of the CDS Clearing Rule Book, any reference to a time of day herein shall be deemed to be a reference to Central European Time unless otherwise provided herein.

## **1.5 Third Party Rights**

Unless otherwise provided in this CDS Clearing Supplement or in the CDS Clearing Rulebook, a person who is not a party to a Cleared Transaction does not have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision of such Cleared Transaction or this CDS Clearing Supplement as it relates to such Cleared Transaction.

## **1.6 Recording of Conversations**

Each of LCH.Clearnet SA and each Clearing Member consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with any Cleared Transaction and agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and agrees, to the extent permitted by applicable law, that such recordings may be submitted as evidence in any related court or arbitral proceedings.

## **1.7 Application to FCM Clearing Members**

- (a) Upon the taking of any action pursuant to this CDS Clearing Supplement by an FCM Clearing Member in respect of an FCM Cleared Transaction entered into as agent for the account of an FCM Client (as described in FCM CDS Clearing Regulation 1(c)), such FCM Clearing Member shall be deemed to represent to LCH.Clearnet SA that it has the power and authority to, and has been duly authorised to, take such action for the account of such FCM Client.
- (b) For purposes of this CDS Clearing Supplement, with regard to any Cleared Transaction entered into by an FCM Clearing Member acting as agent for the account of an FCM Client (as described in FCM CDS Clearing Regulation 1(c)):
  - (i) references herein to “CDS Buyer” or “CDS Seller”, as the case may be, shall be understood to be references to such FCM Client (which shall not, for the avoidance of doubt, prejudice LCH.Clearnet SA’s right to deal solely with the FCM Clearing Member pursuant to Article 6.1.1.3(vi) of the CDS Clearing Rule Book); and
  - (ii) references herein to: (1) a Clearing Member entering into a Cleared Transaction with LCH.Clearnet SA; and (2) a Clearing

Member forming part of a Matched Pair, shall each be understood as such FCM Clearing Member acting as agent for the account of such FCM Client (as described in FCM CDS Clearing Regulation 1(c)).

## 2. TERMS OF CLEARED TRANSACTIONS

### 2.1 General Terms of Cleared Transactions

#### (a) Terms of Index Cleared Transactions and Initial Single Name Cleared Transactions

Upon novation of an Original Transaction at the Novation Time in accordance with Title III (*Clearing Operations*) of the CDS Clearing Rule Book, each resulting Index Cleared Transaction or Initial Single Name Cleared Transaction is entered into by LCH.Clearnet SA and the relevant Clearing Member on the terms of the related Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation (as applicable).

#### (b) Terms of Spin-off Single Name Cleared Transactions, Restructuring Cleared Transactions and Resulting Single Name Cleared Transactions

If any Spin-off Single Name Cleared Transaction is deemed to have been entered into by the parties in accordance with the terms of any Index Cleared Transaction or if any Restructuring Cleared Transaction is created pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) or if any Resulting Single Name Cleared Transaction is created pursuant to Section 5.15 (*Recouponing*) of the Procedures, such Spin-off Single Name Cleared Transaction, Restructuring Cleared Transaction or Resulting Single Name Cleared Transaction is entered into by LCH.Clearnet SA and the relevant Clearing Member on the terms of the related Single Name Cleared Transaction Confirmation.

#### (c) Trade Date of Cleared Transactions following Compression

Notwithstanding paragraphs (a) and (b) above, where Cleared Transactions are subject to compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Trade Date of any resulting Cleared Transaction(s) shall be, in respect of any Cleared Transaction subject to:

- (i) ad hoc compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the date on which the request for compression was effectively

received and processed in accordance with Section 5 of the Procedures, which shall be:

- (A) the Clearing Day on which such request is submitted and uploaded by the relevant Clearing Member *provided that* such request for compression was received by LCH.Clearnet SA before 7.00 p.m. on such Clearing Day (if such request is submitted and uploaded by the relevant Clearing member via any means of access specified in a Clearing Notice or 5.00 p.m. (if such request is not submitted via any means of access specified in a Clearing Notice in the case of a disruption of the relevant means of access);
- (B) the Clearing Day on which such request is submitted if such request is not submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. but LCH.Clearnet SA, in its sole discretion, processes such request on the Clearing Day on which such request is submitted; and
- (C) unless the relevant Clearing Member instructs the Operations Department to withdraw such request, the Clearing Day following the Clearing Day on which such request is submitted if such request is not submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. and LCH.Clearnet SA, in its sole discretion, does not process such request on the Clearing Day on which such request is submitted; or
  - (ii) automatic compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the Clearing Day on which such Cleared Transaction is automatically compressed by LCH.Clearnet SA in accordance with Section 5 of the Procedures.

## 2.2 Index Cleared Transaction Confirmation

The Index Cleared Transaction Confirmation is amended, supplemented and completed as follows:

- (a) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by deleting the words "between [●] (**Party A**) and [●] (**Party B**)" in the third line of the first paragraph; and

(ii) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the words "between [Party A] ("Party A") and [counterparty's name] ("Party B")" in the third and fourth lines of the first paragraph,

and in each case replacing them with:

"between LCH.Clearnet SA ("Party A") and Clearing Member, as identified in the relevant CDS Admission Agreement between such Clearing Member and Party A ("Party B");

- (b) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by deleting the fifth paragraph thereof; and

(ii) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the third paragraph thereof,

in each case replacing it with the following:

"This Confirmation supplements, forms a part of, and is subject to, the CDS Clearing Documentation, as defined in the CDS Clearing Rule Book.";

- (c) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by deleting the sixth paragraph thereof and replacing it with the following:

"The terms of the iTraxx® Master Transaction, which is an Index Cleared Transaction, to which this Confirmation relates are as follows:";

- (d) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the fourth paragraph thereof and replacing it with the following:

"The terms of the Master Transaction, which is an Index Cleared Transaction, to which this Confirmation relates are as follows:";

- (e) by specifying that the "Calculation Agent" is Party A;

- (f) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by inserting the following "Additional terms":

"The Legacy Standard Terms Supplement is amended for the purposes of this Transaction by deleting paragraph 5.4 (*De Minimis Cash Settlement*) of Section A in its entirety": and

(ii) if the Index Cleared Transaction references a Markit CDX™ Index, by inserting the following "Additional terms":

"The CDX Legacy Standard Terms Supplement is amended for the purposes of this Transaction by deleting paragraph 5.3 (*De Minimis Cash Settlement*) of Section A in its entirety":

- (g) by deleting the contact details for notices and the account details; and
- (h) by deleting the signature blocks.

## 2.3 Single Name Cleared Transaction Confirmation

The Single Name Cleared Transaction Confirmation is amended, supplemented and completed as follows:

- (a) by deleting the words "between us" from the first paragraph thereof and replacing them with:

"between LCH.Clearnet SA ("**Party A**") and Clearing Member, as identified in the relevant CDS Admission Agreement between Clearing Member and Party A ("**Party B**");

- (b) by deleting the words "as supplemented by each of the May 2003 Supplement and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions" in the second paragraph thereof and replacing them with the words "as supplemented by each of the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)";

- (c) by deleting the third paragraph thereof and replacing it with the following:

"This Confirmation supplements, forms a part of and is subject to the CDS Clearing Documentation, as defined in the CDS Clearing Rule Book.";

- (d) by specifying the Matrix Publication Date as the date of publication of the Relevant Physical Settlement Matrix;

- (e) by specifying that the "Calculation Agent" is Party A;

- (f) notwithstanding the terms of the relevant Original Transaction, by specifying that the Reference Obligation is the CDSClear Preferred Reference Obligation;

- (g) by deleting references to the Initial Payment Payer and the Initial Payment Amount in part 2 in relation to Single Name Cleared Transactions in respect of which there is no Initial Payment Payer and Initial Payment Amount;

- (h) by deleting parts 4, 5, 6 and 7 in their entirety;
- (i) by inserting the following provision in the "Additional Terms" section of the Confirmation:  

"Section 2.31 (*Merger of Reference Entity and Seller*) of the Credit Derivatives Definitions shall not apply."; and
- (j) by deleting the signature blocks.

## 2.4 Amendments to 2003 ISDA Credit Derivatives Definitions

- (a) For the purposes of this CDS Clearing Supplement, Section 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions as incorporated in any Cleared Transaction shall be amended such that, where LCH.Clearnet SA is the designator in relation to any Restructuring Cleared Transaction or Physically Settled Cleared Transaction, as applicable, it is permitted to designate any relevant CDS Buyer or CDS Seller, as applicable, in accordance with Section 8 (*Matched Pair Designations and Notices*) as its designee, notwithstanding that such relevant CDS Buyer or CDS Seller, as applicable, is not its Affiliate and for the additional purposes of:
  - (i) delivering or receiving any Credit Event Notice relating to a Restructuring Credit Event or Notice to Exercise Movement Option (in each case, to the extent not delivered via a DTCC Notice Facility);
  - (ii) delivering or receiving any Notice of Physical Settlement or NOPS Amendment Notice;
  - (iii) making or receiving payment of any Physical Settlement Amount and any costs and expenses of Physical Settlement; and
  - (iv) delivering or receiving any notice and otherwise exercising any rights or performing any obligations of LCH.Clearnet SA for the purposes of Sections 9.9 (*Buy-in of Bonds Not Delivered*) or 9.10 (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions.
- (b) Section 9.1(c)(iii) of the 2003 ISDA Credit Derivatives Definitions is amended by deleting both occurrences of the words "master agreement between Buyer and Seller that governs the relevant Credit Derivative Transaction" and replacing each with the words "CDS Clearing Documentation".
- (c) Section 9.2(a) of the 2003 ISDA Credit Derivatives Definitions is amended by deleting the words "any master agreement governing the

Credit Derivative Transaction" at the end thereof and replacing them with the words "the CDS Clearing Documentation".

- (d) Section 9.2(c)(ii) of the 2003 ISDA Credit Derivatives Definitions is amended by deleting the words "any master agreement governing the Credit Derivative Transaction" at the end of the third sentence thereof and replacing them with the words "the CDS Clearing Documentation".
- (e) Section 9.2(c)(iii) of the 2003 ISDA Credit Derivatives Definitions is amended by deleting both occurrences of the words "a master agreement governing the Credit Derivative Transaction" and replacing each with the words "the CDS Clearing Documentation".
- (f) The Protocol Effectiveness Condition (as defined in the 2014 ISDA Credit Derivatives Definitions Protocol published by ISDA on 21 August 2014 and supplemented by the Supplement thereto published by ISDA on 15 September 2014 and as further supplemented from time to time (the "**2014 Protocol**") being satisfied, then from and including the Implementation Date (as defined in the 2014 Protocol) the amendments set forth in Part 1 (*Global Amendments*) of Schedule 1 (*Amendments to Protocol Covered Transactions*) of the 2014 Protocol shall apply to each Cleared Transaction which incorporates the 2003 ISDA Credit Derivatives Definitions and each such Cleared Transaction shall be a Protocol Covered Transaction for the purposes of the 2014 Protocol provided that:
  - (i) the First Novation Date in respect of such Cleared Transaction is prior to the Implementation Date;
  - (ii) such Cleared Transaction is not an Excluded Transaction (as defined in the 2014 Protocol) provided that if such Cleared Transaction relates to more than one Reference Entity and would otherwise be a Protocol Covered Transaction but for the inclusion of any Affected Portion (as defined in the 2014 Protocol) therein, such Affected Portion shall be excluded for the purposes of this Section 2.4(f) and the remaining portion of such Cleared Transaction shall be deemed to be a Protocol Covered Transaction;
  - (iii) the Scheduled Termination Date in respect of such Cleared Transaction is on or after the Implementation Date;
  - (iv) no Event Determination Date has occurred in respect of such Cleared Transaction prior to the Implementation Date;
  - (v) from and including the Implementation Date the provisions of Part B of the CDS Clearing Supplement shall apply to such Cleared

Transaction or the portion of such Cleared Transaction other than the Affected Portion, as applicable and such Cleared Transaction shall be treated as if it had been entered into and is subject to the 2014 ISDA Credit Derivatives Definitions. In the event of any inconsistency between the provisions of Part B of the CDS Clearing Supplement and the amendments set forth in this paragraph 2.4, the provisions of Part B of the CDS Clearing Supplement shall prevail.

## 2.5 Physical Settlement Matrix Updates

### (a) Publication of Revised Matrix

Where ISDA publishes a new version (the "**Revised Matrix**") of the Physical Settlement Matrix that is the Relevant Physical Settlement Matrix in respect of an Eligible Reference Entity (the "**Existing Matrix**"), LCH.Clearnet SA will, in consultation with the CDSClear Product Committee, determine whether the Existing Matrix and the Revised Matrix are fungible for the purposes of Single Name Cleared Transactions referencing such Eligible Reference Entity.

If there are any changes between the terms of the Revised Matrix and the Existing Matrix that would apply to Single Name Cleared Transactions referencing the Eligible Reference Entity and the Existing Matrix were they to reference the Revised Matrix instead, then the Existing Matrix and the Revised Matrix shall be deemed not to be fungible and paragraph (c) below shall apply.

### (b) Revised Matrix Fungible

If LCH.Clearnet SA determines in consultation with the CDSClear Product Committee that the Existing Matrix and the Revised Matrix are fungible for the purposes of Single Name Cleared Transactions referencing an Eligible Reference Entity (such date of determination, a **Matrix Re-versioning Date**), then:

- (i) LCH.Clearnet SA will promptly notify all Clearing Members of such determination; and
- (ii) each Single Name Cleared Transaction referencing such Eligible Reference Entity and the Existing Matrix will, as of the close of business on the Matrix Re-versioning Date, be deemed to have been amended so as to reference the Revised Matrix, which shall become the Relevant Physical Settlement Matrix in respect of such Eligible Reference Entity.

For the avoidance of doubt, following the publication of a Revised Matrix, there may be different Matrix Re-versioning Dates in respect of Single Name Cleared Transactions referencing different Eligible Reference Entities.

(c) **Revised Matrix not Fungible**

If it is determined that the Revised Matrix and the Existing Matrix are not fungible for the purposes of Single Name Cleared Transactions referencing an Eligible Reference Entity, then existing Single Name Cleared Transactions referencing such Eligible Reference Entity and the Existing Matrix shall continue to reference the Existing Matrix.

(d) **Original Transactions submitted prior to Matrix Re-versioning Date**

Pursuant to Section 2.3(d) above, any Original Transaction referencing an Eligible Reference Entity submitted for clearing after a Matrix Re-versioning Date in respect of such Eligible Reference Entity and which references the Existing Matrix prior to such Matrix Re-versioning Date will, following novation, result in an Initial Single Name Cleared Transaction referencing the Revised Matrix.

### 3. PAYMENTS AND DELIVERIES

#### 3.1 Obligation to pay and deliver

Each of LCH.Clearnet SA and each Clearing Member will make each payment or delivery specified under the terms of each Cleared Transaction to be made by it, subject to the other provisions of the CDS Clearing Documentation.

Payments under any Cleared Transaction will be made on the due date for value on that date in the place of the account specified for the relevant party in the CDS Admission Agreement (or such other account as may be designated by it from time to time for such purpose in accordance with the CDS Admissions Agreement and/or the Procedures, as applicable) and otherwise in accordance with the CDS Clearing Documentation, in freely transferable funds and in the manner customary for payments in the required currency.

Deliveries under any Cleared Transaction will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in or pursuant to the CDS Clearing Documentation.

#### 3.2 Payments under Original Transactions

- (a) If any Initial Payment Amount or Fixed Amount is due and payable under the terms of an Original Transaction on or before the Clearing

Day on which the related Cleared Transactions are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, such amount shall be payable under and in accordance with the terms of such Original Transaction. In such event, no corresponding Initial Payment Amount or Fixed Amount shall be payable in respect of such Cleared Transactions.

- (b) If the Initial Payment Date of an Original Transaction is a date falling after the Clearing Day on which the Cleared Transactions related to such Original Transaction are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book then the corresponding Initial Payment Date for the related Cleared Transactions shall occur on the Transaction Business Day which is also a Clearing Day immediately following the Clearing Day on which such related Cleared Transactions are created.

## 4. CREDIT EVENTS, SUCCESSION EVENTS AND RENAME EVENTS

### 4.1 Determination of Credit Events and Succession Events

Notwithstanding any provision of any Cleared Transaction to the contrary:

- (a) LCH.Clearnet SA (in its capacity as Calculation Agent with respect to such Cleared Transaction) shall not make any determination in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Succession Event Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules; and
- (b) neither LCH.Clearnet SA nor any Clearing Member shall be entitled to deliver a Succession Event Notice or a Credit Event Notice (other than Credit Event Notices in relation to a Restructuring Credit Event in accordance with the terms of any Restructuring Cleared Transaction and, where applicable, the DTCC Rules and Section 7.8 (*Failure to notify Matched Pairs*)).

### 4.2 Credit Event Timeline

#### (a) Publication of Credit Event Timeline

Upon a DC Credit Event Announcement, LCH.Clearnet SA will publish and make available to Clearing Members a timeline in respect of the relevant Credit Event and related Affected Cleared Transactions, to notify, among other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline shall (i) be published and made available on the date of such DC Credit Event Announcement or, if LCH.Clearnet SA determines that such publication on such date is not practicable

possible, as soon as practicable thereafter (but in no event later than the Transaction Business Day before the earlier of the relevant Novation Cut-off Date and the relevant Compression Cut-off Date) and (ii) in all cases be without prejudice to and consistent with the terms of the CDS Clearing Documentation and any relevant DC Resolutions.

(b) **Amendment of Credit Event Timeline**

Any such timeline may be subject to subsequent amendment by LCH.Clearnet SA, by means of a Clearing Notice to Clearing Members, only to reflect subsequent DC Resolutions, timing provisions of any relevant Transaction Auction Settlement Terms and/or actions of DTCC, or in each case any subsequent amendments thereto. Any such amendment shall be made by LCH.Clearnet SA as soon as reasonably practicable following the relevant event.

#### 4.3 Novation and Compression following Credit Events

Any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice is not delivered during the relevant CEN Triggering Period shall become eligible for compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book on the Transaction Business Day following the related Exercise Cut-off Date applicable to the relevant Buyer.

By way of clarification to Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, LCH.Clearnet SA shall effect compression of relevant Cleared Transactions if and to the extent requested by a Clearing Member.

#### 4.4 Re-couponing of Restructuring Cleared Transactions

Following a Restructuring Credit Event, LCH.Clearnet SA may perform re-couponing in accordance with Section 5 of the Procedures on any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice has not been delivered during the relevant CEN Triggering Period, provided that:

- (a) LCH.Clearnet SA notifies (such notice, the “**Initial Re-couponing Notice**”) all of the relevant Clearing Members of its intention to perform such re-couponing and the intended date of such re-couponing (such date, the “**Re-Couponing Date**”);
- (b) the Re-Couponing Date is no earlier than the later of (i) the end of the relevant CEN Trigger Period; and (ii) eight Transaction Business Days after the effective date of the Initial Re-couponing Notice;

- (c) all of the relevant Clearing Members have subsequently consented to the proposed re-couponing, subject to confirmation of the terms of such re-couponing, within five Transaction Business Days of the effective date of the Initial Re-couponing Notice;
- (d) after receiving consent from all relevant Clearing Members in accordance with paragraph (c) above, LCH.Clearnet SA notifies (such notice, the “**Re-couponing Notice**”) the relevant Clearing Members, no later than three Transactions Business Days prior to the Re-Couponing Date, of the proposed terms of the Resulting Single Name Cleared Transactions determined by LCH.Clearnet SA in accordance with Section 5 of the Procedures; and
- (e) all of the relevant Clearing Members have subsequently consented to the proposed terms of such re-couponing process as set out in the Re-couponing Notice within two Transaction Business Days of the effective date of the Re-couponing Notice.

For the avoidance of doubt, if, in respect of a proposed re-couponing process, LCH.Clearnet SA does not obtain consent from all of the relevant Clearing Members in accordance with paragraphs (c) or (e) above, then LCH.Clearnet SA may elect to propose a re-couponing process again in accordance with this Section 4.4 for so long as any relevant Restructuring Cleared Transactions remain outstanding.

#### **4.5 Succession Events and Cleared Transactions**

If LCH.Clearnet SA determines that any Original Transaction submitted for novation or any Cleared Transaction subject to compression would have been subject to a Succession Event but will no longer be subject to such Succession Event upon novation or compression (as applicable) because of the Trade Date that would be specified with respect to the relevant Cleared Transactions, LCH.Clearnet SA may take such action as it deems necessary to ensure that such Succession Event is given effect with respect to such Cleared Transactions, including, without limitation, specifying an alternate Trade Date for purposes of Section 2.1 (*Reference Entity*) of the 2003 ISDA Credit Derivatives Definitions with respect to each relevant Cleared Transaction or, where LCH.Clearnet SA determines that an alternative course of action is not practicable, declining to accept such Original Transaction for novation or Cleared Transaction for compression (as applicable).

#### **4.6 Succession Event Timeline**

##### **(a) Publication of Succession Event Timeline**

Following the publication of a resolution of a relevant Credit Derivatives Determinations Committee to the effect that one or more Successors

have been identified with respect to any Reference Entity for the purposes of any Cleared Transaction, LCH.Clearnet SA will publish and make available to Clearing Members a timeline in respect of the relevant Succession Event and related Affected Cleared Transactions, to notify, amongst other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline shall be published and made available as soon as practicable (but in no event later than the Transaction Business Day before the earlier of the relevant Novation Cut-off Date and the relevant Compression Cut-off Date) and shall in all cases be without prejudice to and consistent with the terms of the CDS Clearing Documentation and any relevant DC Resolutions.

(b) **Amendment of Succession Event Timeline**

Any such timeline may be subject to subsequent amendment by LCH.Clearnet SA, by means of a Clearing Notice to Clearing Members, to reflect subsequent DC Resolutions and any relevant actions of DTCC, or in each case any subsequent amendments thereto. Any such amendment shall be made by LCH.Clearnet SA as soon as reasonably practicable following the relevant event.

#### 4.7 Rename Events

In respect of Single Name Cleared Transactions, if a Reference Entity changes its name (a "**Rename Event**"), LCH.Clearnet SA will publish and make available to Clearing Members as soon as practicable upon becoming aware of such Rename Event a timeline in respect of the relevant Rename Event and related Affected Cleared Transactions, to notify, amongst other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline may be subject to subsequent amendment by LCH.Clearnet SA, by means of a Clearing Notice to Clearing Members, to reflect any relevant actions of DTCC. Any such amendment shall be made by LCH.Clearnet SA as soon as reasonably practicable following the relevant event.

#### 4.8 Updating Eligible Index Versions

(a) **Publication of Revised Index**

Where the Index Publisher of an Eligible Index Version publishes a revised version of such index following:

- (i) a DC Credit Event Announcement;

- (ii) a DC Resolution becoming effective which specifies that a Succession Event has occurred; or
- (iii) the determination of a Substitute Reference Obligation,

LCH.Clearnet SA will in consultation with the CDSClear Product Committee determine whether such revised index version is fungible with the Eligible Index Version after taking account of the relevant Credit Event, Succession Event or, as applicable, Substitute Reference Obligation.

**(b) Index Version not Fungible**

If LCH.Clearnet SA determines in consultation with the CDSClear Product Committee that such revised index version is not fungible with the Eligible Index Version after taking account of the relevant Credit Event, Succession Event or, as applicable, Substitute Reference Obligation, it shall notify DTCC accordingly so that DTCC does not automatically update the trade records for Index Cleared Transactions and Index CCM Client Transactions referencing the relevant Eligible Index Version in the TIW.

**(c) Index Fungible**

Unless LCH.Clearnet SA has notified DTCC in accordance with paragraph (b) above, following confirmation from DTCC that the trade records for Cleared Transactions referencing the relevant index have been updated in the TIW (such date a **DTCC Re-versioning Date**) so that such Cleared Transactions reference the revised index version (which such revised index version shall become the Eligible Index Version), LCH.Clearnet SA will update its corresponding records in the CDS Clearing System overnight following such DTCC Re-versioning Date. LCH.Clearnet SA will send Cleared Transaction Portfolio Reports to the relevant Clearing Members on the Transaction Business Day following such DTCC Re-versioning Date which will be updated so as to refer to Cleared Transactions referencing the revised index version.

#### **4.9 Reversal of DC Credit Event Announcements and Margining**

If a DC Credit Event Announcement is reversed then, subject to Section 9.1(c)(iii)(B) of the 2003 ISDA Credit Derivatives Definitions, LCH.Clearnet SA shall be obliged in accordance with Section 3 of the Procedures to calculate and shall be entitled to call for Margin and/or be obliged to return Margin with respect to each Clearing Member on the basis that the DC Credit Event Announcement that is reversed had not been made.

## 5. RESTRUCTURING

### 5.1 Creation and Notification of Restructuring Matched Pairs

Following the occurrence of a Restructuring Credit Event, LCH.Clearnet SA will create (on one or, if the Novation Cut-off Date in respect of Index Cleared Transactions is prior to the Novation Cut-off Date in respect of Initial Single Name Cleared Transactions, two or more occasions) Restructuring Matched Pairs in accordance with Section 8.1 (*Creation of Matched Pairs*). Each such Restructuring Matched Pair shall be composed of two Restructuring Cleared Transactions created at the same time as and as a result of the termination of the relevant Single Name Cleared Transactions pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) below.

LCH.Clearnet SA shall notify the relevant Matched Buyer and Matched Seller comprised within each Restructuring Matched Pair of:

- (a) the identity of the other Clearing Member (together with the address, fax number, telephone number, email address and other applicable notice details of such other Clearing Member) of such Matched Pair; and
- (b) the associated Restructuring Matched Pair Amount,

as soon as reasonably practicable following the related Compression Cut-off Date, but in any event, at or prior to the RMP Notification Deadline.

LCH.Clearnet SA will additionally provide to DTCC all relevant "Matching Information" (as defined in the DTCC Rules) on or prior to the Matching Information Notification Deadline.

### 5.2 Creation of Restructuring Cleared Transactions

Upon the notification to the relevant Clearing Members of Restructuring Matched Pairs, the relevant Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous Restructuring Credit Event), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions entered into by each Clearing Member with LCH.Clearnet SA will be deemed terminated and new Restructuring Cleared Transactions of the same CDS Type will be deemed to be entered into between each such Clearing Member and LCH.Clearnet SA, with each such Restructuring Cleared Transaction having a Floating Rate Payer Calculation Amount corresponding to the Restructuring Matched Pair Amount of a Restructuring Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable.

### **5.3 Triggering of Restructuring Cleared Transactions**

Subject as set out in Section 7 (*Delivery of Notices and Fallbacks*), and notwithstanding anything to the contrary in the terms of any Cleared Transaction, Clearing Members may only deliver Credit Event Notices in relation to a Restructuring Credit Event during the CEN Triggering Period following notification of Restructuring Matched Pairs by LCH.Clearnet SA and subject always to the terms of the relevant Restructuring Cleared Transaction and, where applicable, the DTCC Rules.

Any Credit Event Notice delivered in respect of a Restructuring Matched Pair for an amount which is greater than the related Floating Rate Payer Calculation Amount shall be ineffective as to such excess.

### **5.4 Notice to Exercise Movement Option**

Subject as set out in Section 7 (*Delivery of Notices and Fallbacks*), Clearing Members may only deliver a Notice to Exercise Movement Option during the NEMO Triggering Period, subject always to the other terms of the relevant Restructuring Cleared Transaction and, where applicable, the DTCC Rules.

### **5.5 Reversal of DC Credit Event Announcements**

If a DC Credit Event Announcement made in relation to a Restructuring Credit Event is reversed then, subject to Section 9.1(c)(iii)(B) of the 2003 ISDA Credit Derivatives Definitions:

- (a) LCH.Clearnet SA shall have no obligation to create Restructuring Matched Pairs in accordance with Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*), any such Restructuring Matched Pairs so created shall be deemed not to have been created and any Credit Event Notices delivered in connection with such Restructuring Matched Pairs shall be deemed to be ineffective;
- (b) LCH.Clearnet SA shall, where applicable, make relevant registrations in the TIW in order to reflect such reversal which shall also automatically result in such registrations being made in respect of any related CCM Client Transactions; and
- (c) Section 4.9 (*Reversal of DC Credit Event Announcements and Margining*) shall apply.

### **5.6 Reports**

Without prejudice to the notification requirements set out elsewhere in the CDS Clearing Documentation, LCH.Clearnet SA will communicate to the relevant Clearing Members, on the basis of information received from DTCC or, as applicable, from Clearing Members, amongst other things:

- (a) the aggregate Floating Rate Payer Calculation Amounts of Restructuring Cleared Transactions to which they are a party and which are the subject of Credit Event Notices; and
- (b) the results of the exercise of any Movement Option in relation to Cleared Transactions to which they are a party,

at or around 7.00 p.m. on each day during each CEN Triggering Period and NEMO Triggering Period, as applicable, through the reports referred to in Section 5 of the Procedures.

For the avoidance of doubt, such communication shall not affect the validity or effectiveness of any Credit Event Notice or Notice to Exercise Movement Option which shall be subject to the terms of the relevant Restructuring Cleared Transaction.

## 6. PHYSICAL SETTLEMENT

### 6.1 General Terms relating to Physical Settlement

Where Physical Settlement is applicable as the Fallback Settlement Method pursuant to Section 12.1 (*Auction Settlement*) or 12.17 (*Movement Option*) of the 2003 ISDA Credit Derivatives Definitions, each Cleared Transaction will be subject to settlement in accordance with its terms and this Section 6 (*Physical Settlement*).

LCH.Clearnet SA has implemented a process, as set-out in this Section 6 (*Physical Settlement*), pursuant to which Clearing Members will manage the physical delivery process bilaterally in respect of any Cleared Transactions for which Physical Settlement is applicable.

Notwithstanding such process, LCH.Clearnet SA shall remain the legal counterparty for any such Cleared Transactions for which Physical Settlement is applicable and shall continue to be liable with respect to its obligations relating to such Physical Settlement, subject to its terms and this Section 6 (*Physical Settlement*).

### 6.2 Creation and Notification of Settlement Matched Pairs

LCH.Clearnet SA will create Settlement Matched Pairs in accordance with Section 8.1 (*Creation of Matched Pairs*) and notify Matched Buyer and Matched Seller comprised within each Settlement Matched Pair of:

- (a) the identity of the other Clearing Member (together with the address, fax number, telephone number, email address and other applicable notice details of each such other Clearing Member); and
- (b) the associated Settlement Matched Pair Delivery Amount,

at or prior to the SMP Notification Deadline.

Notwithstanding the above, the Settlement Matched Pair for a Restructuring Cleared Transaction shall be the Restructuring Matched Pair previously created by LCH.Clearnet SA in accordance with Section 8.1 (*Creation and Notification of Restructuring Matched Pairs*) in respect of such Restructuring Cleared Transaction.

### **6.3 Physically Settled Cleared Transactions**

Following the actual or deemed creation of such Settlement Matched Pairs, the relevant Cleared Transactions in respect of which the Fallback Settlement Method applies will be construed as if they had been terminated and new Cleared Transactions of the same CDS Type will be deemed to have been entered into between each such Clearing Member and LCH.Clearnet SA (each such deemed Cleared Transaction being a "**Physically Settled Cleared Transaction**").

Each such Physically Settled Cleared Transaction shall have a Floating Rate Payer Calculation Amount corresponding to the Settlement Matched Pair Delivery Amount of a Settlement Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable.

### **6.4 Matched Seller Calculation Agent**

Notwithstanding any provision to the contrary in a Physically Settled Cleared Transaction (but subject as set out in Section 6.10 (*Failure to pay Physical Settlement Amount*)), the "Calculation Agent" for the purposes of Article VIII (*Terms relating to Physical Settlement*) and Section 9.8 (*Partial Cash Settlement Terms*) of the 2003 ISDA Credit Derivatives Definitions shall be the relevant Matched Seller.

### **6.5 Notices of Physical Settlement**

#### **(a) No Notices of Physical Settlement until Notification of Settlement Matched Pairs**

Subject as set out at Section 7.8 (*Failure to notify Matched Pairs*) and notwithstanding anything to the contrary in the terms of any Cleared Transaction, Clearing Members may not deliver any Notices of Physical Settlement in respect of any Affected Cleared Transactions until they have been notified of their Settlement Matched Pairs.

#### **(b) Notice of Physical Settlement to contain Matched Buyer Account Information**

Each Notice of Physical Settlement delivered by Matched Buyer shall contain, in addition to the information required under the terms of the

relevant Physically Settled Cleared Transaction, Matched Buyer's account information.

(c) **LCH.Clearnet SA not Liable**

LCH.Clearnet SA shall have no liability with respect to any loss, cost, damage or expense suffered or incurred by a Matched Seller as a result of any error or inaccuracy in any Notice of Physical Settlement or any NOPS Amendment Notice sent by a Matched Buyer and shall have no duty to verify any such notice or the contents thereof.

## 6.6 Delivery of Non-DVP Obligations

The following shall apply in relation to any Settlement Matched Pair where the relevant Matched Buyer specifies a Non-DVP Obligation in a Notice of Physical Settlement or NOPS Amendment Notice:

- (a) The relevant Matched Buyer shall notify LCH.Clearnet SA that it is ready to Deliver the relevant Non-DVP Obligation at or prior to 5.30 p.m. on the Transaction Business Day prior to the date on which Delivery is scheduled to occur. In such notice, the relevant Matched Buyer shall also specify the amount of any expenses payable to it under Section 9.2(c)(vi) of the 2003 ISDA Credit Derivatives Definitions.
- (b) LCH.Clearnet SA shall notify the relevant Matched Seller at or prior to 6.30 p.m. on the Transaction Business Day prior to the date on which Delivery is scheduled to occur that it is obligated to pay LCH.Clearnet SA the amount of the relevant Physical Settlement Amount corresponding to the Outstanding Amount of such Non-DVP Obligation and any amounts in respect of expenses notified by the relevant Matched Buyer before 9.00 a.m. on the following Transaction Business Day.
- (c) The relevant Matched Seller shall pay to LCH.Clearnet SA the amount(s) so requested on or prior to 9.00 a.m. on the Transaction Business Day immediately following the date on which the relevant Matched Buyer notified LCH.Clearnet SA of its readiness to Deliver provided that the request for payment has been made in a timely manner as set out above.
- (d) LCH.Clearnet SA shall notify the relevant Matched Buyer that it has received payment at or prior to 5.30 p.m. on the Transaction Business Day in which LCH.Clearnet SA receives payment, provided that payment is received by LCH.Clearnet SA at or prior to 9.00 a.m. on such Transaction Business Day as set out above.

- (e) The relevant Matched Seller shall notify LCH.Clearnet SA that Delivery has occurred by 5.30 p.m. on the Transaction Business Day on which Matched Seller receives Delivery of the relevant Non-DVP Obligations. Notices received after 3.30 p.m. will be deemed received on the next following Transaction Business Day, unless LCH.Clearnet SA agrees otherwise.
- (f) If and to the extent that LCH.Clearnet SA has received payment from the relevant Matched Seller of the Physical Settlement Amount in full on a timely basis as set out above, LCH.Clearnet SA shall pay the Physical Settlement Amount and any expenses due to the relevant Matched Buyer under paragraph 9.2(c)(vi) of the 2003 ISDA Credit Derivatives Definitions on or prior to 9.00 a.m. on the Transaction Business Day following the Transaction Business Day on which LCH.Clearnet SA receives the notice referred to in sub-paragraph (e) above from the relevant Matched Seller.
- (g) If and to the extent that Delivery of the relevant Non-DVP Obligations has not been effected by the relevant Matched Buyer in accordance with terms of the relevant Physically Settled Cleared Transaction as of the expiry of the third Transaction Business Day following delivery of the relevant Matched Buyer's notice referred to above, the relevant Matched Seller may request LCH.Clearnet SA to repay the Physical Settlement Amount not earlier than the first Transaction Business Day following the date on which such request is effectively delivered to LCH.Clearnet SA.

## 6.7 Alternative Delivery Procedure

A Matched Buyer and Matched Seller comprising a Settlement Matched Pair may elect to exercise their rights against and perform obligations to LCH.Clearnet SA in relation to the Settlement Matched Pair Delivery Amount (or any portion thereof) directly as between themselves. To exercise such option, the relevant Matched Buyer and Matched Seller must each notify LCH.Clearnet SA accordingly (in the form set out in Appendix V hereto) specifying the relevant Matched Contracts in respect of the related relevant Settlement Matched Pair Delivery Amounts and obtain the consent of LCH.Clearnet SA, which consent will not be unreasonably withheld or delayed by more than one Transaction Business Day following receipt of such notification by Matched Buyer and Matched Seller.

With effect from the time that LCH.Clearnet SA confirms its consent, the Settlement Matched Pair Delivery Amount will be reduced by the amount specified in the joint notice of the relevant Matched Buyer and Matched Seller, and the relevant Matched Buyer and Matched Seller shall each perform their obligations to each other and shall each acquire enforcement

rights in respect of the other party's obligations to it pursuant to the Contracts (Rights of Third Parties) Act 1999 in respect of any such reduction as agreed between them.

## 6.8 Buy-in of Bonds – Matched Seller has entered into CCM Client Transaction

***The following provisions shall solely be applicable to a Matched Seller that is a CCM in respect of the Matched Contracts of the Settlement Matched Pair if such Matched Seller notifies Matched Buyer and LCH.Clearnet SA that it has a CCM Client Transaction which corresponds to the Matched Seller Contract:***

### (a) *Buy-in of Bonds – Settlement Matched Pair*

Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions shall not apply in respect of the Matched Contracts of the Settlement Matched Pair.

### (b) *Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller that is a CCM*

Provided that Physical Settlement has not already occurred in respect of the Matched Contracts of a Settlement Matched Pair, if:

- (i) the Matched Seller that is a CCM receives a Buy-in Notice from its CCM Client in respect of the CCM Client Transaction between such Matched Seller and its CCM Client which is validly delivered pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions), then such Matched Seller shall notify Matched Buyer and LCH.Clearnet.SA of its receipt of such Buy-in Notice and of the content thereof and Matched Buyer's right to Deliver the Relevant Bonds specified in the relevant Buy-in Notice shall be suspended until the fourth Business Day (inclusive) following the Buy-In Date specified in the relevant Buy-In Notice (the "**Deemed Buy-in Period**"); and
- (ii) such Matched Seller notifies Matched Buyer and LCH.Clearnet SA that it has been notified by its CCM Client pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions that a Buy-in Price has been determined in respect of Relevant Bonds for the purposes of the CCM Client Transaction between such Matched Seller and its CCM Client, then on the third Business Day following receipt by Matched Seller of such notice from its CCM Client (which such date Matched Seller shall specify) (the "**Buy-in Effective Date**");

- (A) Matched Buyer will be deemed to have Delivered to such Matched Seller an outstanding principal balance of the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, for which a Buy-in Price was determined by the CCM Client; and
- (B) the Physical Settlement Amount to be paid by such Matched Seller to Matched Buyer in respect of the Matched Contracts of the Settlement Matched Pair shall be reduced (but not below zero) by an amount equal to the amount by which the Physical Settlement Amount to be paid to such Matched Seller by its CCM Client in respect of the CCM Client Transaction has been reduced pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions.

Such Matched Seller shall notify Matched Buyer and LCH.Clearnet SA of the outstanding principal balance of the Deliverable Obligations and the Physical Settlement Amount reduction determined in respect of its CCM Client Transaction for the purposes of (A) and (B)(B) above.

#### **6.9 Alternative Procedures relating to Loans – Buyer Right to Deliver (Section 9.10(a) 2003 ISDA Credit Derivatives Definitions)**

***The following provision shall solely be applicable in respect of the Matched Contracts of the Settlement Matched Pair if a Matched Buyer that is a CCM notifies Matched Seller and LCH.Clearnet SA that it has a CCM Client Transaction which corresponds to the Matched Buyer Contract:***

If a Matched Buyer that is a CCM notifies Matched Seller and LCH.Clearnet SA that it has received a Bond or Loan from its CCM Client in respect of its CCM Client Transaction pursuant to Section 9.10(a) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions, then such Bonds or Loans shall be deemed specified in the Notice of Physical Settlement or any NOPS Amendment Notice for the purposes of the Matched Contracts of the Settlement Matched Pair.

## 6.10 Failure to pay Physical Settlement Amount

If, in relation to any Settlement Matched Pair, a Matched Seller fails to pay all or part of the Physical Settlement Amount (the **Failed Amount**) to the related Matched Buyer, as designee for LCH.Clearnet SA, when due:

- (a) the relevant Matched Buyer may and the relevant Matched Seller shall, as soon as practicable, give notice in writing to LCH.Clearnet SA, giving all material details of the Settlement Matched Pair involved, the relevant failure to pay and the Failed Amount;
- (b) such failure to pay shall not constitute or be deemed to constitute a breach of contract, event of default or failure to pay by LCH.Clearnet SA under the CDS Clearing Documentation or otherwise (but such failure to pay may, for the avoidance of doubt, constitute a breach of the CDS Clearing Documentation and/or a Payment Failure for the purposes of Article 4.3.1.1 of the CDS Clearing Rule Book by or with respect to the relevant Clearing Member);
- (c) if the relevant Matched Buyer elects to notify LCH.Clearnet SA of such failure to pay as contemplated above, such Matched Buyer may give any such notice as soon as reasonably practicable after the occurrence of such failure to pay by the relevant Matched Seller;
- (d) upon notice being given to LCH.Clearnet SA by the relevant Matched Buyer, "Cash Settlement" between the relevant Matched Buyer and LCH.Clearnet SA and the relevant Matched Seller and LCH.Clearnet SA pursuant to the Partial Cash Settlement Terms (set out in Section 9.8 (*Partial Cash Settlement Terms*) of the 2003 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement) shall be deemed to apply to the relevant Physically Settled Cleared Transactions of the Settlement Matched Pair with respect to the Deliverable Obligations corresponding to the Failed Amount as though:
  - (i) the Deliverable Obligations not Delivered were Undeliverable Obligations;
  - (ii) the Latest Permissible Physical Settlement Date were the date on which the relevant Matched Buyer gave the relevant notice to LCH.Clearnet SA;
  - (iii) Indicative Quotations were not applicable;
  - (iv) the relevant Matched Buyer were the Calculation Agent in respect of the Physically Settled Cleared Transaction of the Settlement Matched Pair to which it is a direct party; and

- (v) the Cash Settlement Amount determined in respect of the Physically Settled Cleared Transaction between Matched Buyer and LCH.Clearnet SA is also the Cash Settlement Amount in respect of the corresponding Physically Settled Cleared Transaction of the Settlement Matched Pair; and
- (e) LCH.Clearnet SA and the relevant Matched Buyer will settle the relevant Physically Settled Cleared Transaction accordingly.

#### **6.11 Partial Cash Settlement due to Impossibility or Illegality**

Section 9.3 (*Partial Cash Settlement due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions shall apply to a Physically Settled Transaction in the circumstances contemplated therein, provided that Matched Buyer or Matched Seller notifies the other Clearing Member comprised in the relevant Settlement Matched Pair and LCH.Clearnet SA accordingly.

In such case, the related Physically Settled Cleared Transaction entered into between LCH.Clearnet SA and the other Clearing Member comprised in the relevant Settlement Matched Pair shall likewise be subject to "Cash Settlement" pursuant to the Partial Cash Settlement Terms and Section 6.14 (*Consequences of Cash Settlement*).

#### **6.12 Fallback to Cash Settlement in respect of Non-Deliverable Obligations**

- (a) If Matched Buyer is not permitted to Deliver one or more Deliverable Obligations (such Deliverable Obligations, the **Non-Deliverable Obligations**) specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to Matched Seller as designee for LCH.Clearnet SA in the relevant Matched Pair because:
  - (i) the amount of such Deliverable Obligation to be Delivered is less than the relevant minimum denomination of such Deliverable Obligation; or
  - (ii) such Matched Seller is not a permitted transferee under such Deliverable Obligation (and, in the case of this sub-section (ii), such circumstance would not constitute an illegality or impossibility outside the control of a relevant party for the purposes of Section 9.3 (*Partial Cash Settlement due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions),

then it shall notify the relevant Matched Seller and LCH.Clearnet SA (in the form set out in Appendix VI hereto) accordingly describing in reasonable detail the relevant circumstances.

With effect from such notification, such occurrence shall be treated, in relation to each relevant Physically Settled Cleared Transaction, as an illegality or impossibility outside the control of a relevant party for the purpose of Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions.

- (b) Upon notice being given to LCH.Clearnet SA by Matched Buyer under sub-paragraph (a) of this Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), "Cash Settlement" pursuant to the Partial Cash Settlement Terms shall be deemed to apply to the Matched Contracts in respect of the relevant Settlement Matched Pair with respect to the Non-Deliverable Obligations as though the Non-Deliverable Obligations were Undeliverable Obligations and the provisions set out in Section 6.14 (*Consequences of Cash Settlement*) of this CDS Clearing Supplement shall apply.

**6.13 Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM**

***The following provision shall solely be applicable in respect of the Matched Contracts of the Settlement Matched Pair if a Matched Buyer that is a CCM notifies Matched Seller and LCH.Clearnet SA that it has a CCM Client Transaction which corresponds to the Matched Buyer Contract:***

If a Matched Buyer that is a CCM notifies Matched Seller and LCH.Clearnet SA that the corresponding CCM Client Transaction between such Matched Buyer and its CCM Client is to be settled (in whole or in part) by Cash Settlement pursuant to Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), then:

- (a) "Cash Settlement" shall be deemed to apply (in whole or in part, as applicable) to the Matched Contracts of the Settlement Matched Pair pursuant to the Partial Cash Settlement Terms and Section 6.14 (*Consequences of Cash Settlement*);
- (b) the 'Undeliverable Obligations' for the purposes of the Partial Cash Settlement Terms shall be the Undeliverable Obligations or Non-Deliverable Obligations in respect of the corresponding CCM Client Transaction; and
- (c) the Cash Settlement Amount and the Cash Settlement Date in respect of the Matched Contracts of the Settlement Matched Pair shall be the same as the Cash Settlement Amount and the Cash Settlement Date determined in respect of the corresponding CCM Client Transaction.

## **6.14 Consequences of Cash Settlement**

If the circumstances set out in either Section 6.11 (*Partial Cash Settlement Due to Impossibility or Illegality*) or paragraph (a) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) or Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) apply, then:

- (a) the Latest Permissible Physical Settlement Date in respect of the relevant Physically Settled Cleared Transaction will be deemed to be the first date on which the relevant Matched Buyer or Matched Seller effectively gave the relevant notice to both LCH.Clearnet SA and the other Clearing Member as referred to in Section 6.11 (*Partial Cash Settlement Due to Impossibility or Illegality*) or paragraph (a) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) or Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) above, as applicable, (and for these purposes, Section 9.7 (*Latest Permissible Physical Settlement Date*) of the 2003 ISDA Credit Derivatives Definitions shall not apply);
- (b) the relevant Matched Buyer will be deemed to be the Calculation Agent;
- (c) LCH.Clearnet SA and the relevant Matched Buyer will settle the applicable Matched Buyer Contract, and LCH.Clearnet SA and the relevant Matched Seller will settle the applicable Matched Seller Contract, accordingly; and
- (d) where sub-paragraph (a)(ii) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) applies, Indicative Quotations shall not be applicable.

## **6.15 Amendments to Section 9.8(k) of 2003 ISDA Credit Derivatives Definitions**

Solely for the purposes of Section 6.11 (*Partial Cash Settlement due to Impossibility or Illegality*), Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) and Section 6.14 (*Consequences of Cash Settlement*) of this CDS Clearing Supplement, Section 9.8(k) of the 2003 ISDA Credit Derivatives Definitions is amended by inserting the following at the beginning thereof:

- "(A) For the purposes hereof, in addition to the requirements of Section 7.10, each firm Quotation shall:

- (1) be for a transaction with Matched Buyer (or its designee) (the **Relevant Buyer**) pursuant to which the Relevant Buyer agrees to Deliver the Deliverable Obligations to the Dealer submitting the firm quotation (the **Quoting Dealer**), which transaction shall be governed by documentation that is consistent with market practice applicable to the sale and purchase of Deliverable Obligations on the Valuation Date (which may be determined by the relevant Credit Derivatives Determinations Committee), including, without limitation, a representation that the Quoting Dealer has completed all "know your customer" or similar requirements under all applicable laws, regulations and internal compliance procedures relating to a transaction with the Relevant Buyer and in respect of the Reference Entity;
- (2) be capable of acceptance by the Relevant Buyer (for such purposes, each firm Quotation must, *inter alia*, be obtained from a Dealer with whom the Relevant Buyer, in its sole and absolute discretion, determines that it is able, in accordance with all its internal compliance and policy requirements, to transact and to Deliver the Deliverable Obligations) and be open for acceptance by the relevant party for at least 30 minutes; and
- (3) be obtained on the basis that if the Relevant Buyer agrees to Deliver the Deliverable Obligations to such Quoting Dealer on the terms set forth herein, such Quoting Dealer agrees to pay the settlement amount (calculated and payable for this purpose in accordance with the relevant market standard documentation and based on the price so quoted) that would be payable to the Relevant Buyer for such Deliverable Obligations.

(B) Otherwise,".

#### **6.16 Subsequent Determination by the Credit Derivatives Determinations Committee with respect to an Auction**

If the Fallback Settlement Method applies in respect of a Cleared Transaction and a subsequent resolution of the Credit Derivatives Determinations Committee determines that Transaction Auction Settlement Terms will be published, LCH.Clearnet SA shall have no obligation to create Settlement Matched Pairs in accordance with Section 6.2 (*Creation and Notification of Settlement Matched Pairs*).

Unless settlement has occurred with respect to any Settlement Matched Pairs prior to such determination, any such Settlement Matched Pairs so created shall be deemed not to have been created and any notices delivered in connection with such Settlement Matched Pairs shall be deemed to be ineffective.

LCH.Clearnet SA shall effect any relevant registrations in the TIW in order to reflect the application of Auction Settlement as the Settlement Method in respect of the relevant Cleared Transactions.

## 6.17 Physical Settlement Costs

If the Fallback Settlement Method applies in respect of a Cleared Transaction and any amounts are payable in relation to any costs or expenses of Physical Settlement, then:

- (a) where such amount would otherwise be payable by LCH.Clearnet SA to Matched Buyer or Matched Seller (the **Recipient**), such amount shall be payable to the Recipient by the other party to the Matched Contract who is not the Recipient, as designee to pay such amount on behalf of LCH.Clearnet SA; and
- (b) where such amount would otherwise be payable to LCH.Clearnet SA by Matched Buyer or Matched Seller (the **Payer**), such amount shall be payable by the Payer to the other party to the Matched Contract who is not the Payer, as designee to receive such amount on behalf of LCH.Clearnet SA.

Any Matched Seller or Matched Buyer who is required to make any payment as designee on behalf of LCH.Clearnet SA pursuant to this Section 6.17 shall not be entitled to any reimbursement from LCH.Clearnet SA in respect of such amount.

Any Matched Seller or Matched Buyer who receives any payment pursuant to this Section 6.17 shall not be obliged to remit to LCH.Clearnet SA any such amount so received (without prejudice to any rights of LCH.Clearnet SA where there is a failure to Deliver).

LCH.Clearnet SA shall not be liable to a Matched Buyer or a Matched Seller for any of the costs and expenses of Physical Settlement of any Cleared Transaction.

## 6.18 Representations and Agreements relating to Physical Settlement

### (a) **Claims by Matched Seller against LCH.Clearnet SA in respect of Obligations Delivered by Physical Settlement**

If a Matched Seller pursues a claim against LCH.Clearnet SA under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions in respect of any obligations Delivered by way of Physical Settlement of any Matched Seller Contract, then:

- (i) notwithstanding any provision of the 2003 ISDA Credit Derivatives Definitions to the contrary, LCH.Clearnet SA shall

only be liable to make payments to that Matched Seller in respect of that claim to the extent of amounts recovered, including, without limitation, any amounts recovered by way of set-off or netting, by LCH.Clearnet SA from or on behalf of the related Matched Buyer in respect of any corresponding claims under or in connection with the Matched Buyer Contract (including, without limitation, following the declaration of an Event of Default in respect of such Matched Buyer) and after deducting any costs and expenses reasonably incurred by LCH.Clearnet in pursuing such corresponding claims for recovery under or in connection with the Matched Buyer Contract;

- (ii) LCH.Clearnet SA will use reasonable efforts to pursue any claim it may have against the related Matched Buyer but, notwithstanding Section 6.18(a)(i) above, LCH.Clearnet SA will, in the pursuit of such claims, act as though its liability to Matched Seller under the Matched Seller Contract was not limited or restricted in any way; and
- (iii) references to indemnity provisions set out in Section 9.2(a), 9.2(b) and 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions shall, in connection with a Matched Buyer Contract, be interpreted without regard to the limitations to Matched Seller's recourse to LCH.Clearnet SA under the corresponding Matched Seller Contract imposed by the provisions of this Section 6.18(a) and such limitations shall not restrict a Matched Seller from making a claim or raising a Dispute.

**(b) Right of Matched Seller to enforce against Matched Buyer**

Without prejudice to paragraph (a) above, a Matched Seller shall be entitled to enforce Sections 9.2(a), (b), (c)(i) and (c)(iv) of the 2003 ISDA Credit Derivatives Definitions against the related Matched Buyer in respect of any obligations Delivered by way of Physical Settlement of any Physically Settled Cleared Transaction under the Contracts (Rights of Third Parties) Act 1999 as though Matched Seller were party to the relevant Matched Buyer Contract in place of LCH.Clearnet SA.

**(c) Satisfaction of Claim by Matched Buyer discharges Liabilities owed to and by LCH.Clearnet SA**

For the avoidance of doubt, if a Matched Buyer satisfies a claim made by a Matched Seller directly against the relevant Matched Buyer under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions pursuant to the rights granted to such Matched Seller under paragraph (b) above, such satisfaction shall also constitute complete satisfaction and discharge of the corresponding liability of such

Matched Buyer to LCH.Clearnet SA and the corresponding liability of LCH.Clearnet SA to such Matched Seller in respect of such claim.

(d) **Effect of Illegality or Tax or other Expense resulting from Designation through Creation of Matched Pairs**

The last sentence of Section 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions shall not operate so as to prevent LCH.Clearnet SA from creating any Matched Pair in accordance with this CDS Clearing Supplement, and LCH.Clearnet SA shall have no obligation to grant any indemnity with respect to any Tax, loss or cost to any Matched Buyer or Matched Seller thereunder.

If the circumstances contemplated at Section 9.2(c)(iv)(A) or (B) of the 2003 ISDA Credit Derivatives Definitions apply in respect of any Physically Settled Cleared Transaction and any related Settlement Matched Pair (in the case of (B), as notified by the Clearing Member which is the non-designating party for such purpose to the other Clearing Member comprised in the relevant Settlement Matched Pair prior to the first Delivery Date), then an impossibility shall be deemed to have occurred with respect to Physical Settlement of the relevant Physically Settled Cleared Transactions, and Section 9.3 (*Partial Cash Settlement due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions (as amended by this CDS Clearing Supplement) shall apply.

**6.19 Miscellaneous Provisions relating to Physical Settlement**

(a) **Margin**

For the avoidance of doubt, LCH.Clearnet SA will continue to call all Margin and such Margin will remain due in relation to any Cleared Transaction to which Physical Settlement applies until:

- (i) LCH.Clearnet SA has received a Physical Settlement Notification from each Clearing Member;
- (ii) LCH.Clearnet SA has received a No Physical Settlement Confirmation from each Clearing Member; or
- (iii) in each case, any related dispute is referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

(b) **Notification of Completion of Physical Settlement**

Upon completion of Physical Settlement by the relevant Matched Pair of a Physically Settled Cleared Transaction, Matched Buyer and Matched Seller shall inform LCH.Clearnet SA as soon as reasonably practicable and in any event before the date falling two Transaction Business Days following such completion (the **Physical Settlement Confirmation Deadline**) by notice (a **Physical Settlement Confirmation**) in the form set out at Appendix VII hereto.

(c) **Notification that Physical Settlement will not occur**

If no Notice of Physical Settlement has been delivered within the relevant time period permitted for such delivery in accordance with the terms of the relevant Physically Settled Cleared Transaction and, accordingly, Physical Settlement will not, under the terms of the relevant Physically Settled Cleared Transaction, occur, Matched Buyer and Matched Seller shall inform LCH.Clearnet SA as soon as reasonably practicable thereafter and in any event before the date falling two Transaction Business Days following the relevant date after which delivery of a Notice of Physical Settlement is no longer permitted in accordance with the terms of the relevant Physically Settled Cleared Transaction (the **No Physical Settlement Confirmation Deadline**) by notice (a **No Physical Settlement Confirmation**) in the form set out at Appendix VIII hereto.

(d) **Dispute regarding Physical Settlement**

If LCH.Clearnet SA receives a Physical Settlement Confirmation or No Physical Settlement Confirmation from one relevant Matched Buyer or Matched Seller only at or prior to the relevant Physical Settlement Confirmation Deadline or No Physical Settlement Confirmation Deadline, as the case may be, there shall be deemed to be a Dispute with respect to the Physically Settled Cleared Transactions between LCH.Clearnet SA and each relevant Clearing Member.

## 7. DELIVERY OF NOTICES AND FALLBACKS

### 7.1 General Rules relating to Notices

(a) **Methods of Delivery and deemed Time of Delivery**

Subject to Section 7.2 (*Oral Notices*) and without prejudice to Section 1.10 (*Requirements Regarding Notices*) and the remaining provisions of the 2003 ISDA Credit Derivatives Definitions (including, for the avoidance of doubt, in relation to notices permitted to be given orally), any notice or other communication in respect of any Cleared Transaction may be given in any manner described below and will be deemed effective as indicated:

- (i) if delivered in person or by courier, on the date and at the time it is delivered;
- (ii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted; or
- (iv) if sent by electronic messaging system (including e-mail or any other electronic access solution established by LCH.Clearnet SA for such purpose), on the date it is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Transaction Business Day or that communication is delivered (or attempted) or received, as applicable, pursuant to the above after 6.00 p.m. in the location of the recipient on a Transaction Business Day, in which case that communication will be deemed given and effective on the first following day that is a Transaction Business Day.

**(b) Notices from or to LCH.Clearnet SA**

Any such notice or communication given by LCH.Clearnet SA to a Clearing Member or vice versa shall (except where delivered via a relevant DTCC Notice Facility) be given to the address or number previously specified in or previously notified for the relevant purpose in accordance with the CDS Admissions Agreement or the Procedures.

**(c) Manual Notices between Clearing Members**

Notices given by a Clearing Member to another Clearing Member comprised in a relevant Matched Pair and which are not delivered via a relevant DTCC Notice Facility shall be given to the address or number notified by LCH.Clearnet SA to the deliveror pursuant to Sections 5.1 (*Creation and Notification of Restructuring Matched Pairs*) or 6.2 (*Creation and Notification of Settlement Matched Pairs*).

Such notices shall only be deemed to be delivered effectively by LCH.Clearnet SA through the relevant Clearing Member as its designee as against the recipient where the address or number so notified by LCH.Clearnet SA corresponds in all material respects to the address or

number, as applicable, specified by such recipient in or pursuant to the CDS Admissions Agreement.

**(d) No Obligation on LCH.Clearnet SA to verify Signatories**

LCH.Clearnet SA shall have no obligation to verify the authority of any signatory of any notice delivered by any Clearing Member directly pursuant to this Section 7 (*Delivery of Notices and Fallbacks*).

**7.2 Oral Notices**

Notwithstanding the provisions of the 2003 ISDA Credit Derivatives Definitions, where, by way of exception as contemplated in this Section 7, Credit Event Notices and Notices to Exercise Movement Option are to be delivered directly to LCH.Clearnet SA (and not via a relevant DTCC Notice Facility), such notices may not be delivered by telephone.

**7.3 Credit Event Notices and NEMOs**

**(a) Credit Event Notices and NEMOs to be given via DTCC**

Credit Event Notices and Notices to Exercise Movement Option shall be delivered by way of the relevant DTCC Notice Facility, save if and as expressly stated to the contrary in this Section 7 or expressly agreed by LCH.Clearnet SA. The deemed time of delivery of any such notices shall be as set out in the DTCC Rules from time to time.

**(b) Credit Event Notices and NEMOs delivered in respect of CCM Client Transaction**

If a Matched Buyer or a Matched Seller that is a CCM receives a valid Credit Event Notice or Notice to Exercise Movement Option from its CCM Client in respect of a CCM Client Transaction by way of the relevant DTCC Notice Facility, such notice shall be deemed also to be a Credit Event Notice or Notice to Exercise Movement Option (as applicable) for the purposes of the corresponding Matched Contracts of the Settlement Matched Pair.

**7.4 Notification of DTCC Failure and Resolution**

**(a) LCH.Clearnet SA to notify Clearing Members of DTCC Failure Event**

If DTCC notifies LCH.Clearnet SA or LCH.Clearnet SA otherwise becomes aware that the relevant DTCC Notice Facility is or will be unavailable to process all or substantially all Credit Event Notices or Notices to Exercise Movement Option, as applicable, with respect to a Restructuring Credit Event in a timely manner (a **DTCC Failure Event**),

then LCH.Clearnet SA will, as soon as reasonably practicable and in any event within one hour of such notification or of LCH.Clearnet SA becoming aware of such non-availability, as applicable, notify all relevant Clearing Members of such occurrence, including the time at which such failure occurred (or, if LCH.Clearnet SA is not notified of such time by or on behalf of DTCC, the time at which LCH.Clearnet received the relevant notification from or on behalf of DTCC or becomes aware of the relevant non-availability) (the **DTCC Failure Event Time**). LCH.Clearnet SA shall also publish such information on its Website as soon as reasonably practicable after becoming aware of a DTCC Failure Event.

(b) **LCH.Clearnet SA to notify Clearing Members of Resolution of DTCC Failure Event**

If, subsequent to a DTCC Failure Event, DTCC (or a third party designated under the DTCC Rules from time to time) notifies LCH.Clearnet SA that a DTCC Failure Event previously notified to Clearing Members is no longer in effect, LCH.Clearnet SA will as soon as reasonably practicable notify all relevant Clearing Members accordingly, including the time (the **DTCC Resolution Time**) (which must be no earlier than 30 minutes following the time of such notification) at which such DTCC Failure Event is deemed to have been resolved and following which the relevant DTCC Notice Facility is operative for the purposes of delivery of relevant notices relating to Restructuring Cleared Transactions (including transactions in respect of which notices may have been delivered directly pursuant to Section 7.5 (*Consequences of DTCC failure*)). LCH.Clearnet SA shall also publish such information on its Website as soon as reasonably practicable after notifying Clearing Members that the DTCC Failure Event is no longer in effect and of the DTCC Resolution Time.

(c) **Notices given prior to DTCC Resolution Time to be confirmed to DTCC**

LCH.Clearnet SA and, to the extent so requested by LCH.Clearnet SA, each Clearing Member shall, as soon as reasonably practicable and to the extent permitted by DTCC, provide or confirm to DTCC details of any relevant notices (in the case of a Clearing Member, being any relevant notices delivered directly by such Clearing Member) given in respect of Cleared Transactions prior to the DTCC Resolution Time, so as to permit delivery of subsequent notices in respect of such Cleared Transactions via the relevant DTCC Notice Facility.

## 7.5 Consequences of DTCC Failure

From (and including) the DTCC Failure Event Time to (but excluding) the DTCC Resolution Time:

- (a) Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility);
- (b) any notice delivered via the relevant DTCC Notice Facility prior to the DTCC Failure Event Time will be valid and will not be affected by such DTCC Failure Event; and
- (c) any notice delivered or purported to be delivered via the relevant DTCC Notice Facility at or following the DTCC Failure Event Time but prior to the DTCC Resolution Time will not be valid and effective.

Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply with effect from the DTCC Resolution Time and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

## 7.6 Clearing Member Communications Failure Event

- (a) **Right to deliver Notices manually following Clearing Member Communications Failure Event**

If a Clearing Member is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such Clearing Member to deliver any Credit Event Notice in relation to a Restructuring Credit Event or any Notice to Exercise Movement Option via a relevant DTCC Notice Facility (a **Clearing Member Communications Failure Event**) it may, notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) deliver Credit Event Notices and Notices to Exercise Movement Option directly (and not via the relevant DTCC Notice Facility).

- (b) **Clearing Member to notify LCH.Clearnet SA of Occurrence of Clearing Member Communications Failure Event**

Following the occurrence of a Clearing Member Communications Failure Event, the affected Clearing Member shall, within one hour of delivering any Credit Event Notice or Notice to Exercise Movement Option directly, deliver to LCH.Clearnet SA a notice (in the form set out at Appendix IX hereto) signed by a senior officer (such as a managing director or equivalent) of such Clearing Member certifying that it is affected by a Clearing Member Communications Failure Event (or, if

such Clearing Member is unable to deliver such notice in writing, orally by telephone).

LCH.Clearnet SA shall notify all Clearing Members accordingly as soon as reasonably practicable and in any event within one hour of receipt of any such notification.

(c) **Notices to Clearing Member affected by Clearing Member Communications Failure Event**

For the avoidance of doubt, Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall continue to apply in respect of notices given to the affected Clearing Member by Clearing Members comprised in any Matched Pair in respect of which the affected Clearing Member is a Matched Buyer or Matched Seller.

(d) **Notification of Resolution of Clearing Member Communications Failure Event**

As soon as reasonably practicable upon a Clearing Member ceasing to be subject to a Clearing Member Communications Failure Event, it shall notify LCH.Clearnet SA accordingly (in the form set out at Appendix X hereto) and thereupon Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply and, accordingly, any Credit Event Notice or Notice to Exercise Movement Option thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

(e) **Clearing Member Duty to Mitigate**

A Clearing Member which is subject to a Clearing Member Communications Failure Event shall use reasonable endeavours to mitigate the operational impact on other Clearing Members and LCH.Clearnet SA of any Clearing Member Communications Failure Event, to cure such Clearing Member Communications Failure Event as soon as possible and to ensure that the circumstances giving rise to the relevant Clearing Member Communications Failure Event do not recur.

(f) **Breach by Clearing Member does not Invalidate Valid Notices**

Without prejudice to any other rights or remedy of LCH.Clearnet SA, any breach by a Clearing Member of the provisions of this Section 7.6 shall not cause any Credit Event Notice or Notice to Exercise Movement Option delivered otherwise than in accordance with the relevant Restructuring Cleared Transaction, which would otherwise be valid and effective, to be invalid or ineffective.

## **7.7 Clearing Member Acknowledgements**

### **(a) Duty to deliver Clearing Member Acknowledgements**

Each Clearing Member shall notify LCH.Clearnet SA or deliver a copy to LCH.Clearnet SA of any notice delivered or received by such Clearing Member to or from another Clearing Member comprised in a Matched Pair, including, without limitation, any Credit Event Notice or Notice to Exercise Movement Option which was delivered or received directly (and not via a DTCC Notice Facility) pursuant to Sections 7.5 (*Consequences of DTCC Failure*) or 7.6 (*Clearing Member Communications Failure Event*), and which such Clearing Member asserts or acknowledges was effective for the purposes of this CDS Clearing Supplement and the relevant Cleared Transactions (such notification, or delivery of such copy, in respect of any relevant notice, a **Clearing Member Acknowledgement**) by no later than 6.00 p.m. on:

- (i) in the case of a Notice of Physical Settlement or NOPS Amendment Notice, the date falling two Transaction Business Days following the date on which such notice was sent; or
- (ii) in the case of any other notice, on the last date on which such notice could validly be sent,

(in each case, the **Notice Acknowledgement Deadline**).

### **(b) Clearing Member Acknowledgement received from both Clearing Members**

Where LCH.Clearnet SA receives a Clearing Member Acknowledgement in respect of any notice from both relevant Clearing Members comprised in a Matched Pair at or prior to the Notice Acknowledgement Deadline, LCH.Clearnet SA shall perform its obligations in respect of the relevant Cleared Transactions in accordance with and subject to the remaining provisions of the CDS Clearing Documentation.

### **(c) Clearing Member Acknowledgement received from one Clearing Member**

Where LCH.Clearnet SA receives a Clearing Member Acknowledgement in respect of any notice from one relevant Clearing Member only at or prior to the Notice Acknowledgement Deadline, the provisions of Section 7.11 (*Disputes as to Notices*) shall apply and LCH.Clearnet SA and each relevant Clearing Member shall perform their obligations in respect of the relevant Cleared Transactions in accordance with and subject to the remaining provisions of the CDS

Clearing Documentation and the terms of any final resolution of the relevant dispute, as agreed between the relevant parties or as determined by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

In such case, LCH.Clearnet SA shall notify the Clearing Member from which it has not received a Clearing Member Acknowledgement of the asserted delivery or, as applicable, receipt of the relevant notice (in the case of a Credit Event Notice or Notice to Exercise Movement Option, through the reports referred to at Section 5.6 (*Reports*)).

(d) **No Clearing Member Acknowledgement received**

Where LCH.Clearnet SA does not receive Clearing Member Acknowledgement or confirmation of valid delivery in respect of any notice from either Clearing Member in the relevant Matched Pair on or prior to the relevant Notice Acknowledgement Deadline, the rights and obligations of LCH.Clearnet SA as against each relevant Clearing Member, and vice versa, shall be construed as if no such notice had been given.

(e) **Consequences of no Clearing Member Acknowledgement being received**

Where sub-section (d) above is applicable, the following provisions shall apply:

(i) *Notices other than Notices of Physical Settlement and NOPS Amendment Notices*

Save in the case of a Notice of Physical Settlement or NOPS Amendment Notices, an amount shall be payable between the Clearing Members equal to the difference between the value of the Matched Buyer Contract had Clearing Member Acknowledgement been given to LCH.Clearnet SA on a timely basis and the value of such contract in the absence of such acknowledgement; such difference in value shall be determined as of the earlier of the day on which notice is given by any relevant Clearing Member that such amount is due and payable and, in the case of a Credit Event Notice or Notice to Exercise Movement Option, the eighth Transaction Business Day following the Auction Settlement Date, no Auction Announcement Date or Auction Cancellation Date, as applicable or otherwise the eighth Transaction Business Day following the last day on which such notice would validly have been delivered, by reference to the

relevant Auction Settlement Amount or end of day contributed prices, in each case if available.

(ii) *Notices of Physical Settlement and NOPS Amendment Notices*

Where the relevant notice is a Notice of Physical Settlement or a NOPS Amendment Notice, the relevant Clearing Members shall acquire rights as against the other as though party to a bilateral credit default swap transaction on the terms of the related Matched Buyer Contract (including, without limitation, as to the satisfaction of the applicable Conditions to Settlement) and the Notice of Physical Settlement shall be deemed to have been given in respect of such transaction. Any resulting payment shall be due and payable two Transaction Business Days following the giving of a notice that such amount is due and payable.

In each case, the relevant Clearing Members shall have enforcement rights as against each other pursuant to the Contracts (Rights of Third Parties) Act 1994 in respect of any resulting payments and deliveries; LCH.Clearnet SA shall have no liability in respect thereof.

## 7.8 Failure to notify Matched Pairs

Notwithstanding Section 5.3 (*Triggering of Restructuring Cleared Transactions*) and 6.5 (*Notices of Physical Settlement*), if LCH.Clearnet SA does not notify the relevant Clearing Members of Restructuring Matched Pairs created pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) on or prior to the RMP Notification Deadline or Settlement Matched Pairs and related information specified in Section 6.2 (*Creation and Notification of Settlement Matched Pairs*) by the SMP Notification Deadline, as applicable:

- (a) the relevant Clearing Members may deliver Credit Event Notices, Notices to Exercise Movement Option, Notices of Physical Settlement or NOPS Amendment Notices to LCH.Clearnet SA, and vice versa;
- (b) the relevant Cleared Transactions shall be subject to Physical Settlement in accordance with their terms; and
- (c) the provisions of Sections 2.4 (*Amendments to 2003 ISDA Credit Derivatives Definitions*), 6 (*Physical Settlement*) and 8 (*Matched Pair Designations and Notices*) shall not apply and the terms of this CDS Clearing Supplement shall be construed accordingly.

For such purpose, Section 7 (*Certain Notices to be given via DTCC*) shall not apply in respect of notices given by the affected Clearing Members and

accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility).

## 7.9 Failure to notify Matching Information

If LCH.Clearnet SA notifies relevant Clearing Members of Restructuring Matched Pairs created pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) on or prior to the RMP Notification Deadline, but does not notify DTCC of relevant Matching Information on or prior to the RMP Notification Deadline, then Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply in respect of notices to be delivered by affected Clearing Members and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly as between Clearing Members (as designees of LCH.Clearnet SA) (and not via the relevant DTCC Notice Facility).

## 7.10 Uncertain Delivery

### (a) Manual Notice permitted if Delivery of Notice in DTCC uncertain

Notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*), where such notices are permitted to be delivered by means other than the relevant DTCC Notice Facility pursuant to this Section 7, and a CDS Clearing Member is uncertain as to whether or not a Credit Event Notice or Notice to Exercise Movement Option (as applicable) it (or, in the case of a CCM, its CCM Client) attempted to deliver via a DTCC Notice Facility has:

- (i) actually been delivered; or
- (ii) was delivered prior to the DTCC Failure Time,

that CDS Clearing Member shall be entitled to deliver such a notice directly to any Clearing Member comprised in a relevant Matched Pair (as designee of LCH.Clearnet SA) specifying that such notice is only to be effective to the extent that the other purported notice is not effective.

### (b) Details to be provided of Uncertain Notice

If a Clearing Member delivers a manual notice pursuant to sub-section (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above, such Clearing Member shall be required to provide (together with such notice) sufficient details of the notice attempted to be given by way of the relevant DTCC Notice Facility so as to allow the other Clearing Member and LCH.Clearnet SA to identify the communication concerned.

(c) **DTCC Notice delivered successfully**

If the first Credit Event Notice or Notice to Exercise Movement Option (as applicable) to which the manual notice delivered pursuant to subsection (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above relates was actually delivered successfully, any subsequent Credit Event Notice or Notice to Exercise Movement Option delivered shall be deemed not to have been delivered.

**7.11 Disputes as to Notices**

If any Clearing Member comprised in a Matched Pair where one such party is acting as designee of LCH.Clearnet SA disputes the effective delivery in accordance with the terms of the relevant Cleared Transactions of any notice delivered directly (and not via a relevant DTCC Notice Facility) in accordance with this Section 7 (*Delivery of Notices and Fallbacks*) (and for such purposes, a dispute between the relevant Clearing Member and LCH.Clearnet SA shall be deemed to have arisen if LCH.Clearnet SA receives a Clearing Member Acknowledgement from one relevant Clearing Member only in respect of any such notice as contemplated at Section 7.7(c) (*Clearing Member Acknowledgement received from one Clearing Member*)):

- (a) LCH.Clearnet SA shall be entitled in accordance with the Procedures to calculate and call for Margin with respect to each such Clearing Member on the basis of the maximum requirement for such Clearing Member that could result from any foreseeable outcome of such dispute;
- (b) following final resolution of such dispute by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures, the Clearing Members comprised in the relevant Matched Pair shall take such actions with respect to the Cleared Transactions the subject of such dispute as LCH.Clearnet SA determines appropriate to give effect to any relevant binding resolution; and
- (c) without prejudice to its obligations upon final resolution of the dispute, pending final resolution of any such dispute, LCH.Clearnet SA shall not be obliged to take any step pursuant to the terms of the relevant Cleared Transactions which would be required to have been taken by it had the relevant notice been validly delivered.

Each relevant Clearing Member must promptly notify LCH.Clearnet SA of any such disputes (in the form set out at Appendix XI hereto).

## **8. MATCHED PAIR DESIGNATIONS AND NOTICES**

### **8.1 Creation of Matched Pairs**

LCH.Clearnet SA will create Matched Pairs where required to do so pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) or 6.2 (*Creation and Notification of Settlement Matched Pairs*) using a matching procedure that matches CDS Sellers with CDS Buyers pursuant to an algorithm incorporating the following principles:

- (a) the procedure seeks to create Matched Pairs between the same Clearing Member to the extent it is possible to do so before creating Matched Pairs between different Clearing Members and, for this purpose, in the context of CCMs, the procedure will create Matched Pairs separately for CCMs and their CCM Clients (individually or together, depending on whether the CCM Client is a CCM Individual Segregated Account Client or a CCM Omnibus Segregated Account Client, as applicable) and Clearing Member will be construed accordingly;
- (b) the procedure seeks to minimise the number of Matched Pairs (and accordingly, largest positions will be matched first);
- (c) each Matched Pair will, to the extent possible, have an aggregate Restructuring Matched Pair Amount or, as applicable, Settlement Matched Pair Delivery Amount, which is an integral multiple of Euro 1,000,000, subject to a maximum of Euro 50,000,000; and
- (d) LCH.Clearnet SA will allocate a Restructuring Matched Pair Amount or, as applicable, Settlement Matched Pair Delivery Amount to each Matched Pair such that:
  - (i) the sum of all Restructuring Matched Pair Amounts or, as applicable, Settlement Matched Pair Delivery Amounts, of each CDS Buyer is equal to the aggregate Floating Rate Payer Calculation Amounts in respect of all (A) Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous Restructuring Credit Event), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions or (B) Cleared Transactions in respect of which the Fallback Settlement Method applies to the CDS Type for such Cleared Transaction, as applicable, to which such CDS Buyer is a party; and
  - (ii) the sum of all Restructuring Matched Pair Amounts or, as applicable, Settlement Matched Pair Delivery Amounts, of each CDS Seller is equal to the aggregate Floating Rate Payer

Calculation Amounts in respect of (A) Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous Restructuring Credit Event), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions or (B) Cleared Transactions in respect of which the Fallback Settlement Method applies to the CDS Type for such Cleared Transaction, as applicable, to which such CDS Seller is a party.

Notwithstanding the above, if the Fallback Settlement Method applies in relation to a Cleared Transaction and a Restructuring Credit Event, the Restructuring Matched Pairs previously created pursuant to Section 5.1 (*Creation of Restructuring Matched Pairs*) and this Section 8.1 shall be deemed to be Settlement Matched Pairs created in accordance with Section 6.2 (*Creation and Notification of Settlement Matched Pairs*) and LCH.Clearnet SA shall have no obligation to create Settlement Matched Pairs in respect of such Cleared Transaction.

## **8.2 Registration of new Cleared Transactions and Removal of original Cleared Transactions**

To the extent that any Cleared Transaction created pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) or Section 6.3 (*Physically Settled Cleared Transactions*) is not automatically registered in accordance with the DTCC Rules, LCH.Clearnet SA shall register such new Cleared Transaction in the TIW in accordance with the DTCC Rules prior to 6.00 p.m. on the date on which the RMP Notification Deadline or SMP Notification Deadline (as applicable) falls. In respect of CCMs and CCM Clients only, such registration by LCH.Clearnet shall also result in the automatic registration of any amendments made to the corresponding CCM Client Transactions.

In addition, LCH.Clearnet SA will, on behalf of the relevant Clearing Member, send an “Exit” message to the TIW in accordance with the DTCC Rules to terminate and remove the corresponding original Cleared Transaction(s) from the TIW prior to 6.00 p.m. on the date on which the RMP Notification Deadline or SMP Notification Deadline (as applicable) falls.

## **8.3 Matched Buyer Contracts**

In respect of each Matched Buyer Contract which is the subject of a Matched Pair, LCH.Clearnet SA, pursuant to Section 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions (amended as set out at Section 2.4 (*Amendments to 2003 ISDA Credit Derivatives Definitions*)), as designator, shall be deemed to have designated Matched Seller in such Matched Pair as its designee:

- (a) to receive on its behalf from, and to deliver on its behalf to, Matched Buyer of the Matched Pair any applicable notices or certifications in accordance with the terms of the applicable Cleared Transaction (other than notices required to be delivered via a DTCC Notice Facility);
- (b) other than in respect of the Physical Settlement Amount relating to the settlement of Non-DVP Obligations as referred to in Section 6.6 (*Delivery of Non-DVP Obligations*), to pay on behalf of LCH.Clearnet SA any applicable Physical Settlement Amount in accordance with the terms of the applicable Physically Settled Cleared Transaction, and to pay to, and to receive from, Matched Buyer of the Matched Pair, in each case, on behalf of LCH.Clearnet SA, any other amounts due and payable (including costs and expenses of settlement due under the applicable Matched Buyer Contract); and
- (c) to take Delivery, on behalf of LCH.Clearnet SA, of Deliverable Obligations from Matched Buyer of the Settlement Matched Pair.

The relevant Matched Seller shall be deemed to have accepted such designation upon notification of the relevant Matched Pair created and notified in accordance with the provisions of this CDS Clearing Supplement.

#### **8.4 Matched Seller Contracts**

In respect of each Matched Seller Contract which is the subject of a Matched Pair, LCH.Clearnet SA, pursuant to Section 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions (as amended pursuant to Section 2.4 (*Amendments to 2003 ISDA Credit Derivatives Definitions*) above), as designator, shall be deemed to have designated Matched Buyer in such Matched Pair as its designee:

- (a) to receive on its behalf from, and to deliver on its behalf to, Matched Seller of the Matched Pair any applicable notices or certifications in accordance with the terms of the applicable Cleared Transaction (other than notices required to be delivered via a DTCC Notice Facility);
- (b) other than in respect of any Physical Settlement Amount relating to the settlement of Non-DVP Obligations as referred to in Section 6.6 (*Delivery of Non-DVP Obligations*), to receive on behalf of LCH.Clearnet SA the applicable Physical Settlement Amount in accordance with the terms of any applicable Physically Settled Cleared Transaction, and to pay to, and to receive from, Matched Seller of the Matched Pair, in each case, on behalf of LCH.Clearnet SA, any other amounts due and payable (including costs and expenses of settlement due under the Matched Seller Contract); and

- (c) to Deliver, on behalf of LCH.Clearnet SA, the relevant Deliverable Obligations to Matched Seller of the Settlement Matched Pair.

The relevant Matched Buyer shall be deemed to have accepted such designation upon notification of the relevant Matched Pair created and notified in accordance with the provisions of this CDS Clearing Supplement.

## 8.5 Exercise of Rights

In relation to each Matched Pair:

- (a) the exercise of any rights by Matched Buyer against LCH.Clearnet SA under a Matched Buyer Contract (other than the right to give any notice via DTCC Notice Facility) shall be deemed to constitute the exercise of equal and simultaneous rights by LCH.Clearnet SA against Matched Seller under the Matched Seller Contract of the relevant Matched Pair; and
- (b) the exercise of any rights by Matched Seller against LCH.Clearnet SA under a Matched Seller Contract (other than a right to give notice under a DTCC Notice Facility) shall be deemed to constitute the exercise of equal and simultaneous rights by LCH.Clearnet SA against Matched Buyer under the Matched Buyer Contract of the relevant Matched Pair.

## 8.6 Clearing Member matched with Itself

### (a) Notices

In the event that:

- (i) Matched Buyer and Matched Seller of a Matched Pair pursuant to this Section 8 (*Matched Pair Designations and Notices*) is the same Clearing Member; and
- (ii) notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*), a notice or certification is permitted to be delivered in respect of one of the Cleared Transactions forming part of such Matched Pair by means other than the relevant DTCC Notice Facility pursuant to Section 7 (*Delivery of Notices and Fallbacks*),

such notice shall be deemed to be given upon such Clearing Member sending a Clearing Member Acknowledgement to LCH.Clearnet SA pursuant to Section 7.7(a) (*Duty to deliver Clearing Member Acknowledgements*) above in respect of such notice and Section 7.7(b) (*Clearing Member Acknowledgement received from both Clearing Members*) shall apply.

**(b) Payments and Deliveries**

In the event that:

- (i) Matched Buyer and Matched Seller of a Matched Pair pursuant to this Section 8 (*Matched Pair Designations and Notices*) is the same Clearing Member; and
- (ii) such Clearing Member is required to make a payment or delivery pursuant to the terms of one of the Cleared Transactions forming part of such Matched Pair as designate of LCH.Clearnet SA,

such payment or delivery shall be deemed to have been made upon such Clearing Member giving notice to LCH.Clearnet SA. in accordance with Section 7.1 (*General Rules relating to Notices*) that such payment or delivery should be deemed to have been made for the purposes of such Cleared Transaction.

**8.7 Notices**

In relation to each Matched Pair:

- (a) where Matched Buyer validly delivers or serves any notice to Matched Seller as designee of LCH.Clearnet SA in accordance with the terms of a relevant Matched Buyer Contract, such notice shall additionally be effective as a notice given by such Matched Buyer as designee of LCH.Clearnet SA to Matched Seller for the purposes of the relevant Matched Seller Contract; and
- (b) where Matched Seller validly delivers or serves any notice to Matched Buyer as designee of LCH.Clearnet SA in accordance with the terms of a relevant Matched Seller Contract, such notice shall additionally be effective as a notice given by such Matched Seller as designee of LCH.Clearnet SA to Matched Buyer for the purposes of the relevant Matched Buyer Contract.

## **9. SELF-REFERENCING TRANSACTIONS**

### **9.1 Occurrence of Self Referencing Transaction**

#### **(a) Duty to notify**

In respect of a Single Name Cleared Transaction that is registered in the House Account Structure of a Clearing Member, the relevant Clearing Member shall, unless prohibited from so doing by applicable law or its internal policies, notify LCH.Clearnet SA as soon as reasonably practicable if:

- (i) such Clearing Member is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction, or enters into any agreement in respect of any of the foregoing;
- (ii) such Clearing Member and the Reference Entity in relation to such Single Name Cleared Transaction are or become Affiliates; or
- (iii) in respect of a Restructuring Cleared Transaction, such Clearing Member is or becomes the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

#### **(b) Auction of Affected Transactions**

Following receipt of any such notification, LCH.Clearnet SA will, unless otherwise agreed in consultation with the CDS Default Management Group and the affected Clearing Member, and with the assistance of the CDS Default Management Group, conduct an auction process to liquidate the relevant Single Name Cleared Transaction and enter into an equivalent Single Name Cleared Transaction with a Clearing Member other than the affected Clearing Member.

#### **(c) Alternative Action**

If LCH.Clearnet SA, after consultation with the CDS Default Management Group and the affected Clearing Member, believes that the circumstances are such that an auction may be inappropriate, LCH.Clearnet SA may take such other action in consultation with the Risk Committee as it considers reasonably necessary to achieve its primary aim in these circumstances of addressing the risks resulting from a Clearing Member being party to a Self Referencing Transaction, while endeavouring, as far as is reasonably practicable in the circumstances without prejudicing the achievement of the primary aim,

to avoid materially and adversely affecting the relevant Clearing Member.

**(d) Compression of Affected Transactions prior to Auction**

Prior to determining the Single Name Cleared Transactions to be subject to any auction pursuant to paragraph (b) above, where the affected Clearing Member acts as CDS Buyer and CDS Seller in respect of fungible Single Name Cleared Transactions, LCH.Clearnet SA shall, in consultation with the CDS Default Management Committee as to the transaction sizes of resulting Single Name Cleared Transactions to be auctioned, compress such Single Name Cleared Transactions up to the extent that, following such compression, Single Name Cleared Transactions representing in aggregate the Open Position of the affected Clearing Member in respect of such fungible Single Name Cleared Transactions are recognised.

For these purposes, LCH.Clearnet SA will provide the affected Clearing Member with a report detailing the Single Name Cleared Transactions to be subject to such compression.

The affected Clearing Member will be deemed to have submitted a request to LCH.Clearnet SA prior to 5.00 p.m. on the day on which LCH.Clearnet SA carries out the compression for ad hoc compression of such Single Name Cleared Transactions in accordance with Section 5 of the Procedures and such compression shall be carried out in accordance with Section 5 of the Procedures on the basis of such deemed request for ad hoc compression.

**(e) Auction Terms**

LCH.Clearnet SA shall determine the timing and other particular characteristics of each such auction in consultation with the CDS Default Management Committee, including determining the size of the bid/offer spread and/or of the Single Name Cleared Transactions to be auctioned, whether one or more such auctions are to be held and the timing and structure of such auctions (including the frequency at which firm bid and firm offer quotations will be requested and the transaction size (that is, the Floating Rate Payer Calculation Amount)).

Clearing Members (excluding the affected Clearing Member) may be requested, and will not be required, to submit actionable quotations in such an auction.

**(f) Creation of New Transactions and Termination of Existing Transactions**

LCH.Clearnet SA will enter into Single Name Cleared Transactions with Clearing Members, other than the affected Clearing Member, in the amount and at the prices determined pursuant to such auction.

At the time of entering into such Single Name Cleared Transactions, the corresponding Single Name Cleared Transactions of the affected Clearing Member shall be terminated by reference to the prices at which LCH.Clearnet SA enters into such new Single Name Cleared Transactions.

The affected Clearing Member, LCH.Clearnet SA and the other Clearing Members, as applicable, shall submit such information as is required in accordance with the DTCC Rules so as to reflect the terms of any reduction to, termination of or entry into of any Single Name Cleared Transaction as a result of any such auction(s).

**(g) Costs of LCH.Clearnet SA**

The affected Clearing Member will bear the cost of the associated bid/offer spread and any reasonable out-of-pocket costs and expenses of LCH.Clearnet SA in connection with such auction(s) and its entering into such new Single Name Cleared Transactions.

**(h) LCH.Clearnet SA to determine Amounts Owed and Payable**

Amounts owed by the affected Clearing Member to, or receivable by it from, LCH.Clearnet SA in connection with any such auction shall be determined by LCH.Clearnet SA.

In addition, any amounts payable (and the dates of settlement with respect thereto) relating to any Single Name Cleared Transactions created, reduced or terminated pursuant to any such auction shall be determined by LCH.Clearnet SA.

## **9.2 Occurrence of Self Referencing Transactions in respect of Clients**

### **(a) Notification**

In respect of a Single Name Cleared Transaction registered in the Client Account Structure of a Clearing Member, the relevant Clearing Member shall, unless prohibited from so doing by applicable law or its internal policies, notify LCH.Clearnet SA as soon as reasonably practicable if:

- (i) such Clearing Member is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction, or enters into any agreement in respect of any of the foregoing;
- (ii) such Clearing Member and the Reference Entity in relation to such Single Name Cleared Transaction are or become Affiliates; or
- (iii) in respect of a Restructuring Cleared Transaction, such Clearing Member is or becomes the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event;

or it receives a notice from the relevant Client that:

- (i) the Client is or has consolidated or amalgamated with, or merged into, or has transferred all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction or entered into any agreement in respect of any of the foregoing;
- (ii) the Client and the Reference Entity in relation to such Single Name Cleared Transaction are or have become Affiliates; or
- (iii) in respect of a Restructuring Cleared Transaction, the Client is or has become the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

(b) **Transfer and Auction Process**

Following the giving of any such notification or occurrence of a Self Referencing Transaction due to a Transfer under Title V Chapter 3, Title VI Chapter 3 or article 4.3 of the Default Management Process,

- (i) if the Self Referencing Transaction is a Clearing Member Self Referencing Transaction, the relevant Client may request the transfer of such Self Referencing Transaction to a Receiving Clearing Member which is not, and none of its Affiliates are, the Reference Entity of the affected Single Name Cleared Transaction, in accordance with Title V Chapter 3 or Title VI Chapter 3 as applicable of the CDS Clearing Rule Book;
- (ii) if such transfer has not been completed in a reasonable timeframe as determined by LCH.Clearnet SA in consultation with the Carrying Clearing Member, or the Self Referencing Transaction is a Client Self Referencing Transaction, LCH.Clearnet SA will, unless otherwise agreed in consultation with the CDS Default Management Group and the relevant Clearing Member, conduct an auction process in consultation with the CDS Default Management Group and the relevant Clearing Member, to liquidate the relevant Single Name Cleared Transaction and enter into an equivalent Single Name Cleared Transaction with another Clearing Member; and
- (iii) the provisions of Section 9.1. (*Occurrence of Self Referencing Transaction*) will apply *mutatis mutandis*, provided that:
  - (A) Section 9.1(a) (*Duty to Notify*) and 9.1(b) (*Auction of Affected Transactions*) shall not apply;
  - (B) Section 9.1(d) (*Compression of Affected Transactions prior to Auction*) is amended by deleting the words "to paragraph (b) above" and replacing them with the words "as a result of Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*)";
  - (C) Section 9.1(d) (*Compression of Affected Transactions prior to Auction*) is amended in the case of CCM Clients only by inserting the words "that have a corresponding CCM Client Transaction with the affected CCM Client" immediately after the words "in respect of fungible Single Name Cleared Transactions";
  - (D) Section 9.1(e) (*Auction Terms*) is amended by inserting the words ", where the relevant Self Referencing Transaction is

a Clearing Member Self Referencing Transaction only," immediately after the word "excluding" in the final paragraph thereof;

- (E) Section 9.1(f) (*Creation of New Transactions and Termination of Existing Transactions*) is amended by inserting the words "if the relevant Self Referencing Transaction is a Clearing Member Self Referencing Transaction" immediately after the words "other than the affected Clearing Member" in the first paragraph thereof; and
- (F) Each reference to "affected Clearing Member" in Section 9.1 (*Occurrence of Self Referencing Transaction*) is deleted and replaced with a reference to "relevant Clearing Member".

(c) **Costs of LCH.Clearnet SA**

The cost of the associated bid/offer spread and any reasonable out-of-pocket costs and expenses of LCH.Clearnet SA in connection with such auction(s) or any alternative action shall be allocated to the CCM Client Collateral Account or the FCM Client Collateral Account as applicable.

## 10. MANDATORY PROVISIONS FOR CCM CLIENT TRANSACTIONS

In Appendix XIII, certain provisions are set-out (the "**Mandatory Provisions**") for incorporation into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

LCH.Clearnet SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion or non-inclusion of the Mandatory Provisions in the CCM Client Transaction Documents.

## 11. AMENDMENTS

LCH.Clearnet SA may amend the provisions of this CDS Clearing Supplement (including, without limitation, the Mandatory Provisions) from time to time so as to comply with any legal or regulatory developments or any recommendations adopted by the industry in respect of CDS or Cleared Transactions or CCM Client Transactions, as applicable, or so as to reflect any technological advancements, in each case in accordance with the

provisions of Section 1.2.2 (*Modification*) of Chapter 2 (*General Provisions*) of the CDS Clearing Rule Book.

## 12. FORMS OF NOTICES

A form of Credit Event Notice, Notice to Exercise Movement Option, Notice of Physical Settlement, NOPS Amendment Notice, notice to exercise alternative delivery procedure pursuant to Section 6.7 (*Alternative Delivery Procedure*), notice to fallback to Cash Settlement in respect of Non-Deliverable Obligations pursuant to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), Physical Settlement Confirmation, No Physical Settlement Confirmation, notice of Clearing Member Communications Failure Event and where no longer subject to a Clearing Member Communications Failure Event, in each case pursuant to Section 7.6 (*Clearing Member Communications Failure Event*), notice of dispute relating to any Matched Pair as contemplated by Section 7 (*Dispute as to Notices*) and notice relating to Self-Referencing Transactions as contemplated by Section 9 (*Self-Referencing Transactions*) is set out in Appendix I, II, III, IV, V, VI, VII, VIII, IX, X, XI and XII respectively hereto.

Any of the above referenced notices shall be delivered in substantially the form appended hereto, provided, for the avoidance of doubt, that such notices may refer to multiple transactions and may have certain firm-specific variations.

For the avoidance of doubt, the above referenced notices shall be governed by and construed in accordance with English law.

## 13. EXCLUSION OF LIABILITY

Without prejudice to the provisions of Article 1.2.10.3 of the CDS Clearing Rule Book:

(a) **No liability for Failure of Designee to perform in respect of Matched Pair**

Without prejudice to its obligations under or in respect of a Cleared Transaction, LCH.Clearnet SA shall not be liable for any loss or cost arising out of any failure of any Clearing Member comprised in a Matched Pair to perform its obligations as designee of LCH.Clearnet SA against a related Matched Buyer or Matched Seller, as applicable.

(b) **No liability for Fault of Third Party or Force Majeure**

LCH.Clearnet SA shall have no liability to any person where Restructuring Cleared Transactions are not or are improperly created, Restructuring Cleared Transactions are not or are improperly terminated or the Movement Option process is not or is improperly

implemented, in each case for the purposes of the DTCC Rules, because of a third party's fault or a force majeure event. In particular, LCH.Clearnet SA shall not incur any liability arising as a result of any action or omission of DTCC.

(c) **No Obligation to verify Notices received**

LCH.Clearnet SA shall have no responsibility to verify the contents of any notice received by it from any Clearing Member under the terms of any Cleared Transaction.

**14. DISPUTE RESOLUTION**

For the avoidance of doubt, all Disputes shall be referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

**15. GOVERNING LAW**

For the avoidance of doubt, the governing law applicable to this CDS Clearing Supplement (excluding the Mandatory Provisions to the extent that such terms are incorporated by reference in the CCM Client Transaction Documents entered into between a CCM and its CCM Client in respect of a CCM Client Transaction), the 2003 ISDA Credit Derivatives Definitions and any Cleared Transactions (and any related definitions or Clearing Notices issued in respect of the CDS Clearing Supplement, the 2003 ISDA Credit Derivatives Definitions or any Cleared Transactions) and any non-contractual obligations arising out of, relating to or having any connection with them shall be as set out in Section 1.2.14 (*Governing Law*) of the CDS Clearing Rule Book.

## APPENDIX I: FORM OF CREDIT EVENT NOTICE

To: [Restructuring Matched Pair Counterparty Address and Contact Information]

[To/Copy to:]

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

### CREDIT EVENT NOTICE:

**Credit Derivative Transaction Details:** As set out in the Schedule hereto<sup>1</sup>.

Reference is made to the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**). Capitalised terms used and not otherwise defined in this letter shall have the meanings given them in the confirmation of the relevant Transaction.

This letter is our Credit Event Notice to you that a [*insert type*] Credit Event occurred with respect to [*insert name of Reference Entity*] on or about [*insert date*], when [*describe Credit Event*].

Nothing in this letter shall be construed of a waiver of any rights we may have with respect to the Transaction.

Sincerely

[Clearing Member]

---

Name:

Title:

---

<sup>1</sup> A single Credit Event Notice may be submitted for multiple trades in respect of the same Counterparty

## SCHEDULE

### Credit Derivative Transaction Details

[Clearing Member] acting as Seller/Buyer	Restructuring Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Exercise Amount <sup>2</sup>
	[●] [Buyer]	[●]	[●]	[●]	[●]	[●]

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<sup>2</sup> Where different to the outstanding Floating Rate Payer Calculation Amount

## APPENDIX II: FORM OF NOTICE TO EXERCISE MOVEMENT OPTION

To: [Restructuring Matched Pair Counterparty Address and Contact Information]

[To/Copy to:]

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

Dear Sir/Madam

### **Notice to Exercise Movement Option**

**Credit Derivative Transaction Details:** As set out in the Schedule hereto<sup>3</sup>.

Reference is made to: (a) the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [ ] , as Seller, and [ ] , as Buyer; (b) the Credit Event Notice dated insert date], previously delivered to you on [insert date]; and (c) the occurrence of the No Auction Announcement Date on [insert date] pursuant to Section 12.12(b) of the 2003 ISDA Credit Derivatives Definitions, as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009) (the **Definitions**).

This letter constitutes a Notice to Exercise Movement Option. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the confirmation of the relevant Transaction or, if no meaning is specified therein, in the Definitions.

We hereby exercise the Movement Option, confirm that each Transaction will be settled in accordance with the relevant Credit Derivatives Auction Settlement Terms specified in the column entitled "Auction Settlement Terms" corresponding to such Transaction in the Schedule hereto and require performance by you in accordance therewith.

Yours faithfully,

[Matched Buyer/Matched Seller]

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Name:

Title:

---

<sup>3</sup> A single Notice to Exercise Movement Option may be submitted for multiple trades in respect of the same Counterparty

## SCHEDULE

### Credit Derivative Transaction Details

Restructuring Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Auction Settlement Terms
[●]	[●]	[●]	[●]	[●]	[●]

### **APPENDIX III: FORM OF NOTICE OF PHYSICAL SETTLEMENT**

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

#### **Notice of Physical Settlement**

**Credit Derivative Transaction Details:** As set out in the Schedule hereto<sup>4</sup>.

Reference is made to: (a) the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [ ], as Seller, and [ ], as Buyer. Reference is also made to the Credit Event Notice [and Notice of Publicly Available Information] dated [insert date], previously delivered to you on [insert date].

This letter constitutes a Notice of Physical Settlement. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the confirmation of the relevant Transaction (the **Relevant Confirmation**) or, if no meaning is specified therein, in the 2003 ISDA Credit Derivatives Definitions, as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009) (the **Definitions**).

We hereby confirm that we will settle the Transaction[s] and require performance by you in accordance with the provisions of the Relevant Confirmation and the Definitions relating to Physical Settlement. Subject to the terms of the relevant Transaction, we will Deliver to you on or before the Physical Settlement Date, an amount of the Deliverable Obligation(s) described in the column entitled "Deliverable Obligation(s)" in the Schedule hereto, corresponding to such Transaction:

[Further, in respect of each Transaction[s] we identify those Enabling Obligation(s) described in the column entitled "Enabling Obligation(s)" in the Schedule hereto, corresponding to such Transaction:]

Yours faithfully,

[Matched Buyer]

---

<sup>4</sup> A single Notice of Physical Settlement may be submitted for multiple trades in respect of the same Counterparty

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Name:

Title:

## SCHEDULE

### Credit Derivative Transaction Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Deliverable Obligation(s) <sup>5</sup>	Enabling Obligation(s) <sup>6</sup>
[●]	[●]	[●]	[●]	[●]	[Currency][Due and Payable Amount]][●]	[●]

---

<sup>5</sup> describe the Deliverable Obligation(s) to be Delivered, including the currency and outstanding principal balance or Due and Payable Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation)

<sup>6</sup> describe each such Enabling Obligation, including the CUSIP or ISIN number, if available and applicable (or, if such identifying number is not available, the rate and tenor), of such Enabling Obligation, or any other information necessary to establish that such obligation is an Enabling Obligation.

## **APPENDIX IV: FORM OF NOPS AMENDMENT NOTICE**

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

Settlement Matched Pair ID: [●]

Trade ID: [●]

### **NOPS Amendment Notice**

#### **Credit Derivative Transaction Details: [Trade Date], [Effective Date], [Reference Entity]**

Reference is made to the Credit Derivative Transaction described above (the **Transaction**) between [ ] as Seller, and [ ] as Buyer. Reference is also made to the Notice of Physical Settlement] NOPS Amendment Notice] dated [insert date], previously delivered to you on [insert date] dated [insert date].

This letter constitutes a NOPS Amendment Notice. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the Confirmation of the Transaction or, if no meaning is specified therein, in the CDS Clearing Supplement.

We hereby notify you that we are replacing the following Deliverable Obligation(s) specified in the Notice of Physical Settlement] NOPS Amendment Notice] specified above with the following Replacement Deliverable Obligation(s):

[describe the Deliverable Obligation(s) to be replaced, including the Replaced Deliverable Obligation Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation) and the Replacement Deliverable Obligation(s) for each Replaced Deliverable Obligation Amount so specified and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Replacement Deliverable Obligation)].

Yours faithfully,

*[Matched Buyer]*

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Name:

Title:

**APPENDIX V: FORM OF NOTICE TO EXERCISE ALTERNATIVE DELIVERY  
PROCEDURE PURSUANT TO SECTION 6.7 (ALTERNATIVE DELIVERY  
PROCEDURE)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

**Notice to Exercise Alternative Delivery Procedure<sup>7</sup>**

Reference is made to: the Settlement Matched Pairs described in the Schedule hereto, being the Settlement Matched Pairs to which this notice relates and Section 6.7 (*Alternative Delivery Procedure*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

The Settlement Matched Pair Delivery Amount relating to each Settlement Matched Pair is that amount specified in the column entitled "Settlement Matched Pair Delivery Amount" in the Schedule hereto, corresponding to such Settlement Matched Pair.

In respect of each Settlement Matched Pair and in accordance with Section 6.7 (*Alternative Delivery Procedure*) we hereby elect to exercise our rights against and perform obligations to you in accordance with the alternative delivery procedure in relation to such percentage and amount of the Settlement Matched Pair Delivery Amount as set out in the column entitled "Percentage and Amount of Settlement Matched Pair Delivery Amount" in the Schedule hereto corresponding to such Settlement Matched Pair.

This notice may be executed in any number of counterparts which together shall constitute one notice.

By countersigning this notice, you are deemed to have given your consent to the above in satisfaction of the requirement to obtain your consent contained in Section 6.7 (*Alternative Delivery Procedure*) of the CDS Clearing Supplement.

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<sup>7</sup> A single Notice to Exercise Alternative Delivery Procedure may be submitted for multiple trades in respect of the same Counterparty

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Matched Buyer/ Matched Seller]

---

Name:

Title:

Countersigned by LCH.Clearnet SA

---

Name:

Title:

## SCHEDULE

### Credit Derivative Transaction Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Settlement Matched Pair Delivery Amount	Percentage and amount of Settlement Matched Pair Delivery Amount
[●]	[●]	[●]	[●]	[●]	[●]	[●]

**APPENDIX VI: FORM OF NOTICE OF FALBACK TO CASH SETTLEMENT OF  
NON-DELIVERABLE OBLIGATIONS PURSUANT TO SECTION 6.12 (FALBACK  
TO CASH SETTLEMENT IN RESPECT OF NON-DELIVERABLE OBLIGATIONS)**

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

Settlement Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

**Notice of fallback to Cash Settlement in respect of Non-Deliverable Obligations  
pursuant to Section 6.12 (Fallback to Cash Settlement in respect of Non-  
Deliverable Obligations) of the CDS Clearing Supplement**

Reference is made to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement and [*insert details of the relevant Settlement Matched Pair(s)*], being the Settlement Matched Pair[s] to which this notice relates and to the [*Notice of Physical Settlement*][NOPS Amendment Notice] previously delivered to you on [*insert date*] dated [*insert date*]. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement we hereby notify you we are not permitted to Deliver the Deliverable Obligations specified below (such Deliverable Obligations, the **Non-Deliverable Obligations**) as specified in the [*Notice of Physical Settlement*][NOPS Amendment Notice] specified above for the following reasons:

[*Insert details of the relevant Non-Deliverable Obligations and reasonable detail of the relevant circumstances, as described paragraphs (a)(i) and (a)(ii) of Section 6.12 of the CDS Clearing Supplement*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

*[Matched Buyer]*

---

Name:

Title:

**APPENDIX VII: FORM OF PHYSICAL SETTLEMENT CONFIRMATION AS  
CONTEMPLATED BY SECTION 6.19 (*MISCELLANEOUS PROVISIONS  
RELATING TO PHYSICAL SETTLEMENT*)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

**Physical Settlement Confirmation**

Reference is made to Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement and the Settlement Matched Pair[s] described in the Schedule hereto, being the Settlement Matched Pair[s] to which this notice relates. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement, we hereby notify you that we have completed Physical Settlement with respect to such Settlement Matched Pair[s].

This notice is delivered in satisfaction of the requirement in Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement to inform you of such completion.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Matched Buyer]/[Matched Seller]

---

Name:

Title:

## **SCHEDULE**

### **Settlement Matched Pair Details**

<b>Settlement Matched Pair ID</b>	<b>Trade ID</b>	<b>Reference Entity</b>	<b>Trade Date</b>	<b>Effective Date</b>
[●]	[●]	[●]	[●]	[●]

**APPENDIX VIII: FORM OF NO PHYSICAL SETTLEMENT CONFIRMATION AS  
CONTEMPLATED BY SECTION 6.19 (*MISCELLANEOUS PROVISIONS  
RELATING TO PHYSICAL SETTLEMENT*)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Settlement Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

**No Physical Settlement Confirmation**

Reference is made to Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement and the Settlement Matched Pair[s] described in the Schedule hereto, being the Settlement Matched Pair[s] to which this notice relates. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement, we hereby notify you that no Notice of Physical Settlement has been delivered within the relevant time period permitted for such delivery in accordance with the terms of the relevant Physically Settled Cleared Transactions and, accordingly, that Physical Settlement will not, under the terms of such Physically Settled Cleared Transactions, occur.

This notice is delivered in satisfaction of the requirement in Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement to inform you of such completion.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Matched Buyer]/[Matched Seller]

Name:

:

Title:

## **SCHEDULE**

### **Settlement Matched Pair Details**

<b>Settlement Matched Pair ID</b>	<b>Trade ID</b>	<b>Reference Entity</b>	<b>Trade Date</b>	<b>Effective Date</b>
[●]	[●]	[●]	[●]	[●]

**APPENDIX IX: FORM OF NOTICE OF CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO SECTION 7.6 (CLEARING MEMBER COMMUNICATIONS FAILURE EVENT)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

**Notice certifying occurrence of a Clearing Member Communications Failure Event**

Reference is made to Section 7.6(b) (*Clearing Member to notify LCH.Clearnet SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 7.6(b) (*Clearing Member to notify LCH.Clearnet SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are affected by a Clearing Member Communications Failure Event [*insert details of such failure*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Clearing Member*]

---

Name:

Title:

[*Signed by a senior officer (such as a managing director or equivalent) on behalf of the Clearing Member*]

**APPENDIX X: FORM OF NOTICE FOR CEASING TO BE SUBJECT TO A  
CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO  
SECTION 7.6 (CLEARING MEMBER COMMUNICATIONS FAILURE EVENT)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

**Notice that a Clearing Member is no longer subject to Clearing Member Communications Failure Event**

Reference is made to Section 7.6(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement and the notice certifying the occurrence of a Clearing Member Communications Failure Event delivered by us to LCH.Clearnet SA on [●] (the **Notice of Clearing Member Communications Failure Event**). Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 7.6(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are no longer subject to the relevant Clearing Member Communications Failure Event described in the Notice of Clearing Member Communications Failure Event.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Clearing Member]

---

Name:

Title:

## APPENDIX XI: FORM OF NOTICE OF DISPUTE RELATING TO ANY MATCHED PAIR

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

[Restructuring][Settlement] Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

**Notice of dispute relating to [insert details of the relevant Matched Pairs subject to a dispute]**

Reference is made to Section 7.11 (*Disputes as to Notices*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 7.11 (*Disputes as to Notices*) of the CDS Clearing Supplement, notice is hereby given of the following dispute(s):

[insert details of Matched Pair(s) affected and the relevant dispute].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Matched Buyer]/[Matched Seller]

---

Name:

Title:

## APPENDIX XII: FORM OF NOTICE RELATING TO SELF-REFERENCING TRANSACTIONS

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

### **Notice relating to Self-Referencing Transactions**

**Credit Derivative Transaction Details:** As set out in the Schedule hereto<sup>8</sup>.

Reference is made to the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [●], as Seller and [●], as Buyer and to Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement, notice is hereby given of the following: *[insert details of one or more of the relevant events, as set out in paragraphs (i), (ii) and (iii) of Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement]*.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Clearing Member]

---

Name:

Title:

---

<sup>8</sup> A single Credit Event Notice may be submitted for multiple trades in respect of the same Counterparty

## **SCHEDULE**

### **Credit Derivative Transaction Details**

<b>[Restructuring] Matched Pair ID</b>	<b>Trade ID</b>	<b>Reference Entity</b>	<b>Trade Date</b>	<b>Effective Date</b>
[●]	[●]	[●]	[●]	[●]

## **APPENDIX XIII: CCM CLIENT TRANSACTION REQUIREMENTS**

The following provisions (the "**Mandatory Provisions**") are to be incorporated into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The terms of the corresponding CCM Client Cleared Transaction will be governed by the CDS Clearing Supplement. The CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

LCH.Clearnet SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion in the CCM Client Transaction Documents of the requirements set-out in this Appendix XIII.

The Mandatory Provisions, when they are incorporated into any CCM Client Transaction Documents, shall be governed by and construed in accordance with the governing law applicable to such CCM Client Transaction Documents of which they form part, or if different and applicable, in accordance with such CCM Client Transaction Documents, the governing law applicable to transactions entered into under such CCM Client Transaction Documents. The Mandatory Provisions shall be subject to such dispute resolution mechanisms and procedures and such courts or other forum for hearing disputes as are applicable in respect of such CCM Client Transaction Documents of which they form part. Each CCM and its CCM Client to which the Mandatory Provisions apply will waive any right to object to any such choice of law or proceedings on the basis of *forum non conveniens*, that the governing law or forum is not specified on the face of this document or otherwise.

In this Appendix XIII:

**"CCM Client Buyer"** means a CCM Client that is party to a CCM Client Transaction as protection buyer;

**"CCM Client Seller"** means a CCM Client that is party to a CCM Client Transaction as protection seller;

**"CCM Buyer/Matched Seller"** means a CCM that is party to a CCM Client Transaction as protection buyer and to the corresponding CCM Client Cleared Transaction as protection seller; and

**"CCM Seller/Matched Buyer"** means a CCM that is party to a CCM Client Transaction as protection seller and to the corresponding CCM Client Cleared Transaction as protection buyer.

### **1. *Defined Terms***

Terms used in the Mandatory Provisions and not otherwise defined herein or in the 2003 ISDA Credit Derivatives Definitions shall have the meanings given to them in the CDS Clearing Supplement.

## 2. ***Terms of CCM Client Transactions***

### 2.1 *2003 ISDA Credit Derivatives Definitions*

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions published by the International Swaps and Derivatives Association as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (the "**2003 ISDA Credit Derivatives Definitions**"), are incorporated into each CCM Client Transaction.

### 2.2 *Single Name CCM Client Transactions - Reference Obligation*

With effect from the date on which the CCM Client Cleared Transaction corresponding to a Single Name CCM Client Transaction is registered in the TIW, such Single Name CCM Client Transaction shall be deemed to reference the CDSClear Preferred Reference Obligation in respect of the relevant Reference Entity.

### 2.3 *Single Name CCM Client Transactions - Updating Physical Settlement Matrix*

With effect from the date on which the CCM Client Cleared Transaction corresponding to a Single Name CCM Client Transaction is registered in the TIW, such Single Name CCM Client Transaction shall be deemed to reference the Relevant Physical Settlement Matrix.

With effect from the close of business on any Matrix Re-versioning Date, any Single Name CCM Client Transaction referencing the Existing Matrix will be deemed to have been amended so as to reference the Revised Matrix.

### 2.4 *Index Client CCM Transactions - Updating Eligible Index Versions*

Upon the occurrence of a DTCC Re-versioning Date, any Index CCM Client Transaction shall be automatically amended so as to reference the portfolio of Reference Entities specified in the revised version of the index published by the Index Publisher and referenced in the TIW with effect from such DTCC Re-versioning Date.

### 2.5 *Initial Payment Date*

Notwithstanding anything to the contrary in the 2003 ISDA Credit Derivatives Definitions, if the Initial Payment Date specified in the CCM Client Transaction Documents in respect of any CCM Client Transaction is a date falling after the Clearing Day on which the Cleared Transactions related to such CCM Client Transaction are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Initial Payment Date in respect of such CCM Client Transaction shall be deemed to be the Transaction Business Day immediately following the Clearing Day on which

the Cleared Transactions relating to such CCM Client Transaction are created.

## 2.6 *2014 ISDA Credit Derivatives Definitions Protocol*

- (a) If the Protocol Effectiveness Condition (as defined in the 2014 ISDA Credit Derivatives Definitions Protocol published by ISDA on 21 August 2014 and supplemented by the Supplement thereto published by ISDA on 15 September 2014 and as further supplemented from time to time (the "**2014 Protocol**") is satisfied, then from and including the Implementation Date (as defined in the 2014 Protocol) the amendments set forth in Part 1 (*Global Amendments*) of Schedule 1 (*Amendments to Protocol Covered Transactions*) of the 2014 Protocol shall apply to each Index CCM Client Transaction and each Single Name CCM Client Transaction which incorporates the 2003 ISDA Credit Derivatives Definitions and each such CCM Client Transaction shall be a Protocol Covered Transaction for the purposes of the 2014 Protocol provided that:
- (i) the date on which the CCM Client Cleared Transaction corresponding to such CCM Client Transaction is registered in the TIW is prior to the Implementation Date;
  - (ii) such CCM Client Transaction is not an Excluded Transaction (as defined in the 2014 Protocol) provided that if such CCM Client Transaction relates to more than one Reference Entity and would otherwise be a Protocol Covered Transaction but for the inclusion of any Affected Portion (as defined in the 2014 Protocol) therein, such Affected Portion shall be exclude for the purposes of this Mandatory Provision 2.6(a) and the remaining portion of such CCM Client Transaction shall be deemed to be a Protocol Covered Transaction;
  - (iii) the Scheduled Termination Date in respect of such CCM Client Transaction is on or after the Implementation Date;
  - (iv) no Event Determination Date has occurred in respect of such CCM Client Transaction prior to the Implementation Date;
  - (v) from and including the Implementation Date the provisions of Appendix XIII of Part B of the CDS Clearing Supplement shall apply to such CCM Client Transaction or the portion of such Cleared Transaction other than the Affected Portion, as applicable and the CCM Client Cleared Transaction corresponding thereto and such CCM Client Transaction shall be treated as if it had been entered into and is subject to the 2014 ISDA Credit Derivatives Definitions. In the event of any

inconsistency between the provisions of Part B of the CDS Clearing Supplement and the amendments set forth in this paragraph 2.6, the provisions of Appendix XIII of Part B of the CDS Clearing Supplement shall prevail.

**3. Additional CCM Client Transactions, Compression and Succession Events**

**3.1 Creation of Additional CCM Client Transactions**

Immediately following:

- (a) the creation of Matched Pairs by LCH.Clearnet SA pursuant to Section 8.1 (*Creation of Matched Pairs*) of the CDS Clearing Supplement; or
- (b) the creation of Resulting Single Name Cleared Transactions pursuant to Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*) of the CDS Clearing Supplement,

if a CCM Client Transaction has been specified to have been split into or replaced by two or more separate CCM Client Transactions in the TIW as a result of the creation of such Matched Pairs or Resulting Single Name Cleared Transactions, such CCM Client Transaction shall be split into or terminated and replaced by two or more (as applicable) corresponding CCM Client Transactions. The Floating Rate Payer Calculation Amount and Fixed Rate of each such CCM Client Transaction shall correspond to the Floating Rate Payer Calculation Amount and Fixed Rate specified in TIW for such CCM Client Transaction. In respect of CCM Client Transactions created as a result of the creation of Resulting Single Name Cleared Transactions, the Trade Date of such new CCM Client Transactions shall be the same as the Trade Date of the equivalent Resulting Single Name Cleared Transactions. Otherwise, each new CCM Client Transaction shall have the same terms as the original CCM Client Transaction.

**3.2 Reversal of Creation of Additional CCM Client Transactions**

If a CCM Client Transaction has been split into two or more CCM Client Transactions pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above and the relevant DC Credit Event Announcement that led to the creation of the Matched Pairs is reversed such that Section 5.5 (*Reversal of DC Credit Event Announcements*) of the CDS Clearing Supplement applies, then, subject to Section 9.1(c)(iii)(B) of the 2003 ISDA Credit Derivatives Definitions, any additional CCM Client Transactions created pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above shall be deemed not to have been created and any Credit Event Notices delivered in connection with such CCM Client Transactions shall be deemed to be ineffective.

### **3.3 *Compression of CCM Client Transactions***

If two or more CCM Client Transactions are specified in TIW to have been compressed into a single CCM Client Transaction pursuant to Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, such CCM Client Transactions shall be compressed into a single CCM Client Transaction with a Floating Rate Payer Calculation Amount equal to the aggregate Floating Rate Payer Calculation Amounts of the original CCM Client Transactions.

### **3.4 *Succession Events and Cleared Transactions***

If LCH.Clearnet SA takes any action with respect to a CCM Client Cleared Transaction pursuant to Section 4.5 (*Succession Events and Cleared Transactions*) of the CDS Clearing Supplement so as to give effect to a Succession Event, such action shall also be deemed to have been taken with respect to the corresponding CCM Client Transaction.

## **4. *Notices***

### **4.1 *Validity of Notices***

Save if and as expressly stated to the contrary in the Mandatory Provisions, any notice delivered by a CCM Client to its CCM in respect of a CCM Client Transaction (including, without limitation, a Credit Event Notice, Notice of Physical Settlement, Notice to Exercise Movement Option or NOPS Amendment Notice) at a time or in a manner in which the CCM would not be permitted to deliver such a notice to LCH.Clearnet (or to a relevant Matched Buyer or Matched Seller as designee of LCH.Clearnet (as applicable)) in respect of the corresponding CCM Client Cleared Transaction pursuant to the terms of the CDS Clearing Supplement shall be deemed not to have been delivered.

### **4.2 *Credit Event Notices and NEMOs given via DTCC***

#### **(a) *Credit Event Notices and NEMOs to be given via DTCC***

Credit Event Notices and Notices to Exercise Movement Option shall be delivered by way of the relevant DTCC Notice Facility, save if and as expressly stated to the contrary in the Mandatory Provisions or otherwise agreed between the parties to the CCM Client Transaction. The deemed time of delivery of any such notices shall be as set out in the DTCC Rules from time to time.

- (b) *Credit Event Notices and NEMOs delivered in respect of corresponding CCM Client Cleared Transaction*

In respect of a CCM Client Transaction, if:

- (i) CCM Seller/Matched Buyer or CCM Buyer/Matched Seller delivers a valid Credit Event Notice or Notice to Exercise Movement Option in respect of the corresponding CCM Client Cleared Transaction by way of the relevant DTCC Notice Facility; or
- (ii) a Credit Event Notice or Notice to Exercise Movement Option is deemed to have been delivered in respect of the corresponding CCM Client Cleared Transaction pursuant to Section 7.3(b) (*Credit Event Notices and NEMOs delivered in respect of CCM Client Transaction*) of the CDS Clearing Supplement as a result of the receipt of a valid Credit Event Notice or Notice to Exercise Movement Option (as applicable) by way of the relevant DTCC Notice Facility in respect of the CCM Client Transaction between the other CCM of a Matched Pair and its CCM Client,

and a Credit Event Notice or Notice to Exercise Movement Option (as applicable) has not already been given in respect of such CCM Client Transaction in accordance with Mandatory Provision 4.4 (*Communications Failure Event*) such notice (or deemed notice) shall be deemed also to be a Credit Event Notice or Notice to Exercise Movement Option (as applicable) for the purposes of such CCM Client Transaction.

#### 4.3 Consequences of DTCC Failure

If a DTCC Failure Event occurs, from (and including) the DTCC Failure Event Time to (but excluding) the DTCC Resolution Time:

- (a) Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility);
- (b) any notice delivered via the relevant DTCC Notice Facility prior to the DTCC Failure Event Time will be valid and will not be affected by such DTCC Failure Event; and
- (c) any notice delivered or purported to be delivered via the relevant DTCC Notice Facility at or following the DTCC Failure Event Time but prior to the DTCC Resolution Time will not be valid and effective.

Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply with effect from the DTCC Resolution Time and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

#### 4.4 *Communications Failure Event*

##### (a) *Right to deliver Notices manually following Communications Failure Event*

If a party is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such party to deliver any Credit Event Notice in relation to a Restructuring Credit Event or any Notice to Exercise Movement Option via a relevant DTCC Notice Facility (a "**Communications Failure Event**") it may, notwithstanding Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*), deliver Credit Event Notices and Notices to Exercise Movement Option directly (and not via the relevant DTCC Notice Facility).

Such party shall deliver, together with any Credit Event Notice or Notice to Exercise Movement Option delivered by it directly, a notice signed by a senior officer (such as a managing director or equivalent) of such party certifying that it is affected by a Communications Failure Event (or, if such party is unable to deliver such notice in writing, orally by telephone).

##### (b) *Notices to party affected by Communications Failure Event*

For the avoidance of doubt, Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall continue to apply in respect of notices given by the party not affected by the Communications Failure Event to the party affected by the Communications Failure Event.

##### (c) *Notification of Resolution of Communications Failure Event*

As soon as reasonably practicable upon a party ceasing to be subject to a Communications Failure Event, it shall notify the other party accordingly and thereupon Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

(d) *Duty to Mitigate*

A party which is subject to a Communications Failure Event shall use reasonable endeavours to mitigate the operational impact on the other party of any Communications Failure Event, to cure such Communications Failure Event as soon as possible and to ensure that the circumstances giving rise to the relevant Communications Failure Event do not recur.

(e) *Breach does not Invalidate Valid Notices*

Without prejudice to any other rights or remedies of the parties, any breach by a party of the provisions of this Mandatory Provision 4.4 shall not cause any Credit Event Notice or Notice to Exercise Movement Option delivered otherwise than in accordance with the terms of the relevant CCM Client Transaction, which would otherwise be valid and effective, to be invalid or ineffective.

#### 4.5 *Uncertain Delivery*

(a) *Manual Notice permitted if Delivery of Notice in DTCC uncertain*

Notwithstanding Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*), where such notices are permitted to be delivered by means other than the relevant DTCC Notice Facility pursuant to this Mandatory Provision 4 (*Notices*), and a party is uncertain as to whether or not a Credit Event Notice or Notice to Exercise Movement Option (as applicable) it attempted to deliver via a DTCC Notice Facility has:

- (i) actually been delivered; or
- (ii) was delivered prior to the DTCC Failure Time,

that party shall be entitled to deliver such a notice directly to the other party specifying that such notice is only to be effective to the extent that the other purported notice is not effective.

(b) *Details to be provided of Uncertain Notice*

If a party delivers a manual notice pursuant to Mandatory Provision (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above, such party shall be required to provide (together with such notice) sufficient details of the notice attempted to be given by way of the relevant DTCC Notice Facility so as to allow the other party to identify the communication concerned.

(c) *DTCC Notice delivered successfully*

If the first Credit Event Notice or Notice to Exercise Movement Option (as applicable) to which the manual notice delivered pursuant to Mandatory Provision (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above related was actually delivered successfully, any subsequent Credit Event Notice or Notice to Exercise Movement Option delivered shall be deemed not to have been delivered.

5. ***Determination of Credit Events and Succession Events***

Notwithstanding any provision to the contrary:

- (a) the Calculation Agent shall not make any determination in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Succession Event Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules; and
- (b) neither party shall be entitled to deliver a Succession Event Notice or a Credit Event Notice (other than Credit Event Notices in relation to a Restructuring Credit Event in accordance with the terms of any Restructuring CCM Client Transaction (including the Mandatory Provisions) and, where applicable, the DTCC Rules).

6. ***Timings for the Delivery of Manual Notices***

***The following provisions shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Buyer and its CCM Seller/Matched Buyer:***

6.1 *Delivery of Manual Notices by CCM Client Buyer*

For the purposes of the delivery by CCM Client Buyer of any notice in respect of a CCM Client Transaction which is permitted pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions) to be delivered manually (rather than via the relevant DTCC Notice Facility), Section 1.10 (*Requirements Regarding Notices*) of the 2003 ISDA Credit Derivatives Definitions shall be amended so as to provide that, solely in respect of the final day on which such manual notice could validly be delivered pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions), any such notice shall be required to be delivered on or prior to 2:00 p.m. (Calculation Agent City time) in order to be effective.

A manual notice (including, without limitation, a Credit Event Notice or a Notice to Exercise Movement Option) delivered after 2:00 p.m. (Calculation Agent City time) on the final day on which such notice could validly be delivered pursuant to the terms of the relevant CCM Client Transaction (including the Mandatory Provisions) shall be deemed not to have been delivered.

6.2 *Onward Delivery of Certain Notices by CCM Seller/Matched Buyer to Matched Seller*

Any Credit Event Notice, Notice to Exercise Movement Option, Physical Settlement Notice, NOPS Amendment Notice, any notice given pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions or any notice given pursuant to Section 9.10 (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions which is permitted to be and is delivered manually by CCM Client Buyer to CCM Seller/Matched Buyer in respect of and pursuant to the terms of a CCM Client Transaction (including the Mandatory Provisions) shall not be effective unless and until CCM Seller/Matched Buyer effectively delivers the relevant equivalent notice to the relevant Matched Seller in respect of and pursuant to the terms of the corresponding Restructuring Cleared Transaction or Physically Settled Cleared Transaction, as applicable.

CCM Seller/Matched Buyer undertakes to deliver such a notice to the relevant Matched Seller within two hours of its receipt of the equivalent notice from CCM Client Buyer if such notice is received between 9:00 a.m. (Calculation Agent City time) and 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day. Any such notice received by CCM Seller/Matched Buyer after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day. Any such notice received by CCM Seller/Matched Buyer before 9:00 a.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on such Calculation Agent City Business Day. Any such notice delivered on a day that is not a Calculation Agent City Business Day shall be deemed to have been delivered at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day.

***The following provision shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Seller and its CCM Buyer/Matched Seller:***

6.3 *Receipt of Certain Notices by CCM Buyer/Matched Seller deemed to be Receipt by CCM Client Seller*

Any Credit Event Notice, Notice to Exercise Movement Option, Physical Settlement Notice NOPS Amendment Notice, any notice given pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions or any notice given pursuant to Section 9.10 (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions which is permitted to be and is delivered manually by the relevant Matched Buyer to CCM Buyer/Matched Seller in

respect of and pursuant to the terms of a Restructuring Cleared Transaction or Physically Settled Cleared Transaction (as applicable) relating to a CCM Client Transaction between such CCM Buyer/Matched Seller and CCM Client shall be deemed to constitute simultaneous delivery by CCM Buyer/Matched Seller to CCM Client Seller of such notice in respect of such CCM Client Transaction.

CCM Buyer/Matched Seller undertakes to deliver such a notice to CCM Client Seller within two hours of its receipt of the equivalent notice from the relevant Matched Buyer if such notice is received between 9:00 a.m. (Calculation Agent City time) and 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day. Any such notice received by CCM Buyer/Matched Seller after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day. Any such notice received by CCM Buyer/Matched Seller before 9:00 a.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on such Calculation Agent City Business Day. Any such notice delivered on a day that is not a Calculation Agent City Business Day shall be deemed to have been delivered at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day.

## 7. ***Physical Settlement***

### 7.1 *Fallback to Cash Settlement resulting from corresponding CCM Client Cleared Transaction*

If a CCM notifies its CCM Client that the Physically Settled Cleared Transaction corresponding to their CCM Client Transaction is to be settled (in whole or in part) by Cash Settlement pursuant to Section 6 (*Physical Settlement*) of the CDS Clearing Supplement and such CCM Client Transaction has not already been settled by Physical Settlement, such CCM Client Transaction shall also be settled (in whole or in part, as applicable) by Cash Settlement and the Cash Settlement Amount and the Cash Settlement Date shall be the same as the Cash Settlement Amount and the Cash Settlement Date determined in respect of the corresponding Physically Settled Cleared Transaction.

In respect of the CCM Client Transaction between CCM Client Buyer and CCM Seller/Matched Buyer, If CCM Client Buyer has already Delivered the Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer in whole (if Cash Settlement applies) or in part (if Partial Cash Settlement applies in which case CCM Seller/Matched Buyer shall retain a proportion of

the Deliverable Obligations equal to the proportion of the Transaction to be settled by Physical Settlement).

## 7.2 *Fallback to Cash Settlement in respect of Non-Deliverable Obligations*

If, in respect of a CCM Client Transaction, Buyer is not permitted to Deliver one or more Deliverable Obligations (such Deliverable Obligations, the Non-Deliverable Obligations) specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to Seller because:

- (i) the amount of such Deliverable Obligation is less than the relevant minimum denomination of such Deliverable Obligation; or
- (ii) Seller is not a permitted transferee under such Deliverable Obligation (and, in the case of this sub-section (ii), such circumstance would not constitute an illegality or impossibility outside the control of a relevant party for the purposes of Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions),

then it shall notify Seller accordingly describing in reasonable detail the relevant circumstances.

With effect from such notification, such occurrence shall be treated, in relation to such CCM Client Transaction, as an illegality or impossibility outside the control of a relevant party for the purpose of Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions and "Cash Settlement" pursuant to the Partial Cash Settlement Terms shall be deemed to apply to such CCM Client Transaction with respect to the Non-Deliverable Obligations as though the Non-Deliverable Obligations were Undeliverable Obligations and the provisions set out in Mandatory Provision 7.3 (*Consequences of Cash Settlement*) below shall apply.

## 7.3 *Consequences of Cash Settlement*

If the circumstances set out in either Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) apply to a CCM Client Transaction, then:

- (a) the Latest Permissible Physical Settlement Date in respect of such CCM Client Transaction will be deemed to be the first date on which the relevant Buyer or Seller effectively gave the relevant notice to the other pursuant to either Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives

Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) above, as applicable, (and for these purposes, Section 9.7 (*Latest Permissible Physical Settlement Date*) of the 2003 ISDA Credit Derivatives Definitions shall not apply); and

- (b) where sub-paragraph (ii) of Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) applies, Indicative Quotations shall not be applicable.

***The following provisions shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Buyer and its CCM Seller/Matched Buyer:***

**7.4 Delivery of Deliverable Obligations by CCM Client Buyer to CCM Seller/Matched Buyer**

***This Mandatory Provision 7.4 shall be applicable unless the CCM Client Buyer and CCM Seller/Matched Buyer agree that it shall not apply in respect of a specific CCM Client Transaction.***

In respect of a CCM Client Transaction, the Delivery of any Deliverable Obligations to be Delivered by CCM Client Buyer to CCM Seller/Matched Buyer shall be deemed not to have occurred for the purposes of such CCM Client Transaction unless and until CCM Seller/Matched Buyer Delivers equivalent Deliverable Obligations to Matched Seller pursuant to the Physical Settlement of the corresponding Physically Settled Cleared Transaction.

Unless in respect of the corresponding Physically Settled Cleared Transactions:

- (a) Cash Settlement is applicable (in whole or in part);
- (b) a Buy-in Period is applicable or Buy-in Price has been determined pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions;
- (c) a Deemed Buy-in Period is applicable pursuant to Section 6.8(b)(i) of the CDS Clearing Supplement or Section 6.8(b)(ii) of the CDS Clearing Supplement is applicable; or
- (d) Section 9.10(a) of the 2003 ISDA Credit Derivatives Definitions is applicable or Matched Seller has required Matched Buyer to Deliver a Bond or Loan pursuant to Section 9.10(b) of the 2003 ISDA Credit Derivatives Definitions,

(each such event, a "**Non-delivery Event**"), CCM Seller/Matched Buyer undertakes to Deliver the Deliverable Obligations (or such portion of the Deliverable Obligations not affected by a Non-delivery Event) to Matched

Seller not later than the first Business Day after the day on which a trade in such Deliverable Obligation would, if effected on the day on which CCM Seller/Matched Buyer received the Deliverable Obligations from CCM Client Buyer or on which the relevant Non-delivery Event ceased to apply, as applicable, (or if such day is not a Business Day, the following Business Day), be settled in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent after consultation with the parties.

For the purposes of Article VIII (*Terms relating to Physical Settlement*) of the 2003 ISDA Credit Derivatives Definitions, the Physical Settlement Amount shall not be payable by CCM Seller/Matched Buyer to CCM Client Buyer in respect of the CCM Client Transaction until the Physical Settlement of the corresponding Physically Settled Cleared Transaction has occurred.

#### 7.5 *Buy-in of Bonds not Applicable*

Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions shall not apply.

#### 7.6 *Buyer's Right to Deliver suspended during Buy-in Period*

If CCM Seller/Matched Buyer notifies CCM Client Buyer in respect of a CCM Client Transaction that (i) it has received a Buy-in Notice from Matched Seller in respect of the Matched Contracts of the related Settlement Matched Pair or (ii) it has been notified by Matched Seller in respect of the Matched Contracts of the related Settlement Matched Pair pursuant to Section 6.8(b) (*Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller*) of the CDS Clearing Supplement that such Matched Seller has received a Buy-in Notice from its CCM Client in respect of the CCM Client Transaction between such Matched Seller and its CCM Client, such notice from CCM Seller/Matched Buyer specifying:

- i) the Buy-in Date;
- ii) the Relevant Bonds; and
- iii) the outstanding principal balance thereof sought to be bought-in,

then CCM Client Buyer's right to Deliver the specified Relevant Bonds shall be suspended until the fourth Business Day (inclusive) following such Buy-in Date.

#### 7.7 *Buy-in of Bonds in respect of Matched Contracts of the Settlement Matched Pair*

Provided that Physical Settlement has not already occurred in respect of a CCM Client Transaction, if CCM Seller/Matched Buyer notifies CCM Client Buyer that a Buy-in Price has been (i) determined or (ii) deemed to be

determined pursuant to Section 6.8(b) (*Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller*) of the CDS Clearing Supplement, in respect of Relevant Bonds for the purposes of the Matched Contracts of the related Settlement Matched Pair, then on the Buy-in Effective Date:

- i) CCM Client Buyer will be deemed to have Delivered to CCM Seller/Matched Buyer an outstanding principal balance of the Deliverable Obligations equal to the outstanding principal balance of the Deliverable Obligations Delivered or deemed to be Delivered by CCM Seller/Matched Buyer to Matched Seller in respect of the Matched Contracts; and
- ii) the Physical Settlement Amount to be paid by CCM Seller/Matched Buyer to CCM Client Buyer in respect of this CCM Client Transaction shall be reduced (but not below zero) by an amount equal to the amount by which the Physical Settlement Amount to be paid to CCM Seller/Matched Buyer by Matched Seller in respect of the Matched Contracts is to be reduced.

CCM Seller/Matched Buyer shall notify CCM Client Buyer of such outstanding principal balance of the Deliverable Obligations and such Physical Settlement Amount reduction for the purposes of i) and ii) above and of the Buy-in Effective Date.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer and such equivalent Deliverable Obligations shall have an outstanding principal balance equal to the outstanding principal balance of the Deliverable Obligation(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.7.

#### 7.8 *Alternative Procedures relating to Loans – Seller Right to Select*

Section 9.10(b) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions shall not apply.

#### 7.9 *Alternative Procedures relating to Loans – Seller designates alternative Loan or Bond*

In respect of a CCM Client Transaction, CCM Seller/Matched Buyer shall notify CCM Client Buyer if it has purchased Bond(s) and/or Loan(s) pursuant to Section 9.10(b) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions on the instructions of the Matched Seller in respect of the corresponding CCM Client Cleared Transaction.

Following such notification, such Bond(s) and/or Loan(s) shall be deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer in Physical Settlement of the CCM Client Transaction and the Physical Settlement Amount payable by CCM Seller/Matched Buyer to CCM Client Buyer shall be reduced (but not below zero) by an amount equal to the price at which such Bond(s) and or Loan(s) were purchased.

CCM Seller/Matched Buyer shall provide CCM Client Buyer with details of such Bond(s) and/or Loan(s) and the related purchase price(s) in such notice.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer and such equivalent Deliverable Obligations shall have an outstanding principal balance equal to the outstanding principal balance of the Bond(s) and/or Loan(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.9.

***The following provisions shall solely be applicable in respect of a CCM Client Transaction between CCM Client Seller and CCM Buyer/Matched Seller:***

7.10 *Delivery of Deliverable Obligations to CCM Client Seller*

***This Mandatory Provision 7.10 shall be applicable unless the CCM Client Seller and CCM Buyer/Matched Seller agree that it shall not apply in respect of a specific CCM Client Transaction.***

Subject to the proviso below, in respect of a CCM Client Transaction, the Delivery of any Deliverable Obligations to be Delivered by CCM Buyer/Matched Seller to CCM Client Seller shall be deemed to have occurred for the purposes of such CCM Client Transaction upon receipt by CCM Buyer/Matched Seller of the Deliverable Obligations in respect of the Physical Settlement of the related Physically Settled Cleared Transaction; *provided, however, that* if the CCM Client Transaction is to be settled by Cash Settlement (in whole or in part) pursuant to Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) then such portion of the CCM Client Transaction which is to be settled by Cash Settlement shall not be deemed to be settled until such Cash Settlement occurs.

Provided that Cash Settlement is not applicable, CCM Buyer/Matched Seller undertakes to Deliver the Deliverable Obligations to CCM Client Seller not later than the first Business Day after the day on which a trade in such Deliverable Obligation would, if effected on the day on which CCM Buyer/Matched Seller received the Deliverable Obligations from Matched

Buyer (or if such day is not a Business Day, the following Business Day), be settled in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent after consultation with the parties.

