

Via CFTC Portal

2nd March 2016

Mrs. Parisa Abadi

Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Mrs. Abadi,

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet SA (“**LCH.Clearnet**”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “**CFTC**”), is submitting for self-certification some amendments to the CDS Clearing Rules (the “**Rules**”) mainly related to the implementation of the Gross Omnibus Segregated Account Structure (“**Gross OSA**”).

The submission changes made to the Rules are attached hereto as appendices.

Part I: Explanation and Analysis

The Rules have been amended to:

- (i) extend the client account structures offering for non-FCM clearing members by implementing the Gross OSA;
- (ii) implement the multi-branch trade management features to client of clearing members;
- (iii) replace the term of “Approved Matching Provider” by “Approved Trade Source System”;
- (iv) provide for the possibility for LCH.Clearnet to exclude a clearing member from the mandatory competitive bidding process in the context of the default management process;
and
- (v) clarify some provisions, where appropriate.

Implementation of the Gross OSA

The main principle of the Gross OSA is that margin requirements are calculated gross for the clients within the account structure, with a single collateral pool supporting the sum of these margin requirements.

The CDS Clearing Rule Book has been amended to provide for a new set of definitions dedicated to the Gross OSA; consequently, the current existing omnibus account structure for which margin requirements are calculated net, has been renamed “CCM Net Omnibus Segregated Account Structure”.

The CDS Clearing Rule Book and the Procedures have been also mainly amended to:

- take into account the changes required to be made to the collateral management for a Gross OSA;
- describe the Gross OSA;
- provide for the business-as-usual transfer of a Gross OSA and the transfer and liquidation of a Gross OSA in the context of the default management process.

Implementation of the multi-branch trade management

LCH.Clearnet will also implement the “multi-branch” trade management features, for Clients only. Multi-branch trade management will allow any client that is a single legal entity operating through multiple branches to submit bilateral trades and manage their cleared trades at branch level. There will be no impact on the registration of those cleared trades which will continue to be registered in a single trade account opened in respect of such legal entity or on the calculation of the margin requirements.

Replacement of “Approved Matching Provider” by “Approved Trade Source System”

LCH.Clearnet is able to receive trade details directly from execution venues (and not only from middleware providers). Therefore the defined term of “Approved Matching Provider” is no longer appropriate and is replaced by a term with a broader meaning: “Approved Trade Source System”.

Exclusion of clearing members from the mandatory competitive bidding process

LCH.Clearnet will be entitled to decide on a non-discriminatory basis that a non-defaulting clearing member will not be required to participate in competitive bidding.

Other minor amendments

LCH.Clearnet has also taken the opportunity to make some minor changes for consistency purposes, including, *inter alia*, the following:

- amendments to take into account the connection to a platform of MarkitServ allowing LCH.Clearnet to receive novated trades and therefore requiring LCH.Clearnet to remove the existing intraday trades in the Trade Information Warehouse (“TIW”);
- the wording of Clause 5.4.1 and Clause 8 of Appendix 1 of the CDS Clearing Rule Book has been slightly amended for clarification purpose;
- certain definitions in the CDS Clearing Rule Book have been clarified (e.g. “Clearing Day”, “iTraxx Indices” and “Index Sponsor”);
- insertion of the definition of “Reference Entity” that was missing;
- the wording describing the cash payments in Section 3 of the Procedures has been clarified;
- the means of access (eCCW and LCAP) have been removed from the CDS Clearing Supplement as they are provided for in a dedicated Clearing Notice.

Part II: Description of Rule Changes

Implementation of the Gross OSA

The following Rules have been amended:

- CDS Clearing Rule Book : Sections 1.1.1, 1.3.1, 2.4.2, 3.1.9, Chapters 1, 2 and 3 of Title IV, Chapters 2 and 3 of Title V, Clauses 4 and 8 of Appendix 1
- Section 2 of the Procedures: paragraphs 2.3 (b) and (c)
- Section 3 of the Procedures: paragraphs 3.2, 3.3, 3.7 and 3.9
- Section 5 of the Procedures: paragraphs 5.6, 5.16 (a) (ii) (A) and Appendices

Implementation of the multi-branch trade management

The following Rules have been amended:

- CDS Clearing Rule Book : Section 1.1.1
- Section 5 of the Procedures: paragraphs 5.3 (f), 5.5 (b) and 5.8(a))

Replacement of “Approved Matching Provider” by “Approved Trade Source System”

The following Rules have been amended:

- CDS Clearing Rule Book : Section 1.1.1, Article 1.2.10.3, 1.2.12.2, 2.2.6.7, 3.1.2.2, Section 3.1.4, 3.1.6, Articles 3.1.10.7 and 4.3.1.3
- CDS Clearing Supplement: Sections 1.2 of Parts A and B
- Section 4 of the Procedures: paragraph 4.1 (c) (iii)
- Section 5 of the Procedures: paragraphs 5.1 (a), 5.2 (c), 5.3 (d), (e), 5.4 (b), 5.9 and 5.13
- Clearing Notice regarding the Approved Matching Providers

Exclusion of clearing members from the mandatory competitive bidding process

The CDS Clearing Rule Book (clause 5.4.1 of Appendix 1) has been amended.

Other minor amendments

The following Rules have been amended:

- CDS Clearing Rule Book : Section 1.1.1, articles 2.2.0.1, 2.2.1.1(xx), 3.1.10.1, 3.1.10.2, 4.2.6.6, 5.1.1.1, 5.1.2.1, Section 6.3.4 and Clauses 5.4.1 and 8 of Appendix 1
- CDS Clearing Supplement: Sections 2.1 (c) of Parts A and B and Section 9.2 of Part B
- Section 2 of the Procedures: paragraphs 2.2 (c), 2.5 (a) (i) and (b), 2.12 and 2.13
- Section 3 of the Procedures: paragraph 3.18
- Section 5 of the Procedures: paragraphs 5.2, 5.5 (a), 5.16 (c) (iv), 5.18.1, 5.18.2 (b) and 5.18.5

Part III: Core Principle Compliance

LCH.Clearnet will continue to comply with all Core Principles following the introduction of this change and has concluded that its compliance with the Core Principles would not be adversely affected by this change.

Part IV: Public Information

LCH.Clearnet has posted a notice of pending certifications with the CFTC and a copy of the submission on LCH.Clearnet’s website at:

<http://www.lchclearnet.com/rules-regulations/proposed-rules-changes>

Part V: Opposing Views

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

Certification

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

Should you have any questions please contact me at: françois.faure@lchclearnet.com.



Francois Faure
Chief Compliance Officer
+33 1 70 37 65 96

APPENDICES

CDS Clear

LCH.Clearnet SA
CDS Clearing Rule Book
8 June 2016



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TITLE I
GENERAL PROVISIONS
&
LEGAL FRAMEWORK

DRAFT

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[Not amended]

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CHAPTER 1 - DEFINITIONS AND INTERPRETATION

Section 1.1.1 Terms defined in the CDS Clearing Rule Book

For the purposes of the CDS Clearing Documentation, the following capitalised terms shall, unless otherwise specified, have the respective meanings set out below:

Account Structure: The House Account Structure and the Client Account Structure(s) of a CCM and an FCM Clearing Member, respectively.

~~**AMP Participant:** A Clearing Member or a Client that is a direct participant in an Approved Matching Provider.~~

Approved Matching Provider (AMP): Trade Source System: An entity as specified in a Clearing Notice and with whom:

- (i) LCH.Clearnet SA has entered into an agreement regarding the submission of Original Transactions by AMPATSS Participants for registration and clearing by LCH.Clearnet SA; and
- (ii) AMPATSS Participants have entered into a participant agreement ~~in respect~~ allowing such entity to deliver Original Transactions details to LCH.Clearnet SA on behalf of matching and confirming the terms of CDS and designating such CDS relevant ATSS Participant for the purpose of clearing such Original Transactions by LCH.Clearnet SA.

~~**ATSS Participant:** A Clearing Member or a Client that is a direct participant in an Approved Trade Source System.~~

CCM Allocated Client Collateral Buffer: The portion of the CCM Client Collateral Buffer which, at the relevant time, is allocated to a CCM Client ~~Margin-Account~~ Structure in accordance with Article 4.2.2.4 and Section 2 of the Procedures.

CCM Available Client Collateral Buffer: The portion of the CCM Client Collateral Buffer which, at the relevant time, is not allocated to any CCM Client ~~Margin-Account~~ Structure.

CCM Client: A CCM Individual Segregated Account Client, a CCM Net Omnibus Segregated Account Client or a CCM Gross Omnibus Segregated Account Client.

CCM Client Account Structure: A CCM Individual Segregated Account Structure, a CCM Net Omnibus Segregated Account Structure or a CCM Gross Omnibus Segregated Account Structure, as the case may be.

CCM Client Collateral Account: With respect to each CCM, an account opened in the books of LCH.Clearnet SA in relation to a CCM Client Account Structure to record the Collateral provided by a CCM for the purpose of satisfying the CCM Client Margin Requirement(s) for such CCM Client Account Structure and allowing the novation of Client Trade Legs of Eligible Intraday Transactions.

CCM Client Collateral Buffer: The aggregate value of Collateral transferred by a CCM to LCH.Clearnet SA and recorded in such CCM's Buffer Collateral Account for the purpose of:

- (i) allocating Collateral to a CCM Client ~~Margin-Account~~ Structure in accordance with Article 4.2.2.4 and Section 2 of the Procedures to satisfy a positive Intraday Novation Margin

Requirement for Eligible Intraday Transactions comprising one or more Client Trade Leg(s);

- (i) covering the CCM's House Cleared Transactions subsequent to an Event of Default occurring in respect of such CCM in accordance with Article 4.3.3.1; or
- (ii) covering the CCM's House Cleared Transactions subsequent to an LCH Default in accordance with Article 1.3.1.6.

CCM Client Excess Collateral: With respect to ~~a CCM~~:

- (i) a CCM Net Omnibus Segregated Client Margin Account or a CCM Individual Segregated Client Margin Account, the amount by which the Margin Balance exceeds the relevant CCM Client Margin Requirement; and
- (ii) all the CCM Gross Omnibus Multi Sub-Account Client Margin Account(s) and CCM Gross Omnibus Single Sub-Account Client Margin Account(s) of a single CCM Gross Omnibus Segregated Account Structure, the amount by which the Margin Balance exceeds the total value of the CCM Client Margin Requirements associated to such CCM Gross Omnibus Segregated Account Structure.

CCM Client Margin Account: A CCM Individual Segregated Client Margin Account, a CCM ~~Omnibus Segregated~~ Net Omnibus Segregated Client Margin Account, a CCM Gross Omnibus Single Sub-Account Client Margin Account, CCM Gross Omnibus Multi Sub-Account Client Margin Account or a CCM Indirect Client Segregated Margin Account, as the case may be.

CCM Client Margin Shortfall: With respect to ~~a CCM~~:

- (i) a CCM Net Omnibus Segregated Client Margin Account or a CCM Individual Segregated Client Margin Account of a CCM, the amount by which the CCM Client Margin Requirement for such CCM Client Margin Account exceeds the CCM Margin Balance of the associated CCM Client Collateral Account, if any; and
- (ii) a CCM Gross Omnibus Segregated Account Structure of a CCM, the amount by which the CCM Client Margin Requirements for all the CCM Client Margin Accounts of such CCM Gross Omnibus Segregated Account Structure exceeds the CCM Margin Balance of the CCM Client Collateral Account associated to such CCM Gross Omnibus Segregated Account Structure, if any.

CCM Direct Client Segregated Account Structure: With respect to a CCM Individual Segregated Account Structure opened ~~for~~ by LCH.Clearent SA in the name of a CCM for the benefit of a CCM Individual Segregated Account Client, the sub-account structure consisting of:

- (i) a CCM Client Trade Account;
- (i) a CCM Individual Segregated Client Margin Account; and
- (ii) a CCM Client Collateral Account,

for the purpose of registering Client Cleared Transactions which are not designated as being entered into in relation to the clearing services provided by such CCM Individual Segregated Account Client to its CCM Indirect Clients.

CCM Gross Omnibus Client Set: All the CCM Gross Omnibus Segregated Account Clients belonging to the same CCM Gross Omnibus Segregated Account Structure.

CCM Gross Omnibus Multi Sub-Account Client: A client of a CCM to which the CCM provides CDS Client Clearing Services and which has opted for a CCM Gross Omnibus Multi Sub-Account Structure.

CCM Gross Omnibus Multi Sub-Account Client Margin Account: An account opened by LCH.Clearnet SA in the name of a CCM for the benefit of a CCM Gross Omnibus Multi Sub-Account Client Set in the CDS Clearing System for risk management purposes, in which the Cleared Transactions of such CCM Gross Omnibus Multi Sub-Account Client Set are netted and corresponding Open Positions are registered, and such CCM Gross Omnibus Multi Sub-Account Client Set related positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such CCM (if so applicable pursuant to Section 3.1.7) are recorded, in order to calculate the CCM Client Margin Requirement and Client Variation Margin Requirement of the relevant CCM in respect of such CCM Gross Omnibus Multi Sub-Account Client Set.

CCM Gross Omnibus Multi Sub-Account Client Set: All the CCM Gross Omnibus Multi Sub-Account Clients belonging to the same CCM Gross Omnibus Multi Sub-Account Structure.

CCM Gross Omnibus Multi Sub-Account Structure: With respect to a CCM Gross Omnibus Segregated Account Structure, the sub-account structure consisting of:

- (i) a CCM Client Trade Account *per* CCM Gross Omnibus Multi Sub-Account Client belonging to such CCM Gross Omnibus Multi Sub-Account Structure ;
- (ii) a single CCM Gross Omnibus Multi Sub-Account Client Margin Account opened for the benefit of the relevant CCM Gross Omnibus Multi Sub-Account Client Set; and
- (iii) a single CCM Client Collateral Account opened for the benefit of that CCM Gross Omnibus Client Set.

CCM Gross Omnibus Segregated Account Client: A CCM Gross Omnibus Multi Sub-Account Client or a CCM Gross Omnibus Single Sub-Account Client, as the case may be.

CCM Gross Omnibus Segregated Account Structure: With respect to a CCM, the Account Structure consisting of one or more CCM Gross Omnibus Multi Sub-Account Structure(s) and/or one or more CCM Gross Omnibus Single Sub-Account Structure(s) as linked together for that CCM Client Account Structure in accordance with TITLE V, CHAPTER 2.

CCM Gross Omnibus Single Sub-Account Client: A client of a CCM to which the CCM provides CDS Client Clearing Services and which has opted for a CCM Gross Omnibus Single Sub-Account Structure.

CCM Gross Omnibus Single Sub-Account Client Margin Account: An account opened by LCH.Clearnet SA in the name of a CCM for the benefit of a CCM Gross Omnibus Single Sub-Account Client in the CDS Clearing System for risk management purposes, in which the Cleared Transactions of the relevant CCM Gross Omnibus Single Sub-Account Client are netted and corresponding Open Positions are registered, and any CCM Gross Omnibus Single Sub-Account Client related positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such CCM (if so applicable

pursuant to Section 3.1.7) are recorded, in order to calculate the CCM Client Margin Requirement and Client Variation Margin Requirement of the relevant CCM in respect of such CCM Gross Omnibus Single Sub-Account Client.

CCM Gross Omnibus Single Sub-Account Structure: With respect to a CCM Gross Omnibus Segregated Account Structure, the sub-account structure consisting of:

- (i) a CCM Client Trade Account per CCM Gross Omnibus Single Sub-Account Client;
- (ii) a CCM Gross Omnibus Single Sub-Account Client Margin Account per CCM Gross Omnibus Single Sub-Account Client; and
- (iii) a single CCM Client Collateral Account opened for the benefit of the relevant CCM Gross Omnibus Client Set.

CCM Gross Omnibus Sub-Account Structure: A CCM Gross Omnibus Multi Sub-Account Structure or a CCM Gross Omnibus Single Sub-Account Structure, as the case may be.

CCM Gross Omnibus Sub-Account Balance: In relation to each of the CCM Gross Omnibus Sub-Account Structure of a CCM Gross Omnibus Segregated Account Structure, the *pro rata* share (“**PRS**”) of the most recent value of the Client Assets recorded in the relevant CCM Client Collateral Account as determined by LCH.Clearnet SA in accordance with Section 3 of the Procedures, which is attributable to the CCM Client Margin Account of such CCM Gross Omnibus Sub-Account Structure and which is determined on the basis of the following formula:

$$PRS = \frac{A}{B}$$

Where:

A is the last CCM Client Margin Requirement calculated and satisfied for the CCM Client Margin Account of that CCM Gross Omnibus Sub-Account Structure; and

B is the sum of all the last CCM Client Margin Requirements calculated and satisfied for all the CCM Client Margin Accounts associated to the relevant CCM Gross Omnibus Segregated Account Structure.

CCM Indirect Client Segregated Account Structure: With respect to a CCM Individual Segregated Account Structure opened ~~for~~by LCH.Clearnet SA in the name of a CCM for the benefit a CCM Individual Segregated Account Client, the sub-account structure consisting of:

- (i) a CCM Client Trade Account;
- (i) a CCM Indirect Client Segregated Margin Account; and
- (ii) a CCM Client Collateral Account,

for the purpose of registering Client Cleared Transactions which are designated as entered into in relation to the clearing services provided by such CCM Individual Segregated Account Client to its CCM Indirect Clients.

CCM Margin Balance: With respect to:

- (i) the CCM House Margin Account of a CCM, the aggregate value of Collateral transferred to LCH.Clearnet SA recorded in such CCM’s CCM House Collateral Account; ~~and~~

(ii) ~~a CCM a CCM Net Omnibus Segregated Client Margin Account or a CCM Individual Segregated~~ Client Margin Account of a CCM, the aggregate value of Collateral transferred to LCH.Clearnet SA recorded in the CCM Client Collateral Account attached to ~~such CCM~~the relevant Client Margin Account; ~~and~~

(iii) ~~CCM~~all the CCM Gross Omnibus Multi Sub-Account Client Margin Account(s) and CCM Gross Omnibus Single Sub-Account Client Margin Account(s) of a single CCM Gross Omnibus Segregated Account Structure, the aggregate value of the Collateral transferred to LCH.Clearnet SA recorded in the CCM Client Collateral Account associated to such CCM Gross Omnibus Segregated Account Structure.

CCM Net Omnibus Client Set: All the CCM Net Omnibus Segregated Account Clients belonging to the same CCM Net Omnibus Segregated Account Structure.

CCM Net Omnibus Segregated Account Client: A client of a CCM ~~(including, for the avoidance of doubt, an Affiliate)~~ to which the CCM provides CDS Client Clearing Services and which has opted for a CCM Net Omnibus Segregated Account Structure.

CCM Net Omnibus Segregated Account Structure: With respect to a CCM, the Account Structure consisting of:

(i) a CCM Client Trade Account *per* CCM Net Omnibus Segregated Account Client belonging to such CCM Net Omnibus Segregated Account Structure;

(ii) ~~a CCM Omnibus Segregated Client Margin Account for a number of single~~ CCM Net Omnibus Segregated Client Margin Account opened for the benefit of the relevant CCM Net Omnibus Client Set; and

(iii) a single CCM Client Collateral Account ~~attached to such~~opened for the benefit of that CCM Net Omnibus Segregated Client Margin Account Set.

CCM Net Omnibus Segregated Client Margin Account: An account opened by LCH.Clearnet SA in the name of a CCM for the benefit of a ~~number of~~ CCM Net Omnibus ~~Segregated Account Clients~~Client Set in the CDS Clearing System for risk management purposes, in which the Cleared Transactions of ~~all such CCM Net Omnibus Segregated Account Clients~~Client Set are netted and corresponding Open Positions are registered, and such CCM Net Omnibus ~~Segregated Account Clients~~Client Set related positions corresponding to Eligible Intraday Transactions and Irrevocable Backloading Transactions pre-registered in the Account Structure of such CCM (if so applicable pursuant to Section 3.1.7) are recorded, in order to calculate the CCM Client Margin Requirement and Client Variation Margin Requirement of the relevant CCM in respect of such CCM Net Omnibus Client Set.

CCM Omnibus Segregated Account Client: A CCM Gross Omnibus Segregated Account Client or a CCM Net Omnibus Segregated Account Client, as the case may be.

CCM Required Collateral Amount: For each CCM, the sum of:

- (i) the CCM House Margin Shortfall;
- (ii) the CCM House Excess Collateral Shortfall;
- (iii) the CCM Client ~~Buffer~~ Collateral Buffer Shortfall; and
- (iv) the Total Client Margin Shortfall.

Clearing Day: Any day that is ~~not: (i) a holiday~~Business Day; and (ii) a day on which commercial banks in either the TARGET2 or the London calendars are open for business.

Client Assets: Any Collateral transferred to LCH.Clearnet SA by a Clearing Member in respect of Client Cleared Transactions or Relevant Client Cleared Transactions, as applicable, along with accruals on such Client Cleared Transactions or Relevant Client Cleared Transactions (which accruals shall, for the avoidance of doubt, include Variation Margin which is payable by LCH.Clearnet SA to the Clearing Member in respect of the relevant Client Margin Account in accordance with Section 2 of the Procedures), and recorded in a Client Collateral Account. For the avoidance of doubt, Client Assets constituting FCM Unallocated Client Excess Collateral are subject to restrictions on transfer and use as provided in the CDS Clearing Rules.

Client Backloading Transaction: An existing CDS which:

- (i) is registered in the TIW;
- (ii) comprises one or more Client Trade Leg(s); and
- (iii) is submitted for clearing by the relevant AMPATSS Participants via an Approved Matching Provider Trade Source System as part of the Daily Backloading Cycle.

Client Variation Margin Requirement: For each Client Margin Account of a Clearing Member, the amount of Variation Margin calculated by LCH.Clearnet SA as being payable:

- (i) by such Clearing Member to LCH.Clearnet SA; or
- (ii) by LCH.Clearnet SA to such Clearing Member.

on the basis of the Open Positions in the relevant Client Margin Account, in accordance with Section 2 of the Procedures.

CM Backloading Transaction: An existing CDS which:

- (i) is registered in the TIW;
- (ii) comprises two House Trade Leg(s); and
- (iii) is submitted for clearing by the relevant AMPATSS Participants via an Approved Matching Provider Trade Source System as part of the Daily Backloading Cycle.

