

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) LCH

Date: Feb 9th, 2012

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION LCH.Clearnet Limited

FILING AS A: DCM SEF DCO SDR
ECM/SPDC

TYPE OF FILING

- **Rules and Rule Amendments**

- Certification under § 40.6 (a) or § 41.24 (a)
- “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- Notification under § 40.6 (d)
- Request for Approval under § 40.4 (a) or § 40.5 (a)
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

- **Products**

- Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)
- Swap Class Certification under § 40.2 (d)
- Request for Approval under § 40.3 (a)
- Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

Clearing House Procedures - Amended Section 4
FCM Procedures – Amended Section 4

DESCRIPTION

Amendments to Clearing House Procedures Section 4 and FCM Procedures at Section 4 to introduce a Collateral Management system.

SUBMISSION OF AMENDMENTS TO THE CLEARINGHOUSE RULES

TO THE

COMMODITY FUTURES TRADING COMMISSION

SUBMITTED BY

LCH.Clearnet Limited

an English limited company

FILING AS A REGISTERED DERIVATIVES CLEARING ORGANIZATION

Pursuant to Commission Regulation § 40.6

**Submission of Amendments to the Clearing House
Procedures:**

- **Clearing House Procedures Section 4**
- **FCM Procedures Section 4**

Submitted: February 9th, 2012

LCH.CLEARNET LIMITED SELF-CERTIFICATION OF AMENDMENTS TO THE CLEARING HOUSE PROCEDURES SECTION 4 AND FCM PROCEDURES SECTION 4

LCH.Clearnet Limited (“LCH.Clearnet”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification, pursuant to CFTC Regulation §40.6, amendments to LCH.Clearnet’s existing Clearing House Procedures Section 4 and FCM procedures at section 4 which form part of LCH.Clearnet’s Rules and Regulations. The amended Clearing House Procedures Section 4 and FCM Procedures will be implemented and become effective on February 27th, 2012.

Part I: Explanation and Analysis

The operation, purpose and effect of the amendments to Clearing House Procedures Section 4 and FCM Procedures Section 4 (referred to hereafter as “Section 4” collectively) is to introduce the new Collateral Management system. The amendments will bring improvements to LCH.Clearnet’s clearing member collateral management experience and will also reduce overall operational risk. The majority of the rules remain unchanged, although Section 4 has been reorganized.

The amendments to Section 4 of the Procedures relate to the introduction of a Collateral Management system, which provides a secure means of electronic communication for collateral instructions, for the most part replacing the fax-based system that LCH.Clearnet has currently in place.

The changes to Section 4 of the FCM Procedures are identical and made in order to reflect the changes made at Section 4 of the Clearing House Procedures.

The changes to the Clearing House Procedures submitted for self-certification are attached hereto as Exhibit A-1. The changes to the FCM Procedures are attached hereto as Exhibit A-2.

Rule 4.1 of the Clearing House Procedures (FCM Procedures, Rule 4) General Information (previously Rule 4.2), remains unchanged except to replace the term ‘security’ with ‘collateral’.

Rule 4.1.1 of the Clearing House Procedures (FCM Procedures, Rule 4): Instructions, provides the types of instructions that LCH.Clearnet will accept. LCH.Clearnet accepts instructions to lodge, release and transfer cash and securities via the Collateral Management system application. Instruction for other types of collateral must be sent via fax. The operational elements for these processes are also outlined. Furthermore, this section authorizes LCH.Clearnet to act upon instructions received via the Collateral Management system or via fax.

Rule 4.1.2 of the Clearing House Procedures (FCM Procedures Rule 4): Excess Collateral (previously contained within Rule 4.1 General Information), remains unchanged.

Rule 4.1.3: of the Clearing House Procedures (FCM Procedures Rule 4): Lodgement of collateral as replacement for cash cover for margin (previously Rule 4.2.4) remains unchanged.

Rule 4.1.4 of the Clearing House Procedures (FCM Procedures Rule 4): Force Majeure (previously Rule 4.2.5), remains unchanged.

Rule 4.1.5 of the Clearing House Procedures (FCM Procedures Rule 4): Regulatory and Supervisory Information (previously Rule 4.2.6), remains unchanged.

Rule 4.1.6 of the Clearing House Procedures (FCM Procedures Rule 4): Interest Payments (coupons) (previously Rule 4.2.7), remains unchanged.

Rule 4.2 of the Clearing House Procedures FCM Procedures Rule 4.1.2): Documentation (previously contained in part at 4.2.1), outlines the different types of documentation that Clearing Members must complete with regards to certain situations.

Rule 4.3 of the Clearing House Procedures (FCM Procedures Rule 4.1.3): Settlement procedures - Securities, outlines the settlement procedures with respect to the Collateral Management system.

Rule 4.3.1 of the Clearing House Procedures (FCM Procedures Rule 4.1.3): Instructions via the Collateral Management system, sets out operational elements of the application.

Rule 4.3.2 of the Clearing House Procedures (FCM Procedures Rule 4.1.4): Instruction deadlines, sets out deadline with respect to instructions. For same day settlement, there are three deadlines, one each for Euroclear UK/IE (Crest); Euroclear internal; and Fedwire (Citibank and BNY Mellon). Instructions will only be actioned by the Clearing House during operational hours.

Rule 4.3.3 of the Clearing House Procedures (FCM Procedures Rule 4.1.5): Deliveries to and from local markets, provides that the Clearing House is bound by the settlement deadlines of the relevant CSD/custodian, and that Clearing Members may need to take that timing requirement into account.

Rule 4.3.4 of the Clearing House Procedures (FCM Procedures Rule 4.11): Lodging securities, provides deadlines for lodge instructions.

Rule 4.3.5 of the Clearing House Procedures (FCM Procedures Rule 4.12): Releasing securities, provides for release both where sufficient cover is available and where sufficient cover is unavailable.

Rule 4.3.6 of the Clearing House Procedures FCM Procedures Rule 4.13): Substitutions, provides for a substitution process for Clearing Members.

Rule 4.3.7 of the Clearing House Procedures (FCM Procedures Rule 4.14): Transfers, provides for a transfer process for Clearing Members.

Rule 4.3.8 of the Clearing House Procedures (FCM Procedures Rule 4.15): Settlement cancellations, provides for a cancellation process for Clearing Members.

Rule 4.3.9 of the Clearing House Procedures (FCM Procedures Rule 4.16): Instruction statuses, states that the status of an instruction can be monitored via the Collateral Management system. This improves the client experience by providing transparency on the status of instructions with the Clearing House, which in turn reduces risk of errors and omissions.

Rule 4.4 of the Clearing House Procedures (FCM Procedures Rule 4.17): Tax Arrangements, addresses tax arrangements with respect to US Securities, Italian Securities and Withholding Tax. The subsections of this Rule outline in detail various requirements that the Clearing House and Clearing Members must adhere to in order to be compliant with tax regulations.

Rule 4.5 of the Clearing House Procedures (FCM Procedures Rule 4.19): References, states that the Clearing House's procedures should be read in conjunction with the user guides and/or manuals of relevant CSD/custodian.

Rule 4.6 of the Clearing House Procedures (FCM Procedures Rule 4.20): Contingency arrangements, provides for the event of an outage of the Collateral Management system application. In such an event, Clearing Members will be able to lodge and release securities by faxed instruction.

Rule 4.7 of the Clearing House Procedures: Performance Bonds (previously Rule 4.1), remains largely unchanged, with some minor changes for clarification.

Rule 4.15 of the Clearing House Procedures: Triparty Service with Euroclear and Clearstream (previously Rule 4.7), has been amended to simplify the documentation. The underlying process has not been changed in any way.

Appendix 4A and 4B of the Clearing House Procedures remain unchanged, whereas Appendix 4A, 4B and 4C of the FCM Procedures will function as contingency forms in the event of a collateral management system outage.

Appendix 4C of the Clearing House Procedures is being replaced with a new form.

Appendix 4D (previously Appendix 4F), 4E (previously Appendix 4G) and 4F (previously Appendix 4H) of the Clearing House Procedures remain unchanged.

Appendices 4G, 4H, 4I, 4J and 4K of the Clearing House Procedures have been inserted.

Appendix 4L (previously 4I) of the Clearing House Procedures remains largely unchanged.

Part II: Certification by LCH.Clearnet

LCH.Clearnet certifies to the CFTC, in accordance with CFTC Regulation §40.6, that the amendments to Section 4 of the Clearing house and FCM Procedures, comply with the Commodity Exchange Act and the CFTC Regulations promulgated thereunder. In addition, LCH.Clearnet certifies that LCH.Clearnet has posted a notice of pending certification with the CFTC and a copy of the submission on LCH.Clearnet's website at http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp
A signed certification is attached to this submission as Exhibit B.

Part III: Compliance with Core Principles

LCH.Clearnet complies, and will continue to comply, with all of the Core Principles.

LCH.Clearnet will continue to comply with all Core Principles by introducing a new Collateral Management system.

Part IV: Opposing Views

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

Exhibit A-1
Clearing House Procedures

See Attached.

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4. COLLATERAL

4.1 General Information

The Clearing House is, at its sole discretion, entitled to determine what will be acceptable to it as collateral and to determine when collateral will cease to be acceptable as collateral.

If any instrument or security, lodged in accordance with any of the following procedures, is in any way found to be unacceptable, it will immediately be given a zero value in the Clearing Member's cover account with the Clearing House. Replacement cover may be required immediately from the Clearing Member.

4.1.1 Instructions

The Clearing House accepts instructions to lodge, release and transfer cash and securities via the online Collateral Management system. Instructions for other types of collateral must be sent via fax using the appropriate form in the annex. The lodgement/release forms must be sent in by fax and email to:

Email to: teamcollateral@lchclearnet.com

Fax: 020 7375 3518

Treasury Operations can be contacted on +44 (0)207 426 7593

Originals of faxed instructions need to be sent into the Clearing House within fourteen days.

The Clearing House is entitled to act upon Collateral Management system instructions and faxed instructions or communications appearing to have been issued by, on behalf of, or have come from, a Clearing Member. These will be accepted by the Clearing House as genuine, even if, for example, they are later found:

- (a) to be inaccurate, whether in whole or in part; or
- (b) not to have been given by the Clearing Member or a client or with the authority of the Clearing Member or client.

The Clearing House will only accept delivery of securities in accordance with these procedures, and will not sell, purchase or encash securities for Clearing Members, except in so far as it is acting under its Default Rules and related General Regulations or in relation to exchange rules.

The Clearing House reserves the right to require a Clearing Member to execute revised versions of the Form of Charge and Client Consent documentation whenever the Clearing House, at its sole discretion, considers that it would be appropriate.

The Clearing House reserves the right to change the information required on instructions received via the Collateral Management system, whenever the Clearing House, at its sole discretion, considers that it would be appropriate.

4.1.2 Excess Collateral

In the event that the Clearing House at any time determines that it is holding excess collateral (as defined below) from a Clearing Member, the Clearing House may notify

that Clearing Member of the intention to levy a charge in respect of excess collateral with effect from such date as is notified to the Clearing Member. In the event that the Clearing Member does not remove excess collateral before the date so notified, the Clearing House may, in its discretion, charge the Clearing Member at the rate of 1 basis point until excess collateral is removed by the Clearing Member through use of a release instruction. Payment of this charge shall be collected on a monthly basis through that Clearing Member's PPS sterling account.

For the purposes of this section, "excess collateral" means that collateral identified by the Clearing House as being collateral over and above that which is required by the Clearing House in order to cover the obligations to the Clearing House of that Member. The Clearing House shall have absolute discretion to decide whether and to what extent it is holding excess collateral at any time.

4.1.3 Lodgement of Collateral as Replacement for Cash Cover for Margin

Clearing Members should note that they must give Treasury Operations no less than two (2) business days notice of their intention to lodge collateral with a value of £50 million sterling or more, and which is reasonably likely to have the effect that cash to a similar value is repayable by the Clearing House to that Member as a result of such lodgement. Treasury operations must be advised no later than 15:30 two business days prior to lodgement. In the event that a Clearing Member seeks to withdraw such cash cover without giving such notice, the Clearing House will decline to release such cash cover until the end of the required notice period.

4.1.4 Force Majeure

The Clearing House will not be liable for any failure, hindrance or delay in the performance (in whole or in part) of any of its obligations to Clearing Members with regard to instruments or securities accepted as collateral where such failure, hindrance or delay arises from causes beyond the control of the Clearing House, such as but not limited to the failure whether partial or total, interruption or suspension of any depository or custodian or other service ("depository") that the Clearing House is using, the termination or suspension of the Clearing House's membership or use of the depository or any variation of the depository's operational timetable, whether or not occasioned by action of the depository operator or other party, or any embargo, unavailability or restriction of bank transfer systems or wires, malfunction or overload of the depository or other emergency. This provision is without prejudice to the *force majeure* provisions of Clearing Members' agreements with the Clearing House.

4.1.5 Regulatory and Supervisory Information

In every case, the Clearing House will be entitled to supply a securities depository with all the information it requires for any purposes relating to a Clearing Member, or to securities received by the Clearing House from a Clearing Member which are or may at any time have been held by the depository. Securities will be lodged and held within such depository or other systems as the Clearing House may select or allow, subject to the conditions of such systems and to any applicable law and subordinate rules relating thereto as well as to the terms of LCH.Clearent Limited's form of charge and charge documentation and these procedures.

4.1.6 Interest Payments (coupons)

The Clearing House will remit interest amounts, taking into account any withheld tax, to Clearing Members' PPS banks on the appropriate value date. These are processed using "Tender" sub-accounts designated "I" for house or "L" for segregated client.

4.2 Documentation

4.2.1.1 Form of Charge

Clearing Members wishing to lodge securities with the Clearing House must first complete a *Form of Charge*. This document establishes a fixed charge over specified securities transferred into an account with the Clearing House by the Clearing Member. The document is required to be executed in accordance with the instructions which accompany it. The Form of Charge document covers securities that are transferred to the Clearing House via bilateral settlement or via Triparty arrangements. To operate Triparty arrangements with the Clearing House an additional Collateral Services Agreement (CSA) must also be executed with the relevant ICSD.

Charge documentation is available from the Clearing House Risk Department and should be returned on completion to that department.

4.2.1.2 Segregation rules

Where a Clearing Member lodges collateral to cover both house and client accounts it must execute two separate charges. Forms relating to lodgements and releases of collateral must indicate the particular account to which they relate. Any collateral lodged with the Clearing House will be applied as cover against the Clearing Member's (house or client) margin liabilities as per the relevant documentation.

Collateral charged in respect of a Clearing Member's client account will not be applied by the Clearing House to his liabilities on a house account (see regulation 5(d)).

Collateral charged in respect of a Clearing Member's house account may be applied by the Clearing House towards the payment of any sum whatsoever due by the Clearing Member to the Clearing House, save that no collateral charged in respect of a Clearing Member's house account shall be applied on or towards payment or satisfaction of any of the Clearing Member's liabilities to the Clearing House on any of the Clearing Member's client accounts.

4.2.1.3 Client collateral

Where a Clearing Member wishes to pass a client's collateral to the Clearing House, the Clearing Member must, inter alia, ensure that at all times it remains expressly agreed with the client that the Clearing Member may charge the collateral to the Clearing House, on the Clearing House's terms and free of the client's or other owner's interest, to secure the Clearing Member's obligations to the Clearing House.

Where a client's collateral is to be passed to the Clearing House, the Clearing Member must ensure that a *Client Consent Form* is completed by the beneficial owner (see Appendix 4C).

The Clearing House gives no undertaking that, on the default of a Clearing Member, it will not utilise clients' collateral which has been passed to it by a Clearing Member, before utilising any other form of cover the Clearing House may hold.

Clause 7 of the charge prohibits the existence of any other charge or security interest, whether created before or after the Clearing House's interest, without the Clearing House's prior written consent (except a deferred charge in favour of the Clearing Member himself). The Clearing House consents to certain such other charges as follows.

Where a Clearing Member accepts business from a non-clearing broker and charges to the Clearing House, as cover for margin, securities belonging to a client of that broker with the client's express agreement, clause 7(2) of the charge will allow the Clearing Member to have a security interest in the securities deferred to that of the Clearing House. In addition, by the notification issued under clause 7(1) of the charge, the Clearing House consents to the non-clearing broker also obtaining or retaining a security interest in the same securities, provided always that:

- (a) the broker's interest is expressly deferred to that of the Clearing House; and
- (b) the broker is an authorised person within the meaning of the Financial Services and Markets Act 2000.

The consent given above allows a security interest only in favour of a broker from whom a Clearing Member accepts business. Where there is a chain of transactions involving other brokers, those other brokers may not hold security interests in reliance on this notification. If such brokers wish to hold security interests in collateral charged to the Clearing House, the Clearing Member should apply to the Clearing House under clause 7(1) (ii) of the charge for written consent in their particular case.

Clearing Members are warned that the taking of collateral is a complex legal matter. These procedures, and any communication with the Clearing House, whether of an oral or written nature, are not to be taken as containing legal advice. A Clearing Member or broker who contemplates taking an interest in securities belonging to a client should seek independent professional advice on the matter.

4.3 Settlement Procedures – Securities

All transactions to deposit or withdraw from the Clearing House will be executed free of payment.

4.3.1 Instructions via Collateral Management system

The Clearing House will action instructions input and authorised via the Collateral Management system. The details input on Collateral Management system will form the basis of the matching instruction sent to the relevant CSD/custodian. Clearing Members must ensure that the details are input correctly in order to avoid unmatched transactions.

It is the responsibility of the Clearing Member to input a cancellation request of any incorrectly input instruction and then subsequently input the correct details in a new

instruction. Please note that it may not be possible to cancel an instruction, please see section 6.8 below for further details.”

The Clearing House will update the status of the instruction in the Collateral Management system in relation to the status of the instruction at the CSD/Custodian. On settlement of the transaction the Clearing House will reflect the balance of the securities on the Clearing Member’s account and provide value for the purposes of cover.

The Clearing House will notify Clearing Members of the relevant account details for matching. Clearing Members should refer to Appendix 4I to establish the correct place(s) of settlement for a particular security.

The Clearing House will not be liable for any losses of Clearing Members or third parties caused by non-settlement or a delay in settlement as a result of the actions or omissions of a CSD/custodian or the Clearing Member (save for any liability which by law may not be excluded).

4.3.2 Instruction Deadlines

Clearing Members may input security instructions via the Collateral Management system at any time. Instructions will only be actioned by the Clearing House during operational hours.

The Collateral Team operational hours are: Monday – to Friday 08:00 – 20:00hrs UK time.

Instruction deadlines for same day settlement:

<u>CSD/custodian</u>	<u>Deadline for instructions</u>
<u>Euroclear UK/IE (CREST)</u>	<u>14:00</u>
<u>Euroclear internal</u>	<u>16:30</u>
<u>Fedwire - Citi and BoNY Mellon</u>	<u>19:00</u>

The Clearing House will input matching instructions to the relevant CSD/custodian for same day settlement when the instructions are received prior to the deadlines above.

4.3.3 Deliveries to and from Local Markets

The Clearing House is bound by the settlement deadlines of the relevant CSD/custodian, Clearing Members should refer to the relevant CSD/custodian for these deadlines. Note that for transactions from local markets the settlement deadline may be earlier than the Clearing House hours of operation and should therefore be instructed the day before settlement date i.e. on S-1. Instructions to the Clearing House must be provided at least one hour before the market deadline for same day settlement.

For example:

<u>Deliveries from local market</u>	<u>Custodian deadline</u>	<u>Instruction deadline to Clearing House</u>
<u>Japan</u>	<u>02.45</u>	<u>16.30 on S-1</u>
<u>Belgium</u>	<u>14.50</u>	<u>13.50 on S</u>
<u>Italy</u>	<u>15.00</u>	<u>14.00 on S</u>

4.3.4 Lodging Securities

Lodge instructions must be input via the Collateral Management system prior to the deadlines above for same day settlement. Settled transactions will be added to Clearing Member's cover balances following settlement.

Lodge instructions for future settlement dates will be instructed same day if received prior to the deadlines. Instructions received after the deadlines will be instructed the following day.

4.3.5 Releasing Securities

4.3.5.1 Release where sufficient cover is available

Release instructions input via the Collateral Management system prior to the deadlines above for same day settlement will be removed from the Clearing Member's cover balance on instruction.

4.3.5.2 Release where sufficient cover is unavailable

Release instructions must be input via the Collateral Management system before 09:30 UK time. The Clearing Member will then be called for additional cash collateral. Following confirmation of the cash call the settlement instruction will be sent to the CSD/custodian and removed from the Clearing Member's cover balance.

4.3.6 Substitutions

Substitutions may be input via the Collateral Management system, and will be actioned same day if input prior to the deadlines above.

Clearing Member's must input the relevant lodge instruction(s) first and then link the associated release instruction(s) to the lodge instruction(s).

4.3.7 Transfers

Transfer instructions may be input via the Collateral Management system and will be actioned same day during operational hours.

Note: transfers are only permitted between mnemonics of the same Clearing Member and are subject to client segregation rules.

4.3.8 Settlement Cancellations

Clearing Members may request cancellation of an instruction via the Collateral Management system. The Clearing House will cancel any instruction that has not yet

been processed. The Clearing House will make best endeavours to cancel any settlement instructions already sent to the CSD/custodian but cannot guarantee that the transaction will not settle.

4.3.9 Instruction statuses

4.——The status of an instruction can be monitored via the Collateral Management system. Statuses reflect the status of the instruction at the Clearing House and not at the CSD/custodian. Please refer to the Collateral Management system User Guide for status definitions.

4.4 Tax arrangements

4.4.1 US securities

For tax reasons, the Clearing House is required to segregate foreign (i.e. non-US) owners' securities from US owners' securities. Clearing Members must deliver securities to the correct account. The Clearing House operates accounts with Citibank N.A and Bank of New York Mellon. See annex 4I for account details.

In order to reduce or eliminate US withholding tax, the correct tax documentation must have been provided in respect of each owner. To this end, Clearing Members will be expected to provide one of the forms noted below to the Clearing House. A current form will be required for each owner (i.e. the Clearing Member or the person named in the Client Consent Form).

The relevant forms will normally be one of:

(a) 'W-9 (Request for Taxpayer Identification Number and Certification)'. Applies to a US corporation including a foreign branch of a US corporation and is valid indefinitely; or

(b) 'W-8BEN (Certificate of Foreign Status)'.

Applies to non-resident alien individuals, foreign corporations, partnerships and estates; valid for three calendar years.

Clearing Members may obtain originals of forms W-8BEN and W-9 from Treasury Operations.

Note: The Clearing House's arrangements with its Custodians only allow for securities holdings of US corporations or foreign (i.e. non-US) entities or individuals. Clearing Members who wish to discuss the possibility of lodging securities belonging to owners excluded from this arrangement should contact Treasury Operations.

Unless the Clearing House has already received the appropriate tax form, lodgements into A/c #090401 or #735136 must be accompanied by form W-9 and lodgements into A/c #090372 or #735137 normally by form W-8BEN.

The Clearing House's acceptance of US securities does not indicate any responsibility for the adequacy or otherwise of tax documentation. Any queries in relation to these tax forms should be referred to your company accountant or professional advisers.

Completed tax forms should be returned to Treasury Operations for onward transmission to its Custodians.

4.4.2 Italian securities

For tax purposes the Clearing House operates an account with Euroclear Bank specifically for deliveries of Italian securities – account 91737.

This account is operated by the Clearing House in accordance with “Euroclear Procedures to Obtain Exemption from Italian Withholding Tax on Italian Domestic Debt Securities”.

Beneficial owners are entitled to exemption at source from Italian Withholding Tax on Italian securities if they are:

- (a) resident in a country that has entered into a double taxation agreement with Italy (except Black list countries/countries that do not have a tax treaty with Italy); or
- (b) a corporation resident in Italy; or
- (c) a supranational organisation recognised by Italian Law.

Beneficial owners are required to supply duly completed and executed official forms as proof of eligibility to exemption, and where applicable supply additional documentation, before a delivery can be made into this account.

Official forms are available on request from Treasury Operations Department.

Original forms are to be received by the Clearing House before Italian securities can be accepted within the gross account 91737.

The effective date depends on the type and terms of the security:

- Coupon Debt securities (BTPs, CCTs and CTOs)

The new regime applies to the interest on these securities that starts to run on or after 1 January 1997, regardless of the issue date.

- Zero coupon debt securities with a maturity of less than one year (BOTs)

The regime applies to all securities issued on or after 1 January 1997.

Clearing Members should consult their own tax advisers before lodging Collateral to the Clearing House or submitting any tax documentation.

4.4.3 Withholding tax – CSDs/Custodians

CSDs/Custodians may offer a recovery service for overseas taxes on Government Bonds. The Clearing House will assist in the recovery process and remit to Clearing Members any recovery in withholding tax credited to the Clearing House’s account by CSDs/custodians.

In certain cases the CSDs/custodian and Clearing House will withhold tax on a coupon if the correct documentation is not lodged with either CSDs/Custodian and the Clearing House at the time when a coupon is due.

4.5 References

These procedures should be read in conjunction with the relevant user guides and/or manuals of the relevant CSD/custodian. Please also refer to each CSD/custodian for the relevant settlement deadlines in particular those for deliveries from local markets to Clearing House accounts.

4.6 Contingency arrangements

In the event of an outage of the Collateral Management system, Clearing Members will be able to lodge and release securities by faxed instruction to the Clearing House.

Clearing Member will be notified of a Collateral Management system outage via Member Circular that will notify Clearing Members of the switch to contingency arrangements. Clearing member should then revert to the fax forms for securities found in the annex.

Normal service hours and deadlines will apply to faxed instructions.

Clearing Members will be notified via Member Circular when normal service resumes.

4.14.7 Performance Bonds

Clearing Members must first consult LCH.Clearent Limited Treasury Operations ("Treasury Operations") about which issuing bank(s) they intend to use for the provision of a performance bond(s). Treasury Operations will advise on whether the proposed arrangements (bank(s) and size of performance bond) are acceptable or not.

When the arrangements have been agreed, a standard form available from Treasury Operations (Appendix 4A) should be completed by the issuing bank and returned to Treasury Operations.

If a Clearing Member chooses to cover house and client liabilities using performance bonds, separate performance bonds must be provided for each account. Each performance bond must state the type of account it covers.

The Clearing House gives no undertaking that on the default of a Clearing Member it will not call and utilise a performance bond provided to it before utilising any other form of cover the Clearing House may hold.

The Clearing House only accepts Performance Bonds from a limited range of issuers and limits are applied to the total accepted from any single issuer.

4.14.8 Lodgement Procedure

Day One

- (a) By 16:30 hours the issuing bank delivers the performance bond to Treasury Operations.

- (b) If it is in an acceptable form, the performance bond will be entered into the Clearing Member's cover account.
- (c) If it is unacceptable, Treasury Operations will contact the issuing bank and the Clearing Member (beneficiary) to inform them that the performance bond has been rejected. The performance bond will not be entered into the Clearing Member's cover account in the banking system.

Day Two

~~Subject to compliance with (a) and (b) above, the Clearing Member receives value for the performance bond.~~

4.1.24.9 Amendment Procedure

Amendment letters (see Appendix 4B) must be delivered to Treasury Operations before 16:30 hours on any business day. They can be sent by fax to the following number: [+44 \(0\)20 7-375 3518](tel:+442073753518) or scanned and emailed to teamcollateral@lchclearnet.com.

Issuing Banks should submit amendment letters, in duplicate, on their headed paper. Originals must be forwarded to the Clearing House within two business days of the fax transmission. The Clearing House will sign and return one original.

4.1.2.14.10 Increase in Value of Performance Bonds

Any Clearing Member wishing to increase the value of a performance bond must first establish whether the increase is within limits and is acceptable to Treasury Operations. If it is, the relevant amendment letters have to be completed and submitted to Treasury Operations by the issuing bank. Upon receipt of these letters (completed to the satisfaction of the Clearing House) increases in the value of the Clearing Member's performance bond (s) will be put into effect.

4.1.2.24.11 Decrease in Value of a Performance Bond

If the proposed decrease in the value of a performance bond leaves the Clearing Member with sufficient cover for liabilities and the relevant amendment letters are in acceptable form, the decrease in value will become effective. If the proposed decrease leaves the Clearing Member with insufficient cover, the cover balance will be reduced accordingly and the overnight cover calculation will assume the smaller amount. The Clearing House will not sign the amendment letter until the next morning's margin call is complete.

4.1.2.34.12 Amendment of Term

An amendment to the term will become effective when the Clearing House signs the amendment letter.

4.1.34.13 Release Procedure

Day One

- (a) By 16:30 hours the issuing bank should contact Treasury Operations to arrange for the release of the performance bond.

- (b) Under normal circumstances, fourteen calendar days' notice will be required in order to release the performance bond. However, if the performance bond is not being used to cover margins, it may, at the sole discretion of the Clearing House, be released earlier.
- (c) The performance bond will be amended in the Clearing Member's cover account to expire in fourteen calendar days, or at an earlier date if the Clearing House so permits.
- (d) On expiry or cancellation, the performance bond is returned to the [issuing](#) bank by the Clearing House.

4.1.44.14 Expiry

Overnight before the Termination Date of the performance bond its value will be deducted from the amount of cover available in the relevant Clearing Member's account.