7.11 *Alternative Procedures relating to Loans – Seller Right to Select*

Section 9.10(b) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions shall not apply.

7.12 *Alternative Procedures relating to Loans in respect of Matched Contracts*

In respect of a CCM Client Transaction, if CCM Buyer/Matched Seller notifies CCM Client Seller that a deemed amendment has been made to the Notice of Physical Settlement or any NOPS Amendment Notice in respect of the Matched Contracts of the Settlement Matched Pair that corresponds to such CCM Client Transaction pursuant to (i) Section 9.10(a) or (b) of the 2003 ISDA Credit Derivatives Definitions or (ii) Section 6.9 (*Alternative Procedures Relating to Loans Not Delivered – Deemed Amendment resulting from CCM Client Transaction*) of the CDS Clearing Supplement, then the Notice of Physical Settlement or any NOPS Amendment Notice in respect of such CCM Client Transaction shall be deemed to have been amended by the addition of the Bonds or Loans which have been deemed to be added to the Notice of Physical Settlement or any NOPS Amendment Notice for the purposes of the Matched Contracts of the related Settlement Matched Pair.

8. ***Self Referencing Transactions***

8.1 *Section 2.31 (Merger of Reference Entity and Seller) of the 2003 ISDA Credit Derivatives Definitions*

Section 2.31 (*Merger of Reference Entity and Seller*) of the 2003 ISDA Credit Derivatives Definitions shall not apply.

8.2 *Notification of Self Referencing Transactions*

In respect of any Single Name CCM Client Transaction, the CCM Client shall, unless prohibited from so doing by applicable law, notify the CCM as soon as reasonably practicable if:

- i) the CCM Client is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name CCM Client Transaction or enters into any agreement in respect of any of the foregoing;
- ii) the CCM Client and the Reference Entity in relation to such Single Name CCM Client Transaction are or become Affiliates; or

- iii) in respect of a Restructuring CCM Client Transaction, the CCM Client is or becomes the Reference Entity in relation to such Restructuring CCM Client Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

#### 8.3 *Termination of Self Referencing Transactions*

A CCM Client Transaction shall be terminated (unless it has already been terminated) at the same time as the termination of the corresponding Single Name Cleared Transaction pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*) of the CDS Clearing Supplement and by reference to the price at which such Single Name Cleared Transaction is terminated and an amount will be payable:

- (a) if the CCM receives an amount from LCH.Clearnet SA in relation to such Single Name Cleared Transaction pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*), by the CCM to the CCM Client equal to such amount and on the Business Day following receipt by the CCM of such amount from LCH.Clearnet SA; and
- (b) if the CCM is obliged to pay an amount to LCH.Clearnet SA in relation to such Single Name Cleared Transaction pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*), by the CCM Client to the CCM equal to such amount and on the later of (I) the Business Day prior to the day on which the CCM is obliged to pay such amount to LCH.Clearnet SA and (II) the Business Day following the Business Day on which the CCM gives notices to the CCM Client of the relevant amount.

#### 8.4 *Costs of Terminating Self Referencing Transactions*

Without prejudice to any other indemnity agreed between the CCM and the CCM Client in relation to CCM Client Transactions, the CCM Client agrees to indemnify and hold harmless the CCM from and against all costs and expenses that the CCM is obliged to bear pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*) of the CDS Clearing Supplement.

#### 8.5 *Compression of Self Referencing Transactions*

Where the CCM acts as Matched Buyer and Matched Seller in respect of fungible Single Name Cleared Transactions that have a corresponding CCM Client Transaction in respect of which CCM has given notice to LCH.Clearnet SA pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) of the CDS Clearing Supplement or in respect of which CCM Client has given

notice to CCM pursuant to Mandatory Provision 8.2 (*Notification of Self Referencing Transactions*) and the relevant Single Name Cleared Transactions are compressed pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2(*Occurrence of Self Referencing Transactions in respect of Clients*) of the CDS Clearing Supplement, the CCM Client will be deemed to have submitted to CCM a request to compress the corresponding CCM Client Transactions.

## 9. ***Calculation Agent***

### 9.1 *Appointment of Calculation Agent*

The Calculation Agent in respect of any CCM Client Transaction shall be the CCM.

### 9.2 *Calculations and Determinations of Calculation Agent*

In the event that the Calculation Agent is entitled or required to make any calculation or determination in respect of a CCM Client Transaction in respect of a matter that has already been or will be determined in respect of and pursuant to the terms of the corresponding CCM Client Cleared Transaction, the Calculation Agent in respect of the CCM Client Transaction shall be obliged to make the same calculation or determination in respect of such CCM Client Transaction as the determination in respect of the corresponding CCM Client Cleared Transaction (including, without limitation, any determination of any Cash Settlement Amount payable in respect of the CCM Client Transaction).

## 10. ***Amendments***

The Mandatory Provisions may be amended from time to time pursuant to Section 11 (*Amendments*) of the CDS Clearing Supplement. The parties agree that any amendments made to the Mandatory Provisions in accordance with Section 11 (*Amendments*) of the CDS Clearing Supplement shall be deemed to apply automatically to the CCM Client Transaction(s) with effect from the date of such amendment to the Mandatory Provisions.

**PART B**  
**CDS CLEARING SUPPLEMENT**

**FOR INDEX CLEARED TRANSACTIONS AND SINGLE NAME TRANSACTIONS  
INCORPORATING THE 2014 ISDA CREDIT DERIVATIVES DEFINITIONS**

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## **1. GENERAL PROVISIONS**

### **1.1 Incorporation of Defined Terms**

Capitalised terms used in this CDS Clearing Supplement and not otherwise defined herein shall have the meaning given pursuant to the Index Cleared Transaction Confirmation, Single Name Cleared Transaction Confirmation, the 2014 ISDA Credit Derivatives Definitions or the CDS Clearing Rule Book, as applicable. In the case of any such terms defined in the CDS Clearing Rule Book, such terms shall be interpreted in accordance with the governing law specified therefore in the CDS Clearing Rule Book.

### **1.2 Terms defined in the CDS Clearing Supplement**

For the purposes of the CDS Clearing Documentation, the following capitalised terms shall, unless otherwise specified, have the respective meanings set out below:

**2003 ISDA Credit Derivatives Definitions:** The 2003 ISDA Credit Derivatives Definitions published by ISDA as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions, including the DC Rules and Credit Derivatives Auction Settlement Terms (each as defined therein).

**2014 ISDA Credit Derivatives Definitions:** The 2014 ISDA Credit Derivatives Definitions published by ISDA.

**Affected Cleared Transaction:** Following

- (i) a DC Credit Event Announcement or a publication by the DC Secretary of:
  - (a) a Successor Resolution; or
  - (b) a DC Resolution that a Substitute Reference Obligation has been determined in respect of a Non-Standard Reference Obligation; or
- (ii) publication of a revised SRO List,

a Cleared Transaction that references the affected Reference Entity and/or Reference Obligation, as applicable.

**Asset Package Cash Settlement Amount:** In respect of an Asset Package, an amount in the Settlement Currency of the Physically Settled Cleared Transaction to which such Asset Package relates equal to the total amount of cash in such Settlement Currency (whether actual or deemed in accordance

with Section 6.19(e) (Asset Package Delivery) comprising such Asset Package.

**Asset Package Notice:** A notice in the form set out in Appendix IVB.

**Buy-in Effective Date:** As set out at Section 6.8 (*Buy-in of Bonds – Matched Seller has entered into CCM Client Transaction*).

**CCM Client Cleared Transaction:** A Cleared Transaction between a CCM and LCH.Clearnet SA registered in a CCM Client Trade Account of a CCM.

**CCM Client Transaction:** A Transaction between a CCM and a CCM Client which is on the same economic terms as its corresponding CCM Client Cleared Transaction.

**CCM Client Transaction Documents:** The documentation entered into by a CCM and its CCM Client to document a CCM Client Transaction.

**CDSClear Preferred Reference Obligation:** This term shall have the meaning set out in Section 4 of the Procedures.

**CDSClear Product Committee:** A committee composed of representatives of LCH.Clearnet SA and representatives of Clearing Members for the purposes of carrying-out the tasks apportioned to it by the CDS Clearing Documentation as further described in the terms of reference for such committee, agreed in consultation with the Clearing Members and as may be amended from time to time in consultation with the Clearing Members.

**CDS Clearing Rule Book:** The document entitled "CDS Clearing Rule Book" published by LCH.Clearnet SA, as amended from time to time.

**CDS Type:** A class of Cleared Transactions that are identical as to their terms, except that they may differ as to:

- (a) the Trade Date;
- (b) in respect of Index Cleared Transactions, the Original Notional Amount;
- (c) in respect of Single Name Cleared Transactions, the Effective Date (provided that the current and future Fixed Rate Payer Calculation Periods for such Single Name Cleared Transactions are the same), the Floating Rate Payer Calculation Amount and the Reference Obligation (provided that LCH.Clearnet SA determines that the Reference Obligations of the Cleared Transactions are equivalent for the purposes of this CDS Clearing Supplement);
- (d) the Initial Payment Payer;
- (e) the Initial Payment Amount;

- (f) the Initial Payment Date; and
- (g) the identity of the relevant Buyer and Seller.

**CEN Triggering Period:** In relation to any Restructuring Cleared Transaction, the period during which the parties thereto may deliver a Restructuring Credit Event Notice in relation to all or part of such Restructuring Cleared Transaction, such period starting at 9:00 a.m. on and including the earlier to occur of:

- (a) the Transaction Business Day following publication of the related Final List; and
- (b) the fifth calendar day following the No Auction Announcement Date, and ending on and including the Exercise Cut-off Date.

**Clearing Member Acknowledgement:** As set out at Section 7.7 (*Clearing Member Acknowledgements*).

**Clearing Member Communications Failure Event:** As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

**Clearing Member Self Referencing Transaction:** A Single Name Cleared Transaction which is registered in the Account Structure of the Clearing Member and in respect of which, the Reference Entity is either the relevant Clearing Member or an Affiliate of such Clearing Member.

**Client Self Referencing Transaction:** A Single Name Cleared Transaction (a) that is registered in the Client Account Structure of a Clearing Member, and (b) in respect of which, the Reference Entity is either the relevant Client or an Affiliate of such Client.

**Compression Cut-off Date:** The last date on which a Clearing Member may submit a request for any Cleared Transaction to be compressed pursuant to the ad hoc compression methodology and on which a daily automatic compression cycle will be run by LCH.Clearnet SA, in each case in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book and Section 5 of the Procedures, being:

- (a) in respect of any Index Cleared Transaction, the date falling one Transaction Business Day prior to the Novation Cut-off Date in respect of the relevant Eligible Index Version;
- (b) in respect of any Single Name Cleared Transaction and:
  - (i) a Restructuring Credit Event, the earlier of (A) the date of publication of the relevant Initial List (as defined in the DC Rules), (B) the date falling two Transaction Business Days prior to the

relevant date on which the related RMP Notification Deadline falls and (C) such other date falling between the dates in (A) and (B), as determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee and notified to the relevant Clearing Members prior to such date; and

- (ii) a Failure to Pay Credit Event, a Governmental Intervention Credit Event or a Bankruptcy Credit Event, the date falling one Transaction Business Day prior to the calendar day following the related Auction Final Price Determination Date, Auction Cancellation Date or No Auction Announcement Date;
- (iii) a Succession Event, a date determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee, which shall be not later than the Transaction Business Day before the date on which DTCC will amend its records in respect of such Single Name Cleared Transaction to take into account the occurrence of such Succession Event, and notified to the relevant Clearing Members prior to such date; and
- (iv) a Rename Event, the Transaction Business Day before the date on which DTCC will amend its records in respect of Single Name Cleared Transactions to take into account the occurrence of such Rename Event.

For the avoidance of doubt, where a Clearing Member has specified automatic compression on a weekly basis then the last such weekly automatic compression cycle performed by LCH.Clearnet SA will be performed on the Clearing Day falling on the Thursday on or before the relevant Compression Cut-off Date.<sup>9</sup>

**DC Restructuring Announcement Date:** The date on which the DC Credit Event Announcement of a Restructuring Credit Event is made, *provided that* where such DC Credit Event Announcement is made after 6.30 p.m. on a Business Day or on a day which is not a Business Day, the DC Restructuring Announcement Date will be the first following Business Day.

**Deemed Buy-in Period:** As set out at Section 6.8(b)(i).

**Dispute:** This term shall have the meaning set out in the CDS Dispute Resolution Protocol.

**DTCC Failure Event:** As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

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<sup>9</sup> Further amendments to be considered once new confirmations published.

**DTCC Failure Event Time:** As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

**DTCC Notice Facility:** A facility made available pursuant to the DTCC Rules for the delivery of Credit Event Notices relating to Restructuring Credit Events or Notices to Exercise Movement Option.

**DTCC Resolution Time:** As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

**DTCC Rules:** The "Operating Procedures", as published by DTCC and as amended from time to time.

**Failed Amount:** As set out at Section 6.10 (*Failure to pay Physical Settlement Amount*).

**First Novation Date:** In respect of:

- (a) an Index Cleared Transaction, the first date on which LCH.Clearnet SA will accept Original Transactions referencing the relevant Eligible Index Version for clearing pursuant to the CDS Clearing Documentation, being, in the case of any such version published pursuant to the occurrence of a Succession Event or Credit Event, the date on which credit default swap transactions referencing such version of such index are accepted for registration in the TIW in accordance with the DTCC Rules;
- (b) a Single Name Cleared Transaction in respect of which a Novation Cut-off Date has previously occurred pursuant to the occurrence of a Restructuring Credit Event in respect of the relevant Reference Entity, the calendar day following the Transaction Business Day following the latest possible Exercise Cut-off Date for the relevant Restructuring Credit Event or such other date on which LCH.Clearnet SA determines in consultation with the CDSClear Product Committee that LCH.Clearnet SA will begin to again accept Original Transactions referencing the relevant Reference Entity; and
- (c) a Single Name Cleared Transaction (other than in the circumstances set-out in (b) above), the first date on which LCH.Clearnet SA determines in consultation with the CDSClear Product Committee that LCH.Clearnet SA will accept or will begin to again accept (as applicable) Original Transactions referencing the relevant Reference Entity.

**Index Cleared Transaction:** A Cleared Transaction which references a portfolio of Reference Entities specified in a credit default swap index and consists of a Component Transaction (as defined in the Index Cleared

Transaction Confirmation) in respect of each such Reference Entity, the terms of which are as evidenced by an Index Cleared Transaction Confirmation.

**Index Cleared Transaction Confirmation:** For

- (a) any Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 22 or above, the form of confirmation which incorporates the iTraxx® Europe Untranchured Standard Terms Supplement, each as published on 20 September 2014 by Markit Group Limited;
- (b) any Index Cleared Transaction which references a Markit CDX™ Index Series 23 or above, the form of confirmation which incorporates the CDX Untranchured Transactions Standard Terms Supplement, each as published on 22 September 2014 by Markit Group Limited; and
- (c) any Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 21 or below, the form of confirmation which incorporates the iTraxx® Europe Legacy Untranchured Standard Terms Supplement, each as published on 20 September 2014 by Markit Group Limited; and
- (d) any Index Cleared Transaction which references a Markit CDX™ Index Series 22 or below, the form of confirmation which incorporates the CDX Legacy Untranchured Transactions Standard Terms Supplement, each as published on 22 September 2014 by Markit Group Limited,

in each case as amended by this CDS Clearing Supplement and as completed by reference to the relevant Transaction Data (or, in each case, such other form of confirmation as may be adopted in respect of any CDS Type in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book).

**Index CCM Client Transaction:** A CCM Client Transaction which references a portfolio of Reference Entities specified in a credit default swap index and consists of a Component Transaction (as defined in the Index Cleared Transaction Confirmation) in respect of each such Reference Entity and which is on the same economic terms as an Index Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

**Initial Re-couponing Notice:** As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

**Initial Single Name Cleared Transaction:** A Cleared Transaction entered into following the novation of an Original Transaction and which references a

single Reference Entity, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

**Initial Single Name CCM Client Transaction:** A CCM Client Transaction which references a single Reference Entity and which is on the same economic terms as an Initial Single Name Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

**ISDA:** The International Swaps and Derivatives Association, Inc. and any successor thereto.

**Mandatory Provisions:** As set-out in Appendix XIII (*CCM Client Transaction Requirements*).

**Matched Buyer:** A CDS Buyer comprised in a Matched Pair.

**Matched Buyer Contract:** A Cleared Transaction (or part thereof) between a Matched Buyer and LCH.Clearnet SA which is the subject of a Matched Pair having the Restructuring Matched Pair Amount or the Settlement Matched Pair Delivery Amount, as the case may be, relating to that Matched Pair.

**Matched Contract:** A Matched Seller Contract or a Matched Buyer Contract, as applicable.

**Matched Pair:** A Restructuring Matched Pair or Settlement Matched Pair, as applicable.

**Matched Seller:** A CDS Seller comprised in a Matched Pair.

**Matched Seller Contract:** A Cleared Transaction (or part thereof) between a Matched Seller and LCH.Clearnet SA which is the subject of a Matched Pair having the Restructuring Matched Pair Amount or the Settlement Matched Pair Delivery Amount, as the case may be, relating to that Matched Pair.

**Matching Information Notification Deadline:** In respect of a Restructuring Cleared Transaction, 9.00 a.m. on the first day of the CEN Triggering Period, *provided that* the Matching Information Notification Deadline shall fall no earlier than the fifth Transaction Business Day following the relevant DC Credit Event Announcement.

**Matrix Re-versioning Date:** As set-out in Section 2.5 (*Physical Settlement Matrix Updates*).

**NEMO Triggering Period:** In relation to any Restructuring Cleared Transaction for which either "Mod R" or "Mod Mod R" is applicable, the period starting at 9:00 a.m. on the day falling on the relevant Movement Option Cut-off Date for the relevant Credit Event and ending at the last time for delivery

of a valid Notice to Exercise Movement Option under the terms of the relevant Cleared Transaction.

**No Physical Settlement Confirmation:** As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

**No Physical Settlement Confirmation Deadline:** As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

**Non-Deliverable Obligation:** As set out at Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*).

**Non-DVP Asset Package Settlement Amount:** As set out in Section 6.6(b) (*Delivery of Non-DVP Obligations*).

**Non-DVP Obligation:** In respect of any Physically Settled Cleared Transaction: (1) a Deliverable Obligation, validly specified in a Notice of Physical Settlement, which does not, in accordance with then current market standards, settle on a delivery-versus-payment basis through the books and records of a central securities depository or securities settlement system; or (2) any Asset forming part of an Asset Package validly specified in an Asset Package Notice given in accordance with the final paragraph of Section 8.2 (*Notice of Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions.

**Notice Acknowledgement Deadline:** As set out in Section 7.7 (*Clearing Member Acknowledgements*).

**Notice Reconciliation Deadline:** As set out in Section 7.7 (*Clearing Member Acknowledgements*).

**Novation Cut-off Date:** The date with effect from which LCH.Clearnet SA will no longer accept Original Transactions referencing an Eligible Index Version or Eligible Reference Entity for novation, being:

- (a) following the occurrence of a Restructuring Credit Event, the earlier of:
- (i) a date determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee, which shall not be earlier than the DC Restructuring Announcement Date; and
  - (ii) the calendar day immediately following the No Auction Announcement Date,

*provided that* LCH.Clearnet SA in consultation with the CDSClear Product Committee may, but is not required to, determine that the Novation Cut-off Date for Index Cleared Transactions and the Novation

Cut-off Date for Initial Single Name Cleared Transactions are to occur on different days;

- (b) following the occurrence of a Failure to Pay Credit Event, a Bankruptcy Credit Event or a Governmental Intervention Credit Event, the calendar day following the related Auction Final Price Determination Date, Auction Cancellation Date or No Auction Announcement Date, as applicable;
- (c) following the occurrence of a Succession Event:
  - (i) in respect of an Index Cleared Transaction, the date notified by DTCC to LCH.Clearnet SA as being the date on which DTCC will amend its records in respect of such Cleared Transaction to take into account a new version of such index published by the relevant index publisher taking into account the occurrence of such Succession Event; or
  - (ii) in respect of a Single Name Cleared Transaction, the day after the date on which the DC Secretary publicly announces a Succession Event Resolution in respect of such Succession Event;
- (d) following the occurrence of a Rename Event in respect of Single Name Cleared Transactions, the date determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee, which such date shall not be later than the date on which DTCC amends its records in respect of Single Name Cleared Transactions to take into account the occurrence of such Rename Event; or
- (e) otherwise, as determined by LCH.Clearnet SA in consultation with the CDSClear Product Committee.

**Partial Cash Settlement Terms:** As set out in Section 9.6 (*Partial Cash Settlement Terms*) of the 2014 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement.

**Payer:** As set out at Section 6.17 (*Physical Settlement Costs*).

**Physical Settlement Confirmation:** As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

**Physical Settlement Confirmation Deadline:** As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

**Physically Settled Cleared Transaction:** As set out at Section 6.3 (*Physically Settled Cleared Transactions*).

**Physical Settlement Matrix:** The Credit Derivatives Physical Settlement Matrix (as defined in Section 13.2 (*Credit Derivatives Physical Settlement Matrix*) of the 2014 ISDA Credit Derivatives Definitions).

**Recipient:** As set out at Section 6.17 (*Physical Settlement Costs*).

**Re-couponing Date:** As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

**Re-couponing Notice:** As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

**Rename Event:** As set out in Section 4.7 (*Rename Events*).

**Restructuring Cleared Transaction:** A Cleared Transaction which references a single Reference Entity and is created following the creation of Restructuring Matched Pairs pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*), the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

**Restructuring CCM Client Transaction:** A CCM Client Transaction between a CCM and a CCM Client which references a single Reference Entity and which is on the same economic terms as a Restructuring Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

**Restructuring Matched Pair:** A pairing comprised of a Matched Buyer and a Matched Seller in respect of Restructuring Cleared Transactions created by LCH.Clearnet SA for the purposes of delivery of Credit Event Notices in respect of the relevant Restructuring Credit Event under Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*).

**Restructuring Matched Pair Amount:** In respect of a Restructuring Matched Pair, the amount of the Floating Rate Payer Calculation Amount in respect of the relevant Restructuring Cleared Transactions allocated by LCH.Clearnet SA to such Restructuring Matched Pair under Section 8.1 (*Creation of Matched Pairs*).

**Resulting Single Name Cleared Transaction:** A Cleared Transaction which references a single Reference Entity and is created following the termination of a Restructuring Cleared Transaction pursuant to Section 5.15 (*Recouponing*) of the Procedures, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

**RMP Notification Deadline:** In respect of a notification by LCH.Clearnet SA to the relevant Clearing Members in relation to Restructuring Matched Pairs, 10.00 a.m. on the Transaction Business Day immediately prior to the first day of the CEN Triggering Period *provided that* the RMP Notification Deadline

shall in no event fall prior to the second Transaction Business Day following the occurrence of the related DC Credit Event Announcement.

**Self Referencing Transaction:** A Clearing Member Self Referencing Transaction or a Client Self Referencing Transaction, as applicable.

**Settlement Matched Pair:** A pairing comprised of a Matched Buyer and a Matched Seller in respect of Physically Settled Cleared Transactions deemed to have been created by LCH.Clearnet SA under Section 6.2 (*Creation and Notification of Settlement Matched Pairs*).

**Settlement Matched Pair Delivery Amount:** In respect of a Settlement Matched Pair, the amount of the Floating Rate Payer Calculation Amount in respect of the relevant Physically Settled Cleared Transactions allocated by LCH.Clearnet SA to such Settlement Matched Pair under Section 8.1 (*Creation of Matched Pairs*).

**Single Name Cleared Transaction:** An Initial Single Name Cleared Transaction, a Spin-off Single Name Cleared Transaction, a Restructuring Cleared Transaction and a Resulting Single Name Cleared Transaction.

**Single Name Cleared Transaction Confirmation:** The form of confirmation for use with the Physical Settlement Matrix that incorporates the 2014 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement and as completed by reference to:

- (a) in the case of an Initial Single Name Cleared Transaction, the relevant Transaction Data; or
- (b) in the case of any other type of Single Name Cleared Transaction, the relevant Cleared Transaction or Cleared Transactions that existed immediately prior to the relevant event that resulted in the creation of such Single Name Cleared Transaction (with such amendments as are required pursuant to the terms of the CDS Clearing Documentation),

or such other form of confirmation as may be adopted in respect of any CDS Type in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book.

**Single Name CCM Client Transaction:** A CCM Client Transaction between a CCM and a CCM Client which is on the same economic terms as a Single Name Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

**SMP Notification Deadline:** In respect of a notification by LCH.Clearnet SA to the relevant Clearing Members in relation to Settlement Matched Pairs, noon on the Transaction Business Day following the day on which the Fallback Settlement Method first becomes applicable.

**Spin-off Single Name Cleared Transaction:** The separate Single Name Cleared Transaction formed in respect of a Reference Entity from a Component Transaction (as defined in the Index Cleared Transaction Confirmation) of an Index Cleared Transaction following the occurrence of a DC Credit Event Announcement in respect of a Restructuring Credit Event with respect to the Reference Entity of such Component Transaction in accordance with the terms of such Index Cleared Transaction, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

**Succession Event:** an entity (or entities) constitute a successor or successors in respect of a Reference Entity as determined pursuant to Section 2.2 (*Provisions for Determining a Successor*) of the 2014 ISDA Credit Derivative Definitions.

**Successor Resolution:** This term shall have the meaning set out in the DC Rules.

**Transaction Business Day:** A "Business Day", as defined in the Index Cleared Transaction Confirmation or the Single Name Cleared Transaction Confirmation, as applicable.

**Transaction Data:** In respect of an Original Transaction to be novated pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book and cleared by LCH.Clearnet SA as an Index Cleared Transaction or Initial Single Name Cleared Transaction, the data provided by an Approved Trade Source System to LCH.Clearnet SA for such purposes, which includes, without limitation:

- (a) in respect of an Index Cleared Transaction, the relevant index, including details of the index name, series and version, the annex date, the Original Notional Amount and the currency of the Original Notional Amount;
- (b) in respect of an Initial Single Name Cleared Transaction, the Reference Entity, Reference Obligation, applicable Transaction Type, Floating Rate Payer Calculation Amount, the currency of the Floating Rate Payer Calculation Amount and the Fixed Rate;
- (c) the Trade Date;
- (d) the Scheduled Termination Date;
- (e) the Floating Rate Payer;
- (f) the Fixed Rate Payer;
- (g) the Fixed Rate Payer Payment Dates;

- (h) the Initial Payment Payer;
- (i) the Initial Payment Amount; and
- (j) whether the 2003 Credit Derivatives Definitions or the 2014 Credit Derivatives Definitions are applicable to such Original Transaction (or, in the case of an Index Cleared Transaction, each component of such Original Transaction).

### 1.3 **Inconsistency**

To the extent of any conflict between:

- (a) any definition or provision contained in Appendix 1 (*CDS Default Management Process*) of the CDS Clearing Rule Book;
- (b) the remaining sections of the CDS Clearing Rule Book;
- (c) the CDS Admission Agreement;
- (d) this CDS Clearing Supplement;
- (e) an Index Cleared Transaction Confirmation or a Single Name Cleared Transaction Confirmation;
- (f) the Procedures; or
- (g) any Clearing Notices,

the first referenced document shall prevail except in relation to determining the existence and amount of any payment and delivery obligations under any Cleared Transactions, in respect of which this CDS Clearing Supplement, the Index Cleared Transaction Confirmation or the Single Name Cleared Transaction Confirmation, as applicable, shall prevail to the extent permitted by law.

### 1.4 **Timing**

Pursuant to Article 1.2.8 (*Time reference*) of the CDS Clearing Rule Book, any reference to a time of day herein shall be deemed to be a reference to Central European Time unless otherwise provided herein.

### 1.5 **Third Party Rights**

Unless otherwise provided in this CDS Clearing Supplement or in the CDS Clearing Rulebook, a person who is not a party to a Cleared Transaction does not have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision of such Cleared Transaction or this CDS Clearing Supplement as it relates to such Cleared Transaction.

## **1.6 Recording of Conversations**

Each of LCH.Clearnet SA and each Clearing Member consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with any Cleared Transaction and agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and agrees, to the extent permitted by applicable law, that such recordings may be submitted as evidence in any related court or arbitral proceedings.

## **1.7 Application to FCM Clearing Members**

- (a) Upon the taking of any action pursuant to this CDS Clearing Supplement by an FCM Clearing Member in respect of an FCM Cleared Transaction entered into as agent for the account of an FCM Client (as described in FCM CDS Clearing Regulation 1(c)), such FCM Clearing Member shall be deemed to represent to LCH.Clearnet SA that it has the power and authority to, and has been duly authorised to, take such action for the account of such FCM Client.
- (b) For purposes of this CDS Clearing Supplement, with regard to any Cleared Transaction entered into by an FCM Clearing Member acting as agent for the account of an FCM Client (as described in FCM CDS Clearing Regulation 1(c)):
  - (i) references herein to “CDS Buyer” or “CDS Seller”, as the case may be, shall be understood to be references to such FCM Client (which shall not, for the avoidance of doubt, prejudice LCH.Clearnet SA’s right to deal solely with the FCM Clearing Member pursuant to Article 6.1.1.3(vi) of the CDS Clearing Rule Book); and
  - (ii) references herein to: (1) a Clearing Member entering into a Cleared Transaction with LCH.Clearnet SA; and (2) a Clearing Member forming part of a Matched Pair, shall each be understood as such FCM Clearing Member acting as agent for the account of such FCM Client (as described in FCM CDS Clearing Regulation 1(c)).

## **2. TERMS OF CLEARED TRANSACTIONS**

### **2.1 General Terms of Cleared Transactions**

- (a) **Terms of Index Cleared Transactions and Initial Single Name Cleared Transactions**
  - (i) Upon novation of an Original Transaction at the Novation Time in accordance with Title III (*Clearing Operations*) of the CDS

Clearing Rule Book, each resulting Index Cleared Transaction or Initial Single Name Cleared Transaction is entered into by LCH.Clearnet SA and the relevant Clearing Member on the terms of the related Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation (as applicable);

- (ii) Each component transaction of an Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 21 or below or a Markit CDX™ Index Series 22 or below to which Section A of the relevant Index Cleared Transaction Confirmation applies shall be subject to the terms of Part A of this CDS Clearing Supplement; and
- (iii) Each component transaction of an Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 21 or below or a Markit CDX™ Index Series 22 or below to which Section B of the relevant Index Cleared Transaction Confirmation applies shall be subject to the terms of Part B of this CDS Clearing Supplement.

(b) **Terms of Spin-off Single Name Cleared Transactions, Restructuring Cleared Transactions and Resulting Single Name Cleared Transactions**

If any Spin-off Single Name Cleared Transaction is deemed to have been entered into by the parties in accordance with the terms of any Index Cleared Transaction or if any Restructuring Cleared Transaction is created pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) or if any Resulting Single Name Cleared Transaction is created pursuant to Section 5.15 (*Recouponing*) of the Procedures, such Spin-off Single Name Cleared Transaction, Restructuring Cleared Transaction or Resulting Single Name Cleared Transaction is entered into by LCH.Clearnet SA and the relevant Clearing Member on the terms of the related Single Name Cleared Transaction Confirmation.

(c) **Trade Date of Cleared Transactions following Compression**

Notwithstanding paragraphs (a) and (b) above, where Cleared Transactions are subject to compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Trade Date of any resulting Cleared Transaction(s) shall be, in respect of any Cleared Transaction subject to:

- (i) ad hoc compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the date on which the request for compression was effectively received and processed in accordance with Section 5 of the Procedures, which shall be:
  - (A) the Clearing Day on which such request is submitted and uploaded by the relevant Clearing Member *provided that* such request for compression was received by LCH.Clearnet SA before 7.00 p.m. on such Clearing Day (if such request is submitted and uploaded by the relevant Clearing member via any means of access specified in a Clearing Notice) or 5.00 p.m. (if such request is not submitted via any means of access specified in a Clearing Notice in the case of a disruption of the relevant means of access);
  - (B) the Clearing Day on which such request is submitted if such request is not submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. but LCH.Clearnet SA, in its sole discretion, processes such request on the Clearing Day on which such request is submitted; and
  - (C) unless the relevant Clearing Member instructs the Operations Department to withdraw such request, the Clearing Day following the Clearing Day on which such request is submitted if such request is not submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. and LCH.Clearnet SA, in its sole discretion, does not process such request on the Clearing Day on which such request is submitted; or
- (ii) automatic compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the Clearing Day on which such Cleared Transaction is automatically compressed by LCH.Clearnet SA in accordance with Section 5 of the Procedures.

## 2.2 Index Cleared Transaction Confirmation

The Index Cleared Transaction Confirmation is amended, supplemented and completed as follows:

- (a) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by deleting the words "between [●] (**Party A**) and [●] (**Party B**)" in the third line of the first paragraph; and
- (ii) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the words "between [Party A] ("Party A") and [counterparty's name] ("Party B")" in the third and fourth lines of the first paragraph,
- and in each case replacing them with:
- "between LCH.Clearnet SA ("Party A") and Clearing Member, as identified in the relevant CDS Admission Agreement between such Clearing Member and Party A ("Party B");"
- (b) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index Series 22 or above, by deleting the fourth paragraph thereof (or, for Markit iTraxx® Europe Series 21 or below, the fifth paragraph thereof); and
- (ii) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the third paragraph thereof,
- and in each case replacing it with the following:
- "This Confirmation supplements, forms a part of, and is subject to, the CDS Clearing Documentation, as defined in the CDS Clearing Rule Book.";
- (c) if the Index Cleared Transaction references a Markit iTraxx® Europe Index Series 22 or above, by deleting the fifth paragraph thereof (or, for Markit iTraxx® Europe Series 21 or below, the sixth paragraph thereof) and replacing it with the following:
- "The terms of the iTraxx® Master Transaction, which is an Index Cleared Transaction, to which this Confirmation relates are as follows:";
- (d) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the fourth paragraph thereof and replacing it with the following:
- "The terms of the Master Transaction, which is an Index Cleared Transaction, to which this Confirmation relates are as follows:";
- (e) by specifying that the "Calculation Agent" is Party A;
- (f) by inserting the following "Additional terms":
- (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index Series 22 or above:

"The Standard Terms Supplement is amended for the purposes of this Transaction:

- (a) by deleting in its entirety the last paragraph of the definition of "Reference Obligation", beginning "If there is no Standard Reference Obligation and the Index Sponsor..." and deleting the words "and the following paragraph:" from the first paragraph of the definition of "Reference Obligation"; and
- (b) by deleting paragraph 5.5 (*De Minimis Cash Settlement*) in its entirety";
- (ii) if the Index Cleared Transaction references a Markit iTraxx® Europe Index Series 21 or below:

"The Legacy Standard Terms Supplement is amended for the purposes of this Transaction:by deleting paragraph 5.4 (*De Minimis Cash Settlement*) of Section A and Section B in its entirety";

- (iii) if the Index Cleared Transaction references a Markit CDX™ Index Series 23 or above:

"The CDX Untranchled Terms is amended for the purposes of this Transaction by deleting paragraph 5.6 (*De Minimis Cash Settlement*) in its entirety";

- (iv) if the Index Cleared Transaction references a Markit CDX™ Index Series 22 or below:

"The CDX Legacy Untranchled Terms is amended for the purposes of this Transaction by deleting paragraph 5.3 (*De Minimis Cash Settlement*) of Section A and Section B in its entirety";

- (g) by deleting the contact details for notices and the account details; and
- (h) by deleting the signature blocks.

## 2.3 Single Name Cleared Transaction Confirmation

The Single Name Cleared Transaction Confirmation is amended, supplemented and completed as follows:

- (a) by deleting the words "between us" from the first paragraph thereof and replacing them with:

"between LCH.Clearnet SA ("**Party A**") and Clearing Member, as identified in the relevant CDS Admission Agreement between Clearing Member and Party A ("**Party B**");

- (b) by deleting the third paragraph thereof and replacing it with the following:

"This Confirmation supplements, forms a part of and is subject to the CDS Clearing Documentation, as defined in the CDS Clearing Rule Book.";

- (c) by specifying that the "Calculation Agent" is Party A;
- (d) notwithstanding the terms of the relevant Original Transaction, Standard Reference Obligation is applicable, provided that if there is no Standard Reference Obligation, by specifying that the Reference Obligation is the CDSClear Preferred Reference Obligation;
- (e) by deleting references to the Initial Payment Payer and the Initial Payment Amount in part 2 in relation to Single Name Cleared Transactions in respect of which there is no Initial Payment Payer and Initial Payment Amount;
- (f)
  - (i) if the Transaction Type specified in respect of the Single Name Cleared Transaction is "European Corporate" or "Standard European Corporate", by deleting part 4 in its entirety; and
  - (ii) if the Transaction Type specified in respect of the Single Name Cleared Transaction is "North American Corporate" or "Standard North American Corporate", by specifying that "Restructuring" is "Not Applicable" in part 4;
- (g) by deleting parts 5, 6, 7 and 8 in their entirety;
- (h) by inserting the following provision in the "Additional Terms" section of the Confirmation:

"Section 11.4 (*Merger of Reference Entity and Seller*) of the 2014 Definitions shall not apply."; and
- (i) by deleting the signature blocks.

## 2.4 Amendments to 2014 ISDA Credit Derivatives Definitions

- (a) For the purposes of this CDS Clearing Supplement, Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions as incorporated in any Cleared Transaction shall be amended such that, where LCH.Clearnet SA is the designator in relation to any Restructuring Cleared Transaction or Physically Settled Cleared Transaction, as applicable, it is permitted to designate any relevant CDS Buyer or CDS Seller, as applicable, in accordance with Section 8 (*Matched Pair Designations and Notices*) as its designee, notwithstanding that such relevant CDS Buyer or CDS Seller, as applicable, is not its Affiliate and for the additional purposes of:
  - (i) delivering or receiving any Credit Event Notice relating to a Restructuring Credit Event or Notice to Exercise Movement Option (in each case, to the extent not delivered via a DTCC Notice Facility);
  - (ii) delivering or receiving any Notice of Physical Settlement or NOPS Amendment Notice or any Asset Package Notice pursuant to Section 8.2 (*Notice of Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions;
  - (iii) making or receiving payment of any Physical Settlement Amount and any costs and expenses of Physical Settlement; and
  - (iv) delivering or receiving any notice and otherwise exercising any rights or performing any obligations of LCH.Clearnet SA for the purposes of Sections 9.7 (*Buy-in of Bonds Not Delivered*), 9.8 (*Alternative Procedures Relating to Loans Not Delivered*) or 9.9 (*Alternative Procedures Relating to Assets Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions.
- (b) Section 11.2(a) of the 2014 ISDA Credit Derivatives Definitions is amended by deleting the words "any master agreement governing the Credit Derivative Transaction" at the end thereof and replacing them with the words "the CDS Clearing Documentation".
- (c) Section 11.2(c)(ii) of the 2014 ISDA Credit Derivatives Definitions is amended by deleting the words "any master agreement governing the Credit Derivative Transaction" in the second paragraph thereof and replacing them with the words "the CDS Clearing Documentation".
- (d) Section 11.2(c)(iii) of the 2014 ISDA Credit Derivatives Definitions is amended by deleting both occurrences of the words "a master agreement governing the Credit Derivative Transaction" and replacing each with the words "the CDS Clearing Documentation".

## 2.5 Physical Settlement Matrix Updates

### (a) Publication of Revised Matrix

Where ISDA publishes a new version (the "**Revised Matrix**") of the Physical Settlement Matrix that is the Relevant Physical Settlement Matrix in respect of an Eligible Reference Entity (the "**Existing Matrix**"), LCH.Clearnet SA will, in consultation with the CDSClear Product Committee, determine whether the Existing Matrix and the Revised Matrix are fungible for the purposes of Single Name Cleared Transactions referencing such Eligible Reference Entity.

If there are any changes between the terms of the Revised Matrix and the Existing Matrix that would apply to Single Name Cleared Transactions referencing the Eligible Reference Entity and the Existing Matrix were they to reference the Revised Matrix instead, then the Existing Matrix and the Revised Matrix shall be deemed not to be fungible and paragraph (c) below shall apply.

### (b) Revised Matrix Fungible

If LCH.Clearnet SA determines in consultation with the CDSClear Product Committee that the Existing Matrix and the Revised Matrix are fungible for the purposes of Single Name Cleared Transactions referencing an Eligible Reference Entity (such date of determination, a **Matrix Re-versioning Date**), then:

- (i) LCH.Clearnet SA will promptly notify all Clearing Members of such determination; and
- (ii) each Single Name Cleared Transaction referencing such Eligible Reference Entity and the Existing Matrix will, as of the close of business on the Matrix Re-versioning Date, be deemed to have been amended so as to reference the Revised Matrix, which shall become the Relevant Physical Settlement Matrix in respect of such Eligible Reference Entity.

For the avoidance of doubt, following the publication of a Revised Matrix, there may be different Matrix Re-versioning Dates in respect of Single Name Cleared Transactions referencing different Eligible Reference Entities.

### (c) Revised Matrix not Fungible

If it is determined that the Revised Matrix and the Existing Matrix are not fungible for the purposes of Single Name Cleared Transactions referencing an Eligible Reference Entity, then existing Single Name

Cleared Transactions referencing such Eligible Reference Entity and the Existing Matrix shall continue to reference the Existing Matrix.

**(d) Original Transactions submitted prior to Matrix Re-versioning Date**

Any Original Transaction referencing an Eligible Reference Entity submitted for clearing after a Matrix Re-versioning Date in respect of such Eligible Reference Entity and which references the Existing Matrix prior to such Matrix Re-versioning Date will, following novation, result in an Initial Single Name Cleared Transaction referencing the Revised Matrix.

### **3. PAYMENTS AND DELIVERIES**

#### **3.1 Obligation to pay and deliver**

Each of LCH.Clearnet SA and each Clearing Member will make each payment or delivery specified under the terms of each Cleared Transaction to be made by it, subject to the other provisions of the CDS Clearing Documentation.

Payments under any Cleared Transaction will be made on the due date for value on that date in the place of the account specified for the relevant party in the CDS Admission Agreement (or such other account as may be designated by it from time to time for such purpose in accordance with the CDS Admissions Agreement and/or the Procedures, as applicable) and otherwise in accordance with the CDS Clearing Documentation, in freely transferable funds and in the manner customary for payments in the required currency.

Deliveries under any Cleared Transaction will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in or pursuant to the CDS Clearing Documentation.

#### **3.2 Payments under Original Transactions**

- (a) If any Initial Payment Amount or Fixed Amount is due and payable under the terms of an Original Transaction on or before the Clearing Day on which the related Cleared Transactions are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, such amount shall be payable under and in accordance with the terms of such Original Transaction. In such event, no corresponding Initial Payment Amount or Fixed Amount shall be payable in respect of such Cleared Transactions.
- (b) If the Initial Payment Date of an Original Transaction is a date falling after the Clearing Day on which the Cleared Transactions related to such Original Transaction are created by novation pursuant to Title III

(*Clearing Operations*) of the CDS Clearing Rule Book then the corresponding Initial Payment Date for the related Cleared Transactions shall occur on the Transaction Business Day which is also a Clearing Day immediately following the Clearing Day on which such related Cleared Transactions are created.

## 4. CREDIT EVENTS, SUCCESSION EVENTS AND RENAME EVENTS

### 4.1 Determination of Credit Events and Succession Events

Notwithstanding any provision of any Cleared Transaction to the contrary:

- (a) LCH.Clearnet SA (in its capacity as Calculation Agent with respect to such Cleared Transaction) shall not make any determination pursuant to Section 2.10 (*Substitute Reference Obligation*) of the 2014 ISDA Credit Derivatives Definitions or in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Successor Event Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules; and
- (b) neither LCH.Clearnet SA nor any Clearing Member shall be entitled to deliver a Successor Notice or a Credit Event Notice (other than Credit Event Notices in relation to a Restructuring Credit Event in accordance with the terms of any Restructuring Cleared Transaction and, where applicable, the DTCC Rules and Section 7.8 (*Failure to notify Matched Pairs*)).

### 4.2 Credit Event Timeline

#### (a) Publication of Credit Event Timeline

Upon a DC Credit Event Announcement, LCH.Clearnet SA will publish and make available to Clearing Members a timeline in respect of the relevant Credit Event and related Affected Cleared Transactions, to notify, among other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline shall (i) be published and made available on the date of such DC Credit Event Announcement or, if LCH.Clearnet SA determines that such publication on such date is not practicably possible, as soon as practicable thereafter (but in no event later than the Transaction Business Day before the earlier of the relevant Novation Cut-off Date and the relevant Compression Cut-off Date) and (ii) in all cases be without prejudice to and consistent with the terms of the CDS Clearing Documentation and any relevant DC Resolutions.

#### (b) Amendment of Credit Event Timeline

Any such timeline may be subject to subsequent amendment by LCH.Clearnet SA, by means of a Clearing Notice to Clearing Members, only to reflect subsequent DC Resolutions, timing provisions of any relevant Transaction Auction Settlement Terms and/or actions of DTCC, or in each case any subsequent amendments thereto. Any such amendment shall be made by LCH.Clearnet SA as soon as reasonably practicable following the relevant event.

#### 4.3 Novation and Compression following Credit Events

Any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice is not delivered during the relevant CEN Triggering Period shall become eligible for compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book on the Transaction Business Day following the related Exercise Cut-off Date applicable to the relevant Buyer.

By way of clarification to Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, LCH.Clearnet SA shall effect compression of relevant Cleared Transactions if and to the extent requested by a Clearing Member.

#### 4.4 Re-couponing of Restructuring Cleared Transactions

Following a Restructuring Credit Event, LCH.Clearnet SA may perform re-couponing in accordance with Section 5 of the Procedures on any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice has not been delivered during the relevant CEN Triggering Period, provided that:

- (a) LCH.Clearnet SA notifies (such notice, the “**Initial Re-couponing Notice**”) all of the relevant Clearing Members of its intention to perform such re-couponing and the intended date of such re-couponing (such date, the “**Re-Couponing Date**”);
- (b) the Re-Couponing Date is no earlier than the later of (i) the end of the relevant CEN Trigger Period; and (ii) eight Transaction Business Days after the effective date of the Initial Re-couponing Notice;
- (c) all of the relevant Clearing Members have subsequently consented to the proposed re-couponing, subject to confirmation of the terms of such re-couponing, within five Transaction Business Days of the effective date of the Initial Re-couponing Notice;
- (d) after receiving consent from all relevant Clearing Members in accordance with paragraph (c) above, LCH.Clearnet SA notifies (such notice, the “**Re-couponing Notice**”) the relevant Clearing Members, no

later than three Transactions Business Days prior to the Re-Couponing Date, of the proposed terms of the Resulting Single Name Cleared Transactions determined by LCH.Clearnet SA in accordance with Section 5 of the Procedures; and

- (e) all of the relevant Clearing Members have subsequently consented to the proposed terms of such re-couponing process as set out in the Re-couponing Notice within two Transaction Business Days of the effective date of the Re-couponing Notice.

For the avoidance of doubt, if, in respect of a proposed re-couponing process, LCH.Clearnet SA does not obtain consent from all of the relevant Clearing Members in accordance with paragraphs (c) or (e) above, then LCH.Clearnet SA may elect to propose a re-couponing process again in accordance with this Section 4.4 for so long as any relevant Restructuring Cleared Transactions remain outstanding.

#### **4.5 Succession Events and Cleared Transactions**

If LCH.Clearnet SA determines that any Original Transaction submitted for novation or any Cleared Transaction subject to compression would have been subject to a Succession Event but will no longer be subject to such Succession Event upon novation or compression (as applicable) because of the Trade Date that would be specified with respect to the relevant Cleared Transactions, LCH.Clearnet SA may take such action as it deems necessary to ensure that such Succession Event is given effect with respect to such Cleared Transactions, including, without limitation, specifying an alternate Trade Date for purposes of Section 2.1 (*Reference Entity*) of the 2014 ISDA Credit Derivatives Definitions with respect to each relevant Cleared Transaction or, where LCH.Clearnet SA determines that an alternative course of action is not practicable, declining to accept such Original Transaction for novation or Cleared Transaction for compression (as applicable).

#### **4.6 Succession Event Timeline**

##### **(a) Publication of Succession Event Timeline**

Following the publication of a Successor Resolution, LCH.Clearnet SA will publish and make available to Clearing Members a timeline in respect of the relevant Succession Event and related Affected Cleared Transactions, to notify, amongst other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline shall be published and made available as soon as practicable (but in no event later than the Transaction Business Day before the earlier of the relevant Novation Cut-off Date and the relevant

Compression Cut-off Date) and shall in all cases be without prejudice to and consistent with the terms of the CDS Clearing Documentation and any relevant DC Resolutions.

(b) **Amendment of Succession Event Timeline**

Any such timeline may be subject to subsequent amendment by LCH.Clearnet SA, by means of a Clearing Notice to Clearing Members, to reflect subsequent DC Resolutions and any relevant actions of DTCC, or in each case any subsequent amendments thereto. Any such amendment shall be made by LCH.Clearnet SA as soon as reasonably practicable following the relevant event.

**4.7 Rename Events**

In respect of Single Name Cleared Transactions, if a Reference Entity changes its name (a "**Rename Event**"), LCH.Clearnet SA will publish and make available to Clearing Members as soon as practicable upon becoming aware of such Rename Event a timeline in respect of the relevant Rename Event and related Affected Cleared Transactions, to notify, amongst other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline may be subject to subsequent amendment by LCH.Clearnet SA, by means of a Clearing Notice to Clearing Members, to reflect any relevant actions of DTCC. Any such amendment shall be made by LCH.Clearnet SA as soon as reasonably practicable following the relevant event.

**4.8 Updating Eligible Index Versions**

(a) **Publication of Revised Index**

Where the Index Publisher of an Eligible Index Version publishes a revised version of such index following:

- (i) a DC Credit Event Announcement;
- (ii) a Successor Resolution; or
- (iii) the determination of a Substitute Reference Obligation in respect of a Non-Standard Relevant Obligation , or
- (iv) Publication of a revised SRO List,

LCH.Clearnet SA will in consultation with the CDSClear Product Committee determine whether such revised index version is fungible with the Eligible Index Version after taking account of the relevant

Credit Event, Succession Event or, as applicable, Substitute Reference Obligation.

(b) **Index Version not Fungible**

If LCH.Clearnet SA determines in consultation with the CDSClear Product Committee that such revised index version is not fungible with the Eligible Index Version after taking account of the relevant Credit Event, Succession Event or, as applicable, Substitute Reference Obligation, it shall notify DTCC accordingly so that DTCC does not automatically update the trade records for Index Cleared Transactions and Index CCM Client Transactions referencing the relevant Eligible Index Version in the TIW.

(c) **Index Fungible**

Unless LCH.Clearnet SA has notified DTCC in accordance with paragraph (b) above, following confirmation from DTCC that the trade records for Cleared Transactions referencing the relevant index have been updated in the TIW (such date a **DTCC Re-versioning Date**) so that such Cleared Transactions reference the revised index version (which such revised index version shall become the Eligible Index Version), LCH.Clearnet SA will update its corresponding records in the CDS Clearing System overnight following such DTCC Re-versioning Date. LCH.Clearnet SA will send Cleared Transaction Portfolio Reports to the relevant Clearing Members on the Transaction Business Day following such DTCC Re-versioning Date which will be updated so as to refer to Cleared Transactions referencing the revised index version.

#### 4.9 **Reversal of DC Credit Event Announcements and Margining**

If a DC Credit Event Announcement is reversed then, subject to Section 10.2(a)(i) of the 2014 ISDA Credit Derivatives Definitions, LCH.Clearnet SA shall be obliged in accordance with Section 3 of the Procedures to calculate and shall be entitled to call for Margin and/or be obliged to return Margin with respect to each Clearing Member on the basis that the DC Credit Event Announcement that is reversed had not been made.

### 5. **RESTRUCTURING**

#### 5.1 **Creation and Notification of Restructuring Matched Pairs**

Following the occurrence of a Restructuring Credit Event, LCH.Clearnet SA will create (on one or, if the Novation Cut-off Date in respect of Index Cleared Transactions is prior to the Novation Cut-off Date in respect of Initial Single Name Cleared Transactions, two or more occasions) Restructuring Matched Pairs in accordance with Section 8.1 (*Creation of Matched Pairs*). Each such

Restructuring Matched Pair shall be composed of two Restructuring Cleared Transactions created at the same time as and as a result of the termination of the relevant Single Name Cleared Transactions pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) below.

LCH.Clearnet SA shall notify the relevant Matched Buyer and Matched Seller comprised within each Restructuring Matched Pair of:

- (a) the identity of the other Clearing Member (together with the address, fax number, telephone number, email address and other applicable notice details of such other Clearing Member) of such Matched Pair; and
- (b) the associated Restructuring Matched Pair Amount,

as soon as reasonably practicable following the related Compression Cut-off Date, but in any event, at or prior to the RMP Notification Deadline.

LCH.Clearnet SA will additionally provide to DTCC all relevant "Matching Information" (as defined in the DTCC Rules) on or prior to the Matching Information Notification Deadline.

## **5.2 Creation of Restructuring Cleared Transactions**

Upon the notification to the relevant Clearing Members of Restructuring Matched Pairs, the relevant Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous Restructuring Credit Event), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions entered into by each Clearing Member with LCH.Clearnet SA will be deemed terminated and new Restructuring Cleared Transactions of the same CDS Type will be deemed to be entered into between each such Clearing Member and LCH.Clearnet SA, with each such Restructuring Cleared Transaction having a Floating Rate Payer Calculation Amount corresponding to the Restructuring Matched Pair Amount of a Restructuring Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable.

## **5.3 Triggering of Restructuring Cleared Transactions**

Subject as set out in Section 7 (*Delivery of Notices and Fallbacks*), and notwithstanding anything to the contrary in the terms of any Cleared Transaction, Clearing Members may only deliver Credit Event Notices in relation to a Restructuring Credit Event during the CEN Triggering Period following notification of Restructuring Matched Pairs by LCH.Clearnet SA and subject always to the terms of the relevant Restructuring Cleared Transaction and, where applicable, the DTCC Rules.

Any Credit Event Notice delivered in respect of a Restructuring Matched Pair for an amount which is greater than the related Floating Rate Payer Calculation Amount shall be ineffective as to such excess.

#### **5.4 Notice to Exercise Movement Option**

Subject as set out in Section 7 (*Delivery of Notices and Fallbacks*), Clearing Members may only deliver a Notice to Exercise Movement Option during the NEMO Triggering Period, subject always to the other terms of the relevant Restructuring Cleared Transaction and, where applicable, the DTCC Rules.

#### **5.5 Reversal of DC Credit Event Announcements**

If a DC Credit Event Announcement made in relation to a Restructuring Credit Event is reversed then, subject to Section 10.2(a)(i) of the 2014 ISDA Credit Derivatives Definitions:

- (a) LCH.Clearnet SA shall have no obligation to create Restructuring Matched Pairs in accordance with Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*), any such Restructuring Matched Pairs so created shall be deemed not to have been created and any Credit Event Notices delivered in connection with such Restructuring Matched Pairs shall be deemed to be ineffective;
- (b) LCH.Clearnet SA shall, where applicable, make relevant registrations in the TIW in order to reflect such reversal which shall also automatically result in such registrations being made in respect of any related CCM Client Transactions; and
- (c) Section 4.9 (*Reversal of DC Credit Event Announcements and Margining*) shall apply.

#### **5.6 Reports**

Without prejudice to the notification requirements set out elsewhere in the CDS Clearing Documentation, LCH.Clearnet SA will communicate to the relevant Clearing Members, on the basis of information received from DTCC or, as applicable, from Clearing Members, amongst other things:

- (a) the aggregate Floating Rate Payer Calculation Amounts of Restructuring Cleared Transactions to which they are a party and which are the subject of Credit Event Notices; and
- (b) the results of the exercise of any Movement Option in relation to Cleared Transactions to which they are a party,

at or around 7.00 p.m. on each day during each CEN Triggering Period and NEMO Triggering Period, as applicable, through the reports referred to in Section 5 of the Procedures.

For the avoidance of doubt, such communication shall not affect the validity or effectiveness of any Credit Event Notice or Notice to Exercise Movement Option which shall be subject to the terms of the relevant Restructuring Cleared Transaction.

## 6. PHYSICAL SETTLEMENT

### 6.1 General Terms relating to Physical Settlement

Where Physical Settlement is applicable as the Fallback Settlement Method pursuant to Section 6.1 (*Auction Settlement*) or 6.15 (*Movement Option*) of the 2014 ISDA Credit Derivatives Definitions, each Cleared Transaction will be subject to settlement in accordance with its terms and this Section 6 (*Physical Settlement*).

LCH.Clearnet SA has implemented a process, as set-out in this Section 6 (*Physical Settlement*), pursuant to which Clearing Members will manage the physical delivery process bilaterally in respect of any Cleared Transactions for which Physical Settlement is applicable.

Notwithstanding such process, LCH.Clearnet SA shall remain the legal counterparty for any such Cleared Transactions for which Physical Settlement is applicable and shall continue to be liable with respect to its obligations relating to such Physical Settlement, subject to its terms and this Section 6 (*Physical Settlement*).

### 6.2 Creation and Notification of Settlement Matched Pairs

LCH.Clearnet SA will create Settlement Matched Pairs in accordance with Section 8.1 (*Creation of Matched Pairs*) and notify Matched Buyer and Matched Seller comprised within each Settlement Matched Pair of:

- (a) the identity of the other Clearing Member (together with the address, fax number, telephone number, email address and other applicable notice details of each such other Clearing Member); and
- (b) the associated Settlement Matched Pair Delivery Amount,

at or prior to the SMP Notification Deadline.

Notwithstanding the above, the Settlement Matched Pair for a Restructuring Cleared Transaction shall be the Restructuring Matched Pair previously created by LCH.Clearnet SA in accordance with Section 5.1 (*Creation and*

*Notification of Restructuring Matched Pairs) in respect of such Restructuring Cleared Transaction.*

### **6.3 Physically Settled Cleared Transactions**

Following the actual or deemed creation of such Settlement Matched Pairs, the relevant Cleared Transactions in respect of which the Fallback Settlement Method applies will be construed as if they had been terminated and new Cleared Transactions of the same CDS Type will be deemed to have been entered into between each such Clearing Member and LCH.Clearnet SA (each such deemed Cleared Transaction being a "**Physically Settled Cleared Transaction**").

Each such Physically Settled Cleared Transaction shall have a Floating Rate Payer Calculation Amount corresponding to the Settlement Matched Pair Delivery Amount of a Settlement Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable.

### **6.4 Matched Seller Calculation Agent**

Notwithstanding any provision to the contrary in a Physically Settled Cleared Transaction (but subject as set out in Section 6.10 (*Failure to pay Physical Settlement Amount*)), the "Calculation Agent" for the purposes of Article VIII (*Terms relating to Physical Settlement*) and Section 9.6 (*Partial Cash Settlement Terms*) of the 2014 ISDA Credit Derivatives Definitions shall be the relevant Matched Seller.

### **6.5 Notices of Physical Settlement**

#### **(a) No Notices of Physical Settlement until Notification of Settlement Matched Pairs**

Subject as set out at Section 7.8 (*Failure to notify Matched Pairs*) and notwithstanding anything to the contrary in the terms of any Cleared Transaction, Clearing Members may not deliver any Notices of Physical Settlement or Asset Package Notices in respect of any Affected Cleared Transactions until they have been notified of their Settlement Matched Pairs.

#### **(b) Notice of Physical Settlement and Asset Package Notice to contain Matched Buyer Account Information**

Each Notice of Physical Settlement and Asset Package Notice delivered by Matched Buyer shall contain, in addition to the information required under the terms of the relevant Physically Settled Cleared Transaction, Matched Buyer's account information.

(c) **Details of Asset Package**

If Asset Package Delivery is applicable in respect of a Physically Settled Cleared Transaction, the Matched Buyer shall on the NOPS Effective Date, or as soon as reasonably practicable thereafter, deliver an Asset Package Notice to the Matched Seller containing a detailed description of the Asset Package that the Matched Buyer intends to deliver to Matched Seller in lieu of the Prior Deliverable Obligation that is specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable.

(d) **LCH.Clearnet SA not Liable**

LCH.Clearnet SA shall have no liability with respect to any loss, cost, damage or expense suffered or incurred by a Matched Seller as a result of any error or inaccuracy in any Notice of Physical Settlement or any NOPS Amendment Notice or Asset Package Notice sent by a Matched Buyer and shall have no duty to verify any such notice or the contents thereof.

## 6.6 **Delivery of Non-DVP Obligations**

The following shall apply in relation to any Settlement Matched Pair where: (1) the relevant Matched Buyer specifies a Non-DVP Obligation in a Notice of Physical Settlement or a NOPS Amendment Notice, or (2) if Asset Package Delivery is applicable in respect of a Physically Settled Cleared Transaction:

- (a) The relevant Matched Buyer shall notify LCH.Clearnet SA that it is ready to Deliver the relevant Non-DVP Obligation (or if Asset Package Delivery is applicable, the Assets that are to be delivered) at or prior to 5.30 p.m. on the Transaction Business Day prior to the date on which Delivery is scheduled to occur. In such notice, the relevant Matched Buyer shall also specify the amount of any expenses payable to it under Section 11.2(c)(vi) of the 2014 ISDA Credit Derivatives Definitions.
- (b) LCH.Clearnet SA shall notify the relevant Matched Seller at or prior to 6.30 p.m. on the Transaction Business Day prior to the date on which Delivery is scheduled to occur that it is obligated to pay LCH.Clearnet SA the amount of the relevant Physical Settlement Amount corresponding to the Outstanding Amount of such Non-DVP Obligation or, if Asset Package Delivery is applicable in respect of such Settlement Matched Pair, the amount of such Physical Settlement Amount which corresponds to the Outstanding Amount of the Deliverable Obligation(s) in lieu of which the Asset Package is being Delivered less an amount equal to the Asset Package Cash Settlement Amount determined in respect of such Asset Package (the "**Non-DVP Asset**

**Package Settlement Amount")** and in each case any amounts in respect of expenses notified by the relevant Matched Buyer before 9.00 a.m. on the following Transaction Business Day.

- (c) The relevant Matched Seller shall pay to LCH.Clearnet SA the amount(s) so requested on or prior to 9.00 a.m. on the Transaction Business Day immediately following the date on which the relevant Matched Buyer notified LCH.Clearnet SA of its readiness to Deliver provided that the request for payment has been made in a timely manner as set out above.
- (d) LCH.Clearnet SA shall notify the relevant Matched Buyer that it has received payment at or prior to 5.30 p.m. on the Transaction Business Day in which LCH.Clearnet SA receives payment, provided that payment is received by LCH.Clearnet SA at or prior to 9.00 a.m. on such Transaction Business Day as set out above.
- (e) The relevant Matched Buyer shall Deliver the relevant non-DVP Obligations (or if Asset Package Delivery is applicable, the Assets that are to be delivered) to the relevant Matched Seller, provided that, if Asset Package Delivery is applicable the relevant Matched Buyer's obligation to deliver any Assets in the form of cash in the Settlement Currency forming part of the relevant Asset Package will be automatically satisfied and discharged.
- (f) The relevant Matched Seller shall notify LCH.Clearnet SA that Delivery has occurred by 5.30 p.m. on the Transaction Business Day on which Matched Seller receives Delivery of the relevant Non-DVP Obligations (or if Asset Package Delivery is applicable, the relevant Assets that are to be delivered pursuant to this Section 6.6 (*Delivery of Non-DVP Obligations*)). Notices received after 3.30 p.m. will be deemed received on the next following Transaction Business Day, unless LCH.Clearnet SA agrees otherwise.
- (g) If and to the extent that LCH.Clearnet SA has received payment from the relevant Matched Seller of the Physical Settlement Amount or the Non-DVP Asset Package Settlement Amount, as applicable in full on a timely basis as set out above, LCH.Clearnet SA shall pay the Physical Settlement Amount or the Non-DVP Asset Package Settlement Amount, as applicable and any expenses due to the relevant Matched Buyer under Section 11.2(c)(vi) of the 2014 ISDA Credit Derivatives Definitions on or prior to 9.00 a.m. on the Transaction Business Day following the Transaction Business Day on which LCH.Clearnet SA receives the notice referred to in sub-paragraph (e) above from the relevant Matched Seller.

- (h) If and to the extent that Delivery of the relevant Non-DVP Obligations has not been effected by the relevant Matched Buyer in accordance with terms of the relevant Physically Settled Cleared Transaction as of the expiry of the third Transaction Business Day following delivery of the relevant Matched Buyer's notice referred to above, the relevant Matched Seller may request LCH.Clearnet SA to repay the Physical Settlement Amount or the Non-DVP Asset Package Settlement Amount, as applicable, not earlier than the first Transaction Business Day following the date on which such request is effectively delivered to LCH.Clearnet SA.

## 6.7 Alternative Delivery Procedure

A Matched Buyer and Matched Seller comprising a Settlement Matched Pair may elect to exercise their rights against and perform obligations to LCH.Clearnet SA in relation to the Settlement Matched Pair Delivery Amount (or any portion thereof) directly as between themselves. To exercise such option, the relevant Matched Buyer and Matched Seller must each notify LCH.Clearnet SA accordingly (in the form set out in Appendix V hereto) specifying the relevant Matched Contracts in respect of the related relevant Settlement Matched Pair Delivery Amounts and obtain the consent of LCH.Clearnet SA, which consent will not be unreasonably withheld or delayed by more than one Transaction Business Day following receipt of such notification by Matched Buyer and Matched Seller.

With effect from the time that LCH.Clearnet SA confirms its consent, the Settlement Matched Pair Delivery Amount will be reduced by the amount specified in the joint notice of the relevant Matched Buyer and Matched Seller, and the relevant Matched Buyer and Matched Seller shall each perform their obligations to each other and shall each acquire enforcement rights in respect of the other party's obligations to it pursuant to the Contracts (Rights of Third Parties) Act 1999 in respect of any such reduction as agreed between them.

6.8 **Buy-in of Bonds – Matched Seller has entered into CCM Client Transaction**

*The following provisions shall solely be applicable to a Matched Seller that is a CCM in respect of the Matched Contracts of the Settlement Matched Pair if such Matched Seller notifies Matched Buyer and LCH.Clearnet SA that it has a CCM Client Transaction which corresponds to the Matched Seller Contract:*

(a) *Buy-in of Bonds – Settlement Matched Pair*

Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions shall not apply in respect of the Matched Contracts of the Settlement Matched Pair.

(b) *Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller that is a CCM*

Provided that Physical Settlement has not already occurred in respect of the Matched Contracts of a Settlement Matched Pair, if:

(i) the Matched Seller that is a CCM receives a Buy-in Notice from its CCM Client in respect of the CCM Client Transaction between such Matched Seller and its CCM Client which is validly delivered pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions), then such Matched Seller shall notify Matched Buyer and LCH.Clearnet.SA of its receipt of such Buy-in Notice and of the content thereof and Matched Buyer's right to Deliver the Relevant Bonds specified in the relevant Buy-in Notice shall be suspended until the fourth Business Day (inclusive) following the Buy-In Date specified in the relevant Buy-In Notice (the "**Deemed Buy-in Period**"); and

(ii) such Matched Seller notifies Matched Buyer and LCH.Clearnet SA that it has been notified by its CCM Client pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions that a Buy-in Price has been determined in respect of Relevant Bonds for the purposes of the CCM Client Transaction between such Matched Seller and its CCM Client, then on the third Business Day following receipt by Matched Seller of such notice from its CCM Client (which such date Matched Seller shall specify) (the "**Buy-in Effective Date**"):

(A) Matched Buyer will be deemed to have Delivered to such Matched Seller an outstanding principal balance of the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable,

for which a Buy-in Price was determined by the CCM Client; and

- (B) the Physical Settlement Amount to be paid by such Matched Seller to Matched Buyer in respect of the Matched Contracts of the Settlement Matched Pair shall be reduced (but not below zero) by an amount equal to the amount by which the Physical Settlement Amount to be paid to such Matched Seller by its CCM Client in respect of the CCM Client Transaction has been reduced pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions.

Such Matched Seller shall notify Matched Buyer and LCH.Clearnet SA of the outstanding principal balance of the Deliverable Obligations and the Physical Settlement Amount reduction determined in respect of its CCM Client Transaction for the purposes of (A) and (B) above.

## 6.9 Alternative Procedures relating to Loans – Buyer Right to Deliver

***The following provision shall solely be applicable in respect of the Matched Contracts of the Settlement Matched Pair if a Matched Buyer that is a CCM notifies Matched Seller and LCH.Clearnet SA that it has a CCM Client Transaction which corresponds to the Matched Buyer Contract:***

If a Matched Buyer that is a CCM notifies Matched Seller and LCH.Clearnet SA that it has received a Bond or Loan from its CCM Client in respect of its CCM Client Transaction pursuant to Section 9.8(i) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions, then such Bonds or Loans shall be deemed specified in a NOPS Amendment Notice for the purposes of the Matched Contracts of the Settlement Matched Pair and such NOPS Amendment Notice will be effective notwithstanding the fact that it is deemed specified after the Physical Settlement Date.

## 6.10 Failure to pay Physical Settlement Amount

If, in relation to any Settlement Matched Pair, a Matched Seller fails to pay all or part of the Physical Settlement Amount (the **Failed Amount**) to the related Matched Buyer, as designee for LCH.Clearnet SA, when due:

- (a) the relevant Matched Buyer may and the relevant Matched Seller shall, as soon as practicable, give notice in writing to LCH.Clearnet SA, giving all material details of the Settlement Matched Pair involved, the relevant failure to pay and the Failed Amount;

- (b) such failure to pay shall not constitute or be deemed to constitute a breach of contract, event of default or failure to pay by LCH.Clearnet SA under the CDS Clearing Documentation or otherwise (but such failure to pay may, for the avoidance of doubt, constitute a breach of the CDS Clearing Documentation and/or a Payment Failure for the purposes of Article 4.3.1.1 of the CDS Clearing Rule Book by or with respect to the relevant Clearing Member);
- (c) if the relevant Matched Buyer elects to notify LCH.Clearnet SA of such failure to pay as contemplated above, such Matched Buyer may give any such notice as soon as reasonably practicable after the occurrence of such failure to pay by the relevant Matched Seller;
- (d) upon notice being given to LCH.Clearnet SA by the relevant Matched Buyer, "Cash Settlement" between the relevant Matched Buyer and LCH.Clearnet SA and the relevant Matched Seller and LCH.Clearnet SA pursuant to the Partial Cash Settlement Terms (set out in Section 9.6 (*Partial Cash Settlement Terms*) of the 2014 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement) shall be deemed to apply to the relevant Physically Settled Cleared Transactions of the Settlement Matched Pair with respect to the Deliverable Obligations corresponding to the Failed Amount as though:
  - (i) the Deliverable Obligations not Delivered were Undeliverable Obligations;
  - (ii) the Latest Permissible Physical Settlement Date were the date on which the relevant Matched Buyer gave the relevant notice to LCH.Clearnet SA;
  - (iii) Indicative Quotations were not applicable;
  - (iv) the relevant Matched Buyer were the Calculation Agent in respect of the Physically Settled Cleared Transaction of the Settlement Matched Pair to which it is a direct party; and
  - (v) the Cash Settlement Amount determined in respect of the Physically Settled Cleared Transaction between Matched Buyer and LCH.Clearnet SA is also the Cash Settlement Amount in respect of the corresponding Physically Settled Cleared Transaction of the Settlement Matched Pair; and
- (e) LCH.Clearnet SA and the relevant Matched Buyer will settle the relevant Physically Settled Cleared Transaction accordingly.

## 6.11 Partial Cash Settlement due to Impossibility or Illegality

Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions shall apply to a Physically Settled Transaction in the circumstances contemplated therein, provided that Matched Buyer or Matched Seller notifies the other Clearing Member comprised in the relevant Settlement Matched Pair and LCH.Clearnet SA accordingly.

In such case, the related Physically Settled Cleared Transaction entered into between LCH.Clearnet SA and the other Clearing Member comprised in the relevant Settlement Matched Pair shall likewise be subject to "Cash Settlement" pursuant to the Partial Cash Settlement Terms and Section 6.14 (*Consequences of Cash Settlement*).

## 6.12 Fallback to Cash Settlement in respect of Non-Deliverable Obligations

- (a) If Matched Buyer is not permitted to Deliver one or more Deliverable Obligations (such Deliverable Obligations, the **Non-Deliverable Obligations**) specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to Matched Seller as designee for LCH.Clearnet SA in the relevant Matched Pair because:
  - (i) the amount of such Deliverable Obligation to be Delivered is less than the relevant minimum denomination of such Deliverable Obligation; or
  - (ii) such Matched Seller is not a permitted transferee under such Deliverable Obligation (and, in the case of this sub-section (ii), such circumstance would not constitute an illegality or impossibility outside the control of a relevant party for the purposes of Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions),

then it shall notify the relevant Matched Seller and LCH.Clearnet SA (in the form set out in Appendix VI hereto) accordingly describing in reasonable detail the relevant circumstances.

With effect from such notification, such occurrence shall be treated, in relation to each relevant Physically Settled Cleared Transaction, as an illegality or impossibility outside the control of a relevant party for the purpose of Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions.

- (b) Upon notice being given to LCH.Clearnet SA by Matched Buyer under sub-paragraph (a) of this Section 6.12 (*Fallback to Cash Settlement in*

*respect of Non-Deliverable Obligations), "Cash Settlement" pursuant to the Partial Cash Settlement Terms shall be deemed to apply to the Matched Contracts in respect of the relevant Settlement Matched Pair with respect to the Non-Deliverable Obligations as though the Non-Deliverable Obligations were Undeliverable Obligations and the provisions set out in Section 6.14 (Consequences of Cash Settlement) of this CDS Clearing Supplement shall apply.*

**6.13 Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM**

***The following provision shall solely be applicable in respect of the Matched Contracts of the Settlement Matched Pair if a Matched Buyer that is a CCM notifies Matched Seller and LCH.Clearnet SA that it has a CCM Client Transaction which corresponds to the Matched Buyer Contract:***

If a Matched Buyer that is a CCM notifies Matched Seller and LCH.Clearnet SA that the corresponding CCM Client Transaction between such Matched Buyer and its CCM Client is to be settled (in whole or in part) by Cash Settlement pursuant to Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), then:

- (a) "Cash Settlement" shall be deemed to apply (in whole or in part, as applicable) to the Matched Contracts of the Settlement Matched Pair pursuant to the Partial Cash Settlement Terms and Section 6.14 (*Consequences of Cash Settlement*);
- (b) the 'Undeliverable Obligations' for the purposes of the Partial Cash Settlement Terms shall be the Undeliverable Obligations or Non-Deliverable Obligations in respect of the corresponding CCM Client Transaction; and
- (c) the Cash Settlement Amount and the Cash Settlement Date in respect of the Matched Contracts of the Settlement Matched Pair shall be the same as the Cash Settlement Amount and the Cash Settlement Date determined in respect of the corresponding CCM Client Transaction.

**6.14 Consequences of Cash Settlement**

If the circumstances set out in either Section 6.11 (*Partial Cash Settlement Due to Impossibility or Illegality*) or paragraph (a) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) or Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) apply, then:

- (a) the Latest Permissible Physical Settlement Date in respect of the relevant Physically Settled Cleared Transaction will be deemed to be the first date on which the relevant Matched Buyer or Matched Seller effectively gave the relevant notice to both LCH.Clearnet SA and the other Clearing Member as referred to in Section 6.11 (*Partial Cash Settlement Due to Impossibility or Illegality*) or paragraph (a) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) or Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) above, as applicable, (and for these purposes, Section 9.5 (*Latest Permissible Physical Settlement Date*) of the 2014 ISDA Credit Derivatives Definitions shall not apply);
- (b) the relevant Matched Buyer will be deemed to be the Calculation Agent;
- (c) LCH.Clearnet SA and the relevant Matched Buyer will settle the applicable Matched Buyer Contract, and LCH.Clearnet SA and the relevant Matched Seller will settle the applicable Matched Seller Contract, accordingly; and
- (d) where sub-paragraph (a)(ii) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) applies, Indicative Quotations shall not be applicable.

#### **6.15 Amendments to Section 9.6(k) of 2014 ISDA Credit Derivatives Definitions**

Solely for the purposes of Section 6.11 (*Partial Cash Settlement due to Impossibility or Illegality*), Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) and Section 6.14 (*Consequences of Cash Settlement*) of this CDS Clearing Supplement, Section 9.6(k) of the 2014 ISDA Credit Derivatives Definitions is amended by inserting the following at the beginning thereof:

- "(A) For the purposes hereof, in addition to the requirements of Section 7.10, each firm Quotation shall:
- (1) be for a transaction with Matched Buyer (or its designee) (the **Relevant Buyer**) pursuant to which the Relevant Buyer agrees to Deliver the Deliverable Obligations to the Dealer submitting the firm quotation (the **Quoting Dealer**), which transaction shall be governed by documentation that is consistent with market practice applicable to the sale and purchase of Deliverable Obligations on the Valuation Date (which may be determined by the relevant Credit Derivatives Determinations Committee), including, without limitation, a representation that the Quoting

Dealer has completed all "know your customer" or similar requirements under all applicable laws, regulations and internal compliance procedures relating to a transaction with the Relevant Buyer and in respect of the Reference Entity;

- (2) be capable of acceptance by the Relevant Buyer (for such purposes, each firm Quotation must, *inter alia*, be obtained from a Dealer with whom the Relevant Buyer, in its sole and absolute discretion, determines that it is able, in accordance with all its internal compliance and policy requirements, to transact and to Deliver the Deliverable Obligations) and be open for acceptance by the relevant party for at least 30 minutes; and
- (3) be obtained on the basis that if the Relevant Buyer agrees to Deliver the Deliverable Obligations to such Quoting Dealer on the terms set forth herein, such Quoting Dealer agrees to pay the settlement amount (calculated and payable for this purpose in accordance with the relevant market standard documentation and based on the price so quoted) that would be payable to the Relevant Buyer for such Deliverable Obligations.

(B) Otherwise,".

#### **6.16 Subsequent Determination by the Credit Derivatives Determinations Committee with respect to an Auction**

If the Fallback Settlement Method applies in respect of a Cleared Transaction and a subsequent resolution of the Credit Derivatives Determinations Committee determines that Transaction Auction Settlement Terms will be published, LCH.Clearnet SA shall have no obligation to create Settlement Matched Pairs in accordance with Section 6.2 (*Creation and Notification of Settlement Matched Pairs*).

Unless settlement has occurred with respect to any Settlement Matched Pairs prior to such determination, any such Settlement Matched Pairs so created shall be deemed not to have been created and any notices delivered in connection with such Settlement Matched Pairs shall be deemed to be ineffective.

LCH.Clearnet SA shall effect any relevant registrations in the TIW in order to reflect the application of Auction Settlement as the Settlement Method in respect of the relevant Cleared Transactions.

#### **6.17 Physical Settlement Costs**

If the Fallback Settlement Method applies in respect of a Cleared Transaction and any amounts are payable in relation to any costs or expenses of Physical

Settlement (including any costs or expenses relating to the delivery of any Assets forming part of an Asset Package), then:

- (a) where such amount would otherwise be payable by LCH.Clearnet SA to Matched Buyer or Matched Seller (the **Recipient**), such amount shall be payable to the Recipient by the other party to the Matched Contract who is not the Recipient, as designee to pay such amount on behalf of LCH.Clearnet SA; and
- (b) where such amount would otherwise be payable to LCH.Clearnet SA by Matched Buyer or Matched Seller (the **Payer**), such amount shall be payable by the Payer to the other party to the Matched Contract who is not the Payer, as designee to receive such amount on behalf of LCH.Clearnet SA.

Any Matched Seller or Matched Buyer who is required to make any payment as designee on behalf of LCH.Clearnet SA pursuant to this Section 6.17 shall not be entitled to any reimbursement from LCH.Clearnet SA in respect of such amount.

Any Matched Seller or Matched Buyer who receives any payment pursuant to this Section 6.17 shall not be obliged to remit to LCH.Clearnet SA any such amount so received (without prejudice to any rights of LCH.Clearnet SA where there is a failure to Deliver).

LCH.Clearnet SA shall not be liable to a Matched Buyer or a Matched Seller for any of the costs and expenses of Physical Settlement of any Cleared Transaction.

## 6.18 **Representations and Agreements relating to Physical Settlement**

### (a) **Claims by Matched Seller against LCH.Clearnet SA in respect of Obligations Delivered by Physical Settlement**

If a Matched Seller pursues a claim against LCH.Clearnet SA under Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions in respect of any obligations Delivered by way of Physical Settlement of any Matched Seller Contract, then:

- (i) notwithstanding any provision of the 2014 ISDA Credit Derivatives Definitions to the contrary, LCH.Clearnet SA shall only be liable to make payments to that Matched Seller in respect of that claim to the extent of amounts recovered, including, without limitation, any amounts recovered by way of set-off or netting, by LCH.Clearnet SA from or on behalf of the related Matched Buyer in respect of any corresponding claims under or in connection with the Matched Buyer Contract (including, without

limitation, following the declaration of an Event of Default in respect of such Matched Buyer) and after deducting any costs and expenses reasonably incurred by LCH.Clearnet in pursuing such corresponding claims for recovery under or in connection with the Matched Buyer Contract;

- (ii) LCH.Clearnet SA will use reasonable efforts to pursue any claim it may have against the related Matched Buyer but, notwithstanding Section 6.18(a)(i) above, LCH.Clearnet SA will, in the pursuit of such claims, act as though its liability to Matched Seller under the Matched Seller Contract was not limited or restricted in any way; and
- (iii) references to indemnity provisions set out in Section 11.2(a), 11.2(b) and 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions shall, in connection with a Matched Buyer Contract, be interpreted without regard to the limitations to Matched Seller's recourse to LCH.Clearnet SA under the corresponding Matched Seller Contract imposed by the provisions of this Section 6.18(a) and such limitations shall not restrict a Matched Seller from making a claim or raising a Dispute.

**(b) Right of Matched Seller to enforce against Matched Buyer**

Without prejudice to paragraph (a) above, a Matched Seller shall be entitled to enforce Sections 11.2(a), (b), (c)(i) and (c)(iv) of the 2014 ISDA Credit Derivatives Definitions against the related Matched Buyer in respect of any obligations Delivered by way of Physical Settlement of any Physically Settled Cleared Transaction under the Contracts (Rights of Third Parties) Act 1999 as though Matched Seller were party to the relevant Matched Buyer Contract in place of LCH.Clearnet SA.

**(c) Satisfaction of Claim by Matched Buyer discharges Liabilities owed to and by LCH.Clearnet SA**

For the avoidance of doubt, if a Matched Buyer satisfies a claim made by a Matched Seller directly against the relevant Matched Buyer under Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions pursuant to the rights granted to such Matched Seller under paragraph (b) above, such satisfaction shall also constitute complete satisfaction and discharge of the corresponding liability of such Matched Buyer to LCH.Clearnet SA and the corresponding liability of LCH.Clearnet SA to such Matched Seller in respect of such claim.

(d) **Effect of Illegality or Tax or other Expense resulting from Designation through Creation of Matched Pairs**

The last sentence of Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions shall not operate so as to prevent LCH.Clearnet SA from creating any Matched Pair in accordance with this CDS Clearing Supplement, and LCH.Clearnet SA shall have no obligation to grant any indemnity with respect to any Tax, loss or cost to any Matched Buyer or Matched Seller thereunder.

If the circumstances contemplated at Section 11.2(c)(iv)(A) or (B) of the 2014 ISDA Credit Derivatives Definitions apply in respect of any Physically Settled Cleared Transaction and any related Settlement Matched Pair (in the case of (B), as notified by the Clearing Member which is the non-designating party for such purpose to the other Clearing Member comprised in the relevant Settlement Matched Pair prior to the first Delivery Date), then an impossibility shall be deemed to have occurred with respect to Physical Settlement of the relevant Physically Settled Cleared Transactions, and Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions (as amended by this CDS Clearing Supplement) shall apply.

**6.19 Miscellaneous Provisions relating to Physical Settlement**

(a) **Margin**

For the avoidance of doubt, LCH.Clearnet SA will continue to call all Margin and such Margin will remain due in relation to any Cleared Transaction to which Physical Settlement applies until:

- (i) LCH.Clearnet SA has received a Physical Settlement Notification from each Clearing Member;
- (ii) LCH.Clearnet SA has received a No Physical Settlement Confirmation from each Clearing Member; or
- (iii) in each case, any related dispute is referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

(b) **Notification of Completion of Physical Settlement**

Upon completion of Physical Settlement by the relevant Matched Pair of a Physically Settled Cleared Transaction, Matched Buyer and Matched Seller shall inform LCH.Clearnet SA as soon as reasonably practicable and in any event before the date falling two Transaction

Business Days following such completion (the **Physical Settlement Confirmation Deadline**) by notice (a **Physical Settlement Confirmation**) in the form set out at Appendix VII hereto.

(c) **Notification that Physical Settlement will not occur**

If no Notice of Physical Settlement has been delivered within the relevant time period permitted for such delivery in accordance with the terms of the relevant Physically Settled Cleared Transaction and, accordingly, Physical Settlement will not, under the terms of the relevant Physically Settled Cleared Transaction, occur, Matched Buyer and Matched Seller shall inform LCH.Clearnet SA as soon as reasonably practicable thereafter and in any event before the date falling two Transaction Business Days following the relevant date after which delivery of a Notice of Physical Settlement is no longer permitted in accordance with the terms of the relevant Physically Settled Cleared Transaction (the **No Physical Settlement Confirmation Deadline**) by notice (a **No Physical Settlement Confirmation**) in the form set out at Appendix VIII hereto.

(d) **Dispute regarding Physical Settlement**

If LCH.Clearnet SA receives a Physical Settlement Confirmation or No Physical Settlement Confirmation from one relevant Matched Buyer or Matched Seller only at or prior to the relevant Physical Settlement Confirmation Deadline or No Physical Settlement Confirmation Deadline, as the case may be, there shall be deemed to be a Dispute with respect to the Physically Settled Cleared Transactions between LCH.Clearnet SA and each relevant Clearing Member.

(e) **Asset Package Delivery**

If Asset Package Delivery is applicable in respect of a Physically Settled Cleared Transaction and an Asset to be delivered is a Non-Transferable Instrument or Non-Financial Instrument, then the Asset shall be deemed to be an amount of cash equal to the value determined by the CDSClear Product Committee (which, notwithstanding anything to the contrary, shall be the "Calculation Agent" for the purposes of Section 8.15 (Asset Market Value) of the 2014 ISDA Credit Derivatives Definitions).

## 7. DELIVERY OF NOTICES AND FALLBACKS

### 7.1 General Rules relating to Notices

(a) **Methods of Delivery and deemed Time of Delivery**

Subject to Section 7.2 (*Oral Notices*) and without prejudice to Section 1.38 (*Requirements Regarding Notices*) of the 2014 ISDA Credit Derivatives Definitions and the remaining provisions of the 2014 ISDA Credit Derivatives Definitions (including, for the avoidance of doubt, in relation to notices permitted to be given orally), any notice or other communication in respect of any Cleared Transaction may be given in any manner described below and will be deemed effective as indicated:

- (i) if delivered in person or by courier, on the date and at the time it is delivered;
- (ii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted; or
- (iv) if sent by electronic messaging system (including e-mail or any other electronic access solution established by LCH.Clearnet SA for such purpose), on the date it is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Transaction Business Day or that communication is delivered (or attempted) or received, as applicable, pursuant to the above after 6.00 p.m. in the location of the recipient on a Transaction Business Day, in which case that communication will be deemed given and effective on the first following day that is a Transaction Business Day.

**(b) Notices from or to LCH.Clearnet SA**

Any such notice or communication given by LCH.Clearnet SA to a Clearing Member or vice versa shall (except where delivered via a relevant DTCC Notice Facility) be given to the address or number previously specified in or previously notified for the relevant purpose in accordance with the CDS Admissions Agreement or the Procedures.

**(c) Manual Notices between Clearing Members**

Notices given by a Clearing Member to another Clearing Member comprised in a relevant Matched Pair and which are not delivered via a relevant DTCC Notice Facility shall be given to the address or number notified by LCH.Clearnet SA to the deliveror pursuant to Sections 5.1

(*Creation and Notification of Restructuring Matched Pairs*) or 6.2 (*Creation and Notification of Settlement Matched Pairs*).

Such notices shall only be deemed to be delivered effectively by LCH.Clearnet SA through the relevant Clearing Member as its designee as against the recipient where the address or number so notified by LCH.Clearnet SA corresponds in all material respects to the address or number, as applicable, specified by such recipient in or pursuant to the CDS Admissions Agreement.

**(d) No Obligation on LCH.Clearnet SA to verify Signatories**

LCH.Clearnet SA shall have no obligation to verify the authority of any signatory of any notice delivered by any Clearing Member directly pursuant to this Section 7 (*Delivery of Notices and Fallbacks*).

**7.2 Oral Notices**

Notwithstanding the provisions of the 2014 ISDA Credit Derivatives Definitions, where, by way of exception as contemplated in this Section 7, Credit Event Notices and Notices to Exercise Movement Option are to be delivered directly to LCH.Clearnet SA (and not via a relevant DTCC Notice Facility), such notices may not be delivered by telephone.

**7.3 Credit Event Notices and NEMOs**

**(a) Credit Event Notices and NEMOs to be given via DTCC**

Credit Event Notices and Notices to Exercise Movement Option shall be delivered by way of the relevant DTCC Notice Facility, save if and as expressly stated to the contrary in this Section 7 or expressly agreed by LCH.Clearnet SA. The deemed time of delivery of any such notices shall be as set out in the DTCC Rules from time to time.

**(b) Credit Event Notices and NEMOs delivered in respect of CCM Client Transaction**

If a Matched Buyer or a Matched Seller that is a CCM receives a valid Credit Event Notice or Notice to Exercise Movement Option from its CCM Client in respect of a CCM Client Transaction by way of the relevant DTCC Notice Facility, such notice shall be deemed also to be a Credit Event Notice or Notice to Exercise Movement Option (as applicable) for the purposes of the corresponding Matched Contracts of the Settlement Matched Pair.

## 7.4 Notification of DTCC Failure and Resolution

### (a) LCH.Clearnet SA to notify Clearing Members of DTCC Failure Event

If DTCC notifies LCH.Clearnet SA or LCH.Clearnet SA otherwise becomes aware that the relevant DTCC Notice Facility is or will be unavailable to process all or substantially all Credit Event Notices or Notices to Exercise Movement Option, as applicable, with respect to a Restructuring Credit Event in a timely manner (a **DTCC Failure Event**), then LCH.Clearnet SA will, as soon as reasonably practicable and in any event within one hour of such notification or of LCH.Clearnet SA becoming aware of such non-availability, as applicable, notify all relevant Clearing Members of such occurrence, including the time at which such failure occurred (or, if LCH.Clearnet SA is not notified of such time by or on behalf of DTCC, the time at which LCH.Clearnet received the relevant notification from or on behalf of DTCC or becomes aware of the relevant non-availability) (the **DTCC Failure Event Time**). LCH.Clearnet SA shall also publish such information on its Website as soon as reasonably practicable after becoming aware of a DTCC Failure Event.

### (b) LCH.Clearnet SA to notify Clearing Members of Resolution of DTCC Failure Event

If, subsequent to a DTCC Failure Event, DTCC (or a third party designated under the DTCC Rules from time to time) notifies LCH.Clearnet SA that a DTCC Failure Event previously notified to Clearing Members is no longer in effect, LCH.Clearnet SA will as soon as reasonably practicable notify all relevant Clearing Members accordingly, including the time (the **DTCC Resolution Time**) (which must be no earlier than 30 minutes following the time of such notification) at which such DTCC Failure Event is deemed to have been resolved and following which the relevant DTCC Notice Facility is operative for the purposes of delivery of relevant notices relating to Restructuring Cleared Transactions (including transactions in respect of which notices may have been delivered directly pursuant to Section 7.5 (*Consequences of DTCC failure*)). LCH.Clearnet SA shall also publish such information on its Website as soon as reasonably practicable after notifying Clearing Members that the DTCC Failure Event is no longer in effect and of the DTCC Resolution Time.

### (c) Notices given prior to DTCC Resolution Time to be confirmed to DTCC

LCH.Clearnet SA and, to the extent so requested by LCH.Clearnet SA, each Clearing Member shall, as soon as reasonably practicable and to

the extent permitted by DTCC, provide or confirm to DTCC details of any relevant notices (in the case of a Clearing Member, being any relevant notices delivered directly by such Clearing Member) given in respect of Cleared Transactions prior to the DTCC Resolution Time, so as to permit delivery of subsequent notices in respect of such Cleared Transactions via the relevant DTCC Notice Facility.

## 7.5 Consequences of DTCC Failure

From (and including) the DTCC Failure Event Time to (but excluding) the DTCC Resolution Time:

- (a) Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility);
- (b) any notice delivered via the relevant DTCC Notice Facility prior to the DTCC Failure Event Time will be valid and will not be affected by such DTCC Failure Event; and
- (c) any notice delivered or purported to be delivered via the relevant DTCC Notice Facility at or following the DTCC Failure Event Time but prior to the DTCC Resolution Time will not be valid and effective.

Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply with effect from the DTCC Resolution Time and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

## 7.6 Clearing Member Communications Failure Event

- (a) **Right to deliver Notices manually following Clearing Member Communications Failure Event**

If a Clearing Member is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such Clearing Member to deliver any Credit Event Notice in relation to a Restructuring Credit Event or any Notice to Exercise Movement Option via a relevant DTCC Notice Facility (a **Clearing Member Communications Failure Event**) it may, notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) deliver Credit Event Notices and Notices to Exercise Movement Option directly (and not via the relevant DTCC Notice Facility).

- (b) **Clearing Member to notify LCH.Clearnet SA of Occurrence of Clearing Member Communications Failure Event**

Following the occurrence of a Clearing Member Communications Failure Event, the affected Clearing Member shall, within one hour of delivering any Credit Event Notice or Notice to Exercise Movement Option directly, deliver to LCH.Clearnet SA a notice (in the form set out at Appendix IX hereto) signed by a senior officer (such as a managing director or equivalent) of such Clearing Member certifying that it is affected by a Clearing Member Communications Failure Event (or, if such Clearing Member is unable to deliver such notice in writing, orally by telephone).

LCH.Clearnet SA shall notify all Clearing Members accordingly as soon as reasonably practicable and in any event within one hour of receipt of any such notification.

**(c) Notices to Clearing Member affected by Clearing Member Communications Failure Event**

For the avoidance of doubt, Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall continue to apply in respect of notices given to the affected Clearing Member by Clearing Members comprised in any Matched Pair in respect of which the affected Clearing Member is a Matched Buyer or Matched Seller.

**(d) Notification of Resolution of Clearing Member Communications Failure Event**

As soon as reasonably practicable upon a Clearing Member ceasing to be subject to a Clearing Member Communications Failure Event, it shall notify LCH.Clearnet SA accordingly (in the form set out at Appendix X hereto) and thereupon Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply and, accordingly, any Credit Event Notice or Notice to Exercise Movement Option thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

**(e) Clearing Member Duty to Mitigate**

A Clearing Member which is subject to a Clearing Member Communications Failure Event shall use reasonable endeavours to mitigate the operational impact on other Clearing Members and LCH.Clearnet SA of any Clearing Member Communications Failure Event, to cure such Clearing Member Communications Failure Event as soon as possible and to ensure that the circumstances giving rise to the relevant Clearing Member Communications Failure Event do not recur.

**(f) Breach by Clearing Member does not Invalidate Valid Notices**

Without prejudice to any other rights or remedy of LCH.Clearnet SA, any breach by a Clearing Member of the provisions of this Section 7.6 shall not cause any Credit Event Notice or Notice to Exercise Movement Option delivered otherwise than in accordance with the relevant Restructuring Cleared Transaction, which would otherwise be valid and effective, to be invalid or ineffective.

## 7.7 **Clearing Member Acknowledgements**

### (a) **Duty to deliver Clearing Member Acknowledgements**

Each Clearing Member shall notify LCH.Clearnet SA or deliver a copy to LCH.Clearnet SA of any notice delivered or received by such Clearing Member to or from another Clearing Member comprised in a Matched Pair, including, without limitation, any Credit Event Notice or Notice to Exercise Movement Option which was delivered or received directly (and not via a DTCC Notice Facility) pursuant to Sections 7.5 (*Consequences of DTCC Failure*) or 7.6 (*Clearing Member Communications Failure Event*), and which such Clearing Member asserts or acknowledges was effective for the purposes of this CDS Clearing Supplement and the relevant Cleared Transactions (such notification, or delivery of such copy, in respect of any relevant notice, a **Clearing Member Acknowledgement**) by no later than 6.00 p.m. on:

- (i) in the case of a Notice of Physical Settlement or NOPS Amendment Notice or Asset Package Notice, the date falling two Transaction Business Days following the date on which such notice was sent; or
- (ii) in the case of any other notice, on the last date on which such notice could validly be sent,

(in each case, the **Notice Acknowledgement Deadline**).

### (b) **Clearing Member Acknowledgement received from both Clearing Members**

Where LCH.Clearnet SA receives a Clearing Member Acknowledgement in respect of any notice from both relevant Clearing Members comprised in a Matched Pair at or prior to the Notice Acknowledgement Deadline, LCH.Clearnet SA shall perform its obligations in respect of the relevant Cleared Transactions in accordance with and subject to the remaining provisions of the CDS Clearing Documentation.

### (c) **Clearing Member Acknowledgement received from one Clearing Member**

Where LCH.Clearnet SA receives a Clearing Member Acknowledgement in respect of any notice from one relevant Clearing Member only at or prior to the Notice Acknowledgement Deadline, the provisions of Section 7.11 (*Disputes as to Notices*) shall apply and LCH.Clearnet SA and each relevant Clearing Member shall perform their obligations in respect of the relevant Cleared Transactions in accordance with and subject to the remaining provisions of the CDS Clearing Documentation and the terms of any final resolution of the relevant dispute, as agreed between the relevant parties or as determined by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

In such case, LCH.Clearnet SA shall notify the Clearing Member from which it has not received a Clearing Member Acknowledgement of the asserted delivery or, as applicable, receipt of the relevant notice (in the case of a Credit Event Notice or Notice to Exercise Movement Option, through the reports referred to at Section 5.6 (*Reports*)).

**(d) No Clearing Member Acknowledgement received**

Where LCH.Clearnet SA does not receive Clearing Member Acknowledgement or confirmation of valid delivery in respect of any notice from either Clearing Member in the relevant Matched Pair on or prior to the relevant Notice Acknowledgement Deadline, the rights and obligations of LCH.Clearnet SA as against each relevant Clearing Member, and vice versa, shall be construed as if no such notice had been given.

**(e) Consequences of no Clearing Member Acknowledgement being received**

Where sub-section (d) above is applicable, the following provisions shall apply:

**(i) Notices other than Notices of Physical Settlement, NOPS Amendment Notices and Asset Package Notices**

Save in the case of a Notice of Physical Settlement, a NOPS Amendment Notice or an Asset Package Notice, an amount shall be payable between the Clearing Members equal to the difference between the value of the Matched Buyer Contract had Clearing Member Acknowledgement been given to LCH.Clearnet SA on a timely basis and the value of such contract in the absence of such acknowledgement; such difference in value shall be determined as of the earlier of the day on which notice is given by any relevant Clearing Member that such amount is due and

payable and, in the case of a Credit Event Notice or Notice to Exercise Movement Option, the eighth Transaction Business Day following the Auction Settlement Date, no Auction Announcement Date or Auction Cancellation Date, as applicable or otherwise the eighth Transaction Business Day following the last day on which such notice would validly have been delivered, by reference to the relevant Auction Settlement Amount or end of day contributed prices, in each case if available.

(ii) *Notices of Physical Settlement, NOPS Amendment Notices and Asset Package Notices*

Where the relevant notice is a Notice of Physical Settlement, a NOPS Amendment Notice or an Asset Package Notice, the relevant Clearing Members shall acquire rights as against the other as though party to a bilateral credit default swap transaction on the terms of the related Matched Buyer Contract (including, without limitation, as to the occurrence of an Event Determination Date) and the Notice of Physical Settlement, NOPS Amendment Notice or Asset Package Notice, as applicable shall be deemed to have been given in respect of such transaction. Any resulting payment shall be due and payable two Transaction Business Days following the giving of a notice that such amount is due and payable.

In each case, the relevant Clearing Members shall have enforcement rights as against each other pursuant to the Contracts (Rights of Third Parties) Act 1994 in respect of any resulting payments and deliveries; LCH.Clearnet SA shall have no liability in respect thereof.

## 7.8 Failure to notify Matched Pairs

Notwithstanding Section 5.3 (*Triggering of Restructuring Cleared Transactions*) and 6.5 (*Notices of Physical Settlement*), if LCH.Clearnet SA does not notify the relevant Clearing Members of Restructuring Matched Pairs created pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) on or prior to the RMP Notification Deadline or Settlement Matched Pairs and related information specified in Section 6.2 (*Creation and Notification of Settlement Matched Pairs*) by the SMP Notification Deadline, as applicable:

- (a) the relevant Clearing Members may deliver Credit Event Notices, Notices to Exercise Movement Option, Notices of Physical Settlement or NOPS Amendment Notices to LCH.Clearnet SA, and vice versa;
- (b) the relevant Cleared Transactions shall be subject to Physical Settlement in accordance with their terms; and

- (c) the provisions of Sections 2.4 (*Amendments to 2014 ISDA Credit Derivatives Definitions*), 6 (*Physical Settlement*) and 8 (*Matched Pair Designations and Notices*) shall not apply and the terms of this CDS Clearing Supplement shall be construed accordingly.

For such purpose, Section 7.3 (*Certain Notices to be given via DTCC*) shall not apply in respect of notices given by the affected Clearing Members and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility).

## 7.9 Failure to notify Matching Information

If LCH.Clearnet SA notifies relevant Clearing Members of Restructuring Matched Pairs created pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) on or prior to the RMP Notification Deadline, but does not notify DTCC of relevant Matching Information on or prior to the RMP Notification Deadline, then Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply in respect of notices to be delivered by affected Clearing Members and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly as between Clearing Members (as designees of LCH.Clearnet SA) (and not via the relevant DTCC Notice Facility).

## 7.10 Uncertain Delivery

### (a) Manual Notice permitted if Delivery of Notice in DTCC uncertain

Notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*), where such notices are permitted to be delivered by means other than the relevant DTCC Notice Facility pursuant to this Section 7, and a CDS Clearing Member is uncertain as to whether or not a Credit Event Notice or Notice to Exercise Movement Option (as applicable) it (or, in the case of a CCM, its CCM Client) attempted to deliver via a DTCC Notice Facility has:

- (i) actually been delivered; or
- (ii) was delivered prior to the DTCC Failure Time,

that CDS Clearing Member shall be entitled to deliver such a notice directly to any Clearing Member comprised in a relevant Matched Pair (as designee of LCH.Clearnet SA) specifying that such notice is only to be effective to the extent that the other purported notice is not effective.

### (b) Details to be provided of Uncertain Notice

If a Clearing Member delivers a manual notice pursuant to sub-section (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*)

above, such Clearing Member shall be required to provide (together with such notice) sufficient details of the notice attempted to be given by way of the relevant DTCC Notice Facility so as to allow the other Clearing Member and LCH.Clearnet SA to identify the communication concerned.

(c) **DTCC Notice delivered successfully**

If the first Credit Event Notice or Notice to Exercise Movement Option (as applicable) to which the manual notice delivered pursuant to subsection (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above relates was actually delivered successfully, any subsequent Credit Event Notice or Notice to Exercise Movement Option delivered shall be deemed not to have been delivered.

#### 7.11 Disputes as to Notices

If any Clearing Member comprised in a Matched Pair where one such party is acting as designee of LCH.Clearnet SA disputes the effective delivery in accordance with the terms of the relevant Cleared Transactions of any notice delivered directly (and not via a relevant DTCC Notice Facility) in accordance with this Section 7 (and for such purposes, a dispute between the relevant Clearing Member and LCH.Clearnet SA shall be deemed to have arisen if LCH.Clearnet SA receives a Clearing Member Acknowledgement from one relevant Clearing Member only in respect of any such notice as contemplated at Section 7.7(c) (*Clearing Member Acknowledgement received from one Clearing Member*)):

- (a) LCH.Clearnet SA shall be entitled in accordance with the Procedures to calculate and call for Margin with respect to each such Clearing Member on the basis of the maximum requirement for such Clearing Member that could result from any foreseeable outcome of such dispute;
- (b) following final resolution of such dispute by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures, the Clearing Members comprised in the relevant Matched Pair shall take such actions with respect to the Cleared Transactions the subject of such dispute as LCH.Clearnet SA determines appropriate to give effect to any relevant binding resolution; and
- (c) without prejudice to its obligations upon final resolution of the dispute, pending final resolution of any such dispute, LCH.Clearnet SA shall not be obliged to take any step pursuant to the terms of the relevant Cleared Transactions which would be required to have been taken by it had the relevant notice been validly delivered.

Each relevant Clearing Member must promptly notify LCH.Clearnet SA of any such disputes (in the form set out at Appendix XI hereto).

## 8. MATCHED PAIR DESIGNATIONS AND NOTICES

### 8.1 Creation of Matched Pairs

LCH.Clearnet SA will create Matched Pairs where required to do so pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) or 6.2 (*Creation and Notification of Settlement Matched Pairs*) using a matching procedure that matches CDS Sellers with CDS Buyers pursuant to an algorithm incorporating the following principles:

- (a) the procedure seeks to create Matched Pairs between the same Clearing Member to the extent it is possible to do so before creating Matched Pairs between different Clearing Members and, for this purpose, in the context of CCMs, the procedure will create Matched Pairs separately for CCMs and their CCM Clients (individually or together, depending on whether the CCM Client is a CCM Individual Segregated Account Client or a CCM Omnibus Segregated Account Client, as applicable) and Clearing Member will be construed accordingly;
- (b) the procedure seeks to minimise the number of Matched Pairs (and accordingly, largest positions will be matched first);
- (c) each Matched Pair will, to the extent possible, have an aggregate Restructuring Matched Pair Amount or, as applicable, Settlement Matched Pair Delivery Amount, which is an integral multiple of Euro 1,000,000, subject to a maximum of Euro 50,000,000; and
- (d) LCH.Clearnet SA will allocate a Restructuring Matched Pair Amount or, as applicable, Settlement Matched Pair Delivery Amount to each Matched Pair such that:
  - (i) the sum of all Restructuring Matched Pair Amounts or, as applicable, Settlement Matched Pair Delivery Amounts, of each CDS Buyer is equal to the aggregate Floating Rate Payer Calculation Amounts in respect of all (A) Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous Restructuring Credit Event), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions or (B) Cleared Transactions in respect of which the Fallback Settlement Method applies to the CDS Type for such Cleared Transaction, as applicable, to which such CDS Buyer is a party; and

- (ii) the sum of all Restructuring Matched Pair Amounts or, as applicable, Settlement Matched Pair Delivery Amounts, of each CDS Seller is equal to the aggregate Floating Rate Payer Calculation Amounts in respect of (A) Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous Restructuring Credit Event), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions or (B) Cleared Transactions in respect of which the Fallback Settlement Method applies to the CDS Type for such Cleared Transaction, as applicable, to which such CDS Seller is a party.

Notwithstanding the above, if the Fallback Settlement Method applies in relation to a Cleared Transaction and a Restructuring Credit Event, the Restructuring Matched Pairs previously created pursuant to Section 5.1 (*Creation of Restructuring Matched Pairs*) and this Section 8.1 shall be deemed to be Settlement Matched Pairs created in accordance with Section 6.2 (*Creation and Notification of Settlement Matched Pairs*) and LCH.Clearnet SA shall have no obligation to create Settlement Matched Pairs in respect of such Cleared Transaction.

## **8.2 Registration of new Cleared Transactions and Removal of original Cleared Transactions**

To the extent that any Cleared Transaction created pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) or Section 6.3 (*Physically Settled Cleared Transactions*) is not automatically registered in accordance with the DTCC Rules, LCH.Clearnet SA shall register such new Cleared Transaction in the TIW in accordance with the DTCC Rules prior to 6.00 p.m. on the date on which the RMP Notification Deadline or SMP Notification Deadline (as applicable) falls. In respect of CCMs and CCM Clients only, such registration by LCH.Clearnet shall also result in the automatic registration of any amendments made to the corresponding CCM Client Transactions.

In addition, LCH.Clearnet SA will, on behalf of the relevant Clearing Member, send an “Exit” message to the TIW in accordance with the DTCC Rules to terminate and remove the corresponding original Cleared Transaction(s) from the TIW prior to 6.00 p.m. on the date on which the RMP Notification Deadline or SMP Notification Deadline (as applicable) falls.

## **8.3 Matched Buyer Contracts**

In respect of each Matched Buyer Contract which is the subject of a Matched Pair, LCH.Clearnet SA, pursuant to Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions (amended as set out at Section 2.4 (*Amendments to 2014 ISDA Credit Derivatives Definitions*)), as designator,

shall be deemed to have designated Matched Seller in such Matched Pair as its designee:

- (a) to receive on its behalf from, and to deliver on its behalf to, Matched Buyer of the Matched Pair any applicable notices or certifications in accordance with the terms of the applicable Cleared Transaction (other than notices required to be delivered via a DTCC Notice Facility);
- (b) other than in respect of the Physical Settlement Amount relating to the settlement of Non-DVP Obligations as referred to in Section 6.6 (*Delivery of Non-DVP Obligations*), to pay on behalf of LCH.Clearnet SA any applicable Physical Settlement Amount in accordance with the terms of the applicable Physically Settled Cleared Transaction, and to pay to, and to receive from, Matched Buyer of the Matched Pair, in each case, on behalf of LCH.Clearnet SA, any other amounts due and payable (including costs and expenses of settlement due under the applicable Matched Buyer Contract); and
- (c) to take Delivery, on behalf of LCH.Clearnet SA, of Deliverable Obligations from Matched Buyer of the Settlement Matched Pair.

The relevant Matched Seller shall be deemed to have accepted such designation upon notification of the relevant Matched Pair created and notified in accordance with the provisions of this CDS Clearing Supplement.

#### 8.4 **Matched Seller Contracts**

In respect of each Matched Seller Contract which is the subject of a Matched Pair, LCH.Clearnet SA, pursuant to Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions (as amended pursuant to Section 2.4 (*Amendments to 2014 ISDA Credit Derivatives Definitions*) above), as designator, shall be deemed to have designated Matched Buyer in such Matched Pair as its designee:

- (a) to receive on its behalf from, and to deliver on its behalf to, Matched Seller of the Matched Pair any applicable notices or certifications in accordance with the terms of the applicable Cleared Transaction (other than notices required to be delivered via a DTCC Notice Facility);
- (b) other than in respect of any Physical Settlement Amount relating to the settlement of Non-DVP Obligations as referred to in Section 6.6 (*Delivery of Non-DVP Obligations*), to receive on behalf of LCH.Clearnet SA the applicable Physical Settlement Amount in accordance with the terms of any applicable Physically Settled Cleared Transaction, and to pay to, and to receive from, Matched Seller of the Matched Pair, in each case, on behalf of LCH.Clearnet SA, any other

- amounts due and payable (including costs and expenses of settlement due under the Matched Seller Contract); and
- (c) to Deliver, on behalf of LCH.Clearnet SA, the relevant Deliverable Obligations to Matched Seller of the Settlement Matched Pair.

The relevant Matched Buyer shall be deemed to have accepted such designation upon notification of the relevant Matched Pair created and notified in accordance with the provisions of this CDS Clearing Supplement.

## 8.5 Exercise of Rights

In relation to each Matched Pair:

- (a) the exercise of any rights by Matched Buyer against LCH.Clearnet SA under a Matched Buyer Contract (other than the right to give any notice via DTCC Notice Facility) shall be deemed to constitute the exercise of equal and simultaneous rights by LCH.Clearnet SA against Matched Seller under the Matched Seller Contract of the relevant Matched Pair; and
- (b) the exercise of any rights by Matched Seller against LCH.Clearnet SA under a Matched Seller Contract (other than a right to give notice under a DTCC Notice Facility) shall be deemed to constitute the exercise of equal and simultaneous rights by LCH.Clearnet SA against Matched Buyer under the Matched Buyer Contract of the relevant Matched Pair.

## 8.6 Clearing Member matched with Itself

### (a) Notices

In the event that:

- (i) Matched Buyer and Matched Seller of a Matched Pair pursuant to this Section 8 (*Matched Pair Designations and Notices*) is the same Clearing Member; and
- (ii) notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*), a notice or certification is permitted to be delivered in respect of one of the Cleared Transactions forming part of such Matched Pair by means other than the relevant DTCC Notice Facility pursuant to Section 7 (*Delivery of Notices and Fallbacks*),

such notice shall be deemed to be given upon such Clearing Member sending a Clearing Member Acknowledgement to LCH.Clearnet SA pursuant to Section 7.7(a) (*Duty to deliver Clearing Member Acknowledgements*) above in respect of such notice and Section 7.7(b)

(*Clearing Member Acknowledgement received from both Clearing Members*) shall apply.

**(b) Payments and Deliveries**

In the event that:

- (iii) Matched Buyer and Matched Seller of a Matched Pair pursuant to this Section 8 (*Matched Pair Designations and Notices*) is the same Clearing Member; and
- (iv) such Clearing Member is required to make a payment or delivery pursuant to the terms of one of the Cleared Transactions forming part of such Matched Pair as designate of LCH.Clearnet SA,

such payment or delivery shall be deemed to have been made upon such Clearing Member giving notice to LCH.Clearnet SA. in accordance with Section 7.1 (*General Rules relating to Notices*) that such payment or delivery should be deemed to have been made for the purposes of such Cleared Transaction.

**8.7 Notices**

In relation to each Matched Pair:

- (a) where Matched Buyer validly delivers or serves any notice to Matched Seller as designee of LCH.Clearnet SA in accordance with the terms of a relevant Matched Buyer Contract, such notice shall additionally be effective as a notice given by such Matched Buyer as designee of LCH.Clearnet SA to Matched Seller for the purposes of the relevant Matched Seller Contract; and
- (b) where Matched Seller validly delivers or serves any notice to Matched Buyer as designee of LCH.Clearnet SA in accordance with the terms of a relevant Matched Seller Contract, such notice shall additionally be effective as a notice given by such Matched Seller as designee of LCH.Clearnet SA to Matched Buyer for the purposes of the relevant Matched Buyer Contract.

**9. SELF-REFERENCING TRANSACTIONS**

**9.1 Occurrence of Self Referencing Transaction**

**(a) Duty to notify**

In respect of a Single Name Cleared Transaction that is registered in the House Account Structure of a Clearing Member, the relevant Clearing Member shall, unless prohibited from so doing by applicable

law or its internal policies, notify LCH.Clearnet SA as soon as reasonably practicable if:

- (i) such Clearing Member is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction, or enters into any agreement in respect of any of the foregoing;
- (ii) such Clearing Member and the Reference Entity in relation to such Single Name Cleared Transaction are or become Affiliates; or
- (iii) in respect of a Restructuring Cleared Transaction, such Clearing Member is or becomes the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

**(b) Auction of Affected Transactions**

Following receipt of any such notification, LCH.Clearnet SA will, unless otherwise agreed in consultation with the CDS Default Management Group and the affected Clearing Member, and with the assistance of the CDS Default Management Group, conduct an auction process to liquidate the relevant Single Name Cleared Transaction and enter into an equivalent Single Name Cleared Transaction with a Clearing Member other than the affected Clearing Member.

**(c) Alternative Action**

If LCH.Clearnet SA, after consultation with the CDS Default Management Group and the affected Clearing Member, believes that the circumstances are such that an auction may be inappropriate, LCH.Clearnet SA may take such other action in consultation with the Risk Committee as it considers reasonably necessary to achieve its primary aim in these circumstances of addressing the risks resulting from a Clearing Member being party to a Self Referencing Transaction where the Reference Entity is that Clearing Member, while endeavouring, as far as is reasonably practicable in the circumstances without prejudicing the achievement of the primary aim, to avoid materially and adversely affecting the relevant Clearing Member.

**(d) Compression of Affected Transactions prior to Auction**

Prior to determining the Single Name Cleared Transactions to be subject to any auction pursuant to paragraph (b) above, where the affected Clearing Member acts as CDS Buyer and CDS Seller in

respect of fungible Single Name Cleared Transactions, LCH.Clearnet SA shall, in consultation with the CDS Default Management Committee as to the transaction sizes of resulting Single Name Cleared Transactions to be auctioned, compress such Single Name Cleared Transactions up to the extent that, following such compression, Single Name Cleared Transactions representing in aggregate the Open Position of the affected Clearing Member in respect of such fungible Single Name Cleared Transactions are recognised.

For these purposes, LCH.Clearnet SA will provide the affected Clearing Member with a report detailing the Single Name Cleared Transactions to be subject to such compression.

The affected Clearing Member will be deemed to have submitted a request to LCH.Clearnet SA prior to 5.00 p.m. on the day on which LCH.Clearnet SA carries out the compression for ad hoc compression of such Single Name Cleared Transactions in accordance with Section 5 of the Procedures and such compression shall be carried out in accordance with Section 5 of the Procedures on the basis of such deemed request for ad hoc compression.

**(e) Auction Terms**

LCH.Clearnet SA shall determine the timing and other particular characteristics of each such auction in consultation with the CDS Default Management Committee, including determining the size of the bid/offer spread and/or of the Single Name Cleared Transactions to be auctioned, whether one or more such auctions are to be held and the timing and structure of such auctions (including the frequency at which firm bid and firm offer quotations will be requested and the transaction size (that is, the Floating Rate Payer Calculation Amount)).

Clearing Members (excluding the affected Clearing Member) may be requested, and will not be required, to submit actionable quotations in such an auction.

**(f) Creation of New Transactions and Termination of Existing Transactions**

LCH.Clearnet SA will enter into Single Name Cleared Transactions with Clearing Members, other than the affected Clearing Member, in the amount and at the prices determined pursuant to such auction.

At the time of entering into such Single Name Cleared Transactions, the corresponding Single Name Cleared Transactions of the affected Clearing Member shall be terminated by reference to the prices at

which LCH.Clearnet SA enters into such new Single Name Cleared Transactions.

The affected Clearing Member, LCH.Clearnet SA and the other Clearing Members, as applicable, shall submit such information as is required in accordance with the DTCC Rules so as to reflect the terms of any reduction to, termination of or entry into of any Single Name Cleared Transaction as a result of any such auction(s).

(g) **Costs of LCH.Clearnet SA**

The affected Clearing Member will bear the cost of the associated bid/offer spread and any reasonable out-of-pocket costs and expenses of LCH.Clearnet SA in connection with such auction(s) and its entering into such new Single Name Cleared Transactions.

(h) **LCH.Clearnet SA to determine Amounts Owed and Payable**

Amounts owed by the affected Clearing Member to, or receivable by it from, LCH.Clearnet SA in connection with any such auction shall be determined by LCH.Clearnet SA.

In addition, any amounts payable (and the dates of settlement with respect thereto) relating to any Single Name Cleared Transactions created, reduced or terminated pursuant to any such auction shall be determined by LCH.Clearnet SA.

## 9.2 Occurrence of Self Referencing Transactions in respect of Clients

(a) **Notification**

In respect of a Single Name Cleared Transaction registered in the Client Account Structure of a Clearing Member, the relevant Clearing Member, as applicable, shall, unless prohibited from so doing by applicable law or its internal policies, notify LCH.Clearnet SA as soon as reasonably practicable if:

- (i) such Clearing Member is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction, or enters into any agreement in respect of any of the foregoing;
- (ii) such Clearing Member and the Reference Entity in relation to such Single Name Cleared Transaction are or become Affiliates; or

- (iii) in respect of a Restructuring Cleared Transaction, such Clearing Member is or becomes the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event;

or if it receives a notice from the Client that:

- (i) the Client is or has consolidated or amalgamated with, or merged into, or has transferred all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction or entered into any agreement in respect of any of the foregoing;
- (ii) the Client and the Reference Entity in relation to such Single Name Cleared Transaction are or have become Affiliates; or
- (iii) in respect of a Restructuring Cleared Transaction, the Client is or has become the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

**(b) Transfer and Auction Process**

Following the giving of any such notification or occurrence of a Self Referencing Transactions due to a Transfer under Title V Chapter 3, Title VI Chapter 3 or article 4.3 of the Default Management Process,

- (i) if the Self Referencing Transaction is a Clearing Member Self Referencing Transaction, the relevant Client may request the transfer of such Self Referencing Transaction to a Receiving Clearing Member which is not, and none of its Affiliates are, the Reference Entity of the affected Single Name Cleared Transaction, in accordance with Title V Chapter 3 or Title VI Chapter 3 as applicable of the CDS Clearing Rule Book;
- (ii) if such transfer has not been completed in a reasonable timeframe as determined by LCH.Clearnet SA in consultation with the Carrying Clearing Member, or the Self Referencing Transaction is a Client Self Referencing Transaction, LCH.Clearnet SA will, unless otherwise agreed in consultation with the CDS Default Management Group and the relevant Clearing Member, conduct an auction process in consultation with the CDS Default Management Group and the relevant Clearing Member, to liquidate the relevant Single Name Cleared Transaction and enter into an equivalent Single Name Cleared Transaction with another Clearing Member; and

- (iii) the provisions of Section 9.1. (*Occurrence of Self Referencing Transaction*) will apply *mutatis mutandis*, provided that:
  - (A) Section 9.1(a) (*Duty to Notify*) and 9.1(b) (*Auction of Affected Transactions*) shall not apply;
  - (B) Section 9.1(d) (*Compression of Affected Transactions prior to Auction*) is amended by deleting the words "to paragraph (b) above" and replacing them with the words "as a result of Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*)";
  - (C) Section 9.1(d) (*Compression of Affected Transactions prior to Auction*) is amended in the case of CCM Clients only by inserting the words "that have a corresponding CCM Client Transaction with the affected CCM Client" immediately after the words "in respect of fungible Single Name Cleared Transactions";
  - (D) Section 9.1(e) (*Auction Terms*) is amended by inserting the words ", where the relevant Self Referencing Transaction is a Clearing Member Self Referencing Transaction only," immediately after the word "excluding" in the final paragraph thereof;
  - (E) Section 9.1(f) (*Creation of New Transactions and Termination of Existing Transactions*) is amended by inserting the words "if the relevant Self Referencing Transaction is a Clearing Member Self Referencing Transaction" immediately after the words "other than the affected Clearing Member" in the first paragraph thereof; and
  - (F) Each reference to "affected Clearing Member" in Section 9.1 (*Occurrence of Self Referencing Transaction*) is deleted and replaced with a reference to "relevant Clearing Member".

**(c) Costs of LCH.Clearnet SA**

The cost of the associated bid/offer spread and any reasonable out-of-pocket costs and expenses of LCH.Clearnet SA in connection with such auction(s) or any alternative action shall be allocated to the CCM Client Collateral Account or the FCM Client Collateral Account as applicable.

## **10. MANDATORY PROVISIONS FOR CCM CLIENT TRANSACTIONS**

In Appendix XIII, certain provisions are set-out (the "**Mandatory Provisions**") for incorporation into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

LCH.Clearnet SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion or non-inclusion of the Mandatory Provisions in the CCM Client Transaction Documents.

## **11. AMENDMENTS**

LCH.Clearnet SA may amend the provisions of this CDS Clearing Supplement (including, without limitation, the Mandatory Provisions) from time to time so as to comply with any legal or regulatory developments or any recommendations adopted by the industry in respect of CDS or Cleared Transactions or CCM Client Transactions, as applicable, or so as to reflect any technological advancements, in each case in accordance with the provisions of Section 1.2.2 (*Modification*) of Chapter 2 (*General Provisions*) of the CDS Clearing Rule Book.

## **12. FORMS OF NOTICES**

A form of Credit Event Notice, Notice to Exercise Movement Option, Notice of Physical Settlement, NOPS Amendment Notice, Asset Package Notice, notice to exercise alternative delivery procedure pursuant to Section 6.7 (*Alternative Delivery Procedure*), notice to fallback to Cash Settlement in respect of Non-Deliverable Obligations pursuant to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), Physical Settlement Confirmation, No Physical Settlement Confirmation, notice of Clearing Member Communications Failure Event and where no longer subject to a Clearing Member Communications Failure Event, in each case pursuant to Section 7.6 (*Clearing Member Communications Failure Event*), notice of dispute relating to any Matched Pair as contemplated by Section 7.11 (*Dispute as to Notices*) and notice relating to Self-Referencing Transactions as contemplated by Section 9 (*Self-Referencing Transactions*) is set out in Appendix I, II, III, IVA, IVB, V, VI, VII, VIII, IX, X, XI and XII respectively hereto.

Any of the above referenced notices shall be delivered in substantially the form appended hereto, provided, for the avoidance of doubt, that such notices may refer to multiple transactions and may have certain firm-specific variations.

For the avoidance of doubt, the above referenced notices shall be governed by and construed in accordance with English law.

### **13. EXCLUSION OF LIABILITY**

Without prejudice to the provisions of Article 1.2.10.3 of the CDS Clearing Rule Book:

(a) **No liability for Failure of Designee to perform in respect of Matched Pair**

Without prejudice to its obligations under or in respect of a Cleared Transaction, LCH.Clearnet SA shall not be liable for any loss or cost arising out of any failure of any Clearing Member comprised in a Matched Pair to perform its obligations as designee of LCH.Clearnet SA against a related Matched Buyer or Matched Seller, as applicable.

(b) **No liability for Fault of Third Party or Force Majeure**

LCH.Clearnet SA shall have no liability to any person where Restructuring Cleared Transactions are not or are improperly created, Restructuring Cleared Transactions are not or are improperly terminated or the Movement Option process is not or is improperly implemented, in each case for the purposes of the DTCC Rules, because of a third party's fault or a force majeure event. In particular, LCH.Clearnet SA shall not incur any liability arising as a result of any action or omission of DTCC.

(c) **No Obligation to verify Notices received**

LCH.Clearnet SA shall have no responsibility to verify the contents of any notice received by it from any Clearing Member under the terms of any Cleared Transaction.

### **14. DISPUTE RESOLUTION**

For the avoidance of doubt, all Disputes shall be referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

### **15. GOVERNING LAW**

For the avoidance of doubt, the governing law applicable to this CDS Clearing Supplement (excluding the Mandatory Provisions to the extent that such terms are incorporated by reference in the CCM Client Transaction Documents entered into between a CCM and its CCM Client in respect of a CCM Client Transaction), the 2014 ISDA Credit Derivatives Definitions and

any Cleared Transactions (and any related definitions or Clearing Notices issued in respect of the CDS Clearing Supplement, the 2014 ISDA Credit Derivatives Definitions or any Cleared Transactions) and any non-contractual obligations arising out of, relating to or having any connection with them shall be as set out in Section 1.2.14 (*Governing Law*) of the CDS Clearing Rule Book.

## APPENDIX I: FORM OF CREDIT EVENT NOTICE

To: [Restructuring Matched Pair Counterparty Address and Contact Information]

[To/Copy to:]

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

### CREDIT EVENT NOTICE:

**Credit Derivative Transaction Details:** As set out in the Schedule hereto<sup>10</sup>.

Reference is made to the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**). Capitalised terms used and not otherwise defined in this letter shall have the meanings given them in the confirmation of the relevant Transaction.

This letter is our Credit Event Notice to you that a [*insert type*] Credit Event occurred with respect to [*insert name of Reference Entity*] on or about [*insert date*], when [*describe Credit Event*].

Nothing in this letter shall be construed of a waiver of any rights we may have with respect to the Transaction.

Sincerely

[Clearing Member]

---

Name:

Title:

---

<sup>10</sup> A single Credit Event Notice may be submitted for multiple trades in respect of the same Counterparty

## SCHEDULE

### Credit Derivative Transaction Details

[Clearing Member] acting as Seller/Buyer	Restructuring Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Exercise Amount <sup>11</sup>
	[●]	[●]	[●]	[●]	[●]	[●]
	[Buyer]					

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<sup>11</sup> Where different to the outstanding Floating Rate Payer Calculation Amount

## APPENDIX II: FORM OF NOTICE TO EXERCISE MOVEMENT OPTION

To: [Restructuring Matched Pair Counterparty Address and Contact Information]

[To/Copy to:]

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

Dear Sir/Madam

### **Notice to Exercise Movement Option**

**Credit Derivative Transaction Details:** As set out in the Schedule hereto<sup>12</sup>.

Reference is made to: (a) the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [ ] , as Seller, and [ ] , as Buyer; (b) the Credit Event Notice dated insert date], previously delivered to you on [insert date]; and (c) the occurrence of the No Auction Announcement Date on [insert date] pursuant to Section 6.11(b) or Section 6.11(c)(ii) of the 2014 ISDA Credit Derivatives Definitions (the **Definitions**).

This letter constitutes a Notice to Exercise Movement Option. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the confirmation of the relevant Transaction or, if no meaning is specified therein, in the Definitions.

We hereby exercise the Movement Option, confirm that each Transaction will be settled in accordance with the relevant Credit Derivatives Auction Settlement Terms specified in the column entitled "Auction Settlement Terms" corresponding to such Transaction in the Schedule hereto and require performance by you in accordance therewith.

Yours faithfully,

[Matched Buyer/Matched Seller]

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Name:

Title:

---

<sup>12</sup> A single Notice to Exercise Movement Option may be submitted for multiple trades in respect of the same Counterparty

## SCHEDULE

### Credit Derivative Transaction Details

Restructuring Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Auction Settlement Terms
[●]	[●]	[●]	[●]	[●]	[●]

### **APPENDIX III: FORM OF NOTICE OF PHYSICAL SETTLEMENT**

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

#### **Notice of Physical Settlement**

**Credit Derivative Transaction Details:** As set out in the Schedule hereto<sup>13</sup>.

Reference is made to: (a) the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [ ], as Seller, and [ ], as Buyer. Reference is also made to the Credit Event Notice [and Notice of Publicly Available Information] dated [insert date], previously delivered to you on [insert date].

This letter constitutes a Notice of Physical Settlement. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the confirmation of the relevant Transaction (the **Relevant Confirmation**) or, if no meaning is specified therein, in the 2014 ISDA Credit Derivatives Definitions (the **Definitions**).

We hereby confirm that we will settle the Transaction[s] and require performance by you in accordance with the provisions of the Relevant Confirmation and the Definitions relating to Physical Settlement. Subject to the terms of the relevant Transaction, we will Deliver to you on or before the Physical Settlement Date, an amount of the Deliverable Obligation(s) described in the column entitled "Deliverable Obligation(s)" in the Schedule hereto, corresponding to such Transaction:

Yours faithfully,

[Matched Buyer]

---

Name:

Title:

---

<sup>13</sup> A single Notice of Physical Settlement may be submitted for multiple trades in respect of the same Counterparty



## SCHEDULE

### Credit Derivative Transaction Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Deliverable Obligation(s) <sup>14</sup>
[●]	[●]	[●]	[●]	[●]	[Currency][Due and Payable Amount]][●]

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<sup>14</sup> describe the Deliverable Obligation(s) to be Delivered, including the currency and outstanding principal balance or Due and Payable Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation)

## **APPENDIX IVA: FORM OF NOPS AMENDMENT NOTICE**

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

Settlement Matched Pair ID: [●]

Trade ID: [●]

### **NOPS Amendment Notice**

#### **Credit Derivative Transaction Details: [Trade Date], [Effective Date], [Reference Entity]**

Reference is made to the Credit Derivative Transaction described above (the **Transaction**) between [ ] , as Seller, and [ ] , as Buyer. Reference is also made to the Notice of Physical Settlement] NOPS Amendment Notice] dated [insert date], previously delivered to you on [insert date] dated [insert date].

This letter constitutes a NOPS Amendment Notice. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the Confirmation of the Transaction or, if no meaning is specified therein, in the CDS Clearing Supplement.

We hereby notify you that we are replacing the following Deliverable Obligation(s) specified in the Notice of Physical Settlement] NOPS Amendment Notice] specified above with the following Replacement Deliverable Obligation(s):

[describe the Deliverable Obligation(s) to be replaced, including the Replaced Deliverable Obligation Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation) and the Replacement Deliverable Obligation(s) for each Replaced Deliverable Obligation Amount so specified and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Replacement Deliverable Obligation)].

Yours faithfully,

*[Matched Buyer]*

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Name:

Title:

## APPENDIX IVB: FORM OF ASSET PACKAGE NOTICE

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

Settlement Matched Pair ID: [●]

Trade ID: [●]

### Asset Package Notice

#### Credit Derivative Transaction Details: [Trade Date], [Effective Date], [Reference Entity]

Reference is made to the Credit Derivative Transaction described above (the **Transaction**) between [ ], as Seller, and [ ], as Buyer. Reference is also made to the Notice of Physical Settlement] [NOPS Amendment Notice] dated [insert date], previously delivered to you on [insert date] dated [insert date].

This letter constitutes an Asset Package Notice. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the Confirmation of the Transaction or, if no meaning is specified therein, in the CDS Clearing Supplement.

We hereby notify you that our obligation to Deliver the following Deliverable Obligation(s) specified in the Notice of Physical Settlement] NOPS Amendment Notice] specified above shall be satisfied by Delivery of the following Asset Package:

[describe the Deliverable Obligation(s) to which the Asset Package relates, including the Deliverable Obligation Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation) and the Assets comprising the Asset Package for each such Deliverable Obligation(s) and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Asset, if applicable)].

Yours faithfully,

[*Matched Buyer*]

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Name:

Title:

**APPENDIX V: FORM OF NOTICE TO EXERCISE ALTERNATIVE DELIVERY  
PROCEDURE PURSUANT TO SECTION 6.7 (ALTERNATIVE DELIVERY  
PROCEDURE)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

**Notice to Exercise Alternative Delivery Procedure<sup>15</sup>**

Reference is made to: the Settlement Matched Pairs described in the Schedule hereto, being the Settlement Matched Pairs to which this notice relates and Section 6.7 (*Alternative Delivery Procedure*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

The Settlement Matched Pair Delivery Amount relating to each Settlement Matched Pair is that amount specified in the column entitled "Settlement Matched Pair Delivery Amount" in the Schedule hereto, corresponding to such Settlement Matched Pair.

In respect of each Settlement Matched Pair and in accordance with Section 6.7 (*Alternative Delivery Procedure*) we hereby elect to exercise our rights against and perform obligations to you in accordance with the alternative delivery procedure in relation to such percentage and amount of the Settlement Matched Pair Delivery Amount as set out in the column entitled "Percentage and Amount of Settlement Matched Pair Delivery Amount" in the Schedule hereto corresponding to such Settlement Matched Pair.

This notice may be executed in any number of counterparts which together shall constitute one notice.

By countersigning this notice, you are deemed to have given your consent to the above in satisfaction of the requirement to obtain your consent contained in Section 6.7 (*Alternative Delivery Procedure*) of the CDS Clearing Supplement.

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<sup>15</sup> A single Notice to Exercise Alternative Delivery Procedure may be submitted for multiple trades in respect of the same Counterparty

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Matched Buyer/ Matched Seller]

---

Name:

Title:

Countersigned by LCH.Clearnet SA

---

Name:

Title:

## SCHEDULE

### Credit Derivative Transaction Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Settlement Matched Pair Delivery Amount	Percentage and amount of Settlement Matched Pair Delivery Amount
[●]	[●]	[●]	[●]	[●]	[●]	[●]

**APPENDIX VI: FORM OF NOTICE OF FALBACK TO CASH SETTLEMENT OF  
NON-DELIVERABLE OBLIGATIONS PURSUANT TO SECTION 6.12 (FALBACK  
TO CASH SETTLEMENT IN RESPECT OF NON-DELIVERABLE OBLIGATIONS)**

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

Settlement Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

**Notice of fallback to Cash Settlement in respect of Non-Deliverable Obligations  
pursuant to Section 6.12 (Fallback to Cash Settlement in respect of Non-  
Deliverable Obligations) of the CDS Clearing Supplement**

Reference is made to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement and [*insert details of the relevant Settlement Matched Pair(s)*], being the Settlement Matched Pair[s] to which this notice relates and to the [*Notice of Physical Settlement*][NOPS Amendment Notice] previously delivered to you on [*insert date*] dated [*insert date*]. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement we hereby notify you we are not permitted to Deliver the Deliverable Obligations specified below (such Deliverable Obligations, the **Non-Deliverable Obligations**) as specified in the [*Notice of Physical Settlement*][NOPS Amendment Notice] specified above for the following reasons:

[*Insert details of the relevant Non-Deliverable Obligations and reasonable detail of the relevant circumstances, as described paragraphs (a)(i) and (a)(ii) of Section 6.12 of the CDS Clearing Supplement*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

*[Matched Buyer]*

---

Name:

Title:

**APPENDIX VII: FORM OF PHYSICAL SETTLEMENT CONFIRMATION AS  
CONTEMPLATED BY SECTION 6.19 (*MISCELLANEOUS PROVISIONS  
RELATING TO PHYSICAL SETTLEMENT*)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

**Physical Settlement Confirmation**

Reference is made to Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement and the Settlement Matched Pair[s] described in the Schedule hereto, being the Settlement Matched Pair[s] to which this notice relates. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement, we hereby notify you that we have completed Physical Settlement with respect to such Settlement Matched Pair[s].

This notice is delivered in satisfaction of the requirement in Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement to inform you of such completion.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Matched Buyer]/[Matched Seller]

---

Name:

Title:

## **SCHEDULE**

### **Settlement Matched Pair Details**

<b>Settlement Matched Pair ID</b>	<b>Trade ID</b>	<b>Reference Entity</b>	<b>Trade Date</b>	<b>Effective Date</b>
[●]	[●]	[●]	[●]	[●]

**APPENDIX VIII: FORM OF NO PHYSICAL SETTLEMENT CONFIRMATION AS  
CONTEMPLATED BY SECTION 6.19 (*MISCELLANEOUS PROVISIONS  
RELATING TO PHYSICAL SETTLEMENT*)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Settlement Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

**No Physical Settlement Confirmation**

Reference is made to Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement and the Settlement Matched Pair[s] described in the Schedule hereto, being the Settlement Matched Pair[s] to which this notice relates. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement, we hereby notify you that no Notice of Physical Settlement has been delivered within the relevant time period permitted for such delivery in accordance with the terms of the relevant Physically Settled Cleared Transactions and, accordingly, that Physical Settlement will not, under the terms of such Physically Settled Cleared Transactions, occur.