Eligible Reference Entity: A Reference Entity ~~(as such term is defined in the ISDA Credit Derivatives Definitions)~~ identified in accordance with Section 4 of the Procedures and in respect of which LCH.Clearnet SA provides CDS Clearing Services.

FCM Client Collateral Account: An account opened in the books of LCH.Clearnet SA to record the Collateral held by LCH.Clearnet SA for the benefit of an FCM Clearing Member's FCM Clients, the aggregate value of such Collateral being divided amongst, and recorded in:

- (i) the FCM Client Financial Account(s);
- (ii) the FCM Buffer Financial Account; and
- (iii) the FCM Unallocated Client Collateral Financial Account.

Force Majeure Event: Any extraordinary event that cannot be foreseen or avoided, which is outside the control of LCH.Clearnet SA or the relevant Clearing Member, as applicable, and which

hinders or prevents the performance in whole or in part of any of their obligations under the CDS Clearing Documentation and, in relation to any obligation under the CDS Clearing Supplement that is part of the terms and conditions of a Cleared Transaction and where such obligation has not yet fallen due, such an occurrence that would hinder or prevent performance in whole or in part of any of their obligations thereunder were the occurrence or effects of the occurrence to continue until the date of performance of the relevant obligations, including but not limited to: fire, flood, storm, hurricanes, earthquakes, explosions, strokes of lightning, international conflicts, hostilities, terrorist action, civil unrest, war, embargoes, the unavailability or impairment of computer or data processing facilities, the failure of any external systems, including but not limited to any Approved Matching Provider Trade Source System, (and in respect of DTCC, after giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the CDS Clearing Supplement), TARGET2 and Illegality.

Index Sponsor: For the iTraxx® Europe Indices, ~~the International Index Company~~ Markit Indices Limited, or any successor thereto.

Intraday Transaction: A CDS which:

- (i) has been entered into between two AMPATSS Participants; and
- (ii) is submitted for clearing to LCH.Clearnet SA by the relevant AMPATSS Participants through an Approved Matching Provider Trade Source System in accordance with Section 3.1.4.

Irrevocable Daily Backloading Transaction: Any Daily Backloading Transaction in respect of which the relevant Clearing Members are deemed to have given, at such time set out in Article 3.1.2.3, their irrevocable agreement for the novation by LCH.Clearnet SA of such Daily Backloading Transaction.

iTraxx® Europe Indices: Each of the series and versions of iTraxx® indices ~~set out published on the Website~~, in accordance with Section 4 of the Procedures. Information about these indices and their publication, composition, weighting and calculation is available on the website of the Index Publisher (www.markit.com).

Markit LCH Settlement Price: This term shall have the meaning given in Section 4.2.7.

Notional and Collateral Check: The process by which LCH.Clearnet SA determines whether the Notional Amount of the relevant Eligible Intraday Transaction exceeds the Maximum Notional Amount and whether the Clearing Member has:

- (i) sufficient Excess Collateral recorded in the relevant Collateral Account which can be used to satisfy the Intraday Novation Margin Requirement as required by and set out in Section 2 of the Procedures; or
- (ii) in the circumstances described in Article 4.2.2.4 sufficient Available Client Collateral Buffer to allocate to-
 - (a) the relevant Client Account Structure, in the case of a CCM; or
 - (b) the relevant FCM Client Margin Account, in the case of an FCM Clearing Member,to satisfy the Intraday Novation Margin Requirement as required by and set out in Section 2 of the Procedures.

Original Transaction Data: The Transaction Data and, in respect of an Intraday Transaction comprising one or more Client Trade Leg(s) or a Client Backloading Transaction, the identifier of the Nominated Clearing Member, and as the case may be, the identifier of the relevant branch of the Client.

Ported Collateral: In relation to ~~a CCM Individual Segregated~~ each Client Account Structure, ~~a CCM Indirect Client Segregated Account Structure, or a CCM Omnibus Segregated Client Account Structure Margin Account~~ of a Defaulting Clearing Member ~~that is a CCM, and in relation to an FCM Client of a Defaulting Clearing Member that is an FCM Clearing Member.;~~

~~(i) — the Client Assets; plus~~

(i) the Client Assets or in respect of the CCM Client Margin Account of a CCM Gross Omnibus Sub-Account Structure, Client Assets, as attributed to that CCM Gross Omnibus Sub-Account Structure in the sole discretion of LCH.Clearnet SA, and/or as the case may be, the liquidation value of such Client Assets, together in an amount equivalent to the CCM Gross Omnibus Sub-Account Balance attributable to that CCM Gross Omnibus Sub-Account Structure; plus

(ii) any other payments which would have been payable by LCH.Clearnet SA to the Defaulting Clearing Member in respect of the relevant Client Margin Account Structure, but for the operation of **Erreur ! Source du renvoi introuvable.**, provided that the relevant Payment Failure was not attributable to the relevant Client Margin Account Structure.

Price Contribution Delegate: In respect of a Clearing Member, an entity that:

- (i) is both an Affiliate and a Clearing Member; and
- (ii) has been duly approved by LCH.Clearnet SA to act in the place of such Clearing Member, pursuant to the conditions set forth in Section 5 of the Procedures.

Reference Entity: This term shall have the meaning set out in the ISDA Credit Derivatives Definitions.

Section 1.1.2 Incorporation of defined terms

[Not amended]

Section 1.1.3 Interpretation and references

[Not amended]

CHAPTER 2 - GENERAL PROVISIONS

Section 1.2.1 General

[Not amended]

Section 1.2.2 Modification

[Not amended]

Section 1.2.3 Publication

[Not amended]

Section 1.2.4 Extension or waiver

[Not amended]

Section 1.2.5 Notices - Communications

[Not amended]

Section 1.2.6 Fees

[Not amended]

Section 1.2.7 Currency

[Not amended]

Section 1.2.8 Time reference

[Not amended]

Section 1.2.9 Obligations of LCH.Clearnet SA to each Clearing Member

[Not amended]

Section 1.2.10 Liability

Article 1.2.10.1

Subject to Article 1.2.10.2, Article 1.2.10.3 and Article 1.2.10.5 below, a Clearing Member shall be liable for any direct Damage incurred or suffered by LCH.Clearnet SA as a consequence of such Clearing Member's breach of any of its obligations under the CDS Clearing Documentation or the terms of a Cleared Transaction.

Article 1.2.10.2

A Clearing Member will not be held liable for any special, indirect or consequential Damage, including loss of custom, profit or revenues, or any Damage which results from abnormal or fraudulent use of the CDS Clearing System by third parties, or for any Damage resulting from acts or omissions of third parties, other than members of its Financial Group.

Article 1.2.10.3

Unless expressly stated otherwise in the CDS Clearing Documentation, LCH.Clearnet SA will under no circumstances be liable for any Damage, including that arising out of or in connection with any of the following:

- (i) in respect of a claim for Damages by a Clearing Member or a Client, following a total or partial failure by such Clearing Member to perform or comply with the CDS Clearing Documentation;
- (i) any act or omission of a Clearing Member or other third party, including, without limitation, in the circumstances set out in (ix) or (xviii) below;
- (ii) any agreement or arrangement that a Clearing Member has entered into with a third party in connection with its activities under the CDS Clearing Documentation (including, without limitation, the CDS Client Clearing Agreement and any agreement or arrangement referred to in Section 2.2.6);
- (iii) any suspension, restriction or closure of LCH.Clearnet SA or its services, where required of LCH.Clearnet SA pursuant to Applicable Law, whether for a temporary period or otherwise;
- (iv) reliance by LCH.Clearnet SA on any data provided to it by a Clearing Member or as may otherwise be provided to it in accordance with this CDS Clearing Rule Book, including the End of Day Contributed Prices;
- (v) excepting any dispute arising under the CDS Dispute Resolution Protocol which may relate to whether an Original Transaction has been novated pursuant to this CDS Clearing Rule Book, any dispute arising from or in relation to any Original Transaction; including, but not limited to, any dispute as to the validity or otherwise of the Original Transaction, the terms of the Original Transaction or whether any alleged agreement or arrangement constitutes an Original Transaction;
- (vi) any failure to pre-register, or the improper pre-registration of, positions in the CDS Clearing System corresponding to an Original Transaction eligible for clearing by LCH.Clearnet SA because of a third party's fault or a Force Majeure Event affecting LCH.Clearnet SA;
- (vii) registration of Cleared Transactions in a Clearing Member's Trade Account and/or allocation of such Cleared Transactions in a Clearing Member's Margin Account where it does so on the basis of the Original Transaction Data with respect to the relevant Original Transaction;
- (viii) the quality, fitness for purpose, completeness or accuracy of End of Day Contributed Prices or composite prices/spreads;
- (ix) in respect of a claim for Damages by a Defaulting Clearing Member, any decision by LCH.Clearnet SA to proceed with a liquidation of its Cleared Transactions or the taking of any other action pursuant to Article 4.3.2.3 or the CDS Default Management Process (including, for the avoidance of doubt, the CDS Client Clearing DMP);
- (x) the exercise, or failure to exercise, by LCH.Clearnet SA of any discretion or right conferred upon it by the CDS Clearing Documentation, including any actions taken or omitted to be

taken in relation to the application of LCH.Clearnet SA's rights following the declaration of an Event of Default in respect of a Clearing Member;

- (xi) any statement, representation or warranty by LCH.Clearnet SA or any of its officers or representatives other than as expressly set out in the CDS Clearing Documentation or the CDS Admission Agreement;
- (xii) any special, indirect or consequential Damage, including loss of custom, profit or revenues;
- (xiii) rejection of any application to become a Clearing Member;
- (xiv) the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved ~~Matching Provider~~ Trade Source System or the timeliness or otherwise of the delivery of any Original Transaction details by that Approved ~~Matching Provider~~ Trade Source System to LCH.Clearnet SA;
- (xv) any error within or corruption of any data sent by an Approved ~~Matching Provider~~ Trade Source System directly or indirectly to LCH.Clearnet SA or to a Clearing Member or any delay in or failure of the transmission of such data to LCH.Clearnet SA;
- (xvi) the registration of a Cleared Transaction on the basis of incorrect or corrupted data sent to it by an Approved ~~Matching Provider~~ Trade Source System;
- (xvii) any decision of any ISDA Credit Derivatives Determinations Committee or any failure of any such committee to take any decision;
- (xviii) any breach by a Clearing Member of its obligations, under any Applicable Law or otherwise resulting from the CDS Clearing Services, vis-à-vis its Clients, Affiliates or LCH.Clearnet SA (including, without limitation, in the case of an FCM Clearing Member, any breach of its obligations under the FCM CDS Clearing Regulations regarding segregation or any agreement or arrangement to which it is a party);
- (xix) any action or inaction on the part of any Clearing Member or third party which would prevent, impair, limit, restrict or delay the transfer or porting of Cleared Transactions or the conditions under which Cleared Transactions may be or are transferred or ported (whether in the context of an Event of Default or otherwise); or
- (xx) any default of an FCM Client (or, if permitted pursuant to **Erreur ! Source du renvoi introuvable.**, an Affiliate), including, without limitation, a breach by an FCM Client (or such Affiliate) of its obligations under any Applicable Law, FCM Cleared Transaction or CDS Client Clearing Agreement.

Article 1.2.10.4

Nothing in Article 1.2.10.3 above shall be construed as LCH.Clearnet SA excluding or restricting its liability vis-à-vis any Clearing Member for:

- (i) fraud, fraudulent representation, gross negligence or an intentional omission or act on the part of LCH.Clearnet SA;
- (ii) personal injury or death caused by the negligence, recklessness or any intentional act or omission of LCH.Clearnet SA;

- (iii) any liability which cannot be lawfully excluded under Applicable Law (to the extent such liability cannot be lawfully excluded);
- (iv) the performance of its obligations vis-à-vis any Clearing Member pursuant to Section 1.2.9 (to the extent that no Event of Default has occurred with respect to such Clearing Member (and is ongoing), and other than where such liability occurs as a result of LCH.Clearnet SA following the CDS Default Management Process);
- (v) its obligation to return the Excess Collateral to a Clearing Member pursuant to Article 4.2.2.5 (to the extent that no Event of Default has occurred with respect to such Clearing Member);
- (vi) its obligation to transfer the Client Assets to a Receiving Clearing Member pursuant to Section 5.3.2 or Section 6.3.2;
- (vii) its obligation to return any CCM Unallocated Client Collateral or FCM Unallocated Client Excess Collateral (as applicable) to the Defaulting Clearing Member in accordance with Article 4.3.2.4;
- (viii) its obligation to transfer the Ported Collateral to a Backup Clearing Member pursuant to Clause 4 of the CDS Default Management Process;
- (ix) its obligation, in the case of a CCM, to return the CDS Client Clearing Entitlement to the relevant Client pursuant to Clause 4 of the CDS Default Management Process;
- (x) its obligation, pursuant to Article 2.4.2.11, to repay to a Clearing Member who voluntarily terminates its membership in accordance with Article 2.4.2.2 an amount equal to the sum of its Margin Balance and Client Collateral Buffer, (save that LCH Clearnet SA shall be entitled to retain any collateral in accordance with the FCM CDS Clearing Regulations), any Collateral that has been transferred to LCH.Clearnet SA to satisfy its Contribution Requirement to the extent it has not been used by LCH.Clearnet SA in accordance with the CDS Clearing Rules and any recovery made by LCH.Clearnet SA in accordance with **Erreur ! Source du renvoi introuvable.**; or
- (xi) its obligation to return any FCM Client Collateral Buffer to an FCM Clearing Member.

Article 1.2.10.5

LCH.Clearnet SA and each Clearing Member shall take all reasonable care in the selection and monitoring of any Person that is to act on its behalf.

Section 1.2.11 Force Majeure Events

[Not amended]

Section 1.2.12 Confidentiality

Article 1.2.12.1

LCH.Clearnet SA shall hold all information concerning past or current activities of a Clearing Member (including, but not limited to, information concerning:

- (i) the Cleared Transactions registered in its Trade Account(s);
- (ii) the Open Positions registered in its Margin Account(s);

- (iii) the positions pre-registered in its Account Structure;
- (iv) its Margin Requirement;
- (v) the level of Excess Collateral maintained by such Clearing Member in respect of any of its Margin Accounts;
- (vi) the level of Collateral maintained by such Clearing Member in its Buffer Collateral Account;
- (vii) the Collateral transferred to LCH.Clearnet SA by such Clearing Member;
- (viii) deliveries and payments made by or to such Clearing Member; and
- (ix) any financial statements and other documents filed with LCH.Clearnet SA by such Clearing Member,

in a confidential manner and shall not make such confidential information known to any other person, save to the extent permitted by Article 1.2.12.2 to Article 1.2.12.5 below.

Article 1.2.12.2

LCH.Clearnet SA may, in accordance with the provisions of Article L. 632-17 of the French Monetary and Financial Code, when applicable, disclose any information referred to in Article 1.2.12.1 above:

- (i) with the written consent of the relevant Clearing Member;
- (ii) to any person to whom, at such times and in such manner as, LCH.Clearnet SA is required or formally requested to disclose information pursuant to an order of a competent court, or by or on behalf of any relevant Regulatory Body with respect to LCH.Clearnet SA and/or the relevant Clearing Member, Client or Affiliate;
- (iii) to an Approved ~~Matching Provider~~ Trade Source System or the TIW, to the extent that such disclosure is necessary for the proper performance by LCH.Clearnet SA or the relevant Clearing Member of its obligations under the CDS Clearing Documentation;
- (iv) as expressly permitted by the CDS Clearing Documentation, including, without limitation, to one or several Clearing Members, to the extent that such disclosure is necessary for the proper management of an Event of Default or of an LCH Default and the implementation by LCH.Clearnet SA and Clearing Members of physical settlement of the Cleared Transactions, and the information thus disclosed by LCH.Clearnet SA shall be treated as confidential information by the receiving Clearing Members and shall not be made known to any other person nor used for any purpose other than that for which it has been disclosed by LCH.Clearnet SA;
- (v) to other clearing houses, to which the relevant Clearing Member is admitted as a member for the purpose of clearing CDS, in connection with the occurrence of an Event or an Event of Default in respect of such Clearing Member; or
- (vi) to any other person (with the exception of ratings agencies including but not limited to Moody's, Standard and Poor's and Fitch) to whom LCH.Clearnet SA is authorised to disclose such information pursuant to and in accordance with the provisions of Articles L. 511-33 and L. 511-34 of the French Monetary and Financial Code.

Article 1.2.12.3

LCH.Clearnet SA shall disclose to a Clearing Member, on request, details of the Regulatory Body(ies) to whom it may disclose information, referred to in Article 1.2.12.1, pursuant to Article 1.2.12.2(ii).

Article 1.2.12.4

Where LCH.Clearnet SA is required or requested to disclose information referred to in Article 1.2.12.1 above in the circumstance described in Article 1.2.12.2(ii), the relevant Competent Authorities will also be promptly informed of such disclosure.

Article 1.2.12.5

LCH.Clearnet SA may disclose any information referred to in Article 1.2.12.1 above to LCH.Clearnet Group Limited, LCH.Clearnet Limited or LCH.Clearnet LLC, provided such recipient is bound by equivalent obligations of confidentiality regarding this information as those set out in this Section 1.2.12. Any such disclosure permitted under this Article 1.2.12.5 is limited to disclosure which allows LCH.Clearnet SA to perform its obligations under the CDS Clearing Documentation or for risk management purposes and no information is to be released for the commercial benefit of LCH.Clearnet Group Limited, LCH.Clearnet Limited, LCH.Clearnet LLC or any other Person.

Article 1.2.12.6

For the avoidance of doubt, nothing in this Section 1.2.12 shall prevent a Clearing Member from disclosing any information provided to LCH.Clearnet SA to Regulatory Body(ies) or other third parties where required by Applicable Law.

Article 1.2.12.7

Where a Clearing Member owes a duty of confidentiality to LCH.Clearnet SA under the CDS Clearing Documentation, that Clearing Member is released from that duty to the extent that such disclosure is required under Applicable Law or by the Clearing Member's Competent Authority.

Section 1.2.13 Data protection

[Not amended]

Section 1.2.14 Governing law

[Not amended]

Section 1.2.15 Dispute resolution

[Not amended]

Section 1.2.16 Default Interest

[Not amended]

Section 1.2.17 Tax

[Not amended]

CHAPTER 3 - LCH DEFAULT

Section 1.3.1

Article 1.3.1.1

Any of the following events shall, on the service of notice in accordance with Article 1.3.1.2, constitute an LCH Default:

- (i) LCH.Clearnet SA has failed to make a payment, or to redeliver Eligible Collateral when such payment or redelivery is due and payable in accordance with the CDS Clearing Documentation, to a Clearing Member (other than to a Defaulting Clearing Member or in accordance with the first paragraph of **Erreur ! Source du renvoi introuvable.**) under any Cleared Transaction and such failure has not been cured by 17.00 on the third Business Day after the date on which notice of such failure is given by the Clearing Member to LCH.Clearnet SA;
- (ii) LCH.Clearnet SA notifies the Clearing Members stating that it is unable to pay the aggregate amount of the Margin Repayment Amounts or redeliver all relevant Pledged Eligible Collateral pursuant to Clause 8.6 of the CDS Default Management Process or fails to pay an LCH Repayment Amount when due by LCH.Clearnet SA to a Clearing Member in full pursuant to Clause 8.7 of the CDS Default Management Process (other than by operation of Clause 7.8 of the CDS Default Management Process); or
- (iii) LCH.Clearnet SA becomes subject to LCH Insolvency Proceedings.

In the event LCH.Clearnet SA becomes subject to LCH Insolvency Proceedings, LCH.Clearnet SA shall as soon as reasonably practicable, and no later than 23.59 on the Business Day on which the LCH Insolvency Proceedings commence (or, if such day is not a Business Day, no later than 23.59 on the first Business Day following the day on which the LCH Insolvency Proceedings commence), post a notice on the Website informing all Clearing Members of such circumstance. A failure to provide such notice shall not prohibit an Affected Clearing Member from posting the notice specified in Article 1.3.1.2.

Copies of any notices provided under Article 1.3.1.1(i) or (ii) shall be provided by LCH.Clearnet SA to the *Autorité de Contrôle Prudentiel et de Résolution*.

Article 1.3.1.2

In the event of any of the circumstances set out in Article 1.3.1.1 occurring, the Affected Clearing Member may provide LCH.Clearnet SA in writing with a notice, specifying the occurrence of an LCH Default. In the circumstance set out in Article 1.3.1.1(i) and (ii), such notice shall only be valid if given within 10 Clearing Days of the occurrence of the relevant event and the failure to pay or redeliver is continuing at the time the notice is delivered. In the circumstance set out in Article 1.3.1.1(iii), such notice shall only be valid if given within 10 Clearing Days of the day on which LCH Insolvency Proceedings have been published in the *Bulletin officiel des annonces civiles et commerciales (Bodacc)* in accordance with the provisions of the French Commercial Code. Any such notice provided in accordance with this Article 1.3.1.2 must be provided in accordance with, and subject to, the requirements of Section 1.2.5.

An Affected Clearing Member shall not be permitted to serve a notice pursuant to this Article 1.3.1.2 in the case of the circumstances set out in Article 1.3.1.1(i) and (ii) where:

- (i) the failure to make the required payment, or to redeliver the required Eligible Collateral, and the failure to cure such failure within the grace period specified in Article 1.3.1.1, is solely as a consequence of a Force Majeure Event or such other technical or administrative reason outside of the reasonable control of LCH.Clearnet SA, provided that:
 - (a) LCH.Clearnet SA is able to, and does, confirm that it would have had sufficient available resources to pay or redeliver but for the applicable Force Majeure Event, technical or administrative event; and
 - (b) LCH.Clearnet SA makes such payment or delivery no later than one Clearing Day after the consequences of the Force Majeure Event or the other technical or administrative reason for its failure to pay or redeliver have ceased. For the avoidance of doubt, the limitation on an Affected Clearing Member serving a notice pursuant to this paragraph shall continue for as long as the consequence of a Force Majeure Event or such other technical or administrative reason mentioned above continues;
- (ii) the failure to pay or redeliver is permitted by the CDS Default Management Process.