4.2 GENERAL INFORMATION

4.2.1 [LCH.Clearnet Form of Charge](#)

~~Clearing Members wishing to lodge securities with the Clearing House must first complete a *Form of Charge*. This document establishes a fixed charge over specified securities transferred into an account with the Clearing House by the Clearing Member. The document is required to be executed in accordance with the instructions which accompany it.~~

~~Charge documentation is available from the Clearing House Risk Department and should be returned on completion to that department.~~

~~Where a Clearing Member lodges collateral to cover both house and client accounts it must execute two separate charges. Forms relating to lodgements and releases of collateral must indicate the particular account to which they relate. Any collateral lodged with the Clearing House will be applied as cover against the Clearing Member's (house or client) margin liabilities as per the relevant documentation.~~

~~Collateral charged in respect of a Clearing Member's client account will not be applied by the Clearing House to his liabilities on a house account (see regulation 5(d)).~~

~~Collateral charged in respect of a Clearing Member's house account may be applied by the Clearing House towards the payment of any sum whatsoever due by the Clearing Member to the Clearing House, save that no collateral charged in respect of a Clearing Member's house account shall be applied on or towards payment or satisfaction of any of the Clearing Member's liabilities to the Clearing House on any of the Clearing Member's client accounts.~~

~~Where a Clearing Member wishes to pass a client's collateral to the Clearing House, the Clearing Member must, inter alia, ensure that at all times it remains expressly agreed with the client that the Clearing Member may charge the collateral to the Clearing House, on the Clearing House's terms and free of the client's or other owner's interest, to secure the Clearing Member's obligations to the Clearing House. Where a client's collateral is to be passed to the Clearing House, the Clearing Member must ensure that a *Client Consent Form* is completed by the beneficial owner (see Appendix 4E) and forwarded to the Clearing House along with the lodgement of collateral to which it~~

~~relates. The Clearing House gives no undertaking that, on the default of a Clearing Member, it will not utilise clients' collateral which has been passed to it by a Clearing Member, before utilising any other form of cover the Clearing House may hold.~~

~~Clause 7 of the charge prohibits the existence of any other charge or security interest, whether created before or after the Clearing House's interest, without the Clearing House's prior written consent (except a deferred charge in favour of the Clearing Member himself). The Clearing House consents to certain such other charges as follows.~~

~~Where a Clearing Member accepts business from a non-clearing broker and charges to the Clearing House, as cover for margin, securities belonging to a client of that broker with the client's express agreement, clause 7(2) of the charge will allow the Clearing Member to have a security interest in the securities deferred to that of the Clearing House. In addition, by the notification issued under clause 7(1) of the charge, the Clearing House consents to the non-clearing broker also obtaining or retaining a security interest in the same securities, provided always that:~~

- ~~(a) — the broker's interest is expressly deferred to that of the Clearing House; and~~
- ~~(b) — the broker is an authorised person within the meaning of the Financial Services and Markets Act 2000.~~

~~The consent given above allows a security interest only in favour of a broker from whom a Clearing Member accepts business. Where there is a chain of transactions involving other brokers, those other brokers may not hold security interests in reliance on this notification. If such brokers wish to hold security interests in collateral charged to the Clearing House, the Clearing Member should apply to the Clearing House under clause 7(1) (ii) of the Charge for written consent in their particular case.~~

~~Clearing Members are warned that the taking of collateral is a complex legal matter. These procedures, and any communication with the Clearing House, whether of an oral or written nature, are not to be taken as containing legal advice. A Clearing Member or broker who contemplates taking an interest in securities belonging to a client should seek independent professional advice on the matter.~~

4.2.2 General Information

~~The Clearing House is, at its sole discretion, entitled to determine what will be acceptable to it as collateral and to determine when a security will cease to be acceptable as collateral.~~

~~If any instrument or security, lodged in accordance with any of the following procedures, is in any way found to be unacceptable, it will immediately be given a zero value in the Clearing Member's cover account with the Clearing House. Replacement cover may be required immediately from the Clearing Member.~~

~~The Clearing House accepts faxed copies of *Collateral Lodgement Forms*, *Collateral Release Forms* and *Client Consent Forms*. These will be valid for a period of fourteen days, by which time original copies must have been received. If original copies are not received by the Clearing House within fourteen days cover value will not be given on the Clearing Member's account and the collateral may be returned.~~

~~The lodgement/release forms must be sent in by fax and email to:~~

~~Email to: teamcollateral@lchclearnet.com~~

~~Fax: 020 7375 3518~~

~~Any issues call Treasury Operations on +44 (0)207 426 7593~~

~~Originals need to be sent into the Clearing House within fourteen days.~~

~~The Clearing House will only accept delivery of securities in accordance with these procedures, and will not sell, purchase or encash securities for Clearing Members, except in so far as it is acting under its Default Rules and related General Regulations or in relation to exchange rules.~~

~~The Clearing House reserves the right to require a Clearing Member to execute revised versions of the Charge, whenever the Clearing House, at its sole discretion, considers that it would be appropriate, and to issue amended versions of the *Collateral Lodgement*, *Client Consent* and *Collateral Release forms* at any time and thereafter to refuse to accept requests made to it on earlier versions of such forms.~~

~~In the event that the Clearing House at any time determines that it is holding excess collateral (as defined below) from a Clearing Member, the Clearing House may notify that Clearing Member of the intention to levy a charge in respect of excess collateral with effect from such date as is notified to the Clearing Member. In the event that the Clearing Member does not remove excess collateral before the date so notified, the Clearing House may, in its discretion, charge the Clearing Member at the rate of 1 basis point until excess collateral is removed by the Clearing Member through use of a *Collateral Release Form*. Payment of this charge shall be collected on a monthly basis through that Clearing Member's PPS sterling account.~~

~~For the purposes of this section, "excess collateral" means that collateral identified by the Clearing House as being collateral over and above that which is required by the Clearing House in order to cover the obligations to the Clearing House of that Member. The Clearing House shall have absolute discretion to decide whether and to what extent it is holding excess collateral at any time.~~

~~4.2.3 Communications~~

~~The Clearing House is entitled to act upon documentation instructions or communications appearing to have been issued by, or have come from, a Clearing Member. These will be accepted by the Clearing House as genuine, even if, for example, they are later found:~~

~~(a) — to be inaccurate, whether in whole or in part; or~~

~~(b) — not to have been given by the Clearing Member or a client or with the authority of the Clearing Member or client.~~

~~4.2.4 Lodgement of collateral as replacement for cash cover for margin~~

~~Clearing Members should note that they must give Treasury Operations no less than two (2) business days notice of their intention to lodge collateral with a value of £50 million sterling or more, and which is reasonably likely to have the effect that cash to a similar value is repayable by the Clearing House to that Member as a result of such~~

~~lodgement. Treasury operations must be advised no later than 15:30 2 business days prior to lodgement. In the event that a Clearing Member seeks to withdraw such cash cover without giving such notice, the Clearing House will decline to release such cash cover until the end of the required notice period.~~

~~4.2.5 Force Majeure~~

~~The Clearing House will not be liable for any failure, hindrance or delay in the performance (in whole or in part) of any of its obligations to Clearing Members with regard to instruments or securities accepted as collateral where such failure, hindrance or delay arises from causes beyond the control of the Clearing House, such as but not limited to the failure whether partial or total, interruption or suspension of any depository or custodian or other service ("depository") that the Clearing House is using, the termination or suspension of the Clearing House's membership or use of the depository or any variation of the depository's operational timetable, whether or not occasioned by action of the depository operator or other party, or any embargo, unavailability or restriction of bank transfer systems or wires, malfunction or overload of the depository or other emergency. This provision is without prejudice to the *force majeure* provisions of Clearing Members' agreements with the Clearing House.~~

~~4.2.6 Regulatory and Supervisory Information~~

~~In every case, the Clearing House will be entitled to supply a securities depository with all the information it requires for any purposes relating to a Clearing Member, or to securities received by the Clearing House from a Clearing Member which are or may at any time have been held by the depository. Securities will be lodged and held within such depository or other systems as the Clearing House may select or allow, subject to the conditions of such systems and to any applicable law and subordinate rules relating thereto as well as to the terms of LCH.Clearent Limited's form of charge and charge documentation and these procedures.~~

~~4.2.7 Interest Payments~~

~~The Clearing House will remit interest amounts, taking into account any withheld tax, to Clearing Members' PPS banks on the appropriate value date. These are processed using "Tender" sub-accounts designated "I" for house or "L" for segregated client.~~

~~4.3 UK TREASURY BILLS AND STERLING CERTIFICATES OF DEPOSIT~~

~~4.14.1 Settlement procedures – Securities~~

~~4.3.1 General Information~~

~~The Clearing House will only accept outright (free of payment) transfers of T-bills and CDs which have already been lodged within the CREST system and are to be transferred to the Clearing House through that system. The Clearing House will only accept lodgements and allow releases of T-bills and CDs when the CREST system is available.~~

~~For CREST Members, these procedures should be read in conjunction with the CREST reference manual.~~

4.3.2 Deferred Interest in Securities

~~CREST is not required to recognise any person as having an interest in securities other than the CREST member to whose account they are credited.~~

4.3.3 Lodgement Procedure

~~The procedures for T-bills are the same as those used for CDs, except that Clearing Members must initially contact Treasury Operations, by telephone or in writing, to find out whether a particular CD is acceptable to the Clearing House as collateral:~~

- ~~(a) the Clearing Member's agent bank inputs delivery instructions into the CREST system to transfer the securities to the Clearing House's CREST account (account no. 5165), "free of payment";~~
- ~~(b) the Clearing Member must submit a completed Lodgement Form and, if required, a completed Client Consent Form to Treasury Operations by 14:30 hours;~~
- ~~(c) the Clearing House inputs receipt instructions into the CREST system;~~
- ~~(d) the T-bill/CD is transferred into the Clearing House's account in the CREST system;~~
- ~~(e) the Clearing House may, at its discretion, refuse to accept the lodgement. In this event the Clearing House will endeavour to inform the Member of the reason for refusal, otherwise:
 - ~~(i) value will be given following settlement of the transfer into the Clearing House's account;~~
 - ~~(ii) the Clearing House will sign the Lodgement Form to indicate its acceptance and return the bottom copy of the form to the Clearing Member.~~~~

4.3.4 Release Procedure

Day One

- ~~(a) The Clearing Member submits a completed Release Form to Treasury Operations by 14:30 hours.~~
- ~~(b) If the Clearing House is holding sufficient margin cover with the result that the security requested for release is not required as margin cover, the Clearing House will input appropriate delivery instructions into the CREST system.~~
- ~~(c) If the security for release is being utilised as margin cover, it will only be released on day one, provided that:
 - ~~(i) a release form is received at Treasury Operations by 09:30 hours that day; and~~
 - ~~(ii) the Clearing House has received confirmation from all PPS banks against which PPS calls may have been made for additional cover (as a result of the withdrawal of the security) that the PPS calls will be met that day;~~~~

~~whereupon the Clearing House will input delivery instructions into the CREST system~~

- ~~(d) The Clearing House reduces the level of cover held for the Clearing Member's relevant cover account by the amount of the value of the security which is being withdrawn.~~
- ~~(e) The Clearing Member passes acceptance instructions to its own agent bank.~~
- ~~(f) The T-bill/CD is transferred to the Clearing Member's agent bank through the CREST system. The Clearing House will sign the *Release Form* and return the bottom copy to the Clearing Member.~~

~~Day Two~~

~~Where alternative cover is required it will be called in cash by PPS.~~

~~After 09:00 hours~~

~~Where the security has been utilised as margin cover on day one, and providing the morning PPS call has been met, the security will be released as follows:~~

~~the Clearing House inputs appropriate delivery instructions into the CREST system;~~

~~the Clearing Member passes acceptance instructions to its own agent bank;~~

~~the T-bill/CD is transferred to the Clearing Member's agent bank through the CREST system. The Clearing House will sign the *Release Form* and return the bottom copy to the Clearing Member.~~

4.4 UK GILTS

4.4.1 General Information

~~Gilts will be accepted only into the Clearing House's "Balance Available" account in the CREST system. The 'Delivery by Value', 'Long Term Collateral Certificate' or 'Overnight Collateral Chit' facilities do not satisfy the Clearing House's collateral requirements.~~

~~For CREST Members, these procedures should be read in conjunction with the relevant section of the CREST Manual, Procedures and Guidance.~~

4.4.2 Lodgement Procedure

~~Day One~~

- ~~(a) The Clearing Member must submit (by 14:30 hours) to Treasury Operations, a completed *Lodgement Form* and, if required, a completed *Client Consent Form*. The Clearing House may, at its discretion, refuse to accept the lodgement. In this event the Clearing House will endeavour to inform the Clearing Member of the reason for refusal, otherwise.~~
- ~~(b) The delivering party inputs its instructions to deliver the gilts to the Clearing House's CREST account 5165.~~
- ~~(c) The Clearing House inputs a matching acceptance for the gilt delivery.~~

- ~~(d) — The gilt is transferred into the Clearing House's account through the CREST system.~~
- ~~(e) — The Clearing House will sign the *Lodgement Form* to indicate its acceptance, returning the bottom copy of the form to the Clearing Member.~~
- ~~(f) — Upon completion of delivery, the gilt is available as cover for that night's calculation.~~

~~4.4.3 — Release Procedure~~

~~Day One~~

- ~~(a) — The Clearing Member must submit a completed *Release Form* to Treasury Operations by 14:30 hours.~~
- ~~(b) — Where the gilts are not being utilised as margin cover, the Clearing House will input appropriate delivery instructions into CREST.~~
- ~~(c) — If the security is being utilised, it may be released on day one, provided that:
 - ~~(i) — a release form is received at Treasury Operations by 09:30 hours that day; and~~
 - ~~(ii) — the Clearing House has received confirmation from all PPS banks, against which PPS calls may have been made for additional cover (as a result of the withdrawal of the security), that the PPS calls will be met that day; whereupon the Clearing House will input delivery instructions into CREST.~~~~
- ~~(d) — The Clearing House reduces the level of cover held for the Clearing Member's relevant cover account by the amount of the value of the security which is being withdrawn.~~
- ~~(e) — The receiving party inputs acceptance instructions into CREST.~~
- ~~(f) — The gilt is transferred into the CREST account nominated for the purpose by the Clearing Member. The Clearing House will sign the *Release Form* and return the bottom copy to the Clearing Member.~~

~~Day Two~~

~~Where alternative cover is required it will be called in cash by PPS.~~

~~After 09:00 hours~~

~~Where the security has been utilised on day one, and providing the morning PPS calls have been met, the security will be released as follows:~~

~~the Clearing House inputs appropriate delivery instruction into CREST~~

~~the receiving party inputs acceptance instructions into CREST;~~

~~the gilt is transferred into the CREST account nominated for the purpose by the Clearing Member.~~

4.4.4 Tax Arrangements

The tax treatment of British Government stocks was changed as part of the Budget on 2 July 1997. As from 6 April 1998 all stockholders have the option of receiving their interest payments with or without an income tax deduction.

The Clearing House has nominated its 5165 account held with CREST to receive gross payment of interest.

Beneficial Owners receiving gross interest payments on UK gilts held with the Clearing House as collateral are responsible for understanding and complying with their tax liabilities.

4.5 US SECURITIES4.5.1 General Information

Bilateral delivery of US Treasury securities must be lodged via "Fed Wire" in the Clearing House's accounts with Citibank N.A., New York ("**Citibank**") or the Bank of New York Mellon ("**BONY**").

4.5.2 Lodgement ProcedureDay One

- (a) Clearing Members must submit, (by 19:00 hours), a completed *Lodgement Form* in respect of each lodgement and, if required, a completed *Client Consent Form*. Clearing Members may also need to supply a tax form (see section 4.6.5).
- (b) The Clearing House will enter a receipt instruction into the Citibank system.
- (c) The Clearing Member or his agent bank should enter "**free of payment**" delivery instructions into the "Fed Wire" system in the case of Treasury securities.

The details of the account are:

Treasury securities

(Via Fed Wire)

The Bank of New York Mellon		Citibank N.A., New York	
BKOFNYC/CUST 0121000018		CITIBANKNYC/CUST 021000089	
735136	735137	090401	090372
US Owners	Non-US Owners	US Owners	Non-US Owners

Note: For tax reasons, the Clearing House is required to segregate foreign (i.e. non-US) owners' securities from US owners' securities. Therefore one of the following account numbers must be quoted when delivering securities which are the property of US companies: **#090401** or **#735136** "LCH.Clearent Limited (U.S. Company Account)"

- (d) ~~The securities are transferred into the Clearing House's account through the Custodial system.~~
- (e) ~~Unless the Clearing House contacts the Clearing Member to notify that a lodgement has been rejected, value will normally be given overnight on the following business day. However, if settlement has taken place before 20:00 hours, value may be given overnight the same day.~~
- (f) ~~Subject to delivery completion, the Clearing House will sign the Lodgement Form to indicate its acceptance, returning the bottom copy of the form to the Clearing Member.~~

~~4.5.3 Release Procedure~~

~~Day One~~

- (a) ~~The Clearing Member submits a completed Release Form to Treasury Operations by 19:00 hours.~~
- (b) ~~Where the security is not utilised as margin cover, the Clearing House will input appropriate delivery instructions into the Custodial system.~~
- (c) ~~If the security is being utilised, it may be released on day one, provided that:~~
 - (i) ~~a Release Form is received at Treasury Operations by 09:30 hours that day; and~~
 - (ii) ~~the Clearing House has received confirmation of additional calls for cover from the PPS banks (as a result of the withdrawal of the security) and that all calls will be met that day;~~

~~whereupon the Clearing House will input "free of payment" delivery instructions into the Custodial system.~~
- (d) ~~The Clearing House reduces the level of cover held for the Clearing Member's relevant cover account by the amount of the value of the security which is being withdrawn.~~
- (e) ~~The Clearing Member passes acceptance instructions to its own agent bank and the Treasury securities will then be transferred to the Clearing Member's agent bank through the Fed Wire system.~~
- (f) ~~The Treasury securities are transferred to the Clearing Member's bank.~~

~~Day Two~~

~~Where alternative cover is required it will be called in cash by PPS.~~

~~After 09:00 hours~~

~~Where the security has been utilised on day one, and providing the morning PPS call has been met, the security will be released as follows:~~

~~the Clearing House inputs appropriate delivery instructions into the Custodial system;~~

~~the Clearing Member passes acceptance instructions to its own agent bank;~~

~~treasury securities will then be transferred to the Clearing Member's agent bank through the Fed Wire system; or~~

~~the Treasury securities are transferred to the Clearing Member's bank.~~

~~4.5.4 Intra Day US Securities~~

~~4.5.5 The Clearing House will accept the settlement of US Securities up to 20:00 hours London time for same day value. US Withholding Tax~~

~~US income tax laws impose a withholding tax on payments of US source interest, including original issue discount, to a foreign person unless an exemption or reduced rate applies. Interest is US source income, if the debtor is a US corporation. Interest on debt obligations issued after July 18 1984 is generally exempt from US withholding tax. In addition, a foreign person who is a resident of a country with which the US has an income tax treaty may be entitled to a reduced withholding tax rate or an exemption from the US withholding tax.~~

~~In order to reduce or eliminate US withholding tax, the correct tax documentation must have been provided in respect of each owner. To this end, Clearing Members will be expected to provide one of the forms (noted below) to the Clearing House. A current form will be required for each owner (i.e. the Clearing Member or the person named in the *Client Consent Form*).~~

~~The relevant forms will normally be one of:~~

- ~~(a) 'W-9 (Request for Taxpayer Identification Number and Certification)'. Applies to a US corporation including a foreign branch of a US corporation and is valid indefinitely; or~~
- ~~(b) 'W-8BEN (Certificate of Foreign Status)'.
Applies to non-resident alien individuals, foreign corporations, partnerships and estates; valid for three calendar years.~~

~~Applies to non-resident alien individuals, foreign corporations, partnerships and estates; valid for three calendar years.~~

~~Clearing Members may obtain originals of forms W-8BEN and W-9 from Treasury Operations.~~

~~**Note:** The Clearing House's arrangements with its Custodians only allow for securities holdings of US corporations or foreign (i.e. non-US) entities or individuals. Clearing Members who wish to discuss the possibility of lodging securities belonging to owners excluded from this arrangement should contact Treasury Operations.~~

~~Unless the Clearing House has already received the appropriate tax form, lodgements into A/c #090401 or #735136 must be accompanied by form W-9 and lodgements into A/c #090372 or #735137 normally by form W-8BEN.~~

~~The Clearing House's acceptance of US securities does not indicate any responsibility for the adequacy or otherwise of tax documentation. Any queries in relation to these tax forms should be referred to your company accountant or professional advisers.~~

~~Completed tax forms should be returned to Treasury Operations for onward transmission to its Custodians.~~

~~4.6 SECURITIES HELD IN THE EUROCLEAR SYSTEM~~

~~4.6.1 General Information~~

~~For Euroclear participants, these procedures should be read in conjunction with the Euroclear Operations Centre (hereinafter referred to as "EOC") operating procedures and the relevant Euroclear user guide (Participant user guide – Market Links or S.W.I.F.T., telex & mail user guide).~~

~~**Note:** In these procedures, "S" refers to the settlement day, "S-1" the working day before settlement day, "S+1" the working day after settlement day, etc.~~

~~Timings may vary when clocks are adjusted from summer to winter time and vice versa.~~

~~4.6.2 Lodgement Procedure~~

~~Procedures will vary depending on the source of delivery. Note that instructions received after the stated times will be treated as though they were received on the following business day.~~

~~Securities should be delivered to one of the Clearing House's Securities Clearance Account with Euroclear:~~

~~91205 – see Appendix 4I~~

~~91737 – see Appendix 4I~~

~~Italian Securities (see section 4.6.4.1).~~

~~The Clearing House agrees to treat the above Accounts as special accounts specifically opened for the purpose of holding collateral, whether or not exclusively in the context of the Charge, and undertakes not to use the above Accounts for any other purpose.~~

~~4.6.2.1 Book-entry receipts~~

~~(a) Clearing Member's agent bank sends "free of payment" delivery instructions to EOC to transfer the Securities to one of the Clearing House's accounts.~~

~~Note that the Clearing House will input the "Trade Date" the same as the "Settlement Date" (S) for matching instructions, unless otherwise indicated on the Lodgement Form.~~

~~By 16:30 hours (London time) S~~

~~(b) The Clearing Member submits a Lodgement Form and, if required, a completed Client Consent Form to Treasury Operations.~~

~~(c) The Clearing House submits acceptance instructions to EOC.~~

~~At 17:30 hours (London time) S~~

~~(d) If instructions have settled, value will be given on the following business day S+1.~~

~~(e) — If delivery has not been completed, the Clearing Member will not receive value for cover.~~

~~(f) — Unless the Clearing House notifies the Clearing Member that lodgement has been rejected the Clearing House will sign the *Lodgement Form* to indicate its acceptance, returning the bottom copy to the Clearing Member.~~

~~**Bridge receipts** (Clearing Members or their agents who deliver from a Clearstream Luxembourg account).~~

~~In this case, delivery instructions must be received by Clearstream Luxembourg, in accordance with their own procedures.~~

~~4.6.2.2 External receipts from the local market~~

~~External deliveries can be made free of payment from the relevant local market for one of the Clearing House's securities clearance accounts held with Euroclear (see section 4.6.2).~~

~~External deliveries to Euroclear should be made in accordance with the *EOG operating procedures*, the relevant *Euroclear user guide* and the delivering agent/bank's own procedures.~~

~~By 16:30 hours (London Time) S-1~~

~~(a) — The Clearing Member submits a *Lodgement Form* and, if required, a completed *Client Consent Form* to Treasury Operations.~~

~~(b) — The Clearing House inputs acceptance instructions to EOC to receive from the local market.~~

~~At 17:30 hours (London time) S~~

~~(c) — If instructions have matched and settled, value will be given on the following business day S+1.~~

~~(d) — If delivery has not been completed, the Clearing Member will not receive value for cover.~~

~~Unless the Clearing House notifies the Clearing Member that the lodgement has been rejected the Clearing House will sign the *Lodgement Form* to indicate its acceptance, returning the bottom copy to the Clearing Member.~~

~~4.6.3 Release Procedure~~

~~All instruments accepted in the Euroclear system and accepted by the Clearing House as margin cover may be released through internal book-entry transfer within the Euroclear system and with counterparties in Clearstream Luxembourg. Procedures will vary depending on the destination of the delivery. Note that instructions received after the stated times will be treated as though they were received on the following business day.~~

~~In respect of each day's releases, Clearing Members must submit a signed *Release Form* to the Clearing House. A release of securities will only be allowed if they are not being used to secure liabilities (i.e. where there is sufficient excess cover to permit such~~

~~a release). Timings will therefore vary depending on whether or not securities are surplus to cover requirements.~~

~~4.6.3.1 Book-entry deliveries from The Clearing House to Euroclear and Clearstream Luxembourg accounts~~

~~Day One~~

~~Daylight Delivery~~

~~(a) The Clearing Member submits a completed Release Form to Treasury Operations by 16:30 hours (London Time) S.~~

~~(b) Providing the security is not being utilised as margin cover it will be released from the Clearing Member's account. The Clearing House will sign the Release Form and return the bottom copy to the Clearing Member.~~

~~(c) If the security is being utilised as margin cover, a completed Release Form must be received by Treasury Operations no later than 09:30 hours (London Time) S. A PPS call will be issued for the required cover value. Once the call is confirmed, the Clearing House will send appropriate delivery instructions to EOC. The security will be delivered in accordance with instructions.~~

~~Non-Daylight Delivery~~

~~The Clearing Member submits a completed Release Form to Treasury Operations by 16:30 hours (London Time) S hours, S-1 if the security is excess to margin cover.~~

~~If the security is being utilised as margin cover a PPS call will be issued for the required cover value. The Clearing Member must notify Treasury Operations of their intention by 09:30 hours (London Time) S.~~

~~Once the call is confirmed the Clearing House will send appropriate delivery instructions to EOC.~~

~~The Clearing Member passes acceptance instructions to EOC.~~

~~The Clearing House reduces the level of cover held for the Clearing Member's relevant cover account by the value of the security being withdrawn.~~

~~If the security is not being utilised as margin cover it is removed from the Clearing Member's account upon final settlement. The Clearing House will sign the Release Form and return the bottom copy to the Clearing Member.~~

~~Day Two~~

~~The security will be delivered in accordance with instructions.~~

~~4.6.3.2 External Deliveries~~

~~These deliveries take one day longer than book-entry deliveries to Euroclear or Clearstream Luxembourg accounts and therefore the Clearing House may remove securities that are about to mature from Clearing Members' accounts prior to the normal expiry date.~~

~~Deliveries of physical certificates out of the Euroclear system are not possible.~~

4.6.4 Withholding Taxes

~~EOC offers a recovery service for overseas taxes on Government Bonds. The Clearing House will assist in the recovery process and remit to Clearing Members any recovery in withholding tax credited to the Clearing House's account by EOC.~~

~~In certain cases EOC/the Clearing House will withhold tax on a coupon if the correct documentation is not lodged with either EOC/LCH the Clearing House at the time when a coupon is due.~~

4.6.4.1 Italian Securities held within the Clearing House's Euroclear Gross account 91737

~~This account is operated by the Clearing House in accordance with "Euroclear Procedures to Obtain Exemption from Italian Withholding Tax on Italian Domestic Debt Securities".~~

~~Beneficial owners are entitled to exemption at source from Italian Withholding Tax on Italian securities if they are:~~

- ~~(a) — resident in a country that has entered into a double taxation agreement with Italy (except Black list countries/countries that do not have a tax treaty with Italy); or~~
- ~~(b) — a corporation resident in Italy; or~~
- ~~(c) — a supranational organisation recognised by Italian Law.~~

~~Beneficial owners are required to supply duly completed and executed official forms as proof of eligibility to exemption, and where applicable supply additional documentation, before a delivery can be made into this account.~~

~~Official forms are available on request from Treasury Operations Department.~~

~~Original forms are to be received by the Clearing House before Italian securities can be accepted within the gross account 91737.~~

~~The effective date depends on the type and terms of the security:~~

- ~~• — Coupon Debt securities (BTPs, CCTs and CTOs)~~

~~The new regime applies to the interest on these securities that starts to run on or after 1 January 1997, regardless of the issue date.~~

- ~~• — Zero coupon debt securities with a maturity of less than one year (BOTs)~~

~~The regime applies to all securities issued on or after 1 January 1997.~~

~~**Clearing Members should consult their own tax advisers before lodging Collateral to the Clearing House or submitting any tax documentation.**~~

4.7.15 Triparty Service with Euroclear and Clearstream In The Euroclear System

4.7.14.15.1 General Information

In order to lodge securities at the Clearing House using an ICSD Triparty arrangement, Clearing Members, the ICSD and the Clearing House must have completed and

signed the relevant documentation. Please contact Treasury Operations on +44 (0)207 426 7237 for more information.

Clearing members may execute a 'Triparty' trade denominated in Euro, Sterling or United States Dollars to cover initial margin requirements at the Clearing House.

Under the triparty arrangement beneficial ownership for all securities must belong to the clearing member.

~~LCH.Clearenet—The Clearing House Limited~~ recommends members prioritise ~~LCH.Clearenet~~Clearing House trades avoiding any cash calls. Cash calls in relation to deficits will be made on a separate buffer account within ~~LCH.Clearenet Limited~~the Clearing House, this account will be set up for automatic repayment and will be interest bearing.

Clearing Members must use the relevant triparty forms found in the Appendices to this Section 4annex.

Note: In these procedures, "S" refers to the settlement day, "S-1" the working day before settlement day.

4.7.24.15.2 Lodgement and increase Pprocedure for Euroclear Triparty Service

	<u>Last instruction deadline to the Clearing House for (London Time):</u>	
	<u>Euroclear Bank</u>	<u>Clearstream</u>
<u>Same day settlement</u>	<u>16.00</u>	<u>15.00</u>
<u>Next day settlement</u>	<u>16.00* (S-1)</u>	<u>15.00* (S-1)</u>

*The Clearing House will assume settlement of the transaction and include the amount in the Clearing Member's cover account for next day value only if the settlement instructions are matched by 17.30 (London time). The Clearing House will check that the transaction has been fulfilled by 08.00 on Settlement Date. Any shortfall will be called in cash via the PPS system and will not be returned the same day.

By 16:30 hours S-1

(a) — The Clearing Member submits a Member Triparty Lodgement Form to Treasury Operations (Appendix 4F).

(b) — The Clearing House will send instructions to be matched in Euroclear.

By 17:30 hours S-1

(c) — Trade must be matched in Euroclear by the Clearing House and the Clearing Member.

(d) — The Clearing House will assume settlement provided that the trade has matched. The nominal value will then be entered into Clearing Members cover account next day value to cover next day margin requirements.