This notice is delivered in satisfaction of the requirement in Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement to inform you of such completion.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Matched Buyer]/[Matched Seller]

Name:

:

Title:

## **SCHEDULE**

### **Settlement Matched Pair Details**

<b>Settlement Matched Pair ID</b>	<b>Trade ID</b>	<b>Reference Entity</b>	<b>Trade Date</b>	<b>Effective Date</b>
[●]	[●]	[●]	[●]	[●]

**APPENDIX IX: FORM OF NOTICE OF CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO SECTION 7.6 (CLEARING MEMBER COMMUNICATIONS FAILURE EVENT)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

**Notice certifying occurrence of a Clearing Member Communications Failure Event**

Reference is made to Section 7.6(b) (*Clearing Member to notify LCH.Clearnet SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 7.6(b) (*Clearing Member to notify LCH.Clearnet SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are affected by a Clearing Member Communications Failure Event [insert details of such failure].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Clearing Member]

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Name:

Title:

[Signed by a senior officer (such as a managing director or equivalent) on behalf of the Clearing Member]

**APPENDIX X: FORM OF NOTICE FOR CEASING TO BE SUBJECT TO A  
CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO  
SECTION 7.6 (CLEARING MEMBER COMMUNICATIONS FAILURE EVENT)**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

**Notice that a Clearing Member is no longer subject to Clearing Member Communications Failure Event**

Reference is made to Section 7.6(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement and the notice certifying the occurrence of a Clearing Member Communications Failure Event delivered by us to LCH.Clearnet SA on [●] (the **Notice of Clearing Member Communications Failure Event**). Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 7.6(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are no longer subject to the relevant Clearing Member Communications Failure Event described in the Notice of Clearing Member Communications Failure Event.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Clearing Member]

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Name:

Title:

## **APPENDIX XI: FORM OF NOTICE OF DISPUTE RELATING TO ANY MATCHED PAIR**

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

[Restructuring][Settlement] Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

**Notice of dispute relating to [insert details of the relevant Matched Pairs subject to a dispute]**

Reference is made to Section 7.11 (*Disputes as to Notices*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 7.11 (*Disputes as to Notices*) of the CDS Clearing Supplement, notice is hereby given of the following dispute(s):

[insert details of Matched Pair(s) affected and the relevant dispute].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Matched Buyer]/[Matched Seller]

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Name:

Title:

## APPENDIX XII: FORM OF NOTICE RELATING TO SELF-REFERENCING TRANSACTIONS

To:

LCH.Clearnet SA  
18, rue du Quatre Septembre  
75002 Paris  
France  
[Contact details]

[date]

Dear Sir/Madam

### **Notice relating to Self-Referencing Transactions**

**Credit Derivative Transaction Details:** As set out in the Schedule hereto<sup>16</sup>.

Reference is made to the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [●], as Seller and [●], as Buyer and to Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement, notice is hereby given of the following: *[insert details of one or more of the relevant events, as set out in paragraphs (i), (ii) and (iii) of Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement]*.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[Clearing Member]

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Name:

Title:

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<sup>16</sup> A single Credit Event Notice may be submitted for multiple trades in respect of the same Counterparty

## **SCHEDULE**

### **Credit Derivative Transaction Details**

<b>[Restructuring] Matched Pair ID</b>	<b>Trade ID</b>	<b>Reference Entity</b>	<b>Trade Date</b>	<b>Effective Date</b>
[●]	[●]	[●]	[●]	[●]

## APPENDIX XIII: CCM CLIENT TRANSACTION REQUIREMENTS

The following provisions (the "**Mandatory Provisions**") are to be incorporated into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The terms of the corresponding CCM Client Cleared Transaction will be governed by the CDS Clearing Supplement. The CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

LCH.Clearnet SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion in the CCM Client Transaction Documents of the requirements set-out in this Appendix XIII.

The Mandatory Provisions, when they are incorporated into any CCM Client Transaction Documents, shall be governed by and construed in accordance with the governing law applicable to such CCM Client Transaction Documents of which they form part, or if different and applicable, in accordance with such CCM Client Transaction Documents, the governing law applicable to transactions entered into under such CCM Client Transaction Documents. The Mandatory Provisions shall be subject to such dispute resolution mechanisms and procedures and such courts or other forum for hearing disputes as are applicable in respect of such CCM Client Transaction Documents of which they form part. Each CCM and its CCM Client to which the Mandatory Provisions apply will waive any right to object to any such choice of law or proceedings on the basis of *forum non conveniens*, that the governing law or forum is not specified on the face of this document or otherwise.

In this Appendix XIII:

**"CCM Client Buyer"** means a CCM Client that is party to a CCM Client Transaction as protection buyer;

**"CCM Client Seller"** means a CCM Client that is party to a CCM Client Transaction as protection seller;

**"CCM Buyer/Matched Seller"** means a CCM that is party to a CCM Client Transaction as protection buyer and to the corresponding CCM Client Cleared Transaction as protection seller; and

**"CCM Seller/Matched Buyer"** means a CCM that is party to a CCM Client Transaction as protection seller and to the corresponding CCM Client Cleared Transaction as protection buyer.

### 1. **Defined Terms**

Terms used in the Mandatory Provisions and not otherwise defined herein or in the 2014 ISDA Credit Derivatives Definitions shall have the meanings given to them in the CDS Clearing Supplement.

## 2. ***Terms of CCM Client Transactions***

### 2.1 *2014 ISDA Credit Derivatives Definitions*

The definitions and provisions contained in the 2014 ISDA Credit Derivatives Definitions published by the International Swaps and Derivatives Association (the "**2014 ISDA Credit Derivatives Definitions**"), are incorporated into each CCM Client Transaction.

### 2.2 *Single Name CCM Client Transactions - Reference Obligation*

With effect from the date on which the CCM Client Cleared Transaction corresponding to a Single Name CCM Client Transaction is registered in the TIW, such Single Name CCM Client Transaction shall be deemed to reference the Standard Reference Obligation, provided that if there is no Standard Reference Obligation, such Single Name CCM Client Transaction shall be deemed to reference the CDSClear Preferred Reference Obligation.

### 2.3 *Single Name CCM Client Transactions - Updating Physical Settlement Matrix*

With effect from the date on which the CCM Client Cleared Transaction corresponding to a Single Name CCM Client Transaction is registered in the TIW, such Single Name CCM Client Transaction shall be deemed to reference the Relevant Physical Settlement Matrix.

With effect from the close of business on any Matrix Re-versioning Date, any Single Name CCM Client Transaction referencing the Existing Matrix will be deemed to have been amended so as to reference the Revised Matrix.

### 2.4 *Index Client CCM Transactions - Updating Eligible Index Versions*

Upon the occurrence of a DTCC Re-versioning Date, any Index CCM Client Transaction shall be automatically amended so as to reference the portfolio of Reference Entities specified in the revised version of the index published by the Index Publisher and referenced in the TIW with effect from such DTCC Re-versioning Date.

### 2.5 *Initial Payment Date*

Notwithstanding anything to the contrary in the 2014 ISDA Credit Derivatives Definitions, if the Initial Payment Date specified in the CCM Client Transaction Documents in respect of any CCM Client Transaction is a date falling after the Clearing Day on which the Cleared Transactions related to such CCM Client Transaction are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Initial Payment Date in respect of such CCM Client Transaction shall be deemed to be the Transaction Business Day immediately following the Clearing Day on which the Cleared Transactions relating to such CCM Client Transaction are created.

### **3. Additional CCM Client Transactions, Compression and Succession Events**

#### **3.1 Creation of Additional CCM Client Transactions**

Immediately following:

- (a) the creation of Matched Pairs by LCH.Clearnet SA pursuant to Section 8.1 (*Creation of Matched Pairs*) of the CDS Clearing Supplement; or
- (b) the creation of Resulting Single Name Cleared Transactions pursuant to Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*) of the CDS Clearing Supplement,

if a CCM Client Transaction has been specified to have been split into or replaced by two or more separate CCM Client Transactions in the TIW as a result of the creation of such Matched Pairs or Resulting Single Name Cleared Transactions, such CCM Client Transaction shall be split into or terminated and replaced by two or more (as applicable) corresponding CCM Client Transactions. The Floating Rate Payer Calculation Amount and Fixed Rate of each such CCM Client Transaction shall correspond to the Floating Rate Payer Calculation Amount and Fixed Rate specified in TIW for such CCM Client Transaction. In respect of CCM Client Transactions created as a result of the creation of Resulting Single Name Cleared Transactions, the Trade Date of such new CCM Client Transactions shall be the same as the Trade Date of the equivalent Resulting Single Name Cleared Transactions. Otherwise, each new CCM Client Transaction shall have the same terms as the original CCM Client Transaction.

#### **3.2 Reversal of Creation of Additional CCM Client Transactions**

If a CCM Client Transaction has been split into two or more CCM Client Transactions pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above and the relevant DC Credit Event Announcement that led to the creation of the Matched Pairs is reversed such that Section 5.5 (*Reversal of DC Credit Event Announcements*) of the CDS Clearing Supplement applies, then, subject to Section 11.1(c)(iii)(B) of the 2014 ISDA Credit Derivatives Definitions, any additional CCM Client Transactions created pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above shall be deemed not to have been created and any Credit Event Notices delivered in connection with such CCM Client Transactions shall be deemed to be ineffective.

#### **3.3 Compression of CCM Client Transactions**

If two or more CCM Client Transactions are specified in TIW to have been compressed into a single CCM Client Transaction pursuant to Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule

Book, such CCM Client Transactions shall be compressed into a single CCM Client Transaction with a Floating Rate Payer Calculation Amount equal to the aggregate Floating Rate Payer Calculation Amounts of the original CCM Client Transactions.

### 3.4 *Succession Events and Cleared Transactions*

If LCH.Clearnet SA takes any action with respect to a CCM Client Cleared Transaction pursuant to Section 4.5 (*Succession Events and Cleared Transactions*) of the CDS Clearing Supplement so as to give effect to a Succession Event, such action shall also be deemed to have been taken with respect to the corresponding CCM Client Transaction.

## 4. **Notices**

### 4.1 *Validity of Notices*

Save if and as expressly stated to the contrary in the Mandatory Provisions, any notice delivered by a CCM Client to its CCM in respect of a CCM Client Transaction (including, without limitation, a Credit Event Notice, Notice of Physical Settlement, Notice to Exercise Movement Option or NOPS Amendment Notice) at a time or in a manner in which the CCM would not be permitted to deliver such a notice to LCH.Clearnet (or to a relevant Matched Buyer or Matched Seller as designee of LCH.Clearnet (as applicable)) in respect of the corresponding CCM Client Cleared Transaction pursuant to the terms of the CDS Clearing Supplement shall be deemed not to have been delivered.

### 4.2 *Credit Event Notices and NEMOs given via DTCC*

#### (a) *Credit Event Notices and NEMOs to be given via DTCC*

Credit Event Notices and Notices to Exercise Movement Option shall be delivered by way of the relevant DTCC Notice Facility, save if and as expressly stated to the contrary in the Mandatory Provisions or otherwise agreed between the parties to the CCM Client Transaction. The deemed time of delivery of any such notices shall be as set out in the DTCC Rules from time to time.

#### (b) *Credit Event Notices and NEMOs delivered in respect of corresponding CCM Client Cleared Transaction*

In respect of a CCM Client Transaction, if:

- (i) CCM Seller/Matched Buyer or CCM Buyer/Matched Seller delivers a valid Credit Event Notice or Notice to Exercise Movement Option in respect of the corresponding CCM Client Cleared Transaction by way of the relevant DTCC Notice Facility; or

- (ii) a Credit Event Notice or Notice to Exercise Movement Option is deemed to have been delivered in respect of the corresponding CCM Client Cleared Transaction pursuant to Section 7.3(b) (*Credit Event Notices and NEMOs delivered in respect of CCM Client Transaction*) of the CDS Clearing Supplement as a result of the receipt of a valid Credit Event Notice or Notice to Exercise Movement Option (as applicable) by way of the relevant DTCC Notice Facility in respect of the CCM Client Transaction between the other CCM of a Matched Pair and its CCM Client,

and a Credit Event Notice or Notice to Exercise Movement Option (as applicable) has not already been given in respect of such CCM Client Transaction in accordance with Mandatory Provision 4.4 (*Communications Failure Event*) such notice (or deemed notice) shall be deemed also to be a Credit Event Notice or Notice to Exercise Movement Option (as applicable) for the purposes of such CCM Client Transaction.

#### 4.3 Consequences of DTCC Failure

If a DTCC Failure Event occurs, from (and including) the DTCC Failure Event Time to (but excluding) the DTCC Resolution Time:

- (a) Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility);
- (b) any notice delivered via the relevant DTCC Notice Facility prior to the DTCC Failure Event Time will be valid and will not be affected by such DTCC Failure Event; and
- (c) any notice delivered or purported to be delivered via the relevant DTCC Notice Facility at or following the DTCC Failure Event Time but prior to the DTCC Resolution Time will not be valid and effective.

Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply with effect from the DTCC Resolution Time and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

#### 4.4 *Communications Failure Event*

##### (a) *Right to deliver Notices manually following Communications Failure Event*

If a party is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such party to deliver any Credit Event Notice in relation to a Restructuring Credit Event or any Notice to Exercise Movement Option via a relevant DTCC Notice Facility (a "**Communications Failure Event**") it may, notwithstanding Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*), deliver Credit Event Notices and Notices to Exercise Movement Option directly (and not via the relevant DTCC Notice Facility).

Such party shall deliver, together with any Credit Event Notice or Notice to Exercise Movement Option delivered by it directly, a notice signed by a senior officer (such as a managing director or equivalent) of such party certifying that it is affected by a Communications Failure Event (or, if such party is unable to deliver such notice in writing, orally by telephone).

##### (b) *Notices to party affected by Communications Failure Event*

For the avoidance of doubt, Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall continue to apply in respect of notices given by the party not affected by the Communications Failure Event to the party affected by the Communications Failure Event.

##### (c) *Notification of Resolution of Communications Failure Event*

As soon as reasonably practicable upon a party ceasing to be subject to a Communications Failure Event, it shall notify the other party accordingly and thereupon Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

##### (d) *Duty to Mitigate*

A party which is subject to a Communications Failure Event shall use reasonable endeavours to mitigate the operational impact on the other party of any Communications Failure Event, to cure such Communications Failure Event as soon as possible and to ensure that the circumstances giving rise to the relevant Communications Failure Event do not recur.

(e) *Breach does not Invalidate Valid Notices*

Without prejudice to any other rights or remedies of the parties, any breach by a party of the provisions of this Mandatory Provision 4.4 shall not cause any Credit Event Notice or Notice to Exercise Movement Option delivered otherwise than in accordance with the terms of the relevant CCM Client Transaction, which would otherwise be valid and effective, to be invalid or ineffective.

4.5 *Uncertain Delivery*

(a) *Manual Notice permitted if Delivery of Notice in DTCC uncertain*

Notwithstanding Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*), where such notices are permitted to be delivered by means other than the relevant DTCC Notice Facility pursuant to this Mandatory Provision 4 (*Notices*), and a party is uncertain as to whether or not a Credit Event Notice or Notice to Exercise Movement Option (as applicable) it attempted to deliver via a DTCC Notice Facility has:

- (i) actually been delivered; or
- (ii) was delivered prior to the DTCC Failure Time,

that party shall be entitled to deliver such a notice directly to the other party specifying that such notice is only to be effective to the extent that the other purported notice is not effective.

(b) *Details to be provided of Uncertain Notice*

If a party delivers a manual notice pursuant to Mandatory Provision 4.5(a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above, such party shall be required to provide (together with such notice) sufficient details of the notice attempted to be given by way of the relevant DTCC Notice Facility so as to allow the other party to identify the communication concerned.

(c) *DTCC Notice delivered successfully*

If the first Credit Event Notice or Notice to Exercise Movement Option (as applicable) to which the manual notice delivered pursuant to Mandatory Provision 4.5(a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above related was actually delivered successfully, any subsequent Credit Event Notice or Notice to Exercise Movement Option delivered shall be deemed not to have been delivered.

## **5. Determination of Credit Events and Succession Events**

Notwithstanding any provision to the contrary:

- (a) the Calculation Agent shall not make any determination in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Successor Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules; and
- (b) neither party shall be entitled to deliver a Successor Notice or a Credit Event Notice (other than Credit Event Notices in relation to a Restructuring Credit Event in accordance with the terms of any Restructuring CCM Client Transaction (including the Mandatory Provisions) and, where applicable, the DTCC Rules).

## **6. Timings for the Delivery of Manual Notices**

***The following provisions shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Buyer and its CCM Seller/Matched Buyer:***

### **6.1 Delivery of Manual Notices by CCM Client Buyer**

For the purposes of the delivery by CCM Client Buyer of any notice in respect of a CCM Client Transaction which is permitted pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions) to be delivered manually (rather than via the relevant DTCC Notice Facility), Section 1.38 (*Requirements Regarding Notices*) of the 2014 ISDA Credit Derivatives Definitions shall be amended so as to provide that, solely in respect of the final day on which such manual notice could validly be delivered pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions), any such notice shall be required to be delivered on or prior to 2:00 p.m. (Calculation Agent City time) in order to be effective.

A manual notice (including, without limitation, a Credit Event Notice or a Notice to Exercise Movement Option) delivered after 2:00 p.m. (Calculation Agent City time) on the final day on which such notice could validly be delivered pursuant to the terms of the relevant CCM Client Transaction (including the Mandatory Provisions) shall be deemed not to have been delivered.

### **6.2 Onward Delivery of Certain Notices by CCM Seller/Matched Buyer to Matched Seller**

Any Credit Event Notice, Notice to Exercise Movement Option, Physical Settlement Notice, NOPS Amendment Notice, any notice given pursuant to Section 8.2 (*Notice of Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions in respect of any Asset or Asset Package, any notice given pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014

ISDA Credit Derivatives Definitions or any notice given pursuant to Section 9.8 (*Alternative Procedures Relating to Loans Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions which is permitted to be and is delivered manually by CCM Client Buyer to CCM Seller/Matched Buyer in respect of and pursuant to the terms of a CCM Client Transaction (including the Mandatory Provisions) shall not be effective unless and until CCM Seller/Matched Buyer effectively delivers the relevant equivalent notice to the relevant Matched Seller in respect of and pursuant to the terms of the corresponding Restructuring Cleared Transaction or Physically Settled Cleared Transaction, as applicable.

CCM Seller/Matched Buyer undertakes to deliver such a notice to the relevant Matched Seller within two hours of its receipt of the equivalent notice from CCM Client Buyer if such notice is received between 9:00 a.m. (Calculation Agent City time) and 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day. Any such notice received by CCM Seller/Matched Buyer after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day. Any such notice received by CCM Seller/Matched Buyer before 9:00 a.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on such Calculation Agent City Business Day. Any such notice delivered on a day that is not a Calculation Agent City Business Day shall be deemed to have been delivered at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day.

***The following provision shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Seller and its CCM Buyer/Matched Seller:***

**6.3 Receipt of Certain Notices by CCM Buyer/Matched Seller deemed to be Receipt by CCM Client Seller**

Any Credit Event Notice, Notice to Exercise Movement Option, Physical Settlement Notice NOPS Amendment Notice, any notice given pursuant to Section 8.2 (*Notice of Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions in respect of any Asset or Asset Package, any notice given pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions or any notice given pursuant to Section 9.8 (*Alternative Procedures Relating to Loans Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions which is permitted to be and is delivered manually by the relevant Matched Buyer to CCM Buyer/Matched Seller in respect of and pursuant to the terms of a Restructuring Cleared Transaction or Physically Settled Cleared Transaction (as applicable) relating to a CCM Client Transaction between such CCM Buyer/Matched Seller and CCM Client shall be deemed to constitute simultaneous delivery by CCM Buyer/Matched

Seller to CCM Client Seller of such notice in respect of such CCM Client Transaction.

CCM Buyer/Matched Seller undertakes to deliver such a notice to CCM Client Seller within two hours of its receipt of the equivalent notice from the relevant Matched Buyer if such notice is received between 9:00 a.m. (Calculation Agent City time) and 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day. Any such notice received by CCM Buyer/Matched Seller after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day. Any such notice received by CCM Buyer/Matched Seller before 9:00 a.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on such Calculation Agent City Business Day. Any such notice delivered on a day that is not a Calculation Agent City Business Day shall be deemed to have been delivered at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day.

## 7. ***Physical Settlement***

### 7.1 *Fallback to Cash Settlement resulting from corresponding CCM Client Cleared Transaction*

If a CCM notifies its CCM Client that the Physically Settled Cleared Transaction corresponding to their CCM Client Transaction is to be settled (in whole or in part) by Cash Settlement pursuant to Section 6 (*Physical Settlement*) of the CDS Clearing Supplement and such CCM Client Transaction has not already been settled by Physical Settlement, such CCM Client Transaction shall also be settled (in whole or in part, as applicable) by Cash Settlement and the Cash Settlement Amount and the Cash Settlement Date shall be the same as the Cash Settlement Amount and the Cash Settlement Date determined in respect of the corresponding Physically Settled Cleared Transaction.

In respect of the CCM Client Transaction between CCM Client Buyer and CCM Seller/Matched Buyer, if CCM Client Buyer has already Delivered the Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer in whole (if Cash Settlement applies) or in part (if Partial Cash Settlement applies in which case CCM Seller/Matched Buyer shall retain a proportion of the Deliverable Obligations equal to the proportion of the Transaction to be settled by Physical Settlement).

### 7.2 *Fallback to Cash Settlement in respect of Non-Deliverable Obligations*

If, in respect of a CCM Client Transaction, Buyer is not permitted to Deliver one or more Deliverable Obligations (such Deliverable Obligations, the Non-

Deliverable Obligations) specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to Seller because:

- (i) the amount of such Deliverable Obligation is less than the relevant minimum denomination of such Deliverable Obligation; or
- (ii) Seller is not a permitted transferee under such Deliverable Obligation (and, in the case of this sub-section (ii), such circumstance would not constitute an illegality or impossibility outside the control of a relevant party for the purposes of Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions),

then it shall notify Seller accordingly describing in reasonable detail the relevant circumstances.

With effect from such notification, such occurrence shall be treated, in relation to such CCM Client Transaction, as an illegality or impossibility outside the control of a relevant party for the purpose of Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions and "Cash Settlement" pursuant to the Partial Cash Settlement Terms shall be deemed to apply to such CCM Client Transaction with respect to the Non-Deliverable Obligations as though the Non-Deliverable Obligations were Undeliverable Obligations and the provisions set out in Mandatory Provision 7.3 (*Consequences of Cash Settlement*) below shall apply.

### 7.3 *Consequences of Cash Settlement*

If the circumstances set out in either Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) apply to a CCM Client Transaction, then:

- (a) the Latest Permissible Physical Settlement Date in respect of such CCM Client Transaction will be deemed to be the first date on which the relevant Buyer or Seller effectively gave the relevant notice to the other pursuant to either Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) above, as applicable, (and for these purposes, Section 9.5 (*Latest Permissible Physical Settlement Date*) of the 2014 ISDA Credit Derivatives Definitions shall not apply); and

- (b) where sub-paragraph (ii) of Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) applies, Indicative Quotations shall not be applicable.

#### 7.4 Asset Package Delivery

If Asset Package Delivery is applicable in respect of a Physically Settled Cleared Transaction and an Asset to be delivered is a Non-Transferable Instrument or Non-Financial Instrument, then the Asset shall be deemed to be an amount of cash equal to the value determined by the CDSClear Product Committee (which, notwithstanding anything to the contrary shall be the "Calculation Agent" for the purposes of Section 8.15 (Asset Market Value) of the 2014 ISDA Credit Derivatives Definitions).

If a CCM notifies its CCM Client that Asset Package Delivery is applicable in respect of the Physically Settled Cleared Transaction corresponding to their CCM Client Transaction and such CCM Client Transaction has not already been settled by Physical Settlement and the relevant Asset Package comprises Assets in the form of cash in the Settlement Currency (whether pursuant to Section 8.12(b)(v) of the 2014 ISDA Credit Derivatives Definitions or otherwise) then Asset Package Delivery shall also apply in respect of such CCM Client Transaction and

- (i) the Physical Settlement Amount in respect of such CCM Client Transaction shall be an amount equal to the Physical Settlement Amount minus the Asset Package Cash Settlement Amount determined in respect of the corresponding Physically Settled Cleared Transaction; and
- (ii) the only Assets to be Delivered in respect of such CCM Client Transaction shall be such Assets as are Delivered in respect of the corresponding Physically Settled Cleared Transaction.

***The following provisions shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Buyer and its CCM Seller/Matched Buyer:***

#### 7.5 Delivery of Deliverable Obligations by CCM Client Buyer to CCM Seller/Matched Buyer

***This Mandatory Provision 7.5 shall be applicable unless the CCM Client Buyer and CCM Seller/Matched Buyer agree that it shall not apply in respect of a specific CCM Client Transaction.***

In respect of a CCM Client Transaction, the Delivery of any Deliverable Obligations (or if Asset Package Delivery is applicable, the Assets) to be Delivered by CCM Client Buyer to CCM Seller/Matched Buyer shall be deemed not to have occurred for the purposes of such CCM Client Transaction unless and until CCM Seller/Matched Buyer Delivers equivalent

Deliverable Obligations or Assets to Matched Seller pursuant to the Physical Settlement of the corresponding Physically Settled Cleared Transaction.

Unless in respect of the corresponding Physically Settled Cleared Transactions:

- (a) Cash Settlement is applicable (in whole or in part);
- (b) a Buy-in Period is applicable or Buy-in Price has been determined pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions;
- (c) a Deemed Buy-in Period is applicable pursuant to Section 6.8(b)(i) of the CDS Clearing Supplement or Section 6.8(b)(ii) of the CDS Clearing Supplement is applicable;
- (d) Section 9.8(i) of the 2014 ISDA Credit Derivatives Definitions is applicable or Matched Seller has required Matched Buyer to Deliver a Bond or Loan pursuant to Section 9.8(ii) of the 2014 ISDA Credit Derivatives Definitions; or
- (e) Matched Seller has required Matched Buyer to Deliver a Deliverable Obligation pursuant to Section 9.9 (*Alternative Procedures Relating to Assets Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions,

(each such event, a "**Non-delivery Event**"), CCM Seller/Matched Buyer undertakes to Deliver the Deliverable Obligations (or such portion of the Deliverable Obligations not affected by a Non-delivery Event) or, if Asset Package Delivery is applicable, the Assets, to Matched Seller not later than the first Business Day after the day on which a trade in such Deliverable Obligation(s) or Assets would, if effected on the day on which CCM Seller/Matched Buyer received the Deliverable Obligations or Assets from CCM Client Buyer or on which the relevant Non-delivery Event ceased to apply, as applicable, (or if such day is not a Business Day, the following Business Day), be settled in accordance with then current market practice of such Deliverable Obligations or Assets, as the case may be, as determined by the Calculation Agent after consultation with the parties.

For the purposes of Article VIII (*Terms relating to Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions, the Physical Settlement Amount shall not be payable by CCM Seller/Matched Buyer to CCM Client Buyer in respect of the CCM Client Transaction until the Physical Settlement of the corresponding Physically Settled Cleared Transaction has occurred.

## 7.6 *Buy-in of Bonds not Applicable*

Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

## 7.7 *Buyer's Right to Deliver suspended during Buy-in Period*

If CCM Seller/Matched Buyer notifies CCM Client Buyer in respect of a CCM Client Transaction that (i) it has received a Buy-in Notice from Matched Seller in respect of the Matched Contracts of the related Settlement Matched Pair or (ii) it has been notified by Matched Seller in respect of the Matched Contracts of the related Settlement Matched Pair pursuant to Section 6.8(b) (*Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller*) of the CDS Clearing Supplement that such Matched Seller has received a Buy-in Notice from its CCM Client in respect of the CCM Client Transaction between such Matched Seller and its CCM Client, such notice from CCM Seller/Matched Buyer specifying:

- i) the Buy-in Date;
- ii) the Relevant Bonds; and
- iii) the outstanding principal balance thereof sought to be bought-in,

then CCM Client Buyer's right to Deliver the specified Relevant Bonds shall be suspended until the fourth Business Day (inclusive) following such Buy-in Date.

## 7.8 *Buy-in of Bonds in respect of Matched Contracts of the Settlement Matched Pair*

Provided that Physical Settlement has not already occurred in respect of a CCM Client Transaction, if CCM Seller/Matched Buyer notifies CCM Client Buyer that a Buy-in Price has been (i) determined or (ii) deemed to be determined pursuant to Section 6.8(b) (*Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller*) of the CDS Clearing Supplement, in respect of Relevant Bonds for the purposes of the Matched Contracts of the related Settlement Matched Pair, then on the Buy-in Effective Date:

- i) CCM Client Buyer will be deemed to have Delivered to CCM Seller/Matched Buyer an outstanding principal balance of the Deliverable Obligations equal to the outstanding principal balance of the Deliverable Obligations Delivered or deemed to be Delivered by CCM Seller/Matched Buyer to Matched Seller in respect of the Matched Contracts; and
- ii) the Physical Settlement Amount to be paid by CCM Seller/Matched Buyer to CCM Client Buyer in respect of this CCM Client Transaction shall be reduced (but not below zero) by an amount equal to the amount by which the Physical Settlement Amount to be paid to CCM Seller/Matched Buyer by Matched Seller in respect of the Matched Contracts is to be reduced.

CCM Seller/Matched Buyer shall notify CCM Client Buyer of such outstanding principal balance of the Deliverable Obligations and such Physical Settlement Amount reduction for the purposes of i) and ii) above and of the Buy-in Effective Date.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer and such equivalent Deliverable Obligations shall have an outstanding principal balance equal to the outstanding principal balance of the Deliverable Obligation(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.8.

7.9 *Alternative Procedures relating to Loans – Seller Right to Select*

Section 9.8(ii) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

7.10 *Alternative Procedures relating to Loans – Seller designates alternative Loan or Bond*

In respect of a CCM Client Transaction, CCM Seller/Matched Buyer shall notify CCM Client Buyer if it has purchased Bond(s) and/or Loan(s) pursuant to Section 9.8(ii) of the 2014 ISDA Credit Derivatives Definitions on the instructions of the Matched Seller in respect of the corresponding CCM Client Cleared Transaction.

Following such notification, such Bond(s) and/or Loan(s) shall be deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer in Physical Settlement of the CCM Client Transaction and the Physical Settlement Amount payable by CCM Seller/Matched Buyer to CCM Client Buyer shall be reduced (but not below zero) by an amount equal to the price at which such Bond(s) and or Loan(s) were purchased.

CCM Seller/Matched Buyer shall provide CCM Client Buyer with details of such Bond(s) and/or Loan(s) and the related purchase price(s) in such notice.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer and such equivalent Deliverable Obligations shall have an outstanding principal balance equal to the outstanding principal balance of the Bond(s) and/or Loan(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.10.

**7.11 Alternative Procedures relating to Assets Not Delivered**

Section 9.9 (*Alternative Procedures Relating to Assets Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

**7.12 Alternative Procedures relating to Assets Not Delivered – Seller designates alternative Deliverable Obligation(s)**

In respect of a CCM Client Transaction, CCM Seller/Matched Buyer shall notify CCM Client Buyer if it has purchased one or more Deliverable Obligations pursuant to Section 9.9 (*Alternative Procedures Relating to Assets Not Delivered*) of the 2014 ISDA Credit Derivatives on the instructions of the Matched Seller in respect of the corresponding CCM Client Cleared Transaction.

Following such notification, such Deliverable Obligations shall be deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer in Physical Settlement of the CCM Client Transaction and the Physical Settlement Amount payable by CCM Seller/Matched Buyer to CCM Client Buyer shall be reduced (but not below zero) by an amount equal to the price at which such Deliverable Obligations were purchased.

CCM Seller/Matched Buyer shall provide CCM Client Buyer with details of such Deliverable Obligation(s) and the related purchase price(s) in such notice.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer and such equivalent Deliverable Obligations shall have an outstanding principal balance equal to the outstanding principal balance of the Deliverable Obligation(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.12.

***The following provisions shall solely be applicable in respect of a CCM Client Transaction between CCM Client Seller and CCM Buyer/Matched Seller:***

**7.13 Delivery of Deliverable Obligations to CCM Client Seller**

***This Mandatory Provision 7.13 shall be applicable unless the CCM Client Seller and CCM Buyer/Matched Seller agree that it shall not apply in respect of a specific CCM Client Transaction.***

Subject to the proviso below, in respect of a CCM Client Transaction, the Delivery of any Deliverable Obligations (or if Asset Package Delivery is applicable, the Assets) to be Delivered by CCM Buyer/Matched Seller to

CCM Client Seller shall be deemed to have occurred for the purposes of such CCM Client Transaction upon receipt by CCM Buyer/Matched Seller of the Deliverable Obligations or Assets in respect of the Physical Settlement of the related Physically Settled Cleared Transaction; *provided, however, that* if the CCM Client Transaction is to be settled by Cash Settlement (in whole or in part) pursuant to Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) then such portion of the CCM Client Transaction which is to be settled by Cash Settlement shall not be deemed to be settled until such Cash Settlement occurs.

Provided that Cash Settlement is not applicable, CCM Buyer/Matched Seller undertakes to Deliver the Deliverable Obligations or Assets to CCM Client Seller not later than the first Business Day after the day on which a trade in such Deliverable Obligations or Assets would, if effected on the day on which CCM Buyer/Matched Seller received the Deliverable Obligations or Assets from Matched Buyer (or if such day is not a Business Day, the following Business Day), be settled in accordance with then current market practice of such Deliverable Obligations or Assets, as the case may be, as determined by the Calculation Agent after consultation with the parties.

7.14 *Alternative Procedures relating to Loans – Seller Right to Select*

Section 9.8(ii) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

7.15 *Alternative Procedures relating to Loans in respect of Matched Contracts*

In respect of a CCM Client Transaction, if CCM Buyer/Matched Seller notifies CCM Client Seller that a Bond or Loan has been deemed specified in a NOPS Amendment Notice in respect of the Matched Contracts of the Settlement Matched Pair that corresponds to such CCM Client Transaction pursuant to (i) Sections 9.8(i) or (ii) or (b) of the 2014 ISDA Credit Derivatives Definitions or (ii) Section 6.9 (*Alternative Procedures Relating to Loans Not Delivered – Buyer Right to Deliver*) of the CDS Clearing Supplement, then then for the purposes of the Matched Contracts of the related Settlement Matched Pair such Bond or Loan shall be deemed to have been specified in a NOPS Amendment Notice in respect of such CCM Client Transaction and such NOPS Amendment Notice will be effective notwithstanding the fact that it is deemed specified after the Physical Settlement Date.

**7.16 Alternative Procedures relating to Assets Not Delivered**

Section 9.9 (*Alternative Procedures relating to Assets Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

**7.17 Alternative Procedures relating to Assets Not Delivered**

In respect of a CCM Client Transaction, if CCM Buyer / Matched Seller notifies CCM Client Seller that a Deliverable Obligation has been deemed specified in a NOPS Amendment Notice in respect of the Material Contracts of the Settlement Pair that corresponds to such CCM Client Transaction pursuant to Section 9.9 (*Alternative Procedures Relating to Assets Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions then for the purposes of the Matched Contracts of the related Settlement Matched Pair such Deliverable Obligation shall be deemed to have been specified in a NOPS Amendment Notice in respect of such CCM Client Transaction and such NOPS Amendment Notice will be effective notwithstanding the fact that it is deemed specified after the Physical Settlement Date.

**8. Self Referencing Transactions**

**8.1 Section 11.4 (Merger of Reference Entity and Seller) of the 2014 ISDA Credit Derivatives Definitions**

Section 11.4 (*Merger of Reference Entity and Seller*) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

**8.2 Notification of Self Referencing Transactions**

In respect of any Single Name CCM Client Transaction, the CCM Client shall, unless prohibited from so doing by applicable law, notify the CCM as soon as reasonably practicable if:

- iv) the CCM Client is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name CCM Client Transaction or enters into any agreement in respect of any of the foregoing;
- v) the CCM Client and the Reference Entity in relation to such Single Name CCM Client Transaction are or become Affiliates; or
- vi) in respect of a Restructuring CCM Client Transaction, the CCM Client is or becomes the Reference Entity in relation to such Restructuring CCM Client Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

### 8.3 *Termination of Self Referencing Transactions*

A CCM Client Transaction shall be terminated (unless it has already been terminated) at the same time as the termination of the corresponding Single Name Cleared Transaction pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*) of the CDS Clearing Supplement and by reference to the price at which such Single Name Cleared Transaction is terminated and an amount will be payable:

- (a) if the CCM receives an amount from LCH.Clearnet SA in relation to such Single Name Cleared Transaction pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*), by the CCM to the CCM Client equal to such amount and on the Business Day following receipt by the CCM of such amount from LCH.Clearnet SA; and
- (b) if the CCM is obliged to pay an amount to LCH.Clearnet SA in relation to such Single Name Cleared Transaction pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*), by the CCM Client to the CCM equal to such amount and on the later of (I) the Business Day prior to the day on which the CCM is obliged to pay such amount to LCH.Clearnet SA and (II) the Business Day following the Business Day on which the CCM gives notices to the CCM Client of the relevant amount.

### 8.4 *Costs of Terminating Self Referencing Transactions*

Without prejudice to any other indemnity agreed between the CCM and the CCM Client in relation to CCM Client Transactions, the CCM Client agrees to indemnify and hold harmless the CCM from and against all costs and expenses that the CCM is obliged to bear pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*) of the CDS Clearing Supplement.

### 8.5 *Compression of Self Referencing Transactions*

Where the CCM acts as Matched Buyer and Matched Seller in respect of fungible Single Name Cleared Transactions that have a corresponding CCM Client Transaction in respect of which CCM has given notice to LCH.Clearnet SA pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) of the CDS Clearing Supplement or in respect of which CCM Client has given notice to CCM pursuant to Mandatory Provision 8.2 (*Notification of Self Referencing Transactions*) and the relevant Single Name Cleared Transactions are compressed pursuant to Section 9.1 (*Occurrence of Self Referencing Transaction*) or Section 9.2 (*Occurrence of Self Referencing Transactions in respect of Clients*) of the CDS Clearing Supplement, the

CCM Client will be deemed to have submitted to CCM a request to compress the corresponding CCM Client Transactions.

9. ***Calculation Agent***

9.1 *Appointment of Calculation Agent*

The Calculation Agent in respect of any CCM Client Transaction shall be the CCM.

9.2 *Calculations and Determinations of Calculation Agent*

In the event that the Calculation Agent is entitled or required to make any calculation or determination in respect of a CCM Client Transaction in respect of a matter that has already been or will be determined in respect of and pursuant to the terms of the corresponding CCM Client Cleared Transaction, the Calculation Agent in respect of the CCM Client Transaction shall be obliged to make the same calculation or determination in respect of such CCM Client Transaction as the determination in respect of the corresponding CCM Client Cleared Transaction (including, without limitation, any determination of any Cash Settlement Amount payable in respect of the CCM Client Transaction).

10. ***Amendments***

The Mandatory Provisions may be amended from time to time pursuant to Section 11 (*Amendments*) of the CDS Clearing Supplement. The parties agree that any amendments made to the Mandatory Provisions in accordance with Section 11 (*Amendments*) of the CDS Clearing Supplement shall be deemed to apply automatically to the CCM Client Transaction(s) with effect from the date of such amendment to the Mandatory Provisions.

**CDSClear**

# LCH.Clearnet SA

## CDS Clearing Procedures

### Section 1 – Membership

#### 22.09.2014

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**SECTION 1 - MEMBERSHIP**

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## 1.1 APPLICATION PROCEDURE

### (a) Indicative timeline for an application

The following is an indicative, non-binding timeline for the processing of an application. The exact period to process an application will depend on the circumstances; for example, the period may be longer where LCH.Clearnet SA requests that the Applicant provides further information or a legal opinion is required to be issued.

### (b) Initial review

An Applicant shall first submit an initial query to LCH.Clearnet SA's membership department or CDSClear Client Services & Relationship Management department, which, in turn, will request such Applicant to provide the following:

- (i) the most recent annual financial statements along with any interim statements of such Applicant; and
- (ii) details of any implicit or explicit support available from group or external entities.

Following receipt of the information and documents listed in sub-paragraphs (i) and (ii) above, LCH.Clearnet SA will carry out an initial review to assess the credit risk of the Applicant. LCH.Clearnet SA shall endeavour to review the information and documents within 5 Business Days from receipt by LCH.Clearnet SA but owes no duty or obligation to the Applicant to do so.

Following completion of the initial review, LCH.Clearnet SA will:

- (x) either confirm that the Applicant may submit the LCH.Clearnet SA's admission form relating to the CDS Clearing Service which is available on the Website (the "**CDSClear Admission Form**"). In such a case, the next steps of the application process as set out in sub-paragraphs (c) to (j) below will apply; or
- (y) refuses admission of the Applicant.

The decision of LCH.Clearnet SA shall be communicated to the Applicant by registered mail. Where an Applicant was refused admission, the decision of LCH.Clearnet SA will indicate the reasons why membership was refused.

### (c) Application process

Where the country of incorporation of the Applicant is not covered by an existing legal opinion, which will require LCH.Clearnet SA to provide the relevant legal opinion, the indicative timeline as set out in this sub-paragraph (c) below will be extended from 30 Business Days to 2 months from receipt of the CDSClear Admission Form and required supported documents by LCH.Clearnet SA (including any additional information or documents requested by LCH.Clearnet SA).

**Day 1**

CDSClear Admission Form and other supporting documents are submitted by an Applicant.

**Day 1 to 30**

Application is reviewed by LCH.Clearnet SA and due diligence is carried out on the Applicant which may include a site visit.

**Day 30**

Application is either: rejected, accepted or accepted with conditions.

**(d) CDSClear Admission Form**

An Applicant shall complete the CDSClear Admission Form. The Applicant must complete all sections of the CDSClear Admission Form and provide all documents required to be submitted with the CDSClear Admission Form. For further information please contact the CDSClear Client Services & Relationship Management department by email at [cdsclear\\_clientservices@lchclearnet.com](mailto:cdsclear_clientservices@lchclearnet.com) or on +33 1 70376776.

LCH.Clearnet SA has the right, at its sole discretion, to amend the CDSClear Admission Form.

If an Applicant is an existing clearing member of another clearing service provided by the LCH.Clearnet Group, then LCH.Clearnet SA may waive the requirement to provide certain documents on the basis that LCH.Clearnet SA already holds the relevant information. The CDSClear Client Services & Relationship Management department will notify an Applicant that is an existing clearing member as to the documents it will be required to provide.

Application fees are displayed on the Website.

**(e) Due diligence and review process**

An Applicant must accept that during the review process LCH.Clearnet SA:

- (i) is entitled to make enquiries of any nature about the Applicant and any person connected or associated with the Applicant;
- (ii) is entitled to ask the Applicant to supply additional information and take whatever steps are necessary to verify information;
- (iii) is entitled to provide and/or disclose information to a Competent Authority, Regulatory Body, LCH.Clearnet SA's insurers in connection with any form of insurance, or otherwise in accordance with the CDS Clearing Documentation;
- (iv) is entitled to request that operational tests are carried out to ensure that the Applicant is operationally capable of using the CDS Clearing Service; and
- (v) may disclose to a third party (for example, technology providers or settlement service providers) the name, address, registered number

and details of any exchange or clearing memberships held or applied for to the extent that such disclosure is required to facilitate the Applicant's membership application.

During the review process, the Applicant must notify LCH.Clearnet SA by email to the CDSClear Client Services & Relationship Management department at [cdsclear\\_clientservices@lchclearnet.com](mailto:cdsclear_clientservices@lchclearnet.com) of changes to the:

- (i) information and any other documentation supplied (at any stage) to LCH.Clearnet SA with the CDSClear Admission Form and/or in support of the application; and
- (ii) facts and circumstances concerning the Applicant which would affect its ability to perform its obligations under the CDS Clearing Documentation and/or the orderly conduct of its activities as a Clearing Member.

LCH.Clearnet SA shall endeavour to review the information and documents in the application within one month or two months if a legal opinion is required to be issued, if applicable, from receipt by LCH.Clearnet SA (including any additional information or documents requested by LCH.Clearnet SA) but owes no duty or obligation to the Applicant to do so.

As part of the review process the Applicant may expect at least one visit to the Applicant's operations office by one or more LCH.Clearnet SA representatives (which may include any of LCH.Clearnet SA's third party advisers). LCH.Clearnet SA will give an Applicant reasonable advance notice of any proposed visit. An Applicant may refuse access to any or all LCH.Clearnet SA representatives or third party advisers but any such refusal of access may result in the application process being delayed and/or LCH.Clearnet SA being unable to process the Applicant's application. During this visit the Applicant should be able to show the LCH.Clearnet SA representatives the following:

- (i) operational personnel – who may be questioned to identify their individual knowledge of CDS;
- (ii) computer systems; and
- (iii) on-site procedures.

The decision of LCH.Clearnet SA shall be communicated to the Applicant at the address specified in the application by registered mail.

LCH.Clearnet SA may refuse an Applicant admission to membership if the conditions set out in Article 2.2.1.1 of the CDS Clearing Rule Book have not been satisfied or if it considers that such admission may adversely affect the operation of the CDS Clearing System or the provision of the CDS Clearing Service.

Where an Applicant was refused admission the decision of LCH.Clearnet SA will indicate the reasons why membership was refused.

- (f) Fulfilment of any conditions attached to approval

LCH.Clearnet SA may impose conditions or limitations on the exercise of certain rights under the CDS Clearing Documentation, provided that such conditions or limitations are imposed without discrimination.

If the Applicant is approved as a Clearing Member it shall, before submission of its first Original Transaction for registration and clearing by LCH.Clearnet SA:

- (i) provide LCH.Clearnet SA with (x) a duly signed copy of the CDS Admission Agreement and the Access Agreement (which enables access to the CDS Clearing System and is available on the Website) and (y) any remaining documents and information as notified in the approval letter; and
- (ii) comply with all requirements set out in Title II of the CDS Clearing Rule Book.

A Clearing Member must begin clearing operations within six months after LCH.Clearnet SA provides notice of its admission, unless LCH.Clearnet SA agrees to extend the time limits. Where the Clearing Member fails to start clearing operations within six months, the admission decision shall be automatically revoked and any new admission will require compliance with the provisions of this Paragraph 1.1.

- (g) The provision of CDS Client Clearing Services by a Clearing Member

Pursuant to Article 5.1.1.1 of the CDS Clearing Rule Book, a Clearing Member must, in respect of each prospective Client, provide LCH.Clearnet SA with:

- (i) a form relating to the provision of CDS Client Clearing Services (the "**Client Clearing Form**") which is available upon request to LCH.Clearnet SA's CDSClear Client Services & Relationship Management department ([cdsclear\\_clientservices@lchclearnet.com](mailto:cdsclear_clientservices@lchclearnet.com), +33 1 70376776); and
- (ii) all documents required to be submitted with the Client Clearing Form.

LCH.Clearnet SA shall:

- (i) review the Client Clearing Form and the related supporting documents; and
- (ii) endeavour to confirm, within 10 Business Days from the date of their receipt, that the Client Clearing Form and the related supporting documents have been duly filled and submitted (the "**Confirmation Notice**").

The Confirmation Notice takes the form of an email sent to the person designated as the relevant contact in the Client Clearing Form.

The Clearing Member may start providing CDS Client Clearing Services to the relevant Client 5 Business Days from the receipt of the Confirmation Notice.

In respect of a Clearing Member which submits its first Client Clearing Form, the above-mentioned timeline is subject to:

- (i) the successful completion of the operational tests requested by LCH.Clearnet SA to ensure that the Clearing Member is operationally capable of using the LCH.Clearnet SA's client clearing platform; and
- (ii) the putting in place of a Power of Attorney in respect of one of its TARGET2 Accounts for the purposes of posting Collateral in respect of its Client Margin Accounts in accordance with Article 2.2.7.5 of the CDS Clearing Rule Book and Section 3 of the Procedures.

Where CDS Client Clearing Services are provided by a CCM to a CCM Individual Segregated Account Client which is, in turn, providing indirect clearing services to its CCM Indirect Clients, the CCM will request LCH.Clearnet SA to open a CCM Indirect Client Segregated Account Structure in respect of all the CCM Indirect Clients of such CCM Individual Segregated Account Structure by submitting a form which is available upon request to LCH.Clearnet SA's CDSClear Client Services & Relationship Management department ([cdsclear\\_clientservices@lchclearnet.com](mailto:cdsclear_clientservices@lchclearnet.com), +33 1 70376776).

LCH.Clearnet SA will confirm, within 2 Business Days from the date of their receipt, that the form has been duly filled and submitted, by sending an email to the person designated as the relevant contact in the submitted form.

The CCM Indirect Client Segregated Account Structure will be opened by LCH.Clearnet SA 5 Business Days from the receipt of the e-mail referred to in the previous paragraph.

### **Branches**

- (a) Each branch of a Clearing Member that wishes to use the CDS Clearing Service must complete a reduced CDSClear Admission Form and be approved by LCH.Clearnet SA at its sole discretion. Further details relating to the CDSClear Admission Form or the application process for branches can be obtained from the CDSClear Client Services & Relationship Management department by email at [cdsclear\\_clientservices@lchclearnet.com](mailto:cdsclear_clientservices@lchclearnet.com) or on +33 1 70376776.
- (b) Clearing codes

This paragraph applies to a branch that has been accepted to participate in the CDS Clearing Service.

If the branch has a TIW Participant code that is different to that of the existing Clearing Member's, that branch will be assigned its own separate clearing code.

Although each branch is the same legal entity as the relevant Clearing Member, for operational purposes, each clearing code is treated as though it

is a separate clearing member. For example, each clearing code will be allocated to an Account Structure that will record Cleared Transactions, will have its own Margin Requirements and will be required to transfer requisite Collateral in respect of such Margin Requirements. Additionally, each branch (operating under a separate clearing code) is required make a separate Contribution to the CDS Default Fund.

(c) Participation in the CDS Clearing Service

Each Clearing Member participates in the CDS Clearing Service as single entity, irrespective of the number of participating branches and clearing codes. In particular, each Clearing Member: (i) may have a maximum of one representative on the CDS Default Management Group; and (ii) will have one vote for the purposes of Article 1.2.2.7. An Event of Default which is declared in respect of a Clearing Member will apply in respect of all its clearing codes and branches.

## 1.2 SETTLEMENT FINALITY DIRECTIVE

The following information is provided for the purpose of Article 1.0.1.2 of the CDS Clearing Rule Book.

Article R.330-3 of the French Monetary and Financial Code (*Code Monétaire et Financier*) which implements articles 6 and 10 of the Directive n°98/26/CE into French law, states that any person with a legitimate interest can obtain information about a system notified to the European Commission and its rules from its participants, upon request. A participant can fulfil its information obligation by referring to the rules approved by the *Autorité des Marchés Financiers* ([www.amf-france.org](http://www.amf-france.org)). The rules approved by the *Autorité des Marchés Financiers* are the rules in the CDS Clearing Documentation.

**CDSClear**

# LCH.Clearnet SA

## CDS Clearing Procedures

### Section 2 – Margin and Price Alignment Interest

#### 18 April 2016

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

## **2.1 Overview**

All Clearing Members are required to pay Margin to LCH.Clearnet SA.

Further information about the Margin components and the calculation methodology in respect of each such component set out in this Section 2 is available to Clearing Members on the secure section of the Website and through any reporting mechanism specified in a Clearing Notice and/or upon request from LCH.Clearnet SA's Risk Management Department on +33 1 70 37 10 43 or [Lchclearnetsa\\_CDS\\_Risk@lchclearnet.com](mailto:Lchclearnetsa_CDS_Risk@lchclearnet.com). Such information will be updated and/or re-issued following consultation with the Risk Committee.

Section 3 of the Procedures provides further detail of how Collateral should be transferred, and Cash Payments made, by Clearing Members to LCH.Clearnet SA.

## **2.2 Margin**

### **(a) Margin Requirement**

For each Margin Account of each Clearing Member, the Margin Requirement consists of the following components:

- (i) Initial Margin;
- (ii) Short Charge Margin;
- (iii) Recovery Risk Margin;
- (iv) Self-Referencing Protection Margin;
- (v) Interest Rate Risk Margin;
- (vi) Liquidity and Concentration Risk Margin;
- (vii) Wrong Way Risk Margin;
- (viii) Accrued Fixed Amount Liquidation Risk Margin;
- (ix) Credit Event Margin;
- (x) Additional Margin;
- (xi) in respect of the House Margin Requirement only: Credit Quality Margin;
- (xii) Contingency Variation Margin; and
- (xiii) Extraordinary Margin.

Details of each of these components are set out below.

(b) Timing for calculation of the Margin Requirement

LCH.Clearnet SA will calculate the Margin Requirement for each Margin Account of each Clearing Member on each Business Day:

- (i) by no later than 04:00 CET, which will be the Margin Requirement for the Morning Call; and
- (ii) whenever a position corresponding to the relevant trade leg of an Eligible Intraday Transaction is pre-registered in the relevant Clearing Member's Account Structure, in accordance with Section 3.1.7 of the CDS Clearing Rule Book, and the Intraday Novation Margin Requirement is calculated. The most recently calculated Margin Requirement for each Margin Account will be the Margin Requirement used for each of the First Intraday Call and the Second Intraday Call.

LCH.Clearnet SA will notify each Clearing Member of the Margin Requirement for each of its Margin Accounts through the relevant Margin Requirements Results File(s), in each case in accordance with, subject to and at the times set out in Section 5 of the Procedures.

(c) Variation Margin Requirement

Each Clearing Member is required to pay to LCH.Clearnet SA (or is entitled to receive from LCH.Clearnet SA, as applicable) Variation Margin to cover its Total Client Variation Margin Requirement and/or its House Variation Margin Requirement, as detailed in Paragraph 2.12 below and in Section 3 of the Procedures.

(d) Aggregate Margin for Cleared Transactions which reference a single Reference Entity

Notwithstanding anything to the contrary in the CDS Clearing Documentation, the sum of the aggregate Variation Margin, Initial Margin and the Credit Event Margin that can be called from a Clearing Member that is a CDS Seller in respect of a Cleared Transaction referencing a single Reference Entity may not exceed the Floating Rate Payer Calculation Amount in respect of such Cleared Transaction.

(e) Additional Collateral in respect of Client Cleared Transactions of a "non-hedging nature" of an FCM Clearing Member

Each FCM Clearing Member shall ensure that with respect to a Client Cleared Transaction registered in its FCM Client Trade Account(s) that is of a "non-hedging nature" (as such term is used in Part 39 of the CFTC Regulations), it shall collect additional Collateral from the relevant FCM Client in respect of such Client Cleared Transaction at a level of 10% above the FCM Client Margin Requirement that LCH.Clearnet SA would normally require for such Client Cleared Transaction.

In connection with article 6.2.6.1 of the CDS Clearing Rule Book and this Paragraph 2.2 (e), FCM Clearing Members are not required to lodge such additional Collateral with LCH.Clearnet SA which is in excess of the relevant FCM Client Margin Requirement.

- (f) Determination of the Legally Segregated Value ascribed to each FCM Client Financial Account

In accordance with Section 3.2 of the Procedures, LCH.Clearnet SA will calculate the FCM Margin Balance with respect to each FCM Client Margin Account of an FCM Clearing Member by determining the Legally Segregated Value recorded in the relevant FCM Client Financial Account.

LCH.Clearnet SA will determine the Legally Segregated Value of each FCM Clearing Member at the following times:

- (i) after the FCM Clearing Member's satisfaction of the Morning Call to reflect any increase or decrease in the relevant FCM Client Margin Requirement calculated for the purpose of the Morning Call in accordance with Article 6.2.5.1 (ii) of the CDS Clearing Rule Book;
- (ii) after the FCM Clearing Member's satisfaction of any Collateral Call (other than the Morning Call) to reflect only any increase in the relevant FCM Client Margin Requirement calculated for the purpose of such Collateral Call; and
- (iii) after each determination of the value of Collateral recorded in the FCM Client Collateral Account provided that (x) there is a decrease in the value resulting from this determination; and (y) such decrease will reduce the Legally Segregated Value in accordance with Article 6.2.4.3 (ii) of the CDS Clearing Rule Book.

LCH.Clearnet SA will record the amended Legally Segregated Value resulting from such determination in the relevant FCM Client Financial Account.

- (g) Calculation of Margin following a Payment Failure or the issuance of a Default Notice in respect of a Clearing Member

Pursuant to Article 1.2.9.2 and Article 4.3.2.3 of the CDS Clearing Rule Book, LCH.Clearnet SA may withhold payments it would otherwise be obliged to make to a Clearing Member under the CDS Clearing Documentation.

Where LCH.Clearnet SA withholds the payment (or repayment or reimbursement) of Margin due in respect of a Client Margin Account of the Clearing Member, LCH.Clearnet SA shall nevertheless continue to calculate the Margin that is due, in accordance with the CDS Clearing Rules, and update the records which are attributable to the relevant Client Collateral Account. As appropriate, any Margin which is calculated to be due in respect of the relevant Client Margin Account shall be an "accrual", forming part of the Client Assets which will either be:

- (i) ported in accordance with Clause 4.3.1(ii) of the CDS Default Management Process;
- (ii) taken into account when calculating the Client Clearing Entitlement pursuant to Clause 4.4.3 of the CDS Default Management Process; or
- (iii) transferred to a Receiving Clearing Member pursuant to TITLE V, Chapter 3 for CCMs and TITLE VI, Chapter 3 for FCM Clearing Members.

## 2.3 Excess Collateral and the Client Collateral Buffer

### (a) House Excess Collateral

A Clearing Member is entitled (but not obliged) to maintain Collateral over and above that which is needed to satisfy its House Margin Requirement. Such House Excess Collateral will be maintained in its House Collateral Account, in which case it will be used for the novation of House Trade Legs and taken into account by LCH.Clearnet SA when it calculates the amount of Collateral which is needed for the House Margin Account, as part of the Notional and Collateral Check (as set out in Paragraph 2.5(b)(i) below).

### (b) Client Excess Collateral

A CCM is entitled to maintain Collateral over and above that which is needed to satisfy the CCM Client Margin Requirement in respect of any of its CCM Client Margin Accounts. Such CCM Client Excess Collateral will be maintained in a CCM Client Collateral Account of a CCM Client Account Structure, in which case it will be used for the novation of Client Trade Legs and taken into account by LCH.Clearnet SA when it calculates the amount of Collateral which is needed for that CCM Client Account Structure, as part of the Notional and Collateral Check (as set out in Paragraph 2.5(b)(i) below).

An FCM Clearing Member is not authorised to post additional Collateral over and above that which it needed to satisfy the FCM Client Margin Requirement in respect of any of its FCM Client Margin Accounts. Any FCM Client Excess Collateral recorded in any of its FCM Client Financial Accounts and resulting from any decrease of the Initial Margin in relation to the attached FCM Client Margin Account during a Clearing Day will be used for the novation of Client Trade Legs and taken into account by LCH.Clearnet SA when it calculates the amount of Collateral which is needed for the relevant FCM Client Margin Account, as part of the Notional and Collateral Check, until the next Morning Call.

### (c) Client Collateral Buffer

A Clearing Member is entitled (but not obliged) to maintain:

- (i) in the case of a CCM, Collateral in its Buffer Collateral Account; and
- (ii) in the case of an FCM Clearing Member, an amount of Collateral recorded in its FCM Buffer Financial Account,

specifically for the purpose of assisting Clients to satisfy the Notional and Collateral Check performed by LCH.Clearnet SA prior to novation of a Client Trade Leg of an Eligible Intraday Transaction.

Where a Clearing Member holds:

- (i) in the case of a CCM, Collateral in its Buffer Collateral Account; and
- (ii) in the case of an FCM Clearing Member, an amount of Collateral recorded in its FCM Buffer Financial Account,

the Available Client Collateral Buffer (or portion thereof) will be allocated to:

- (a) in the case of a CCM, its Client Account Structure(s); and
- (b) in the case of an FCM Clearing Member, its FCM Client Margin Account(s),

on an automatic ‘first in time’ basis, meaning that whenever a Client Trade Leg of an Eligible Intraday Transaction is received by LCH.Clearnet SA and the Eligibility Controls and Client Transaction Checks have been successfully completed pursuant to Article 3.1.4.3, LCH.Clearnet SA will allocate the Available Client Collateral Buffer (or portion thereof) to the relevant CCM Client Account Structure in the case of a CCM, and to the relevant FCM Client Margin Account in the case of an FCM Clearing Member, where the relevant Client Excess Collateral is otherwise insufficient to satisfy the Notional and Collateral Check. For the avoidance of doubt, a Clearing Member has no discretion or ability to instruct LCH.Clearnet SA as to which CCM Client Account Structure(s) in the case of a CCM, and FCM Client Margin Account(s) in the case of an FCM Clearing Member, the Available Client Collateral Buffer should be allocated to.

LCH.Clearnet SA shall reflect how the Client Collateral Buffer has been allocated between the CCM Client Account Structure(s) of a CCM or as the case may be, FCM Client Margin Account(s) of an FCM Clearing Member in its books and records but the Collateral comprising the Client Collateral Buffer shall, at all times (save where the relevant Clearing Member is a Defaulting Clearing Member or, in respect of a CCM, following an LCH Default), remain, in the case of a CCM, in the Buffer Collateral Account, and in the case of an FCM Clearing Member, the amount of such Collateral recorded in the FCM Buffer Financial Account.

Where:

- (i) Client Collateral Buffer has been allocated to a CCM Client Account Structure of a CCM or as the case may be to an FCM Client Margin Account of an FCM Clearing Member; and
- (ii) there is a decrease in the Client Margin Requirement(s) calculated in respect of such CCM Client Account Structure or as the case may be, of such FCM Client Margin Account following the novation of the Client Trade Leg of an Eligible Intraday Transaction,

the amount of such allocated Client Collateral Buffer will be reduced by an amount equal to the decrease in such Client Margin Requirement(s) and such amount will then become Available Client Collateral Buffer.

Following the occurrence of an Event of Default or, in respect of a CCM, an LCH Default, an amount of Collateral equal to the Allocated Client Collateral Buffer for the relevant CCM Client Account Structure of a CCM or as the case may be, for the relevant FCM Client Margin Account of an FCM Clearing Member will be transferred:

- (i) in the case of a CCM, from the Buffer Collateral Account of the Defaulting Clearing Member to the relevant CCM Client Collateral Account of the relevant CCM Client Account Structure; or
- (ii) in the case of an FCM Clearing Member, from the FCM Buffer Financial Account of the Defaulting Clearing Member to the relevant FCM Client Financial Account,

in accordance with Article 1.3.1.3(iv) of the CDS Clearing Rule Book or clause 4.2 of the CDS Default Management Process, as applicable.

(d) The House Excess Collateral Threshold and Client Collateral Buffer Threshold

Where a Clearing Member wishes to transfer additional Collateral to LCH.Clearnet SA with a view to maintaining House Excess Collateral and/or Client Buffer Collateral as described in Paragraphs 2.3(a) and (c) above, it must notify LCH.Clearnet SA of its:

- (i) House Excess Collateral Threshold; and/or
- (ii) Client Collateral Buffer Threshold.

To set its House Excess Collateral Threshold and/or Client Collateral Buffer Threshold for a Business Day (D), a Clearing Member must notify LCH.Clearnet SA by submitting the form (which is available on the Website) by email at the email address specified in Paragraph 2.1. The form must be received by LCH.Clearnet SA by no later than 12:00 CET on D-1. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant form. Accordingly, the Clearing Member should confirm its request no later than 12:00 CET by a phone call to LCH.Clearnet SA's Risk Management Department on +33 1 70 37 10 43, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

Once a Clearing Member has notified LCH.Clearnet SA of its House Excess Collateral Threshold and/or Client Collateral Buffer Threshold, LCH.Clearnet SA will apply this in the context of each successive Collateral Call, until such time as the relevant Clearing Member notifies LCH.Clearnet SA of an amended House Excess Collateral Threshold and/or Client Collateral Buffer Threshold.

## 2.4 Collateral and Cash Payments

(a) Types of Collateral and currencies for Cash Payments

Section 3 of the Procedures sets out the Collateral types which a Clearing Member can transfer, and currencies in which Cash Payments can be made, to LCH.Clearnet SA to satisfy its obligations in respect of each of the Margin components listed in Paragraph 2.2 above and for the purposes of maintaining Excess Collateral and/or Client Collateral Buffer.

(b) Transferring Collateral and making Cash Payments

Further details on the process for:

- (i) transferring Collateral to satisfy the Required Collateral Amount;
- (ii) transferring additional Collateral to LCH.Clearnet SA with a view to maintaining Excess Collateral in one or more Collateral Account(s), if applicable or substituting for another type of Collateral; and
- (iii) making Cash Payments, to satisfy the Total Client Variation Margin Requirement and/or House Variation Margin Requirement of each Clearing Member;

are set out in Section 3 of the Procedures.

(c) Repayment of Collateral

References, in this Section 2 of the Procedures, to the "repayment" or "reimbursement" of Margin shall mean that:

- (i) the amount called from a Clearing Member in respect of the relevant Margin component shall, from such point, be reduced to zero in respect of the relevant Open Positions; and
- (ii) the value of any Collateral that has been transferred to LCH.Clearnet SA in respect of such Margin component shall be taken into account by LCH.Clearnet SA in calculating the relevant Clearing Member's Margin Balance in accordance with Section 3 of the Procedures.

**2.5 Payment of the Margin Requirement, Variation Margin and provision of Excess Collateral and Client Collateral Buffer**

(a) Morning Call

(i) Scheduled Margin Calculation Time

The Margin Requirement and Variation Margin Requirement for each Margin Account of a Clearing Member are calculated on each Business Day by 07.45 CET.

The relevant Margin Requirement Results File, provided as part of the Backloading Transaction Reports, will notify each Clearing Member of its:

- (A) Margin Requirement for the Morning Call (and each component thereof);
- (B) Margin Balance;
- (C) Excess Collateral or Margin Shortfall (as the case may be);
- (D) Variation Margin Requirement, and
- (E) House Excess Collateral Threshold and Client Collateral Buffer Threshold,

for the relevant Margin Accounts in accordance with and subject to Section 5 of the Procedures.

Each Clearing Member is required to:

- (x) transfer Collateral to satisfy the Required Collateral Amount, and
- (y) make Cash Payments in respect of its House Variation Margin Requirement and its Total Client Variation Margin Requirement,

by such times as set out in Section 3 of the Procedures.

Following such transfer of Collateral and/or Cash Payments by an FCM Clearing Member, any FCM Client Excess Collateral recorded in any of its FCM

Client Financial Accounts will be moved into the FCM Unallocated Client Collateral Financial Account and recorded as FCM Unallocated Client Excess Collateral.

If a Backloading Failure occurs, LCH.Clearnet SA will issue Intraday Call Reports, in accordance with and subject to Section 5 of the Procedures, to all Clearing Members, setting out the:

- (A) Margin Requirement (and each component thereof);
- (B) Margin Balance;
- (C) Excess Collateral or Margin Shortfall (as the case may be);
- (D) Variation Margin Requirement; and
- (E) House Excess Collateral Threshold and Client Collateral Buffer Threshold

for the relevant Margin Accounts of each Clearing Member.

(b) Margin calculations during the Real Time Session

(i) Intraday Novation Margin Requirement

As part of the Notional and Collateral Checks performed by LCH.Clearnet SA, in order to clear Intraday Transactions on a 'trade by trade' basis, LCH.Clearnet SA will calculate the Intraday Novation Margin Requirement.

LCH.Clearnet SA will calculate the Intraday Novation Margin Requirement in respect of the relevant Clearing Member's Margin Account when LCH.Clearnet SA pre-registers a position corresponding to the relevant trade leg of an Eligible Intraday Transaction in accordance with Section 3.1.7 of the CDS Clearing Rule Book. The calculation identifies the additional, or reduced, risk exposure (as applicable) which would be attributable to the relevant Margin Account following the novation of such pre-registered positions, and accordingly the Intraday Novation Margin Requirement may either be a positive or negative figure.

Following the calculation of such Intraday Novation Margin Requirement, LCH.Clearnet SA will recalculate the Available Client Collateral Buffer and, in respect of the relevant Margin Account, the Margin Requirement and the Excess Collateral for such Margin Account or in the case of a CCM Gross Omnibus Segregated Account Structure, the Excess Collateral for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure. These calculations will be undertaken on the assumption that the relevant Eligible Intraday Transactions, accounted for in the calculation of the Intraday Novation Margin Requirement, will be novated as contemplated. If the relevant Eligible Intraday Transactions are not novated for any reason, LCH.Clearnet SA will refresh its calculations to determine the Available Client Collateral Buffer plus the Margin Requirement and Excess Collateral for the relevant Margin Account or in the case of a CCM Gross Omnibus Segregated Account Structure, Excess Collateral for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure.

LCH.Clearnet SA shall only calculate the Intraday Novation Margin Requirement for a Margin Account during the Real Time Session. Where the relevant Business Day is a Clearing Day and the Real Time Session does not take place, no calculation of the Intraday Novation Margin Requirement will be performed by LCH.Clearnet SA on such Business Day.

In the event LCH.Clearnet SA determines that there is a positive Intraday Novation Margin Requirement for a Margin Account and there is insufficient:

- (A) House Excess Collateral; or
- (B) Client Excess Collateral and/or Available Client Collateral Buffer which can be allocated to the relevant Client Margin Account or in the case of a CCM Gross Omnibus Segregated Account Structure, to that CCM Gross Omnibus Segregated Account Structure,

as applicable, to satisfy such Intraday Novation Margin Requirement, the relevant Eligible Intraday Transaction will become a Rejected Transaction.

For the avoidance of doubt, in the event LCH.Clearnet SA determines that there is a neutral or negative Intraday Novation Margin Requirement (due to the pre-registered position corresponding to the relevant trade leg of an Eligible Intraday Transaction being set off against Open Positions registered in the relevant Margin Account), none of the House Excess Collateral, Client Excess Collateral and/or Available Client Collateral, as applicable, will be used or applied for the purpose of satisfying the Notional and Collateral Check.

LCH.Clearnet SA will perform a reporting update in respect of each Clearing Member's Margin Account ten times per Business Day (by 10.00 CET, 10.55 CET, 12.30 CET, 13.30 CET, 14.15 CET, 14:55 CET, 16.15 CET, 17.00 CET, 18.00 CET and 19.00 CET) in order to inform such Clearing Member of the updated Margin Requirement for each Margin Account, level of Excess Collateral and/or Client Collateral Buffer recorded in, or allocated to, the relevant Collateral Accounts.

(ii) Intraday Call

LCH.Clearnet SA will perform an Intraday Call twice per Business Day (by 11.25 CET (the "**First Intraday Call**") and 15.25 CET (the "**Second Intraday Call**") in order, if necessary, to transfer Collateral to satisfy the Required Collateral Amount and to make Cash Payments.

Where the relevant Business Day is a Clearing Day, the First Intraday Call and the Second Intraday Call will not be performed to the extent there is no Real Time Session, on that Clearing Day.

The Margin Requirement in respect of each Margin Account of a Clearing Member for an Intraday Call will be the latest Margin Requirement calculated on that Clearing Day.

**First Intraday Call:**

During the First Intraday Call, LCH.Clearnet SA will issue to each Clearing Member the relevant risk management and collateral management reports (as set out in Section 5 of the Procedures), which will notify each such Clearing

Member of its House Excess Collateral Threshold and Client Collateral Buffer Threshold and the:

- (A) Margin Requirement for the First Intraday Call (and each component thereof);
- (B) Excess Collateral or Margin Shortfall (as the case may be);
- (C) Margin Balance; and
- (D) Variation Margin Requirement (only in respect of Backloading Transactions novated following the Morning Call on the relevant Clearing Day);

for the relevant Margin Accounts, in accordance with and subject to Section 5 of the Procedures.

#### **Second Intraday Call:**

During the Second Intraday Call, LCH.Clearnet SA will issue to each Clearing Member the relevant risk management and collateral management reports (as set out in Section 5 of the Procedures), which will notify each such Clearing Member of its House Excess Collateral Threshold and Client Collateral Buffer Threshold and the:

- (A) Margin Requirement for the Second Intraday Call (and each component thereof);
- (B) Excess Collateral or Margin Shortfall (as the case may be); and
- (C) Margin Balance;

for the relevant Margin Accounts, in accordance with and subject to Section 5 of the Procedures.

Each Clearing Member is required to transfer Collateral to satisfy its Required Collateral Amount and to make Cash Payments in respect of its Variation Margin Requirement, for the relevant Margin Accounts, as set out in Section 3 of the Procedures.

#### **2.6 Reports**

All files and reports, mentioned in this Section 2 of the Procedures, will be available to Clearing Members through the reporting mechanism. If the reporting mechanisms are, for any reason unavailable, LCH.Clearnet SA will otherwise make such reports available to Clearing Members at the requisite time.

Please see Section 5 of the Procedures for further details about the relevant files and reports.

#### **2.7 Initial Margin, Short Charge Margin, Self-Referencing Protection Margin, Recovery Risk Margin and Interest Rate Risk Margin and Wrong Way Risk Margin**

Initial Margin, Short Charge Margin, Self-Referencing Protection Margin, Recovery Risk Margin, Interest Rate Risk Margin and Wrong Way Risk Margin cover the

potential costs caused by a Defaulting Clearing Member and/or a double Event of Default, i.e. a combined Credit Event of a Reference Entity and a Clearing Member Event of Default (in which the Clearing Member is a CDS Seller).

(a) Initial Margin

The Initial Margin is calculated using the Value-at-Risk (VaR) model which is based on the following principles: at the Margin Account level, a distribution of potential losses is built from simulated scenarios based on the joint credit spread variations observed in the past. LCH.Clearnet SA then determines the Initial Margin based on a quantile of the worst losses that the Margin Account could bear in the case of unfavourable credit spread fluctuations.

The Initial Margin calculated in respect of the House Margin Account covers the potential costs of liquidating House Cleared Transactions of the Defaulting Clearing Member whilst the Initial Margin calculated in respect of each Client Margin Account covers the potential costs of liquidating any Non-Ported Cleared Transactions attributable to such Client Margin Account. It covers the potential future credit spread fluctuations in case of unfavourable market movements under normal circumstances.

With respect to each Margin Account of each Clearing Member:

- (i) Cleared Transactions for which the relevant Clearing Member acts as CDS Buyer are treated as assets with positive liquidation value; and
- (ii) Cleared Transactions for which the relevant Clearing Member acts as CDS Seller are treated as liabilities with negative liquidation value.

(b) Initial Margin Floor

LCH.Clearnet SA may, by Clearing Notice, specify an Initial Margin Floor applicable to a particular CDS Type approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee.

Where the calculation of Initial Margin would result in the Initial Margin for any Margin Account of a Clearing Member being less than the Initial Margin Floor, the Initial Margin requirement for such Margin Account shall be equal to the Initial Margin Floor.

(c) Short Charge Margin

Where a Clearing Member is acting as a CDS Seller, Short Charge Margin will be required to cover the risk that the Clearing Member is subject to an Event of Default at the same time as a Credit Event occurs with respect to a Reference Entity.

The Short Charge Margin is calculated using an algorithm, approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee, based on the Open Positions registered in the relevant Margin Account of the Clearing Member.

(d) Self-Referencing Protection Margin

Where a Clearing Member is acting as a CDS Seller in respect of a Cleared Transaction for which such Clearing Member is, or becomes, the Reference Entity, Self-Referencing Protection Margin will be required to cover the protection that would

have to be paid by LCH.Clearnet SA with respect to this Clearing Member should the Clearing Member be subject to an Event of Default.

The Self-Referencing Protection Margin is calculated using an algorithm, approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee, based on the Open Positions registered in the relevant Margin Account of the Clearing Member.

(e) Recovery Risk Margin

Recovery Risk Margin covers the risk of future price fluctuations in case of unfavourable recovery rate movements under normal circumstances and when liquidating a Defaulting Clearing Member's portfolio of House Cleared Transactions or Non-Ported Cleared Transactions.

The Recovery Risk Margin is calculated using an algorithm, approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee, based on the Open Positions registered in the relevant Margin Account of the Clearing Member.

(f) Interest Rate Risk Margin

Interest Rate Risk Margin covers the risk of future price fluctuations in case of unfavourable interest rate movements under normal circumstances and when liquidating a Defaulting Clearing Member's portfolio of House Cleared Transactions or Non-Ported Cleared Transactions.

The Interest Rate Risk Margin is calculated using an algorithm, approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee, based on the Open Positions registered in the relevant Margin Account of the Clearing Member.

(g) Wrong Way Risk Margin

Wrong Way Risk Margin is required to cover the anticipated financial contagion effect that would arise in case of a Clearing Member being declared in default in accordance with Title IV Chapter 3 of the CDS Clearing Rule Book, such contagion effect triggering additional spread or correlation risk not currently captured by the Initial Margin.

The Wrong Way Risk Margin is calculated using an algorithm, approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee, based on the Open Positions registered in the relevant Margin Account of the Clearing Member.

## 2.8 Liquidity and Concentration Risk Margin

Liquidity and Concentration Risk Margin is required to cover the bid-ask spread incurred when liquidating the House Cleared Transactions or the Non-Ported Cleared Transactions of a Defaulting Clearing Member. The size of this bid-ask spread will increase if the positions exceed predetermined thresholds in respect of the relevant credit default swap index or Reference Entity. Further details of the thresholds are available on a Clearing Notice published on the Website and/or upon request from LCH.Clearnet SA's Risk Management Department on +33 1 70 37 10 43 or [Lchclearnetsa\\_CDS\\_Risk@lchclearnet.com](mailto:Lchclearnetsa_CDS_Risk@lchclearnet.com).

Liquidity and Concentration Risk Margin is calculated:

- (a) in respect of the House Margin Account of a Clearing Member to cover the potential costs of hedging or liquidating the House Cleared Transactions in case an Event of Default occurs in respect of such Clearing Member; and
- (b) in respect of a Client Margin Account of a Clearing Member to cover the potential costs of hedging or liquidating the Non-Ported Cleared Transactions attributable to such Client Margin Account in case an Event of Default occurs in respect of such Clearing Member.

The Liquidity and Concentration Risk Margin is calculated using an algorithm (including thresholds) approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee.

## 2.9 Accrued Fixed Amount Liquidation Risk Margin

Each Clearing Member acting as a CDS Buyer is required to pay Accrued Fixed Amount Liquidation Risk Margin in respect of the relevant Cleared Transactions to cover the risk that it is subject to an Event of Default and accrued Fixed Amounts are due during the period that the relevant House Cleared Transactions or Non-Ported Cleared Transactions, as applicable, are liquidated pursuant to the CDS Default Management Process.

The Accrued Fixed Amount Liquidation Risk Margin is calculated daily for each Margin Account of each Clearing Member and corresponds to the aggregate amount of daily Fixed Amounts for such CDS Buyer pursuant to its Cleared Transactions during a rolling forward-looking period of 5 Business Days.

## 2.10 Credit Event Margin

Each Clearing Member acting as a CDS Seller is required to pay Credit Event Margin in respect of the relevant Cleared Transactions to cover the risk of non-payment by the CDS Seller where a Credit Event occurs with respect to the Reference Entity which is the subject of the Cleared Transaction(s).

Credit Event Margin will be calculated by LCH.Clearnet SA for each Margin Account of each Clearing Member, on each Business Day from the date of the relevant DC Credit Event Announcement until the settlement process in respect of such Cleared Transaction has been completed (including Physical Settlement as set out in the CDS Clearing Supplement, or Auction Settlement, as applicable) or any disputes in relation thereto have been finally resolved. The calculation of the Credit Event Margin is based on an estimated recovery rate of the Affected Cleared Transaction or the Restructuring Cleared Transaction, as the case may be, and the exposure of LCH.Clearnet SA by reference to the notional amount of the Clearing Member's Cleared Transaction(s) affected by the Credit Event.

Credit Event Margin will be reimbursed to the CDS Seller on the Business Day following completion or resolution of the settlement process (including Physical Settlement, or Auction Settlement and/or index re-versioning, as applicable) or the day on which settlement can no longer occur in respect of such Credit Event (including without limitation because no relevant Credit Event Notice or Notice of Physical Settlement is delivered within the required timeframes).

In the event that a DC Credit Event Announcement made in relation to a Credit Event is reversed then LCH.Clearnet SA shall reimburse each Clearing Member with the amount of any Credit Event Margin on the next following Business Day in accordance with Section 3 of the Procedures.

## 2.11 Additional Margin

A Clearing Member will be required to pay Additional Margin for each Margin Account in respect of which the Margin Account Uncovered Risk is greater than x% of the current value of the CDS Default Fund.

Additional Margin will be equal to the difference between x% of the current value of the CDS Default Fund and the relevant Margin Account Uncovered Risk on such Business Day.

The number x will depend on the internal credit score that LCH.Clearnet SA attributes to each Clearing Member and will be the same for each Margin Account of the Clearing Member. Any change to the number x will be communicated to the Clearing Member.

When Additional Margin is required to be paid to LCH.Clearnet SA, or the amount of Additional Margin payable is increased due to a change in the relevant Margin Account Uncovered Risk, LCH.Clearnet SA will notify the Clearing Member in the Margin Requirements Results File pursuant to Section 5 of the Procedures.

## 2.12 Variation Margin

Variation Margin is an amount exchanged on each Cash Payment Day between the Clearing Member and LCH.Clearnet SA to account for the potential profit or loss on a Cleared Transaction due to the variation of the market value of a CDS.

It covers price fluctuations which have occurred since the registration of each Cleared Transaction. LCH.Clearnet SA will calculate the Variation Margin payable in respect of each Margin Account of each Clearing Member as the difference between:

- (i) the net position value of the relevant Open Positions registered at the time of calculation in the relevant Margin Account on the current Cash Payment Day; and
- (ii) the net position value of the Open Positions registered in the relevant Margin Account on the immediately preceding Cash Payment Day.

In respect of a Margin Account of a Clearing Member, the Variation Margin Requirement is determined:

- (x) at the Morning Call: in respect of Open Positions already registered in a Margin Account; and
- (y) at the First Intraday Call: in respect of Backloading Transactions novated further to the Morning Call.

The net position value of an Open Position is equal to:

- (a) the End of Day Contributed Prices provided to LCH.Clearnet SA in accordance with Article 4.2.9.1 of the CDS Clearing Rule Book and Section 5

of the Procedures (or, where such End of Day Contributed Prices are not available to LCH.Clearnet SA, the prices/spreads as set out in Article 4.2.9.1 of the CDS Clearing Rule Book and Section 5 of the Procedures); *plus*

- (b) accrued coupon payments, *minus*
- (c) an amount equal to the Initial Payment Amount where the Clearing Member is required to pay the Initial Payment Amount, in accordance with Section 3 of the CDS Clearing Supplement, but has not made such payment as at the relevant Cash Payment Day (if applicable); *plus*
- (d) an amount equal to the Initial Payment Amount where the Clearing Member is entitled to receive the Initial Payment Amount, in accordance with Section 3 of the CDS Clearing Supplement, but has not received such payment as at the relevant Cash Payment Day (if applicable).

Where the difference between the net position values of a Clearing Member's Margin Account is:

- (i) a negative amount: such Clearing Member owes Variation Margin to LCH.Clearnet SA (and will be considered a Variation Margin debtor in relation to such Margin Account); or
- (ii) a positive amount: LCH.Clearnet SA owes Variation Margin to such Clearing Member.

On the basis of these calculations, LCH.Clearnet SA will determine the Total Client Variation Margin Requirement and/or the House Variation Margin Requirement which will trigger Cash Payment(s) to be made by the Clearing Member and/or LCH.Clearnet SA in accordance with Section 3 of the Procedures.

The amount of Variation Margin paid or received by LCH.Clearnet SA to or from a Clearing Member may be adjusted in accordance with Clause 7 of the CDS Default Management Process.

## 2.13 Contingency Variation Margin

Contingency Variation Margin is calculated on any Business Day, in respect of:

- (i) Backloading Transactions and new Cleared Transactions arising from the novation of Eligible Intraday Transactions. It is intended to cover the risk that the Clearing Member fails to make Cash Payment(s) to meet the Variation Margin Requirement in respect of each of its Margin Accounts at the next relevant Collateral Call; and
- (ii) Cleared Transactions with a CDS Contractual Currency in USD provided that such Business Day is a day on which commercial banks in New York City are not open for business. It is intended to cover the risk that the Clearing Member fails to satisfy its Cash Payment(s) obligations in USD to meet the Variation Margin Requirement in respect of each of its Margin Accounts at the next relevant Collateral Call on the following Cash Payment Day.

Contingency Variation Margin is called from a Clearing Member in place of the Variation Margin which LCH.Clearnet SA determines would have been owed by such Clearing Member had such Clearing Member been required to make a Cash

Payment to satisfy the Variation Margin Requirement in relation to the relevant Margin Account at that point in time (being the time of the Morning Call, the First Intraday Call or the Second Intraday Call, as described below).

Contingency Variation Margin is called (as applicable) in relation to each Margin Account of a Clearing Member:

- (a) in respect of Backloading Transactions: during the Morning Call.

Contingency Variation Margin paid by a Clearing Member during the Morning Call is repaid to such Clearing Member at the First Intraday Call if the required Variation Margin has been paid by such Clearing Member at the First Intraday Call in accordance with Paragraph 2.12 above.

- (b) in respect of Eligible Intraday Transactions: during the First Intraday Call and/or the Second Intraday Call.

Contingency Variation Margin paid by a Clearing Member during the First Intraday Call and/or the Second Intraday Call is repaid to such Clearing Member at the Morning Call on the following Business Day if the required Variation Margin has been paid by such Clearing Member at the relevant Morning Call in accordance with Paragraph 2.12 above; and

- (c) in respect of Cleared Transactions with a CDS Contractual Currency in USD: during the Morning Call.

Contingency Variation Margin paid by a Clearing Member during the Morning Call is repaid to such Clearing Member on the following Cash Payment Day if the required Variation Margin has been paid by such Clearing Member at the relevant Collateral Call in accordance with Paragraph 2.12 above and Section 3 of the Procedures.

## 2.14 Price Alignment Interest

Each Clearing Member that receives Variation Margin payments from LCH.Clearnet SA is required to pay Price Alignment Interest. LCH.Clearnet SA shall pay Price Alignment Interest to each Clearing Member that pays Variation Margin in accordance with Paragraph 2.13 above. The A0102E Report published in accordance with and subject to Section 5 of the Procedures and received by each Clearing Member on each Cash Payment Day shall indicate the amount of Price Alignment Interest paid or received by a Clearing Member.

These payments are made in order to minimise distortion of pricing for Original Transactions cleared through LCH.Clearnet SA as a result of daily Variation Margin payments and changes in the net present value of Open Positions.

Price Alignment Interest is calculated for each Clearing Member by LCH.Clearnet SA using the interest rate prevailing on that Cash Payment Day, as published by LCH.Clearnet SA on the Website, on the basis of the net position value of the Open Positions registered in the Margin Accounts of the Clearing Member on the immediately preceding Cash Payment Day.

## 2.15 Credit Quality Margin

LCH.Clearnet SA may require a Clearing member to provide Credit Quality Margin when LCH.Clearnet SA determines that the credit quality of such Clearing Member has deteriorated, depending on the internal credit score that LCH.Clearnet SA attributes to the relevant Clearing Member: (i) following monitoring carried out in accordance with Article 2.3.2.1 of the CDS Clearing Rule Book; and/or (ii) in the circumstances set out in Article 4.2.1.2 of the CDS Clearing Rule Book.

On each Business Day, Credit Quality Margin will be equal to the higher of the amounts calculated as follows:

- (a)  $(Y-1)*MR$  where Y stands for the credit multiplier applied to the Clearing Member's Margin Requirements and MR stands for the Clearing Member's Margin Requirements; or
- (b)  $X*(\text{Stress Risk} - \text{MR})$  where X stands for the stress risk percentage and  $(\text{Stress Risk} - \text{MR})$  stands for the Clearing Member's Member Uncovered Risk.

Credit multipliers and stress risk percentage are determined in accordance with the methodology established by LCH.Clearnet SA. Credit multipliers which can be applied range from 1 to 1.4, meaning that the additional liability for any Clearing Member is capped at 40% of the relevant Clearing Member's Margin Requirement. The stress risk percentage ranges between 0% and 100% of the Member Uncovered Risk, meaning that the additional liability for any Clearing Member is capped at 100% of the relevant Clearing Member's Member Uncovered Risk.

LCH.Clearnet SA assesses the amount of the Credit Quality Margin across each of the Margin Accounts of a Clearing Member. Credit Quality Margin will only be called in relation to a Clearing Member's House Margin Account.

LCH.Clearnet SA may update a Clearing Member's credit multiplier or the stress risk percentage that should apply: (i) following monitoring carried out in accordance with Article 2.3.2.1 of the CDS Clearing Rule Book; and/or (ii) in the circumstances set out in Article 4.2.1.2 of the CDS Clearing Rule Book. LCH.Clearnet SA will notify a Clearing Member of the Credit Quality Margin that has been called in the Margin Requirements Results File in accordance with Section 5 of the Procedures.

## 2.16 Extraordinary Margin

LCH.Clearnet SA may require a Clearing Member to provide Extraordinary Margin to cover the risk of price/spread fluctuations occurring on an intraday basis or during a day that is a holiday in the TARGET2 calendar.

Extraordinary Margin is called (as applicable) in relation to each Margin Account of a Clearing Member at the time of the most appropriate time slot for the purpose of making a Collateral Call. LCH.Clearnet SA will notify the relevant Clearing Member of the amount of Extraordinary Margin in accordance with, subject to and at the times set out in the CDS Clearing Rules.

**CDSClear**

# **LCH.Clearnet SA**

## **CDS Clearing Procedures**

### **Section 3 – Collateral and Cash Payment**

#### **18 April 2016**

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Capitalised terms used in this Collateral and Cash Payment Procedures and not otherwise defined herein shall have the meaning given pursuant to the remainder of the CDS Clearing Documentation, as such term is defined in the document entitled "CDS Clearing Rule Book" published by LCH.Clearnet SA, as amended from time to time and including, for the avoidance of doubt, in the case of FCM Clearing Members, the FCM CDS Clearing Regulations.

For the purpose of this Section 3, any failure, unavailability, impairment, defect, interruption, delay or improper functioning of any technical system, access, connection, solution, specification, equipment, communication network or other resource used by LCH.Clearnet SA and/or a Clearing Member, as applicable, to calculate, instruct, process, communicate and more generally perform its obligation under this Section 3, shall be deemed to constitute an "exceptional circumstance" which shall not give rise to a LCH Default and shall be promptly notified by LCH.Clearnet SA to the relevant Clearing Member.

### 3.1 TYPES OF COLLATERAL

A Clearing Member's obligation to provide Collateral should be fulfilled in accordance with the following table and the remainder of this Section 3 of the Procedures.

Purpose of transfer	Collateral type
Payment of Margins (other than Variation Margin)	Cash Collateral and/or Eligible Collateral
Maintenance of House Excess Collateral and Client Excess Collateral	Cash Collateral and/or Eligible Collateral
Maintenance of Client Collateral Buffer	Cash Collateral
Payment of Contribution and Additional Contribution Amount	Euro denominated Cash Collateral

It should be noted that, notwithstanding the above table any Margin Shortfall must be covered by an automatic debit of Euro denominated Cash Collateral.

### 3.2 MARGIN BALANCE AND CLIENT COLLATERAL BUFFER

The price of Eligible Currencies (other than Euro) and Eligible Collateral (the "**Applicable Price**"), which is taken into account for the purposes of calculating the Margin Balance for each Margin Account of a Clearing Member, or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure, and the Client Collateral Buffer, is determined by LCH.Clearnet SA at 14:00 and 22:00 CET on each Business Day on the basis of the latest market prices (as published by Reuters, Interactive Data or such other provider as is notified in a Clearing Notice).

LCH.Clearnet SA will calculate: (i) the Margin Balance for each Margin Account of a Clearing Member, or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure; and (ii) the Client Collateral Buffer each Business Day (prior to 07:45 CET and whenever a position corresponding to the

relevant trade leg of an Eligible Intraday Transaction is pre-registered in the relevant Clearing Member's Account Structure, in accordance with Section 3.1.7 of the CDS Clearing Rule Book), by determining:

- i) the value of all Collateral recorded in the relevant Collateral Account on the basis of the Applicable Price; or
- ii) in respect of the FCM Margin Balance for each FCM Client Margin Account of an FCM Clearing Member, the Legally Segregated Value recorded in the relevant FCM Client Financial Account on the basis of the Applicable Price, in accordance with Section 2.2 (f) of the Procedures.

LCH.Clearnet SA will recalculate the: (i) Margin Balance for each Margin Account of a Clearing Member, or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure; and (ii) Client Collateral Buffer, following each Collateral Call.

Where Pledged Eligible Collateral is recorded in a Clearing Member's Collateral Account, LCH.Clearnet SA shall use the most recent Collateral Holding Report received from Euroclear Bank, in accordance with Paragraph 5.13(f) of Section 5 of the Procedures, to determine what Pledged Eligible Collateral should be taken into account for the purposes of calculating the Margin Balance in respect of a particular Account Structure in accordance with this Paragraph 3.2.

Where Eligible Collateral consisting of U.S. Treasury Bills (the "**US T-Bills**") is recorded in a FCM Clearing Member's FCM Client Collateral Account, LCH.Clearnet SA shall use the most recent collateral holding report received from Bank of New York Mellon ("**BNYM US**"), in accordance with Paragraph 5.13(f) of Section 5 of the Procedures, to determine what US T-Bills should be taken into account for the purposes of calculating the FCM Client Margin Balance in respect of each of its FCM Client Margin Account(s) in accordance with this Paragraph 3.2.

### 3.3 ACCOUNT STRUCTURE

- (a) Collateral Accounts in respect of a CCM

In the books of LCH.Clearnet SA, each CCM has:

- i) one CCM House Collateral Account in which (x) Collateral provided to cover its CCM House Margin Requirement and (y) CCM House Excess Collateral which can be used to novate House Trade Legs of Eligible Intraday Transactions, is recorded;
- ii) a CCM Client Collateral Account in respect of each CCM Client Account Structure and in which (x) Collateral provided to cover the relevant CCM Client Margin Requirement(s) and (y) CCM Client Excess Collateral which can be used to novate the relevant Client Trade Legs of Eligible Intraday Transactions, is recorded;
- iii) a Buffer Collateral Account in which the CCM Client Collateral Buffer is recorded; and

- iv) a CCM Unallocated Client Collateral Account in which CCM Unallocated Client Collateral is recorded.

In accordance with Article 5.2.1.1 of the CDS Clearing Rule Book, CCMs are permitted to offer a CCM Individual Segregated Account Structure, a CCM Gross Omnibus Segregated Account Structure and/or a CCM Net Omnibus Segregated Account Structure to CCM Clients.

Where:

- i) a CCM Individual Segregated Account Structure is offered, the relevant CCM Client Collateral Account will record (x) the value and denomination of Cash Collateral and (y) the precise Eligible Collateral provided by the CCM in respect of that CCM Individual Segregated Account Client;
- ii) a CCM Gross Omnibus Segregated Account Structure is offered, the relevant CCM Client Collateral Account will record (x) the value and denomination of Cash Collateral and (y) the precise Eligible Collateral provided by the CCM in respect of that CCM Gross Omnibus Client Set; and
- iii) a CCM Net Omnibus Segregated Account Structure is offered, the relevant CCM Client Collateral Account will record (x) the value and denomination of Cash Collateral and (y) the precise Eligible Collateral provided by the CCM in respect of that CCM Net Omnibus Client Set.

To the extent a CCM transfers additional Euro-denominated Cash Collateral, non-Euro denominated Cash Collateral or Eligible Collateral to LCH.Clearnet SA, such CCM must identify which CCM Client Collateral Account Collateral it is provided for in accordance with Paragraphs 3.7 to 3.10 below.

(b) Collateral Accounts in respect of an FCM Clearing Member

In the books of LCH.Clearnet SA, each FCM Clearing Member has:

- i) one FCM House Collateral Account in which (x) Collateral provided to cover its FCM House Margin Requirement and (y) FCM House Excess Collateral which can be used to novate House Trade Legs of Eligible Intraday Transactions, is recorded; and
- ii) one FCM Client Collateral Account to record the Collateral held by LCH.Clearnet SA for the benefit of such FCM Clearing Member's FCM Clients, the aggregate value of such Collateral being divided amongst, and recorded in:
  - (x) the FCM Client Financial Account(s);
  - (y) the FCM Buffer Financial Account; and
  - (z) the FCM Unallocated Client Collateral Financial Account,

(c) Segregation of Contribution Balance

The Cash Collateral transferred by a Clearing Member to satisfy its Contribution Requirement is not recorded in any of the Collateral Accounts.

The Contribution Balance is segregated from (x) the Margin Balance for each Margin Account; (y) the Client Collateral Buffer; and (z) the CCM Unallocated Client Collateral, by crediting the Cash Collateral comprising the Contribution Balance to a dedicated LCH.Clearnet SA TARGET2 Account.

### 3.4 TRANSFER OF COLLATERAL

The type and nature of the Collateral as well as the positions being secured will determine how a Clearing Member is required to transfer Collateral to LCH.Clearnet SA:

(a) Euro denominated Cash Collateral:

- i) may be transferred by any Clearing Member to be recorded in any of its Collateral Accounts; and
- ii) must be transferred to LCH.Clearnet SA TARGET2 Accounts (as such term is defined in Paragraph 3.7(a)) in accordance with the procedure set out in Paragraph 3.7.

(b) Non-Euro denominated Cash Collateral:

- i) may be transferred by any Clearing Member to be recorded in any of its Collateral Accounts; and
- ii) must be credited to accounts opened in the name of LCH.Clearnet SA with Euroclear Bank in accordance with the procedure set out in Paragraph 3.8 (f).

(c) USD denominated Cash Collateral:

- i) may be transferred by a Clearing Member to be recorded in any of its Collateral Accounts; and
- ii) must be credited:
  - (x) if USD denominated Cash Collateral is transferred to be recorded in its House Collateral Account, or in the case of a CCM, in any of its CCM Client Collateral Accounts, to accounts opened in the name of LCH.Clearnet SA with Euroclear Bank in accordance with the procedure set out in Paragraph 3.8 (f); or
  - (y) if USD denominated Cash Collateral is transferred to be recorded in the FCM Client Collateral Account of an FCM Clearing Member, to an account opened in the name of LCH.Clearnet SA with BNYM US in accordance with the procedure set out in Paragraph 3.8 (g).

- (d) Subject to the special provisions for US T-Bills transferred by an FCM Clearing Member on behalf of FCM Clients set out in Paragraph 3.4 (e) below, Eligible Collateral must be provided:
  - i) by way of full title transfer to be recorded in its House Collateral Account, and in the case of a CCM only, in any of its CCM Client Collateral Accounts, in which case the relevant securities will be transferred to LCH.Clearnet SA, its nominated custodian or Central Securities Depository by instruction through Euroclear Bank or ESES (Euroclear France) in accordance with the procedure set out in Paragraph 3.10; or
  - ii) by way of security interest under the Pledge Agreement to be recorded in its House Collateral Account, and in the case of a CCM only, in any of its CCM Client Collateral Accounts, in which case relevant securities will be transferred to the relevant LCH.Clearnet SA pledged account(s) opened in the books of Euroclear Bank by instruction through Euroclear Bank, in accordance with the procedure set out in Paragraph 3.15.
- (e) US T-Bills transferred by an FCM Clearing Member on behalf of FCM Clients must be provided by way of security interest to be recorded in its FCM Client Collateral Account, in which case relevant US T-Bills will be deposited in LCH.Clearnet SA's relevant segregated depository account opened in the books of BNYM US in accordance with the procedure set out in Paragraph 3.17.
- (f) LCH.Clearnet SA will hold all Collateral transferred on behalf of FCM Clients in accordance with the requirements set out in the FCM CDS Clearing Regulations.

### 3.5 ELIGIBLE CURRENCIES

The following currencies are Eligible Currencies:

- (a) Euro;
- (b) GBP; and
- (c) USD.

LCH.Clearnet SA may amend this list in accordance with Article 4.2.6.1 and Article 4.4.2.3 of the CDS Clearing Rule Book.

### 3.6 SUBSTITUTION OF ELIGIBLE CURRENCIES

If an Eligible Currency is substituted by another currency, the conversion of the replaced currency to the substitute currency shall be effected on the basis of the Applicable Price and taking into account market practice and/or industry determinations at LCH.Clearnet SA's reasonable discretion. The results of any calculations to be made under this Paragraph 3.6 shall be rounded up to the fourth decimal place. If the fifth decimal is equal to or more than five, the fourth decimal shall be rounded up, and if the fifth decimal is less than five, the fourth decimal shall be rounded down, respectively.

### 3.7 EURO DENOMINATED CASH COLLATERAL

(a) LCH.Clearnet SA TARGET2 Accounts

LCH.Clearnet SA performs its Collateral Calls by using the following three TARGET2 Accounts opened in its name:

- i) a TARGET2 Account used to make Collateral Calls in relation to the House Margin Requirement, the House Excess Collateral Threshold and in respect of a CCM only, the CCM Client Collateral Buffer Threshold (the "**LCH House TARGET2 Account**"); and
- ii) with respect to Clients of a Clearing Member:
  - (x) a TARGET2 Account used to make Collateral Calls in relation to the Total Client Margin Requirement of each CCM (the "**LCH CCM Client TARGET2 Account**"); or
  - (y) a TARGET2 Account used to make Collateral Calls in relation to the Total Client Margin Requirement and FCM Client Collateral Buffer Threshold of each FCM Clearing Member (the "**LCH FCM Client TARGET2 Account**"), which for the avoidance of doubt forms part of the LCH Cleared Swaps Client Segregated Depository Account for purposes of the FCM CDS Clearing Regulations,

together referred to as the "**LCH Client TARGET2 Accounts**" and individually as a "**LCH Client TARGET2 Account**".

The LCH House TARGET2 Account and the LCH Client TARGET2 Accounts shall be together referred to as the "**LCH TARGET2 Accounts**".

(b) Clearing Member TARGET2 Accounts

A CCM has no obligation to hold two TARGET2 Accounts (or arrange its Payment Agent holding a TARGET2 Account (the "**TARGET2 Payment Agent**") to hold two cash account(s)) for the purposes of the Collateral Calls in respect of (i) its CCM House Margin Requirement, CCM House Excess Collateral Threshold and CCM Client Collateral Buffer Threshold and (ii) its Total Client Margin Requirement. It may either:

- i) hold one TARGET2 Account (or one cash account of its TARGET2 Payment Agent), in which case such TARGET2 Account will be used for the debits and credits made out of both the LCH Client TARGET2 Account and the LCH House TARGET2 Account; or
- ii) hold two TARGET2 Accounts (or two cash accounts of its TARGET2 Payment Agent), in which case one TARGET2 account will be used for the debits and credits made out of the LCH Client TARGET2 Account and the other will be used for the debits and credits made out of the LCH House TARGET2 Account.

An FCM Clearing Member has an obligation to hold two TARGET2 Accounts (or arrange its TARGET2 Payment Agent to hold two cash account(s)) for the

purposes of the Collateral Calls in respect of (i) its FCM House Margin Requirement and FCM House Excess Collateral Threshold and (ii) its Total Client Margin Requirement and FCM Client Collateral Buffer Threshold (which for the avoidance of doubt forms part of the FCM Cleared Swaps Client Segregated Depository Accounts for purposes of the FCM CDS Clearing Regulations). Therefore, an FCM Clearing Member will hold two TARGET2 Accounts (or two cash accounts of its TARGET2 Payment Agent), in which case one TARGET2 account will be used for the debits and credits made out of the LCH FCM Client TARGET2 Account and the other will be used for the debits and credits made out of the LCH House TARGET2 Account.

If a Clearing Member wishes to add a new TARGET2 Account or replace an existing TARGET2 Account with another for the purposes of the Collateral Calls, it may do so by providing LCH.Clearnet SA with the details of the relevant TARGET2 Account with at least 15 days' prior notice.

(c) Timing of Collateral Calls

Where a Clearing Member is required to transfer Euro denominated Cash Collateral at a Collateral Call, LCH.Clearnet SA will automatically debit such Clearing Member's relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) on the basis of its Power of Attorney and credit the relevant LCH TARGET2 Account with the corresponding amounts.

Where a Clearing Member is due to receive Euro denominated Cash Collateral, LCH.Clearnet SA will automatically credit such Clearing Member's TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) with the relevant amounts.

The debits or credits on each Clearing Member's TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) will occur in accordance with the following time slots:

- i) initial slot: 08:00-08:55 CET (used for the purposes of the Morning Call) (the "**Initial Slot**");
- ii) first intraday slot: 11:25-11:50 CET (used for the purposes of the First Intraday Call) (the "**First Intraday Slot**");
- iii) additional specific collateral slot: 12:25-12:55 CET (used for the purposes of Collateral substitution upon a Clearing Member's request) (the "**Additional Specific Collateral Slot**");
- iv) second intraday slot: 15:25-15:55 CET (used for the purposes of the Second Intraday Call) (the "**Second Intraday Slot**"); or
- v) any other slot available to LCH.Clearnet SA in exceptional circumstances (the "**Exceptional Slot**");

Once the Euro denominated Cash Collateral has been debited by LCH.Clearnet SA it will immediately form part of the Margin Balance for the relevant Margin Account, or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that

CCM Gross Omnibus Segregated Account Structure, and/or the Client Collateral Buffer or the Contribution Balance, as applicable.

(d) Netting of payments made through TARGET2

i) Aggregation of payments made in respect of a CCM

At the times set out in Paragraph 3.7(c) above LCH.Clearnet SA will aggregate:

(x) in respect of the CCM House Margin Account:

- (A) the Cash Payments (being the House Variation Margin Requirement plus any other Cash Payments due in respect of the House Account Structure) and Euro denominated Cash Collateral transfers (being the CCM House Margin Shortfall, the CCM House Excess Collateral Shortfall, the CCM Client Collateral Buffer Shortfall and the Contribution Shortfall) which are due to be made by a CCM to LCH.Clearnet SA through TARGET2; and
- (B) the Cash Payments due to be made, and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to a CCM through TARGET2; and

(y) in respect of the CCM Client Margin Accounts:

- (A) the Cash Payments (being the Total Client Variation Margin Requirement plus any other Cash Payments due in respect of the CCM Client Account Structure) and Euro denominated Cash Collateral transfers (being the Total Client Margin Shortfall) which are due to be made by a CCM to LCH.Clearnet SA through TARGET2; and
- (B) the Cash Payments due to be made, and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to a CCM through TARGET2.

ii) Aggregation of payments made in respect of an FCM Clearing Member

At the times set out in Paragraph 3.7(c) above LCH.Clearnet SA will aggregate:

(x) in respect of the FCM House Margin Account:

- (A) the Cash Payments (being the House Variation Margin Requirement plus any other Cash Payments due in respect of the House Account Structure) and Euro denominated Cash Collateral transfers (being the FCM House Margin Shortfall, the FCM House Excess Collateral Shortfall and the Contribution Shortfall) which are due to be made by an FCM Clearing Member to LCH.Clearnet SA through TARGET2; and

(B) the Cash Payments due to be made, and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to an FCM Clearing Member through TARGET2; and

(y) in respect of the FCM Client Margin Accounts:

(A) the Cash Payments due in respect of the FCM Client Account Structure (other than the Total Client Variation Margin Requirement due in respect of the FCM Client Account Structure) and Euro denominated Cash Collateral transfers (being the Total Client Margin Shortfall and the FCM Client Buffer Collateral Shortfall) which are due to be made by an FCM Clearing Member to LCH.Clearnet SA through TARGET2; and

(B) the Cash Payments due to be made (other than the Total Client Variation Margin Requirement due in respect of the FCM Client Account Structure), and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to an FCM Clearing Member through TARGET2.

With the exception of the Total Client Variation Margin Requirement of an FCM Clearing Member (as set out in Paragraph 3.7(e)(ii)(y) above) which shall never be netted with other amounts for the purposes of making a payment through TARGET2, if the aggregate amount that would be payable by one party (in respect either of the House Margin Account, the CCM Client Margin Accounts or the FCM Client Margin Accounts of a Clearing Member) exceeds the amount that would otherwise have been payable by the other party (in respect of such House Margin Account, CCM Client Margin Accounts or FCM Client Margin Accounts), then the obligations of each party pursuant to this Paragraph 3.7 and Paragraph 3.18 below 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 of the excess of the larger aggregate amount over the smaller aggregate amount.

Notwithstanding the payment netting contemplated by this Paragraph 3.7(e), LCH.Clearnet SA shall ensure that its books and records properly reflect the transfer of Euro-denominated Cash Collateral and payment of Cash Payments, made in respect of the relevant Margin Account(s), on a gross basis.

(e) Interest

LCH.Clearnet SA pays interest on Euro denominated Cash Collateral.

The applicable interest rate is published by LCH.Clearnet SA on the Website.

## (f) Transfer of Euro denominated Cash Collateral

On a given Business Day ("Day") (before 17:15 CET)

If:

- (i) a Clearing Member wishes to transfer Euro denominated Cash Collateral to be recorded in its House Collateral Account and in the case of a CCM, in any of its CCM Client Collateral Accounts (other than in the case that a Clearing Member is called to transfer Euro denominated Cash Collateral to LCH.Clearnet SA to satisfy the Required Collateral Amount pursuant to a Collateral Call, in accordance with Article 4.2.3.2 of the CDS Clearing Rule Book); or
- (ii) a Clearing Member wishes to transfer Euro denominated Cash Collateral to be recorded in any of its Collateral Accounts for the purpose of substituting such Euro denominated Cash Collateral for any Collateral recorded in its Collateral Accounts,

it shall notify LCH.Clearnet SA by submitting the relevant form by any means as specified in a Clearing Notice. The Clearing Member must specify to which Collateral Account(s) such Euro denominated Cash Collateral should be recorded. The process that a Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the Clearing Member is set out in paragraph 3.8(h) (for non-Euro denominated Cash Collateral), 3.8(i) (for USD denominated Cash Collateral), 3.10(c) (for Eligible Collateral transferred with full title), 3.15(b) (for Pledged Eligible Collateral) and 3.17(b) (for US T-Bills transferred on behalf of FCM Clients), as applicable.

In respect of a CCM only, if such CCM notifies to LCH.Clearnet SA that Euro denominated Cash Collateral will be transferred to the LCH CCM Client TARGET2 Account but the CCM does not specify to which CCM Client Collateral Account(s) some or all of such amounts should be recorded, LCH.Clearnet will proceed with the debit of the CCM's relevant TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) but will treat any amounts which have not been specifically identified as being for a particular CCM Client Collateral Account as CCM Unallocated Client Collateral and record such amounts in the CCM Unallocated Client Collateral Account.

A Clearing Member must notify LCH.Clearnet SA as set out above by no later than 10:45 CET in order for a Clearing Member's request to be processed and the Euro denominated Cash Collateral called at the First Intraday Slot on the same day. A Clearing Member must notify LCH.Clearnet SA as set out above between 10:45 and 17:15 CET in order for a Clearing Member's request to be processed and the Euro denominated Cash Collateral called at the next TARGET2 time slot, including any Exceptional Slot. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm its request no later than 17:15 CET by a phone call to LCH.Clearnet SA's collateral management team on (+33) (0)1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

On Day at the relevant TARGET2 time slot:

LCH.Clearnet SA will debit the Clearing Member's relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) with the amount of Euro denominated Cash Collateral notified by the Clearing Member.

On Day at any time, a Clearing Member may transfer Euro denominated Cash Collateral by:

- i) notifying LCH.Clearnet SA through the relevant form by any means as specified in a Clearing Notice. The Clearing Member must specify to which Collateral Account(s) such Euro denominated Cash Collateral should be recorded, and
- ii) crediting LCH TARGET 2 Account before 18:00 CET.

Transfer of Euro denominated Cash Collateral at any time later than the First Intraday Slot will be subject to a cap as defined by LCH.Clearnet SA and made available on its website.

In respect of each Clearing Member, following the transfer of Euro denominated Cash Collateral:

- i) the Cash Collateral will be recorded in its House Collateral Account, its Buffer Collateral Account, the relevant Client Collateral Account(s) and/or its CCM Unallocated Client Collateral Account, as applicable; and
- ii) to the extent Cash Collateral has been credited to its CCM Unallocated Client Collateral Account, such CCM must inform LCH.Clearnet SA by no later than the End of Real Time on Day how the CCM Unallocated Client Collateral should be recorded within its CCM Client Collateral Account(s). Where the CCM does not provide LCH.Clearnet SA with this information within this timeframe, the CCM Unallocated Client Collateral shall be returned to the CCM's relevant TARGET2 Account (or the relevant cash account(s) of its TARGET2 Payment Agent).

(g) Return of Euro denominated Cash Collateral

- i) In respect of a Clearing Member's House Collateral Account

1- A Clearing Member may request LCH.Clearnet SA to automatically credit Euro denominated Cash Collateral recorded in its House Collateral Account which is in an amount above the House Excess Collateral Threshold to the Clearing Member's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) provided the amount to be credited would not result in the relevant House Margin Requirement exceeding the Margin Balance for the House Margin Account. LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral at the next Initial Slot.

A Clearing Member must notify LCH.Clearnet SA of its request to have Euro denominated Cash Collateral automatically credited to the Clearing Member's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) by submitting the relevant form by any means as specified in a Clearing Notice by no later than 16:00 CET on a Business Day in order for the Clearing Member's request to be processed on the next following Business Day.

Once a Clearing Member has notified LCH.Clearnet SA of its request to have Euro denominated Cash Collateral automatically credited, LCH.Clearnet SA will apply it, until such time as LCH.Clearnet SA has been otherwise instructed by the relevant Clearing Member.

2- A Clearing Member may request, on an ad hoc basis, LCH.Clearnet SA to return Euro denominated Cash Collateral recorded in its House Collateral Account provided the amount to be returned would not result in the relevant House Margin Requirement exceeding the Margin Balance for the House Margin Account, as determined at the time when the request is received and processed by LCH.Clearnet SA. Where this would be the case, the Clearing Member's request will be rejected.

3- Following receipt of a request in accordance with this Paragraph 3.7(g) i), 2, LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral to the relevant TARGET2 Account of the Clearing Member (or the relevant cash account of its TARGET2 Payment Agent) at the next Initial Slot, or any TARGET2 time slot in which a Variation Margin payment is due to be performed.

ii) In respect of a CCM's Client Collateral Account(s)

A CCM may request LCH.Clearnet SA to return Euro denominated Cash Collateral recorded in any of its CCM Client Collateral Accounts provided the amount to be returned would not result in:

- (x) the relevant CCM Client Margin Requirement(s), plus
- (y) the CCM Allocated Client Collateral Buffer, if any,

exceeding the Margin Balance for the relevant CCM Client Account Structure, as determined at the time when the request is received and processed by LCH.Clearnet SA. Where this would be the case, the Clearing Member's request will be rejected.

Following receipt of a request in accordance with this Paragraph 3.7(g) ii), LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral to the relevant TARGET2 Account of the Clearing Member (or the relevant cash account of its TARGET2 Payment Agent) at the next Initial Slot, or any TARGET2 time slot in which a Variation Margin payment is due to be performed.

iii) In respect of a CCM's Buffer Collateral Account

- 1- A CCM may request LCH.Clearnet SA to automatically credit Euro denominated Cash Collateral recorded in its Buffer Collateral Account which is in an amount above the CCM Client Collateral Buffer Threshold to the CCM's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) provided the amount does not exceed the CCM Available Client Collateral Buffer. LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral at the next Initial Slot. A CCM must notify LCH.Clearnet SA of its request to have Euro denominated Cash Collateral automatically credited to the CCM's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) by submitting the relevant form by any means as specified in a Clearing Notice by no later than 16:00 CET on a Business Day in order for the CCM's request to be processed on the next following Business Day.

Once a CCM has notified LCH.Clearnet SA of its request to have Euro denominated Cash Collateral automatically credited, LCH.Clearnet SA will apply it, until such time as LCH.Clearnet SA has been otherwise instructed by the relevant CCM.

- 2- A CCM may request, on an ad hoc basis, LCH.Clearnet SA to return Euro denominated Cash Collateral recorded in its Buffer Collateral Account provided the amount does not exceed the CCM Available Client Collateral Buffer, as determined at the time when the request is received and processed by LCH.Clearnet SA. Where this would be the case, the CCM's request will be rejected.

Following receipt of a request in accordance with this Paragraph 3.7(g) iii), 2, LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral to the relevant TARGET2 Account of the CCM (or the relevant cash account of its TARGET2 Payment Agent) at the next Initial Slot..

iv) In respect of an FCM Unallocated Client Collateral Financial Account

The FCM Clearing Member may also request LCH.Clearnet SA to return some or all FCM Unallocated Client Excess Collateral in the form of Euro denominated Cash Collateral provided that the requested amount does not exceed the FCM Unallocated Client Excess Collateral recorded in its FCM Client Collateral Account. Where this would be the case, the FCM Clearing Member's request will be rejected.

LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral to the relevant TARGET2 Account of the FCM Clearing Member (or the relevant cash account of its TARGET2 Payment Agent) at the next Initial Slot, or any TARGET2 time slot in which a Variation Margin payment is due to be performed.

By exception to the time limits for notification as set out in paragraphs 3.7 (f) and (g), in case of atypical market conditions (i.e. periods of time with reduced activity and lowered liquidity), including but not limited to the end of the year period (i.e. the period starting from 22 December of each year to 2 January of the following year), LCH.Clearnet SA may inform by any means the Clearing Members that notifications of movement (transfer or return) of Euro denominated Cash Collateral, for value on Day, must be received by LCH.Clearnet SA on Day minus five before 16.00 CET. Such information will contain the implementation measure of the extension of the notification period.

- (h) Transfer of Euro denominated Cash Collateral to satisfy a Contribution Shortfall

Where a Clearing Member is required to transfer Euro denominated Cash Collateral to LCH.Clearnet SA to satisfy a Contribution Shortfall, in accordance with Article 4.4.1.7 of the CDS Clearing Rule Book, it shall make arrangements to credit the LCH House TARGET2 Account with the required amount of Euro denominated Cash Collateral.

### 3.8 NON-EURO DENOMINATED CASH COLLATERAL

- (a) Multi-currency accounts held by LCH.Clearnet SA

LCH.Clearnet SA holds non-Euro Cash Collateral provided by Clearing Members in the following three multi-currency accounts opened in the books of an eligible commercial bank selected in accordance with Paragraph 3.8(c) below:

- i) a multi-currency account used to credit non-Euro Cash Collateral which is transferred by a Clearing Member to be recorded in its House Collateral Account (the "**LCH House Non-Euro Account**"); and
- ii) with respect to Clients of a Clearing Member:
  - (x) a multi-currency account used to credit non-Euro Cash Collateral which is transferred by a CCM to be recorded in its CCM Client Collateral Account(s) (the "**LCH CCM Client Non-Euro Account**"); or
  - (y) a multi-currency account used to credit non-Euro, non-USD Cash Collateral which is transferred by an FCM Clearing Member to be recorded in its FCM Client Collateral Account (the "**LCH FCM Client Non-Euro Account**"), which for the avoidance of doubt forms part of the LCH Cleared Swaps Client Segregated Depository Account for purposes of the FCM CDS Clearing Regulations,

together referred to as the "**LCH Client Non-Euro Accounts**" and individually as a "**LCH Client Non-Euro Account**".

The LCH House Non-Euro Account and the LCH Client Non-Euro Accounts shall be together referred to as the "**LCH Non-Euro Accounts**".

LCH.Clearnet SA may invest non-Euro Cash Collateral in accordance with Paragraph 3.11(b).

- (b) USD cash account held by LCH.Clearnet SA

LCH.Clearnet SA holds USD Cash Collateral provided by FCM Clearing Members on behalf of their FCM Clients in an USD cash account:

- i) opened in the books of BNYM US; and
- ii) used to credit USD Cash Collateral which is transferred by FCM Clearing Members to be recorded in their FCM Client Collateral Account (the “**LCH FCM Client USD Account**”), which for the avoidance of doubt forms part of the LCH Cleared Swaps Client Segregated Depository Account for purposes of the FCM CDS Clearing Regulations.

LCH.Clearnet SA may invest USD Cash Collateral in accordance with Paragraph 3.11(b) and the FCM CDS Clearing Regulations.

- (c) Eligible commercial banks

LCH.Clearnet SA will hold:

- i) non-Euro Cash Collateral, where LCH.Clearnet SA does not invest it in accordance with Paragraph 3.11(a), in the LCH Non-Euro Accounts; and
- ii) USD Cash Collateral provided by FCM Clearing Members on behalf of their FCM Clients, where LCH.Clearnet SA does not invest it in accordance with Paragraph 3.11(b) and the FCM CDS Clearing Regulations, in the LCH FCM Client USD Account

opened in the books of any commercial bank which has been selected in accordance with the LCH.Clearnet Group Limited risk collateral policy (the “**LCH Group Risk Collateral Policy**”).

The LCH Group Risk Collateral Policy sets out, amongst other things, the principles that LCH.Clearnet SA must adhere to when arranging for the custody of Cash Collateral and is kept under review by the Risk Committee. One of those principles is that LCH.Clearnet SA may select a commercial bank to act as custodian for Cash Collateral, subject to it meeting the following criteria:

- an average credit rating of at least A-, or a guarantee from a sovereign government or parent company with an average credit rating of at least A-. Where there is a subsequent downgrade of the bank's credit rating, reference will be made to the LCH Group Risk Collateral Policy and the Risk Committee's policy; and
- has demonstrable operational suitability (confirmed by LCH.Clearnet SA's own due diligence).

On the basis of these criteria, LCH.Clearnet SA has selected:

- i) Euroclear Bank to act as depository of non-Euro denominated Cash Collateral provided by Clearing Members; and
- ii) BNYM US to act as depository of USD Cash Collateral provided by FCM Clearing Members on behalf of their FCM Clients,

together referred to as the "**Eligible Commercial Banks**" and individually as an "**Eligible Commercial Bank**".

(d) FX conversion and discounts

Whenever LCH.Clearnet SA is required to convert non-Euro denominated Cash Collateral, transferred by a Clearing Member, to Euros such conversion shall be effected on the basis of the Applicable Price. LCH.Clearnet SA shall additionally be entitled to apply discounts to such non-Euro denominated Cash Collateral, at its discretion, as published on the Website.

(e) Interest

LCH.Clearnet SA pays interest on non-Euro denominated Cash Collateral and USD Cash Collateral deposited in the Eligible Commercial Banks.

The applicable interest rate is published by LCH.Clearnet SA on the Website.

(f) Transfer of non-Euro denominated Cash Collateral (other than USD denominated Cash Collateral to be recorded in the LCH FCM Client USD Account)

On Day minus one

If:

- (i) a Clearing Member wishes to transfer additional non-Euro denominated Cash Collateral to be recorded in its House Collateral Account and, in the case of a CCM, in any of its CCM Client Collateral Accounts; or
- (ii) a Clearing Member wishes to transfer non-Euro denominated Cash Collateral to be recorded in any of its Collateral Accounts for the purpose of substituting such non-Euro denominated Cash Collateral for any Collateral recorded in its Collateral Accounts,

it shall notify LCH.Clearnet SA by submitting the relevant form by any means as specified in a Clearing Notice. The Clearing Member must specify in such form to which Collateral Account(s) the non-Euro denominated Collateral should be recorded. The process that a Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(i) (for USD denominated Cash Collateral), 3.10(c) (for Eligible Collateral transferred with full title), 3.15(b) (for Pledged Eligible Collateral) or 3.17(b) (for US T-Bills), as applicable.

In respect of a CCM only, if such CCM notifies to LCH.Clearnet SA that non-Euro denominated Cash Collateral will be transferred to the LCH Client Non-Euro Account but the CCM does not specify to which CCM Client Collateral Account(s) some or all of such amounts should be recorded, LCH.Clearnet SA will treat such amounts which have not been specifically identified as being for a particular CCM Client Collateral Account as CCM Unallocated Client Collateral and record such amounts in the CCM Unallocated Client Collateral Account when they are received.

The Clearing Member must notify LCH.Clearnet SA as set out above by no later than 16:45 CET on Day minus one in order for the Clearing Member's request to be processed on the next following Business Day and to enable the transfer of non-Euro denominated Cash Collateral to occur on Day. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm its request no later than 16:45 CET by a phone call to LCH.Clearnet SA's collateral management team on (+33) (0)1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

#### On Day

The Clearing Member transfers the amount of the non-Euro denominated Cash Collateral notified to LCH.Clearnet SA on Day minus one to the relevant LCH Non-Euro Account opened with the Eligible Commercial Bank.

If non-Euro denominated Cash Collateral is received:

- i) before 10:30 CET on Day, such non-Euro denominated Cash Collateral (other than CCM Unallocated Client Collateral) will form part of the Margin Balance and be taken into account for the purposes of the First Intraday Call on Day;
- ii) at or after 10:30 CET but prior to 11:45 CET on Day, such non-Euro denominated Cash Collateral (other than CCM Unallocated Client Collateral) will form part of the relevant Margin Balance and be taken into account for the purposes of calculations in relation to a Collateral substitution request which is to be effected using the Additional Specific Collateral Slot;
- iii) at or after 11:45 CET but prior to 14:30 CET on Day, such non-Euro denominated Cash Collateral (other than CCM Unallocated Client Collateral) will form part of the relevant Margin Balance and be taken into account for the purposes of the Second Intraday Call on Day;
- iv) at or after 14:30 CET on Day, such non-Euro denominated Cash Collateral (other than CCM Unallocated Client Collateral) will form part of the relevant Margin Balance and be taken into account for the purposes of the Morning Call on the next following Business Day.

In respect of a CCM only, to the extent Cash Collateral has been credited to its CCM Unallocated Client Collateral Account, the CCM must inform LCH.Clearnet SA by no later than 16:00 CET on Day how the CCM Unallocated Client Collateral should be recorded within its CCM Client

Collateral Account(s). Where the CCM does not provide LCH.Clearnet SA with this information within this timeframe, the CCM Unallocated Client Collateral shall be returned to the relevant account of the CCM.

- (g) Transfer of USD denominated Cash Collateral to be recorded in the LCH FCM Client USD Account

On Day minus one (before 17:00 CET)

If an FCM Clearing Member wishes to transfer USD denominated Cash Collateral to be recorded in its FCM Client Collateral Account for the purpose of substituting such USD denominated Cash Collateral for any Collateral recorded in its FCM Client Collateral Account, it shall notify LCH.Clearnet SA by submitting the relevant form by any means as specified in a Clearing Notice. The process that an FCM Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the FCM Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(h) (for non-Euro denominated Cash Collateral) or 3.17(b) (for US T-Bills transferred on behalf of FCM Clients), as applicable.

The form Clearing Member must notify LCH.Clearnet SA by no later than 17:00 CET on a Business Day ("Day minus one") in order for the FCM Clearing Member's request to be processed and to enable the transfer to occur no later than 18:00 CET on a Business Day ("Day minus one"). It is the FCM Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the FCM Clearing Member should confirm its request no later than 17:00 CET by a phone call to LCH.Clearnet SA's collateral management team on (+33) (0)1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

On Day minus one (before 18:00 CET)

A FCM Clearing Member transfers the amount of the USD denominated Cash Collateral, notified on Day minus one before 17:00 CET, to LCH.Clearnet SA's relevant LCH FCM Client USD Account opened with the Eligible Commercial Bank.

If USD denominated Cash Collateral is received before 18:00 CET on Day minus one, such USD denominated Cash Collateral will be taken into account in the relevant FCM Margin Balance used for the Morning Margin Call on Day.

- (h) Return of non-Euro denominated Cash Collateral (other than USD denominated Cash Collateral to be recorded in the LCH FCM Client USD Account)

On Day minus one

A Clearing Member must notify LCH.Clearnet SA of its request to have non-Euro denominated Cash Collateral returned to it by submitting the relevant form by any means as specified in a Clearing Notice. A Clearing Member must specify, on this form, the account to which the non-Euro denominated Cash Collateral should be returned.

The Clearing Member must notify LCH.Clearnet SA as set out above by no later than 16:00 CET on a Day minus one in order for the Clearing Member's request to be processed on the next following Business Day and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer on Day during the Additional Specific Collateral Slot. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm its request by 16:00 CET by a phone call to LCH.Clearnet SA's Treasury Operations team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

Any request received by LCH.Clearnet SA pursuant to this Paragraph 3.8(h) shall be deemed firm and irrevocable.

#### On Day

- In respect of a Clearing Member's House Collateral Account and Client Collateral Account(s)

Following the First Intraday Slot and, in any event, by 12:00 CET at the latest, LCH.Clearnet SA will re-calculate the value of the non-Euro denominated Cash Collateral to be returned to the Clearing Member (the "**Non-Euro Cash Collateral Value**") and:

- 1- provided LCH.Clearnet SA holds sufficient Collateral (other than that which is to be returned) to cover the Margin Requirement for the relevant Margin Account and the Non-Euro Cash Collateral Value does not exceed the amount of non-Euro denominated Cash Collateral previously provided to LCH.Clearnet SA through a Collateral Call, LCH.Clearnet SA will process the return of the non-Euro denominated Cash Collateral to the Clearing Member in accordance with the remaining provisions of this Paragraph 3.8(h); or
- 2- if LCH.Clearnet SA does not hold sufficient Collateral (other than that which is to be returned) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will debit an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value from the relevant TARGET2 Account of the Clearing Member (or the relevant cash account of its TARGET2 Payment Agent) during the Additional Specific Collateral Slot. Provided an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value is received by LCH.Clearnet SA, LCH.Clearnet SA will process the return of the non-Euro denominated Cash Collateral to the Clearing Member in accordance with the remaining provisions of this Paragraph 3.8(h).

- In respect of a CCM's Buffer Collateral Account

Following the First Intraday Slot and, in any event, by 12:00 CET at the latest, LCH.Clearnet SA will re-calculate the Non-Euro Cash Collateral Value and:

- 1- provided LCH.Clearnet SA holds Cash Collateral (other than that which is to be returned) in an amount at least equal to the CCM Available Client Collateral Buffer, as determined at the time when the request is received and processed by LCH.Clearnet SA, and the amount does not exceed the amount of non-Euro denominated Cash Collateral previously provided to LCH.Clearnet SA through a Collateral Call, LCH.Clearnet SA will process a return of the Non-Euro Cash Collateral Value in accordance with the remaining provisions of this Paragraph 3.8(h) ; or
- 2- if LCH.Clearnet SA holds Cash Collateral (other than that which is to be returned) in an amount below the CCM Available Client Collateral Buffer, LCH.Clearnet SA will debit an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value from the relevant TARGET2 Account of the CCM (or the relevant cash account of its TARGET2 Payment Agent) during the Additional Specific Collateral Slot. Provided an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value is received by LCH.Clearnet SA, LCH.Clearnet SA will process the return of the non-Euro denominated Cash Collateral to the CCM in accordance with the remaining provisions of this Paragraph 3.8(h).

- In respect of an FCM Unallocated Client Collateral Financial Account

Following the First Intraday Slot and, in any event, by 12:00 CET at the latest, LCH.Clearnet SA will re-calculate the Non-Euro Cash Collateral Value of the requested amount of FCM Unallocated Client Excess Collateral recorded in the FCM Unallocated Client Collateral Financial Account to be returned and will process a return of the Non-Euro Cash Collateral Value in accordance with the remaining provisions of this Paragraph 3.8(h).

- Return of the Non-Euro Cash Collateral Value

In the event that LCH.Clearnet SA is required to, but has not been able to, debit an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value from the Clearing Member's TARGET2 Account(s) or the relevant cash accounts of its TARGET2 Payment Agent), the Clearing Member's request to have non-Euro denominated Cash Collateral returned to it will be deemed void and LCH.Clearnet SA shall retain the non-Euro denominated Cash Collateral which the Clearing Member requested to be returned. LCH.Clearnet SA's inability to debit Euro-denominated Cash Collateral equal to the Eligible Collateral Value intra-day through TARGET2 shall not constitute a Payment Failure in respect of the Clearing Member.

Save in the circumstances described above, LCH.Clearnet SA will give instructions to the Eligible Commercial Bank to credit the relevant account(s) of the Clearing Member (as notified in the form on Day minus one) with the non-Euro denominated Cash Collateral between 13:00 and 15:00 CET.

- (i) Return of USD denominated Cash Collateral recorded in the LCH FCM Client USD Account

#### On Day

An FCM Clearing Member must notify LCH.Clearnet SA of its request to have USD denominated Cash Collateral recorded in the LCH FCM Client USD Account returned to it by submitting the relevant form by any means as specified in a Clearing Notice. An FCM Clearing Member must specify, on this form, the FCM Cleared Swaps Client Segregated Depository Account to which the USD denominated Cash Collateral should be returned.

The FCM Clearing Member must notify LCH.Clearnet SA by no later than 17:00 CET on a Business Day ("Day ") in order for the FCM Clearing Member's request to be processed on the same Business Day ("Day") and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer on Day. It is the FCM Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the FCM Clearing Member should confirm its request by 17:00 CET by a phone call to LCH.Clearnet SA's Treasury Operations team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

Any request received by LCH.Clearnet SA pursuant to this Paragraph 3.8(i) shall be deemed firm and irrevocable.

#### On Day

- In respect of an FCM Clearing Member's FCM Client Collateral Account

By 17:00 CET at the latest, LCH.Clearnet SA will re-calculate the value of the USD denominated Cash Collateral to be returned to the FCM Clearing Member (the "**USD Cash Collateral Value**") and if:

1. LCH.Clearnet SA holds sufficient Collateral (other than that which is to be returned) to cover the FCM Client Margin Requirement for the relevant FCM Client Margin Account, LCH.Clearnet SA will process the return of the USD denominated Cash Collateral to the FCM Clearing Member (up to the amount of USD denominated Cash Collateral provided originally by the FCM Clearing Member) before 18:00 CET; or
2. LCH.Clearnet SA does not hold sufficient Collateral (other than that which is to be returned) to cover the FCM Client Margin Requirement for the relevant FCM Client Margin Account, LCH.Clearnet SA will reject FCM Clearing Member request to have USD denominated cash collateral returned to it.

If FCM Clearing Member's relevant FCM Margin Requirements are covered with sufficient alternative collateral (other than that which is to be returned), LCH.Clearnet SA will give instructions to the Eligible Commercial Bank to credit the FCM Clearing Member's relevant account(s) (as notified in the form on Day) with the USD denominated Cash Collateral immediately.

Such instructions will, in any event, be made on the same Business Day ("Day") at 18:00 CET, i.e. in advance of the relevant commercial bank's currency cut-off time (except in exceptional circumstances, as determined by LCH.Clearnet SA in an objective and commercially reasonable manner).

- In respect of an FCM Unallocated Client Collateral Financial Account Client Collateral Account

By 17:00 CET at the latest, LCH.Clearnet SA will re-calculate the USD Cash Collateral Value of the requested amount of FCM Unallocated Client Excess Collateral recorded in the FCM Unallocated Client Collateral Financial Account and will process a return of the USD Cash Collateral Value in accordance with the remaining provisions of this Paragraph 3.8(i).

By exception to the time limits for notification as set out in paragraphs 3.8 (f), (g), (h) and (i), in case of atypical market conditions (i.e. periods of time with reduced activity and lowered liquidity), including but not limited to the end of the year period (i.e. the period starting from 22 December of each year to 2 January of the following year) LCH.Clearnet SA may inform by any means the Clearing Members that notifications of movement (transfer or return) of non-Euro Cash Collateral, for value on Day, must be received by LCH.Clearnet SA on Day minus five before 16:00 CET. Such information will contain the implementation measures of the extension of the notification period.

### 3.9 ELIGIBLE COLLATERAL

A list of the securities that constitute Eligible Collateral, together with applicable haircuts, is set out on the Website at <http://www.lchclearnet.com/risk-collateral-management/collateral-management/acceptable-collateral>.

LCH.Clearnet SA may amend this list in accordance with Article 4.2.7.1 of the CDS Clearing Rule Book and this Paragraph 3.9.

For risk management purposes, LCH.Clearnet SA does not permit a Clearing Member to transfer "self-issued securities" as Eligible Collateral (i.e. securities issued by such Clearing Member or by any of its Affiliates).

#### (a) Withholding tax

Each Clearing Member should ensure that the Eligible Collateral submitted to LCH.Clearnet SA's accounts with custodians or Central Securities Depositories or transferred to LCH.Clearnet SA's pledged account at Euroclear Bank pursuant to a collateral arrangement, or BNYM US pursuant to a security arrangement, is not subject to withholding tax.

If the Eligible Collateral is subject to withholding tax and a Clearing Member does not request the return of Eligible Collateral prior to the relevant record date of the securities to enable the Clearing Member to receive the gross coupon or dividend, any coupon or dividend will be paid to the Clearing Member by LCH.Clearnet SA net of withholding tax.

(b) FX conversion and discounts

A discount shall be applied to the value of Eligible Collateral transferred by a Clearing Member. The amount of the discount shall be notified on the Website. Such discounts may be modified at any time and at the sole discretion of LCH.Clearnet SA.

Whenever LCH.Clearnet SA is required to convert non-Euro denominated Eligible Collateral, transferred by a Clearing Member, to Euros such conversion shall be effected on the basis of the Applicable Price.

(c) Events affecting the eligibility of Eligible Collateral

Where a security which constitutes Eligible Collateral is affected by one of the following events (each, a “**Collateral Event**” and together, the “**Collateral Events**”):

- i) a suspension from trading of such security by an exchange, or
- ii) the public announcement of a take-over bid, public exchange offer, split or reverse split involving the entity issuing such security,

LCH.Clearnet SA will publish a Clearing Notice on the Website notifying Clearing Members that such security will no longer constitute Eligible Collateral. The Clearing Notice will specify the effective date, which shall be no later than 2 Business Days following the date of the Collateral Event, as of which the securities will no longer constitute Eligible Collateral.

Where a Clearing Member has transferred such securities to LCH.Clearnet SA with full title or to LCH.Clearnet SA’s pledged account(s) at Euroclear Bank, or to LCH.Clearnet SA’s segregated depository account(s) at BNYM US, such Clearing Member should request a return of the securities in accordance with Paragraph 3.10(c), 3.15 (b) or 3.17 (b), as appropriate, and transfer alternative Collateral to LCH.Clearnet SA in accordance with this Section 3 to satisfy any of its Margin Requirements and its obligation in respect of its House Excess Collateral Threshold.

Where the Clearing Member does not request a return of the securities and/or transfer alternative Collateral to LCH.Clearnet SA prior to the effective date specified in the Clearing Notice published in accordance with this Paragraph 3.9(c), LCH.Clearnet SA will calculate the Margin Balance of the Clearing Member’s House Collateral Account and each of its affected Client Collateral Accounts, in accordance with Paragraph 3.2, on the effective date specified in such Clearing Notice, excluding the suspended securities. As a result of this calculation LCH.Clearnet SA shall determine whether or not there is a Margin Shortfall for any Margin Account or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account

Structure, of the Clearing Member. Where there is a Margin Shortfall this will be detailed in the AC0103E Report which is sent to the Clearing Member in accordance with Paragraph 5.13(b) of Section 5 of the Procedures and LCH.Clearnet SA shall be taken into account for the purposes of calculating the Required Collateral Amount for the purposes of the Morning Call on the next Business Day.

For the avoidance of doubt, LCH.Clearnet SA shall retain the suspended securities until such time as the Clearing Member requests their return in accordance with this Paragraph 3.9(c) but they shall not be taken into account for the purposes of calculating any Margin Balance of the Clearing Member on subsequent Business Days.

- (d) Transfer of Eligible Collateral (other than US T-Bills transferred by an FCM Clearing Member on behalf of FCM Clients)

Subject to the requirement applicable to US T-Bills transferred by an FCM Clearing Member on behalf of FCM Clients as set out in Paragraph 3.9 (e) below, a Clearing Member can transfer Eligible Collateral to LCH.Clearnet SA, either:

- i) with full title, in accordance with Paragraph 3.10 to be recorded in its House Collateral Account and the case of a CCM only, in any of its CCM Client Collateral Accounts; or
- ii) by way of security interest whereby the Eligible Collateral would be transferred to the relevant LCH.Clearnet SA pledged account at Euroclear Bank and held pursuant to a Belgian law pledge in accordance with Paragraph 3.15 and to be recorded in its House Collateral Account and in the case of a CCM only, in any of its CCM Client Collateral Accounts.

- (e) Transfer of US T-Bills provided by an FCM Clearing Member on behalf of FCM Clients

If an FCM Clearing Member wishes to transfer US T-Bills on behalf of FCM Clients, it shall be transferred by way of security interest and recorded in LCH.Clearnet SA's segregated depository account held at BNYM US in accordance with Paragraph 3.14.

### **3.10 ELIGIBLE COLLATERAL TRANSFERRED WITH FULL TITLE**

- (a) Securities accounts

LCH.Clearnet SA holds Eligible Collateral transferred to it with full title in the following sets of accounts opened in the books of Euroclear Bank and Euroclear France:

- i) a security account in each of Euroclear Bank and Euroclear France used to credit Eligible Collateral which is transferred by Clearing Members to be recorded in their House Collateral Account (the "**LCH House Securities Account**"); and

- ii) a security account in each of Euroclear Bank and Euroclear France used to credit Eligible Collateral which is transferred by Clearing Members to be recorded in any of their Client Collateral Accounts (the “**LCH Client Securities Account**”).

The LCH House Securities Account and the LCH Client Securities Account shall be together referred to as the “**LCH Securities Accounts**”.