For the purposes of Article 1.3.1.3 to Article 1.3.1.12, a notice duly provided by an Affected Clearing Member in accordance with this Article 1.3.1.2 shall bind LCH.Clearnet SA and all other Clearing Members (regardless of whether they are Affected Clearing Members or not) as if all other Clearing Members were Affected Clearing Members and had served such notice.

Article 1.3.1.3

In the event that it is subject to an LCH Default, LCH.Clearnet SA shall promptly post a Clearing Notice on its Website specifying the Termination Date and the LCH Default Time applicable to all Clearing Members. The Termination Date shall be the first Clearing Day after the LCH Default Date. Any failure of LCH.Clearnet SA to post a Clearing Notice on its Website shall not invalidate or otherwise delay the Termination Date.

As from the LCH Default Time:

- (i) LCH.Clearnet SA shall not accept any Original Transactions submitted to it for clearing and registration as Cleared Transactions and shall not otherwise register any new Cleared Transactions;
- (ii) neither LCH.Clearnet SA nor any Clearing Member shall be obliged to make any further payments or deliveries under any Cleared Transaction between them which would, but for this TITLE I, Chapter 3, have fallen due for performance on or after the LCH Default Time other than by settlement of the House Termination Amount and Client Termination Amount; and any obligations to make further payments or deliveries which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set off or otherwise) of the House Termination Amount and Client Termination Amount;
- (iii) any Power of Attorney or other authority for LCH.Clearnet SA to debit any payment or securities account of a Clearing Member, including a Clearing Member's TARGET2 Account shall be revoked and LCH.Clearnet SA shall not use, rely on or seek to use or rely on any such Power of Attorney or other authority;

- (iv) in circumstances where Client Collateral Buffer has been allocated to a CCM Client ~~Margin Account Structure~~ in accordance with Article 4.2.2.4 and Section 2 of the Procedures, LCH.Clearnet SA shall transfer an amount of Collateral which is equal to the CCM Allocated Client Collateral Buffer for the relevant CCM Client ~~Margin Account Structure~~ from the Buffer Collateral Account to the ~~relevant~~ CCM Client Collateral Account of that CCM Client Account Structure as soon as reasonably practicable;
- (v) where a CCM has CCM Unallocated Client Collateral, such CCM shall use its reasonable endeavours to notify LCH.Clearnet SA of the CCM Client Collateral Account(s) to which such Collateral should be recorded and, where LCH.Clearnet SA receives such notification, it shall update its books and records accordingly; and
- (vi) all other payment and delivery obligations (other than as set out in (ii) above) in relation to any Cleared Transactions and any other obligations pursuant to the CDS Clearing Documentation (including the repayment or redelivery, as applicable, of a Clearing Member's Margin Balance, Excess Collateral, CCM Unallocated Client Collateral, the Client Collateral Buffer, FCM Unallocated Client Excess Collateral, and other Collateral representing a Clearing Member's Contribution Requirement) shall be payable or deliverable on the Termination Date and in accordance with the provisions of this Chapter 3.

LCH.Clearnet SA shall, to the extent possible, return or redeliver all amounts received, or debited contrary to the revocation of its authority pursuant to sub-paragraph (iii), after the LCH Default Time.

Article 1.3.1.4

Each Clearing Member shall, on, or as soon as reasonably practicable after, the Termination Date, and in no event later than 25 Clearing Days after the Termination Date, determine as of the Termination Date:

- (i) the value of each Cleared Transaction; and
- (ii) the value of all other amounts which it owes to LCH.Clearnet SA and which LCH.Clearnet SA owes to it, in each case whether future, liquidated or unliquidated, actual or contingent, pursuant to the CDS Clearing Documentation.

Such calculations shall be undertaken separately in respect of the Client Cleared Transactions registered in, and all other amounts owed in relation to, each Client Trade Account, Client Margin Account and CCM Client Collateral Account or FCM Client Financial Account (as applicable), for each Client Account Structure of the Clearing Member.

Article 1.3.1.5

For the purpose of Article 1.3.1.4(i) and where the LCH Default arises because of the circumstance set out in Article 1.3.1.1(i) or Article 1.3.1.1(ii), the determination by a Clearing Member of the value of each Cleared Transaction shall be determined, assuming satisfaction of each applicable condition precedent, without reference to the receipt or payment of Variation Margin in relation to any Cleared Transaction (or, for the avoidance of doubt, any part of the Margin Balance and Client Collateral Buffer) and without application of the Loss Distribution Process (if applicable) subject that each Clearing Member may take into account, in addition, any loss of bargain, any cost of funding, and/or without duplication, any loss or, as the case may be,

gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position.

Article 1.3.1.6

For the purpose of Article 1.3.1.4, and in relation to Client Cleared Transactions recorded in and amounts owed in relation to each Client Account Structure, the Clearing Member shall calculate the value of:

- (i) the repayment by the Clearing Member or LCH.Clearnet SA of Variation Margin in respect of Open Positions registered in the corresponding Client Margin Account;
- (ii) the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded in the relevant Client Collateral Account (including, in the case of a CCM, any Collateral transferred (or due to be transferred) to the relevant CCM Client Collateral Account by LCH.Clearnet SA pursuant to Article 1.3.1.3(iv) and further, in the case of an FCM Clearing Member, the Legally Segregated Value ascribed to the FCM Client Financial Account) in respect of such Client Cleared Transactions, as the case may be, in each case without applying any haircuts to the valuation of the Collateral. In determining such amounts, the Clearing Member shall not take into account (a) Client Pledged Eligible Collateral returned to a CCM in accordance with the CDS Clearing Rules; (b) any CDS Client Clearing Entitlement calculated in accordance with Clause 4.4 of the CDS Default Management Process; or (c) any Collateral applied by LCH.Clearnet SA in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process;
- (iii) in the case of an FCM Clearing Member, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as Available Client Collateral Buffer in its FCM Buffer Financial Account (if any) in each case without applying any haircuts to the valuation of the Collateral;
- (iv) in the case of an FCM Clearing Member, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as Allocated Client Collateral Buffer in its FCM Buffer Financial Account (if any) in each case without applying any haircuts to the valuation of the Collateral;
- (v) in the event that the relevant Client Margin Account of the Clearing Member is a Cash Gainer as at the last successful payment of Margin prior to the LCH Default Date, the repayment by LCH.Clearnet SA of any net Cash Gainer Adjustments made pursuant to the CDS Default Management Process; and
- (vi) any other amounts that may be due to or from either the Clearing Member or LCH.Clearnet SA to or from the other in relation to the relevant Client Cleared Transactions, pursuant to the CDS Clearing Documentation.

For the purpose of Article 1.3.1.4, and in relation to House Cleared Transactions recorded in and amounts owed in relation to its House Account Structure, the Clearing Member shall calculate the value of:

- (i) the repayment by the Clearing Member or LCH.Clearnet SA of Variation Margin in respect of Open Positions registered in its House Margin Account;

- (ii) the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded in its House Collateral Account in respect of such House Cleared Transactions, without applying any haircuts to the valuation of the Collateral. In determining such amounts, the Clearing Member shall not take into account (a) Pledged Eligible Collateral returned to the Clearing Member in accordance with the CDS Clearing Rules; or (b) any Collateral applied by LCH.Clearnet SA in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process;
- (iii) in the case of a CCM, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as CCM Available Client Collateral Buffer in its Buffer Collateral Account (if any) in each case without applying any haircuts to the valuation of the Collateral;
- (iv) in the event that the House Margin Account of the Clearing Member is a Cash Gainer as at the last successful payment of Margin prior to the LCH Default Date, the repayment by LCH.Clearnet SA of any net Cash Gainer Adjustments made pursuant to the CDS Default Management Process; and
- (v) any other amounts that may be due to or from either the Clearing Member or LCH.Clearnet SA to or from the other in relation to the relevant House Cleared Transactions, pursuant to the CDS Clearing Documentation.

Where the LCH Default arises because of the circumstance set out in Article 1.3.1.1(ii), each Clearing Member shall use such amounts calculated by LCH.Clearnet SA pursuant to Clause 8.2(i) of the CDS Default Management Process (and without, for the avoidance of doubt, applying Clause 8.3) for the purposes of its valuation pursuant to Article 1.3.1.4(ii).

Article 1.3.1.7

For the purposes of any calculation required to be made under this Chapter 3, any sums calculated other than in Euro shall be converted into Euro at the relevant exchange rate as at 17.00 on the Termination Date. The relevant exchange rate shall be determined by the European Central Bank and taken from Reuters or, where not available for the relevant currency, such other provider as is notified in a Clearing Notice.

Article 1.3.1.8

Pursuant to the determination made under Article 1.3.1.4:

- (i) each gain by the Clearing Member and each other amount which LCH.Clearnet SA owes to it, shall be treated as a positive amount; and
- (ii) each loss suffered by the Clearing Member and each other amount which it owes to LCH.Clearnet SA shall be treated as a negative amount.

Article 1.3.1.9

A Clearing Member shall, as applicable:

- (i) with respect to its House Account Structure, aggregate all positive and negative amounts related to House Cleared Transactions calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above in order to produce one net termination amount (the "**House Termination Amount**"); and

- (ii) (a) in the case of a CCM, with respect to each of its CCM Client Account Structures, aggregate: (I) all positive and negative amounts related to Client Cleared Transactions registered in the CCM Client Trade Account(s) of a CCM Individual Segregated Account Structure, calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above, in order to produce one net termination amount for such CCM Individual Segregated Account Structure; ~~and~~ (II) all positive and negative amounts related to Client Cleared Transactions registered in the CCM Client Trade Accounts of CCM Net Omnibus Segregated Account Clients in a single CCM Net Omnibus Client Set, calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above, in order to produce one net termination amount for such CCM Net Omnibus Client Set; and (III) all positive and negative amounts related to Client Cleared Transactions registered in the CCM Client Trade Accounts of CCM Gross Omnibus Segregated Account Clients in a single CCM Gross Omnibus Client Set, calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above, in order to produce one net termination amount for such CCM Gross Omnibus Client Set (each a "**CCM Client Termination Amount**"); or
- (b) in the case of an FCM Clearing Member, with respect to its FCM Client Account Structure, aggregate: (I) all positive and negative amounts related to Client Cleared Transactions registered in each FCM Client Trade Account, calculated in accordance with Article 1.3.1.4 to Article 1.3.1.6 above, in order to produce one net termination amount for each such FCM Client Trade Account; and (II) all positive and negative amounts calculated pursuant to the foregoing clause (I), in order to produce one net termination amount for all FCM Client Trade Accounts of the FCM Clearing Member (such amount calculated pursuant to this clause (II), an "**FCM Client Termination Amount**").

For the avoidance of doubt, when calculating:

- (i) the House Termination Amount in accordance with this Article 1.3.1.9, a Clearing Member's obligations to LCH.Clearnet SA may never be set off: (x) with amounts attributable to any Client Collateral Account; (y) in the case of a CCM, with amounts attributable to the CCM Unallocated Client Collateral Account; or (z) in the case of an FCM Clearing Member, with amounts attributable to the FCM Buffer Financial Account or the FCM Unallocated Client Collateral Financial Account; and
- (ii) a Client Termination Amount in accordance with this Article 1.3.1.9, a Clearing Member's obligations to LCH.Clearnet SA may never be set off: (x) with amounts attributable to the House Collateral Account; (y) in the case of a CCM, with amounts attributable to the CCM Unallocated Client Collateral Account; or (z) in the case of a CCM, with amounts attributable to another Client Account Structure.

To the extent a Clearing Member is a member of another clearing service(s) provided by LCH.Clearnet SA, such Clearing Member shall aggregate the House Termination Amount and the house termination amount calculated in respect of a house account structure held in connection with such other clearing service(s) where LCH.Clearnet SA is subject to an LCH Default in accordance with the CDS Clearing Rules and a default in accordance with rules applicable to such other clearing service(s), in order to produce one net termination amount owed in relation to the

CDS Clearing Service and such other clearing service(s) provided by LCH.Clearnet SA (the “**Global House Termination Amount**”).

The Global House Termination Amount shall be notified and paid in accordance with Article 1.3.1.9 to Article 1.3.1.11.

The Clearing Member shall notify LCH.Clearnet SA of the Termination Amounts, by which party each such Termination Amount is payable, and showing in reasonable detail how they have been calculated, immediately after the calculation thereof.

If for any reason one or more Clearing Member(s) fail(s) to determine and notify the Termination Amounts to LCH.Clearnet SA on or before the day falling 25 Clearing Days after the Termination Date (such day being the “**Notification Limit Date**”), LCH.Clearnet SA shall post a notice on the Website and make its own determination of the respective Termination Amounts, in respect of each such Clearing Member(s) within the 25 Clearing Days following the Notification Limit Date, and shall notify the relevant Clearing Member(s) of the respective Termination Amounts it has determined immediately after the calculation thereof. In such case, the LCH Default Payment Date for all Clearing Members shall be the second Clearing Day after the date on which the Termination Amounts have been notified by LCH.Clearnet SA; if, however, LCH.Clearnet SA fails to make such determination and notification, the LCH Default Payment Date in respect of all Clearing Members having duly determined and notified their Termination Amounts to LCH.Clearnet SA shall be the 27th Clearing Day following the Notification Limit Date.

If any of the Termination Amounts is a positive amount, LCH.Clearnet SA shall pay it to the Clearing Member and, if any of the Termination Amounts is a negative amount, the Clearing Member shall pay it to LCH.Clearnet SA, in each case in accordance with Article 1.3.1.10 below.

Article 1.3.1.10

The Termination Amounts in respect of each Clearing Member shall be paid by LCH.Clearnet SA or a Clearing Member, as the case may be, in Euro by 17:00 on the LCH Default Payment Date. Neither LCH.Clearnet SA nor a Clearing Member, as the case may be, shall be permitted to effect payment netting between the House Termination Amount, or the Global House Termination Amount as applicable, on the one hand and the Client Termination Amounts on the other hand.

In addition, to the extent a CCM has any CCM Unallocated Client Collateral or an FCM Clearing Member has any FCM Unallocated Client Excess Collateral as at the Notification Limit Date, LCH.Clearnet SA shall repay such Collateral to the Clearing Member for the account of its Clients by 17:00 on the LCH Default Payment Date.

Article 1.3.1.11

If LCH.Clearnet SA has received notices pursuant to Article 1.3.1.9 from all Clearing Members setting out their respective Termination Amounts, LCH.Clearnet SA may by no less than 2 Clearing Days’ notice on the Website specify an earlier date as the LCH Default Payment Date.

In addition, LCH.Clearnet SA shall redeliver all Pledged Eligible Collateral (other than Pledged Eligible Collateral which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process) on the LCH Default Payment Date.

Article 1.3.1.12

The Clearing Member's rights under this Chapter 3 shall be in addition to, and not in limitation or exclusion of, any other rights which the Clearing Member may have.

This Chapter 3 shall be without prejudice to the rights that LCH.Clearnet SA may have pursuant to the CDS Clearing Rules against any Clearing Member prior to the occurrence of the LCH Default.

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TITLE II

MEMBERSHIP

CHAPTER 1 - GENERAL PROVISIONS

Section 2.1.1 Participants

[Not amended]

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CHAPTER 2 - LEGAL OBLIGATIONS

Article 2.2.0.1

An Applicant shall be required to evidence its ability to comply with the obligations set out in this Chapter 2. LCH.Clearnet SA may refuse to admit an Applicant as a Clearing Member if the conditions set out in Article 2.2.1.1 have not been satisfied, or if it considers that admission of such Applicant as a Clearing Member may adversely affect the operation of the CDS Clearing System or the provision of the CDS Clearing Service.

LCH.Clearnet SA shall be entitled, in consultation with the Risk Committee, at any time to impose, amend or withdraw additional requirements in relation to the membership requirements set out in this Chapter 2, provided that, if such additional requirements are imposed or amended, they are non-discriminatory and their objective is to control the risk for LCH.Clearnet SA.

Further information in respect of the application procedure can be obtained from LCH.Clearnet SA's CDSClear ~~Client Services~~ Member Sales & Relationship Management ~~department~~ team whose contact details are set out in Section 1 of the Procedures.

Article 2.2.0.2

Application for Clearing Member status in LCH.Clearnet SA shall be made in accordance with Section 1 of the Procedures. A Clearing Member's status in LCH.Clearnet SA and all Clearing Services shall be governed by the CDS Clearing Rules. Additionally, a Clearing Member's status in LCH.Clearnet SA shall be governed by any CDS Admission Agreement to which it is for the time being party. Clearing Member status does not provide or entitle a Clearing Member to any other clearing member status with LCH.Clearnet SA, or to any shareholding membership of LCH.Clearnet Limited or any shareholding or other membership of any other member of the LCH.Clearnet Group or any entitlement to membership of or participation in LCH.Clearnet SA, each of which has separate and distinct membership requirements.

Section 2.2.1 Membership requirements

Article 2.2.1.1

Any Applicant wishing to be admitted as a Clearing Member by LCH.Clearnet SA should satisfy the following conditions:

- (i) be validly incorporated and existing under the laws of its jurisdiction of incorporation and (if relevant in such jurisdiction) be in good standing;
- (ii) be the subject of supervision by its Competent Authorities;
- (iii) undertake to accept and comply with the CDS Clearing Documentation by executing the CDS Admission Agreement;
- (iv) have a CDS Client Clearing Agreement, meeting the requirements Article 5.1.1.2 (i) (in the case of a CCM) or **Erreur ! Source du renvoi introuvable.** (in the case of an FCM Clearing Member), in place with each of its Clients;
- (v) provide LCH.Clearnet SA with updated documentation and information required pursuant to Section 1 of the Procedures, in respect of each of its Clients;

- (vi) to accept to comply with all Applicable Law relating to its status as a Clearing Member and the performance of its obligations pursuant to the CDS Clearing Documentation;
- (vii) not be subject to Insolvency Proceedings;
- (viii) meet the Capital requirements as specified in **Erreur ! Source du renvoi introuvable.**, and any further liquidity and/or solvency requirements as may be set by LCH.Clearnet SA from time to time in accordance with this CDS Clearing Rule Book, taking into account notably the indicators mentioned in Section 2.3.2;
- (ix) satisfy a minimum internal credit score which is determined by LCH.Clearnet SA as set out in 0 below;
- (x) satisfy LCH.Clearnet SA that it has sufficient expertise in relation to clearing activities, that its Systems and Operations are operationally reliable and capable of supporting the proper performance of its business as a Clearing Member and that its risk management policy is adequate;
- (xi) participate, or demonstrate that it has: (A) an affiliated Clearing Member or, alternatively, a non-clearing member Affiliate that clears through the Clearing Member, that can successfully participate; or (B) an LCH Approved Outsourcing Agent that can successfully participate in the implementation of the CDS Default Management Process, and participate in (and satisfy LCH.Clearnet SA's requirements with respect to the carrying out of) regular fire drills run by LCH.Clearnet SA from time to time, in accordance with this CDS Clearing Rule Book;
- (xii) have nominated and notified to LCH.Clearnet SA:
 - (a) a Person, having director, general partner, trustee or officer status at the Clearing Member (or a Person occupying a similar status or performing similar functions) who is both responsible for the clearing operations of the Clearing Member and authorised to act on behalf of the Clearing Member in respect of all transactions with or involving LCH.Clearnet SA; and
 - (b) an alternate Person that satisfies the requirements set out in sub-paragraph (a) above and who is authorised to act on behalf of the Clearing Member in the event that the first Person is incapable or unable to act;
- (xiii) pay all fees and other amounts required by LCH.Clearnet SA in accordance with the CDS Clearing Documentation, including, without limitation, satisfying its Margin Requirement, its Contribution Requirement and its Cash Payment obligations;
- (xiv) be in a position to provide Collateral in satisfaction of its Margin Requirements and its Contribution Requirement, and to perform Cash Payment obligations, including:
 - (a) submitting evidence and details of duly existing cash account(s) (including, at least, one TARGET2 Account) for the purposes of payment of cash amounts, as well as evidence that a Power of Attorney has been issued in favour of LCH.Clearnet SA to allow the debiting or crediting of such cash account(s) for the performance of Cash Payment obligations and the provision of Cash Collateral; and

- (b) having in place all appropriate settlement solutions (direct access or indirect access to at least one settlement system) in case of Physical Settlement;
- (xv) have at its disposal the technical environment, including facilities, equipment, operational capability, personnel, hardware and software systems as may be required to support the proper performance of its business as a Clearing Member, including such IT links as may be necessary for it to be connected to the CDS Clearing System managed by LCH.Clearnet SA;
- (xvi) have operational competence in CDS substantially similar to Original Transactions eligible for clearing by LCH.Clearnet SA;
- (xvii) be a TIW Participant for the purposes of maintaining Original Transactions and Cleared Transactions in the TIW;
- (xviii) be an **AMPATSS** Participant for the purpose of submitting Original Transactions for clearing;
- (xix) have access to one of the means of access and reporting mechanism as specified in a Clearing Notice to obtain CDS Clearing System reports;
- (xx) be party to any required documentation with DTCC allowing LCH.Clearnet SA as "Service Provider" to :
 - (a) arrange for the removal of Backloading Transactions or if applicable, Intraday Transactions, from the TIW in accordance with Section 3.1.10;
 - (b) arrange for the registration of Cleared Transactions in the TIW in accordance with Section 3.1.10; and
 - (c) send to DTCC messages by which Cleared Transactions would be adhered to Credit Events;
- (xxi) if it is incorporated or registered in the United States of America, be an eligible contract participant, as defined in Section 1a(12) of the Commodity Exchange Act (other than paragraph (C) thereof);
- (xxii) satisfy any additional membership requirements as set out in Section 1 of the Procedures, including without limitation any caps on the aggregate amount of Initial Margin it may have on deposit at any given time with LCH.Clearnet SA.;
- (xxiii) accept to comply with the performance of its obligations pursuant to the Pledge Agreement;
- (xxiv) in respect of any Applicant that is an FCM, be registered with the CFTC as an FCM and a member in good standing with NFA; and
- (xxv) in respect of any Applicant that is an FCM wishing to be admitted as a CCM, provide LCH.Clearnet SA with an opinion of counsel letter confirming that its performance of the obligations of a CCM would not be contrary to Applicable Law relating to such status, in form and content acceptable to LCH.Clearnet SA.