By 08:00 hours S

- (e) ~~The Clearing House will check that securities have been received into the collateral takers account and identify any deficits.~~
- (f) ~~Any deficits will be called via PPS in the currency of the trade. It should be noted that when a deficit has been covered at Euroclear the cash called via PPS will not be returned intra-day.~~

4.15.3 Overnight Decrease and closing procedure

	<u>Last instruction deadline to the Clearing House for (London Time):</u>	
	<u>Euroclear Bank</u>	<u>Clearstream</u>
<u>Same day settlement</u>	<u>16.00</u>	<u>15.00</u>
<u>Next day settlement</u>	<u>16.00 (S-1)</u>	<u>15.00 (S-1)</u>

Sufficient cover:

Where the Clearing Member has sufficient cover available the release or closure of the triparty transaction will be processed the same day and the cover account balance of the Clearing Member will be decreased accordingly.

Insufficient cover:

Where the Clearing Member has insufficient cover to release the triparty transaction the cover account will be decreased overnight. The following morning the Clearing House will only release the triparty transaction after 09.00 when any PPS cash calls have been ~~confirmed~~ confirmed.

4.7.3

By 09:30 hours S-1 (If securities are being utilised against margin requirement)

- (a) ~~The Clearing Member submits a Member Triparty Amendment Form to Treasury Operations (Appendix 4G).~~
- (b) ~~A call will be issued via PPS to replace the securities previously being used as margin cover. Once the call has been confirmed, the Clearing House will send instructions to be matched in Euroclear for overnight settlement.~~

By 16:30 hours S-1 (If securities are not being utilised against margin requirement)

- (c) ~~The Clearing Member submits a Member Triparty Amendment Form to Treasury Operations (Appendix 4G).~~
- (d) ~~Provided that the securities are not being utilised as margin cover, they will be removed from the Clearing Member's cover account. Instructions to be matched in Euroclear for overnight settlement.~~

4.7.4 Overnight Increase

By 16:30 hours S-1

~~(a) The Clearing Member submits a Member Triparty Lodgement Form to Treasury Operations (Appendix 4G).~~

~~(b) The Clearing House will send instructions to be matched in Euroclear.~~

~~By 17:30 hours S-1~~

~~(c) Trade must be matched in Euroclear by the Clearing House and the Clearing Member.~~

~~(d) The Clearing House will assume settlement provided that the trade has matched. The increased nominal value will then be adjusted in the Clearing Members cover account next day value to cover next day margin requirements.~~

~~By 08:00 hours S~~

~~(e) The Clearing House will check that securities have been received into the collateral takers account and identify any deficits.~~

~~(f) Any deficits will be called via PPS in the currency of the trade. It should be noted that when a deficit has been covered at Euroclear the cash called via PPS will not be returned intra-day.~~

~~4.7.5 Closing Procedure~~

~~By 09:30 hours S-1 (If securities are being utilised against margin requirement)~~

~~(a) The Clearing Member submits a Member Triparty Closing Form to Treasury Operations (Appendix 4H).~~

~~(b) A call will be issued via PPS to replace the securities previously being used as margin cover. Once the call has been confirmed, the Clearing House will send instructions to be matched in Euroclear for overnight settlement.~~

~~By 16:30 hours S-1 (If securities are not being utilised against margin requirement)~~

~~(c) The Clearing Member submits a Member Triparty Closing Form to Treasury Operations (Appendix 4H).~~

~~(d) Provided that the securities are not being utilised as margin cover, they will be removed from the Clearing Member's cover account. Instructions to be matched in Euroclear for overnight settlement.~~

~~**Forms to be faxed to Treasury Operations on fax number +44 (0)207 375 3518 or scanned and emailed to teamcollateral@lchclearnet.com.**~~

APPENDIX 4A

PERFORMANCE BOND FORM

Date:

From:
.....

On behalf of:
.....

Account:

To: LCH.Clearnet Limited
Aldgate House
33 Aldgate High Street
London EC3N 1EA

Attention: LCH.Clearnet Limited Treasury Operations

Dear Sirs

PERFORMANCE BOND NO.....

1. At the request of [.....] (“Clearing Member”) and in consideration of LCH.Clearnet Limited (“the Clearing House”) confirming or continuing the membership of the Clearing Member on such basis as the Clearing House may determine we hereby undertake to pay to the Clearing House on the Clearing House’s written demand or demands from time to time without set-off or counterclaim or deduction such sum or sums (not exceeding in aggregate the amount and in the currency specified in the proviso below) as the Clearing House may certify in such demand as being any one or more of:
 - 1.1 a sum owed to the Clearing House by the Clearing Member and unpaid and/or the amount of any loss, damage, expense or cost of whatsoever nature suffered or incurred by the Clearing House as a result of the failure by the Clearing Member to pay any amounts due to the Clearing House, or
 - 1.2 the Clearing House’s estimate of the amount likely to become due following any default by the Clearing Member, or
 - 1.3 the balance finally established by the Clearing House as being due from the Clearing Member to the Clearing House and which is in excess of any principal amount already paid to the Clearing House by us together with (but without prejudice to our obligation to make prompt payment) interest at the Specified Rate from the date of receipt by us of demand until the date of payment.
- 2 Any demand or demands hereunder shall be in the form of the Schedule, as nearly as circumstances admit and amended as appropriate.

- 3 Any demand of the nature set out in paragraph 1.2 above must state that it is an estimate and incorporate an undertaking to repay to us the excess (if any) of the amount paid by us over the amount of the liability of the Clearing Member when finally established together with interest on such excess from receipt thereof by the Clearing House until repayment to us. Such interest shall be calculated at the consecutive monthly deposit rates offered by HSBC Bank plc for equivalent amounts throughout the period in question.
- 4 Any such demands as aforesaid shall be conclusive evidence as between the Clearing House and us of our liability to the Clearing House for the amount stated therein, PROVIDED ALWAYS that:-
 - 4.1 Our maximum aggregate liability in respect of all demands hereunder shall not exceed [currency.....] [amount.....] exclusive of interest due in respect of late payment by us.
 - 4.2 This undertaking shall remain in force until the Termination Date, which shall be the earlier of:
 - 4.2.1 [.....]*; or
 - 4.2.2 14.00 hours in London immediately following the expiry of 14 clear days' notice (disregarding the day of service itself) by us to the Clearing House in writing to that effect. We agree that any such notice to the Clearing House, marked for the attention of LCH.Clearnet Limited Treasury Operations, will be delivered by us to the Clearing House during its normal business hours for the conduct of such business at the Clearing House's address stated above (or at such address notified to us by the Clearing House in writing).
 - 4.3 After the Termination Date we shall not be liable except that in respect of a Clearing Member in relation to which a demand shall have been received by us (not being expressly described as a final demand pursuant to paragraph 1.3 above) prior to the Termination Date the Clearing House shall be entitled to make further demands (but not so as to cause our maximum aggregate liability hereunder to be exceeded) not later than 3 months from the Termination Date.
 - 4.4 Any demand must be received by us during our normal business hours for the conduct of such business and at [.....]

](or such other address in London as we may from time to time notify you for the purpose and which you accept in writing) prior to the Termination Date or the expiry of the 3 month period mentioned in paragraph 3.3, where applicable.
- 5 For avoidance of doubt our liability hereunder shall not be affected by any time or indulgence given to or compounding with the Clearing Member or any illegality or invalidity in relation to the purported obligations to the Clearing House of the Clearing Member or by any changes from time to time in relation to any rules or regulations from time to time affecting the Clearing House's relations with the Clearing Member

or by any act matter or thing which but for this provision might have operated to exonerate us as a surety.

6 The expression "Specified Rate" shall mean:-

6.1 in relation to an amount expressed in Sterling, the Base Rate for the time being of HSBC Bank Plc, and

6.2 in relation to an amount expressed in another currency, the day to day Bid Rate quoted by HSBC Bank Plc at or about 11.00 hours in London for overnight deposits of such currency in the London Interbank Market.

7 This undertaking shall be governed by and construed in accordance with English Law. The International Standby Practices (ICC Publication ISP 98) apply except to the extent of any inconsistency with the terms of this letter.

Full Name:

Position:

Signed:

* Insert 14.00 hours in London on specific termination date, if required. If no date is stated, the guarantee will remain in force until determined at 14.00 hours in London immediately after the expiry of 14 clear days' notice by us to the Clearing House in writing to that effect in accordance with paragraph 4.2.2 above.

SCHEDULE

[On Clearing House Notepaper]

To: **[NAME OF BANK]**

[ADDRESS PER PARA 4.4 OF BOND]

Dear Sirs

[NAME OF CLEARING MEMBER] (the "Clearing Member")

PERFORMANCE BOND NO [.....]

1. We refer to your Performance Bond referenced above. Terms defined in the Performance Bond have the same meanings where used in this letter.
2. **[WHERE DEMAND MADE UNDER PARAGRAPH 1.1 OF BOND]**

We now demand payment of [currency/amount]. We certify that this represents a sum owing to the Clearing House by the Clearing Member which remains unpaid and/or the amount of any loss, damage, expense or cost of whatsoever nature suffered or incurred by the Clearing House as a result of the failure by the Clearing Member to pay any amounts due to the Clearing House.

AND/OR

[WHERE DEMAND MADE UNDER PARAGRAPH 1.2 OF BOND]

We now demand payment of [currency/amount]. This represents our estimate of the amount likely to become due following a default by the Clearing Member. We confirm that this amount represents an estimate and we undertake to repay to you the excess (if any) of the amount paid by you over the amount of the liability of the Clearing Member when finally established. Any such refund shall be paid together with interest in compliance with the terms of paragraph 3 of the Performance Bond.

AND/OR

[WHERE DEMAND MADE UNDER PARAGRAPH 1.3 OF BOND]

We now demand payment of [currency/amount]. We certify that this represents the balance finally established by the Clearing House as the amount due from the Clearing Member to the Clearing House which is in excess of any amount paid by you to the Clearing House pursuant to paragraph 1.2 of the Performance Bond.

3. Payment should be made to our account as follows:

Bank:

Address:

Clearing Code:

Account Number:

[Other details as appropriate]

Yours faithfully

For and on behalf of

LCH Clearnet Limited

APPENDIX 4B**GUARANTEE (“PERFORMANCE BOND”) AMENDMENT FORM**

[Bank’s Headed Paper]

Date:

To: LCH.Clearnet Limited
 Aldgate House
 33 Aldgate High Street
 London EC3N 1EA

Re: Guarantee No: []
 Date of Issue: []
 Amount: []
 On behalf of: [Insert the Clearing Member’s Name]
 Account: [State “House” or “Client”]

In consideration of your continuing the membership of [] (the “Clearing Member”) on such basis as you may determine, we hereby agree to amendments to the terms of the above mentioned guarantee (the “Performance Bond”) as set out in this letter.

- * Our maximum aggregate liability in respect of all demands under the Performance Bond, previously stated in the Performance Bond as [], shall be [increased] [decreased] to [], exclusive of interest due in respect of late payment by us. The period of our undertaking under the Performance Bond previously stated in the Performance Bond to terminate on [] shall be extended and such undertaking shall remain in force until [] unless otherwise terminated by notice as provided in the Performance Bond.
- * The period of our undertaking under the Performance Bond previously stated in the Performance Bond to remain in force until 14 days’ notice by us shall terminate on the earlier of [] or upon 14 days notice by us as provided in the Performance Bond.
- * The period of our undertaking under the Performance Bond previously stated in the Performance Bond to terminate on [] shall continue until the expiry of 14 days’ notice by us to you in writing to the effect that the Performance Bond shall expire upon the date specified in such notice.

The amendments agreed between us and set out in this letter shall come into effect upon the date of your signing and returning the attached copy letter to us. This letter amends, supplements and shall be construed as part of the Performance Bond. Subject to the amendments set out in this letter, the Performance Bond shall remain in full force and effect.

This letter shall be governed by and construed in accordance with English law.

(*) One or more of these paragraphs to be included as applicable.

Signed:

Guarantee (“Performance Bond”) Amendment Form

[Bank’s Headed Paper]

Date:

To: LCH.Clearnet Limited
 Aldgate House
 33 Aldgate High Street
 London EC3N 1EA

Re: Guarantee No: []
 Date of Issue: []
 Amount: []
 On behalf of: [Insert the Clearing Member’s Name]
 Account: [State “House” or “Client”]

In consideration of your continuing the membership of [] (the “Clearing Member”) on such basis as you may determine, we hereby agree to amendments to the terms of the above mentioned guarantee (the “Performance Bond”) as set out in this letter.

- * Our maximum aggregate liability in respect of all demands under the Performance Bond, previously stated in the Performance Bond as [], shall be [increased] [decreased] to [], exclusive of interest due in respect of late payment by us.
- * The period of our undertaking under the Performance Bond previously stated in the Performance Bond to terminate on [] shall be extended and such undertaking shall remain in force until [] unless otherwise terminated by notice as provided in the Performance Bond.
- * The period of our undertaking under the Performance Bond previously stated in the Performance Bond to remain in force until 14 days’ notice by us shall terminate on the earlier of [] or upon 14 days notice by us as provided in the Performance Bond.
- * The period of our undertaking under the Performance Bond previously stated in the Performance Bond to terminate on [] shall continue until the expiry of 14 days’ notice by us to you in writing to the effect that the Performance Bond shall expire upon the date specified in such notice. The amendments agreed between us and set out in this letter shall come into effect upon the date of your signing and returning the attached copy letter to us. This letter amends, supplements and shall be construed as part of the Performance Bond. Subject to the amendments set out in this letter, the Performance Bond shall remain in full force and effect.

This letter shall be governed by and construed in accordance with English law.

(*) One or more of these paragraphs to be included as applicable.

Signed:

ON DUPLICATE

We have read the above letter and agree to its terms.

For and on behalf of LCH.Clearnet Limited

Signature:

Name/Position:

Date:

APPENDIX 4C

COLLATERAL LODGEMENT FORM



COLLATERAL LODGEMENT FORM

Version 1: December 2011

To: LCH.Clearnet Limited (the "Clearing House") LCH.Clearnet Limited Ref No: _____

From: Clearing Member (full name) _____

House/Client/Buffer* Mnemonic: _____ ***Please delete as appropriate**

~~We are/A client is* entitled to the entire beneficial interest in these securities. (If a client is entitled to the entire beneficial interest, a Client Consent Form must be completed by the client and submitted to the Clearing House.)~~

~~*Please delete as appropriate~~

Beneficial Owner Name (full name) _____

~~We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Euroclear clearance system subject to the fungibility regime organised by the Belgian Royal Decree No. 62 of 10 November 1967 promoting the circulation of securities as amended from time to time.~~

Security Code Number	Settlement Date	Trade Date	Amount/Nominal Value	Description of Security

Delivery from: Depository/Agent _____
 (for US Securities, Broker Code): _____
 Account Holder: _____
 Account Number: _____
 Beneficial Owner Italian Tax ID: _____
 Delivery to: _____

BONY (US Owners)	BONY (Non-US Owners)	Citibank (US Owners)	Citibank (Non-US Owners)	Euroclear Bank (Global)	Euroclear Bank (Italian)	Euroclear UK & Ireland (Crestco)
735136	735137	090401	090372	91205	91737	5165

Signatories for and on behalf of the Clearing Member:


1. _____
 (Signature) (Print Name) (Position)

2. _____
 (Signature) (Print Name) (Position)

Date: _____

APPENDIX 4D

COLLATERAL RELEASE FORM

		<p>COLLATERAL RELEASE FORM</p> <p style="font-size: small;">Version 1: February 2014</p>														
<p>To: LCH.Clearnet Limited ("the Clearing House")</p>																
<p>From: Clearing Member (full name):</p>																
<p style="text-align: center;">House/Client Account* Mnemonic:</p> <p style="text-align: right; font-size: x-small;">* Please delete as appropriate</p>																
<p>We hereby request you to release the securities described below.</p>																
Security Code Number (e.g. ISIN)	Delivery Date	Trade Date	Amount/Nominal Value (Issue - Coupon - Maturity)	Description of Security												
<p>The Clearing House Ref No: (from lodgement form)</p> <p>Delivery to: Depository/Agent</p> <p>US Securities, Broker Code</p> <p>Account Holder</p> <p>Account Number</p>																
<p>Signatories for and on behalf of the Clearing Member:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">1</td> <td style="width: 30%; border-bottom: 1px dotted black;">(Signature)</td> <td style="width: 20%; border-bottom: 1px dotted black;">(Print Name)</td> <td style="width: 20%; border-bottom: 1px dotted black;">(Position)</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="border-bottom: 1px dotted black;">(Signature)</td> <td style="border-bottom: 1px dotted black;">(Print Name)</td> <td style="border-bottom: 1px dotted black;">(Position)</td> </tr> <tr> <td style="text-align: center;">Date</td> <td colspan="3"> </td> </tr> </table>					1	(Signature)	(Print Name)	(Position)	2	(Signature)	(Print Name)	(Position)	Date			
1	(Signature)	(Print Name)	(Position)													
2	(Signature)	(Print Name)	(Position)													
Date																
<p>To: THE ABOVE-NAMED CLEARING MEMBER</p> <p>The release of the above-mentioned securities is agreed.</p> <p>For and on behalf of</p> <p>LCH.Clearnet Limited: Date: Time:</p> <p>(Authorised Signatory):</p>																

Registered in England No. 25932 Registered Office: Aldgate House, 33 Aldgate High Street, London EC3N 1EA

Recognised as a Clearing House under the Financial Services and Markets Act 2000.

LCH.CLEARNET LIMITED COPY

APPENDIX 4CE

CLIENT CONSENT FORM – TO BE REPLACED WITH CATCH-ALL FORM



CLIENT CONSENT FORM

LCH.Clearnet Limited Ref No: 05403

Version 11: June 2009 (last amended June 2009)

CLEARING MEMBER
Name:.....
House/Client Account*
.....
.....
*Please delete as appropriate

SECURITIES
Securities Description:
.....
Amount/Nominal Value:.....
.....
Clearing House Ref No: (from Lodgement Form):.....

NB. If you require any explanation as to the legal effect of this form and/or the terms of any security which the Clearing Member may, from time to time, have granted in favour of the Clearing House to secure its obligations to the Clearing House, or which the Clearing House or Clearing Member may from time to time have granted to the operator of any depository, securities clearing or settlement system to secure obligations due to such operator, you should seek independent legal advice

To the above-named Clearing Member (“the Clearing Member”) and to LCH.Clearnet Limited (“the Clearing House”)

We represent as follows:-

The Clearing Member has entered into a charge in favour of the Clearing House (the "Charge") over one or more securities accounts. The effect of the Charge is that any securities placed in such accounts (the "Specified Securities") shall be immediately charged to the Clearing House in order to secure all monies due or owing by the Clearing Member to the Clearing House under any account maintained by it with the Clearing House or under the Clearing House Rulebook (the "Secured Obligations").

The Charge shall extend both to Specified Securities and to all rights, benefits and proceeds attaching to or arising from Specified Securities, and such rights may not be varied except with the written agreement of the Clearing House. Once securities have become Specified Securities, they will remain so until they are discharged by written agreement of the Clearing House.

The Clearing Member is hereby authorised to use and dispose of the abovementioned securities (the "Securities") as if it were the owner thereof. The purpose of this grant is to enable the Clearing Member to grant security over the Securities to the Clearing House under the Charge in respect of the Secured Obligations, so that they become Specified Securities. We agree that the Securities shall be free of any adverse interest of ours or of any other person whilst they are subject to the Charge.

As at the date of this grant, we are entitled to the entire beneficial interest in the Securities, save for any security from time to time permitted by the Clearing House in favour of the Clearing Member or any other person, and the Securities are not subject to any trust, sale agreement or security.

We acknowledge and consent that:

if there occurs a default by the Clearing Member in its obligations to the Clearing House or some other material event in relation to the Clearing Member (each “**the Clearing Member’s default**”), the Clearing House may sell or otherwise dispose of the Securities and apply the proceeds in or towards satisfaction of the Clearing Member’s obligations to the Clearing House;

all transactions between the Clearing Member and the Clearing House are effected by the Clearing Member and the Clearing House as principals, and no account will be taken by the Clearing House of any commercial interest we have in any transaction;

the Clearing Member’s obligations to the Clearing House which are secured by the Charge are not directly related to our obligations to the Clearing Member (or any other person) and may in part reflect obligations to the Clearing Member or persons with which the Clearing Member is affiliated;

on the Clearing Member’s default, the Clearing House may well enforce the Charge before resorting to any guarantee or letter of credit provided to the Clearing House in relation to the Clearing Member’s obligations to the Clearing House and irrespective of whether or not we have satisfied our obligations to the Clearing Members (or any other person);

the Clearing House may remit to the Clearing Member (and not to us) any interest or other accrual on the Securities; and

the Securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities or similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the Securities being held in the Euroclear clearance system subject to the fungibility regime organised by the Belgian Royal Decree No 62 of 100 November 1967 promoting the circulation of securities as amended from time to time.

We shall not seek directly or indirectly to prevent the Clearing House from protecting or enforcing the Charge.

The agreement here recorded is governed by, and this document is to be construed in accordance with English law.

NOTE: When executed by a corporate entity the signatories for such entity must sign on this page and on page 2.

When executed by an individual such individual and the witness to his/her signature must also sign on this page and on page 2.

Signatory:.....

Signatory:.....



CLIENT CONSENT FORM

LCH.Clearnet Limited Ref No: 05402

Version 11: June 2009 (last amended June 2009)

CLEARING MEMBER
Securities Description
.....

A EXECUTION BY CORPORATE ENTITIES

The signature of two representatives authorised to execute on behalf of, and to bind the Company is required. Where it is not possible for both signatories to sign at the same time, Section C – Witness – below must be completed when the second signatory executes this document.

1 Signature of director (or equivalent officer in the case of a non-UK company):

2 Signature of director or secretary (or equivalent officer in the case of a non-UK Company):

.....

.....

Date:.....

Date:.....

Position held by Signatory:

Position held by Signatory:

.....

.....

Print Name of Signatory:

Print Name of Signatory:

.....

.....

For:.....(Client)

Registered Address of Client:.....

.....

Registered Number of official identification:.....

B EXECUTED BY INDIVIDUALS

Signature:.....

Full Postal Address:

Print Name:

.....

Date:

.....

C WITNESS

This section must be completed by an independent witness (not being an employee of the Client or Clearing Member) – if execution of this document is by an individual or where representatives of a corporate identity have not signed at the same time, if executed by representatives of a corporate entity.

Signature of Witness:.....

Print name:.....

Occupation/Position.....

Full Postal Address:.....

.....

.....

APPENDIX 4DF

MEMBER TRIPARTY LODGEMENT FORM



MEMBER TRIPARTY LODGEMENT FORM

EUROCLEAR

Version 1: July 2007

To LCH.Clearnet Limited ("the Clearing House")

LCH.Clearnet Limited Ref No: **00001ATS**

From Clearing Member (full name) _____

House/Client* Mnemonic *Please delete as appropriate

We are entitled to the entire beneficial interest in these securities.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Euroclear clearance system subject to fungibility regime organised by the Belgian Royal Decree No.62 of 10 November 1967 promoting the circulation of securities as amended from time to time.

Execution Date	Currency	Nominal Amount	Collateral Giver Account Number	Collateral Taker Account Number

Signatories for and on behalf of
The Clearing Member

1. _____
(Signature) (Print Name) (Position)

2. _____
(Signature) (Print Name) (Position)

Date: _____

APPENDIX 4EG

MEMBER TRIPARTY AMENDMENT FORM



MEMBER TRIPARTY AMENDMENT FORM

EUROCLEAR

Version 1: May 2007

To LCH.Clearnet Limited ("the Clearing House")

From Clearing Member (full name) _____

House/Client* Mnemonic *Please delete as appropriate

We are entitled to the entire beneficial interest in these securities.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Euroclear clearance system subject to fungibility regime organised by the Belgian Royal Decree No.62 of 10 November 1967 promoting the circulation of securities as amended from time to time.

Execution Date	Lodgement Number	Increase/Decrease	Amount of Increase/Decrease	Currency	New Nominal Amount	Collateral Giver Account Number	Collateral Taker Account Number

Signatories for and on behalf of
The Clearing Member

1. _____
(Signature) (Print Name) (Position)

2. _____
(Signature) (Print Name) (Position)

Date: _____

APPENDIX 4FH

MEMBER TRIPARTY CLOSING FORM



MEMBER TRIPARTY CLOSING FORM

EUROCLEAR

Version 1: May 2007

To LCH.Clearnet Limited ("the Clearing House")

From Clearing Member (full name) _____

House/Client* Mnemonic *Please delete as appropriate

Lodgement Number	Closing Date & Execution Date	Currency	Nominal Amount	Collateral Giver Account Number	Collateral Taker Account Number

Signatories for and on behalf of
The Clearing Member

1. _____
(Signature) (Print Name) (Position)

2. _____
(Signature) (Print Name) (Position)

Date: _____

APPENDIX 4G

MEMBER TRIPARTY LODGEMENT FORM



MEMBER TRIPARTY LODGEMENT FORM

CLEARSTREAM

Version 1: July 2007

To LCH.Clearnet Limited ("the Clearing House")

LCH.Clearnet Limited Ref No: _____

From Clearing Member (full name) _____

House/Client* _____ Mnemonic _____ *Please delete as appropriate

We are entitled to the entire beneficial interest in these securities.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Clearstream clearance system subject to the fungibility regime organised by the Luxembourg Law of 1 August 2001 on the circulation of securities and other financial instruments as amended from time to time.

±

<u>Execution Date</u>	<u>Currency</u>	<u>Nominal Amount</u>	<u>Collateral Giver Account Number</u>	<u>Collateral Taker Account Number</u>

Signatories for and on behalf of
The Clearing Member

1. _____
(Signature) (Print Name) (Position)

2. _____
(Signature) (Print Name) (Position)

Date: _____

APPENDIX 4H

MEMBER TRIPARTY AMENDMENT FORM



MEMBER TRIPARTY AMENDMENT FORM

CLEARSTREAM

Version 1: May 2007

To LCH.Clearnet Limited ("the Clearing House")

From Clearing Member (full name) _____

House/Client* _____ Mnemonic _____ *Please delete as appropriate

We are entitled to the entire beneficial interest in these securities.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Clearstream clearance system subject to the fungibility regime organised by the Luxembourg Law of 1 August 2001 on the circulation of securities and other financial instruments as amended from time to time.

<u>Execution Date</u>	<u>Lodgement Number</u>	<u>Increase/Decrease</u>	<u>Amount of Increase/Decrease</u>	<u>Currency</u>	<u>New Nominal Amount</u>	<u>Collateral Giver Account Number</u>	<u>Collateral Taker Account Number</u>

Signatories for and on behalf of The Clearing Member

1. _____
 (Signature) (Print Name) (Position)

2. _____
 (Signature) (Print Name) (Position)

Date: _____

APPENDIX 4I

MEMBER TRIPARTY CLOSING FORM



MEMBER TRIPARTY CLOSING FORM

CLEARSTREAM

Version 1: May 2007

To LCH.Clearnet Limited ("the Clearing House")

From Clearing Member (full name) _____

House/Client* Mnemonic *Please delete as appropriate

<u>Lodgement Number</u>	<u>Closing Date & Execution Date</u>	<u>Currency</u>	<u>Nominal Amount</u>	<u>Collateral Giver Account Number</u>	<u>Collateral Taker Account Number</u>

Signatories for and on behalf of The Clearing Member

1. _____
 (Signature) (Print Name) (Position)

2. _____
 (Signature) (Print Name) (Position)

Date:

APPENDIX 4J

CONTINGENCY COLLATERAL LODGEMENT FORM



CONTINGENCY COLLATERAL LODGEMENT FORM

Version 1: December 2011

To: LCH.Clearnet Limited (the "Clearing House") LCH.Clearnet Limited Ref No: _____

From: Clearing Member (full name)

House/Client/Buffer* Mnemonic: ***Please delete as appropriate**

We are/A client is* entitled to the entire beneficial interest in these securities. (If a client is entitled to the entire beneficial interest, a Client Consent Form must be completed by the client and submitted to the Clearing House.)

***Please delete as appropriate**

Beneficial Owner Name (full name) _____

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Euroclear clearance system subject to the fungibility regime organised by the Belgian Royal Decree No. 62 of 10 November 1967 promoting the circulation of securities as amended from time to time.

<u>Security Code Number</u>	<u>Settlement Date</u>	<u>Trade Date</u>	<u>Amount/Nominal Value</u>	<u>Description of Security</u>

Delivery from: Depository/Agent _____
(for US Securities, Broker Code): _____
Account Holder: _____
Account Number: _____
Beneficial Owner Italian Tax ID: _____
Delivery to: _____

<u>BONY (US Owners)</u>	<u>BONY (Non-US Owners)</u>	<u>Citibank (US Owners)</u>	<u>Citibank (Non-US Owners)</u>	<u>Euroclear Bank (Global)</u>	<u>Euroclear Bank (Italian)</u>	<u>Euroclear UK & Ireland (Crestco)</u>
<u>735136</u>	<u>735137</u>	<u>090401</u>	<u>090372</u>	<u>91205</u>	<u>91737</u>	<u>5165</u>

Signatories for and on behalf of the Clearing Member:

1. _____
 (Signature) (Print Name) (Position)

2. _____
 (Signature) (Print Name) (Position)

Date: _____



APPENDIX 4K-

CONTINGENCY COLLATERAL RELEASE FORM



**CONTINGENCY COLLATERAL
RELEASE FORM**

Version 1: February 2011

To: LCH.Clearnet Limited ("the Clearing House")

From: Clearing Member (full name):

House/Client Account* Mnemonic: * Please delete as appropriate

We hereby request you to release the securities described below.

<u>Security Code Number(e.g. ISIN)</u>	<u>Delivery Date</u>	<u>Trade Date</u>	<u>Amount/Nominal Value(Issue - Coupon - Maturity)</u>	<u>Description of Security</u>

The Clearing House Ref No: (from lodgement form)
.....

Delivery to: Depository/Agent

US Securities, Broker Code

Account Holder

Account Number

Signatories for and on behalf of the Clearing Member: 1
.....
(Signature) (Print Name) (Position)

2
.....
(Signature) (Print Name) (Position)

Date

To: THE ABOVE-NAMED CLEARING MEMBER

The release of the above-mentioned securities is agreed.