LCH.Clearnet SA may invest Eligible Collateral provided to LCH.Clearnet SA with full title in accordance with Paragraph 3.11(b).

(b) Transfer of Eligible Collateral

On Day

If:

- (i) a Clearing Member wishes to transfer additional Eligible Collateral with full title to be recorded in its House Collateral Account, and in the case of a CCM, in any of its CCM Client Collateral Accounts; or
- (ii) a Clearing Member wishes to transfer Eligible Collateral with full title to be recorded in its House Collateral Account, and in the case of a CCM, in its CCM Client Collateral Account, for the purpose of substituting such Eligible Collateral for any Collateral recorded in its Collateral Accounts,

it shall notify LCH.Clearnet SA of its request to transfer such Eligible Collateral with LCH.Clearnet SA by submitting the relevant form by any means as specified in a Clearing Notice. The process that a Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(h) (for non-Euro denominated Cash Collateral), 3.8(i) (for USD denominated Cash Collateral), 3.15(b) (for Pledged Eligible Collateral) or 3.17(b) (for US T-Bills transferred on behalf of FCM Clients), as applicable.

In respect of a CCM only, if such CCM notifies to LCH.Clearnet SA that Eligible Collateral will be transferred to the LCH Client Securities Account but the CCM does not specify to which CCM Client Collateral Account(s) some or all such Eligible Collateral should be recorded, LCH.Clearnet SA will not accept the request to transfer such Eligible Collateral.

The Clearing Member must notify LCH.Clearnet SA as set out above by no later than 17:15 CET on a Business Day (“Day”) in order for the Clearing Member’s request to be processed on Day and to enable the transfer to occur on Day. It is the Clearing Member’s responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm the request by 17:15 CET by a phone call to LCH.Clearnet SA’s collateral management team on (+33) (0)1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

On Day

A Clearing Member must submit instructions (Franco or Sell Free of payment) via Euroclear Bank or ESES (Euroclear France), as applicable, and LCH.Clearnet SA must submit instructions (Buy free of payment) if Clearing Member uses Sell free of payment, for matching through Euroclear Bank or ESES (Euroclear France).

If LCH.Clearnet SA receives the confirmation of settlement from Euroclear Bank or ESES (Euroclear France):

- i) before 10:30 CET on Day, the Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the First Intraday Call on Day;
- ii) at or after 10:30 CET but prior to 11:45 CET on Day, the Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of calculations in relation to a Collateral substitution request which is to be effected using Additional Specific Collateral Slot;
- iii) at or after 11:45 CET but prior to 14:30 CET on Day, the Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the Second Intraday Call on Day;
- iv) at or after 14:30 CET but prior to 17:15 CET on Day, the Eligible Collateral will form part of the relevant Margin Balance and be taken into account solely for the purposes of novating Intraday Transactions;
- iv) at or after 17:15 CET on Day, the Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the Morning Call on the next following Business Day.

- (c) Return of Eligible Collateral

On Day minus one

A Clearing Member must notify LCH.Clearnet SA of a request to have Eligible Collateral returned to it by submitting the relevant form by any means as specified in a Clearing Notice.

The Clearing Member must notify LCH.Clearnet SA by no later than 16:00 CET on a Business Day ("Day minus one") in order for the Clearing Member's request to be processed on the next following Business Day ("Day") and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer to occur on Day during the Additional Specific Collateral Slot. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm the request by 16:00 CET by a phone call to LCH.Clearnet SA's collateral management team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

Any request received by LCH.Clearnet SA pursuant to this process shall be deemed firm and irrevocable.

On Day

Following the First Intraday Slot and, in any event, by 12:00 CET at the latest, LCH.Clearnet SA will re-calculate the value of the Eligible Collateral to be returned (the “**Eligible Collateral Value**”) and if:

- 1- LCH.Clearnet SA holds sufficient Collateral (other than that which is to be returned) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will process the return of the Eligible Collateral on request of the Clearing Member in accordance with the remaining provisions of this Paragraph 3.10(c); or
- 2- LCH.Clearnet SA does not hold Collateral (other than that which is to be returned) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will debit an amount of Euro-denominated Cash Collateral equal to the Eligible Collateral Value from the relevant TARGET2 Account(s) of the Clearing Member (or the relevant cash accounts of its TARGET2 Payment Agent) during the Additional Specific Collateral Slot. Provided an amount of Euro-denominated Cash Collateral equal to the Eligible Collateral Value is received by LCH.Clearnet SA, LCH.Clearnet SA will process the return of the Eligible Collateral to the Clearing Member in accordance with the remaining provisions of this Paragraph 3.10(c).

In the event that LCH.Clearnet SA is required to, but has not been able to, debit an amount of Euro-denominated Cash Collateral equal to the Eligible Collateral Value from the Clearing Member’s TARGET2 Account(s) or the relevant cash accounts of its TARGET2 Payment Agent), the Clearing Member’s request to have Eligible Collateral returned to it will be deemed void and LCH.Clearnet SA shall retain the Eligible Collateral which the Clearing Member requested to be returned. LCH.Clearnet SA’s inability to debit Euro-denominated Cash Collateral equal to the Eligible Collateral Value intra-day through TARGET2 shall not constitute a Payment Failure in respect of the Clearing Member.

Save in the circumstances described above, LCH.Clearnet SA will send instructions (Sell Free of Payment) submitted via Euroclear Bank or ESES (Euroclear France) and the Clearing Member shall submit instructions (Buy Free of Payment), for matching through Euroclear Bank or ESES (Euroclear France) between 13:00 and 15:00 CET.

Such instructions will, in any event, be sent on Day in advance of the relevant Central Securities Depository/International Central Securities Depository cut-off time (except in exceptional circumstances, as determined in an objective and commercially reasonable manner).

By exception to the time limits for notification as set out in paragraphs 3.10 (b) and (c), in case of atypical market conditions (*i.e.* periods of time with reduced activity and lowered liquidity), including but not limited to the end of the year period (*i.e.* the

period starting from 22 December of each year to 2 January of the following year) LCH.Clearnet SA may inform by any means the Clearing Members that notifications of movement (transfer or return) of Eligible Collateral transferred with full title, for value on Day, must be received by LCH.Clearnet SA on Day minus five before 16.00 CET. Such information will contain the implementation measure of the extension of the notification period.

### 3.11 LCH.CLEARNET SA'S RIGHTS IN RESPECT OF COLLATERAL TRANSFERRED WITH FULL TITLE

#### (a) Full title

Collateral (except Pledged Eligible Collateral and US T-Bills recorded in LCH.Clearnet SA's segregated depository account at BNYM US) shall be transferred to LCH.Clearnet SA with full title.

#### (b) Use of Collateral

LCH.Clearnet SA may use Collateral (except Pledged Eligible Collateral and US T-Bills recorded in LCH.Clearnet SA's segregated depository account at BNYM US) in accordance with the principles set out in the LCH Group Risk Collateral Policy and all applicable legal and regulatory provisions governing Collateral applicable to LCH.Clearnet SA acting as a clearing house and/or a securities settlement system.

LCH.Clearnet SA shall, in its sole discretion, invest Cash Collateral in liquid principal protected assets, as detailed on the collateral management section of the Website, and in accordance with the principles set out in the LCH Group Risk Collateral Policy.

#### (c) French law restrictions on use

Collateral that is transferred with full title to LCH.Clearnet SA shall be subject to all applicable legal and regulatory provisions governing Collateral provided to a clearing house and securities settlement systems, including, without limitation, Article L. 330-2, and L. 440-7 and L. 440-8 of the French Monetary and Financial Code.

Under Articles L. 440-7 and L. 440-8 of the French Monetary and Financial Code:

- i) without prejudice to Paragraph 3.11(b), Collateral transferred for the purpose of meeting a Clearing Member's Margin Requirements shall only be used by LCH.Clearnet SA in the event that amounts are due in the context of the liquidation of such Clearing Member's Cleared Transactions (where it is a Defaulting Clearing Member) in accordance with Article 4.3.3.1 of the CDS Clearing Rule Book and/or in the event that any other sums are owed by the relevant Clearing Member to LCH.Clearnet SA; and
- ii) no creditor of either a Clearing Member or LCH.Clearnet SA, no representative of a Clearing Member and no insolvency official (*mandataire judiciaire*) appointed under French insolvency proceedings (under Book VI of the French Commercial Code) may

claim any right over the Collateral transferred for the purpose of meeting a Clearing Member's Margin Requirements (even in the context of an LCH Insolvency Proceeding or insolvency proceedings opened outside of France which are equivalent or similar to those set out in Book VI of the French Commercial Code).

Under Article L. 330-2 of the French Monetary and Financial Code:

- i) without prejudice to Paragraph 3.11(b), Collateral transferred by a Clearing Member shall be used by LCH.Clearnet SA in accordance with the CDS Clearing Rules; and
- ii) no creditor of either a Clearing Member or LCH.Clearnet SA may claim any right over the Collateral transferred by a Clearing Member (even in the context of an LCH Insolvency Proceeding, insolvency proceedings opened outside France which are equivalent to those set out in Book VI of the French Commercial Code, civil enforcement proceedings or the exercise of an opposition right (*droit d'opposition*)).

In the event of any conflict between the provisions of Article L. 211-38, whereby Collateral may be enforced in accordance with the provisions of the Financial Collateral Directive as transposed into French law, and the provisions of Articles L. 440-7 and L. 440-8, the provisions of Articles L. 440-7 and L. 440-8 shall prevail.

(d) Governing law

Pursuant to Article 9(2) of the Settlement Finality Directive, the validity and enforceability of a guarantee on book entry securities is assessed according to the law of the Member State where the account, in which the rights with respect to the relevant securities are recorded, is located.

Accordingly, when Eligible Collateral is posted to one of the relevant LCH.Clearnet SA's accounts located in France, Belgium or Portugal, the related securities are transferred to LCH.Clearnet SA with full title, in accordance with applicable law as follows:

- i) France: Articles L. 440-7 and L. 330-2 of the French Monetary and Financial Code; or
- ii) Belgium: Article 12 of the Belgian law dated 15 December 2004 "relative aux sûretés financières et portant des dispositions fiscales diverses en matière de conventions constitutives de sûreté et de prêts portant sur des instruments financiers"; or
- iii) Portugal: Article 261 n°4 of the Portuguese Securities Code.

### 3.12 CORPORATE EVENTS OCCURRING IN RESPECT OF ELIGIBLE COLLATERAL TRANSFERRED WITH FULL TITLE

#### (a) Coupons and dividends

Dividends will be remitted to the Clearing Member in one of the following ways at the option of the Clearing Member:

- i) share dividends will be remitted to the Clearing Member's accounts with a depository as notified to LCH.Clearnet SA for this purpose; or
- ii) cash dividends and coupons will be credited to the relevant TARGET2 Account(s) of the Clearing Member (or the relevant cash account(s) of the Clearing Member's TARGET2 Payment Agent) or the Clearing Member's accounts with a central bank as notified to LCH.Clearnet SA for this purpose.

A minimum of 1 Business Day before the relevant record date, LCH.Clearnet SA will contact Clearing Members by telephone to the telephone number specified by the Clearing Member in its application for membership of the CDS Clearing Service to ask which of the above options the Clearing Member prefers. If a Clearing Member does not express a preference, or if LCH.Clearnet SA has insufficient time to process a Clearing Member's preference, the dividend or coupon will be credited (in accordance with Paragraph 3.7(b)) to the relevant TARGET2 Account(s) of the Clearing Member (or the relevant cash account(s) of the Clearing Member's TARGET2 Payment Agent).

Dividends and coupons will only be remitted or credited to the Clearing Member's account(s) once LCH.Clearnet SA has received the relevant dividends and coupons. Dividends and coupons are remitted on the same day if received before 16:00 CET, or the next Business Day if received after 16:00 CET.

#### (b) Subscription or allotment rights

Where a subscription or allotment right can be detached from a security provided as Eligible Collateral it will be remitted to the Clearing Member's account with the relevant depository as soon as LCH.Clearnet SA has received the relevant right. The remittance will be performed in Euroclear Bank or Euroclear France on the same day if the right is received before 16:00 CET, or the next Business Day if received after 16:00 CET.

#### (c) Maturity

If a security provided as Eligible Collateral is due to mature and a Clearing Member wishes it to be returned, then a Clearing Member should request the return of that security before the relevant maturity date in accordance with Paragraph 3.10.

Where a security provided as Eligible Collateral matures, LCH.Clearnet SA will credit (in accordance with Paragraph 3.7(b)) the Clearing Member's TARGET2 Accounts (or the relevant cash accounts of such Clearing Member's TARGET2 Payment Agent) on the same day if funds are received

before 16:00 CET, or will credit the Clearing Member's TARGET2 Accounts (or the relevant cash accounts of such Clearing Member's TARGET2 Payment Agent) on the next day if the funds are received after 16:00 CET.

### 3.13 ELIGIBLE COLLATERAL TRANSFERRED TO LCH.CLEARNET SA'S PLEDGED ACCOUNTS AT EUROCLEAR BANK

A Clearing Member may provide Eligible Collateral by way of a collateral arrangement taking the form of a Pledge Agreement put in place in accordance with this Paragraph 3.13.

#### (a) Collateral arrangement in the form of a Pledge Agreement

The Pledge Agreement shall be implemented as follows:

- i) A Clearing Member wishing to post Eligible Collateral pursuant to the collateral arrangement will be required to enter into a Pledge Agreement with LCH.Clearnet SA which is governed by Belgian law (in particular the Belgian Royal Decree n° 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated in 2004) and the Law of 15 December 2004 on financial collateral implementing the Directive 2002/47/EC on financial collateral arrangements);
- ii) LCH.Clearnet SA and the Clearing Member will be required to enter into standard form documentation with Euroclear Bank, taking the form of the Single Pledgor Pledged Account Terms and Conditions ("SPPA") and the Terms and Conditions Governing Use of Euroclear;
- iii) Under the SPPA, Euroclear Bank agrees to act as pledge holder in accordance with the terms set out in the SPPA;
- iv) LCH.Clearnet SA and each Clearing Member willing to post Pledged Eligible Collateral under the Pledge Agreement will open the following separate special pledged accounts in Euroclear Bank's books:
  - (x) a pledged account which shall be used to register Pledged Eligible Collateral recorded in the House Collateral Account of such Clearing Member (the "**House Pledged Account**"), and
  - (y) in the case of a CCM, a pledged account which shall be used to register Pledged Eligible Collateral recorded in its CCM Client Collateral Account(s) (the "**Client Pledged Account**").

The House Pledged Account and the Client Pledged Account shall be together referred to as the "**Pledged Accounts**".

#### (b) Pledged Accounts

The Pledged Accounts shall be held in the name of LCH.Clearnet SA as pledgee. However, the title in the Pledged Eligible Collateral shall not be transferred to LCH.Clearnet SA (see Article 2 in fine and Article 13 of the Royal Decree 62 - the pledgee only acts as a "custodian" and does not

become the owner of the securities (ownership stays with the pledgor (see in particular Article 2079 of the Belgian civil code)).

(c) Use of Pledged Eligible Collateral

Subject to Paragraphs 3.13(d) and 3.13(e), LCH.Clearnet SA shall be prevented from using for any purpose, re-hypothecating or transferring Pledged Eligible Collateral which is pledged to LCH.Clearnet SA pursuant to the collateral arrangement described in this Paragraph 3.13.

(d) Perfection and enforceability

Provided that LCH.Clearnet SA provides Euroclear Bank with a copy of the Default Notice issued by LCH.Clearnet SA in accordance with Article 4.3.1.3 of the CDS Clearing Rule Book, LCH.Clearnet SA shall be able to perfect and enforce the pledge on Pledged Eligible Collateral (meaning that it shall be entitled to apply the Pledged Eligible Collateral transferred by the Defaulting Clearing Member as envisaged by Article 4.3.3.1 of the CDS Clearing Rule Book), against the Defaulting Clearing Member, any other creditors of the Defaulting Clearing Member and/or the trustee in bankruptcy, without having to notify, or secure any further consent from the Defaulting Clearing Member or any other person, and without having to obtain any court approval (see article 8 of the Law of 15 December 2004).

In the event that LCH.Clearnet SA elects to enforce the pledge by appropriating the Client Pledged Eligible Collateral in accordance with the Article 4.3.2.6 of the CDS Clearing Rule Book, the Eligible Securities so appropriated shall be credited to the LCH Client Securities Account.

(e) Transfer of Client Cleared Transactions and related Client Assets in respect of a CCM

Provided that:

- i) LCH.Clearnet SA provides Euroclear Bank with a copy of the Client Full Transfer Form transmitted by the Receiving Clearing Member to LCH.Clearnet SA, in accordance with Section 5 of the Procedures; and
- ii) the deadline for the Carrying Clearing Member to reject the transfer of Client Cleared Transactions and Client Assets, by submission of the Carrying Clearing Member Response Form in accordance with Section 5 of the Procedures, has expired,

LCH.Clearnet SA shall be able to instruct Euroclear Bank to transfer the relevant Client Pledged Eligible Collateral from the Carrying Clearing Member's Client Pledged Account to the Receiving Clearing Member's Client Pledged Account in accordance with the conditions and timeline set out in Section 5 of the Procedures.

### **3.14 US T-BILLS TRANSFERRED TO LCH.CLEARNET SA'S DEPOSITORY ACCOUNT AT BNYM US**

An FCM Clearing Member may provide US T-Bills by way of security interest governed by laws of the State of New York in accordance with this Paragraph 3.14 and the FCM CDS Clearing Regulations.

- (a) Segregated depository account opened with BNYM US

To permit an FCM Clearing Member to transfer US T-Bills on behalf of its FCM Clients, LCH.Clearnet SA has opened a segregated depository account in BNYM US' books which shall be used to register US T-Bills in connection with FCM Cleared Transactions cleared for its FCM Clients (the "**LCH Client Depository Account**").

The LCH Client Depository Account forms part of the LCH Cleared Swaps Client Segregated Depository Account for purposes of the FCM CDS Clearing Regulations.

- (b) Transfer of FCM Client Cleared Transactions and related Account Assets

Provided that LCH.Clearnet SA provides BNYM US with a copy of the Client Full Transfer Form transmitted by the Receiving Clearing Member to LCH.Clearnet SA in accordance with Section 5 of the Procedures, LCH.Clearnet SA shall be able to transfer the relevant Eligible Collateral from the Carrying Clearing Member's LCH Client Depository Account to the Receiving Clearing Member's LCH Client Depository Account in accordance with the conditions and timeline set out in Section 5 of the Procedures.

### **3.15 ELIGIBLE COLLATERAL TRANSFER PURSUANT TO THE PLEDGE AGREEMENT**

- (a) Transfer of Pledged Eligible Collateral

On Day

If:

- (i) a Clearing Member wishes to transfer additional Pledged Eligible Collateral to be recorded in its House Collateral Account and, in the case of a CCM, in any of its CCM Client Collateral Accounts; or
- (ii) a Clearing Member wishes to transfer Pledged Eligible Collateral to be recorded in any of its Collateral Accounts for the purpose of substituting such Pledged Eligible Collateral for any Collateral recorded in its Collateral Accounts,

it shall notify LCH.Clearnet SA of its request to transfer Pledged Eligible Collateral to the relevant Pledged Account by submitting the relevant form by any means as specified in a Clearing Notice. The process that a Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(h) (for non-Euro denominated Cash

Collateral), 3.8(i) (for USD denominated Cash Collateral), 3.10(c) (for Eligible Collateral transferred with full title) or 3.17(b) (for US T-Bills), as applicable.

In respect of a CCM only, if such CCM notifies to LCH.Clearnet SA that Pledged Eligible Collateral will be transferred to the Client Pledged Account but the CCM does not specify to which CCM Client Collateral Account(s) some or all such Pledged Eligible Collateral should be recorded, LCH.Clearnet SA will not accept the request to transfer such Pledged Eligible Collateral.

The Clearing Member must notify LCH.Clearnet SA as set out above by no later than 17:15 CET on a Business Day ("Day minus one") in order for the Clearing Member's request to be processed on the next following Business Day ("Day") and to enable the transfer to occur on Day. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm the request by 17:15 CET by a phone call to LCH.Clearnet SA's collateral management team on + 33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

#### On Day

A Clearing Member must submit instructions (Franco or Sell Free of payment) via Euroclear Bank and LCH.Clearnet SA must submit instructions (Buy free of payment) if Clearing Member uses Sell free of payment, for matching through Euroclear Bank.

If LCH.Clearnet SA receives the confirmation of settlement from Euroclear Bank:

- i) before 10:30 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the First Intraday Call on Day;
- ii) at or after 10:30 CET and prior to 11:45 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of calculations in relation to a Collateral substitution request which is to be effected using the Additional Specific Collateral Slot;
- iii) before at or after 11:45 CET and prior to 14:30 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the Second Intraday Call on Day;
- iv) at or after 14:30 CET but prior to 17:15 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin Balance and be taken into account solely for the purposes of novating Intraday Transactions;
- v) if LCH.Clearnet SA receives the confirmation of settlement from Euroclear Bank at or after 17:15 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin Balance and be taken

into account for the purposes of the Morning Call on the next following Business Day.

(b) Release of Pledged Eligible Collateral

On Day minus one

A Clearing Member must notify LCH.Clearnet SA of a request to have Pledged Eligible Collateral released by submitting the relevant form by any means as specified in a Clearing Notice.

The Clearing Member must notify LCH.Clearnet SA by no later than 16:00 CET on a Business Day ("Day minus one") in order for the Clearing Member's request to be processed on the next following Business Day ("Day") and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer to occur on Day. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm the request by 16:00 CET by a phone call to LCH.Clearnet SA's collateral management team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA. Any request received by LCH pursuant to this process shall be deemed firm and irrevocable

On Day

Following the first intraday TARGET2 payment window (11:25-11:50 CET) and, in any event, by 12:00 CET latest, LCH.Clearnet SA will re-calculate the value of the Pledged Eligible Collateral to be released (the "**Pledged Eligible Collateral Value**") and if:

- 1- LCH.Clearnet SA holds Collateral (other than that which is to be released) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will process the release of the Pledged Eligible Collateral on request of the Clearing Member in accordance with the remaining provisions of this Paragraph 3.15(b); or
- 2- LCH.Clearnet SA does not hold sufficient Collateral (other than that which is to be released) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will notify the Clearing Member by 12:20 CET and debit an amount of Euro denominated Cash Collateral equal to the Pledged Eligible Collateral Value from the relevant TARGET2 Account(s) of the Clearing Member (or the relevant cash account(s) of its TARGET2 Payment Agent) during the Additional Specific Collateral Slot. Provided an amount of Euro-denominated Cash Collateral equal to the Pledged Eligible Collateral Value is received by LCH.Clearnet SA, LCH.Clearnet SA will process the return of the Pledged Eligible Collateral to the Clearing Member in accordance with the remaining provisions of this Paragraph 3.15(b).

In the event that LCH.Clearnet SA is required to, but has not been able to, debit an amount of Euro-denominated Cash Collateral equal to the Pledged

Eligible Collateral Value from the Clearing Member's TARGET2 Accounts or the relevant cash accounts of its TARGET2 Payment Agent), the Clearing Member's request to have Pledged Eligible Collateral released to it will be deemed void and LCH.Clearnet SA shall not release Pledged Eligible Collateral to the Clearing Member. LCH.Clearnet SA's inability to debit Euro-denominated Cash Collateral equal to the Pledged Eligible Collateral Value intra-day through TARGET2 shall not constitute a Payment Failure in respect of the Clearing Member.

Save in the circumstances described above, LCH.Clearnet SA will send instructions (Sell Free of Payment) submitted via Euroclear Bank and the Clearing Member shall submit instructions (Buy Free of Payment), for matching through Euroclear Bank between 13:00 and 15:00.

LCH.Clearnet SA's instructions via Euroclear Bank shall constitute the release of the relevant Pledged Eligible Collateral.

Such instructions will, in any event, be sent on the same Business Day in advance of the relevant International Central Securities Depository cut-off time (except in exceptional circumstances, as judged in an objective and commercially reasonable manner).

By exception to the time limits for notification as set out in paragraphs 3.15 (a) and (b), in case of atypical market conditions (*i.e.* periods of time with reduced activity and lowered liquidity), including but not limited to the end of the year period (*i.e.* the period starting from 22 December of each year to 2 January of the following year) LCH.Clearnet SA may inform by any means the Clearing Members that notifications of movement (transfer or release) of Eligible Pledged Collateral, for value on Day, must be received by LCH.Clearnet SA on Day minus five before 16:00 CET. Such information will contain the implementation measure of the extension of the notification period.

### **3.16 TRANSFER OF CLIENT PLEDGED ELIGIBLE COLLATERAL FOLLOWING AN EVENT OF DEFAULT**

In the event that a Defaulting Clearing Member or a Backup Clearing Member is a CCM, any transfer of Client Pledged Eligible Collateral shall be undertaken in accordance with this Paragraph 3.16 and the CDS Clearing Documentation.

#### **(a) Transfer of Client Pledged Eligible Collateral to LCH.Clearnet SA**

In order to transfer Client Pledged Eligible Collateral to LCH.Clearnet SA, in order to satisfy a request made in accordance with Article 4.3.2.1(i) of the CDS Clearing Rule Book, the Defaulting Clearing Member must provide LCH.Clearnet SA with its consent to the debit of Client Pledged Eligible Collateral from its Client Pledged Account by Euroclear, pursuant to an instruction of LCH.Clearnet SA, and credit of the Client Pledged Eligible Collateral to be credited to the LCH Client Securities Account. The Defaulting Clearing Member must evidence its consent by submitting the relevant form by any means as specified in a Clearing Notice.

Following the receipt of the consent of the Defaulting Clearing Member, LCH.Clearnet SA will submit instructions via Euroclear Bank. When LCH.Clearnet SA receives the confirmation of settlement from Euroclear Bank

or Euroclear France, as applicable, LCH.Clearnet SA shall update the relevant CCM Client Collateral Account(s) of the Defaulting Clearing Member to reflect that such Eligible Collateral has been transferred with full title to LCH.Clearnet SA.

Provided the Defaulting Clearing Member has sent its consent in accordance with this Paragraph 3.16(a), within the timeframe specified by LCH.Clearnet SA pursuant to Article 4.3.2.1(i), the Defaulting Clearing Member shall be treated as having satisfied its obligation to transfer ownership in the Client Pledged Eligible Collateral to LCH.Clearnet SA as required by the CDS Admission Agreement. If, however, the Defaulting Clearing Member has not sent its consent within the timeframe specified by LCH.Clearnet SA pursuant to Article 4.3.2.1(i), LCH.Clearnet SA shall be entitled to enforce the security interest granted to it under, and in accordance with, the Pledge Agreement and, in accordance with the CDS Clearing Rule Book by appropriation of the Defaulting Clearing Member's Client Pledged Eligible Collateral.

(b) Transfer of Eligible Collateral to the Backup Clearing Member

On the day prior to the registration of the Relevant Client Cleared Transactions and the Ported Collateral in the CCM Client Account Structure of the Backup Clearing Member, in accordance with the CDS Client Clearing DMP, LCH.Clearnet SA will update its books and records so that the Eligible Collateral recorded in the LCH Client Securities Account is recorded as Eligible Collateral which has been transferred with full title by the Backup Clearing Member to be recorded in the relevant CCM Client Collateral Account(s) of the Backup Clearing Member.

Once the books and records update has been processed, the relevant Eligible Collateral will form part of the CCM Margin Balance for the relevant CCM Client Margin Account of the Backup Clearing Member to be taken into account for the purposes of the Morning Call on the next following Business Day. If the Backup Clearing Member wishes that such Eligible Collateral be transferred to its relevant Client Pledged Account, it shall follow the process to substitute the Eligible Collateral for Pledged Eligible Collateral as set out in Paragraph 3.10(c) and 3.15(a) of this Section 3.

### **3.17 TRANSFER OF US T-BILLS ON BEHALF OF FCM CLIENTS**

(a) Transfer of Eligible Collateral consisting of US T-Bills on behalf of FCM Clients

On Day

If an FCM Clearing Member wishes to transfer Eligible Collateral consisting of US T-Bills to be recorded in its FCM Client Collateral Account for the purpose of substituting such Eligible Collateral for any Collateral recorded in its FCM Client Collateral Account, it shall notify LCH.Clearnet SA of its request to transfer such Eligible Collateral to the LCH Client Depository Account by submitting the relevant form by any means as specified in a Clearing Notice. The process that an FCM Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the FCM Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(h) (for

non-Euro denominated Cash Collateral) or 3.8(i) (for USD denominated Cash Collateral), as applicable.

The FCM Clearing Member must notify LCH.Clearnet SA as set out above by no later than 17:15 CET on Day in order for the FCM Clearing Member's request to be processed before 18:00 CET on the same Day. It is the FCM Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the FCM Clearing Member should confirm the request by 17:15 CET by a phone call to LCH.Clearnet SA's collateral management team on + 33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

#### On Day

An FCM Clearing Member must submit instructions (Franco or Sell Free of payment) via BNYM US and LCH.Clearnet SA must submit instructions (Buy free of payment) if an FCM Clearing Member uses Sell free of payment, for matching through BNYM US.

If LCH.Clearnet SA receives the confirmation of settlement from BNYM US before 18:00 CET on Day, US T-Bills will be taken into account in the relevant Margin Balance.

- (b) Release of Eligible Collateral consisting of US T-Bills on behalf of FCM Clients

#### On Day

An FCM Clearing Member must notify LCH.Clearnet SA of a request to have US T-Bills released by submitting the relevant form by any means as specified in a Clearing Notice.

The FCM Clearing Member must notify LCH.Clearnet SA as set out above by no later than 17:00 CET on a Business Day ("Day") in order for the FCM Clearing Member's request to be processed and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer to occur on the Business Day ("Day") before 18:00 CET. It is the FCM Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the FCM Clearing Member should confirm the request by 17:00 CET by a phone call to LCH.Clearnet SA's collateral management team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA. Any request received by LCH pursuant to this process shall be deemed firm and irrevocable.

#### On Day

By 17:00 CET at the latest, LCH.Clearnet SA will re-calculate the value of US T-Bills to be released (the "**Eligible Collateral Value**") and if:

- 1- LCH.Clearnet SA holds Collateral (other than that which is to be released) to cover the FCM Client Margin Requirement for the relevant FCM Client Margin Account, LCH.Clearnet SA will

process the release of the Eligible Collateral consisting of US T-Bills on request of the FCM Clearing Member; or

- 2- LCH.Clearnet SA does not hold sufficient Collateral (other than that which is to be released) to cover the FCM Client Margin Requirement for the relevant FCM Client Margin Account, LCH.Clearnet SA will reject the FCM Clearing Member's request.

LCH.Clearnet SA will send instructions (Sell Free of Payment) submitted via BNYM US and the FCM Clearing Member shall submit instructions (Buy Free of Payment), for matching through BNYM US between 17:00 and 18:00.

LCH.Clearnet SA's instructions via BNYM US shall constitute the release of the relevant US T-Bills.

Such instructions will, in any event, be made on the same Business Day ("Day") at 18:00 CET, i.e. in advance of the BNYM US's cut-off time (except in exceptional circumstances, as determined by LCH.Clearnet SA in an objective and commercially reasonable manner).

By exception to the time limits for notification as set out in paragraphs 3.17 (a) and (b), in case of atypical market conditions (*i.e.* periods of time with reduced activity and lowered liquidity), including but not limited to the end of the year period (*i.e.* the period starting from 22 December of each year to 2 January of the following year) LCH.Clearnet SA may inform by any means the FCM Clearing Members that notifications of movement (transfer or release) of US T-Bills, for value on Day, must be received by LCH.Clearnet SA on Day minus five before 18:00 CET. Such information will contain the implementation measure of the extension of the notification period.

### 3.18 CASH PAYMENTS

#### (a) Currencies for Cash Payments

A Clearing Member is required to satisfy the following Cash Payment obligations in accordance with the following table:

Cash Payment Type	Cash Payment
CDS-related payments (Initial Payment Amount, Fixed Amounts, cash amounts due upon the occurrence of Credit Events and cash amounts due in connection with an MTM change)	Cash in CDS Contractual Currency
Variation Margin, Price Alignment Interest	Cash in CDS Contractual Currency
Clearing House Adjustments	Cash in an Eligible Currency
Fees	Cash in Euro
Remuneration	Cash in the currency of the relevant Cash Collateral deposit

By exception to the above table, LCH.Clearnet SA shall be entitled to require from a Clearing Member that it performs its Cash Payments obligations in a currency other than the CDS Contractual Currency of the relevant Cleared Transaction(s), in the conditions and manner as set out in Paragraph 3.18 (d) below.

#### (b) Cash Payments in Euro

With respect to a Clearing Member's Cleared Transactions with a CDS Contractual Currency in Euro, the relevant Clearing Member is required to satisfy the associated Cash Payment obligations through TARGET2. Where a Clearing Member is required to make a Cash Payment in Euro, its relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) will be automatically debited by LCH.Clearnet SA using its Power of Attorney.

Where a Clearing Member is due to receive a Cash Payment in Euro, its relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) will be automatically credited by LCH.Clearnet SA using its Power of Attorney.

(c) Cash Payments in USD

With respect to a Clearing Member's Cleared Transactions with a CDS Contractual Currency in USD, LCH.Clearnet SA will require such Clearing Member to satisfy the associated Cash Payment obligations in USD. For the purpose of making or receiving Cash Payments in USD, LCH.Clearnet SA will use the following accounts opened in its name in the books of BNYM US:

- (i) a cash account used to debit or credit USD to satisfy Cash Payments obligations in USD with respect to all relevant House Cleared Transactions of each Clearing Member (the "**LCH House BNYM Account**");
- (ii) with respect to Clients of a Clearing Member:
  - (x) a cash account used to debit or credit USD to satisfy Cash Payments obligations in USD with respect to all relevant Client Cleared Transactions of each CCM (the "**LCH CCM Client BNYM Account**"); or
  - (y) a cash account used to debit or credit USD to satisfy Cash Payments obligations in USD with respect to all relevant Client Cleared Transactions of each FCM Clearing Member (the "**LCH FCM Client BNYM Account**"),

together referred to as the "**LCH Client BNYM Accounts**" and individually as a "**LCH Client BNYM Account**".

The LCH House BNYM Account and the LCH Client BNYM Accounts shall be together referred to as the "**LCH BNYM Accounts**".

For the purpose of satisfying its Cash Payments obligations in USD, a Clearing Member shall open, or use a Payment Agent having, one or more cash account(s) in the books of BNYM US (the "**BNYM Accounts**").

A CCM has no obligation to hold two BNYM Accounts (or arrange its Payment Agent to hold two cash account(s)) for the purposes of satisfying its Cash Payments obligations in respect of (i) its House Cleared Transactions and (ii) its Client Cleared Transactions. It may either:

- (x) hold one BNYM Account (or one cash account of its Payment Agent), in which case such BNYM Account will be used for the debits and credits made out of both the LCH House BNYM Account and the LCH Client BNYM Account; or
- (y) hold two BNYM Accounts (or two cash accounts of its Payment Agent), in which case one BNYM Account will be used for the debits and credits made out of the LCH House BNYM Account and the other will be used for the debits and credits made out of the LCH Client BNYM Account.

An FCM Clearing Member has an obligation to hold two BNYM Accounts (or arrange its Payment Agent to hold two cash account(s)) for the purposes of

satisfying its Cash Payments obligations in respect of (i) its House Cleared Transactions and (ii) its Client Cleared Transactions. Therefore, an FCM Clearing Member will hold two BNYM Accounts (or two cash accounts of its Payment Agent), in which case one BNYM Account will be used for the debits and credits made out of the LCH House BNYM Account and the other will be used for the debits and credits made out of the LCH FCM Client BNYM Account.

If a Clearing Member wishes to add a new BNYM Account or replace an existing BNYM Account with another, it may do so by providing LCH.Clearnet SA with the details of the relevant BNYM Account with at least 15 days' prior notice (unless otherwise agreed by LCH.Clearnet SA).

Where a Clearing Member is required to make a Cash Payment in USD, its relevant BNYM Account(s) (or the relevant cash account(s) of its Payment Agent) will be automatically debited by LCH.Clearnet SA using its Power of Attorney.

Where a Clearing Member is due to receive a Cash Payment in USD, its relevant BNYM Account(s) (or the relevant cash account(s) of its BNYM Payment Agent) will be automatically credited by LCH.Clearnet SA using its Power of Attorney.

(d) Timing for Cash Payments

Debiting or crediting the TARGET2 Account(s) or BNYM Account(s) will occur on each Cash Payment Day, at the times of the Initial Slot and First Intraday Slot set out in Paragraph 3.7(c) above except that, when such debiting or crediting relates to Cash Payments made by an FCM Clearing Member in respect of its Client Variation Margin Requirements, it will occur in accordance with the following time slots:

- (x) FCM Client VM initial slot: 08:30-09:05 CET; and
- (y) FCM Client VM first intraday slot: 11:30-12:00 CET,

with the exception that crediting any BNYM Account(s) of a Clearing Member will occur by no later than 16:30 CET on that Cash Payment Day.

In the event that (i) any BNYM Account(s) of a Clearing Member cannot be debited within the time slots set out above in this Paragraph 3.18 (d) and (ii) such Clearing Member has not satisfied its Cash Payments obligations in USD by:

- (x) 10:00 CET when the relevant Cash Payments were to be made during the Initial Slot; or
- (z) (y) 12:30 CET when the relevant Cash Payments were to be made during the First Intraday Slot,

such Clearing Member shall be required to satisfy such Cash Payments obligations in Euro through TARGET2 at the next mandatory time slot as set out in Paragraph 3.7 (c) above. LCH.Clearnet SA shall convert the USD amount in respect of such Cash Payment obligation into a Euro amount at

the FX rate dealt by LCH.Clearnet SA on the market and shall notify the relevant Clearing Member of such Euro amount in accordance with, subject to and at the times set out in Section 5 of the Procedures. The relevant Clearing Member will be liable for costs incurred by LCH.Clearnet SA in connection with the conversion of those Cash Payments initially due in USD into Euro, that will be debited from the relevant TARGET2 Account(s) of that Clearing Member (or the relevant cash account(s) of its TARGET2 Payment Agent).

Once the relevant cash amount is debited by LCH.Clearnet SA, it will satisfy the Clearing Member's Cash Payment obligations.

## CDSClear

# LCH.Clearnet SA CDS Clearing Procedures Section 4 – Eligibility Requirements, Eligible Index Versions and Eligible Reference Entities

**18 April 2016**



**CONTENTS****SECTION 4 – ELIGIBILITY REQUIREMENTS, ELIGIBLE INDEX VERSIONS AND  
ELIGIBLE REFERENCE ENTITIES**

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Capitalised terms used in this Eligibility Requirements, Eligible Index Versions and Eligible Reference Entities Procedure and not otherwise defined herein shall have the meaning given pursuant to the remainder of the CDS Clearing Documentation or the ISDA Credit Derivatives Definitions, as such terms are defined in the document entitled "CDS Clearing Rule Book" published by LCH.Clearnet SA, as amended from time to time.

#### **4.1 ELIGIBILITY REQUIREMENTS**

- (a) LCH.Clearnet SA provides CDS Clearing Services in relation to Original Transactions which comply with the requirements set out in paragraph 4.1(c) below (the "**Eligibility Requirements**".)
- (b) Following receipt from DTCC of the Gold Records File on a Weekly Backloading Start Day, LCH.Clearnet SA will extract the Original Transaction Data in relation to the relevant Backloading Transaction. Such Backloading Transaction will then be subject to the Eligibility Controls pursuant to Article 3.1.1.3 of the CDS Clearing Rule Book.
- (c) The following criteria shall constitute the Eligibility Requirements of an Original Transaction for the purposes of Section 3.1.1 (*Weekly Backloading Cycle*), Section 3.1.2 (*Daily Backloading Cycle*) and Section 3.1.4 (*Intraday Process*) of the CDS Clearing Rule Book:
  - (i) the relevant Clearing Member is not: (I) a Clearing Member that has been suspended in accordance with Section 2.4.1 (*Suspension*) of the CDS Clearing Rule Book; (II) a Defaulting Clearing Member; (III) a Clearing Member in respect of which a Payment Failure has occurred and is continuing; or (IV) a Clearing Member that is no longer permitted to introduce risk to LCH.Clearnet SA in accordance with Section 2.2.4 of the CDS Clearing Rule Book;
  - (ii) LCH.Clearnet SA is permitted, pursuant to Applicable Law, to clear such Original Transaction for the relevant Clearing Member's own account (or for that of its Client or Affiliate, as applicable);
  - (iii) the Original Transaction is:
    - (A) subject to paragraph 4.2 below, a CDS referencing an Index Version provided that the following requirements, as set out in the Eligible Index Versions List (as such terms are defined in paragraph 4.2(d) below) are met:
      - (1) the Index Version is an Eligible Index Version (as such terms are defined in paragraph 4.2(b) below);
      - (2) the term is an Eligible Term (as such term is defined in paragraph 4.2(c) below); and
      - (3) the currency of the Original Notional Amount is eligible for clearing; or

- (B) subject to paragraph 4.3 below, a CDS referencing a single Reference Entity, provided that the following requirements are met:
- (1) the Reference Entity is an Eligible Reference Entity (as such term is defined in paragraph 4.3(a) below) in respect of the relevant ISDA Credit Derivatives Definitions;
  - (2) the Reference Obligation is an Eligible Reference Obligation (as such term is defined in paragraph 4.3(b)(ii) below) for such Reference Entity in respect of the relevant ISDA Credit Derivatives Definitions;
  - (3) in respect of an Original Transaction which incorporates the Credit Derivatives Physical Settlement Matrix: the Transaction Type is an Eligible Transaction Type (as such term is paragraph 4.3(b)(iv) below);
  - (4) in respect of an Original Transaction which does not incorporate the Credit Derivatives Physical Settlement Matrix: such Original Transaction is documented by a master confirmation which sets out terms which are substantially similar to those provided for in the Credit Derivatives Physical Settlement Matrix in respect of an Eligible Transaction Type;
  - (5) in respect of an Eligible Transaction Type which is "Standard North American Corporate" (as such term is defined in the Physical Settlement Matrix), "Restructuring" is not specified as "Applicable";
  - (6) the currency of the Floating Rate Payer Calculation Amount is eligible for clearing;
  - (7) the Fixed Rate is an Eligible Fixed Rate for such Reference Entity (as such term is defined in paragraph 4.3(b)(i) below);
  - (8) the Fixed Rate Payer Payment Dates are 20 March, 20 June, 20 September and 20 December (each such date, a "**Standard Payment Date**");
  - (9) the Scheduled Termination Date is an Eligible Scheduled Termination Date (as such term is defined in paragraph 4.3(b)(vii) below); and
  - (10) the Reference Entity is neither the relevant Clearing Member, an Affiliate of the relevant Clearing Member nor, where the relevant Clearing Member has also entered into a Client Transaction corresponding to such Original Transaction, the relevant Client or an Affiliate of the Client.

The requirements mentioned in sub-paragaphs (1), (2), (6) and (8) are set out in the Eligible Reference Entities List (as such term is defined in paragraph 4.3(c) below).

- For the avoidance of doubt, the requirements set out in this subparagraph 4.1(c)(iii) are checked solely on the basis of the Original Transaction Data received from an Approved Trade Source System or DTCC, as applicable. LCH.Clearnet SA is not aware of, and does not check, the actual terms of the confirmation of the Original Transactions;
- (iv) the Original Transaction references an Eligible Index Version or an Eligible Reference Entity which has a First Novation Date that has occurred on or prior to the Clearing Day on which the Original Transaction is received by LCH.Clearnet SA and a Novation Cut-off Date that has not occurred on or prior to such Clearing Day;
  - (v) in respect of an Intraday Transaction, the trade reference for each of the protection buyer and protection seller, in respect of such Original Transaction, to be used when booking the trade in DTCC has been included together with the Transaction Data; and
  - (vi) in respect of a Daily Backloading Transaction, the Daily Backloading Novation Day does not fall on the day preceding a Standard Payment Date.
- (d) The Eligibility Requirements shall be deemed satisfied if the relevant Original Transaction is not rejected, pursuant to the CDS Clearing Rule Book, prior to the Novation Time.
  - (e) If the Eligibility Requirements set out in paragraphs 4.1(c) above are deemed satisfied at the Novation Time in respect of an Original Transaction, pursuant to paragraph 4.1(d) above, then LCH.Clearnet SA shall, in accordance with Section 3.1.1 (*Weekly Backloading Cycle*), Section 3.1.2 (*Daily Backloading Cycle*) and Section 3.1.4 (*Intraday Process*) of the CDS Clearing Rule Book, as applicable, novate such Original Transaction in accordance with Section 3.1.6 (*Novation Process*) of the CDS Clearing Rule Book.
  - (f) For the avoidance of doubt, Article 3.1.6.4 of the CDS Clearing Rule Book shall apply regardless of whether the Eligibility Requirements were in fact satisfied.

## 4.2 ELIGIBLE INDEX VERSIONS

- (a) “**Index Version**” is defined as a version of a CDS index series as issued by the Index Publisher.
- (b) LCH.Clearnet SA will, in consultation with the CDSClear Product Committee, identify the Index Versions which shall be considered as “**Eligible Index Versions**”.
- (c) With respect to each Eligible Index Version, LCH.Clearnet SA will, in consultation with the CDSClear Product Committee, determine, without limitation:
  - (i) each term which is eligible for clearing (an “**Eligible Term**”); and
  - (ii) the currency of the Original Notional Amount which is eligible for clearing.

- (d) The Eligible Index Versions identified in accordance with paragraph 4.2(a) as well as the Eligible Terms shall be set out in a table published on the Website (the “**Eligible Index Versions List**”).
- (e) LCH.Clearnet SA may, in consultation with the CDSClear Product Committee, amend the Eligible Index Versions List and following such amendment will inform the Clearing Members of:
  - (i) in the case of an addition of an Eligible Index Version to such list, the relevant First Novation Date; or
  - (ii) in the case of a deletion of an Eligible Index Version from such list, the relevant Novation Cut-off Date.
- (f) Notwithstanding the above:
  - (i) a Novation Cut-off Date or a First Novation Date arising as a result of the occurrence of a Credit Event or a Succession Event shall be determined in accordance with the CDS Clearing Supplement; and
  - (ii) if and for so long as any Clearing Member has one or more Open Position(s) registered in any of its Margin Accounts, such Clearing Member may submit for clearing an Original Transaction which does not meet the Eligibility Requirements set out in paragraph 4.1(c)(iv) pursuant to the CDS Clearing Documentation if such Original Transaction is a risk reducing transaction (as determined by LCH.Clearnet SA) in respect of the relevant Margin Account and it is not unlawful or illegal for LCH.Clearnet SA to accept such Original Transaction for clearing.

#### 4.3 ELIGIBLE REFERENCE ENTITIES

- (a) LCH.Clearnet SA will, in consultation with the CDSClear Product Committee, identify the Reference Entities which shall be considered as “**Eligible Reference Entities**” under each of the 2003 ISDA Credit Derivatives Definitions and the 2014 ISDA Credit Derivatives Definitions.
- (b) With respect to each Eligible Reference Entity under the 2003 ISDA Credit Derivatives Definitions and/or the 2014 ISDA Credit Derivatives Definitions, LCH.Clearnet SA will, in consultation with the CDSClear Product Committee, determine, without limitation, the following characteristics:
  - (i) each Fixed Rate that is eligible for clearing (an “**Eligible Fixed Rate**”);
  - (ii) each Reference Obligation that is eligible for clearing (an “**Eligible Reference Obligation**”);
  - (iii) the Reference Obligation under which the Cleared Transaction(s) on the Eligible Reference Entity will be registered (the “**CDSClear Preferred Reference Obligation**”) where no Standard Reference Obligation is published for this Eligible Reference Entity;
  - (iv) the Transaction Type that will be eligible for clearing with respect to each relevant Eligible Reference Entity (the “**Eligible Transaction Type**”);

- (v) the currency(ies) of the Floating Rate Payer Calculation Amount that is, or are, eligible for clearing with respect to each relevant Eligible Reference Entity;
  - (vi) the date of publication of the Credit Derivatives Physical Settlement Matrix which the Cleared Transaction(s) on the Eligible Reference Entity will reference (the “**Relevant Physical Settlement Matrix**”); and
  - (vii) each Scheduled Termination Date that is eligible for clearing (the “**Eligible Scheduled Termination Date**”).
- (c) The Eligible Reference Entities identified in accordance with paragraph 4.3(a) above as well as the characteristics mentioned in paragraph 4.3(b) above shall be set out in a table published on the Website (the “**Eligible Reference Entities List**”).
- (d) LCH.Clearnet SA may, in consultation with the CDSClear Product Committee, amend the Eligible Reference Entities List by issuing a Clearing Notice. Any such Clearing Notice shall specify:
- (i) in the case of an addition of an Eligible Reference Entity to such list, the relevant First Novation Date;
  - (ii) in the case of a deletion of an Eligible Reference Entity from such list, the relevant Novation Cut-off Date; or
  - (iii) in the case of an amendment to the characteristics of any Eligible Reference Entity, the Clearing Day on which such amendment shall take effect in accordance with Article 1.2.2.8 of the CDS Clearing Rule Book.
- (e) Notwithstanding the above:
- (i) a Novation Cut-off Date or a First Novation Date arising as a result of the occurrence of a Credit Event, a Succession Event or a Rename Event shall be determined in accordance with the CDS Clearing Supplement; and
  - (ii) if and for so long as any Clearing Member has one or more Open Position(s) registered in any of its Margin Accounts, such Clearing Member may submit for clearing an Original Transaction which does not meet the Eligibility Requirements set out in paragraph 4.1(c)(iv) pursuant to the CDS Clearing Documentation if such Original Transaction is a risk reducing transaction (as determined by LCH.Clearnet SA) in respect of the relevant Margin Account and it is not unlawful or illegal for LCH.Clearnet SA to accept such Original Transaction for clearing.



## CDSClear

# LCH.Clearnet SA CDS Clearing Procedures Section 5 - CDS Clearing Operations 18 April 2016

8 6 1  
1 87 53 84 51  
39 5 11 628  
12 4 11 6732  
69 7323 86 18 37 77  
17 2 13 731 1  
9 24 7  
8 64 40 8  
1 748 58  
1 85 57 38 1  
39 3692 11 028 474 59 35  
12 44 11 5467 48 98 35  
69 7323 18 80 7 77 00 0 23  
17 52 21 64 60 13 7 15 90 2  
25 3481 21 46 83  
25 5 49 75 22 83  
8 66 41 56 4  
14 87 53 61  
39 3692 10 54  
1 78 7 17 2 1 90  
17 89 2484  
1 96 10 54  
1 40 8 27 19 6  
1 748 38 75 26 54  
45 85 57 38 12 628  
628 474 59 35 100 39 362771 1  
95467 48 98 35 100 50 99 93 70 2 44 63  
7 77 99 8 45 69 7323 16  
7315 68 6 23 17 52 6  
14 97 45 31 79 95 3481  
65 43 31 79 5  
3 27 19 62 88 58  
3 38 75 58  
1 748 91 38  
1 748 98 35  
1 77 99 4  
1 31 5  
4 4

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

## 5.1 THE CDS CLEARING SERVICE

### (a) Membership of Industry Organisations or Systems

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

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

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

### (b) Business Days

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

### (c) Opening Hours

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

### (d) Clearing Days

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

## 5.2 BACKLOADING TRANSACTIONS

Unless otherwise provided herein, any email required to be sent to LCH.Clearnet SA under this paragraph 5.2 should be sent to the Operations Department at the following email address: [cdsclear.ops@lchclearnet.com](mailto:cdsclear.ops@lchclearnet.com).

### (a) Backloading Failure

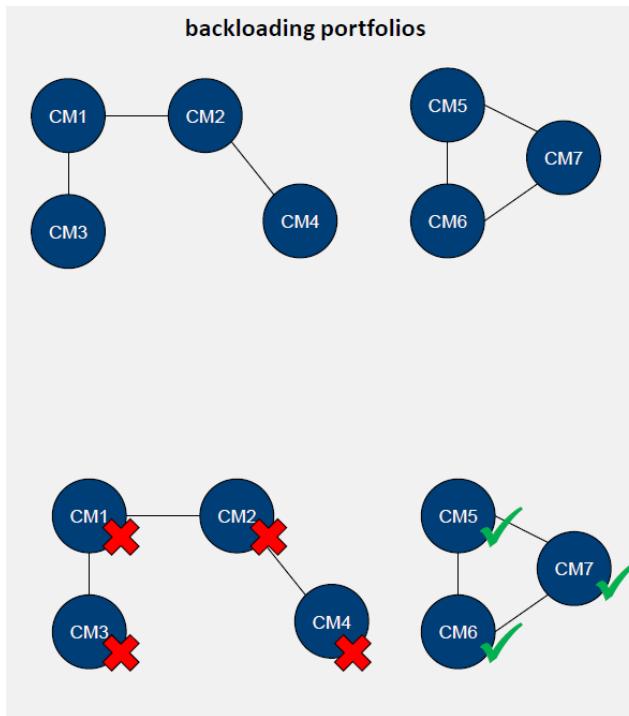
Pursuant to Article 3.1.3.1 of the CDS Clearing Rule Book, if a Backloading Failure occurs in respect of one or more Clearing Member(s), the following will

be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle:

- (i) the trade leg of every Backloading Transaction which was due to give rise to the registration of a Cleared Transaction in the Trade Account(s) of the Failed Backloading Clearing Member(s);
- (ii) the corresponding trade leg(s) for each Backloading Transaction mentioned in Paragraph 5.2(a) (i) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Member other than the Failed Backloading Clearing Member(s) (the "Counterparty Clearing Member(s)"); and
- (iii) the following Backloading Transactions, which are "linked" to the Backloading Transactions referenced in Paragraph 5.2(a)(i) and (ii) above for the purposes of Article 3.1.3.1 of the CDS Clearing Rule Book, and comprise:
  - (a) the trade legs of any other Backloading Transactions due to give rise to the registration of a Cleared Transaction in any Trade Account of the Counterparty Clearing Member;
  - (b) the corresponding trade legs of each Backloading Transaction mentioned in Paragraph 5.3 (a)(iii)(a) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Members other than the Failed Backloading Clearing Member(s) and the Counterparty Clearing Member(s) (the "Indirect Counterparty Clearing Member(s)").

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

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



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

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

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

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

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

## (b) Weekly Backloading Cycle

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

PROCESSING SCHEDULE OF THE WEEKLY BACKLOADING CYCLE		
No.	Time (all references below are to Continental European Time)	Action
Day 1	Monday (the Weekly Backloading Start Day): By 02:00	LCH.Clearnet SA receives the Gold Records File from DTCC.
	Monday: By:09:30	On the basis of the Gold Records File, LCH.Clearnet SA prepares the Clearing Eligibility Report which it makes available to each Clearing Member via any reporting mechanism specified in a Clearing Notice.  The Clearing Eligibility Report contains, in respect of each Clearing Member, the Weekly Backloading Transactions which have successfully passed the Eligibility Controls.
Day 2	Tuesday: By 17:00	Each Clearing Member shall upload on any means of access specified in a Clearing Notice an updated Clearing Eligibility Report containing only the Weekly Backloading Transactions that such Clearing Member wishes to submit for clearing to LCH.Clearnet SA (the " <b>CM Clearing Eligibility Report</b> "). A Clearing Member may provide an amended CM Clearing Eligibility Report which will replace the previous CM Clearing Eligibility Report upon receipt by LCH.Clearnet SA.  If a Clearing Member does not return any CM Clearing Eligibility Report by 17:00, none of its Weekly Backloading Transactions will be included in the Weekly Backloading Cycle.
Day 3	Wednesday: By 08:00	LCH.Clearnet SA shall carry out the following actions:  (i) reconcile the CM Clearing Eligibility Reports received from all Clearing Members in order to determine the Weekly Backloading Transactions for which both relevant Clearing Members have designated for clearing in their respective CM Clearing Eligibility Reports. Such matching Weekly Backloading

		<p>Transactions will constitute the Eligible Weekly Backloading Transactions,</p> <ul style="list-style-type: none"> <li>(ii) reconcile the Eligible Weekly Backloading Transactions with the latest Gold Records File to ensure that such Eligible Weekly Backloading Transactions have not been removed from the TIW,</li> <li>(iii) provide, on the basis of the results of the reconciliations set out in (i) and (ii) above, each Clearing Member with a DTCC Matching and Eligibility Report containing those of their Eligible Weekly Backloading Transactions which have not been removed from the TIW, and</li> <li>(iv) provide each Clearing Member with the Simulation Margin Requirements Result File which is (x) prepared on the basis of the End of Day Contributed Prices provided to LCH.Clearnet SA on Tuesday in accordance with paragraph 5.15 below and (y) contains an estimate of the House Margin Requirement that would be required if the Eligible Weekly Backloading Transactions contained in the DTCC Matching and Eligibility Report were registered as Cleared Transactions in the Clearing Member's House Account Structure at the time of such estimate.</li> </ul>
Day 3	Wednesday: By 11:00	An Eligible Weekly Backloading Transaction may be removed from the Weekly Backloading Cycle provided that (i) both relevant Clearing Members agree to such removal and (ii) each relevant Clearing Member sends an email to LCH.Clearnet SA which specifies the Transaction Data of the Eligible Weekly Backloading Transaction which should be removed from the Weekly Backloading Cycle.
	Wednesday: By 11:00	If it appears that an error has been made by LCH.Clearnet SA in a DTCC Matching and Eligibility Report and the Eligible Weekly Backloading Transactions included in such report are not the same as the Weekly Backloading Transactions of the relevant Clearing Members (save where there is a discrepancy owing to particular Weekly Backloading Transactions having been removed from the TIW between 19:30 on Tuesday and the issuance of the DTCC Matching and Eligibility Report), the relevant Clearing Member shall notify this error by email to LCH.Clearnet SA.
	Wednesday: By 12:00	If LCH.Clearnet SA confirms that an error has been made in a DTCC Matching and Eligibility Report, the Weekly Backloading Cycle will be cancelled and LCH.Clearnet SA shall inform each Clearing Member of such cancellation by 12:00.
	Wednesday: By 12:00	LCH.Clearnet SA will confirm to each Clearing Member whether the Weekly Backloading Cycle will proceed or not. Upon such confirmation, all Eligible Weekly Backloading Transactions (excluding any Weekly Backloading Transactions that have become Rejected Transactions) shall become Irrevocable Weekly

		Backloading Transactions.
Day 4	Thursday: (the Weekly Backloading Novation Day)  02:00 – 04:00	<p>Irrevocable Weekly Backloading Transactions will be pre-registered in the House Account Structure of each relevant Clearing Member save:</p> <ul style="list-style-type: none"> <li>(i) Irrevocable Weekly Backloading Transactions which have been removed from the TIW, if any, and/or</li> <li>(ii) Irrevocable Weekly Backloading Transactions which no longer meet all the Eligibility Requirements, if any.</li> </ul> <p>Where an Irrevocable Weekly Backloading Transaction is not pre-registered in a Clearing Member's House Account Structure in accordance with this Section 5 of the Procedures, such Irrevocable Weekly Backloading Transaction shall become a Rejected Transaction.</p>
	Thursday: (the Weekly Backloading Novation Day)  As soon as technologically practicable after the Morning Call	<p>Novation of the pre-registered Irrevocable Weekly Backloading Transactions which have not become Rejected Transactions will be undertaken by LCH.Clearnet SA.</p>

### (c) Daily Backloading Cycle

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

PROCESSING SCHEDULE OF THE DAILY BACKLOADING PROCESS		
No.	Time (all references below are to Continental European Time)	Action
Day 1	On any Business Day	Upon receipt of Original Transaction Data relating to a Daily Backloading Transaction from an Approved Trade Source System,

	(D):  During the Real Time Session	LCH.Clearnet SA will, in the following order, perform:  (i) the Eligibility Controls, and (ii) in respect of Client Backloading Transactions only, the Client Transaction Checks (i.e. the process to ensure that each Nominated Clearing Member has consented to the registration of the relevant Client Trade Leg(s), in the relevant Client Trade Account(s)).
	D  By 19:30	(i) If a Daily Backloading Transaction does not satisfy the Eligibility Controls, or  (ii) in respect of a Client Backloading Transactions only, if either Nominated Clearing Member rejects, or fails to respond to, a Consent Request (as defined in paragraph 5.3(a) below) by 19:30,  the relevant Daily Backloading Transaction will become a Rejected Transaction and LCH.Clearnet SA will inform the relevant Approved Trade Source System and each relevant Clearing Member.
	D  Until 19:30	A Daily Backloading Transaction, which has successfully passed the Eligibility Controls and the Client Transaction Checks (if applicable), can be removed at any time prior to 19:30 from the Daily Backloading Cycle, provided that each of the relevant Clearing Members agrees to such removal and sends an email to LCH.Clearnet SA which specifies the Transaction Data of the Daily Backloading Transaction which should be removed from the Daily Backloading Cycle.
	D  By 19:30	All Daily Backloading Transactions which:  (i) have successfully passed the Eligibility Controls and Client Transaction Checks (if applicable), and (ii) have not been removed from the relevant Daily Backloading Cycle by 19:30 by the relevant Clearing Members,  will become Irrevocable Daily Backloading Transactions.
Day 2	D+1  (provided that it is a Clearing Day):  02:00 – 04:00	Irrevocable Daily Backloading Transactions will be pre-registered in the relevant Client Account Structures of each Clearing Member save:  (i) Irrevocable Daily Backloading Transactions which have been removed from the TIW (where LCH.Clearnet SA is able to ascertain such fact), if any, and/or (ii) Irrevocable Daily Backloading Transactions which no longer meet all the Eligibility Requirements, if any.  It is anticipated that LCH.Clearnet SA will be able to ascertain the fact mentioned in (i) above only in respect of House Trade Legs because it is unlikely that Clients will authorise DTCC to provide LCH.Clearnet

		SA with the details of their entire CDS portfolio.  Where an Irrevocable Daily Backloading Transaction is not pre-registered in a Clearing Member's Client Account Structure in accordance with this Section 5 of the Procedures, such Irrevocable Daily Backloading Transaction shall become a Rejected Transaction.
	D+1 (provided that it is a Clearing Day):  As soon as technologically practicable after the Morning Call	Novation of the pre-registered Irrevocable Daily Backloading Transactions which have not become Rejected Transactions shall be undertaken by LCH.Clearnet SA.

### 5.3 CLEARING OF CLIENT TRADE LEGS

(a) The Client Transaction Checks

Upon successful completion of the Eligibility Controls of:

- (i) an Intraday Transaction comprising one or more Client Trade Leg(s), or
- (ii) a Client Backloading Transaction,

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

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

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

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

Each Clearing Member may, in respect of each of its Clients, configure the CDS Clearing System so that Intraday Transactions and/or Client Backloading Transactions:

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

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

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

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

- (i) LCH.Clearnet SA shall send a Consent Request to such Clearing Member, acting in its capacity as Nominated Clearing Member, for each Intraday Transaction or Client Backloading Transaction entered into by such Client; and
- (ii) the relevant Nominated Clearing Member must accept or reject such Consent Request (the “**Manual Take-up Process**”). If the relevant Nominated Clearing Member has not responded to such Consent Request by the End of Real Time on the relevant Clearing Day, the Nominated Clearing Member will be deemed to have rejected the Consent Request and the related Intraday Transaction or Client Backloading Transaction will become a Rejected Transaction.

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

Following the Automatic Take-up Process or the Manual Take-up Process, LCH.Clearnet SA will notify the relevant Approved Trade Source System and Clearing Member(s) whether the relevant Intraday Transaction or Client Backloading Transaction has been accepted for clearing.

- (e) Indirect clearing

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

(f) Clients' branches

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

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

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

#### 5.4 CDS CLEARING MEMBER REPORTING

(a) Means of access and reporting mechanisms

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

(b) Clearlink gateway

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

#### 5.5 TRADE COMPRESSION

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

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

- (i) such Cleared Transactions are of the same CDS Type;
- (ii) the Initial Payment Amounts relating to such Cleared Transactions have been settled; and
- (iii) where a Client has opted for multi-branch management of the corresponding Client Trade Account of its Clearing Member, automatic trade compression will be

processed at the level of the branches within the same Client Trade Account, subject to the election by a Clearing Member to exclude some of the branches from this process as set in Paragraph 5.5 (b) below.

The Fixed Rate Payer Calculation Amount for the new Cleared Transaction will be the absolute value of the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer less the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller.

If the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is greater than the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then the Clearing Member will be the CDS Buyer on the resultant Cleared Transaction. If the opposite is true then the Clearing Member will be the CDS Seller on the resultant Cleared Transaction.

If the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is equal to the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then no resultant trade is booked.

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

(a) Ad-hoc compression

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

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

The Ad-Hoc Compression Order File must be received by LCH.Clearnet SA on any Clearing Day through any means of access specified in a Clearing Notice between 09.15 CET and 19.00 CET in order for the request to be processed and the related Cleared Transactions to be compressed on that same day (day "D"). LCH.Clearnet SA will include the results of the compression in the Cleared Trades Report and Compression Results File in respect of such Clearing Member. LCH.Clearnet SA will publish such Cleared Trades Report and Compression Results File via any reporting mechanism specified in a Clearing Notice as soon as practicable on the same Clearing Day as such Clearing Member's request for compression and following the implementation of such Clearing Member's request for compression. Where LCH.Clearnet SA receives such request after 19:00 CET, such request shall be deemed to not have been up-loaded and shall be of no effect.

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

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

(b) Automatic Compression

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

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

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

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

A Clearing Member may request LCH.Clearnet SA to change its previous election in respect of automatic compression through submitting a request via any means of access specified in a Clearing Notice at any time. Where LCH.Clearnet SA receives such a request by 19:00 CET via any means of access specified in a Clearing Notice on a Clearing Day (day "D"), the election will be effective from and including the following Clearing Day (day "D+1") unless and until a further request is made. Where

LCH.Clearnet SA receives a request after 19:00 CET via any means of access specified in a Clearing Notice, such request will be effective from and including the second following Clearing Day (day "D+2") unless and until a further request is made.

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

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

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

(c) Restructuring Credit Event

Upon the occurrence of a Restructuring Credit Event relating to a Single Name Cleared Transaction, LCH.Clearnet SA will compress such Single Name Cleared Transaction resulting in a single position for a Trade Account, on the day determined by the industry for such purposes. If no automatic compression rules have been specified, then compression will be made per desk in respect of each Trade Account.

(d) Registration of Single Names Cleared Transaction

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

## 5.6 PRE-DEFAULT PORTABILITY

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

(a) Partial Transfers

Where a Receiving Clearing Member wishes, pursuant to:

(i) Article 5.3.3.1 of the CDS Clearing Rule Book, to receive a transfer of:

(x) a portion of the portfolio of Client Cleared Transactions registered in the CCM Direct Segregated Account Structure of a CCM Individual Segregated Account Client; and/or

(y) a portion of the portfolio of the Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client

held with a Carrying Clearing Member;

(ii) Article 5.3.3.2 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for an CCM Net Omnibus Client Set;

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

(iv) Article 5.3.3.4 of the CDS Clearing Rule Book, to receive a transfer of a portion of the portfolio of Client Cleared Transactions registered in the CCM Gross Omnibus Single Sub-Account Structure of a CCM Gross Omnibus Single Sub-Account Client held with a Carrying Clearing Member; or

(v) Article 6.3.3.1 of the CDS Clearing Rule Book, to receive a portion of the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

it shall provide LCH.Clearnet SA with a Client Partial Transfer Form (see Appendix 1), signed by or on behalf of the relevant Client(s). Such form shall list all of the Client Cleared Transactions that are to be transferred to it pursuant to these Procedures. Following receipt of a Client Partial Transfer Form, LCH.Clearnet SA shall notify the Carrying Clearing Member that a request has been received to transfer Client Cleared Transactions. In the event that any of the conditions set forth in Article 5.3.3.1, Article 5.3.3.2, Article 5.3.3.3, Article 5.3.3.4 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain of the conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH.Clearnet SA shall not proceed with the transfer of the Client Cleared Transactions and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

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

#### (b) Full Transfer

Where a Receiving Clearing Member wishes, pursuant to:

(i) Article 5.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of the entire portfolio (and not less than an entire portfolio) of:

(x) the Client Cleared Transactions registered in the CCM Direct Segregated Account Structure of a CCM Individual Segregated Account Client Individual Segregated Account Client; and/or

(y) Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client registered in the CCM Client Trade Account(s) of the relevant CCM Individual Segregated Account Structure

of a Carrying Clearing Member;

(ii) Article 5.3.2.2 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of the CCM Net Omnibus Segregated Account Clients within a CCM Net Omnibus Client Set of a Carrying Clearing Member;

(iii) Article 5.3.2.3 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of CCM Gross Omnibus Multi Sub-Account Clients within a CCM Gross Omnibus Multi Sub-Account Client Set of a Carrying Clearing Member;

(iv) Article 5.3.2.4 of the CDS Clearing Rule Book, to receive the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in the CCM Gross Omnibus Single Sub-Account Structure of a CCM Gross Omnibus Single Sub-Account Client of a Carrying Clearing Member; or

(v) Article 6.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of all the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

such Receiving Clearing Member shall provide LCH.Clearnet SA with a Client Full Transfer Form (see Appendix 2), in respect of (and signed by or on behalf of) each Client on behalf of whom the relevant transfer would be made. Each such form shall confirm that all Client Cleared Transactions registered in the Client Trade Account(s) shall be transferred pursuant to these Procedures.

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

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4 or Article 6.3.2.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH.Clearnet SA shall not proceed with the transfer of the Client Cleared Transactions or the transfer of Client Assets (where applicable) and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

If the Receiving Clearing Member wishes to proceed with such transfer or any other transfer of the Client Cleared Transactions, it shall be required to submit a new Client Full Transfer Form or a new Client Partial Transfer Form (see Appendix 1) in accordance with these Procedures.

Once a Carrying Clearing Member has been informed that a Client Full Transfer Form has been received, the Carrying Clearing Member shall not be permitted to submit additional Original Transactions, having Client Trade Leg(s) attributable to the relevant Client(s), for clearing. Such restriction will apply for the period commencing at the End of Real Time on the Business Day on which the relevant Clearing Member receives such notice from LCH.Clearnet SA and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is

actually effected, fails or is rejected in accordance with Section 5.3.2 or Section 6.3.2, as applicable, of the CDS Clearing Rule Book and these Procedures.

(c) Transfer of Client Assets

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

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

With respect to the transfer of a CCM Gross Omnibus Multi Sub-Account Client Set, in accordance with Article 5.3.2.3, a CCM Gross Omnibus Single Sub-Account Client, in accordance with Article 5.3.2.4, or an FCM Client, in accordance with Article 6.3.2.1, of the CDS Clearing Rule Book, the Carrying Clearing Member shall confirm to LCH.Clearnet SA, using the Carrying Member Response Form (see Appendix 3) which Client Assets are attributable to the CCM Gross Omnibus Gross Multi Sub-Account Client Set, CCM Gross Omnibus Single Sub-Account Client or FCM Client and the Client Cleared Transactions. In the event that the Carrying Clearing Member fails to do so in accordance with the timetable below, LCH.Clearnet SA shall determine (in its sole discretion) the Client Assets that are to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account in the case of a CCM Gross Omnibus Gross Multi Sub-Account Client Set or a CCM Gross Omnibus Single Sub-Account Client and FCM Client Financial Account in the case of an FCM Client. LCH.Clearnet SA shall notify the Carrying Clearing Member and the Receiving Clearing Member of the Client Assets that will be transferred in accordance with the timetable below. Following receipt of such notification by LCH.Clearnet SA, the Receiving Clearing Member may elect to reject the transfer of some or all of the relevant Client Assets in accordance with Article 5.3.4.2 or Article 6.3.4.2 of the CDS Clearing Rule Book.

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4 or Article 6.3.2.1 of the CDS Clearing Rule Book, as applicable, are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain conditions have not been satisfied using the Carrying Member Response Form (see Appendix 3), such that the Client Cleared Transactions will not be transferred, LCH.Clearnet SA shall not proceed with the transfer of the relevant Client Assets.

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

## (d) Timetable for Client Transfers

<u>No.</u>	<u>Time</u> (all references below are to Continental European Time)	<u>Partial Transfer</u>	<u>Full Transfer (with Collateral)</u>	<u>Full Transfer (without Collateral)</u>
1	Day 0: 17:00	Deadline for receipt from Receiving Clearing Member of Client Partial Transfer Form.	Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form and confirmation that the Client(s) wish Client Assets to be transferred.	Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form.
2	Day 0: 19:00	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Partial Transfer Form.	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Full Transfer Form.	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Full Transfer Form.
3	Day 1: 10:00	Deadline for: (i) notification by LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision by LCH.Clearnet SA of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.	Deadline for: (i) notification by LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.	Deadline for: (i) notification by LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.
4	Day 2: 12:00	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.3.1(vi), Article 5.3.3.2(v) 5.3.3.3(v) or Article 5.3.3.4(v) of the CDS Clearing Rule Book).	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vii), Article 5.3.2.2(vi), Article 5.3.2.3(vi) or Article 5.3.2.4(vi) of the CDS Clearing Rule Book (as applicable)).	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vii), 5.3.2.2(vi) Article 5.3.2.3(vi) or Article 5.3.2.4(vi) of the CDS Clearing Rule Book (as applicable)).

<u>No.</u>	<u>Time</u> (all references below are to Continental European Time)	<u>Partial Transfer</u>	<u>Full Transfer (with Collateral)</u>	<u>Full Transfer (without Collateral)</u>
5	Day 2: 12:00 (For transfer of FCM Clients and CCM Gross Omnibus Segregated Account Clients only)	N/A	Deadline for confirmation from Carrying Clearing Member of the Client Assets which are available to be transferred to the Receiving Clearing Member.	N/A
6	Day 2: 12:00 to 14:00	N/A	LCH.Clearnet SA notifies the Receiving Clearing Member of the Client Assets that would be transferred.	N/A
7	Day 2: 17:00	Deadline for receipt by LCH.Clearnet SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member.	Deadline for receipt by LCH.Clearnet SA of consent to transfer of the Client Cleared Transactions and notification of the rejection (if applicable) of some or all of the relevant Client Assets from the Receiving Clearing Member.	Deadline for receipt by LCH.Clearnet SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member.
8	Day 2: By 24:00	N/A	Deadline for LCH.Clearnet SA to instruct Euroclear to transfer some or all of the relevant Client Assets from the Client Pledged Securities Account of the Carrying Clearing Member (in accordance with Section 3 of the Procedures).	N/A
9	Day 3: 08:00	Target deadline for notification by LCH.Clearnet SA to the Carrying Clearing Member and/or the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement is required to be satisfied effect the transfer.	Target deadline for notification by LCH.Clearnet SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement is required to be satisfied to effect the transfer.	Target deadline for notification by LCH.Clearnet SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement is required to be satisfied to effect the transfer.

<u>No.</u>	<u>Time</u> (all references below are to Continental European Time)	<u>Partial Transfer</u>	<u>Full Transfer (with Collateral)</u>	<u>Full Transfer (without Collateral)</u>
10	Day 3: 08:30 - 09:00 Or in the case of an FCM Clearing Member (for the purposes of Cash Payments): 09.00 – 09.05	The Carrying Clearing Member and/or the Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer.	The Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer.	The Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer.
11	Day 3: 09:05	LCH.Clearnet SA transfers the Client Cleared Transactions to the Receiving Clearing Member.	LCH.Clearnet SA transfers the Client Cleared Transactions and (if applicable) some or all of the Client Assets to the Receiving Clearing Member.	LCH.Clearnet SA transfers the Client Cleared Transactions to the Receiving Clearing Member.

## 5.7 EARLY TERMINATION

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

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

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

## 5.8 UPDATING THE TRADE INFORMATION WAREHOUSE

### (a) Process

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

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

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

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

- Novation of a Backloading Transaction:
  - Termination of the Backloading Transaction where the upfront amount has been paid;
  - Exit of the Backloading Transaction where the upfront amount has not been paid; and
  - Creation of Cleared Transactions
- Novation of an Intraday Transaction:
  - Termination of the Intraday Transaction, if applicable
  - Creation of Cleared Transactions
- Reallocation of a Client Cleared Transaction within a Client Trade Account between branches
  - Termination of the relevant Client Cleared Transaction allocated to the current branch
  - Creation of the Client Cleared Transaction resulting from the reallocation to another branch
- Trade Compression:
  - Termination of Cleared Transactions to be compressed, if applicable
  - Creation of compressed Cleared Transactions, if applicable
- Creation of Restructuring Cleared Transactions
  - Termination, if necessary, of Initial Single Name Cleared Transactions
  - Creation of the Restructuring Cleared Transactions
- Re-couponing of the Cleared Transactions
  - Termination of Cleared Transactions affected by the re-couponing
  - Creation of Cleared Transactions resulting from the re-couponing
- Completion of Physical Settlement following a Credit Event
  - Termination of Cleared Transactions

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

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

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

(b) Cleared Transactions

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

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

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

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

(c) Deemed Submission Authority

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

(d) TRIRename function

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

## 5.9 REGISTRATION OF SINGLE NAME CLEARED TRANSACTIONS

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

## 5.10 DIFFERENCES IN RECORDS

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

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

## 5.11 NOTIFICATION OF REGISTRATION

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

## 5.12 HEDGING TRANSACTIONS

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

## 5.13 REVERSING OF TRADES

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

## 5.14 MAXIMUM NOTIONAL AMOUNT

[This section is not used.]

## 5.15 RECOUPONING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 5.16 REPORTS

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

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

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

(a) Backloading Transaction Reports

(i) **Trade management reports**

(A) **Clearing Eligibility Report**

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

Description: sets out:

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

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

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

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

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

Description: sets out:

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

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

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

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

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

Description: sets out:

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

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

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

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

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

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

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

#### (E) **Bilateral Trades Report**

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

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

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

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

(F) **Cleared Trades Report**

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

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

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

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

(G) **TIW Operations File**

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

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

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

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

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

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

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

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

the relevant movement option end date, the files will contain details of the relevant Matched Buyer and Matched Seller comprised within each relevant Restructuring Matched Pair including the identity of the other Clearing Member and the associated Restructuring Matched Pair Amounts.

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

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

#### (I) **Event Managements Reports**

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

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

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

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

#### (ii) **Risk management reports**

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

##### (A) **Margin Requirements Results File**

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

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

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

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

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

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

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

#### (B) **Portfolio File**

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

Description: the Portfolio File specifies, for each Margin Account, all the Open Positions of the Clearing Member that have been entered for the purpose of calculating the Margin which is required to be posted in relation to such Margin Account.

Timing: published by LCH.Clearnet SA on each Business Day every hour and at the time of a Margin Call between 09.00 CET and 19.00 CET.

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

#### (iii) **Collateral management reports**

Timing: collateral management reports and files are sent to Clearing Members in two formats (XML and/or plain text). The following reports and files are published by LCH.Clearnet SA on each Business Day between 05.15 CET and

05.45 CET (and, with respect to the AC0102E Report, AC0103E Report and AC0113E Report, before each call for payment of the Additional Contribution Amount as the case may be)

(A) **AC0103E Report**

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

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

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

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

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

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

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

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

(B) **AC0102E Report**

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

(1) **CDS Cash Call Document**

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

Description: the CDS Cash Call Document contains the global amount of clearing flows (including Fixed Amounts in relation to Cleared Transactions of the relevant Clearing Member), credit event flow (including Cash Settlement Amounts and Fixed Amount rebates in relation to Cleared Transactions of the relevant Clearing Member) and collateral flows (including initial margin, short charge margin, recovery risk margin,

self-referencing protection margin, interest rate margin, coupon, credit event margin, increase coverage, contingency variation margin and liquidity charge), which is calculated for value day "D" and compared to the amount of Collateral (bonds and shares, non-Euro and Euro cash) allocated from the previous Business Day for the relevant Clearing Member.

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

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

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

## (2) CDS Default Fund Cash Call Document

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

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

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

## (C) AC0110E Report

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

### (1) Initial and Global Financial Reports

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

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

#### (A) Initial Financial Report

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

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

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

(B) **Global Financial Report**

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

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

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

(D) **AC0104E Report**

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

(1) **Advice Accounting Notes Report**

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

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

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

(E) **AC0111E Report**

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

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

Description: this report contains the recap of all the deposit and withdrawal demands of collateral (cash or securities) accepted or

rejected, from the last report sent. This report contains also the total excess collateral. For each Collateral Account a balance after settlement is calculated with the global amount, the allocated amount and the available amount for each authorised type of collateral and such for each Collateral Account of the relevant Clearing Member.

**(F) AC0112E Report**

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

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

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

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

**(G) AC0113E Report**

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

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

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

**(b) Intraday Call Reports**

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

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

**(i) Trade management reports**

**(A) Bilateral Trades Report**

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

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

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

(B) **Cleared Trades Report**

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

(C) **TIW Operations File**

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

(ii) **Risk management reports**

(A) **Margin Requirements Results File**

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

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

- (i) the first Margin Requirements Results File will contain details of the calculation relating to the Margin required to be posted in relation to the Portfolio File described in paragraph 5.16(c)(ii)(B) below in respect of the Open Positions recorded in the House Margin Account, on the basis of the relevant Clearing Member's Open Positions between 11:00 and 12:00 CET on that Business Day;
- (ii) the second Margin Requirements Results File will contain details of the calculation relating to the Margin required to be posted in relation to the Portfolio File described in paragraph 5.16(c)(ii)(B) below in respect of the Open Positions registered in each Client Margin Account which is calculated based on the Clearing Member's Open Positions at about 11.30 CET on that Business Day.

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

(B) **Portfolio Files**

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

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

(iii) **Collateral management reports**

Description:

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

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

(c) Other daily reports

(i) **Product File**

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

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

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

(ii) **Open Interest Report**

**"Open Interest Report"** means the report described in this paragraph.

**Description:** the Open Interest Report is a public report which contains the open interest per CDS Type registered in the CDS Clearing System. The open interest is calculated to be the sum of the net notional amounts for all Clearing Members who are net CDS Buyers for each CDS Type.

**Timing:** published by LCH.Clearnet SA (i) between 09.15 CET and 09.30 CET on each Business Day.

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

(iii) **Cross Trades Report**

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

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

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

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

- (a) is not a Firm Day; or
- (b) is a Firm Day but, on which, none of the prices provided by the Clearing Member in accordance with Paragraph 5.18.5 result in the creation of cross trades,

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

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

(iv) **Variation Margin Report**

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

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

Variation Margin which shall be paid to LCH.Clearnet SA or, as applicable, received from LCH.Clearnet SA at the same time as the following First Intraday Call, provided that such Irrevocable Backloading Transaction is novated following the Morning Call on the relevant Clearing Day.

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

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

(d) Monthly reports

(i) **AC0101E Report**

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

(A) **Invoicing Cash Call Report**

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

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

(ii) **AC0106E Report**

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

(A) **Interest Report**

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

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

(iii) **AC0126E Report**

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

(A) **Interest Scales Report Section**

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

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

(iv) **AC0129E Report**

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

(A) **CDS Default Fund Contribution**

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

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

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

(v) **AC0105E Report**

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

(A) **Monthly Accounting Notes Report**

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

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

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

(vi) **Billing and Invoicing Reports**

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

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

(e) **Collateral Holding Report**

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

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

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

(f) Compression Results File

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

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

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

## 5.17 REGULATORY REPORTING

(a) Reporting obligation under EMIR

Pursuant to EMIR, LCH.Clearnet SA will report the details of any Cleared Transaction subject to the reporting obligation in accordance with EMIR Article 9.1 to a trade repository duly registered or recognised in accordance with EMIR. For this purpose, LCH.Clearnet SA will be using UnaVista Ltd as a trade repository ("**UnaVista**").

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

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

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

(b) Reporting obligation under CFTC Regulations Part 45

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

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

1. Creation data: any creation of a Cleared Transaction as a result of the novation process will be reported by LCH.Clearnet SA to DDR, upon

occurrence of registration of the Cleared Transaction in accordance with Section 3.1.10 of the CDS Clearing Rule Book;

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

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

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

## 5.18 END OF DAY PRICE CONTRIBUTION

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

### 5.18.1 Market Data submission obligation

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

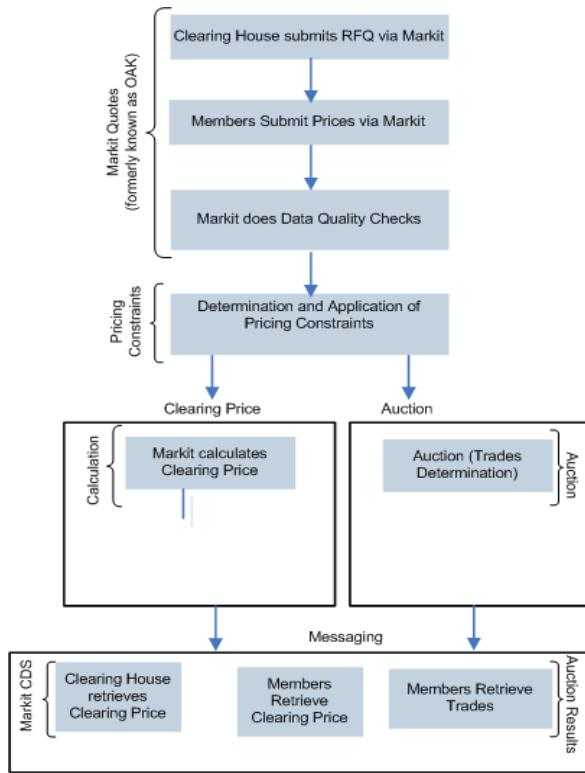
On each Price Contribution Day, LCH.Clearnet SA will request the Index Publisher to obtain Market Data from each Price Contribution Participant for CDS in respect of which they have Open Positions.

Price Contribution Participants are required to submit Market Data between 16.30 and 16.35 on each Price Contribution Day.

If a Clearing Member wishes to appoint a Price Contribution Delegate, it shall first obtain the prior approval of LCH.Clearnet SA. For that purpose, the relevant Clearing Member shall contact LCH.Clearnet SA's CDSClear Member Sales & Relationship Management team ([CDSClearMemberSalesRM@lchclearnet.com](mailto:CDSClearMemberSalesRM@lchclearnet.com), +44 (0) 203 137 4516) and shall provide such information as may be required by LCH.Clearnet SA. For the avoidance of doubt, LCH.Clearnet SA has full discretion as to the approval of a Price Contribution Delegate for any Clearing Member.

### 5.18.2 Calculation of End of Day Contributed Prices

The following diagram illustrates the procedures and flows for the calculation of the End of Day Contributed Prices.



At a high level, for the Index Publisher, there are effectively 5 steps in the process.

- Receipt of Price Contribution Participants' Market Data
- Application of bid/ask constraint
  - Selection of Benchmark Instruments
    - Index: iTraxx Europe Main, HiVol, Cross Over, Senior Financials and CDX.NA.IG "On the Run" 5yr
    - Single Name: 5 Year Standard Coupon and Currency
  - Observe "High Quality" Dealer Quoted Bid/Ask Spread
    - Observation Window: 14.00 to 16.00
    - Definition of Unique Quote: 2 minutes since last seen identical quote
    - Quote Markit Quality Score of 8 or higher
    - Minimum Quoting Dealers: To be set out in a risk notice
    - Quoting Dealers: Only Quotes from LCH.Clearnet SA Price Contribution Participants used
    - Minimum Unique Quotes: 20 for Indices/10 for Single Name

- Non-Observed Process: 10 day rolling average
  - If the 10 day moving average is used for more than 1 day, the Risk Committee should be notified.
- Fixed Initial Bid/Ask Spread: Used if no 10 Day rolling average available.
- (c) Determination of clearing price
- (d) Determination of any trades (potential)
- (e) Communication of clearing price

#### 5.18.3 Price submission procedure

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

- LCH.Clearnet SA will transmit to the Index Publisher, on a daily basis, the Market Data for Clearing Members with Open Positions in Cleared Transactions;
- Price Contribution Participants will receive price requirement files listing the Open Positions in respect of which they are required to submit Market Data;
- The price requirement files will be available from the Index Publisher's website for download daily between 14.30 and 15.00;
- Price Contribution Participants upload Market Data submissions to the Index Publisher for the Cleared Transactions listed in the price requirement file between 16.00 and 16.35;
- Market Data can be re-submitted during this time; where a Price Contribution Participant does this the latest submitted Market Data will be taken into account by the Index Publisher;
- Market Data should be supplied via a Markit spreadsheet or a Markit API;
- Price Contribution Participants' Market Data submission can either be Bid/Ask pairs or Mids;
- The Index Publisher carries out real time checks on the data submitted to take account of fat-fingering, invalid reference data, etc. A validation log will be available to Price Contribution Participants for erroneous submissions/warnings.

#### 5.18.4 Use of composite spreads/prices

To the extent LCH.Clearnet SA has not received End of Day Contributed Prices from the Index Publisher by 17:15 it will use:

- (a) With respect to Index Cleared Transactions, composite prices/spreads for the purposes of calculating the Variation Margin Requirement for each Margin Account of a Clearing Member on the next following Business Day;

(b) With respect to Single Names Cleared Transactions, a computation of end of day contributed spreads and composite spreads for the purpose of calculating the Variation Margin Requirement for each Margin Account of a Clearing Member on the next following Business Day;

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

#### **5.18.5 Trade crossing**

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

(a) Firm Days

LCH.Clearnet SA shall determine a number of "Firm Days" being the last Clearing Day of each quarter and 30 other Clearing Days in any calendar year chosen at LCH.Clearnet SA's sole discretion, and shall communicate such Firm Days to Price Contribution Participants promptly after the closure of the submission window at 16:35 on each such Firm Day.

(b) Determination of cross trades

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

(c) Terms of cross trades

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

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

## (d) Notification of execution

Price Contribution Participants required to execute cross trades in accordance with this Paragraph 5.18.5 must provide LCH.Clearnet SA with the DTCC trade reference identifier (TRI) before End of Day on the Clearing Day following the relevant Firm Day by emailing this to LCH.Clearnet SA's Operations department at [cdsclear.ops@lchclearnet.com](mailto:cdsclear.ops@lchclearnet.com).

**5.18.6 Failure to submit prices**

In the event that a Price Contribution Participant does not submit prices to the Index Publisher in accordance with Section 5.18.3, or execute cross trades in accordance with Section 5.18.5, of these Procedures, LCH.Clearnet SA shall be permitted to invoke Disciplinary Proceedings in respect of the Price Contribution Participant, and as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, in accordance with Section 8 of these Procedures.

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

## **APPENDIX 1**

## CLIENT – PARTIAL TRANSFER FORM



# **CLIENT - PARTIAL TRANSFER FORM**

V. [ ] : [ ] 20[ ]

*Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein*

To: LCH.Clearnet SA

**From:** Receiving Clearing Member

**Date:**

We, ..... [insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from ..... [insert name of transferring Client] (the "Client") to transfer (i) in the case of a Client which is either a CCM Individual Segregated Account Client or an FCM Client, part of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure; and (ii) in the case of a Client which is a CCM Omnibus Segregated Account Client, part or all of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure, from ....[insert name of Carrying Clearing Member] to us. We hereby request the transfer of the Client Cleared Transactions as identified below pursuant to Article 5.3.3.1, 5.3.3.2, Article 5.3.3.3, Article 5.3.3.4 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book and Section 5 of the Procedures.

Please insert the LCH trade IDs of the transferring Client Cleared Transactions, using the Schedule below:

**\*\*Please insert the LCH trade ID and Approved Trade Source System ID of the transferring Client Cleared Transactions.**

**\*\*Please append a list of additional Client Cleared Transactions to this form, if required**

**Signatories for and on behalf of the Receiving Clearing Member:**

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member

1.

(Authorised Signatory)	Name	Position	Date
------------------------	------	----------	------

2.

(Authorised Signatory)	Name	Position	Date
------------------------	------	----------	------

**Signatories for and on behalf of the transferring Client:****To:** Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed above;
- ii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iii. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefor;
- iv. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA in satisfaction of an increased Margin Requirement (and/or by us to the Receiving Clearing Member listed above and/or by us to our Carrying Clearing Member), and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- v. that in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.3.1(vi), 5.3.3.2(v), Article 5.3.3.3 (v) or Article 5.3.3.4 (v), as applicable, of the CDS Clearing Rule Book; and
- vi. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with Section 5.3.3 or 6.3.3, as applicable, of the CDS Clearing Rule Book.

For and on behalf of the Client:

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Authorised signatory

---

Authorised signatory

---

Date

---

Date

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
department  
18, rue du Quatre Septembre  
75002 Paris

## APPENDIX 2

### PART A: CCM INDIVIDUAL SEGREGATED ACCOUNT CLIENT – FULL TRANSFER FORM

	<b>CCM CLIENT - FULL TRANSFER FORM</b> <b>V.[ ]: [ ] 20[ ]</b> <p><i>Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein</i></p> <p><b>To:</b> LCH.Clearnet SA</p> <p><b>From:</b> Receiving Clearing Member</p> <p><b>Date:</b></p> <hr/> <p>We, ..... [insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from ..... [insert name of transferring Client] (the "Client") to transfer its entire portfolio of Client Cleared Transactions registered in the relevant [[insert [CCM Direct Client Segregated Account Structure] [and/or]* [CCM Indirect Client Segregated Account Structure]*] from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to Article 5.3.2.1 of the CDS Clearing Rule Book (as applicable) and the Procedures.</p> <p style="text-align: right;">* Delete as appropriate</p> <hr/> <p>Please insert:</p> <p>Name of Carrying Clearing Member: .....</p> <p>in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.</p> <p>Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with Article 5.3.2.2 of the CDS Clearing Rule Book (as applicable).</p> <p style="margin-left: 40px;"><input type="checkbox"/> The Client wishes to transfer Client Assets  <input type="checkbox"/> The Client does NOT wish to transfer Client Assets</p> <hr/> <p><b>Signatories for and on behalf of the Receiving Clearing Member:</b></p> <p>We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member</p> <p>1. _____    (Authorised Signatory) _____ Name _____ Position _____ date _____</p>
---	--

2.

(Authorised Signatory) \_\_\_\_\_

Name \_\_\_\_\_

Position \_\_\_\_\_

date \_\_\_\_\_

**Signatories for and on behalf of the transferring Client:****To:** Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.1(vii) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Client:

\_\_\_\_\_  
Authorised signatory\_\_\_\_\_  
Authorised signatory\_\_\_\_\_  
Date\_\_\_\_\_  
Date

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
 department  
 18, rue du Quatre Septembre  
 75002 Paris

**PART B: CCM OMNIBUS SEGREGATED ACCOUNT CLIENT – FULL TRANSFER FORM****CCM CLIENT - FULL TRANSFER FORM**

V.[ ]: [ ] 20[ ]

*Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein*

**To:** LCH.Clearnet SA

**From:** Receiving Clearing Member

**Date:**

We, .....[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from..... [insert name of all the CCM Omnibus Segregated Account Clients within a CCM Omnibus Client Set] (the "Clients") to transfer their entire portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Clients pursuant to Article 5.3.2.1 of the CDS Clearing Rule Book (as applicable) and the Procedures.

Please insert:

Name of Carrying Clearing Member:

.....  
in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.

Please tick the relevant box below to confirm whether the Clients wish to transfer the Client Assets in accordance with Article 5.3.2.2 of the CDS Clearing Rule Book (as applicable).

- The Clients wish to transfer Client Assets
- The Clients do NOT wish to transfer Client Assets

**Signatories for and on behalf of the Receiving Clearing Member:**

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member

1.

(Authorised Signatory)	Name	Position	date
------------------------	------	----------	------

2.

(Authorised Signatory)	Name	Position	date
------------------------	------	----------	------

**Signatories for and on behalf of the transferring CCM Omnibus Segregated Account Clients:**

**To:** Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.2(vi) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Clients:

Authorised signatory

Authorised signatory

Date

Date

Authorised signatory

Authorised signatory

Date

Date

Authorised signatory

Authorised signatory

Date

Date

---

Authorised signatory

---

Authorised signatory

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Date

---

Date

---

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
department  
18, rue du Quatre Septembre  
75002 Paris

**PART C : FCM CLIENT- FULL TRANSFER FORM****FCM CLIENT - FULL TRANSFER FORM**

V. [ ]: [ ] 20[ ]

*Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein*

**To:** LCH.Clearnet SA

**From:** Receiving Clearing Member

**Date:**

We, .....[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from..... [insert name of transferring Client] (the "Client") to transfer its entire portfolio of Client Cleared Transactions registered in the relevant FCM Client Account Structure from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to Article 6.3.2.1 of the CDS Clearing Rule Book (as applicable) and the Procedures.

Please insert:

Name of Carrying Clearing Member:

.....  
in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.

Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with Article 6.3.2.1 of the CDS Clearing Rule Book (as applicable).

- The Client wishes to transfer Client Assets
- The Client does NOT wish to transfer Client Assets

**Signatories for and on behalf of the Receiving Clearing Member:**

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member

1.

(Authorised Signatory)	Name	Position	date
------------------------	------	----------	------

2.

(Authorised Signatory)	Name	Position	date
------------------------	------	----------	------

**Signatories for and on behalf of the transferring Client:**

**To:** Receiving Clearing Member

We acknowledge and confirm:

- viii. the request to transfer as detailed herein;
- ix. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a FCM Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- x. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- xi. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- xii. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- xiii. that, where we have requested the transfer of Client Assets, (x) we should contact our Carrying Clearing Member to ensure that they contact LCH.Clearnet SA to identify the correct Client Assets available for transfer, and (y) where our Carrying Clearing Member does not so identify the correct Client Assets available for transfer, LCH.Clearnet SA is permitted to transfer alternative Collateral as it deems appropriate in accordance with LCH.Clearnet SA's CDS Clearing Rule Book;
- xiv. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 6.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Client:

---

Authorised signatory

---

Authorised signatory

---

Date

---

Date

All forms should be returned to LCH.Clearnet SA for the attention of CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
department  
18, rue du Quatre Septembre  
75002 Paris

## APPENDIX 3

**PART A: CCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM**



**CCM CLIENT TRANSFER – CARRYING  
CLEARING MEMBER RESPONSE FORM**

[V]:[]

*Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein*

**To:** LCH.Clearnet SA

**From:** Carrying Clearing Member

**Date:**

We, .....[insert name of Carrying Clearing Member] (the "Carrying Clearing Member") have received a request from LCH.Clearnet SA in relation to .....'s [insert name of transferring Client or Clients] [(the "Client")]/[(the "Clients")]\*) request to transfer [[its entire]/[part of its/their]\*] portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure held by us. We are writing to inform you that:

\* Delete as appropriate

(Please tick if applicable)

[The]/[A]\* transferring Client has become insolvent and no Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.1, 5.3.2.2, 5.3.2.3, 5.3.2.4, 5.3.3.1, 5.3.3.2, 5.3.3.3 or 5.3.3.4 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable)

If the transferring Client requests to transfer the entire, or a part of, the portfolio of Client Cleared Transactions registered in the relevant CCM Indirect Segregated Account Structure, one or more relevant CCM Indirect Clients have become insolvent and no relevant Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.1 or 5.3.3.1 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable)

[The]/[A]\* transferring Client has, or would have as a consequence of the occurrence of the requested transfer, unsatisfied requirements which LCH.Clearnet SA's CDS Clearing Rule Book states must be satisfied in order for the transfer to be effected as between itself and us at the time of, or arising as a result of, such transfer, including, without limitation, outstanding obligations as described in Articles 5.3.2.1(vii), 5.3.2.2(vi), 5.3.2.3(vi), 5.3.2.4(vi), 5.3.3.1(vi), 5.3.3.2(v), 5.3.3.3(v) or 5.3.3.4(v) of the CDS Clearing Rule Book (as applicable) and therefore no Client Cleared Transactions should not be transferred.

---

[This paragraph below is only relevant where the CCM Client is a CCM Gross Omnibus Single Sub-Account Client and has requested the transfer of its entire portfolio of Client Clearing Transactions – if this is not the case, please delete this paragraph]

(Please tick if applicable)

The transferring Client has requested that Client Assets be transferred and the relevant Client Assets are described in the schedule below.

(Please tick if applicable)

*[This paragraph below is only relevant where the CCM Clients are all CCM Gross Omnibus Multi Sub-Account Clients within the same CCM Omnibus Gross Multi Sub-Account Client Set and have requested the transfer of all of their Client Cleared Transactions – if this is not the case, please delete this paragraph]*

All of the transferring Clients have requested that Client Assets be transferred and the relevant Client Assets are described in the schedule below.

\* Delete as appropriate

**[Schedule of Client Assets]:\***

(Please tick if applicable)

The Client Assets of the Client[s] consist solely of cash in the following amount and currency:

CASH AMOUNT & CURRENCY
------------------------

(Please tick if applicable)

The Client Assets of the Client[s] consist of the following cash and non-cash collateral:

CASH AMOUNT & CURRENCY
------------------------

ISIN	Notional Value

\* Please delete this Schedule if no Client Asset is to be transferred.

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
department  
18, rue du Quatre Septembre  
75002 Paris

**Signatories for and on behalf of the Carrying Clearing Member:**

We acknowledge and confirm the above and that we are authorised to sign for and on behalf of the Carrying Clearing Member:

1.

(Authorised Signatory)	Name	Position	Date
------------------------	------	----------	------

2.

(Authorised Signatory)	Name	Position	Date
------------------------	------	----------	------

**PART B : FCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM**



**FCM CLIENT TRANSFER – CARRYING  
CLEARING MEMBER RESPONSE FORM**

[V]:[]

*Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein*

**To:** LCH.Clearnet SA

**From:** Carrying Clearing Member

**Date:**

We, .....[insert name of Carrying Clearing Member] (the "Carrying Clearing Member") have received a request from LCH.Clearnet SA in relation to .....'s [insert name of transferring Client] (the "Client") request to transfer [[its entire]/[part of its]\*] portfolio of Client Cleared Transactions registered in the relevant FCM Client Account Structure held by us. We are writing to inform you that:

\* Delete as appropriate

(Please tick if applicable)

The transferring FCM Client has become insolvent and no Client Cleared Transactions should therefore be transferred in accordance with Articles 6.3.2.1 or 6.3.3.1 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable)

The transferring Client has requested that Client Assets be transferred and the relevant Client Assets are described in the schedule below.

**Schedule of Client Assets:**

(Please tick if applicable)

The Client Assets of the FCM Client consist solely of cash in the following amount and currency:

**CASH AMOUNT & CURRENCY**

(Please tick if applicable)

The Client Assets of the FCM Client consist of the following cash and non-cash collateral:

**CASH AMOUNT & CURRENCY**

ISIN	Notional Value

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
department  
18, rue du Quatre Septembre  
75002 Paris

#### **Signatories for and on behalf of the Carrying Clearing Member:**

We acknowledge and confirm the above and that we are authorised to sign for and on behalf of the Carrying Clearing Member:

1.

(Authorised Signatory)	Name	Position	Date
------------------------	------	----------	------

2.

(Authorised Signatory)	Name	Position	Date
------------------------	------	----------	------

## CDSClear

**LCH.Clearnet SA**  
**CDS Clearing Procedures**  
**Section 6 – CDS Default Fund**  
**16 December 2014**

8 6 1  
 1 4 53 84 1  
 39 11 28  
 12 4 67 2  
 69 7323 37 77  
 17 2 13 731 1  
 9 24 2  
 1 26 4  
 1 40 8  
 1 18 74 8  
 1 85 57 38 1  
 39 3692 11 628 47425 91 35  
 12 44 11 5467 4898 35  
 69 7323 16 807 7 77 99 0 23  
 17 52 21 6460 13 75 15 52  
 29 3481 19 22 83  
 20 578 15 75 96  
 10 66 41 56 1 36  
 21 14 53 98  
 39 36 10 54  
 17 79 1 80  
 1 2481 15 75 96  
 1 40 8 27 19  
 18 74 33 38 75 26 71  
 45 15 57 38 1 26  
 628 47425 91 8212 39 36277 1  
 5467 4898 35 100 45 69 7323 16  
 7 937 77 99 93 702 44  
 7315 68 1 45 69 7323 16  
 30 30 17 89 52  
 14 97425 51 95 3481  
 65 15 57 38 1 26  
 32 27 19 62 88 58  
 738 75 26 71  
 47425 91 80  
 732 4898 35  
 7 77 99 0 23  
 1 31 5  
 4 47  
 8 81

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## 6.1 SCOPE

This Section 6 of the Procedures sets out the method for calculating the size of the CDS Default Fund and certain related matters.

## 6.2 COLLATERAL PAYMENT ARRANGEMENT

A Clearing Member's Contribution must be made by way of Cash Collateral.

For further details about the transfer of Cash Collateral, please refer to Section 3 of the Procedures.

## 6.3 ELIGIBLE CURRENCIES

Cash Collateral transferred to satisfy a Clearing Member's Contribution Requirement must be made in an Eligible Currency.

For a list of Eligible Currencies please refer to Section 3 of the Procedures.

## 6.4 CALCULATION OF THE CDS DEFAULT FUND AMOUNT

The size of the CDS Default Fund is equal to the Combined Unmargined Risk.

*Default Fund size*

$$= 1.1 * \text{Max}_{60 \text{ days}} (\text{Max}_{\text{Scenarios}} (\text{Max}_{\text{Member}} (\text{UR}) + 2nd\text{Max}_{\text{Member}} (\text{UR})))$$

where UR stands for the Member Uncovered Risk.

The Member Uncovered Risk covers the Margin Account Uncovered Risks with respect to the Clearing Member's Margin Accounts. It is computed on a daily basis for each stress-test scenario.

The Margin Account Uncovered Risk and the Member Uncovered Risk are calculated in accordance with the methodology established by LCH.Clearnet SA after consultation with the Risk Committee. The parameters used to calculate the Member Uncovered Risk and the Margin Account Uncovered Risk and the funded contributions are set out in a Clearing Notice and published on the Website.

## 6.5 CALCULATION OF A CLEARING MEMBER'S CONTRIBUTION

Article 4.4.1.3 of the CDS Clearing Rule Book sets out the method by which a Clearing Member's Contribution shall be calculated.

## 6.6 ADDITIONAL CONTRIBUTION AMOUNT

This Paragraph 6.6 applies if, in accordance with Article 4.4.1.4 of the CDS Clearing Rule Book, LCH.Clearnet SA calls on Clearing Members to make an Additional Contribution Amount.

Each Clearing Member shall pay the Additional Contribution Amount with Euro-denominated Cash Collateral.

If notified on or before 14:00, each Clearing Member shall pay the Additional Contribution Amount to LCH.Clearnet SA by 09:00 on the next TARGET2 open day.

However, if Competitive Bidding has been conducted in accordance with the CDS Default Management Process and LCH.Clearnet SA is due to register Transfer Positions on the following calendar day, then LCH.Clearnet SA may, through TARGET2, request that each Clearing Member pay its Additional Contribution Amount:

- (a) where the request for an Additional Contribution Amount was sent by LCH.Clearnet SA on or before 14:00 – by 15:55 on the same day; or
- (b) where the request for an Additional Contribution Amount was sent by LCH.Clearnet SA after 14:00 – by 09:00 on the next TARGET2 open day.

LCH.Clearnet SA will provide Clearing Members with as much notice as is reasonably practicable of its intention to call for payment of the Additional Contribution Amount. Notice will be given by publication of the AC0102E and AC0103E Treasury Reports through any reporting mechanism specified in a Clearing Notice and by telephone call to the telephone number notified to LCH.Clearnet SA as part of the relevant Clearing Member's admission application.

#### **6.7 CDS DEFAULT FUND FLOOR**

The floor to the CDS Default Fund is EUR 100 million.

#### **6.8 CAPPING OF THE CDS DEFAULT FUND**

The CDS Default Fund is not capped at a specific amount.

#### **6.9 RETURN OF CASH COLLATERAL**

For the conditions and timetable for the return of Cash Collateral by LCH.Clearnet SA please refer to Section 3 of the Procedures.

## CDSClear

# LCH.Clearnet SA CDS Clearing Procedures Section 7 – Business Continuity 16 December 2014

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 1 4 8 53 84 1  
 39 11 28  
 12 4 67 2  
 69 73 23 86 18 37 77  
 17 25 13 73 1  
 2 24 7  
 2 64  
 40 8  
 18 74 8  
 18 57 38 1  
 39 36 92 11 62 8 47 45 91 35  
 12 44 63 54 67 32 48 98 35  
 69 73 23 16 80 7 79 7 77 90 0 23  
 17 89 52 21 13 75 15 90 2  
 29 34 49 22 83  
 20 57 9 75 22 96  
 18 66 41 56 4  
 21 14 87 53 9  
 39 36 10 54  
 17 89 24 81  
 17 40 8 27 19  
 18 74 33 75 26 71  
 46 85 57 38 11 26 71  
 62 8 47 45 91 35 100 30 27 77 11 24 63  
 95 62 8 47 45 91 35 100 30 27 77 11 24 63  
 73 15 68 8 45 69 73 23 16  
 73 15 68 8 45 69 73 23 16  
 14 97 42 51 79 95 34 81  
 65 14 31 79 95 34 81  
 32 27 19 62 88 158  
 73 38 11 26 71  
 47 45 89 35 88  
 17 48 98 35  
 17 77 90 15  
 73 15  
 4 47  
 8 8

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## 7.1 INTRODUCTION

The Procedures set out in this section are intended to provide Clearing Members with a guide to the possible steps that can be taken in the event of a Force Majeure Event affecting LCH.Clearnet SA or a Clearing Member, for the avoidance of doubt, subject always to Article 1.2.11.2 of the CDS Clearing Rule Book.

Due to the unpredictable nature of a Force Majeure Event, LCH.Clearnet SA reserves the right at its sole discretion and without consulting with the Clearing Members to depart from this Section 7 of the Procedures to meet the requirements of the specific situation, provided that, for the avoidance of doubt, LCH.Clearnet SA shall, in all cases, act in accordance with Article 1.2.11.2 of the CDS Clearing Rule Book.

## 7.2 SCOPE

The scope of this Section 7 of the Procedures covers:

- (a) Force Majeure Event affecting a Clearing Member:
  - (i) during office hours; and
  - (ii) outside office hours.
- (b) Force Majeure Event affecting LCH.Clearnet SA where the:
  - (i) headquarters (“HQ”) is unavailable or inaccessible; and
  - (ii) primary data centre fails.

## 7.3 LIMITS

Where a Clearing Member is affected by a Force Majeure Event, LCH.Clearnet SA will provide assistance purely on a “reasonable endeavours” basis and will be under no obligation to assist in anyway it considers being detrimental to its business or the CDS Clearing Service.

## 7.4 BUSINESS CONTINUITY EVENTS AFFECTING A CLEARING MEMBER

- (a) During office hours (07:00-20:00 CET)

In case of a Force Majeure Event affecting the continuity of its activities, a Clearing Member should contact LCH.Clearnet SA as soon as reasonably practicable:

Initial Contact

Customer technical helpdesk (“CTH”) +33 1 70 37 66 00

Lchclearnetsa\_CTH@lchclearnet.com

Additional contacts

Account manager	firstname.name@Lchclearnet.com
Operations team (“ <b>OPS</b> ”)	LCHClearnetSA_DO_CDS@Lchclearnet.com
Business continuity team (“ <b>BCS</b> ”)	ALL_SA_BCS@Lchclearnet.com

The Clearing Member must provide LCH.Clearnet SA with the following information:

Clearing Member identification

- (i) company name;
- (ii) Clearing Member code;
- (iii) location (HQ or data centre and country);
- (iv) caller name; and
- (v) caller email address.

Clearing Member issue description

- (i) details of the nature of the Force Majeure Event;
- (ii) expected time to resolve or mitigate the Force Majeure Event; and
- (iii) whether any assistance is requested from LCH.Clearnet SA.

Process

As soon as the Clearing Member informs LCH.Clearnet SA about a Force Majeure Event, LCH.Clearnet SA will organise the following assistance if it deems it appropriate:

- (i) CTH will reply to the Clearing Member; and
- (ii) CTH, depending of the nature of the Force Majeure Event will organise a conference call with:
  - (A) Clearing Member representatives;
  - (B) LCH.Clearnet SA operational departments (OPS, Risk and Treasury); and
  - (C) depending on the type of problem other relevant LCH.Clearnet SA departments, for example, IT.

Resolution

As soon as the Force Majeure Event has been resolved, the Clearing Member must inform LCH.Clearnet SA through the CTH.

## (b) Outside office hours

In case of a Force Majeure Event affecting the continuity of its activities, the Clearing Member should contact LCH.Clearnet SA as soon as reasonably practicable:

Initial contact

Business continuity team (“BCS”) +33 1 70 37 66 62

[ALL\\_SA\\_BCS@Lchclearnet.com](mailto:ALL_SA_BCS@Lchclearnet.com)

The Clearing Member must provide LCH.Clearnet SA with the following information:

Clearing Member identification

- (i) company name;
- (ii) Clearing Member code;
- (iii) location (HQ or data centre and country);
- (iv) caller name; and
- (v) caller email address.

Clearing Member issue description

- (i) details of the nature of the Force Majeure Event;
- (ii) expected time to resolve or mitigate the Force Majeure Event; and
- (iii) whether any assistance is requested from LCH.Clearnet SA.

Process

As soon as the Clearing Member informs LCH.Clearnet SA about a Force Majeure Event, LCH.Clearnet SA will organise the following assistance if it deems it appropriate:

- (i) BCS will depending of the nature of the Force Majeure Event organise a conference call with:
  - (A) Clearing Member representatives; and
  - (B) depending on the type of problem the relevant LCH.Clearnet SA departments, for example, OPS, Risk and Treasury.
- (ii) BCS will notify relevant information to the CTH.

Resolution

As soon as the Force Majeure Event has been resolved, the Clearing Member must inform LCH.Clearnet SA through the CTH.

**7.5 FORCE MAJEURE EVENT AFFECTING LCH.CLEARNET SA – HQ ISSUE (INACCESSIBILITY/EVACUATION AND RELOCATION)**

## (a) Business continuity plan principles

LCH.Clearnet SA has organised a dedicated secondary office to be used where the LCH.Clearnet SA HQ is unavailable. The agreement between LCH.Clearnet SA and the secondary office provider stipulates that dedicated work areas will be available immediately.

If LCH.Clearnet SA has to relocate to the secondary office, the secondary office will be fully operational within four hours of the decision to move to it.

If, due to the nature of the Force Majeure Event, LCH.Clearnet SA is required to interrupt the CDS Clearing Service such interruption should not be for longer than one hour.

LCH.Clearnet SA can, depending on the type of Force Majeure Event, run the CDS Clearing Service jointly from both HQ and the secondary office or just from the secondary office.

## (b) Communication

LCH.Clearnet SA will notify Clearing Members of the following:

- (i) the decision to relocate;
- (ii) the change to any telephone or fax numbers;
- (iii) confirmation of whether all operations will be continuing during the relocation or not; and
- (iv) if required, any: amendments to delivery procedures; extensions to deadlines for the use of options, registration of contracts and/or delivery of reports; and/or amendments or suspension of certain Treasury processes,

by the following methods:

- (A) Website;
- (B) email to each Clearing Member at the email address previously notified to LCH.Clearnet SA; and
- (C) telephone calls to each Clearing Member at the telephone number previously notified to LCH.Clearnet SA.

## (c) Resolution

As soon as the Force Majeure Event has been resolved, LCH.Clearnet SA will inform all Clearing Members through the Website and by email to the email address notified by the relevant Clearing Member as part of their admission application. This may include notification that the address, telephone numbers and fax numbers have permanently changed.

**7.6 FORCE MAJEURE EVENT AFFECTING LCH.CLEARNET SA – PRIMARY DATA CENTRE FAILURE**

## (a) Data replication principles

LCH.Clearnet SA has in place a fully synchronised primary and secondary data centre. This means that data is stored at data centres immediately on a real time basis. The two data centres are run independently of each other. Accordingly the failure of one data centre should not impact the other.

The maximum time to switch from the primary to the secondary data centre is two hours. During the switch from the primary to the secondary data centre the CDS Clearing Service will not be operational.

Due to the fully synchronised nature of the primary and secondary data centres there will be no impact on the Website, access to any mean specified in a Clearing Notice, and no data will be lost.

## (b) Communication

LCH.Clearnet SA will notify Clearing Members that the decision has been made to switch to the secondary data centre and what the impacts will be in relation to:

- (i) if required, any: amendments to delivery procedures; extensions to deadlines for the use of options, registration of contracts and/or delivery of reports; and/or amendments or suspension of certain Treasury processes;
- (ii) the expected time resumption of the normal CDS Clearing Service will be; and
- (iii) the order in which the CDS Clearing Service systems will be transferred to the secondary data centre and available to be used by a Clearing Member,

by the following methods:

- (A) Website;
- (B) email to each Clearing Member at the email address previously notified to LCH.Clearnet SA; and
- (C) telephone calls to each Clearing Member at the telephone number previously notified to LCH.Clearnet SA.

(c) Resolution

As soon as the Force Majeure Event has been resolved, LCH.Clearnet SA will inform all Clearing Members through the Website and by email to the email address notified by the relevant Clearing Member as part of their admission application.

**CDSClear**

# **LCH.Clearnet SA**

# **CDS Clearing Procedures**

## **Section 8: Disciplinary Proceedings**

### **09.05.2012**

## **SECTION 8 – DISCIPLINARY PROCEEDINGS**

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## **SECTION 8      *Disciplinary Proceedings***

### **8.1    SCOPE OF THIS PROCEDURE**

All Clearing Members are subject to Disciplinary Proceedings pursuant to Section 8 of these Procedures (the “**Disciplinary Procedures**”).

Any alleged breach by a Clearing Member of an obligation set out in the CDS Clearing Rules (the “**Alleged Breach**”) is eligible to be dealt with in accordance with the provisions of these Disciplinary Procedures, provided that LCH.Clearnet SA shall not be permitted to invoke these Disciplinary Procedures where action has already been commenced or concluded in respect of the same Alleged Breach pursuant to the CDS Dispute Resolution Protocol.

Once these Disciplinary Proceedings have been invoked by LCH.Clearnet SA, LCH.Clearnet SA shall be prohibited from commencing concurrent action under the CDS Dispute Resolution Protocol in respect of the same Alleged Breach, subject to its rights pursuant to sub-paragraph (c) below.

These Disciplinary Procedures are without prejudice to:

- (a) any action and/or measures that may be taken by LCH.Clearnet SA based on any other procedure set out in the CDS Clearing Rules (including, without limitation, the right of LCH.Clearnet SA to suspend or terminate a Clearing Member's membership of the CDS Clearing Service pursuant to Section 2.4.1 or Section 2.4.2 of the CDS Clearing Rule Book, and the right of LCH.Clearnet SA to determine that an Event constitutes an Event of Default pursuant to Section 4.3.1 of the CDS Clearing Rule Book and to take any measure pursuant to Section 4.3.2 of the CDS Clearing Rule Book);
- (b) LCH.Clearnet SA's right to take no action where it considers it disproportionate or otherwise, in its discretion;
- (c) LCH.Clearnet SA's right to commence action in accordance with the CDS Dispute Resolution Protocol in respect of the Alleged Breach, subsequent to the conclusion of these Disciplinary Procedures, save that LCH.Clearnet SA's rights in this circumstance shall be limited to pursuing recovery of Damage, incurred by LCH.Clearnet SA, that has not otherwise been recovered pursuant to these Disciplinary Procedures and/or the CDS Clearing Rules and no such action shall be permitted where LCH.Clearnet SA decides not to take any action, or impose any sanction, against the Clearing Member; and
- (d) any provision of Applicable Law concerning enforcement by the Competent Authority or Regulatory Body.

### **8.2    INVESTIGATION PROCEDURE**

Subject to the provisions of Paragraph 8.3, the investigation of an Alleged Breach pursuant to these Disciplinary Proceedings shall be handled in accordance with this Paragraph 8.2.

#### **(a)    Opening of the investigation procedure**

When LCH.Clearnet SA commences proceedings to investigate an Alleged Breach:

- (i) LCH.Clearnet SA shall send a written notice to the Clearing Member, setting out details of the Alleged Breach, including a summary of the facts relied on in sufficient detail for a reasonable person in the Clearing Member's position to properly understand and respond to the allegations made against it;
- (ii) LCH.Clearnet SA shall identify a suitably senior representative of any entity of the LCH.Clearnet group organisation that shall lead the investigation procedure on behalf of LCH.Clearnet SA and shall inform the Clearing Member who this representative will be in the written notice which is sent in accordance with sub-paragraph (i) above;
- (iii) Following receipt of the written notice sent in accordance with sub-paragraph (i) above, the Clearing Member shall be permitted to raise any objections to the identity of the representative that is to lead the investigation procedure, on grounds of conflicts of interest, within 48 hours. Where an objection is raised, either the Chief Executive Officer of LCH.Clearnet SA or the CDSClear Chief Executive Officer shall discuss the perceived conflict of interest with the Clearing Member within 24 hours and shall make a decision on whether an alternative representative needs to be identified for the purposes of sub-paragraph (ii) above;
- (iv) the Clearing Member shall be required to provide any information, copies or records and documents that may be reasonably requested, in connection with the examination of the Alleged Breach, to LCH.Clearnet SA, save that the Clearing Member shall not be compelled to disclose any information which it is prohibited from disclosing by virtue of Applicable Law or regulation (if and to the extent that the Clearing Member provides LCH.Clearnet SA with duly documented proof of this prohibition), as a result of legal professional privilege or as a result of agreements signed with third parties;
- (v) LCH.Clearnet SA may send a representative (being either the representative identified as leading the investigation procedure on behalf of LCH.Clearnet SA or another representative) to the Clearing Member's offices at any time during normal business hours, having provided reasonable notice (being proportionate to the seriousness of the Alleged Breach) to the Clearing Member as part of the investigation procedure. The Clearing Member shall only be entitled to refuse access to such representative in the event of a substantiated conflict of interest. The Clearing Member shall make available all information, records, and documents kept by the Clearing Member, that may be reasonably required for the examination of the Alleged Breach, to LCH.Clearnet SA's representative;
- (vi) the Clearing Member shall exercise best endeavours to procure the attendance of any of its directors, officers, employees, agents and representatives, as may be reasonably requested, at a specified time on reasonable notice (at either the offices of LCH.Clearnet SA or those of the Clearing Member) in order to answer questions or provide explanations that may be relevant for the examination of the Alleged Breach; and

- (vii) the Clearing Member shall not be permitted to commence action pursuant to the CDS Dispute Resolution Protocol in respect of the same Alleged Breach until a decision has been made by LCH.Clearnet SA in accordance with Paragraph 8.4 below.

**(b) Confidentiality**

LCH.Clearnet SA and each of its employees, officers or representatives shall hold any information obtained in the course of the investigation procedure set out in Paragraph 8.2(a) in accordance with the provisions of Section 1.2.12 of the CDS Clearing Rule Book.

**(c) Report**

Following the conclusion of the investigation procedure, LCH.Clearnet SA shall: (i) notify the Clearing Member; and (ii) produce a written report (the “**Report**”) in relation to the Alleged Breach and provide it to the Clearing Member, within no more than 14 days as from the notification by LCH.Clearnet SA of the conclusion of the investigation procedure.

The Report shall contain the findings of the investigation, reference the CDS Clearing Rule allegedly breached by the relevant Clearing Member and indicate LCH.Clearnet SA’s intended course of action in relation to the Alleged Breach, being either:

- (i) to proceed with Disciplinary Proceedings, in accordance with these Disciplinary Procedures, if LCH.Clearnet SA believes there to be *prima facie* evidence of the Alleged Breach having been committed;
- (ii) to discontinue these Disciplinary Proceedings and refer the matter to the Chief Executive Officer of LCH.Clearnet SA to take action in accordance with the provisions of the CDS Clearing Rules and/or the CDS Dispute Resolution Protocol if LCH.Clearnet SA believes there to be *prima facie* evidence of the Alleged Breach having been committed but the sanctions set out in Paragraph 8.4 of these Disciplinary Procedures are, in LCH.Clearnet SA’s reasonable opinion, inadequate; or
- (iii) to take no further action.

**(d) Disciplinary Committee formation**

Where LCH.Clearnet SA determines that it wishes to proceed with Disciplinary Proceedings in accordance with Paragraph 8.2(c)(i) above, it will convene a “**Disciplinary Committee**” consisting of:

- (i) Two of: (a) the Chief Executive Officer of LCH.Clearnet SA; (b) the CDSClear Chief Executive Officer (or another member of the CDS Business Unit having suitable seniority); and (c) a member of the executive committee of any entity of the LCH.Clearnet group organisation (the “**Comex**”) who is not one of the above listed people;
- (ii) a representative of LCH.Clearnet SA’s risk, membership or legal department (depending upon the character of the Alleged Breach); and

- (iii) two independent representatives (who shall not be employees or directors of LCH.Clearnet SA and/or the Clearing Member that is subject to the Disciplinary Proceedings or its affiliate(s)), drawn from market participants, experts, lawyers or other persons having suitable experience, appointed in LCH.Clearnet SA's discretion and one of these two persons being designated by LCH.Clearnet SA as chairman of the Disciplinary Committee (the "**Chairman**").

Details of the precise composition of the Disciplinary Committee shall be provided to the Clearing Member as part of the Report, as appropriate.

(e) **Clearing Member Response**

The Clearing Member shall respond to the Disciplinary Committee, within 14 days of receiving a Report which indicates that LCH.Clearnet SA intends to proceed with Disciplinary Proceedings, providing a statement of defence responding to the allegations.

If no response has been received by the Disciplinary Committee within 14 days or such extended period as has been agreed between the Clearing Member and the Disciplinary Committee, LCH.Clearnet SA shall be relieved of its obligations to follow the remaining steps of the investigation procedure (as set out in Paragraph 8.2(f) below) and the Disciplinary Committee may instead make a determination in respect of the Alleged Breach and issue its Recommendation to LCH.Clearnet SA as provided for in Paragraphs 8.2(g) and 8.2(h) below.

(f) **Exploratory meetings**

Once the Clearing Member has responded to the Report, either the Clearing Member or the Disciplinary Committee can, within 7 days, request a meeting with the other party to ask further questions and discuss the Alleged Breach (the "**Meeting**").

Unless otherwise agreed between the Clearing Member and the Disciplinary Committee, the Meeting will be held at LCH.Clearnet SA's offices within 14 days from the request for a Meeting.

The Disciplinary Committee and the relevant Clearing Member are each entitled to bring to the Meeting any person relevant to the Disciplinary Proceedings which includes but is not limited to the following:

- (i) relevant experts;
- (ii) legal advisors; and
- (iii) accounting advisors.

LCH.Clearnet SA and/or the Clearing Member shall only be entitled to object to the attendance by any of the above if there is a substantiated conflict of interest.

The Disciplinary Committee shall, in addition, invite the LCH.Clearnet SA representative that led the investigation procedure to attend the Meeting.

The Disciplinary Committee shall, subject to the provisions of these Disciplinary Proceedings, decide upon its own procedure for conducting the Meeting and considering and determining the matters to be discussed in the course of the Meeting, on the basis of the Report, the Clearing Member's response to the Report, and such other information and documentation as the Disciplinary Committee considers appropriate.

The Disciplinary Committee may reasonably request further or other documentation and information from the Clearing Member, save that the Clearing Member shall not be compelled to disclose any information which it is prohibited from disclosing by virtue of Applicable Law or regulation (if and to the extent that the Clearing Member provides LCH.Clearnet SA with duly documented proof of this prohibition), as a result of legal professional privilege or as a result of agreements signed with third parties.

The matters discussed at the Meeting are confidential. The Disciplinary Committee and the Clearing Member must ensure that any persons attending the Meeting are subject to a confidentiality agreement. Such confidentiality agreement shall include provisions equivalent to those contained in Section 1.2.12 of the CDS Clearing Rule Book.

To ensure the efficiency of the Meeting, neither the Disciplinary Committee nor the Clearing Member shall bring more than six representatives, unless otherwise agreed.

**(g) Determination**

Having considered the Report, the Clearing Member's response to the Report, any other information and documentation provided to the Disciplinary Committee in accordance with Paragraph 8.2(f) above and conducted the Meeting, the Disciplinary Committee must determine whether, in its view, the Alleged Breach has been committed.

The Disciplinary Committee shall make its determination, in accordance with this Paragraph 8.2(g), by a majority of the attendees, provided that no determination shall be made without a quorum of three (3) Disciplinary Committee members being in attendance.

In the event of a tie, the Chairman shall have a casting vote.

For the avoidance of doubt, the Disciplinary Committee shall not be bound to comply with any rule of Applicable Law or court procedure in respect of the admissibility of evidence and may, in its discretion, accept, any finding of fact by:

- a Regulatory Body;
- a Governmental Authority;
- the Paris courts in connection with a Dispute; or
- the Arbitral Tribunal, where such finding was made in respect of the Clearing Member in arbitral proceedings between LCH.Clearnet SA and the Clearing Member in connection with a Dispute and pursuant to the CDS Dispute Resolution Protocol.

(h) **Recommendation**

Within 7 days of the later of:

- the Clearing Member's response to the Report; and
- the date of the Meeting, if applicable,

the Disciplinary Committee shall communicate its determination, made in accordance with Paragraph 8.2(g) above, to LCH.Clearnet SA (the "Recommendation").

The Disciplinary Committee shall set out in its Recommendation the grounds on which the Disciplinary Committee has determined that the Alleged Breach has or has not been committed and its proposal as to the sanctions, if any, that should be imposed by LCH.Clearnet SA upon the Clearing Member pursuant to Paragraph 8.4 of these Disciplinary Procedures.

This Paragraph 8.2(h) is without prejudice to the rights of the Disciplinary Committee to recommend that these Disciplinary Proceedings be discontinued and refer the matter to the Chief Executive Officer of LCH.Clearnet SA to take action in accordance with the provisions of the CDS Clearing Rules and/or the CDS Dispute Resolution Protocol if the Disciplinary Committee has determined that the Alleged Breach has been committed but the sanctions set out in Paragraph 8.4 of these Disciplinary Procedures are, in the Disciplinary Committee's reasonable opinion, inadequate.

(i) **Decision Notice**

Following receipt of a Recommendation, pursuant to Paragraph 8.2(h) above, LCH.Clearnet SA must decide whether or not to sanction the Clearing Member in accordance with Paragraph 8.4 of these Disciplinary Procedures or otherwise in accordance with the provisions of the CDS Clearing Rules.

For the avoidance of doubt, LCH.Clearnet SA shall not be bound by the terms of the Recommendation of the Disciplinary Committee.

A decision by LCH.Clearnet SA in accordance with this Paragraph 8.2(i) will be made by the Chief Executive Officer of LCH.Clearnet SA or another suitably senior executive of LCH.Clearnet SA.

Within 14 days of receiving a Recommendation, LCH.Clearnet SA must notify the Clearing Member of its decision by registered mail to the address notified to LCH.Clearnet SA in its admission application (the "Decision Notice").

A Decision Notice shall include details of the grounds on which LCH.Clearnet SA has come to its decision and the sanction(s), if any, to be imposed against the Clearing Member by LCH.Clearnet SA pursuant to Paragraph 8.4 below or otherwise in accordance with the provisions of the CDS Clearing Rules.

(j) **Action**

Notwithstanding any decision by LCH.Clearnet SA to convene a Disciplinary Committee and proceed with Disciplinary Proceedings in accordance with

Paragraphs 8.2(c) to 8.2(i) above, LCH.Clearnet SA may at any time choose to:

- discontinue the Disciplinary Proceedings;
- determine that, in light of the relevant facts and circumstances, no sanction should be imposed upon the relevant Clearing Member pursuant to Paragraph 8.4 below or otherwise in accordance with the provisions of the CDS Clearing Rules;
- take alternative action in accordance with the provisions of the CDS Clearing Rules (including, without limitation, suspension or termination of the Clearing Member's membership of the CDS Clearing Service pursuant to Section 2.4.1 or Section 2.4.2 of the CDS Clearing Rule Book and/or declaration of an Event of Default in respect of the Clearing Member pursuant to Section 4.3.1 of the CDS Clearing Rule Book), in which case LCH.Clearnet SA shall be deemed to have instituted Disciplinary Proceedings in respect of the Alleged Breach for all purposes under Sections 2.4.1 or 4.3.1 of the CDS Clearing Rule Book; or
- amend the scope of matters being considered by the Disciplinary Committee by amending the Report to add, delete or alter any detail of the Alleged Breach or to add detail of an additional Alleged Breach. For the avoidance of doubt, where the Report is amended in this way, the provisions of this Paragraph 8.2 will apply (and, unless otherwise agreed between the Clearing Member and the Disciplinary Committee, any timing specified in this Paragraph 8.2 will restart) in respect of the amended Report.

### 8.3 IMMEDIATE MEASURE

#### (a) Application

Where:

- (i) LCH.Clearnet SA is expressly instructed to do so by a Competent Authority or Regulatory Body; or
- (ii) the Alleged Breach comprises a failure to provide a complete price submission file on a Clearing Day as part of the price submission procedure set out in Section 5 of the Procedures,

the Chief Executive Officer of LCH.Clearnet SA or the CDSClear Chief Executive Officer shall be entitled to impose a fine on the Clearing Member, without being required to follow the procedure set out in Paragraph 8.2 above.

#### (b) Fines

Any fine imposed by LCH.Clearnet SA:

- (i) upon the express instruction of a Competent Authority or Regulatory Body in accordance with Paragraph 8.3(a)(i), shall be for an amount of no more than EUR 500,000 and must be proportionate and commensurate with the seriousness of the Alleged Breach; and

(ii) where the Alleged Breach comprises a failure to provide a complete price submission file on any Clearing Day as part of the price submission procedure set out in Section 5 of the Procedures, shall be for an amount capped at the level set out in Schedule 3 to the CDS Admission Agreement.

**(c) Decision Notice**

Where LCH.Clearnet SA is instructed, or decides to, impose a fine in accordance with this Paragraph 8.3, it must notify the Clearing Member and the fine that is to be imposed by way of a Decision Notice.

**8.4 SANCTIONS**

Following the conclusion of the Investigation Procedure in accordance with Paragraph 8.2 (and excluding, for the avoidance of doubt, where Immediate Measures have been taken in accordance with Paragraph 8.3), LCH.Clearnet SA shall be entitled, in its absolute discretion, to impose the following sanctions against a Clearing Member, pursuant to these Disciplinary Procedures, provided that any such sanction is proportionate and commensurate with the seriousness of the Alleged Breach:

- (a) a fine (capped at a maximum amount of EUR 500,000) to be paid in accordance with terms prescribed by LCH.Clearnet SA;
- (b) public censure, by way of publishing all or part of the decision taken by LCH.Clearnet SA pursuant to Disciplinary Proceedings on the Website;
- (c) issuance of a private warning or reprimand; and/or
- (d) any combination of the above.

**8.5 DISPUTING A DECISION**

Where a Clearing Member wishes to dispute LCH.Clearnet SA's decision to impose sanctions in accordance with Paragraphs 8.2 and/or 8.3 or the level of sanctions imposed pursuant to Paragraph 8.4, a Clearing Member may, within 14 days (or such longer period as the Chief Executive Officer of LCH.Clearnet SA may, at his discretion, direct) of receiving the Decision Notice in accordance with Paragraph 8.2(g) or 8.3(c), refer the Dispute to be resolved by arbitration in accordance with the expedited procedure set out in the CDS Dispute Resolution Protocol or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol.

It is agreed that a Clearing Member shall not be permitted to dispute the amount of a fine imposed by LCH.Clearnet SA in accordance with Paragraph 8.3(b)(ii) on the grounds that the sanction is not proportionate and commensurate with the seriousness of the Alleged Breach.

**8.6 REPORTING AND PUBLICATION**

LCH.Clearnet SA shall:

- (a) report on its monitoring procedures in respect of the CDS Clearing Documentation, compliance and breaches of the CDS Clearing Documentation to its Competent Authorities and/or Regulatory Bodies

- pursuant to Applicable Law and/or on the basis of any arrangements between LCH.Clearnet SA and any Competent Authority or Regulatory Body;
- (b) immediately notify its Competent Authority of a decision to suspend or terminate a Clearing Member's membership rights or declare a Clearing Member to be subject to an Event of Default (in each case in accordance with the CDS Clearing Rule Book); and
  - (c) prepare and publish a general report on the application of these Disciplinary Proceedings, from time to time but at least once a year, provided however that only the details of those Clearing Members who have defaulted or whose membership rights have been suspended or terminated by LCH.Clearnet SA shall be disclosed.

#### **8.7 INFRINGEMENT OF APPLICABLE LAW**

If LCH.Clearnet SA finds, in the course of the investigation procedure, or otherwise, serious indications of a possible infringement of Applicable Law, it shall report the matter to the relevant Competent Authority or Regulatory Body as soon as possible.

## CDSClear

# LCH.Clearnet SA CDS Clearing Procedures Section 9: Complaint Resolution 09.05.2012

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 25 34 81 21 46 2 1 46 83  
 20 5 78 75 22 96  
 18 66 41 56 1 4 14 87 53 94  
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## 9.1 INTRODUCTION

This Section 9 of the Procedures describes how a Clearing Member (the “**Complainant**”) who has a complaint arising in connection with the performance, or failure to perform, by LCH.Clearnet SA of any of its regulatory functions, may make a formal complaint in writing to LCH.Clearnet SA (a “**Complaint**”) and the arrangements that are in place with regards to the investigation and resolution of such complaints.

LCH.Clearnet SA is a clearing house within the meaning of Article L. 440-1 of the French Monetary and Financial Code and has been notified to the European Commission as a securities settlement system pursuant to the Settlement Finality Directive. In accordance with the framework of its statutory and regulatory prerogatives, LCH.Clearnet SA, amongst other matters, clears Original Transactions, supervises the Cleared Transactions registered in the name of the Clearing Members, calculates the associated risk, calls Margin to cover this risk, ensures the proper settlement of the Cleared Transactions as central counterparty, and manages the CDS Default Management Process. Any formal complaint in writing, arising in connection with the performance or failure by LCH.Clearnet SA to fulfil any such regulatory function, will be a Complaint for the purpose of this Section 9 of the Procedures, save that a Complaint will not be eligible to be dealt with in accordance with this Section 9 if:

- (i) it relates to a decision made by LCH.Clearnet SA in accordance with Section 8 of the Procedures;
- (ii) it relates to LCH.Clearnet SA’s relationship with its employees;
- (iii) it relates to the content of the CDS Clearing Documentation;
- (iv) it is in connection with a contractual or commercial dispute involving LCH.Clearnet SA and is not connected in any way with LCH.Clearnet SA’s regulatory functions;
- (v) it is made three (3) months after the date on which the Complainant becomes aware or should have become aware of the circumstances giving rise to the Complaint (unless the Complainant can evidence reasonable grounds for the delay);
- (vi) the subject matter of the Complaint is something which has already been referred to arbitration or litigation, as applicable in accordance with the CDS Dispute Resolution Protocol; and/or
- (vii) it amounts, in LCH.Clearnet SA’s reasonable opinion, to an abuse of rights by the Complainant.

## 9.2 HOW TO MAKE A COMPLAINT

A Complaint should be made in writing, being clearly identified as a Complaint made under Section 9 of the Procedures, dated and addressed to the Company Secretary and sent to the following address:

Banque Centrale de Compensation (“**LCH.Clearnet SA**”)  
18, Rue du Quatre Septembre  
75002 Paris

Or by e-mail to: [Lchclearnetsa\\_Info@lchclearnet.com](mailto:Lchclearnetsa_Info@lchclearnet.com)

The Complaint should be signed on behalf of the Complainant by a director or equivalent officer with appropriate authority.

The Complaint should include sufficient information to allow LCH.Clearnet SA to properly identify and assess the matters to which the Complaint relates, the activities complained of, and the basis for any alleged loss.

In the event LCH.Clearnet SA deems the provided information insufficient, it may request further information and the Complaint may not be investigated further until such information is received.

Upon receipt of a written Complaint (which, for the avoidance of doubt, shall include those Complaints transmitted by email) pursuant to these Procedures, LCH.Clearnet SA shall acknowledge receipt of the Complaint within 7 days.