Article 2.2.1.2

In addition each FCM Clearing Member must at all times be registered with the CFTC as an FCM and a member in good standing with NFA.

Article 2.2.1.3

In the event a Clearing Member breaches any of the membership requirements set out in Article 2.2.1.1, LCH.Clearnet SA shall consult with the French Competent Authorities to determine whether such breach shall be publically disclosed in accordance with EMIR.

Section 2.2.2 Continuing obligations

[Not amended]

Section 2.2.3 Internal credit scoring

[Not amended]

Section 2.2.4 Corporate organisation

[Not amended]

Section 2.2.5 Membership of industry organisations or systems relating to CDS contracts

[Not amended]

Section 2.2.6 Third party contractual obligations

Article 2.2.6.1

The payment of Physical Settlement Amounts shall not be subject to the provisions of this Section 2.2.6 save as set out in the CDS Clearing Supplement.

Relationship with Securities Settlement Agents and TARGET2 Payment Agents

Article 2.2.6.2

A Clearing Member that wishes to use a Securities Settlement Agent and/or a TARGET2 Payment Agent to:

- (i) deliver Eligible Collateral;
- (ii) provide Cash Collateral; or
- (iii) perform Cash Payment obligations

in accordance with the CDS Clearing Documentation, must enter into an agreement with a Securities Settlement Agent and/or a TARGET2 Payment Agent, on such terms as allow the Clearing Member to perform its obligations under the CDS Clearing Documentation as required by LCH.Clearnet SA.

Article 2.2.6.3

Notwithstanding the provisions of Article 2.2.6.2 above, the use of a Securities Settlement Agent and a TARGET2 Payment Agent shall not relieve the Clearing Member of its obligations under the CDS Clearing Documentation.

Provisions related to TARGET2 Payment Agents

Article 2.2.6.4

Clearing Members must ensure that they are able to comply with their Cash Payment obligations to LCH.Clearnet SA and their obligations to provide Cash Collateral, through TARGET2.

Article 2.2.6.5

Each Clearing Member must provide LCH.Clearnet SA with a Power of Attorney enabling it to directly debit or credit athe Clearing Member's TARGET2 Account(s) or the cash account(s) of the TARGET2 Payment Agent being used to satisfy athe Clearing Member's obligations under Article 2.2.6.2.

Provisions related to Securities Settlement Agents

Article 2.2.6.6

Each Clearing Member shall ensure that it has entered into arrangements with the relevant central securities depository or securities settlement system enabling them to provide Eligible Collateral through such central securities depository or securities settlement system if required.

Relationship with the Approved ~~Matching Provider~~Trade Source System(s)

Article 2.2.6.7

Clearing Members and LCH.Clearnet SA use the services offered by Approved ~~Matching Provider~~Trade Source System(s) (which, for the avoidance of doubt, include DTCC) in accordance with their own contractual arrangements.

LCH.Clearnet SA shall not be responsible for verifying the content of such contractual arrangements between Clearing Members and the Approved ~~Matching Provider~~Trade Source System(s).

Section 2.2.7 Test processing

[Not amended]

CHAPTER 3 - INFORMATION OBLIGATIONS, MONITORING AND AUDIT

Section 2.3.1 Information and financial reporting

[Not amended]

Section 2.3.2 Monitoring

[Not amended]

Section 2.3.3 Audit and inspection

[Not amended]

Section 2.3.4 Record keeping

[Not amended]

Section 2.3.5 Clearing Member risk management

[Not amended]

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CHAPTER 4 - SUSPENSION AND TERMINATION OF MEMBERSHIP

Section 2.4.1 Suspension

[Not amended]

Section 2.4.2 Membership Termination

Article 2.4.2.1

Membership Termination shall become effective, in the case of a Clearing Member in respect of which a Default Notice has been served by LCH.Clearnet SA, on the Defaulting Clearing Member Termination Date, and in the case of an LCH Default, on the Termination Date.

Article 2.4.2.2

Subject to Article 2.4.2.1, the membership of a Clearing Member may be terminated:

- (i) by LCH.Clearnet SA serving a Membership Termination Notice to the relevant Clearing Member, specifying a date in respect of which Membership Termination shall be effective, which may be no earlier than the date six months after service of the Membership Termination Notice save in the case of a Defaulting Clearing Member in which case the termination date may be any date stated by LCH.Clearnet SA; or
- (ii) by a Clearing Member serving a Membership Termination Notice to LCH.Clearnet SA, specifying a date in respect of which Membership Termination shall be effective, which may be no earlier than the date 25 Business Days after service of the Membership Termination Notice, provided that no such termination shall be effective where it relates to a Defaulting Clearing Member.

In each case, the Clearing Member shall be required to effect a Non-Default Unwind of all of its Cleared Transactions prior to the Scheduled Membership Termination Date.

Article 2.4.2.3

For the purposes of Article 4.3.1.1, a failure by a Clearing Member to effect a Non-Default Unwind of all of its Cleared Transactions prior to the Scheduled Membership Termination Date shall constitute a breach of the CDS Clearing Documentation but not an Event for the purposes of Article 4.3.1.1.

However, if a Clearing Member fails to effect a Non-Default Unwind of all of its Cleared Transactions prior to the Scheduled Membership Termination Date, LCH.Clearnet SA shall consult with the relevant Clearing Member to agree a grace period (to be no longer than 10 Clearing Days) for the Clearing Member to effect the Non-Default Unwind of all of its Cleared Transactions. If, at the end of such grace period (or, in the absence of any agreement on such grace period, on the 10th Clearing Day following the Scheduled Membership Termination Date), the relevant Clearing Member has not effected a Non-Default Unwind of all of its Cleared Transactions, LCH.Clearnet SA shall be entitled to take any of the actions set out in Article 4.3.2.3 as if an Event of Default had been declared with respect to such Clearing Member and such Clearing Member was a Defaulting Clearing Member.

Article 2.4.2.4

In the event of any Non-Default Termination, Membership Termination shall be effective (unless the relevant Membership Termination Notice is withdrawn in accordance with Article 2.4.2.5):

- (i) if the Membership Termination Notice is delivered during a CDS Post-Default Period:
 - (a) if such Clearing Member has concluded a Non-Default Unwind of all of its Cleared Transactions on or prior to the final calendar day of such CDS Post-Default Period, on the final calendar day of such CDS Post-Default Period; and
 - (b) if such Clearing Member has not concluded a Non-Default Unwind of all of its Cleared Transactions on or prior to the final calendar day of such CDS Post-Default Period, on the 10th calendar day following the first date as of which such Clearing Member has concluded its Non-Default Unwind of all of its Cleared Transactions, provided that if an Event of Default in relation to another Clearing Member occurs prior to such date of effective withdrawal, the Clearing Member's Membership Termination Notice shall be deemed to have been given during the resulting CDS Post-Default Period and the provisions of this sub-paragraph (i) shall apply again in relation to that Clearing Member's Membership Termination Notice;
- (ii) if the Membership Termination Notice is delivered other than during a CDS Post-Default Period:
 - (a) if such Clearing Member has concluded a Non-Default Unwind of all of its Cleared Transactions on or prior to the Scheduled Membership Termination Date, on such Scheduled Membership Termination Date; or
 - (b) if such Clearing Member has not concluded a Non-Default Unwind of all of its Cleared Transactions on or prior to the Scheduled Membership Termination Date, on the 10th calendar day following the first date as of which such Clearing Member has concluded a Non-Default Unwind of all of its Cleared Transactions,

provided that, in each case, if a Default Notice is issued in relation to another Clearing Member prior to such date, such Membership Termination Notice shall be deemed to have been given during the resulting CDS Post-Default Period and the provisions of sub-paragraph (i) shall apply.

Article 2.4.2.5

A Clearing Member or LCH.Clearnet SA, as the case may be, shall be entitled to withdraw its Membership Termination Notice served pursuant to Article 2.4.2.2 at any time prior to Membership Termination.

Article 2.4.2.6

In the event that, during a Membership Termination Notice Period for a Clearing Member, an LCH Default occurs or a Default Notice is served in respect of that Clearing Member, the procedures being undertaken in relation to the Non-Default Termination shall end and the rights of LCH.Clearnet SA, in relation to an Event of Default, and the rights of a Clearing Member, in relation to an LCH Default, shall prevail.

Article 2.4.2.7

Where LCH.Clearnet SA issues a Default Notice prior to Membership Termination, the Collateral transferred to LCH.Clearnet SA as a Contribution or Additional Contribution Amount by a Clearing Member may be applied in accordance with Article 4.3.3.1.

Article 2.4.2.8

Subject to the application of TITLE I, Chapter 3 during any Membership Termination Notice Period, the relevant Clearing Member shall remain liable to:

- (i) provide Collateral to satisfy its Margin Requirements;
- (ii) satisfy its Variation Margin Requirement when due to LCH.Clearnet SA;
- (iii) provide Collateral to satisfy its Contribution Requirement, including any increase to the level of its Contribution in the event that LCH.Clearnet SA recalculates the required CDS Default Fund in accordance with **Erreur ! Source du renvoi introuvable.** during the Membership Termination Notice Period;
- (iv) make all other required Cash Payments;
- (v) transfer, liquidate and make settlement/delivery (as applicable) in respect of all Cleared Transactions to which it is party in accordance with this CDS Clearing Rule Book, the CDS Clearing Supplement and the terms of the relevant Cleared Transactions;
- (vi) participate in the CDS Default Management Process;
- (vii) co-operate fully with LCH.Clearnet SA and to deal with any requests from it in a prompt and orderly fashion; and
- (viii) continue to satisfy conditions to its membership as set out in TITLE II and the CDS Admission Agreement.

For the avoidance of doubt, if an LCH Default occurs during the Membership Termination Notice Period other than where the Clearing Member is itself subject to an Event of Default, the provisions of TITLE I, Chapter 3 shall take precedence with respect to the Cleared Transactions registered in the Account Structure of the relevant Clearing Member and for which the relevant Clearing Member has not concluded a Non-Default Unwind on or prior to the LCH Default Time.

Article 2.4.2.9

Following Membership Termination, LCH.Clearnet SA and any Former Clearing Member shall remain:

- (i) subject to 0, Section 1.2.15 and any proceedings under the CDS Dispute Resolution Protocol and any provisions of the CDS Clearing Documentation which relate in whole or in part to any acts or omissions of LCH.Clearnet SA or the Former Clearing Member while it was a Clearing Member;
- (ii) in the event of an LCH Default, subject to the rights and obligations set out in TITLE I, Chapter 3; and
- (iii) liable in respect of all fees, fines, charges and payments under Cleared Transactions, amounts due to LCH.Clearnet SA or the Former Clearing Member as a result of its

Cleared Transactions and any other liabilities accrued prior to Membership Termination, including in particular, the payment of any Termination Amount(s) pursuant to Article 1.3.1.10, any amounts due pursuant to Article 4.3.3.4 or the payment of the LCH Repayment Amount pursuant to Clause 8.7 of the CDS Default Management Process.

Article 2.4.2.10

Promptly following Membership Termination, pursuant to Non-Default Termination, LCH.Clearnet SA shall issue a Clearing Notice specifying the name of the Former Clearing Member and, where appropriate, that they have opted to voluntarily terminate their membership pursuant to Article 2.4.2.2(ii).

Article 2.4.2.11

In relation to a Former Clearing Member's House Account Structure, following Membership Termination, LCH.Clearnet SA shall, if not already repaid, redelivered or accounted for pursuant to the CDS Clearing Rules, repay to a Former Clearing Member an amount equal to the sum of:

- (i) the Margin Balance for its House Margin Account; plus
- (ii) in the case of a CCM, any CCM Client Collateral Buffer; plus
- (iii) in the case of a CCM, any CCM Unallocated Client Collateral (to be held on account for its CCM Clients); plus
- (iv) any Collateral that has been transferred to LCH.Clearnet SA to satisfy its Contribution Requirement to the extent it has not been used by LCH.Clearnet SA in accordance with, or as permitted by, the CDS Clearing Rules; less
- (v) any amounts owing by the Former Clearing Member to LCH.Clearnet SA in respect of House Cleared Transactions recorded in its House Trade Account;

and redeliver to the Former Clearing Member any Pledged Eligible Collateral (other than Pledged Eligible Collateral which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process) which the Former Clearing Member has transferred to LCH.Clearnet SA to be recorded in its House Collateral Account.

In relation to each Client Account Structure of a Former Clearing Member, following Membership Termination, LCH.Clearnet SA shall, if not already repaid, redelivered or accounted for pursuant to the CDS Clearing Rules, repay to a Former Clearing Member an amount equal to the sum of:

- (i) the Margin Balance (if any) for each CCM Client Account Structure in the case of a CCM or as the case may be, for each FCM Client Margin Account in the case of an FCM Clearing Member; plus
- (ii) in the case of an FCM Clearing Member, any FCM Client Collateral Buffer and FCM Unallocated Client Collateral (save that LCH.Clearnet SA shall be entitled to retain any FCM Client Collateral Buffer in accordance with the FCM CDS Clearing Regulations to the extent a default has occurred in respect of an FCM Client);

and, in the case of a CCM, redeliver to the Former Clearing Member any Client Pledged Eligible Collateral (other than Client Pledged Eligible Collateral which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management

Process) which the Former Clearing Member has transferred to LCH.Clearnet SA to be recorded in the relevant Client Collateral Account.

Repayment shall be made as soon as reasonably possible after LCH.Clearnet SA has determined that the Former Clearing Member has no outstanding sums owing to LCH.Clearnet SA.

Article 2.4.2.12

Termination of membership shall be promptly notified to the Competent Authorities.

Section 2.4.3 Winding Down Event

[Not amended]

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TITLE III

CLEARING OPERATIONS

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CHAPTER 1 - NOVATION AND REGISTRATION

Section 3.1.1 Weekly Backloading Cycle

[Not amended]

Section 3.1.2 Daily Backloading Cycle

Article 3.1.2.1

LCH.Clearnet SA operates a Daily Backloading Cycle in accordance with this Section 3.1.2 and Section 5 of the Procedures.

Article 3.1.2.2

On any Business Day, a Daily Backloading Transaction may be submitted to LCH.Clearnet SA through an Approved ~~Matching Provider~~ Trade Source System during the Real Time Session.

Upon receipt of Original Transaction Data relating to a Daily Backloading Transaction from an Approved ~~Matching Provider~~ Trade Source System, LCH.Clearnet SA will perform in the following order:

- (i) the Eligibility Controls; and
- (i) the Client Transaction Checks (if applicable).

Article 3.1.2.3

A CM Backloading Transaction will become an Irrevocable Daily Backloading Transaction once it has passed the Eligibility Controls and a Client Backloading Transaction will become an Irrevocable Daily Backloading Transaction once it has passed the Eligibility Controls and the Client Transaction Checks. If any of the Eligibility Controls or the Client Transaction Checks is not successfully completed, the relevant Daily Backloading Transaction will become a Rejected Transaction.

LCH.Clearnet SA will, in accordance with Section 3.1.7, pre-register the positions corresponding to each Irrevocable Daily Backloading Transaction in the relevant Clearing Member's Account Structure at the times set out in Section 5 of the Procedures on the relevant Daily Backloading Novation Day provided that all Eligibility Requirements of such Irrevocable Daily Backloading Transaction are still met.

Any Daily Backloading Transaction affected by a Backloading Failure in accordance with Section 3.1.3 and Section 5 of the Procedures shall become a Rejected Transaction.

Article 3.1.2.4

Following the Morning Call on the relevant Daily Backloading Novation Day, LCH.Clearnet SA shall:

- (i) novate in accordance with Article 3.1.6.1 each Irrevocable Daily Backloading Transaction that is not a Rejected Transaction at the Novation Time;
- (ii) if applicable, perform the compression of Cleared Transactions in accordance with TITLE III, Chapter 3 and Section 5 of the Procedures;

- (iii) register in the TIW, in accordance with Section 3.1.10, the Cleared Transactions arising out of the novation and, if applicable, compression process; and
- (iv) if applicable, remove from the TIW, in accordance with Section 3.1.10, the relevant Daily Backloading Transactions and Cleared Transactions which are terminated as a result of the compression process.

Section 3.1.3 Backloading Failure

[Not amended]

Section 3.1.4 Intraday Process

Article 3.1.4.1

An Intraday Transaction may be submitted to LCH.Clearnet SA for clearing through an Approved ~~Matching Provider Trade Source System~~ during the Real Time Session on any Clearing Day.

Article 3.1.4.2

Submission by an ~~AMPATSS~~ Participant to an Approved ~~Matching Provider Trade Source System~~ of an Intraday Transaction with a designation for clearing by LCH.Clearnet SA shall be deemed to be an irrevocable agreement by such ~~AMPATSS~~ Participant that:

- (i) the relevant Original Transaction Data may be sent by such Approved ~~Matching Provider Trade Source System~~, pursuant to the Approved ~~Matching Provider's Trade Source System's~~ terms and conditions, to LCH.Clearnet SA;
- (ii) such Intraday Transaction is intended to be novated to LCH.Clearnet SA pursuant to and in accordance with the terms of the CDS Clearing Rules and the CDS Clearing Supplement; and
- (iii) the terms of such Intraday Transaction will not be amended prior to novation (unless such Intraday Transaction becomes a Rejected Transaction).

Article 3.1.4.3

On each Clearing Day, the Real Time Session will begin at the Start of Real Time. Upon receipt of Original Transaction Data relating to an Intraday Transaction from an Approved ~~Matching Provider Trade Source System~~, during the Real Time Session, LCH.Clearnet SA will perform in the following order:

- (i) the Eligibility Controls; and
- (ii) the Client Transaction Checks (if applicable).

If an Intraday Transaction is received for clearing by LCH.Clearnet SA outside of the Real Time Session or if any of the Eligibility Controls, the Client Transaction Checks (if applicable) or the Notional and Collateral Checks are not successfully completed, such Intraday Transaction will automatically become a Rejected Transaction.

Article 3.1.4.4

An Intraday Transaction will become an Eligible Intraday Transaction only once the Eligibility Controls and the Client Transaction Checks (if applicable) have been successfully completed.

LCH.Clearnet SA will then pre-register the positions corresponding to any Eligible Intraday Transaction in the Account Structure of the relevant Clearing Member in accordance with Section 3.1.7, and such Eligible Intraday Transaction will then be subject to the Notional and Collateral Check with respect to the relevant Clearing Member. If an Eligible Intraday Transaction passes the Notional and Collateral Check with respect to each of the Clearing Members in respect of whom a Cleared Transaction would be registered, LCH.Clearnet SA will novate such Eligible Intraday Transaction pursuant to Article 3.1.6.1.

Article 3.1.4.5

Unless otherwise stated in this Section 3.1.4, each stage of the intraday process as set out in this Section 3.1.4 will be conducted by LCH.Clearnet SA as quickly as technologically practicable and, where applicable, will begin as quickly as technologically practicable after the previous stage.

Article 3.1.4.6

LCH.Clearnet SA will inform all relevant Clearing Members of the results of the application of the Eligibility Controls, the Client Transaction Checks (if applicable) and the Notional and Collateral Check on each relevant Intraday Transaction in the relevant Intraday Call Reports, made available to Clearing Members in accordance with Section 5 of the Procedures.

Section 3.1.5 Rejected Transactions

[Not amended]

Section 3.1.6 Novation Process

Article 3.1.6.1

In respect of each Original Transaction novated by LCH.Clearnet SA, with effect from the Novation Time of such Original Transaction:

- (i) if such Original Transaction comprises two House Trade Legs, the parties to such Original Transaction shall be automatically and immediately released and discharged from all their obligations to each other under such Original Transaction (and the books and records of such parties shall be updated to reflect such novation) other than in respect of:
 - (a) any amounts which are due and payable (or deliverable) by one party to the other pursuant to the terms of such Original Transaction but have not yet been paid (or delivered), on or prior to the Novation Time; and
 - (b) any Initial Payment Amounts or any Fixed Amounts, when such amounts remain payable between the parties to such Original Transaction and in accordance with the terms of such Original Transaction pursuant to the CDS Clearing Supplement;
- (ii) if such Original Transaction comprises at least one Client Trade Leg, the parties to such Original Transaction shall be released and discharged from all their obligations to each other in accordance with the relevant agreement they have entered into other than in respect of:
 - (a) any amounts which are due and payable (or deliverable) by one party to the other pursuant to the terms of such Original Transaction but have not yet been paid (or delivered), on or prior to the Novation Time; and

- (b) any Initial Payment Amounts or any Fixed Amounts, when such amounts remain payable between the parties to such Original Transaction and in accordance with the terms of such Original Transaction pursuant to the CDS Clearing Supplement;
- (iii) each such Original Transaction will be replaced by two Cleared Transactions as follows:
 - (a) a Cleared Transaction entered into between LCH.Clearnet SA (acting as the protection seller in respect of such Cleared Transaction) and either: (x) in the event the Fixed Rate Payer of the Original Transaction is a Clearing Member, the Fixed Rate Payer (acting as CDS Buyer in respect of such Cleared Transaction); or (y) in the event the Fixed Rate Payer of the Original Transaction is a Client, the relevant Nominated Clearing Member (acting as CDS Buyer in respect of such Cleared Transaction), as applicable; and
 - (b) a Cleared Transaction entered into between LCH.Clearnet SA (acting as the protection buyer in respect of such Cleared Transaction) and either: (x) in the event the Floating Rate Payer of the Original Transaction is a Clearing Member, the Floating Rate Payer (acting as CDS Seller in respect of such Cleared Transaction); or (y) in the event the Floating Rate Payer of the Original Transaction is a Client, the relevant Nominated Clearing Member (acting as CDS Seller in respect of such Cleared Transaction), as applicable; and
- (iv) each such Cleared Transaction is deemed entered into by LCH.Clearnet SA as a system and is irrevocable in accordance with Article L. 330-1 III and IV of the French Monetary and Financial Code.

Any failure by a party to perform its obligations under such Original Transaction shall not affect the liability of any such party to LCH.Clearnet SA following the novation of such Original Transaction.

Article 3.1.6.2

LCH.Clearnet SA will inform the relevant Clearing Members of the novation of an Original Transaction, novated pursuant to Article 3.1.6.1, in the relevant Cleared Trades Report and Bilateral Trades Report, in accordance with Section 5 of the Procedures.