For and on behalf of
LCH.Clearnet Limited: Date: Time:

(Authorised Signatory):

APPENDIX APENDIXAPPENDIX 4L**LCH.CLEARNET ACCOUNTS FOR DELIVERY OF MARGIN COLLATERAL-EXCLUDING FCM CLIENT**

	Margin Collateral-Excluding FCM Client						
	Bank of New York		Citibank		Euroclear Bank		Euroclear UK & Ireland
	735136	735137	090401	090372	91205	91737	5165
Australia					X		
Austria					X		
Belgium					X		
Canada					X		
Denmark					X		
EUR Agencies					X		
Finland					X		
France					X		
Germany					X		
Italy					X	X	
Japan					X		
Luxembourg					X		
Netherlands					X		
Norway					X		
Spain					X		
Sweden					X		
United Kingdom							X
United States	X	X	X	X			
US Agencies	X	X	X	X			

Exhibit A-2
FCM Procedures

See Attached.

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FCM PROCEDURES

Except where the context otherwise requires, defined terms used herein have the meaning ascribed to them in the FCM Regulations or in other portions of the FCM Rulebook.

1. FCM CLEARING MEMBER STATUS

FCM Clearing Member Application Procedure

- (a) Application Procedure: An application for FCM Clearing Member status of the Clearing House must be made on the appropriate form which can be obtained from the Clearing House's Membership Department. Additional information (including legal documents) must be supplied where required and submitted to the Clearing House with the completed form.

Applicants approved by the Clearing House for FCM Clearing Member status ("Approved Applicants") must, within three months of notification of their approval as an applicant, fulfil all conditions attached to their approval. If an Approved Applicant does not fulfil all such conditions within these three months, the Clearing House may, at its sole discretion, require that an Approved Applicant re-apply for FCM Clearing Member status.

Approved Applicants will become FCM Clearing Members with the right to clear FCM SwapClear Contracts. Please note that FCM Clearing Member status does not provide membership of the company LCH.Clearnet Limited or any right to a shareholding therein, nor does it provide the right to any shareholding in LCH.Clearnet Group Limited or any entitlement or right to participate in any way in LCH.Clearnet SA or the clearing services it offers. LCH.Clearnet SA has its own arrangements and admission criteria for Clearing Member status – see the LCH.Clearnet SA sections of the LCH.Clearnet website for further details.

- (b) FCM Clearing Member Status: The terms and conditions binding on each FCM Clearing Member are set out in the FCM Rulebook (which includes these FCM Procedures), the FCM Clearing Membership Agreement, the FCM Default Management Process Agreement and the FCM Default Fund Agreement, each as amended from time to time. Two copies of the FCM Clearing Membership Agreement and the FCM Default Fund Agreement will be provided to the applicant who must sign both copies of each (but not date them) and return them to the Clearing House's Membership Department along with the application documentation.

The applicant must pay the stipulated application fee to the Clearing House. This fee must accompany the application for FCM Clearing Member status and is non-refundable.

If and when FCM Clearing Member status is granted, new FCM Clearing Members will receive a duly executed (and dated) copy of the FCM Clearing Membership Agreement and the FCM Default Fund Agreement together with the notification of acceptance and details of any condition(s) attached to FCM Clearing Member status. If granted, FCM Clearing Member status is subject to a Contribution to the Default Fund of the Clearing House (DF), as determined by the Clearing House under the Default Fund Rules.

- (c) Conditions of Application: An applicant for FCM Clearing Member status must accept that the Clearing House:
- (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 an exchange, governmental department, regulatory organization, other authority, or to the Clearing House's insurers in connection with any form of insurance, or to any person pursuant to the provisions of the CEA, any rules made thereunder, or in accordance with any other statutory requirement, and in accordance with the terms of the FCM Clearing Membership Agreement;
 - (iv) may disclose to any other party the name, address, registered number and details of any exchange or clearing memberships held or applied for; and
 - (v) will endeavour to process, consider and decide upon an application in a timely fashion, but owes no duty or obligation to the applicant to do so.

General

An applicant must, in accordance with the FCM Regulations satisfy the criteria set out in the FCM Regulations and these FCM Procedures in order to be considered for FCM Clearing Member status. These requirements are without prejudice to the provisions of the FCM Clearing Membership Agreement and the FCM Default Fund Agreement which must be executed by the applicant, and must equally be met by FCM Clearing Members.

The applicant and those of its staff who exercise an executive or managerial role, must have a high standard of integrity and a level of knowledge, as determined by and acceptable to the Clearing House, of the nature, risks and obligations of trading in the market they wish to clear.

The applicant must satisfy the minimum Net Capital requirements, as set out in the FCM Regulations or such greater amounts as may be required by the Clearing House.

The applicant must open Protected Payments System (PPS) bank account(s) at one or more of the bank branches participating in the PPS system:

- (i) in London in each currency including in US dollars and GBP;
- (ii) in the USA in US dollars,

and must execute all necessary PPS mandates for House and Client accounts.

The applicant must maintain a back office:

- (i) remote from the trading desk;
- (ii) with adequate systems (including but not limited to computer and communications systems) and records;
- (iii) with an adequate number of administrative staff fully conversant with procedures for the management of business transacted in the contracts cleared by the Clearing House in which the applicant participates; and
- (iv) with such technology and connectivity as may be stipulated by the Clearing House.

The applicant must at all times respond promptly to enquiries or requests for information made by the Clearing House.

- (d) Termination of FCM Clearing Member Status: In the event that an FCM Clearing Member wishes to terminate its FCM Clearing Member status, it may do so by giving notice of not less than three months ahead of its proposed termination date. By the close of business on the termination date, the FCM Clearing Member shall ensure that all registered FCM SwapClear Contracts in its name have been closed-out or transferred so as to ensure that there are no Open Contracts to which it is party to at the termination date. A resigning FCM Clearing Member should note that any and all Executing Parties for which it clears FCM SwapClear Transactions will be required to find alternative clearing arrangements by this date or will be unable to enter into FCM SwapClear Transactions unless such Executing Party already has other clearing arrangements in place. For further information on the resignation process, FCM Clearing Members should contact the Clearing House's Membership Department.

If an FCM Clearing Member has not been active in a market for a continuous period of three months, it will be asked to confirm that they intend to utilize their FCM Clearing Member status and, failing a satisfactory response, they may be required to resign their FCM Clearing Member status.

- (e) Guarantees:

FCM Clearing Members are required to notify promptly or pre-notify the Clearing House of any changes which may result in non-compliance with the FCM Clearing Member status criteria as stated in the FCM Regulations and these FCM Procedures.

Net Capital

Net Capital Requirements

FCM Clearing Members are required to maintain a minimum level of net capital as set out in the FCM Regulations.

Additional Net Capital Requirements

Additional resources will be required when, in the Clearing House's assessment, an FCM Clearing Member's Net Capital is not commensurate with its level of business.

Calculation Of Net Capital

Net capital is calculated in line with CFTC Regulation 1.17.

Financial Reporting

FCM Clearing Members must provide the financial information detailed below in order to demonstrate that they continue to comply with the Clearing House's Net Capital requirements at all times.

FCM Clearing Members

(a)(f) All FCM Clearing Members must, within six months from the date on which their annual accounts are made up, provide the Clearing House with an English-language copy of their profit and loss account and balance sheet, together with a statement that their auditors have reviewed and approved them, drawn up in accordance with CFTC Regulation 1.16 requirements or otherwise in accordance with the requirements of the Clearing House. In addition, the Clearing House may at its discretion require the provision of financial accounts for the ultimate or immediate parent of the FCM Clearing Member.

(b)(g) All FCM Clearing Members must provide the Clearing House with copies of all financial returns made to their regulators, and upon request from the Clearing House, any other notifications made to the CFTC as required under the CFTC's Regulations (including Regulation 1.12).

Reduction in Net Capital

All FCM Clearing Members must immediately notify the Clearing House of any significant reduction (usually 10% or more), from the figures shown in their last financial returns, in:

(a)(h) shareholders' funds;

(b)(i) Net Capital.

Additional Requirements

1.1.2 Notification of Changes of Ownership

FCM Clearing Members are required to notify or pre-notify the Clearing House of changes in controlling holdings (defined as the exercise or control of 20% or more of the voting power of the firm). In cases of changes in ownership, and particularly where those potentially acquiring a dominant stake in an FCM Clearing Member are not known to the Clearing House, FCM Clearing Members are required to pre-notify the Clearing House of their plans. The proposed change of ownership may be subject to an approval process involving the Risk Committee and Board of the Clearing House (LCH.Clearnet Limited).

Other Conditions

The Clearing House may, at any time, impose additional conditions relating to continued FCM Clearing Member status, and at any time vary or withdraw any such conditions. These conditions may include, but are not limited to, a requirement to

deposit additional security in cash or other collateral as determined by the Clearing House.

FCM SWAPCLEAR

2. SWAPCLEAR

The Clearing Process

The FCM SwapClear Service is an interface that processes and stores all FCM SwapClear Transactions received from an FCM Approved Trade Source System.

Only FCM Clearing Members are authorised by the Clearing House to submit trades for clearing in the FCM SwapClear Service.

FCM SwapClear Service Functions

The following functions are performed within the FCM SwapClear Service:

- (a) processing and settlement of coupon payments;
- (b) processing and settlement of consideration (fee) payments;
- (c) calculation of initial and variation margin requirements;
- (d) calculation of Price Alignment Interest;
- (e) adjustment of cash payments to conform with Opening Days and the SwapClear Calendars;
- (f) allocation and designation of trades to a position-keeping account; and
- (g) reporting of registered trades.

FCM SwapClear Transactions submitted via an FCM Approved Trade Source System (i.e. new trades submitted for intra-day registration or existing trades submitted for overnight registration – see sections 2.3.2 and 2.3.3) will, subject to meeting all requirements prescribed by the Clearing House, be processed and stored within the FCM SwapClear clearing system. Information regarding FCM SwapClear Contracts and margin reporting will be disseminated via the Clearing House's FCM Clearing Member Reporting (see section [02.1.3](#)).

Clearing House System Requirements

An FCM Clearing Member must, in order to submit FCM SwapClear Transactions to the Clearing House, be a user of an FCM Approved Trade Source System.

SwapClear FCM Clearing Member Reporting

There are two methods of notification to FCM Clearing Members of FCM SwapClear Contract registrations:

Report 001

Via the FCM Approved Trade Source System.

An end-user report generation and analytical capability is provided by the Clearing House to FCM Clearing Members. All FCM SwapClear reports will be disseminated via the Clearing House's secure password access FCM Clearing Member-only

website. These reports are the definitive record as to registration by the Clearing House.

The Clearing House is not liable for any corruption or alteration of messages or loss of data which may take place within any FCM Approved Trade Source System.

FCM Clearing Members will be able to customize and produce reports either to print locally or to download in machine-readable data-file format. Queries about the FCM Clearing Member-only website should be directed to the Clearing House Service Desk on +44 (0)20 7426 7200.

Operating Times And Calendars

Opening Days

The Clearing House will publish a circular detailing the days on which the FCM SwapClear clearing system will be open.

Opening Hours

The FCM SwapClear clearing system will be operational during the following hours:

07:30 to 24:00 hours London time (a "Business Day")

FCM SwapClear Clearing System Calendars

The FCM SwapClear clearing system uses the SwapsMonitor Financial Calendar for its processing. This will require all FCM Clearing Members to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the FCM SwapClear clearing system, will be available online for inspection and for file download from FCM Clearing Member Reporting (see section [02.1.3](#)).

Registration

Submission for Registration

The Clearing House receives details of a new eligible FCM SwapClear Transaction using agreed format messages via an FCM Approved Trade Source System. The FCM Approved Trade Source System will send these trades to the Clearing House once they have been bi-laterally agreed by two Executing Parties and will confirm which FCM Clearing Member(s) has been elected to register the FCM SwapClear Transaction.

Clearing House Notification

Following receipt of information from the FCM Approved Trade Source System, the Clearing House will notify the relevant FCM Clearing Member(s), via member reports, the SwapClear API or otherwise, that an Executing Party has elected it to register the FCM SwapClear Transaction with the Clearing House (the "FCM Notification").

Following receipt of the FCM Notification, an FCM Clearing Member may choose to accept or refuse to register the FCM SwapClear Transaction on behalf of the Executing Party.

Where an FCM Clearing Member accepts registration of the FCM SwapClear Transaction and notifies the Clearing House of such acceptance, the FCM Clearing

Member shall, pursuant to FCM Regulation 5(b), (i) be deemed to have presented the FCM SwapClear Transaction for clearing and (ii) become obligated to pay all cover required by the Clearing House in connection with the registration of the FCM SwapClear Transaction upon request of the Clearing House.

It is a condition for registration of an FCM SwapClear Transaction that, where both Executing Parties intend to register the FCM SwapClear Transaction through an FCM Clearing Member, both FCM Clearing Members accept the FCM Notification (or where such Executing Parties nominate the same FCM Clearing Member, such FCM Clearing Member accepts both acceptances) and therefore submit the FCM SwapClear Transaction to the Clearing House. In accordance with Section 2.3.4 of these FCM Procedures, it is a condition for registration of an FCM SwapClear Contract that the applicable FCM Clearing Member provide sufficient cover to the Clearing House in respect of such FCM SwapClear Contract prior to registration.

SwapClear FCM Approved Trade Source Systems

Currently the FCM Approved Trade Source Systems designated by the Clearing House for SwapClear are [MarkitWire, Bloomberg and Tradeweb]. Where the Clearing House approves additional FCM Approved Trade Source Systems, it will notify FCM Clearing Members via member circular.

FCM SwapClear Transactions submitted through an FCM Approved Trade Source System must be in an acceptable message format, as prescribed by the Clearing House.

Notwithstanding the designation by the Clearing House of any system as an FCM Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or otherwise of the delivery of any FCM SwapClear Transaction details by that FCM Approved Trade Source System to the Clearing House. Such matters form part of the relationship between the FCM Clearing Members and that FCM Approved Trade Source System.

The Clearing House will process any FCM SwapClear Transaction reported to it by an FCM Approved Trade Source System on an "as is" basis, and subject to the FCM Regulations and these FCM Procedures, will register any such FCM SwapClear Transaction on the basis of the data provided to it by the FCM Approved Trade Source System and approved by the relevant FCM Clearing Member. The Clearing House has no obligation to verify that the details received, properly reflect the trade entered into by the relevant Executing Parties.

The Clearing House accepts no liability for any error within or corruption of any data sent by an FCM Approved Trade Source System to the Clearing House or to an FCM Clearing Member or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any FCM SwapClear Contract on the basis of incorrect or corrupted data sent to it by an FCM Approved Trade Source System and accepted by an FCM Clearing Member, the FCM Clearing Member concerned shall be bound by the terms of such FCM SwapClear Contract. The Clearing House shall use its reasonable endeavours to assist the relevant FCM Clearing Members in re-registering the trade on the correct basis but the Clearing House shall not be liable to the FCM Clearing Member or anyone else with regard to the registration (or lack of registration or re-registration) of any such FCM SwapClear Contract.

FCM Clearing Members shall ensure that transaction details accepted for registration are accepted by appropriately authorised personnel. Apart from the foregoing acceptance, the Clearing House is not able to, and will not, verify the authorisation of the source of any details of any transaction reported to it for registration by any FCM Approved Trade Source System. The Clearing House shall have no liability in the event that any FCM Clearing Member suffers any loss through the unauthorised acceptance of an FCM Notification.

Registration of New Trades

New trades are registered on an intra-day basis. Following acceptance by an FCM Clearing Member, the FCM SwapClear Clearing System will respond, after processing, with a message either confirming the registration or giving a reason for rejection (see section 2.3.7). The registration notification or rejection message will be sent via the originating FCM Approved Trade Source System, the SwapClear API or otherwise. The definitive report of a registered FCM SwapClear Contract will be shown on Reporting (see section 2.1.3) on the FCM Clearing Member reporting account in the FCM SwapClear clearing system.

The Clearing House will require an FCM Clearing Member in whose name an open contract is to be registered to provide it with cover for initial and variation margin prior to registration. In accordance with FCM Regulation 5(b), an FCM Clearing Member becomes obligated to pay such cover to the Clearing House upon the FCM Clearing Member's acceptance for registration of an FCM SwapClear Transaction and the FCM Clearing Member shall pay such cover prior to registration upon request of the Clearing House. Variation margin can be covered intra-day in non-cash collateral.

FCM SwapClear Transactions that are submitted for registration after 14:30 are registered the following morning subject to the normal requirements for margin (unless the FCM Clearing Member has provided excess cover).

Backloading of Existing Trades

The Clearing House provides the facility for FCM Clearing Members to load eligible existing FCM SwapClear Transactions, through an FCM Approved Trade Source System [(currently only MarkitWire)]. Where the Clearing House approves additional FCM Approved Trade Source Systems for this purposes, it will notify FCM Clearing Members via member circular. Backloading requires bilateral agreement between the relevant Executing Parties and acceptance by the FCM Clearing Member(s) and the SwapClear Clearing Member, if any, of the full particulars required by the Clearing House for each such FCM SwapClear Transactions. Following acceptance, the backloaded trade shall be deemed to have been presented by the FCM Clearing Member(s) and the SwapClear Clearing Member, if any, for registration by the Clearing House. In any backloading of transactions where one leg is to be registered as an SCM SwapClear Contract, the UK General Regulations will apply with respect to such registration of an SCM SwapClear Contract.

The Clearing House will, in the case of FCM SwapClear Transactions that have a Trade Date of greater than ten calendar days prior to the date of submission, hold the FCM SwapClear Transaction overnight for registration the following day. For backloaded trades the Clearing House will notify FCM Clearing Members of their submission and status via FCM Clearing Member Reporting (see section 2.1.3). It is a pre-condition of registration that sufficient cover for initial and variation margin is provided.

Notification

The Clearing House will notify FCM Clearing Members of the registration or rejection of FCM SwapClear Transactions, or contracts purported as such, via the SwapClear FCM Clearing Member Reporting System (see section [02-1.3](#)) and the originating FCM Approved Trade Source System messaging service for onward transmission to the submitting FCM Clearing Member.

Rejected Trades

Trades submitted for registration that do not meet the product or other eligibility criteria prescribed from time to time by the Clearing House or which contain invalid or incomplete message data will be rejected. If, at any time, the Clearing House does not register a trade presented for registration it will notify the contracting parties of the reasons for rejection.

Position Accounts

FCM Accounts

For identification purposes each FCM Clearing Member is assigned a unique three-character mnemonic. An FCM Clearing Member's position and financial information are further identified by a single character code: C for client business; and H for house business.

Position-Keeping Accounts

FCM Clearing Member Accounts

The account types are: H for house business (Proprietary Account); and C for segregated client business (FCM Omnibus OTC Client Account with LCH). An FCM Clearing Member's FCM SwapClear Contract positions are also recorded within the FCM SwapClear clearing system in SwapClear Accounts.

All registered FCM SwapClear Contracts will be identifiable to FCM Clearing Members via FCM SwapClear Reporting (see section 2.1.3). Each FCM SwapClear Contract will also be assigned a unique trade identifier. The FCM Clearing Member Reporting functionality also allows FCM Clearing Members to identify all FCM SwapClear Contracts registered in their name.

Financial Accounts

FCM Clearing Member accounts have financial accounts associated with them. These are, inter alia, used to record cash balances and securities/ documentary credits. Information contained within position-keeping accounts is consolidated into financial accounts, as follows:

Relationship with Position-Keeping Accounts

Trading Account	Financial Account		
H	House	H	Proprietary Account
C	Client	C	LCH OTC Client Segregated Depository Account

Other Financial Accounts

At the Clearing House's discretion, further financial accounts, used only to record financial balances, may be opened as follows:

	Code
Buffer accounts (House), used for holding additional cash in relation to Proprietary business	B
Buffer account (Client), used for holding additional cash in relation to FCM Client Business	E

Default Fund (DF) Account

Each FCM's Default Fund Contribution is held in a separate financial account. The DF account code is "F".

FCM SwapClear Contract Valuation

Net Present Value

The Clearing House will calculate the Net Present Value (NPV) of each eligible FCM SwapClear Contract using the Clearing House's zero coupon yield curves.

It is a condition of registration that sufficient cover, as determined by the Clearing House, is held with the Clearing House to cover both the NPV and Initial Margin of each FCM SwapClear Transaction.

All FCM SwapClear Contracts credited to an FCM Clearing Member will, on submission to the Clearing House, be marked-to-market, in accordance with FCM Regulation 12(d). The Net Present Value so determined must, subject to Intra-day Registration (see section 2.3.4), be paid by the FCM Clearing Member in cash in the currency of the FCM SwapClear Contract. Where an FCM SwapClear Transaction is registered intra-day, and the NPV is covered with non-cash collateral, the Clearing House will, the following Business Day, require payment of the full cash amount.

2.1.1 Zero Coupon Yield Curve Construction

The Clearing House will determine, at its sole discretion, appropriate instruments, points and market prices for the construction of zero coupon curves and portfolio valuation. Details of the construction method and Instruments used are available on request from the Clearing House Risk Management Department at +44 (0)20 7426 7549, but may be subject to change without prior notification.

2.1.2 Official Quotations

Zero Coupon Yield curves will use prices and rates taken at:

All times quoted, are London time.

AUD	12:00
CAD	20:00

CHF LIBOR & OIS	16:15
CZK	16:15
DKK	16:15
EURO LIBOR	16:15
GBP LIBOR	16:15
HKD	12:00
HUF	16:15
JPY	12:00
NOK	16:15
NKD	12:00
PLN	16:15
SEK	16:15
SGD	12:00
USD	
LIBOR & OIS	20:00
ZAR	16:15
EURO OIS	18:15
GBP OIS	17:15

Zero coupon yield curves used for daily marking to market will be published on the Clearing House's Member Reporting website after the end of each Business Day.

2.1.3 Variation Margin

On the date of registration, the Net Present Value of an FCM SwapClear Contract will be credited to or debited from the applicable FCM Clearing Member's financial accounts in cash in denomination currency.

On all subsequent days, the change in the Net Present Value from one Business Day to the next will be credited to or debited from such FCM Clearing Member's financial accounts in cash in denomination currency.

Price Alignment Interest

In order to compensate for the payment of changes in NPV on a daily basis for FCM SwapClear Transactions cleared through the Clearing House, the Clearing House

will for each FCM Clearing Member either charge interest on cumulative variation margin received, or pay interest on cumulative variation margin paid (see section 3.5.2). Price Alignment Interest is debited, credited and netted in accordance with the Clearing House's normal practices.

Coupon Payments

Calendars and Coupons

Payment dates for coupon payments will be set based on the SwapsMonitor Financial Calendar (see section 2.2.3). Changes to the calendar that affect FCM SwapClear Contracts will be published and made available to FCM Clearing Members by the Clearing House in an FCM Clearing Member Report. The central control and publication of these calendars will assist the reconciliation of coupon payments between FCM Clearing Members and the Clearing House. Coupon payments will be adjusted, in the event of a holiday amendment, in accordance with the FCM SwapClear Contract Terms.

Calculation of Fixed Amount

The Clearing House will calculate the Fixed Amount payable by a party on a Payment Date as either:

(a)(h) if an amount is specified for the FCM SwapClear Contract as the Fixed Amount payable by that party for that Payment Date or for the related Calculation Period, such amount; or

(b)(i) if an amount is not specified for the FCM SwapClear Contract as the Fixed Amount payable by that party for that Payment Date or for the related Calculation Period, an amount calculated on a formula basis for that Payment date or for the related Calculation Period as follows:

$$\text{Fixed Amount} = \text{Calculation Amount} \times \text{Fixed Rate} \times \text{Fixed Rate Day Count Fraction}$$

Calculation of Floating Amount

The Clearing House will calculate the Floating Amount payable by a party on a Payment Date as an amount calculated on a formula basis for that Payment Date or for the related Calculation Period as follows:

$$\text{Floating Amount} = \text{Calculation Amount} \times \text{Floating Rate} \times \text{Floating Rate Day Count Fraction}$$

(+/- Spread)

OIS Coupon Calculation

Compounding Rate Calculations

The rate used for the OIS rate is calculated according to ISDA 2006 definitions. The formula for these calculations is given below.

USD-Federal Funds-H.15-OIS-COMPOUND

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{FEDFUND}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where:

“d0” for any Calculation Period is the number of New York Banking Days in the relevant Calculation Period;

“i” is a series of whole numbers from 1 to d0, each representing the relevant New York Banking Days in chronological order from, and including, the first New York Banking Day in the relevant Calculation Period;

“FEDFUND_i”, for any day “i” in the relevant Calculation Period, is a reference rate equal to the rate set forth in H.15(519) in respect of the day under the caption “EFFECT”, as such rate is displayed on the Reuters Screen FEDFUNDS1 Page, in respect of any day “i”, the rate for that will be agreed between the parties, acting in good faith and in a commercially reasonable manner. If the parties cannot agree, the rate for that day will be the rate displayed on the Reuters FEDFUNDS1 Page, in respect of the first preceding New York Banking Day;

“n_i” is the number of calendar days in the relevant Calculation Period on which the rate is FEDFUND_i; and

“d” is the number of calendar days in the relevant Calculation Period.

CHF-TOIS-OIS-COMPOUND

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{TOIS}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where:

“d0” for any Calculation Period is the number of Zurich Banking Days in the relevant Calculation Period;

“i” is a series of whole numbers from 1 to d0, each representing the relevant Zurich Banking Days in chronological order from, and including, the first Zurich Banking Day in the relevant Calculation Period;

“TOIS_i”, for any day “i” in the relevant Calculation Period, is a reference rate equal to the rate for tomorrow next deposits in Swiss Francs which appears on the Reuters Screen CHFTOIS= as of 11:00 a.m., Zurich time, on the day that is one Zurich Banking Day preceding that day;

“n_i” is the number of calendar days in the relevant Calculation Period on which the rate is TOIS_i; and

“d” is the number of calendar days in the relevant Calculation Period.

GBP-WMBA-SONIA-COMPOUND

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SONIA}_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

“d0” for any Calculation Period is the number of London Banking Days in the relevant Calculation Period;

“i” is a series of whole numbers from 1 to d0, each representing the relevant London Banking Days in chronological order from, and including, the first London Banking Day in the relevant Calculation Period;

“SONIA_i”, for any day “i” in the relevant Calculation Period, is a reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers’ Association and appearing on the Reuters Screen SONIA Page in respect of that day;

“n_i” is the number of calendar days in the relevant Calculation Period on which the rate is SONIA_i; and

“d” is the number of calendar days in the relevant Calculation Period.

EUR-EONIA-OIS-COMPOUND

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{EONIA}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where:

“d0” for any Calculation Period is the number of TARGET Settlement Days in the relevant Calculation Period;

“i” is a series of whole numbers from 1 to d0, each representing the relevant TARGET Settlement Days in chronological order from, and including, the first TARGET Settlement Days in the relevant Calculation Period;

“EONIA_i”, for any day “i” in the relevant Calculation Period, is a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page in respect of that day;

“n_i” is the number of calendar days in the relevant Calculation Period on which the rate is EONIA_i; and

“d” is the number of calendar days in the relevant Calculation Period.

Calculation of Compounded Amount

Depending on whether the FCM SwapClear Contract is submitted under ISDA 2000 or ISDA 2006 Definitions, the Clearing House will calculate the compounded floating amount payable by an FCM Clearing Member on a Payment Date as an amount calculated in accordance with Articles 6.1 to 6.3 inclusive of the relevant Definitions.

Business Day and Business Day Convention

In determining whether a day is a Business Day the Clearing House will only apply the Financial Centres specified in the matched FCM SwapClear Transaction message. The Clearing House will in the event of non-business days apply the Business Day Conventions as specified in the matched FCM SwapClear Transaction message.

Payment of Coupons

After adjusting coupons, in accordance with the appropriate Business Day and Business Day Conventions, the Clearing House will credit or debit FCM Clearing Members' Accounts with the appropriate Fixed or Floating Amount with a value date matching the Coupon Payment Date. In the event of SwapClear being closed on a Coupon Payment Date it will pay the Fixed and Floating Amounts on the next Business Day following the Coupon Payment Date.

Calculation Periods

In respect of any Calculation Period that is not a whole calendar month (a stub period), the Reset Rate for the Reset Date in respect of that Calculation Period shall be determined by the Clearing House with reference to the rate(s) specified in the matched format message.

Day Count Fractions: ISDA 2000

Day count fractions will be applied to deal legs independently as they are communicated via the matched format message.

Where the FCM SwapClear Transaction is submitted under the ISDA 2000 Definitions, the Clearing House will calculate Day Count Fractions in accordance with the following principles:

(a)(j) if "Actual/365" or "Actual/Actual" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(b)(k) if "Actual/365 (Fixed)" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;

(c)(l) if "Actual/360" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;

(d)(m) if "30/360", "360/360", "Bond Basis", "30E/360" or "Eurobond Basis" is specified the actual number of days in the Calculation Period in respect of which payment is being made will be determined in accordance with the following formula:

$$((Y2 - Y1) * 360) + ((M2 - M1) * 30) + (D2 - D1)$$

where D1, M1 and Y1 are the day, month and year respectively on which the period begins and D2, M2 and Y2 are the day, month and year respectively on which the period ends (coupon payment date).

In accordance with this formula the following will be applied:

- (i) if “30/360”, “360/360” or “Bond Basis” is specified the Clearing House will
 - if D1 is 31 amend it to 30,
 - if D2 is 31 amend it to 30 only if D1 is 30 or 31; or
- (ii) if “30E/360” or “Eurobond Basis” is specified the Clearing House will
 - if D1 is 31 then amend it to 30
 - if D2 is 31 then amend it to 30.

~~(e)(n)~~ For Actual/Actual (ISMA): “The [Fixed/Floating] Amount will be calculated in accordance with Rule 251 of the statutes, by-laws, rules and recommendations of the International Securities Market Association, as published in April 1999, as applied to straight and convertible bonds issued after December 31, 1998, as though the [Fixed/Floating] Amount were the interest coupon on such a bond”.

Day Count Fractions: ISDA 2006

Day count fractions will be applied to deal legs independently as they are communicated via the matched format message.