The Complainant shall not be permitted to commence action pursuant to Section 1.2.15 of the CDS Clearing Rule Book concurrently with or subsequent to any Complaint made pursuant to these Procedures in respect of the same subject matter of the Complaint until a decision has been made by LCH.Clearnet SA in accordance with Paragraph 9.4 below.

After receiving the Complaint, LCH.Clearnet SA will conduct an internal investigation and review of such Complaint in accordance with the procedures set out below.

### 9.3 INVESTIGATION PROCEDURE

LCH.Clearnet SA will convene an "**Investigation Committee**" to investigate the Complaint. The Investigation Committee will be comprised of any three of the following persons:

- (a) the Chief Executive Officer of LCH.Clearnet SA or the CDS Business Unit Managing Director;
- (b) the Managing Director, Operations, of LCH.Clearnet SA;
- (c) the Managing Director, Risk, of LCH.Clearnet SA; or
- (d) any suitably senior representative of LCH.Clearnet SA.

No later than 7 days from the receipt of a Complaint, LCH.Clearnet SA shall notify the Complainant of the persons comprising the Investigation Committee.

Within 21 days of receiving any Complaint which LCH.Clearnet SA considers to be ineligible, LCH.Clearnet SA will inform the Complainant that it proposes not to investigate the Complaint and shall communicate the ground on which it believes such Complaint to be ineligible, in accordance with Paragraph 9.1(i) to (vii).

LCH.Clearnet SA will deliver the Investigation Committee's report in relation to the eligible Complaint within eight weeks from the date of acknowledgement of receipt of the Complaint. However, where the scope of the Complaint reasonably demands further investigation, LCH.Clearnet SA will write to the Complainant, prior to the expiration of the eight week period, explaining why the report will not be finalised within eight weeks from the date of acknowledgement of receipt of the Complaint,

and indicating when a final response is likely to be made. A final response must, in all cases, be delivered within twelve weeks (unless otherwise agreed between LCH.Clearnet SA and the Complainant).

If a Complaint has not been responded by LCH.Clearnet SA pursuant to Paragraph 9.4 below within twelve weeks from the date of acknowledgement of receipt of the Complaint and LCH.Clearnet SA and the Complainant have not agreed to extend the period for investigation, the Complaint shall be referred to the Chief Executive Officer of LCH.Clearnet SA. Following the referral to the Chief Executive Officer of LCH.Clearnet SA, a meeting should be convened within 14 days between the Complainant, the Chief Executive Officer of LCH.Clearnet SA and members of the Investigations Committee, as requested by either the Complainant or LCH.Clearnet SA, at the offices of LCH.Clearnet SA (or at the offices of the Complainant if agreed between the parties). The purpose of such meeting shall be for LCH.Clearnet SA to agree and communicate the outcome of the investigation to the Complainant, together with any proposed remedial action.

LCH.Clearnet SA may at any time obtain professional advice as appropriate.

The costs of the internal investigation and review shall be borne by LCH.Clearnet SA.

#### **9.4 RESULT OF THE INVESTIGATION**

Once the Investigation Committee has concluded its investigation in accordance with Paragraph 9.3, LCH.Clearnet SA will inform the Complainant of the outcome of the investigation, together with any remedial action proposed by LCH.Clearnet SA. The remedial action taken may include, but will not be limited to, offering an apology, taking steps to rectify the error, the offer of a compensatory payment or a combination of the above. If a Complaint is rejected, LCH.Clearnet SA will give its reason for doing so.

#### **9.5 DISPUTES**

Where a Complainant disputes the outcome of the investigation and/or the remedial actions proposed by LCH.Clearnet SA it may, within 14 days (or such longer period as LCH.Clearnet SA may, at his discretion, direct) of receiving notice of the Investigation Committee's findings and/or proposed remedial measures, refer the Dispute to be resolved by arbitration in accordance with the expedited procedure set out in the CDS Dispute Resolution Protocol.

#### **9.6 RECORD KEEPING**

A copy of all documents and materials relating to a Complaint shall be sent to LCH.Clearnet SA. LCH.Clearnet SA will retain all documents and materials for a minimum of three years from the conclusion of a Complaint.

#### **9.7 CONFIDENTIALITY**

LCH.Clearnet SA and the Complainant must each observe strict confidentiality in respect of the investigation of a Complaint and shall procure that all information provided in the course of the Complaint Resolution procedure is held in a confidential manner in accordance with Article [8] of the CDS Admission Agreement and Section 1.2.12 of the CDS Clearing Rule Book.

CDSClear

**LCH.Clearnet SA  
FCM CDS Clearing Regulations  
23.12.2013**

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## **FCM CDS CLEARING REGULATIONS**

### **Scope**

FCM Clearing Members are bound by these FCM CDS Clearing Regulations and the remainder of the CDS Clearing Documentation applicable to FCM Clearing Members, in connection with the clearing of FCM Cleared Transactions by FCM Clearing Members through LCH.Clearnet SA. These FCM CDS Clearing Regulations do **not** govern any other clearing services provided by LCH.Clearnet SA (including, without limitation, the clearing of CCM Cleared Transactions in respect of the CDS Clearing Service) which are governed by a separate set of rules.

Any FCM CDS Clearing Regulation or group of FCM CDS Clearing Regulations expressly stated not to apply to a category, or categories, of FCM Cleared Transactions shall not apply to such category, or categories, of FCM Cleared Transactions.

## **Definitions**

In these FCM CDS Clearing Regulations, the CDS Clearing Rule Book (including the CDS Default Management Process appended thereto), the Procedures and any related Clearing Notice, except where the context otherwise requires, the following words and expressions shall have the following meanings. All capitalised terms not otherwise defined herein have the meanings ascribed to them in the CDS Clearing Rule Book.

*FCM Cleared Swaps Client Segregated Depository Account*

- Means an omnibus account (which will consist of one or more accounts at one or more Permitted Depositories which are commingled for purposes of the applicable provisions of the CEA and CFTC Regulations) maintained by an FCM Clearing Member for its FCM Clients with a Permitted Depository, which is segregated in accordance with the CEA and CFTC Regulations and contains Collateral deposited by such FCM Clients in connection with FCM Cleared Transactions cleared for such FCM Clients by such FCM Clearing Member.

*LCH Cleared Swaps Client Segregated Depository Account*

- Means the omnibus account (which will consist of one or more accounts at one or more Permitted Depositories which are commingled for purposes of the applicable provisions of the CEA and CFTC Regulations) maintained by LCH.Clearnet SA for the benefit of FCM Clients of its FCM Clearing Members with a Permitted Depository, which is segregated in accordance with the CEA and CFTC Regulations, is part of the cleared swaps derivatives account class under Part 190 of the CFTC Regulations and contains the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients (other than, for the avoidance of doubt, Collateral provided to satisfy the Contribution Requirement of such FCM Clearing Members) in connection with FCM Cleared Transactions cleared for such FCM Clients by such FCM Clearing Members.

*LCH Cleared Swaps Proprietary Depository Account*

- Means the account (which may consist of one or more accounts) with a depository designated for such purpose by LCH.Clearnet SA which contains Collateral deposited by an FCM Clearing Member for its own account and the account of its Affiliates (but never accounts of its FCM Clients).

*Permitted Depository*

- Means “Permitted Depository” as such term is defined in CFTC Regulations 22.1 and 22.4.

*Proprietary Account*

- Means, as the context requires, the House Trade Account of an FCM Clearing Member or an FCM House Collateral Account to which FCM Cleared Transactions made by the FCM Clearing Member for its own account or accounts of its Affiliates (but never accounts of its FCM Clients) are registered and to which monies in respect of such FCM Cleared Transactions are credited.

**Regulation 1      Governing Law and Jurisdiction**

- (a) These FCM CDS Clearing Regulations shall be governed by and construed in accordance with the laws of the State of New York, without regard to any conflicts of laws principles, and the laws of the United States of America, including the CEA and applicable bankruptcy and insolvency laws.
- (b) All Disputes arising under these FCM CDS Clearing Regulations and the Procedures shall be referred to and resolved in accordance with the CDS Dispute Resolution Protocol.
- (c) Notwithstanding any other provision of the CDS Clearing Rules, with respect to any FCM Cleared Transaction involving an FCM Client cleared by an FCM Clearing Member, such FCM Clearing Member shall act solely as agent of its FCM Client in connection with the clearing of such FCM Cleared Transaction, provided that such FCM Clearing Member shall remain fully liable for all obligations owed to LCH.Clearnet SA arising in connection with such FCM Cleared Transaction.

**Regulation 2      Depository Accounts**

- (a) Each FCM Clearing Member shall establish and maintain an FCM Cleared Swaps Client Segregated Depository Account on behalf of its FCM Clients, in accordance with applicable provisions of the CEA and CFTC regulations, including but not limited to Part 1, Part 22 and Part 190 of the CFTC regulations, and as further set forth in FCM CDS Clearing Regulation 6. The FCM Cleared Swaps Client Segregated Depository Account shall be maintained with a Permitted Depository in accordance with the CEA and CFTC Regulations and the FCM Clearing Member may commingle assets of all of its FCM Clients in such Account in a single omnibus account established and maintained in accordance with CFTC Regulations. The FCM Cleared Swaps Client Segregated Depository Account maintained by each FCM Clearing Member shall be designated as a “Cleared Swaps Customer Account” (as that term is defined in CFTC Regulation 22.1) for purposes of Part 22 of the CFTC regulations and Section 4d(f) of the CEA.
- (b) LCH.Clearnet SA shall establish and maintain:
  - (i) an LCH Cleared Swaps Client Segregated Depository Account on behalf of the FCM Clients of FCM Clearing Members, in accordance with applicable provisions of the CEA and CFTC Regulations, including but not limited to Part 1, Part 22 and Part 190 of such CFTC Regulations; and
  - (ii) an LCH Cleared Swaps Proprietary Depository Account.
- (c) The LCH Cleared Swaps Client Segregated Depository Account shall be maintained with a Permitted Depository in accordance with the CEA and CFTC Regulations and LCH.Clearnet SA may commingle assets of all of the FCM Clients in such Account in a single omnibus account established and maintained in accordance with CFTC Regulations. All Collateral deposited by FCM Clearing Members in connection with FCM Cleared Transactions cleared on behalf of FCM Clients (other than, for the avoidance of doubt, Collateral provided to satisfy the Contribution Requirement of such FCM Clearing Members) shall be held in such LCH Cleared Swaps Client Segregated Depository Account. The LCH Cleared Swaps Client Segregated Depository Account shall be maintained by LCH.Clearnet SA separately from any and all assets of the FCM Clearing Members, or any other assets that LCH.Clearnet SA is holding for clients (other than FCM Clients) and shall contain no assets other than Collateral deposited by FCM Clearing Members in connection with the clearing of FCM Cleared Transactions on behalf of their FCM Clients. The LCH Cleared Swaps Client Segregated Depository Account maintained by LCH.Clearnet SA shall be designated as a “Cleared Swaps Customer Account” for purposes of Part 22 of the CFTC regulations and Section 4d(f) of the CEA.

**Regulation 3      Collateral**

- (a) FCM Clearing Members may deposit securities or cash with LCH.Clearnet SA as Collateral in respect of FCM Cleared Transactions cleared on behalf of FCM Clients, in accordance with Section 4.2.3 of the CDS Clearing Rule Book and Section 3 of the Procedures. Securities or cash deposited will be subject to a security interest in accordance with Regulation 5 and held in an LCH Cleared Swaps Client Segregated Depository Account.
- (b) Security Arrangements. FCM Clearing Members wishing to deposit securities or cash with LCH.Clearnet SA as Collateral in respect of FCM Cleared Transactions cleared on behalf of FCM Clients must do so under the security arrangements set out in these FCM CDS Clearing Regulations.
- (c) Collateral deposited in an FCM Clearing Member's LCH Cleared Swaps Proprietary Depository Account may be applied by LCH.Clearnet SA towards the payment of any sum whatsoever due by the FCM Clearing Member to LCH.Clearnet SA. No Collateral deposited in an FCM Clearing Member's LCH Cleared Swaps Client Segregated Depository Account shall be applied on or in respect of payment or satisfaction of any of the FCM Clearing Member's liabilities to LCH.Clearnet SA as recorded in any of the FCM Clearing Member's Proprietary Accounts.

**Regulation 4 Transfer**

- (a) If an FCM Clearing Member is a Defaulting Clearing Member, any action taken by LCH.Clearnet SA pursuant to the CDS Clearing Rule Book (including the CDS Default Management Process appended thereto), including but not limited to the disposal by LCH.Clearnet SA of FCM Cleared Transactions held on behalf of FCM Clients of the Defaulting Clearing Member, shall be taken in compliance with the CEA, CFTC Regulations and applicable bankruptcy laws regarding the liquidation or transfer of FCM Cleared Transactions carried by such FCM Clearing Member on behalf of its FCM Clients. LCH.Clearnet SA shall have no responsibility or liability whatsoever for any action taken or not taken with respect to the accounts and FCM Cleared Transactions of FCM Clients of the Defaulting Clearing Member in accordance with such laws or regulations or the directions of any Regulatory Body or bankruptcy trustee.
- (b) If and to the extent any transfer by an FCM Clearing Member of open contracts between its Proprietary Account and accounts of its FCM Clients, and vice versa, upon an FCM Client default, is permitted pursuant to the CDS Clearing Rule Book (including the CDS Default Management Process appended thereto) and the Procedures, such transfer shall be made subject to applicable provisions of the CEA and CFTC Regulations regarding segregation of assets.

**Regulation 5      Security Interest**

Each FCM Clearing Member hereby grants LCH.Clearnet SA a first security interest in and a first priority and unencumbered first lien upon any and all cash, securities, receivables, rights and intangibles and any other Collateral or assets deposited with or transferred to LCH.Clearnet SA, or otherwise held by LCH.Clearnet SA (including without limitation all property deposited in an LCH Cleared Swaps Proprietary Depository Account and in an LCH Cleared Swaps Client Segregated Depository Account, or any amounts owing to an FCM Clearing Member as recorded in a Proprietary Account), including all substitutions for and proceeds of, any such property, in connection with any FCM Cleared Transaction cleared for such FCM Clearing Member or on behalf of its FCM Clients or Affiliates, as security for unconditional payment and satisfaction of the obligations and liabilities of the FCM Clearing Member to LCH.Clearnet SA. The FCM Clearing Member agrees to take any and all actions, including but not limited to the execution of any and all documents, requested by LCH.Clearnet SA in order to perfect, maintain or enforce the security interest granted to LCH.Clearnet SA hereunder. LCH.Clearnet SA may exercise any and all rights available to it with respect to the security interest granted hereunder, in accordance with the FCM CDS Clearing Regulations and applicable laws. Notwithstanding the foregoing, in no event shall LCH.Clearnet SA's security interest in the Collateral in an LCH Cleared Swaps Client Segregated Depository Account held on behalf of the FCM Clearing Member's Clients be exercised to satisfy any obligations or liabilities of such FCM Clearing Member other than in connection with obligations or liabilities relating to FCM Cleared Transactions cleared by such FCM Clearing Member on behalf of its FCM Clients.

**Regulation 6      Rules Relating to FCM Cleared Swaps Client Segregated Accounts**

- (a) Notice of Deficiency in FCM Cleared Swaps Client Segregated Depository Account. Whenever an FCM Clearing Member knows or should know that the aggregate amount of funds on deposit in its FCM Cleared Swaps Client Segregated Depository Account is less than the total amount of such funds required by the CEA, CFTC Regulations and/or the CDS Clearing Rule Book to be on deposit, the FCM Clearing Member must report such deficiency immediately by telephone notice, confirmed immediately in writing by facsimile notice, to the LCH.Clearnet SA and the principal office of the CFTC in Washington, DC, to the attention of the Director and the Chief Accountant of the Division of Clearing and Intermediary Oversight, and, if the FCM Clearing Member is a securities broker or dealer, to the Securities and Exchange Commission, in accordance with 17 C.F.R. § 240.17a-11.
- (b) Segregation of Funds.
- (i) With respect to FCM Client funds deposited in connection with FCM Cleared Transactions:
- (A) all such funds shall be separately accounted for and segregated as belonging to FCM Clients by the FCM Clearing Member and, in the event of an FCM Clearing Member's bankruptcy administered under the US bankruptcy laws, are intended to be part of a separate account class, treated as a Cleared Swaps Account Class;
- (B) all such funds must be held by the applicable FCM Clearing Member or deposited with a Permitted Depository, and such funds shall be deposited under an account name which complies with the requirements of CFTC Regulation 22.6 and shows that they are segregated as required by the CDS Clearing Rule Book and Part 22 of the CFTC Regulations; and
- (C) each FCM Clearing Member shall obtain and retain in its files for the period provided in CFTC Regulation 1.31 a written acknowledgment, in accordance with CFTC Regulations 22.5, 1.20 and/or 1.26 (as applicable) from such Permitted Depository that it was informed that such funds deposited in the FCM Cleared Swaps Client Segregated Depository Account maintained by such Permitted Depository for the FCM Clearing Member are those of FCM Clients and are being held in accordance with the provisions of the CEA, CFTC Regulations and the CDS Clearing Rule Book.

For the avoidance of doubt, the FCM Cleared Swaps Client Segregated Depository Account maintained by an FCM Clearing Member shall be treated as segregated accounts and shall be subject to the requirements of the CEA and CFTC Regulations applicable to segregated accounts and to this FCM Regulation 6, regardless of the location of any such account. Without limitation of the foregoing, under no circumstances shall any portion of FCM Client funds held in FCM Cleared Swaps Client Segregated Depository Accounts be obligated to LCH.Clearnet SA, an FCM Clearing Member, any Permitted Depository, or any other person except to purchase, margin, guarantee, secure, transfer, adjust or settle

trades, contracts or transactions of FCM Clients. No person, including LCH.Clearnet SA or any Permitted Depository, that has received FCM Client funds for deposit in an FCM Cleared Swaps Client Segregated Depository Account, as provided in this rule, may hold, dispose of, or use any such funds as belonging to any person other than the FCM Clients of the FCM Clearing Member which deposited such funds.

- (ii) All FCM Client funds received by LCH.Clearnet SA from an FCM Clearing Member to purchase, margin guarantee, secure or settle FCM Cleared Transactions cleared on behalf of FCM Clients and all money accruing to such FCM Clients as the result of trades, contracts or transactions so carried shall be separately accounted for and segregated as belonging to such FCM Clients, and LCH.Clearnet SA shall not hold, use or dispose of such FCM Client funds except as belonging to such FCM Clients. Such FCM Client funds, when deposited in a Permitted Depository, shall be deposited under an account name which complies with the requirements of CFTC Regulation 22.6 and shows that they are segregated as required by the CEA and the CFTC Regulations. LCH.Clearnet SA shall obtain and retain in its files for the period provided by CFTC Regulation 1.31, an acknowledgment from such Permitted Depository that it was informed that the funds deposited in any LCH Cleared Swaps Client Segregated Depository Accounts maintained by LCH.Clearnet SA are those of FCM Clients of FCM Clearing Members and are being held in accordance with the provisions of the CEA, CFTC Regulations and the CDS Clearing Rule Book.
- (iii) Each FCM Clearing Member shall treat and deal with FCM Client funds as belonging to such FCM Clients. All FCM Client funds shall be separately accounted for, and shall not be commingled with the money, securities or property of an FCM Clearing Member or of any other person, or be used to secure or guarantee the trades, contracts or transactions, or to secure or extend the credit, of any person other than the one for whom the same are held; provided, however, that FCM Client funds of an FCM Clearing Member may for convenience be physically commingled (although separately accounted for in accordance with the CDS Clearing Rule Book and these FCM CDS Clearing Regulations), subject to and in accordance with the CEA, the CFTC Regulations and the CDS Clearing Rule Book; provided, further, that FCM Client funds may be invested in accordance with FCM CDS Clearing Regulation 6(g).
- (iv) In accordance with CFTC Regulation 22.15 (and subject to CFTC Regulation 22.3(d)), LCH.Clearnet SA shall treat the value of all collateral received on behalf of each FCM Client in connection with FCM Cleared Transactions as belonging to each such individual FCM Client, and such amount shall be credited to such FCM Client's applicable FCM Client Financial Account as provided in the CDS Clearing Rule Book and Procedures, and shall not be used to margin, guarantee, or secure the FCM Contracts or other obligations of the applicable FCM Clearing Member, other FCM Clients or any other person, except as permitted under the CDS Clearing Rule Book (and not prohibited by the CEA or CFTC Regulations) or as permitted under Part 22 of the CFTC Regulations.

- (c) Care of Money and Securities Accruing to FCM Clients. All money received directly or indirectly by, and all money and securities accruing to, an FCM Clearing Member from LCH.Clearnet SA or from any FCM Clearing Member or from any other person incident to or resulting from any FCM Cleared Transactions made by or through such FCM Clearing Member on behalf of any FCM Client shall be considered as accruing to such FCM Client within the meaning of the CDS Clearing Rule Book. Such money and securities shall be treated and dealt with as belonging to such FCM Client in accordance with the provisions of the CEA, CFTC Regulations and the CDS Clearing Rule Book. The value of money and securities accruing in connection with FCM Cleared Transactions cleared on behalf of FCM Clients shall be separately recorded in the relevant FCM Client Financial Account of each FCM Client.
- (d) Use of FCM Client Funds Restricted. No FCM Clearing Member shall use, or permit the use of, FCM Client funds to purchase, margin or settle the trades, contracts or transactions of, or to secure or extend the credit of, any person other than its FCM Clients. FCM Client funds shall not be used to carry trades or positions of the same FCM Client other than in connection with FCM Cleared Transactions or other Cleared Swaps (as that term is defined in CFTC Regulation 22.1) cleared through the facilities of a derivatives clearing organization that has established rules or bylaws which require Cleared Swaps, along with the money, securities and/or other property margining, guaranteeing or securing such derivatives, to be held in a separate account.
- (e) Interest of FCM Clearing Members in FCM Client Funds; Additions and Withdrawals. FCM CDS Clearing Regulation 6(b), which prohibits the commingling of FCM Client funds with the funds of an FCM Clearing Member, shall not be construed to prevent an FCM Clearing Member from having a residual financial interest in FCM Client funds, segregated as required by the CEA, CFTC Regulations and the CDS Clearing Rule Book and set apart for the benefit of FCM Clients; nor shall such provisions be construed to prevent an FCM Clearing Member from adding to the segregated FCM Client funds such amount or amounts of money, from its own funds or unencumbered securities from its own inventory, of the type permitted under FCM CDS Clearing Regulation 6(g), as it may deem necessary to ensure that its FCM Cleared Swaps Client Segregated Depository Account holds at all times, at a minimum, an aggregate amount equal to the amount required by the CEA, CFTC Regulations and the CDS Clearing Rule Book. The books and records of an FCM Clearing Member shall at all times accurately reflect its interest in the segregated FCM Client funds. An FCM Clearing Member may draw upon such FCM Client funds to its own order, to the extent of its actual interest therein, including the withdrawal of securities held FCM Cleared Swaps Client Segregated Depository Accounts held by LCH.Clearnet SA or a Permitted Depository, provided that any such withdrawals do not result in any such account holding less in segregated FCM Client assets than such account is required to contain at such time. Such withdrawal shall not result in FCM Client funds being used to purchase, margin or carry the trades, contracts or transactions, or extend the credit of any other FCM Client or other person.
- (f) Assets Not Permitted to be Held in FCM Cleared Swaps Client Segregated Depository Accounts. Money held in FCM Cleared Swaps Client Segregated Depository Accounts by an FCM Clearing Member shall not include (i) money invested in obligations or stocks of any clearing organization or in memberships in or obligations of any contract market or (ii) money held by any clearing organization which it may use for any purpose other than to purchase, margin,

guarantee, secure, transfer, adjust, or settle the FCM Cleared Transactions of the FCM Clients of such FCM Clearing Member.

(g) **Investments of FCM Client Funds.** An FCM Clearing Member or LCH.Clearnet SA may invest FCM Client funds subject to the terms and conditions set forth in CFTC Regulation 1.25, which regulation shall apply to such funds in accordance with the provisions of the CEA and CFTC Regulation 22.2(e)(1) thereunder relating to transactions in Cleared Swaps.

(h) **Deposit of Instruments Purchased with FCM Client Funds.**

- (i) Each FCM Clearing Member that invests FCM Client funds in instruments permitted under FCM CDS Clearing Regulation 6(g) shall separately account for such instruments and segregate such instruments as belonging to such FCM Clients to the extent required under the CEA and CFTC Regulations. Such instruments, when deposited with LCH.Clearnet SA or a Permitted Depository, shall be deposited under an account name which clearly shows that they belong to FCM Clients and are segregated as required by the CEA, CFTC Regulations and the CDS Clearing Rule Book. Upon opening any such account, an FCM Clearing Member shall obtain and retain in its files an acknowledgment from such Permitted Depository that it was informed that the instruments belong to FCM Clients and are being held in accordance with the CEA and CFTC Regulations. Such acknowledgment shall be retained in accordance with CFTC Regulation 1.31. Such Permitted Depository shall allow inspection of the records of such assets at any reasonable time by representatives of LCH.Clearnet SA.
- (ii) When it invests money belonging or accruing to FCM Clients of its FCM Clearing Members in instruments permitted under FCM CDS Clearing Regulation 6(g), LCH.Clearnet SA shall separately account for such instruments and segregate such instruments as belonging to such FCM Clients (provided that any such instruments may be held in commingled accounts, on behalf of all FCM Clients of all FCM Clearing Members, at one or more Permitted Depositories). Such instruments, when deposited with a Permitted Depository, shall be deposited under an account name which will clearly show that they belong to FCM Clients and are segregated as required by the CEA, CFTC Regulations and the CDS Clearing Rule Book. Upon opening any such account, LCH.Clearnet SA shall obtain and retain in its files a written acknowledgment from such bank or trust company that it was informed that the instruments belong to FCM Clients of FCM Clearing Members and are being held in accordance with the provisions of the CEA and CFTC Regulations. Such acknowledgment shall be retained in accordance with CFTC Regulation 1.31. Such Permitted Depository shall allow inspection of such instruments at any reasonable time by representatives of LCH.Clearnet SA.

(i) **Record of Investments.**

- (i) Each FCM Clearing Member that invests FCM Client funds shall keep a record showing the following:

- (A) The date on which such investments were made;
  - (B) The name of the person through whom such investments were made;
  - (C) The amount of money or current market value of securities so invested;
  - (D) A description of the instruments in which such investments were made, including the CUSIP or ISIN numbers;
  - (E) The identity of the depositories or other places where such instruments are held;
  - (F) The date on which such investments were liquidated or otherwise disposed of and the amount of money or current market value of securities received of such disposition, if any;
  - (G) The name of the person to or through whom such investments were disposed of; and
  - (H) Daily valuation for each instrument and readily available documentation supporting the daily valuation for each instrument. Such supporting documentation must be sufficient to enable auditors to verify the valuations and the accuracy of any information from external sources used in those valuations.
- (ii) When LCH.Clearnet SA receives documents from its FCM Clearing Members representing or evidencing investment of FCM Client funds, LCH.Clearnet SA shall keep a record showing separately for each FCM Clearing Member the following:
- (A) The date on which such documents were received from the FCM Clearing Member;
  - (B) A description of such documents, including the CUSIP or ISIN numbers; and
  - (C) The date on which such documents were returned to the FCM Clearing Member or the details of disposition by other means.
- (iii) Such records shall be retained in accordance with CFTC Regulation 1.31. No such investments shall be made except in instruments permitted under FCM CDS Clearing Regulation 6(g).
- (j) Valuation of Instruments Purchased with FCM Client Funds. FCM Clearing Members that invest FCM Client funds in instruments permitted under FCM CDS Clearing Regulation 6(g) shall include such instruments in their FCM Cleared Swaps Client Segregated Depository Account records and reports at values which at no time exceed their then current market value, determined as of the close of the market on the date for which such computation is made.
- (k) Increment or Interest Resulting from Investment of FCM Client Funds. The investment of FCM Client funds in instruments permitted under FCM CDS

Clearing Regulation 6(g) shall not prevent the FCM Clearing Member or LCH.Clearnet SA so investing such funds from receiving and retaining as its own any increment or interest resulting therefrom.

- (l) FCM Cleared Swaps Client Segregated Depository Accounts; Daily Computation and Record.
- (i) Each FCM Clearing Member must compute as of the close of the previous Business Day:
- (A) the aggregate amount of FCM Client funds on deposit in its FCM Cleared Swaps Client Segregated Depository Account on behalf of FCM Clients;
- (B) the amount of such FCM Client funds required by the CEA, CFTC Regulations and the CDS Clearing Rule Book to be on deposit in its FCM Cleared Swaps Client Segregated Depository Account on behalf of such FCM Clients, including the amount attributable to each individual FCM Client; and
- (C) the amount of the FCM Clearing Member's residual interest in such FCM Client funds.
- (ii) In computing the aggregate amount of funds required to be in its FCM Cleared Swaps Client Segregated Depository Account, an FCM Clearing Member may offset any net deficit in a particular FCM Client's account against the then current market value of readily marketable securities, less applicable percentage deductions (i.e., "securities haircuts") as set forth in Rule 15c3-1(c)(2)(vi) of the Securities and Exchange Commission (17 CFR § 241.15c3-1(c)(2)(vi)), held for the same customer's account. The FCM Clearing Member must maintain a security interest in the securities, including a written authorization to liquidate the securities at the FCM Clearing Member's discretion, and must segregate the securities in a safekeeping account with LCH.Clearnet SA or a Permitted Depository. For purposes of this FCM CDS Clearing Regulation 6(l), a security will be considered readily marketable if it is traded on a "ready market" as defined in Rule 15c3-1(c)(11)(i) of the Securities and Exchange Commission (17 CFR § 240.15c3-1(c)(11)(i)).
- (iii) The daily computations required by this FCM CDS Clearing Regulation 6(l) must be completed by the FCM Clearing Member prior to noon on the next Business Day and must be kept, together with all supporting data, in accordance with the requirements of CFTC Regulation 1.31.
- (m) Classification of Positions. Each FCM Clearing Member shall maintain, as provided in CFTC Regulation 1.31, a record of all securities and property received from FCM Clients in lieu of money to purchase, margin, guarantee or settle the FCM Cleared Transactions cleared on behalf of such FCM Clients. Such record shall show separately for each FCM Client: a description of the securities or property received; the name and address of such FCM Client; the dates when the securities or property were received; the identity of the Permitted Depositories or other places where such securities or property are segregated; the dates of

deposits and withdrawals from such Permitted Depositories; and the dates of return of such securities or property to such FCM Client, or other disposition thereof, together with the facts and circumstances of such other disposition.

- (n) **Change in Law or Regulations.** LCH.Clearnet SA shall enforce the rules set forth in this FCM CDS Clearing Regulation 6 (and set forth in these FCM CDS Clearing Regulations generally) at all times in accordance with and subject to the CEA and CFTC Regulations. In the event that a change in law or in CFTC Regulations occurs but has not yet been reflected appropriately in the CDS Clearing Rule Book, the CFTC Regulations (to the extent compliance therewith has become mandatory) and Applicable Law will prevail, the provisions of the CDS Clearing Rule Book shall be deemed to be modified accordingly and LCH.Clearnet SA will enforce these FCM CDS Clearing Regulations in accordance with CFTC Regulations and applicable law.

## EXHIBIT G

*Attach as Exhibit G, copies of all contracts with any national securities exchange, national securities association or clearing agency or securities market for which the registrant acts as a clearing agency or performs clearing agency functions.*

For the purpose of its CDS clearing activity, LCH SA has entered into agreements with:

- (i) two matching platforms:
  - Exhibit G-1: Agreement with DTCC Deriv/SERV LLC and MarkitSERV, LLC;
  - Exhibit G-2: Agreement with MarkitSERV MarkitWire.
- (ii) an electronic execution facility: Exhibit G 3: Agreement with Bloomberg Global Ltd.

## EXHIBIT H

*Attach as Exhibit H, a balance sheet and statement of income and expenses, and all notes or schedules thereto of registrant, as of registrant's most recent fiscal year for which such information is available, certified by an independent accountant. (If certified financial information is not available, uncertified financial information should be submitted).*

A copy of LCH SA's audited financial statements for 2015 is attached as Exhibit H-1.

**EXHIBIT H-1**

KPMG AUDIT F S I SAS

ERNST & YOUNG Audit

**Banque Centrale de Compensation**

**LCH. Clearnet S.A.**

Year ended December 31, 2015

Statutory auditors' report on the separate financial statements

KPMG Audit F S I SAS  
Tour Eqho  
2, avenue Gambetta  
CS 60055  
92066 Paris-La Défense Cedex

ERNST & YOUNG Audit  
1/2, place des Saisons  
92400 Courbevoie - Paris-La Défense 1  
S.A.S. à capital variable

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

**Banque Centrale de Compensation  
LCH. Clearnet S.A.**

Year ended December 31, 2015

**Statutory auditors' report on the separate financial statements**

To the CEO,

At your request and in our capacity as statutory auditors of LCH.Clearnet S.A. in the context of the American regulator CFTC requirements as registered Derivative Clearing Organization, we have audited the accompanying separate financial statements of LCH. Clearnet S.A., which comprise the separate financial position as at December 31, 2015, the separate statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The separate financial statements have been prepared by management using International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

***Management's Responsibility for the Separate Financial Statements***

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the separate financial statements give a true and fair view of the separate financial position of the company as at December 31, 2015, and of its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

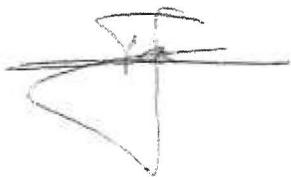
This report is addressed to the management of the company in the context described above and is not to be used, circulated, quoted or otherwise referred to for any other purposes. We assume or take no responsibility in respect of third party which may use this report.

This report shall be governed by, and construed in accordance with French law. The courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

Paris-La Défense, March 30, 2016

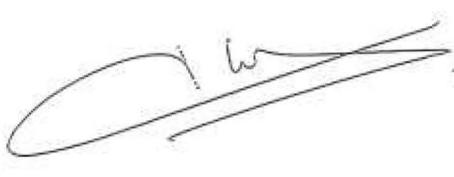
The statutory auditors

KPMG AUDIT F S I SAS



Francis Janssens

ERNST & YOUNG Audit



Marc Charles

**LCH.CLEARNET SA**

**SEPARATE FINANCIAL STATEMENTS  
UNDER IFRS  
FOR THE YEAR ENDED  
31 DECEMBER 2015**

**LCH.Clearnet SA**  
**Separate financial statements for the year ended 31 December 2015**

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**Board of Directors**

<u>Type of Director</u>	<u>Name</u>	<u>Other Directorship at 31 December 2015</u>
Chairman	Lex Hoogduin	London Stock Exchange Group LCH.Clearnet Group Limited LCH.Clearnet Limited LCH.Clearnet LLC Lex Hoogduin B.V. Supervisory Board of Centre for Integral Revalidation GloComNet BV
	Alain Demarolle	GlobeSettle SA
Director	Christophe Hémon	LCH.Clearnet (Luxembourg) S.à.r.l.
Director	Ian Abrams	LCH.Clearnet Group Limited LCH.Clearnet Limited LCH.Clearnet LLC Highplus Ltd Orchard Wealth Management Ltd (Jersey) Orchard Funds PLC (Dublin)
Director	Neil Walker	LCH.Clearnet Group Limited Financial Services Limited
Director	Dennis McLaughlin	LCH.Clearnet Limited LCH.Clearnet LLC
Director	Serge Harry	GlobeSettle SA MTS France SA LSEG Luxco 1 S.à.r.l. LSEG Luxco 2 S.à.r.l. SH Consulting SASU
Director	Eric Litvack	International Swaps and Derivatives Association Inc.
Director	Rémi Bourrette	Collège Français Bilingue de Londres
Director	Anthony Attia	Euronext Paris SA Euronext France (Holding) SAS EnterNext SA Euronext Technologies Holding SAS Euronext N.V.
Director	Suneel Bakhshi	LCH.Clearnet Group Limited LCH.Clearnet Limited LCH.Clearnet LLC
Director	Yves Perrier	LCH.Clearnet Group Limited Amundi SA Amundi Group Conseil de Surveillance CA Titres CACEIS Crédit Agricole SA Euro Securities Partners SAS Société Générale Gestion

**LCH.Clearnet SA**  
**Separate financial statements for the year ended 31 December 2015**

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Director	Jonathan Eliot	MAN Group Plc GLG Partners (Cayman) Ltd GLG Partners Asset Management Ltd MAN AHL (USA) Ltd Man Investments Ltd MAN MASH Ltd
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**Auditors**

Ernst & Young, Tour First, 1 Place des Saisons, 92037 Paris La Défense  
KPMG, 2, avenue Gambetta, 92066 Paris La Défense

Substitute auditors:  
KPMG Audit FS2  
PICARLE ET ASSOCIES

**Registered office**

18, rue du Quatre Septembre 75002 Paris  
Telephone: +33 (0) 1 70 37 65 00  
Registered in France number 692 032 485

As of 31 December 2015, LCH.Clearnet SA is fully consolidated in the accounts of LCH.Clearnet Group Limited, the head office of which is located at Aldgate House, 33 Aldgate High Street, London. The Company's ultimate parent since 1 May 2013 is the London Stock Exchange Group plc.

**LCH.Clearnet SA**  
**Separate financial statements for the year ended 31 December 2015**  
**Income statement**

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€m	Note	2015			2014 (restated*)		
		Before impairment & non-recurring items	Impairment & non-recurring items	Total	Before impairment & non-recurring items	Impairment & non-recurring items	Total
Clearing fees		124.3	-	124.3	115.2	-	115.2
Other fee income		11.9	-	11.9	9.3	-	9.3
Revenue sharing arrangements		(27.0)	-	(27.0)	(20.2)	-	(20.2)
<b>Revenue</b>		<b>109.2</b>	-	<b>109.2</b>	<b>104.3</b>	-	<b>104.3</b>
Treasury income	18	89.4	-	89.4	64.4	-	64.4
Treasury expense	18	(63.5)	-	(63.5)	(48.4)	-	(48.4)
<b>Net treasury income</b>		<b>25.9</b>	-	<b>25.9</b>	<b>16.0</b>	-	<b>16.0</b>
Settlement and other income		13.3	-	13.3	13.0	-	13.0
Settlement fees payable		(8.6)	-	(8.6)	(8.6)	-	(8.6)
<b>Net settlement and other income</b>		<b>4.7</b>	-	<b>4.7</b>	<b>4.4</b>	-	<b>4.4</b>
<b>Total income</b>		<b>139.8</b>	-	<b>139.8</b>	<b>124.7</b>	-	<b>124.7</b>
<b>Cost of sales</b>		<b>(9.0)</b>	-	<b>(9.0)</b>	<b>(8.3)</b>	-	<b>(8.3)</b>
<b>Gross profit</b>		<b>130.8</b>	-	<b>130.8</b>	<b>116.4</b>	-	<b>116.4</b>
<b>Operating expenses</b>	3	<b>(85.5)</b>	<b>0.7</b>	<b>(84.8)</b>	<b>(87.1)</b>	<b>(6.8)</b>	<b>(93.9)</b>
<b>Operating profit</b>		<b>45.3</b>	<b>0.7</b>	<b>46.0</b>	<b>29.3</b>	<b>(6.8)</b>	<b>22.5</b>
Finance income	5	3.2	-	3.2	0.3	-	0.3
<b>Profit before taxation</b>		<b>48.5</b>	<b>0.7</b>	<b>49.2</b>	<b>29.6</b>	<b>(6.8)</b>	<b>22.8</b>
Taxation expense	6	(15.1)	-	(15.1)	(6.3)	-	(6.3)
<b>Profit for the year</b>		<b>33.4</b>	<b>0.7</b>	<b>34.1</b>	<b>23.3</b>	<b>(6.8)</b>	<b>16.5</b>

The results for both years are in respect of continuing operations.

The notes on pages 9 to 47 form an integral part of these financial statements.

\* For details of the restatement, see page 10.

**LCH.Clearnet SA**  
**Separate financial statements for the year ended 31 December 2015**  
**Statement of comprehensive income**

---

	Note	2015 €m	2014 €m
<b>Profit for the year</b>		34.1	16.5
<b>Amount that will not subsequently be reclassified to profit for the year:</b>			
Remeasurement gains/(losses) on defined benefit plans		0.8	(0.6)
Deferred tax relating to remeasurement gains/(losses) on defined benefit plans	6	(0.3)	0.2
Other comprehensive income for the year, net of tax		0.5	(0.4)
<b>Total comprehensive income for the year, net of tax</b>		<b>34.6</b>	<b>16.1</b>

The results for both years are in respect of continuing operations.

The notes on pages 9 to 47 form an integral part of these financial statements.

**LCH.Clearnet SA**  
**Separate financial statements for the year ended 31 December 2015**  
**Statement of financial position**

---

	Note	2015 €m	2014 €m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	7	43.8	37.2
Property, plant and equipment	9	0.9	2.0
Investment in associate	10	19.8	19.9
Trade and other receivables	12	0.1	0.1
Deferred tax asset	6	4.0	6.2
Total non-current assets		68.6	65.4
<b>Current assets</b>			
Balances with clearing members	11	245,488.2	226,676.7
Trade and other receivables	12	6.2	6.4
Cash and cash equivalents	13	10,548.0	5,515.6
Income tax receivable		0.2	12.0
Other financial assets	18	3,577.8	3,086.8
Total current assets		259,620.4	235,297.5
<b>Total assets</b>		<b>259,689.0</b>	<b>235,362.9</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Balances with clearing members	11	257,234.5	232,312.9
Trade and other payables	14	48.4	43.2
Income tax payable		8.8	-
Default funds	16	2,089.9	2,722.4
Total current liabilities		259,381.6	235,078.5
<b>Non-current liabilities</b>			
Employee benefits	17	4.8	5.4
Total non-current liabilities		4.8	5.4
<b>Total liabilities</b>		<b>259,386.4</b>	<b>235,083.9</b>
<b>Net assets</b>		<b>302.6</b>	<b>279.0</b>

	Note	2015 €m	2014 €m
<b>Capital and reserves</b>			
Called up share capital	20	113.1	113.1
Share premium	20	0.7	0.7
Capital reserves	20	43.1	42.6
Retained earnings	20	145.7	122.6
<b>Total equity</b>		<b>302.6</b>	<b>279.0</b>

**Lex Hoogduin**

Chairman

The notes on pages 9 to 47 form an integral part of these financial statements.

**LCH.Clearnet SA**  
**Separate financial statements for the year ended 31 December 2015**  
**Statement of cash flows**

	Note	2015 €m	2014 €m
<b>Cash flows arising from operating activities</b>			
<b>Profit for the year</b>		34.1	16.5
Tax expense		15.1	6.3
Depreciation and amortisation		9.5	8.4
Share-based payments expense		0.3	0.1
Decrease in trade and other receivables		0.2	10.9
Increase/(decrease) in trade and other payables		7.0	(34.4)
Unrealised fair value gains on financial instruments		-	(11.1)
Margin monies cash inflow/(outflow)		6,110.1	(1,375.5)
(Decrease)/increase in default funds		(632.5)	490.5
Net cash inflow/(outflow) from operations		5,543.8	(888.3)
Tax received		11.9	4.9
Tax paid		(5.9)	(11.4)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>5,549.8</b>	<b>(894.8)</b>
<b>Investing activities</b>			
Investment in intangible assets		(14.7)	(14.9)
Purchase of property, plant and equipment		(0.3)	-
Acquisition of other financial assets		(491.0)	(20.4)
Increase/(decrease) in investments		(0.1)	-
Net cash outflow from investing activities		(506.1)	(35.3)
<b>Financing activities</b>			
Share-based payments contribution		(0.3)	(0.1)
Dividend paid		(11.0)	-
Net cash outflow from financing activities		(11.3)	(0.1)
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>5,032.4</b>	<b>(930.2)</b>
Cash and cash equivalents at 1 January		5,515.6	6,445.8
<b>Cash and cash equivalents at 31 December</b>		<b>10,548.0</b>	<b>5,515.6</b>
<b>Cash and cash equivalents at 31 December comprise:</b>			
Cash at bank and in hand		9,970.2	1,173.2
Investments in secured short term deposits		577.8	4,342.4
	13	10,548.0	5,515.6

The notes on pages 9 to 47 form an integral part of these financial statements.

**LCH.Clearnet SA**  
**Financial statements for the year ended 31 December 2015**  
**Statement of changes in equity**

---

	Called up share capital €m	Share premium €m	Other capital reserves €m	Retained earnings €m	Total €m
Shareholders' equity at 1 January 2014	113.1	0.7	43.0	106.1	262.9
Profit for the year to 31 December 2014	-	-	-	16.5	16.5
Other comprehensive expense	-	-	(0.4)	-	(0.4)
Total comprehensive income	-	-	(0.4)	16.5	16.1
Dividends paid	-	-	-	-	-
Share-based payment contribution	-	-	-	0.1	0.1
Share-based payment expense	-	-	-	(0.1)	(0.1)
<b>Shareholders' equity 31 December 2014</b>	<b>113.1</b>	<b>0.7</b>	<b>42.6</b>	<b>122.6</b>	<b>279.0</b>
Profit for the year to 31 December 2015	-	-	-	34.1	34.1
Other comprehensive income	-	-	0.5	-	0.5
Total comprehensive income	-	-	0.5	34.1	34.6
Dividends paid	-	-	-	(11.0)	(11.0)
Share-based payment contribution	-	-	-	0.3	0.3
Share-based payment expense	-	-	-	(0.3)	(0.3)
<b>Shareholders' equity at 31 December 2015</b>	<b>113.1</b>	<b>0.7</b>	<b>43.1</b>	<b>145.7</b>	<b>302.6</b>

The notes on pages 9 to 47 form an integral part of these financial statements.

**Authorisation of financial statements and statement of compliance with IFRS**

**Authorisation for publication**

The financial statements of the Company for the year ended 31 December 2015 under IFRS as issued by the International Accounting Standards Board (IASB) have been prepared for the sole purpose of reporting to the American regulator CFTC as part of the registration of LCH.Clearnet SA on CDS business clearing activity.

The presentation under IFRS does not affect the Company's cash flows or the underlying economics of the business although the presentation of certain items in the statement of financial position and income statement differ.

LCH.Clearnet SA is a private limited company incorporated and domiciled in France.

**Principal activities**

The Company continues to satisfy the requirements of the Autorité de Contrôle Prudentiel et de Résolution as a Recognised Clearing House in France, and the requirements of all other regulatory bodies to whose rules the Company is subject. It provides central counterparty services in respect of a broad range of cash and derivative products traded on platforms or in OTC markets in Europe.

**Statement of compliance**

The financial statements of the Company have been prepared in accordance with IFRSs.

The principal accounting policies adopted in the preparation of the financial statements are set out in note 1. Unless otherwise stated these policies have been applied to the years ended 31 December 2015 and 31 December 2014.

**1. Summary of significant accounting policies and basis of preparation**

**Basis of preparation**

These financial statements have been prepared in accordance with IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the IASB effective for 2015 reporting.

The separate financial statements have been prepared under the historical cost convention as modified by the valuation of financial assets and liabilities held at fair value. A summary of significant accounting policies is set out below, together with an explanation of changes to previous policies on the adoption of new accounting standards.

The Company uses a columnar format for the presentation of its income statement. This aids the understanding of its results by presenting profit for the year before non-recurring items. Profit before non-recurring items is reconciled to profit before taxation on the face of the income statement.

The separate financial statements are presented in millions of euros except where otherwise indicated.

**LCH.Clearnet SA**  
**Separate financial statements for the year ended 31 December 2015**  
**Notes to the Company accounts (continued)**

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**Changes in accounting treatment**

The results for the period ended 31 December 2014 have been restated as follows:

- i) to classify fees related to clearing activities with actual clearing fees under a revenue heading
- ii) to reflect the presentation of two additional performance measures, being cost of sales and gross profit, on the face of the income statement

These changes in presentation are to further assist users in understanding financial performance and do not impact previously reported profit before tax or profit after tax. The impact on the income statement is as follows:

	2014 As originally reported €m	2014 Adjustment (i) €m	2014 Adjustment (ii) €m	2014 As restated €m
Revenue	- (1)	104.3	-	104.3
Clearing fees	115.2	(115.2)	-	-
Net treasury income	16.0	-	-	16.0
Net settlement and other income	13.7	(9.3)	-	4.4
Revenue sharing arrangements	(20.2)	20.2	-	-
Total income (2)	124.7	-	-	124.7
Cost of sales	- (1)	-	(8.3)	(8.3)
Gross profit	124.7	-	(8.3)	116.4
Operating expenses	(102.2)	-	8.3	(93.9)
<b>Operating profit</b>	<b>22.5</b>	<b>-</b>	<b>-</b>	<b>22.5</b>

(1) measure not originally reported

(2) previously named net revenue

The composition of revenue and cost of sales are detailed further on the face of the income statement. This restatement has no other impact on the income statement or statement of financial position. There are no other restatements in the financial statements as a result of the adoption of new accounting standards or prior year adjustments.

**Going concern**

The Directors have made an assessment of the Company's ability to continue as a going concern and to meet current and future regulatory capital requirements and are satisfied that it has the resources to continue in business for the foreseeable future, being at least 12 months from the date on which these accounts were approved by the Board.

Contracts for the majority of the exchanges for which the Company clears have a notice period of at least one year. It has a large number of clearing members and is not unduly reliant on any single clearing member or group of clearing members. Furthermore, the Directors are not currently aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore the financial statements continue to be prepared on the going concern basis.

**Presentational currency**

The Company's financial statements are presented in euros, which is the functional currency of the Company.

**Judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are:

- the measurement and impairment of goodwill and other intangible assets. The Company determines whether indefinite life goodwill is impaired on an annual basis and this requires an estimation of the value in use of cash generating units to which the goodwill is allocated. Intangible assets are assessed when an indication of impairment arises. This requires the estimation of future cash flows and choosing a suitable discount rate (see note 8).
- the measurement of defined benefit pension obligations. Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation as well as mortality rates, the expected return on assets and the choice of a suitable discount rate (see note 17)

## **Investments**

The Company recognises its investments in its associates at cost less the value of any impairment provision that may be necessary. Income is recognised from these investments in relation to any distributions received.

## **Foreign currencies**

Monetary assets and liabilities denominated in currencies other than the functional currency of the Company are translated into the functional currency of the Company at the rates of exchange ruling on the statement of financial position date and the resulting exchange differences are recorded in the income statement. Transactions in foreign currencies are recorded at the prevailing foreign exchange rates at the date of the transaction in the income statement and are not revalued.

In the statement of cash flows, cash flows denominated in foreign currencies are translated into the functional currency of the Company at the average exchange rates for the year or at the rate prevailing at the time of the transaction where more appropriate.

## **Goodwill**

Goodwill arising on an acquisition is the fair value of consideration less the fair value of the net assets acquired. Goodwill is capitalised in the statement of financial position within intangible assets. Following initial recognition goodwill is measured at initial value less any accumulated impairment losses.

## **Intangible assets other than goodwill**

Intangible assets other than goodwill are initially recognised at cost and are capitalised on the statement of financial position. Where assets are acquired as a result of a business acquisition or the negotiation of an operating agreement, fair values are attributed to the assets acquired. Following initial recognition the assets are amortised at rates calculated to write off their cost on a straight line basis over their estimated useful lives.

An internally generated intangible asset arising from the Company's business development is created if the asset can be identified, its cost measured reliably and it is probable that it will generate future economic benefits. Amortisation is charged from the date the developed product, service, process or system is available for use. Self-developed software is amortised over periods between three and five years.

Other intangible assets in 2014 represented investment in business development. Amortisation is charged from the date of recognition over a five year period.

## **Property, plant and equipment**

Property, plant and equipment is initially recognised at cost and capitalised in the statement of financial position and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on current prices, of each asset over its expected useful life as follows:

- leasehold refurbishment over the term of the lease (up to a maximum of ten years)
- computer equipment and purchased software over three years
- office equipment and other fixed assets between three and five years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

### **Impairment of goodwill, intangible assets and property, plant and equipment**

Goodwill and intangible assets in the course of development are subject to an annual impairment review or a more frequent review if there are events or changes in circumstances that indicate that the carrying amount of the asset may not be fully recoverable. Other intangible assets and property, plant and equipment are subject to an impairment review if there are events or changes in circumstances that indicate that the carrying amount of the fixed asset may not be fully recoverable.

For the purpose of impairment testing assets are allocated to cash generating units monitored by management, usually at statutory company level. The impairment review involves a comparison of the carrying amount of the goodwill or other asset allocated to the related cash generating units, with its recoverable amount, which is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is calculated by reference to the amount at which the asset could be disposed of less the costs associated with the sale.

Value in use is calculated by discounting the expected future cash flows obtainable as a result of the assets continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis. The carrying values of intangible assets or property, plant and equipment are written down by the amount of any impairment and this loss is recognised in the income statement in the year in which it occurs.

The carrying amount of goodwill allocated to a cash generating unit is taken into account when determining the gain or loss on disposal of the unit.

### **Financial instruments**

The Company classifies its financial instruments into the following categories: financial assets and liabilities at fair value through profit or loss, held to maturity investments, loans and receivables, cash and short term deposits, trade and other payables, interest bearing loans and borrowings and derivative financial instruments and classes.

Financial assets and liabilities at fair value through profit or loss are financial instruments which are either acquired for trading purposes, or as designated by management. Financial instruments held in this category are initially recognised and subsequently measured at fair value with transaction costs taken directly to the income statement. Changes in fair value are recorded within net treasury income. Interest earned or incurred is accrued in interest income or expense, or finance income or cost according to the purpose of the financial instrument.

Balances with clearing members are included in this category upon initial recognition and are recorded on a settlement date basis. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Held to maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold to maturity. After initial measurement held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate less impairment. The amortisation of any premium or discount is included in interest income.

If the Company sells or reclassifies a significant amount of held to maturity investments before maturity (other than in certain specific circumstances) the entire category would have to be reclassified as available for sale. The Company would then be prohibited from classifying any financial asset as held to maturity during the following two years.

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Company retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability, reflecting the transaction's economic substance as a loan to the Company. The difference between the sale and repurchase prices is treated as interest expense and is accrued

over the life of the agreement using the effective interest rate method.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, reflecting the transaction's economic substance as a loan by the Company. The difference between the purchase and resale prices is recorded in interest income and is accrued over the life of the agreement using the effective interest rate method.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition at fair value, loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

Cash and short term deposits comprise cash in hand and current balances with banks and similar institutions which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of six months or less. For the purposes of the cash flow statement cash and cash equivalents are as defined above, but with an original maturity of three months or less, net of bank overdrafts (which are included within interest bearing loans and borrowings in current liabilities on the statement of financial position).

Other financial assets include government backed certificates of deposit issued by banks, notes and treasury bills directly issued by state or national governments. These assets are initially recognised and subsequently measured at fair value.

Interest bearing loans and other borrowings and default funds are initially recorded at fair value. Subsequent measurement is at amortised cost using the effective interest method, and amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

Where derivative financial instruments are used, such as interest rate swaps and foreign currency forward exchange contracts, they reduce exposure to interest rate movements and foreign currency movements. The change in fair value of these hedging instruments is recognised in the income statement. The Company does not hold derivative financial instruments for trading purposes, but derivatives that do not qualify for hedge accounting are accounted for as trading instruments and are initially recognised and subsequently measured at fair value.

The Company establishes fair value using recognised valuation techniques. These include the use of externally available market prices, discounted cash flow analysis and other valuation techniques commonly used by market participants. Where discounted cash flow analysis and other valuation techniques are used assumptions are validated against market observable inputs.

### **Default fund and margin deposits**

Default fund contributions paid by clearing members are mainly in cash. Clearing members may elect to use cash or securities to cover initial margin requirements; realised variation margin may only be covered in cash. Members may pledge securities directly using a bilateral delivery mechanism. Cash initial margin, variation margin and default fund deposits are reflected in the statement of financial condition as assets and liabilities.

The amount of margin deposits on hand will fluctuate over time as a result of, among other things, the extent of open positions held at any point in time by market participants in contracts and the margin rates then in effect for such contract.

Non-cash initial margin is not reflected in the statement of financial position. These non-cash assets are held in safekeeping, and the Company does not take legal ownership of the assets as the risks and rewards remain with the clearing members, unless and until such time as a clearing member defaults on its obligations to the Company.

### **Derecognition of financial assets and financial liabilities**

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the income

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statement.

#### **Taxation**

Deferred and current tax assets and liabilities are only offset when they arise in the same reporting tax group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income tax relating to items recognised directly in other comprehensive income is charged or credited as appropriate to other comprehensive income and there is no effect on profit for the year.

#### *Current tax*

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to relevant taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date on which the Board approves the separate financial statements.

#### *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes using tax rates and laws enacted or substantively enacted by the date on which the Board approves the financial statements.

Deferred tax liabilities are recognised for all temporary differences. Deferred income tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, except where the deferred income tax asset arises through investments in subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future.

#### **Provisions**

Provisions are recognised for current obligations arising as consequences of past events where it is probable that a transfer of economic benefits will be necessary to settle the obligation and it can be reliably estimated. All provisions, except for those arising under pension liabilities, are undiscounted.

In the normal course of business, the Company receives legal claims in respect of commercial, employment and other matters. Where a claim is more likely than not to result in an economic outflow of benefits from the Company (and is measurable), a provision is made representing the expected cost of settling such claims.

#### **Share capital**

Called up share capital comprises ordinary shares. Other capital reserves are described in note 20. Other instruments are classified as liabilities if there is an obligation to transfer economic benefits and if not they are included in Shareholders' funds. The finance cost recognised in the income statement in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

The share premium comprises the difference between the issue proceeds of shares and their nominal value.

#### **Revenue recognition**

Clearing fee income and rebates, together with other fee income and net settlement fees, are recognised on a transaction by transaction basis in accordance with the Company's fee scales. Non-cash collateral fees are charged on non-cash collateral provided by members and are included in other fee income.

Net treasury income is the total of revenue earned on the cash and other financial assets held that have been generated from clearing member activity, less interest paid to clearing members on their margin and other monies lodged with the Company. Interest expense or income is recorded using the effective interest rate method, which is

the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

Finance income is revenue earned on the Company's own cash and financial assets balances and is also recognised on an effective interest rate basis.

#### ***Revenue sharing arrangements***

Amounts deducted from revenue relate to surplus or revenue share arrangements whereby, as part of an operating agreement, amounts are due back to either the other party to the operating agreement or the actual clearing customers.

#### **Cost of sales**

Items of expense that are directly attributable to creating a product or provide a service that directly generates revenue or has the ability to generate revenue are classified as cost of sales.

#### **Employee benefits**

The Company has committed to assume obligations in respect of certain staff in the Euronext defined benefit pension scheme in Porto who transferred their employment to LCH Clearnet SA in 2006. A full actuarial valuation of these funds was carried out at 31 December 2015 by a qualified independent actuary. Major assumptions used by the actuary are included within note 17.

The cost of providing benefits under the defined benefit plans is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the income statement on a straight line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement.

The net interest amount is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

Actuarial gains and losses are recognised in the statement of other comprehensive income in the period in which they occur. The defined benefit pension liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published mid market price.

The contribution payable to a defined contribution plan is in proportion to the services rendered to LCH.Clearnet SA by the employees and is recorded as an expense in the income statement within employee benefits.

#### **Share-based compensation**

The Company operates share-based compensation plans for employees, settled in shares of the ultimate parent company, London Stock Exchange Group plc. The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of the grant as an indirect measure of the value of employee services received by the Company and recognised over the relevant vesting period.

The share-based compensation plans are accounted for as equity settled. The Company does record a cost for these transactions, representative of the fact that the company has received a capital contribution from LSEG which has been spent on share-based compensation, with the corresponding credit recorded in equity. A debit will then also be recorded in equity and an intercompany payable recorded reflecting the company's investment.

#### **Dividends**

Revenue is recognised when the Company's right to receive payment is established.

## **Leases**

The Company is a lessee. Leases of property, plant and equipment where substantially all the risks and rewards of ownership have passed to the Company are capitalised in the statement of financial position as property, plant and equipment. Finance leases are capitalised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The capital element of future obligations under finance leases is included as a liability in the statement of financial position. The interest element of rental obligations is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful economic life of the asset or the lease term.

Leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term.

Where a lease becomes onerous the full value of net future costs is immediately recognised in the income statement.

## **Fair value measurement**

The Company measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in an arm's length transaction at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described in note 18.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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**Non-recurring items**

Items of income and expense that are material by size and/or nature and are non-recurring are classified as non-recurring items on the face of the income statement within their relevant category. The separate reporting of these items together with impairment of intangible assets helps give an indication of underlying performance.

**Government grants**

Grants receivable are recognised in the income statement over the period in which the expenses are incurred when there is an expectation that the amounts will be received.

**New accounting standards, amendments and interpretations**

*Standards issued and adopted for the financial year beginning 1 January 2015*

	<b>Effective date for periods beginning on or after</b>
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Annual improvements 2010 – 2012	1 July 2014
Annual improvements 2011 – 2013	1 July 2014

*Standards issued but not effective for the financial year beginning 1 January 2015 and not early adopted*

The following standards, amendments and interpretations have been issued by the IASB and IFRIC with an effective date. With the exception of IFRS 15 Revenue from Contracts with Customers, the Directors do not expect adoption of these standards to have a material effect on the results. The implementation date for IFRS 15 has been postponed until 1 January 2018. Further consideration of the effects of this standard is ongoing and its likely effects will be reported in due course.

	<b>Effective date for periods beginning on or after</b>
Amendments to IFRS 11 Joint arrangements on accounting for acquisitions of interest in a joint operations	1 January 2016
Amendment to IAS 16 Property, plant and equipment and IAS 38 Intangible assets on Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Proposed amendment to IAS 27 Separate financial statements on equity method in separate financial statements	1 January 2016
Annual improvements 2012-2014	1 January 2016
IAS 1 : Disclosure initiative	1 January 2016
IFRS 10, IFRS 12, and IAS 28 investments Entities : Applying the consolidation exception	1 January 2016
IFRS 14 Regulatory deferral accounts	1 January 2016
IFRS 15 Revenue from contracts with customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018

## **2. Risk management**

### **Introduction**

The Company's activities expose it to a number of financial risks, principally market risk (interest rate risk, volatility in financial markets), sovereign risk, credit risk, liquidity risk and pension risk. In addition to the financial risks, the Group is also exposed to operational, compliance, legal and reputational risk. The Company manages these risks through various control mechanisms and its approach to risk management is to be prudent yet responsive to changes in the risk environment.

Overall responsibility for risk management rests with the Company's Board. Day to day responsibility is delegated to the executives of the Company on the basis of risk policies which are calibrated to the Board's risk appetite and are discussed and agreed by the Company's Risk Committees and Boards. The application of these policies is undertaken by the Company's Risk department, who control and manage the exposures arising from the various clearing activities

#### *Enterprise Risk management framework*

Each of the risks identified in this section are governed by the Risk Governance Framework issued and refreshed annually by the Board. This framework describes the overall risk appetite of the Company and defines each risk type and specifies ownership and the tolerance levels. The framework also requires that all risks are measured, monitored and reported via an Enterprise Risk Management framework which is coordinated by the Chief Risk Officer.

For each of the principal risk types, a description and outline of the risk management approach is provided below.

#### **Financial market volatility (latent market risk)**

##### *Risk description*

Volatility within the financial markets in which the Company operates can adversely affect its earnings and its ability to meet its business objectives. The Company runs a balanced position in all cleared contracts and runs no significant market risk unless a clearing member defaults. In such an event the Company faces market risk which is correlated to clearing member positions and market conditions.

##### *Risk management approach*

The market and credit risk management policies of the Company are reviewed and approved by its Risk Committees and Boards at least annually. A variety of measurement methodologies, including both empirical and analytical margin models, stress testing and scenario analysis, are used daily to quantify and assess the levels of credit and market risk to which the Company is exposed, and hence the amount of resources that should be held to cover such risks, under both normal and extreme but plausible, market conditions.

Initial margins for all clearing services are calibrated and back-tested to a 99.7% confidence level which has the effect of reducing the probability of loss from the default of a clearing member with the worst acceptable credit to the level of an AAA rated credit for the next 12 months.

Potential market risk is reduced by collecting variation margin on marked to market positions and by establishing initial margin requirements which are the Company's estimate of likely future market risk under normal market conditions, calibrated to a 99.7% confidence level for all products. Variation margin add-ons are calculated for clearing member specific concentration, liquidity, wrong way risk and credit risk. Both variation and initial margin are collected daily and replenished intraday subject to credit related thresholds.

The Company accepts both cash and high quality non-cash collateral to cover margin requirements. The list of acceptable non-cash collateral is restricted and haircuts are set for each security type taking into account market, credit, foreign exchange, country and liquidity risks and calibrated to a 99.7% confidence level. All non-cash collateral is revalued daily.

As at 31 December 2015 the total margin liability of clearing members amounted to €24.8 billion (2014: €21.2 billion), against which the Company had received €14.9 billion in cash (2014: €10.1 billion), €8.9 billion in non-cash

securities (2014: €9.7 billion) and €1.0 billion in bank guarantees (2014: €1.4 billion). The maximum margin liability during the year was €29.3 billion (2014: €28.2 billion).

New applicants for clearing must meet strict credit, financial and operational criteria, which are regularly reviewed as part of the Company's risk policies and subject to independent validation at least annually.

The operating subsidiaries also require all clearing members to contribute to pre-funded default funds to be used should the margins of a defaulted clearing member not fully cover close out costs. Supplementary financial resources include a proportion of the CCP's own capital and further clearing member contributions to ensure the continuity of ongoing operations. The operating subsidiary pre-funded default funds are segregated by clearing service and designated to be sufficient at all times to cover the default of the two clearing member groups giving rise to the greatest losses above margin under extreme but plausible market conditions.

As at 31 December 2015 the total of clearing member contributions to the default funds amounted to €2.1 billion (2014: €2.7 billion) (note 16). The maximum amount during the year was €3.1 billion (2014: €3.1 billion). Clearing members are committed to contribute further amounts in the event of a clearing member default equivalent to approximately twice this amount.

The models which calculate margins and default fund contributions are independently validated at least annually and meet all applicable regulatory requirements.

### **Sovereign risk**

#### *Risk description*

Distress amongst sovereigns through market concerns over the levels of government debt and the ability of certain governments to service their debts over time could have adverse effects on the value and liquidity of the Company's cleared products, margin collateral and investments, and on the clearing membership and the financial industry as a whole.

#### *Risk management approach*

Specific risk frameworks manage sovereign risk for both fixed income clearing and margin collateral, and all clearing members portfolios are monitored regularly against a suite of sovereign stress scenarios which model escalations in sovereign risk. In addition, investment limits and both counterparty and clearing membership monitoring frameworks are sensitive to changes in ratings and other financial market indicators, to ensure that the Company is able to measure, monitor and mitigate exposures to sovereign risk and respond quickly to anticipated changes.

The Risk Committees and Boards continually monitor such risks and to the risk framework continues to protect the Company against potentially severe market volatility in the sovereign debt markets.

The Company has investments in the following Sovereigns (or equivalent issuer) as at 31 December 2015:

<b>Sovereign (or equivalent)</b>	2015		2014	
	Investment value € billion	Proportion	Investment value € billion	Proportion
France	12.6	94%	3.5	82%
European Union	0.5	3%	-	0%
Belgium	0.4	3%	0.6	14%
Germany	-	0%	0.1	2%
Netherlands	-	0%	0.1	2%
<b>Total</b>	<b>13.5</b>	<b>100%</b>	<b>4.3</b>	<b>100%</b>

The total investment includes all other financial assets of €3,577.8 million (2014: €3,086.8 million) along with

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central bank cash deposits.

**Credit risk**

*Risk description*

Credit risk is the risk that a counterparty of the Company will be unable or unwilling to meet a financial commitment to the Company. Credit risk exposure arises as a direct result of the reinvestment of the cash the Company holds primarily as part of its CCP activities, in collecting margin and default fund contributions from its clearing members.

*Risk management approach*

The investment portfolio is invested in accordance with clear risk policies which require secure investment of a significant portion of the portfolio either via reverse repurchase agreements with credit and financial institutions, receiving high quality government, government guaranteed or supranational securities as collateral, by investing directly in such securities or by the placement of cash with central banks

The Investment Risk Policy requires that securities received as collateral are subject to a haircut on their market value, that the average maturity of the portfolio will not exceed two years, and that while cash may be deposited on an unsecured basis, this can only be short term with high quality banking institutions and limited to a 12 month average of 5% and a maximum of 10% of all credit institution investment.

The investment portfolio at 31 December 2015 was €14.1 billion (2014: €8.6 billion), of which 99.96% (2014: 99.95%) was invested securely with an overall average maturity of 43 days (2014: 59 days). The maximum portfolio size during the year was €14.1 billion (2014: €11.2 billion). Note 18 contains further analysis of the investment portfolio including by type and fair value hierarchy.

All counterparties, including clearing members, interoperating CCPs, investment counterparties, custodians and settlement and payment institutions, are assessed according to an internal credit scoring framework. This framework incorporates elements of the counterparty's financial profile, including funding, liquidity, capital and profitability, and a detailed operational capability assessment. The scoring framework is independently validated at least annually and is continuously monitored for performance. A minimum credit score is set for joining any clearing service and for institutions to be eligible for investment or as interoperating CCPs and payment, settlement and custodial intermediaries. Increased margins are applied to clearing members when their credit score deteriorates below the entry level. Other actions may include reduced credit tolerances and forced reduction of exposures.

The Company currently interoperates with several other CCPs in Europe for cash cleared products. Interoperability with another CCP poses risks similar to the risks to which the Company is exposed with its clearing members. Credit risk is managed according to the same credit assessment framework applied to clearing members and other counterparties. To cover the latent market risk arising on interoperating exposures, all interoperating CCPs are subject to daily margining.

As at 31 December 2015 the total interoperating margin placed with and received under reciprocal arrangements with other CCPs amounted to €3.7 billion and €3.3 billion (2014: €1.2 billion and €1.8 billion) respectively.

Financial assets are neither past due nor impaired. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the statement of financial position date.

*Analysis by credit rating*

The table below shows the Company's clearing member balances and investment portfolio by reference to the credit rating of the counterparty. The treasury portfolio includes cash at bank and other financial assets.

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	Note	2015 €m	2014 €m
<b>Fair value of balances with clearing members</b> (rating assigned with reference to major agencies)			
Members rated AAA		-	0.2
AA+		-	-
AA		963.1	-
AA-		8,021.0	14,433.8
A+		28,985.1	17,956.1
A		80,564.2	58,768.4
A-		10,513.3	40,251.0
BBB+		90,824.4	24,009.9
BBB		2,033.8	56,895.1
Other, <BBB		14,305.0	10,956.7
Unrated		3,815.6	3,405.5
	12	240,025.5	226,676.7
<b>Company investment portfolio</b> (rating assigned with reference to major agencies)			
AAA/AA+/AA/AA- Government backed		13,542.3	4,255.8
AA/AA+/AAA Secured		577.9	4,342.4
AA/AA+/AAA Unsecured		-	-
A/A+/A-/AA- Secured		-	-
A/A+/AA- Unsecured		5.6	4.2
	18	14,125.8	8,602.4

The total credit risk of the Company is represented by the total financial assets of the Company as disclosed in note 18.

### Concentration risk

#### *Risk description*

Concentration risk may arise through having large connected individual exposures and significant exposures to groups of counterparts whose likelihood of default is driven by common underlying factors.

#### *Risk management approach*

Direct concentration risk arises in several areas of the Company's activities, and in order to avoid excessive concentrations of risk the Company maintains a diversified portfolio of high quality liquid investments and uses a diversified range of custodians, payment and settlement banks and agents.

Indirect concentration risks, conditional upon a clearing member default, are managed within risk policy through various means, including restrictions on certain non-cash collateral issuers and the monitoring of aggregated exposures to member groups across clearing and investment activities.

The largest concentration of treasury exposures as at 31 December 2015 was 24% of the total investment portfolio to the French Government (2014: 34% to the French Government).

### Procyclicality

#### *Risk description*

Systemically important CCPs recognise that they have an important responsibility towards their clearing members

and other market participants to ensure that their actions do not unnecessarily amplify existing market stresses. Indeed, risk mitigating actions that are excessively pro-cyclical are undesirable to the group CCPs from a narrow risk management perspective as well as from a macro-economic and regulatory perspective.

#### *Risk management approach*

The LCH.Clearnet CCPs acknowledge that while some level of procyclicality may be unavoidable, as they must protect themselves by ensuring adequate margins are held against risk, standards have been introduced for ensuring that procyclicality concerns are appropriately addressed in the risk framework and the margin, haircut and credit scoring models. These standards require all models which are used for setting the levels of resources called from participants, and which therefore may be sources of procyclicality outputs, to be tested using an extended period of historical inputs.

#### **Interest rate risk**

##### *Risk description*

The Company is exposed to interest rate risk arising from the cash and investment balances it maintains, the margin and default fund balances it holds from clearing members and the loans and borrowings it has issued.

##### *Risk management approach*

Interest bearing assets are generally invested for a longer term than the interest bearing liabilities, whose interest rate is generally reset daily. This makes investment revenue vulnerable to volatility in overnight rates and shifts in spreads between overnight and term rates. Interest rate exposures are managed within defined risk appetite parameters against which sensitivities are monitored daily. The risk to the Company's capital is managed within interest rate risk limits expressed as a percentage of each subsidiary's capital and calculated under stressed scenarios.

##### *Interest rate sensitivity analysis*

The Group aims to minimise its exposure to interest rate fluctuations. Any exposure is predominantly due to the mismatch between the Group's interest bearing assets and interest bearing member liabilities. Since the return paid on member liabilities is generally reset to prevailing market interest rates on an overnight basis the Group is exposed for the time it takes to reset the interest rates on its investments and the shifts in spreads between overnight and term rates. The maximum fixed exposure on any asset in the treasury portfolio is one year and the portfolio is subject to an overall interest rate risk limit.

The following table shows the estimated impact on the consolidated profit after tax and the effect on retained earnings within shareholders' equity [extend description of the table sensitivity]:

€m	2015			2014		
	+25bp	+50bp	+100bp	+25bp	+50bp	+100bp
Net exposure of cash and member margin balances	(8.9)	(17.7)	(35.5)	(3.0)	(6.0)	(12.0)
Tax effect of above	3.0	5.8	11.7	1.0	2.0	4.0
Decrease in profit after tax	(5.9)	(11.9)	(23.8)	(2.0)	(4.0)	(8.0)
	-25bp	-50bp	-100bp	-25bp	-50bp	-100bp
Net exposure of cash and member margin balances	8.9	17.7	35.5	3.0	6.0	12.0
Tax effect of above	(3.0)	(5.8)	(11.7)	(1.0)	(2.0)	(4.0)
Increase in profit after tax	5.9	11.9	23.8	2.0	4.0	8.0

## Liquidity risk

### Risk description

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due.

Liquidity risk exists as a result of day to day operational flows such as repayments of cash collateral to clearing members, provision of liquidity to facilitate settlement and cash flows resulting from investment activity. In the case of a clearing member default, the Company must transfer or liquidate the defaulter's portfolio. The default management process may give rise to additional liquidity requirements to meet losses arising to meet the defaulter's settlement and margin obligations until the portfolio is closed out or transferred.

### Risk management approach

Liquidity risk is managed by ensuring that the Company has sufficient cash to meet their payment obligations supported facilities to meet short term imbalances between available cash and payment obligations. The Company maintains liquidity buffers against expected daily operational liquidity needs, based on the maximum relevant liquidity outflow observed from an extensive data history, and against the default of one or more clearing members when additional liquidity will be required so that the Company can continue to meet its obligations to clearing members and other counterparties.

The Company's liquidity management is subject to strict minimum liquidity targets set by senior executives within its Risk and Collateral & Liquidity Management (CaLM) departments. These targets are reviewed regularly and reported to the Risk Committees and Boards. On a day to day basis CaLM is tasked with ensuring that the Company can meet its financing needs at all times, in particular to ensure the business continues to operate smoothly in the event of the default of one or more clearing members.

The ability to access liquidity under extreme market conditions is modelled daily. Liquid resources include available cash balances, secured financing facilities and access to central bank liquidity. LCH.Clearnet uses central bank money where such facilities are available to it as a CCP and are practicable as determined through internal review.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand €m	Less than three months €m	Three months to one year €m	One to five years €m	More than five years €m	Total €m
<b>As at 31 December 2015</b>						
<b>Fair value of transactions with clearing members</b>	-	(240 025.5)	-	-	-	(240 025.5)
<b>Initial margin and other clearing member balances</b>	-	(17 209.0)	-	-	-	(17 209.0)
<b>Default funds</b>	-	-	(2 089.9)	-	-	(2 089.9)
<b>Trade and other payables</b>	-	(48.0)	-	-	-	(48.0)

	On demand €m	Less than three months €m	Three months to one year €m	One to five years €m	More than five years €m	Total €m
<b>As at 31 December 2014</b>						
<b>Fair value of transactions with clearing members</b>	-	(224 695.5)	-	-	-	(224 695.5)
<b>Initial margin and other clearing member balances</b>	-	(7 617.5)	-	-	-	(7 617.5)
<b>Default funds</b>	-	-	(2 722.4)	-	-	(2 722.4)
<b>Trade and other payables</b>	-	(41.1)	-	-	-	(41.1)

For the default funds, the tenor of the liability is matched with the interest reset dates of the asset. The weighted average maturity of the treasury portfolio is 43 days (2014: 59 days), with strict risk criteria related to interest rate exposure being applied.

Interest due on the financial liabilities is based upon rates set on a daily basis.

### **Settlement risk**

#### *Risk description*

Settlement risk is the risk that the Company makes a payment or delivery without simultaneously receiving the delivery or payment from the counterparty.

#### *Risk management approach*

The Company materially mitigates this risk through the use of guaranteed and irrevocable delivery versus payment mechanisms where available.

### **Settlement bank risk**

#### *Risk description*

The Company is exposed to the risk that a settlement bank could fail, creating credit losses and liquidity pressures for the Company.

#### *Risk management approach*

The Company uses a combination of central bank, payment agent and commercial settlement bank models. The policy requires that only minimal unsecured balances at commercial settlement banks remain overnight, placing the majority at available central banks. Any such unsecured balances are deducted from commercial bank deposit limits. Intraday exposures to commercial banks are also monitored and closely controlled.

For monies due from clearing members, if the payment agent or commercial settlement bank is not able to transfer funds to the Company, the clearing members remain liable for the fulfilment of their payment obligations.

Risk policies specify minimum credit scores for all payment and settlement intermediaries and that these are monitored continually, with a full counterparty credit review conducted annually and a full due diligence exercise carried out at least every two years. The counterparty credit scores are derived from the framework described under Credit Risk above.

### **Custody risk**

#### *Risk description*

Custody risk is the risk of loss on securities in safekeeping as a result of the custodian's insolvency, negligence, misuse of assets, poor administration or inadequate record keeping.

#### *Risk management approach*

Although the risk of insolvency of central securities depositories or custodian banks used by the Company is low the Company mitigates this risk through a due diligence framework ensuring appropriate legal arrangements and operational processes, in addition, policy sets minimum eligibility requirements and requires regular credit assessment and back-up contingency arrangements to be in place.

## **Capital risk**

### *Risk description*

Capital risk is the risk that the Company may not maintain sufficient capital to meet its obligations. This includes the risks that regulators may increase capital requirements or that own capital levels may become eroded. Capital is specifically allocated, and therefore at risk ahead of clearing member resources, in the event of either a clearing member or investment counterparty default. In addition, capital may be at risk to operational losses in excess of insurance protection.

### *Risk management approach*

The Company's approach to capital management and a review of the current regulatory requirements are detailed in note 21. In addition:

- the default waterfalls for each clearing service feature the Company's capital, to be utilised after the defaulted clearing member's collateral and default fund contributions and before the balance of the mutualised default funds and further, non-prefunded, resources available from the clearing members. In aggregate this capital at risk is equivalent to 25% of regulatory capital requirement
- the Company can manage its capital structure by varying returns to shareholders, issuing new shares or increasing or reducing borrowings

## **Operational risk**

### *Risk description*

Operational risk is the risk of loss arising through failures associated with personnel, processes or systems or from external events. It is inherent in every business organisation and covers a wide spectrum of issues. First line operational risk is managed by the business, for example through procedures, documentation of processes, independent authorisation and reconciliation of transactions.

### *Risk management approach*

The Company has adopted a framework, supported by tailored enterprise-wide software, systematically to identify, assess, monitor and manage operational risks. This is achieved through self assessment of risks and controls, the collection and analysis of loss data and the development of key risk indicators as appropriate, enabling the embedding of operational risk awareness within the corporate culture. An independent department performs second line operational risk management, validating the self-assessments of risks and controls and reporting on operational risk to senior management and Board.

Business operations are subject to a programme of internal audit reviews, which are independent of line management, and the results are reported directly to the Company's senior management and Audit Committees. Following each review, management will put in place an action plan to address any issues identified. Internal Audit evaluates the adequacy and effectiveness of the Company's systems of internal control, as well as the level of compliance with policies, and reports, in addition to management's own combined assurance reporting, to the Audit Committees and senior management. Any significant weaknesses are reported to the Board.

The Company maintains comprehensive contingency plans to support its operations and ensure business continuity. These facilities are regularly tested.

## **Other risks**

### *Pension risk*

Pension risk arises from the potential deficit in the Company's defined benefit pension plans due to a number of factors such as mortality rates or changes in inflation assumptions. The schemes are exposed to inflation, interest rate risks and changes in the life expectancy for members.

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*Legal, compliance and regulatory risk*

These risk categories include the risk arising from the potential that unenforceable contracts, lawsuits, or adverse judgements can disrupt or otherwise negatively affect the operations or condition of the organisation, and the risk of loss of license or other penalties imposed due to non-compliance with regulations governing clearing house activities in each jurisdiction in which the Company operates. It is the responsibility of the Heads of the Legal, Regulatory and Compliance functions to provide assurance to the Board that these risks are measured and monitored, while the responsibility for any mitigation actions resides with the relevant business and functional heads.

In the normal course of business, the Company receives legal claims in respect of commercial, employment and other matters. Where a claim is more likely than not to result in an economic outflow of benefits from the Company (and is measurable), a provision is made representing the expected cost of settling such claims.

*Reputational risk*

The maintenance of the Company's strong reputation is key to its continued profitability and is the responsibility of the Board, management and staff. In particular the efficiency, reliability and effectiveness of the day to day operations of the Company are paramount to its reputation.

*Business and strategic risks*

Business risk is the risk of loss or profit decrease where declining volumes lead to lower revenues which cannot be offset by adjusting variable costs within a reasonable time period, while strategic risk is the risk of reduction in earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Business heads are responsible for managing these risks and liaising closely with the Board when issues arise.

*Project risk and business continuity, information security and cyber risks*

These risk categories include the risk to earnings and capital arising from project execution deficiencies, the risk of loss arising from the disruption of critical business or IT processes due to adverse circumstances or events, and the risk that valuable and sensitive Company data is compromised, lost and/or misused. The heads of dedicated business functions and of each business are responsible for managing these risks.

*Model risk*

This is the risk that, for example, a margin model may not capture the essence of the stress loss/events being modelled, or that there are mistakes in the underlying calculation, which may result in systemic under-margining for the products in question. Model risk management is the responsibility of the heads of business lines which place reliance on the models, and is effected through appropriate testing and maintenance of the models and in particular through the strict governance required for model change, including independent expert validation and senior executive approval.

*Default management risk*

The additional risk arising from not having a well defined process in place prior to a default event, so that valuable time may be lost trying to reconcile positions, contacting the relevant people, etc, leading to a material deterioration in the market value of assets held. For each service, it is the joint responsibility of the Chief Risk Officer and the relevant business head to ensure that a functioning Default Management Group is in place in accordance with Company policies and guidelines, and that drills are held regularly to ensure the default management process functions smoothly.

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**3. Operating expenses**

The following items are included in operating expenses (total operating expenses include impairment and non-recurring items; a full analysis is given in note 4):

	<b>2015</b> €m	2014 €m
Employee costs (note 17)	<b>31.9</b>	32.2
Depreciation and amortisation (see below)	9.5	8.4
Other operating expenses	43.4	53.3
<b>Total operating expenses</b>	<b>84.8</b>	93.9

	<b>2015</b> €m	2014 €m
<b>Depreciation and amortisation</b>		
Amortisation of intangible assets	8.1	6.4
Depreciation of property, plant and equipment	1.4	2.0
Impairment of intangible assets	-	-
	<b>9.5</b>	8.4
<b>Other operating expenditure includes</b>		
Property lease rentals	3.5	3.9
<b>Auditor's remuneration</b>		
Audit fees	0.7	0.7
Other assurance services	-	0.2
	<b>0.7</b>	0.9

**4. Impairment and non-recurring items**

	<b>2015</b> €m	2014 €m
Net settlement costs in relation to past default exercise	0.1	(8.5)
Synergy plan credits including social plan	0.6	-
Other	-	1.7
<b>Net impairment and non-recurring items</b>	<b>0.7</b>	(6.8)

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**5. Finance income**

	2015 €m	2014 €m
<b>Finance income</b>		
Dividends received	3.4	-
Interest received on own funds	(0.2)	0.3
<b>Total finance income</b>	<b>3.2</b>	<b>0.3</b>

**6. Taxation**

The major components of taxation expense are:

	2015 €m	2014 €m
<b>Current tax</b>		
France current tax charge	(11.4)	-
Adjustments in respect of current taxation in previous years	-	1.0
Other European locations current tax charge	(1.9)	(0.9)
<b>Total current taxation</b>	<b>(13.3)</b>	<b>0.1</b>

**Deferred tax**

Relating to the origination and reversal of temporary differences	(1.1)	(6.4)
Use of tax loss carryforwards	(0.7)	-
<b>Total deferred taxation</b>	<b>(1.8)</b>	<b>(6.4)</b>
<b>Tax expense reported in the income statement</b>	<b>(15.1)</b>	<b>(6.3)</b>

**Consolidated statement of comprehensive income**

Tax relating to remeasurement gains on French defined benefit plans	(0.2)	-
Tax relating to remeasurement (gains)/losses on other European defined benefit plans	(0.1)	0.2
<b>Tax (expense)/credit reported in the statement of comprehensive income</b>	<b>(0.3)</b>	<b>0.2</b>

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**Reconciliation of tax expense**

The income statement tax charge for the year differs from the standard rate of corporate tax in France as explained below:

<b>Reconciliation of tax expense</b>	<b>2015 €m</b>	<b>2014 €m</b>
<b>Accounting profit before taxation</b>	<b>49.2</b>	22.8
Tax at French statutory corporation tax rate of 33.33%	16.4	7.6
Effect of:		
Adjustments in respect of prior periods	-	(1.0)
Net effect of different tax rates of other European locations	(0.5)	(0.3)
Others	(0.8)	
<b>Total tax charge</b>	<b>15.1</b>	6.3
Effective corporate tax rate	33.3%	33.3%

**Deferred tax**

	<b>Statement of financial position</b>		<b>Income statement</b>	
	<b>2015 €m</b>	<b>2014 €m</b>	<b>2015 €m</b>	<b>2014 €m</b>
Post-employment benefits	0.9	1.6	(0.3)	(0.9)
Deferred compensation	2.4	1.7	0.7	0.4
Tax on provisions and other temporary differences	0.7	2.9	(2.2)	(5.9)
<b>Deferred tax charge</b>			<b>(1.8)</b>	<b>(6.4)</b>
<b>Deferred tax asset</b>	<b>4.0</b>	<b>6.2</b>		

	<b>2015 €m</b>	<b>2014 €m</b>
Net deferred tax asset at 1 January	6.2	12.3
Deferred tax in income statement	(1.9)	(6.3)
Deferred tax relating to remeasurement gains/(losses) on defined benefit pension plans	(0.3)	0.2
<b>Net deferred tax asset at 31 December</b>	<b>4.0</b>	<b>6.2</b>

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**7. Intangible assets**

€m	2015				2014			
	Self-developed software	Other	Goodwill	Total	Self-developed software	Other	Goodwill	Total
<b>Cost at 1 January</b>	71.3	-	52.7	<b>124.0</b>	43.7	17.8	52.7	114.2
De-recognition	-	-	-	-	17.8	(17.8)	-	-
Additions	14.7	-	-	<b>14.7</b>	14.8	-	-	14.8
Disposals	(0.2)	-	-	<b>(0.2)</b>	(5.0)	-	-	(5.0)
<b>At 31 December</b>	<b>85.8</b>	-	<b>52.7</b>	<b>138.5</b>	71.3	-	52.7	124.0
<b>Accumulated amortisation at 1 January</b>	43.2	-	43.6	<b>86.8</b>	37.6	4.2	43.6	85.4
De-recognition	-	-	-	-	4.2	(4.2)	-	-
Depreciation charge for the year	8.1	-	-	<b>8.1</b>	6.4	-	-	6.4
Disposals	(0.2)	-	-	<b>(0.2)</b>	(5.0)	-	-	(5.0)
<b>At 31 December</b>	<b>51.1</b>	-	<b>43.6</b>	<b>94.7</b>	43.2	-	43.6	86.8
<b>Net book value at 31 December</b>	<b>34.7</b>	-	<b>9.1</b>	<b>43.8</b>	28.1	-	9.1	37.2

The 2014 comparatives have been amended to correct errors in the movement table. The opening and closing net book value is unaffected but cost and accumulated amortisation have both been reduced by €16.8 million at 31 December 2014 (31 December 2013: €8.4 million).

The portion of capitalised self-developed software costs disclosed above that relates to software not currently brought into use amounted to €10.0 million (2014: €3.3 million). No depreciation has been charged during the year against these assets (2014: €nil), but instead they are tested for impairment (see note 8).

Goodwill consists of the value resulting from the merger of the Company's branches into LCH.Clearnet SA as follows: €43.6 million for the Amsterdam branch, €6.5 million for the Porto branch and €2.6 million for the Brussels branch.

**8. Impairment testing of intangible assets**

The Group carries out annual impairment testing on goodwill and intangible assets in December of each year, or more often if circumstances show that impairment may be likely.

Goodwill is carried in relation to LCH.Clearnet SA, a wholly owned subsidiary, which is also the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount associated with this subsidiary is determined based on value in use calculations.

For intangible assets, impairment is assessed by reviewing the carrying value of the asset against its recoverable amount, which is determined by value in use calculations for the relevant cash generating unit using discounted cash flow projections.

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*Assumptions*

The key assumptions used in the valuations relate to discounted cash flow projections prepared by management covering a five year period. The cash flow projections are based on the Group's budget for 2016 and the approved plan for the two financial years following the last financial year in the budget. Cash flows beyond this period are extrapolated using the estimated long term growth rates and applying the pre-tax discount rates.

Management has based its value in use calculations for each CGU on key assumptions about short and medium term revenue and cost growth, long term economic growth rates (used to determine terminal values) and pre-tax discount rates, as follows:

- i) The values assigned to short and medium term revenue and cost growth are based on the 2016 budget and the Group approved plan. The assumptions are derived from an assessment of current trends, anticipated market and regulatory developments, discussions with customers and suppliers and management's experience. These factors are considered in conjunction with the Group's long-term strategic objectives to determine appropriate short and medium growth assumptions
- ii) Long term growth rates of 2% (2014: 2%) represent management's internal forecasts based on external estimates of GDP and inflation
- iii) The pre-tax discount rate of 10.5% (2014: 10.1%) is based on a number of factors including the risk-free rate, the Group's estimated market risk premium and a premium to reflect inherent risks

*Impairment results*

Having completed the tests as described above, goodwill and self developed software were not found to be impaired.

**Sensitivity analysis**

Reasonably possible changes in key assumptions and rates at 31 December 2015 are detailed below and the impact on the impairment recognised noted:

*Goodwill*

	Base case	Adjusted	Increase in impairment €m
Reduction in clearing revenues	various	-10.0%	-
Cash flow growth beyond the five year period	2.0%	0%	-
Pre-tax discount rate	10.5%	13.5%	-

*Self-developed software*

	Base case	Adjusted	Increase in impairment €m
Reduction in clearing revenues	various	-10.0%	-
Pre-tax discount rate	10.5%	13.5%	-

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**9. Property, plant and equipment**

As at 31 December 2015 €m	Leasehold refurbishment	Computer equipment	Office equipment	Total
<b>Cost at 1 January</b>	<b>2.8</b>	<b>5.8</b>	<b>0.9</b>	<b>9.5</b>
Reclassification	-	(1.6)	1.6	-
Additions	-	-	0.3	0.3
Disposals	(0.4)	-	(0.1)	(0.5)
<b>At 31 December</b>	<b>2.4</b>	<b>4.2</b>	<b>2.7</b>	<b>9.3</b>
<b>Accumulated amortisation at 1 January</b>	<b>2.3</b>	<b>4.4</b>	<b>0.8</b>	<b>7.5</b>
Reclassification	-	(1.3)	1.3	-
Depreciation charge for the year	0.1	1.1	0.2	1.4
Disposals	(0.4)	-	(0.1)	(0.5)
<b>At 31 December</b>	<b>2.0</b>	<b>4.2</b>	<b>2.2</b>	<b>8.4</b>
<b>Net book value at 31 December</b>	<b>0.4</b>	<b>-</b>	<b>0.5</b>	<b>0.9</b>
As at 31 December 2014 €m	Leasehold refurbishment	Computer equipment	Office equipment	Total
Cost at 1 January	3.2	5.8	0.9	9.9
Additions	-	-	-	-
Disposals	(0.4)	-	-	(0.4)
<b>At 31 December</b>	<b>2.8</b>	<b>5.8</b>	<b>0.9</b>	<b>9.5</b>
Accumulated amortisation at 1 January	2.4	2.8	0.7	5.9
Depreciation charge for the year	0.3	1.6	0.1	2.0
Disposals	(0.4)	-	-	(0.4)
<b>At 31 December</b>	<b>2.3</b>	<b>4.4</b>	<b>0.8</b>	<b>7.5</b>
<b>Net book value at 31 December</b>	<b>0.5</b>	<b>1.4</b>	<b>0.1</b>	<b>2.0</b>

**10. Investment in associate**

	2015 €m	2014 €m
Cost at 31 December	19.8	19.9

The Company owns 49% of LCH.Clearnet (Luxembourg) S.à.r.l., a company that holds intellectual property rights.

The Company has taken advantage of the exemption from preparing consolidation annual financial statements as its parent company, LCH.Clearnet Group Limited, prepares consolidated financial statements which are publicly available.

At 31 December 2015, LCH.Clearnet SA owned a €300,470 equity interest in the company SWIFT (2014: €422,780).

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**11. Balances with clearing members**

	<b>2015</b> €m	<b>2014</b> €m
<b>Assets</b>		
Fair value of transactions with clearing members	240,025.5	224,695.5
Other clearing member balances	5,462.7	1,981.2
	<b>245,488.2</b>	226,676.7
<b>Liabilities</b>		
Fair value of transactions with clearing members	(240,025.5)	(224,695.5)
Initial margin and other clearing member balances	(17,209.0)	(7,617.4)
	<b>(257,234.5)</b>	(232,312.9)

The balances due from clearing members recorded in the statement of financial position of €240,025.5 million (2014: €224,695.5 million) are fully secured by collateral held by the Company. To date this collateral has not been utilised.

At 31 December 2015 the total of fully collateralised loans in respect of fixed income transactions was €240,025.5 million (2014: €224,695.5 million). This collateral has in turn, been passed on to fixed income counterparties to secure the Company's liabilities in respect of fixed income contracts.

The total net amount of non-cash collateral not recognised on the balance sheet, including that in respect of initial margin, was €8,899.1 million (2014: €9,688.2 million) and the total amount of guarantees held was €1,007.8 million (2014: €1,403.7 million). To date this collateral has not been utilised.

Balances with clearing members include €3,678.2 million (2014: €1,744.5 million) due from and €3,323.8 million (2014: €1,201.7 million) due to Cassa di Compensazione Garanzia S.p.A (CC&G), a fellow LSEG subsidiary company.

**12. Trade and other receivables**

	<b>2015</b> €m	<b>2014</b> €m
<b>Non-current</b>		
Deposits	0.1	0.1
<b>Current</b>		
Other receivables	4.7	4.8
Prepayments	0.8	1.4
Amount owed by fellow subsidiary companies	-	-
Amount owed by parent company	0.7	0.2
	<b>6.2</b>	6.4

There are no trade and other receivables that are past due or impaired.

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**13. Cash and cash equivalents**

	<b>2015</b> €m	2014 €m
Cash at bank and in hand	9,970.2	1,173.2
Short-term deposits	577.8	4,342.4
	<b>10,548.0</b>	5,515.6

The short-term deposits are fully collateralised by sovereign and investment grade corporate securities in accordance with eligibility criteria approved by the Risk Committee.

Of the total cash and cash equivalents total, €267.2 million (2014: €233.0 million) is own cash. €44.9 million (2014: €43.1 million) of this amount is restricted as the Company's own resources to be used in the default waterfall. The skin in the game is allocated by business line in using the prorate of their contribution to the default fund, with the exception of CDS for which the amount is fixed; as follows at 31 December 2015: €20.0 million on CDS, €12.2 million on Cash and Derivatives, €11.7 million on Fixed Income and €1.0 million on Collateral basket.

The remaining cash represents the balance of default funds and margin monies placed on deposit for the purpose of earning investment income.

**14. Trade and other payables**

	<b>2015</b> €m	2014 €m
<b>Non-current</b>		
Employee benefits	4.8	5.4
<b>Current</b>		
Trade payables	8.9	6.0
Other taxation and social security	23.2	20.4
Payable related to default	2.0	2.0
Amount owed to parent company	1.4	0.9
Amount owed to fellow subsidiary company	5.2	6.5
Amount owed to associate	4.9	-
Provision for liabilities	0.4	2.0
Other payables	2.4	5.4
	<b>48.4</b>	43.2

Provision for liability is related to the restructuring of the derivatives activity.

**15. Interest bearing loans and borrowings**

There were no outstanding interest bearing loans as at 31 December 2015 (2014: none).

*Bank overdrafts*

In order to assist with day to day liquidity management the Company maintains a number of uncommitted money market and overdraft facilities with a number of major banks. Effective interest rates on these facilities vary depending on market conditions.

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**16. Default funds**

The purpose of the default funds is to absorb any losses incurred by the Company in the event of clearing member default if margin collateral is insufficient to cover the management and close out of the positions of the defaulting clearing member. Default funds are segregated to cover the different business lines of the Company, The total default funds held by the Company at 31 December 2015 were €2,089.9 million (2014: €2,722.4 million).

**17. Employee benefits**

i) **Staff costs**

**All employees and directors**

	<b>2015 €m</b>	<b>2014 €m</b>
Wages and salaries	21.6	21.3
Social security costs	9.7	9.6
Share-based payment costs	0.3	0.1
Pension costs	0.4	(0.6)
Staff costs before non-recurring items	32.0	30.4
Staff costs included in non-recurring items	(0.1)	1.8
<b>Total staff costs</b>	<b>31.9</b>	<b>32.2</b>

**Key management personnel**

	<b>2015 €m</b>	<b>2014 €m</b>
Remuneration	1.2	1.2
Deferred bonus and other long-term benefits	-	0.4
Share-based payment costs	0.3	-
Pension contributions	-	-
Compensation for loss of office	-	-
<b>Aggregate emoluments of key management personnel</b>	<b>1.5</b>	<b>1.6</b>

The costs above include deferred bonuses, other long-term incentive plan (LTIP) awards and share-based payment costs on an accrued basis. Key management personnel consists of the executive director and certain senior staff who are regarded as running the business on a day to day basis.

The average number of employees during the year was 174 (2014: 178).

**Independent directors' remuneration**

	<b>2015 €m</b>	<b>2014 €m</b>
Remuneration	0.1	0.2
<b>Total</b>	<b>0.1</b>	<b>0.2</b>

Independent non-executive directors received fees for their services. The Board determines fees that reflect the level of individual responsibilities, attendance of meetings and membership of Board committees. Non-executive directors representing shareholders did not receive fees.

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**ii) Share-based payments**

Company employees were eligible to participate in one or more of the following LSEG share option based arrangements during the financial year:

- i. The LCH.Clearnet Group Long Term Incentive Plan (LCH LTIP)
- ii. The LSEG International Sharesave Plan (SAYE)

The **LCH LTIP** for the Company involves a conditional award of Performance Shares. Awards are made in the form of nil-cost options.

Vesting of the LCH LTIP award is initially dependent upon the achievement of a risk management gateway. If this is achieved, the degree of vesting of the award is assessed against three conditions, measured independently over three years:

- 1) **Regulatory metric:** a qualitative assessment of LCH Group performance on regulatory matters (comprising up to 34% of the award)
- 2) **Cost metric:** a quantitative assessment of qualifying cost savings during the performance period (comprising up to 33% of the award)
- 3) **EBIT metric:** a quantitative assessment of LCH Group earnings before interest/tax (EBIT) performance at the end of the performance period (comprising up to 33% of the award)

For Internal Audit, Risk and Compliance participants, the Cost and EBIT metrics do not apply. Assuming the risk management gateway is achieved, the vesting of the award is assessed against the Regulatory metric only.

The risk management gateway will be assessed by the Group Remuneration Committee ('Committee') who will assess if the LCH.Clearnet Group has managed its risk effectively over the three year period. The award lapses in full if any of the LCH.Clearnet Group CCPs suffers an aggregate loss of more than €12 million (Higher Level Losses). Equally, if, during the performance period any of the LCH.Clearnet Group CCPs suffers losses below this level or circumstances arise in the reasonable opinion of the Committee that have or could have resulted in a significant adverse event which did or could have materially damaged future business operations, the Committee shall determine whether Management could or should have taken action to prevent such circumstances and may lapse the award accordingly.

The Regulatory metric shall vest at 100% if it is determined that LCH.Clearnet Group management actions in relation to regulatory matters were wholly effective during the performance period. If it is determined that management actions in relation to regulatory matters were not wholly effective during the performance period, then the Remuneration Committee shall determine a lesser level of vesting as it deems appropriate.

In order for the portion of the Performance Share Award subject to the Cost metric to vest, the Committee, must determine the amount of cumulative net consolidated qualifying cost savings of the London Stock Exchange Group achieved over the performance period by reference to specified cost saving projections and adjustments set out in the rules of the Plan.

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The Cost and EBIT metrics shall vest as follows:

Cost metric: amount of qualifying cost savings determined to have been achieved	EBIT metric: EBIT level	Percentage of shares that vest
<i>2014 award:</i> €100 million or more €75 million €50 million Below €50 million	€120 million or more €106 million €92 million Below €92 million	100% 62.5% 25% 0%
<i>2015 award:</i> €50 million or more €40 million €30 million Below €30 million	€152 million or more €138 million €124 million Below €124 million	100% 62.5% 25% 0%

Straight line vesting applies between the relevant percentages listed above in respect of the Cost and EBIT metrics.

At the end of the performance period, the Committee shall calculate LCH Group EBIT for the last financial year in the performance period, as approved by the LCH.Clearnet Group Limited Audit Committee. EBIT means earnings before interest, tax and non-recurring items, as reported in the consolidated accounts for LCH.Clearnet Group Limited, subject to such adjustments as the Remuneration Committee considers necessary to take account of matters that it considers to be appropriate.

If circumstances occur, which, in the reasonable opinion of the Committee, justify a reduction to awards granted the Committee may at its discretion reduce an award or not grant future awards. In the event that an award has already vested, the Committee may determine that a repayment is made. The circumstances and timeframe in which the Committee may consider it appropriate to exercise such discretions are covered in the Plan Rules.

The **SAYE** scheme provides for grants of options to employees who enter into a SAYE savings contract; options are granted at 20% below fair market value. The options vest in full after three years, providing the employee remains employed by the LCH.Clearnet Group or wider LSEG group of companies.

Movements in the number of share options and awards outstanding and their weighted average exercise price are as follows:

	<b>LCH LTIP</b>	<b>SAYE schemes</b>	
	<b>Number</b>	<b>Number</b>	<b>Weighted average exercise price (£)</b>
1 January 2014	-	-	-
Granted in year	20,299	22,182	12.85
Exercised in year	-	-	-
Lapsed/forfeited in year	-	-	-
<b>31 December 2014</b>	<b>20,299</b>	<b>22,182</b>	<b>12.85</b>
Granted in year	13,040	-	-
Exercised in year	-	-	-
Lapsed/forfeited in year	-	-	-
<b>31 December 2015</b>	<b>33,339</b>	<b>22,182</b>	<b>12.85</b>

None of the options were exercisable as at 31 December 2015 (2014: none). The weighted average exercise price is nil for the LCH LTIP. The weighted average share price of LSEG plc shares during the year was £24.89 (2014: £19.56).

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

<b>As at 31 December 2015</b>	<b>Number outstanding</b>	<b>Weighted average remaining contractual life Years</b>
LCH LTIP - nil	33,339	1.89
SAYE - over £11.00	22,182	1.28
<b>Total</b>	<b>55,521</b>	<b>1.65</b>

The fair value of share options granted during the year was determined using a stochastic valuation model. The key assumptions used in the valuation were as follows:

<b>LCH LTIP</b>	
Performance shares	
Grant date	2/4/15
Grant date share price	£24.84
Options granted	13,040
Expected life (years)	3.00
Dividend yield	1.4%
Risk-free interest rate	0.7%
Volatility	23%
Fair value – non market conditions	£23.81

The volatility is based on a statistical analysis of LSEG's weekly share price since its flotation in July 2001.

The fair value for the options are based on a Black-Scholes model. Holders of share awards and share options are not entitled to receive dividends declared during the vesting period.

## **ii) Pension commitments**

### **Defined contribution schemes**

The Company pays fixed contributions to the defined contribution scheme in Portugal and there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Company in a fund under the control of the trustees. There is no expense charged to the income statement in 2015 and 2014 representing contributions payable to the plan by the Company at rates specified in the rules of the plan.

### **Defined benefit schemes**

The Company has obligations in respect of retirement indemnity and long-service award schemes in Paris. The provisions have been calculated by a qualified actuary as at 31 December 2015.

The obligations in respect of certain staff in an independent defined scheme in Porto were assumed in 2006. An updated valuation of these funds was carried out at 31 December 2015 by a qualified independent actuary.

The Company is not aware of any events subsequent to 31 December 2015, which would have a material impact on the results of the valuations.

	2015 France	Porto	2014 France	Porto
<b>Weighted-average assumptions to determine benefit obligations:</b>				
Discount rate	2.0%	2.0%	1.7%	1.7%
Rate of salary increase	3.0%	3.0%	3.0%	3.0%
Rate of price inflation	2.0%	2.0%	2.0%	2.0%
Rate of pension increases	n/a	1.5%	n/a	1.5%

	2015 France	Porto	2014 France	Porto
<b>Life expectancy from age 60 (years):</b>				
Non-retired male member	23.3	20.6	23.3	20.6
Non-retired female member	27.5	20.6	27.5	20.6
Retired male member	23.3	20.6	23.3	20.6
Retired female member	27.5	20.6	27.5	20.6

*Changes in benefit obligation*

	2015 France €m	Porto €m	2014 France €m	Porto €m
<b>Benefit obligation as at 1 January</b>	5.4	0.5	5.0	0.4
Pension (income)/expense:				
Current service cost	0.4	-	0.3	-
Past service gain (curtailment gain)	-	-	(0.6)	-
Net interest	0.1	-	0.2	-
Re-measurement (losses)/gains:				
Effect of changes in demographic assumptions	-	-	-	-
Effect of changes in financial assumptions	(0.6)	(0.1)	0.9	0.2
Effect of experience adjustments	(0.3)	-	(0.3)	-
Reduction in obligation due to settlement	-	-	-	-
Benefits paid	(0.1)	-	(0.1)	(0.1)
Foreign exchange	-	-	-	-
<b>Benefit obligation as at 31 December</b>	4.9	0.4	5.4	0.5

*Changes in scheme assets*

	2015 France €m	Porto €m	2014 France €m	Porto €m
<b>Fair value of scheme assets as at 1 January</b>	-	0.5	-	0.4
Pension income:				
Net interest	-	-	-	-
Re-measurement gains:				
Return on plan assets (excluding interest income)	-	-	-	-
Employer contributions	0.1	-	0.2	0.2
Benefits paid	(0.1)	-	(0.2)	(0.1)
Reduction in assets due to settlement (Amsterdam)	-	-	-	-
<b>Fair value of scheme assets as at 31 December</b>	-	0.5	-	0.5

An analysis of the pension assets is set out below:

	2015 Porto	2014 Porto
Fair value of scheme assets with a quoted market price:		
Cash and cash equivalents	0.1	0.1
Equity instruments	0.1	0.1
Debt / LDI instruments	0.3	0.2
Real estate	-	0.1
<b>Total</b>	<b>0.5</b>	<b>0.5</b>

#### *Sensitivity analysis*

The sensitivity of the value of the benefit obligation to the discount rate is shown below:

	2015 France €m	2015 Porto €m	2014 France €m	2014 Porto €m
Discount rate +25 basis points	4.7	0.4	5.2	0.5
Discount rate -25 basis points	5.1	0.5	5.6	0.5

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

#### *Payments from the defined benefit schemes*

The following payments are expected to be made in future years out of the defined benefit plans' obligations:

	France €m	Porto €m
Within the next 12 months	0.1	-
Between 2 and 5 years	0.6	-
Following 5 years	1.8	-
<b>Total</b>	<b>2.5</b>	-

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**18. Financial instruments**

**Financial assets and liabilities**

	Note	2015 €m	2014 €m
<b>Financial assets at fair value through profit or loss</b>			
Fair value of transactions with clearing members	11	240,025.5	224,695.5
Government issued bonds			
Available for sale assets		3,115.1	2,984.3
Government issued bonds		462.7	102.5
Other financial assets in the statement of financial position		3,577.8	3,086.8
<b>Loans and receivables</b>			
Trade and other receivables	12	6.2	6.4
Other clearing member balances	11	5,462.7	1,981.2
Cash and short-term deposits	13	10,548.0	5,515.6
<b>Financial liabilities at fair value through profit or loss</b>			
Fair value of transactions with clearing members	11	(240,025.5)	(224,695.5)
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	14	(48.0)	(41.1)
Initial margin and other member balances	11	(17,209.0)	(7,617.4)
Default funds	16	(2,089.9)	(2,722.4)

Prepayments, other taxes and accrued income within trade and other receivables are not classified as financial assets. Other taxes and deferred income within trade and other payables are not classified as financial liabilities.

Certificates of deposit (both bank issued and government backed) are all carried at fair value. For assets not marked to market there is no material difference between the carrying value and fair value.

All financial assets held at fair value are designated as such on initial recognition by the Company.

**Fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs, which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. The Company has no financial instruments in this category

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As at 31 December 2015 the Company held the following significant financial instruments measured at fair value:

€m	2015			2014		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Assets measured at fair value</b>						
Fair value of transactions with clearing members	-	240,025.5	240,025.5	-	224,695.5	224,695.5
Treasury bills	3,115.1	-	3,115.1	2,984.3	-	2,984.3
Government backed, bank issued certificates of deposits	462.7	-	462.7	102.5	-	102.5

**Liabilities measured at fair value**

Fair value of transactions with clearing members	-	(240,025.5)	(240,025.5)	-	(224,695.5)	(224,695.5)
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For assets and liabilities classified as level 1, the fair value is based on market price quotations at the reporting date.

For assets and liabilities classified as level 2, the fair value is calculated using valuation techniques with market observable inputs. Frequently applied techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves and forward rate curves.

**Income statement**

Amounts included in the income statement in relation to financial instruments are as follows:

	2015 €m	2014 €m
Treasury income on assets held at fair value through the income statement	-	0.7
Treasury income on liabilities held at amortised cost	87.9	64.7
Net fair value gain/(loss) on revaluation of other financial assets held at fair value included in net interest income	1.5	(1.0)
<b>Treasury income</b>	<b>89.4</b>	<b>64.4</b>
Treasury expense on assets held at fair value	(18.8)	(16.5)
Treasury expense on assets held at amortised cost	(6.9)	(0.7)
Treasury expense on liabilities held at amortised cost	(37.8)	(31.2)
<b>Treasury expense</b>	<b>(63.5)</b>	<b>(48.4)</b>
<b>Net treasury income</b>	<b>25.9</b>	<b>16.0</b>
Finance income on assets held at amortised cost	(0.2)	0.3
Finance expense on liabilities held at amortised cost	-	-
<b>Net finance income from financial instruments</b>	<b>(0.2)</b>	<b>0.3</b>

Treasury income includes amounts earned from clearing members' cash collateral deposits which attract negative interest rates. Interest expense includes amounts where the Company incurs negative interest in its cash deposits.

The 2014 comparatives have been amended from those previously reported (an increase of €24.8 million to both treasury income and treasury expense) as a result of amounts of negative interest previously offset against treasury income being transferred to treasury expense. Net treasury income is unchanged.

#### Offsetting financial assets and financial liabilities

The Company reports financial assets and financial liabilities on a net basis on the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on all financial assets and liabilities that are reported net on the balance sheet.

€m	Gross amounts	Amount offset	Net amount as reported
<b>As at 31 December 2015</b>			
Reverse repurchase agreements	276,186.1	(36,160.6)	240,025.5
<b>Total assets</b>	<b>276,186.1</b>	<b>(36,160.6)</b>	<b>240,025.5</b>
Reverse repurchase agreements	(276,186.1)	36,160.6	(240,025.5)
<b>Total liabilities</b>	<b>(276,186.1)</b>	<b>36,160.6</b>	<b>(240,025.5)</b>
€m	Gross amounts	Amount offset	Net amount as reported
As at 31 December 2014			
Reverse repurchase agreements	246,066.9	(21,371.4)	224,695.5
<b>Total assets</b>	<b>246,066.9</b>	<b>(21,371.4)</b>	<b>224,695.5</b>
Reverse repurchase agreements	(246,066.9)	21,371.4	(224,695.5)
<b>Total liabilities</b>	<b>(246,066.9)</b>	<b>21,371.4</b>	<b>(224,695.5)</b>

As a CCP, the Company sits in the middle of members' transactions and holds default funds and margin amounts as a contingency against the default of a member. As such, further amounts are available to offset in the event of a default reducing the asset and liability of €240,025.5 million (2014: 224,695.5 million) to nil. Default funds for equities, and derivatives, fixed income and CDS of €1,193.5 million (2014: €1,532.5 million), repos of €819.1 million (2014: 1,109.9 million) and other transactions of €77.3 million (2014: 80.0million) are held by the Company. In addition, the company holds margin of €3,962.0 million (2014: 5,646.5 million) for equities and derivatives, €19,326.3 million for repos (2014: 11,926.2 million) and €1,651.0 million (2014: €1,515.4 million) for other transactions.

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**19. Commitments and contingencies**

**Operating leases**

At 31 December 2015 the Company had annual commitments under non-cancellable operating leases. The total future minimum lease payments due are as follows:

	<b>2015 Property €m</b>	<b>2014 Property €m</b>
Within one year	2.7	2.9
More than one year, but less than five	10.9	9.4
More than five years	8.2	10.7
	21.8	23.0

A new lease for the main Paris office commenced from 1 January 2015, expiring 31 May 2024.

The Company has no finance leases.

**Supplier agreements**

LCH.Clearnet SA and the ATOS group agreed a five year IT service contract, effective on 1 January 2014. The estimated maximum value of the commitment to December 2018 is up to €37.2 million (2014: €50.3 million), assuming no early termination.

**Treasury assets supporting operational facilities**

At 31 December 2015, the Company had assets and collateral in support of Central bank activity which amounted to €2,239.2 million (2014: €2,613.1 million). LCH.Clearnet SA pledges securities as collateral for clearing activity with Banque de France for the purpose of securing overnight borrowings.

**20. Issued capital and reserves**

**Share capital**

*Ordinary shares*

The company has 7,416,700 fully paid-up ordinary shares of €15.24 each in issue as at 31 December 2015 (2014: 7,416,700).

No shares were issued in the year. All the Company's shares are owned by LCH.Clearnet Group Limited.

**Other reserves**

*Share premium*

No additional share premium has been recognised on the shares issued in the year.

*Other capital reserves*

The balance of €43.1 million (2014: €42.6 million) includes non-distributable reserves of €11.3 million (2014: €11.3 million in 2014).

*Distributable reserves*

Retained earnings of €145.7 million (2014: €122.6 million) are regarded as distributable.

On 22 February 2016, the Board of Directors proposed a dividend of €18.0 million (roughly €2.43 per share), which is scheduled for approval and payment after the General Shareholders' meeting planned on 9 March 2016.

## **21. Capital management**

### *Compliance with capital adequacy regulations*

The Company's approach to capital management is to maintain a strong capital base that will support the development of the business, meet regulatory requirements at all times and maintain good credit ratings. This is managed with reference to external capital requirements, including a consideration of future impacts of LCH. Capital plans are included within the Company's medium-term financial plan which is presented to the Board annually. The capital plans take into account current and future regulatory requirements and the development of the Company's business. The Company monitors capital resources in relation to its capital requirements.

LCH.Clearnet SA is considered a Qualifying Central Counterparty (QCCP) under the European Capital Requirements Regulations (CRR) as it has received authorisation under European Market Infrastructure Regulations (EMIR). The Company is registered as a Derivatives Clearing Organization (DCO) in the USA affording QCCP status for USA members.

LCH.Clearnet SA is regulated as a credit institution by the ACPR and as a CCP and an investment service provider by l'Autorité des marchés financiers (AMF) in Paris, France. It is subject to standard capital adequacy rules under EMIR and Basel III. It is also regulated by the CFTC as a DCO in the USA. LCH Clearnet SA is under the process for registration as a Clearing Agency by the U.S. Securities and Exchange Commission in connection with the clearing of single-name CDS by US Clearing Members

LCH.Clearnet SA is subject to capital adequacy rules under EMIR. Since December 2013, it is also regulated by the CFTC's Subpart C rules.

The Company has fully complied with its externally imposed capital requirements in the year.

In particular, it is required to ensure that its EMIR capital requirement is met by both its capital and audited reserves and adjusted liquid financial resources.

### *Basel III*

In accordance with Basel III Pillar 1 framework, the Company is required to maintain ratio of capital to risk weighted assets that cannot fall under a threshold of 4% of common equity, 5.5% of Tier 1 capital and 8% of total capital.

## **22. Related party transactions**

### **Key management personnel**

Details of key management personnel and their total remuneration are disclosed in note 17.

### **Ultimate parent company and group companies**

London Stock Exchange Group plc (LSEG) is the ultimate parent company of the Company and the largest group that prepares consolidated accounts. LCH.Clearnet Group Limited is the immediate parent company and the smallest group that prepares consolidated accounts.

Copies of the consolidated financial statements for LCH.Clearnet Group Limited for the year ended 31 December 2015 are available from the Company Secretary at the registered office. Copies of the consolidated financial statements for London Stock Exchange Group plc for the year ended 31 December 2015 are available from the Company Secretary, London Stock Exchange Group plc, 10 Paternoster Square, London, EC4M 7LS.

**Other group companies**

Sales to and purchases from other group companies are at arm's length and at normal market rates. Outstanding balances at the year-end are unsecured and are settled in cash. For the year ended 31 December 2015, the Company has not raised any provision for doubtful debts relating to amounts owed by other group companies.

Details of transactions with the Company's parent and fellow subsidiaries which have passed through the income statement during the year, together with details of outstanding balances, are set out below.

	2015 €m	2014 €m
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**Transactions with parent companies***Income statement*

Services recharged to parent companies	0.6	0.5
Services recharged from parent companies	(3.4)	(6.0)
Services recharged from parent company disclosed as non-recurring costs	-	-
<b>Total</b>	<b>(2.8)</b>	<b>(5.5)</b>

*Statement of financial position*

Amount due to parent companies as of 31 December	0.7	1.0
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**Transactions with fellow companies***Income statement*

Services recharged to fellow subsidiaries	-	-
Project recharge income with other fellow companies	3.7	2.9
Project recharge cost from other fellow companies	(14.5)	(4.2)
Services recharged to other fellow subsidiaries	1.1	0.6
Services recharged from fellow subsidiaries	-	(6.1)
<b>Total</b>	<b>(9.7)</b>	<b>(6.9)</b>

*Statement of financial position*

Amount due to fellow companies as of 31 December	5.2	4.0
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**Transactions with associate***Income statement*

Project recharge income (netted with administrative expenses)	0.2	0.3
Royalties and maintenance recharged from associate	(9.7)	(9.1)
<b>Total</b>	<b>(9.5)</b>	<b>(8.8)</b>

*Statement of financial position*

Amount due to associate companies as of 31 December	4.9	2.2
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**23. Provisions**

In December 2013, the Company initiated a restructuring plan and a net amount of €18.9 million was provided for on the statement of financial position. The provision was not discounted as it was expected that the provision would be substantially utilised during 2014.

	<b>Restructuring provision €m</b>
As at 1 January 2014	18.9
Utilised in the year	(16.9)
<b>As at 31 December 2014</b>	<b>2.0</b>
As at 1 January 2015	2.0
Released in the year	(0.5)
Utilised in the year	(1.1)
<b>As at 31 December 2015</b>	<b>0.4</b>

**24. Government grants**

The Company qualifies for Government assistance in the form of crédit d'impôt recherche (CIR) (a research and development tax credit).

The grant is received as a reduction of the tax expense in the year following that in which the expenditure was incurred. A reduction to the tax charge for the year ended 31 December 2015 of €0.5 million has been recognised as the amount due under this initiative (2014: €0.9 million).

The grant is subject to potential tax audit to ensure the eligibility of the expenses claimed. No provision has been made for any potential refund of the amounts receivable as this is deemed highly unlikely.