Article 3.1.6.3

The CDS Clearing System used for the purposes of the novation of Backloading Transactions is not a real-time monitoring of transactions process.

Registration of Cleared Transactions in the Account Structure of the relevant Clearing Members will depend upon the effective receipt by LCH.Clearnet SA of appropriate information from the Approved [Matching Provider Trade Source System](#), and will be processed during Clearing Days as set out in Section 5 of the Procedures.

LCH.Clearnet SA shall not be in breach of the CDS Clearing Documentation by reason of late provision of any report or information by the Approved [Matching Provider Trade Source System](#).

Article 3.1.6.4

LCH.Clearnet SA will be entitled to assume and will assume that no Credit Event Notice or Notice of Physical Settlement under an Original Transaction submitted for clearing by LCH.Clearnet SA in accordance with this TITLE III, Chapter 1 has been delivered by either party to the other prior to

the Novation Time for that Original Transaction (other than any deemed delivery of a Credit Event Notice pursuant to a DC Credit Event Announcement). Each Clearing Member upon submitting an Original Transaction for clearing by LCH.Clearnet SA acknowledges and agrees that any Credit Event Notice (other than any deemed delivery of a Credit Event Notice pursuant to a DC Credit Event Announcement) or Notice of Physical Settlement (or NOPS Amendment Notice) delivered in relation to an Original Transaction which is accepted for clearing by LCH.Clearnet SA in accordance with Section 3.1.1, Section 3.1.2 or Section 3.1.4 shall be deemed, at the Novation Time, never to have been delivered.

Article 3.1.6.5

Subject to Article 3.1.6.1 above, each Cleared Transaction shall be on identical terms as those set out in the Transaction Data of the Original Transaction replaced by such Cleared Transaction, and otherwise subject to the provisions of the CDS Clearing Documentation. With effect from the Novation Time, the terms of the Cleared Transaction shall be definitive, regardless of whether any Cleared Transaction is based on any Original Transaction and regardless of any error or the validity of any Original Transactions.

Article 3.1.6.6

Notwithstanding the designation by LCH.Clearnet SA of any system as an Approved Matching ProviderTrade Source System, LCH.Clearnet SA makes no warranty as to the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Matching ProviderTrade Source System or the timeliness or otherwise of the delivery of any Original Transaction, details by that Approved Matching ProviderTrade Source System to LCH.Clearnet SA. The ability of Clearing Members to submit Original Transactions through a particular Approved Matching ProviderTrade Source System may be suspended from time to time provided that any such suspension applies to all Clearing Members and, where reasonably practicable, LCH.Clearnet SA gives at least 2 Clearing Days notice of such suspension.

Article 3.1.6.7

In the event that LCH.Clearnet SA registers Cleared Transactions on the basis of incorrect or corrupted data sent to it by an Approved Matching ProviderTrade Source System, the Clearing Member concerned shall be bound by the terms of such Cleared Transactions. LCH.Clearnet SA may agree to use its reasonable endeavours to assist the relevant Clearing Members in re-registering such trades on the correct basis but it shall be under no obligation to do so. LCH.Clearnet SA shall not be liable to Clearing Members or anyone else with regard to the registration of such Cleared Transactions.

Section 3.1.7 Pre-registration

Article 3.1.7.1

Pre-registration is an internal process implemented by LCH.Clearnet SA for the purposes only of ensuring that:

- (i) the terms of the relevant Eligible Intraday Transactions or Irrevocable Backloading Transactions, as applicable,

- (ii) in respect of a Receiving Clearing Member, the Client Cleared Transactions to be transferred to it in accordance with TITLE V, Chapter 3 or TITLE VI, Chapter 3 (as applicable); and/or
- (iii) in respect of a **Back-upBackup** Clearing Member, the Relevant Client Cleared Transactions to be transferred to it in accordance with clause 4.3 of the CDS Default Management Process,

are taken into account for the purposes of determining the Intraday Novation Margin Requirement and/or the Margin Requirement for each Margin Account of each Clearing Member, on the relevant Clearing Day pursuant to Section 4.2.3 and Section 2 of the Procedures.

For the avoidance of doubt, pre-registration of:

- (i) the positions corresponding to an Eligible Intraday Transaction or an Irrevocable Backloading Transaction does not constitute the novation of such Eligible Intraday Transaction or Irrevocable Backloading Transaction; and
- (ii) a Client Cleared Transaction or Relevant Client Cleared Transaction does not constitute the actual transfer of such Client Cleared Transaction or Relevant Client Cleared Transaction to the Receiving Clearing Member or **Back-upBackup** Clearing Member, as applicable.

Article 3.1.7.2

LCH.Clearnet SA shall upon successful completion of:

- (i) in respect of an Intraday Transaction: the Eligibility Controls and the Client Transaction Checks (if applicable);
- (ii) in respect of an Irrevocable Weekly Backloading Transaction: the Eligibility Controls performed on the Weekly Backloading Novation Day; or
- (iii) in respect of an Irrevocable Daily Backloading Transaction: the Eligibility Controls performed on the Daily Backloading Novation Day;

promptly pre-register the positions corresponding to the relevant Original Transaction in the Account Structure of the relevant Clearing Member. The position that will be pre-registered will be equivalent to the Cleared Transaction that would be registered on the clearing of such Original Transaction.

Article 3.1.7.3

LCH.Clearnet SA shall pre-register:

- (i) the Client Cleared Transactions to be transferred to a Receiving Clearing Member in accordance with TITLE V, Chapter 3 or TITLE VI, Chapter 3 (as applicable); or
- (ii) the Relevant Client Cleared Transactions to be transferred to a **Back-upBackup** Clearing Member in accordance with clause 4.3 of the CDS Default Management Process;

in the Account Structure of the relevant Receiving Clearing Member or **Back-upBackup** Clearing Member, as applicable.

Section 3.1.8 Margin calculation

[Not amended]

Section 3.1.9 Loss Distribution Periods

Article 3.1.9.1

If, on a Business Day and in accordance with Clause **Erreur ! Source du renvoi introuvable.** of the CDS Default Management Process, LCH.Clearnet SA requests that an adjustment be made to the Loss Distribution Cap Amount for one or more Non-Defaulting Clearing Member(s), and such day is also:

- (i) a Daily Backloading Novation Day but not a Weekly Backloading Novation Day: the novation of all Daily Backloading Transactions that have not been novated prior to such request will be postponed; or
- (ii) a Daily Backloading Novation Day and a Weekly Backloading Novation Day: the novation of all Backloading Transactions that have not been novated prior to such request will be postponed.

In this circumstance, LCH.Clearnet SA shall promptly, and by no later than 07.45, publish a Clearing Notice notifying all Clearing Members that it will not novate any Original Transactions submitted to LCH.Clearnet SA for clearing on such Clearing Day unless and until each affected Non-Defaulting Clearing Member has agreed to an adjustment to their Loss Distribution Cap Amount. For the avoidance of doubt, such Clearing Notice will not identify the Non-Defaulting Clearing Members who are being consulted in relation to an adjustment to their Loss Distribution Cap Amount.

Article 3.1.9.2

In the event that each relevant Non-Defaulting Clearing Member agrees to an adjustment to their Loss Distribution Cap Amount on such Business Day in the form and within the timeframe set out in the relevant Clearing Notice, LCH.Clearnet SA will promptly distribute the relevant Backloading Transaction Reports (in accordance with and subject to Section 5 of the Procedures) to each Clearing Member for that Business Day. Following the Morning Call made by LCH.Clearnet SA, each Clearing Member will be required to satisfy the Margin Requirement(s) and Variation Margin Requirement(s) in respect of the Margin Account(s) for each of its ~~Margin Accounts~~ Account Structure(s) at the time of the next available TARGET2 payment window (as set out in Section 3 of the Procedures) on such Business Day, save that if the time of the next available TARGET2 payment window is less than 45 minutes from the time of distribution of the relevant Backloading Transaction Reports (in accordance with Section 5 of the Procedures) each Clearing Member will be required to satisfy the Margin Requirement(s) and Variation Margin Requirement(s) in respect of the Margin Account(s) for each of its ~~Margin Accounts~~ Account Structure(s) at the time of the second next available TARGET2 payment window on such Business Day. LCH.Clearnet SA shall ensure that each Clearing Member is provided with at least 45 minutes notice of the time at which it will be required to satisfy the Margin Requirement(s) and Variation Margin Requirement(s) in respect of the Margin Account(s) for each of its ~~Margin Accounts~~ Account Structure(s) on such Business Day.

Article 3.1.9.3

Provided that following the Morning Call made by LCH.Clearnet SA, each Clearing Member satisfies its Margin Requirement(s) and Variation Margin Requirement(s) in respect of the Margin Account(s) for each of its ~~Margin Accounts~~ Account Structure(s) by the close of the relevant TARGET2 payment window, in accordance with Article 3.1.9.2, all the Backloading Transactions submitted to LCH.Clearnet SA for clearing pursuant to Section 3.1.1 or Section 3.1.2 shall be novated as soon as technologically practicable after the Clearing Member Novation Acceptance Time. In the event that a Backloading Failure occurs in respect of any Clearing Member, LCH.Clearnet SA shall novate the Backloading Transactions that have not become Rejected Transactions as a result of Section 3.1.3.

Article 3.1.9.4

If any Non-Defaulting Clearing Member does not agree to an adjustment to its Loss Distribution Cap Amount on such Business Day in the form and within the timeframe set out in the relevant Clearing Notice, an Early Termination Trigger Date shall arise, in accordance with Clause 8.1 of the CDS Default Management Process. Upon an Early Termination Trigger Date, LCH.Clearnet SA shall promptly publish a Clearing Notice notifying all Clearing Members that an Early Termination Trigger Date has arisen, and that LCH.Clearnet SA will not novate any more Original Transactions submitted to it for clearing on such day (if such day is a Clearing Day) and will not accept any Original Transactions which are submitted to LCH.Clearnet SA for clearing by Clearing Members at any time after the Early Termination Trigger Date has arisen.

Section 3.1.10 Registration of Cleared Transactions

Article 3.1.10.1

Following the novation of Backloading Transactions in accordance with Section 3.1.1, ~~Section 3.1.2~~ or Section 3.1.42, and, if applicable, the compression of Cleared Transactions in accordance with Title III, Chapter 3 and Section 5 of the Procedures, LCH.Clearnet SA shall promptly arrange for:

- (i) the removal of the relevant Backloading Transactions from the TIW on behalf the relevant Clearing Members and/or Client(s);
- (ii) if applicable, the removal of the Cleared Transactions which are terminated as a result of the compression process; and
- (iii) the registration of the relevant Cleared Transactions in the TIW on its own behalf and on behalf the relevant Clearing Members.

For the avoidance of doubt, if Cleared Transactions have been compressed pursuant to TITLE III, Chapter 3 as part of the Daily Backloading Cycle or the Weekly Backloading Cycle in accordance with **Erreur ! Source du renvoi introuvable.** or Article 3.1.2.4, as applicable, LCH.Clearnet SA shall register in the TIW only the compressed Cleared Transaction(s), if any.

Article 3.1.10.2

Following the novation of Intraday Transactions in accordance with Section 3.1.4, LCH.Clearnet SA shall, in accordance with Section 5 of the Procedures, promptly arrange for:

- (i) if applicable, the removal of the relevant Intraday Transactions from the TIW on behalf of the relevant Clearing Members which have already been registered in the TIW but which are terminated as a result of the registration of the relevant Cleared Transactions; and
- (ii) the registration of the two related Cleared Transactions in the TIW on its own behalf and on behalf the relevant Clearing Members.

Article 3.1.10.3

Cleared Transactions shall be registered by LCH.Clearnet SA in the CDS Clearing System in the Account Structure of the relevant Clearing Members.

Article 3.1.10.4

The terms and conditions of Cleared Transactions are determined pursuant to the CDS Clearing Supplement.

Article 3.1.10.5

Each relevant Clearing Member with respect to an Original Transaction novated in accordance with the CDS Clearing Rules and the CDS Clearing Supplement must ensure that its books and records are updated to reflect the novation of such Original Transaction and the creation of the relevant Cleared Transaction as soon as reasonably practicable after the relevant Cleared Trades Report has been made available to such Clearing Member, in accordance with Section 5 of the Procedures, following novation of such Original Transaction in accordance with Article 3.1.6.1.

Article 3.1.10.6

Cleared Transactions are registered in Trade Accounts on a trade by trade basis. LCH.Clearnet SA will not perform compression or netting at the Trade Account level otherwise than pursuant to TITLE III, Chapter 3.

Article 3.1.10.7

The process as described in Article 3.1.10.1 will apply, *mutatis mutandis*, in all other circumstances where termination and creation messages relating to Cleared Transactions of a Clearing Member are to be exchanged between the Approved Matching Provider Trade Source System, LCH.Clearnet SA and such Clearing Member, including, without limitation, in connection with:

- (i) the creation of Restructuring Matched Pairs or Settlement Matched Pairs (where applicable and subject to Sections 5 and 6 of Part A or Part B, as applicable, of the CDS Clearing Supplement, as applicable); and
- (ii) the transfer of Cleared Transactions.

Article 3.1.10.8

Upon the occurrence of specific events where LCH.Clearnet SA manually undertakes, with respect to any Cleared Transactions, automatic processes that are usually provided by the TIW in

accordance with Section 5 of the Procedures, LCH.Clearnet SA will charge the relevant Clearing Member fees for undertaking such manual procedure, specified in a fee grid published from time to time by LCH.Clearnet SA on its Website.

Section 3.1.11 Reporting requirements

[Not amended]

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CHAPTER 2 – HOUSE ACCOUNT STRUCTURE

Section 3.2.1 House Trade Account

[Not amended]

Section 3.2.2 House Margin Account

[Not amended]

Section 3.2.3 House Collateral Account

[Not amended]

DRAFT

CHAPTER 3 - COMPRESSION

Section 3.3.1 General

[Not amended]

DRAFT

TITLE IV
RISK MANAGEMENT

DRAFT

CHAPTER 1 - GENERAL PROVISIONS

Section 4.1.1

[Not amended]

DRAFT

CHAPTER 2 - MARGIN

Section 4.2.1 Margin Requirement

[Not amended]

Section 4.2.2 Excess Collateral and the Client Collateral Buffer

Article 4.2.2.1

A Clearing Member may specify, and may update, its House Excess Collateral Threshold and its Client Collateral Buffer Threshold at such times and in such manner as set out in Section 2 of the Procedures.

House Excess Collateral can be used by LCH.Clearnet SA to cover increases in the House Margin Requirement and to satisfy the Notional and Collateral Check carried out by LCH.Clearnet SA in respect of Eligible Intraday Transactions comprising one or more House Trade Leg(s).

In the case of a CCM, CCM Client Excess Collateral can be used by LCH.Clearnet SA to cover increases in the relevant CCM Client Margin Requirement(s) calculated in respect of the Margin Accounts for a CCM Client Account Structure and to satisfy the Notional and Collateral Check carried out by LCH.Clearnet SA in respect of Eligible Intraday Transactions comprising one or more Client Trade Leg(s).

In the case of an FCM Clearing Member and in accordance with Section 6.2.5(ii), any intraday FCM Client Excess Collateral attributable to a specific FCM Client Financial Account can be used by LCH.Clearnet SA to cover increases in the relevant FCM Client Margin Requirement and to satisfy the Notional and Collateral Check carried out by LCH.Clearnet SA in respect of Eligible Intraday Transactions comprising one or more Client Trade Leg(s).

Article 4.2.2.2

If at any time, in respect of a Clearing Member:

- (i) its House Excess Collateral falls below its House Excess Collateral Threshold; and/or
- (ii) its Client Collateral Buffer falls below its Client Collateral Buffer Threshold,

LCH.Clearnet SA shall request the Clearing Member, at the next Collateral Call, to transfer Collateral equal to the House Excess Collateral Shortfall and the Client Collateral Buffer Shortfall.

Article 4.2.2.3

A Clearing Member may increase the amount of:

- (i) House Excess Collateral;
- (ii) in the case of a CCM:
 - (a) CCM Client Excess Collateral recorded in a particular CCM Client Collateral Account; or
 - (b) CCM Client Collateral Buffer₁

by transferring additional Collateral to LCH.Clearnet SA in accordance with Section 3 of the Procedures.

Article 4.2.2.4

If, when carrying out a Notional and Collateral Check in respect of the Client Trade Leg of an Eligible Intraday Transaction, LCH.Clearnet SA determines that there is insufficient Client Excess Collateral allocated to:

- (i) in the case of a CCM: the relevant CCM Client Account Structure; or
- (ii) in the case of an FCM Clearing Member: the relevant FCM Client Margin Account;

to enable the novation of such Client Trade Leg, but there is sufficient Available Client Collateral Buffer, an amount of the Available Client Collateral Buffer shall be “allocated” to:

- (a) in the case of a CCM: the relevant CCM Client Account Structure; or
- (b) in the case of an FCM Clearing Member: the relevant FCM Client Margin Account,

in accordance with Section 2 of the Procedures, so as to satisfy the Intraday Novation Margin Requirement.

LCH.Clearnet SA will update the value of the Available Client Collateral Buffer for each relevant Clearing Member following:

- (i) the novation of each Intraday Transaction comprising one or more Client Trade Leg(s), if applicable; and
- (ii) each Collateral Call.

Article 4.2.2.5

Where, in the case of a CCM:

- (i) in respect of the CCM House Collateral Account: the CCM Margin Balance exceeds the CCM House Margin Requirement;
- (ii) in respect of a CCM Client Collateral Account: the CCM Margin Balance exceeds the relevant CCM Client Margin Requirement(s) calculated in respect of the Margin Accounts for the relevant CCM Client Account Structure; and/or
- (iii) in respect of the Buffer Collateral Account: there is CCM Available Client Collateral Buffer;

the CCM may request to have Collateral returned to it in accordance with the process set out in Section 3 of the Procedures.

Where, in the case of an FCM Clearing Member:

- (i) in respect of the FCM House Collateral Account; the FCM Margin Balance exceeds the FCM House Margin Requirement, the FCM Clearing Member may request to have Collateral returned to it in accordance with the process set out in Section 3 of the Procedures and subject to Section 6.2.5(i); and
- (ii) in respect of the FCM Client Collateral Account:
 - (a) the FCM Margin Balance of an FCM Client Financial Account exceeds the relevant FCM Client Margin Requirement prior to the Morning Call; or

- (b) the value of the Collateral attributed to the FCM Buffer Financial Account exceeds the FCM Client Collateral Buffer Threshold,

the amount of the excess will be reclassified as FCM Unallocated Client Excess Collateral and thereafter may be returned to the FCM Clearing Member upon request in the conditions set out in Section 3 of the Procedures and subject to Section 6.2.5.

Article 4.2.2.6

A request to have Collateral returned, in accordance with Article 4.2.2.5 and Section 3 of the Procedures, will not impact the House Excess Collateral Threshold or Client Collateral Buffer Threshold specified by the Clearing Member. Unless separately updated in accordance with Article 4.2.2.1 and Section 2 of the Procedures, LCH.Clearnet SA shall continue to use the previously notified House Excess Collateral Threshold and Client Collateral Buffer Threshold for the purposes of making Collateral Calls pursuant to Section 4.2.3.

Section 4.2.3 Collateral Calls

Article 4.2.3.1

Prior to each Collateral Call (other than an Additional Collateral Call), for each Clearing Member, LCH.Clearnet SA shall calculate, at such times set out in Section 2 of the Procedures and in such manner set out in Sections 2 and 3 of the Procedures:

- (i) in respect of ~~each of~~ its House ~~Margin Account Structure~~ and each of its CCM Client Margin Accounts Account Structure(s) in the case of a CCM or each of its FCM Client Margin Account(s) in the case of an FCM Clearing Member:
- (a) the Margin Requirement for each Margin Account;
- ~~(b) the Margin Balance; and~~
- ~~(c)~~ ~~(b)~~ the Variation Margin Requirement for each Margin Account, in accordance with **Erreur ! Source du renvoi introuvable.;**
- (c) the Margin Balance; and
- (ii) the Client Collateral Buffer.

On the basis of such calculations, LCH.Clearnet SA shall determine, in respect of each Clearing Member, whether there is:

- (i) ~~a Margin Shortfall or an Excess Collateral,~~ in respect of the House ~~Margin Account Structure~~ and each CCM Client Margin Account Structure(s) or as the case may be, each FCM Client Margin Account(s), a Margin Shortfall or an Excess Collateral; and
- (ii) a Client Collateral Buffer Shortfall.

LCH.Clearnet SA shall perform these calculations in accordance with Section 4.1.1 at the times and in the manner set out in Sections 2 and 3 of the Procedures.

- (i) in respect of its House Account Structure and each of its CCM Client Account Structure(s) or as the case may be, each of its FCM Client Margin Account(s):
- (a) the Margin Requirement for each Margin Account;

~~(a)~~(b) the Variation Margin Requirement for each Margin Account;

~~(b)~~(c) the Margin Balance;

~~(c)~~(d) the Margin Shortfall or Excess Collateral, as the case may be;

~~(d)~~(e) the House Excess Collateral Shortfall (in respect of the House Margin Account only);

~~(e)~~ the Variation Margin Requirement;

(ii) any Client Collateral Buffer Shortfall (if any);

(iii) for an FCM Clearing Member, the FCM Unallocated Client Excess Collateral;

through the reports made available to each Clearing Member in accordance with, and subject to, Section 5 of the Procedures.

The failure by LCH.Clearnet SA to provide any such reports shall not invalidate its ability to debit a Clearing Member's TARGET2 Account, in accordance with Article 4.2.3.2, using the Power of Attorney issued in its favour in accordance with Article 2.2.1.1(xiv)(a), to cover any Required Collateral Amount and/or Variation Margin.

Article 4.2.3.2

As set out in Section 3 of the Procedures, LCH.Clearnet SA will make a Collateral Call of an amount equal to the Required Collateral Amount in accordance with Section 3 of the Procedures.

At the same time as each Collateral Call (other than an Additional Collateral Call), each Clearing Member or LCH.Clearnet SA, as the case may be, shall also be required to make a Cash Payment to satisfy the Variation Margin Requirement applicable to each of the Clearing Member's Margin Accounts.

All payments required to be made, in accordance with this Article 4.2.3.2, will be netted in the manner set out in Section 3 of the Procedures.