Where the FCM SwapClear Transaction is submitted under the ISDA 2006 Definitions, the Clearing House will calculate Day Count Fractions in accordance with the following principles:

- ~~(a)(o)~~ if “Actual/Actual”, Actual/Actual (ISDA)”, “Act/Act”, or “Act/Act-(ISDA)” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- ~~(b)(p)~~ if “Actual/365 (Fixed)” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- ~~(e)(q)~~ if “Actual/360” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- ~~(e)(r)~~ “30/360”, “360/360” or “Bond Basis” is specified the number of days in the Calculation Period or Compounding Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{((360 \times (Y2 - Y1)) + (30 \times (M2 - M1)) + (D2 - D1))}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation or Compounding Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period or Compounding Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation period or Compounding Period, unless such number would be 31, in which case D1 will be 30 and

“D2” is the Calendar day, expressed as a number, immediately following the last day included in the Calculation Period or Compounding Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

(e)(s) if “30/E60” or “Eurobond basis is specified, the number of days in the Calculation or Compounding Period in respect of which payment is being made divided by 360, calculate on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{((360 \times (Y2 - Y1)) + (30 \times (M2 - M1)) + (D2 - D1))}{360}$$

where: “Y1” is the year, expressed as a number, in which the first day of the Calculation or Compounding Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period or Compounding Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation period or Compounding Period, unless such number would be 31, in which case D1 will be 30 and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation or Compounding Period, unless such number would be 31, in which case D2 will be 30.

~~(f)~~(t) if 30E/360(ISDA) is specified, the number of days in the Calculation or Compounding period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{((360 \times (Y2 - Y1)) + (30 \times (M2 - M1)) + (D2 - D1))}{360}$$

where: "Y1" is the year, expressed as a number, in which the first day of the Calculation or Compounding Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period or Compounding Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation period or Compounding Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation or Compounding Period, unless (i) that day is the last day of February but NOT the termination date or (ii) such number would be 31, in which case D2 will be 30.

~~(g)~~(u) If "Actual/Actual" (ICMA) or "Act/Act" (ICMA) is specified, a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the "ICMA Rule Book"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non-US Dollar denominated straight and convertible bonds issued after December 21, 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period or Compounding Period in respect of which payment is being made.

Reset Rates

Reset Rates will be published by the Clearing House via the Rate Reset reports.

The Clearing House will apply the following principles in calculating Reset Rates:

~~(a)~~(v) "GBP-LIBOR-BBA" means that the rate for a Reset Date will be the rate for deposits in Sterling for a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 Page as of 11:00 hours, London time, on that Reset Date.

~~(b)~~(w) "USD--LIBOR-BBA" the rate for US Dollar deposits for a period of the Designated Maturity which appears on Reuters Screen LIBOR01 as of 11:00 hours London time, on the day that is two London Banking Days preceding that Reset Date.

- ~~(e)~~(x) “Euro-LIBOR-BBA” the rate for Euro deposits for a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 as of 11:00 hours London time, on the day that is two TARGET Settlement Days preceding that Reset Date.
- ~~(e)~~(y) “Euro-EURIBOR-Telerate (ISDA2000) / “Euro-EURIBOR-Reuters” the rate for Euro deposits for a period of the Designated Maturity which appears on the Reuters Screen EURIBOR01 as of 11:00 hours Brussels time, on the day that is two TARGET Settlement Days preceding that Reset Date.
- ~~(e)~~(z) “JPY-LIBOR-BBA” the rate for Japanese Yen deposits or a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 as of 11:00 hours London time, on the day that is two London Banking Days preceding that Reset Date.
- ~~(f)~~(aa) “CHF-LIBOR-BBA” means that the rate for a Rest Date will be the rate for deposits in Swiss Francs for a period of the Designated Maturity which appears on the Reuters Screen LIBOR02 as of 11:00 hours, London time, on the day that is two London Banking Days preceding that Reset Date.
- ~~(g)~~(bb) “AUD-BBR-BBSW” means that the rate for a Reset Date will be the average mid rate, for Australian Dollar bills of exchange having a tenor of the Designated Maturity, which appears on the Reuters screen BBSW Page at approximately 10:10 hours, Sydney time, on that Reset Date.
- ~~(h)~~(cc) “AUD-LIBOR-BBA” means that the rate for a Reset Date will be the rate for deposits in Australian Dollars for a period of the Designated Maturity which appears on the Reuters Screen LIBOR02 as of 11:00 hours, London time, on the day that is two London Banking Days preceding that Reset Date.
- ~~(i)~~(dd) “CAD-BA-CDOR” means that the rate for a Reset Date will be the average rate for Canadian Dollar bankers acceptances for a period of the Designated Maturity which appears on the Reuters Screen CDOR page as of 10:00 hours, Toronto time, on that Reset Date.
- ~~(j)~~(ee) “CAD-LIBOR-BBA” means that the rate for a Reset Date will be the rate for deposits in Canadian Dollars for a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 as of 11:00 hours, London time, on the day that is two London Banking Days preceding that Reset Date.
- ~~(k)~~(ff) “CZK-PRIBOR-PRBO” means that the rate for a Reset Date will be the rate for deposits in Czech Koruna for a period of the Designated Maturity which appears on the Reuters Screen PRBO page as of 10:00 hours, Prague time, on the day that is two Prague Banking days preceding that Reset Date.
- ~~(l)~~(gg) “DKK-CIBOR-DKNA13” means that the rate for a Reset Date will be the rate for deposits in Danish Kroner for a period of the Designated Maturity which appears on the Reuters Screen DKNA13 Page as of 11:00 hours, Copenhagen time, on that Reset Date.
- ~~(m)~~(hh) “DKK-CIBOR2-DKNA13” means that the rate for a Reset Date will be the rate for deposits in Danish Kroner for a period of the Designated Maturity which appears on the Reuters Screen DKNA13 Page as of 11:00 hours, Copenhagen time, on the day that is two Copenhagen Banking Days preceding that Reset Date.

- ~~(n)~~(ii) "HKD-HIBOR-HIBOR=" means that the rate for a Reset Date will be the rate for deposits in Hong Kong Dollars for a period of the Designated Maturity which appears on the Reuters Screen HIBOR1=R Page (for Designated Maturities of one month to six months, inclusive) or the Reuters Screen HIBOR2=R Page (for Designated Maturities of seven months to one year, inclusive), in each case across from the caption "FIXING@11:00" as of 11:00 hours, Hong Kong time, on that Reset Date.
- ~~(o)~~(jj) "HKD-HIBOR-HKAB" means that the rate for a Reset Date will be the rate for deposits in Hong Kong Dollars for a period of the Designated Maturity which appears on the Reuters Screen HKABHIBOR as of 11:00 hours, Hong Kong time, on that Reset Date.
- ~~(p)~~(kk) "HKD-HIBOR-ISDC" (ISDA2000) means that the rate for a Reset Date will be the rate for deposits in Hong Kong Dollars for a period of the Designated Maturity which appears on the Reuters Screen ISDC Page as of 11:00 hours, Hong Kong time, on that Reset Date.
- ~~(q)~~(ll) "HUF-BUBOR-Reuters" means that the rate for a Reset Date will be the rate for deposits in Hungarian Forint for a period of the Designated Maturity which appears on the Reuters Screen BUBOR= page as of 10:00 hours, Budapest time, on the day that is two Budapest Banking days preceding that Reset Date.
- ~~(r)~~(mm) "NOK-NIBOR-NIBR" means that the rate for a Reset Date will be the rate for deposits in Norwegian Kroner for a period of the Designated Maturity which appears on the Reuters Screen NIBR Page as of 12:00 noon, Oslo time, on the day that is two Oslo Banking Days preceding that Reset Date.
- ~~(s)~~(nn) "NZD-BBR-Telerate" (ISDA2000) means that the rate for a Reset Date will be the fixed midrate for New Zealand Dollar bills of exchange for a period of the Designated Maturity which appears on the Telerate Page 2484 as of 11:00 hours, Wellington time, on that Reset Date.
- ~~(t)~~(oo) "NZD-BBR-FRA" means that the rate for a Reset Date will be the rate for the New Zealand Dollar bills of exchange for a period of designated maturity which appears on the Reuters Screen BKBM Page opposite the caption of "FRA" as of 11:00 hours, Wellington time, on that Reset Date.
- ~~(u)~~(pp) "SEK-STIBOR-SIDE" means that the rate for a Reset Date will be the rate for deposits in Swedish Kronor for a period of the Designated Maturity which appears on the Reuters Screen SIDE page under the caption "FIXINGS" as of 11:00 hours, Stockholm time, on the day that is two Stockholm Banking days preceding that Reset Date.
- ~~(v)~~(qq) "SGD-SOR-Reuters" means that the rate for a Reset Date will be the rate for deposits in Singapore Dollars for a period of the Designated Maturity which appears on the Reuters Screen ABSIRFIX01 as of 11:00 hours, Singapore time, on the day that is two Singapore Banking days preceding that Reset Date.
- ~~(w)~~(rr) "PLN-WIBOR-WIBO" means that the rate for a Reset Date will be the rate for deposits in Polish Zloty for a period of the Designated Maturity which appears on the Reuters Screen WIBO page under the caption "FIXINGS" as

of 11:00 hours, Warsaw time, on the day that is two Warsaw Banking days preceding that Reset Date.

~~(x)~~(ss) “ZAR-JIBAR-SAFEX” means that the rate for a Reset Date will be the mid-market rate for deposits in South African Rand for a period of the Designated Maturity which appears on the Reuters screen SAFEY page under the caption “YIELD” as of 11:00 hours, Johannesburg time, on that reset date. If such rate does not appear on the Reuters screen SAFEY page, the rate for that Reset Date will be determined as if the parties had specified “ZAR-JIBAR-Reference Banks” as the applicable Floating Rate Option.

~~(y)~~(tt) “CHF-TOIS-OIS-COMPOUND” means that the rate for a Reset Date, calculated in accordance with the formula set forth in section 2.7.4, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the arithmetic mean of the daily rates of the day-to-day Swiss interbank money market).

~~(z)~~(uu) “GBP-WMBA-SONIA-COMPOUND” means that the rate for a Reset Date, calculated in accordance with the formula set forth in section 2 7.4, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the Sterling daily overnight reference rate).

~~(aa)~~(vv) “USD-Federal Funds-H.15-OIS-Compound” means that the rate for a Reset Date, calculated in accordance with the formula set forth in section 2 7.4, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the daily effective federal funds rate determined by the Federal Reserve as the weighted average of the rates on brokered trades).

~~(bb)~~(ww) “EUR-EONIA-OIS-COMPOUND” means that the rate for a Reset Date, calculated in accordance with the formula set forth in section 2 7.4, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the arithmetic mean of the daily rates of the day-to-day Euro-zone interbank euro money market).

In the event of no rate being available the Clearing House will, at its sole discretion, determine an applicable rate.

Applying Reset Rate

The Clearing House will identify the reset dates of floating legs that require the application of a Reset Rate. The Reset Rate will be applied to the appropriate floating legs and the coupon payments calculated.

The coupon payments will be adjusted to fall on actual business days according to the Calendar(s) and Business Day Convention specified.

Negative Interest Rate Method

FCM Clearing Member should note the provisions of section 3.3 of Part A of the Schedule to the FCM Regulations regarding the applicability of the Negative Interest Rate Method, to an FCM SwapClear Contract. FCM Clearing Members may, in the

circumstances, wish to ensure that any trade submitted for registration follows that Negative interest Rate Method.

Initial Margin

The Clearing House will require FCM Clearing Members to post initial margin. This amount will be determined by the prevailing market conditions and the expected time to close out the portfolio. The Portfolio Approach to Interest Rate Scenarios (PAIRS) will be used to calculate initial margin requirements for FCM SwapClear Contracts.

Separate initial margin calculations are performed for an FCM Clearing Member's house "H" and client "C" accounts.

The Clearing House reserves the right to require additional amounts of cover from a specific FCM Clearing Member or from all FCM Clearing Members in accordance with FCM Regulation 10.

Liquidity Multiplier

Risk Management applies a liquidity multiplier based on Worst Case Loss (WCL) exceeding certain thresholds on the FCM Clearing Member's whole portfolio and individual currencies. The threshold amounts and multipliers are reviewed on an ongoing basis.

Intra-day Margin Calls

In accordance with the Clearing House's FCM Regulations, the Clearing House is entitled to make additional margin calls for payment the same day (intra-day margin calls) where it is considered necessary. Intra-day margin calls can be called at any time throughout the business day (08:30 to 21:00 hours London time). Intra-day margin calls will usually be made via the Protected Payments System (PPS) (see Section 2.9).

In certain circumstances the Clearing House may wish to make a call for additional funds after the closure of London PPS facilities at 16:00 hours London time. In this event the Clearing House will require payment of additional funds through PPS facilities in the USA (see section 3.2.2). Members must ensure, in these circumstances, that they are in a position to fund such calls through their nominated US PPS account within one hour of the call.

Calculation of Initial Margin

(a)(xx) Portfolio Approach to Interest Rate Scenarios (PAIRS)

The PAIRS calculation is a VAR based approach based on filtered historical simulations. All positions in each currency are re-valued under a series of cross portfolio yield curve scenarios to estimate the highest forecast loss and therefore the initial margin requirement. Further details of this method are available upon request and are detailed in the PAIRS TIP document. The PAIRS document and further information relating to Initial Margin calculations can be obtained from the Rates team at +44 (020) 7426 6325 or +44 (020) 7426 7428.

Intra-Day Margin Call: Collateral Management

General – Intra-day Margining

Following an intra-day margin call and unless notified otherwise by an FCM Clearing Member at the time of an intra-day margin call the Clearing House will deduct cash, in the appropriate currency, directly from the relevant FCM Clearing Member's PPS account to cover that intra-day margin call.

Cash payments in respect of intra-day cover are accepted only in USD by the Clearing House.

It is the responsibility of the FCM to ensure that they have sufficient cash funds in place with their PPS Bank(s) in order to avoid any intra-day liquidity issues.

Declearing and Compression

Pursuant to FCM Regulation 5(n), an FCM Clearing Member may compress existing FCM SwapClear Contracts in accordance with that FCM Regulation. There are two options available to an FCM Clearing Member that wishes to compress existing FCM SwapClear Contracts:

~~(a)~~(yy) An FCM Clearing Member can request that all FCM SwapClear Contracts entered into (i) on behalf of a designated FCM Client, (ii) on behalf of a designated Affiliate or (iii) on such FCM Clearing Member's own behalf be considered for compression by the Clearing House. Such a request shall be reconsidered by the Clearing House automatically each day (and the results notified to the FCM Clearing Member by 19:00 New York City time on each applicable day) until the FCM Clearing Member notifies the Clearing House to discontinue such compression of FCM SwapClear Contracts. FCM Clearing Members should contact the Clearing House's Membership Department to request such a compression of FCM SwapClear Contracts.

~~(b)~~(zz) An FCM Clearing Member may notify the Clearing House directly through the SwapClear API, specifying which FCM SwapClear Contracts should be compressed. The FCM Clearing Member will be notified by 19:00 New York City time on the applicable day whether compression has occurred and the Clearing House will not automatically reconsider such compression request on subsequent days regardless of whether compression has occurred.

In order to declare an FCM SwapClear Contract, an FCM Clearing Member must register with an FCM Approved Trade Source System an offsetting FCM SwapClear Contract and shall then follow the process for compression as set out above.

The Clearing House shall process the compression of all FCM SwapClear Contracts as notified to it prior to 18:00 New York City time shortly after 18:00 New York City time and shall notify the applicable FCM Clearing Member by 19:00 New York City time of the result of such compression procedure. A notification received after 18:00 shall be treated as if such notification was submitted on the following day prior to 18:00 New York City time, and as such shall be considered shortly after 18:00 New York City time on such following day and the results notified to the applicable FCM Clearing Member by 19:00 on such following day.

Following the compression process described above and as further set out in FCM Regulation 5(n), the applicable FCM Clearing Member shall promptly notify the

Clearing House if it believes that any errors have occurred in the compression process or if its books and records do not reconcile with those of the Clearing House in respect of the compressed FCM SwapClear Contracts as notified to the FCM Clearing Member by the Clearing House.

Affiliate Clearing

Under FCM Regulation 4(c), FCM Clearing Members are permitted to clear for Affiliates through their Proprietary accounts.

Transfer of FCM Clients

In certain circumstance the Clearing House will transfer FCM SwapClear Contracts from one Carrying FCM Clearing Member to a Receiving FCM Clearing Member on behalf of an FCM Client and pursuant to FCM Regulation 9(b) or 9(c).

Partial Transfers

Where a Receiving FCM Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of a portion of such FCM Client's portfolio of FCM Swapclear Contracts held with a Carrying FCM Clearing Member, it shall provide the Clearing House with an FCM Client Partial Transfer Form (see Appendix 2B), signed on behalf of the relevant FCM Client. Such form shall list all of the FCM SwapClear Contracts that are to be transferred pursuant to this procedure. Following receipt of an FCM Client Partial Transfer Form, the Clearing House shall notify the Carrying FCM Clearing Member that a request has been received to transfer FCM SwapClear Contracts. All partial transfers shall take place in accordance with the timing and notice requirements set out in Procedure 2.12.4.

In the event that any of the conditions set forth in FCM Regulation 9(c) are not satisfied, and the Carrying FCM Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM SwapClear Contracts.

Full Transfers

Where a Receiving FCM Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of such FCM Client's entire portfolio of FCM SwapClear Contracts held with a Carrying FCM Clearing Member, it shall provide the Clearing House with an FCM Client Full Transfer Form (see Appendix 2C), signed on behalf of the relevant FCM Client. Such form shall confirm that all FCM SwapClear Contracts attributable to the applicable FCM Client shall be transferred pursuant to this procedure. Where a Receiving FCM Clearing Member submits an FCM Client Full Transfer Form, it must confirm whether or not the FCM Client also wishes to transfer the cover held by the Clearing House in respect of the transferring FCM SwapClear Contracts. Following receipt of an FCM Client Full Transfer Form, the Clearing House shall notify the Carrying FCM Clearing Member that a request has been received to transfer FCM SwapClear Contracts. All full transfers shall take place in accordance with the timing and notice requirements set out in Procedure 2.12.4.

In the event that any of the conditions set forth in FCM Regulation 9(b) are not satisfied, and the Carrying FCM Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM SwapClear Contracts or the transfer of Account Assets (when applicable).

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

Collateral Transfers

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

Following such notification and upon request from the Clearing House, the Carrying FCM Clearing Member shall confirm to the Clearing House (using the Carrying Member Response form at Appendix 2D) which cover is attributable to the transferring FCM Client and the associated FCM SwapClear Contracts. In the event that the Carrying FCM Clearing Member fails to do so in accordance with the timetable below, the Clearing House shall transfer sufficient cash or non-cash cover from the FCM Clearing Member's FCM Omnibus OTC Client Account with LCH (such cover as selected in the Clearing House's sole discretion) to enable the transfer. Following the Clearing House's determination of the cover that is to be transferred, it shall notify the Carrying FCM Clearing Member and the Receiving FCM Clearing Member of the cover that will be transferred in accordance with the timetable below.

In the event that any of the conditions set forth in FCM Regulation 9(b) are not satisfied, and the Carrying FCM Clearing Member notifies the Clearing House that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the related cover. In such circumstances, the Clearing House will notify the Receiving FCM Clearing Member that the associated cover will not be transferred and, in order to proceed with the transfer of the associated FCM SwapClear Contracts, the Receiving FCM Clearing Member will have to provide the Clearing House with sufficient cover in respect of the transferring FCM SwapClear Contracts.

In the event that the Clearing House transfers cover pursuant to these FCM Procedures and the FCM Regulations, it will also transfer the aggregate Variation Margin and next day settlement coupons and fees associated with the transferring FCM SwapClear Contracts.

Timetable for FCM Client Transfer

<u>Time</u> (all references below are to New York City Time)	<u>Partial Transfer</u>	<u>Full Transfer (with collateral)</u>	<u>Full Transfer (without collateral)</u>
Day 0: 15:00	Deadline for receipt from Receiving FCM Clearing Member of FCM Client Partial Transfer Form.	Deadline for receipt from Receiving FCM Clearing Member of FCM Full Transfer Form and confirmation that cover is to be transferred.	Deadline for receipt from Receiving FCM Clearing Member of FCM Full Transfer Form.

<p><u>Time</u> (all references below are to New York City Time)</p>	<p><u>Partial Transfer</u></p>	<p><u>Full Transfer (with collateral)</u></p>	<p><u>Full Transfer (without collateral)</u></p>
<p>Day 1: 05:00</p>	<p>Deadline for notification by the Clearing House to the Carrying FCM Clearing Member and the Receiving FCM Clearing Member that it intends to transfer certain FCM SwapClear Contracts pursuant to a request from the Receiving FCM Clearing Member.</p>	<p>Deadline for notification by the Clearing House to the Carrying FCM Clearing Member and the Receiving FCM Clearing Member that it intends to transfer FCM SwapClear Contracts pursuant to a request from the Receiving FCM Clearing Member.</p>	<p>Deadline for notification by the Clearing House to the Carrying FCM Clearing Member and the Receiving FCM Clearing Member that it intends to transfer FCM SwapClear Contracts pursuant to a request from the Receiving FCM Clearing Member.</p>
<p>Day 2: 09:00</p>	<p>Deadline for notification (if any) from Carrying FCM Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying FCM Clearing Member (in accordance with FCM Regulation 9(c)(v)) and that the Carrying FCM Clearing Member is therefore objecting to the transfer.</p>	<p>Deadline for notification (if any) from Carrying FCM Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying FCM Clearing Member (in accordance with FCM Regulation 9(b)(v)) and that the Carrying FCM Clearing Member is therefore objecting to the transfer.</p> <p>Deadline for confirmation from Carrying FCM Clearing Member of the collateral which is to be ported to the Receiving FCM Clearing Member.</p>	<p>Deadline for notification (if any) from Carrying FCM Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying FCM Clearing Member (in accordance with FCM Regulation 9(b)(v)) and that the Carrying FCM Clearing Member is therefore objecting to the transfer.</p>
<p>Day 2: 09:00 to 10:00</p>		<p>LCH notifies the Receiving FCM Clearing Member of the collateral that will be transferred or that collateral will not be transferred.</p> <p>Where collateral will not be transferred,</p>	

<u>Time</u> (all references below are to New York City Time)	<u>Partial Transfer</u>	<u>Full Transfer (with collateral)</u>	<u>Full Transfer (without collateral)</u>
		transfer is treated as a full transfer (without collateral).	
Day 2: 14:30	Deadline for receipt by the Clearing House of consent of transfer from the Receiving FCM Clearing Member.	Deadline for receipt by the Clearing House of consent of transfer and associated collateral from the Receiving FCM Clearing Member.	Deadline for receipt by the Clearing House of consent of transfer from the Receiving FCM Clearing Member.
Day 3: 03:00	Target deadline for notification by Clearing House to the Carrying FCM Clearing Member or the Receiving FCM Clearing Member of whether any additional cover is required to enable the transfer.	Target deadline for notification by Clearing House to the Receiving FCM Clearing Member of whether any additional cover is required to enable the transfer.	Target deadline for notification by Clearing House to the Receiving FCM Clearing Member of whether any additional cover is required to enable the transfer.
Day 3: 04:00	Deadline for receipt by Clearing House of any additional cover from the Carrying FCM Clearing Member or the Receiving FCM Clearing Member required to enable the transfer.	Deadline for receipt by Clearing House of any additional cover from the Receiving FCM Clearing Member required to enable the transfer.	Deadline for receipt by Clearing House of any additional cover from the Receiving FCM Clearing Member required to enable the transfer.
Day 3: 04:00	Clearing House transfers FCM SwapClear Contracts.	Clearing House transfers FCM SwapClear Contracts and associated collateral.	Clearing House transfers FCM SwapClear Contracts.

Proprietary Account Position Transfers

The FCM SwapClear clearing system provides functionality for the transfer of positions from an FCM Clearing Member's Proprietary Account, either in respect of FCM SwapClear Contracts held on an FCM Clearing Member's own behalf or in respect of FCM SwapClear Contracts held on behalf of an Affiliate. In either case, any such transfer may only occur if the Receiving FCM Clearing Member is an Affiliate of the Carrying FCM Clearing Member. An FCM Clearing Member who wishes to effect a position transfer to another FCM Clearing Member should contact the Clearing House Risk Management Department.

Transfers will only be effected once adequate cover has been provided by both parties to the transfer. Transfers of Affiliate positions shall not be permitted to

another FCM Clearing Member's Proprietary Account unless such Affiliate is an Affiliate of the FCM Clearing Member receiving the transferred position.

Legal Documentation

The Clearing House will provide standard legal documentation for the transfer of positions. The transfer must be authorised by both parties and by individuals with appropriate signing authority.

Position Transfer Notice Period

The Clearing House will usually require five Business Days notice ahead of an intended transfer.

Amendment of Trade References

Sometimes FCM Clearing Members wish to change their own trade reference numbers/codes by which they identify trades registered in the FCM SwapClear Service. Subject to any such FCM Clearing Member meeting all the Clearing House's requirements including under these FCM Procedures, the Clearing House will, as part of its service to FCM Clearing Members, amend its records in order to reflect any such change. Such change has no effect whatsoever on the terms of any registered FCM SwapClear Contract or any other obligations of the FCM Clearing Member party to such contract.

Trade Reference Amendment Request Form

The Clearing House requires a completed Trade Amendment Request Form (in the form prescribed by the Clearing House) to be submitted by any FCM Clearing Member wishing to amend a trade reference. The form must be signed by two persons from within the FCM Clearing Member with appropriate signing authority and must set out the required full details of each registered trade in respect of which the FCM Clearing Member wishes to change its trade reference. Evidence of such signing authority may be required by the Clearing House. All parts of the form must be properly and fully completed, including the requested date for trade reference amendment, and, in respect of each trade identified therein, details of the current trade reference and the new trade reference and the Clearing House trade reference number.

The requested date for trade reference amendment must be no earlier than two Business Days ("the Trade Reference Amendment Notice Period") after the date upon which the form is received by the Clearing House. While the Clearing House will do what it reasonably can to meet the requested date for the amendment it is under no obligation to do so. The date for the amendment in the Clearing House's records and FCM SwapClear clearing system is a matter entirely within the discretion of the Clearing House and the FCM Clearing Member will be advised in due course of the date set by the Clearing House.

Multi-trade Amendments

If an FCM Clearing Member requests amendment to several trades it must (in addition to providing the hard copy Trade Reference Amendment Request Form) provide to the Clearing House an electronic text file containing all the relevant details required by the Trade Reference Amendment Request Form. Detail of the required formats of the file can be obtained from SwapClear Operations (Tel: +44 (0) 20 7426

7697). If the file is not submitted in the correct format and containing all the required details, the request for deletion will be rejected by the Clearing House and the FCM Clearing Member will be advised accordingly.

Processing

The Clearing House will usually agree to process any request for amendment of trade reference properly submitted; however the Clearing House will reject any such request if:

- it is not made in accordance with these FCM Procedures;
- any trade reference notified to the Clearing House in the Trade Reference Amendment Request Form does not match the FCM Clearing Member's trade reference which the Clearing House has recorded;
- the Clearing House trade reference number notified in the Trade Reference Amendment Request Form does not refer to a trade registered in the FCM SwapClear clearing system;
- any trade referred to in the Trade Reference Amendment Request Form is not already registered in the FCM SwapClear clearing system or is not recorded by the Clearing House against the BIC code of the FCM Clearing Member requesting the amendment; or
- it would not be practical in all the circumstances or would subject the Clearing House to unacceptable cost if the Clearing House were to make the requested amendments or the Clearing House forms the view that to do so would adversely affect its risk.

Following notification of agreement to make the requested amendments, the Clearing House will use its reasonable endeavours to process the amendments on the anticipated date of amendments; if, for whatever reason the Clearing House is unable to do so, it will notify the FCM Clearing Member and process the amendment as soon as reasonably practicable thereafter.

After close of business of the day of processing, the Clearing House will produce a report setting out details of the time and date that it has amended its records in accordance with the request, details of the old and new FCM Clearing Member trade references and the status of the amendment in respect of each trade set out in the Trade Reference Amendment Request – namely “amended” or “rejected”. All records of the Clearing House and data held in the FCM SwapClear clearing system will then be updated overnight following the close of business on that day.

Legal Documentation

The Clearing House will provide the requesting FCM Clearing Member with legal documentation in Clearing House standard form for that FCM Clearing Member to sign. No trade reference will be amended unless such documentation is completed and signed. The documentation must be signed by a person within the FCM Clearing Member with appropriate signing authority. Evidence of such authority may be required by the Clearing House. No amendment to such documentation will be accepted by the Clearing House.

Notification

Subject to the requesting FCM Clearing Member meeting all the Clearing House's requirements (including completion and submission of all documentation and such other additional requirements as the Clearing House may be set by the Clearing House in its discretion), the Clearing House will notify the FCM Clearing Member of its agreement to the amendment of its records of the FCM Clearing Member trade reference in respect of the trades identified in the Trade Reference Amendment Request Form, and advise of the anticipated date of amendment ("the anticipated date of amendment").

Default Management

In performing its rights and obligations under the Default Management Process Agreement, the Clearing House undertakes that, in any allocation of Allocation Units amongst Currency Participants that are part of the same Group pursuant to clause 4.1.5 and 4.1.3 of the Default Management Process Agreement, the Clearing House shall, if such Group consists of one or more FCM Clearing Members and one or more SwapClear Clearing Members and one or more of such SwapClear Clearing Members is/are a US FDIC-insured bank, the Clearing House will make such allocations in accordance with the instructions of the Bank(s) provided that such instructions are received in a timely manner. In the event that the Bank(s) does not provide the Clearing House with instructions in a timely manner, the Clearing House will make the allocations pro-rata between the members of the Group in accordance with the market risk associated with those members' open positions at the time of the clearing member default. A member of the Group shall be responsible solely for the allocations made to it and shall not be responsible or liable for allocations made to any other member of the Group pursuant hereto.

Payment of Stamp Tax

Each FCM Clearing Member shall pay any stamp tax or duty levied or imposed upon it or in respect of its execution or performance of the FCM Clearing Membership Agreement, the FCM Default Fund Agreement, the FCM Regulations and the FCM Procedures (including any registration of an FCM SwapClear Contract) by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located or by any other jurisdiction and shall indemnify the Clearing House against any stamp tax or duty levied or imposed upon the Clearing House or in respect of the Clearing House's execution or performance of the FCM Clearing Membership Agreement, the FCM Regulations and the FCM Procedures (including any registration of an FCM SwapClear Contract) by any such jurisdiction.