**EXHIBIT J-1**

**CDSClear Clearable Products: Single Names**

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
ACCOR	Consumer Services	ACCOR	0A477B	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000486409	FR0011274026
ACCOR	Consumer Services	ACCOR	0A477B	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010026765	FR0011274026
ACCOR	Consumer Services	ACCOR	0A477B	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010720045	FR0011274026
ACCOR	Consumer Services	ACCOR	0A477B	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011274026	FR0011274026
ACCOR	Consumer Services	ACCOR	0A477B	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000180192	FR0011274026
Adecco S.A.	Industrials	ADO	006DC9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0126005429	CH0147028200
Adecco S.A.	Industrials	ADO	006DC9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0104068548	CH0147028200
Adecco S.A.	Industrials	ADO	006DC9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0016469279	CH0147028200
Adecco S.A.	Industrials	ADO	006DC9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0189276030	CH0147028200
Adecco S.A.	Industrials	ADO	006DC9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0250709333	CH0147028200
Adecco S.A.	Industrials	ADO	006DC9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0425722922	CH0147028200
Adecco S.A.	Industrials	ADO	006DC9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0147028200	CH0147028200
Altice Finco S.A.	Consumer Services	ALTICFI	LL18G0	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0946155693	XS0946155693
Aktiebolaget Electrolux	Consumer Goods	ELTLX	0B11AH	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0126231199	XS1148169060
Aktiebolaget Electrolux	Consumer Goods	ELTLX	0B11AH	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0121396757	XS1148169060
Aktiebolaget Electrolux	Consumer Goods	ELTLX	0B11AH	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	SE0001930538	XS1148169060
Aktiebolaget Electrolux	Consumer Goods	ELTLX	0B11AH	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0371500025	XS1148169060
Aktiebolaget Electrolux	Consumer Goods	ELTLX	0B11AH	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1148169060	XS1148169060
Aktiebolaget Electrolux	Consumer Goods	ELTLX	0B11AH	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0356539881	XS1148169060
Aktiebolaget Volvo	Industrials	VLVY	9BAGDB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0106998270	XS0302948319
Aktiebolaget Volvo	Industrials	VLVY	9BAGDB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0157960815	XS0302948319
Aktiebolaget Volvo	Industrials	VLVY	9BAGDB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0415004331	XS0302948319
Aktiebolaget Volvo	Industrials	VLVY	9BAGDB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0302948319	XS0302948319
Akzo Nobel N.V.	Basic Materials	AKZO	0B11AI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0060676979	XS0719962986
Akzo Nobel N.V.	Basic Materials	AKZO	0B11AI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0170265341	XS0719962986
Akzo Nobel N.V.	Basic Materials	AKZO	0B11AI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0404765710	XS0719962986
Akzo Nobel N.V.	Basic Materials	AKZO	0B11AI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0719962986	XS0719962986
Akzo Nobel N.V.	Basic Materials	AKZO	0B11AI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0422084698	XS0719962986
Alcatel Lucent	Technology	ALCLCT	FF1AAK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000189201	FR0011527225
Alcatel Lucent	Technology	ALCLCT	FF1AAK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000492092	FR0011527225
Alcatel Lucent	Technology	ALCLCT	FF1AAK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0564563921	FR0011527225
Alcatel Lucent	Technology	ALCLCT	FF1AAK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011527225	FR0011527225
Alcatel Lucent	Technology	ALCLCT	FF1AAK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010070805	FR0011527225
ALLIANCE BOOTS HOLDINGS LIMITED	Consumer Services	ABHLTD	GG26AM	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0097335318	XS0097335318
ALSTOM	Industrials	ALSTOM	0C3368	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000495673	FR0010850701
ALSTOM	Industrials	ALSTOM	0C3368	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010167254	FR0010850701
ALSTOM	Industrials	ALSTOM	0C3368	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010850701	FR0010850701
ALSTOM	Industrials	ALSTOM	0C3368	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011531631	FR0010850701
ALSTOM	Industrials	ALSTOM	0C3368	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010801761	FR0010850701
ALTADIS SA	Consumer Goods	ALT	EE475E	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0176837309	XS0176838372
ALTADIS SA	Consumer Goods	ALT	EE475E	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0176838372	XS0176838372
Anglo American plc	Basic Materials	AAUK	037CDU	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0146292387	USG03762CE22
Anglo American plc	Basic Materials	AAUK	037CDU	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0177703732	USG03762CE22
Anglo American plc	Basic Materials	AAUK	037CDU	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0169443784	USG03762CE22
Anglo American plc	Basic Materials	AAUK	037CDU	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0424806734	USG03762CE22
Anglo American plc	Basic Materials	AAUK	037CDU	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USG03762CE22	USG03762CE22
Anglo American plc	Basic Materials	AAUK	037CDU	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0358158052	USG03762CE22
Anheuser-Busch InBev	Consumer Goods	ANBUS	BB347Q	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	BE0934985020	BE0934985020
ArcelorMittal	Basic Materials	ARMLL	LL332J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	US46489NAD49	US03938LAF13
ArcelorMittal	Basic Materials	ARMLL	LL332J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US03938LAD64	US03938LAF13
ArcelorMittal	Basic Materials	ARMLL	LL332J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0431928760	US03938LAF13

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
ArcelorMittal	Basic Materials	ARMLL	LL332J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0431928414	US03938LAF13
ArcelorMittal	Basic Materials	ARMLL	LL332J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US460377AB08	US03938LAF13
ArcelorMittal	Basic Materials	ARMLL	LL332J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US03938LAF13	US03938LAF13
ARDAGH PACKAGING FINANCE PUBLIC LIMITED COMPANY	Industrials	ARDAPAC	GG49CQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0547019777	XS0547019777
ASTALDI SOCIETA PER AZIONI	Industrials	ASTL	TT58BN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1000393899	XS1000393899
ASTRAZENECA PLC	Healthcare	AZN	04A988	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US98934KAB61	US046353AB45
ASTRAZENECA PLC	Healthcare	AZN	04A988	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US046353AB45	US046353AB45
ASTRAZENECA PLC	Healthcare	AZN	04A988	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0321640301	US046353AB45
ATLANTIA S.P.A.	Industrials	ATSPA	TT594F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0193945655	XS0193945655
ATLANTIA S.P.A.	Industrials	ATSPA	TT594F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0744125302	XS0193945655
ATLANTIA S.P.A.	Industrials	ATSPA	TT594F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0193947271	XS0193945655
BAE SYSTEMS PLC	Industrials	BAPLC	05A75U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US05523UAA88	XS0789683462
BAE SYSTEMS PLC	Industrials	BAPLC	05A75U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0099136532	XS0789683462
BAE SYSTEMS PLC	Industrials	BAPLC	05A75U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0031287849	XS0789683462
BAE SYSTEMS PLC	Industrials	BAPLC	05A75U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US05523UAE01	XS0789683462
BAE SYSTEMS PLC	Industrials	BAPLC	05A75U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0789683462	XS0789683462
BAE SYSTEMS PLC	Industrials	BAPLC	05A75U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	GB0001272664	XS0789683462
BASF Personal Care and Nutrition GmbH	Basic Materials	BAPCG	DD6980	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0300168076	XS0300168076
BASF Personal Care and Nutrition GmbH	Basic Materials	BAPCG	DD6980	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XS0300168076
BASF Schweiz AG	Basic Materials	BSFSHW	HH6CEH	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0170386998	XS0170386998
BASF SE	Basic Materials	BASFSE	DD6837	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0008846718	XS0420401779
BASF SE	Basic Materials	BASFSE	DD6837	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0EUB86	XS0420401779
BASF SE	Basic Materials	BASFSE	DD6837	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0420401779	XS0420401779
BASF SE	Basic Materials	BASFSE	DD6837	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000AJRFB0	XS0420401779
Bayer Aktiengesellschaft	Healthcare	BYIF	0H99A3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0145758040	XS0255605239
Bayer Aktiengesellschaft	Healthcare	BYIF	0H99A3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USU07229AB00	XS0255605239
Bayer Aktiengesellschaft	Healthcare	BYIF	0H99A3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0255605825	XS0255605239
Bayer Aktiengesellschaft	Healthcare	BYIF	0H99A3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0255605239	XS0255605239
Bayerische Motoren Werke Aktiengesellschaft	Consumer Goods	BMW	0H99B7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0124494708	XS0173501379
Bayerische Motoren Werke Aktiengesellschaft	Consumer Goods	BMW	0H99B7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0162732951	XS0173501379
Bayerische Motoren Werke Aktiengesellschaft	Consumer Goods	BMW	0H99B7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0729046218	XS0173501379
Bayerische Motoren Werke Aktiengesellschaft	Consumer Goods	BMW	0H99B7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0173501379	XS0173501379
Bertelsmann SE & Co. KGaA	Consumer Services	BERTSE	DE111Q	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0230962853	XS0268583993
Bertelsmann SE & Co. KGaA	Consumer Services	BERTSE	DE111Q	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0811690550	XS0268583993
Bertelsmann SE & Co. KGaA	Consumer Services	BERTSE	DE111Q	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0268583993	XS0268583993
BOUYGUES	Telecommunications Services	BOUY	FG25BN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010029769	FR0010853226
BOUYGUES	Telecommunications Services	BOUY	FG25BN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000489171	FR0010853226
BOUYGUES	Telecommunications Services	BOUY	FG25BN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010212852	FR0010853226
BOUYGUES	Telecommunications Services	BOUY	FG25BN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010853226	FR0010853226
BOUYGUES	Telecommunications Services	BOUY	FG25BN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010326975	FR0010853226
BP P.L.C.	Energy	BPLN	05AB84	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US05565QAH11	US10373QAA85
BP P.L.C.	Energy	BPLN	05AB84	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0145526934	US10373QAA85
BP P.L.C.	Energy	BPLN	05AB84	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0205367997	US10373QAA85
BP P.L.C.	Energy	BPLN	05AB84	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0334269411	US10373QAA85
BP P.L.C.	Energy	BPLN	05AB84	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US10373QAA85	US10373QAA85
BRISA - CONCESSAO RODOVIARIA, S.A.	Industrials	BRISCON	XX891M	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	PTBRIHOM0001	PTBRIHOM0001

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
BRITISH AIRWAYS plc	Industrials	BAB	1C145A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	GB0001290138	XS0133582147
BRITISH AIRWAYS plc	Industrials	BAB	1C145A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0133582147	XS0133582147
BRITISH AMERICAN TOBACCO p.l.c.	Consumer Goods	BATSLN	1C148C	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0182188366	XS0856014583
BRITISH AMERICAN TOBACCO p.l.c.	Consumer Goods	BATSLN	1C148C	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0094703799	XS0856014583
BRITISH AMERICAN TOBACCO p.l.c.	Consumer Goods	BATSLN	1C148C	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0171786287	XS0856014583
BRITISH AMERICAN TOBACCO p.l.c.	Consumer Goods	BATSLN	1C148C	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0189727869	XS0856014583
BRITISH AMERICAN TOBACCO p.l.c.	Consumer Goods	BATSLN	1C148C	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0856014583	XS0856014583
BRITISH AMERICAN TOBACCO p.l.c.	Consumer Goods	BATSLN	1C148C	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0352065584	XS0856014583
BRITISH ENERGY BOND FINANCE PLC	Utilities	BEG-Bebf	GH684I	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0210191788	XS0210191788
SKY PLC	Consumer Services	SKYPLC	GOA33D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0233131118	XS0301676861
SKY PLC	Consumer Services	SKYPLC	GOA33D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US111013AH19	XS0301676861
SKY PLC	Consumer Services	SKYPLC	GOA33D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0301676861	XS0301676861
BRITISH TELECOMMUNICATIONS public limited company	Telecommunications Services	BRITEL-BritTel	GH6DA2	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0123684887	XS0097283096
BRITISH TELECOMMUNICATIONS public limited company	Telecommunications Services	BRITEL-BritTel	GH6DA2	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0103333778	XS0097283096
BRITISH TELECOMMUNICATIONS public limited company	Telecommunications Services	BRITEL-BritTel	GH6DA2	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0076551695	XS0097283096
BRITISH TELECOMMUNICATIONS public limited company	Telecommunications Services	BRITEL-BritTel	GH6DA2	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US11102AAA97	XS0097283096
BRITISH TELECOMMUNICATIONS public limited company	Telecommunications Services	BRITEL-BritTel	GH6DA2	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0097283096	XS0097283096
CABLE & WIRELESS LIMITED	Telecommunications Services	CAWILD	GJ476R	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0063233679	XS0050504306
CABLE & WIRELESS LIMITED	Telecommunications Services	CAWILD	GJ476R	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0050504306	XS0050504306
CABLE & WIRELESS WORLDWIDE PLC	Telecommunications Services	CAWPLC	GH9BC7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0468712863	XS0468712863
MONDELEZ UK HLDGS SERVICES LTD	Consumer Goods	MONDUK	GM820K	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USU12283AB03	USU12283AB03
CAP GEMINI	Technology	CAPP	14C99H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000476442	FR0011149954
CAP GEMINI	Technology	CAPP	14C99H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010209387	FR0011149954
CAP GEMINI	Technology	CAPP	14C99H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010748905	FR0011149954
CAP GEMINI	Technology	CAPP	14C99H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011149954	FR0011149954
CASINO GUICHARD-PERRACHON	Consumer Services	GROUPE	FG554O	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000488413	FR0011301480
CASINO GUICHARD-PERRACHON	Consumer Services	GROUPE	FG554O	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000485807	FR0011301480
CASINO GUICHARD-PERRACHON	Consumer Services	GROUPE	FG554O	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011124601	FR0011301480
CASINO GUICHARD-PERRACHON	Consumer Services	GROUPE	FG554O	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011301480	FR0011301480
CASINO GUICHARD-PERRACHON	Consumer Services	GROUPE	FG554O	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010455626	FR0011301480
Carrefour	Consumer Services	CARR	FG4CAM	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000480691	FR0010394478
Carrefour	Consumer Services	CARR	FG4CAM	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000492282	FR0010394478
Carrefour	Consumer Services	CARR	FG4CAM	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010526848	FR0010394478
Carrefour	Consumer Services	CARR	FG4CAM	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0369258412	FR0010394478
Carrefour	Consumer Services	CARR	FG4CAM	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010394478	FR0010394478
Centrica plc	Utilities	CENTRI	16B9CT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0137672381	XS0388006552
Centrica plc	Utilities	CENTRI	16B9CT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0416397338	XS0388006552
Centrica plc	Utilities	CENTRI	16B9CT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0388006552	XS0388006552
CIR S.P.A. - COMPAGNIE INDUSTRIALI RIUNITE	Utilities	CIRINT	TVAHH8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0169896817	XS0207766170
CIR S.P.A. - COMPAGNIE INDUSTRIALI RIUNITE	Utilities	CIRINT	TVAHH8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0207766170	XS0207766170
Clariant AG	Basic Materials	CLAR	HI5CC7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0010519475	CH0130164418
Clariant AG	Basic Materials	CLAR	HI5CC7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0249417014	CH0130164418
Clariant AG	Basic Materials	CLAR	HI5CC7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0030125758	CH0130164418
Clariant AG	Basic Materials	CLAR	HI5CC7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0130164418	CH0130164418
COLT TECHNOLOGY SERVICES GROUP LIMITED	Technology	CTSGL	GI552F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
COMPAGNIE DE SAINT-GOBAIN	Industrials	STGOBN	FG872C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000494973	XS0546725358

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
COMPAGNIE DE SAINT-GOBAIN	Industrials	STGOBN	FG872C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0109134113	XS0546725358
COMPAGNIE DE SAINT-GOBAIN	Industrials	STGOBN	FG872C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0294547285	XS0546725358
COMPAGNIE DE SAINT-GOBAIN	Industrials	STGOBN	FG872C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0428417900	XS0546725358
COMPAGNIE DE SAINT-GOBAIN	Industrials	STGOBN	FG872C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0546725358	XS0546725358
COMPAGNIE DE SAINT-GOBAIN	Industrials	STGOBN	FG872C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010094623	XS0546725358
COMPASS GROUP PLC	Consumer Services	CPGLN	2C48D6	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0148362501	XS0741004062
COMPASS GROUP PLC	Consumer Services	CPGLN	2C48D6	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0148363814	XS0741004062
COMPASS GROUP PLC	Consumer Services	CPGLN	2C48D6	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0741004062	XS0741004062
COMPASS GROUP PLC	Consumer Services	CPGLN	2C48D6	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1079320203	XS0741004062
COMPASS GROUP PLC	Consumer Services	CPGLN	2C48D6	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0100559037	XS0741004062
Continental Aktiengesellschaft	Consumer Goods	CONTI	2D17E8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0139722069	XS0969344083
Continental Aktiengesellschaft	Consumer Goods	CONTI	2D17E8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0BB1Z6	XS0969344083
Continental Aktiengesellschaft	Consumer Goods	CONTI	2D17E8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A1AU37	XS0969344083
Continental Aktiengesellschaft	Consumer Goods	CONTI	2D17E8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XS0969344083
Continental Aktiengesellschaft	Consumer Goods	CONTI	2D17E8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0969344083	XS0969344083
Convatec Healthcare E.S.A.	Healthcare	CONVHEA	LMAFFH	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0568044555	XS0568044555
CORUS GROUP LIMITED	Basic Materials	TATAGP-CORUSLTD	GI67CP	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0192575925	XS0192575925
CORUS GROUP LIMITED	Basic Materials	TATAGP-CORUSLTD	GI67CP	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XS0192575925
Daimler AG	Consumer Goods	DAMLR	DE7C9Q	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US233835AQ08	DE000A1MA9V5
Daimler AG	Consumer Goods	DAMLR	DE7C9Q	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US233835AP25	DE000A1MA9V5
Daimler AG	Consumer Goods	DAMLR	DE7C9Q	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US233835AA55	DE000A1MA9V5
Daimler AG	Consumer Goods	DAMLR	DE7C9Q	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US233835AW75	DE000A1MA9V5
Daimler AG	Consumer Goods	DAMLR	DE7C9Q	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A1MA9V5	DE000A1MA9V5
DANONE	Consumer Goods	DANONE	2F999Z	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0202955547	FR0010967216
DANONE	Consumer Goods	DANONE	2F999Z	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010484766	FR0010967216
DANONE	Consumer Goods	DANONE	2F999Z	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010967216	FR0010967216
DANONE	Consumer Goods	DANONE	2F999Z	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0012432912	FR0010967216
DANONE	Consumer Goods	DANONE	2F999Z	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010612713	FR0010967216
Deutsche Bahn Aktiengesellschaft	Consumer Services	DBB	DE8FFT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0171904583	XS0311212723
Deutsche Bahn Aktiengesellschaft	Consumer Services	DBB	DE8FFT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0008628678	XS0311212723
Deutsche Bahn Aktiengesellschaft	Consumer Services	DBB	DE8FFT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0001591089	XS0311212723
Deutsche Bahn Aktiengesellschaft	Consumer Services	DBB	DE8FFT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0164831843	XS0311212723
Deutsche Bahn Aktiengesellschaft	Consumer Services	DBB	DE8FFT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0311212723	XS0311212723
Deutsche Lufthansa Aktiengesellschaft	Industrials	LUFTHA	2H66B7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0140276618	XS1109110251
Deutsche Lufthansa Aktiengesellschaft	Industrials	LUFTHA	2H66B7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0131446055	XS1109110251
Deutsche Lufthansa Aktiengesellschaft	Industrials	LUFTHA	2H66B7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0JQA39	XS1109110251
Deutsche Lufthansa Aktiengesellschaft	Industrials	LUFTHA	2H66B7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1109110251	XS1109110251
Deutsche Lufthansa Aktiengesellschaft	Industrials	LUFTHA	2H66B7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0438813536	XS1109110251
Deutsche Post AG	Industrials	DPW	DEAB47	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0009279042	XS0862952297
Deutsche Post AG	Industrials	DPW	DEAB47	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0862952297	XS0862952297
Deutsche Post AG	Industrials	DPW	DEAB47	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0862941506	XS0862952297
Deutsche Post AG	Industrials	DPW	DEAB47	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0008016502	XS0862952297
Deutsche Telekom AG	Telecommunications Services	DT	2H66BC	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US25156PAF09	DE000A0T5X07
Deutsche Telekom AG	Telecommunications Services	DT	2H66BC	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0148956559	DE000A0T5X07
Deutsche Telekom AG	Telecommunications Services	DT	2H66BC	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US25156PAL76	DE000A0T5X07
Deutsche Telekom AG	Telecommunications Services	DT	2H66BC	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0T5X07	DE000A0T5X07
DIAGEO PLC	Consumer Goods	DIAG	2H767T	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US25243EEA10	US25243YAJ82
DIAGEO PLC	Consumer Goods	DIAG	2H767T	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US25243QAB23	US25243YAJ82
DIAGEO PLC	Consumer Goods	DIAG	2H767T	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US25243YAN94	US25243YAJ82
DIAGEO PLC	Consumer Goods	DIAG	2H767T	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US25243YAM12	US25243YAJ82
DIAGEO PLC	Consumer Goods	DIAG	2H767T	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US25243YAJ82	US25243YAJ82

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
DIXONS RETAIL PLC	Consumer Services	DIXON	GI9F8T	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0157632562	XS0528872830
DIXONS RETAIL PLC	Consumer Services	DIXON	GI9F8T	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0804232337	XS0528872830
DIXONS RETAIL PLC	Consumer Services	DIXON	GI9F8T	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0528872830	XS0528872830
E.ON SE	Utilities	EONSE	DF6DAH	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0148579153	XS0148579153
EDISON S.P.A.	Utilities	FERRUZ	TW8A7X	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0181582056	XS0557897203
EDISON S.P.A.	Utilities	FERRUZ	TW8A7X	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0114448144	XS0557897203
EDISON S.P.A.	Utilities	FERRUZ	TW8A7X	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0196762263	XS0557897203
EDISON S.P.A.	Utilities	FERRUZ	TW8A7X	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0557897203	XS0557897203
EDISON S.P.A.	Utilities	FERRUZ	TW8A7X	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0441402681	XS0557897203
EDP - Energias de Portugal, S.A.	Utilities	EDP	X3DGB7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0126990778	PTEDPZOM0003
EDP - Energias de Portugal, S.A.	Utilities	EDP	X3DGB7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	PTEDPZOM0003	PTEDPZOM0003
EDP - Energias de Portugal, S.A.	Utilities	EDP	X3DGB7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	PTEDPSON0010	PTEDPZOM0003
Eileme 2 AB (publ)	Telecommunications Services	EILEAB	WY6955	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0731129747	XS0731129747
Electricite de France	Utilities	EDF	FHBD4H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0179486526	XS0162990229
Electricite de France	Utilities	EDF	FHBD4H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000481152	XS0162990229
Electricite de France	Utilities	EDF	FHBD4H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000491367	XS0162990229
Electricite de France	Utilities	EDF	FHBD4H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0367001574	XS0162990229
Electricite de France	Utilities	EDF	FHBD4H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS03427833692	XS0162990229
Electricite de France	Utilities	EDF	FHBD4H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0162990229	XS0162990229
EMI GROUP LIMITED	Consumer Services	EMIG	GJ338L	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0177495107	XSNOREFOBL00
EMI GROUP LIMITED	Consumer Services	EMIG	GJ338L	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0177495289	XSNOREFOBL00
EMI GROUP LIMITED	Consumer Services	EMIG	GJ338L	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
EnBW Energie Baden-Wuerttemberg AG	Utilities	BAD	DF796P	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0143721727	XS0271757832
EnBW Energie Baden-Wuerttemberg AG	Utilities	BAD	DF796P	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0143722451	XS0271757832
EnBW Energie Baden-Wuerttemberg AG	Utilities	BAD	DF796P	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0271757832	XS0271757832
ENDESA, S.A.	Utilities	ELESM	2BB7DV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0162878903	XSNOREFOBL00
ENDESA, S.A.	Utilities	ELESM	2BB7DV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	ES0230670210	XSNOREFOBL00
ENDESA, S.A.	Utilities	ELESM	2BB7DV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
ENEL S.P.A.	Utilities	ENEL	2BB8B1	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0090698365	XS0306644344
ENEL S.P.A.	Utilities	ENEL	2BB8B1	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0170342868	XS0306644344
ENEL S.P.A.	Utilities	ENEL	2BB8B1	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0170343247	XS0306644344
ENEL S.P.A.	Utilities	ENEL	2BB8B1	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0130266702	XS0306644344
ENEL S.P.A.	Utilities	ENEL	2BB8B1	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0306644344	XS0306644344
ENI S.P.A.	Energy	ENI	28EFBV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	BE0119198829	XS0741137029
ENI S.P.A.	Energy	ENI	28EFBV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0112278303	XS0741137029
ENI S.P.A.	Energy	ENI	28EFBV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0167456267	XS0741137029
ENI S.P.A.	Energy	ENI	28EFBV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0400780887	XS0741137029
ENI S.P.A.	Energy	ENI	28EFBV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0451457435	XS0741137029
ENI S.P.A.	Energy	ENI	28EFBV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	BE0934924383	XS0741137029
ENI S.P.A.	Energy	ENI	28EFBV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0741137029	XS0741137029
ENI S.P.A.	Energy	ENI	28EFBV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0411044653	XS0741137029
Airbus Group SE	Industrials	AIGROU	NN2A8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0445463887	XS0176914579
Airbus Group SE	Industrials	AIGROU	NN2A8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0176914579	XS0176914579
Evonik Degussa GmbH	Basic Materials	RAGAG-EVODEG	DD79BO	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0181557454	XS0181557454
EXPERIAN FINANCE PLC	Consumer Services	EXPGR1-EXPFIN	GJ57CT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0099323999	XS0585243289
EXPERIAN FINANCE PLC	Consumer Services	EXPGR1-EXPFIN	GJ57CT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0162820228	XS0585243289
EXPERIAN FINANCE PLC	Consumer Services	EXPGR1-EXPFIN	GJ57CT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0162821119	XS0585243289
EXPERIAN FINANCE PLC	Consumer Services	EXPGR1-EXPFIN	GJ57CT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USG3257NAB22	XS0585243289
EXPERIAN FINANCE PLC	Consumer Services	EXPGR1-EXPFIN	GJ57CT	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0585243289	XS0585243289
FIAT CHRYSLER AUTOMOBILES NV	Consumer Goods	FIATCHR	NQ48AB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0305093311	XS0305093311
FIAT CHRYSLER AUTOMOBILES NV	Consumer Goods	FIATCHR	NQ48AB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0647264398	XS0305093311

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
FIAT CHRYSLER AUTOMOBILES NV	Consumer Goods	FIATCHR	NQ48AB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0305093311	XS0305093311
FINMECCANICA S.P.A.	Industrials	FINMEC	3E9829	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	IT0001469631	XS0182242247
FINMECCANICA S.P.A.	Industrials	FINMEC	3E9829	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0182242247	XS0182242247
FKI LIMITED	Industrials	FKIL	GJ878Q	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
Fortum Oyj	Utilities	FORTUM	XZBGF7	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0180180985	XS0418729934
Fortum Oyj	Utilities	FORTUM	XZBGF7	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0180181447	XS0418729934
Fortum Oyj	Utilities	FORTUM	XZBGF7	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0418729934	XS0418729934
Fortum Oyj	Utilities	FORTUM	XZBGF7	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0258428712	XS0418729934
Fresenius SE & Co. KGaA	Healthcare	FSEKGA	DF9B6J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0240918218	XS0873432511
Fresenius SE & Co. KGaA	Healthcare	FSEKGA	DF9B6J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0873432511	XS0873432511
Fresenius SE & Co. KGaA	Healthcare	FSEKGA	DF9B6J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0390398344	XS0873432511
GAS NATURAL SDG, S.A.	Utilities	GASSM	EJ9DCN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0107330143	XS0479542580
GAS NATURAL SDG, S.A.	Utilities	GASSM	EJ9DCN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0181571364	XS0479542580
GAS NATURAL SDG, S.A.	Utilities	GASSM	EJ9DCN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0436905821	XS0479542580
GAS NATURAL SDG, S.A.	Utilities	GASSM	EJ9DCN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0458749826	XS0479542580
GAS NATURAL SDG, S.A.	Utilities	GASSM	EJ9DCN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0479542580	XS0479542580
ENGIE	Utilities	ENGIEAA	2BBAEJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000472334	FR0000472334
ENGIE	Utilities	ENGIEAA	2BBAEJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010952739	FR0000472334
GKN HOLDINGS PLC	Consumer Goods	GKNLN-Hldgs	3J78MG	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0147740335	XS0103214762
GKN HOLDINGS PLC	Consumer Goods	GKNLN-Hldgs	3J78MG	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0103214762	XS0103214762
Glencore International AG	Basic Materials	GLCORE	HK5754	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0177246575	XS0288783979
Glencore International AG	Basic Materials	GLCORE	HK5754	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0202202957	XS0288783979
Glencore International AG	Basic Materials	GLCORE	HK5754	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0270776411	XS0288783979
Glencore International AG	Basic Materials	GLCORE	HK5754	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0974877150	XS0288783979
Glencore International AG	Basic Materials	GLCORE	HK5754	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0288783979	XS0288783979
Grohe Holding GmbH	Consumer Goods	GROHE	DFAE7A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0200848041	XS0847049623
Grohe Holding GmbH	Consumer Goods	GROHE	DFAE7A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0847049623	XS0847049623
Auchan Holding	Consumer Services	AUCHHOL	FF4D9P	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010746008	FR0010746008
Auchan Holding	Consumer Services	AUCHHOL	FF4D9P	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010962134	FR0010746008
HANSON LIMITED	Industrials	HEI-HANSN	GK6AEL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US411352AA50	US411349AA15
HANSON LIMITED	Industrials	HEI-HANSN	GK6AEL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US411349AA15	US411349AA15
HAVAS	Consumer Services	HAVAS	FJBDFD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000180747	FR0010820217
HAVAS	Consumer Services	HAVAS	FJBDFD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000188476	FR0010820217
HAVAS	Consumer Services	HAVAS	FJBDFD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010820217	FR0010820217
HeidelbergCement AG	Industrials	HEI	DG48AB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0002966850	XS0458685913
HeidelbergCement AG	Industrials	HEI	DG48AB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0342136313	XS0458685913
HeidelbergCement AG	Industrials	HEI	DG48AB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0221489155	XS0458685913
HeidelbergCement AG	Industrials	HEI	DG48AB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0458685913	XS0458685913
HeidelbergCement AG	Industrials	HEI	DG48AB	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0TKUU3	XS0458685913
HELLENIC TELECOMMUNICATIONS ORGANISATION SOCIETE ANONYME	Telecommunications Services	OTE	4G5657	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0173549659	XS0885718782
HELLENIC TELECOMMUNICATIONS ORGANISATION SOCIETE ANONYME	Telecommunications Services	OTE	4G5657	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0106765927	XS0885718782
HELLENIC TELECOMMUNICATIONS ORGANISATION SOCIETE ANONYME	Telecommunications Services	OTE	4G5657	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0885718782	XS0885718782
HELLENIC TELECOMMUNICATIONS ORGANISATION SOCIETE ANONYME	Telecommunications Services	OTE	4G5657	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0275776283	XS0885718782
Henkel AG & Co. KGaA	Consumer Goods	HENAGK	467A5U	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0006641962	XS0418268198
Henkel AG & Co. KGaA	Consumer Goods	HENAGK	467A5U	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0418268198	XS0418268198
LafargeHolcim Ltd	Industrials	LAFALTD	HLBDEM	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0187218901	XS0425251542
LafargeHolcim Ltd	Industrials	LAFALTD	HLBDEM	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0425251542	XS0425251542
Iberdrola, S.A.	Utilities	IBERDU	EK77AV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0907762065	XS0940711947
Iberdrola, S.A.	Utilities	IBERDU	EK77AV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0163023848	XS0940711947

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Iberdrola, S.A.	Utilities	IBERDU	EK77AV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US81013TAB70	XS0940711947
Iberdrola, S.A.	Utilities	IBERDU	EK77AV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0829209195	XS0940711947
Iberdrola, S.A.	Utilities	IBERDU	EK77AV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0940711947	XS0940711947
Iberdrola, S.A.	Utilities	IBERDU	EK77AV	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0222372178	XS0940711947
IMPERIAL CHEMICAL INDUSTRIES LIMITED	Basic Materials	AKZO-ICILD	GKB89Z	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US449909AL48	US449909AL48
IMPERIAL BRANDS PLC	Consumer Goods	IMPEBRA	GKB92C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0180407602	XS0180407602
INEOS GROUP HOLDINGS LIMITED	Basic Materials	INGHL	GKBGFL	100; 500	EUR	0M-10Y	ISDA2003CREDIT	MM	SECDOM	XS0242945367	XS0242945367
INVENSYS LTD	Industrials	INVENLI	GKDA4K	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
ISS A/S	Industrials	ISSNAS	KP558I	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
ITV PLC	Consumer Services	ITV	GKDHCHE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0094626941	XS0269885785
ITV PLC	Consumer Services	ITV	GKDHCHE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0076449221	XS0269885785
ITV PLC	Consumer Services	ITV	GKDHCHE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0232037233	XS0269885785
ITV PLC	Consumer Services	ITV	GKDHCHE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0269885785	XS0269885785
J SAINSBURY plc	Consumer Services	SBRY	4AC86D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0145149539	XS1139087933
J SAINSBURY plc	Consumer Services	SBRY	4AC86D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0132125112	XS1139087933
J SAINSBURY plc	Consumer Services	SBRY	4AC86D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0132124735	XS1139087933
J SAINSBURY plc	Consumer Services	SBRY	4AC86D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1139087933	XS1139087933
J SAINSBURY plc	Consumer Services	SBRY	4AC86D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0435502769	XS1139087933
JAGUAR LAND ROVER AUTOMOTIVE PLC	Consumer Goods	JAGLAN	GL501U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1025866119	XS1025866119
JAGUAR LAND ROVER AUTOMOTIVE PLC	Consumer Goods	JAGLAN	GL501U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0765386627	XS1025866119
JAGUAR LAND ROVER AUTOMOTIVE PLC	Consumer Goods	JAGLAN	GL501U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0627215378	XS1025866119
Kabel Deutschland Vertrieb und Service GmbH	Consumer Services	KDVSGM	DJA66I	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0637823864	XS0637823864
KELDA GROUP LIMITED	Utilities	SLTRW-Kelda	GJ553F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
Kering	Consumer Services	KERIAA	FK976O	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010784082	FR0010784082
Kering	Consumer Services	KERIAA	FK976O	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011236983	FR0010784082
Kering	Consumer Services	KERIAA	FK976O	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010878991	FR0010784082
KINGFISHER PLC	Consumer Services	KINGFI	4DEC96	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0178322128	XS0178322474
KINGFISHER PLC	Consumer Services	KINGFI	4DEC96	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0100937324	XS0178322474
KINGFISHER PLC	Consumer Services	KINGFI	4DEC96	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0178322474	XS0178322474
Koninklijke Ahold N.V.	Consumer Services	AHOLD	5F04AD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0140280305	US008685AB51
Koninklijke Ahold N.V.	Consumer Services	AHOLD	5F04AD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0140280644	US008685AB51
Koninklijke Ahold N.V.	Consumer Services	AHOLD	5F04AD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US008685AC35	US008685AB51
Koninklijke Ahold N.V.	Consumer Services	AHOLD	5F04AD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0128973590	US008685AB51
Koninklijke Ahold N.V.	Consumer Services	AHOLD	5F04AD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	NL0000118560	US008685AB51
Koninklijke Ahold N.V.	Consumer Services	AHOLD	5F04AD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US008685AB51	US008685AB51
Koninklijke DSM N.V.	Basic Materials	KDSM	NS517V	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USN65297AR93	XS0326230181
Koninklijke DSM N.V.	Basic Materials	KDSM	NS517V	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0326230181	XS0326230181
Koninklijke DSM N.V.	Basic Materials	KDSM	NS517V	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1293087703	XS0326230181
Koninklijke DSM N.V.	Basic Materials	KDSM	NS517V	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0235117891	XS0326230181
Koninklijke KPN N.V.	Telecommunications Services	KPN	NR6BGI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US780641AG12	XS0411850075
Koninklijke KPN N.V.	Telecommunications Services	KPN	NR6BGI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US780641AB25	XS0411850075
Koninklijke KPN N.V.	Telecommunications Services	KPN	NR6BGI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0411850075	XS0411850075
Koninklijke Philips N.V.	Consumer Goods	KONIPHI	NTFGGO	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US500472AC95	US500472AB13
Koninklijke Philips N.V.	Consumer Goods	KONIPHI	NTFGGO	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US500472AB13	US500472AB13
LADBROKES PLC	Consumer Services	LADBRK	GL86AK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0145190681	XS0491875562
LADBROKES PLC	Consumer Services	LADBRK	GL86AK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0145190921	XS0491875562
LADBROKES PLC	Consumer Services	LADBRK	GL86AK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0100088755	XS0491875562

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LADBROKES PLC	Consumer Services	LADBRK	GL86AK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0491875562	XS0491875562
Lafarge	Industrials	LAFCP	555DE7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010032730	XS0562783034
Lafarge	Industrials	LAFCP	555DE7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000481665	XS0562783034
Lafarge	Industrials	LAFCP	555DE7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US505861AB03	XS0562783034
Lafarge	Industrials	LAFCP	555DE7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0975113498	XS0562783034
Lafarge	Industrials	LAFCP	555DE7	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0562783034	XS0562783034
L'AIR LIQUIDE SOCIETE ANONYME POUR L'ETUDE ET L'EXPLOITATION DES PROCEDES GEORGES CLAUDE	Basic Materials	AIRLIQ	FG29CJ	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000475550	FR0011439835
L'AIR LIQUIDE SOCIETE ANONYME POUR L'ETUDE ET L'EXPLOITATION DES PROCEDES GEORGES CLAUDE	Basic Materials	AIRLIQ	FG29CJ	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000487936	FR0011439835
L'AIR LIQUIDE SOCIETE ANONYME POUR L'ETUDE ET L'EXPLOITATION DES PROCEDES GEORGES CLAUDE	Basic Materials	AIRLIQ	FG29CJ	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011439835	FR0011439835
L'AIR LIQUIDE SOCIETE ANONYME POUR L'ETUDE ET L'EXPLOITATION DES PROCEDES GEORGES CLAUDE	Basic Materials	AIRLIQ	FG29CJ	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010765354	FR0011439835
LANXESS Aktiengesellschaft	Basic Materials	LNX	DI535D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0222550880	XS0629645531
LANXESS Aktiengesellschaft	Basic Materials	LNX	DI535D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0629645531	XS0629645531
LANXESS Aktiengesellschaft	Basic Materials	LNX	DI535D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0855167523	XS0629645531
LANXESS Aktiengesellschaft	Basic Materials	LNX	DI535D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0423036663	XS0629645531
Linde Aktiengesellschaft	Basic Materials	LINDE	DI537C	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0002465952	XS0297700006
Linde Aktiengesellschaft	Basic Materials	LINDE	DI537C	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0297699588	XS0297700006
Linde Aktiengesellschaft	Basic Materials	LINDE	DI537C	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0297700006	XS0297700006
MARKS AND SPENCER p.l.c.	Consumer Services	MKS-M+SPIC	GLDABF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0138137285	XS0471074582
MARKS AND SPENCER p.l.c.	Consumer Services	MKS-M+SPIC	GLDABF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0138179105	XS0471074582
MARKS AND SPENCER p.l.c.	Consumer Services	MKS-M+SPIC	GLDABF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0141727775	XS0471074582
MARKS AND SPENCER p.l.c.	Consumer Services	MKS-M+SPIC	GLDABF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US57069PAC68	XS0471074582
MARKS AND SPENCER p.l.c.	Consumer Services	MKS-M+SPIC	GLDABF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0188430721	XS0471074582
MARKS AND SPENCER p.l.c.	Consumer Services	MKS-M+SPIC	GLDABF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0471074582	XS0471074582
MELIA HOTELS INTERNATIONAL, S.A.	Consumer Services	MEHI	ELA9CI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0909782921	XS0909782921
MELIA HOTELS INTERNATIONAL, S.A.	Consumer Services	MEHI	ELA9CI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0469533631	XS0909782921
METRO AG	Consumer Services	METFNL	DI8CFE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0002017217	DE000A1MA9K8
METRO AG	Consumer Services	METFNL	DI8CFE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0004097142	DE000A1MA9K8
METRO AG	Consumer Services	METFNL	DI8CFE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0BCGN2	DE000A1MA9K8
METRO AG	Consumer Services	METFNL	DI8CFE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0NV975	DE000A1MA9K8
METRO AG	Consumer Services	METFNL	DI8CFE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A1C92S3	DE000A1MA9K8
METRO AG	Consumer Services	METFNL	DI8CFE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A1MA9K8	DE000A1MA9K8
METRO AG	Consumer Services	METFNL	DI8CFE	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0XFCT5	DE000A1MA9K8
Metso Oyj	Industrials	METSO	5EB8D8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0139918121	XS0838968849
Metso Oyj	Industrials	METSO	5EB8D8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0205081911	XS0838968849
Metso Oyj	Industrials	METSO	5EB8D8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0838968849	XS0838968849
NATIONAL GRID PLC	Utilities	NGP	GM9ACP	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0133729771	XS0170798325
NATIONAL GRID PLC	Utilities	NGP	GM9ACP	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US636274AC63	XS0170798325
NATIONAL GRID PLC	Utilities	NGP	GM9ACP	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0213972614	XS0170798325
NATIONAL GRID PLC	Utilities	NGP	GM9ACP	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0170798325	XS0170798325
Nestle S.A.	Consumer Goods	NESTLE	6A516F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0144994232	CH0028644646
Nestle S.A.	Consumer Goods	NESTLE	6A516F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0281831270	CH0028644646
Nestle S.A.	Consumer Goods	NESTLE	6A516F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0582697941	CH0028644646
Nestle S.A.	Consumer Goods	NESTLE	6A516F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0028644646	CH0028644646
NEW LOOK BONDCO I LIMITED	Consumer Services	NEWLOOAG	GMAA8Y	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00

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									Tier	ISIN	
NEXT PLC	Consumer Services	NXT	GMB517	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0169287124	XS0630204351
NEXT PLC	Consumer Services	NXT	GMB517	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0630204351	XS0630204351
Nokia Oyj	Technology	NOKIA	XD79FA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XS0411735482
Nokia Oyj	Technology	NOKIA	XD79FA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0411735482	XS0411735482
Orange	Telecommunications Services	ORANAA	FLEECZ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0365094811	XS0365094811
Orange	Telecommunications Services	ORANAA	FLEECZ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0286705321	XS0365094811
PEARSON plc	Consumer Services	PSON	7H5516	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US705015AB12	US705015AB12
PEARSON plc	Consumer Services	PSON	7H5516	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USG69651AN02	US705015AB12
PEARSON plc	Consumer Services	PSON	7H5516	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0127535515	US705015AB12
PEARSON plc	Consumer Services	PSON	7H5516	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	GB0006777725	US705015AB12
PEARSON plc	Consumer Services	PSON	7H5516	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0106750655	US705015AB12
PEARSON plc	Consumer Services	PSON	7H5516	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US705010AB25	US705015AB12
PEARSON plc	Consumer Services	PSON	7H5516	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0102793642	US705015AB12
PERNOD RICARD	Consumer Goods	PERNOD	7I568A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000188286	USF7061BAN04
PERNOD RICARD	Consumer Goods	PERNOD	7I568A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010398263	USF7061BAN04
PERNOD RICARD	Consumer Goods	PERNOD	7I568A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010398271	USF7061BAN04
PERNOD RICARD	Consumer Goods	PERNOD	7I568A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	USF7061BAN04
PERNOD RICARD	Consumer Goods	PERNOD	7I568A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USF7061BAN04	USF7061BAN04
PERNOD RICARD	Consumer Goods	PERNOD	7I568A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010871376	USF7061BAN04
PEUGEOT SA	Consumer Goods	PEUGOT	6FC9LG	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000487159	FR0011439975
PEUGEOT SA	Consumer Goods	PEUGOT	6FC9LG	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010915116	FR0011439975
PEUGEOT SA	Consumer Goods	PEUGOT	6FC9LG	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011439975	FR0011439975
PEUGEOT SA	Consumer Goods	PEUGOT	6FC9LG	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010957282	FR0011439975
PEUGEOT SA	Consumer Goods	PEUGOT	6FC9LG	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010780452	FR0011439975
Porsche Automobil Holding SE	Consumer Goods	PAUTO	DJ76AK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0GMHF4	DE000A0GMHG2
Porsche Automobil Holding SE	Consumer Goods	PAUTO	DJ76AK	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0GMHG2	DE000A0GMHG2
Portugal Telecom International Finance B.V.	Telecommunications Services	PLTMPL-IntFin	NU811I	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0124721027	XS0215828913
Portugal Telecom International Finance B.V.	Telecommunications Services	PLTMPL-IntFin	NU811I	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0096141337	XS0215828913
Portugal Telecom International Finance B.V.	Telecommunications Services	PLTMPL-IntFin	NU811I	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0215828830	XS0215828913
Portugal Telecom International Finance B.V.	Telecommunications Services	PLTMPL-IntFin	NU811I	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0215828913	XS0215828913
PostNL N.V.	Industrials	PNL	NU923F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	NL0006133175	NL0006380537
PostNL N.V.	Industrials	PNL	NU923F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	NL0006380537	NL0006380537
PostNL N.V.	Industrials	PNL	NU923F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	NL0000117190	NL0006380537
ProSiebenSat.1 Media SE	Consumer Services	PROSMED	DJ845W	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A11QFA7	DE000A11QFA7
PUBLICIS GROUPE SA	Consumer Services	PUBFP	FMD67C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000188716	FR0012384634
PUBLICIS GROUPE SA	Consumer Services	PUBFP	FMD67C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000180127	FR0012384634
PUBLICIS GROUPE SA	Consumer Services	PUBFP	FMD67C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010157354	FR0012384634
PUBLICIS GROUPE SA	Consumer Services	PUBFP	FMD67C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0012384634	FR0012384634
PUBLICIS GROUPE SA	Consumer Services	PUBFP	FMD67C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0012384667	FR0012384634
PUBLICIS GROUPE SA	Consumer Services	PUBFP	FMD67C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010831974	FR0012384634
RALLYE	Consumer Services	GENP	FMDCAQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010039107	FR0010815472
RALLYE	Consumer Services	GENP	FMDCAQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000473985	FR0010815472
RALLYE	Consumer Services	GENP	FMDCAQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010117325	FR0010815472
RALLYE	Consumer Services	GENP	FMDCAQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011441831	FR0010815472
RALLYE	Consumer Services	GENP	FMDCAQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010815472	FR0010815472
RELX PLC	Consumer Services	RELXPLC	GNBDCO	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US758202AG01	XS0271070525
RELX PLC	Consumer Services	RELXPLC	GNBDCO	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0271070525	XS0271070525
RENAULT	Consumer Goods	RENAUL	7CEFDA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000483083	FR0010871541
RENAULT	Consumer Goods	RENAUL	7CEFDA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000474843	FR0010871541

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
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RENAULT	Consumer Goods	RENAUL	7CEFDA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010483503	FR0010871541
RENAULT	Consumer Goods	RENAUL	7CEFDA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010871541	FR0010871541
RENAULT	Consumer Goods	RENAUL	7CEFDA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011052117	FR0010871541
RENAULT	Consumer Goods	RENAUL	7CEFDA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010025734	FR0010871541
RENTOKIL INITIAL PLC	Industrials	RNTKIL	GNC590	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0249085852	XS0382466931
REPSOL, S.A.	Energy	REPSSA	EMCDAT	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0172751355	XS0733696495
REPSOL, S.A.	Energy	REPSSA	EMCDAT	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0419352199	XS0733696495
REPSOL, S.A.	Energy	REPSSA	EMCDAT	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0733696495	XS0733696495
REPSOL, S.A.	Energy	REPSSA	EMCDAT	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0831370613	XS0733696495
REPSOL, S.A.	Energy	REPSSA	EMCDAT	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0202649934	XS0733696495
REXEL DEVELOPPEMENT SAS	Industrials	RXLDEV	F7553F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
RHODIA	Basic Materials	RHA	7D85CG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0126682953	XS0506721827
RHODIA	Basic Materials	RHA	7D85CG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0169064416	XS0506721827
RHODIA	Basic Materials	RHA	7D85CG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0177187381	XS0506721827
RHODIA	Basic Materials	RHA	7D85CG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0270503369	XS0506721827
RHODIA	Basic Materials	RHA	7D85CG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010464487	XS0506721827
RHODIA	Basic Materials	RHA	7D85CG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0506721827	XS0506721827
ROLLS-ROYCE PLC	Industrials	ROLLS	7ECCF9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0002692506	XS0426014899
ROLLS-ROYCE PLC	Industrials	ROLLS	7ECCF9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0112533699	XS0426014899
ROLLS-ROYCE PLC	Industrials	ROLLS	7ECCF9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0188009004	XS0426014899
ROLLS-ROYCE PLC	Industrials	ROLLS	7ECCF9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0426014899	XS0426014899
ROLLS-ROYCE PLC	Industrials	ROLLS	7ECCF9	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0112487482	XS0426014899
ROYAL DUTCH SHELL PLC	Energy	RDSPLC	GNDF9A	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0147940349	US822582AC66
ROYAL DUTCH SHELL PLC	Energy	RDSPLC	GNDF9A	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0165544130	US822582AC66
ROYAL DUTCH SHELL PLC	Energy	RDSPLC	GNDF9A	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US822582AC66	US822582AC66
RWE Aktiengesellschaft	Utilities	RWE	7BDGCJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0158243013	XS0162513211
RWE Aktiengesellschaft	Utilities	RWE	7BDGCJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0172851650	XS0162513211
RWE Aktiengesellschaft	Utilities	RWE	7BDGCJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0147030554	XS0162513211
RWE Aktiengesellschaft	Utilities	RWE	7BDGCJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0127984317	XS0162513211
RWE Aktiengesellschaft	Utilities	RWE	7BDGCJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0196302425	XS0162513211
RWE Aktiengesellschaft	Utilities	RWE	7BDGCJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0162513211	XS0162513211
SABMILLER PLC	Consumer Goods	SABLNL	7FDCC90	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US78572MAD74	US78572MAA36
SABMILLER PLC	Consumer Goods	SABLNL	7FDCC90	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US78572MAA36	US78572MAA36
SAFEWAY LIMITED	Consumer Services	AYLL	GNEDEU	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0110106365	XS0093004736
SAFEWAY LIMITED	Consumer Services	AYLL	GNEDEU	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0100362911	XS0093004736
SAFEWAY LIMITED	Consumer Services	AYLL	GNEDEU	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0093004736	XS0093004736
SANOFI	Healthcare	SANFI	F8128F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0456451771	XS0456451771
SANOFI	Healthcare	SANFI	F8128F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0367072674	XS0456451771
SANOFI	Healthcare	SANFI	F8128F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0012969020	XS0456451771
SANOFI	Healthcare	SANFI	F8128F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0035703070	XS0456451771
SES	Telecommunications Services	SESG	LTB30H	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0180191164	XS0493098486
SES	Telecommunications Services	SESG	LTB30H	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0271527599	XS0493098486
SES	Telecommunications Services	SESG	LTB30H	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0600056641	XS0493098486
SES	Telecommunications Services	SESG	LTB30H	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0493098486	XS0493098486
Siemens Aktiengesellschaft	Industrials	SIEM	8A87AG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0131224155	XS0369461644
Siemens Aktiengesellschaft	Industrials	SIEM	8A87AG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0084098465	XS0369461644
Siemens Aktiengesellschaft	Industrials	SIEM	8A87AG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0413806596	XS0369461644
Siemens Aktiengesellschaft	Industrials	SIEM	8A87AG	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0369461644	XS0369461644
SMURFIT KAPPA ACQUISITIONS	Industrials	MDPAC-SMFIT	GOA7BL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1074396927	XS1074396927
SMURFIT KAPPA ACQUISITIONS	Industrials	MDPAC-SMFIT	GOA7BL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0832432446	XS1074396927

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Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
SMURFIT KAPPA FUNDING PUBLIC LIMITED COMPANY	Industrials	MDPAC-SKF	GOA86F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0167358331	XSNOREFOBL00
SMURFIT KAPPA FUNDING PUBLIC LIMITED COMPANY	Industrials	MDPAC-SKF	GOA86F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0155417842	XSNOREFOBL00
SMURFIT KAPPA FUNDING PUBLIC LIMITED COMPANY	Industrials	MDPAC-SKF	GOA86F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0155419038	XSNOREFOBL00
SMURFIT KAPPA FUNDING PUBLIC LIMITED COMPANY	Industrials	MDPAC-SKF	GOA86F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0167358331	XSNOREFOBL00
SOCIETE AIR FRANCE	Industrials	AF-AirFrance	FNC9BR	100; 500	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	FR0010185975	FR0010185975
SOCIETE AIR FRANCE	Industrials	AF-AirFrance	FNC9BR	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010185975	FR0010185975
SODEXO	Consumer Services	DEXO	FND50F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000488603	XS1080163709
SODEXO	Consumer Services	DEXO	FND50F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0408827409	XS1080163709
SODEXO	Consumer Services	DEXO	FND50F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1080163709	XS1080163709
SODEXO	Consumer Services	DEXO	FND50F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS029294775	XS1080163709
Solvay	Basic Materials	SOLVAY	8B787A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	BE0378263603	BE0374557404
Solvay	Basic Materials	SOLVAY	8B787A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	BE0357905729	BE0374557404
Solvay	Basic Materials	SOLVAY	8B787A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	BE0374557404	BE0374557404
STATOIL ASA	Energy	STOL	RZC53W	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0099213547	US85771PAB85
STATOIL ASA	Energy	STOL	RZC53W	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US85771PAB85	US85771PAB85
Stena Aktiebolag	Industrials	STENA	W4FCDX	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0287290737	XS0285176458
Stena Aktiebolag	Industrials	STENA	W4FCDX	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0285176458	XS0285176458
STMicroelectronics N.V.	Technology	STM	8E7113	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0173918011	XSNOREFOBL00
STMicroelectronics N.V.	Technology	STM	8E7113	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000484081	XSNOREFOBL00
STMicroelectronics N.V.	Technology	STM	8E7113	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US861012AF95	XSNOREFOBL00
STMicroelectronics N.V.	Technology	STM	8E7113	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
STMicroelectronics N.V.	Technology	STM	8E7113	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1083956307	XSNOREFOBL00
STMicroelectronics N.V.	Technology	STM	8E7113	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0247802522	XSNOREFOBL00
Stora Enso Oyj	Basic Materials	STORA	8E831M	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US86210MAA45	XS0830688411
Stora Enso Oyj	Basic Materials	STORA	8E831M	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0113081474	XS0830688411
Stora Enso Oyj	Basic Materials	STORA	8E831M	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USX8662DAV92	XS0830688411
Stora Enso Oyj	Basic Materials	STORA	8E831M	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0254593188	XS0830688411
Stora Enso Oyj	Basic Materials	STORA	8E831M	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0830688411	XS0830688411
Stora Enso Oyj	Basic Materials	STORA	8E831M	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0194948617	XS0830688411
Suedzucker AG	Consumer Goods	SUEDAG	DLA7AK	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0606202454	XS0606202454
Svenska Cellulosa Aktiebolaget SCA	Consumer Goods	SCACAP	8EFEDF	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0149915653	XS0942094805
Svenska Cellulosa Aktiebolaget SCA	Consumer Goods	SCACAP	8EFEDF	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0246077639	XS0942094805
Svenska Cellulosa Aktiebolaget SCA	Consumer Goods	SCACAP	8EFEDF	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0942094805	XS0942094805
Svenska Cellulosa Aktiebolaget SCA	Consumer Goods	SCACAP	8EFEDF	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	BE0119096775	XS0942094805
Swedish Match AB	Consumer Goods	SWEMAT	8F7339	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0102264651	XS0767319857
Swedish Match AB	Consumer Goods	SWEMAT	8F7339	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0259109154	XS0767319857
Swedish Match AB	Consumer Goods	SWEMAT	8F7339	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0562188580	XS0767319857
Swedish Match AB	Consumer Goods	SWEMAT	8F7339	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0767319857	XS0767319857
TATE & LYLE PUBLIC LIMITED COMPANY	Consumer Goods	TATELN	8FDDBC7	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0150130879	XS0469026453
TATE & LYLE PUBLIC LIMITED COMPANY	Consumer Goods	TATELN	8FDDBC7	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0102568523	XS0469026453
TATE & LYLE PUBLIC LIMITED COMPANY	Consumer Goods	TATELN	8FDDBC7	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US87656XAA90	XS0469026453
TATE & LYLE PUBLIC LIMITED COMPANY	Consumer Goods	TATELN	8FDDBC7	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0469026453	XS0469026453
Techem GmbH	Industrials	TECHGH	DLB48H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0783934911	XS0783934911
TECHNIP	Energy	TECFPN	FO96DD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000188237	FR0010828095
TECHNIP	Energy	TECFPN	FO96DD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010085795	FR0010828095
TECHNIP	Energy	TECFPN	FO96DD	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010828095	FR0010828095

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
TELECOM ITALIA SPA	Telecommunications Services	TIIMN	T2B9EF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0124171017	XS0184373925
TELECOM ITALIA SPA	Telecommunications Services	TIIMN	T2B9EF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0142531903	XS0184373925
TELECOM ITALIA SPA	Telecommunications Services	TIIMN	T2B9EF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0146643191	XS0184373925
TELECOM ITALIA SPA	Telecommunications Services	TIIMN	T2B9EF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0146643787	XS0184373925
TELECOM ITALIA SPA	Telecommunications Services	TIIMN	T2B9EF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0430578632	XS0184373925
TELECOM ITALIA SPA	Telecommunications Services	TIIMN	T2B9EF	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0184373925	XS0184373925
Telefonaktiebolaget L M Ericsson	Technology	LMETEL	WY7EBJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0180158387	XS0307504547
Telefonaktiebolaget L M Ericsson	Technology	LMETEL	WY7EBJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0097717358	XS0307504547
Telefonaktiebolaget L M Ericsson	Technology	LMETEL	WY7EBJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0097717275	XS0307504547
Telefonaktiebolaget L M Ericsson	Technology	LMETEL	WY7EBJ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0307504547	XS0307504547
TELEFONICA, S.A.	Telecommunications Services	TELEFO	8FGCBA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US879385AC65	XS0934042549
TELEFONICA, S.A.	Telecommunications Services	TELEFO	8FGCBA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0162867880	XS0934042549
TELEFONICA, S.A.	Telecommunications Services	TELEFO	8FGCBA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0800937640	XS0934042549
TELEFONICA, S.A.	Telecommunications Services	TELEFO	8FGCBA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0934042549	XS0934042549
TELEFONICA, S.A.	Telecommunications Services	TELEFO	8FGCBA	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0241946630	XS0934042549
Telekom Austria Aktiengesellschaft	Telecommunications Services	TKA	8FGD7T	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0172844283	XS0767278301
Telekom Austria Aktiengesellschaft	Telecommunications Services	TKA	8FGD7T	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0767278301	XS0767278301
Telekom Austria Aktiengesellschaft	Telecommunications Services	TKA	8FGD7T	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0409318309	XS0767278301
TELENOR ASA	Telecommunications Services	TELNOR	8FGD80	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0158765064	XS0301954771
TELENOR ASA	Telecommunications Services	TELNOR	8FGD80	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0142660462	XS0301954771
TELENOR ASA	Telecommunications Services	TELNOR	8FGD80	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0301954771	XS0301954771
TELENOR ASA	Telecommunications Services	TELNOR	8FGD80	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0498175503	XS0301954771
TELENOR ASA	Telecommunications Services	TELNOR	8FGD80	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0269252077	XS0301954771
TeliaSonera Aktiebolag	Telecommunications Services	TLIASS	W5EDH9	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0117060029	XS0592627003
TeliaSonera Aktiebolag	Telecommunications Services	TLIASS	W5EDH9	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0101443538	XS0592627003
TeliaSonera Aktiebolag	Telecommunications Services	TLIASS	W5EDH9	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0592627003	XS0592627003
TeliaSonera Aktiebolag	Telecommunications Services	TLIASS	W5EDH9	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0680904827	XS0592627003
TeliaSonera Aktiebolag	Telecommunications Services	TLIASS	W5EDH9	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0218734118	XS0592627003
TESCO PLC	Consumer Services	TSCO	8G96CC	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0146634521	XS0105244585
TESCO PLC	Consumer Services	TSCO	8G96CC	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0159012847	XS0105244585
TESCO PLC	Consumer Services	TSCO	8G96CC	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US881575AA22	XS0105244585
TESCO PLC	Consumer Services	TSCO	8G96CC	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USG87621AK79	XS0105244585
TESCO PLC	Consumer Services	TSCO	8G96CC	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0199811265	XS0105244585
TESCO PLC	Consumer Services	TSCO	8G96CC	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0105244585	XS0105244585
THE RANK GROUP PLC	Consumer Services	RNK	7C833A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US753035AB00	US753035AC82
THE RANK GROUP PLC	Consumer Services	RNK	7C833A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0182099183	US753035AC82
THE RANK GROUP PLC	Consumer Services	RNK	7C833A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US753035AC82	US753035AC82
THOMSON REUTERS GROUP LIMITED	Consumer Services	TMSNRP-TRGL	GOGAAO	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0180277393	XS0180277393
ThyssenKrupp AG	Basic Materials	TKAGR	DLBCG0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0008506254	DE000A1R08U3
ThyssenKrupp AG	Basic Materials	TKAGR	DLBCG0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0188733207	DE000A1R08U3
ThyssenKrupp AG	Basic Materials	TKAGR	DLBCG0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0T61K1	DE000A1R08U3
ThyssenKrupp AG	Basic Materials	TKAGR	DLBCG0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A0Z12Y2	DE000A1R08U3
ThyssenKrupp AG	Basic Materials	TKAGR	DLBCG0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A1MA9H4	DE000A1R08U3
ThyssenKrupp AG	Basic Materials	TKAGR	DLBCG0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A1R08U3	DE000A1R08U3
ThyssenKrupp AG	Basic Materials	TKAGR	DLBCG0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A1R0410	DE000A1R08U3
ThyssenKrupp AG	Basic Materials	TKAGR	DLBCG0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0214238239	DE000A1R08U3
GATES WORLDWIDE LIMITED	Industrials	GATEWOR	GJADBW	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0176337599	XS0176337599
TOTAL SA	Energy	TOTALN	FK9A9I	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000207003	XS0410303647
TOTAL SA	Energy	TOTALN	FK9A9I	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0184119898	XS0410303647
TOTAL SA	Energy	TOTALN	FK9A9I	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0282572956	XS0410303647
TOTAL SA	Energy	TOTALN	FK9A9I	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0303256050	XS0410303647

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
TOTAL SA	Energy	TOTALN	FK9A9I	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0410303647	XS0410303647
Trionista HoldCo GmbH	Industrials	TRIOHOL	DLC98U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0929666070	XS0929666070
Trionista HoldCo GmbH	Industrials	TRIOHOL	DLC98U	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XS0929666070
TUI AG	Consumer Services	PREUSS	DLCCCO	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0003659884	XS1028943162
TUI AG	Consumer Services	PREUSS	DLCCCO	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0191794782	XS1028943162
TUI AG	Consumer Services	PREUSS	DLCCCO	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0237431837	XS1028943162
TUI AG	Consumer Services	PREUSS	DLCCCO	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1028943162	XS1028943162
TUI AG	Consumer Services	PREUSS	DLCCCO	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000TUAG158	XS1028943162
Unilever N.V.	Consumer Goods	ULVR	994BFC	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US094764AG27	XS0957258212
Unilever N.V.	Consumer Goods	ULVR	994BFC	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0957258212	XS0957258212
Unilever N.V.	Consumer Goods	ULVR	994BFC	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1178970106	XS0957258212
Unilever N.V.	Consumer Goods	ULVR	994BFC	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0230663196	XS0957258212
UNITED UTILITIES PLC	Utilities	UU	9A442R	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US91311QAE52	US91311QAC96
UNITED UTILITIES PLC	Utilities	UU	9A442R	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US91311QAA31	US91311QAC96
UNITED UTILITIES PLC	Utilities	UU	9A442R	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0248039298	US91311QAC96
UNITED UTILITIES PLC	Utilities	UU	9A442R	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US91311QAC96	US91311QAC96
Unitymedia GmbH	Telecommunications Services	UNITYGM	DLD98X	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	USD85456AB30	USD85456AB30
Unitymedia BW GmbH	Telecommunications Services	UNITBW	DLD98V	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
UPC Holding B.V.	Consumer Services	LBTG-UPC	NW945H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0225720084	XS0909769407
UPC Holding B.V.	Consumer Services	LBTG-UPC	NW945H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0273428416	XS0909769407
UPC Holding B.V.	Consumer Services	LBTG-UPC	NW945H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0909769407	XS0909769407
UPC Holding B.V.	Consumer Services	LBTG-UPC	NW945H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0532178000	XS0909769407
UPM-Kymmene Oyj	Basic Materials	UPMKYM	9A6979	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0142044824	US915436AF63
UPM-Kymmene Oyj	Basic Materials	UPMKYM	9A6979	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0102433272	US915436AF63
UPM-Kymmene Oyj	Basic Materials	UPMKYM	9A6979	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US915436AF63	US915436AF63
UPM-Kymmene Oyj	Basic Materials	UPMKYM	9A6979	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US915436AE98	US915436AF63
VALEO	Consumer Goods	VLOF	9AAA47	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010007468	FR0011689033
VALEO	Consumer Goods	VLOF	9AAA47	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000486573	FR0011689033
VALEO	Consumer Goods	VLOF	9AAA47	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010206334	FR0011689033
VALEO	Consumer Goods	VLOF	9AAA47	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011182112	FR0011689033
VALEO	Consumer Goods	VLOF	9AAA47	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011689033	FR0011689033
VALEO	Consumer Goods	VLOF	9AAA47	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011043124	FR0011689033
Vattenfall Aktiebolag	Utilities	VATFAL	W5GGHN	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0118010130	XS0191154961
Vattenfall Aktiebolag	Utilities	VATFAL	W5GGHN	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0109778190	XS0191154961
Vattenfall Aktiebolag	Utilities	VATFAL	W5GGHN	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0093026465	XS0191154961
Vattenfall Aktiebolag	Utilities	VATFAL	W5GGHN	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0268697223	XS0191154961
Vattenfall Aktiebolag	Utilities	VATFAL	W5GGHN	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0170239692	XS0191154961
Vattenfall Aktiebolag	Utilities	VATFAL	W5GGHN	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0191154961	XS0191154961
VEOLIA ENVIRONNEMENT	Utilities	VEOLIA	9BAD68	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010033381	FR0000474983
VEOLIA ENVIRONNEMENT	Utilities	VEOLIA	9BAD68	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0142249555	FR0000474983
VEOLIA ENVIRONNEMENT	Utilities	VEOLIA	9BAD68	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0131326315	FR0000474983
VEOLIA ENVIRONNEMENT	Utilities	VEOLIA	9BAD68	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000474975	FR0000474983
VEOLIA ENVIRONNEMENT	Utilities	VEOLIA	9BAD68	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000474983	FR0000474983
VINCI	Industrials	VINCI	FKDFG6	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000188419	FR0011164888
VINCI	Industrials	VINCI	FKDFG6	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0151548616	FR0011164888
VINCI	Industrials	VINCI	FKDFG6	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011164888	FR0011164888
VIRGIN MEDIA FINANCE PLC	Telecommunications Services	VIRFIN	GPCA8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0190009232	XS0889942990
VIRGIN MEDIA FINANCE PLC	Telecommunications Services	VIRFIN	GPCA8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0190009588	XS0889942990
VIRGIN MEDIA FINANCE PLC	Telecommunications Services	VIRFIN	GPCA8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0217870434	XS0889942990
VIRGIN MEDIA FINANCE PLC	Telecommunications Services	VIRFIN	GPCA8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0432072295	XS0889942990
VIRGIN MEDIA FINANCE PLC	Telecommunications Services	VIRFIN	GPCA8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US92769VAA70	XS0889942990

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Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
VIRGIN MEDIA FINANCE PLC	Telecommunications Services	VIRFIN	GPCA8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US92769VAD10	XS0889942990
VIRGIN MEDIA FINANCE PLC	Telecommunications Services	VIRFIN	GPCA8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0889942990	XS0889942990
VIRGIN MEDIA FINANCE PLC	Telecommunications Services	VIRFIN	GPCA8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0850236596	XS0889942990
Vivendi	Telecommunications Services	VIVNDI	FOGGHN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010160929	FR0010830034
Vivendi	Telecommunications Services	VIVNDI	FOGGHN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010369629	FR0010830034
Vivendi	Telecommunications Services	VIVNDI	FOGGHN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US92852EAK10	FR0010830034
Vivendi	Telecommunications Services	VIVNDI	FOGGHN	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010830034	FR0010830034
VODAFONE GROUP PUBLIC LIMITED COMPANY	Telecommunications Services	VOD	9BADC3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US92857TAG22	XS0169888558
VODAFONE GROUP PUBLIC LIMITED COMPANY	Telecommunications Services	VOD	9BADC3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USG9387SAM73	XS0169888558
VODAFONE GROUP PUBLIC LIMITED COMPANY	Telecommunications Services	VOD	9BADC3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US92857TAB35	XS0169888558
VODAFONE GROUP PUBLIC LIMITED COMPANY	Telecommunications Services	VOD	9BADC3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0166667344	XS0169888558
VODAFONE GROUP PUBLIC LIMITED COMPANY	Telecommunications Services	VOD	9BADC3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1109802303	XS0169888558
VODAFONE GROUP PUBLIC LIMITED COMPANY	Telecommunications Services	VOD	9BADC3	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0169888558	XS0169888558
VOLKSWAGEN AKTIENGESELLSCHAFT	Consumer Goods	VW	9BAEC8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0140535229	XS0168881760
VOLKSWAGEN AKTIENGESELLSCHAFT	Consumer Goods	VW	9BAEC8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0134597037	XS0168881760
VOLKSWAGEN AKTIENGESELLSCHAFT	Consumer Goods	VW	9BAEC8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0168882495	XS0168881760
VOLKSWAGEN AKTIENGESELLSCHAFT	Consumer Goods	VW	9BAEC8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0168881760	XS0168881760
Wind Acquisition Finance S.A.	Telecommunications Services	WINDAQ	LUGB7A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0236096730	XS1055940206
Wind Acquisition Finance S.A.	Telecommunications Services	WINDAQ	LUGB7A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0560905506	XS1055940206
Wind Acquisition Finance S.A.	Telecommunications Services	WINDAQ	LUGB7A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1055940206	XS1055940206
Wind Acquisition Finance S.A.	Telecommunications Services	WINDAQ	LUGB7A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1082636876	XS1055940206
Wind Acquisition Finance S.A.	Telecommunications Services	WINDAQ	LUGB7A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0438150160	XS1055940206
Wolters Kluwer N.V.	Consumer Services	WOLKLU	9GEFFB	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0181273342	XS0357251726
Wolters Kluwer N.V.	Consumer Services	WOLKLU	9GEFFB	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	NL0000119634	XS0357251726
Wolters Kluwer N.V.	Consumer Services	WOLKLU	9GEFFB	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0907301260	XS0357251726
Wolters Kluwer N.V.	Consumer Services	WOLKLU	9GEFFB	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0357251726	XS0357251726
WPP 2005 LIMITED	Consumer Services	WPPGRP-2005	GPGFFQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US92931NAB64	XS0294391684
WPP 2005 LIMITED	Consumer Services	WPPGRP-2005	GPGFFQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0131030032	XS0294391684
WPP 2005 LIMITED	Consumer Services	WPPGRP-2005	GPGFFQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0329581333	XS0294391684
WPP 2005 LIMITED	Consumer Services	WPPGRP-2005	GPGFFQ	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0294391684	XS0294391684
XSTRATA LIMITED	Basic Materials	XSTRIM	GPHAA6	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0305188533	XS0305188533
XSTRATA LIMITED	Basic Materials	XSTRIM	GPHAA6	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0366204393	XS0305188533
HEATHROW FUNDING LIMITED	Industrials	HEATFUN	GK7B9K	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0383001996	XS0383001996
HOCHTIEF Aktiengesellschaft	Industrials	RWE-Hochtief	DG6447	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A1TM5X8	DE000A1TM5X8
INEOS Group Holdings S.A.	Basic Materials	INEOGRO	LQ57AU	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0242945367	XS0928189777
INEOS Group Holdings S.A.	Basic Materials	INEOGRO	LQ57AU	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0928189777	XS0928189777
Louis Dreyfus Commodities B.V.	Consumer Services	LOUISDR	NS9CH1	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1000918018	XS1000918018
LVMH MOET HENNESSY LOUIS VUITTON	Consumer Goods	MOET	5F2685	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000495798	FR0011033232
LVMH MOET HENNESSY LOUIS VUITTON	Consumer Goods	MOET	5F2685	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000486151	FR0011033232
LVMH MOET HENNESSY LOUIS VUITTON	Consumer Goods	MOET	5F2685	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0000474223	FR0011033232
LVMH MOET HENNESSY LOUIS VUITTON	Consumer Goods	MOET	5F2685	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010206284	FR0011033232
LVMH MOET HENNESSY LOUIS VUITTON	Consumer Goods	MOET	5F2685	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010765867	FR0011033232

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Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
LVMH MOET HENNESSY LOUIS VUITTON	Consumer Goods	MOET	5F2685	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011033232	FR0011033232
LVMH MOET HENNESSY LOUIS VUITTON	Consumer Goods	MOET	5F2685	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011625441	FR0011033232
LVMH MOET HENNESSY LOUIS VUITTON	Consumer Goods	MOET	5F2685	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010754663	FR0011033232
NXP B.V.	Technology	NXP	NTBEFL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0270227316	USN6651LAB38
NXP B.V.	Technology	NXP	NTBEFL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USN65965AC42	USN6651LAB38
NXP B.V.	Technology	NXP	NTBEFL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	US62947QAG38	USN6651LAB38
NXP B.V.	Technology	NXP	NTBEFL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0298437087	USN6651LAB38
NXP B.V.	Technology	NXP	NTBEFL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X0270226185	USN6651LAB38
NXP B.V.	Technology	NXP	NTBEFL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USN6651LAB38	USN6651LAB38
Play Finance 1 S.A.	Telecommunications Services	PLAYFI	LSD98Z	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X0982709494	X0982709494
REXEL	Consumer Services	PRTP-Rexel	FMEFAL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0629656496	X0908821639
REXEL	Consumer Services	PRTP-Rexel	FMEFAL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0908821639	X0908821639
TVN Finance Corporation III AB (publ)	Consumer Services	TVNFI	W5GA3C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0954674668	X0954674668
UCB	Healthcare	UCB	BKC8B8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	BE0002428036	BE0002428036
VOUGEOET BIDCO P.L.C.	Consumer Services	VOUGBID	GPCBGG	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X0953085114	X0953085114
CARLSBERG BREWERIES A/S	Consumer Goods	BRYBDC-Brew	KN9C8H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0854746343	X0548805299
CARLSBERG BREWERIES A/S	Consumer Goods	BRYBDC-Brew	KN9C8H	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X08548805299	X0548805299
CARE UK HEALTH & SOCIAL CARE PLC	Healthcare	CARUK	GHAHEH	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1084823548	X1084823548
DRY MIX SOLUTIONS INVESTISSEMENTS	Industrials	DRYMIX	FI37DX	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1076527875	X1076527875
GALAPAGOS HOLDING S.A.	Industrials	GALAPHO	LP533U	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1071420027	X1071420027
Grupo Isolux Corsan Finance B.V.	Industrials	GRUPOIS	NQAQ87	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X1046702293	X1046702293
HEMA BondCo I B.V.	Consumer Services	HEMABON	NQCFAW	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1075833860	X1075833860
MATALAN FINANCE PLC	Consumer Services	MATAFIN	5CDB9G	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1070709313	X1070709313
Monitech Holdco 3 S.A.	Basic Materials	MONITHO	LRACEI	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1074935229	X1074935229
NOVAFIVES	Industrials	NOVAFIV	FLC8BW	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1028950886	X1028950886
Numericable-SFR S.A.	Telecommunications Services	NUMERIAA	FLC895	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1028956222	X1028956222
Numericable-SFR S.A.	Telecommunications Services	NUMERIAA	FLC895	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X1028956149	X1028956222
Premier Foods Finance PLC	Consumer Goods	PREMFOO	GN93B0	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1043621090	X1043621090
PUBLIC POWER CORPORATION FINANCE PLC	Utilities	PUBLIPO	GN9BGQ	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X1063837741	X1063837741
R&R ICE CREAM PLC	Consumer Goods	RRICEAA	GNE763	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1067602331	X1067602331
Selecta Group B.V.	Consumer Services	SELEGRO	NUFF79	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1078234330	X1078234330
STONEGATE PUB COMPANY FINANCING PLC	Consumer Services	STONPUB	GOD56N	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1054987216	X1054987216
Iceland Bondco PLC	Consumer Services	ICELBON	GKBAC5	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	X1087777295	X1087777295
Pizzaexpress Financing 1 PLC	Consumer Services	PIZZAFI	GN8230	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X1028948047	X1028948047
GALP ENERGIA, SGPS, S.A.	Energy	GALPENE	XA37FT	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	PTGALIOE0009	PTGALIOE0009
The Nielsen Company B.V.	Consumer Services	NIECO	NT952F	100	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	X0168516713	X0168516713
The Nielsen Company B.V.	Consumer Services	NIECO	NT952F	100	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	X0308136695	X0168516713
The Nielsen Company B.V.	Consumer Services	NIECO	NT952F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0168516713	X0168516713
The Nielsen Company B.V.	Consumer Services	NIECO	NT952F	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0308136695	X0168516713
UniCredit Bank AG	Financials	UCBAG	DLD61N	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	DE000HV2AHU4	DE000HV2AHU4
UniCredit Bank AG	Financials	UCBAG	DLD61N	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000HV2AHU4	XSSNRREFOBLO
UniCredit Bank AG	Financials	UCBAG	DLD61N	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBLO	XSSNRREFOBLO
BNP PARIBAS	Financials	BNP	05ABB	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	X0772265756	X0772265756
BNP PARIBAS	Financials	BNP	05ABB	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	X0872705057	X0772265756
BNP PARIBAS	Financials	BNP	05ABB	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0772265756	XSSNRREFOBLO
BNP PARIBAS	Financials	BNP	05ABB	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	X0872705057	XSSNRREFOBLO

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									Tier	ISIN	
BNP PARIBAS	Financials	BNP	05ABBF	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0895249620	XSSNRREFOBL0
BNP PARIBAS	Financials	BNP	05ABBF	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
Banco Comercial Portugues, S.A.	Financials	BCPN	05EDBG	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0288641086	PTBITIOM0057
Banco Comercial Portugues, S.A.	Financials	BCPN	05EDBG	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	PTBITIOM0057	PTBITIOM0057
Banco Comercial Portugues, S.A.	Financials	BCPN	05EDBG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0288641086	XSSNRREFOBL0
Banco Comercial Portugues, S.A.	Financials	BCPN	05EDBG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	PTBITIOM0057	XSSNRREFOBL0
Banco Comercial Portugues, S.A.	Financials	BCPN	05EDBG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
BARCLAYS BANK PLC	Financials	BACR-Bank	06DABK	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0232785880	XS0768454844
BARCLAYS BANK PLC	Financials	BACR-Bank	06DABK	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0233885531	XS0768454844
BARCLAYS BANK PLC	Financials	BACR-Bank	06DABK	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0445843526	XS0768454844
BARCLAYS BANK PLC	Financials	BACR-Bank	06DABK	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0768454844	XS0768454844
BARCLAYS BANK PLC	Financials	BACR-Bank	06DABK	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0232785880	XSSNRREFOBL0
BARCLAYS BANK PLC	Financials	BACR-Bank	06DABK	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0233885531	XSSNRREFOBL0
BARCLAYS BANK PLC	Financials	BACR-Bank	06DABK	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0445843526	XSSNRREFOBL0
BARCLAYS BANK PLC	Financials	BACR-Bank	06DABK	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0768454844	XSSNRREFOBL0
BARCLAYS BANK PLC	Financials	BACR-Bank	06DABK	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
COMMERZBANK Aktiengesellschaft	Financials	CMZB	2C27EG	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0100221349	DE000CZ226Y9
COMMERZBANK Aktiengesellschaft	Financials	CMZB	2C27EG	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	DE000CZ302M3	DE000CZ226Y9
COMMERZBANK Aktiengesellschaft	Financials	CMZB	2C27EG	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	DE000CZ226Y9	DE000CZ226Y9
COMMERZBANK Aktiengesellschaft	Financials	CMZB	2C27EG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0100221349	XSSNRREFOBL0
COMMERZBANK Aktiengesellschaft	Financials	CMZB	2C27EG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000CZ302M3	XSSNRREFOBL0
COMMERZBANK Aktiengesellschaft	Financials	CMZB	2C27EG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000CZ226Y9	XSSNRREFOBL0
COMMERZBANK Aktiengesellschaft	Financials	CMZB	2C27EG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
DEUTSCHE BANK AKTIENGESELLSCHAFT	Financials	DB	2H6677	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	DE000DB5S5U8	DE000DB5S5U8
DEUTSCHE BANK AKTIENGESELLSCHAFT	Financials	DB	2H6677	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000DB5S5U8	XSSNRREFOBL0
DEUTSCHE BANK AKTIENGESELLSCHAFT	Financials	DB	2H6677	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000DB5S6U6	XSSNRREFOBL0
DEUTSCHE BANK AKTIENGESELLSCHAFT	Financials	DB	2H6677	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
ING Bank N.V.	Financials	INTNED-BankNV	48DGFE	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	NL0000122489	USN4578BQC10
ING Bank N.V.	Financials	INTNED-BankNV	48DGFE	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	USN4578BQC10	USN4578BQC10
ING Bank N.V.	Financials	INTNED-BankNV	48DGFE	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	NL0000122489	XSSNRREFOBL0
ING Bank N.V.	Financials	INTNED-BankNV	48DGFE	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USN4578BQC10	XSSNRREFOBL0
HSBC BANK PLC	Financials	HSBC-HSBCBank	4175AU	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0470370932	XS0470370932
HSBC BANK PLC	Financials	HSBC-HSBCBank	4175AU	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0526606537	XS0470370932
HSBC BANK PLC	Financials	HSBC-HSBCBank	4175AU	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	USG4639DVV48	XS0470370932
HSBC BANK PLC	Financials	HSBC-HSBCBank	4175AU	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0470370932	XSSNRREFOBL0
HSBC BANK PLC	Financials	HSBC-HSBCBank	4175AU	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0526606537	XSSNRREFOBL0
HSBC BANK PLC	Financials	HSBC-HSBCBank	4175AU	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USG4639DVV48	XSSNRREFOBL0
HSBC BANK PLC	Financials	HSBC-HSBCBank	4175AU	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
SOCIETE GENERALE	Financials	SOCGEN	8B69AP	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0542607683	XS0751525311
SOCIETE GENERALE	Financials	SOCGEN	8B69AP	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0751525311	XS0751525311
SOCIETE GENERALE	Financials	SOCGEN	8B69AP	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0542607683	XSSNRREFOBL0
SOCIETE GENERALE	Financials	SOCGEN	8B69AP	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0751525311	XSSNRREFOBL0
SOCIETE GENERALE	Financials	SOCGEN	8B69AP	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0821220281	XSSNRREFOBL0
SOCIETE GENERALE	Financials	SOCGEN	8B69AP	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
STANDARD CHARTERED BANK	Financials	STAN-Bank	8D8575	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS1284564579	XS1284564579
STANDARD CHARTERED BANK	Financials	STAN-Bank	8D8575	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0130721169	XS1284564579
STANDARD CHARTERED BANK	Financials	STAN-Bank	8D8575	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0796176799	XS1284564579
STANDARD CHARTERED BANK	Financials	STAN-Bank	8D8575	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1284564579	XS1284564579

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									Tier	ISIN	
STANDARD CHARTERED BANK	Financials	STAN-Bank	8D8575	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0130721169	XS1284564579
STANDARD CHARTERED BANK	Financials	STAN-Bank	8D8575	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0796176799	XS1284564579
BANCO BILBAO VIZCAYA ARGENTARIA, SOCIEDAD ANONIMA	Financials	BBVSM	EF2985	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0872702112	ES0214974091
BANCO BILBAO VIZCAYA ARGENTARIA, SOCIEDAD ANONIMA	Financials	BBVSM	EF2985	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	ES0214974091	ES0214974091
BANCO BILBAO VIZCAYA ARGENTARIA, SOCIEDAD ANONIMA	Financials	BBVSM	EF2985	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0872702112	XSSNRREFOBL0
BANCO BILBAO VIZCAYA ARGENTARIA, SOCIEDAD ANONIMA	Financials	BBVSM	EF2985	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	ES0214974091	XSSNRREFOBL0
BANCO BILBAO VIZCAYA ARGENTARIA, SOCIEDAD ANONIMA	Financials	BBVSM	EF2985	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
BANCO SANTANDER, S.A.	Financials	SANTNDR	EFAGG9	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0589920205	XS0759014375
BANCO SANTANDER, S.A.	Financials	SANTNDR	EFAGG9	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0877984459	XS0759014375
BANCO SANTANDER, S.A.	Financials	SANTNDR	EFAGG9	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0759014375	XS0759014375
BANCO SANTANDER, S.A.	Financials	SANTNDR	EFAGG9	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0589920205	XSSNRREFOBL0
BANCO SANTANDER, S.A.	Financials	SANTNDR	EFAGG9	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0877984459	XSSNRREFOBL0
BANCO SANTANDER, S.A.	Financials	SANTNDR	EFAGG9	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0759014375	XSSNRREFOBL0
BANCO SANTANDER, S.A.	Financials	SANTNDR	EFAGG9	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
CREDIT AGRICOLE SA	Financials	ACAFP	FH49GG	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0315528850	FR0010743088
CREDIT AGRICOLE SA	Financials	ACAFP	FH49GG	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0746002392	FR0010743088
CREDIT AGRICOLE SA	Financials	ACAFP	FH49GG	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	FR0010743088	FR0010743088
CREDIT AGRICOLE SA	Financials	ACAFP	FH49GG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0315528850	XSSNRREFOBL0
CREDIT AGRICOLE SA	Financials	ACAFP	FH49GG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0746002392	XSSNRREFOBL0
CREDIT AGRICOLE SA	Financials	ACAFP	FH49GG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0746002392	XSSNRREFOBL0
CREDIT AGRICOLE SA	Financials	ACAFP	FH49GG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010743088	XSSNRREFOBL0
CREDIT AGRICOLE SA	Financials	ACAFP	FH49GG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
LLOYDS BANK PLC	Financials	LLOYDBA	GLA88B	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0778434000	XS0778434000
LLOYDS BANK PLC	Financials	LLOYDBA	GLA88B	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0435070288	XS0778434000
LLOYDS BANK PLC	Financials	LLOYDBA	GLA88B	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0550541691	XS0778434000
LLOYDS BANK PLC	Financials	LLOYDBA	GLA88B	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0778434000	XS0778434000
LLOYDS BANK PLC	Financials	LLOYDBA	GLA88B	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0778434000	XSSNRREFOBL0
LLOYDS BANK PLC	Financials	LLOYDBA	GLA88B	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0435070288	XSSNRREFOBL0
LLOYDS BANK PLC	Financials	LLOYDBA	GLA88B	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0550541691	XSSNRREFOBL0
The Royal Bank of Scotland public limited company	Financials	RBOS-RBOSplc	GNDEGI	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0235714804	XS0254035768
The Royal Bank of Scotland public limited company	Financials	RBOS-RBOSplc	GNDEGI	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0497707744	XS0254035768
The Royal Bank of Scotland public limited company	Financials	RBOS-RBOSplc	GNDEGI	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0254035768	XS0254035768
The Royal Bank of Scotland public limited company	Financials	RBOS-RBOSplc	GNDEGI	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0235714804	XSSNRREFOBL0
The Royal Bank of Scotland public limited company	Financials	RBOS-RBOSplc	GNDEGI	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0497707744	XSSNRREFOBL0
The Royal Bank of Scotland public limited company	Financials	RBOS-RBOSplc	GNDEGI	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0254035768	XSSNRREFOBL0
The Royal Bank of Scotland public limited company	Financials	RBOS-RBOSplc	GNDEGI	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0267635331	XS0267635331
Bank of Scotland plc	Financials	HBOS-ScotBkPLC	GPF79N	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0267635331	XSSNRREFOBL0
Bank of Scotland plc	Financials	HBOS-ScotBkPLC	GPF79N	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0267635331	XSSNRREFOBL0
Bank of Scotland plc	Financials	HBOS-ScotBkPLC	GPF79N	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
Credit Suisse Group Ltd	Financials	CSGAG	HK9FHL	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0099472994	XS0099472994
Credit Suisse Group Ltd	Financials	CSGAG	HK9FHL	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0099472994	XSSNRREFOBL0
Credit Suisse Group Ltd	Financials	CSGAG	HK9FHL	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
UBS AG	Financials	UBS	HPHB2J	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0304031775	XS0304031775
UBS AG	Financials	UBS	HPHB2J	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0359388690	XS0304031775

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
UBS AG	Financials	UBS	HPHB2J	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0683779275	XS0304031775
UBS AG	Financials	UBS	HPHB2J	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0304031775	XSSNRREFOBL0
UBS AG	Financials	UBS	HPHB2J	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0359388690	XSSNRREFOBL0
UBS AG	Financials	UBS	HPHB2J	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0683779275	XSSNRREFOBL0
UBS AG	Financials	UBS	HPHB2J	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
UNICREDIT, SOCIETA PER AZIONI	Financials	USPA	T2F69Z	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0207065110	XS1055725730
UNICREDIT, SOCIETA PER AZIONI	Financials	USPA	T2F69Z	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0619885725	XS1055725730
UNICREDIT, SOCIETA PER AZIONI	Financials	USPA	T2F69Z	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS1055725730	XS1055725730
UNICREDIT, SOCIETA PER AZIONI	Financials	USPA	T2F69Z	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0207065110	XSSNRREFOBL0
UNICREDIT, SOCIETA PER AZIONI	Financials	USPA	T2F69Z	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0619885725	XSSNRREFOBL0
UNICREDIT, SOCIETA PER AZIONI	Financials	USPA	T2F69Z	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1055725730	XSSNRREFOBL0
BANCA MONTE DEI PASCHI DI SIENA S.P.A.	Financials	MONTE	TU29GI	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	IT0004804362	IT0004804362
BANCA MONTE DEI PASCHI DI SIENA S.P.A.	Financials	MONTE	TU29GI	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	IT0004804362	XSSNRREFOBL0
BANCA MONTE DEI PASCHI DI SIENA S.P.A.	Financials	MONTE	TU29GI	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
BANCO POPOLARE SOCIETA COOPERATIVA	Financials	BPSC	TU9F9X	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS1070681397	XS1070681397
BANCO POPOLARE SOCIETA COOPERATIVA	Financials	BPSC	TU9F9X	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0280733725	XS1070681397
BANCO POPOLARE SOCIETA COOPERATIVA	Financials	BPSC	TU9F9X	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1070681397	XS1070681397
BANCO POPOLARE SOCIETA COOPERATIVA	Financials	BPSC	TU9F9X	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0280733725	XS1070681397
INTESA SANPAOLO SPA	Financials	SANPAO	TYA56D	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0213927667	XS0213927667
INTESA SANPAOLO SPA	Financials	SANPAO	TYA56D	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0304508921	XS0213927667
INTESA SANPAOLO SPA	Financials	SANPAO	TYA56D	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0486454530	XS0213927667
INTESA SANPAOLO SPA	Financials	SANPAO	TYA56D	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0213927667	XSSNRREFOBL0
INTESA SANPAOLO SPA	Financials	SANPAO	TYA56D	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0304508921	XSSNRREFOBL0
INTESA SANPAOLO SPA	Financials	SANPAO	TYA56D	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0486454530	XSSNRREFOBL0
INTESA SANPAOLO SPA	Financials	SANPAO	TYA56D	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
NOVO BCO SA	Financials	NOVOBAN	X2CB9K	100; 500	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0772553037	XS0772553037
NOVO BCO SA	Financials	NOVOBAN	X2CB9K	100; 500	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0210031315	XS0772553037
NOVO BCO SA	Financials	NOVOBAN	X2CB9K	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0772553037	XSSNRREFOBL0
NOVO BCO SA	Financials	NOVOBAN	X2CB9K	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	PTBEQKOM0019	XSSNRREFOBL0
NOVO BCO SA	Financials	NOVOBAN	X2CB9K	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0210031315	XSSNRREFOBL0
NOVO BCO SA	Financials	NOVOBAN	X2CB9K	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
INTERNATIONAL POWER LTD.	Utilities	INPOWE	GKCH9J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
INTERNATIONAL POWER LTD.	Utilities	INPOWE	GKCH9J	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0173110262	XSNOREFOBL00
ONO FINANCE II PUBLIC LIMITED COMPANY	Consumer Services	ONOSM-ONOFIn2	GMDC6Q	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0584389448	XS0584389448
RENTOKIL INITIAL 1927 PLC	Industrials	RENTPL	GNC58N	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0832466931	XS0832466931
YORKSHIRE WATER SERVICES FINANCE LIMITED	Utilities	KEL-YorkWatfId	GPHDE2	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0109437441	XS0302074678
YORKSHIRE WATER SERVICES FINANCE LIMITED	Utilities	KEL-YorkWatfId	GPHDE2	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0163115701	XS0302074678
YORKSHIRE WATER SERVICES FINANCE LIMITED	Utilities	KEL-YorkWatfId	GPHDE2	100	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0302074678	XS0302074678
COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie"	Consumer Goods	COMPFIAA	HK7D9F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0424686573	XS0794392588
COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie"	Consumer Goods	COMPFIAA	HK7D9F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0794392588	XS0794392588
TDC A/S	Telecommunications Services	TELDAN	KTD999	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0473999984	XS0593960304
TDC A/S	Telecommunications Services	TELDAN	KTD999	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0593960304	XS0593960304

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
Sunrise Communications Holdings S.A.	Telecommunications Services	SUNRICO	LTH98G	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1189795591	XS1189795591
Sunrise Communications Holdings S.A.	Telecommunications Services	SUNRICO	LTH98G	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0548102531	XS1189795591
CNH Industrial N.V.	Industrials	CNHIND	NP29D8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0604641034	XS0604641034
CNH Industrial N.V.	Industrials	CNHIND	NP29D8	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1046851025	XS0604641034
Schaeffler Finance B.V.	Consumer Goods	SCHAFIN	NUED68	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0741938624	XS1067864881
Schaeffler Finance B.V.	Consumer Goods	SCHAFIN	NUED68	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1067864881	XS1067864881
Metsa Board Corporation	Basic Materials	METSBOA	XC859Y	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FI4000085550	FI4000085550
UNIBAIL-RODAMCO SE	Financials	UNROSE	FF3BEL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0451418619	XS0451418619
UNIBAIL-RODAMCO SE	Financials	UNROSE	FF3BEL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0686597286	XS0451418619
UNIBAIL-RODAMCO SE	Financials	UNROSE	FF3BEL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0894202968	XS0451418619
GECINA	Financials	GFCFP	FJ68E2	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011001361	FR0011001361
GECINA	Financials	GFCFP	FJ68E2	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011233337	FR0011001361
GECINA	Financials	GFCFP	FJ68E2	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0012059202	FR0011001361
GECINA	Financials	GFCFP	FJ68E2	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0010881573	FR0011001361
WENDEL	Financials	WENL	FOHB91	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011694496	FR0011694496
WENDEL	Financials	WENL	FOHB91	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0253989635	FR0011694496
FCE BANK PLC	Financials	F-FCEBank	GJ669B	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0838847381	XS0838847381
FCE BANK PLC	Financials	F-FCEBank	GJ669B	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0933505967	XS0838847381
BENI STABILI SOCIETA PER AZIONI SOCIETA DI INVESTIMENTO IMMOBILIARE QUOTATA	Financials	BSTSQ	TUAH8F	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1019171427	XS1019171427
Unilabs SubHolding AB (publ)	Financials	UNILSUB	W5GGCB	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SECDOM	XS0943769470	XS0943769470
Aegon N.V.	Financials	AEGON	007GB6	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0105290349	XS0805452405
Aegon N.V.	Financials	AEGON	007GB6	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0207767574	XS0805452405
Aegon N.V.	Financials	AEGON	007GB6	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0805452405	XS0805452405
ASSICURAZIONI GENERALI - SOCIETA PER AZIONI	Financials	ASSGEN	0E996B	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0218469962	XS1014759648
ASSICURAZIONI GENERALI - SOCIETA PER AZIONI	Financials	ASSGEN	0E996B	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0452314536	XS1014759648
ASSICURAZIONI GENERALI - SOCIETA PER AZIONI	Financials	ASSGEN	0E996B	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1014759648	XS1014759648
DANSKE BANK A/S	Financials	DANBNK	2F9999	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1072384685	XSSNRREFOBLO
DANSKE BANK A/S	Financials	DANBNK	2F9999	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBLO	XSSNRREFOBLO
Hannover Rueck SE	Financials	HANNRUE	4F16FD	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL0	XSNOREFOBL0
Svenska Handelsbanken AB	Financials	SVSKHB	8EFEEL	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0490111563	XS0490111563
Allianz SE	Financials	ALZSE	DD359M	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0275880267	XS0275880267
Allianz SE	Financials	ALZSE	DD359M	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000A1G0RU9	XS0275880267
AXA	Financials	AXAF	FF667M	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011380468	FR0011380468
AVIVA PLC	Financials	AVLN	GG6EBT	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0066877258	XS0066877258
Swiss Reinsurance Company Ltd	Financials	SWREL	HOB65N	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0012491335	USU7514EAU48
Swiss Reinsurance Company Ltd	Financials	SWREL	HOB65N	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0249483683	USU7514EAU48
Swiss Reinsurance Company Ltd	Financials	SWREL	HOB65N	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	USU7514EAU48	USU7514EAU48
Zurich Insurance Company Ltd	Financials	ZINCO	HQHEFU	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0423886667	CH0133090610
Zurich Insurance Company Ltd	Financials	ZINCO	HQHEFU	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	CH0133090610	CH0133090610
Coöperatieve Rabobank U.A.	Financials	COOERAB	NP489I	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0244347612	XSSNRREFOBLO
Coöperatieve Rabobank U.A.	Financials	COOERAB	NP489I	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0503734872	XSSNRREFOBLO
Coöperatieve Rabobank U.A.	Financials	COOERAB	NP489I	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0619051971	XSSNRREFOBLO
Coöperatieve Rabobank U.A.	Financials	COOERAB	NP489I	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBLO	XSSNRREFOBLO
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SOCIETA PER AZIONI	Financials	BACRED	TZCEH2	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0242820586	IT0004713787
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SOCIETA PER AZIONI	Financials	BACRED	TZCEH2	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	XS0333457983	IT0004713787
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SOCIETA PER AZIONI	Financials	BACRED	TZCEH2	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	IT0004713787	IT0004713787

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Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SOCIETA PER AZIONI	Financials	BACRED	TZCEH2	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0242820586	XSSNRREFOBL0
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SOCIETA PER AZIONI	Financials	BACRED	TZCEH2	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0333457983	XSSNRREFOBL0
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SOCIETA PER AZIONI	Financials	BACRED	TZCEH2	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	IT0004713787	XSSNRREFOBL0
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SOCIETA PER AZIONI	Financials	BACRED	TZCEH2	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
Bayerische Landesbank	Financials	BYLAN	DD7E9A	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000BLB5NS5	XSSNRREFOBL0
Bayerische Landesbank	Financials	BYLAN	DD7E9A	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE000BLB1AT9	XSSNRREFOBL0
Bayerische Landesbank	Financials	BYLAN	DD7E9A	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSSNRREFOBL0	XSSNRREFOBL0
Bayerische Landesbank	Financials	BYLAN	DD7E9A	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	DE000BLB5NS5	DE000BLB1AT9
Bayerische Landesbank	Financials	BYLAN	DD7E9A	100; 500; 25; 300	EUR	0M-10Y	ISDA2003CREDIT	MM	SNRFOR	DE000BLB1AT9	DE000BLB1AT9
Muenchener Rueckversicherungs-Gesellschaft Aktiengesellschaft in Muenchen	Financials	MUNRE	687DNG	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	DE0002452547	DE0002452547
SCANDINAVIAN AIRLINES SYSTEM DENMARK-NORWAY-SWEDEN	Industrials	SAS-ScanAirSys	W3CA79	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
ISS GLOBAL A/S	Financials	ISSAS-Global	KP55EY	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1145526585	XS1145526585
ISS GLOBAL A/S	Financials	ISSAS-Global	KP55EY	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XS1145526585
ROYAL & SUN ALLIANCE INSURANCE PLC	Financials	RSA-InsPLC	7F80FP	100; 500; 25; 300	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
AIR FRANCE - KLM	Industrials	AF	009A2A	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	FR0011965177	FR0011965177
Bopar Financie PLC	Financials	BOPAFIN	GH376G	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1082473395	XS1082473395
International Game Technology PLC	Consumer Services	INTEGAM	GKCE9D	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1204434028	XS1204434028
Lock Lower Holding AS	Financials	LOCKLOW	RV75B0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1094674642	XS1094674642
LOXAM	Industrials	LOXAAA	FKDBAW	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1089828450	XS1089828450
Ziggo Bond Finance B.V.	Consumer Services	ZIGGOBO	NWHBA0	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1170079443	XS1170079443
Matterhorn Telecom Holding S.A.	Telecommunications Services	MATTETE	LR87EO	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1219475792	XS1219475792
Financiere Quick	Consumer Services	FNCREQCK	FIA9AL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1054086928	XS1054086928
NEW LOOK SR ISSUER PLC	Consumer Services	NEWLOOAC	GMAA9C	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1248518158	XS1248518158
SYNLAB UNSECURED BONDCO	Healthcare	SYNLUNS	GOEABL	100; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1268471494	XS1268471494
Alcoa Inc.	Basic Materials	AA	014B98	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US013817AP64	US013817AP64
Alcoa Inc.	Basic Materials	AA	014B98	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US013817AL50	US013817AP64
AMERICAN ELECTRIC POWER COMPANY, INC.	Utilities	AEP	027A8A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US025537AF85	US025537AF85
APACHE CORPORATION	Energy	APA	03AB52	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US037411AN57	US037411AN57
APACHE CORPORATION	Energy	APA	03AB52	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US037411AZ87	US037411AN57
Avnet, Inc.	Consumer Goods	AVT	058B87	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US053807AM57	US053807AR45
Avnet, Inc.	Consumer Goods	AVT	058B87	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US053807AN31	US053807AR45
Avnet, Inc.	Consumer Goods	AVT	058B87	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US053807AR45	US053807AR45
BARRICK GOLD CORPORATION	Basic Materials	ABX	06DG91	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US067901AA64	US067901AA64
BARRICK GOLD CORPORATION	Basic Materials	ABX	06DG91	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US725906AH40	US067901AA64
Beam Suntory Inc.	Consumer Goods	BEAMSUN	07AAAI	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US073730AG89	US073730AG89
Beam Suntory Inc.	Consumer Goods	BEAMSUN	07AAAI	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US349631AL52	US073730AG89
Beam Suntory Inc.	Consumer Goods	BEAMSUN	07AAAI	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US349631AN19	US073730AG89
Beam Suntory Inc.	Consumer Goods	BEAMSUN	07AAAI	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US073730AD58	US073730AG89
The Black & Decker Corporation	Consumer Goods	BDK	09A8GG	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
Block Financial LLC	Financials	HRB-Fllc	09C9BK	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US093662AE40	US093662AE40
Boeing Capital Corporation	Financials	BA-CapCorp	09G715	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US09700WEG42	US09700WEG42
Boeing Capital Corporation	Financials	BA-CapCorp	09G715	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US097014AL88	US09700WEG42
THE BOEING COMPANY	Industrials	BA	09G725	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US097023AD79	US097023AD79
THE BOEING COMPANY	Industrials	BA	09G725	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US097023AZ81	US097023AD79
AT&T Inc.	Telecommunications Services	ATTINC	0A226X	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US00206RAV42	US00206RBC51

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									Tier	ISIN	
AT&T Inc.	Telecommunications Services	ATTINC	0A226X	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US00206RBC51	US00206RBC51
ANADARKO PETROLEUM CORPORATION	Energy	APC	0A3576	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US032511AN73	US032511BF31
ANADARKO PETROLEUM CORPORATION	Energy	APC	0A3576	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US032511AX55	US032511BF31
ANADARKO PETROLEUM CORPORATION	Energy	APC	0A3576	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US032511BF31	US032511BF31
Aetna Inc.	Healthcare	AET	0A8985	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US00817YAF51	US00817YAF51
ALLTEL Corporation	Telecommunications Services	ALTEL	0C204K	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US020039DC48	US020039DC48
Altria Group, Inc.	Consumer Goods	MO	0C4291	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US718154CF28	US02209SAD53
Altria Group, Inc.	Consumer Goods	MO	0C4291	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US02209SAL79	US02209SAD53
Amgen Inc.	Healthcare	AMGN	0D4278	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US031162BL37	US031162BU36
Amgen Inc.	Healthcare	AMGN	0D4278	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US031162BU36	US031162BU36
ARROW ELECTRONICS, INC.	Industrials	ARW	0E69A8	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US042735AL41	US042735AL41
ARROW ELECTRONICS, INC.	Industrials	ARW	0E69A8	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US042735BA76	US042735AL41
AutoZone, Inc.	Consumer Services	AZO	0F8665	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US053332AF92	US053332AJ15
AutoZone, Inc.	Consumer Services	AZO	0F8665	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US053332AG75	US053332AJ15
AutoZone, Inc.	Consumer Services	AZO	0F8665	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US053332AJ15	US053332AJ15
Avon Products, Inc.	Consumer Goods	AVP	0F9733	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US054303AR34	US054303AW29
Avon Products, Inc.	Consumer Goods	AVP	0F9733	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US054303AW29	US054303AW29
Baxter International Inc.	Healthcare	BAX	0H8994	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US071813AM10	US071813AY57
Baxter International Inc.	Healthcare	BAX	0H8994	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US071813AY57	US071813AY57
Belo Corp.	Consumer Services	BILLO	0I85AL	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US080555AE54	US080555AE54
CBS Corporation	Consumer Services	CBSCOR	136CDC	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US925524AU41	US925524AU41
CBS Corporation	Consumer Services	CBSCOR	136CDC	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US124857AE30	US925524AU41
CIGNA Corporation	Healthcare	CI	137A59	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US125509AZ26	US125509AZ26
CIGNA Corporation	Healthcare	CI	137A59	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US125509BK48	US125509AZ26
CSX Corporation	Industrials	CSX	138A48	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US126408GJ61	US126408GJ61
CSX Corporation	Industrials	CSX	138A48	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US126408GM90	US126408GJ61
CVS Health Corporation	Healthcare	CVSHEA	138CBK	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US126650BU33	US126650BU33
CVS Health Corporation	Healthcare	CVSHEA	138CBK	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US126650BE90	US126650BU33
CA, Inc.	Technology	CAINC	138DAS	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US12673PAC95	US12673PAC95
CA, Inc.	Technology	CAINC	138DAS	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XSNOREFOBL00	US12673PAC95
Caterpillar Inc.	Industrials	CAT	15DA35	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US149123BJ96	US149123BZ39
Caterpillar Inc.	Industrials	CAT	15DA35	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US149123BM26	US149123BZ39
Caterpillar Inc.	Industrials	CAT	15DA35	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US149123BZ39	US149123BZ39
CenturyLink, Inc.	Telecommunications Services	CLINKI	16BCFO	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US156700AL08	US156700AL08
CenturyLink, Inc.	Telecommunications Services	CLINKI	16BCFO	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US156700AN63	US156700AL08
Boston Scientific Corporation	Healthcare	BSX	1B124A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US101137AK32	US101137AM97
Boston Scientific Corporation	Healthcare	BSX	1B124A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US101137AM97	US101137AM97
Bristol-Myers Squibb Company	Healthcare	BMY	1C1134	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US110122AB49	US110122AB49
Bristol-Myers Squibb Company	Healthcare	BMY	1C1134	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US110122AW85	US110122AB49
BRUNSWICK CORPORATION	Consumer Goods	BC	1C8747	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US117043AG45	US117043AG45
BRUNSWICK CORPORATION	Consumer Goods	BC	1C8747	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US117043AE96	US117043AG45
Burlington Northern Santa Fe, LLC	Industrials	BRK-BRLF	1D39HN	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US12189TBA16	US12189TBA16
Burlington Northern Santa Fe, LLC	Industrials	BRK-BRLF	1D39HN	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US12189TBC71	US12189TBA16
CAMPBELL SOUP COMPANY	Consumer Goods	CPB	1E786B	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US134429AW93	US134429AV11
CAMPBELL SOUP COMPANY	Consumer Goods	CPB	1E786B	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US134429AV11	US134429AV11
CANADIAN NATURAL RESOURCES LIMITED	Energy	CNATUR	1E99BR	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US136385AK78	US136385AK78
CANADIAN NATURAL RESOURCES LIMITED	Energy	CNATUR	1E99BR	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US136385AL51	US136385AK78

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									Tier	ISIN	
Capital One Financial Corporation	Financials	COF	1F444H	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US14040HAL96	US14040HAL96
Capital One Financial Corporation	Financials	COF	1F444H	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US14040HAY18	US14040HAL96
Cardinal Health, Inc.	Consumer Services	CAH	1F55D7	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US14149YAU29	US14149YAU29
CARNIVAL CORPORATION	Consumer Services	CCL	1F79BD	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US143658AH53	US143658AH53
CENTEX CORPORATION	Consumer Goods	CTX	1G7543	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US152312AT17	US152312AT17
Cisco Systems, Inc.	Technology	CSCO	1I99CW	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US17275RAC60	US17275RAE27
Cisco Systems, Inc.	Technology	CSCO	1I99CW	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US17275RAE27	US17275RAE27
ConAgra Foods, Inc.	Consumer Goods	CAG	225DGF	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US205887AR36	US205887AR36
ConAgra Foods, Inc.	Consumer Goods	CAG	225DGF	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US205887BF88	US205887AR36
ConocoPhillips	Energy	COP	228A7H	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US20825CAF14	US20825CAF14
ConocoPhillips	Energy	COP	228A7H	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US20825CAR51	US20825CAF14
Darden Restaurants, Inc.	Consumer Services	DRI	25A8AD	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US237194AE57	US237194AE57
Darden Restaurants, Inc.	Consumer Services	DRI	25A8AD	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US237194AG06	US237194AE57
Dell Inc.	Technology	DELLN	26B72T	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US247025AE93	US247025AE93
The Walt Disney Company	Consumer Services	DIS	279AEF	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US25468PCE43	US25468PCT12
The Walt Disney Company	Consumer Services	DIS	279AEF	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US25468PCT12	US25468PCT12
Dominion Resources, Inc.	Utilities	D	27CBAF	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US25746UBE82	US25746UBE82
Domtar Corporation	Basic Materials	DOMC	27CCAE	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US257559AD63	US257559AG94
Domtar Corporation	Basic Materials	DOMC	27CCAE	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US257559AC80	US257559AG94
Domtar Corporation	Basic Materials	DOMC	27CCAE	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US257559AG94	US257559AG94
R.R. Donnelley & Sons Company	Industrials	DNY	27CFED	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US257867AT88	US257867AW18
R.R. Donnelley & Sons Company	Industrials	DNY	27CFED	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US257867AU51	US257867AW18
R.R. Donnelley & Sons Company	Industrials	DNY	27CFED	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US257867AW18	US257867AW18
R.R. Donnelley & Sons Company	Industrials	DNY	27CFED	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US74978DAA28	US257867AW18
Duke Energy Carolinas, LLC	Utilities	DUKECO	28A85G	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US26442CAA27	US26442CAA27
EOP Operating Limited Partnership	Financials	EOP-EOPOpLP	28EFDC	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
ERP Operating Limited Partnership	Financials	EQR-ERPOpLP	28EGCE	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US26884AAU79	US26884AAX19
ERP Operating Limited Partnership	Financials	EQR-ERPOpLP	28EGCE	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US26884AAU79	US26884AAX19
Eastman Chemical Company	Basic Materials	EMN	29EB75	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US277432AB66	US277432AD23
Eastman Chemical Company	Basic Materials	EMN	29EB75	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US277432AD23	US277432AD23
Embarq Corporation	Telecommunications Services	EMBRQ	2B97FM	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US29078EAB11	US29078EAB11
Enbridge Inc.	Energy	ENB	2BB75N	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	CA29251ZAW73	US29250NAH89
Enbridge Inc.	Energy	ENB	2BB75N	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US29250NAH89	US29250NAH89
Comcast Cable Communications, LLC	Consumer Services	CMCSA-CableLLC	2C02BL	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US20029PAH29	US20029PAG46
Comcast Cable Communications, LLC	Consumer Services	CMCSA-CableLLC	2C02BL	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US20029PAG46	US20029PAG46
Comcast Corporation	Consumer Services	CMCSA	2C033N	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US20030NAJ00	US20030NAP69
Comcast Corporation	Consumer Services	CMCSA	2C033N	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US20030NAP69	US20030NAP69
Comcast Corporation	Consumer Services	CMCSA	2C033N	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US20030NAZ42	US20030NAP69
Computer Sciences Corporation	Technology	CSC	2C5899	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US205363AL84	US205363AL84
Computer Sciences Corporation	Technology	CSC	2C5899	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US205363AN41	US205363AL84
Cox Communications, Inc.	Consumer Services	COX-CommInc	2E6448	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US224044BH95	US224044AN72
Cox Communications, Inc.	Consumer Services	COX-CommInc	2E6448	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US224044AN72	US224044AN72
DE US, Inc.	Consumer Services	DEUSAA	2G58AI	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
Deere & Company	Industrials	DE	2G85AI	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US244199BE40	US244199BC83
Deere & Company	Industrials	DE	2G85AI	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US244199BC83	US244199BC83
Devon Energy Corporation	Energy	DVN	2H68GV	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US251799AA02	US251799AA02
DIRECTV Holdings LLC	Consumer Services	DTV-Hldgs	2H99EY	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US25459HAY18	US25459HBA23
DIRECTV Holdings LLC	Consumer Services	DTV-Hldgs	2H99EY	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US25459HAZ82	US25459HBA23
DIRECTV Holdings LLC	Consumer Services	DTV-Hldgs	2H99EY	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US25459HBA23	US25459HBA23
The Dow Chemical Company	Basic Materials	DOW	2I6597	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US260543BJ10	US260543BJ10
The Dow Chemical Company	Basic Materials	DOW	2I6597	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US260543CC57	US260543BJ10

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									Tier	ISIN	
E. I. du Pont de Nemours and Company	Basic Materials	DD	219887	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US263534BQ16	US263534BT54
E. I. du Pont de Nemours and Company	Basic Materials	DD	219887	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US263534BT54	US263534BT54
First Data Corporation	Industrials	FDC	34AIF9	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US319963BA14	US319963BP82
First Data Corporation	Industrials	FDC	34AIF9	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US319963BP82	US319963BP82
First Data Corporation	Industrials	FDC	34AIF9	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US319963BB96	US319963BP82
First Data Corporation	Industrials	FDC	34AIF9	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US31998DAP97	US319963BP82
FirstEnergy Corp.	Utilities	FE	36AGC5	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US337932AC13	US337932AC13
Freetport-McMoRan Inc.	Basic Materials	FREEPIN	38BD8L	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US35671DAU90	US35671DAU90
THE GAP, INC.	Consumer Services	GPS	39ABD6	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US364760AK48	US364760AK48
General Electric Company	Financials	GE	39FF64	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	X0092499077	US36962G3H54
General Electric Capital Corporation	Financials	GE-CapCorp	39FF64	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US36962G3H54	US36962G3H54
General Mills, Inc.	Consumer Goods	GIS	3A7367	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US370334BB91	US370334BB91
Goodrich Corporation	Industrials	GR	3BA5BG	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US38238QAM87	US38238QAM87
Exelon Corporation	Utilities	EXC	3D1770	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US210371AL43	US210371AL43
Expedia, Inc.	Consumer Services	EXPD	3D233R	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US30212PAB13	US30212PAB13
Ford Motor Company	Consumer Goods	F	3H98A7	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US345370CA64	US345370BX76
Ford Motor Company	Consumer Goods	F	3H98A7	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US345370BX76	US345370BX76
GATX Corporation	Financials	GMT	3J758C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US36804PAK21	US361448AF09
GATX Corporation	Financials	GMT	3J758C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US361448AF09	US361448AF09
HP Inc.	Technology	HPINCAA	4E477P	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US428236AM52	US428236AM52
HP Inc.	Technology	HPQ	4E477P	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US428236AS23	US428236AM52
The Home Depot, Inc.	Consumer Services	HD	47A77D	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US437076AP79	US437076AS19
The Home Depot, Inc.	Consumer Services	HD	47A77D	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US437076AS19	US437076AS19
Honeywell International Inc.	Industrials	HON	47BD67	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US438516AR73	US438516AR73
Honeywell International Inc.	Industrials	HON	47BD67	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US438516AZ99	US438516AR73
Ingersoll-Rand Company	Industrials	IR-NJ	49BEEC	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US456866AG74	US456866AG74
International Business Machines Corporation	Technology	IBM	49EB20	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US459200GJ41	US459200GJ41
INTERNATIONAL LEASE FINANCE CORPORATION	Industrials	AIG-IntLeaseFin	49EGB9	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US459745GF62	US459745GF62
INTERNATIONAL LEASE FINANCE CORPORATION	Industrials	AIG-IntLeaseFin	49EGB9	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US459745GE97	US459745GF62
INTERNATIONAL PAPER COMPANY	Basic Materials	IP	4A615A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US460146CD38	US460146CE11
INTERNATIONAL PAPER COMPANY	Basic Materials	IP	4A615A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US460146CE11	US460146CE11
Interval Acquisition Corp.	Consumer Services	IACI-IntAcq	4A724Y	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US46113VAC28	US46113VAC28
Johnson Controls, Inc.	Consumer Goods	JCI	4BFB9C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US478366AG24	US478366AG24
Johnson Controls, Inc.	Consumer Goods	JCI	4BFB9C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US478366AR88	US478366AG24
Kinder Morgan Energy Partners, L.P.	Energy	KMP	4DD9A5	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US494550BG00	US494550BL94
Kinder Morgan Energy Partners, L.P.	Energy	KMP	4DD9A5	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US494550BL94	US494550BL94
HALLIBURTON COMPANY	Energy	HAL	4E6837	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US406216AH42	US406216AH42
HALLIBURTON COMPANY	Energy	HAL	4E6837	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US406216AV36	US406216AH42
Kraft Heinz Foods Company	Consumer Goods	HNZ	5F07CP	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US423074AF08	US423074AF08
Kraft Heinz Foods Company	Consumer Goods	HNZ	5F07CP	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US423074AN32	US423074AF08
The Hillshire Brands Company	Consumer Goods	THHILL	4H57DH	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US803111AS27	US803111AS27
Lockheed Martin Corporation	Industrials	LMT	58CHB3	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US539830AE98	US539830AT67
Lockheed Martin Corporation	Industrials	LMT	58CHB3	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US539830AT67	US539830AT67
Lowe's Companies, Inc.	Consumer Services	LOW	59CEC7	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US548661CH80	US548661CQ89
Lowe's Companies, Inc.	Consumer Services	LOW	59CEC7	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US548661CK10	US548661CQ89
Lowe's Companies, Inc.	Consumer Services	LOW	59CEC7	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US548661CQ89	US548661CQ89
M.D.C. Holdings, Inc.	Consumer Goods	MDC	5A78DD	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US552676AR93	US552676AP38
M.D.C. Holdings, Inc.	Consumer Goods	MDC	5A78DD	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US552676AP38	US552676AP38
Macy's, Inc.	Consumer Services	M	5AB77V	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US55616XAA54	US55616XAA54

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									Tier	ISIN	
MARRIOTT INTERNATIONAL, INC.	Consumer Services	MAR	5C8A93	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US571900AZ26	US571903AJ23
MARRIOTT INTERNATIONAL, INC.	Consumer Services	MAR	5C8A93	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US571903AF01	US571903AJ23
MARRIOTT INTERNATIONAL, INC.	Consumer Services	MAR	5C8A93	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US571903AJ23	US571903AJ23
Masco Corporation	Consumer Goods	MAS	5CB9E1	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US57459BF29	US574599BD70
Masco Corporation	Consumer Goods	MAS	5CB9E1	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US574599BD70	US574599BD70
McDONALD'S CORPORATION	Consumer Services	MCD	5D8148	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US58013MEB63	US58013MEB63
McDONALD'S CORPORATION	Consumer Services	MCD	5D8148	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XS0433152690	US58013MEB63
WESTROCK MWV LLC	Industrials	WESTMWV	9F758Y	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US961548AY02	US961548AY02
WESTROCK MWV LLC	Industrials	WESTMWV	9F758Y	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US583334AE71	US961548AY02
Kohl's Corporation	Consumer Services	KSS	5F027A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US500255AP93	US500255AR59
Kohl's Corporation	Consumer Services	KSS	5F027A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US500255AR59	US500255AR59
Kohl's Corporation	Consumer Services	KSS	5F027A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US500255AQ76	US500255AR59
THE KROGER CO.	Consumer Services	KR	5F1148	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US501044CH20	US501044CH20
THE KROGER CO.	Consumer Services	KR	5F1148	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US501044CP46	US501044CH20
L Brands, Inc.	Consumer Services	LBRAAA	5F78AG	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US532716AR89	US532716AM92
L Brands, Inc.	Consumer Services	LBRAAA	5F78AG	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US532716AM92	US532716AM92
Lennar Corporation	Consumer Goods	LEN	5H865C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US526057AW40	US526057BJ20
Lennar Corporation	Consumer Goods	LEN	5H865C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US526057BJ20	US526057BJ20
Mondelez International, Inc.	Consumer Goods	MONDINT	669B27	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XS0377058614	US50075NAS36
Mondelez International, Inc.	Consumer Goods	MONDINT	669B27	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US50075NAS36	US50075NAS36
Mondelez International, Inc.	Consumer Goods	MONDINT	669B27	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US50075NAU81	US50075NAS36
Nabors Industries, Inc.	Energy	NBR-Inc	68BEBE	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US629568AQ91	US629568AQ91
Nabors Industries, Inc.	Energy	NBR-Inc	68BEBE	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US629568AT31	US629568AQ91
National Rural Utilities Cooperative Finance Corporation	Financials	NRUC	69AB75	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US637432CT02	US637432CT02
Navient Corporation	Financials	NAVIECO	69CCBK	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US78442FEK03	US78442FEQ72
Navient Corporation	Financials	NAVIECO	69CCBK	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US78442FEQ72	US78442FEQ72
The New York Times Company	Consumer Services	NYT	6B5122	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US650111AG26	US650111AG26
Newell Rubbermaid Inc.	Consumer Goods	NWL	6B634B	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US651229AG15	US651229AG15
Newell Rubbermaid Inc.	Consumer Goods	NWL	6B634B	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US651229AP14	US651229AG15
Newmont Mining Corporation	Basic Materials	NEM	6B67AL	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US651639AE60	US651639AE60
Nordstrom, Inc.	Consumer Services	JWN	6BABCA	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US655664AH33	US655664AH33
Nordstrom, Inc.	Consumer Services	JWN	6BABCA	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US655664AK61	US655664AH33
Nordstrom, Inc.	Consumer Services	JWN	6BABCA	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US655664AL45	US655664AH33
NORFOLK SOUTHERN CORPORATION	Industrials	NSC	6BADC8	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US655844AE88	US655844AE88
Northrop Grumman Corporation	Industrials	NORGMR	6CCE9H	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US666807AW21	US666807AW21
Olin Corporation	Basic Materials	OLN	6E86CB	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US680665AH97	US680665AH97
Omnicon Group Inc.	Consumer Services	OMC	6E9AAA	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US681919AS54	US682134AC59
Omnicon Group Inc.	Consumer Services	OMC	6E9AAA	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US682134AC59	US682134AC59
Mohawk Industries, Inc.	Consumer Goods	MHK	6G89A9	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US608190AH76	US608190AJ33
Mohawk Industries, Inc.	Consumer Goods	MHK	6G89A9	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US608190AJ33	US608190AJ33
Motorola Solutions, Inc.	Technology	MOTSOL	6I209O	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US620076AK59	US620076AH21
Motorola Solutions, Inc.	Technology	MOTSOL	6I209O	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US620076AH21	US620076AH21
The Procter & Gamble Company	Consumer Goods	PG	7B6989	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XS0237323943	US742718EE59
The Procter & Gamble Company	Consumer Goods	PG	7B6989	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XS0327237300	US742718EE59
The Procter & Gamble Company	Consumer Goods	PG	7B6989	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US742718EE59	US742718EE59
Progress Energy, Inc.	Utilities	PGN	7B7589	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US743263AL93	US743263AR63
Progress Energy, Inc.	Utilities	PGN	7B7589	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US743263AR63	US743263AR63
PulteGroup, Inc.	Consumer Goods	PHMG	7B9DFM	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US745867AT82	US745867AM30
PulteGroup, Inc.	Consumer Goods	PHMG	7B9DFM	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US745867AM30	US745867AM30
Quest Diagnostics Incorporated	Healthcare	DGX	7BCB7P	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US74834LAN01	US74834LAN01

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									Tier	ISIN	
Quest Diagnostics Incorporated	Healthcare	DGX	7TCB7P	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US74834LAR15	US74834LAN01
Raytheon Company	Industrials	RTN	7CA622	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US755111AF81	US755111AF81
Reynolds American Inc.	Consumer Goods	RAI	7D7884	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SECDOM	US761713AU09	US761713AX48
Reynolds American Inc.	Consumer Goods	RAI	7D7884	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US761713AX48	US761713AX48
Reynolds American Inc.	Consumer Goods	RAI	7D7884	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SECDOM	US761713AY21	US761713AX48
RIO TINTO ALCAN INC.	Basic Materials	RIOALC	7DD92F	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US013716AU93	US013716AU93
Rohm and Haas Company	Basic Materials	ROH	7EC8A8	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US775371AU10	US775371AU10
Rohm and Haas Company	Basic Materials	ROH	7EC8A8	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US775371AV92	US775371AU10
Ryder System, Inc.	Industrials	R	7FB89D	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US783549AZ16	US78355HJW07
Ryder System, Inc.	Industrials	R	7FB89D	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US78355HJK68	US78355HJW07
Ryder System, Inc.	Industrials	R	7FB89D	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US78355HJN08	US78355HJW07
Ryder System, Inc.	Industrials	R	7FB89D	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US78355HJW07	US78355HJW07
Sabre Holdings Corporation	Consumer Services	TSG	7FDE95	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US785905AB66	US785905AB66
Safeway Inc.	Consumer Services	SWY	7FEB65	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US786514BA67	US786514BA67
Safeway Inc.	Consumer Services	SWY	7FEB65	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US786514BP37	US786514BA67
Pfizer Inc.	Healthcare	PFE	718789	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US717081AQ68	US717081AQ68
Pitney Bowes Inc.	Technology	PBI	7J68BG	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US724479AH32	US724479AH32
Sempra Energy	Utilities	SRE	897ED6	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US816851AJ81	US816851AJ81
Sempra Energy	Utilities	SRE	897ED6	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US816851AS80	US816851AJ81
The Sherwin-Williams Company	Consumer Goods	SHW	8A677C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US824348AL09	US824348AL09
Southwest Airlines Co.	Industrials	LUV	8C8BB5	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US844741AX63	US844741AX63
Sprint Communications, Inc.	Telecommunications Services	SPRICOM	8D7273	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US852060AD48	US852061AF78
Sprint Communications, Inc.	Telecommunications Services	SPRICOM	8D7273	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US852061AD21	US852061AF78
Sprint Communications, Inc.	Telecommunications Services	SPRICOM	8D7273	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US852061AF78	US852061AF78
Staples, Inc.	Consumer Services	SPLS	8DA533	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US855030AL63	US855030AL63
Staples, Inc.	Consumer Services	SPLS	8DA533	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US855030AM47	US855030AL63
Starwood Hotels & Resorts Worldwide, Inc.	Consumer Services	HOT	8DAE9A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US85590AAL89	US85590AAL89
Starwood Hotels & Resorts Worldwide, Inc.	Consumer Services	HOT	8DAE9A	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US85590AAN46	US85590AAL89
THE TJX COMPANIES, INC.	Consumer Services	TJX	8F9794	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US872540AM11	US872540AM11
Target Corporation	Consumer Services	TGT	8FD73G	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US87612EAP16	US87612EAP16
Target Corporation	Consumer Services	TGT	8FD73G	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US87612EAV83	US87612EAP16
Teck Resources Limited	Energy	TECKRS	8FFF8B	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US878742AU97	US878742AU97
Teck Resources Limited	Energy	TECKRS	8FFF8B	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US878742AY10	US878742AU97
TEGNA Inc.	Consumer Services	TEGNINC	8FG91K	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	USU36473AJ20	USU36473AJ20
Temple-Inland Inc.	Industrials	TIN	8FGHEE	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US879868AK38	US879868AL11
Temple-Inland Inc.	Industrials	TIN	8FGHEE	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US879868AL11	US879868AL11
Textron Financial Corporation	Industrials	TXT-FinCorp	8GB4AI	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XSNOREFOBL00	XSNOREFOBL00
Time Warner Inc.	Consumer Services	TW	8GFA48	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US00184AAG04	US887317AT21
Time Warner Inc.	Consumer Services	TW	8GFA48	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US887317AC95	US887317AT21
Time Warner Inc.	Consumer Services	TW	8GFA48	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US887317AT21	US887317AT21
Time Warner Cable Inc.	Consumer Services	TW-Cab	8GFA5L	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US88732JAH14	US88732JAH14
Time Warner Cable Inc.	Consumer Services	TW-Cab	8GFA5L	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XS0630584166	US88732JAH14
Toll Brothers, Inc.	Consumer Goods	TOL	8GHDBF	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US88947EAH36	US88947EAH36
Transocean Inc.	Energy	RIG	8HCBB3	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US893830AK59	US893830AK59
Transocean Inc.	Energy	RIG	8HCBB3	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US893830AX70	US893830AK59
Union Pacific Corporation	Industrials	UNP	997F99	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US907818CF33	US907818CF33
Union Pacific Corporation	Industrials	UNP	997F99	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US907818CW65	US907818CF33
United Parcel Service, Inc.	Industrials	UPS	9A2443	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XS0124554618	US911308AB04
United Parcel Service, Inc.	Industrials	UPS	9A2443	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US911308AB04	US911308AB04
UnitedHealth Group Incorporated	Healthcare	UNH	9A456T	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US91324PBJ03	US91324PBJ03

## CDSClear Clearable Products: Single Names

Reference Entity Name	Sector	Markit Ticker	Bit 6 Digit RED	Eligible Fixed Rate (in bps)	Currency	Tenors	Contractual Definitions	Doc Clause	Eligible Reference Obligations		CDSClear Preferred Reference Obligation ISIN
									Tier	ISIN	
UnitedHealth Group Incorporated	Healthcare	UNH	9A456T	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US91324PBY79	US91324PBJ03
Universal Health Services, Inc.	Healthcare	UHS	9A4C93	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SECDOM	US913903AN05	US913903AN05
Valero Energy Corporation	Energy	VLOC	9AAA4I	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US91913YAB65	US91913YAB65
Valero Energy Corporation	Energy	VLOC	9AAA4I	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US91913YAR18	US91913YAB65
Verizon Communications Inc.	Telecommunications Services	VRZN	9B579L	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US92343VCB80	US92343VCB80
Viacom Inc.	Consumer Services	VIAINC	9B7A8S	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US925524AX89	US925524AX89
Viacom Inc.	Consumer Services	VIAINC	9B7A8S	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US925524BB50	US925524AX89
Viacom Inc.	Consumer Services	VIAINC	9B7A8S	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US925524PAD2	US925524AX89
WAL-MART STORES, INC.	Consumer Services	WMT	9C4256	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XS0121617517	US931142CH46
WAL-MART STORES, INC.	Consumer Services	WMT	9C4256	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US931142CH46	US931142CH46
Weyerhaeuser Company	Basic Materials	WY	9F837C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US962166AS33	US962166AS33
Weyerhaeuser Company	Basic Materials	WY	9F837C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US969133AK36	US962166AS33
Weyerhaeuser Company	Basic Materials	WY	9F837C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US962166BV52	US962166AS33
Whirlpool Corporation	Consumer Goods	WHR	9F9652	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US963320AH94	US96332HCD98
Whirlpool Corporation	Consumer Goods	WHR	9F9652	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US963320AN62	US96332HCD98
Whirlpool Corporation	Consumer Goods	WHR	9F9652	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US96332HCD98	US96332HCD98
Wyeth LLC	Healthcare	WYELLC	9HB32H	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US983024AN02	US983024AM29
Wyeth LLC	Healthcare	WYELLC	9HB32H	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US983024AM29	US983024AM29
XEROX CORPORATION	Technology	XRX	9HC533	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US98412JBM53	US984121BW26
XEROX CORPORATION	Technology	XRX	9HC533	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US984121BW26	US984121BW26
YUM! Brands, Inc.	Consumer Services	YUM	9HGCDH	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US988498AC50	US988498AC50
YUM! Brands, Inc.	Consumer Services	YUM	9HGCDH	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US988498AE17	US988498AC50
21st Century Fox America, Inc.	Consumer Services	STCENT	9J143F	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US90131HAE53	US90131HAE53
Tyson Foods, Inc.	Consumer Goods	TSN	9J26DD	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US902494AF03	US902494AT07
Tyson Foods, Inc.	Consumer Goods	TSN	9J26DD	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US902494AN37	US902494AT07
Tyson Foods, Inc.	Consumer Goods	TSN	9J26DD	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US902494AT07	US902494AT07
Weatherford International Ltd.	Energy	WFT	GPE58H	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US947075AF47	US94707VAC46
Weatherford International Ltd.	Energy	WFT	GPE58H	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US94707VAC46	US94707VAC46
J. C. Penney Company, Inc.	Consumer Services	JCP	UB78A0	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US708130AC31	US708130AC31
J. C. Penney Company, Inc.	Consumer Services	JCP	UB78A0	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US708130AB57	US708130AC31
iHeartCommunications, Inc.	Consumer Services	IHEAINC	UY955C	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US184502AD42	US184502AD42
McKesson Corporation	Healthcare	MCK	UZDD52	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US581557AM75	US581557AM75
McKesson Corporation	Healthcare	MCK	UZDD52	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US581557AV74	US581557AM75
GLAXOSMITHKLINE PLC	Autos & Industrials	GSK	3AEA6Z	100 ; 25	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0866588527	XS0866588527
GLAXOSMITHKLINE PLC	Autos & Industrials	GSK	3AEA6Z	100 ; 25	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0140516864	XS0866588527
Heineken N.V.	Consumers	HEIANA	NQCD69	100 ; 25	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0758419658	XS0758419658
Heineken N.V.	Consumers	HEIANA	NQCD69	100 ; 25	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS0811554962	XS0758419658
CMA CGM S A	Industrials	CMACGM	FH222U	100 ; 500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1244815111	XS1244815111
Elis	Industrials	ELISSA	FHBGDL	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1225112272	XS1225112272
GARFUNKELUX HOLDCO 2 SA	Financials	GARFUNH	LP56AP	500	EUR	0M-10Y	ISDA2014CREDIT	MM14	SNRFOR	XS1308316568	XS1308316568
Hess Corp	Energy	HESS	46A89Q	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US42809HAB33	US42809HAB33
Johnson & Johnson	Healthcare	JNJ	4BF976	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US478160BS27	US478160BS27
Johnson & Johnson	Healthcare	JNJ	4BF976	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US478160AY04	US478160BS27
Johnson & Johnson	Healthcare	JNJ	4BF976	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US478160AQ79	US478160BS27
Packaging Corporation of America	Industrials	PACKAM	6FE66B	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US695156AP42	US695156AP42
Best Buy Co., Inc.	Consumer Services	BBY	08EB67	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US086516AL50	US086516AL50
Best Buy Co., Inc.	Consumer Services	BBY	08EB67	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US086516AM34	US086516AL50
Best Buy Co., Inc.	Consumer Services	BBY	08EB67	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	XSNOREFOBL00	US086516AL50
General Motors Company	Consumer Services	GENMC	3A749R	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US37045VAD29	US37045VAD29
General Motors Company	Consumer Services	GENMC	3A749R	100; 500	USD	0M-10Y	ISDA2014CREDIT	XR14	SNRFOR	US37045VAC46	US37045VAD29

**EXHIBIT J-2**

**LCH**

The Markets' Partner

**CDSClear Clearable Products: Indices**

#	Instrument	Series	Version	RED Code	Term Period	Maturity Date	Fixed Rate (bps)	Index Factor	Currency
1	iTraxx Europe	25	1	2I666VBF1	3Y	20/06/2019	100	1	EUR
2	iTraxx Europe	25	1	2I666VBF1	5Y	20/06/2021	100	1	EUR
3	iTraxx Europe	25	1	2I666VBF1	7Y	20/06/2023	100	1	EUR
4	iTraxx Europe	25	1	2I666VBF1	10Y	20/06/2026	100	1	EUR
5	iTraxx Europe	24	1	2I666VBE4	3Y	20/12/2018	100	1	EUR
6	iTraxx Europe	24	1	2I666VBE4	5Y	20/12/2020	100	1	EUR
7	iTraxx Europe	24	1	2I666VBE4	7Y	20/12/2022	100	1	EUR
8	iTraxx Europe	24	1	2I666VBE4	10Y	20/12/2025	100	1	EUR
9	iTraxx Europe	23	1	2I666VBD6	3Y	20/06/2018	100	1	EUR
10	iTraxx Europe	23	1	2I666VBD6	5Y	20/06/2020	100	1	EUR
11	iTraxx Europe	23	1	2I666VBD6	7Y	20/06/2022	100	1	EUR
12	iTraxx Europe	23	1	2I666VBD6	10Y	20/06/2025	100	1	EUR
13	iTraxx Europe	22	1	2I666VBC8	3Y	20/12/2017	100	1	EUR
14	iTraxx Europe	22	1	2I666VBC8	5Y	20/12/2019	100	1	EUR
15	iTraxx Europe	22	1	2I666VBC8	7Y	20/12/2021	100	1	EUR
16	iTraxx Europe	22	1	2I666VBC8	10Y	20/12/2024	100	1	EUR
17	iTraxx Europe	21	1	2I666VBB0	3Y	20/06/2017	100	1	EUR
18	iTraxx Europe	21	1	2I666VBB0	5Y	20/06/2019	100	1	EUR
19	iTraxx Europe	21	1	2I666VBB0	7Y	20/06/2021	100	1	EUR
20	iTraxx Europe	21	1	2I666VBB0	10Y	20/06/2024	100	1	EUR
21	iTraxx Europe	20	1	2I666VBA2	3Y	20/12/2016	100	1	EUR
22	iTraxx Europe	20	1	2I666VBA2	5Y	20/12/2018	100	1	EUR
23	iTraxx Europe	20	1	2I666VBA2	7Y	20/12/2020	100	1	EUR
24	iTraxx Europe	20	1	2I666VBA2	10Y	20/12/2023	100	1	EUR
25	iTraxx Europe	19	1	2I666VAZ8	3Y	20/06/2016	100	1	EUR
26	iTraxx Europe	19	1	2I666VAZ8	5Y	20/06/2018	100	1	EUR
27	iTraxx Europe	19	1	2I666VAZ8	7Y	20/06/2020	100	1	EUR
28	iTraxx Europe	19	1	2I666VAZ8	10Y	20/06/2023	100	1	EUR
29	iTraxx Europe	18	1	2I666VAY1	5Y	20/12/2017	100	1	EUR
30	iTraxx Europe	18	1	2I666VAY1	7Y	20/12/2019	100	1	EUR
31	iTraxx Europe	18	1	2I666VAY1	10Y	20/12/2022	100	1	EUR
32	iTraxx Europe	17	1	2I666VAX3	5Y	20/06/2017	100	1	EUR
33	iTraxx Europe	17	1	2I666VAX3	7Y	20/06/2019	100	1	EUR
34	iTraxx Europe	17	1	2I666VAX3	10Y	20/06/2022	100	1	EUR
35	iTraxx Europe	16	1	2I666VAW5	5Y	20/12/2016	100	1	EUR
36	iTraxx Europe	16	1	2I666VAW5	7Y	20/12/2018	100	1	EUR
37	iTraxx Europe	16	1	2I666VAW5	10Y	20/12/2021	100	1	EUR
38	iTraxx Europe	15	1	2I666VAV7	5Y	20/06/2016	100	1	EUR
39	iTraxx Europe	15	1	2I666VAV7	7Y	20/06/2018	100	1	EUR
40	iTraxx Europe	15	1	2I666VAV7	10Y	20/06/2021	100	1	EUR
41	iTraxx Europe	14	1	2I666VAU9	7Y	20/12/2017	100	1	EUR
42	iTraxx Europe	14	1	2I666VAU9	10Y	20/12/2020	100	1	EUR
43	iTraxx Europe	13	1	2I666VAT2	7Y	20/06/2017	100	1	EUR
44	iTraxx Europe	13	1	2I666VAT2	10Y	20/06/2020	100	1	EUR
45	iTraxx Europe	12	1	2I666VAS4	7Y	20/12/2016	100	1	EUR
46	iTraxx Europe	12	1	2I666VAS4	10Y	20/12/2019	100	1	EUR
47	iTraxx Europe	11	1	2I666VAK1	7Y	20/06/2016	170	1	EUR
48	iTraxx Europe	11	1	2I666VAK1	10Y	20/06/2019	150	1	EUR
49	iTraxx Europe	10	1	2I666VAJ4	10Y	20/12/2018	130	1	EUR
50	iTraxx Europe	9	1	2I666VAI6	10Y	20/06/2018	175	1	EUR
51	iTraxx Europe	8	1	2I666VAH8	10Y	20/12/2017	70	1	EUR
52	iTraxx Europe	7	2	2I666VAR6	10Y	20/06/2017	50	0,992	EUR
53	iTraxx Europe	6	2	2I666VAQ8	10Y	20/12/2016	50	0,992	EUR
54	iTraxx Europe	5	2	2I666VAP0	10Y	20/06/2016	60	0,992	EUR
55	iTraxx Europe Crossover	25	1	2I667KEE4	3Y	20/06/2019	500	1	EUR
56	iTraxx Europe Crossover	25	1	2I667KEE4	5Y	20/06/2021	500	1	EUR
57	iTraxx Europe Crossover	25	1	2I667KEE4	7Y	20/06/2023	500	1	EUR
58	iTraxx Europe Crossover	25	1	2I667KEE4	10Y	20/06/2026	500	1	EUR

#	Instrument	Series	Version	RED Code	Term Period	Maturity Date	Fixed Rate (bps)	Index Factor	Currency
59	iTraxx Europe Crossover	24	1	2I667KEA2	3Y	20/12/2018	500	1	EUR
60	iTraxx Europe Crossover	24	1	2I667KEA2	5Y	20/12/2020	500	1	EUR
61	iTraxx Europe Crossover	24	1	2I667KEA2	7Y	20/12/2022	500	1	EUR
62	iTraxx Europe Crossover	24	1	2I667KEA2	10Y	20/12/2025	500	1	EUR
63	iTraxx Europe Crossover	23	3	2I667KEV6	3Y	20/06/2018	500	0,97333	EUR
64	iTraxx Europe Crossover	23	3	2I667KEV6	5Y	20/06/2020	500	0,97333	EUR
65	iTraxx Europe Crossover	23	3	2I667KEV6	7Y	20/06/2022	500	0,97333	EUR
66	iTraxx Europe Crossover	23	3	2I667KEV6	10Y	20/06/2025	500	0,97333	EUR
67	iTraxx Europe Crossover	22	3	2I667KEU8	3Y	20/12/2017	500	0,97333	EUR
68	iTraxx Europe Crossover	22	3	2I667KEU8	5Y	20/12/2019	500	0,97333	EUR
69	iTraxx Europe Crossover	22	3	2I667KEU8	7Y	20/12/2021	500	0,97333	EUR
70	iTraxx Europe Crossover	22	3	2I667KEU8	10Y	20/12/2024	500	0,97333	EUR
71	iTraxx Europe Crossover	21	3	2I667KET1	3Y	20/06/2017	500	0,96666	EUR
72	iTraxx Europe Crossover	21	3	2I667KET1	5Y	20/06/2019	500	0,96666	EUR
73	iTraxx Europe Crossover	21	3	2I667KET1	7Y	20/06/2021	500	0,96666	EUR
74	iTraxx Europe Crossover	21	3	2I667KET1	10Y	20/06/2024	500	0,96666	EUR
75	iTraxx Europe Crossover	20	2	2I667KES3	3Y	20/12/2016	500	0,98	EUR
76	iTraxx Europe Crossover	20	2	2I667KES3	5Y	20/12/2018	500	0,98	EUR
77	iTraxx Europe Crossover	20	2	2I667KES3	7Y	20/12/2020	500	0,98	EUR
78	iTraxx Europe Crossover	20	2	2I667KES3	10Y	20/12/2023	500	0,98	EUR
79	iTraxx Europe Crossover	19	3	2I667KER5	3Y	20/06/2016	500	0,96	EUR
80	iTraxx Europe Crossover	19	3	2I667KER5	5Y	20/06/2018	500	0,96	EUR
81	iTraxx Europe Crossover	19	3	2I667KER5	7Y	20/06/2020	500	0,96	EUR
82	iTraxx Europe Crossover	19	3	2I667KER5	10Y	20/06/2023	500	0,96	EUR
83	iTraxx Europe Crossover	18	3	2I667KEQ7	5Y	20/12/2017	500	0,96	EUR
84	iTraxx Europe Crossover	18	3	2I667KEQ7	7Y	20/12/2019	500	0,96	EUR
85	iTraxx Europe Crossover	18	3	2I667KEQ7	10Y	20/12/2022	500	0,96	EUR
86	iTraxx Europe Crossover	17	3	2I667KEP9	5Y	20/06/2017	500	0,96	EUR
87	iTraxx Europe Crossover	17	3	2I667KEP9	7Y	20/06/2019	500	0,96	EUR
88	iTraxx Europe Crossover	17	3	2I667KEP9	10Y	20/06/2022	500	0,96	EUR
89	iTraxx Europe Crossover	16	3	2I667KEO2	5Y	20/12/2016	500	0,96	EUR
90	iTraxx Europe Crossover	16	3	2I667KEO2	7Y	20/12/2018	500	0,96	EUR
91	iTraxx Europe Crossover	16	3	2I667KEO2	10Y	20/12/2021	500	0,96	EUR
92	iTraxx Europe Crossover	15	3	2I667KEN4	5Y	20/06/2016	500	0,95	EUR
93	iTraxx Europe Crossover	15	3	2I667KEN4	7Y	20/06/2018	500	0,95	EUR
94	iTraxx Europe Crossover	15	3	2I667KEN4	10Y	20/06/2021	500	0,95	EUR
95	iTraxx Europe Crossover	14	5	2I667KEM6	7Y	20/12/2017	500	0,92	EUR
96	iTraxx Europe Crossover	14	5	2I667KEM6	10Y	20/12/2020	500	0,92	EUR
97	iTraxx Europe Crossover	13	6	2I667KEL8	7Y	20/06/2017	500	0,92	EUR
98	iTraxx Europe Crossover	13	6	2I667KEL8	10Y	20/06/2020	500	0,92	EUR
99	iTraxx Europe Crossover	12	6	2I667KEK0	7Y	20/12/2016	500	0,92	EUR
100	iTraxx Europe Crossover	12	6	2I667KEK0	10Y	20/12/2019	500	0,92	EUR
101	iTraxx Europe Crossover	11	6	2I667KEJ3	7Y	20/06/2016	880	0,8888	EUR
102	iTraxx Europe Crossover	11	6	2I667KEJ3	10Y	20/06/2019	820	0,8888	EUR
103	iTraxx Europe Crossover	10	9	2I667KEI5	10Y	20/12/2018	540	0,86	EUR
104	iTraxx Europe Crossover	9	10	2I667KEH7	10Y	20/06/2018	640	0,84	EUR
105	iTraxx Europe Crossover	8	10	2I667KEG9	10Y	20/12/2017	460	0,84	EUR
106	iTraxx Europe Crossover	7	9	2I667KEF1	10Y	20/06/2017	320	0,86	EUR
107	iTraxx Europe Crossover	6	6	2I667KCT3	10Y	20/12/2016	345	0,9111	EUR
108	iTraxx Europe Crossover	5	6	2I667KDC9	10Y	20/06/2016	350	0,9111	EUR
109	iTraxx Europe HiVol	20	1	2I667LAX4	3Y	20/12/2016	100	1	EUR
110	iTraxx Europe HiVol	20	1	2I667LAX4	5Y	20/12/2018	100	1	EUR
111	iTraxx Europe HiVol	20	1	2I667LAX4	7Y	20/12/2020	100	1	EUR
112	iTraxx Europe HiVol	20	1	2I667LAX4	10Y	20/12/2023	100	1	EUR
113	iTraxx Europe HiVol	19	1	2I667LAW6	3Y	20/06/2016	100	1	EUR
114	iTraxx Europe HiVol	19	1	2I667LAW6	5Y	20/06/2018	100	1	EUR
115	iTraxx Europe HiVol	19	1	2I667LAW6	7Y	20/06/2020	100	1	EUR
116	iTraxx Europe HiVol	19	1	2I667LAW6	10Y	20/06/2023	100	1	EUR

#	Instrument	Series	Version	RED Code	Term Period	Maturity Date	Fixed Rate (bps)	Index Factor	Currency
117	iTraxx Europe HiVol	18	1	2I667LAV8	5Y	20/12/2017	100	1	EUR
118	iTraxx Europe HiVol	18	1	2I667LAV8	7Y	20/12/2019	100	1	EUR
119	iTraxx Europe HiVol	18	1	2I667LAV8	10Y	20/12/2022	100	1	EUR
120	iTraxx Europe HiVol	17	1	2I667LAU0	5Y	20/06/2017	100	1	EUR
121	iTraxx Europe HiVol	17	1	2I667LAU0	7Y	20/06/2019	100	1	EUR
122	iTraxx Europe HiVol	17	1	2I667LAU0	10Y	20/06/2022	100	1	EUR
123	iTraxx Europe HiVol	16	1	2I667LAT3	5Y	20/12/2016	100	1	EUR
124	iTraxx Europe HiVol	16	1	2I667LAT3	7Y	20/12/2018	100	1	EUR
125	iTraxx Europe HiVol	16	1	2I667LAT3	10Y	20/12/2021	100	1	EUR
126	iTraxx Europe HiVol	15	1	2I667LAS5	5Y	20/06/2016	100	1	EUR
127	iTraxx Europe HiVol	15	1	2I667LAS5	7Y	20/06/2018	100	1	EUR
128	iTraxx Europe HiVol	15	1	2I667LAS5	10Y	20/06/2021	100	1	EUR
129	iTraxx Europe HiVol	14	1	2I667LAR7	7Y	20/12/2017	100	1	EUR
130	iTraxx Europe HiVol	14	1	2I667LAR7	10Y	20/12/2020	100	1	EUR
131	iTraxx Europe HiVol	13	1	2I667LAQ9	7Y	20/06/2017	100	1	EUR
132	iTraxx Europe HiVol	13	1	2I667LAQ9	10Y	20/06/2020	100	1	EUR
133	iTraxx Europe HiVol	12	1	2I667LAP1	7Y	20/12/2016	100	1	EUR
134	iTraxx Europe HiVol	12	1	2I667LAP1	10Y	20/12/2019	100	1	EUR
135	iTraxx Europe HiVol	11	1	2I667LAK2	7Y	20/06/2016	350	1	EUR
136	iTraxx Europe HiVol	11	1	2I667LAK2	10Y	20/06/2019	325	1	EUR
137	iTraxx Europe HiVol	10	1	2I667LAJ5	10Y	20/12/2018	230	1	EUR
138	iTraxx Europe HiVol	9	1	2I667LAI7	10Y	20/06/2018	270	1	EUR
139	iTraxx Europe HiVol	8	1	2I667LAH9	10Y	20/12/2017	100	1	EUR
140	iTraxx Europe HiVol	7	2	2I667LAO4	10Y	20/06/2017	85	0,9667	EUR
141	iTraxx Europe HiVol	6	2	2I667LAN6	10Y	20/12/2016	85	0,9667	EUR
142	iTraxx Europe HiVol	5	2	2I667LAM8	10Y	20/06/2016	100	0,9667	EUR
143	iTraxx Europe Senior Financials	25	1	2I667DAY0	5Y	20/06/2021	100	1	EUR
144	iTraxx Europe Senior Financials	25	1	2I667DAY0	10Y	20/06/2026	100	1	EUR
145	iTraxx Europe Senior Financials	24	1	2I667DAX2	5Y	20/12/2020	100	1	EUR
146	iTraxx Europe Senior Financials	24	1	2I667DAX2	10Y	20/12/2025	100	1	EUR
147	iTraxx Europe Senior Financials	23	1	2I667DAW4	5Y	20/06/2020	100	1	EUR
148	iTraxx Europe Senior Financials	23	1	2I667DAW4	10Y	20/06/2025	100	1	EUR
149	iTraxx Europe Senior Financials	22	1	2I667DAV6	5Y	20/12/2019	100	1	EUR
150	iTraxx Europe Senior Financials	22	1	2I667DAV6	10Y	20/12/2024	100	1	EUR
151	iTraxx Europe Senior Financials	21	1	2I667DAU8	5Y	20/06/2019	100	1	EUR
152	iTraxx Europe Senior Financials	21	1	2I667DAU8	10Y	20/06/2024	100	1	EUR
153	iTraxx Europe Senior Financials	20	1	2I667DAT1	5Y	20/12/2018	100	1	EUR
154	iTraxx Europe Senior Financials	20	1	2I667DAT1	10Y	20/12/2023	100	1	EUR
155	iTraxx Europe Senior Financials	19	1	2I667DAS3	5Y	20/06/2018	100	1	EUR
156	iTraxx Europe Senior Financials	19	1	2I667DAS3	10Y	20/06/2023	100	1	EUR
157	iTraxx Europe Senior Financials	18	1	2I667DAR5	5Y	20/12/2017	100	1	EUR
158	iTraxx Europe Senior Financials	18	1	2I667DAR5	10Y	20/12/2022	100	1	EUR
159	iTraxx Europe Senior Financials	17	1	2I667DAQ7	5Y	20/06/2017	100	1	EUR
160	iTraxx Europe Senior Financials	17	1	2I667DAQ7	10Y	20/06/2022	100	1	EUR
161	iTraxx Europe Senior Financials	16	1	2I667DAP9	5Y	20/12/2016	100	1	EUR
162	iTraxx Europe Senior Financials	16	1	2I667DAP9	10Y	20/12/2021	100	1	EUR
163	iTraxx Europe Senior Financials	15	1	2I667DAO2	5Y	20/06/2016	100	1	EUR
164	iTraxx Europe Senior Financials	15	1	2I667DAO2	10Y	20/06/2021	100	1	EUR
165	iTraxx Europe Senior Financials	14	1	2I667DAN4	10Y	20/12/2020	100	1	EUR
166	iTraxx Europe Senior Financials	13	1	2I667DAM6	10Y	20/06/2020	100	1	EUR
167	iTraxx Europe Senior Financials	12	1	2I667DAL8	10Y	20/12/2019	100	1	EUR
168	iTraxx Europe Senior Financials	11	1	2I667DAK0	10Y	20/06/2019	190	1	EUR
169	iTraxx Europe Senior Financials	10	1	2I667DAJ3	10Y	20/12/2018	130	1	EUR
170	iTraxx Europe Senior Financials	9	1	2I667DAI5	10Y	20/06/2018	175	1	EUR
171	iTraxx Europe Senior Financials	8	1	2I667DAH7	10Y	20/12/2017	55	1	EUR
172	iTraxx Europe Senior Financials	7	1	2I667DAG9	10Y	20/06/2017	20	1	EUR
173	iTraxx Europe Senior Financials	6	1	2I667DAF1	10Y	20/12/2016	20	1	EUR
174	iTraxx Europe Senior Financials	5	1	2I667DAE4	10Y	20/06/2016	25	1	EUR



The Markets' Partner

## CDSClear Clearable Products: Indices

#	Instrument	Series	Version	RED Code	Term Period	Maturity Date	Fixed Rate (bps)	Index Factor	Currency
175	CDX.NA.IG	26	1	2I65BYDK8	3Y	20/06/2019	0,01	1	USD
176	CDX.NA.IG	26	1	2I65BYDK8	5Y	20/06/2021	0,01	1	USD
177	CDX.NA.IG	26	1	2I65BYDK8	7Y	20/06/2023	0,01	1	USD
178	CDX.NA.IG	26	1	2I65BYDK8	10Y	20/06/2026	0,01	1	USD
179	CDX.NA.IG	25	1	2I65BYDJ1	3Y	20/12/2018	0,01	1	USD
180	CDX.NA.IG	25	1	2I65BYDJ1	5Y	20/12/2020	0,01	1	USD
181	CDX.NA.IG	25	1	2I65BYDJ1	7Y	20/12/2022	0,01	1	USD
182	CDX.NA.IG	25	1	2I65BYDJ1	10Y	20/12/2025	0,01	1	USD
183	CDX.NA.IG	24	1	2I65BYDI3	3Y	20/06/2018	0,01	1	USD
184	CDX.NA.IG	24	1	2I65BYDI3	5Y	20/06/2020	0,01	1	USD
185	CDX.NA.IG	24	1	2I65BYDI3	7Y	20/06/2022	0,01	1	USD
186	CDX.NA.IG	24	1	2I65BYDI3	10Y	20/06/2025	0,01	1	USD
187	CDX.NA.IG	23	1	2I65BYCZ6	3Y	20/12/2017	0,01	1	USD
188	CDX.NA.IG	23	1	2I65BYCZ6	5Y	20/12/2019	0,01	1	USD
189	CDX.NA.IG	23	1	2I65BYCZ6	7Y	20/12/2021	0,01	1	USD
190	CDX.NA.IG	23	1	2I65BYCZ6	10Y	20/12/2024	0,01	1	USD
191	CDX.NA.IG	22	1	2I65BYCY9	3Y	20/06/2017	0,01	1	USD
192	CDX.NA.IG	22	1	2I65BYCY9	5Y	20/06/2019	0,01	1	USD
193	CDX.NA.IG	22	1	2I65BYCY9	7Y	20/06/2021	0,01	1	USD
194	CDX.NA.IG	22	1	2I65BYCY9	10Y	20/06/2024	0,01	1	USD
195	CDX.NA.IG	21	1	2I65BYCX1	3Y	20/12/2016	0,01	1	USD
196	CDX.NA.IG	21	1	2I65BYCX1	5Y	20/12/2018	0,01	1	USD
197	CDX.NA.IG	21	1	2I65BYCX1	7Y	20/12/2020	0,01	1	USD
198	CDX.NA.IG	21	1	2I65BYCX1	10Y	20/12/2023	0,01	1	USD
199	CDX.NA.IG	20	1	2I65BYCW3	3Y	20/06/2016	0,01	1	USD
200	CDX.NA.IG	20	1	2I65BYCW3	5Y	20/06/2018	0,01	1	USD
201	CDX.NA.IG	20	1	2I65BYCW3	7Y	20/06/2020	0,01	1	USD
202	CDX.NA.IG	20	1	2I65BYCW3	10Y	20/06/2023	0,01	1	USD
203	CDX.NA.IG	19	1	2I65BYCV5	5Y	20/12/2017	0,01	1	USD
204	CDX.NA.IG	19	1	2I65BYCV5	7Y	20/12/2019	0,01	1	USD
205	CDX.NA.IG	19	1	2I65BYCV5	10Y	20/12/2022	0,01	1	USD
206	CDX.NA.IG	18	1	2I65BYCO1	5Y	20/06/2017	0,01	1	USD
207	CDX.NA.IG	18	1	2I65BYCO1	7Y	20/06/2019	0,01	1	USD
208	CDX.NA.IG	18	1	2I65BYCO1	10Y	20/06/2022	0,01	1	USD
209	CDX.NA.IG	17	1	2I65BYCN3	5Y	20/12/2016	0,01	1	USD
210	CDX.NA.IG	17	1	2I65BYCN3	7Y	20/12/2018	0,01	1	USD
211	CDX.NA.IG	17	1	2I65BYCN3	10Y	20/12/2021	0,01	1	USD
212	CDX.NA.IG	16	1	2I65BYCM5	5Y	20/06/2016	0,01	1	USD
213	CDX.NA.IG	16	1	2I65BYCM5	7Y	20/06/2018	0,01	1	USD
214	CDX.NA.IG	16	1	2I65BYCM5	10Y	20/06/2021	0,01	1	USD
215	CDX.NA.IG	15	1	2I65BYCL7	7Y	20/12/2017	0,01	1	USD
216	CDX.NA.IG	15	1	2I65BYCL7	10Y	20/12/2020	0,01	1	USD
217	CDX.NA.IG	14	1	2I65BYCK9	7Y	20/06/2017	0,01	1	USD
218	CDX.NA.IG	14	1	2I65BYCK9	10Y	20/06/2020	0,01	1	USD
219	CDX.NA.IG	13	1	2I65BYBX2	7Y	20/12/2016	0,01	1	USD
220	CDX.NA.IG	13	1	2I65BYBX2	10Y	20/12/2019	0,01	1	USD
221	CDX.NA.IG	12	2	2I65BYCJ2	7Y	20/06/2016	0,01	0,992	USD
222	CDX.NA.IG	12	2	2I65BYCJ2	10Y	20/06/2019	0,01	0,992	USD
223	CDX.NA.IG	11	2	2I65BYCI4	10Y	20/12/2018	0,014	0,992	USD
224	CDX.NA.IG	10	4	2I65BYCH6	10Y	20/06/2018	0,015	0,968	USD
225	CDX.NA.IG	9	4	2I65BYCG8	10Y	20/12/2017	0,008	0,968	USD
226	CDX.NA.IG	8	5	2I65BYCU7	10Y	20/06/2017	0,006	0,96	USD
227	CDX.NA.IG	7	8	2I65BYDH5	10Y	20/12/2016	0,0065	0,94	USD

## EXHIBIT O

*Attach as Exhibit O, a description of any specifications, qualifications, or other criteria which limit, are interpreted to limit, or have the effect of limiting access to, or use of, any clearing agency service furnished by the registrant and state the reasons for imposing such specifications, qualifications, or other criteria.*

Below are LCH SA's initial admissions and ongoing membership requirements for its CDS Clearing Service, as provided in Title II of the LCH SA CDS Clearing Rule Book. These admissions and ongoing membership requirements, all of which are objective, are necessary to protect LCH SA and are appropriate for the CDS clearing service offered. LCH SA ("LCH") has carefully designed the requirements to be risk appropriate, without being unnecessarily restrictive.