Article 4.2.3.3

The failure to transfer Collateral in an amount equal to:

- (i) the House Excess Collateral Shortfall;
- (ii) the Client Collateral Buffer Shortfall; and/or
- (iii) the Allocated Client Collateral Buffer,

in accordance with Article 4.2.3.2 shall not constitute a Payment Failure in respect of the relevant Clearing Member.

Section 4.2.4 Additional Collateral Call

Article 4.2.4.1

LCH.Clearnet SA shall, at any time on a Business Day pursuant to ~~Article 4.2.1.2, Article 4.2.1.2,~~ have the right to calculate and make a Collateral Call on a Clearing Member to transfer to LCH.Clearnet SA such additional Collateral as LCH.Clearnet SA deems necessary to manage its risk exposure.

For the avoidance of doubt, such Collateral Call may relate to either a House ~~Margin~~-Account Structure or a Client ~~Margin~~-Account Structure of a Clearing Member.

Article 4.2.4.2

Where LCH.Clearnet SA makes a Collateral Call in accordance with Article 4.2.4.1, each relevant Clearing Member shall transfer Collateral in the form and by such time as is required by LCH.Clearnet SA. LCH.Clearnet SA shall notify each relevant Clearing Member, as soon as is reasonably practicable, providing at least 45 minutes notice of the time at which such Clearing Member is required to transfer Collateral to LCH.Clearnet SA. LCH.Clearnet SA shall use all reasonable endeavours, from the time at which the decision to make a Collateral Call is made by it and until the time at which the Clearing Member is required to transfer Collateral, to contact each relevant Clearing Member, by any method of communication available to it, to inform the Clearing Member of its intention to make a Collateral Call in accordance with Article 4.2.4.1. Provided that LCH.Clearnet SA has complied with the requirements of this Article 4.2.4.2, it shall have the right to debit a Clearing Member's TARGET2 Account, using the Power of Attorney issued in its favour in accordance with Article 2.2.1.1(~~xxiv~~)(a), to cover any such Collateral requirement.

Section 4.2.5 Variation Margin

[Not amended]

Section 4.2.6 Collateral

Article 4.2.6.1

The list of Eligible Currencies and Eligible Collateral is set out in Section 3 of the Procedures. LCH.Clearnet SA may notify Clearing Members of any change to what constitutes Eligible Currencies or Eligible Collateral by publication of a Clearing Notice.

Article 4.2.6.2

On the specific written request of a Clearing Member, LCH.Clearnet SA shall ensure that the Risk Committee is consulted on the acceptance of any type of currency, security or other type of asset as an Eligible Currency or as Eligible Collateral as the case may be, provided that Applicable Law permits LCH.Clearnet SA to accept such currency, security or other asset as Collateral. If Applicable Law no longer permits any currency, security or other asset to be accepted by a LCH.Clearnet SA as Collateral, LCH.Clearnet SA shall amend the list of Eligible Currencies and Eligible Collateral in accordance with **Erreur ! Source du renvoi introuvable.** (ii)(a).

Article 4.2.6.3

- (i) A CCM shall post Cash Collateral and/or Eligible Collateral:
 - (a) to satisfy the Margin Requirement(s) in respect of ~~each of its~~the Margin Accounts for each of its Account Structures;
 - (b) where such CCM wishes to maintain Collateral over and above that which is needed to satisfy the CCM Client Margin Requirement(s) in respect of ~~a particular~~the Margin Accounts for any of its CCM Client ~~Margin~~-Account Structures, in the relevant CCM Client Collateral Account;

- (c) where such CCM wishes to maintain Collateral over and above that which is needed to satisfy the CCM House Margin Requirement in the CCM House Collateral Account; and/or
- (d) where such CCM wishes to maintain CCM Client Collateral Buffer in its Buffer Collateral Account,

in accordance with the conditions set out in Section 3 of the Procedures.

- (ii) An FCM Clearing Member shall post Cash Collateral and/or Eligible Collateral:
 - (a) to satisfy the Margin Requirement, in respect of each of its Margin Accounts;
 - (b) where such FCM Clearing Member wishes to maintain FCM Client Collateral Buffer, in the FCM Buffer Financial Account; and/or
 - (c) where such FCM Clearing Member wishes to maintain FCM House Excess Collateral, in the FCM House Collateral Account,

in accordance with the conditions set out in Section 3 of the Procedures.

Article 4.2.6.4

LCH.Clearnet SA may apply such haircuts to Eligible Collateral and such FX adjustments to Cash Collateral as set out on the Website in calculating (as applicable):

- (i) the Margin Balance for each ~~CCM Margin Account~~ [Structure of a CCM](#);
- (ii) the Margin Balance for any FCM House Margin Account;
- (iii) the aggregate value of Collateral (excluding FCM Client Collateral Buffer) transferred by an FCM Clearing Member to LCH.Clearnet SA to meet its Total Client Margin Requirement for purposes of and to the extent relevant for determining the Margin Balance and the Legally Segregated Value for each FCM Client Margin Account of such FCM Clearing Member; and
- (iv) the value of the Client Collateral Buffer.

Article 4.2.6.5

Cash Collateral and Eligible Collateral transferred to LCH.Clearnet SA shall be held by LCH.Clearnet SA in accordance with Section 3 of the Procedures.

Article 4.2.6.6

In providing any Eligible Collateral to LCH.Clearnet SA, a Clearing Member shall represent and warrant that:

- (i) the Clearing Member is the sole and beneficial owner of the assets making up such Eligible Collateral or, if an FCM Clearing Member provides Eligible Collateral for which it is not the sole and beneficial owner, such FCM Clearing Member has the right to grant to LCH.Clearnet SA a first security interest in and first priority and unencumbered first lien upon the assets making up such Eligible Collateral;
- (ii) none of the assets making up the Eligible Collateral for which the Clearing Member is the sole and beneficial owner are subject to any security interest, encumbrance or other third

party interest ~~or~~(other than a lien routinely imposed on all securities in a clearing system in which any such Eligible Collateral may be held);

- (iii) the use or application of the Eligible Collateral by LCH.Clearnet SA will not breach Applicable Law or any obligations owed by such Clearing Member to any third party; and
- (iv) it has the right, or will have the right at the time of their being credited to the relevant account, to transfer the Eligible Collateral to LCH.Clearnet SA for security purposes.

Section 4.2.7 Markit LCH Settlement Price

[Not amended]

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CHAPTER 3 - EVENTS OF DEFAULT

Section 4.3.1 Events of Default

Article 4.3.1.1

Where any of the following events occurs and is continuing with respect to a Clearing Member, LCH.Clearnet SA shall, subject to Article 4.3.1.2, be entitled to determine that the relevant Event constitutes an Event of Default in respect of such Clearing Member:

- (i) that Clearing Member fails to perform its obligations in accordance with, or is in breach of, the CDS Clearing Documentation or the Pledge Agreement;
- (ii) that Clearing Member is declared to be in default by or is expelled from membership of another clearing house;
- (iii) that Clearing Member is suspended by, or expelled from membership of, any Regulatory Body;
- (iv) that Clearing Member commits a Payment Failure;
- (v) that Clearing Member is subject to Insolvency Proceedings;
- (vi) that in LCH.Clearnet SA's opinion, that Clearing Member is likely to become subject to Insolvency Proceedings;
- (vii) that Clearing Member is subject to an event of default in connection with any other clearing service provided to the Clearing Member by LCH.Clearnet SA; and/or
- (viii) that in LCH.Clearnet SA's opinion, that Clearing Member is likely to commit a Payment Failure.

Article 4.3.1.2

Before LCH.Clearnet SA is entitled to determine that an Event constitutes an Event of Default, LCH.Clearnet SA must:

- (i) attempt to notify (and, in the circumstances set out in Article 4.3.1.1(i), (ii), (iii) and (vi), consult or attempt to consult with) the relevant Clearing Member regarding such Event, further to which LCH.Clearnet SA may (without prejudice to any other rights under this Section 4.3.1) agree a grace period within which the Clearing Member may remedy such Event or institute Disciplinary Proceedings in respect of the Clearing Member;
- (ii) ensure that a decision to determine that such Event is an Event of Default has been approved by the CEO of LCH.Clearnet SA or by appropriately senior personnel of LCH.Clearnet SA;
- (iii) where such Event is neither a Payment Failure nor Insolvency Proceedings occurring in respect of it, or in respect of any Parent, consider whether:
 - (a) failing to determine that such Event constitutes an Event of Default would materially adversely impact the ongoing financial soundness or the proper

performance of the CDS Clearing Service, or impact the solvency of LCH.Clearnet SA; and

- (b) determining that such Event constitutes an Event of Default would be proportionate in the given circumstances. In considering what constitutes "proportionate" action, LCH.Clearnet SA should have particular regard to whether another sanction could be imposed or alternative action taken by LCH.Clearnet SA in respect of the relevant Clearing Member pursuant to the CDS Clearing Documentation; and
- (iv) notify the relevant Competent Authorities of such Event, provided that any failure to do so shall not affect the validity and effectiveness of a Default Notice issued by LCH.Clearnet SA in accordance with Article 4.3.1.3.

Article 4.3.1.3

As soon as possible after LCH.Clearnet SA has determined that an Event should constitute an Event of Default in accordance with Article 4.3.1.2 or LCH.Clearnet SA has made an Automatic Early Termination Event Stipulation, it shall:

- (i) issue a Default Notice;
- (ii) in the event that the Defaulting Clearing Member is an FCM Clearing Member, confirm with the Defaulting Clearing Member the details of any FCM Clients who have instructed LCH.Clearnet SA to transfer, or terminate, close out and re-establish, their FCM Cleared Transactions to or with a ~~Back-Up~~BackUp Clearing Member in accordance with Regulation 4 of the FCM CDS Clearing Regulations and the CDS Default Management Process;
- (iii) publish a Clearing Notice on the Website specifying the name of the Defaulting Clearing Member; and
- (iv) notify the TIW and each Approved ~~Matching Provider~~Trade Source System.

Section 4.3.2 Measures in case of an Event of Default

Article 4.3.2.1

Following a determination that a particular Event should constitute an Event of Default, LCH.Clearnet SA:

- (i) shall issue a Default Notice; and if the Defaulting Clearing Member is a CCM, at, or around the same time, request the Defaulting Clearing Member to transfer its Client Pledged Eligible Collateral, if any, to LCH.Clearnet SA in accordance with the CDS Admission Agreement and Section 3 of the Procedures; and
- (ii) may, in co-ordination with the relevant Regulatory Body(ies), as the case may be, take any measure it deems necessary in order to contain its exposure and to mitigate overall market effects, whether or not these measures are set out in the CDS Clearing Documentation.

Article 4.3.2.2

LCH.Clearnet SA shall manage the impact of an Event of Default on Clearing Members and the CDS Clearing Service in accordance with the CDS Default Management Process and

LCH.Clearnet SA, in taking any action pursuant to that process, shall consult with and consider guidance and advice from the CDS Default Management Group. The CDS Default Management Process and any procedures issued thereunder will be agreed by LCH.Clearnet SA in consultation with the CDS Default Management Committee.

Article 4.3.2.3

Following the declaration of an Event of Default or the making of an Automatic Early Termination Event Stipulation and the issuance of a Default Notice, subject to Article 4.3.2.5, LCH.Clearnet SA may take any of the following measures or any other measures that it deems necessary or useful in respect of the Defaulting Clearing Member, taking into account the Event which has occurred, the need to act promptly in the manner LCH.Clearnet SA thinks best to contain its exposure and the actions to be taken in accordance with the CDS Default Management Process:

- (i) in the case of a CCM, port some or all the Relevant Client Cleared Transactions and some or all of the Ported Collateral of the Defaulting Clearing Member to the appointed Backup Clearing Member in accordance with Clause 4.3 of the CDS Default Management Process and, in the case of an FCM, arrange for porting to take place in accordance with Regulation 4 of the FCM CDS Clearing Regulations and the CDS Default Management Process;
- (ii) terminate the Defaulting Clearing Member's membership of the CDS Clearing Service in accordance with Article 2.4.2.1, it being specified that such termination shall not affect the Delegation, which will remain in full force and effect.
- (iii) enter into and register any new Original Transaction in the name, or for the account, of the Defaulting Clearing Member;
- (iv) suspend the Defaulting Clearing Member's ability to submit any new Original Transactions for clearing by LCH.Clearnet SA or those Original Transactions that LCH.Clearnet SA does not consider as contributing to reducing the risks of the Defaulting Clearing Member;
- (v) impose an increased Margin Requirement in respect of any of the Margin Accounts of the Defaulting Clearing Member in order to secure the performance by the Defaulting Clearing Member of its obligations under the CDS Clearing Documentation;
- (vi) call for Collateral equal to the value of any shortfall in the Defaulting Clearing Member's Contribution, arising from the Event of Default, and the Additional Contribution Amount to be transferred to LCH.Clearnet SA;
- (vii) in the event that the Defaulting Clearing Member was a Matched Buyer for the purposes of Physical Settlement of a Cleared Transaction which was the subject of a Matched Pair, call for Collateral equal to the value of any claim by the corresponding Matched Seller under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions, or Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions as applicable, in accordance with Section 6.18 of Part A, or Section 6.19 of Part B as applicable, of the CDS Clearing Supplement, to be transferred to LCH.Clearnet SA;
- (viii) declare any Cleared Transaction of the Defaulting Clearing Member, other than the Relevant Client Cleared Transactions which have been ported in accordance with Clause 4.3 of the CDS Default Management Process, to be terminated, declare one or more of the obligations of the Defaulting Clearing Member to be due and payable immediately, convert

the delivery obligations of the Defaulting Clearing Member or LCH.Clearnet SA into payment obligations and/or set off all the reciprocal payment obligations of the Defaulting Clearing Member and LCH.Clearnet SA, so that these payment obligations will be deemed satisfied, in whole or in part, to the extent of the set-off;

- (ix) execute, for LCH.Clearnet SA's own account, hedging transactions including, without limitation, the purchase, exercise, sale or grant of Cleared Transactions;
- (x) compress and/or liquidate, in respect of each Client Trade Account, any Non-Ported Cleared Transactions, and in respect of the House Trade Account, House Cleared Transactions of the Defaulting Clearing Member (and any hedging transactions executed in accordance with Article 4.3.2.3(ix), in consultation with the CDS Default Management Group and in accordance with Regulation 4 of the FCM CDS Clearing Regulations (in the case of an FCM Clearing Member) and the CDS Default Management Process;
- (xi) obtain any advice, information or assistance from the Defaulting Clearing Member and/or any third party, as LCH.Clearnet SA may deem necessary for any matter arising out of or in connection with an Event of Default and at the expense of the Defaulting Clearing Member;
- (xii) liquidate the Collateral posted by the Defaulting Clearing Member in its House Collateral Account and in respect of any Non-Ported Cleared Transactions, to ensure the performance by the Defaulting Clearing Member of its obligations under the CDS Clearing Documentation;
- (xiii) liquidate the Collateral posted by the Defaulting Clearing Member that is a CCM in respect of any CCM Gross Omnibus Segregated Account Structure for which all of the Relevant Client Cleared Transactions are not transferred to a single Backup Clearing Member in accordance with the CDS Client Clearing Default Management Process;
- ~~(xiii)~~(xiv) liquidate the Available Client Collateral Buffer posted by the Defaulting Clearing Member, if any;
- ~~(xiv)~~(xv) in the case of an FCM Clearing Member, liquidate the Collateral posted by the Defaulting Clearing Member that is an FCM Clearing Member in respect of its provision of the CDS Clearing Service to its FCM Clients in accordance with the FCM CDS Clearing Regulations to ensure the performance by the Defaulting Clearing Member of its obligations under the CDS Clearing Documentation;
- ~~(xv)~~(xvi) act in lieu of the Defaulting Clearing Member for performing its payment and/or delivery obligations under Cleared Transactions;
- ~~(xvi)~~(xvii) impose upon the Defaulting Clearing Member a penalty for late delivery or payment, in the circumstances and at a rate set out by LCH.Clearnet SA;
- ~~(xvii)~~(xviii) claim from the Defaulting Clearing Member Damages incurred in relation to the occurrence of an Event of Default or the processing of the Event of Default in accordance with this Article 4.3.2.3 or the CDS Default Management Process; and/or
- ~~(xviii)~~(xix) enforce the security interest granted to LCH.Clearnet SA under, and in accordance with, the Pledge Agreement and/or, in the case of an FCM Clearing Member, Regulation 5 of the FCM CDS Clearing Regulations.

Notwithstanding the foregoing, where an Automatic Early Termination Event Stipulation has been made by LCH.Clearnet SA in respect of a Clearing Member, the Defaulting Clearing Member Termination Date shall arise immediately prior to the Insolvency Proceedings in respect of such Clearing Member without the need for any other or prior notice.

Article 4.3.2.4

Following the declaration of an Event of Default or the making of an Automatic Early Termination Event Stipulation and the issuance of a Default Notice, LCH.Clearnet SA shall return to the Defaulting Clearing Member, as applicable:

- (i) in the case of a CCM, any Collateral recorded as CCM Unallocated Client Collateral for the account of its Clients; or
- (ii) in the case of an FCM Clearing Member, any FCM Unallocated Client Excess Collateral.

Article 4.3.2.5

Other than in the circumstance set out in Article 4.3.2.6, LCH.Clearnet SA shall not enforce the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriation of the Defaulting Clearing Member's Pledged Eligible Collateral until such time as LCH.Clearnet SA has published a Clearing Notice, in accordance with **Erreur ! Source du renvoi introuvable.**, giving effect to the relevant provisions of the Pledge Agreement regarding enforcement through appropriation. For the avoidance of doubt, any proposed modification to the CDS Clearing Documentation proposed by LCH.Clearnet SA, in connection with the issuance of a Clearing Notice contemplated by this Article 4.3.2.5, shall be made in accordance with Section 1.2.2.

Article 4.3.2.6

If the Defaulting Clearing Member is a CCM and:

- (i) the Defaulting Clearing Member fails to transfer the Client Pledged Eligible Collateral to LCH.Clearnet SA within such period as LCH.Clearnet SA has specified in its request pursuant to Article 4.3.2.1(i); and
- (ii) it has been determined that some or all of the Client Pledged Eligible Collateral is to be transferred to a Backup Clearing Member or, as the case may be, different Backup Clearing Members in accordance with Clause 4.3 of the CDS Default Management Process;

LCH.Clearnet SA shall enforce the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriation of the Defaulting Clearing Member's Client Pledged Eligible Collateral. Where only some of the Client Pledged Eligible Collateral is to be transferred to a Backup Clearing Member in accordance with Clause ~~4.34.3~~ of the CDS Default Management Process, LCH.Clearnet SA shall only appropriate the Client Pledged Eligible Collateral attributable to the CCM Individual Segregated Account Client(s) and their CCM Indirect Clients (if applicable), the CCM Net Omnibus Client Set(s) and/or the CCM Gross Omnibus Client Set(s) whose Relevant Client Cleared Transactions are to be transferred to a Backup Clearing Member.

Article 4.3.2.7

Where LCH.Clearnet SA elects to enforce the security interest granted to it under, and in accordance with, the Pledge Agreement, and/or in the case of an FCM Clearing Member in accordance with Regulation 5 of the FCM CDS Clearing Regulations, LCH.Clearnet SA shall use all reasonable endeavours, taking into account prevailing market conditions, to realise the value of the Defaulting Clearing Member's Collateral as soon as is reasonably practicable and prior, wherever possible, to the commencement of Competitive Bidding pursuant to the CDS Default Management Process.

Article 4.3.2.8

Measures taken by LCH.Clearnet SA pursuant to Article 4.3.2.3 or the CDS Default Management Process following the declaration of an Event of Default and issuance of a Default Notice by LCH.Clearnet SA shall be notified by LCH.Clearnet SA to the Defaulting Clearing Member and as LCH.Clearnet SA may deem necessary to any appropriate third parties.

Section 4.3.3 Recourse following an Event of Default

Article 4.3.3.1

Any Damage incurred by LCH.Clearnet SA following, and in relation to, the declaration of an Event of Default shall be reduced or covered in descending priority:

- (i) by applying:
 - (a) in respect of the House Margin Account ~~Structure~~ of the Defaulting Clearing Member:
 - (x) any Collateral recorded in the House Collateral Account;
 - (y) regarding CCMs, any Collateral recorded in the Buffer Collateral Account which is equal to the Available Client Collateral Buffer; and
 - (z) any collateral, transferred or granted by the Defaulting Clearing Member to LCH.Clearnet SA as margin cover in respect of a proprietary account, in connection with another clearing service(s) provided by LCH.Clearnet SA where LCH.Clearnet SA has declared the Defaulting Clearing Member to be in default and to the extent such collateral is not applied in the context of such other clearing service(s) in accordance with rules applicable to such other clearing service(s),

to reduce or cover any Damage attributable to the liquidation of the House Cleared Transactions;

(b) in respect of any Client Margin Account Structure comprising Non-Ported Cleared Transactions of the Defaulting Clearing Member:

- (x) (I) in the case of a CCM, any Collateral recorded in the relevant CCM Client Collateral Account and, in the case of a CCM Client Margin Account of a CCM Gross Omnibus Sub-Account Structure, in an amount equivalent to the CCM Gross Omnibus Sub-Account Balance attributable to that CCM Client Margin Account; or (II) in the case of an FCM Clearing Member, the Legally Segregated Value recorded in the relevant FCM Client Financial Account;
- (y) to the extent such Client Margin Account Structure is a CCM Individual Segregated Client Margin Account-Structure, any collateral, transferred or granted by the Defaulting Clearing Member to LCH.Clearnet SA as margin cover in respect of a client account held for the benefit of the same CCM Individual Segregated Account Client, in connection with another clearing service(s) provided by LCH.Clearnet SA (to the extent such collateral is not applied in the context of such other clearing service(s) in accordance with the rules applicable to such other clearing service(s)); and
- (z) any House Excess Collateral remaining following the application of Article 4.3.3.1(i)(a) and in the case of an FCM Clearing Member, any FCM Allocated Client Collateral Buffer (but in no event any FCM Unallocated Client Excess Collateral),

to reduce or cover any Damage attributable to the liquidation of the relevant Non-Ported Cleared Transactions;

(ii) by applying :

- (a) any Collateral transferred or granted to LCH.Clearnet SA by the Defaulting Clearing Member as a Contribution or Additional Contribution Amount; and
- (b) any collateral transferred or granted by the Defaulting Clearing Member to LCH.Clearnet SA as a contribution to the default fund, in connection with another clearing service(s) provided by LCH.Clearnet SA (to the extent such collateral is not applied in the context of such other clearing service(s) in accordance with the rules applicable to such other clearing service(s));

(iii) by applying the LCH.Clearnet SA Contribution;

(iv) by applying a percentage of the Collateral deposited by each Non Bidder as a Contribution equal to its Total Non Bidder Fraction pro rata each such Non Bidder's proportion of the resources available under this sub-paragraph (iv);

(v) by applying *pro rata*:

- (a) the Collateral deposited by each Non Bidder as a Contribution to the extent this has not been applied in accordance with sub-paragraph (iv) above; and
- (b) any Collateral deposited by each other Clearing Member (other than Non Bidders) as a Contribution;

- (vi) by applying *pro rata* the Collateral deposited by each other Clearing Member as an Additional Contribution Amount (to the extent called, including where called from another Defaulting Clearing Member); and
- (vii) by following the Loss Distribution Process.