Section 168, Finance Act 1994

[Under section 696 Corporation Tax Act 2009 ("CTA 2009"), net payments in relation to certain derivative contracts (as defined in Section 576 CTA 2009) by any company (company "A") to a non-UK resident are denied UK tax relief unless one or more of the following conditions in section 697 CTA 2009 are met:

Company A is a bank, building society, financial trader or recognised clearing house acting as principal who has entered into the qualifying contract for the purposes of a UK trade.

The non-UK resident holds the qualifying contract (as principal) for the purposes of its UK trade.

A double tax treaty, that makes provision for interest, is in force between the UK and the country of residence of the non-UK resident (or, if different, the country of residence of the beneficial counterparty to the contract).

The Clearing House is considered a "recognised clearing house" as defined in section 285 of FSMA 2000.

Any contract must not be submitted to the Clearing House by FCM Clearing Members for clearing where one or more of the conditions in section 697 CTA 2009 are not satisfied, thereby bringing the contract within section 696 CTA 2009, nor should any FCM Clearing Member knowingly permit any such contract to be submitted by a SwapClear Participant. Should this occur the SwapClear FCM Clearing Member in whose name the contract is to be or has been registered must promptly notify the Clearing House and, in any event, within 30 days of that FCM Clearing Member becoming aware of the situation. Having investigated the circumstances, the Clearing House has an obligation to notify the HM Revenue & Customs of the event and the Clearing House may, in its absolute discretion suspend any Executing [Dealer][Party] submitting such a contract for registration from the Register of Executing [Dealers][Parties]. The Clearing House may also, in its absolute discretion take such action in respect of the SwapClear FCM Clearing Member as it deems fit in accordance with the Regulations. The SwapClear FCM Clearing Member shall indemnify the Clearing House against any Corporation Tax or any other tax levied or imposed upon the Clearing House in respect of any such contract, and any other costs and expenses incurred by the Clearing House in connection therewith.

If in doubt, FCM Clearing Members should consult their professional advisers as to the potential application of sections 696 and 697 CTA 2009 to their transaction.]

APPENDIX 2A
SWAPCLEAR PROCESSING SCHEDULE

This table outlines the daily processes and timetable of the FCM SwapClear operation and constitutes a "Business Day" for the purpose of the FCM Regulations. FCM Clearing Members will be informed of changes to this timetable via member circular. All times shown are in London time.

SWAPCLEAR PROCESSING SCHEDULE	
Time	
07:30	SwapClear Opens
by 09:30	Registration of Backloaded trades and confirmation of deleted trades from T-1 (see section 2.3.5)
16:00	Deadline for PPS calls in London
24:00	SwapClear Closes

**APPENDIX 2B
FCM CLIENT – PARTIAL TRANSFER FORM**



FCM CLIENT - PARTIAL TRANSFER FORM

V.1.0: November 2011

Terms used in this form are as defined in LCH.Clearnet Limited's FCM Rulebook unless defined herein

To: LCH.Clearnet Limited

From: Receiving FCM Clearing Member

Date:

We,[insert name of Receiving FCM Clearing Member] (the “Receiving FCM Clearing Member”) have received a request from [insert name of transferring FCM Client] (the “FCM Client”) to transfer part of its portfolio of FCM SwapClear Contracts from its Carrying FCM Clearing Member to us. We hereby request the transfer of the FCM SwapClear Contracts as identified below pursuant to FCM Regulation 9(c) and the FCM Procedures.

Please insert the LCH trade IDs of the transferring FCM SwapClear Contracts, using the Schedule below:

***Please insert the LCH trade ID and Approved Trade Source (ATS) ID of the transferring FCM SwapClear Contracts.*

***Please append a list of additional FCM SwapClear Contracts to this form, if required*

LCH Trade ID	ATS Trade ID

Signatories for and on behalf of the Receiving FCM Clearing Member:

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving FCM Clearing Member

1.

(Authorised Signatory)	Name	Position	Date

2.

(Authorised Signatory)	Name	Position	Date

Signatories for and on behalf of the transferring FCM Client:

To: Receiving FCM Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed above;
- ii. that LCH.Clearnet will contact our Carrying FCM Clearing Member in relation to this transfer and will disclose our identity to such Carrying FCM Clearing Member;
- iii. that, in accordance with the FCM Rulebook, LCH.Clearnet is entitled to rely conclusively on the instructions and information received from the Receiving FCM Clearing Member and the Carrying FCM Clearing Member and shall have no liability or responsibility therefor;
- iv. that the transfer detailed above may require that additional cover be paid to LCH.Clearnet (and/or by us to the Receiving FCM Clearing Member listed above and/or our Carrying FCM Clearing Member), and that LCH.Clearnet is not required to affect the transfer if it has not received adequate cover in respect of the transfer or if any of the other conditions set forth in the FCM Rulebook applicable to the transfer are unsatisfied;
- v. that the FCM Client is not insolvent and has no outstanding obligations that are due and payable to the Carrying FCM Clearing Member and/or its Affiliates; and
- vi. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the FCM Client listed above in accordance with the FCM Regulations.

For and on behalf of the FCM Client:

Authorised signatory	Authorised signatory
Date	Date

All forms should be returned to LCH.Clearnet Limited for the attention of Client Services.

Email: swapclearclientservices@lchclearnet.com

Telephone: +44 (0) 207 426 7651 or +1 212 513 8265

SwapClear Client Services
 Aldgate House
 33 Aldgate High Street
 London EC3N 1EA

SwapClear Client Services
 Suite 4G
 14 Wall Street
 New York NY 10005

**APPENDIX 2C
FCM CLIENT – FULL TRANSFER FORM**



FCM CLIENT - FULL TRANSFER FORM

V.1.0: November 2011

Terms used in this form are as defined in LCH.Clearnet Limited's FCM Rulebook unless defined herein

To: LCH.Clearnet Limited

From: Receiving FCM Clearing Member

Date:

We,[insert name of Receiving FCM Clearing Member] (the "Receiving FCM Clearing Member") have received a request from [insert name of transferring FCM Client] (the "FCM Client") to transfer its entire portfolio of FCM SwapClear Contracts from its Carrying FCM Clearing Member to us. We hereby request the transfer of the FCM SwapClear Contracts as identified below pursuant to FCM Regulation 9(b) and the FCM Procedures.

Please insert EITHER:

i. Name of Carrying FCM Clearing Member:

.....

OR

ii. the LCH trade IDs of the transferring FCM SwapClear Contracts (using the Schedule on the next page).

in order to enable LCH.Clearnet to identify the relevant FCM SwapClear Contracts that are to be transferred.

Please tick the relevant box below to confirm whether the FCM Client wishes to transfer the associated Accounts Assets in accordance with FCM Regulations 9(d).

- The FCM Client wishes to transfer Account Assets
- The FCM Client does NOT wish to transfer Account Assets

Signatories for and on behalf of the Receiving FCM Clearing Member:

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving FCM Clearing Member

1. _____
(Authorised Signatory) Name Position date

2. _____
(Authorised Signatory) Name Position date

Signatories for and on behalf of the transferring FCM Client:

To: Receiving FCM Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that we will be unable to submit further FCM SwapClear Contracts through our Carrying FCM Clearing Member from the date that this form is received by LCH.Clearnet until the transfer has been effected;
- iii. that LCH.Clearnet will contact our Carrying FCM Clearing Member in relation to this transfer and will disclose our identity to such Carrying FCM Clearing Member;
- iv. that, in accordance with the FCM Rulebook, LCH.Clearnet is entitled to rely conclusively on the instructions and information received from the Receiving FCM Clearing Member and the Carrying FCM Clearing Member and shall have no liability or responsibility therefor;
- v. that the transfer detailed above may require that additional cover be paid to LCH.Clearnet (and/or by us to the Receiving FCM Clearing Member listed above) even where Account Assets are transferred, and that LCH.Clearnet is not required to affect the transfer if it has not received adequate cover in respect of the transfer or if any of the other conditions set forth in the FCM Rulebook applicable to the transfer are unsatisfied;
- vi. that, where we have requested the transfer of Account Assets, (x) we should contact our Carrying FCM Clearing Member to ensure that they contact LCH.Clearnet to identify the correct Account Assets to be transferred, and (y) while LCH.Clearnet will attempt to transfer the specified Account Assets to the Receiving FCM Clearing Member, LCH.Clearnet is permitted to transfer alternative collateral as it deems appropriate in accordance with the FCM Rulebook;
- vii. that the FCM Client is not insolvent; and has no outstanding obligations that are due and payable to the Carrying FCM Clearing Member and/or its Affiliates
- viii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the FCM Client listed above in accordance with the FCM Regulations.

For and on behalf of the FCM Client:

_____ Authorised signatory	_____ Authorised signatory
_____ Date	_____ Date

All forms should be returned to LCH.Clearnet Limited for the attention of Client Services.

Insert email: swapclearclientservices@lchclearnet.com

Insert telephone number: +44 (0) 207 426 7651

SwapClear Client Services
 Aldgate House
 33 Aldgate High Street
 London EC3N 1EA
 UNITED KINGDOM

SwapClear Client Services
 Suite 4G
 14 Wall Street
 New York NY 10005
 USA

Schedule of transferring FCM SwapClear Contracts:

**Please insert the LCH trade ID and Approved Trade Source (ATS) ID of one or more transferring FCM SwapClear Contracts in order that LCH.Clearnet can determine the identity of the relevant Carrying FCM Clearing Member.

LCH Trade ID	ATS Trade ID

**APPENDIX 2D
FCM CLIENT TRANSFER – CARRY FCM CLEARING MEMBER REPOSSES FORM**



**FCM CLIENT TRANSFER - CARRYING FCM
CLEARING MEMBER RESPONSE FORM**

V.1.0: November 2011

Terms used in this form are as defined in LCH.Clearnet Limited's FCM Rulebook unless defined herein

To: LCH.Clearnet Limited

From: Carrying FCM Clearing Member

Date:

We, [insert name of Carrying FCM Clearing Member] (the "Carrying FCM Clearing Member") have received a request from LCH.Clearnet Limited in relation to’s [insert name of transferring FCM Client] (the "FCM Client") request to transfer [its entire/part of its*] portfolio of FCM SwapClear Contracts 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 its FCM SwapClear Contracts should therefore not be transferred in accordance with FCM Regulation 9(b)(i) or FCM Regulation 9(c)(i), as applicable.
- (Please tick if applicable) The transferring FCM Client has outstanding obligations that are due and payable to us and/or our Affiliates and therefore its FCM SwapClear Contracts should not be transferred in accordance with FCM Regulation 9(b)(v) or FCM Regulation 9(c)(v), as applicable.
- (Please tick if applicable) The transferring FCM Client has asked that Account Assets be transferred and the relevant Account Assets are described in the schedule below.

Schedule of Account Assets:

- The Account Assets of the FCM Client consist solely of cash in the following amount and currency:

CASH AMOUNT & CURRENCY

- The Account 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 Limited for the attention of Client Services.

Email: swapclearclientservices@lchclearnet.com

Telephone: +44 (0) 207 426 7651 or +1 212 513 8265

Fax: +1 212 513 8290

SwapClear Client Services
Aldgate House
33 Aldgate High Street
London
EC3N 1EA
UNITED KINGDOM

SwapClear Client Services
Suite 4G
14 Wall Street
New York
NY 10005
USA

Signatories for and on behalf of the Carrying FCM Clearing Member:

We acknowledge and confirm the above and that we are authorised to sign for and on behalf of the Carrying FCM Clearing Member:

1.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	Date

2.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	Date

FINANCIAL TRANSACTIONS

3. FINANCIAL TRANSACTIONS

Accounts

Overview

FCM Clearing Members are usually provided with two sub-accounts per financial account:

Cover account;

Tender account (not applicable to Default Fund (DF) accounts)

These accounts are used to record cash movements between the Clearing House and the FCM Clearing Member. Refer to section 2.5 for a full description of financial accounts.

Cover Account Postings

Transactions posted to the Cover account include but are not limited to:

PPS payments and receipts;

Interest and accommodation charges;

Currency purchases and sales;

Clearing House fees, charges and rebates;

SwapClear coupon payments;

SwapClear coupon adjustments;

Net Present Value (NPV);

Price alignment interest;

Consideration.

Tender Account Postings

Transactions posted to the Tender account include but are not limited to:

PPS payments and receipts;

Coupon Payments relating to member collateral.

Financial Transaction Reporting

Details of postings to these accounts are available to FCM Clearing Members with direct access to the LCH.Cleernet Limited Member Intranet Site. FCM Clearing Members with direct access to the LCH.Cleernet Limited's Member Intranet Site for SwapClear (see section 2.1.3) should use the "Yesterday's Cover Account Postings" report.

Protected Payments System (PPS)

The Clearing House operates a direct debit system, known as the Protected Payments System (PPS), for the transfer of funds to and from FCM Clearing Members. It is operated in both London ("London PPS") and in the United States (where it is known as "US PPS").

London PPS

(a) Introduction

An FCM Clearing Member must open and maintain PPS accounts in GBP and USD and such other currencies in which it incurs settlements on its Client or House accounts.

In addition, FCM Clearing Members must open PPS accounts in London in USD and in all other currencies in which it incurs settlements (see Appendix 3A for a list of the relevant participating PPS banks in London)

Any bank charges connected with the holding of any PPS bank account or related to any activity on that account must be paid by the account holding FCM Clearing Member.

The GBP non-segregated PPS account will, inter alia, be used to process DF contributions.

Where applicable, all PPS accounts that hold FCM Clients' funds and collateral must be segregated in line with the FCM Regulations and CFTC Regulation 1.49.

(b) PPS Mandate

Each FCM Clearing Member is required to complete a standard form London PPS Mandate(s) (see Appendix 3B) for each bank branch at which they wish to operate an account before clearing can commence.

(c) Morning PPS Calls

FCM Clearing Members' liabilities are calculated overnight. Should the amount not be covered by acceptable forms of cover held by the Clearing House (see section 3.3) the difference is called through London PPS with separate calls made for each currency. It is the responsibility of each FCM Clearing Member to ensure that its London PPS bank(s) meets all payment instructions received from the Clearing House. Confirmation of payments, as notified, must be received by the Clearing House from the relevant PPS bank(s) by 09:00 hours or earlier on the day on which the PPS Call is made.

(d) Other PPS Functions

In addition to the morning calls, London PPS is used to:

- (i) remit surplus cash balances to the FCM Clearing Member's PPS bank(s) upon instruction to LCH.Clearent Limited Treasury Operations between 07:00 and 9:30 hours or by prior arrangement with LCH.Clearent Limited Treasury Operations;

(ii) call intra-day cover payments, where the Clearing House must receive confirmation of payment from the PPS bank(s) within one hour of receipt by the relevant bank of the PPS Call. Such PPS calls will usually be made up until 16:00 hours.

(e) Value Date

FCM Clearing Members should note that the PPS (both in London and in the USA) is a system for facilitating payment to the Clearing House of monies due from FCM Clearing Members to the Clearing House and vice versa. The giving of a commitment by a participating Bank through PPS to make any payment, and the receipt of that commitment by the Clearing House is not to be regarded as satisfaction of any payment due to the Clearing House. Each FCM Clearing Member remains fully responsible for the payment to the Clearing House of all moneys due to the Clearing House as required, inter alia, by the FCM Clearing Membership Agreement, the FCM Default Fund Agreement, clearing extension documentation, these FCM Procedures, the Default Rules and the FCM Regulations. Payment is only completed when the funds have been credited for value to the relevant Clearing House bank account, and any time permitted by the relevant payment settlement system for the recall of any such payment has expired.

(f) Foreign Bank Holidays

The Clearing House has made arrangements with its London PPS bankers to operate the PPS on all UK banking days including foreign bank holidays.

Confirmation that PPS payments will be made must still be received within the deadlines set out in section 3.2.1.5 and 3.2.1.6. However, the value date for any PPS transactions made on a day which is a bank or public holiday in the country of that currency will be for the next business day on which both the foreign currency centre and the Clearing House are open for business.

Example: 20 August is a public holiday in the USA but not in the UK. 21 August is a normal banking day in the USA.

On the 20 August the Clearing House will issue its normal USD instructions to PPS banks, and receive confirmation in response to the PPS Call, for value 21 August.

UK Bank Holidays

The Clearing House does not give value to any payment on a UK bank holiday, if the Clearing House is closed for business on that bank holiday. PPS Calls will be made on the next following business day.

However, the Clearing House may sometimes be open for business on a UK bank holiday – in such circumstances PPS Calls will be made as normal that day. Value will be given the same day providing that US banks are open for business that day too.

(g) Secured Debit Cash Balances

FCM Clearing Members may, at the discretion of the Clearing House, secure debit cash balances up to defined limits with collateral or cash in another

currency. Once the cash balance exceeds any such limit, the London PPS automatically issues an instruction demanding payment of the full amount in that currency.

For current debit cash limits, refer to LCH.Clearnet Limited circulars or contact LCH.Clearnet Limited Treasury Operations.

LCH.Clearnet Limited reserves the right to alter the levels set and/or to demand immediate payment of the total sum due or any part thereof.

US PPS

Each FCM Clearing Member is required to maintain a US dollar PPS account for its House and Client account with at least one of the US PPS Banks – a list of the participating branches appears at Appendix 3C.

Where applicable all PPS accounts must be segregated in line with the FCM Regulations and CFTC Regulations 1.20 and 1.49.

This requirement is supplemental to and additional to the requirement that each FCM Clearing Member must hold relevant PPS accounts in London, which must also segregate FCM Clients' funds and collateral as required by the FCM Regulations and CFTC Regulation 1.49.

~~(a)~~(h) US PPS Mandates

An FCM Clearing Member is required to complete a standard form US PPS mandate (see Appendix 3D). The original of the US PPS mandate must be signed by a person with the appropriate authority within the FCM Clearing Member institution and then forwarded to the relevant bank. A copy must also be forwarded at the same time to the Clearing House.

~~(b)~~(i) Intra-Day Margin Call

The intra-day margin call by the Clearing House is for intra-day cover payments.

Normally the Clearing House will call intra-day margin through London PPS accounts. However where the Clearing House wishes to make such an intra-day call after London PPS closes (16:00 London time), such a call will be made upon the FCM Clearing Member's nominated US PPS account.

The Clearing House has the ability to call US dollars in respect of an intra-day margin call up until 16:00 hours New York Time (21:00 hours London Time).

Funds will be called through US PPS until 16:00 hours NY Time (21:00 hours London Time)

~~(c)~~(i) Confirmations

The Clearing House must receive confirmation of payment from the FCM Clearing Member's nominated US PPS bank within one hour of receipt of the US PPS Call by the relevant US bank branch.

(d)(k) Use of London PPS and US PPS

These FCM Procedures indicate which part of the PPS system will be used in the normal course of events for making PPS Calls. Generally London PPS will be used for Morning PPS Calls (including contributions to the Default Fund), remitting surplus cash balances to an FCM Clearing Member, and for making intra-day margin calls up to 16:00 hours London time. However FCM Clearing Members should be aware that the Clearing House reserves the right to direct a Morning PPS Call or intra-day margin calls before 16:00 hours London time to an FCM Clearing Member's US PPS account in exceptional circumstances ("Exceptional PPS Call"). The Clearing House will use all reasonable commercial endeavours to notify the FCM Clearing Member in advance of issuing any such Exceptional PPS Call.

Acceptable Forms Of Cover

The Clearing House accepts certain types of securities and cash in the Clearing House's prescribed form against liabilities

The Clearing House may vary, at its discretion, the standard requirements and valuation procedures set out in this section, either generally or in a particular case, without giving prior written notice to FCM Clearing Members. Further, the Clearing House may vary the types of cover acceptable to it, including but not limited to cash, performance bonds or securities.

To view our acceptable collateral list, go to: http://www.lchclearnet.com/risk_management/lt/acceptable_collateral.asp.

Cash

In order not to fall within the scope of deposit-taking regulations applying to banks and similar institutions, the Clearing House can accept cash from FCM Clearing Members only in relation to current or anticipated obligations.

FCM Clearing Members must give LCH.Clearnet Limited Treasury Operations no less than two (2) Business Days notice of their intention to request withdrawal of cash used as cover for margin and its replacement by the lodgement of collateral. In the event that an FCM Clearing Member seeks to withdraw such cash cover without giving such notice, the Clearing House will decline to release such cash cover until the end of the required notice period.

Securities

Please refer to the following pages on our website for both prevailing haircuts and notes on collateral acceptable for margin purposes

http://www.lchclearnet.com/risk_management/lt/acceptable_collateral.asp

Securities Value Notification

FCM Clearing Members may obtain details on the value of securities credited to their account on a daily basis. FCM Clearing Members with direct access to the LCH.Clearnet Limited Member Intranet site should use the "Collateral by Member" report.

Distribution Of Cover

Overview

As different types of cover attract different utilisation fees and different contracts are assessed for VAT in different ways (see section 3.5.4), the Clearing House identifies the cover applied to liabilities in order to allow utilisation fees and VAT to be calculated correctly.

This is done by establishing a specified order for both types of liabilities and types of cover and applying cover sequentially, such that cover type 1 is applied first to liability type 1, cover type 2 to liability type 1 if there is a deficiency when cover type 1 has been exhausted and so on.

The following procedures are not in any way intended to restrict, vary, or alter the Clearing House's rights to apply cover held (including any described in LCH.Clearnet Limited reports/records as "unutilised" or "excess") to meet the FCM Clearing Member's liabilities/obligations to LCH.Clearnet Limited.

Liability Order

Note: The following provision applies solely for the purpose of calculating fees. In case of default by an FCM Clearing Member, please see section 3.4.4 below.

Liabilities will be covered in the order:

~~(a)~~(l) Secured debit cash balances (see section 3.2.1.10);

~~(b)~~(m) Variation and initial margin including offset of contingent credits.

Cover Application

Note: The following provision applies solely for the purpose of calculating fees. In case of default by an FCM Clearing Member, please see section 3.4.7 below.

Cash will be applied before to each liability.

FCM Clearing Members may choose to have cash applied before securities:

Order of Priority on Default

Post-default the Clearing House is entitled to realise and/or apply cover in whatever order it deems appropriate.

Interest And Accommodation Charge Structure

This Section applies to accounts other than DF accounts.

London Deposit Rate (LDR)

The LDR is the rate at which the Clearing House will normally pay interest on credit cash balances (excluding DF Contributions).

~~(a)~~(n) Calculation

LDR is calculated daily for each currency by 10:00 hours. It is derived from bid rates for overnight funds quoted by selected money brokers and/or major banks. For next day value currencies, LDR is calculated the day prior using the tom/next rate.

Rates are available on and on the Clearing House banking system (screen code CBRDS) or by telephone from LCH.Cleernet Limited Treasury Operations.

~~(b)~~(o) Alteration

The Clearing House reserves the right to alter the basis of calculating LDR. Any alteration will be effective on the date notified.

Contingency Payment Arrangements

Clearing Members must ensure that they have contingency arrangements to ensure continuity of margin payment in the event of failure of their nominated PPS Bank.

Price Alignment Interest (PAI) Rate

To minimise the impact of daily cash variation margin payments on the pricing of interest rate swaps, the Clearing House will charge interest on cumulative variation margin received by the clearing member and pay interest on cumulative variation margin paid in by the clearing member respect of these instruments. This interest element is known as price alignment interest ("PAI").

The calculation of PAI shall use the interest rates specified as below. The amount of PAI for each currency shall be calculated as:

The amount of NPV in such currency from the previous day's COB multiplied by:

The relevant interest rate in effect for that day; divided by

360 or in the case of AUD, CAD, GBP, HKD, JPY, NZD, PLN, SGD and ZAR, 365

In the case of the currencies marked below with an asterisk, the Clearing House, as provided in Regulation 21(b), specifies that it will not change the PAI rate without the consent of all SwapClear Clearing Members holding open contracts in such currencies.

Currency	PAI Rate
USD *	The rate used shall be the Effective Federal Funds rate, the rate published by the Board of Governors of the Federal Reserve System as such rate appears on Reuters page "FEDFUNDS1" or Telerate 120 or on any successor page(s) thereto.

Currency	PAI Rate
EUR *	The rate used shall be the EONIA rate, the rate published by the European Banking Federation and ACI – The Financial Market Association as such rate appears on Reuters page “EONIA” or Telerate 247 or on any successor page(s) thereto.
GBP *	The rate used shall be the SONIA rate, the rate published by the Wholesale Markets Broker Association as such rate appears on Reuters page “SONIA” or on any successor page(s) thereto.
JPY *	The rate used shall be the Mutan call rate, the rate published by the Bank of Japan as such rate appears on Reuters page “TONAR” or on any successor page(s) thereto.
CHF *	The rate used shall be the TOIS rate, the T/N interbank fixing as such rate appears on Reuters page “CHFTOIS” or Telerate 3450 or any successor page(s) thereto.
AUD	The rate used shall be the "AONIA" rate, the rate published by the Reserve Bank of Australia – as such rate appears on Reuters page “RBA30” or any successor page(s) thereto.
CAD	The rate used shall be the "CORRA" rate, the rate published by the Bank of Canada website – as such rate appears on Reuters page “CORRA” or any successor page(s) thereto.
DKK	The rate used shall be the "DKKOIS" rate, the rate published by the Danish Central Bank – as such rate appears on Reuters page “DKNA14” or any successor page(s) thereto.
HKD	The rate used shall be the "HONIX" rate, the rate published by the Hong Kong Brokers Association – as such rate appears on Reuters page “HONIX” or any successor page(s) thereto.
NZD	The rate used shall be the "NZIONA" rate, the rate published by the Reserve bank of New Zealand – as such rate appears on Reuters page “RBNZ02” or any successor page(s) thereto.
PLN	The rate used shall be the "POLONIA" rate, the rate published by the National Bank of Poland – as such rate appears on Reuters page “NBPS” or any successor page(s) thereto.
SEK	The rate used shall be the "SIOR" rate, the rate published by the OMX Exchange – as such rate appears on Reuters page “SIOR” or any successor page(s) thereto.

Currency	PAI Rate
ZAR	The rate used shall be the SFX ZAR OND rate, the rate published by SAFEX JIBAR – as such rate appears on Reuters page “SFXROD” or any successor page(s) thereto.
CZK	The rate used shall be the "CZEONIA" rate, the rate published by the Czech National Bank – as such rate appears on Reuters page “CZEONIA” or any successor page(s) thereto.
HUF	The rate used shall be the "HUFONIA" rate, the rate published by the National Bank of Hungary – as such rate appears on Reuters page “HUFONIA” or any successor page(s) thereto.
SGD	The rate used shall be the "SONAR" rate, the rate published by the Association of Banks in Singapore – as such rate appears on Reuters page “ABSIRFIX01” or any successor page(s) thereto.
NOK	The rate used shall be the NOK sight deposit rate, the rate published by Norges Bank – as such rate appears on Reuters page “NOINTR=ECI” or any successor page(s) thereto

For currency NOK, PAI is calculated using an appropriate overnight deposit rate for the currency

Interest/Accommodation Structure

Application of Cover	Type of Cover					
	Credit Variation Margin	Performance Bonds	Securities	Cash	Foreign Cash	Forward Cash
Debit Cash (GBP, USD, EUR)	Not allowed	Charge LDR of debit currency plus 1.10%	Charge LDR of debit currency plus 1.10%	Not applicable	Charge LDR of debit currency plus 1.00%; pay LDR of cover currency	Charge LDR of debit currency plus 1.00%
Debit Cash (CHF, JPY, DKK, NOK, SEK)	Not allowed	Charge LDR of debit currency plus 2.10%	Charge LDR of debit currency plus 2.10%	Not applicable	Charge LDR of debit currency plus 2.00%; pay LDR of cover currency	Charge LDR of debit currency plus 2.00%
Initial & Variation margin after offset	No charge or payment	Charge 0.10%	Charge 0.10%	Pay LDR	pay LDR of cover currency	No charge or payment

Application of Cover	Type of Cover					
	Credit Variation Margin	Performance Bonds	Securities	Cash	Foreign Cash	Forward Cash
Excess or Surplus	No charge or payment	No charge or payment	No charge or payment	Pay LDR	Pay LDR	No charge or payment

Note:

1. "Foreign Cash" means cash in a currency other than that of the liability.
2. "Forward Cash" means cash which has been credited to an account for later value, e.g. an amount called via PPS for next-day value.

Payment of Interest and Charges

Interest and accommodation charges (other than PAI) are calculated on a daily basis and the resultant monthly total is posted to FCM Clearing Members' cover accounts at the beginning of the following calendar month. A VAT invoice is issued monthly detailing the interest and accommodation charges applicable for the previous month. Separate invoices are issued for each currency.

VAT is charged, dependent on contract, on accommodation charges and collateral utilisation fees at current rates. On foreign currency amounts VAT is charged in sterling on the converted value of any relevant charges. The sterling cover account shows separate postings for sterling VAT amounts arising from foreign currency charges.

The net invoice value for each currency is posted to the relevant cover account for value on the second working day of the month succeeding the month in which the charges arose.

The invoice provides detail in respect of:

~~(a)~~(p) interest due;

~~(b)~~(q) accommodation charges;

~~(c)~~(r) collateral/performance bonds utilisation fees.

Accommodation charges and collateral utilisation fees are combined and reported as accommodation charges for each appropriate category on the monthly invoice.

Fees

Details of fees and refunds pending are collated during the month.

An invoice or credit note is produced detailing the fees to be posted to the house cover account.

The invoice/credit note displays the type of fee, contract, currency, fee rate, volume, fee amount, VAT amount, sub totals for each fee class and the overall total posted to the cover account.

Monthly postings are processed via the cover account at the beginning of the following month, on the third working day. Other postings, such as various Market

Maker Scheme rebates, are processed by the Clearing House following receipt of data from the relevant exchange.

Participation Monies

DF Contributions

DF contributions will be called via PPS normally on the fourth working day (“Reset Day”) of the quarter (i.e. early February, May, August and November). Contribution requirements will be notified to FCM Clearing Members at least two working days prior to each Reset Day or Banking screen MDFCT, or Member Intranet Report 000032.