Furthermore, the admission and ongoing membership requirements permit fair and open access and do not unfairly discriminate in the admission of members or among members. These provisions satisfy applicable regulatory requirements, including (among others) those imposed by the Exchange Act and SEC rules hereunder. Among other things, the admissions and ongoing membership requirements:

- provide the opportunity for a person that does not perform any dealer or security-based swap dealer services to obtain membership on fair and reasonable terms to clear for itself or on behalf of other persons;
- do not require participants to maintain a portfolio of any minimum size or that participants maintain a minimum transaction volume; and
- provide a person that maintains net capital equal to or greater than US\$50 million with the ability to obtain membership.

## **"TITLE II: MEMBERSHIP**

### **CHAPTER 1 - GENERAL PROVISIONS**

#### **Section 1.1.1 Participants**

##### **Article 1.1.1.1**

As a securities settlement system within the meaning of the Settlement Finality Directive, LCH SA has only direct participants, being the Clearing Members. It does not have any indirect participants.

#### **Article 1.1.1.2**

The following entities are eligible to become a Clearing Member, pursuant to Article L. 440-2 of the French Monetary and Financial Code:

- (i) Credit Institutions, having their head office in a Member State;
- (ii) Investment Firms, having their head office in a Member State;
- (iii) legal persons whose members or shareholders have unlimited joint and several liability for their debts and obligations, provided that such members or shareholders are institutions or firms mentioned under Article 1.1.1.2(i) and/or (ii) above;
- (iv) legal persons having their head office in metropolitan France or in French overseas departments or in Saint-Barthélemy or Saint-Martin and whose principal or sole object is the clearing of financial instruments; and
- (v) in the circumstances set out in the general regulations of the AMF and with the prior approval of the AMF, Credit Institutions and Investment Firms not having their head office in a Member State, and legal persons whose principal or sole object is the clearing of financial instruments, that are not established in metropolitan France or in French overseas departments or in Saint-Barthélemy or Saint-Martin. An agreement between the AMF and the relevant Governmental Authority(ies) may provide for an exemption from prior authorisation for a category of entities.

Without prejudice to the membership requirements set out in the CDS Clearing Rules and Applicable Law, FCMs are eligible to become FCM Clearing Members.

## **CHAPTER 2 - LEGAL OBLIGATIONS**

### **Article 2.2.0.1**

An Applicant shall be required to evidence its ability to comply with the obligations set out in this Chapter 2. LCH SA may refuse to admit an Applicant as a Clearing Member if the conditions set out in Article 1.2.1.1 have not been satisfied, or if it considers that admission of such Applicant as a Clearing Member may adversely affect the operation of the CDS Clearing System or the provision of the CDS Clearing Service.

LCH SA shall be entitled, in consultation with the Risk Committee, at any time to impose, amend or withdraw additional requirements in relation to the membership requirements set out in this Chapter 2, provided that, if such additional requirements are imposed or amended, they are non-discriminatory and their objective is to control the risk for LCH SA.

Further information in respect of the application procedure can be obtained from LCH SA's CDSClear Member Sales & Relationship Management team whose contact details are set out in Section 1 of the Procedures.

### **Article 2.2.0.2**

Application for Clearing Member status in LCH SA shall be made in accordance with Section 1 of the Procedures. A Clearing Member's status in LCH SA and all Clearing Services shall be governed by the CDS Clearing Rules. Additionally, a Clearing Member's status in LCH SA shall be governed by any CDS Admission Agreement to which it is for the time being party. Clearing Member status does not provide or entitle a Clearing Member to any other clearing member status with LCH SA, or to any shareholding membership of LCH Limited or any shareholding or other membership of any other member of the LCH Group or any entitlement to membership of or participation in LCH SA, each of which has separate and distinct membership requirements.

### **Section 1.2.1     Membership requirements**

#### **Article 1.2.1.1**

Any Applicant wishing to be admitted as a Clearing Member by LCH SA should satisfy the following conditions:

- (vi) be validly incorporated and existing under the laws of its jurisdiction of incorporation and (if relevant in such jurisdiction) be in good standing;
- (vii) be the subject of supervision by its Competent Authorities;
- (viii) undertake to accept and comply with the CDS Clearing Documentation by executing the CDS Admission Agreement;

- (ix) have a CDS Client Clearing Agreement, meeting the requirements **Erreur ! Source du renvoi introuvable.** (i) (in the case of a CCM) or **Erreur ! Source du renvoi introuvable.** (in the case of an FCM Clearing Member), in place with each of its Clients;
- (x) provide LCH SA with updated documentation and information required pursuant to Section 1 of the Procedures, in respect of each of its Clients;
- (xi) to accept to comply with all Applicable Law relating to its status as a Clearing Member and the performance of its obligations pursuant to the CDS Clearing Documentation;
- (xii) not be subject to Insolvency Proceedings;
- (xiii) meet the Capital requirements as specified in Section 1.2.3, and any further liquidity and/or solvency requirements as may be set by LCH SA from time to time in accordance with this CDS Clearing Rule Book, taking into account notably the indicators mentioned in **Erreur ! Source du renvoi introuvable.**;
- (xiv) satisfy a minimum internal credit score which is determined by LCH SA as set out in Article 1.2.4.1 below;
- (xv) satisfy LCH SA that it has sufficient expertise in relation to clearing activities, that its Systems and Operations are operationally reliable and capable of supporting the proper performance of its business as a Clearing Member and that its risk management policy is adequate;
- (xvi) participate, or demonstrate that it has: (A) an affiliated Clearing Member or, alternatively, a non-clearing member Affiliate that clears through the Clearing Member, that can successfully participate; or (B) an LCH Approved Outsourcing Agent that can successfully participate in the implementation of the CDS Default Management Process, and participate in (and satisfy LCH SA's requirements with respect to the carrying out of) regular fire drills run by LCH SA from time to time, in accordance with this CDS Clearing Rule Book;
- (xvii) have nominated and notified to LCH SA:
  - (a) a Person, having director, general partner, trustee or officer status at the Clearing Member (or a Person occupying a similar status or performing similar functions) who is both responsible for the clearing operations of the Clearing Member and authorised to act on behalf of the Clearing Member in respect of all transactions with or involving LCH SA; and
  - (b) an alternate Person that satisfies the requirements set out in sub-paragraph (a) above and who is authorised to act on behalf of the Clearing Member in the event that the first Person is incapable or unable to act;

- (xviii) pay all fees and other amounts required by LCH SA in accordance with the CDS Clearing Documentation, including, without limitation, satisfying its Margin Requirement, its Contribution Requirement and its Cash Payment obligations;
- (xix) be in a position to provide Collateral in satisfaction of its Margin Requirements and its Contribution Requirement, and to perform Cash Payment obligations, including:
  - (a) submitting evidence and details of duly existing cash accounts (including, at least, one TARGET2 Account and one cash account in US Dollar) for the purposes of payment of cash amounts, as well as evidence that a Power of Attorney has been issued in favor of LCH SA to allow the debiting or crediting of such cash accounts for the performance of Cash Payment obligations and the provision of Cash Collateral; and
  - (b) having in place all appropriate settlement solutions (direct access or indirect access to at least one settlement system) in case of Physical Settlement;
- (xx) have at its disposal the technical environment, including facilities, equipment, operational capability, personnel, hardware and software systems as may be required to support the proper performance of its business as a Clearing Member, including such IT links as may be necessary for it to be connected to the CDS Clearing System managed by LCH SA;
- (xxi) have operational competence in CDS substantially similar to Original Transactions eligible for clearing by LCH SA;
- (xxii) be a TIW Participant for the purposes of maintaining Original Transactions and Cleared Transactions in the TIW;
- (xxiii) be an ATSS Participant for the purpose of submitting Original Transactions for clearing;
- (xxiv) have access to one of the means of access and reporting mechanism as specified in a Clearing Notice to obtain CDS Clearing System reports;
- (xxv) be party to any required documentation with DTCC allowing LCH SA as "Service Provider" to :
  - (a) arrange for the removal of Backloading Transactions or if applicable, Intraday Transactions, from the TIW in accordance with Section 3.1.10;
  - (b) arrange for the registration of Cleared Transactions in the TIW in accordance with Section 3.1.10; and
  - (c) send to DTCC messages by which Cleared Transactions would be adhered to Credit Events;

- (xxvi) if it is incorporated or registered in the United States of America, be an eligible contract participant, as defined in Section 1a(12) of the Commodity Exchange Act (other than paragraph (C) thereof);
- (xxvii) satisfy any additional membership requirements as set out in Section 1 of the Procedures, including without limitation any caps on the aggregate amount of Initial Margin it may have on deposit at any given time with LCH SA.;
- (xxviii) accept to comply with the performance of its obligations pursuant to the Pledge Agreement;
- (xxix) in respect of any Applicant that is an FCM, be registered with the CFTC as an FCM and a member in good standing with NFA; and
- (xxx) in respect of any Applicant that is an FCM wishing to be admitted as a CCM, provide LCH SA with an opinion of counsel letter confirming that its performance of the obligations of a CCM would not be contrary to Applicable Law relating to such status, in form and content acceptable to LCH SA.

#### **Article 1.2.1.2**

In addition each FCM Clearing Member must at all times be registered with the CFTC as an FCM and a member in good standing with NFA.

#### **Article 1.2.1.3**

In the event a Clearing Member breaches any of the membership requirements set out in Article 1.2.1.1, LCH SA shall consult with the French Competent Authorities to determine whether such breach shall be publically disclosed in accordance with EMIR.

#### **Section 1.2.2     Continuing obligations**

##### **Article 2.2.2.1**

Each Clearing Member must at all times:

- (xxxi) comply with the membership requirements set out in Section 2.2.1;
- (xxxii) be a party to the CDS Admission Agreement;
- (xxxiii) comply with the CDS Clearing Documentation;
- (xxxiv) have a CDS Client Clearing Agreement, meeting the requirements of **Erreur ! Source du renvoi introuvable.** (i) (in the case of a CCM) or **Erreur ! Source du renvoi introuvable.** (in the case of an FCM Clearing Member), in place with each of its Clients;
- (xxxv) comply with all Applicable Law relating to its status as a Clearing Member and the performance of its obligations pursuant to the CDS Clearing Documentation;

- (xxxvi) comply with the performance of its obligations pursuant to the Pledge Agreement; and
- (xxxvii) not be subject to Insolvency Proceedings.

### **Section 1.2.3 Capital requirements**

#### **Article 1.2.3.1**

A Clearing Member must maintain a minimum net capital of at least EUR 37,000,000 in respect of a Clearing Member which is a CCM (other than a CCM that is an FCM) or \$50,000,000 (fifty million US Dollars) in respect of a Clearing Member which is an FCM. Such net capital shall be calculated as follows:

(xxxviii) the net capital of an FCM means its adjusted net capital, as defined in CFTC Regulation 1.17; and

(xxxix) the net capital of a CCM (other than a CCM that is an FCM) means its own original funds as defined in the Capital Requirements Directive;

provided that LCH SA shall be permitted (in its sole and reasonable discretion), to scale (A) a Clearing Member's required level of net capital in accordance with the level of risk introduced to LCH SA by such Clearing Member; and (B) a Clearing Member's level of risk introduced to LCH SA by such Clearing Member in accordance with its level of net capital (and regardless of whether such Clearing Member has a minimum net capital exceeding EUR 37,000,000 or \$50,000,000, as applicable);

provided, further, that each Clearing Member or Clearing Member applicant must maintain compliance with all regulatory financial requirements (whether relating to capital, equity, risk or otherwise) applicable to it (including in the case of an FCM Clearing Member or CCM that is an FCM, compliance with the applicable requirements of CFTC Regulation 1.17 and Part 23 of the CFTC Regulations).

### **Section 1.2.4 Internal credit scoring**

#### **Article 1.2.4.1**

The Clearing Member must satisfy the credit risk assessment minimum requirements. LCH SA assesses the credit risk of the Clearing Member in accordance with the internal credit score based on a range of quantitative and qualitative data. These include financial analysis, external market data as well as consideration of any implicit or explicit support available to the Clearing Member. The analysis is performed on a predetermined methodology applicable to any Clearing Member.

## **Section 1.2.5    Corporate organisation**

### **Article 1.2.5.1**

A Clearing Member may organise itself in such manner as it sees fit in relation to the performance of its clearing and back office obligations pursuant to the CDS Clearing Documentation, provided that it can satisfy LCH SA that it maintains sufficient oversight over the performance of such function.

### **Article 1.2.5.2**

Subject to Article 1.2.5.3, a Clearing Member may outsource the performance of all or part of its clearing activities, subject that the Clearing Member shall remain responsible to LCH SA for the performance of all such activities pursuant to the CDS Clearing Documentation. In respect of any such outsourcing, the Clearing Member shall ensure that:

- (xli) any entity to whom such activities are outsourced have the ability, capacity and authorisation to carry out such functions;
- (xlii) it supervises and monitors the performance of the outsourced activities; and
- (xliii) it has effective access to data related to the outsourced activities and to the business premises of the entity to whom the activities have been outsourced and is able to provide such access to LCH SA as would apply to the Clearing Member under this CDS Clearing Rule Book.

### **Article 1.2.5.3**

A Clearing Member may only outsource a material part of its clearing activities with the prior consent of LCH SA. In this context, an outsourcing will be "material" if a failure in the performance of the outsourcee entity would be such as to materially impair the ability of the Clearing Member to perform its obligations to LCH SA. LCH SA may decline to approve such an outsourcing if a failure in such arrangement could be such as to materially impair the ongoing financial soundness or the proper performance of the CDS Clearing Service.

## **Section 1.2.6    Membership of industry organisations or systems relating to CDS contracts**

### **Article 1.2.6.1**

Clearing Members must be members of industry organisations or systems relating to CDS, as designated by LCH SA from time to time as such in accordance with Section 5 of the Procedures. LCH SA may only make a designation where it is reasonable to do so or it is otherwise necessary for a Clearing Member to utilise the CDS Clearing Service.

## **Section 1.2.7     Third party contractual obligations**

### **Article 1.2.7.1**

The payment of Physical Settlement Amounts shall not be subject to the provisions of this Section 1.2.7 save as set out in the CDS Clearing Supplement.

### **Relationship with Securities Settlement Agents and Payment Agents**

#### **Article 1.2.7.2**

A Clearing Member that wishes to use a Securities Settlement Agent and/or a Payment Agent to:

- (xliii) deliver Eligible Collateral;
- (xliv) provide Cash Collateral; or
- (xlv) perform Cash Payment obligations

in accordance with the CDS Clearing Documentation, must enter into an agreement with a Securities Settlement Agent and/or a Payment Agent, on such terms as allow the Clearing Member to perform its obligations under the CDS Clearing Documentation as required by LCH SA.

#### **Article 1.2.7.3**

Notwithstanding the provisions of Article 1.2.7.2 above, the use of a Securities Settlement Agent and a Payment Agent shall not relieve the Clearing Member of its obligations under the CDS Clearing Documentation.

### **Provisions related to Payment Agents**

#### **Article 1.2.7.4**

Clearing Members must ensure that they are able to comply with their Cash Payment obligations to LCH SA and their obligations to provide Cash Collateral, in respect of Euro, through TARGET2 and, in respect of US Dollar, through their cash account(s) in US Dollar, in each case as provided for in Section 3 of the Procedures.

#### **Article 1.2.7.5**

Each Clearing Member must provide LCH SA with a Power of Attorney enabling it to directly debit or credit the Clearing Member's TARGET2 Account(s) and/or cash account(s) in US Dollar or the cash account(s) of any Payment Agent, being used to satisfy the Clearing Member's obligations under Article 1.2.7.2.

## **Provisions related to Securities Settlement Agents**

### **Article 1.2.7.6**

Each Clearing Member shall ensure that it has entered into arrangements with the relevant central securities depository or securities settlement system enabling them to provide Eligible Collateral through such central securities depository or securities settlement system if required.

### **Relationship with the Approved Trade Source System(s)**

### **Article 1.2.7.7**

Clearing Members and LCH SA use the services offered by Approved Trade Source System(s) (which, for the avoidance of doubt, include DTCC) in accordance with their own contractual arrangements.

LCH SA shall not be responsible for verifying the content of such contractual arrangements between Clearing Members and the Approved Trade Source System(s).

## **Section 1.2.8    Test processing**

### **Article 1.2.8.1**

Each Clearing Member must participate in technical and operational tests, organised reasonably at the discretion of LCH SA, in order, amongst other things, to ensure the continuity and orderly functioning of the CDS Clearing Service.

## EXHIBIT P

*Attach as Exhibit P, copies of any form of contracts governing the terms on which persons may subscribe to clearing agency services provided by the registrant.*

Each prospective clearing member must enter into:

- (i) a CDS Admission Agreement, which requires each clearing member to represent and undertake, among other things, that it has the resources and expertise required to perform its clearing activities and that it will comply at all times with the CDS Clearing Documentation (i.e., the CDS Clearing Rules, the CDS Clearing Supplement, the CDS Admission Agreement, etc.); and
- (ii) an Access Agreement, which sets out the terms and conditions under which LCH SA provides clearing access solutions and support services to clearing members and clearing members' third party software and technology providers.

In addition, FCM clearing members must enter into a separate FCM CDS Admission Agreement, the content of which is materially similar to that of the CDS Admission Agreement. Copies of the current CDS Admission Agreement, FCM CDS Admission Agreement and Access Agreement are attached as Exhibit P-1, Exhibit P-2 and Exhibit P-3 (including Exhibit P-3.1, Exhibit P-3.2 and Exhibit P-3.3 for schedules), respectively.

**EXHIBIT P-1**

**CDS ADMISSION AGREEMENT**

**THIS AGREEMENT** is made on [●]

**BETWEEN**

- (1) "Banque Centrale de Compensation", a clearing house for financial instruments, incorporated as a French law *société anonyme* with its registered office at 18, rue du Quatre Septembre 75002 Paris, France, registered in the Commerce and Companies Register of Paris under the number 692 032 485, for the purposes hereof duly represented by Jean-Marie Boudet, acting in the capacity of Chief Risk Officer Europe, ("LCH SA"); and
- (2) [●], with its registered office at [●], incorporated in [●], [[recorded in][registered at]] [●], under the number [●], (the "**CDS Clearing Member**"),  
(each a "**Party**" and collectively, the "**Parties**").

**WHEREAS**

- (A) LCH SA is a clearing house within the meaning of Article L. 440-1 of the French Monetary and Financial Code and Article 2 (1) of Regulation (EU) n° 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.
- (B) LCH SA acts as a central counterparty for clearing Original Transactions entered into between the CDS Buyer and the CDS Seller in accordance with the CDS Clearing Documentation. LCH SA is under the supervision of its Competent Authorities within the scope of their respective remit as granted by their national law and has additionally been notified to the European Commission as a securities settlement system for the purposes of the Settlement Finality Directive.
- (C) In this capacity, within the framework of its statutory and regulatory prerogatives, LCH SA has established the CDS Clearing Documentation, in accordance with which it clears Original Transactions, supervises the Cleared Transactions registered in the name of the Clearing Members, calculates the associated risk, calls Margin to cover this risk, ensures the proper settlement of the Cleared Transactions as central counterparty, manages the CDS Default Management Process and performs all other functions specified in the CDS Clearing Documentation.
- (D) The CDS Clearing Member desires to be admitted to membership of the CDS Clearing System for the purpose of clearing Original Transactions and LCH SA, having determined that the CDS Clearing Member satisfies for the time being the relevant criteria for admission, agrees to admit the CDS Clearing Member to membership of the CDS Clearing System, subject to the terms and conditions of this Agreement, as amended from time to time.

## **1 PURPOSE AND SCOPE**

- 1.1** This Agreement sets out the terms and conditions on which LCH SA agrees to admit the CDS Clearing Member to membership of the CDS Clearing Service pursuant to the CDS Clearing Documentation, and those on which the CDS Clearing Member shall undertake its CDS clearing activities pursuant to and in accordance with the CDS Clearing Documentation.
- 1.2** Execution of this Agreement supersedes and terminates any previous membership agreement which may have been in place between the Parties with respect to the CDS Clearing Service.
- 1.3** Without prejudice to Section 20 below, this Agreement, together with:
  - 1.3.1** the terms of any other agreement relating to the provision of the CDS Clearing Service by LCH SA to which the Parties are party;
  - 1.3.2** the terms of and applicable to each and every Cleared Transaction;
  - 1.3.3** the CDS Clearing Documentation; and
  - 1.3.4** all amendments duly made to any of the foregoing,

shall together constitute a single agreement between the Parties, and both Parties acknowledge that all Cleared Transactions are entered into in reliance upon the fact that all such items constitute a single agreement between the Parties.

## **2 DEFINITIONS AND INTERPRETATION**

- 2.1** Capitalised terms used in this Agreement shall, unless specifically provided otherwise, have the meanings stipulated in the document entitled "CDS Clearing Rule Book" published by LCH SA, as amended from time to time (the "**CDS Clearing Rule Book**").
- 2.2** References in this Agreement to a Section are to a Section of this Agreement unless otherwise indicated, and Section headings are for ease of reference only.
- 2.3** Unless the context otherwise requires, words (including defined terms) denoting the singular shall include the plural and vice versa.
- 2.4** References to writing include typing, printing, lithography, photography, facsimile transmission, and other modes of representing or reproducing words in a visual form.
- 2.5** References in this Agreement to statutes, statutory instruments, the CDS Clearing Documentation (or any document forming part of the CDS Clearing Documentation) or provisions thereof, are to those statutes, statutory instruments, the CDS Clearing Documentation (or any document forming part of the CDS Clearing Documentation) or provisions thereof as amended, modified or replaced from time to time.

## **3 CLEARING MEMBERSHIP**

- 3.1** The CDS Clearing Member is hereby admitted as a clearing member of the CDS Clearing Service on the terms set out in this Agreement. The CDS Clearing Member shall be eligible to clear all categories of Original Transactions contemplated under the CDS Clearing Service from time to time,

subject in each case to meeting any additional requirements specified in the Procedures from time to time.

- 3.2** The CDS Clearing Member warrants that the information supplied to LCH SA for the purposes of determining whether it has satisfied the conditions for admission, as set out in Title II (*Membership*) of the CDS Clearing Rule Book and Section 1 of the Procedures (*Membership*), was when provided and is at the date of this Agreement true and accurate in all material respects.
- 3.3** The Parties undertake to comply at all times with this Agreement and the CDS Clearing Documentation, as amended from time to time.
- 3.4** LCH SA and the CDS Clearing Member each represent to the other that, as at the date of this Agreement, and at all times prior to the termination of this Agreement:
- 3.4.1** it is duly incorporated or otherwise organised and validly existing under the laws of its jurisdiction of incorporation;
  - 3.4.2** it has the power and authority to enter into this Agreement and has taken all necessary corporate actions to authorise the execution of this Agreement;
  - 3.4.3** to the extent it is required under Applicable Law to be authorised, licensed or approved in relation to activities undertaken by it, that all required governmental and/or regulatory and other consents with respect to this Agreement, have been obtained and are in full force and effect and that any or all conditions of any such consents have been and are complied with;
  - 3.4.4** it has full knowledge and understanding of the provisions of the CDS Clearing Documentation and shall abide by its obligations under the CDS Clearing Documentation;
  - 3.4.5** execution, delivery and performance of this Agreement do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
  - 3.4.6** its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law));
  - 3.4.7** no Event of Default or LCH Default, as applicable, with respect to it has occurred and is continuing and no Event of Default or LCH Default, as applicable, would occur as a result of its entering into or performing its obligations under this Agreement; and
  - 3.4.8** there is not pending or, to its knowledge, threatened against it, any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or its ability to perform its obligations under this Agreement.

- 3.5** The Parties agree that the maximum amount of any fine that LCH SA can impose on the CDS Clearing Member, pursuant to Paragraph 8.3 of Section 8 of the Procedures (*Disciplinary Proceedings*), is as set out in the fine grid at Schedule 3 to this Agreement.

#### **4 DELEGATION**

The CDS Clearing Member irrevocably delegates LCH SA, in favour of each of its Clients, in the payment to each of its Clients of an amount equal to the CDS Client Clearing Entitlement calculated in respect of each of its Clients, if any. The Delegation is a *délégation imparfaite* governed by articles 1275 *et seq.* of the French Civil Code and the CDS Clearing Documentation. Accordingly, the CDS Clearing Member irrevocably:

- (i) directs LCH SA to pay to each of its Clients, an amount equal to the relevant CDS Client Clearing Entitlement, if positive; and
- (ii) agrees that, upon LCH SA paying the amount due in accordance with the Delegation to each Client of the CDS Clearing Member, LCH SA shall irrevocably be discharged *pro tanto* from paying an amount equal to the relevant CDS Client Clearing Entitlement to the CDS Clearing Member automatically without further notice;

For the avoidance of doubt, this Delegation shall not restrict or otherwise prejudice the entitlement of the CDS Clearing Member to any Collateral in relation to its House Margin Account save as expressly provided above.

#### **5 TRANSFER OF CLIENT PLEDGED ELIGIBLE COLLATERAL FOLLOWING AN EVENT OF DEFAULT**

The CDS Clearing Member covenants that, immediately upon LCH SA issuing a Default Notice declaring it to be a Defaulting Clearing Member and requesting it to transfer Client Pledged Eligible Collateral, in accordance with the CDS Clearing Rule Book and Section 3 of the Procedures, the CDS Clearing Member will transfer the ownership of the Client Pledged Eligible Collateral to LCH SA to facilitate:

- (i) the transfer of Ported Collateral to an appointed Backup Clearing Member; and/or
- (ii) the payment of the CDS Client Clearing Entitlement,

in accordance with the CDS Clearing Rules.

#### **6 FEES, COSTS AND PAYMENT TERMS**

- 6.1** In consideration of being granted membership of the CDS Clearing Service, the CDS Clearing Member shall pay LCH SA fees in accordance with Section 1.2.6 (*Fees*) of the CDS Clearing Rule Book.
- 6.2** All fees shall be payable by the CDS Clearing Member to LCH SA, in Euro, on a monthly basis in accordance with Section 6.5.
- 6.3** The CDS Clearing Member shall issue a Power of Attorney in favour of LCH SA to allow the debiting or crediting of the TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent),

which is used to satisfy Collateral Calls made by LCH SA using its LCH House TARGET2 Account in accordance with Section 3 of the Procedures, for the purposes of fee payments pursuant to Section 6.1.

- 6.4** LCH SA may index or adjust the fees published on the Website from time to time at its discretion. LCH SA shall give the CDS Clearing Member no less than thirty (30) calendar days' prior notice of any such change.
- 6.5** On the date falling ten (10) Business Days after the end of each calendar month, LCH SA shall debit any due and payable fees (the "**Fee Balance**") from the relevant CDS Clearing Member's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) using its Power of Attorney. On or before the fifth Business Day after the end of each calendar month, LCH SA shall issue an invoice to the CDS Clearing Member detailing the Fee Balance to be debited pursuant to this Section 6.5 (the "**Fee Notice**").
- 6.6** In circumstances where LCH SA is not able to debit the Fee Balance from the relevant CDS Clearing Member's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) using its Power of Attorney, the CDS Clearing Member shall pay the Fee Balance to LCH SA within thirty (30) calendar days of receiving the Fee Notice from LCH SA and in such manner as specified in the Fee Notice.

## **7 MARKET DATA, END OF DAY CONTRIBUTED PRICES AND MARKIT LCH SETTLEMENT PRICES**

- 7.1** Subject to Section 7.3, LCH SA may require the CDS Clearing Member to provide it with Market Data. The CDS Clearing Member will satisfy its obligation to provide LCH SA with Market Data by acting in accordance with the procedure set out in Section 5 (*CDS Clearing Operations*) of the Procedures.
- 7.2** The CDS Clearing Member hereby warrants that it has put in place such arrangements as are necessary for it to provide LCH SA with Market Data in accordance with Section 5 (*CDS Clearing Operations*) of the Procedures and will inform LCH SA of any termination or material change to such agreement that will impede its fulfilment of obligations with respect to the provision of Market Data.
- 7.3** LCH SA acknowledges that the CDS Clearing Member shall not be obliged to provide Market Data which it is restricted from disclosing by law or regulation or as a result of agreements with third parties which predate the date of this Agreement. In the absence of any notification at the date of this Agreement by the CDS Clearing Member, LCH SA shall be entitled to assume no such third party agreements exist.
- 7.4** In respect of any Market Data provided to LCH SA in accordance with this Agreement and the CDS Clearing Documentation:
  - 7.4.1** the CDS Clearing Member will retain all ownership and intellectual property rights or other rights in respect of that Market Data;
  - 7.4.2** LCH SA will keep that Market Data securely and properly protected against theft, damage, loss and unauthorised access;

**7.4.3** LCH SA will treat the CDS Clearing Member's Market Data as strictly confidential and shall not display, disclose, distribute, identify or otherwise make it available to any person other than to:

- (i) a third party data aggregator that is responsible for compiling the End of Day Contributed Prices in accordance with the CDS Clearing Documentation (a "**Third Party Data Aggregator**"); or
- (ii) the CDS Clearing Member that has provided it;

**7.4.4** LCH SA may only use the Market Data to aggregate it, or permit a Third Party Data Aggregator to aggregate it, with the Market Data received from all other Clearing Members for the purpose of creating the End of Day Contributed Prices for the CDS Clearing Service and LCH SA will not use the Market Data received from the CDS Clearing Member for any other purpose.

**7.5** LCH SA may only use any data aggregated from the Market Data, including the End of Day Contributed Prices (the "**Aggregated Data**"):

- 7.5.1** for the purpose of the CDS Clearing Service, for clearing and settlement, including:
  - (i) to calculate the Margin Requirements, Variation Margin Requirements or Contribution Requirement of each Clearing Member;
  - (ii) to calculate Markit LCH Settlement Prices;
  - (iii) to value Cleared Transactions; and
  - (iv) to distribute Markit LCH Settlement Prices and provide valuation reporting to each Clearing Member; and
- 7.5.2** for the purpose of responding to:
  - (i) ad hoc queries from Clearing Members and industry bodies (but not systematic, regular distribution) relating to the CDS Clearing Service; and
  - (ii) surveys conducted by relevant international organisations (such as IOSCO) relating to the CDS Clearing Service.

provided that where the responses to queries or surveys pursuant to this Section 7.5.2 are to include the Markit LCH Settlement Prices, this data may be communicated only with the prior consent of the Third Party Data Aggregator, such consent not to be unreasonably withheld.

**7.6** LCH SA shall not use or share any Aggregated Data with third parties other than a Third Party Data Aggregator (whether for fees or otherwise), save with the written prior consent or at the written proposal of at least 50% of Clearing Members by reference to the volume of Open Positions held in the Clearing Members' House Margin Accounts.

**7.7** LCH SA hereby undertakes that it has full rights and authority to provide Markit LCH Settlement Prices to the CDS Clearing Member and to allow the CDS Clearing Member to use and/or disclose

the Markit LCH Settlement Prices for the purposes set out in Section 4.2.8 (*Markit LCH Settlement Price*) of the CDS Clearing Rule Book.

- 7.8** The CDS Clearing Member acknowledges and agrees that any Third Party Data Aggregator shall be an intended third party beneficiary of Section 4.2.8 (*Markit LCH Settlement Price*) of the CDS Clearing Rule Book.
- 7.9** Nothing in Section 7.7 shall prevent the CDS Clearing Member from using the Markit LCH Settlement Prices (and any other Aggregated Data provided to it) for any purpose where it is permitted to do so by the relevant Third Party Data Aggregator or any other third party with the requisite authority.
- 7.10** Where LCH SA makes Market Data available to a Third Party Data Aggregator, LCH SA shall procure that the Third Party Data Aggregator:
  - 7.10.1** acknowledges, and agrees to, the CDS Clearing Member rights as set out in Section 7.4.1;
  - 7.10.2** maintains protections in order to ensure that Market Data is securely and properly protected against theft, damage, loss and unauthorised access;
  - 7.10.3** does not display, disclose, distribute, identify or otherwise make the Market Data available, other than in connection with the Third Party Data Aggregator's permitted use of End of Day Contributed Prices;
  - 7.10.4** consents to the CDS Clearing Member using the Markit LCH Settlement Prices for the purposes set out in Section 7.7 above.
- 7.11** Nothing in this Section 7 or Section 11 prevents LCH SA from:
  - 7.11.1** using or disclosing Market Data, Markit LCH Settlement Prices or Aggregated Data where it is required to do so by Applicable Law or where required or formally requested to do so pursuant to an order of a competent court or by a Regulatory Body; or
  - 7.11.2** using (but not displaying, disclosing or identifying) Market Data, Markit LCH Settlement Prices or Aggregated Data (i) upon the advice of the Risk Committee and (ii) in accordance with the terms of the licence granted to LCH SA by the Third Party Data Aggregator.
- 7.12** Nothing in this Section 7 or Section 11 prevents the CDS Clearing Member from using or disclosing Markit LCH Settlement Prices, or other Aggregated Data provided to it, for whatsoever purpose where such Markit LCH Settlement Prices, or other Aggregated Data, as the case may be, are:
  - 7.12.1** made available to the public by either LCH SA or a Third Party Data Aggregator, by virtue of Applicable Law, the order of a Regulatory Body or otherwise; or
  - 7.12.2** received by the CDS Clearing Member other than as a result of a breach of any agreement entered into between LCH SA and the CDS Clearing Member (including this Agreement).
- 7.13** Amendments to this Section 7 will become effective if LCH SA obtains the written prior consent of, or receives a written proposal from, at least 50% of Clearing Members by reference to the volume of Open Positions held in the Clearing Members' House Margin Accounts.

## **8 LANGUAGE**

- 8.1** This Agreement and the CDS Clearing Documentation shall be drawn up and issued in English, provided that the CDS Clearing Rule Book shall be drawn up and issued in French for the purpose of its approval by the AMF. Different language versions or translations of this Agreement and/or the CDS Clearing Documentation may also be issued for information purposes.
- 8.2** Subject to Article 1.1.3.8 of the CDS Clearing Rule Book, in the event of inconsistency between different language versions or translations of this Agreement or the CDS Clearing Documentation, the English language version shall prevail.
- 8.3** General communications of LCH SA as well as all applications, filings, correspondence with, and submissions to LCH SA by the CDS Clearing Member may be in either English or in French, unless expressly agreed otherwise by LCH SA. Upon the request of the CDS Clearing Member, any communications issued by LCH SA in French will also be provided in English.
- 8.4** The Persons nominated and notified to LCH SA, pursuant to Article 2.2.1.1(xiii) of the CDS Clearing Rule Book, as being responsible for the clearing operations of the CDS Clearing Member and authorised to act on behalf of the CDS Clearing Member in respect of all transactions with or involving LCH SA under the CDS Clearing Documentation, shall be either English or French-speaking, unless expressly agreed otherwise by LCH SA.

## **9 TERM AND TERMINATION**

- 9.1** This Agreement has been entered into for an indefinite period of time and takes effect on notification by LCH SA of its acceptance of the CDS Clearing Member's application for membership of the CDS Clearing Service and the fulfilment of all conditions precedent imposed by LCH SA on the CDS Clearing Member.
- 9.2** This Agreement shall terminate on the date that termination of the CDS Clearing Member's membership is deemed effective in accordance with the CDS Clearing Rule Book.
- 9.3** The termination of this Agreement is without prejudice to accrued rights and obligations of the CDS Clearing Member under the CDS Clearing Documentation or arising from Cleared Transactions entered into prior to such termination and settlement of all amounts due and payable to, or by, the CDS Clearing Member from, or to, LCH SA (as the case may be) shall be dealt with in accordance with the CDS Clearing Documentation.
- 9.4** Any termination of this Agreement shall be co-ordinated with termination of any agreement providing technical access to LCH SA for the purpose of the CDS Clearing Service provided by LCH SA in accordance with the CDS Clearing Documentation.

## **10 AMENDMENTS**

- 10.1** Subject to Section 7.13, LCH SA shall be permitted to amend this Agreement, as necessary, to comply with a change in Applicable Law or the CDS Clearing Documentation, as soon as such change takes effect, or in accordance with the procedure described in Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book.

- 10.2** LCH SA shall be permitted to amend Schedule 3 to this Agreement from time to time following consultation with the Risk Committee.
- 10.3** The terms of this Agreement (other than the tax representations set out in Schedule 1 to this Agreement and the tax forms set out in Schedule 2 to this Agreement) must at all times be materially equivalent to the terms included in the CDS Admission Agreement that LCH SA has entered into with each other Clearing Member, admitted on the same basis, in relation to the CDS Clearing Service.

## **11 CONFIDENTIALITY**

- 11.1** Each Party ("Recipient") undertakes to the other Party (each, a "Disclosing Party") to treat as confidential all the information and/or documents, in any form whatsoever, obtained:
  - 11.1.1** in performing this Agreement;
  - 11.1.2** participating in any Clearing Member or LCH SA committees which may be established by LCH SA from time to time;
  - 11.1.3** from the Disclosing Party either directly or from any other person which concerns the business, operations, customers or users of the Disclosing Party including any data and/or electronic data files,whether or not such items are associated with a notice of confidentiality (the "Confidential Information").
- 11.2** The Recipient may only use and disclose the Confidential Information for the purposes of, and in accordance with, this Agreement and the CDS Clearing Documentation (the "Permitted Purpose").
- 11.3** The Recipient may only provide its employees, directors, subcontractors and professional advisers (together with their respective employees, directors or any other representatives, subcontractors and professional advisers ("Permitted Users")) with access to the Confidential Information on a strict "need-to-know" basis. The Recipient shall ensure that each of its Permitted Users is bound to hold all Confidential Information in confidence to the standard required under this Agreement. Where a Permitted User is not an employee or director of the Recipient (and is not under a professional duty to protect confidentiality) the Recipient shall ensure that the Permitted User shall, prior to receiving the Confidential Information, enter into a written confidentiality undertaking with the Recipient on substantially equivalent terms to this Agreement, a copy of which shall be provided to the Disclosing Party upon request.
- 11.4** In consideration of being given some information or having it made available, the Recipient agrees it shall treat as strictly confidential and shall not disclose or allow to be disclosed to any person:
  - 11.4.1** the Confidential Information;
  - 11.4.2** the fact it has received any Confidential Information;
  - 11.4.3** the existence of any discussions or negotiations between the Parties in this matter; or
  - 11.4.4** details of the Permitted Purpose and any of the proposals, terms, conditions, facts or other matters relating to any of the foregoing,

unless and to the extent it is authorised to do so pursuant to this Section 11.

- 11.5** The Parties acknowledge that property in the Confidential Information shall not pass to the Recipient, and the property of the media on which it is conveyed shall not pass to the Recipient.
- 11.6** This Section 11 does not apply to any information which:
  - 11.6.1** is in or subsequently enters the public domain other than as a result of a breach of this Section 11; or
  - 11.6.2** has been or is subsequently received by the Recipient from a third party and the Recipient is under no confidentiality obligation in respect of that information other than under this Agreement; or
  - 11.6.3** has been or is subsequently independently developed by the Recipient without use of the Disclosing Party's Confidential Information; or
  - 11.6.4** the Disclosing Party has agreed in writing may be disclosed.
- 11.7** The CDS Clearing Member agrees to establish and adhere to adequate procedures (including, without limitation, the establishment of appropriate information barriers) and take all steps to ensure that any Permitted User to whom Confidential Information has been disclosed shall not use any part or all of that Confidential Information for any purpose outside the scope of the Permitted Purpose.
- 11.8** Each Permitted User may disclose Confidential Information (or, where the Permitted User is an individual, his or her employer) and give the Disclosing Party prompt advance written notice of the disclosure in accordance with Section 1.2.12 (*Confidentiality*) of the CDS Clearing Rule Book.
- 11.9** Notwithstanding the foregoing, either Party may, in their commercial activities, publicly refer to the name of the CDS Clearing Member and its membership to LCH SA, and LCH SA may (without identifying the CDS Clearing Member) use figures as to the CDS Clearing Member's activity in the compilation of statistics for publication, and for similar purposes provided that the identity of the CDS Clearing Member is not attributable.
- 11.10** The provisions of this Section 11 shall survive any termination of this Agreement but shall expire on the third anniversary of the date the Confidential Information was first provided to the Recipient, without prejudice to confidentiality obligations under any Applicable Law which would prevent the Recipient from disclosing or using the Confidential Material other than pursuant to and in accordance with this Section 11.
- 11.11** Upon request by the Disclosing Party, the Recipient shall, as far as practicably possible, promptly return to the Disclosing Party, or destroy (at its discretion), the Confidential Information and all copies thereof in the possession or control of the Recipient, and shall certify in writing that the Permitted User has not retained any of the Confidential Information, except to the extent that the Confidential Information forms part of:
  - 11.11.1** the permanent records of the Recipient which it is bound by applicable legal or regulatory requirement or any compliance policy applicable to it to preserve; or

**11.11.2** any electronic records which are customarily backed up in the normal course of the Recipient's business,

in which event the Recipient may retain the Confidential Information in strictest confidence in accordance with the provisions of this Section 11.

**11.12** Where the CDS Clearing Member ceases to participate in any Clearing Member or LCH SA committee as may be established by LCH SA from time to time, the CDS Clearing Member shall, to the extent reasonably practicable to do so, promptly:

**11.12.1** return to LCH SA by a secure method of transportation all or any part of the Confidential Information; or

**11.12.2** destroy such information and shall certify to LCH SA in writing that it has done so,

(at its discretion), provided that the CDS Clearing Member is permitted to retain a copy to the extent that the Confidential Information forms part of the CDS Clearing Member's permanent records which it is bound by applicable legal or regulatory requirement or any compliance policy applicable to it to preserve.

**11.13** Without affecting any other rights or remedies that each Party may have, each Party acknowledges that the other may be irrevocably harmed by any breach of the terms of this Section 11 and that damages alone may not necessarily be an adequate remedy. Accordingly, each Party will be entitled to the remedies of injunction, specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of the terms of this Section 11, and no proof of special damages will be necessary to enforce this Agreement.

**11.14** The provisions of this Section 11 shall not restrict or otherwise affect the rights of LCHSA to disclose Confidential Information pursuant to and in accordance with Section 1.2.12 (*Confidentiality*) of the CDS Clearing Rule Book. By entering into this Agreement, the CDS Clearing Member expressly consents to the disclosure of information by LCH SA pursuant to and in accordance with the CDS Clearing Rule Book.

## **12 TAX**

**12.1** All payments made under or in connection with this Agreement shall be subject to the tax provisions set out in Section 1.2.17 (*Tax*) of the CDS Clearing Rule Book.

**12.2** LCH SA and the CDS Clearing Member each make to the other, as at the date of this Agreement and at all times prior to termination of this Agreement, the tax representations specified as applicable to it in Schedule 1 to this Agreement.

**12.3** The tax representations described in Articles 1.2.10.3(xii) and 1.2.17.2 of the CDS Clearing Rule Book are those tax representations set out in Schedule 1 to this Agreement and made pursuant to Section 12.2, as applicable to the relevant Party.

**12.4** LCH SA and the CDS Clearing Member will deliver to each other the relevant forms, documents or certificates specified as applicable to it in Schedule 2 to this Agreement in each case by the date so specified or, if none is specified, as soon as reasonably practicable following reasonable request from the other Party.

- 12.5** The forms, documents and certificates described at Articles 1.2.17.2, 1.2.17.5 and 1.2.17.6 of the CDS Clearing Rule Book are those forms, documents and certificates specified in Schedule 2 to this Agreement and that are to be delivered pursuant to Section 12.4 above, as applicable to the relevant Party.

## **13 HEDGING ISDA AGREEMENT**

- 13.1** The Parties agree that:

**13.1.1** all transactions entered into between them for the purpose of Hedging (each, a "**Hedging Transaction**") will be governed by; and

**13.1.2** any document, exchange of telexes, exchange of electronic messages on an electronic messaging system or an exchange of emails confirming any such Hedging Transaction (each, a "**Confirmation**") will supplement, form a part of and be subject to,

an agreement in the form of the ISDA 2002 Master Agreement as published by ISDA (the "**Hedging ISDA Agreement**") as if they had executed an agreement in such form (but without any Schedule except for the elections and provisions set out in Section 13.2 below) on the Trade Date of the first such Hedging Transaction between them, notwithstanding anything to the contrary in a Confirmation.

- 13.2** The following elections and provisions will be incorporated into the Hedging ISDA Agreement:

**13.2.1** English law will be the governing law;

**13.2.2** the Automatic Early Termination provision of Section 6(a) of the Hedging ISDA Agreement will not apply to LCH SA;

**13.2.3** the Automatic Early Termination provision of Section 6(a) of the Hedging ISDA Agreement [[will]/[will not]] apply to the CDS Clearing Member;

**13.2.4** for the purposes of Sections 3(e) and 3(f), as applicable, of the Hedging ISDA Agreement, LCH SA and the CDS Clearing Member each make the representations specified as applicable to it in Schedule 1 to this Agreement; and

**13.2.5** for the purposes of Sections 4(a)(i) and 4(a)(ii) of the Hedging ISDA Agreement, LCH SA and the CDS Clearing Member each agree to deliver the tax forms, documents or certificates specified as applicable to it in Schedule 2 to this Agreement.

- 13.3** Each Party:

**13.3.1** represents to the other Party, on the date of this Agreement and on each date on which it enters into a Hedging Transaction, that it has full knowledge and understanding of the provisions of the Hedging ISDA Agreement; and

**13.3.2** agrees that it will perform its obligations under the Hedging ISDA Agreement in accordance with the terms of such Hedging ISDA Agreement.

## **14 SEVERABILITY**

If one or more provisions of this Agreement are deemed to be invalid or ruled to be invalid in application of a statute or regulation or following a final decision of a competent court, the other provisions hereof shall remain in full force and effect.

## **15 GENERAL**

- 15.1** Nothing in this Agreement shall be deemed to constitute a partnership between the Parties, nor constitute either Party the agent of the other Party for any purpose.
- 15.2** The rights, powers, remedies and privileges of each Party under this Agreement:
- 15.2.1** may be exercised as often as necessary;
  - 15.2.2** are cumulative and not exclusive of any rights, powers, remedies and privileges provided by Applicable Law; and
  - 15.2.3** may be waived in writing and specifically. Delay or failure in exercising any right is not a waiver of that right.
- 15.3** The CDS Clearing Documentation constitutes the entire agreement and understanding of LCH SA and the CDS Clearing Member with respect to its subject matter. LCH SA and the CDS Clearing Member acknowledge that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in the CDS Clearing Documentation) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in the CDS Clearing Documentation will limit or exclude any liability of a Party for fraud.

## **16 TRANSFER**

Subject to the CDS Clearing Documentation, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by LCH SA or the CDS Clearing Member without the prior written consent of the other Party.

## **17 NOTICES**

- 17.1** Any notice or communication to be made under or in connection with this Agreement shall be made in writing to:
- 17.1.1** The CDS Clearing Member at its registered office or branch (in case the activity is located at the latter), as specified in its application for membership of the CDS Clearing Service; and
  - 17.1.2** LCH SA at its head office at 18, rue du Quatre Septembre, 75002 Paris, France.
- 17.2** LCH SA shall deliver any notice or communication which is required to be given to the CDS Clearing Member pursuant to the CDS Clearing Documentation by electronic transmission, email, facsimile or telephone to the email address, facsimile number or telephone number specified by the CDS Clearing Member in its application for membership of the CDS Clearing Service. The CDS Clearing

Member may, by notice to LCH SA, change the details at which notices or communications are to be given to it.

- 17.3** The CDS Clearing Member consents to LCH SA providing the address specified pursuant to Section 1.6(ii) of the CDS Dispute Resolution Protocol to any other Clearing Member of the CDS Clearing Service solely for the purposes of sections 1.6(ii) and 9.3 of the CDS Dispute Resolution Protocol.

## **18 DISPUTE RESOLUTION**

- 18.1** For the avoidance of doubt, all Disputes shall be referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 (*Disciplinary Proceedings*) and 9 (*Complaint Resolution*) of the Procedures.

- 18.2** The version of the CDS Dispute Resolution Protocol in force as at the date of execution of this Agreement is attached as Schedule 4 to this Agreement. For the avoidance of doubt, the CDS Dispute Resolution Protocol may be amended from time to time by LCH SA in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book.

## **19 ELECTION OF DOMICILE / PROCESS AGENT**

- 19.1** Without prejudice to the dispute resolution provisions set out in Section 18 above:

- 19.1.1** the CDS Clearing Member irrevocably elects domicile with [●] at [●] [*CDS Clearing Member: Please specify an entity and address in Paris*] for the purposes of any litigation in accordance with Section 6 of the CDS Dispute Resolution Protocol;

- 19.1.2** if it is not incorporated in England or Wales, the CDS Clearing Member either:

- (i) irrevocably appoints [●] [*CDS Clearing Member: Please specify an entity in England or enter "NOT APPLICABLE"*] as its agent under the CDS Clearing Documentation (including this Agreement) for service of process; or
- (ii) consents to having service effected upon it at [●][*CDS Clearing Member: Please specify an entity in England or enter "NOT APPLICABLE"*], and agrees that valid service at such branch shall constitute effective service on it,

in any ancillary proceedings before the English courts in connection with any arbitration proceedings pursuant to the CDS Dispute Resolution Protocol; and

- 19.1.3** LCH SA irrevocably appoints LCH Group Limited at Aldgate House, 33 Aldgate High Street, London EC3N 1EA as its agent under the CDS Clearing Documentation (including this Agreement) for service of process in any ancillary proceedings before the English courts in connection with any arbitration proceedings pursuant to the CDS Dispute Resolution Protocol.

- 19.2** The CDS Clearing Member may, at its discretion, change its elected domicile in Paris for the purposes of Section 19.1.1 above by giving notice of its new elected domicile in Paris to LCH SA in accordance with Section 17 above. Any document served on the CDS Clearing Member at its former elected domicile (i) before such notification is received by the serving Party or (ii) 15 Business Days after such notification is received by the serving Party will be deemed validly served.

For the avoidance of doubt, any document served on the CDS Clearing Member at its new elected domicile in Paris will be deemed validly served as from the date of the relevant notification sent by the CDS Clearing Member.

- 19.3** If any person appointed as process agent under this Section 19 is unable for any reason to so act, the appointing Party must immediately give notice of this to the other Party in accordance with Section 17 above, and must immediately (and in any event within 7 days of the event taking place) appoint a substitute process agent, in accordance with sub-section 19.1.2(i) or 19.1.3 as applicable, or, in the case of the CDS Clearing Member, an applicable branch located in England or Wales at which it consents to have service effected upon it, in accordance with sub-section 19.1.2(ii).
- 19.4** If, where applicable, the branch specified under this Section 19 ceases to be able to act in such capacity or no longer has an address in England or Wales, the CDS Clearing Member must immediately give notice of this to LCH SA in accordance with Section 17 above, and must immediately (and in any event within 2 days of the event taking place) select a substitute branch at which it consents to have service effected upon it, in accordance with sub-section 19.1.2(ii), or a process agent, in accordance with sub-section 19.1.2(i).
- 19.5** Each Party agrees that: (i) service shall be deemed completed on delivery to the relevant process agent appointed under this Section 19; and (ii) failure by such process agent to notify such Party of any process, or failure by such Party to receive such notification, will not invalidate the relevant proceedings.
- 19.6** The CDS Clearing Member agrees that, where applicable: (i) service shall be deemed completed on delivery to the branch appointed under this Section 19; and (ii) failure by such branch to notify the CDS Clearing Member of any process, or failure by the CDS Clearing Member to receive such notification will not invalidate the relevant proceedings.
- 19.7** This Section 19 does not affect any other method of service allowed by law.

## **20 GOVERNING LAW**

For the avoidance of doubt, the governing law applicable to this Agreement and any non-contractual obligations arising out of, relating to or having any connection with this Agreement shall be as set out in Section 1.2.14 (*Governing Law*) of the CDS Clearing Rule Book.

**SCHEDULE 1**

**TAX REPRESENTATIONS**

**Part 1 – Representations made by LCH SA**

For the purposes of Sections 12 and 13 of this Agreement, LCH SA makes the following representation(s):

Payee Tax Representation(s)

- (i) [●]

Payer Tax Representation(s)

- (ii) [●]

**Part 2 – Representations made by the CDS Clearing Member**

For the purposes of Sections 12 and 13 of this Agreement, the CDS Clearing Member makes the following representation(s):

Payee Tax Representation(s)

- (i) [●]

Payer Tax Representation(s)

- (ii) [●]

## SCHEDULE 2

### TAX FORMS TO BE DELIVERED

#### Part 1 – Tax forms to be provided by LCH SA

For the purposes of Sections 12 and 13 of this Agreement, LCH SA agrees to deliver the following document(s) in each case by the date specified:

Form/Document/Certificate	Date by which to be delivered
Any form or document accurately completed and in a manner reasonably satisfactory to the CDS Clearing Member that may be required or reasonably requested in order to allow the CDS Clearing Member to make a payment without any deduction or withholding for or on account of any Tax or with deduction or withholding at a reduced rate, including, without limitation, an executed United States Internal Revenue Service Form W-9 or Form W-8BEN and/or W-8ECI (or any successor thereto).	Promptly upon reasonable demand by the CDS Clearing Member.

#### Part 2 – Tax forms to be provided by the CDS Clearing Member

For the purposes of Sections 12 and 13 of this Agreement, the CDS Clearing Member agrees to deliver the following document(s) in each case by the date specified:

Form/Document/Certificate	Date by which to be delivered
Any form or document accurately completed and in a manner reasonably satisfactory to LCH SA that may be required or reasonably requested in order to allow LCH SA to make a payment without any deduction or withholding for or on account of any Tax or with deduction or withholding at a reduced rate, including, without limitation, an executed United States Internal Revenue Service Form W-9 or Form W-8BEN and/or W-8ECI (or any successor thereto).	Promptly upon reasonable demand by LCH SA.

**SCHEDULE 3**

**FINE GRID**

<b>Breach</b>	<b>Fine (EUR)</b>
Failure to provide a complete price submission file on a Clearing Day as part of the price submission procedure set out in Section 5 of the Procedures.	10,000

**SCHEDULE 4**  
**CDS DISPUTE RESOLUTION PROTOCOL**

**[VERSION IN FORCE AS AT THE DATE OF EXECUTION OF THE AGREEMENT TO BE INSERTED]**

**THIS AGREEMENT** has been duly signed in duplicate in \_\_\_\_\_ (place) on

\_\_\_\_\_ (date),

By \_\_\_\_\_  
LCHSA

Name:  
Title:

By \_\_\_\_\_  
*[CDS Clearing Member]*

Name:  
Title:

## CDS ADMISSION AGREEMENT

**THIS AGREEMENT** is made on [●]

### BETWEEN

- (1) "Banque Centrale de Compensation", a clearing house for financial instruments, incorporated as a French law *société anonyme* with its registered office at 18, rue du Quatre Septembre 75002 Paris, France, registered in the Commerce and Companies Register of Paris under the number 692 032 485, for the purposes hereof duly represented by Jean-Marie Boudet, acting in the capacity of Chief Risk Officer Europe, ("LCH SA"); and
- (2) [●], with its registered office at [●], incorporated in [●], [recorded in][registered at] [●], under the number [●], (the "**CDS FCM Clearing Member**"),  
(each a "**Party**" and collectively, the "**Parties**").

### WHEREAS

- (A) LCH SA is a clearing house within the meaning of Article L. 440-1 of the French Monetary and Financial Code and Article 2 (1) of Regulation (EU) n° 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.
- (B) LCH SA acts as a central counterparty for clearing Original Transactions entered into between AMP Participants in accordance with the CDS Clearing Documentation. LCH SA is under the supervision of its Competent Authorities within the scope of their respective remit as granted by their national law and has additionally been notified to the European Commission as a securities settlement system for the purposes of the Settlement Finality Directive.
- (C) In this capacity, within the framework of its statutory and regulatory prerogatives, LCH SA has established the CDS Clearing Documentation, in accordance with which it clears Original Transactions, supervises the Cleared Transactions registered in the name of the Clearing Members, calculates the associated risk, calls Margin to cover this risk, ensures the proper settlement of the Cleared Transactions as central counterparty, manages the CDS Default Management Process and performs all other functions specified in the CDS Clearing Documentation.
- (D) The CDS FCM Clearing Member desires to be admitted to membership of the CDS Clearing System for the purpose of clearing Original Transactions and LCH SA, having determined that the CDS FCM Clearing Member satisfies for the time being the relevant criteria for admission, agrees to admit the CDS FCM Clearing Member to membership of the CDS Clearing System, subject to the terms and conditions of this Agreement, as amended from time to time.

**1 PURPOSE AND SCOPE**

- 1.1** This Agreement sets out the terms and conditions on which LCH SA agrees to admit the CDS FCM Clearing Member to membership of the CDS Clearing Service pursuant to the CDS Clearing Documentation, and those on which the CDS FCM Clearing Member shall undertake its CDS clearing activities pursuant to and in accordance with the CDS Clearing Documentation.
- 1.2** Execution of this Agreement supersedes and terminates any previous membership agreement which may have been in place between the Parties with respect to the CDS Clearing Service.
- 1.3** Without prejudice to Section 18 below, this Agreement, together with:
  - 1.3.1** the terms of any other agreement relating to the provision of the CDS Clearing Service by LCH SA to which the Parties are party;
  - 1.3.2** the terms of and applicable to each and every Cleared Transaction;
  - 1.3.3** the CDS Clearing Documentation; and
  - 1.3.4** all amendments duly made to any of the foregoing,shall together constitute a single agreement between the Parties, and both Parties acknowledge that all Cleared Transactions are entered into in reliance upon the fact that all such items constitute a single agreement between the Parties.

**2 DEFINITIONS AND INTERPRETATION**

- 2.1** Capitalised terms used in this Agreement shall, unless specifically provided otherwise, have the meanings stipulated in the document entitled "CDS Clearing Rule Book" published by LCH SA, as amended from time to time (the "**CDS Clearing Rule Book**").
- 2.2** References in this Agreement to a Section are to a Section of this Agreement unless otherwise indicated, and Section headings are for ease of reference only.
- 2.3** Unless the context otherwise requires, words (including defined terms) denoting the singular shall include the plural and vice versa.
- 2.4** References to writing include typing, printing, lithography, photography, facsimile transmission, and other modes of representing or reproducing words in a visual form.
- 2.5** References in this Agreement to statutes, statutory instruments, the CDS Clearing Documentation (or any document forming part of the CDS Clearing Documentation) or provisions thereof, are to those statutes, statutory instruments, the CDS Clearing Documentation (or any document forming part of the CDS Clearing Documentation) or provisions thereof as amended, modified or replaced from time to time.

**3 CLEARING MEMBERSHIP**

- 3.1** The CDS FCM Clearing Member is hereby admitted as a clearing member of the CDS Clearing Service on the terms set out in this Agreement. The CDS FCM Clearing Member shall be eligible to clear all categories of Original Transactions contemplated under the CDS Clearing Service from time to time, subject in each case to Applicable Law and meeting any additional requirements specified in the Procedures from time to time.
- 3.2** The CDS FCM Clearing Member warrants that the information supplied to LCH SA for the purposes of determining whether it has satisfied the conditions for admission, as set out in Title II (*Membership*) of the CDS Clearing Rule Book and Section 1 of the Procedures (*Membership*), was when provided and is at the date of this Agreement true and accurate in all material respects.
- 3.3** The Parties undertake to comply at all times with this Agreement and the CDS Clearing Documentation, as amended from time to time.
- 3.4** LCH SA and the CDS FCM Clearing Member each represent to the other that, as at the date of this Agreement, and at all times prior to the termination of this Agreement:
- 3.4.1** it is duly incorporated or otherwise organised and validly existing under the laws of its jurisdiction of incorporation;
  - 3.4.2** it has the power and authority to enter into this Agreement and has taken all necessary corporate actions to authorise the execution of this Agreement;
  - 3.4.3** to the extent it is required under Applicable Law to be authorised, licensed or approved in relation to activities undertaken by it, that all required governmental and/or regulatory and other consents with respect to this Agreement, have been obtained and are in full force and effect and that any or all conditions of any such consents have been and are complied with;
  - 3.4.4** it has full knowledge and understanding of the provisions of the CDS Clearing Documentation and shall abide by its obligations under the CDS Clearing Documentation;
  - 3.4.5** execution, delivery and performance of this Agreement do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
  - 3.4.6** its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law));
  - 3.4.7** no Event of Default or LCH Default, as applicable, with respect to it has occurred and is continuing and no Event of Default or LCH Default, as applicable, would occur as a result of its entering into or performing its obligations under this Agreement; and

- 3.4.8 there is not pending or, to its knowledge, threatened against it, any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or its ability to perform its obligations under this Agreement.
- 3.5 The Parties agree that the maximum amount of any fine that LCH SA can impose on the CDS FCM Clearing Member, pursuant to Paragraph 8.3 of Section 8 of the Procedures (*Disciplinary Proceedings*), is as set out in the fine grid at Schedule 3 to this Agreement.
- 4 FEES, COSTS AND PAYMENT TERMS**
- 4.1 In consideration of being granted membership of the CDS Clearing Service, the CDS FCM Clearing Member shall pay LCH SA fees in accordance with Section 1.2.6 (Fees) of the CDS Clearing Rule Book.
- 4.2 All fees shall be payable by the CDS FCM Clearing Member to LCH SA, in Euro, on a monthly basis in accordance with Section 4.5.
- 4.3 The CDS FCM Clearing Member shall issue a Power of Attorney in favour of LCH SA to allow the debiting or crediting of the TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent), which is used to satisfy Collateral Calls made by LCH SA using its LCH House TARGET2 Account in accordance with Section 3 of the Procedures, for the purposes of fee payments pursuant to Section 4.1.
- 4.4 LCH SA may index or adjust the fees published on the Website from time to time at its discretion. LCH SA shall give the CDS FCM Clearing Member no less than thirty (30) calendar days' prior notice of any such change.
- 4.5 On the date falling ten (10) Business Days after the end of each calendar month, LCH SA shall debit any due and payable fees (the "Fee Balance") from the relevant CDS FCM Clearing Member's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) using its Power of Attorney. On or before the fifth Business Day after the end of each calendar month, LCH SA shall issue an invoice to the CDS FCM Clearing Member detailing the Fee Balance to be debited pursuant to this Section 4.5 (the "Fee Notice").
- 4.6 In circumstances where LCH SA is not able to debit the Fee Balance from the relevant CDS FCM Clearing Member's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) using its Power of Attorney, the CDS FCM Clearing Member shall pay the Fee Balance to LCH SA within thirty (30) calendar days of receiving the Fee Notice from LCH SA and in such manner as specified in the Fee Notice.

**5 MARKET DATA, END OF DAY CONTRIBUTED PRICES AND MARKIT LCH SETTLEMENT PRICES**

- 5.1 Subject to Section 5.3, LCH SA may require the CDS FCM Clearing Member to provide it with Market Data. The CDS FCM Clearing Member will satisfy its obligation to provide LCH SA with

Market Data by acting in accordance with the procedure set out in Section 5 (*CDS Clearing Operations*) of the Procedures.

- 5.2** The CDS FCM Clearing Member hereby warrants that it has put in place such arrangements as are necessary for it to provide LCH SA with Market Data in accordance with Section 5 (*CDS Clearing Operations*) of the Procedures and will inform LCH SA of any termination or material change to such agreement that will impede its fulfilment of obligations with respect to the provision of Market Data.
- 5.3** LCH SA acknowledges that the CDS FCM Clearing Member shall not be obliged to provide Market Data which it is restricted from disclosing by law or regulation or as a result of agreements with third parties which predate the date of this Agreement. In the absence of any notification at the date of this Agreement by the CDS FCM Clearing Member, LCH SA shall be entitled to assume no such third party agreements exist.
- 5.4** In respect of any Market Data provided to LCH SA in accordance with this Agreement and the CDS Clearing Documentation:
- 5.4.1** the CDS FCM Clearing Member will retain all ownership and intellectual property rights or other rights in respect of that Market Data;
  - 5.4.2** LCH SA will keep that Market Data securely and properly protected against theft, damage, loss and unauthorised access;
  - 5.4.3** LCH SA will treat the CDS FCM Clearing Member's Market Data as strictly confidential and shall not display, disclose, distribute, identify or otherwise make it available to any person other than to:
    - (i) a third party data aggregator that is responsible for compiling the End of Day Contributed Prices in accordance with the CDS Clearing Documentation (a "**Third Party Data Aggregator**"); or
    - (ii) the CDS FCM Clearing Member that has provided it;
  - 5.4.4** LCH SA may only use the Market Data to aggregate it, or permit a Third Party Data Aggregator to aggregate it, with the Market Data received from all other Clearing Members for the purpose of creating the End of Day Contributed Prices for the CDS Clearing Service and LCH SA will not use the Market Data received from the CDS FCM Clearing Member for any other purpose.
- 5.5** LCH SA may only use any data aggregated from the Market Data, including the End of Day Contributed Prices (the "**Aggregated Data**"):
- 5.5.1** for the purpose of the CDS Clearing Service, for clearing and settlement, including:
    - (i) to calculate the Margin Requirements, Variation Margin Requirements or Contribution Requirement of each Clearing Member;
    - (ii) to calculate Markit LCH Settlement Prices;

- (iii) to value Cleared Transactions; and
- (iv) to distribute Markit LCH Settlement Prices and provide valuation reporting to each Clearing Member; and

**5.5.2** for the purpose of responding to:

- (i) ad hoc queries from Clearing Members and industry bodies (but not systematic, regular distribution) relating to the CDS Clearing Service; and
- (ii) surveys conducted by relevant international organisations (such as IOSCO) relating to the CDS Clearing Service.

provided that where the responses to queries or surveys pursuant to this Section 5.5.2 are to include the Markit LCH Settlement Prices, this data may be communicated only with the prior consent of the Third Party Data Aggregator, such consent not to be unreasonably withheld.

- 5.6** LCH SA shall not use or share any Aggregated Data with third parties other than a Third Party Data Aggregator (whether for fees or otherwise), save with the written prior consent or at the written proposal of at least 50% of Clearing Members by reference to the volume of Open Positions held in the Clearing Members' House Margin Accounts.
- 5.7** LCH SA hereby undertakes that it has full rights and authority to provide Markit LCH Settlement Prices to the CDS FCM Clearing Member and to allow the CDS FCM Clearing Member to use and/or disclose the Markit LCH Settlement Prices for the purposes set out in Section 4.2.7 (*Markit LCH Settlement Price*) of the CDS Clearing Rule Book.
- 5.8** The CDS FCM Clearing Member acknowledges and agrees that any Third Party Data Aggregator shall be an intended third party beneficiary of Section 4.2.7 (*Markit LCH Settlement Price*) of the CDS Clearing Rule Book.
- 5.9** Nothing in Section 5.7 shall prevent the CDS FCM Clearing Member from using the Markit LCH Settlement Prices (and any other Aggregated Data provided to it) for any purpose where it is permitted to do so by the relevant Third Party Data Aggregator or any other third party with the requisite authority.
- 5.10** Where LCH SA makes Market Data available to a Third Party Data Aggregator, LCH SA shall procure that the Third Party Data Aggregator:
  - 5.10.1** acknowledges, and agrees to, the CDS FCM Clearing Member rights as set out in Section 5.4.1;
  - 5.10.2** maintains protections in order to ensure that Market Data is securely and properly protected against theft, damage, loss and unauthorised access;
  - 5.10.3** does not display, disclose, distribute, identify or otherwise make the Market Data available, other than in connection with the Third Party Data Aggregator's permitted use of End of Day Contributed Prices;

- 5.10.4** consents to the CDS FCM Clearing Member using the Markit LCH Settlement Prices for the purposes set out in Section 5.7 above.
- 5.11** Nothing in this Section 5 or Section 9 prevents LCH SA from:
- 5.11.1** using or disclosing Market Data, Markit LCH Settlement Prices or Aggregated Data where it is required to do so by Applicable Law or where required or formally requested to do so pursuant to an order of a competent court or by a Regulatory Body; or
  - 5.11.2** using (but not displaying, disclosing or identifying) Market Data, Markit LCH Settlement Prices or Aggregated Data (i) upon the advice of the Risk Committee and (ii) in accordance with the terms of the licence granted to LCH SA by the Third Party Data Aggregator.
- 5.12** Nothing in this Section 5 or Section 9 prevents the CDS FCM Clearing Member from using or disclosing Markit LCH Settlement Prices, or other Aggregated Data provided to it, for whatsoever purpose where such Markit LCH Settlement Prices, or other Aggregated Data, as the case may be, are:
- 5.12.1** made available to the public by either LCH SA or a Third Party Data Aggregator, by virtue of Applicable Law, the order of a Regulatory Body or otherwise; or
  - 5.12.2** received by the CDS FCM Clearing Member other than as a result of a breach of any agreement entered into between LCH SA and the CDS FCM Clearing Member (including this Agreement).
- 5.13** Amendments to this Section 5 will become effective if LCH SA obtains the written prior consent of, or receives a written proposal from, at least 50% of Clearing Members by reference to the volume of Open Positions held in the Clearing Members' House Margin Accounts.

## **6 LANGUAGE**

- 6.1** This Agreement and the CDS Clearing Documentation shall be drawn up and issued in English, provided that the CDS Clearing Rule Book shall be drawn up and issued in French for the purpose of its approval by the AMF. Different language versions or translations of this Agreement and/or the CDS Clearing Documentation may also be issued for information purposes.
- 6.2** Subject to Article 1.1.3.8 of the CDS Clearing Rule Book, in the event of inconsistency between different language versions or translations of this Agreement or the CDS Clearing Documentation, the English language version shall prevail.
- 6.3** General communications of LCH SA as well as all applications, filings, correspondence with, and submissions to LCH SA by the CDS FCM Clearing Member may be in either English or in French, unless expressly agreed otherwise by LCH SA. Upon the request of the CDS FCM Clearing Member, any communications issued by LCH SA in French will also be provided in English.
- 6.4** The Persons nominated and notified to LCH SA, pursuant to Article 2.2.1.1(xii) of the CDS Clearing Rule Book, as being responsible for the clearing operations of the CDS FCM Clearing Member and authorised to act on behalf of the CDS FCM Clearing Member in respect of all transactions with or

involving LCH SA under the CDS Clearing Documentation, shall be either English or French-speaking, unless expressly agreed otherwise by LCH SA.

## 7 TERM AND TERMINATION

- 7.1 This Agreement has been entered into for an indefinite period of time and takes effect on notification by LCH SA of its acceptance of the CDS FCM Clearing Member's application for membership of the CDS Clearing Service and the fulfilment of all conditions precedent imposed by LCH SA on the CDS FCM Clearing Member.
- 7.2 This Agreement shall terminate on the date that termination of the CDS FCM Clearing Member's membership is deemed effective in accordance with the CDS Clearing Rule Book.
- 7.3 The termination of this Agreement is without prejudice to accrued rights and obligations of the CDS FCM Clearing Member under the CDS Clearing Documentation or arising from Cleared Transactions entered into prior to such termination and settlement of all amounts due and payable to, or by, the CDS FCM Clearing Member from, or to, LCH SA (as the case may be) shall be dealt with in accordance with the CDS Clearing Documentation.
- 7.4 Any termination of this Agreement shall be co-ordinated with termination of any agreement providing technical access to LCH SA for the purpose of the CDS Clearing Service provided by LCH SA in accordance with the CDS Clearing Documentation.

## 8 AMENDMENTS

- 8.1 Subject to Section 5.13, LCH SA shall be permitted to amend this Agreement, as necessary, to comply with a change in Applicable Law or the CDS Clearing Documentation, as soon as such change takes effect, or in accordance with the procedure described in Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book.
- 8.2 LCH SA shall be permitted to amend Schedule 3 to this Agreement from time to time following consultation with the Risk Committee.
- 8.3 The terms of this Agreement (other than the tax representations set out in Schedule 1 to this Agreement and the tax forms set out in Schedule 2 to this Agreement) must at all times be materially equivalent to the terms included in the CDS Admission Agreement that LCH SA has entered into with each other Clearing Member, admitted on the same basis, in relation to the CDS Clearing Service.

## 9 CONFIDENTIALITY

- 9.1 Each Party ("Recipient") undertakes to the other Party (each, a "Disclosing Party") to treat as confidential all the information and/or documents, in any form whatsoever, obtained:
  - 9.1.1 in performing this Agreement;

- 9.1.2 participating in any Clearing Member or LCH SA committees which may be established by LCH SA from time to time;
  - 9.1.3 from the Disclosing Party either directly or from any other person which concerns the business, operations, customers or users of the Disclosing Party including any data and/or electronic data files,  
whether or not such items are associated with a notice of confidentiality (the "**Confidential Information**".)
- 9.2 The Recipient may only use and disclose the Confidential Information for the purposes of, and in accordance with, this Agreement and the CDS Clearing Documentation (the "**Permitted Purpose**").
- 9.3 The Recipient may only provide its employees, directors, subcontractors and professional advisers (together with their respective employees, directors or any other representatives, subcontractors and professional advisers ("**Permitted Users**")) with access to the Confidential Information on a strict "need-to-know" basis. The Recipient shall ensure that each of its Permitted Users is bound to hold all Confidential Information in confidence to the standard required under this Agreement. Where a Permitted User is not an employee or director of the Recipient (and is not under a professional duty to protect confidentiality) the Recipient shall ensure that the Permitted User shall, prior to receiving the Confidential Information, enter into a written confidentiality undertaking with the Recipient on substantially equivalent terms to this Agreement, a copy of which shall be provided to the Disclosing Party upon request.
- 9.4 In consideration of being given some information or having it made available, the Recipient agrees it shall treat as strictly confidential and shall not disclose or allow to be disclosed to any person:
- 9.4.1 the Confidential Information;
  - 9.4.2 the fact it has received any Confidential Information;
  - 9.4.3 the existence of any discussions or negotiations between the Parties in this matter; or
  - 9.4.4 details of the Permitted Purpose and any of the proposals, terms, conditions, facts or other matters relating to any of the foregoing,
- unless and to the extent it is authorised to do so pursuant to this Section 9.
- 9.5 The Parties acknowledge that property in the Confidential Information shall not pass to the Recipient, and the property of the media on which it is conveyed shall not pass to the Recipient.
- 9.6 This Section 9 does not apply to any information which:
- 9.6.1 is in or subsequently enters the public domain other than as a result of a breach of this Section 9; or
  - 9.6.2 has been or is subsequently received by the Recipient from a third party and the Recipient is under no confidentiality obligation in respect of that information other than under this Agreement; or

- 9.6.3 has been or is subsequently independently developed by the Recipient without use of the Disclosing Party's Confidential Information; or
  - 9.6.4 the Disclosing Party has agreed in writing may be disclosed.
- 9.7 The CDS FCM Clearing Member agrees to establish and adhere to adequate procedures (including, without limitation, the establishment of appropriate information barriers) and take all steps to ensure that any Permitted User to whom Confidential Information has been disclosed shall not use any part or all of that Confidential Information for any purpose outside the scope of the Permitted Purpose.
- 9.8 Each Permitted User may disclose Confidential Information (or, where the Permitted User is an individual, his or her employer) and give the Disclosing Party prompt advance written notice of the disclosure in accordance with Section 1.2.12 (*Confidentiality*) of the CDS Clearing Rule Book.
- 9.9 Notwithstanding the foregoing, either Party may, in their commercial activities, publicly refer to the name of the CDS FCM Clearing Member and its membership to LCH SA, and LCH SA may (without identifying the CDS FCM Clearing Member) use figures as to the CDS FCM Clearing Member's activity in the compilation of statistics for publication, and for similar purposes provided that the identity of the CDS FCM Clearing Member is not attributable.
- 9.10 The provisions of this Section 9 shall survive any termination of this Agreement but shall expire on the third anniversary of the date the Confidential Information was first provided to the Recipient, without prejudice to confidentiality obligations under any Applicable Law which would prevent the Recipient from disclosing or using the Confidential Material other than pursuant to and in accordance with this Section 9.
- 9.11 Upon request by the Disclosing Party, the Recipient shall, as far as practicably possible, promptly return to the Disclosing Party, or destroy (at its discretion), the Confidential Information and all copies thereof in the possession or control of the Recipient, and shall certify in writing that the Permitted User has not retained any of the Confidential Information, except to the extent that the Confidential Information forms part of:
- 9.11.1 the permanent records of the Recipient which it is bound by applicable legal or regulatory requirement or any compliance policy applicable to it to preserve; or
  - 9.11.2 any electronic records which are customarily backed up in the normal course of the Recipient's business,
- in which event the Recipient may retain the Confidential Information in strictest confidence in accordance with the provisions of this Section 9.
- 9.12 Where the CDS FCM Clearing Member ceases to participate in any Clearing Member or LCH SA committee as may be established by LCH SA from time to time, the CDS FCM Clearing Member shall, to the extent reasonably practicable to do so, promptly:
- 9.12.1 return to LCH SA by a secure method of transportation all or any part of the Confidential Information; or

- 9.12.2** destroy such information and shall certify to LCH SA in writing that it has done so, (at its discretion), provided that the CDS FCM Clearing Member is permitted to retain a copy to the extent that the Confidential Information forms part of the CDS FCM Clearing Member's permanent records which it is bound by applicable legal or regulatory requirement or any compliance policy applicable to it to preserve.
- 9.13** Without affecting any other rights or remedies that each Party may have, each Party acknowledges that the other may be irrevocably harmed by any breach of the terms of this Section 9 and that damages alone may not necessarily be an adequate remedy. Accordingly, each Party will be entitled to the remedies of injunction, specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of the terms of this Section 9, and no proof of special damages will be necessary to enforce this Agreement.
- 9.14** The provisions of this Section 9 shall not restrict or otherwise affect the rights of LCH SA to disclose Confidential Information pursuant to and in accordance with Section 1.2.12 (*Confidentiality*) of the CDS Clearing Rule Book. By entering into this Agreement, the CDS FCM Clearing Member expressly consents to the disclosure of information by LCH SA pursuant to and in accordance with the CDS Clearing Rule Book.

## **10 TAX**

- 10.1** All payments made under or in connection with this Agreement shall be subject to the tax provisions set out in Section 1.2.17 (*Tax*) of the CDS Clearing Rule Book.
- 10.2** LCH SA and the CDS FCM Clearing Member each make to the other, as at the date of this Agreement and at all times prior to termination of this Agreement, the tax representations specified as applicable to it in Schedule 1 to this Agreement.
- 10.3** The tax representations described in Articles 1.2.10.3(xii) and 1.2.17.2 of the CDS Clearing Rule Book are those tax representations set out in Schedule 1 to this Agreement and made pursuant to Section 10.2, as applicable to the relevant Party.
- 10.4** LCH SA and the CDS FCM Clearing Member will deliver to each other the relevant forms, documents or certificates specified as applicable to it in Schedule 2 to this Agreement in each case by the date so specified or, if none is specified, as soon as reasonably practicable following reasonable request from the other Party.
- 10.5** The forms, documents and certificates described at Articles 1.2.17.2, 1.2.17.5 and 1.2.17.6 of the CDS Clearing Rule Book are those forms, documents and certificates specified in Schedule 2 to this Agreement and that are to be delivered pursuant to Section 10.4 above, as applicable to the relevant Party.

## 11 HEDGING ISDA AGREEMENT

### 11.1 The Parties agree that:

11.1.1 all transactions entered into between them for the purpose of Hedging (each, a "Hedging Transaction") will be governed by; and

11.1.2 any document, exchange of telexes, exchange of electronic messages on an electronic messaging system or an exchange of emails confirming any such Hedging Transaction (each, a "Confirmation") will supplement, form a part of and be subject to,

an agreement in the form of the ISDA 2002 Master Agreement as published by ISDA (the "Hedging ISDA Agreement") as if they had executed an agreement in such form (but without any Schedule except for the elections and provisions set out in Section 11.2 below) on the Trade Date of the first such Hedging Transaction between them, notwithstanding anything to the contrary in a Confirmation.

### 11.2 The following elections and provisions will be incorporated into the Hedging ISDA Agreement:

11.2.1 English law will be the governing law;

11.2.2 the Automatic Early Termination provision of Section 6(a) of the Hedging ISDA Agreement will not apply to LCH SA;

11.2.3 the Automatic Early Termination provision of Section 6(a) of the Hedging ISDA Agreement [will]/[will not] apply to the CDS FCM Clearing Member;

11.2.4 for the purposes of Sections 3(e) and 3(f), as applicable, of the Hedging ISDA Agreement, LCH SA and the CDS FCM Clearing Member each make the representations specified as applicable to it in Schedule 1 to this Agreement; and

11.2.5 for the purposes of Sections 4(a)(i) and 4(a)(ii) of the Hedging ISDA Agreement, LCH SA and the CDS FCM Clearing Member each agree to deliver the tax forms, documents or certificates specified as applicable to it in Schedule 2 to this Agreement.

### 11.3 Each Party:

11.3.1 represents to the other Party, on the date of this Agreement and on each date on which it enters into a Hedging Transaction, that it has full knowledge and understanding of the provisions of the Hedging ISDA Agreement; and

11.3.2 agrees that it will perform its obligations under the Hedging ISDA Agreement in accordance with the terms of such Hedging ISDA Agreement.

## 12 SEVERABILITY

If one or more provisions of this Agreement are deemed to be invalid or ruled to be invalid in application of a statute or regulation or following a final decision of a competent court, the other provisions hereof shall remain in full force and effect.

**13 GENERAL**

- 13.1** Nothing in this Agreement shall be deemed to constitute a partnership between the Parties, nor constitute either Party the agent of the other Party for any purpose.
- 13.2** The rights, powers, remedies and privileges of each Party under this Agreement:
- 13.2.1** may be exercised as often as necessary;
  - 13.2.2** are cumulative and not exclusive of any rights, powers, remedies and privileges provided by Applicable Law; and
  - 13.2.3** may be waived in writing and specifically. Delay or failure in exercising any right is not a waiver of that right.
- 13.3** The CDS Clearing Documentation constitutes the entire agreement and understanding of LCH SA and the CDS FCM Clearing Member with respect to its subject matter. LCH SA and the CDS FCM Clearing Member acknowledge that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in the CDS Clearing Documentation) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in the CDS Clearing Documentation will limit or exclude any liability of a Party for fraud.

**14 TRANSFER**

Subject to the CDS Clearing Documentation, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by LCH SA or the CDS FCM Clearing Member without the prior written consent of the other Party.

**15 NOTICES**

- 15.1** Any notice or communication to be made under or in connection with this Agreement shall be made in writing to:
- 15.1.1** The CDS FCM Clearing Member at its registered office or branch (in case the activity is located at the latter), as specified in its application for membership of the CDS Clearing Service; and
  - 15.1.2** LCH SA at its head office at 18, rue du Quatre Septembre, 75002 Paris, France.
- 15.2** LCH SA shall deliver any notice or communication which is required to be given to the CDS FCM Clearing Member pursuant to the CDS Clearing Documentation by electronic transmission, email, facsimile or telephone to the email address, facsimile number or telephone number specified by the CDS FCM Clearing Member in its application for membership of the CDS Clearing Service. The CDS FCM Clearing Member may, by notice to LCH SA, change the details at which notices or communications are to be given to it.

- 15.3** The CDS FCM Clearing Member consents to LCH SA providing the address specified pursuant to Section 1.6(ii) of the CDS Dispute Resolution Protocol to any other Clearing Member of the CDS Clearing Service solely for the purposes of sections 1.6(ii) and 9.3 of the CDS Dispute Resolution Protocol.

## **16 DISPUTE RESOLUTION**

- 16.1** For the avoidance of doubt, all Disputes shall be referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 (*Disciplinary Proceedings*) and 9 (*Complaint Resolution*) of the Procedures.
- 16.2** The version of the CDS Dispute Resolution Protocol in force as at the date of execution of this Agreement is attached as Schedule 4 to this Agreement. For the avoidance of doubt, the CDS Dispute Resolution Protocol may be amended from time to time by LCH SA in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book.

## **17 ELECTION OF DOMICILE / PROCESS AGENT**

- 17.1** Without prejudice to the dispute resolution provisions set out in Section 16 above:
- 17.1.1 the CDS FCM Clearing Member irrevocably elects domicile with [●] at [●] [CDS FCM Clearing Member: **Please specify an entity and address in Paris**] for the purposes of any litigation in accordance with Section 6 of the CDS Dispute Resolution Protocol;
- 17.1.2 if it is not incorporated in England or Wales, the CDS FCM Clearing Member either:
- (i) irrevocably appoints [●] [CDS Clearing FCM Member: **Please specify an entity in England or enter "NOT APPLICABLE"**] as its agent under the CDS Clearing Documentation (including this Agreement) for service of process; or
- (ii) consents to having service effected upon it at [●][CDS FCM Clearing Member: **Please specify an entity in England or enter "NOT APPLICABLE"**], and agrees that valid service at such branch shall constitute effective service on it,
- in any ancillary proceedings before the English courts in connection with any arbitration proceedings pursuant to the CDS Dispute Resolution Protocol; and
- 17.1.3 LCH SA irrevocably appoints LCH Group Limited at Aldgate House, 33 Aldgate High Street, London EC3N 1EA as its agent under the CDS Clearing Documentation (including this Agreement) for service of process in any ancillary proceedings before the English courts in connection with any arbitration proceedings pursuant to the CDS Dispute Resolution Protocol.
- 17.2** The CDS FCM Clearing Member may, at its discretion, change its elected domicile in Paris for the purposes of Section 17.1.1 above by giving notice of its new elected domicile in Paris to LCH SA in accordance with Section 15 above. Any document served on the CDS FCM Clearing Member at its former elected domicile (i) before such notification is received by the serving Party or (ii) 15

Business Days after such notification is received by the serving Party will be deemed validly served. For the avoidance of doubt, any document served on the CDS FCM Clearing Member at its new elected domicile in Paris will be deemed validly served as from the date of the relevant notification sent by the CDS FCM Clearing Member.

- 17.3** If any person appointed as process agent under this Section 17 is unable for any reason to so act, the appointing Party must immediately give notice of this to the other Party in accordance with Section 15 above, and must immediately (and in any event within 7 days of the event taking place) appoint a substitute process agent, in accordance with sub-section 17.1.2(i) or 17.1.3 as applicable, or, in the case of the CDS FCM Clearing Member, an applicable branch located in England or Wales at which it consents to have service effected upon it, in accordance with sub-section 17.1.2(ii).
- 17.4** If, where applicable, the branch specified under this Section 17 ceases to be able to act in such capacity or no longer has an address in England or Wales, the CDS FCM Clearing Member must immediately give notice of this to LCH SA in accordance with Section 15 above, and must immediately (and in any event within 2 days of the event taking place) select a substitute branch at which it consents to have service effected upon it, in accordance with sub-section 17.1.2(ii), or a process agent, in accordance with sub-section 17.1.2(i).
- 17.5** Each Party agrees that: (i) service shall be deemed completed on delivery to the relevant process agent appointed under this Section 17; and (ii) failure by such process agent to notify such Party of any process, or failure by such Party to receive such notification, will not invalidate the relevant proceedings.
- 17.6** The CDS FCM Clearing Member agrees that, where applicable: (i) service shall be deemed completed on delivery to the branch appointed under this Section 17; and (ii) failure by such branch to notify the CDS FCM Clearing Member of any process, or failure by the CDS FCM Clearing Member to receive such notification will not invalidate the relevant proceedings.
- 17.7** This Section 17 does not affect any other method of service allowed by law.

## **18 GOVERNING LAW**

For the avoidance of doubt, the governing law applicable to this Agreement and any non-contractual obligations arising out of, relating to or having any connection with this Agreement shall be as set out in Section 1.2.14 (*Governing Law*) of the CDS Clearing Rule Book.

**SCHEDULE 1****TAX REPRESENTATIONS****Part 1 – Representations made by LCH SA**

For the purposes of Sections 10 and 11 of this Agreement, LCH SA makes the following representation(s):

Payee Tax Representation(s)

- (i) [●]

Payer Tax Representation(s)

- (ii) [●]

**Part 2 – Representations made by the CDS FCM Clearing Member**

For the purposes of Sections 10 and 11 of this Agreement, the CDS FCM Clearing Member makes the following representation(s):

Payee Tax Representation(s)

- (i) [●]

Payer Tax Representation(s)

- (ii) [●]

**SCHEDULE 2**

**TAX FORMS TO BE DELIVERED**

**Part 1 – Tax forms to be provided by LCH SA**

For the purposes of Sections 10 and 11 of this Agreement, LCH SA agrees to deliver the following document(s) in each case by the date specified:

<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>
Any form or document accurately completed and in a manner reasonably satisfactory to the CDS FCM Clearing Member that may be required or reasonably requested in order to allow the CDS FCM Clearing Member to make a payment without any deduction or withholding for or on account of any Tax or with deduction or withholding at a reduced rate, including, without limitation, an executed United States Internal Revenue Service Form W-9 or Form W-8BEN and/or W-8ECI (or any successor thereto).	Promptly upon reasonable demand by the CDS FCM Clearing Member.
[●]	[●]

**Part 2 – Tax forms to be provided by the CDS FCM Clearing Member**

For the purposes of Sections 10 and 11 of this Agreement, the CDS FCM Clearing Member agrees to deliver the following document(s) in each case by the date specified:

<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>
Any form or document accurately completed and in a manner reasonably satisfactory to LCH SA that may be required or reasonably requested in order to allow LCH SA to make a payment without any deduction or withholding for or on account of any Tax or with deduction or withholding at a reduced rate, including, without limitation, an executed United States Internal Revenue Service Form W-9 or Form W-8BEN and/or W-8ECI (or any successor thereto).	Promptly upon reasonable demand by LCH SA.
[●]	[●]

**SCHEDULE 3****FINE GRID**

Breach	Fine (EUR)
Failure to provide a complete price submission file on a Clearing Day as part of the price submission procedure set out in Section 5 of the Procedures.	10,000

**SCHEDULE 4**  
**CDS DISPUTE RESOLUTION PROTOCOL**

**[VERSION IN FORCE AS AT THE DATE OF EXECUTION OF THE AGREEMENT TO BE INSERTED]**

**THIS AGREEMENT** has been duly signed in duplicate in \_\_\_\_\_ (place) on  
\_\_\_\_\_ (date),

By \_\_\_\_\_  
LCH SA

Name:  
Title:

By \_\_\_\_\_  
[CDS FCM Clearing Member]

Name:  
Title:



**EXHIBIT P-3**

**AGREEMENT GOVERNING TECHNICAL ACCESS TO LCH SA  
CLEARING SOLUTIONS**

**BETWEEN**

**BANQUE CENTRALE DE COMPENSATION  
AND**

.....

.....

**The undersigned:**

**LA BANQUE CENTRALE DE COMPENSATION (BCC), trading as LCH SA**, a company incorporated under the laws of France, having its registered office at 18 Rue du Quatre Septembre, 75002 - Paris, France, registered in the Commercial and Companies registry of Paris under the number B 692 032 485, represented by Mr. Jean-Marie BOUDET, duly authorised (**LCH SA**);

and

.....,

a [.....] (limited) company incorporated under the

laws of [.....],

having its registered office at .....,

.....,

.....,

registered on the [.....] Companies Register / Chamber of Commerce under

the number [.....],

duly represented by its director(s),

M.. [.....]

(and M.....),

hereinafter referred to as "User";

**Hereinafter jointly to be referred to as the "Parties" and individually referred to as the "Party";**

**WHEREAS**

LCH SA acts as a central counterparty for Clearing Members and provides clearing services for Transactions executed on any Market cleared through any Clearing solution as may be specified in accordance with the provisions of this Access Agreement.

The Clearing Member becomes a member of LCH SA by signing the Admission Agreement. The Clearing Rules, the CDS Clearing Rules or the Operating Rules, the related Instructions, Notices and Specifications as amended from time to time and available on LCH SA website (hereafter referred as "Documentation") are applicable to the relationship between the Clearing member and LCH SA.

The clearing services are described in details in the above Documentation.

The Clearing Members shall implement or have implemented the required technical environment to be connected to the relevant Clearing Access Solution and therefore benefit from the Services as defined in Clause 1 below and related Schedules. LCH SA also offers the Clearing Member the possibility to appoint a Clearing Access Solution Third Party Provider to provide the Services. In this latter case, a direct contractual relationship will be set up between the Clearing Member and the Clearing Access Solution Third Party Provider. The Clearing Member remains solely responsible for the appointment of the Clearing Access Solution Third Party Provider.

Should the Clearing Member delegate a Clearing Access Solution Third Party Provider, this Access Agreement shall be signed by both the Clearing Member and the Clearing Access Solution Third Party Provider.

This Access Agreement has been drawn up with the willingness to clarify both the Services provided and LCH SA's commitments and liabilities.

This Access Agreement is notably structured around the following main elements:

- Clearing Access Solutions description further to the implementation of the following: Group Member Access and LCAP (Logical Centralised Access Point),
- integration of the Clearing Access Solution ordering process further to its global review (new standard forms),
- Support Services description further to their internalisation within LCH SA in the first quarter 2008,
- integration of the data (list of files, messages and reports) to be accessed via the Clearing Access Solution,

The Clearing Member and the Clearing Access Solutions Third Party Provider (together referred as Users) wish to benefit from the Services and LCH SA agrees to provide the same, and the Parties have agreed to enter into this Access Agreement that sets out the terms and conditions of the provision of the Services to the Users.

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## 1. DEFINITIONS

Capitalised terms used in this Access Agreement shall have the meaning as set forth in this clause.

**Access Agreement:** means this Agreement including its Schedules and any amendments to this Access Agreement.

**Admission Agreement:** means the written agreement entered into between LCH SA and the Clearing Member.

**Anomaly:** means any defect that can be reproduced by the Clearing Member and that does not arise from non-compliant use of technical specifications and/or the Documentation or use which does not comply with technical specifications and/or the Documentation, or any defect resulting from operating anomalies, or structural, functional, organisational or conceptual problem encountered by the Users in using the Services.

**Change Request:** means any kind of changes requested by the Users to LCH SA regarding their Clearing Access Solutions governed by this Agreement and specified in each relevant applicable Schedule.

**Clearing Access Solutions:** means the access provided by LCH SA and selected by the Users through a Request Form. At the date of this Agreement the eCCW, Web OTC, LCAP and Network Services are the Clearing Access Solutions that can be ordered by Users.

**Clearing Access Solution Third Party Provider:** means a third party provider (information software vendor, information technology managed services (hosting, outsourcing)) duly appointed by the Clearing Member to subscribe to the Services. The Clearing Access Solution Third Party Provider is responsible for setting up the accurate network links between itself and the Clearing Member and is also responsible for the transmission of the relevant files and/or messages generated by the Clearing Solution and related to the relevant Clearing Member activity.

**Clearing Hours:** means the clearing hours set forth in the Documentation.

**Clearing Member:** means any General Clearing Member, Individual Clearing Member and Clearer, as these terms are defined in LCH SA applicable Documentation.

**Clearing Solution:** means LCH SA's clearing system(s) used to provide clearing services to the Users.

**Customer Technical Helpdesk:** means LCH SA desk providing technical Support Services for the purpose of centralising Clearing Members requests to resolve any Anomaly and/or manage any Change Request regarding the Services.

**Force Majeure Events :** means, according to French case law, any extraordinary events independent of the Parties' will that cannot be foreseen or avoided by them even with due diligence, being beyond their control preventing the Parties to comply with their obligations undertaken in this Access Agreement (including without limitation disasters, such as hurricane, earthquake, international conflicts, stroke of lighting and war).

**Market** means any Regulated Market, Multilateral Trading Facilities and Designated LCH SA Gateways benefiting from clearing services provided by LCH SA.

**Network Services** means the network services as described in Schedule 2.

**Request Forms** means the LCH SA forms that the Users shall duly fill-in, sign and send back to LCH SA any time it requires a new Clearing Access Solution or requires a modification/addition/suppression on its Clearing Access Solution.

**Schedules:** means the schedules including any appendices thereto (hereafter "Appendices") attached to this Access Agreement that have been initialised by the Parties and which shall form an integral part of this Access Agreement.

**Service(s):** means the Clearing Access Solutions and/or Support Services enabling the Users to access the Clearing Solution.

**Services Hours:** means the hours and dates or any period during which the Services are available as defined in Schedule 3, Appendix 1.

**Subcontractor:** means a sub-contractor of LCH SA for the performance of LCH SA's obligations under this Access Agreement.

**Support Services:** means the support services provided by the Customer Technical Helpdesk as detailed in Schedule 3.

**Users:** means any Clearing Member and Clearing Access Solution Third Party Provider.

## **2. SCOPE OF THE ACCESS AGREEMENT**

- 2.1. This Access Agreement sets out the terms and conditions under which LCH SA provides the Services to the Users enabling them to have access to the Clearing Solution covering both test and production environments.
- 2.2. The Parties agree that, with regards to the test environment, LCH SA shall make its best endeavours to provide the Users with similar service as for production environment.
- 2.3. However, the test environment has been designed to handle lower volumes of transactions and therefore the Users are expressly requested not to perform any kind of tests (notably but not exclusively (performance tests)) which could lead to the unavailability of the test environment. Consequently, any test performed on the test environment, shall not be qualified, howsoever, as a benchmark for production environment.
- 2.4. Furthermore, the Users acknowledge and agree that any incident detected on the test environment shall be processed with a lower priority than any incident occurring on the production environment. However LCH SA reserves the right to prioritise differently any incidents.
- 2.5. This Access Agreement repeals and replaces any agreement previously entered into by the Users and related to the provision of any similar Services.

## **3. STRUCTURE OF THE DOCUMENTS**

- 3.1. In this Agreement, Network and Network Services shall have the same meaning.
- 3.2. In this Agreement, Days shall be read as calendar days.
- 3.3. This Access Agreement encompasses the following Schedules:
  - Schedule 1 Security of the Clearing Access Solutions;
  - Schedule 2 Clearing Access Solutions description;
  - Schedule 3 LCH SA Support Services;
- 3.4. By signing this Access Agreement, the Users agree to comply with the terms herein including the Schedules, and the related Documentation.
- 3.5. This Access Agreement and its Schedules shall form one integral document. Any modification of this Access Agreement may be made pursuant to and in accordance with the conditions described in clause 21.3.

- 3.6. The most recent version of any constituent part of this Access Agreement shall always take priority over former version of the same constituent part.
- 3.7. If there is a conflict or inconsistency between the provisions of this Access Agreement and the Schedules or any other constituent part of this Access Agreement, the provisions of this Access Agreement shall prevail, unless the relevant document provides otherwise.
- 3.8. An obligation by a Party in this Agreement to use “best endeavours” shall require the Party to take :
  - all necessary steps that a prudent person would take in the circumstances, acting in its own interests and anxious to obtain the desired results; and
  - all positive steps and possible courses of action that would be reasonably apparent to such person under the circumstancesin each case, with no requirement to take such action unless and until the relevant obligation crystallises. Such obligation shall not be regarded as an “obligation de résultat”.

#### **4. SERVICE PROVISION**

- 4.1. LCH SA shall (i) grant the Users access to the Clearing Solution through one or several Clearing Access Solutions selected by the Users and (ii) supply the corresponding Services.
- 4.2. The Users hereby acknowledge that they can have access to the Clearing Solutions and receive the Services only through one or several Clearing Access Solutions and to the extent that it complies with the obligations set out in this Access Agreement.
- 4.3. The access to the Clearing Solution is subject to the completion of all installation and verification tests as further described in Schedule 3.
- 4.4. If the Services include the provision by LCH SA of equipment specified in a Request Form, this equipment will be installed and maintained by LCH SA. Should the installation require the removal or disconnect of any existing equipment, the Users will permit, and obtain all necessary consents for, the removal or disconnect and will give LCH SA or its Subcontractors all necessary assistance to enable such work to be carried out. Neither LCH SA nor the Subcontractor shall be obligated to connect any equipment in the presence of any hazardous condition or material. The Users will be responsible for the correction of any such condition or the removal of such material, and LCH SA may, without suffering any penalty, delay the provision of the Services until the Users have completed those actions.
- 4.5. LCH SA shall have the right, if necessary, to modify, enhance its Services and the related Documentation, as described in the attached Schedules, or add new Services upon reasonable prior notice. LCH SA shall make its best endeavours to comply with a six-month prior notice to inform and consult the Users regarding the actions mentioned above. However, this prior notice cannot be less than three (3) months unless otherwise agreed. In case of substantial modification of the Services and the related Documentation, LCH SA shall, prior to the implementation of such modification, consult the Users and make its reasonable endeavours to take into account their remarks. In addition, LCH SA shall communicate in writing to Users, for each such modification, a specific implementation plan including a testing plan, a description of the launch strategy, documentation and any such communication as LCH SA deems appropriate.
- 4.6. If any modification of the Services or the Documentation adversely affects the Users’ activity, the Users shall be entitled to terminate this Access Agreement subject to and in accordance with the provisions of clause 16.3.2.

- 4.7. In the event that access to the Clearing Solution is denied to the Users due to LCH SA's act or omission, LCH SA shall, as far as LCH SA is aware of such access denial, immediately inform the Users and make its best endeavours to restore the access in the shortest delay and as soon as practicably possible.
- 4.8. LCH SA shall promptly notify the Users in case of delay in the performance of a substantial obligation set out in the Access Agreement.
- 4.9. LCH SA's responsibility is limited to:
  - the integrity, confidentiality, authenticity and completeness of all types of instructions/messages generated by the relevant Clearing Solution,
  - the transmission of all types of instructions/messages or files in the appropriate format to the Users through the Clearing Access Solution.
- 4.10. Both Parties shall adopt good industry practice with regard to virus in relation to their own systems and shall use at all times the current release of virus detection software.

## 5. CLEARING ACCESS SOLUTIONS

- 5.1. Having assessed the respective Clearing Access Solutions capabilities, purpose, functionalities and operating method, and found it suitable for their own needs for access to the Clearing Solution, the Users will request LCH SA to supply the requested Clearing Access Solutions under the terms of Schedule 2.
- 5.2. The Users agree to inform LCH SA of their choice in accordance with the provisions set out in the appropriate Request Form attached in Schedule 2. Furthermore, the Users agree to inform LCH SA, in the same manner, for any change, move, addition, or deletion in their choice.
- 5.3. The Users shall ensure that they have the skills necessary to use the Clearing Access Solutions, in particular that their staffs are capable of using the Clearing Access Solutions with the requisite degree of efficiency.
- 5.4. In all cases the Clearing Access Solutions shall be used by the Users under their sole control, direction and responsibility.
- 5.5. With respect to the use of any Clearing Access Solution, the Users accept that it is not advisable to connect the Clearing Access Solutions to other networks or to share files or data with other networks or applications. For the avoidance of doubt, LCH SA would not suffer any liability regarding any adverse effect resulting from the non respect of the above provision.
- 5.6. Pursuant to and in accordance with clause 4.5 of this Agreement and with respect to any new Clearing Access Solution, LCH SA shall consult the Users regarding (i) the selection criteria to be commonly agreed and (ii) the description of the expected new Clearing Access Solution encompassing the associated services, if any.

## 6. USERS OBLIGATIONS

- 6.1. The Users acknowledge having received from LCH SA sufficient information, advice and Documentation that enabled them to make their choice with respect to the type and number of Clearing Access Solutions to be set up. This discretionary choice being made on the basis of their own needs, LCH SA shall not be held liable for the choices made by the Users with respect to the Clearing Access Solutions. Pursuant to and in accordance with Clause 4.5 above, the Users are aware that LCH SA may modify from time to time the Documentation and/or add any additional documents; such documents being enforceable between the Parties.

- 6.2. The Users shall comply with any relevant provision of any relevant Schedule and associated Appendices, Documentation, and with the provisions set out in the relevant Request Form, and satisfy all requirements applicable to their selected Clearing Access Solution. Notwithstanding any other obligations under this Access Agreement, the Users shall ensure that environmental conditions at each Users' premises as communicated by LCH SA or its Subcontractors are maintained for any equipment provided by LCH SA (such as routers, cables, connectors...) and that the exterior surfaces are kept clean and in good working conditions. Subject to applicable law, any individual engaged in the performance of the Services shall comply with any relevant company procedure and/or policy.
- 6.3. The Users shall be liable for the implementation and continuous operation of the data storage link to their Clearing Access Solutions.
- 6.4. The Users shall be solely responsible for the proper use and application within their organisation of the Services, as described in Schedule 2. The Users shall ensure that the Services are used in a competent and conscientious manner by their duly skilled personnel, in accordance with the Access Agreement and the Documentation.
- 6.5. The Users shall render such assistance, close and continuous collaboration and provide all data and information as LCH SA deems reasonably necessary for the performance of the Services. In particular, the Users shall grant LCH SA and/or any of its Subcontractors, with the right to access their premises at any reasonable time pursuant to and in accordance with Schedules 2 and 3. LCH SA shall comply with the Users security, health and safety requirements that shall be communicated to LCH SA by the Users. When, at the request of the Users, and under their sole liability the Clearing Access Solution has to be installed, on a non Users' premises, the Users commit to provide LCH SA, its Subcontractors with the right to access at any reasonable time the non Users premises.
- 6.6. The Users shall provide to LCH SA or any Subcontractor in a timely manner, all information reasonably needed to install and provide the Services. LCH SA will not be liable if it is unable to install or provide the Network Services on a timely basis due to any delay or failure by the Users or any third party appointed by the User in providing accurate information on a timely basis. LCH SA may charge the Users (i) an additional fee for each instance the Users refuse to give LCH SA or its Subcontractors access to the Users premises after an appointment has been made for installation work, or if the Users cause LCH SA to incur significant unanticipated costs due to the Users' delays or errors in the information provided; or (ii) cancellation charges if, in LCH SA's reasonable discretion, the Users have implicitly cancelled the Request Form for granting access to Clearing Access Solution by continually refusing to allow LCH SA or the Subcontractor to complete the installation.
- 6.7. When this is necessary for the proper fulfilment of the Services as described in the Access Agreement, the Users shall grant LCH SA, its Subcontractors with a right to access remotely the Clearing Access Solution.
- 6.8. The Users may neither use the Services for any purpose other than for which it is intended, and as exclusively determined by this Access Agreement and the Documentation nor connect to another supplier network, nor use hardware (or any data transmission facility to which the hardware is connected), not supplied by LCH SA and/or its Subcontractors  
In the event of a use of Services otherwise than as described above which results in materially adverse consequences for any other users the Users accept irrevocably that LCH SA will reject any claim based on damages resulting from any non compliance with the provisions set out in this clause and that LCH SA reserves the right to disconnect immediately (or requires the immediate disconnection of) any equipment or network connected in breach of this clause.
- 6.9. The right to use the Services is not transferable unless LCH SA has explicitly given its prior written consent.

6.10. The Users shall:

- ensure that their installations comply with prevailing industry standards and is compatible with the Clearing Access Solution chosen;
- initiate all reasonable measures needed to guarantee the protection of their access codes from unauthorised third parties;
- ensure that the specifications of the Clearing Access Solution(s) selected are consistent with their needs;

6.11. The Users shall ensure that the characteristics of their hardware and software environment will not disturb or interfere with any of the Services provided by LCH SA.

6.12. The Users shall comply with their obligations regarding security as described in clause 9 and any relevant Schedules.

6.13. The Users shall implement a back up Clearing Access Solutions, according to their needs pursuant to and in accordance with clause 9.3 of this Access Agreement.

## 7. AVAILABILITY

- 7.1. LCH SA may interrupt the provision of the Services when any modifications or adjustments are made. LCH SA shall make its best endeavours to comply with a 5-days prior notice and only interrupt the Services outside Clearing Hours. However, under exceptional circumstances, (such as for instance the intervention to resolve an Anomaly immediately in order to maintain or resume the provision of the Services), LCH SA may interrupt the Services within a shorter prior notice and within the Clearing Hours.
- 7.2. LCH SA shall have the right to suspend the use of the Clearing Access Solution to the Clearing Solution, and hence to the Services, in order to carry out maintenance work on equipment and/or the Software and/or the infrastructure. However and unless exceptional circumstances require otherwise, any such suspension of the access to the Clearing Solution due to maintenance work, shall take place outside the Clearing Hours and upon reasonable prior notice.
- 7.3. To this extent, LCH SA will make its best endeavours to limit the periods during which the Services remain unavailable.
- 7.4. In case of breakdown or unavailability of the Services attributable to network operators selected as Subcontractors by LCH SA to provide Network Services as described in Schedule 2, LCH SA undertakes to make its best endeavours to ensure that the network operators make their best endeavours to restore the Services covered by this Access Agreement as quickly as possible being agreed between the Parties that LCH SA shall not suffer any other liabilities than those set out in the agreement entered into between LCH SA and any network operator as reproduced in clause 13 of this Access Agreement.
- 7.5. Should any Anomaly arise with respect to the provision of the Services, the procedure sets out in Schedule 3 shall be implemented.

## **8. HARDWARE, ACCESS EQUIPMENT AND TELECOMMUNICATIONS NETWORKS**

The Clearing Member, at its sole expense, shall be responsible for providing and maintaining, if relevant, any hardware, facilities, telecommunication and Internet access, software, services and access equipment needed, and not provided by LCH SA or its Subcontractors under this Access Agreement, in accordance with the specifications set out in the Documentation.

## **9. SECURITY AND BUSINESS CONTINUITY**

- 9.1. LCH SA complies with the best security and business continuity practices commonly implemented by banking and financial institutions from time to time.
- 9.2. LCH SA has implemented and shall maintain the necessary actions and policies in order to guarantee the continuity and the security in its Services to Users at all times either on its primary site or back-up sites.
- 9.3. The Users shall ensure that they have in place at all times appropriate business continuity arrangements, having regard to the nature of the Services. Business continuity arrangements shall include (i) the provision of off-site continuity facilities at (a) separate location(s) from the main facilities of the Users and (ii) the implementation of a resilient network infrastructure, in compliance with their business continuity needs in order to enforce the system resiliency so as to allow them to continue benefiting from the Services and guarantee business continuity.
- 9.4. Notwithstanding the above provision, the Users undertake to comply with any specific security and business continuity requirements LCH SA may determine at any time. Such requirements may be as follows: restriction of use of the Clearing Access Solution (only within the Users' premises), communication of the Users security policy related to Clearing Access Solutions or any components used to access the Clearing Solution, resiliency of the Clearing Access Solution on the Users primary site and back up site, obligation to proceed to real switch-over tests from the primary site to back-up site). The above list shall not be construed as an exhaustive list. If need be such requirements will be attached to this Access Agreement in due time and a dedicated schedule will be drawn up.
- 9.5. Moreover, when a Clearing Member delegates its access to the Clearing Solution to a Clearing Access Solution Third Party Provider, LCH SA strongly recommends, and the Clearing Members expressly acknowledge that the network connection, which might be set up by the Clearing Member to the Clearing Access Solution, complies with minimum network security specifications as set out in Schedule 2.

## **10. OWNERSHIP/INTELECTUAL PROPERTY AND LICENCES**

- 10.1. Copyright and all other intellectual property rights regarding all Documentation and other material made available by LCH SA, including any preparatory material pertaining thereto, shall vest exclusively in LCH SA or its licensors as the case may be.
- 10.2. Neither Party grants to the other the right to use its trademarks, trade name, service marks or any other proprietary designations without the prior written consent of such Party.
- 10.3. The Users shall refrain from infringing the rights of LCH SA, whether directly or indirectly.
- 10.4. The Users may not remove or change any indications of copyright, trademarks, trade names or any other signs of intellectual property rights from software, Documentation or other material.

- 10.5. Each Party retains ownership of the documents, data and information of any kind transmitted to the other Party in connection with the performance of this Access Agreement and to which either Party may have access.
- 10.6. All the component items of any software or updates, including studies, analyses, documentation, offers, test suites and any other information and document given by LCH SA or any third party to the Users, including in connection with Support Services (hereafter referred as "Component Items"), are and shall remain the sole and exclusive property of the holder of the rights to such component items.
- 10.7. LCH SA warrants that it holds the necessary copyrights or licence to sub-liscence if need be and authorisations allowing it to grant the licence hereunder.

LCH SA shall indemnify the Users against claims by third parties in respect of any infringement of third party intellectual property rights.

This undertaking is subject to the following express conditions:

- that the Users have promptly notified LCH SA in writing of the notice of the claim, proceedings for infringement or the announcement of such proceedings;
- that the Users provide all information, documents, and reasonable assistance and:
  - either permit LCH SA or LCH SA's licensor to control the defence, settlement, adjustment or compromise of any such claim. The Users may appoint a counsel at their own expense to assist them with respect to any such claim.
  - or, if the Users refuse that LCH SA control the defence, the Users shall not take any decision related to the strategy, the admission of any liability or other statement or enter into any settlement or other agreement which would bind LCH SA without LCH SA's prior written approval, which shall not be unreasonably withheld.

If it is judicially established by a final court judgment or order that a claim is made correctly or in LCH SA's reasonable opinion is likely to be made correctly, LCH SA will attempt, at its own choice and its own expense, either:

- to obtain the right for the Users to continue using the Component Items ;
- to replace the Component Items by an equivalent application with the same functionality that is not the subject of an action for infringement;
- to modify the Component Items in such a way as to avoid the said infringement.

In the event of summary and temporary court decision preventing either LCH SA or Users from using any Component Items, LCH SA shall use its best endeavours to implement a temporary work around solution until the Court decision on the merits.

LCH SA shall have no obligation under this clause 10 to the extent any claim of infringement results from: (i) use of the Component Items in combination with any other software, hardware, firmware, or product or service if the infringement would not have occurred but for such combination; (ii) modification, alteration or change made to the Component Items by any person or entity other than LCH SA; (iii) use of the Component Items for purposes for which it was not specified in the Documentation; or (iv) use of other than the most recent release or version of the Component Items .

The above provisions establish LCH SA's sole liability and the Users' exclusive remedy in relation to actions for infringement arising from use of the Component Items.

## **11. WARRANTIES**

11.1. Each Party represents and warrants to the other Party that:

- it is, and shall remain, duly organised and validly existing under the laws of the jurisdiction of its incorporation and has been in continuous existence since incorporation;
- it has the right, power and authority, and has taken all action necessary, to execute, deliver and exercise its rights, and perform its obligations under this Access Agreement;
- it has, and shall continue to have, the right, power and authority to enter into all the transactions contemplated by this Access Agreement;
- it has obtained and complied with all applicable regulations;
- it holds all the authorisations, property rights and licence contracts:
  - for all the hardware, configurations, facilities, firmware, access equipment, and specific software; and
  - for the content of legally protected databases.

11.2. The Users represent and warrant that they hold all the authorisations, property rights and licence contracts :

- for all the hardware, configurations, facilities, firmware, access equipment, and specific software;
- and
- for the content of legally protected databases.

to which LCH SA, or its Subcontractors may need to have access to perform the Services in connection with this Access Agreement.

11.3. LCH SA does not make any warranty or representation other than those formally expressed in this Access Agreement and the Documentation and LCH SA expressly disclaims any and all other warranties, express or implied including warranties against inherent defects and hazardous products. In particular LCH SA expressly disclaims any implied warranty of fitness for a particular purpose.

## **12. INVOICING**

### **12.1. Fees**

12.1.1. LCH SA will charge the Users the fees specified in the Request Forms and/or in LCH SA Fee Grid available on LCH SA web site. Upon sixty (60) Days written notice, LCH SA may increase the fees; such increase being effective as of the expiry of the above notice unless otherwise specified. For the avoidance of doubt, any increase shall apply regardless of the date on which Users subscribed or renewed the Services. Should the User disagree with such increase, he may be entitled to terminate this Access Agreement pursuant to the conditions set out in Clause 16.3.2 below.

12.1.2. All fees are in euros and exclusive of applicable taxes and other impositions, including without limitation, value added tax and similar taxes that may be imposed by competent authority.

## **12.2. Invoicing and Payment**

- 12.2.1. Regarding the Clearing Member: on the 10<sup>th</sup> Business Day following the end of each month during which the provision of the Services occurred, LCH SA directly debits the due and payable amounts from the relevant account as for any cash payment obligation as described in the Documentation. Prior to such debits, the Clearing Member receives an invoice detailing those amounts.
- 12.2.2. Regarding the Clearing Access Solution Third Party Provider, LCH SA will issue an invoice which shall be paid within thirty (30) Days upon receipt of the invoice. If the Clearing Access Solution Third Party Provider fails to pay the invoice, LCH SA shall be entitled to suspend the provision of the Services upon the expiry of a ten (10) Days period from the date of a written notice requesting the payment of the fees.
- 12.2.3. Notwithstanding the provisions of Clause 12.2.2 above and if the Clearing Access Solutions Third Party Provider duly appointed through a Request for Delegation Form by one or several Clearing Members fails to pay the amounts due pursuant to the process detailed above, LCH SA reserves the right to debit directly the full amount due by the delegated Clearing Access Solutions Third Party Provider from the account of one of the delegating Clearing Member.
- 12.2.3. If the Users fail to pay any amount due within the timeframe described in Clauses 12.2.1 and 12.2.2, the Users shall pay interest in relation to that amount, accruing daily from the due date to the date of actual payment (both dates inclusive) at a rate equal to one and a half times the most recent refinancing rate of the European Central Bank. LCH SA may assign its claim for payment to one or more third parties, in which case the Users, in addition to the aggregate amount due, shall be liable for any legal and/or extra-legal collection costs incurred.
- 12.2.4. Payment shall be made without offset or postponement on any grounds whatsoever, except to the extent that an arbitration award or court decision has determined that the Users has a counterclaim eligible for offset or valid grounds for postponement.
- 12.2.5. LCH SA shall neither have any obligation to reimburse any Users for any payment already made in the event that the Users have not started their clearing activities or for any other reason whatsoever, nor shall there be any such obligation to reimburse any payments made for the provision of Services after the termination of this Access Agreement.

## **13. LIABILITY**

- 13.1. Taking into account the special characteristics of LCH SA's business and the nature of the Services, the Parties expressly agree that LCH SA is subject to a best-endeavours obligation as regards to the performance of all the obligations referred to in this Access Agreement. The Users are also under a best endeavours obligation.
- 13.2. LCH SA shall only be liable for direct losses or damages if it is evidenced that LCH SA or its Subcontractors have breached any of their obligations under this Access Agreement or have acted with negligence.

Notwithstanding any other provisions hereunder, in no circumstances shall LCH SA be liable for the reinstatement of data nor for indirect or consequential damages or loss which shall include inter alia loss of profits, loss of opportunities or income, loss of sales, loss of image or commercial reputation, or (except as set out in and subject to Clause 10.7 of this Access Agreement) third party's claims or actions.

Whenever data are lost due to a breakdown in the Network Services, LCH SA may, in cooperation with the Users, make its best endeavours to set up a contingency procedure to deliver the lost data to its Users. The Users undertake to fully collaborate and to dedicate as many duly skilled resources as necessary to implement the contingency procedure

13.3. In the event of loss of or damage to tangible property caused by LCH SA's or its Subcontractors negligent act or omissions, LCH SA's liability shall not exceed the amount of one million Euros (€1,000,000).

13.4. As far as the performance of the Network Services set out in Schedule 2 of this Access Agreement is concerned, LCH SA's total liability, howsoever such liability arises, whether in contract, tort (including, without limitation, negligence) or otherwise, in respect of any claim or series of connected claims, which have become final, is capped to the amount (excluding any applicable taxes) paid by each User during the period of twelve (12) months prior to the occurrence of the event or series of connected events giving rise to a claim or series of claims.

For the sake of clarity LCH SA undertakes to refund the relevant Users with all the sums received from the Subcontractor without retaining any fee.

13.5. Except as set out in and subject to Clause 10.7, 13.3 and 13.4 of this Access Agreement or if LCH SA or its Subcontractors act with fraud, wilful misconduct or gross negligence, LCH SA'S liability, whether in breach of contract, misrepresentation or otherwise, towards all Users which have entered into this Access Agreement shall be limited to an aggregate amount of five million Euros per calendar year for all claims made by one or several Users which have become final during the relevant year.

This maximum amount applies to all final claims made by Users under this Access Agreement. A claim shall become final:

- (i) on the date of its receipt by LCH SA if LCH SA has not disputed it, neither as to its principle nor as to its amount, within the time period provided for in Clause 23.5.; or
- (ii) if LCH SA has disputed the claim, on the date on which LCH SA has been found liable either as a result of the amicable settlement procedure provided for in Clauses 23.1 and 23.2 or by a final and enforceable decision rendered by the French court or the arbitration centre which is competent pursuant to Clause 23.3

In the course of each calendar year, LCH SA shall pay the final claims, within a reasonable timeframe, up to an amount of fifty thousand Euros per User. LCH SA shall postpone any complementary payment until the end of the relevant calendar year at which time it shall determine the global amount of claims which became final during that calendar year. LCH SA will deduct this amount from the global annual amount of 5 million Euros. If the global annual amount of five million Euros has been partially used, LCH SA will pay prior to the 31<sup>st</sup> of March of the next calendar year and subject to the above conditions, in proportion to the Users' damages, any remaining amount to the Users having made such final claims.

13.6. LCH SA shall not be held liable for:

- problems caused by the hardware, equipment, firmware and software used by the Users to gain access to the Clearing Access Solution, unless such hardware and/or software is owned by and under the control ("sous la garde") of LCH SA;
- the actions, omissions, Service interruptions, quality defects or delays caused by third parties such as regulators, Clearing Access Solution Third Party Providers, or any other providers of services or equipment;
- anomalies occurring in the transmission facilities supplied to the Users or, broadly, on any equipment of any nature whatsoever unless such deficiencies result from LCH SA's acts;
- for any loss resulting from the Users non compliance with the security and business continuity requirements set out in Clause 9.
- for any loss resulting from the Users' absence or deficiency of their back up Clearing Access Solution.

13.7. If the Users have contributed to the occurrence of the loss by their act or negligence, any loss or damages shall be allocated between LCH SA and the Users in accordance with their respective contributions to such loss.

13.8. In case the Clearing Member delegates its access to the Clearing Solution to a Clearing Access Solution Third Party Provider, the Clearing Member expressly renounces, for the Services subscribed through the Clearing Access Solution Third Party Provider, to its rights to directly sue LCH SA in case of failure of the latter's obligations. Should this situation occur, only the Clearing Access Solution Third Party Provider may be entitled to claim LCH SA for compensation.

In such situation, the Clearing Member acknowledges and agrees it has no recourse to LCH SA, save for seeking reimbursement for any sums directly debited by LCH SA for the same Services under Clause 12.2.3.

13.9. LCH SA agrees to provide the Services at the premises of a non Clearing Member upon the Clearing Member's request, under the Clearing Member's sole liability. In that respect, the Clearing Member shall hold harmless and indemnify LCH SA against any losses arising out or in connection with the provision of the Services at the premises of a non Clearing Member. The Clearing Member shall procure that the non Clearing Member fully complies with the requirements set out in this Access Agreement and shall be liable for any act or omission of the non Clearing Member.

13.10. The Users shall only be held liable for direct losses or damages, including notably any losses or damages to the hardware and other material and equipment under their control ("gardien") even those provided by LCH SA, if it is evidenced that the Users have breached any of their obligations under this Access Agreement or has acted with negligence.

Notwithstanding any other provisions hereunder, in no circumstances shall the Users be held liable for the reinstatement of data nor for indirect or consequential damages or loss which shall include inter alia loss of profits, loss of opportunities or income, loss of sales, loss of image or commercial reputation, or third party's claims or actions.

13.11. Unless the Users act with wilful misconduct, fraud or gross negligence, the Users' liability, whether in breach of contract, misrepresentation or otherwise, towards LCH SA shall be limited to a global annual amount of 100 000 Euros for all claims made by LCH SA which have become final during the relevant calendar year.

This maximum amount applies to all final claims made by LCH SA under this Access Agreement. A claim shall become final:

- (i) on the date of its receipt by any User if the User has not disputed it, neither as to its principle nor as to its amount, within the time period provided for in Clause 23.5; or
- (ii) if the User has disputed the claim, on the date on which the User has been found liable either as a result of the amicable settlement procedure provided for in Clauses 23.1 and 23.2 or by a final and enforceable decision rendered by the French court or the arbitration centre which is competent pursuant to Clause 23.3.

13.12. The Parties shall effect and maintain at all times from the Effective Date as this term is defined in Clause 16 below, policies of insurance with a solvent insurance company in relation to their potential liabilities under or in connection with this Access Agreement and the Services.

#### **14. SUBCONTRACTORS**

14.1. LCH SA shall be entitled to engage Subcontractors to perform certain Services.

14.2. The Clearing Member shall be informed with reasonable prior notice as soon as LCH SA designates such a Subcontractor.

14.3. LCH SA remains fully liable for the performance of the Access Agreement even in case of use of Subcontractors whatever the level of subcontracting without prejudice to the provisions of Clause 13.4.

## 15. FORCE MAJEURE

15.1. Neither party shall be held liable to the other Party for any delay or non-performance of its obligations under this Access Agreement arising from any Force Majeure Event.

15.2. The affected Party shall promptly notify the other Party in writing of the cause of the delay or non-performance and the likely duration of the delay or non-performance with all supporting documents and evidences. The affected Party shall use its reasonable endeavours to limit the effect of that delay or non-performance on the other Party. The performance of the affected Party's obligations, to the extent affected by the cause, will be suspended during the period that the cause persists. If performance is not resumed within 90 days after that notice and the Parties shall have failed to resolve through the dispute resolution mechanism, the other Party may terminate this Access Agreement immediately by written notice to the affected Party subject to and in accordance with Clause 16.

15.3. During such period of ninety days, the Parties shall co-operate in view of resolving the interruption of Services.

## 16. TERM AND TERMINATION

### 16.1. DURATION

The Access Agreement shall enter into force on the date of signing by both Parties (the **Effective Date**) and shall remain in force for an indefinite duration.

### 16.2. SUSPENSION

16.2.1. LCH SA may suspend the Services in the event that the Clearing Member's membership is suspended for any reason whatsoever as stated in the Documentation. During such suspension, the Clearing Member shall remain liable for payment of all fees due to LCH SA under this Access Agreement.

16.2.2. In the event of temporary suspension of clearing activities, of the services provided by the Clearing Access Solution Third Party Provider, or temporary unavailability of the Clearing Access Solution, the Parties expressly agree that this Access Agreement shall remain in effect. The Users agree to maintain the Clearing Access Solutions in proper working conditions and to make timely payments of any amounts owed for the provision of the Clearing Access Solutions and for the provision of the Services themselves unless LCH SA is responsible for the temporary suspension.

### 16.3. TERMINATION

16.3.1. Either Party shall have the right to terminate this Access Agreement with immediate effect by registered letter to the other Party, without prejudice to any rights and remedies:

- if the other Party is unable to pay its debt or becomes insolvent or an order or application is made or a resolution passed for the bankruptcy, administration, winding-up or dissolution of the other Party or to

- a significant extent discontinues part or all of such of its activities that relate to the object of this Access Agreement to the extent permitted by law;
- if the other Party is in material breach of its obligations under this Access Agreement and if this obligation is capable of remedy fails to remedy such breach within fourteen (14) days after receiving written notice requiring it to do so;
- in the event of Force Majeure in accordance with Clause 15.
- if the Admission Agreement is terminated for any reason whatsoever.

16.3.2. Notwithstanding the above provisions, the Access Agreement may only be terminated in accordance with the Documentation.

16.3.3. Notwithstanding Clause 16.3.1, the LCAP Clearing Access Solution and Network Services, ordered pursuant to the terms of the relevant Request Form, shall run for a 12 months period starting, at the earlier, (i) from the date on which the Services are operational (Operational Service Date) or (ii) from the date mentioned on the first invoice issued by LCH SA following the implementation of the relevant Clearing Access Solution. At the term of the initial 12 months period, the LCAP Clearing Access Solution and Network Services will automatically renew for successive one month periods unless the Users decide to terminate them by giving a 60 Days written notice.

In case of termination prior to the expiry of the Initial 12 months period, the Users shall owe LCH SA the fees due up to the expiry of this initial 12 months period. In case of termination after the expiry of the 12 months period, the Users shall owe LCH SA the fees due up to the expiry of the 60 Days notice period mentioned above.

Unless otherwise specified, the above provisions are not applicable to the other Clearing Access Solutions, being, at the date of this Access Agreement, eCCW, Web OTC, which can be terminated in writing at any time. For the sake of clarity, the fees corresponding to the month during which the termination notice is given will be fully invoiced without any prorata temporis.

16.3.4. Where this Access Agreement ceases to be in force by operation of law, it shall terminate with immediate effect, without any requirement for notice of default and without prejudice to the right of the Parties to claim compensation for any damages or losses.

#### **16.4. CONSEQUENCES OF TERMINATION**

16.4.1. Any termination of this Access Agreement for whatever reason shall not affect the accrued rights or liabilities of either Party nor shall it affect the coming into force or continuation into force of any other of its clauses or provisions which are expressly or by implication intended to come into force or continue in force on or after termination of this Access Agreement including Clauses 11 "Warranties", 13 "Liability", and 18 "Confidentiality".

16.4.2. Termination of the Access Agreement for whatever reason shall render all outstanding amounts due by the Users under the Access Agreement immediately payable and will require the performance of any outstanding commitment on their part.

16.4.3. Upon termination of this Access Agreement for any reason, the Users shall return to LCH SA, no later than one month after such termination, the Documentation and all other equipment and material provided by LCH SA, in good condition, reasonable wear and tear excepted. The said material shall be returned directly, or placed at the disposal of LCH SA or its Subcontractors with the Users duly informing LCH SA by registered mail with return receipt. If the Users do not return any equipment or material, LCH SA will have the right, in

its sole discretion, to remove the equipment or material and to charge the Users for the equipment or material based on their then current value.

16.4.4. Upon return of the material, the Parties agree to sign a certificate of recovery of possession.

## 17. REVERSIBILITY

In case of LCH SA decision to:

- either appoint a new Network Services Subcontractor, or replace the existing Network Services Subcontractor,
- or retrieve, replace or add one or several Clearing Access Solutions,

LCH SA undertakes to cooperate with the Users in order to ensure an orderly transition of the Services.

LCH SA will in due time issue a general communication to the Users detailing the conditions under which (planning, testing plan....) such transition will take place.

## 18. CONFIDENTIALITY

18.1. Each Party (**Recipient**) undertakes to the other Party (each, a **Disclosing Party**) to treat as confidential all the information and/or documents, in any form whatsoever, obtained in performing this Access Agreement that the Recipient receives from the Disclosing Party either directly or from any other person which concerns the business, operations, customers or users of the Disclosing Party including any data and/or electronic data files, whether or not such items are associated with a notice of confidentiality (the **Confidential Information**).

18.2. The Recipient may only use the Confidential Information for the purposes of, and in accordance with, this Access Agreement. The Recipient may only provide its employees, directors, Subcontractors, and professional advisers together with their respective employees, directors, subcontractors and professional advisers (**Permitted Users**) with access to the Confidential Information on a strict "need-to-know" basis. The Recipient shall ensure that each of its Permitted Users is bound to hold all Confidential Information in confidence to the standard required under this Access Agreement. Where a Permitted User is not an employee or director of the Recipient (and is not under a professional duty to protect confidentiality) the Recipient shall ensure that the Permitted User shall, prior receiving the Confidential Information, enter into a written confidentiality undertaking with the Recipient on substantially equivalent terms to this Access Agreement, a copy of which shall be provided to the Disclosing Party upon request.

18.3. This Clause 18 shall not apply to any information which:

18.3.1. is in or subsequently enters the public domain other than as a result of a breach of this Clause 18;

18.3.2. has been or is subsequently received by the Recipient from a third party and the Recipient is under no confidentiality obligation in respect of that information other than under this Access Agreement; or

18.3.3. has been or is subsequently independently developed by the Recipient without use of the Disclosing Party's Confidential Information; or

18.3.4. the Disclosing Party has agreed in writing may be disclosed.

18.4. Each Permitted User may disclose Confidential Information where that Permitted User (or, where the Permitted User is an individual, his or her employer) is required to do so by law, by the Clearing Rules or by

any competent court or by any clearing organisation or competent regulatory authority. In these circumstances the Recipient shall give the Disclosing Party prompt advance written notice of the disclosure (where lawful and practical to do so) so that the Disclosing Party has sufficient opportunity (where possible) to prevent or control the manner of disclosure by appropriate legal means.

18.5. This obligation shall remain in effect for three years after termination of this Access Agreement.

## **19. ASSIGNMENT**

The Users shall not under any circumstances assign or transfer this Access Agreement in whole or in part without the prior written consent of LCH SA.

Nothing in this Access Agreement shall prevent or restrict LCH SA from assigning, transferring or otherwise disposing of any of its rights and obligations under this Access Agreement to any of its affiliated company as defined in French Commercial Code.

## **20. HEADINGS**

The headings in this Access Agreement do not affect its interpretation. In case of conflict between any heading to a provision and any provision itself, the heading shall be deemed non-existent.

## **21. GENERAL**

**21.1. No partnership or agency:** Nothing in this Access Agreement shall be deemed to constitute a partnership between the Parties, nor constitute either Party the agent of the other Party for any purpose.

**21.2. Waiver:** The rights of each Party under this Access Agreement:

21.2.1. may be exercised as often as necessary;

21.2.2. are cumulative and not exclusive of rights or remedies provided by law; and

21.2.3. may be waived only in writing and specifically.

Delay in exercising or non-exercise of any right is not a waiver of that right.

**21.3. Amendments:** Any amendment of this Access Agreement shall not be binding on the Parties unless set out in writing, expressed to amend this Access Agreement and signed by authorised representatives of each of the Parties. Notwithstanding the above provision, the Parties agree that LCH SA may decide to add or remove documents as Schedules to this Access Agreement pursuant to Clause 4.5 of this Access Agreement. Any new Schedule will either repeal and replace the relevant former Schedule or be added to the contractual documentation governing the Access Agreement and shall enter into force 30 days after LCH SA sent, through email, general information to the Clearing Member. These new documents shall be deemed to form integral part of this Access Agreement.

**21.4. Severability:** If any term of this Access Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

21.4.1. the legality, validity or enforceability in that jurisdiction of any other term of this Access Agreement; or

21.4.2. the legality, validity or enforceability in other jurisdictions of that or any other provision of this Access Agreement,

and the Parties shall use all reasonable endeavours to agree to replace such a term with one that reflects the meaning and purpose of the relevant term within this Access Agreement as closely as possible without being illegal, invalid or unenforceable.

## **22. LANGUAGE**

All notifications or correspondence between the Parties shall be made in English, but may be translated in the language of the Users at their request. In case of any discrepancy between these versions, the signed version shall prevail.

## **23. APPLICABLE LAW AND JURISDICTION**

This Access Agreement shall be governed and interpreted in accordance with French Law.

23.1. In the event of a dispute, the Parties shall try and seek an amicable settlement to their conflict.

23.2. Where such an amicable settlement cannot be reached within one month, the Parties agree that any dispute shall be resolved in accordance with Clause 23.3 of this Access Agreement.

23.3. Any dispute between the Parties that may arise out of or in connection with this Access Agreement shall be dealt with either by the French courts having jurisdiction or the arbitration centre chosen in the Admission Agreement if the Clearing Member agreed to refer their dispute to arbitration. In the latter case, the Parties acknowledge that they have the capacity to enter into an arbitration agreement.

23.4. The language to be used in arbitration proceedings shall be English unless the Parties agree otherwise.

23.5. On pain of forfeiture of the rights to claim for compensation, the Users shall notify LCH SA of every claim for compensation within and no later than twelve (12) months from the day the Users become aware, or should have become aware using due diligence, of the occurrence of the harmful event.

Agreed and signed in two original copies, each Party acknowledging receipt of one such copy,  
on

.....,

LCH SA

User

M\_ : \_\_\_\_\_

M\_ : \_\_\_\_\_

title: \_\_\_\_\_

title: \_\_\_\_\_

date: \_\_\_\_\_

date: \_\_\_\_\_

User's contact details for Support Services:

telephone number .....

fax number.....

email address.....