Where a Defaulting Clearing Member is a member of another clearing service(s) provided by LCH.Clearnet SA (such other service(s), together with the CDS Clearing Service, the “**LCH Businesses**”), the completion of the default management processes in respect of the LCH Businesses may occur at different times. LCH.Clearnet SA may be required to take action, including applying resources to reduce or cover Damage incurred by LCH.Clearnet SA in accordance with this Article 4.3.3.1, in order to manage the Event of Default at a time when: (x) the action which is taken is contingent on an outcome of the default management process in respect of another clearing service(s) provided by LCH.Clearnet SA, and (y) that outcome has not yet been reached.

In the interests of efficient resolution, LCH.Clearnet SA may, at such point, make assumptions about that outcome, and proceed with the relevant action on that basis. Where any such assumptions have been made, LCH.Clearnet SA shall, on the completion of the default management processes in respect of all LCH Businesses, make such credits to the default funds relating to the LCH Businesses and such distributions to former Clearing Members as may be necessary to put the default funds and those firms which had contributed to such default funds at the time of the relevant default in the position that they would have been in if the correct outcomes had been used and the relevant assumptions had not been made.

In this Article 4.3.3.1, "applying" shall mean the use, by LCH.Clearnet SA, of the listed resources and the corresponding discharge of its obligations to return an equivalent amount of such resources to the Defaulting Clearing Member and/or Non-Defaulting Clearing Members (as applicable) in accordance with the CDS Clearing Documentation, whether such discharge is through the operation of set-off against LCH.Clearnet SA's rights against the Defaulting Clearing Member pursuant to Article 4.3.3.4, its rights pursuant to **Erreur ! Source du renvoi introuvable.**, or otherwise as set out in this CDS Clearing Documentation. In respect of sub-paragraph (iii), an application of the LCH.Clearnet SA Contribution means an amount that LCH.Clearnet SA shall bear for its own account up to the amount of the LCH.Clearnet SA Contribution.

For the avoidance of doubt, any Damage incurred by LCH.Clearnet SA following, and in relation to, the declaration of an Event of Default shall not be reduced or covered by the CDS Client Clearing Entitlement as determined in accordance with Clause 4.4.3 of the CDS Default Management Process.

Article 4.3.3.2

In relation to Article 4.3.3.1, where an Event of Default is declared in respect of a Clearing Member, (i) in the case of a CCM, any Collateral which has been provided to LCH.Clearnet SA by a Clearing Member to satisfy its recorded in the relevant CCM Client Margin Requirement Collateral Account and, in respect of any the case of its a CCM Client Margin Account(s) of a CCM Gross Omnibus Sub-Account Structure, in an amount equivalent to the CCM Gross Omnibus Sub-Account Balance attributable to that CCM Client Margin Account; or (ii) in the case of an FCM Clearing Member, the Legally Segregated Value recorded in the relevant FCM Client Financial Account , shall only be applied to cover Damage incurred by LCH.Clearnet SA attributable to the

hedging or liquidation of the relevant Non-Ported Cleared Transactions and in the case of an FCM Clearing Member, in accordance with Regulation 6 of the FCM CDS Clearing Regulations.

Article 4.3.3.3

A Defaulting Clearing Member shall be liable for all Damage incurred by LCH.Clearnet SA, including any amounts payable by LCH.Clearnet SA in respect of the liquidation or hedging of its:

- (i) House Cleared Transactions; and/or
- (ii) Non-Ported Cleared Transactions;

which arise out of or in connection with an Event of Default or where an Automatic Early Termination Event Stipulation has been made by LCH.Clearnet SA, as applicable. The Defaulting Clearing Member shall immediately, and in any event no later than the close of business on the Business Day following demand by LCH.Clearnet SA, make up any shortfall in its Contribution arising from the Event of Default. Any positive values arising from the liquidation of the Defaulting Clearing Member's House Cleared Transactions shall be for the account of the Defaulting Clearing Member and any positive values arising from the liquidation of the Defaulting Clearing Member's Non-Ported Cleared Transactions shall form part of the CDS Client Clearing Entitlement (subject to the determination of amounts due from the Defaulting Clearing Member to LCH.Clearnet SA pursuant to Article 4.3.3.4).

Article 4.3.3.4

Following: (a) porting of Relevant Client Cleared Transactions and any Ported Collateral; and (b) liquidation of all of: (i) the House Cleared Transactions of the Defaulting Clearing Member, and (ii) Non-Ported Cleared Transactions in accordance with the CDS Default Management Process, LCH.Clearnet SA shall determine whether any amount is due to or from the Defaulting Clearing Member, taking into account:

- (i) all costs and expenses for which the Defaulting Clearing Member is liable pursuant to the CDS Clearing Documentation;
- (ii) any liability that LCH.Clearnet SA has to make payments to a Matched Seller (where the Defaulting Clearing Member was a corresponding Matched Buyer in respect of Physical Settlement of Cleared Transactions) in respect of any claim under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions, or Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions, as applicable, in accordance with Section 6.18 of Part A, or Section 6.19 of Part B, as applicable, of the CDS Clearing Supplement;
- (iii) any liability that LCH.Clearnet SA has to make payments to the Defaulting Clearing Member as a Matched Seller in respect of any claim by the Defaulting Clearing Member under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions, or Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions, as applicable, in accordance with Section 6.18 of Part A, or Section 6.19 of Part B, as applicable, of the CDS Clearing Supplement; and
- (iv) the right of the Defaulting Clearing Member to a return or repayment of any Collateral and/or any other sums due to it pursuant to this CDS Clearing Rule Book and the CDS

Clearing Documentation (including return to an FCM Clearing Member of any FCM Unallocated Client Excess Collateral or FCM Available Client Collateral Buffer).

This calculation will be undertaken separately in respect of the Defaulting Clearing Member's House Trade Account and each of its Client Trade Accounts and LCH.Clearnet SA shall notify the Defaulting Clearing Member of the amount(s) which LCH.Clearnet SA owes to the Defaulting Clearing Member or the amount(s) that the Defaulting Clearing Member owes to LCH.Clearnet SA, as the case may be. For the avoidance of doubt, where an amount is payable by LCH.Clearnet SA to the Defaulting Clearing Member in respect of its House Trade Account, the balance of the House Collateral Account shall not be applied to meet the shortfall(s) in the relevant Client Collateral Account(s), if any.

Any payments shall be due and payable on the Defaulting Clearing Member Termination Date.

In the event that LCH.Clearnet SA retains amounts to cover any liability arising in connection with Section 6.18 of Part A, or Section 6.19 of Part B as applicable, of the CDS Clearing Supplement, in accordance with sub-paragraph (ii) above, LCH.Clearnet SA shall notify the corresponding Matched Seller and shall pay such amounts to the Matched Seller as soon as possible following the Defaulting Clearing Member Termination Date.

Article 4.3.3.5

To the extent that:

- (i) the porting of the Relevant Client Cleared Transactions of the Defaulting Clearing Member, pursuant to the CDS Default Management Process;
- (ii) liquidation of the Defaulting Clearing Member's House Cleared Transactions, pursuant to the CDS Default Management Process; or
- (iii) liquidation of the Non-Ported Cleared Transactions, pursuant to the CDS Default Management Process;

requires new Cleared Transactions to be created in the TIW reflecting another Clearing Member as counterparty to the Cleared Transaction, LCH.Clearnet SA will have to submit these Cleared Transactions to DTCC in accordance with Article 3.1.10.2 (or Article 3.1.10.3, as the case may be), provided that LCH.Clearnet SA will submit any reports required under Part 45 of the CFTC Regulations in accordance with Section 5 of the Procedures.

CHAPTER 4 - CDS DEFAULT FUND

Section 4.4.1 Purpose of the CDS Default Fund and Relevant Calculations

[Not amended]

Section 4.4.2 Contribution to the CDS Default Fund

[Not amended]

Section 4.4.3 Application of the CDS Default Fund, Replenishment and Multiple Defaults

[Not amended]

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TITLE V

CDS CCM CLIENT CLEARING SERVICES

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CHAPTER 1 - GENERAL PROVISIONS

Section 5.1.1 Provision of CDS Client Clearing Services

Article 5.1.1.1

Any CCM may offer CDS Client Clearing Services to a CCM Client after obtaining confirmation from LCH.Clearnet SA it has duly filed and submitted all the documentation and information required pursuant to Section 1 of the Procedures. Pursuant to EMIR, an Affiliate of a CCM shall be treated as a CCM Client.

Article 5.1.1.2

CDS Client Clearing Services may be provided by a CCM to its CCM Clients on whatever terms the CCM decides should apply provided, however, that:

- (i) each CCM shall, before providing CDS Client Clearing Services to any client, ensure that it has entered into a CDS Client Clearing Agreement pursuant to which the CCM Client agrees, among others, to be bound by the Mandatory Client Clearing Provisions;
- (ii) Client Cleared Transactions, Collateral provided by a CCM to LCH.Clearnet SA in respect of Client Cleared Transactions and CCM Client Excess Collateral if any, shall always be separately identified by the CCM to LCH.Clearnet SA, in accordance with Section 3 of the Procedures; and
- (iii) each CCM shall be obliged to provide LCH.Clearnet SA with any information that LCH.Clearnet SA may reasonably require in relation to the CDS Client Clearing Services provided by that CCM to its CCM Clients.

Article 5.1.1.3

The following provisions shall constitute the Mandatory Client Clearing Provisions:

- (i) the receipt of CDS Clearing Services from the CCM, which result in the registration of Client Cleared Transactions within such CCM's CCM Client Trade Account(s), will be governed by the applicable provisions of the CDS Clearing Documentation and the CDS Client Clearing Agreement;
- (ii) upon LCH.Clearnet SA's registration of Client Cleared Transactions within the CCM Client Account Structure of the relevant CCM (whether following a novation pursuant to Title III, Chapter 1, transfer of Client Cleared Transactions pursuant to Title V, Chapter 3 or porting of Relevant Client Cleared Transactions pursuant to the CDS Client Clearing DMP):
 - (a) a client transaction having the same economic terms as the Client Cleared Transaction will be deemed to arise under the CDS Client Clearing Agreement (a "**Deemed Client Transaction**") whereby: (x) if the CCM is a CDS Seller under a Client Cleared Transaction, such CCM shall be a CDS buyer, and the CCM Client shall be the CDS seller, under the Deemed Client Transaction; and (y) if the CCM is a CDS Buyer under a Client Cleared Transaction, such CCM shall be the CDS seller, and the CCM Client shall be the CDS buyer, under the Deemed Client Transaction, and in each case such that the CCM Client will remain in the same

- economic position as it had in relation to the original transaction that it entered into; and
- (b) where the Receiving Clearing Member receives Client Assets or the Backup Clearing Member receives Ported Collateral in connection with the registration of such Client Cleared Transaction, the CCM Client shall be deemed to have provided equivalent collateral in relation to the corresponding Deemed Client Transaction in such form as is agreed between the CCM and the CCM Client;
- (iii) upon the transfer of a Client Cleared Transaction to a Receiving Clearing Member in accordance with Title V, Chapter 3, the corresponding Deemed Client Transaction shall:
- (a) be terminated for zero value; and
 - (b) in the event that Client Assets are transferred at or around the same time, in accordance with the CDS Clearing Rules, to the Receiving Clearing Member, the collateral relating to the terminated Deemed Client Transaction shall be deemed to have been returned to the CCM Client;
- (iv) upon the porting of a Relevant Client Cleared Transaction to a Backup Clearing Member in accordance with the CDS Client Clearing DMP, the corresponding Deemed Client Transaction shall:
- (a) be terminated at the same value as the value given to the Client Cleared Transaction ported from the CCM Client Account Structure of the Defaulting Clearing Member; and
 - (b) in the event that Ported Collateral is transferred at or around the same time, in accordance with the CDS Clearing Rules, to the Backup Clearing Member, the collateral relating to the terminated Deemed Client Transaction shall be deemed to have been returned to the CCM Client;
- (v) where a Client Cleared Transaction is liquidated in accordance with the CDS Client Clearing DMP, the corresponding Deemed Client Transaction shall be simultaneously terminated and valued using the methodology set out in the CDS Client Clearing DMP;
- (vi) the CCM Client irrevocably consents to the benefit of the Delegation by which, under the CDS Admission Agreement, the CCM has delegated to LCH.Clearnet SA the obligation to pay to the CCM Client an amount equal to the CDS Client Clearing Entitlement, calculated in respect of each such CCM Client, if any. The Delegation is a *délégation imparfaite* governed by articles 1275 et seq. of the French Civil Code and the CDS Clearing Documentation. Accordingly, the CCM Client irrevocably acknowledges that, upon LCH.Clearnet SA's payment to the CCM Client under the Delegation, the CCM is discharged pro tanto from paying to the Client an amount equal to the CDS Client Clearing Entitlement automatically without further notice;
- (vii) the Client undertakes to return to the CCM any amounts received from LCH.Clearnet SA pursuant to the Delegation where such amounts exceed the amount which is due from the CCM to the CCM Client in relation to the clearing of CDS through the CDS Clearing Service in accordance with the CDS Client Clearing Agreement;

- (viii) following an LCH Default, each Deemed Client Transaction shall be valued using the methodology set out in Articles 1.3.1.4 to 1.3.1.6 and closed out simultaneously with the corresponding Client Cleared Transaction;
- (ix) where compression of Client Cleared Transactions is undertaken by LCH.Clearnet SA in accordance with Title III, Chapter 3, equivalent compression of the associated Deemed Client Transactions will be undertaken by the CCM;
- (x) LCH.Clearnet SA is authorised to make disclosure of information in accordance with the applicable provisions of the CDS Clearing Documentation;
- (xi) the CCM Client represents that it shall comply at all times with the CDS Clearing Documentation as it applies to the CCM Client and shall not act so as to cause, whether directly or indirectly, a breach of the CDS Clearing Documentation;
- (xii) save in the context of the Delegation and its right to receive an amount equal to the CDS Client Clearing Entitlement, the CCM Client has no contractual nexus with LCH.Clearnet SA and is not deemed to be party to, or participant in, the CDS Clearing Documentation;
- (xiii) LCH.Clearnet SA will:
 - (a) rely on the latest documentation and information received by LCH.Clearnet SA from the CCM, in accordance with Title 2, Chapter 2 and Section 1 of the Procedures, for the purpose of the payment of the relevant CDS Client Clearing Entitlement to the Client; and
 - (b) have no liability provided it has relied on such latest documentation and information;
- (xiv) where Collateral is transferred by the CCM in satisfaction of the applicable CCM Client Margin Requirement, the CCM Client shall not be entitled to assert any claim to the Collateral in circumstances where the assertion of such a claim would delay or inhibit the disposal of such Collateral by LCH.Clearnet SA and/or the application of the proceeds of sale of such Collateral in accordance with the provisions of the CDS Clearing Documentation and Applicable Law;
- (xv) LCH.Clearnet SA deals only with the CCM and the CCM Client shall have no right or authority to deal directly with LCH.Clearnet SA or to request any information from LCH.Clearnet SA save as otherwise provided by the CDS Clearing Documentation or any Applicable Law;
- (xvi) the Client shall answer, and authorises the CCM to answer, inquiries made by LCH.Clearnet SA concerning the CDS Client Clearing Services pursuant to Articles L. 440-10 and L. 511-33 of the French Monetary and Financial Code;
- (xvii) to the extent the Markit LCH Settlement Prices are provided to the CCM Client, the Client shall:
 - (a) use such Markit LCH Settlement Prices internally and solely in connection with its clearing functions; and
 - (b) only be permitted to provide the Markit LCH Settlement Prices to an affiliate or a client of its own if: (1) it does so at no cost; (2) the Markit LCH Settlement Prices

are provided for the affiliate or client to use internally and solely in connection with their respective clearing functions; and (3) the Markit LCH Settlement Prices are identifiable as such;

For the avoidance of doubt, "clearing functions" shall mean the validation of the CCM Client's Margin Requirement (or any margin requirement applicable to the CCM Client's affiliate or client) and the calculation and valuation of the CCM Client's Open Positions (or the net open positions of the CCM Client's affiliate or client) for the purposes of its own internal books and records;

- (xviii) the CCM Client agrees to indemnify and hold the CCM and/or LCH.Clearnet SA harmless from and against any and all loss, liability, damage, cost, penalty, fine, tax or expense (including, without limitation, reasonable attorney's fees, costs of collection, and any reasonable cost incurred in successfully defending against any claim) incurred by the CCM and/or LCH.Clearnet SA in connection with the indirect clearing arrangement referred to in Section 5.1.3 below and/or in connection with the provisions of the CDS Clearing Documentation applicable to indirect clearing and in particular Section 5.1.3, 0, **Erreur ! Source du renvoi introuvable.** and **Erreur ! Source du renvoi introuvable.** below; and
- (xix) in respect of CCMs intending to allow their CCM Individual Segregated Account Clients to provide indirect clearing services to their own clients in relation to the CDS Clearing Service:
 - (a) if the CCM Client intends to provide indirect clearing services to its own clients in relation to the CDS Clearing Service, it shall, before providing such indirect clearing services, ensure that the indirect clearing arrangement it intends to enter into with its own clients (x) is legally enforceable; and (y) contains, among others, the Mandatory Indirect Client Clearing Provisions set out in **Erreur ! Source du renvoi introuvable.**; and
 - (b) where a CCM Client has CCM Indirect Clients, the CCM Client:
 - (x) must promptly put into effect any requirement imposed upon it by LCH.Clearnet SA or the CCM in relation to the indirect clearing arrangements in place with the CCM Indirect Clients; and
 - (y) must make all information reasonably requested by the CCM (as a result of a request made by LCH.Clearnet SA to the CCM) available to the CCM upon demand.

Section 5.1.2 CDS Client Clearing DMP and Delegation

Article 5.1.2.1

Clause 4 of the CDS Client Clearing DMP sets out the process for: (i) porting Relevant Client Cleared Transactions and **Client Assets Ported Collateral**; and/or (ii) liquidating Non-Ported Cleared Transactions and calculating the CDS Client Clearing Entitlement for each Client, of a Defaulting Clearing Member.

Article 5.1.2.2

Each CCM has irrevocably delegated LCH.Clearnet SA, in favour of each of its CCM Clients, in the payment to each of its CCM Clients of an amount equal to the CDS Client Clearing Entitlement calculated in respect of each of its CCM Clients, if any. The Delegation is a *délégation imparfaite* governed by articles 1275 *et seq.* of the French Civil Code and the CDS Clearing Documentation. Accordingly, the CCM irrevocably acknowledges that:

- (i) it has directed LCH.Clearnet SA to pay to each of its CCM Clients, an amount equal to the relevant CDS Client Clearing Entitlement, if positive; and
- (ii) upon LCH.Clearnet SA paying the amount due in accordance with the Delegation to each CCM Client of the CCM, LCH.Clearnet SA shall irrevocably be discharged pro tanto from paying an amount equal to the relevant CDS Client Clearing Entitlement to the CCM automatically without further notice;

For the avoidance of doubt, this Delegation shall not restrict or otherwise prejudice the entitlement of the CCM to any Collateral in relation to its CCM House Margin Account save as expressly provided above.

Section 5.1.3 Indirect clearing

[Not amended]

CHAPTER 2 - CCM CLIENT ACCOUNT STRUCTURE

Section 5.2.1 General Provisions

Article 5.2.1.1

A CCM is permitted to offer each of its clients the choice between ~~a CCM Individual Segregated Account Structure and a CCM Omnibus Segregated Account Structure. For the avoidance of doubt, a single CCM Client is not permitted to be both a CCM Individual Segregated Account Client and a CCM Omnibus Segregated Account Client of the same CCM at the same time.~~ the following categories of CCM Client Account Structures:

~~Article 5.2.1.2~~

- ~~(i) A CCM may have as many CCM Omnibus Segregated Account Structures and a CCM Individual Segregated Account Structure;~~
- ~~(i) a CCM Net Omnibus Segregated Account Structure; and~~
- ~~(ii) a CCM Gross Omnibus Segregated Account Structure.~~

~~For the avoidance of doubt, a single CCM Client is not permitted to be allocated, at the same time, to (i) more than one CCM Client Account Structure of the same CCM and (ii) within a CCM Gross Omnibus Segregated Account Structure, more than one CCM Gross Omnibus Sub-Account Structure.~~

~~Article 5.2.1.2~~

~~A CCM may have as many CCM Client Account Structures as it requires.~~

~~Within a CCM Gross Omnibus Segregated Account Structure, a CCM may have as many CCM Gross Omnibus Multi Sub-Account Structures and as many CCM Gross Omnibus Single Sub-Account Structures as it requires.~~

Article 5.2.1.3

Each CCM Net Omnibus Segregated Account Client must be allocated to one CCM Client Trade Account, one CCM Client Margin Account and one CCM Client Collateral Account.

Each CCM Gross Omnibus Segregated Account Client must be allocated to a CCM Gross Omnibus Sub-Account Structure.

Each CCM Individual Segregated Account Client must be allocated to one CCM Direct Client Segregated Account Structure and, if such CCM Individual Segregated Account Client provides clearing services to CCM Indirect Clients, it must also be allocated to a CCM Indirect Client Segregated Account Structure.