Excess DF amounts due to FCM Clearing Members following the adjustment to DF accounts and the crediting of interest will be repaid to FCM Clearing Members’ PPS accounts on the Reset Days.

APPENDIX 3A

BANK PARTICIPANTS IN THE LONDON PROTECTED PAYMENTS SYSTEM

Bank of America, N.A.

Barclays Bank Plc

JP Morgan Chase Bank

Citibank NA

Deutsche Bank AG

HSBC Bank Plc

Lloyds TSB Bank Plc

National Westminster Bank Plc

The Royal Bank of Scotland plc

Skandinaviska Enskilda Banken AB

For more information on PPS Banks please contact LCH.Cleernet Limited Treasury Operations.

**APPENDIX 3B
BANK PARTICIPANTS IN THE LONDON PROTECTED PAYMENTS SYSTEM**

Name of Relationship Manager:	
Contact Details (telephone & email):	
Name of Bank:	
Address:	
LCH.Clearnet Limited MNEMONIC(S):	

LCH.CLEARNET LIMITED

I/We authorise you, until further notice in writing, to debit my/our account(s) with unspecified amounts from time to time at the instance of LCH.Clearnet Limited without further reference to me/us.

In acting on this Mandate, you may rely, without qualification, upon the information provided to you by LCH.Clearnet Limited in whatsoever form this information is submitted to you.

HOUSE ACCOUNT		
TICK <input type="checkbox"/>	CURRENCY	ACCOUNT NUMBER
	AUD	
	CAD	
	CHF	
	CZK	
	DKK	
	EUR	
	GBP	
	HKD	
	HUF	
	ISK	
	JPY	
	NOK	
	NZD	
	PLN	
	SEK	
	USD	
	ZAR	

CLIENT ACCOUNT		
TICK <input type="checkbox"/>	CURRENCY	ACCOUNT NUMBER
	AUD	
	CAD	
	CHF	
	CZK	
	DKK	
	EUR	
	GBP	
	HKD	
	HUF	
	ISK	
	JPY	
	NOK	
	NZD	
	PLN	
	SEK	
	USD	
	ZAR	

For and on behalf of:

Name of FCM Clearing
Member: _____

Signature of Director: _____

Print Name: _____

Date _____

When completed and signed, this form should be sent to your Relationship Manager at the above-mentioned Bank and a copy issued to: Treasury Operations, LCH.Clearnet Limited, 3rd Floor, Aldgate House, 33 Aldgate High Street, London EC3N 1EA. Email: lchoperations-treasury@lchclearnet.com Telephone: 020 7426 7505 Fax: 020 7426 7037.

APPENDIX 3C

BANK PARTICIPANTS IN THE US PROTECTED PAYMENTS SYSTEM

(In New York unless stated otherwise)

Bank of America, N.A.

J P Morgan Chase (New York or London)

Citibank NA

HSBC Bank USA

The Bank of New York

Harris Trust and Savings Bank (Chicago)

For more information on US PPS Banks please contact LCH.Cleernet Limited Treasury Operations on +44 (0)20 7426 7505.

**APPENDIX 3D
MANDATE FOR LCH.CLEARNET LIMITED: CLEARING OPERATIONS**

Name of Relationship Manager:	
Contact Details (telephone & email):	
Name of Bank:	
Address:	
LCH.Clearnet Limited MNEMONIC(S):	

LCH.CLEARNET LIMITED

I/We authorise you, until further notice in writing, to debit my/our account(s) with unspecified amounts from time to time at the instance of LCH.Clearnet Limited without further reference to me/us.

In acting on this Mandate, you may rely, without qualification, upon the information provided to you by LCH.Clearnet Limited in whatsoever form this information is submitted to you.

HOUSE ACCOUNT	
CURRENCY	ACCOUNT NUMBER
USD	

CLIENT ACCOUNT	
CURRENCY	ACCOUNT NUMBER
USD	

The above information is correct and LCH.Clearnet Limited will rely on this information in making debit and credit transactions for the identified accounts and will have no liability to the extent of such reliance.

For and on behalf of:

Name of FCM Clearing Member:

.....

Signature of Director:

.....

Print Name:

.....

Date

.....

Notes:

A separate Mandate must be completed and delivered to LCH.Clearnet Limited for each different PPS bank.

Twenty days notice must be given to LCH.Clearnet Limited in writing in respect of any change of bank account name or bank account number and a fresh Mandate provided.

When completed and signed, this form should be sent to your Relationship Manager at the above-mentioned Bank and a copy issued to: Treasury Operations, LCH.Clearnet Limited, 3rd Floor, Aldgate House, 33 Aldgate High Street, London EC3N 1EA; E-mail: lchoperations-treasury@lchclearnet.com; Telephone: 020 7426 7505; Fax: 020 7426 7037.

COLLATERAL**General Information****3.1.204. NON-CASH COLLATERAL**

FCM Clearing Members wishing may lodge securities with the Clearing House. Securities lodged will be subject to a security interest and held in an account with the Clearing House by the FCM Clearing Member (LCH OTC Client Segregated Depository Account).

Collateral pledged in respect of an FCM Clearing Member will not be applied by the Clearing House to its liabilities on a house account (see FCM Regulation [6(d)]).

FCM Clearing Members are warned that the taking of collateral is a complex legal matter. These FCM Procedures, and any communication with the Clearing House, whether of an oral or written nature, are not to be taken as containing legal advice. An FCM Clearing Member who contemplates taking an interest in securities belonging to a client should seek independent professional advice on the matter.

GENERAL INFORMATION**LCH.Clearnet Security Arrangements**

FCM Clearing Members wishing to lodge securities with the Clearing House may do so under the security arrangements set out in the FCM Clearing Membership Agreement and the FCM Regulations.

Collateral pledged in respect of an FCM Clearing Member's Client account will not be applied by the Clearing House to its liabilities on a House account (see FCM Regulation 29(b)).

Unless stated otherwise in the FCM Rulebook, collateral pledged in respect of an FCM Clearing Member's House account may be applied by the FCM Clearing House towards the payment of any sum whatsoever due by the FCM Clearing Member to the Clearing House, save that no collateral charged in respect of an FCM Clearing Member's Client accounts shall be applied on or towards payment or satisfaction of any of the FCM Clearing Member's liabilities to the Clearing House on any of the FCM Clearing Member's House accounts.

As set out in FCM Regulation 10(c), where an FCM Clearing Member wishes to pass an FCM Client's collateral to the Clearing House, the FCM Clearing Member must, inter alia, ensure that at all times it remains expressly agreed with the FCM Client that the FCM Clearing Member may pledge the collateral to the Clearing House, on the Clearing House's terms and free of the FCM Client's interest to secure the FCM Clearing Member's obligations to the Clearing House. The Clearing House gives no undertaking that, on the default of an FCM Clearing Member, it will not utilise FCM Clients' collateral which has been passed to it by an FCM Clearing Member, before utilising any other form of cover the Clearing House may hold.

General Information

The Clearing House is, at its sole discretion, entitled to determine what will be acceptable to it as collateral and to determine when a security will cease to be acceptable as collateral.

If any instrument or security, lodged in accordance with any of the following procedures, is in any way found to be unacceptable, it will immediately be given a zero value in the FCM Clearing Member's cover account with the Clearing House. Replacement cover may be required immediately from the FCM Clearing Member.

Instructions

The Clearing House accepts instructions to lodge, release and transfer cash and securities via the Collateral Management system. Instructions for other types of collateral must be sent via fax using the appropriate form in the annex. The lodgement/release forms must be sent in by fax and email to:

Email to: teamcollateral@lchclearnet.com

Fax: + 44 (0)20 7375 3518

Treasury Operations can be contacted on +44 (0)207 426 7593

Originals of faxed instructions need to be sent into the Clearing House within fourteen days.

The Clearing House is entitled to act upon Collateral Management system instructions and faxed instructions or communications appearing to have been issued by, on behalf of, or have come from, a Clearing Member. These will be accepted by the Clearing House as genuine, even if, for example, they are later found:

- (a) to be inaccurate, whether in whole or in part; or
- (b) not to have been given by the Clearing Member or a client or with the authority of the Clearing Member or client.

The Clearing House will only accept delivery of securities in accordance with these procedures, and will not sell, purchase or encash securities for Clearing Members, except in so far as it is acting under its Default Rules and related General Regulations or in relation to exchange rules.

The Clearing House reserves the right to require a Clearing Member to execute revised versions of the Form of Charge and Client Consent documentation whenever the Clearing House, at its sole discretion, considers that it would be appropriate.

The Clearing House reserves the right to change the information required on instructions received via the Collateral Management system, whenever the Clearing House, at its sole discretion, considers that it would be appropriate.

Excess collateral

In the event that the Clearing House at any time determines that it is holding excess collateral (as defined below) from a FCM Clearing Member, the Clearing House may notify that FCM Clearing Member of the intention to levy a charge in respect of excess collateral with effect from such date as is notified to the FCM Clearing Member. In the event that the FCM Clearing Member does not remove excess collateral before the date so notified, the FCM Clearing House may, in its discretion, charge the FCM Clearing Member at the rate of 1 basis point until excess collateral is removed by the FCM Clearing Member through use of a release instruction. Payment of this charge shall be collected on a monthly basis through that FCM Clearing Member's PPS sterling account.

For the purposes of this section, “excess collateral” means that collateral identified by the Clearing House as being collateral over and above that which is required by the Clearing House in order to cover the obligations to the Clearing House of that FCM Clearing Member. The Clearing House shall have absolute discretion to decide whether and to what extent it is holding excess collateral at any time.

~~The Clearing House accepts faxed copies of Collateral Lodgement Forms and Collateral Release Forms. These will be valid for a period of fourteen days, by which time original copies must have been received. If original copies are not received by the Clearing House within fourteen days cover value will not be given on the FCM Clearing Member’s account and the collateral may be returned.~~

~~The Clearing House will only accept delivery of securities in accordance with these FCM Procedures, and will not sell, purchase or encash securities for FCM Clearing Members, except in so far as it is acting under its Default Rules and related FCM Regulations and the UK General Regulations.~~

~~Subject to the FCM Regulations in the event that the Clearing House at any time determines that it is holding excess collateral (as defined below) from an FCM Clearing Member, the Clearing House may notify that FCM Clearing Member of the intention to levy a charge in respect of excess collateral with effect from such date as is notified to the FCM Clearing Member. In the event that the FCM Clearing Member does not remove excess collateral before the date so notified, the Clearing House may, in its discretion, charge the FCM Clearing Member at the rate of 1 basis point until excess collateral is removed by the FCM Clearing Member through use of a Collateral Release Form. Payment of this charge shall be collected on a monthly basis through that FCM Clearing Member’s appropriate PPS account.~~

~~For the purposes of this section, “excess collateral” means that collateral identified by the Clearing House as being collateral over and above that which is required by the Clearing House in order to cover the obligations to the Clearing House of that FCM Clearing Member. The Clearing House shall have absolute discretion to decide whether and to what extent it is holding excess collateral at any time.~~

~~3.2~~ **Communications**

~~The Clearing House is entitled to act upon documentation instructions or communications appearing to have been issued by, or have come from, an FCM Clearing Member. These will be accepted by the Clearing House as genuine, even if, for example, they are later found:~~

- ~~(a) — to be inaccurate, whether in whole or in part; or~~
- ~~(b) — not to have been given by the FCM Clearing Member or an FCM Client or with the authority of the FCM Clearing Member or FCM Client.~~

~~3.3~~ **Lodgement of Collateral as Replacement for Cash Cover for Margin**

FCM Clearing Members should note that they must give Treasury Operations no less than two (2) Business Days notice of their intention to lodge collateral with a value of £50 million sterling or more, and which is reasonably likely to have the effect that cash to a similar value is repayable by the Clearing House to that FCM Clearing Member as a result of such lodgement. In the event that an FCM Clearing Member seeks to withdraw such cash cover without giving such notice, the Clearing House will decline to release such cash cover until the end of the required notice period.

3.4 Force Majeure

The Clearing House will not be liable for any failure, hindrance or delay in the performance (in whole or in part) of any of its obligations to FCM Clearing Members with regard to instruments or securities accepted as collateral where such failure, hindrance or delay arises from causes beyond the control of the Clearing House, such as but not limited to the failure whether partial or total, interruption or suspension of any depository or custodian or other service (“depository”) that the Clearing House is using, the termination or suspension of the Clearing House’s membership or use of the depository or any variation of the depository’s operational timetable, whether or not occasioned by action of the depository operator or other party, or any embargo, unavailability or restriction of bank transfer systems or wires, malfunction or overload of the depository or other emergency. This provision is without prejudice to the force majeure provisions of FCM Clearing Members’ agreements with the Clearing House.

3.5 Regulatory and Supervisory Information

In every case, the Clearing House will be entitled to supply a securities depository with all the information it requires for any purposes relating to an FCM Clearing Member, or to securities received by the Clearing House from an FCM Clearing Member which are or may at any time have been held by the depository. Securities will be lodged and held within such depository or other systems as the Clearing House may select or allow, subject to the conditions of such systems and to any applicable law and subordinate rules relating thereto as well as to the terms of the FCM Rulebook and these FCM Procedures.

3.6 Interest Payments

The Clearing House will remit interest amounts, taking into account any withheld tax, to FCM Clearing Members’ PPS banks on the appropriate value date. These are processed using “Tender” sub-accounts designated “I” for house or “L” for segregated client.

Securities

General Information

Securities must be lodged in the Clearing House’s relevant Custodian accounts (see appendix 4D).

4.1.2 Form of Charge

Clearing Members wishing to lodge securities with the Clearing House must first complete a *Form of Charge*. This document establishes a fixed charge over specified securities transferred into an account with the Clearing House by the Clearing Member. The document is required to be executed in accordance with the instructions which accompany it. The *Form of Charge* document covers securities that are transferred to the Clearing House via bilateral settlement or via Triparty arrangements. To operate Triparty arrangements with the Clearing House an additional Collateral Services Agreement (CSA) must also be executed with the relevant ICSD.

Charge documentation is available from the Clearing House Risk Department and should be returned on completion to that department.

3.7

Securities must be lodged in the Clearing House's relevant Custodian accounts (see appendix 4D).

3.8 ~~Lodgement Procedure~~

~~Day One~~

~~(a) FCM Clearing Members must submit a completed collateral Lodgement Form in respect of each collateral lodgement (see appendix 4A or 4B). FCM Clearing Members may also need to supply a tax form (see section 4.2.4). A Proprietary Collateral Lodgement Form should be used in respect of Collateral lodged for an FCM Clearing Member's Proprietary or Affiliate business (see Appendix 4B). An FCM Client Collateral Lodgement Form should be used in respect of collateral lodged for an FCM Clearing Member's FCM Client Business.~~

~~(b) The Clearing House will enter a receipt instruction into the relevant Custodial system.~~

~~(c) The FCM Clearing Member or his agent bank should enter "free of payment" delivery instructions.~~

~~FCM Clearing Members should contact the Clearing House's Treasury Operations department in order to find out when they are open for collateral to be posted (0044 (0)207 426 7593 or TreasuryOps@lchclearnet.com).~~

~~The details of the accounts are:~~

Settlement procedures – Securities

All transactions to deposit or withdraw from the Clearing House will be executed free of payment.

4.1.3 Instructions via the Collateral Management system

The Clearing House will action instructions input and authorised via the Collateral Management system. The details input on the Collateral Management system will form the basis of the matching instruction sent to the relevant CSD/custodian. FCM Clearing Members must ensure that the details are input correctly in order to avoid unmatched transactions.

It is the responsibility of the FCM Clearing Member to input a cancellation request of any incorrectly input instruction and then subsequently input the correct details in a new instruction. Please note that it may not be possible to cancel an instruction, please see section 6.8 below for further details.

The Clearing House will update the status of the instruction in the Collateral Management system in relation to the status of the instruction at the CSD/Custodian. On settlement of the transaction the Clearing House will reflect the balance of the securities on the FCM Clearing Member's account and provide value for the purposes of cover.

The Clearing House will notify FCM Clearing Members of the relevant account details for matching. Clearing Members should refer to Appendix 4D to establish the correct place(s) of settlement for a particular security.

The Clearing House will not be liable for any losses of Clearing Members or third parties caused by non-settlement or a delay in settlement as a result of the actions or omissions of a CSD/custodian or the FCM Clearing Member (save for any liability which by law may not be excluded).

4.1.4 Instruction deadlines

FCM Clearing Members may input security instructions via the Collateral Management system at any time. Instructions will only be actioned by the Clearing House during operational hours.

The Collateral Team operational hours are: Monday – to Friday 08:00 – 20:00hrs UK time.

Instruction deadlines for same day settlement:

<u>CSD/custodian</u>	<u>Deadline for instructions (UK Time)</u>
<u>Euroclear UK/IE (CREST)</u>	<u>14.00</u>
<u>Euroclear internal</u>	<u>16:30</u>
<u>Fedwire - Citi and BoNY Mellon</u>	<u>19:00</u>

The Clearing House will input matching instructions to the relevant CSD/custodian for same day settlement when the instructions are received prior to the deadlines above.

4.1.5 Deliveries to and from local markets

The Clearing House is bound by the settlement deadlines of the relevant CSD/custodian. FCM Clearing Members should refer to the relevant CSD/custodian for these deadlines. Note that for transactions from local markets the settlement deadline may be earlier than the Clearing House hours of operation and should therefore be instructed the day before settlement date i.e. on S-1. Instructions to the Clearing House must be provided at least one hour before the market deadline for same day settlement.

For example:

<u>Deliveries from local market</u>	<u>Custodian deadline (UK time)</u>	<u>Instruction deadline to Clearing House (UK time)</u>
<u>Japan</u>	<u>02.45</u>	<u>16.30 on S-1</u>
<u>Belgium</u>	<u>14.50</u>	<u>13.50 on S</u>
<u>Italy</u>	<u>15.00</u>	<u>14.00 on S</u>

4.11 Lodging securities

Lodge instructions must be input via the Collateral Management system prior to the deadlines above for same day settlement. Settled transactions will be added to FCM Clearing Member's cover balances following settlement.

Lodge instructions for future settlement dates will be instructed same day if received prior to the deadlines. Instructions received after the deadlines will be instructed the following day.

4.12 Releasing securities

4.12.1 Release where sufficient cover is available

Release instructions input via the Collateral Management system prior to the deadlines above for same day settlement will be removed from the FCM Clearing Member's cover balance on instruction.

4.12.2 Release where sufficient cover is unavailable

Release instructions must be input via the Collateral Management system before 09:30 UK time. The Clearing Member will then be called for additional cash collateral. Following confirmation of the cash call the settlement instruction will be sent to the CSD/custodian and removed from the FCM Clearing Member's cover balance.

4.13 Substitutions

Substitutions may be input via the Collateral Management system and will be actioned same day if input prior to the deadlines above.

FCM Clearing Member's must input the relevant lodge instruction(s) first and then link the associated release instruction(s) to the lodge instruction(s).

4.14 Transfers

Transfer instructions may be input via the Collateral Management system and will be actioned same day during operational hours.

Note: transfers are only permitted between mnemonics of the same FCM Clearing Member and are subject to client segregation rules.

4.15 Settlement cancellations

FCM Clearing Members may request cancellation of an instruction via the Collateral Management system. The Clearing House will cancel any instruction that has not yet been processed. The Clearing House will make best endeavours to cancel any settlement instructions already sent to the CSD/custodian but cannot guarantee that the transaction will not settle.

4.16 Instruction statuses

The status of an instruction can be monitored via the Collateral Management system. Statuses reflect the status of the instruction at the Clearing House and not at the CSD/custodian. Please refer to the Collateral Management system User Guide for status definitions.

Client Account:

Bank of New York			Citibank			Euroclear Bank	
BKOFNYC/CUST 021000018			CITIBANKNYC/CUST 021000089				
US Owners	Non US Owners	Global	US Owners	Non-US Owners	Global	Euro Denominated Only	Italian
735138	735139	874067	206203	207887	TBC	15211	25910

~~Proprietary Account:~~

Bank of New York		Citibank		Euroclear Bank		Euroclear UK & Ireland
BKOFNYC/CUST 021000018		CITIBANKNYC/CUST 021000089				
US Owners	Non US Owners	US Owners	Non-US Owners	Global	Italian	UK Securities
735136	735137	090401	090372	91205	91737	5165

~~The securities are transferred into the Clearing House's account through the relevant Custodial system.~~

~~Unless the Clearing House contacts the FCM Clearing Member to notify that a lodgement has been rejected, value will normally be given overnight on the following Business Day. However, if settlement has taken place before 20:00 hours, value may be given overnight the same day.~~

~~3.9 Release Procedure~~

~~Day One~~

- ~~(a) The FCM Clearing Member submits a completed Release Form (see appendix 4G) to Treasury Operations.~~
- ~~(b) Where the security is not utilised as margin cover, the Clearing House will input appropriate delivery instructions into the relevant custodial system.~~
- ~~(c) The Clearing House reduces the level of cover held for the FCM Clearing Member's relevant cover account by the amount of the value of the security which is being withdrawn.~~
- ~~(d) The FCM Clearing Member passes acceptance instructions to its own agent bank and the securities will then be transferred to the FCM Clearing Member's agent bank.~~
- ~~(e) The securities are transferred to the FCM Clearing Member's bank.~~

~~Day Two~~

~~Where alternative cover is required it will be called in cash by PPS~~

~~After 09:00 hours (London)~~

~~Where the security has been utilised on day one, and providing the morning PPS call has been met, the security will be released as follows:~~

- ~~(a) the Clearing House inputs appropriate delivery instructions into the relevant custodial system;~~
- ~~(b) the FCM Clearing Member passes acceptance instructions to its own agent bank;~~

~~(c) securities will then be transferred to the FCM Clearing Member's agent bank ; or~~

~~(d) the securities are transferred to the FCM Clearing Member's bank~~

3.40 **4.17 Withholding Taxes**

US income tax laws impose a withholding tax on payments of US source interest, including original issue discount, to a foreign person unless an exemption or reduced rate applies. Interest is US source income, if the debtor is a US corporation. Interest on debt obligations issued after July 18 1984 is generally exempt from US withholding tax. In addition, a foreign person who is a resident of a country with which the US has an income tax treaty may be entitled to a reduced withholding tax rate or an exemption from the US withholding tax.

In order to reduce or eliminate US withholding tax, the correct tax documentation must have been provided in respect of each owner. To this end, FCM Clearing Members will be expected to provide one of the forms (noted below) to the Clearing House. A current form will be required for each FCM Clearing Member.

The relevant forms will normally be one of:

(a) 'W-9 (Request for Taxpayer Identification Number and Certification)'. Applies to a US corporation including a foreign branch of a US corporation ; or

(b) 'W-8BEN (Certificate of Foreign Status)'.

Applies to non-resident alien individuals, foreign corporations, partnerships and estates.

FCM Clearing Members may obtain originals of forms W-8BEN and W-9 from Treasury Operations.

Note: The Clearing House's arrangements with the Custodians only allow for securities holdings of US corporations or foreign (i.e. non-US) entities or individuals. FCM Clearing Members who wish to discuss the possibility of lodging securities belonging to owners excluded from this arrangement should contact Treasury Operations.

Unless the Clearing House has already received the appropriate tax form, lodgements into A/c numbers 735136, 735138, 206203 and 090401 must be accompanied by form W-9.

Unless the Clearing House has already received the appropriate tax form, lodgements into A/c numbers 735137, 735139, 207887 and 090372 must be accompanied by form W-8.

The Clearing House's acceptance of US securities does not indicate any responsibility for the adequacy or otherwise of tax documentation. Any queries in relation to these tax forms should be referred to your company accountant or professional advisers.

Completed tax forms should be returned to Treasury Operations for onward transmission to the Custodians.

Custodians offer a recovery service for overseas taxes on Government Bonds. The Clearing House will assist in the recovery process and remit to Clearing Members any recovery in withholding tax credited to the Clearing House's account by the Custodian.

In certain cases the Custodian/the Clearing House will withhold tax on a coupon if the correct documentation is not lodged with either the custodian/the Clearing House at the time when a coupon is due.

Italian Securities

The accounts are operated by the Clearing House in accordance with the Custodians Procedures to Obtain Exemption from Italian Withholding Tax on Italian Domestic Debt Securities".

Beneficial owners are entitled to exemption at source from Italian Withholding Tax on Italian securities if they are:

- (a) resident in a country that has entered into a double taxation agreement with Italy (except Black list countries/countries that do not have a tax treaty with Italy); or
- (b) a corporation resident in Italy; or
- (c) a supranational organisation recognised by Italian Law.

Beneficial owners are required to supply duly completed and executed official forms as proof of eligibility to exemption, and where applicable supply additional documentation, before a delivery can be made.

Official forms are available on request from Treasury Operations Department.

Original forms are to be received by the Clearing House before Italian securities can be accepted within our accounts.

The effective date depends on the type and terms of the security:

- Coupon Debt securities (BTPs, CCTs and CTOs)

The new regime applies to the interest on these securities that starts to run on or after 1 January 1997, regardless of the issue date.

- Zero coupon debt securities with a maturity of less than one year (BOTs)

The regime applies to all securities issued on or after 1 January 1997.

Clearing Members should consult their own tax advisers before lodging Collateral to the Clearing House or submitting any tax documentation

-4.18 Withholding tax – CSDs/Custodians

CSDs/Custodians may offer a recovery service for overseas taxes on Government Bonds. The Clearing House will assist in the recovery process and remit to FCM Clearing Members any recovery in withholding tax credited to the Clearing House's account by CSDs/custodians.

In certain cases the CSDs/custodian and Clearing House will withhold tax on a coupon if the correct documentation is not lodged with either CSDs/Custodian and the Clearing House at the time when a coupon is due.

4.19 References

These procedures should be read in conjunction with the relevant user guides and/or manuals of the relevant CSD/custodian. Please also refer to each CSD/custodian for the relevant settlement deadlines in particular those for deliveries from local markets to Clearing House accounts.

4.20 Contingency arrangements

In the event of an outage of the Collateral Management system FCM Clearing Members will be able to lodge and release securities by faxed instruction to the Clearing House.

FCM Clearing Member will be notified of a ~~the~~ Collateral Management system outage via Member Circular that will notify FCM Clearing Members of the switch to contingency arrangements. FCM Clearing member should then revert to the fax forms for securities found in the ~~annex~~appendices to this Section 4.

Normal service hours and deadlines will apply to faxed instructions.

FCM Clearing Members will be notified via Member Circular when normal service resumes.

APPENDIX 4A

Contingency - FCM Client Account Lodgement Form



CONTINGENCY FCM - CLIENT LODGEMENT FORM

Version 1: December 2011

To: LCH.Clearnet Limited ("the Clearing House")

LCH.Clearnet Limited Ref No: _____

From: Clearing Member (full name): _____

Client Account

Mnemonic: _____

Beneficial Owner Name (full name): _____

We hereby transfer the securities described below to the Clearing House under the terms of regulation 10(m) of the FCM Regulations.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator. We hereby confirm that the securities detailed below are customer funds subject to segregation pursuant to the U.S. Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.

Security Code Number	Settlement Date	Trade Date	Amount/Nominal Value	Description of Security

Delivery from: Depository/Agent _____

US Securities, Broker Code _____

Account Holder: _____

Account Number: _____

Beneficial Owner Italian Tax ID: _____

Delivery to: _____

BONY (US Owners)	BONY (Non-US Owners)	BONY (Global)	Citibank (US Owners)	Citibank (Non-US Owners)	Citibank (Global)	Euroclear (EUR Securities)	Euroclear (Italian)
735138	735139	874067	206203	207887	613085309TBC	15211	25910

Signatories for and on behalf of The Clearing Member:

1. _____ (Signature) _____ (Print Name) _____ (Position)

2. _____ (Signature) _____ (Print Name) _____ (Position)

Date: _____

APPENDIX 4B

Contingency - FCM House Account Lodgement Form



CONTINGENCY PROPRIETARY - COLLATERAL LODGEMENT FORM

Version 1: December 2011

To: LCH.Clearnet Limited ("the Clearing House")

LCH.Clearnet Limited Ref No:

From: Clearing Member (full name): _____

In respect of Proprietary Business

Mnemonic: _____

We are entitled to the entire beneficial interest in these securities.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent, where applicable, to the securities being held in the Euroclear clearance system subject to the fungibility regime organised by the Belgian Royal Decree No. 62 of 10 November 1967 promoting the circulation of securities as amended from time to time.

We hereby confirm that the securities detailed below are NOT customer funds subject to segregation requirements pursuant to the US Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.

Security Code Number	Settlement Date	Trade Date	Amount/Nominal Value	Description of Security

Delivery from: Depository/Agent _____

US Securities, Broker Code _____

Account Holder: _____

Account Number: _____

Beneficial Owner Italian Tax ID: _____

Delivery to: _____

BONY (US Owners)	BONY (Non-US Owners)	Citibank (US Owners)	Citibank (Non-US Owners)	Euroclear Bank (Global)	Euroclear Bank (Italian)	Euroclear UK & Ireland (CrestCo)
735136	735137	090401	090372	91205	91737	5165

Signatories for and on behalf of The Clearing Member:

1. _____ (Signature) _____ (Print Name) _____ (Position)

2. _____ (Signature) _____ (Print Name) _____ (Position)

Date: _____

APPENDIX 4C

Contingency - Collateral Release Form



CONTINGENCY COLLATERAL RELEASE FORM

Version 1: June 2011

To: LCH.Clearnet Limited ("the Clearing House")

From: Clearing Member (full name):

House/Client Account* Mnemonic:

* Please delete as appropriate

We hereby request you to release the securities described below.

Security Code Number (e.g . ISIN)	Delivery Date	Trade Date	Amount/Nominal Value(Issue - Coupon - Maturity)	Description of Security

The Clearing House Ref No: (from lodgement form)

Delivery to: Depository/Agent

US Securities, Broker Code

Account Holder

Account Number

Signatories for and on behalf of the Clearing Member:

1

 (Signature) (Print Name) (Position)

2

 (Signature) (Print Name) (Position)

Date

To: THE ABOVE-NAMED CLEARING MEMBER

The release of the above-mentioned securities is agreed.

For and on behalf of

LCH.Clearnet Limited: Date: Time:

(Authorised Signatory):

Registered in England No. 25932 Registered Office: Aldgate House, 33 Aldgate High Street, London EC3N 1EA

Recognised as a Clearing House under the Financial Services and Markets Act 2000.