**Schedule 1  
SECURITY and CONTINUITY OF THE CLEARING ACCESS SOLUTIONS****1 GENERALITIES**

- 1.1 The Users accept notably but not exclusively the following obligations to maintain, throughout the term of this Access Agreement, the level of logical security and control of access to the Network Services, whatever the chosen Clearing Access Solution, governed by this Access Agreement;
- 1.2 The Users must promptly cooperate with LCH SA in responding to security incidents and report to LCH SA any event, condition, or activity that Users become aware of that indicates a possible or actual violation of the Users access rights, deviation or breach or compromise of the security of the Network Services.
- 1.3 The Users retain full control, either directly or indirectly, over the design and implementation of its policy of administering authorisations for logical access to the Clearing Access Solution on all of its sites (production site, back-up site).
- 1.4 Any change implemented at the Users' initiative must remain compliant with security standards.
- 1.5 The Users and LCH SA will jointly investigate on all attempts at unauthorised access with a view to determining the causes and implement the most appropriate corrective solutions.

**2 CONTINUITY AND SECURITY REGARDING NETWORK SERVICES****2.1 *Continuity***

All network infrastructures shall comply with the following :

- resilient network equipment on Users' premises along with failover mechanisms
- resilient Users' access with no SPOF (Single Point Of Failure) based on dual carriers
- secured and fully-meshed network
- resilient central infrastructures

**2.2 *Security***

Security regarding encryption and authentication are guaranteed by the Network Services provided by LCH SA, with end-to-end VPN (Very Private Network) tunnelling based on IPSec protocol (VPN gateway fully-managed by LCH SA Network Services Subcontractors).

All clearing data sent through the Network Services are secured by this VPN layer:

- Real-time messaging MMTP
- File transfer FTP
- Secure file transfer SFTP
- Application Programming Interfaces (API)

In addition, each LCAP is isolated on a separate DMZ on LCH SA central infrastructure.

### **3 CONTINUITY AND SECURITY REGARDING LCAP CLEARING ACCESS SOLUTION**

#### **3.1 Continuity**

In order to guarantee high availability and accurate performances of the LCAP, LCH SA has implemented an architecture built on 3 levels of resiliency :

- Level 1 resiliency : Distributed Resource Scheduler (DRS) process;
- Level 2 resiliency : clusters architecture;
- Level 3 resiliency : Data Centres architecture with Disaster Recovery site;

#### **3.2 Security**

The access to LCAP is handled through a Logical Dongle authentication.

### **4 SECURITY REGARDING ECCW CLEARING ACCESS SOLUTION**

#### **4.1 ECCW Member Security Administrator**

##### **4.1.1 EMSA definition**

The legal representative or any duly empowered representative of each User shall appoint at least one eCCW Member Security Administrator (EMSA) in charge of the management of the access to the eCCW Clearing Access Solution.

The EMSA shall have sufficient skills and independence to perform his/her tasks.

The EMSA shall be the sole point of contact for all security issues, and mainly:

- Definition/modification of member users profiles (reading / writing rights)
- Management of eCCW access cards.

The EMSA shall not use the eCCW Clearing Access Solution for any other purposes than those set out above. LCH SA strongly recommends the appointment of a supplemental EMSA in the event of any unavailability of the EMSA.

#### **4.2 EMSA responsibilities**

##### **4.2.1 User profiles management**

LCH SA will set up access to eCCW services in accordance with the terms set out on the eCCW Request Form and any instructions notified by the EMSA. LCH SA shall make its reasonable endeavours to take into account this instruction within a reasonable delay upon receipt of the same and to the extent that such instruction is complete and compliant with the terms hereunder. This definition of profile(s) relies under the sole responsibility of the EMSA.

All following events shall be immediately communicated to LCH SA by the EMSA in order to update Users' accesses:

- leavers (e.g. resignation, dismissal, any cause of leaving)
- change of function

- re assignation of eCCW access cards
- loss of token or activation of eCCW access cards following de-synchronisation or loss of PIN code.

#### 4.2.2 Handling eCCW access cards

The EMSA shall distribute eCCW access cards to the duly appointed eCCW Users.

The EMSA shall further refer and comply with the appropriate Documentation.

The EMSAs shall train the eCCW Users in particular, with respect to the Security Policy detailed hereafter.

### **4.3 Security and continuity**

The following Security and Authentication Policy defines the eCCW security policies.

While signing the eCCW Request Form, the Users agree to comply with such Policy as detailed below and as amended from time to time.

#### 4.3.1 Security and authentication policy

##### Authentication policy

The access to the eCCW Clearing Access Solution requires a unique username, a PIN code and a eCCW access card to generate the one-time password.

The user name identifies the eCCW services user and the PIN code enables the user to obtain a password from the eCCW access card. The eCCW access card generates a new password each time the user enters the PIN code.

To log into the eCCW services, the user shall enter his user name and password. The server authenticates the user and the eCCW system grants access to the user in accordance with the specifications set out in the Request Form.

A user name within the Users or any other entity identified in the Request Form enables the use of only one eCCW access card in a given environment (i.e. production and test platform for the main eCCW access card and production only for the eCCW backup access card).

User names will be provided by LCH SA on request of the EMSA.

User names shall be meaningful enough to uniquely identify the user.

Very short names and generic names related to functions shall be prohibited.

The initial PIN is provided by LCH SA for a fixed term. When an eCCW access card is used for the first time, the user will be requested to create a new PIN which can be changed at any time by the eCCW services user. PINs shall be kept securely and shall not be disclosed. Any change of the PIN shall be undertaken under the responsibility of the relevant eCCW services user.

The eCCW Clearing Access Solution users shall securely store their eCCW access card when they do not use the same.

## Security and Back up Policy

eCCW user sessions shall expire after a 20 minutes period of inactivity. The workstation which gives access to the eCCW services should also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

In any case, the Users shall be responsible for the security and correct use of the eCCW access cards provided to them by LCH SA. Any loss or misuse of eCCW access cards shall be the sole responsibility of the Users. In that respect, LCH SA recommends EMSAs to order eCCW backup access cards to be assigned to eCCW users in back up situations.

Those eCCW backup access cards will be active and pre assigned to any eCCW user (i.e., duplication of the eCCW main access card), and as such to be used only in replacement of eCCW main access cards.

eCCW main access cards and eCCW backup access cards shall not be and cannot be used simultaneously.

## **5 SECURITY REGARDING LCH SA WEB FIXED INCOME**

### **CLEARING ACCESS SOLUTIONS**

The following Security and Authentication Policy defines the Web Fixed Income security policies.

While ordering a Web Fixed Income access Clearing Access Solutions, the Users agree to comply with such Policy as detailed below and as amended from time to time.

#### **5.1 *Authentication policy***

The access to LCH SA relevant website (Web Fixed Income) is done through a secured link and requires a unique user ID, a PIN code and an access card to generate a one-time Pass Code.

The user ID identifies the user and the PIN code is used to activate the access card that will generate one-time Pass Codes on a regular basis. Those Pass Codes are synchronized with the relevant web site in order to be recognized.

To log into the Web Fixed Income services, the user shall enter his user ID and the one-time generated Pass Code that appears on his access card at login time. The server authenticates the user and the system grants access to the user.

#### **5.2 *Security and Back up Policy***

##### **5.2.1 Member Security Administrator**

###### **5.2.1.1 *MSA definition***

The legal representative or any duly empowered representative of each User shall appoint at least one Member Security Administrator (MSA) in charge of the management of the access to the Web Fixed Income Clearing Access Solution.

The MSA shall have sufficient skills and independence to perform his/her tasks.

The MSA shall be the sole point of contact for all security issues, and notably the management of Web Fixed Income access cards.

LCH SA strongly recommends the appointment of a supplemental MSA in the event of any unavailability of the MSA.

### **5.2.1.2 MSA responsibilities**

#### *5.2.1.2.1 User management*

LCH SA will set up access to Web Fixed Income services in accordance with the terms set out on the Web Fixed Income Request Form and any instructions notified by the MSA. LCH SA shall make its reasonable endeavours to take into account this instruction within a reasonable delay upon receipt of the same and to the extent that such instruction is complete and compliant with the terms hereunder.

All following events shall be immediately communicated to LCH SA by the MSA in order to update Users' accesses:

- leavers (e.g. resignation, dismissal, any cause of leaving)
- change of function
- re assignation of Web Fixed Income cards
- loss of token or activation of Web Fixed Income cards following de-synchronisation or loss of PIN code.

#### *5.2.1.2.2 Handling Web Fixed Income access cards*

The MSA shall distribute Web Fixed Income cards to the duly appointed Web Fixed Income Users.

The MSA shall further refer and comply with the appropriate Documentation.

The MSAs shall train the Web Fixed Income Users in particular, with respect to the Security Policy detailed hereafter.

### **5.2.2 Security**

The Users are informed that this system creates an audit trail that cannot be repudiated. The users shall be held accountable for activities recorded identifying them as the perpetrators. Impersonation (Unauthorized use of one's identity and privileges) shall be avoided by protecting the secrecy user ID and access card.

The Users are responsible for taking the following precautions:

- PIN code shall not be spread over
- PIN code shall not be written on accessible documents
- access card shall be protected from the theft. If the access card is misled or stolen, LCH SA CTH shall be informed at once to neutralize it so that it becomes unusable. LCH SA CTH can generate a temporary password having made sure of the identity of the user.

The Users are responsible for the protection of their access cards:

- It shall not be immersed in a liquid
- It shall not be exposed to extreme temperatures
- It shall not be put under pressure
- It shall not be folded

## 6 SECURITY REGARDING LCH SA WEB EGCP

The following Security and Authentication Policy defines the Web EGCP security policies.

While ordering a Web EGCP access Clearing Access Solutions, the Users agree to comply with such Policy as detailed below and as amended from time to time.

### **6.1 Authentication policy**

The access to LCH SA relevant website (Web EGCP) is done through a secured link and requires a unique user ID, a PIN code and an access card to generate a one-time Pass Code.

The user ID identifies the user and the PIN code is used to activate the access card that will generate one-time Pass Codes on a regular basis. Those Pass Codes are synchronized with the relevant web site in order to be recognized.

To log into the Web EGCP services, the user shall enter his user ID and the one-time generated Pass Code that appears on his access card at login time. The server authenticates the user and the system grants access to the user.

### **6.2 Security and Back up Policy**

#### **6.2.1 Member Security Administrator**

##### **6.2.1.1 MSA definition**

The legal representative or any duly empowered representative of each User shall appoint at least one Member Security Administrator (MSA) in charge of the management of the access to the Web EGCP Clearing Access Solution.

The MSA shall have sufficient skills and independence to perform his/her tasks.

The MSA shall be the sole point of contact for all security issues, and notably the management of Web EGCP access cards.

LCH SA strongly recommends the appointment of a supplemental MSA in the event of any unavailability of the MSA.

##### **6.2.1.2 MSA responsibilities**

###### **6.2.1.2.1 User management**

LCH SA will set up access to Web EGCP services in accordance with the terms set out on the Web EGCP Request Form and any instructions notified by the MSA. LCH SA shall make its reasonable endeavours to take into account this instruction within a reasonable delay upon receipt of the same and to the extent that such instruction is complete and compliant with the terms hereunder.

All following events shall be immediately communicated to LCH SA by the MSA in order to update Users' accesses:

- leavers (e.g. resignation, dismissal, any cause of leaving)
- change of function
- re assignation of Web EGCP cards

- loss of token or activation of Web EGCP cards following de-synchronisation or loss of PIN code.

#### 6.2.1.2.2 *Handling Web EGCP access cards*

The MSA shall distribute Web EGCP cards to the duly appointed Web EGCP Users.

The MSA shall further refer and comply with the appropriate Documentation.

The MSAs shall train the Web EGCP Users in particular, with respect to the Security Policy detailed hereafter.

#### 6.2.2 Security

The Users are informed that this system creates an audit trail that cannot be repudiated. The users shall be held accountable for activities recorded identifying them as the perpetrators. Impersonation (Unauthorized use of one's identity and privileges) shall be avoided by protecting the secrecy user ID and access card.

The Users are responsible for taking the following precautions:

- PIN code shall not be spread over
- PIN code shall not be written on accessible documents
- access card shall be protected from the theft. If the access card is misled or stolen, LCH SA CTH shall be informed at once to neutralize it so that it becomes unusable. LCH SA CTH can generate a temporary password having made sure of the identity of the user.

The Users are responsible for the protection of their access cards:

- It shall not be immersed in a liquid
- It shall not be exposed to extreme temperatures
- It shall not be put under pressure
- It shall not be folded

## 7 SECURITY REGARDING CMS CLEARING ACCESS SOLUTIONS

The following Security and Authentication Policy defines the CMS security policies.

While signing the LCH SA Portal / CMS Request Form, the Clearing Members agree to comply with such Policy as detailed below and as amended from time to time.

#### 7.1 *Security and authentication policy*

##### Authentication policy

The access to the CMS requires a unique username and a password.

To log into CMS, the user shall enter his user name and password. The server authenticates the user and the system grants access to the user in accordance with the specifications set out in the Request Form.

User names will be provided by LCH SA on request of the user

User names shall be meaningful enough to uniquely identify the user.

Very short names and generic names related to functions shall be prohibited.

The initial password is provided by LCH SA for a fixed term. When user logs in for the first time, the user will be requested to create a new password which can be changed at any time by the user.

### **7.2 Security and Back up Policy**

CMS user sessions shall expire after a 20 minutes period of inactivity. The workstation which gives access to the CMS services shall also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

The Clearing Member shall have in place all necessary security measures and procedures to prevent any unauthorised access to, or use of, CMS and CMS Content and the Clearing Member shall immediately notify LCH SA in the event of any such unauthorised access or use, or if any Access Details are lost, stolen, misused or become known by any person other than the relevant Authorised User.

In any case, the Clearing Member shall be responsible for the security and correct use of the credentials provided to them by LCH SA. Any misuse of the credentials shall be the sole responsibility of the Clearing Members.

The Clearing Member shall immediately notify LCH SA on becoming aware of any unauthorised access or use, or if any of its Access Details are lost, stolen, misused or become known by any other person.

### **7.3 Continuity**

The Clearing Member shall procure that the Authorised Users shall comply with the terms of this Access Agreement and shall ensure that only Authorised Users to whom valid Access Details have been issued will access or use (or attempt to access or use) CMS and that Access Details are at all times kept confidential. If an Authorised User ceases to be authorised to act by the Clearing Member, the Clearing Member will immediately notify LCH SA by using the contact details provided for this purpose to the Clearing Member by LCH SA from time to time. The Clearing Member shall ensure the Authorised User ceases to access and use CMS immediately if it ceases to be authorised to act by the Clearing Member.

LCH SA shall be entitled to suspend access to CMS by the Clearing Member, suspend and/or terminate access to CMS in respect of each Authorised User, and amend any or all Access Details, in each case from time to time and without prior notice to the Clearing Member or any Authorised User. Where LCH SA notifies the Clearing Member that it is suspending or terminating an Authorised User's right to access CMS the Clearing Member shall ensure that each Authorised User ceases to access CMS until, in the case of suspension, LCH SA advises it that such Authorised User is no longer so suspended.

## 8 SECURITY REGARDING CDSCLEAR PORTFOLIO MARGIN CALCULATION TOOL

The following Security and Authentication Policy defines the CDSClear Portfolio Margin Calculation tool (PMC) security policies.

While signing the LCH SA Portal / PMC Request Form, the Clearing Members agree to comply with such Policy as detailed below and as amended from time to time.

### ***8.1 Security and authentication policy***

#### Authentication policy

Clearing Members ID are assigned to individual users. They are created by nominated member Super Users or internal LCH SA business Super Users.

User authentication to the LCH SA Portal and its applications is two-factor.

- 1) A user ID and password will be required to login to the service
- 2) And a 2nd factor of authentication – based on source IP address (user's computer location) is invoked via a risk-based approach. i.e. users will be prompted for additional One-Time Access Code (sent to the registered corporate email address) when the source IP is non-white listed or is from a different location

#### Key Rules and Controls:

A named User ID and password are issued to each individual user. User IDs must not be shared and must only be used by the named individual. User IDs must be named and not generic and associated with a recognised corporate email account. 3rd party email addresses are not be allowed.

Passwords must conform to the following rules:

- 1) Minimum 8 characters.
- 2) At least one upper case.
- 3) One number
- 4) Passwords cannot be re-used (remembers 17 recently used passwords)
- 5) Passwords must be changed on first login or after reset by LCH SA Security Admin teams

The access to the PMC requires a unique username and a password.

To log into PMC, the user shall enter his user name and password. The server authenticates the user and the system grants access to the user in accordance with the specifications set out in the Request Form.

User names will be provided by LCH SA on request of the Clearing Member. User names shall be meaningful enough to uniquely identify the user. Very short names and generic names related to functions shall be prohibited.

The initial password is provided by LCH SA for a fixed term. When user logs in for the first time, the user will be requested to create a new password which can be changed at any time by the user.

### ***8.2 Security and Back up Policy***

PMC user sessions shall expire after a 30 minutes period of inactivity. The workstation which gives access to the PMC services shall also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

Accounts that are not used for a period of 3 months will be made inactive and a further 3 months, deleted.

The Clearing Member shall have in place all necessary security measures and procedures to prevent any unauthorised access to, or use of, PMC and PMC Content and the Clearing Member shall immediately notify LCH SA in the event of any such unauthorised access or use, or if any Access Details are lost, stolen, misused or become known by any person other than the relevant Authorised User.

In any case, the Clearing Member shall be responsible for the security and correct use of the credentials provided to them by LCH SA. Any misuse of the credentials shall be the sole responsibility of the Clearing Members.

The Clearing Member shall immediately notify LCH SA on becoming aware of any unauthorised access or use, or if any of its Access Details are lost, stolen, misused or become known by any other person.

#### **8.3 Continuity**

The Clearing Member shall procure that the Authorised Users shall comply with the terms of this Access Agreement and shall ensure that only Authorised Users to whom valid Access Details have been issued will access or use (or attempt to access or use) PMC and that Access Details are at all times kept confidential. If an Authorised User ceases to be authorised to act by the Clearing Member the Clearing Member will immediately notify LCH SA by using the contact details provided for this purpose to the Clearing Member by LCH SA from time to time. The Clearing Member shall ensure the Authorised User ceases to access and use PMC immediately it ceases to be authorised to act by the Clearing Member.

LCH SA shall be entitled to suspend access to PMC by the Clearing Member, suspend and/or terminate access to PMC in respect of each Authorised User, and amend any or all Access Details, in each case from time to time and without prior notice to the Clearing Member or any Authorised User. Where LCH SA notifies the Clearing Member that it is suspending or terminating an Authorised User's right to access PMC the Clearing Member shall ensure that each Authorised User ceases to access PMC until, in the case of suspension, LCH SA advises it that such Authorised User is no longer so suspended.

#### **8.4 Auditing**

All account activity with the LCH SA Portal and its applications is logged. Logs include: user name, source IP address, date, time, URL clicks and application action.

All changes to an individual access levels is tracked for audit purposes.

## 9 SECURITY REGARDING CDSCLEAR REPORTING APPLICATION

The following Security and Authentication Policy defines the CDSClear Reporting application security policies.

While signing the LCH SA Portal / CDSClear Reporting application Request Form, the Clearing Members agree to comply with such Policy as detailed below and as amended from time to time.

### **9.1 Security and authentication policy**

#### Authentication policy

User IDs are assigned to individual users. They are created by nominated member Super Users or internal LCH SA business Super Users.

User authentication to the LCH SA Portal and its applications is two-factor.

- 1) A user ID and password will be required to login to the service
- 2) And a 2nd factor of authentication – based on source IP address (user's computer location) is invoked via a risk-based approach. i.e. users will be prompted for additional One-Time Access Code (sent to the registered corporate email address) when the source IP is non-white listed or is from a different location

#### Key Rules and Controls:

A named User ID and password are issued to each individual user. User IDs must not be shared and only used by the named individual. User IDs must be named and not generic and associated with a recognised corporate email account. 3rd party email addresses are not be allowed.

Passwords must conform to the following rules:

- 1) Minimum 8 characters.
- 2) At least one upper case.
- 3) One number
- 4) Passwords cannot be re-used (remembers 17 recently used passwords)
- 5) Passwords must be changed on first login or after reset by LCH SA Security Admin teams

The access to the CDSClear Reporting application requires a unique username and a password.

To log into the CDSClear Reporting application, the user shall enter his user name and password. The server authenticates the user and the system grants access to the user in accordance with the specifications set out in the Request Form.

User names will be provided by LCH SA on request of the Clearing Member. User names shall be meaningful enough to uniquely identify the user. Very short names and generic names related to functions shall be prohibited.

The initial password is provided by LCH SA for a fixed term. When user logs in for the first time, the user will be requested to create a new password which can be changed at any time by the user.

## **9.2 Security and Back up Policy**

The CDSClear Reporting application user sessions shall expire after a 30 minutes period of inactivity. The workstation which gives access to the CDSClear Reporting application services shall also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

Accounts that are not used for a period of 3 months will be made inactive and a further 3 months, deleted.

The Clearing Member shall have in place all necessary security measures and procedures to prevent any unauthorised access to, or use of, the CDSClear Reporting application and the CDSClear Reporting application Content and the Clearing Member shall immediately notify LCH SA in the event of any such unauthorised access or use, or if any Access Details are lost, stolen, misused or become known by any person other than the relevant Authorised User.

In any case, the Clearing Member shall be responsible for the security and correct use of the credentials provided to them by LCH SA. Any misuse of the credentials shall be the sole responsibility of the Clearing Members.

The Clearing Member shall immediately notify LCH SA on becoming aware of any unauthorised access or use, or if any of its Access Details are lost, stolen, misused or become known by any other person.

## **9.3 Continuity**

The Clearing Member shall procure that the Authorised Users shall comply with the terms of this Access Agreement and shall ensure that only Authorised Users to whom valid Access Details have been issued will access or use (or attempt to access or use) the CDSClear Reporting application and that Access Details are at all times kept confidential. If an Authorised User ceases to be authorised to act by the Clearing Member the Clearing Member will immediately notify LCH SA by using the contact details provided for this purpose to the Clearing Member by LCH SA from time to time. The Clearing Member shall ensure the Authorised User ceases to access and use the CDSClear Reporting application immediately it ceases to be authorised to act by the Clearing Member.

LCH SA shall be entitled to suspend access to the CDSClear Reporting application by the Clearing Member, suspend and/or terminate access to the CDSClear Reporting application in respect of each Authorised User, and amend any or all Access Details, in each case from time to time and without prior notice to the Clearing Member or any Authorised User. Where LCH SA notifies the Clearing Member that it is suspending or terminating an Authorised User's right to access the CDSClear Reporting application the Clearing Member shall ensure that each Authorised User ceases to access the CDSClear Reporting application until, in the case of suspension, LCH SA advises it that such Authorised User is no longer so suspended.

## **9.4 Auditing**

All account activity with the LCH SA Portal and its applications is logged. Logs include: user name, source IP address, date, time, URL clicks and application action.

All changes to an individual access levels is tracked for audit purposes.

## 10 SECURITY REGARDING CDSCLEAR TRADE MANAGEMENT APPLICATION

The following Security and Authentication Policy defines the CDSClear Trade Management application security policies.

While signing the LCH SA Portal / the CDSClear Trade Management application Request Form, the Clearing Members agree to comply with such Policy as detailed below and as amended from time to time.

### ***10.1 Security and authentication policy***

#### Authentication policy

Users ID are assigned to individual users. They are created by nominated member Super Users or internal LCH SA business Super Users.

User authentication to the LCH SA Portal and its applications is two-factor.

- 1) A user ID and password will be required to login to the service
- 2) And a 2nd factor of authentication – based on source IP address (user's computer location) is invoked via a risk-based approach. i.e. users will be prompted for additional One-Time Access Code (sent to the registered corporate email address) when the source IP is non-white listed or is from a different location

#### Key Rules and Controls:

A named User ID and password are issued to each individual user. User IDs must not be shared and only used by the named individual. User IDs must be named and not generic and associated with a recognised corporate email account. 3rd party email addresses are not be allowed.

Passwords must conform to the following rules:

- 1) Minimum 8 characters.
- 2) At least one upper case.
- 3) One number
- 4) Passwords cannot be re-used (remembers 17 recently used passwords)
- 5) Passwords must be changed on first login or after reset by LCH SA Security Admin teams

The access to the CDSClear Trade Management application requires a unique username and a password.

To log into the CDSClear Trade Management application, the user shall enter his user name and password. The server authenticates the user and the system grants access to the user in accordance with the specifications set out in the Request Form.

User names will be provided by LCH SA on request of the Clearing Member. User names shall be meaningful enough to uniquely identify the user. Very short names and generic names related to functions shall be prohibited.

The initial password is provided by LCH SA for a fixed term. When user logs in for the first time, the user will be requested to create a new password which can be changed at any time by the user.

## ***10.2 Security and Back up Policy***

The CDSClear Trade Management application user sessions shall expire after a 30 minutes period of inactivity. The workstation which gives access to the CDSClear Reporting application services shall also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

Accounts that are not used for a period of 3 months will be made inactive and a further 3 months, deleted.

The Clearing Member shall have in place all necessary security measures and procedures to prevent any unauthorised access to, or use of, the CDSClear Trade Management application and the CDSClear Trade Management application Content and the Clearing Member shall immediately notify LCH SA in the event of any such unauthorised access or use, or if any Access Details are lost, stolen, misused or become known by any person other than the relevant Authorised User.

In any case, the Clearing Member shall be responsible for the security and correct use of the credentials provided to them by LCH SA. Any misuse of the credentials shall be the sole responsibility of the Clearing Members.

The Clearing Member shall immediately notify LCH SA on becoming aware of any unauthorised access or use, or if any of its Access Details are lost, stolen, misused or become known by any other person.

## ***10.3 Continuity***

The Clearing Member shall procure that the Authorised Users shall comply with the terms of this Access Agreement and shall ensure that only Authorised Users to whom valid Access Details have been issued will access or use (or attempt to access or use) the CDSClear Trade Management application and that Access Details are at all times kept confidential. If an Authorised User ceases to be authorised to act by the Clearing Member the Clearing Member will immediately notify LCH SA by using the contact details provided for this purpose to the Clearing Member by LCH SA from time to time. The Clearing Member shall ensure the Authorised User ceases to access and use the CDSClear Trade Management application immediately it ceases to be authorised to act by the Clearing Member.

LCH SA shall be entitled to suspend access to the CDSClear Trade Management application by the Clearing Member, suspend and/or terminate access to the CDSClear Trade Management application in respect of each Authorised User, and amend any or all Access Details, in each case from time to time and without prior notice to the Clearing Member or any Authorised User. Where LCH SA notifies the Clearing Member that it is suspending or terminating an Authorised User's right to access the CDSClear Trade Management application the Clearing Member shall ensure that each Authorised User ceases to access the CDSClear Trade Management application until, in the case of suspension, LCH SA advises it that such Authorised User is no longer so suspended.

## ***10.4 Auditing***

All account activity with the LCH SA Portal and its applications is logged. Logs include: user name, source IP address, date, time, URL clicks and application action.

All changes to an individual access levels is tracked for audit purposes.

## 11 SECURITY REGARDING CDSCLEAR BACKLOADING APPLICATION

The following Security and Authentication Policy defines the CDSClear Backloading application security policies.

While signing the LCH SA Portal / the CDSClear Backloading application Request Form, the Clearing Members agree to comply with such Policy as detailed below and as amended from time to time.

### ***11.1 Security and authentication policy***

#### Authentication policy

Users ID are assigned to individual users. They are created by nominated member Super Users or internal LCH SA business Super Users.

User authentication to the LCH SA Portal and its applications is two-factor.

- 1) A user ID and password will be required to login to the service
- 2) And a 2nd factor of authentication – based on source IP address (user's computer location) is invoked via a risk-based approach. i.e. users will be prompted for additional One-Time Access Code (sent to the registered corporate email address) when the source IP is non-white listed or is from a different location

#### Key Rules and Controls:

A named User ID and password are issued to each individual user. User IDs must not be shared and only used by the named individual. User IDs must be named and not generic and associated with a recognised corporate email account. 3rd party email addresses are not be allowed.

Passwords must conform to the following rules:

- 1) Minimum 8 characters.
- 2) At least one upper case.
- 3) One number
- 4) Passwords cannot be re-used (remembers 17 recently used passwords)
- 5) Passwords must be changed on first login or after reset by LCH SA Security Admin teams

The access to the CDSClear Backloading application requires a unique username and a password.

To log into the CDSClear Backloading application, the user shall enter his user name and password. The server authenticates the user and the system grants access to the user in accordance with the specifications set out in the Request Form.

User names will be provided by LCH SA on request of the Clearing Member. User names shall be meaningful enough to uniquely identify the user. Very short names and generic names related to functions shall be prohibited.

The initial password is provided by LCH SA for a fixed term. When user logs in for the first time, the user will be requested to create a new password which can be changed at any time by the user.

### **11.2 Security and Back up Policy**

The CDSClear Backloading application user sessions shall expire after a 30 minutes period of inactivity. The workstation which gives access to the CDSClear Backloading application services shall also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

Accounts that are not used for a period of 3 months will be made inactive and a further 3 months, deleted.

The Clearing Member shall have in place all necessary security measures and procedures to prevent any unauthorised access to, or use of, the CDSClear Backloading application and the CDSClear Backloading application Content and the Clearing Member shall immediately notify LCH SA in the event of any such unauthorised access or use, or if any Access Details are lost, stolen, misused or become known by any person other than the relevant Authorised User.

In any case, the Clearing Member shall be responsible for the security and correct use of the credentials provided to them by LCH SA. Any misuse of the credentials shall be the sole responsibility of the Clearing Members.

The Clearing Member shall immediately notify LCH SA on becoming aware of any unauthorised access or use, or if any of its Access Details are lost, stolen, misused or become known by any other person.

### **11.3 Continuity**

The Clearing Member shall procure that the Authorised Users shall comply with the terms of this Access Agreement and shall ensure that only Authorised Users to whom valid Access Details have been issued will access or use (or attempt to access or use) the CDSClear Backloading application and that Access Details are at all times kept confidential. If an Authorised User ceases to be authorised to act by the Clearing Member the Clearing Member will immediately notify LCH SA by using the contact details provided for this purpose to the Clearing Member by LCH SA from time to time. The Clearing Member shall ensure the Authorised User ceases to access and use the CDSClear Backloading application immediately it ceases to be authorised to act by the Clearing Member.

LCH SA shall be entitled to suspend access to the CDSClear Backloading application by the Clearing Member, suspend and/or terminate access to the CDSClear Backloading application in respect of each Authorised User, and amend any or all Access Details, in each case from time to time and without prior notice to the Clearing Member or any Authorised User. Where LCH SA notifies the Clearing Member that it is suspending or terminating an Authorised User's right to access the CDSClear Backloading application the Clearing Member shall ensure that each Authorised User ceases to access the CDSClear Backloading application until, in the case of suspension, LCH SA advises it that such Authorised User is no longer so suspended.

### **11.4 Auditing**

All account activity with the LCH SA Portal and its applications is logged. Logs include: user name, source IP address, date, time, URL clicks and application action.

All changes to an individual access levels is tracked for audit purposes.

## 12 SECURITY REGARDING CDSCLEAR COMPRESSION APPLICATION

The following Security and Authentication Policy defines the CDSClear Compression application security policies.

While signing the LCH SA Portal / the CDSClear Compression application Request Form, the Users agree to comply with such Policy as detailed below and as amended from time to time.

### **12.1 Security and authentication policy**

#### Authentication policy

Users ID are assigned to individual users. They are created by nominated member Super Users or internal LCH SA business Super Users.

User authentication to the LCH SA Portal and its applications is two-factor.

- 1) A user ID and password will be required to login to the service
- 2) And a 2nd factor of authentication – based on source IP address (user's computer location) is invoked via a risk-based approach. i.e. users will be prompted for additional One-Time Access Code (sent to the registered corporate email address) when the source IP is non-white listed or is from a different location

#### Key Rules and Controls:

A named User ID and password are issued to each individual user. User IDs must not be shared and only used by the named individual. User IDs must be named and not generic and associated with a recognised corporate email account. 3rd party email addresses are not be allowed.

Passwords must conform to the following rules:

- 1) Minimum 8 characters.
- 2) At least one upper case.
- 3) One number
- 4) Passwords cannot be re-used (remembers 17 recently used passwords)
- 5) Passwords must be changed on first login or after reset by LCH SA Security Admin teams

The access to the CDSClear Compression application requires a unique username and a password.

To log into the CDSClear Compression application, the user shall enter his user name and password. The server authenticates the user and the system grants access to the user in accordance with the specifications set out in the Request Form.

User names will be provided by LCH SA on request of the User. User names shall be meaningful enough to uniquely identify the user. Very short names and generic names related to functions shall be prohibited.

The initial password is provided by LCH SA for a fixed term. When user logs in for the first time, the user will be requested to create a new password which can be changed at any time by the user.

## **12.2 Security and Back up Policy**

The CDSClear Compression application user sessions shall expire after a 30 minutes period of inactivity. The workstation which gives access to the CDSClear Compression application services shall also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

Accounts that are not used for a period of 3 months will be made inactive and a further 3 months, deleted.

The Clearing Member shall have in place all necessary security measures and procedures to prevent any unauthorised access to, or use of, the CDSClear Compression application and the CDSClear Compression application Content and the Clearing Member shall immediately notify LCH SA in the event of any such unauthorised access or use, or if any Access Details are lost, stolen, misused or become known by any person other than the relevant Authorised User.

In any case, the Clearing Member shall be responsible for the security and correct use of the credentials provided to them by LCH SA. Any misuse of the credentials shall be the sole responsibility of the Users.

The Clearing Member shall immediately notify LCH SA on becoming aware of any unauthorised access or use, or if any of its Access Details are lost, stolen, misused or become known by any other person.

## **12.3 Continuity**

The Clearing Member shall procure that the Authorised Users shall comply with the terms of this Access Agreement and shall ensure that only Authorised Users to whom valid Access Details have been issued will access or use (or attempt to access or use) the CDSClear Compression application and that Access Details are at all times kept confidential. If an Authorised User ceases to be authorised to act by the Clearing Member the Clearing Member will immediately notify LCH SA by using the contact details provided for this purpose to the Clearing Member by LCH SA from time to time. The Clearing Member shall ensure the Authorised User ceases to access and use the CDSClear Compression application immediately it ceases to be authorised to act by the Clearing Member.

LCH SA shall be entitled to suspend access to the CDSClear Compression application by the Clearing Member, suspend and/or terminate access to the CDSClear Compression application in respect of each Authorised User, and amend any or all Access Details, in each case from time to time and without prior notice to the Clearing Member or any Authorised User. Where LCH SA notifies the Clearing Member that it is suspending or terminating an Authorised User's right to access the CDSClear Compression application the Clearing Member shall ensure that each Authorised User ceases to access the CDSClear Compression application until, in the case of suspension, LCH SA advises it that such Authorised User is no longer so suspended.

## **12.4 Auditing**

All account activity with the LCH SA Portal and its applications is logged. Logs include: user name, source IP address, date, time, URL clicks and application action.

All changes to an individual access levels is tracked for audit purposes.

## 13 CONTINUITY AND SECURITY REGARDING THE CDSCLEAR REPORTING SFTP CLEARING ACCESS SOLUTION

The following Security and Authentication Policy defines the CDSClear SFTP solution security policies.

While signing the LCH SA Portal / CDSClear Reporting SFTP solution Request Form, the Clearing Members agree to comply with such Policy as detailed below and as amended from time to time.

### ***13.1 Security and authentication policy***

#### Authentication policy

Clearing Members ID are assigned to individual users. They are created by nominated member Super Users or internal LCH SA business Super Users.

User authentication is based on:

- a unique user ID and a password; and
- source IP address (user's computer location) which is invoked via a risk-based approach, *i.e.* users will be prompted for additional One-Time Access Code (sent to the registered corporate email address) when the source IP is non-white listed or is from a different location

#### Key Rules and Controls:

A named User ID and password are issued to each individual user. User IDs must not be shared and must only be used by the named individual. User IDs must be named and not generic and associated with a recognised corporate email account. 3rd party email addresses are not be allowed.

Passwords must conform to the following rules:

- 1) Minimum 8 characters.
- 2) At least one upper case.
- 3) One number
- 4) Passwords cannot be re-used (remembers 17 recently used passwords)
- 5) Passwords must be changed on first login or after reset by LCH SA Security Admin teams

The access to the CDSClear Reporting SFTP solution requires a unique username and a password.

To log into the CDSClear Reporting SFTP solution, the user shall enter his user name and password. The server authenticates the user and the system grants access to the user in accordance with the specifications set out in the Request Form.

User names will be provided by LCH SA on request of the Clearing Member. User names shall be meaningful enough to uniquely identify the user. Very short names and generic names related to functions shall be prohibited.

The initial password is provided by LCH SA for a fixed term. When user logs in for the first time, the user will be requested to create a new password which can be changed at any time by the user.

### ***13.2 Security and Back up Policy***

CDSClear Reporting SFTP solution user sessions shall expire after a 30 minutes period of inactivity. The workstation which gives access to the CDSClear SFTP solution services shall also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

Accounts that are not used for a period of 3 months will be made inactive and a further 3 months, deleted.

The Clearing Member shall have in place all necessary security measures and procedures to prevent any unauthorised access to, or use of, CDSClear Reporting SFTP solution and CDSClear Reporting SFTP solution Content and the Clearing Member shall immediately notify LCH SA in the event of any such unauthorised access or use, or if any Access Details are lost, stolen, misused or become known by any person other than the relevant Authorised User.

In any case, the Clearing Member shall be responsible for the security and correct use of the credentials provided to them by LCH SA. Any misuse of the credentials shall be the sole responsibility of the Clearing Members.

The Clearing Member shall immediately notify LCH SA on becoming aware of any unauthorised access or use, or if any of its Access Details are lost, stolen, misused or become known by any other person.

### ***13.3 Continuity***

The Clearing Member shall procure that the Authorised Users shall comply with the terms of this Access Agreement and shall ensure that only Authorised Users to whom valid Access Details have been issued will access or use (or attempt to access or use) CDSClear Reporting SFTP solution and that Access Details are at all times kept confidential. If an Authorised User ceases to be authorised to act by the Clearing Member the Clearing Member will immediately notify LCH SA by using the contact details provided for this purpose to the Clearing Member by LCH SA from time to time. The Clearing Member shall ensure the Authorised User ceases to access and use CDSClear Reporting SFTP solution immediately it ceases to be authorised to act by the Clearing Member.

LCH SA shall be entitled to suspend access to CDSClear Reporting SFTP solution by the Clearing Member, suspend and/or terminate access to CDSClear Reporting SFTP solution in respect of each Authorised User, and amend any or all Access Details, in each case from time to time and without prior notice to the Clearing Member or any Authorised User. Where LCH SA notifies the Clearing Member that it is suspending or terminating an Authorised User's right to access CDSClear Reporting SFTP solution the Clearing Member shall ensure that each Authorised User ceases to access CDSClear Reporting SFTP solution until, in the case of suspension, LCH SA advises it that such Authorised User is no longer so suspended.

## **14 CONTINUITY AND SECURITY REGARDING THE CDSCLEAR REPORTING APPLICATION PROGRAMMING INTERFACE**

The following Security and Authentication Policy defines the CDSClear Reporting Application Programming Interface (API) solution security policies.

While signing the LCH SA Portal / CDSClear Reporting API solution Request Form, the Clearing Members agree to comply with such Policy as detailed below and as amended from time to time.

### ***14.1 Security and authentication policy***

#### Authentication policy

Clearing Members ID are assigned to individual users. They are created by nominated member Super Users or internal LCH SA business Super Users.

User authentication is based on:

- a unique user ID and a password; and
- source IP address (user's computer location) which is invoked via a risk-based approach, *i.e.* users will be prompted for additional One-Time Access Code (sent to the registered corporate email address) when the source IP is non-white listed or is from a different location

#### Key Rules and Controls:

A named User ID and password are issued to each individual user. User IDs must not be shared and must only be used by the named individual. User IDs must be named and not generic and associated with a recognised corporate email account. 3rd party email addresses are not be allowed.

Passwords must conform to the following rules:

- 1) Minimum 8 characters.
- 2) At least one upper case.
- 3) One number
- 4) Passwords cannot be re-used (remembers 17 recently used passwords)
- 5) Passwords must be changed on first login or after reset by LCH SA Security Admin teams

The access to the CDSClear Reporting API solution requires a unique username and a password.

To log into the CDSClear Reporting API solution, the user shall enter his user name and password. The server authenticates the user and the system grants access to the user in accordance with the specifications set out in the Request Form.

User names will be provided by LCH SA on request of the Clearing Member. User names shall be meaningful enough to uniquely identify the user. Very short names and generic names related to functions shall be prohibited.

The initial password is provided by LCH SA for a fixed term. When user logs in for the first time, the user will be requested to create a new password which can be changed at any time by the user.

#### **14.2 Security and Back up Policy**

CDSClear Reporting API solution user sessions shall expire after a 30 minutes period of inactivity. The workstation which gives access to the CDSClear Reporting API solution services shall also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

Accounts that are not used for a period of 3 months will be made inactive and a further 3 months, deleted.

The Clearing Member shall have in place all necessary security measures and procedures to prevent any unauthorised access to, or use of, CDSClear Reporting API solution and CDSClear Reporting API solution Content and the Clearing Member shall immediately notify LCH SA in the event of any such unauthorised access or use, or if any Access Details are lost, stolen, misused or become known by any person other than the relevant Authorised User.

In any case, the Clearing Member shall be responsible for the security and correct use of the credentials provided to them by LCH SA. Any misuse of the credentials shall be the sole responsibility of the Clearing Members.

The Clearing Member shall immediately notify LCH SA on becoming aware of any unauthorised access or use, or if any of its Access Details are lost, stolen, misused or become known by any other person.

#### **14.3 Continuity**

The Clearing Member shall procure that the Authorised Users shall comply with the terms of this Access Agreement and shall ensure that only Authorised Users to whom valid Access Details have been issued will access or use (or attempt to access or use) CDSClear Reporting API solution and that Access Details are at all times kept confidential. If an Authorised User ceases to be authorised to act by the Clearing Member the Clearing Member will immediately notify LCH SA by using the contact details provided for this purpose to the Clearing Member by LCH SA from time to time. The Clearing Member shall ensure the Authorised User ceases

to access and use CDSClear Reporting API solution immediately it ceases to be authorised to act by the Clearing Member.

LCH SA shall be entitled to suspend access to CDSClear Reporting API solution by the Clearing Member, suspend and/or terminate access to CDSClear SFTP solution in respect of each Authorised User, and amend any or all Access Details, in each case from time to time and without prior notice to the Clearing Member or any Authorised User. Where LCH SA notifies the Clearing Member that it is suspending or terminating an Authorised User's right to access CDSClear Reporting API solution the Clearing Member shall ensure that each Authorised User ceases to access CDSClear Reporting API solution until, in the case of suspension, LCH SA advises it that such Authorised User is no longer so suspended.

## 15 SECURITY REGARDING CDSCLEAR PORTFOLIO MARGIN CALCULATION APPLICATION

### PROGRAMMING INTERFACE

The following Security and Authentication Policy defines the CDSClear Portfolio Margin Calculation Application Programming Interface API (PMC API) security policies.

While signing the LCH SA Portal / PMC Request Form, the Clearing Members agree to comply with such Policy as detailed below and as amended from time to time.

#### ***15.1 Security and authentication policy***

##### Authentication policy

Clearing Members IDs are assigned to individual users. They are created by nominated member Super Users or internal LCH SA business Super Users.

User authentication to the LCH SA Portal and its applications is two-factor.

- 1) A user ID and password will be required to login to the service
- 2) And a 2nd factor of authentication – based on source IP address (user's computer location) is invoked via a risk-based approach. i.e. users will be prompted for additional One-Time Access Code (sent to the registered corporate email address) when the source IP is non-white listed or is from a different location

##### Key Rules and Controls:

A named User ID and password are issued to each individual user. User IDs must not be shared and must only be used by the named individual. User IDs must be named and not generic and associated with a recognised corporate email account. 3rd party email addresses are not be allowed.

Passwords must conform to the following rules:

- 1) Minimum 8 characters.
- 2) At least one upper case.
- 3) One number
- 4) Passwords cannot be re-used (remembers 17 recently used passwords)
- 5) Passwords must be changed on first login or after reset by LCH SA Security Admin teams

The access to the CDSClear PMC API requires a unique username and a password.

To log into CDSClear PMC API, the user shall enter his user name and password. The server authenticates the user and the system grants access to the user in accordance with the specifications set out in the Request Form.

User names will be provided by LCH SA on request of the Clearing Member. User names shall be meaningful enough to uniquely identify the user. Very short names and generic names related to functions shall be prohibited.

The initial password is provided by LCH SA for a fixed term. When user logs in for the first time, the user will be requested to create a new password which can be changed at any time by the user.

### ***15.2 Security and Back up Policy***

CDSClear PMC API user sessions shall expire after a 30 minutes period of inactivity. The workstation which gives access to the CDSClear PMC API services shall also be configured with a separate, shorter local time-out option (e.g. Windows Screensaver).

Accounts that are not used for a period of 3 months will be made inactive and a further 3 months, deleted.

The Clearing Member shall have in place all necessary security measures and procedures to prevent any unauthorised access to, or use of, CDSClear PMC API and CDSClear PMC API Content and the Clearing Member shall immediately notify LCH SA in the event of any such unauthorised access or use, or if any Access Details are lost, stolen, misused or become known by any person other than the relevant Authorised User.

In any case, the Clearing Member shall be responsible for the security and correct use of the credentials provided to them by LCH SA. Any misuse of the credentials shall be the sole responsibility of the Clearing Members.

The Clearing Member shall immediately notify LCH SA on becoming aware of any unauthorised access or use, or if any of its Access Details are lost, stolen, misused or become known by any other person.

### ***15.3 Continuity***

The Clearing Member shall procure that the Authorised Users shall comply with the terms of this Access Agreement and shall ensure that only Authorised Users to whom valid Access Details have been issued will access or use (or attempt to access or use) the CDSClear PMC API and that Access Details are at all times kept confidential. If an Authorised User ceases to be authorised to act by the Clearing Member the Clearing Member will immediately notify LCH SA by using the contact details provided for this purpose to the Clearing Member by LCH SA from time to time. The Clearing Member shall ensure the Authorised User ceases to access and use the CDSClear PMC API immediately it ceases to be authorised to act by the Clearing Member.

LCH SA shall be entitled to suspend access to CDSClear PMC API by the Clearing Member, suspend and/or terminate access to CDSClear PMC API in respect of each Authorised User, and amend any or all Access Details, in each case from time to time and without prior notice to the Clearing Member or any Authorised User. Where LCH SA notifies the Clearing Member that it is suspending or terminating an Authorised User's right to access the CDSClear PMC API the Clearing Member shall ensure that each Authorised User ceases to access the CDSClear PMC API until, in the case of suspension, LCH SA advises it that such Authorised User is no longer so suspended.

### ***15.4 Auditing***

All account activity with the LCH SA Portal and its applications is logged. Logs include: user name, source IP address, date, time, URL clicks and application action.

All changes to an individual access levels is tracked for audit purposes.

## Schedule 2

### CLEARING ACCESS SOLUTIONS DESCRIPTION

The Services consist in the provision of a Clearing Access Solution, which consists of:

- LCAP;
- eCCW;
- Web Fixed Income,
- Network Services,
- Collateral Management Services (“CMS”);
- CDSClear Portfolio Margin Calculation Web tool (“PMC”);
- CDSClear Portfolio Margin Calculation Application Programming Interface;
- CDSClear Reporting application;
- CDSClear Reporting Application Programming Interface
- CDSClear Trade Management application;
- CDSClear Backloading application;
- CDSClear Compression application;
- Web EGCP; and
- CDSClear Reporting SFTP solution

as defined below, and/or a combination of them.

**LCAP (Logical Certified Access Point):** is the Logical Clearing Access Solution (hosted in LCH SA data centres) allowing the Users to gain access to the Clearing Solution as described in Schedule 2 appendix 3.

**eCCW:** is the Clearing Access Solution allowing the Users to gain access to the Clearing Solution on Internet or over the Network Services from its premises, as described in Schedule 2.

**Web OTC or hereafter “Web Fixed Income”:** is the electronic Clearing Access Solution provided by LCH SA for its Users acting on the bonds and repos markets (public government debt) cleared by LCH SA.

**Web EGCP:** is the electronic Clearing Access Solution provided by LCH SA for its Users acting on the €GCPlus market cleared by LCH SA.

**CMS** is a tool provided by LCH SA for its Users allowing them the management of the Collateral. “Collateral” shall be understood as the collateral identified on the Portal (as described in Annex 2 of the Appendix 5 of this Schedule 2 and LCH SA’s website), from time to time as being eligible for lodgement and/or release utilising the Portal and in respect of which the member has completed and has in place a current and valid Request Form which has been received by LCH SA.

**CDSClear Reporting application** is a User Interface which allows Users of LCH SA CDSClear service to gain access to a full suite of downloadable report files and sits with the LCH SA Portal.

**CDSClear Trade Management application** is a User Interface which allows Users of LCH SA CDSClear service to gain access for real time information on their trade portfolios (bilateral and cleared trades) and sits with the LCH SA Portal.

**CDSClear Backloading application** is a User Interface which allows Users of LCH SA CDSClear service to have the ability to select and upload trades for clearing for the Weekly Backloading cycle and sits with the LCH SA Portal.

**CDSClear Compression application** is a User Interface which allows Users of LCH SA CDSClear service to configure their compression settings on their portfolios and sits with the LCH SA Portal. Users have several options of compression frequency (daily or weekly) and the possibility to compress their trades at deskID level.

**CDSClear Portfolio Margin Calculation (PMC)** is a tool which allows Users of LCH SA CDSClear service to compute the margin requirements for their portfolios and sits with the LCH SA Portal.

**CDSClear Portfolio Margin Calculation Application Programming Interface (PMC API)** is a programmatic interface where Users of LCH SA CDSClear service can use scripts to access and download individual margin results.

**LCH SA Portal** is a single sign-on solution for various LCH SA applications (as described in Appendix 11 of this Schedule 2). Access to the LCH SA Portal is provided by LCH SA to Users of LCH SA CDSClear service over secured Internet.

**CDSClear Reporting SFTP Solution** is the Secure File Transfer Protocol interface allowing Users of LCH SA CDSClear service to gain access to the member reporting service as described in Appendix 13 of this Schedule 2.

**CDSClear Reporting Application Programming Interface (API)** is a programmatic interface where Users of LCH SA CDSClear service can use scripts to access and download individual reports.

This Schedule 2 is made of the following appendixes:

Appendix 1: Description of LCH SA eCCW Clearing Access Solution

Appendix 2: Description of LCH SA Web Fixed Income Clearing Access Solution

Appendix 3: Description of the LCAP solution

Appendix 4: Description of Network Services

Appendix 5: Description of CMS

Appendix 6: Description of CDSClear PMC tool

Appendix 7: Description of the CDSClear Reporting application

Appendix 8: Description of the CDSClear Trade Management application

Appendix 9: Description of the CDSClear Backloading application

Appendix 10: Description of the CDSClear Compression application

Appendix 11: Description of the LCH SA Portal

Appendix 12: Description of Web EGCP

Appendix 13: Description of the CDSClear Reporting SFTP Solution

Appendix 14: Description of the CDSClear Reporting API

Appendix 15: Description of the CDSClear Portfolio Margin Calculation API

**APPENDIX 1: DESCRIPTION OF LCH SA eCCW****1.1 GENERAL PRINCIPLES**

1.1.1 eCCW is a Graphical User Interface provided over Internet or over LCH SA network, by LCH SA for its Users, other than Users of LCH SA CDSClear service, that enables them to interact with LCH SA Clearing Solution.

**1.2 MANAGING PRINCIPLES**

1.2.1 The access to the eCCW is delivered by LCH SA, after the Users have duly filled in and signed the LCH SA adequate Request Form.

1.2.2 This Request Form shall be duly completed and signed by the Users and sent by registered letter to the appropriate LCH SA interlocutor as set out on the Request Form.

1.2.3 The Internet access to the eCCW is managed via a Secure Access Card. The Users shall strictly comply with the terms of use of the Secure Access Card as those terms are set out in Annex 1 "Secure Access Card management", security measures set out in Schedule 1 of this Agreement and the associated Documentation.

1.2.4 Via the eCCW, LCH SA provides the Users with the appropriate clearing data (files and real time data) as set out in Annex 2 "Clearing Data to be accessed via eCCW "of this appendix.

1.2.5 Any Anomaly encountered regarding the proper use of the eCCW must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.

1.2.6 Any Changes required by the Users to LCH SA regarding the eCCW shall be notified by the Users to LCH SA by filling in the appropriate Request Form available from LCH SA.

1.2.7 The costs regarding the provision of this Service are stipulated within the Request Form and are in accordance with the costs mentioned within LCH SA effective fee grid.

**1.3 ANNEX 1 : Secure Access Card Management****1.3.1 General Principles**

1.3.1.1 A token, hereafter referred as either "Secure Access Card" aims at delivering to the Users a secured electronic access to the following eCCW Clearing Access Solution.

1.3.1.2 The Secure Access Card is automatically provided by LCH SA as soon as the Users request to be granted access to eCCW.

**1.3.2 Managing principles**

The managing principles for a "Secure Access Card" are detailed hereafter:

1.3.3 In order to be granted access to eCCW, the Users shall request their LCH SA to provide the appropriate Request Form. Once this form is duly completed and signed by the Users, LCH SA takes the necessary actions to give the Users eCCW access in coordination with CTH.

1.3.4 The CTH is in charge of allocating a package of Secure Access Cards in accordance with the request issued by the Users through the Request Form. A package of Secure Access Cards is composed of:

- a production Secure Access Card
- an acceptance Secure Access Card
- a back-up Secure Access Card (on request only)

1.3.5 The EMSA shall distribute eCCW Secure Access Cards to the relevant eCCW Users.

1.3.6 The Users shall comply with the instructions provided by LCH SA in the relevant documentation in order to activate the Secure Access Card.

1.3.7 The following events shall be immediately communicated to LCH SA by the EMSA in order to update Users' accesses:

- leavers (eg. resignation, dismissal, any cause of leaving)
- change of function
- re-assignment of eCCW Secure Access Cards
- loss of token or activation of eCCW Secure Access Cards following de-synchronisation or loss of PIN code.

1.3.8 In case a Secure Access Card is lost or broken, it should be notified immediately by the EMSA to LCH SA in order to for the Customer Technical Helpdesk to allocate a new card to the User once the relevant change request form would have been sent back.

1.3.9 The Secure Access Card is to be strictly used for eCCW connection only.

1.3.10 The Secure Access Card is to be charged to the Users by LCH SA according to the fee grid.

#### 1.4 ANNEX 2: Clearing data to be accessed via eCCW

1 CASH CLEARING FILES	PRODUCTION FILES		TEST FILES	
Trade leg reconciliation (for CMF) - this file is charged	POS.SP***TC	<input type="checkbox"/>	POS.SH***TC	<input type="checkbox"/>
Trade leg reconciliation (for TMF) - this file is charged – on LCAP only	POS.SP***TT	<input type="checkbox"/>	POS.SH***TT	<input type="checkbox"/>
Position Result Third Resume (PR3)	POS.SP***S3	<input type="checkbox"/>	POS.SH***S3	<input type="checkbox"/>
Settlement Information File (SIF) cc= BE/ FR/ NL/PT/LU	EP*****ccSIFday	<input type="checkbox"/>	EH*****ccSIFday	<input type="checkbox"/>
Buy-In Information File (BIF) cc= BE/ FR/ NL/PT/LU	EP*****ccBIFday	<input type="checkbox"/>	EH*****ccBIFday	<input type="checkbox"/>
Margin account result	PB.SP***B1	<input type="checkbox"/>	PB.SH***B1	<input type="checkbox"/>
Public SPAN	SPAN.SPXXXBA SPAN.SPXXBE	<input type="checkbox"/>	SPAN.SHXXXBA SPAN.SHXXBE	<input type="checkbox"/>
Corporate Events File	SPAN.SPXXOA SPAN.SPXXXOB	<input type="checkbox"/>	SPAN.SHXXOA SPAN.SHXXXOB	<input type="checkbox"/>
Cash Static Data (morning)	EPPUBLICXXLCCD02day	<input type="checkbox"/>	EHPUBLICXXLCCD02day	<input type="checkbox"/>
Cash Static Data (evening)	EPPUBLICXXLCCD01day	<input type="checkbox"/>	EHPUBLICXXLCCD01day	<input type="checkbox"/>
Cash Static Data (morning) only for Luxembourg	EPPUBLICXXLUCD02day	<input type="checkbox"/>	EHPUBLICXXLUCD02day	<input type="checkbox"/>
Cash Static Data (evening) only for Luxembourg	EPPUBLICXXLUCD01day	<input type="checkbox"/>	EHPUBLICXXLUCD01day	<input type="checkbox"/>
Position Report (for TMF) Cash Margin Report (for TMF) Add-ons Margin Report (for TMF)	EP000****TCPRnnnqqq EP000****TQMRnnnqqq EP000****TCAM00qqq	<input type="checkbox"/>	EH000****TCPRnnnqqq EH000****TCMRnnnqqq EH000****TCAM00qqq	<input type="checkbox"/>
2 DERIVATIVES CLEARING FILES				
Private Matif positions & performance bond	POS.FP***S1 POS.FP***S2 POS.FP***S3 PB.FP***B1	<input type="checkbox"/>	POS.FH***S1 POS.FH***S2 POS.FH***S3 PB.FP***B1	<input type="checkbox"/>

Public Matif SPAN	SPAN.FPXXXBA SPAN.FPXXXBB SPAN.FPXXXBC	<input checked="" type="checkbox"/>	SPAN.FHXXXBA SPAN.FHXXXBB SPAN.FHXXXBC	<input checked="" type="checkbox"/>
Private Monep positions & performance bond	POS.OP***S1 POS.OP***S2 POS.OP***S3 PB.OP***B3	<input checked="" type="checkbox"/>	POS.OH***S1 POS.OH***S2 POS.OH***S3 PB.OP***B3	<input checked="" type="checkbox"/>
Daily operations Monep (all products) - this file is charged	POS.OP***J0 POS.OP***J1 POS.OP***J2	<input checked="" type="checkbox"/>	POS.OH***J0 POS.OH***J1 POS.OH***J2	<input checked="" type="checkbox"/>
Daily operations Monep (Dutch products and trading fees all derivatives clearing segments) - this file is charged	POS.OP***J3	<input checked="" type="checkbox"/>	POS.OH***J3	<input checked="" type="checkbox"/>
Public Monep SPAN	SPAN.OPXXXBD	<input checked="" type="checkbox"/>	SPAN.OHXXXBD	<input checked="" type="checkbox"/>
Derivatives instrument characteristics for the current business date (morning)	EPPUBLICXXLCD D0day	<input checked="" type="checkbox"/>	EHPUBLICXXLCDD01day	<input checked="" type="checkbox"/>
Derivatives instrument characteristics for the current business date (intra-day)	EPPUBLICXXLCD I01day	<input checked="" type="checkbox"/>	EHPUBLICXXLCDDI01day	<input checked="" type="checkbox"/>
Derivatives clearing elements	EPPUBLICXXLCD C01day	<input checked="" type="checkbox"/>	EHPUBLICXXLCD C01day	<input checked="" type="checkbox"/>
Derivatives open positions	EPPUBLICXXLCD P01day EPPUBLICXXLCD P02day EPPUBLICXXLCD P03day EPPUBLICXXLCD P04day	<input checked="" type="checkbox"/>	EHPUBLICXXLCD P01day EHPUBLICXXLCD P02day EHPUBLICXXLCD P03day EHPUBLICXXLCD P04day	<input checked="" type="checkbox"/>
Derivatives exercise	EPPUBLICXXLCDE 01day EPPUBLICXXLCDE 02day	<input checked="" type="checkbox"/>	EHPUBLICXXLCDE 01day EHPUBLICXXLCDE 02day	<input checked="" type="checkbox"/>
Underlying cash closing price	EPPUBLICXXLCCC 01day	<input checked="" type="checkbox"/>	EHPUBLICXXLCCC 01day	<input checked="" type="checkbox"/>
Position Report (for TMF) Derivatives Margin Report (for TMF) Add-ons Margin Report (for TMF)	EP000*****TDPRnnnqqq EP000*****TDMRnnnqqq EP000*****TDAM00qqq	<input type="checkbox"/>	EP000*****TDPRnnnqqq EP000*****TDMRnnnqqq EP000*****TDAM00qqq	<input checked="" type="checkbox"/>

## **2 APPENDIX 2: DESCRIPTION OF WEB FIXED INCOME**

### **2.1 GENERAL PRINCIPLES**

- 2.1.1 Web FIXED INCOME is an electronic Clearing Access Solution provided by LCH SA for its Users trading on the bonds and repos markets (public government debt) cleared by LCH SA.
- 2.1.2 Web FIXED INCOME grants Users secured access to view and download the data set out in Annex 2 of this Appendix.

### **2.2 MANAGING PRINCIPLES**

- 2.2.1 The access to the Web FIXED INCOME is delivered by LCH SA, after the Users have duly filled in and signed the LCH SA adequate Request Form
- 2.2.2 This Request Form shall be duly completed and signed by the Users and sent by registered letter to the appropriate LCH SA interlocutor as set out on the Request Form.
- 2.2.3 The access to the Web FIXED INCOME is managed via a Secure Access Card. The Users shall strictly comply with the terms of use of the Secure Access Card as those terms are set out in clause 2.2 of this appendix, security measures set out in Schedule 1 of this Agreement and the associated Documentation.
- 2.2.4 The access to the Web FIXED INCOME can also be managed via the implementation of a push or pull solution (hereafter “Push/Pull Solution”), on request of the Users. Either the Users connects to the Appropriate Network and pulls the Web FIXED INCOME files onto its information system; or LCH SA pushes the Web FIXED INCOME files on to the Clearing Member’s information system via internet.
- 2.2.5 LCH SA offers to its Users two technical solutions to get access to the Push / Pull Solution:
  - either a PGP solution (encrypted), or
  - a public solution (non encrypted solution).

The choice between these two solutions remains under the sole responsibility of the Users. Each User declares that he has the accurate knowledge to assess the consequences each solution may generate. In this context, the Users acknowledge and agree that LCH SA would not suffer any liability regarding the consequences associated with the choice described above and notably where the Users opt for the public solution.

Further to clause 13 of the Access Agreement and notwithstanding anything to the contrary, in no circumstances whatsoever will LCH SA be liable for any direct or indirect loss or damage including without limitation, loss of data or loss of profits arising out of, or in connection with, the use of the public solution. Any reliance the User places on information received through the public solution is therefore at its own risk.

- 2.2.6 Via the Web FIXED INCOME, LCH SA provides the Users with the appropriate clearing data (files) as set out in Annex 2 “Clearing Data to be accessed via Web FIXED INCOME”.

- 2.2.7 The following events shall be immediately communicated to LCH SA Account Managers by the Users Web FIXED INCOME administrator (MSA) in order to update the Users' accesses to the Web FIXED INCOME:
- leavers (eg.resignation, dismissal, any cause of leaving);
  - change of function;
  - re-assignment of Secure Access Card;
  - loss of Secure Access Card or activation of Secure Access Card following the synchronisation or loss of PIN code.
- 2.2.8 Any Anomaly encountered regarding the proper use of the Web FIXED INCOME must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 2.2.9 Any Changes required by the Users to LCH SA regarding the Web FIXED INCOME shall be notified by the Users to LCH SA by filling in the adequate Request Form "Web FIXED INCOME Change Request Form" attached in Annex 1 of this Appendix.

<b>2.3 ANNEX 1 : Secure Access Card Management</b>
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**2.4 General Principles**

- 2.4.1 A token, hereafter referred as "Secure Access Card" aims at delivering to the Users a secured electronic access to the Web FIXED INCOME Clearing Access Solutions.
- 2.4.2 The Secure Access Card" is automatically provided by LCH SA as soon as the Users request to be granted access to Web FIXED INCOME.

**2.5 Managing principles**

- 2.5.1 The Secure Access Card enables access to the Web FIXED INCOME production interface.
- 2.5.2 The Secure Access Card is provided to the Users when they issue a request to LCH SA CTH in order to be granted access to the Web FIXED INCOME platform via Internet.
- 2.5.3 The Users may also wish to be granted access to the FIXED INCOME files via a "push or pull" solution, which consists in granting access to fixed income files via FTP network
- 2.5.4 The Users shall specify in the Request Form which Clearing Access Solution they require and also give details on the Users:
- Names
  - Address (site, country)
  - E-mail address
  - Phone number
  - Fax number
- 2.5.5 LCH SA CTH is in charge of providing the Users with the following relevant and sufficient information to have access to the Web FIXED INCOME production interface:
- Pin code
  - Password
  - Instructions for use.
- 2.5.6 The Users shall comply with the instructions provided by LCH SA in the relevant documentation.

- 2.5.7 Secure Access Cards operate for a limited period of time (3 years in average). It will therefore be replaced at LCH SA initiative in due course.
- 2.5.8 Any Anomaly or problem encountered by the Users regarding the Web FIXED INCOME access via the Secure Access Card shall be raised to LCH SA CTH.
- 2.5.9 The costs regarding the Web FIXED INCOME Clearing Access Solution are the ones set out in the effective LCH SA fee grid.

<b>2.6 ANNEX 2: Clearing data to be accessed via Web FIXED INCOME</b>
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- 2.6.1 The Web FIXED INCOME solution gives access to the Users to the following data:

- in real-time :
  - daily operations (validated and refused) recorded by LCH SA during the day
  - all the instructions that are still unmatched reported every 30 min
- at the end of day :
  - reporting after batch on file reports
- 08.00 next morning (Paris time) :
  - financial report
- monthly :
  - invoicing details with possibility to have a view over 12 months

- 2.6.2 Hereunder is the list of files provided via the Web FIXED INCOME Clearing Access Solution:

Report name	Technical name	PRODUCTION: description	TEST: description
real time trade report	TRAD	XXPRYYYYMMDDTRAD.txt	XXTSYYYYMMDDTRAD.txt
initial margin	TRDG	XXPRYYYYMMDDTRDG.txt	XXTSYYYYMMDDTRDG.txt
Fails	SUSP	XXPRYYYYMMDDDSUSP.txt	XXTSYYYYMMDDDSUSP.txt
regularisations	REGU	XXPRYYYYMMDDMARG.txt	XXTSYYYYMMDDMARG.txt
Positions and margin s	MARG	XXPRYYYYMMDDMARG.txt	XXTSYYYYMMDDMARG.txt
Bonds and Repo financial statement	BRFS	XXPRYYYYMMDDBRFS.txt	XXTSYYYYMMDDBRFS.txt
detail of net instructions	DNET	XXPRYYYYMMDDDNET.txt	XXTSYYYYMMDDDNET.txt
trades of the day	DTRD	XXPRYYYYMMDDDTRD.txt	XXTSYYYYMMDDDTRD.txt
securities settlement prices	CVAL	XXPRYYYYMMDDCVAL.txt	XXTSYYYYMMDDCVAL.txt
detail of cleanet operations	KOND	XXPRYYYYMMDDKOND.txt	XXTSYYYYMMDDKOND.txt
Euro Financial statement	SFEU	XXPRYYYYMMDDSFEU.txt EP0000XXPRZZZ00(Day) (XML edition)	XXTSYYYYMMDDSFEU.txt EH0000XXTSZZZ00(Day) (XML edition)
Intra-day Euro Financial statement	SFE1	XXPRYYYYMMDDSFE1.txt EP0000XXPRZZZ01(Day) (XML edition)	XXTSYYYYMMDDSFE1.txt EH0000XXTSZZZ01(Day) (XML edition)
Forward repos	FORW	XXPR YYYYMMDDFORW.HTML XXPR YYYYMMDDFORW.TXT	XXTS YYYYMMDDFORW.HTML XXTS YYYYMMDDFORW.TXT
BOND LIST	BOND	XXPRYYYYMMDBOND.txt	XXTSYYYYMMDBOND.txt
Detail of same day instructions	SDRD	XXPRYYYYMMDDSRD.TXT	XXTSYYYYMMDDSRD.TXT

\*\*\* Only available for the Spanish government bonds clearing solution

### 3 APPENDIX 3: DESCRIPTION OF THE LCAP

#### 3.1 GENERAL PRINCIPLES

The LCAP is the Logical Certified Access Point which is a clearing gateway hosted in LCH SA data centres, enabling the Users to gain access to LCH SA Clearing Solution.

The LCAP is dedicated to the clearing services; therefore, no trading activity transits on a LCAP.

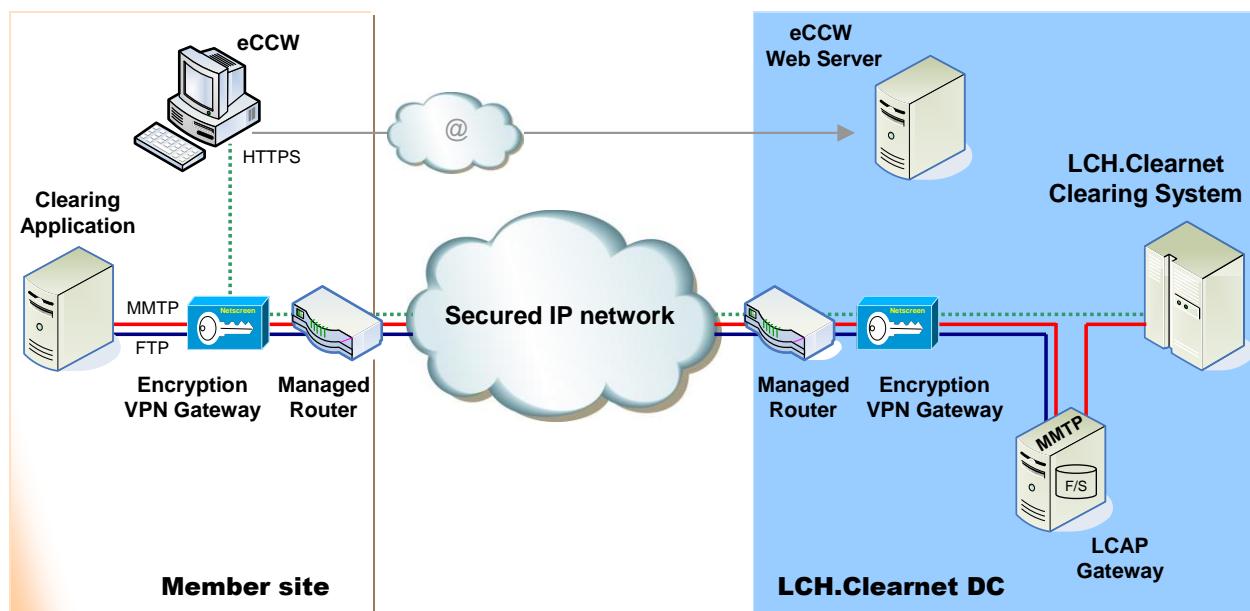
#### 3.2 COMPOSITION OF THE LCAP

The LCAP supplies the Users with certified access points to the Clearing Solution enabling the management of incoming and outgoing data flows:

- Real time message flows, on the basis of exchange protocol established by LCH SA (MMTP),
- File flows, on the basis of international file transfer protocol (FTP).

LCAP handles the certification, and storage of data interchanged between the Users and LCH SA.

The LCAP is single-platform (live or testing), single function station and each LCAP can handle five subscribers (also referred as “SLE”s). It can be used both for cash and derivatives markets.



#### 3.3 MANAGING PRINCIPLES

- 3.3.1 Whenever Users require to be given access to the Clearing Solution, the appropriate Request Form, available from LCH SA Account Managers, shall be duly completed and signed by the Users and sent by registered letter to the appropriate LCH SA interlocutor as set out on the Request Form.
- 3.3.2 The LCAP provides the Users with the appropriate clearing data (real time messages, files) as set out in Annex 1 “Clearing Data to be accessed via LCAP”.

- 3.3.3 Any Anomaly encountered regarding the proper use of the LCAP must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 3.3.4 Any Changes required by the Users to LCH SA regarding the LCAP shall be notified by the Users to the appropriate LCH SA interlocutor by filling in the relevant Request Form available from LCH SA Account Manager.
- 3.3.5 The invoicing principles applicable to the LCAP Clearing Solution are similar to those set out in Appendix 4 "Network Services".

<b>3.4 ANNEX 1: Clearing data to be accessed via LCAP</b>
---

**CLEARING FILES:**

1 CASH CLEARING FILES	PRODUCTION FILES		TEST FILES
Private positions	POS.SP***S3 PB.SP***B1	<input type="checkbox"/> <input checked="" type="checkbox"/>	POS.SH***S3 PB.SH***B1
Settlement Connect CC= BE/ FR/ NL/PT/LU	EP*****ccSIFday EP*****ccBIFday	<input type="checkbox"/> <input checked="" type="checkbox"/>	EH*****ccSIFday EH*****ccBIFday
Trade leg reconciliation (for CMF) - this file is charged	POS.SP***TC	<input type="checkbox"/>	POS.SH***TC
Trade leg reconciliation (for TMF) - this file is charged – on LCAP only	POS.SP***TT	<input type="checkbox"/>	POS.SH***TT
Public SPAN	SPAN.SPXXXBA SPAN.SPXXBE	<input type="checkbox"/>	SPAN.SHXXXBA SPAN.SHXXBE
Corporate Events	SPAN.SPXXXOA SPAN.SPXXXOB	<input type="checkbox"/>	SPAN.SHXXXOA SPAN.SHXXXOB
Instrument characteristics current business date (morning)	EPPUBLICXXLCCD02day	<input type="checkbox"/>	EHPUBLICXXLCCD02day
Instrument characteristics current business date (evening)	EPPUBLICXXLCCD01day	<input type="checkbox"/>	EHPUBLICXXLCCD01day
Instrument characteristics current business date (morning) only for Luxembourg	EPPUBLICXXLUCD02day	<input type="checkbox"/>	EHPUBLICXXLUCD02day
Instrument characteristics current business date (evening) only for Luxembourg	EPPUBLICXXLUCD01day	<input type="checkbox"/>	EHPUBLICXXLUCD01day
Position Report (for TMF) Cash Margin Report (for TMF) Add-ons Margin Report (for TMF)	EP000*****TCPRnnqqq EP000*****TCMRnnqqq EP000*****TCAM00qqq	<input checked="" type="checkbox"/>	EH000*****TCPRnnqqq EH000*****TCMRnnqqq EH000*****TCAM00qqq
2 DERIVATIVES CLEARING FILES			
Private Matif positions & performance bond	POS.FP***S1 POS.FP***S2 POS.FP***S3 PB.FP***B1	<input type="checkbox"/>	POS.FH***S1 POS.FH***S2 POS.FH***S3 PB.FP***B1
Public Matif SPAN	SPAN.FPXXXBA SPAN.FPXXXBB SPAN.FPXXXBC	<input type="checkbox"/>	SPAN.FHXXXBA SPAN.FHXXXBB SPAN.FHXXXBC
Private Monep positions & performance bond	POS.OP***S1 POS.OP***S2 POS.OP***S3 PB.OP***B3	<input type="checkbox"/>	POS.OH***S1 POS.OH***S2 POS.OH***S3 PB.OP***B3
Daily operations Monep (all products) - this file is charged	POS.OP***J0 POS.OP***J1 POS.OP***J2	<input type="checkbox"/>	POS.OH***J0 POS.OH***J1 POS.OH***J2
Daily operations Monep (Dutch products and trading fees all derivatives clearing segments) - this file is charged	POS.OP***J3	<input type="checkbox"/>	POS.OH***J3
Public Monep SPAN	SPAN.OPXXXBD	<input type="checkbox"/>	SPAN.OHXXXBD
Derivatives instrument characteristics for the current business date (morning)	EPPUBLICXXLCD00day	<input type="checkbox"/>	EHPUBLICXXLCCD01day
Derivatives instrument characteristics for the current business date (intra-day)	EPPUBLICXXLCDI01day	<input type="checkbox"/>	EHPUBLICXXLCDI01day
Derivatives clearing elements	EPPUBLICXXLCDC01day	<input type="checkbox"/>	EHPUBLICXXLCDC01day

Derivatives open positions	EPPUBLICXXLCDP01day EPPUBLICXXLCDP02day EPPUBLICXXLCDP03day EPPUBLICXXLCDP04day	<input checked="" type="checkbox"/>	EHPUBLICXXLCDP01day EHPUBLICXXLCDP02day EHPUBLICXXLCDP03day EHPUBLICXXLCDP04day
Derivatives exercise	EPPUBLICXXLCDE01day EPPUBLICXXLCDE02day	<input checked="" type="checkbox"/>	EHPUBLICXXLCDE01day EHPUBLICXXLCDE02day
Underlying cash closing price	EPPUBLICXXLCCC01day	<input checked="" type="checkbox"/>	EHPUBLICXXLCCC01day
Position Report (for TMF) Derivatives Margin Report (for TMF) Add-ons Margin Report (for TMF)	EP000*****TDPRnnqqq EP000*****TDMRnnqqq EP000*****TDAM00qqq	<input type="checkbox"/>	EP000*****TDPRnnqqq EP000*****TDMRnnqqq EP000*****TDAM00qqq

**CREDIT DEFAULT SWAP (CDS) FILES**

Trade management reports		Production	<input type="checkbox"/>	Test	EUA1	<input type="checkbox"/>	EUA2	<input type="checkbox"/>
Clearing Eligibility Report	CCER	EPXXXXXXXXXCCERnnqqq.csv			EHXXXXXXXXXCCERnnqqq.csv			
Matching and Eligibility Report	CMEI	EPXXXXXXXXCMELnnqqq.csv EPXXXXXXXXCMELnnqqq.xml			EHXXXXXXXXCMELnnqqq.csv EHXXXXXXXXCMELnnqqq.xml			
Bilateral Trades Report	CBTR	EPXXXXXXXXCBTRnnqqq.xml EPXXXXXXXXCBTRnnqqq.csv			EHXXXXXXXXCBTRnnqqq.xml EHXXXXXXXXCBTRnnqqq.csv			
Cleared Trades Report	CCTR	EPXXXXXXXXCCTRnnqqq.xml EPXXXXXXXXCCTRnnqqq.csv			EHXXXXXXXXCCTRnnqqq.xml EHXXXXXXXXCCTRnnqqq.csv			
TIW Operations Report	CCLR	EPXXXXXXXXCCLRnnqqq.csv			EHXXXXXXXXCCLRnnqqq.csv			
Restructuring Matched Pairs	CMRP	EPXXXXXXXXCMRPnnqqq.xml EPXXXXXXXXCMRPnnqqq.csv			EHXXXXXXXXCMRPnnqqq.xml EHXXXXXXXXCMRPnnqqq.csv			
Cross Trades Report	CXTR	EPXXXXXXXXCXTRnnqqq.csv			EHXXXXXXXXCXTRnnqqq.csv			
Compression Result File	CCPR	EPXXXXXXXXCCPRnnqqq.csv			EHXXXXXXXXCCPRnnqqq.csv			
CER Result File	RCER	EPXXXXXXXXRCERnnqqq.csv			EHXXXXXXXXRCERnnqqq.csv			
Variation Margin Report House	CVMH	EPXXXXXXXXCVMHnnqqq.csv EPXXXXXXXXCVMHnnqqq.xml			EHXXXXXXXXCVMHnnqqq.csv EHXXXXXXXXCVMHnnqqq.xml			
Variation Margin Report Client	CVMC	EPXXXXXXXXCVMCnnqqq.csv EPXXXXXXXXCVMCnnqqq.xml			EHXXXXXXXXCVMCnnqqq.csv EHXXXXXXXXCVMCnnqqq.xml			

Public reports		Production	<input type="checkbox"/>	Test	EUA1	<input type="checkbox"/>	EUA2	<input type="checkbox"/>
Open Interest	COIN	EPPUBLICXXCOINnnqqq.csv EPPUBLICXXCOINnnqqq.xml			EHPUBLICXXCOINnnqqq.csv EHPUBLICXXCOINnnqqq.xml			
Product Index	CPDI	EPPUBLICXXCPDIlnnqqq.csv EPPUBLICXXCPDIlnnqqq.xml			EHPUBLICXXCPDIlnnqqq.csv EHPUBLICXXCPDIlnnqqq.xml			
Product Single Names	CPDS	EPPUBLICXXCPDSnnqqq.csv EPPUBLICXXCPDSnnqqq.xml			EHPUBLICXXCPDSnnqqq.csv EHPUBLICXXCPDSnnqqq.xml			
Event File - Restructuring	CEVR	EPPUBLICXXCEVRnnqqq.csv EPPUBLICXXCEVRnnqqq.xml			EHPUBLICXXCEVRnnqqq.csv EHPUBLICXXCEVRnnqqq.xml			
Event File - Rename	CEVN	EPPUBLICXXCEVNnnqqq.csv EPPUBLICXXCEVNnnqqq.xml			EHPUBLICXXCEVNnnqqq.csv EHPUBLICXXCEVNnnqqq.xml			
Event File - Failure to Pay / Bankruptcy	CEVF	EPPUBLICXXCEVFnnqqq.csv EPPUBLICXXCEVFnnqqq.xml			EHPUBLICXXCEVFnnqqq.csv EHPUBLICXXCEVFnnqqq.xml			
Event File - Succession	CEVS	EPPUBLICXXCEVSnnqqq.csv EPPUBLICXXCEVSnnqqq.xml			EHPUBLICXXCEVSnnqqq.csv EHPUBLICXXCEVSnnqqq.xml			

Risk management reports		Production	<input type="checkbox"/>	Test	EUA1	<input type="checkbox"/>	EUA2	<input type="checkbox"/>
Margin Result House	CMRG	EPXXXXXXXXCMRGnnqqq.csv EPXXXXXXXXCMRGnnqqq.xml			EHXXXXXXXXCMRGnnqqq.csv EHXXXXXXXXCMRGnnqqq.xml			
Margin Result Client	CMRC	EPXXXXXXXXCMRCnnqqq.csv EPXXXXXXXXCMRCnnqqq.xml			EHXXXXXXXXCMRCnnqqq.csv EHXXXXXXXXCMRCnnqqq.xml			
Risk Portfolio	CPTF	EPXXXXXXXXCPTFnnqqq.csv EPXXXXXXXXCPTFnnqqq.xml			EHXXXXXXXXCPTFnnqqq.csv EHXXXXXXXXCPTFnnqqq.xml			

LCH SA

Simulation reports		Production	<input type="checkbox"/>	Test	EUA1	<input type="checkbox"/>	EUA2	<input type="checkbox"/>
<b>Simulation Matching and Eligibility Report</b>		<b>SMEL</b>	EPXXXXXXXXXSMELnnqqq.csv EPXXXXXXXXXSMELnnqqq.xml		EHXXXXXXXXXSMELnnqqq.csv EHXXXXXXXXXSMELnnqqq.xml			
<b>Simulation Member Margin Result House</b>		<b>SMRG</b>	EPXXXXXXXXXSMRGnnqqq.csv EPXXXXXXXXXSMRGnnqqq.xml		EHXXXXXXXXXSMRGnnqqq.csv EHXXXXXXXXXSMRGnnqqq.xml			
<b>Simulation Risk Portfolio</b>		<b>SPTF</b>	EPXXXXXXXXXSPTFnnnqqq.csv EPXXXXXXXXXSPTFnnnqqq.xml		EHXXXXXXXXXSPTFnnnqqq.csv EHXXXXXXXXXSPTFnnnqqq.xml			
Treasury/Collateral reports			Production	<input type="checkbox"/>	Test	EUA1	<input type="checkbox"/>	EUA2
<b>AC0101E – Invoicing cash call report (fees)</b>		<b>CNMC</b>	EP000XXXXX101A00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX101A00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0102E – Specific default fund market report</b>		<b>CNMC</b>	EP000XXXXX102A00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX102A00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0102E – Specific market margin report</b>		<b>CNMC</b>	EP000XXXXX102B00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX102B00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0102E – Specific market non-margin report</b>		<b>CNMC</b>	EP000XXXXX102C00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX102C00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0103E – Global cash call report</b>		<b>CNMC</b>	EP000XXXXX103A00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX103A00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0104E – Daily accounting report</b>		<b>CNMC</b>	EP000XXXXX104A00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX104A00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0105E – Monthly accounting report</b>		<b>CNMC</b>	EP000XXXXX105A00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX105A00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0106E – Interests monthly report</b>		<b>CNMC</b>	EP000XXXXXCNMCnnday.txt		EH000XXXXXCNMCnnday.txt			
<b>AC0110E – Financial and global situation</b>		<b>CNMC</b>	EP000XXXXX110A00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX110A00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0111E – History of withdrawal &amp; deposit requests</b>		<b>CNMC</b>	EP000XXXXX111A00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX111A00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0112E – Detail of regularisations report</b>		<b>CNMC</b>	EP000XXXXX112A00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX112A00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0113E – Net payment position document</b>		<b>CNMC</b>	EP000XXXXXCNMCnnday.txt		EH000XXXXXCNMCnnday.txt			
<b>AC0126E – Monthly interest scales report</b>		<b>CNMC</b>	EP000XXXXX126A00day.xml EP000XXXXXCNMCnnday.txt		EH000XXXXX126A00day.xml EH000XXXXXCNMCnnday.txt			
<b>AC0129E - CDS Default fund contribution</b>		<b>CNMC</b>	EP000XXXXXCNMCnnday.txt		EH000XXXXXCNMCnnday.txt			
<b>Collateral Value Situation Report</b>		<b>CCVS</b>	EPXXXXXXXXXCCVSnnqqq.csv EPXXXXXXXXXCCVSnnqqq.xml		EHXXXXXXXXXCCVSnnqqq.csv EHXXXXXXXXXCCVSnnqqq.xml			

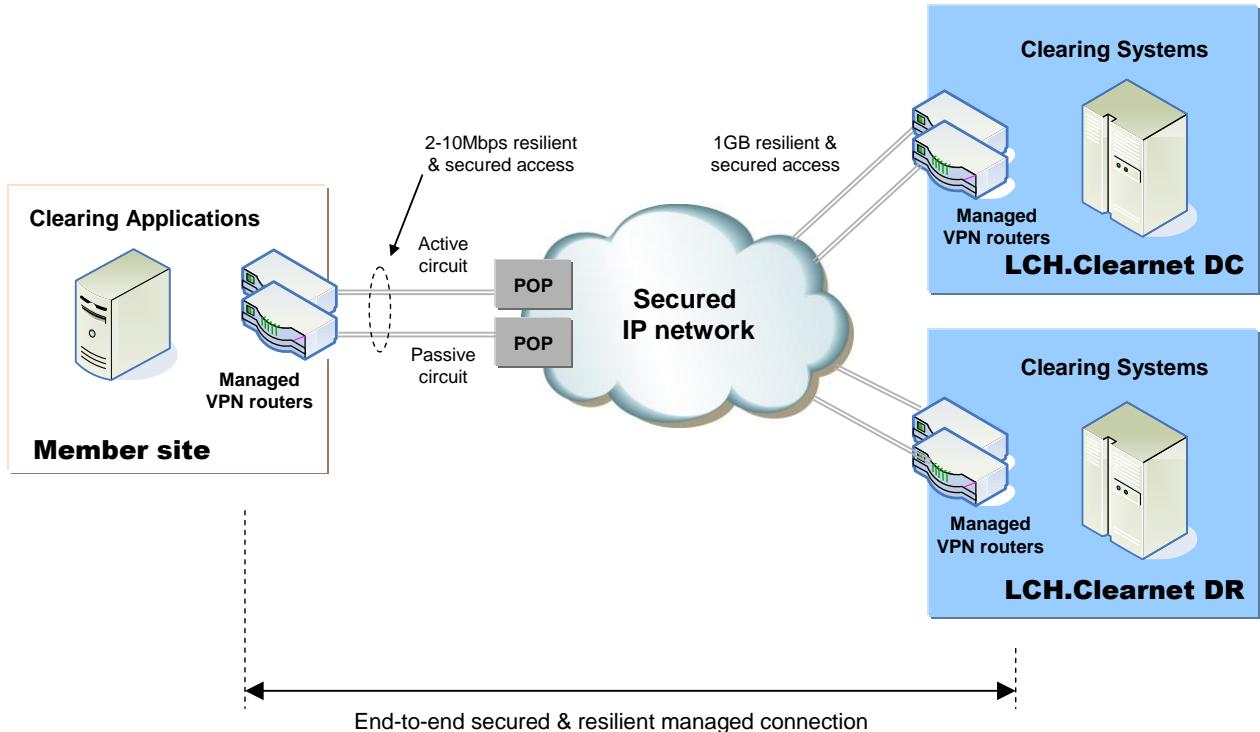
## 4 APPENDIX 4: DESCRIPTION OF NETWORK SERVICES

### 4.1 NETWORK SERVICES PRINCIPLES

- 4.1.1 LCH SA, through its Subcontractors, shall provide the Users with an end to end managed and secured IP network between the Users sites and LCH SA data centres.
- 4.1.2 LCH SA Network Services is compliant with the best security and business continuity practices.
- 4.1.3 The Users shall select one of LCH SA network solutions as detailed in the relevant Request Form.

### 4.2 MANAGING PRINCIPLES

- 4.2.1 In order to guarantee full resiliency, the Network Services shall meet the below principles:
  - Resilient network equipments (2x[CPE router + switch + VPN gateway]) supplied and managed by the network Subcontractor, with automatic mechanisms of failover;
  - Resilient Users' access from Users' premises to PoP's provider, using dual carriers;
  - Dual POP per city;
  - Fully Meshed Backbone;
  - Resilient central access in LCH SA DataCenters (DC / DR).
- 4.2.2 The connectivity minimum bandwidth shall be of 2Mbps (which can handle a maximum of 9 SLEs).
- 4.2.3 All clearing flows (real-time messaging and files transfers) are encrypted at IP level, using VPN gateway supplied and managed by the Subcontractor (end-to-end IPsec tunnelling).
- 4.2.4 The Users may choose to mutualise their Network Services to access both LCH SA Limited and S.A clearing services.  
In that case, the User shall elect the LCH SA group entity to whom it will order the Network Services. The entity selected will invoice the User the fees corresponding to the Network Services allowing it to access both SA and Limited clearing services.
- 4.2.5 Where a User has ordered its Network Services to LCH SA Limited in order to access both LCH SA Group entities, and faces any difficulty to access LCH SA SA, the User will however benefit from the Support Services described in Schedule 3 of this Agreement.
- 4.2.6 Network Services Acceptance Procedure: following the implementation of the first production LCAP (or test LCAP if the Users do not order any production LCAP), LCH SA will in cooperation with the Users, execute a set of acceptance tests to assess if the Network Services along with the LCAP (either test or production when relevant) are operational (hereafter referred as "Operational Service" date). After the completion of the acceptance tests, LCH SA will send to the Users an e-mail to be construed as an acceptance test certificate. If the Users do not contest this acceptance test certificate within 7 Calendar Days, the Network Services along with the LCAP will be deemed to be accepted and LCH SA will therefore be entitled to invoice the Users as from the Operational Service date.



#### 4.3 APPLICABLE USE POLICY

##### 4.3.1 SCOPE AND APPLICABILITY

This Acceptable Use Policy (“AUP”) provides a code of conduct applicable to all entity using the Network Services, including the Users and the network services providers’ other customers and their employees, agents, contractors, affiliates, subsidiaries, and, if applicable, clients (all together referred as Users) in order to (i) protect all Users and assure them of the consistent, high level of trust necessary for them to use the Network Services safely, securely and effectively; and (ii) deter the abuse or misuse of the Network Services by any User.

##### 4.3.2 ACCEPTABLE USE

Each User shall use the Network Services to conduct its business, publish and access content, and provide access to applications in accordance with this AUP and any applicable terms and conditions of this Agreement.

##### 4.3.3 UNACCEPTABLE USE

###### 4.3.3.1 Illegal Use

Users are prohibited from using the Network Services to commit or aid in the commission of any crime, fraud, or act which violates any applicable local, national, or international law or regulation.

###### 4.3.3.2 Prohibited Content

Users are prohibited from using the Network Services to transmit, distribute, disseminate, publish, or store:

- any material in violation of any applicable local, national, or international law or regulation;
- material that infringes any patent, trademark, trade secret, copyright, or other intellectual property right of any Party;
- material that is defamatory, abusive, or harassing; or that threatens or encourages bodily harm, destruction of property, or infringement of the lawful rights of any Party; or otherwise constitutes an illegal threat;
- material that violates the privacy of any Party as protected by applicable local, national, or international law or regulation;
- material containing software viruses, worms, Trojan horses, time bombs, cancelbots, or other harmful or deleterious computer code, or any computer code, files, or programs designed to disrupt; destroy; disable; invade, gain unauthorized access to; or corrupt, observe, or modify without authorization, any data; network transmissions; software; computing or network devices; or telecommunications equipment;
- unsolicited or unauthorized advertising, promotional materials, bulk email, or chain letters.

#### 4.3.3.3 Eavesdropping

Users are prohibited from the unauthorized interception or monitoring of any data or messages transmitted over the Network.

#### 4.3.3.4 Unauthorized access

Users are prohibited from employing the Network Services to access any computer, network, or data without authorization or in a manner that exceeds authorization for any purpose, including but not limited to:

- retrieve, alter, or destroy data;
- probe, scan or test the vulnerability of a system or network; or
- breach or defeat system or network security measures such as authentication, authorization, confidentiality, intrusion detection, or monitoring.

#### 4.3.3.5 Impersonation and forgery

Users are prohibited from:

- impersonating any Party or entity by adding, removing, or altering header information of Network, email, or other messages transmitted over the Network;
- transmitting over the Network messages that have been electronically signed using a fraudulently obtained public key certificate or with a forged electronic signature; or
- using the Network Services to commit any other form of forgery or illegal or unauthorized impersonation.

#### 4.3.3.6 Malicious disruption

Users are prohibited from interfering with or disrupting (i) the business operations, service, or function of the Network, any User, or any computer, host, network, or telecommunications device; or (ii) the legitimate use of the Network Services by any User including by deliberate attempts to overwhelm an application, computer system, network device, or network.

#### 4.3.3.7 Security auditing, assessments, penetration tests

Users are prohibited from conducting security audits, assessments, and penetration tests of the Network.

#### 4.3.3.8 Misuse of CPE

Users shall not tamper with or attempt to gain unauthorized access to CPE (routers, cables, connectors).

### 4.3.4 CONFIDENTIALITY

#### 4.3.4.1 Confidential Information

Each User shall hold in confidence any information it receives from LCH SA or any Clearing Access Solution Third Party Provider related to the security and architecture of the Network Services, including but not limited to: Network routing information, addresses, device configurations, topology, host names, system configurations, security access codes, encryption and authentication keys, passwords, controls, processes, procedures, and safeguards. Users shall not disclose this information except on a need-to-know basis and only to employees, agents, subcontractors, or other third parties who are contractually bound to non-disclosure obligations.

#### 4.3.4.2 Disclosure

LCH SA reserves the right to disclose information relating to Users' activities that may be in violation of this AUP:

- to law enforcement, regulatory, or other agencies in response to lawful requests including, without limitation, as required by any securities exchange or regulatory or governmental body to which a User is subject;
- to the extent required by law or for the purposes of judicial process; or
- to other Users to protect the rights, property, and operations of the Network Services, and the public including, without limitation, the right to notify a User of any event, condition, or activity, of which LCH SA is aware, potentially affecting the security or operations of said Users' computer networks and systems.

### 4.3.5 MONITORING/ENFORCEMENT

#### 4.3.5.1 Network Usage Monitoring

LCH SA reserves the right to monitor all usage of the Network for purposes of Network management, performance management, capacity planning, and security monitoring and management. Usage monitoring may include:

- monitoring (i) source and destination addresses, protocol type, size and other attributes of individual network packets other than content, and (ii) network routes traversed by individual packets within the Network as necessary to detect potential, incipient, or actual security breaches, intrusions, attacks, or malicious code;
- using devices and techniques such as network intrusion detection, host intrusion detection, and system integrity auditing to inspect packet contents for the presence of software viruses, worms, Trojan horses, time bombs, cancelbots, or other harmful or deleterious computer code, or any computer code, files, or programs designed to disrupt; destroy; disable; invade; gain unauthorized access to; or corrupt, observe, or modify without authorization, any data; network transmissions; software; computing or network devices; or telecommunications equipment, provided, however, that LCH SA shall use such detection devices and techniques solely for the aforesaid purpose; and
- monitoring network traffic for patterns potentially indicating the misuse or abuse of the Network.

#### 4.3.5.2 Content Monitoring

LCH SA does not monitor, review, edit, or censor information transmitted by Users on the Network. Users are solely responsible for the information they transmit on the Network and for complying with all laws and regulations applicable to such information. Users acknowledge that LCH SA is not responsible for the truthfulness, accuracy, or legality of any information transmitted, published, or accessed by Users on the Network.

#### 4.3.5.3 Investigations

LCH SA reserves the right to:

- initiate investigations into potential misuse or abuse of the Network Services by Users;
- involve, and cooperate to the fullest extent possible with, law enforcement, regulatory, and other authorized agencies in the investigation and prosecution of crimes alleged or suspected to have been committed using the Network Services;
- terminate or suspend use of the Network Services by a User found to have violated this Acceptable Use Policy or other applicable terms and conditions to which Users are legally bound to LCH SA; and
- immediately, without notice, and at LCH SA's sole discretion, completely or partially suspend use of, and access to, the Network Services by any User to the extent, as LCH SA determines in its sole discretion, required to maintain and protect the security and operations of (i) LCH SA or the Network Services, or (ii) any User or any User's computer networks or systems, where LCH SA reasonably believes such security and operations are under potential, threatened, or actual attack or compromise.

In each case LCH SA suspends the Network Services, it shall advise its Users as promptly as possible. Such Service may be restored, within LCH SA sole discretion, after any violation or threat has been remedied or corrected.

## 5 APPENDIX 5 DESCRIPTION OF CMS

### 5.1 GENERAL PRINCIPLES

- 5.1.1 CMS is a graphical user interface provided over Internet by LCH SA for its Users, that enables them to visualise their collateral positions and create collateral instruction requests.

### 5.2 MANAGING PRINCIPLES

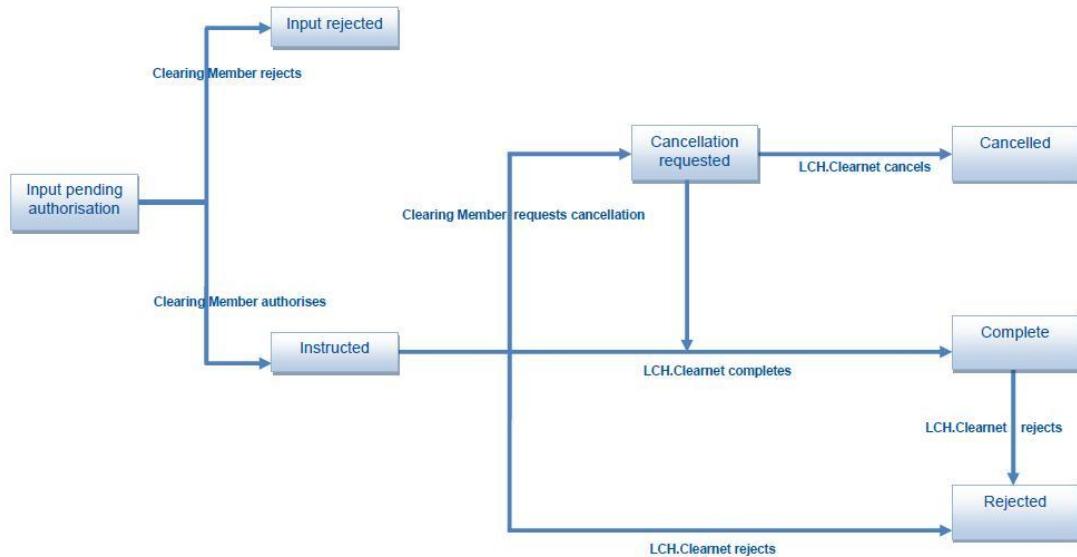
- 5.2.1 The access to the CMS is delivered by LCH SA, after the Users have duly filled in and signed the LCH SA adequate Request Form available on Portal.
- 5.2.2 This Request Form shall be duly completed and signed by the Users and sent by registered letter to the appropriate LCH SA interlocutor as set out on the Request Form.
- 5.2.3 The Internet access to the CMS is managed via passwords.
- 5.2.4 Via CMS, LCH SA provides the Users with the appropriate collateral data (real time data) as set out in Annex 2 “Collateral Data to be visualised via CMS “of this appendix.
- 5.2.5 Via CMS, LCH SA provides the Users with the possibility to create collateral instructions aimed at LCH SA.
- 5.2.6 Via CMS, LCH SA provides the Users with a status on their past and current Collateral instructions as set out in Annex 3 “Collateral instructions workflow in CMS” of this appendix.
- 5.2.7 Any Anomaly encountered regarding the proper use of CMS must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 5.2.8 Any Changes requested by the Users from LCH SA regarding CMS shall be notified by the Users to LCH SA by completing the appropriate Request Form available from LCH SA.

<b>5.3 ANNEX 2: Collateral Data to be visualised via CMS</b>
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<b>Collateral Type</b>	<b>Balance</b>	<b>Instructions</b>
Cash	By market / sub-account	By mnemonic
Securities	By market / sub-account	By market / sub-account

<b>5.4 ANNEX 3: Collateral Instructions workflow</b>
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**Workflow for security and cash instructions:**



## 6 APPENDIX 6: DESCRIPTION OF THE CDSCLEAR PORTFOLIO MARGIN CALCULATION TOOL

### 6.1 GENERAL PRINCIPLES

- 6.1.1 The Portfolio Margin Calculation (PMC) tool sits with the LCH SA Portal (more information is provided in Appendix 11). Access to the Portal is provided by LCH SA to Users of LCH SA CDSClear service over secured Internet.
- 6.1.2 The Internet access to the PMC tool is managed via the Portal Access process. The access to PMC tool requires a specific User request.
- 6.1.3 The Users shall strictly comply with the terms of use of the Portal security policy, detailed in Schedule 1 of this Agreement and the associated Documentation.
- 6.1.4 Via the PMC tool, LCH SA provides the Users with margin calculation results as set out in section 6.3 Annex 2 "CDSClear Clearing Data to be accessed via LCH SA Portal".
- 6.1.5 Any anomaly encountered regarding the proper use of the PMC tool must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 6.1.6 Any changes requested by the Users from LCH SA regarding the PMC tool shall be notified by the Users to LCH SA by contacting the appropriate Super User, who would then complete the appropriate Request Form available from LCH SA.
- 6.1.7 There are no costs regarding the provision of this Service.

### 6.2 MANAGING PRINCIPLES

The CDSClear Portfolio Margin Calculator (PMC) allows Users of LCH SA CDSClear service to compute the margin requirements for a portfolio of CDS Indices and Single Names. The main capabilities are:

- Pre-trade estimation (for speed)
- Post-trade reconciliation (for accuracy)

Overnight all products are unit-priced using scenario data from the most recent end-of-day production margin run. Intraday this is used to allow PMC to calculate the margins for the portfolio quickly.

The portfolio selected in the PMC can be any of the following:

- the existing portfolio containing the current stock of trades;
- a synthetic portfolio containing new trades;
- a combination of current and new trades

The PMC allows new trades to be uploaded from a CSV file and to be entered manually.

The following browsers are supported:

- IE 7, 8, 9
- Firefox 19
- Chrome 15, 25
- Safari 5.1.7

## **7 APPENDIX 7: DESCRIPTION OF THE CDSCLEAR REPORTING APPLICATION**

### **7.1 GENERAL PRINCIPLES**

- 7.1.1 The CDSClear Reporting application is a User Interface which allows Users of LCH SA CDSClear service to gain access to a full suite of downloadable report files.
- 7.1.2 Users have the possibility to choose the family, the format and the date of reports they are interested in as set out in section 6.3 Annex 2 “CDSClear Clearing Data to be accessed via LCH SA Portal”.
- 7.1.3 The CDSClear Reporting application does not allow Users to automate the report and therefore is not fit for FTP usage.

### **7.2 MANAGING PRINCIPLES**

- 7.2.1 The CDSClear Reporting application sits with the LCH SA Portal (more information in Appendix 11). Access to the LCH SA Portal is provided by LCH SA to Users of LCH SA CDSClear service over secured Internet.
- 7.2.2 The Internet access to the CDSClear Reporting application is managed via the LCH SA Portal Access process. The access to the CDSClear Reporting application requires a specific User request.
- 7.2.3 The Users shall strictly comply with the terms of use of the LCH SA Portal security policy, detailed in Schedule 1 of this Agreement and the associated Documentation.
- 7.2.4 Via the CDSClear Reporting application, LCH SA provides the Users of LCH SA CDSClear service with the suite of report files (Product, Trades, Risks, Margin & Collateral and Event report families) as set out in section 6.3 Annex 2 “CDSClear Clearing Data to be accessed via LCH SA Portal”.
- 7.2.5 Any anomaly encountered regarding the proper use of the CDSClear Reporting application must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 7.2.6 Any changes requested by the Users to LCH SA regarding the CDSClear Reporting application shall be notified by the Users to LCH SA by contacting the appropriate Super User, who shall then complete the appropriate Request Form available from LCH SA.
- 7.2.7 There are no costs regarding the provision of this Service.

<b>7.3 ANNEX 2: CDSClear Clearing data to be accessed via LCH SA Portal</b>
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<b>CDSCLEAR FILES</b>	<b>PRODUCTION</b>	<b>TEST</b>
<b>REPORTING</b>		
Product Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Trade Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Risk Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collateral & Margin Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Event Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Trade Management</b>		
Bilateral Trades Management User Interface	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Cleared Trades Management User Interface	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Extract of the data in .csv format	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Compression Management</b>		
Automatic Compression Configuration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Adhoc Compression File	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Backloading</b>		
Weekly Backloading Clearing Eligibility Report Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Portfolio Margin Calculator (PMC)		
Users of the PMC tool will gain access to their permissioned CDSClear Clearing Member trade portfolio, in order for them to run margin simulations against it.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## 8 APPENDIX 8: DESCRIPTION OF THE CDSCLEAR TRADE MANAGEMENT

### APPLICATION

#### 8.1 GENERAL PRINCIPLES

- 8.1.1 The CDSClear Trade Management application is a User Interface which allows Users of LCH SA CDSClear service to gain access to real time information on their trade portfolios (bilateral and cleared trades).
- 8.1.2 The CDSClear Trade Management application allows the available data to be filtered using specific criteria.
- 8.1.3 The CDSClear Trade Management application allows Users to extract data if the number of lines to be displayed on the screens is too important. The format of the extracted file is .csv format.
- 8.1.4 The Reporting application does not allow Users to automate the data and therefore is not fit for FTP usage.

#### 8.2 MANAGING PRINCIPLES

- 8.2.1 The CDSClear Trade Management application sits with the LCH SA Portal (more information is available in Appendix 11). Access to the LCH SA Portal is provided by LCH SA to Users of LCH SA CDSClear service over secured Internet.
- 8.2.2 The Internet access to the CDSClear Trade Management application is managed via the Portal Access process. The access to the CDSClear Trade Management application requires a specific User request.
- 8.2.3 The Users shall strictly comply with the terms of use of the LCH SA Portal security policy, detailed in Schedule 1 of this Agreement and the associated Documentation.
- 8.2.4 Via the CDSClear Trade Management application, LCH SA provides the Users of LCH SA CDSClear service with real time information on their trade portfolios (bilateral and cleared trades) and the possibility to extract data through .csv file download as set out in section 6.3 Annex 2 "CDSClear Clearing Data to be accessed via LCH SA Portal".
- 8.2.5 Any anomaly encountered regarding the proper use of the CDSClear Trade Management application must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 8.2.6 Any changes requested by the Users from LCH SA regarding the CDSClear Trade Management application shall be notified by the Users to LCH SA by contacting the appropriate Super User, who shall then complete the appropriate Request Form available from LCH SA.
- 8.2.7 There are no costs regarding the provision of this Service.

<b>8.3 ANNEX 2: CDSClear Clearing data to be accessed via LCH SA Portal</b>
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<b>CDSCLEAR FILES</b>	<b>PRODUCTION</b>	<b>TEST</b>
<b>REPORTING</b>		
Product Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Trade Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Risk Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collateral & Margin Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Event Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Trade Management</b>		
Bilateral Trades Management User Interface	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Cleared Trades Management User Interface	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Extract of the data in .csv format	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Compression Management</b>		
Automatic Compression Configuration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Adhoc Compression File	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Backloading</b>		
Weekly Backloading Clearing Eligibility Report Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Portfolio Margin Calculator (PMC)		
Users of the PMC tool will gain access to their permissioned CDSClear Clearing Member trade portfolio, in order for them to run margin simulations against it.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## **9 APPENDIX 9: DESCRIPTION OF THE CDSCLEAR BACKLOADING APPLICATION**

### **9.1 GENERAL PRINCIPLES**

- 9.1.1 The CDSClear Backloading application is a User Interface which allows Users of LCH SA CDSClear service to have the ability to select and upload trades for clearing for the Weekly Backloading cycle.
- 9.1.2 To proceed with the above described process, Users need to upload a .csv file named Result Clearing Eligibility Report.
- 9.1.3 The CDSClear Reporting application does not allow Users to automate the data and therefore is not fit for FTP usage.

### **9.2 MANAGING PRINCIPLES**

- 9.2.1 The CDSClear Backloading application sits with the LCH SA Portal (more information is available in Appendix 11). Access to the Portal is provided by LCH SA to Users of LCH SA CDSClear service over secured Internet.
- 9.2.2 The Internet access to the CDSClear Backloading application is managed via the LCH SA Portal Access process. The access to the CDSClear Backloading application requires a specific User request.
- 9.2.3 The Users shall strictly comply with the terms of use of the LCH SA Portal security policy, detailed in Schedule 1 of this Agreement and the associated Documentation.
- 9.2.4 Via the CDSClear Backloading application, LCH SA provides the Users of LCH SA CDSClear service with the ability to select and upload trades for clearing via the weekly backloading cycle using the CER Result File as set out in section 6.3 Annex 2 “CDSClear Clearing Data to be accessed via LCH SA Portal”.
- 9.2.5 Any anomaly encountered regarding the proper use of the Backloading application must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 9.2.6 Any changes requested by the Users from LCH SA regarding the CDSClear Backloading application shall be notified by the Users to LCH SA by contacting the appropriate Super User, who shall then complete the appropriate Request Form available from LCH SA.
- 9.2.7 There are no costs regarding the provision of this Service.

<b>9.3 ANNEX 2: CDSClear Clearing data to be accessed via LCH SA Portal</b>
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<b>CDSCLEAR FILES</b>	<b>PRODUCTION</b>	<b>TEST</b>
<b>REPORTING</b>		
Product Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Trade Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Risk Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collateral & Margin Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Event Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Trade Management</b>		
Bilateral Trades Management User Interface	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Cleared Trades Management User Interface	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Extract of the data in .csv format	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Compression Management</b>		
Automatic Compression Configuration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Adhoc Compression File	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Backloading</b>		
Weekly Backloading Clearing Eligibility Report Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Portfolio Margin Calculator (PMC)		
Users of the PMC tool will gain access to their permissioned CDSClear Clearing Member trade portfolio, in order for them to run margin simulations against it.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## 10 APPENDIX 10: DESCRIPTION OF THE CDSCLEAR COMPRESSION APPLICATION

### 10.1 GENERAL PRINCIPLES

- 10.1.1 The CDSClear Compression application is a User Interface which allows Users of LCH SA CDSClear service to configure their compression settings on their portfolios. Users have several options of compression frequency (daily or weekly) and the possibility to compress their trades at deskID level.
- 10.1.2 The CDSClear Compression application also allows Users to upload a .csv file for ad-hoc compression.
- 10.1.3 The CDSClear Compression application does not allow Users to automate the data and therefore is not fit for FTP usage.

### 10.2 MANAGING PRINCIPLES

- 10.2.1 The CDSClear Compression application sits with the LCH SA Portal (more information in Appendix 11). Access to the LCH SA Portal is provided by LCH SA to Users of LCH SA CDSClear service over secured Internet.
- 10.2.2 The Internet access to the CDSClear Compression application is managed via the LCH SA Portal Access process. The access to the CDSClear Compression application requires a specific User request.
- 10.2.3 The Users shall strictly comply with the terms of use of the LCH SA Portal security policy, detailed in Schedule 1 of this Agreement and the associated Documentation.
- 10.2.4 Via the CDSClear Compression application, LCH SA provides the Users of LCH SA CDSClear service with the ability to configure their compression settings and to upload ad-hoc compression files as set out in section 6.3 Annex 2 “CDSClear Clearing Data to be accessed via LCH SA Portal”.
- 10.2.5 Any anomaly encountered regarding the proper use of the CDSClear Compression application must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 10.2.6 Any changes requested by the Users from LCH SA regarding the Trade CDSClear Compression application shall be notified by the Users to LCH SA by contacting the appropriate Super User, who shall then complete the appropriate Request Form available from LCH SA.
- 10.2.7 There are no costs regarding the provision of this Service.

<b>10.3 ANNEX 2: CDSClear Clearing data to be accessed via LCH SA Portal</b>
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<b>CDSCLEAR FILES</b>	<b>PRODUCTION</b>	<b>TEST</b>
<b>REPORTING</b>		
Product Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Trade Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Risk Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collateral & Margin Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Event Management reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Trade Management</b>		
Bilateral Trades Management User Interface	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Cleared Trades Management User Interface	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Extract of the data in .csv format	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Compression Management</b>		
Automatic Compression Configuration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Adhoc Compression File	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Backloading</b>		
Weekly Backloading Clearing Eligibility Report Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Portfolio Margin Calculator (PMC)		
Users of the PMC tool will gain access to their permissioned CDSClear Clearing Member trade portfolio, in order for them to run margin simulations against it.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## 11 APPENDIX 11: DESCRIPTION OF THE LCH SA PORTAL

### 11.1 GENERAL PRINCIPLES

- 11.1.1 Portal is a single sign-on solution for various LCH SA applications.
- 11.1.2 Once logged onto the LCH SA Portal, Users will have access to a set of parameterised applications without logging in again.
- 11.1.3 The available set of applications is defined at User level - based on permissions applied to that user.

### 11.2 MANAGING PRINCIPLES

The managing principles for the LCH SA Portal access are detailed hereafter:

- 11.2.1 In order to be granted access to the LCH SA Portal, the Users shall request LCH SA to provide the appropriate Request Form. Once this form is duly completed and signed by the Users, LCH SA takes the necessary actions to give the Users LCH SA Portal access in coordination with Portal team.
- 11.2.2 To be granted access to the LCH SA Portal is typically done via the Super User facility, excluding CMS ONLY which is done via an online request form directly available to members upon acceding to the LCH SA Portal Link.
- 11.2.3 For all applications (except CMS), users gain access to portal via the Super User facility, which is a delegated responsibility given to 1 or 2 people within that User institution for each line of business and possibly for each application.
- 11.2.4 In order for a Clearing Member to have access as a Super User, such Clearing Member needs to request the appropriate form from LCH SA, have it signed by an authorised signatory for that bank and then return it to LCH SA. Once returned, LCH SA creates this User as a Super User with delegated authority to create access for others within their own institution.
- 11.2.5 The Users shall comply with the instructions provided by LCH SA in the relevant documentation in order to activate their login.
- 11.2.6 The following events shall be immediately communicated to LCH SA in order to update Users' accesses:
  - leavers (eg. resignation, dismissal, any cause of leaving)
  - change of function
- 11.2.7 Inactivate accounts: note that the LCH SA Portal Security policy states that all accounts that are not used for a 3 month period will automatically become inactive. In order for the user to start using the account again, they will need to contact LCH SA for re-activation. If the period of inactivity continues for up to 6 months, accounts will then be automatically deleted. This is a measure that will be taken to as strictly as possible, for security to mitigate the possibility of any breaches.

## 12 APPENDIX 12: DESCRIPTION OF WEB EGCP

### 12.1 GENERAL PRINCIPLES

- 12.1.1 Web EGCP is an electronic Clearing Access Solution provided by LCH SA for its Users trading on the €GCPlus market cleared by LCH SA.
- 12.1.2 Web EGCP grants Users secured access to view and download the data set out in Annex 2 of this Appendix.

### 12.2 MANAGING PRINCIPLES

- 12.2.1 The access to the Web EGCP is delivered by LCH SA, after the Users have duly filled in and signed the LCH SA adequate Request Form
- 12.2.2 This Request Form shall be duly completed and signed by the Users and sent by registered letter to the appropriate LCH SA interlocutor as set out on the Request Form.
- 12.2.3 The access to the Web EGCP is managed via a Secure Access Card. The Users shall strictly comply with the terms of use of the Secure Access Card as those terms are set out in clause 2.2 of this appendix, security measures set out in Schedule 1 of this Agreement and the associated Documentation.
- 12.2.4 The access to the Web EGCP can also be managed via the implementation of a push or pull solution (hereafter “Push/Pull Solution”), on request of the Users. Either the Users connect to the Appropriate Network and pull the Web EGCP files onto its information system; or LCH SA pushes the Web EGCP files on to the Clearing Member’s information system via internet.
- 12.2.5 LCH SA offers to its Users two technical solutions to get access to the Push / Pull Solution:
  - either a PGP solution (encrypted), or
  - a public solution (non encrypted solution).

The choice between these two solutions remains under the sole responsibility of the Users. Each User declares that he has the accurate knowledge to assess the consequences each solution may generate. In this context, the Users acknowledge and agree that LCH SA would not suffer any liability regarding the consequences associated with the choice described above and notably where the Users opt for the public solution.

Further to clause 13 of the Access Agreement and notwithstanding anything to the contrary, in no circumstances whatsoever will LCH SA be liable for any direct or indirect loss or damage including without limitation, loss of data or loss of profits arising out of, or in connection with, the use of the public solution. Any reliance the User places on information received through the public solution is therefore at its own risk.

- 12.2.6 Via the Web EGCP, LCH SA provides the Users with the appropriate clearing data (files) as set out in Annex 2 “Clearing Data to be accessed via Web EGCP ”.

- 12.2.7 The following events shall be immediately communicated to LCH SA Account Managers by the Users Web EGCPPlus administrator (MSA) in order to update the Users' accesses to the Web EGCP :
- leavers (eg.resignation, dismissal, any cause of leaving);
  - change of function;
  - re-assignment of Secure Access Card;
  - loss of Secure Access Card or activation of Secure Access Card following the synchronisation or loss of PIN code.
- 12.2.8 Any Anomaly encountered regarding the proper use of the Web EGCP must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 12.2.9 Any Changes required by the Users to LCH SA regarding the Web EGCP shall be notified by the Users to LCH SA by filling in the adequate Request Form "Web EGCP Change Request Form" attached in Annex 1 of this Appendix.

<b>12.3 ANNEX 1 : Secure Access Card Management</b>
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#### **12.4 General Principles**

- 12.4.1 A token, hereafter referred as "Secure Access Card" aims at delivering to the Users a secured electronic access to the Web EGCP Clearing Access Solutions.
- 12.4.2 The "Secure Access Card" is automatically provided by LCH SA as soon as the Users request to be granted access to Web EGCP.

#### **12.5 Managing principles**

- 12.5.1 The Secure Access Card enables access to the Web EGCP production interface.
- 12.5.2 The Secure Access Card is provided to the Users when they issue a request to LCH SA CTH in order to be granted access to the Web EGCP platform via Internet.
- 12.5.3 The Users may also wish to be granted access to the Web EGCP files via a "push or pull" solution, which consists in granting access to EGCP files via FTP network.
- 12.5.4 The Users shall specify in the Request Form which Clearing Access Solution they require and also give details on the Users:
- Names
  - Address (site, country)
  - E-mail address
  - Phone number
  - Fax number
- 12.5.5 LCH SA CTH is in charge of providing the Users with the following relevant and sufficient information to have access to the Web EGCP production interface:
- Pin code
  - Password
  - Instructions for use.
- 12.5.6 The Users shall comply with the instructions provided by LCH SA in the relevant documentation.

- 12.5.7 Secure Access Cards operate for a limited period of time (3 years in average). It will therefore be replaced at LCH SA initiative in due course.
- 12.5.8 Any Anomaly or problem encountered by the Users regarding the Web EGCP access via the Secure Access Card shall be raised to LCH SA CTH.
- 12.5.9 The costs regarding the Web EGCP Clearing Access Solution are the ones set out in the effective LCH SA fee grid.

<b>12.6 ANNEX 2: <i>Clearing data to be accessed via Web EGCP</i></b>
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- 12.6.1 The Web EGCP solution gives access to the Users to the following data:

- in real-time :
  - daily operations (validated and refused) recorded by LCH SA during the day
- at the end of day :
  - recap of all trades registered during the day
  - report on Net Position Exposure calculation (also updated once intra day)
- 08.00 next morning (Paris time) :
  - financial report (also updated for intraday position)
- monthly :
  - invoicing details

- 12.6.2 Hereunder is the list of files provided via the Web EGCP Clearing Access Solution:

Report Name	Technical Name	Production Description	Test Description
Real time trade report (for €GCPlus)	CBPTRAD	xxxPRYYYYMMDDCBPTRAD_HHMM.NET	xxxTSYYYYMMDDCBPTRAD_HHMM.NET
Regularisation (for €GCPlus)	CBPREGU	xxxPRYYYYMMDDCBPREGU.TXT	xxxTSYYYYMMDDCBPREGU.TXT
Trades of the day (for €GCPlus)	CBPDTRD	xxxPRYYYYMMDDCBPDTRD.TXT	xxxTSYYYYMMDDCBPDTRD.TXT
Forward Repos (for €GCPlus)	CBPFORW	xxxPRYYYYMMDDCBPFORW.TXT	xxxTSYYYYMMDDCBPFORW.TXT
Detail of Net Instructions (same day)	CBPNPE1	xxxPRYYYYMMDDCBPNPE1.TXT	xxxTSYYYYMMDDCBPNPE1.TXT
Detail of Net Instructions (tomorrow)	CBPNPE2	xxxPRYYYYMMDDCBPNPE2.TXT	xxxTSYYYYMMDDCBPNPE2.TXT
Euro Financial Statement	CBPSFEU	xxxPRYYYYMMDDCBPSFEU.TXT	xxxTSYYYYMMDDCBPSFEU.TXT
Intra-day Euro Financial Statement	CBPSFE1	xxxPRYYYYMMDDCBPSFE1.TXT	xxxTSYYYYMMDDCBPSFE1.TXT
Settlement related costs	CBPNETT	xxxPRYYYYMMDDCBPNETT.TXT	xxxTSYYYYMMDDCBPNETT.TXT
Fees amounts	CBPREPO	xxxPRYYYYMMDDCBPREPO.TXT	xxxTSYYYYMMDDCBPREPO.TXT
Intra Day Market data	CBPMKDTITD	xxxPRYYYYMMDDCBPMKDTITD.TXT	xxxTSYYYYMMDDCBPMKDTITD.TXT
Market data	CBPMKDTRTH	xxxPRYYYYMMDDCBPMKDTRTH.TXT	xxxTSYYYYMMDDCBPMKDTRTH.TXT
Intra Day Risk Report	CBPRISKITD	xxxPRYYYYMMDDCBPRISKITD.TXT	xxxTSYYYYMMDDCBPRISKITD.TXT
Risk Report	CBPRISKRTH	xxxPRYYYYMMDDCBPRISKRTH.TXT	xxxTSYYYYMMDDCBPRISKRTH.TXT

## **13 APPENDIX 13: DESCRIPTION OF THE CDSCLEAR REPORTING SFTP SOLUTION**

### **13.1 GENERAL PRINCIPLES**

The CDSClear Reporting SFTP solution is a non-browser based, Secure FTP (File Transfer Protocol) interface used by Users of the LCH SA CDSClear service for the scripted, bulk retrieval of reports on a scheduled basis. Users connect on a frequent, automatic schedule and retrieve reports, often across multiple business line, in bulk - for later processing.

This is a non-user interactive interface.

Access to the CDSClear Reporting SFTP solution is made through Internet or BT Radianz connection.

### **13.2 COMPOSITION OF THE CDSCLEAR REPORTING SFTP SOLUTION**

The CDSClear Reporting SFTP solution supplies the Users of the LCH SA CDSClear service with a Secure FTP service by restricting accounts by IP addresses enabling the management of incoming and outgoing files flows.

The CDSClear Reporting SFTP solution handles the certification and storage of data interchanged between Users and LCH SA.

### **13.3 MANAGING PRINCIPLES**

- 13.3.1 The CDSClear Reporting SFTP solution has been built using the LCH SA Portal security model.
- 13.3.2 Whenever Users require to be given access to the CDSClear Reporting SFTP Solution, the appropriate Request Form, available from the LCH SA Portal, shall be duly completed and signed by the Users and sent by registered letter to the appropriate LCH SA interlocutor as set out on the Request Form.
- 13.3.3 Any Anomaly encountered regarding the proper use of the CDSClear Reporting SFTP solution must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 13.3.4 Any changes requested by the Users from LCH SA regarding the CDSClear Reporting SFTP solution shall be notified by the Users to LCH SA by contacting the appropriate Super User, who would then complete the appropriate Request Form available from LCH SA.
- 13.3.5 There are no costs regarding the provision of this Service.

**14 APPENDIX 14: DESCRIPTION OF THE CDSCLEAR REPORTING APPLICATION****PROGRAMMING INTERFACE****14.1 GENERAL PRINCIPLES**

The CDSClear Reporting API solution provides a programmatic interface where Users of the LCH SA CDSClear service can use scripts to access and download individual reports.

Access to the CDSClear Reporting API solution is made through Internet.

**14.2 COMPOSITION OF THE CDSCLEAR REPORTING API SOLUTION**

CDSClear Reporting API solution supplies the Users with the ability to run a script in order to retrieve reports on an ad-hoc or small-scale basis – the new API interface provides a secure mechanism in which to do so. Members need to register for a new Portal API account and password.

The CDSClear Reporting API solution handles the certification and storage of data interchanged between the Users and LCH SA.

**14.3 MANAGING PRINCIPLES**

- 14.3.1 The CDSClear Reporting API solution has been built using the LCH SA Portal security model.
- 14.3.2 Whenever Users require to be given access to the CDSClear Reporting API Solution, the appropriate Request Form, available from the LCH SA Portal, shall be duly completed and signed by the Users and sent by registered letter to the appropriate LCH SA interlocutor as set out on the Request Form.
- 14.3.3 Any Anomaly encountered regarding the proper use of the CDSClear Reporting API solution must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 14.3.4 Any Changes required by the Users to LCH SA regarding the CDSClear Reporting API solution shall be notified by the Users to LCH SA by contacting the appropriate Super User, who would then complete the appropriate Request Form available from LCH SA.
- 14.3.5 There are no costs regarding the provision of this Service.

## 15 APPENDIX 15: DESCRIPTION OF THE CDSCLEAR PORTFOLIO MARGIN CALCULATION

### APPLICATION PROGRAMMING INTERFACE

#### **15.1 GENERAL PRINCIPLES**

The CDSClear PMC API provides a programmatic interface where Users of the LCH SA CDSClear service can use scripts to access and download individual margin results.

Access to the CDSClear PMC API solution is made through Internet.

#### **15.2 COMPOSITION OF THE CDSCLEAR PMC API**

CDSClear PMC API solution supplies the Users with the ability to run a script in order to calculate margin on an ad-hoc or small-scale basis – the API interface provides a secure mechanism in which to do so. Members need to register for a new Portal API account and password.

The CDSClear PMC API solution handles the certification and storage of data interchanged between the Users and LCH SA.

#### **15.3 MANAGING PRINCIPLES**

- 15.3.1 The PMC API solution has been built using the LCH SA Portal security model.
- 15.3.2 Whenever Users require to be given access to the CDSClear PMC API, the appropriate Request Form, available from the LCH SA Portal, shall be duly completed and signed by the Users and sent by registered letter to the appropriate LCH SA interlocutor as set out on the Request Form.
- 15.3.3 Any Anomaly encountered regarding the proper use of the CDSClear PMC API must be raised to LCH SA Customer Technical Helpdesk (CTH) in compliance with the terms set out in Schedule 3 of this Agreement.
- 15.3.4 Any Changes required by the Users to LCH SA regarding the CDSClear PMC API solution shall be notified by the Users to LCH SA by contacting the appropriate Super User, who would then complete the appropriate Request Form available from LCH SA.
- 15.3.5 There are no costs regarding the provision of this Service.

**Schedule 3  
LCH SA SUPPORT SERVICES****1 GENERAL PRINCIPLES**

1.1.1 Support Services consist:

- in answering the Users' queries regarding the proper use of the Clearing Access Solution(s) it has chosen,
- in providing the Users with solutions either definitive or temporary to remedy detected Anomalies,
- in supervising the connectivity of the Users Clearing Access Solutions,
- in assisting the Users to implement the changes they require on their Clearing Access Solutions, pursuant to the processes as set out in the relevant Request Forms available on request from LCH SA Account Manager.
- in assisting the Users to remedy any Anomalies errors that arise in the course of normal use of Clearing Access Solutions,
- in coordinating actions of LCH SA's Subcontractors,
- in keeping the Users informed of the progress and of the status of the Anomalies and/or changes he has raised.

**2 SERVICE LIMITATIONS**

2.1.1 The scope of the Support Services does not include any maintenance operations attributable further to a Users action and/or event such as:

- non-compliance with the instructions provided by LCH SA or the Customer Technical Helpdesk (CTH);
- non-compliance with the technical specifications described in the Documentation;
- modification of the Clearing Access Solution without prior authorisation from LCH SA;
- transmission media operated by third-party operators, whether private or public;
- intrusion, by fraudulent means or through negligence, of a third party in LCH SA information systems via the Clearing Access Solution made available to the Users;
- non-compliance with the security procedures described in Schedule 1 of this Agreement;
- Force Majeure Events pursuant to Clause 15 of the Agreement.
- For the avoidance of doubt, the Support Services do not encompass the provision of maintenance services regarding equipment or any hardware provided by Subcontractors.

The Support Services depend on the Users Clearing Access Solution and can include the Services set out below.

**3 CUSTOMER TECHNICAL HELPDESK (CTH)**

3.1 LCH SA operates a technical support desk to which Users can submit queries as to the use of the Clearing Access Solutions.

3.2 Any Anomaly on Clearing Access Solutions must be identified by the Users or the Clearing Access Solution Third Party Provider and communicated to LCH SA by telephone, facsimile or electronic mail to the Customer Technical Helpdesk during Service Hours and at the phone numbers and addresses as set out in Appendix 1.

3.3 The Users shall refer to the relevant Documentation relating to the Clearing Access Solutions prior to contacting the Customer Technical Helpdesk and shall describe precisely and thoroughly the symptoms of the problem encountered.

3.4 Anomalies, Change Requests or queries will be attributed a reference number (ticket reference) by the CTH. This reference number, to be construed as an acknowledgment of receipt, will be communicated by the CTH to the Users by e-mail.

3.5 Upon notification of a Anomaly, the CTH shall perform a 1st analysis, in collaboration with the Users, and may be able to provide assistance, and/or correction and/or a workaround solution  
- by telephone and/or  
- by remote access if feasible.

3.6 Workaround solutions are solely temporary and must be followed up with a definitive corrective solution unless otherwise decided by LCH SA. The Users shall, where necessary, send to the CTH any items that the CTH may request.

3.7 The CTH is entitled, unless otherwise requested by the Users, to transfer the Anomaly to any Sub-contractor and/or to another LCH SA internal department to establish a diagnosis, for assistance and/or corrective action; such Subcontractor or internal department being, for the sake of clarity, entitled to contact directly the Users to perform the above tasks.

3.8 The CTH will supervise the correction of the Anomaly by LCH SA Subcontractor and/or internal department, until it has been remedied.

3.9 The CTH shall make its best endeavours to provide the Support Services to the Users. However LCH SA does not undertake any commitment to effectively correct the Anomaly and/or implement the change and/or provide the Users with any workaround solutions in any timeframe whatsoever. LCH SA does neither undertake any of the above commitment on behalf of any Authorised Third Party Provider.

3.10 The CTH shall, at the end of the Support Services process as detailed above, issue by e-mail to the Users a proposal to close the Anomaly or Change Request, which at the expiry of a 48 hours period, will be construed as a formal acceptance by the Users unless the Users requests otherwise.

#### **4 ON-SITE SUPPORT**

4.1 Where the telephone assistance and remote Support Services are insufficient to remedy the reported Anomaly, on-site support action may be necessary.

In this case, the CTH is entitled to assign the Anomaly to a Subcontractor with the ability to provide on site support to the Users.

The CTH will provide the Subcontractor with the detailed list of the actions already performed by the CTH to resolve the Anomaly. The Subcontractor will contact directly the Users to organize the on-site support, if need be.

The Users shall ensure free access to their premises.

The on-site Support Services are not in the scope of this Agreement and therefore each on-site support intervention will generate additional fees to be invoiced directly by the third-party to the Users. LCH SA does not bear neither any cost nor any liability resulting from the onsite support services provided by the Subcontractor. For the avoidance of doubt, where on site Support Services are required due to the negligence or wilful default of LCH SA, such Services will not be subject to a fee.

4.2 The Subcontractor will request, prior to planning any on-site support intervention, the Users prior consent. If the Users require an on-site support during Normal Service Hours, the Subcontractor may request the Users to interrupt its activities for the duration of the on-site support services.

## 5 UPGRADES

5.1 LCH SA will rely on remote loading to supply upgrades to the software that include patches for the Anomalies, defects in design or implementation or Anomalies reported by the Users or the Subcontractor detected by LCH SA on its own initiative, and/or that include new functionalities.

5.2 Such software upgrades are covered by the Support Services defined in this Schedule.

## 6 SUPERVISION

6.1 The CTH provides a supervision service of the Clearing Access Solutions. Therefore, the CTH can detect rapidly whether a Clearing Access Solution experiences some connections Anomalies. In this case, the CTH may be entitled to contact directly the Users in order to conduct a root cause analysis of such connections problems.

6.2 This supervision service does not substitute to the fact that the Users shall raise any encountered Anomaly to the CTH.

## 7 VERIFICATION TESTS

7.1 Whenever a Clearing Access Solution is installed or a Change Request is issued or an Anomaly is reported on the Users' Clearing Access Solution, the CTH is entitled to perform a series of verification test in direct collaboration with the Users in order to check that the Clearing Access Solution is satisfactorily operating. For that purpose, the Users undertake to comply with all instructions given by LCH SA and to dedicate any appropriate resource to perform the necessary verification tests.

## 8 CALLS RECORDING

8.1 The CTH will record and track every incoming Anomalies and/or Changes Requests and/or queries, reported by the Users in LCH SA call management system.

8.2 The Users shall record all Change Requests and/or Anomalies raised to the CTH on an appropriate media.

8.3 The Users are informed that LCH SA may use voice recording procedure in connection with any Anomaly and/or Change Requests issued by the Users.

8.4 CTH will record the following information in its call management system that will be updated and safeguarded:

- ticket reference
- Anomaly and/or Changes Requests descriptions (effects, symptoms detected and all other information provided by the Users) provided by the Users via telephone calls, faxes and emails;
- diagnosis performed;
- solutions proposed;
- major actions taken to resolve the Anomaly or implement the Change Request;
- dates and times of the aforementioned actions or events.
- 

8.5 In the event of any conflict, the information recorded into LCH SA call management system shall be construed as "prima facie evidence" unless the Users are able to evidence that LCH SA database is lacking one or several pieces of information duly exchanged between the Parties.

This Schedule includes the following Appendices:

## 9 APPENDIX 1: OPERATING HOURS AND CONDITIONS OF THE CTH

### 9.1 Contact details

9.1.1 The Users are responsible for making direct contact with the Customer Technical Helpdesk to report any Anomaly they encounter or Change Request they require during normal use of the Services provided by LCH SA. The Customer Technical Helpdesk can be contacted at:

- **Telephone:** +33 (0)1. 70. 37. 66. 00
- **Facsimile:** +33 (0)1. 70. 37. 65. 05
- **Email:** cth.sa@lch.com

### 9.2 Service Hours

9.2.1 The Users can contact the Customer Technical Helpdesk at the following times:

#### Normal Service Hours

Monday to Friday (excluding public holidays specified in the LCH SA clearing calendar)

7 a.m. - 11 p.m CET.

9.2.2 LCH SA may decide to extend the Service Hours under certain circumstances and at its sole discretion. The Users may be informed in due time through a general information communicated via e-mail.

## 10 APPENDIX 2 : USERS CONTACTS AND REFERENCES

The Users shall fill in the following:

- a nominative contact
- a telephone number;
- a fax number; and
- an email address.

<b>COMPANY:</b>				
<b>ADDRESS:</b>	..... .....			
<b>CTH GENERAL CONTACT</b>				
<b>LAST NAME:</b>		<b>First Name:</b>		<b>Position:</b>
<b>Telephone:</b>		<b>Fax:</b>		<b>Email:</b>
<b>CTH Technical Contact (to be completed of different from above)</b>				
<b>LAST NAME:</b>		<b>First Name:</b>		
<b>Telephone:</b>		<b>Fax:</b>		<b>Email:</b>

The Users shall inform without delay LCH SA of any change in the information indicated above.

## EXHIBIT Q

*Attach as Exhibit Q, a schedule of any prices, rates or fees fixed by registrant for services rendered by its participants.*

LCH SA (“LCH”) must publish a schedule of the fees payable by clearing members to LCH on its public website pursuant to Article 1.2.6.1 of the CDS Clearing Rule Book.

These fees are occasionally amended. The most current version of each fee schedule is available at the links below:

- a schedule of fees linked to CDS Markets products is available at: <http://www.lch.com/asset-classes/otc-credit-default-swaps/fees>;
- a schedule of technical fees is available at: <http://www.lch.com/members-clients/members/fees-sa/technical-fees-sa>; and
- a schedule of treasury fees is available at: <http://www.lch.com/members-clients/members/fees-sa/treasury-fees-sa>;
- a schedule of annual account structure fees is available at: <http://www.lch.com/members-clients/members/fees-ltd/annual-account-structure-fees>.

Please note that the fees for Select Membership will be published on the first of the links above. These will only be available on the website when this service is launched which is expected to be in July 2016.

## EXHIBIT R

*Attach as Exhibit R, a schedule of any prohibitions or limitations imposed by the clearing agency on access by any person to services offered by any participant.*

LCH SA (“**LCH**”) does not impose any prohibitions or limitations on access by any person to services offered by any participant that are inconsistent with any applicable standards or requirements under the Exchange Act (including, but not limited to, Section 17A(b)(6) thereof), SEC regulations or other applicable regulatory requirements (collectively, “**Applicable Regulatory Requirements**”).

- Section 1.1.1 and Article 6.1.1.2 of the LCH CDS Clearing Rule Book (the “**Rule Book**”) prohibit FCM Clearing Members from offering client clearing services to clients that do not meet the definition of “eligible contract participant” in Commodity Exchange Act Section 1a(18).
- The Rule Book also imposes certain requirements that a clearing member must satisfy before providing clearing services to particular clients. Importantly, none of these provisions are inconsistent with Applicable Regulatory Requirements, even though they may have an effect on certain persons’ access to CDS clearing services offered by LCH clearing members. In particular:
  - Article 2.2.1.1 of the Rule Book states that all clearing members must have a CDS Clearing Agreement in place with each client. Article 6.1.1.2(i) of the Rule Book states that before providing client clearing services to any client or affiliate, an FCM must ensure that it has entered into an agreement with the prospective client or affiliate that binds the client or affiliate to the applicable provisions of the CDS Clearing Rules. In addition, Article 5.1.1.2(i) of the Rule Book states that before providing client clearing services to any client, a CCM clearing member must ensure that it has entered into a CDS Client Clearing Agreement with the client pursuant to which the client agrees to be bound by the provisions set forth in Article 5.1.1.3 of the Rule Book. These provisions effectively prohibit any person from accessing CDS clearing services through LCH clearing members when such person is not willing to be bound by applicable provisions of the CDS Clearing Rules or the CDS Clearing Agreement.