LCH.CLEARNET LIMITED COPY

Appendix 4D – Settlement Accounts

	Margin Collateral-FCM Client							Margin Collateral-FCM House							
	Bank of New York			Citibank			Euroclear Bank		Bank of New York		Citibank		Euroclear Bank		Euroclear UK & Ireland
	735138	735139	874067	206203	207887	TBC	15211	25910	735136	735137	090401	090372	91205	91737	5165
Australia			X			X							X		
Austria			X			X	X						X		
Belgium			X			X	X						X		
Canada			X			X							X		
Denmark			X			X							X		
EUR Agencies			X			X	X						X		
Finland			X			X	X						X		
France			X			X	X						X		
Germany			X			X	X						X		
Italy			X			X		X						X	
Japan			X			X							X		
Luxembourg			X			X	X						X		
Netherlands			X			X	X						X		
Norway			X			X							X		
Spain			X			X	X						X		
Sweden			X			X							X		
United Kingdom			X			X									X
United States	X	X		X	X				X	X	X	X			
US Agencies	X	X		X	X				X	X	X	X			

T

BUSINESS CONTINUITY

4.5. BUSINESS RECOVERY

Recovery Situations

The FCM Procedures set out in this section are intended to provide FCM Clearing Members with a guide to the changes in working practices which would follow the invocation of the Clearing House's Business Continuity Plans.

Due to the uncertain nature of the events which would lead to the need for Business Recovery the Clearing House reserves the right to depart from these FCM Procedures to meet the characteristics of specific business recovery situations.

These FCM Procedures provide for the evacuation or decommissioning of Aldgate House. The procedures detail the alterations to the Clearing House's operations and also the action to be taken on invocation of the Business Continuity Plans.

Recovery Situations Affecting Members' Offices

During Office Hours

FCM Clearing Members that are unable to gain access to their principal office accommodation and as a result require the Clearing House assistance should contact the Help Desk on +44 (0)20 7426 7200.

Outside Office Hours

FCM Clearing Members should telephone the Clearing House on +44 (0)20 7426 7545, leaving the following information:

Name:
Company Name:
Contact Telephone Number:
Brief Details of the Nature of the Problem:

A member of the Clearing House operational staff will then make contact regarding any assistance that can be given.

Aldgate House Evacuation

Communicating with FCM Clearing Members

Should the Clearing House be forced to evacuate Aldgate House it will need to inform its FCM Clearing Members as soon as practicable. The following sections detail a number of different messages that the Clearing House may wish to communicate. However, in all cases the means by which information will be disseminated is the same. Information will be communicated to FCM Clearing Members by the following methods:

- (a) facsimile transmissions to FCM Clearing Members designated fax machines;
- (b) posting messages on www.lchclearnet.com;

- (c) posting messages on the following toll free number 0044 800 1 69 69 09.

Some of the above communications methods can only be used to disseminate very short messages. However the toll free number is capable of recording a message of up to ten minutes duration, and handling unlimited concurrent connections. It is therefore likely to be the main method used for providing FCM Clearing Members with progress reports following an initial broadcast message.

Evacuation of Aldgate House

If it is necessary for the Clearing House to evacuate Aldgate House, and if re-entry to the building is unlikely within thirty minutes, FCM Clearing Members will be informed by disseminating the following message using the methods described in section 5.3.1 above.

“The Clearing House has been forced to evacuate Aldgate House. Please refer to Clearing House Procedures - Business Continuity Arrangements for further information.”

At this time all of the activities normally carried out at Aldgate House will have ceased, if only temporarily. FCM Clearing Members will be kept informed of developments as further details become available.

Please note that the reason for broadcasting the above message is to provide FCM Clearing Members with early notification of an evacuation of Aldgate House. At this stage no decision will have been taken to invoke Business Continuity Plans. See section 5.3.3 below for advice on how FCM Clearing Members will be notified of an invocation of the recovery plan.

Invoking of Business Continuity Plans

The Clearing House is contracted with a specialist provider for dedicated and syndicated work area recovery facilities. The agreement between the Clearing House and the provider stipulates that dedicated work area recovery positions will be available immediately. Syndicated recovery positions will be available within four hours of invocation.

Depending on the severity of an incident a full or partial invocation of the service may be required.

Limited Invocation

If the Clearing House’s assessment of the incident suggests that reoccupation of Aldgate House will be possible within two hours, then it is likely that only the mission critical activities (MCA) will be recovered to the recovery site. All other activities will cease until Aldgate House becomes available.

The following message will be posted:

“The Clearing House has invoked business continuity plans for its MCA’s. Please refer to the Clearing House’s Procedures - Business Continuity Arrangements for further information.”

Full Invocation

Once a decision has been taken to proceed with full invocation of business continuity plans FCM Clearing Members will be informed at the earliest opportunity. This will be achieved by disseminating the following message using the methods described in section 5.3.1 above.

“The Clearing House has invoked all business continuity plans. Please refer to the Clearing House’s Procedures - Business Continuity Arrangements for further information.”

It is anticipated that a period of approximately two hours will elapse between the invocation of full business continuity plans and relocation of recovery teams. During this time most of the activities normally carried out at Aldgate House will cease.

Please note that the Clearing House’s primary data centre is not located at Aldgate House and so an evacuation of the site will not affect FCM Clearing Members’ ability to access IT applications.

Cover Calling

In order to simplify the Treasury process, it is likely that a number of routine Treasury Procedures may be amended or suspended. These may include but are not limited to:

~~(a)~~(d) the acceptance/release of securities and guarantees;

~~(b)~~(e) the conversion of currencies;

~~(c)~~(f) the ability to cover liabilities in currencies other than their original currency.

Registration of Contracts

The Clearing House reserves the right, at its discretion, to amend the timing of registration as it deems necessary. In the event that registration is to be delayed the Clearing House will notify FCM Clearing Members as soon as practically possible.

New Address for Document Delivery

Following invocation of the business continuity plans the Clearing House will provide new address details for document delivery. Will arrange to have its mail forwarded to its office recovery site.

Permanent Change of Address

If an incident is so serious that the Clearing House is unable to reoccupy Aldgate House, FCM Clearing Members will be informed of the proposed new office location and contact numbers prior to occupation of the premises. This information will be communicated via the methods described in section 5.3.1.

FCM Clearing Members will be informed of the date when the new arrangements will take effect.

Return to Normal

When the Clearing House is able to resume a normal service a message will be disseminated using the methods described in section 5.3.1 above. Assuming that it has been possible to return to Aldgate House the following message will be broadcast.

“The Clearing House has returned to Aldgate House. Please revert to normal contact telephone numbers and procedures.”

If normal working is being resumed at a site other than Aldgate House FCM Clearing Members will already have been informed of the new office location and contact numbers see section 5.3.10 above. The following message will be broadcast.

“The Clearing House is resuming normal service at <insert location name>. Please use the new contact numbers previously supplied.”

Clearing House Data Centre

Failure of LCH’s Data Centre

If the Clearing House’s primary data centre fails during business hours, those Clearing House IT systems that are used by FCM Clearing Members will be temporarily unavailable while processing is transferred to the secondary data centre.

APPEAL PROCEDURES

5.6. APPEAL PROCEDURES

Introduction

These FCM Procedures describe how an FCM Clearing Member may appeal against a decision of the Clearing House (that is, LCH.Clearnet Limited).

It should be noted that no appeal may be lodged to the Clearing House in respect of any decision of any other member company of the LCH.Clearnet Group (including LCH.Clearnet SA).

Decisions In Respect Of Which An Appeal May Be Lodged

5.1.16.1.1 A Member may appeal against any of the following decisions made by the Clearing House:

- (a) a decision by the Clearing House to rescind that Member's eligibility to have contracts of a certain category registered in its name;
- (b) a decision by the Clearing House to terminate that Member's FCM Clearing Membership Agreement other than when such decision occurs in connection with the operation by the Clearing House of its Default Rules and Procedures.

- | 5.1.26.1.2 An undertaking which is not an FCM Clearing Member may appeal to an Appeal Committee against the decision made by the Clearing House declining to grant FCM Clearing Member status to that person.
- | 5.1.36.1.3 From time to time the Clearing House may amend the lists in this section 6.2 of decisions in respect of which appeals may be lodged.

Initiating An Appeal

- | 5.1.46.1.4 An appeal to an Appeal Committee under this Section 6 shall be commenced by sending a copy of the APPEAL FORM in the form set out in Appendix 6A of these FCM Procedures to the Company Secretary of LCH.Clearnet Limited ("the Company Secretary") at the registered office of the Clearing House.
- | 5.1.56.1.5 The APPEAL FORM must be fully completed in all material respects by the person lodging the appeal ("the appellant").
- | 5.1.66.1.6 The appellant must enclose with its APPEAL FORM payment of £500 which payment shall be returned if the appeal is subsequently upheld by the Appeal Committee or by the Appeal Tribunal.
- | 5.1.76.1.7 An appeal may only be commenced under these FCM Procedures within 28 days of the date upon which the decision to which it relates was notified to the appellant. The Chief Executive of the Clearing House has a discretion to waive this time limit if the appellant provides a satisfactory explanation for the delay and no prejudice would be caused to any person by proceeding with the appeal in the circumstances.
- | 5.1.86.1.8 The Company Secretary shall acknowledge receipt of the APPEAL FORM no later than 7 days after receipt.
- | 5.1.96.1.9 The Company Secretary may request further information or clarification relating to the subject matter or grounds of the appeal.

The First Tier Appeal

- | 5.1.106.1.10 No later than 28 days from receipt of any APPEAL FORM the Company Secretary shall:
 - (a) refer the appeal to an Appeal Committee comprising:
 - (i) the Chief Executive of LCH.Clearnet Limited or the Deputy Chief Executive; and
 - (ii) two directors of the Clearing House with relevant market experience, nominated by the Chairman of the Clearing House; and
 - (b) notify the appellant in writing of the identity of the persons constituting the Appeal Committee; and
 - (c) provide to the appellant copies of such documents and written representations as the Clearing House intends to place before the Appeal Committee for its consideration.

- 5.1.116.1.11 Following notification to the appellant in accordance with 6.4.1 above, the appellant shall then have a period of 14 days to submit to the Appeal Committee such written representations and other documentation for the consideration of the Appeal Committee. All representations and documentation shall be submitted in sufficient copies so that each member of the Appeal Committee shall have a copy each.
- 5.1.126.1.12 The Appeal Committee shall decide upon its own procedure for considering and determining the appeal which will normally be done without an oral hearing but on the basis of the written representations and documents submitted by the appellant and such other information and documentation as the Appeal Committee considers appropriate.
- 5.1.136.1.13 The Appeal Committee may request further or other documentation and information from the appellant.
- 5.1.146.1.14 No later than 21 days from the date upon which the appellant is notified of the composition of the Appeal Committee, or 21 days from the receipt by the Appeal Committee of any further or other documentation or pursuant to 6.4.4 above, whichever is the later, the Appeal Committee shall consider and determine the appeal before it.
- 5.1.156.1.15 An Appeal Committee constituted pursuant to this paragraph 6.4 shall promptly, and in any event, no later than 7 days after coming to its determination, give notice of its determination to an appellant in writing together with its reasons.

The Second Tier Appeal

- 5.1.166.1.16 If an appellant, having received notice of a determination of an appeal pursuant to paragraph 6.4.6 above, is not satisfied by such determination, it may appeal lodge a second tier appeal to an Appeal Tribunal.
- 5.1.176.1.17 A second tier appeal may be commenced under this paragraph 6.5 by the submission of a NOTICE OF FURTHER APPEAL in the form set out in Appendix 6B hereto to the Company Secretary at its registered office, setting out the reasons for the appeal. Such NOTICE OF FURTHER APPEAL must be received by the Company Secretary no later than 14 days from the date upon which the notice of determination of the Appeal Committee was given to the appellant.
- 5.1.186.1.18 An appeal under this paragraph 6.5 shall be heard by an Appeal Tribunal within 3 months of the Notice of Appeal being received by the Company Secretary, or such longer time as the Chairman of the Appeal Tribunal shall determine in order to provide a full and fair determination of the appeal.
- 5.1.196.1.19 An Appeal Tribunal constituted under this paragraph 6.5 shall consist of 2 persons ("Tribunal Members"), with relevant knowledge and experience in the industry of matters in issue in the appeal, and a legally qualified Chairman. The appellant and the Clearing House may each select a Tribunal Member from a list of no less than 4 persons appropriately qualified persons nominated by The Centre for Dispute Resolution (CEDR), London, and the Chairman shall be nominated by CEDR. In the event that either the Clearing House or an appellant fails to nominate such a Tribunal Member before a date 2 weeks prior to the date fixed by the Chairman for the hearing of the appeal, then the Chairman shall

nominate such Tribunal Member from the list referred to above. No person who served on the Appeal Committee which considered the appellant's first tier appeal shall be eligible to serve upon an Appeal Tribunal constituted in respect of that appellant's second tier appeal.

- | 5.4.206.1.20 _____ The Chairman of an Appeal Tribunal shall fix a date for the hearing of the appeal and shall give no less than 28 days notice in writing to the appellant and the Company Secretary of the time and place in London where such appeal shall be heard.
- | 5.4.216.1.21 _____ The appellant shall provide the Appeal Tribunal, with a copy to the Company Secretary, no less than 14 days before the date fixed for the hearing of the appeal, with written submissions setting out such representations as it wishes to put forward in support of its appeal, together with copies of all documentation and other material upon which it wishes to rely.
- | 5.4.226.1.22 _____ The Clearing House will submit written submissions, documentation and information with regard to the matters and issues relevant to the decision which is the subject of the appeal and provide a copy thereof to the appellant.
- | 5.4.236.1.23 _____ An Appeal Tribunal may invite any person (including the Clearing House) to provide written information or written opinion with regard to any matter which forms the subject matter of an appeal.
- | 5.4.246.1.24 _____ An Appeal Tribunal shall determine its own procedure for the hearing of an appeal and shall not be bound by the rules of evidence. It may adjourn a hearing to another date or dates if it so wishes. If prior to or at such hearing an appellant notifies the Appeal Tribunal that it wishes to make oral submissions an opportunity shall be given to the appellant to do so. A representative of the appellant (and the appellant himself, if the appellant is an individual) and a representative of the Clearing House may attend the hearing and the Appeal Tribunal may in its discretion invite further or other persons to attend the hearing.
- | 5.4.256.1.25 _____ At the hearing an appellant may conduct its case itself through an employee, officer or other agent, or be represented by legal counsel PROVIDED that if in any particular case an Appeal Tribunal is satisfied that there is good and sufficient reasons for doing so, it may refuse to permit a particular individual to represent an appellant at the hearing.
- | 5.4.266.1.26 _____ Neither the Clearing House nor an appellant shall have the right to call any witness or cross examine any person who shall have provided any information to an Appeal Tribunal, PROVIDED that an Appeal Tribunal may permit any such cross examination on such terms as it may determine, if it decides that it is appropriate in the particular circumstances of that appeal so to do.
- | 5.4.276.1.27 _____ An Appeal Tribunal may have regard to such further or other documents and information and matters as it considers fair and reasonable in the circumstances.
- | 5.4.286.1.28 _____ Where in this paragraph 6.5 any time is giving for the doing of anything, the Chairman of the Tribunal shall have a discretion to extend such time if he determines that it is fair and reasonable in the circumstances so to do.

- | ~~5.1.296.1.29~~ 5.1.306.1.30 In considering an appeal, an Appeal Tribunal shall act fairly and impartially and shall take into consideration, inter alia, the following:
- (a) the FCM Regulations, other specific Regulations, Default Rules and Procedures of the Clearing House; and
 - (b) the Notice of Further Appeal; and
 - (c) all documentation and information placed before it by an appellant or by the Clearing House; and
 - (d) the role and concomitant obligations of the Clearing House (“LCH.Clearnet Limited”) as a recognised clearing house under the Financial Services and Markets Act 2000.
- | ~~5.1.316.1.31~~ 5.1.326.1.32 An Appeal Tribunal may in its absolute discretion decline to entertain an appeal and shall dismiss such appeal where it considers the appeal to be frivolous or vexatious.
- | ~~5.1.346.1.31~~ 5.1.356.1.31 An appellant shall pay its own costs and expenses in relation to an appeal. The Clearing House shall meet its own costs, those of the Tribunal Members and those related to the hearing other than costs and expenses incurred by the appellant.
- | ~~5.1.326.1.32~~ 5.1.336.1.32 An Appeal Tribunal shall determine an appeal by majority vote although the voting of an Appeal Tribunal shall remain confidential and the result shall be presented as a unanimous view by that Appeal Tribunal. An Appeal Tribunal may:
- (a) dismiss the appeal; or
 - (b) uphold the appeal.

5.1.336.1.33 An Appeal Tribunal shall deliver a written statement of its decision together its reasons to an appellant and the Clearing House within 28 days of the date of the hearing. Except in so far as an Appeal Tribunal may direct, information about proceedings before the Appeal Tribunal and the names of persons concerned in the proceedings shall not be made public.

5.1.346.1.34 In the event that an Appeal Tribunal determines to uphold the appeal then the Clearing House shall within 28 days of the receipt of the written decision, re-view and re-consider the decision upon which the appeal was based in the light of the conclusions of the Appeal Tribunal. The Clearing House agrees to be guided in reviewing its decision by the conclusions of the Appeal Tribunal.

Requests For Review

5.1.356.1.35 A Member who is aggrieved by any action taken by the Clearing House or decision of the Clearing House (other than any decision set out in 6.2 above or any decision taken under Regulation 13 in or under or in connection with the Clearing House's powers under the Default Rules and Procedures) may, no later than 14 days after the date of the decision or action, request a review of such action or decision by the Chief Executive of the Clearing House.

5.1.366.1.36 A Request for Review under this 6.6 shall be made in writing, addressed to the Chief Executive of the Clearing House at the registered office and shall set out details of the relevant decision or action, the reasons why the Member is aggrieved and details of such reasonable remedial or other action or monetary payment as that Member requests to be carried out in the circumstances.

5.1.376.1.37 The Chief Executive shall consider the Member's Request for Review and such further or other documents and information as he considers reasonably relevant and shall notify the Member in writing of the outcome of his review within a period of 28 days from receipt by him of the Request for Review. Where it is not possible to complete such review within such period of 28 days, the Chief Executive shall notify the Member accordingly and nominate a further period for the review, such period not to be longer than 3 months from the date of such notification to the Member.

Market Disorders Etc And Default

For the avoidance of doubt, the Clearing House shall be under no obligation to consider any Request for Review under 6.6 above or otherwise, or comply with the provisions of this Section 6, and no appeal or Request for Review may be lodged under this Section 11 or otherwise, in respect of any decision or action taken by the Clearing House under the provisions of Regulation 13 or in respect of any decision, action or other matter arising out of or connected to the operation of the Default Rules and Default Procedures and the Clearing House's powers thereunder.

**APPENDIX 6A
APPEAL FORM**

The Clearing House Appeal Procedures

Full Name of firm/company etc lodging the appeal ("the appellant"):	
Registered office address:	
Contact address and telephone number and email (if different from the above):	
Contact name:	
Position:	
Description of decision appealed against (see Section 6.2 of the Clearing House Procedures):	
Date decision notified to appellant:	
Set out here the grounds for appeal (if there is not enough space, please use additional sheets and staple to this form)	
What action or remedy are you seeking?	

Pursuant to Section 6.3 of the Clearing House Procedures, we request that this appeal against the above mentioned decision of the Clearing House be referred to an Appeal Committee.

.....
Signed for and on behalf of the appellant

.....
(print name)

Notes:

Please enclose a cheque payable to LCH.Cleernet Limited drawn on a UK branch, in the sum of £500 sterling. If your appeal is successful this sum will be refunded to you.

If there are any written representations, any documentation or further material which you would like the Appeal Committee to consider when determining your appeal, you may send it with this Appeal Form if you wish. Alternatively you may send it in later. However, please note that the Procedures put a time limit on the submission of such material. See Section 6.4.2 of the Clearing House Procedures.

For any inquiries or further information please contact the Company Secretary, LCH.Clearnet Limited on +44 (0)20 7426 7000.

**APPENDIX 6B
NOTICE OF FURTHER APPEAL**

The Clearing House Appeal Procedures

Note: This form should only be used if you have had a determination of an Appeal Committee and you are now commencing a Second Tier Appeal under Section 6.5 of the Clearing House Procedures.

Full Name of firm/company etc lodging the appeal ("the appellant"):	
Registered office address:	
Contact address and telephone number and email (if different from the above):	
Contact name:	
Position:	
Details of determination of Appeal Committee appealed against (see Section 6.5 of the Clearing House Procedures): Please attach a copy of the Determination	
Date of determination of the Appeal Committee:	
Set out here the grounds for appeal (if there is not enough space, please use additional sheets and staple to this form)	
What action or remedy are you seeking?	

Pursuant to Section 6.5 of the Clearing House Procedures, we request that an Appeal Tribunal be constituted to determine this appeal against the above mentioned determination of the Appeal Committee.

.....
Signed for and on behalf of the appellant

.....
(print name)

Notes:

If there are any written representations, any documentation or further material which you would like the Appeal Tribunal to consider when determining your appeal, you may send it

with this Notice of Further Appeal Form you wish. Alternatively you may send it in later. However, please note that the Procedures put a time limit on the submission of such material. See Section 6.5.6 of the Clearing House Procedures.

For any inquiries or further information please contact the Company Secretary, LCH.Clearnet Limited on +44 (0)20 7426 7000.

COMPLAINTS

6.7. COMPLAINTS

Introduction

6.4.17.1.1 These FCM Procedures describe how a person (“the Complainant”) who:

- (a) has a complaint about the conduct or behaviour or other actions of an FCM Clearing Member with regard to that FCM Clearing Member’s clearing activities with LCH; or
- (b) has a complaint arising in connection with the performance of, or failure to perform, any of the Clearing House’s regulatory functions;
- (c) may make a formal complaint, and how that complaint will be investigated and resolved.

How To Make A Complaint

6.4.27.1.2 A complaint with regard to the conduct or behaviour or other actions of an FCM Clearing Member in that FCM Clearing Member’s clearing activities conducted through the Clearing House or a complaint regarding the performance of the Clearing House or its failure to perform any of its regulatory functions:

- (a) must be made in writing, dated and addressed to the Company Secretary LCH.Clearnet Limited at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, U.K.;
- (b) should set out, as far as possible, details of the conduct, behaviour or other actions complained of, date/s and place/s it occurred, names of person involved, outcome sought, and any other relevant details;
- (c) must be made no later than 3 months after the conduct, behaviour or other actions complained of, or, if the conduct, behaviour or other actions complained of consists of a series of events, no later than 3 months after the end of the last such event;
- (d) must contain the full name and address of the complainant and, wherever possible details of a contact telephone number and email address.

6.1.37.1.3 In submitting a complaint in accordance with these FCM Procedures the Complainant may submit such further and other documentation and material which he/she believes may be relevant.

6.1.47.1.4 Upon receipt of a written complaint pursuant to these FCM Procedures, the Company Secretary shall acknowledge in writing to the address shown in the letter of complaint, receipt of the complaint. Such acknowledgment shall be made within 14 days of receipt of the letter of complaint. After receipt of a complaint in accordance with the procedure set out in this section, the Clearing House shall conduct an internal investigation and review of such complaint in accordance with the procedures set out in section 7.3 below.

Internal Investigation And Review By The Clearing House

6.1.57.1.5 No later than 14 days from receipt of a complaint of the type referred to in section 7.1.1 or 7.1.2 above, the Company Secretary shall refer the complaint, together with any supporting material provided by the Complainant, to an Investigation Committee.

6.1.67.1.6 An Investigation Committee shall consist of any 3 of the following persons:

- (a) the Deputy Chief Executive of LCH.Clearnet Limited;
- (b) the Managing Director, Operations;
- (c) the Managing Director, Finance;
- (d) the Managing Director, Business Development;
- (e) any person holding the position of Director at the Clearing House.

providing always that an Investigation Committee shall have at least one Managing Director or the Deputy Chief Executive among its number.

6.1.77.1.7 The Investigation Committee established pursuant to this Section 7 shall conduct an investigation into the subject matter of the complaint and shall deliver its report to the Complainant and to the Chief Executive of LCH.Clearnet Limited within a period of 12 weeks from the referral to it of the complaint. The committee may make such recommendations as it deems fit for resolving the subject matter of the complaint. The committee may, if it so decides, make no recommendations if it considers such course of action to be appropriate in the circumstances. The report shall contain reasons for the committee's decision.

6.1.87.1.8 The costs of the internal investigation and review shall be borne by LCH.

6.1.97.1.9 Where the Company Secretary receives a written complaint which is not a complaint regarding the conduct, behaviour or other actions of an FCM Clearing Member in respect of its clearing activities with the Clearing House or is not a complaint arising in connection with the performance of, or failure to perform, any of the Clearing House's regulatory functions but is nevertheless a complaint regarding an FCM Clearing Member or regarding the conduct, behaviour or actions of an officer or employee or other staff member of the Clearing House, then such complaint shall be referred to the Chief Executive of LCH.Clearnet Limited to be dealt with in accordance with the REQUESTS FOR REVIEW

procedure set out in Section 6.6 (Appeals Procedures) of these FCM Procedures.

Referral To An Independent Investigator

- ~~6.4.10~~7.1.10 In the event that the Complainant is dissatisfied with the outcome of the Internal Investigation and Review procedure set out in section 7.3 above, or in the event that the Complainant does not receive the report of the Investigation Committee within 14 weeks of the submission of a complaint of the kind described in section 7.1.1 and 7.1.2 above, (and providing that the subject matter of the complaint (or substantially the same matters) shall not have already been referred to an independent investigator as a result of a complaint from that same Complainant) the Complainant may ask for the complaint to be referred to an Independent Investigator nominated in accordance with the procedure set out in section 7.5 below.
- ~~6.4.11~~7.1.11 A request for referral to an Independent Investigator shall be made in writing to the Company Secretary and shall be made no later than 2 weeks following notification to the Complainant of the report of the Investigation Committee or 16 weeks from the submission of the original complaint to the Clearing House in accordance with section 7.2.
- ~~6.4.12~~7.1.12 Within 14 days of receipt of a written request, in accordance with section 7.4.2 above, the Company Secretary shall refer the complaint to an Independent Investigator.
- ~~6.4.13~~7.1.13 An Independent Investigator shall be nominated for this purpose by The Centre for Dispute Resolution (CEDR), London. Such investigator shall be a person:
- (a) independent of LCH.Clearnet Limited (for these purposes “independent” shall mean that such person is not and has not been an officer, director or employee of LCH.Clearnet Limited); and
 - (b) with appropriate knowledge of how clearing is carried out by the Clearing House and of the Regulations (including the Procedures), and other relevant documentation, regulation and applicable law;
 - (c) with appropriate experience of the market activities in respect of which the complaint is focused.

6.1.147.1.14 The Clearing House shall be responsible for the payment of the fees and expenses of the Independent Investigator although this shall not give rise to any employment or other relationship between the Independent Investigator and the Clearing House, and shall not give rise to any duty between the Independent Investigator and the Clearing House other than that the Independent Investigator shall act as an independent complaints investigator in accordance with the terms of these FCM Procedures.

6.1.157.1.15 In the event, that for reasons beyond the reasonable control of the Clearing House, referral to an Independent Investigator is not made within the 2 week day period referred to in 7.4.3 above, then the Company Secretary shall notify the complainant in writing of the reasons for the delay.

Procedure For Dealing With The Complaint

6.1.167.1.16 Upon appointment, an Independent Investigator nominated in accordance with these FCM Procedures, shall forthwith notify the Complainant and the Clearing House in writing of his appointment and shall invite the Complainant and the Clearing House to make such submissions and submit such documentation as each may wish within such timescale as the Independent Investigator may determine.

6.1.177.1.17 The Independent Investigator shall determine his own procedure for considering the complaint referred to him, shall be guided by the requirements of fairness and, and may do, inter alia, any one or more of the following:

- (a) interview the Complainant;
- (b) interview a representative of the Clearing House;
- (c) seek further or other information from the Clearing House and/or the Complainant;
- (d) make such further or other reasonable inquiries as he/she deems fit in order properly and fully to investigate the Complaint.

Outcomes

6.1.187.1.18 The Independent Investigator shall, wherever reasonably possible, conclude his investigation of a complaint referred to him under these FCM Procedures, within a period of 2 months from the date of his nomination. Where it is not reasonably possible so to do on account of the nature or complexity of the matter referred to him or other good reason, then he shall notify the Complainant and the Clearing House in writing of this fact and provide a further date for the completion of the investigation.

6.1.197.1.19 The Independent Investigator shall, at the end of his investigation produce a written report setting out his findings, conclusions, and reasons for his conclusions. Such report shall be provided both to the Complainant and to the Clearing House but it shall not be made public unless the complaint is upheld in whole or in part and the Complainant so requests. In the event of such request, the report shall be made public by being published on the LCH.Clearnet Limited public website. Where only part of the complaint is upheld, then only that part of the report relating to that part of the complaint shall be so published.

6.1.207.1.20 In his written report the Independent Investigator may:

- (a) dismiss the complaint; or
- (b) uphold the complaint in its totality; or
- (c) uphold part of the complaint and dismiss part of the complaint;
- (d) make such recommendations as he/she deems fit in the circumstances including a recommendation that the Clearing House make a compensatory payment and/or takes such action as may be reasonably practicable to remedy the cause of the complaint.

Exhibit A
LCH.CLEARNET Certification to CFTC

See Attached.



AMENDED RULES SELF CERTIFICATION

LCH.Clearnet Limited ("LCH") hereby certifies to the Commodity Futures Trading Commission ("CFTC"), pursuant to the procedures set forth in the Commission Regulations 40.6, that the following:

- Amendments to the rules in LCH.Clearnet's Clearing House Procedures and FCM Procedures, concerning the introduction of a Collateral Management system, providing a secure means of electronic communication for collateral instructions, comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Signed as of February 9, 2012

By: _____

Lisa Rosen
P.P.

Name: Lisa Rosen

Title: Group Head of Compliance and Public Affairs

LCH.Clearnet Limited