Article 5.2.1.4

Subject to ~~Article 5.2.1.1~~ Article 5.2.1.1 above, a CCM ~~Individual Segregated Account Client~~ of a CCM may ~~elect request to become a~~ be allocated to:

- ~~(i) another category of CCM Omnibus Segregated Account Client of that Account Structure referred to in Article 5.2.1.1 above; or~~

(ii) ~~as the case may be, another CCM and a CCMGross Omnibus Segregated Sub-Account Client of a CCM may elect to become a CCM Individual Segregated Account Client Structure,~~

of that CCM provided, however, that at the time of election, the relevant CCM is not a Defaulting Clearing Member.

Article 5.2.1.5

Where such an election is made, the relevant CCM must notify LCH.Clearnet SA of such election and LCH.Clearnet SA shall reflect it in its books and records as soon as reasonably practicable following receipt of such notification.

Section 5.2.2 CCM Client Trade Accounts

Article 5.2.2.1

LCH.Clearnet SA shall open:

~~one CCM Client Trade Account:~~

- (i) for each CCM Omnibus Segregated Account Client;
- (ii) ~~one CCM Client Trade Account~~ in the CCM Direct Client Segregated Account Structure of each CCM Individual Segregated Account Client; and
- (iii) ~~one CCM Client Trade Account~~ in the CCM Indirect Client Segregated Account Structure of each CCM Individual Segregated Account Client which provides clearing services to CCM Indirect Clients.

Article 5.2.2.2

Registration of CCM Cleared Transactions in a CCM Client Trade Account shall initially be made by LCH.Clearnet SA on the basis of the Transaction Data with respect to the relevant Original Transaction and amended to reflect any compression of CCM Cleared Transactions pursuant TITLE III, Chapter 3.

Section 5.2.3 CCM Client Margin Accounts

Article 5.2.3.1

LCH.Clearnet SA shall open:

- (i) one CCM Individual Segregated Client Margin Account in the CCM Direct Client Segregated Account Structure of each CCM Individual Segregated Account Client for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Individual Segregated Account Client;
- (ii) one CCM Indirect Client Segregated Margin Account in the CCM Indirect Client Segregated Account Structure of each CCM Individual Segregated Account Client providing clearing services to CCM Indirect Clients for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Individual Segregated Account Client in respect of its CCM Indirect Clients; and

- (iii) one CCM Net Omnibus Segregated Client Margin Account for each CCM Net Omnibus Client Set for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Net Omnibus Client Set.
- (iv) one CCM Gross Omnibus Multi Sub-Account Client Margin Account for each CCM Gross Omnibus Multi Sub-Account Client Set for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Gross Omnibus Multi Sub-Account Client Set;
- (v) one CCM Gross Omnibus Single Sub-Account Client Margin Account for each CCM Gross Omnibus Single Sub-Account Client for the purposes of risk calculation, as described in Title IV, to reflect the Open Positions attributable to such CCM Gross Omnibus Single Sub-Account Client.

Article 5.2.3.2

Client Cleared Transactions registered in a CCM Client Trade Account of a CCM will be allocated to the corresponding CCM Client Margin Account of the CCM, for the purposes of determining the Open Positions attributable to:

- (i) the CCM Individual Segregated Account Client;
- (ii) CCM Indirect Clients of a CCM Individual Segregated Account Client; ~~or~~
- (iii) the relevant CCM Net Omnibus Client Set; or
- (iv) within a CCM Gross Omnibus Segregated Account Structure:
 - (a) the CCM Gross Omnibus Single Sub-Account Client; or
 - (a)(b) the relevant CCM Gross Omnibus Multi Sub-Account Client Set,

as the case may be.

Article 5.2.3.3

Calculation of Open Positions attributable to a CCM Individual Segregated Account Client, its CCM Indirect Clients, if applicable, ~~and a CCM Omnibus Client Set~~ CCM Net Omnibus Client Set, a CCM Gross Omnibus Multi Sub-Account Client Set and a CCM Gross Omnibus Single Sub-Account Client and their recording in the relevant CCM Client Margin Account will be carried out by LCH.Clearnet SA in accordance with the rules set out in Section 2 of the Procedures.

Section 5.2.4 CCM Client Collateral Accounts

Article 5.2.4.1

Cash Collateral provided by CCMs to satisfy its CCM Client Margin Requirements or to create CCM Client Excess Collateral, will be provided by way of full title transfer and will be held by LCH.Clearnet SA in accordance with Section 3 of the Procedures.

Article 5.2.4.2

At the option of each CCM, and in accordance with Section 3 of the Procedures, Eligible Collateral may be transferred by the relevant CCM to LCH.Clearnet SA to satisfy its CCM Client Margin Requirements or to create CCM Client Excess Collateral, either on a full title transfer basis

pursuant to Article L. 440-7 of the French Monetary and Financial Code, or by way of a Belgian law security interest with no title transfer pursuant to the applicable provisions of Belgian law.

Article 5.2.4.3

LCH.Clearnet SA shall open:

~~one CCM Client Collateral Account:~~

- (i) in the CCM Direct Client Segregated Account Structure of each CCM Individual Segregated Account Client for the purposes of identifying Collateral provided by the relevant CCM for the benefit of such CCM Individual Segregated Account Client and CCM Client Excess Collateral if any;
- (ii) ~~one CCM Client Collateral Account~~ in the CCM Indirect Client Segregated Account Structure of each CCM Individual Segregated Account Client providing clearing services to CCM Indirect Clients for the purposes of identifying Collateral provided by the relevant CCM for the benefit of such CCM Individual Segregated Account Client in respect of its CCM Indirect Clients, and CCM Client Excess Collateral in respect of its CCM Indirect Clients, if any; ~~and~~
- ~~(iii) one CCM Client Collateral Account for each CCM~~ for each CCM Net Omnibus Client Set for the purposes of identifying Collateral provided by the relevant CCM for the benefit of such CCM Net Omnibus Segregated Account Clients and CCM Client Excess Collateral if any; and
- ~~(iii)~~(iv) for each CCM Gross Omnibus Client Set for the purposes of identifying Collateral provided by the relevant CCM for the benefit of such CCM Gross Omnibus Segregated Account Clients and CCM Client Excess Collateral if any.

CHAPTER 3 - TRANSFER

Section 5.3.1 General

[Not amended]

Section 5.3.2 Full transfers

Article 5.3.2.1

Upon the instruction of a CCM Individual Segregated Account Client, a Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer:

- (a) the entire portfolio (and not less than an entire portfolio) of:
 - (x) Client Cleared Transactions registered in the CCM Direct Client Segregated Account Structure of that CCM Individual Segregated Account Client; and/or
 - (y) Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client,to the relevant CCM Client Trade Account(s) of the Receiving Clearing Member; and
- (b) if also requested by the Receiving Clearing Member, all Client Assets attributable to such CCM Individual Segregated Account Client and all its CCM Indirect Clients (if applicable) registered in the Carrying Clearing Member's relevant CCM Client Collateral Account(s) to the Receiving Clearing Member's relevant CCM Client Collateral Account(s).

Subject to paragraph (vii) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfers and acknowledges that they may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

It is a condition precedent to any such transfer of Client Cleared Transactions and/or relevant Client Assets (as the case may be) that:

- (i) such CCM Individual Segregated Account Client has not become insolvent (such CCM Individual Segregated Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) where the entire portfolio of Client Cleared Transactions of all the CCM Indirect Clients of that CCM Individual Segregated Account Client is to be transferred, none of the CCM Indirect Clients has become insolvent (such CCM Indirect Clients to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member);
- (iii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iv) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (v) where Client Assets to be transferred simultaneously with the transfer of the Client Cleared Transactions comprise Pledged Eligible Collateral, the Receiving Clearing

Member has entered into a Pledge Agreement with LCH.Clearnet SA and has opened with LCH.Clearnet SA a pledged securities account at Euroclear Bank for the purpose of holding the relevant Eligible Collateral in respect of its CCM Clients;

- (vi) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vii) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.2.1-~~(vii)~~ above, the Carrying Clearing Member will be entitled to reject the transfer of the relevant Client Cleared Transactions only if: (a) the relevant CCM Individual Segregated Account Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions recorded in the CCM Individual Segregated Account Structure would result in the CCM Individual Segregated Account Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Individual Segregated Account Client.

Article 5.3.2.2

Upon the instruction of each CCM Net Omnibus Segregated Account Client within a CCM Net Omnibus Client Set of a Carrying Clearing Member, the Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer-;

- (a) ___ each of such CCM Net Omnibus Segregated Account Clients' entire portfolio (and not less than an entire portfolio) of Client Cleared Transactions to the relevant CCM Client Trade Accounts of the Receiving Clearing Member; and
- ~~(b);~~ ___ if also requested by the Receiving Clearing Member, all Client Assets attributable to such CCM Net Omnibus Segregated Account Clients from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account. Subject to paragraph (vi) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfers and acknowledges that they may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

It is a condition precedent to any such transfer of Client Cleared Transactions and/or relevant Client Assets (as the case may be) that:

- (i) none of the CCM Net Omnibus Segregated Account Clients within the relevant CCM Net Omnibus Client Set has become insolvent (each such CCM Net Omnibus Segregated Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;

- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) where Client Assets, to be transferred simultaneously with the transfer of the Client Cleared Transactions, comprise Pledged Eligible Collateral, the Receiving Clearing Member has entered into a Pledge Agreement with LCH.Clearnet SA and has opened with LCH.Clearnet SA a pledged securities account at Euroclear Bank for the purpose of holding the relevant Eligible Collateral in respect of its CCM Clients;
- (v) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.2.2-~~(vi)~~ above, the Carrying Clearing Member will be entitled to reject the transfer of the relevant Client Cleared Transactions only if: (a) one or more of the relevant CCM Net Omnibus Segregated Account Clients has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the Client Cleared Transactions would result in one or more of the CCM Net Omnibus Segregated Account Clients breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with terms agreed as between the Carrying Clearing Member and one or more of the CCM Net Omnibus Segregated Account Clients.

Article 5.3.2.3

Upon the instruction of each CCM Gross Omnibus Multi Sub-Account Client within a CCM Gross Omnibus Multi Sub-Account Client Set of a Carrying Clearing Member, the Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer:

- (a) each of such CCM Gross Omnibus Multi Sub-Account Clients' entire portfolio (and not less than an entire portfolio) of Client Cleared Transactions to the relevant CCM Client Trade Accounts of the Receiving Clearing Member; and
- (b) if also requested by the Receiving Clearing Member, all Client Assets relating to the CCM Cleared Transactions that are being transferred to a Receiving Clearing Member designated by such CCM Gross Omnibus Multi Sub-Account Clients (as set out in Section 5 of the Procedures), from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

Subject to paragraph (vi) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfers and acknowledges that they may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

It is a condition precedent to any such transfer of Client Cleared Transactions and/or relevant Client Assets (as the case may be) that:

- (i) none of the CCM Gross Omnibus Multi Sub-Account Clients within the relevant CCM Gross Omnibus Multi Sub-Account Client Set has become insolvent (each such CCM Gross Omnibus Multi Sub-Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) where Client Assets, to be transferred simultaneously with the transfer of the Client Cleared Transactions, comprise Pledged Eligible Collateral, the Receiving Clearing Member has entered into a Pledge Agreement with LCH.Clearnet SA and has opened with LCH.Clearnet SA a pledged securities account at Euroclear Bank for the purpose of holding the relevant Eligible Collateral in respect of its CCM Clients;
- (v) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.2.3(vi) above, the Carrying Clearing Member will be entitled to reject the transfer of the relevant Client Cleared Transactions only if: (a) one or more of the relevant CCM Gross Omnibus Multi Sub-Account Clients has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the Client Cleared Transactions would result in one or more of the CCM Gross Omnibus Multi Sub-Account Clients breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with terms agreed as between the Carrying Clearing Member and one or more of the CCM Gross Omnibus Multi Sub-Account Clients.

Article 5.3.2.4

Upon the instruction of a CCM Gross Omnibus Single Sub-Account Client, a Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer:

- (a) the entire portfolio (and not less than an entire portfolio) of Client Cleared Transactions registered in the CCM Gross Omnibus Single Sub-Account Structure of that CCM Gross Omnibus Single Sub-Account Client to the relevant CCM Client Trade Account of the Receiving Clearing Member; and
- (b) if also requested by the Receiving Clearing Member, all Client Assets relating to the CCM Cleared Transactions that are being transferred to a Receiving Clearing Member designated

by such CCM Gross Omnibus Multi Sub-Account Clients (as set out in Section 5 of the Procedures), from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

Subject to paragraph (vi) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfers and acknowledges that they may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

It is a condition precedent to any such transfer of Client Cleared Transactions and/or relevant Client Assets (as the case may be) that:

- (i) such CCM Gross Omnibus Single Sub-Account Client has not become insolvent (such CCM Gross Omnibus Single Sub-Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) where Client Assets to be transferred simultaneously with the transfer of the Client Cleared Transactions comprise Pledged Eligible Collateral, the Receiving Clearing Member has entered into a Pledge Agreement with LCH.Clearnet SA and has opened with LCH.Clearnet SA a pledged securities account at Euroclear Bank for the purpose of holding the relevant Eligible Collateral in respect of its CCM Clients;
- (vii)(v) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.2.4(vi) above, the Carrying Clearing Member will be entitled to reject the transfer of the relevant Client Cleared Transactions only if: (a) the relevant CCM Gross Omnibus Single Sub-Account Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions recorded in the CCM Gross Omnibus Single Sub-Account Structure would result in the CCM Gross Omnibus Single Sub-Account Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Gross Omnibus Single Sub-Account Client.

Article 5.3.2.5

If, a transfer is not effected due to one of the conditions in Article 5.3.2.1 ~~or~~, Article 5.3.2.2, Article 5.3.2.3 or Article 5.3.2.4 not being satisfied but the Receiving Clearing Member wishes to proceed

with such transfer, it shall be required to submit a new request to transfer in accordance with ~~Article 5.3.2.1 or~~ Article 5.3.2.1 ~~(as applicable)~~, Article 5.3.2.2, Article 5.3.2.3 or Article 5.3.2.4 (as applicable).

Section 5.3.3 Partial transfers

Article 5.3.3.1

Upon the instruction of a CCM Individual Segregated Account Client, a Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer:

- (a) a portion of the portfolio of Client Cleared Transactions registered in the CCM Direct Client Segregated Account Structure of that CCM Individual Segregated Account Client; and/or
- (b) a portion of the portfolio of Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client,

to the relevant CCM Client Trade Account(s) of the Receiving Clearing Member.

Subject to paragraph (vi) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfer and acknowledges that it may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

Where a request is made in accordance with this Article 5.3.3.1, no Client Assets shall be permitted to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account(s) to the Receiving Clearing Member's relevant CCM Client Collateral Account(s).

It is a condition precedent to any such transfer of the Client Cleared Transactions that:

- (i) such CCM Individual Segregated Account Client has not become insolvent (such CCM Individual Segregated Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) where Client Cleared Transactions of CCM Indirect Clients of that CCM Individual Segregated Account Client are to be transferred, none of the relevant CCM Indirect Clients has become insolvent (such CCM Indirect Clients to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member);
- (iii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iv) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (v) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.3.1(vi) above, the Carrying Clearing Member may be entitled to reject the transfer of the relevant Client Cleared Transactions only if; (a) the CCM Individual Segregated Account Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions recorded in the CCM Individual Segregated Account Structure would result in the CCM Individual Segregated Account Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Individual Segregated Account Client.

Article 5.3.3.2

Upon the instruction of a CCM Net Omnibus Segregated Account Client in circumstances where (a) one or more CCM Net Omnibus Segregated Account Clients within the relevant CCM Net Omnibus Client Set of a Carrying Clearing Member do not wish to transfer all the relevant Client Cleared Transactions to the Receiving Clearing Member; or (b) ~~ana~~ CCM Net Omnibus Segregated Account Client within the relevant CCM Net Omnibus Client Set wishes to transfer a portion of such CCM Net Omnibus Segregated Account Client's portfolio of Client Cleared Transactions to the Receiving Clearing Member, the Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer some but not all of Client Cleared Transactions to the relevant CCM Client Trade Account of the Receiving Clearing Member. Subject to paragraph (v) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfer and acknowledges that it may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

Where a request is made in accordance with this Article 5.3.3.2, no Client Assets shall be permitted to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

It is a condition precedent to the transfer of the Client Cleared Transactions of the CCM Net Omnibus Segregated Account Client(s) that:

- (i) no CCM Net Omnibus Segregated Account Client within the relevant CCM Net Omnibus Client Set has become insolvent (each CCM Net Omnibus Segregated Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);

~~(i) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;~~

~~(i) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;~~

~~(ii) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and~~

~~(iii) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Receiving Clearing Member and the Carrying Clearing Member are CCMs;~~

- (iv) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (v) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (iii)(vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For purposes of Article 5.3.3.2(v) above, the Carrying Clearing Member may be entitled to reject the transfer of the relevant Client Cleared Transactions only if; (a) one or more CCM Net Omnibus Segregated Account Clients within the relevant CCM Net Omnibus Client Set has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions would result in one or more CCM Net Omnibus Segregated Account Clients breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Net Omnibus Segregated Account Clients.

Article 5.3.3.3

Upon the instruction of a CCM Gross Omnibus Multi Sub-Account Client in circumstances where (a) one or more CCM Gross Omnibus Multi Sub-Account Clients within the relevant CCM Gross Omnibus Multi Sub-Account Client Set of a Carrying Clearing Member do not wish to transfer all the relevant Client Cleared Transactions to the Receiving Clearing Member; or (b) a CCM Gross Omnibus Multi Sub-Account Client within the relevant CCM Gross Omnibus Multi Sub-Account Client Set wishes to transfer a portion of such CCM Gross Omnibus Multi Sub-Account Client's portfolio of Client Cleared Transactions to the Receiving Clearing Member, the Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer some but not all of Client Cleared Transactions to the relevant CCM Client Trade Account of the Receiving Clearing Member. Subject to paragraph (v) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfer and acknowledges that it may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

Where a request is made in accordance with this Article 5.3.3.3, no Client Assets shall be permitted to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

It is a condition precedent to the transfer of the Client Cleared Transactions of the CCM Gross Omnibus Multi Sub-Account Client(s) that:

- (i) no CCM Gross Omnibus Multi Sub-Account Client within the relevant CCM Gross Omnibus Multi Sub-Account Client Set has become insolvent (each CCM Gross Omnibus Multi Sub-Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);

- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;
- (iv) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (v) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For purposes of Article 5.3.3.3(v) above, the Carrying Clearing Member may be entitled to reject the transfer of the relevant Client Cleared Transactions only if; (a) one or more CCM Gross Omnibus Multi Sub-Account Clients within the relevant CCM Gross Omnibus Multi Sub-Account Client Set has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions would result in one or more CCM Gross Omnibus Multi Sub-Account Clients breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Gross Omnibus Multi Sub-Account Clients.

Article 5.3.3.4

Upon the instruction of a CCM Gross Omnibus Single Sub-Account Client, a Receiving Clearing Member shall request LCH.Clearnet SA (as set out in Section 5 of the Procedures) to transfer a portion of the portfolio of Client Cleared Transactions registered in the CCM Gross Omnibus Single Sub-Account Structure of that CCM Gross Omnibus Single Sub-Account Client to the relevant CCM Client Trade Account of the Receiving Clearing Member.

Subject to paragraph (v) hereof, any Carrying Clearing Member expressly and irrevocably agrees to such transfer and acknowledges that it may be implemented by LCH.Clearnet SA, in accordance with the conditions set forth herein, without its involvement.

Where a request is made in accordance with this Article 5.3.3.4, no Client Assets shall be permitted to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account to the Receiving Clearing Member's relevant CCM Client Collateral Account.

It is a condition precedent to any such transfer of the Client Cleared Transactions that:

- (i) such CCM Gross Omnibus Single Sub-Account Client has not become insolvent (such CCM Gross Omnibus Single Sub-Account Client to be presumed to be solvent by LCH.Clearnet SA unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA);
- (ii) the Receiving Clearing Member and the Carrying Clearing Member are CCMs;
- (iii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulting Clearing Member;

- (iv) both the Carrying Clearing Member and the Receiving Clearing Member have satisfied their obligations in respect of the relevant Morning Call; and
- (v) the Carrying Clearing Member has not rejected such transfer (it being presumed by LCH.Clearnet SA that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in Section 5 of the Procedures or as otherwise reasonably determined by LCH.Clearnet SA).

For the purposes of Article 5.3.3.4(v) above, the Carrying Clearing Member may be entitled to reject the transfer of the relevant Client Cleared Transactions only if: (a) the CCM Gross Omnibus Single Sub-Account Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member, including any increased Margin due and payable that may result from the proposed transfer; (b) the transfer of the relevant Client Cleared Transactions recorded in the CCM Gross Omnibus Single Sub-Account Structure would result in the CCM Gross Omnibus Single Sub-Account Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member; or (c) such rejection is in accordance with the terms agreed as between the Carrying Clearing Member and the relevant CCM Gross Omnibus Single Sub-Account Client.

Section 5.3.4 Transfer of Client Assets

Article 5.3.4.1

In relation to the circumstances set out in Section 5.3.2, for the purpose of a transfer of Client Assets:

- (i) in accordance with Article 5.3.2.1 or Article 5.3.2.2, LCH.Clearnet SA shall notify the Receiving Clearing Member of the Client Assets which are to be transferred; or
- (ii) in accordance with **Erreur ! Source du renvoi introuvable.** or Article 5.3.2.2, ~~and, following such notification, the Receiving Clearing Member may elect to reject the transfer of some or all of the Client Assets.~~ upon request from LCH.Clearnet SA, the Carrying Clearing Member shall notify LCH.Clearnet SA of the Client Assets which are attributable to the transferring CCM Gross Omnibus Multi Sub-Account Client Set or CCM Gross Omnibus Single Sub-Account Client (as the case may be) and, along with the Receiving Clearing Member, shall take such actions and provide such information to LCH.Clearnet SA in connection with the transfer as may be required by LCH.Clearnet SA. In the event that the Carrying Clearing Member fails to notify LCH.Clearnet SA of the Client Assets that are attributable to the relevant CCM Gross Omnibus Multi Sub-Account Client Set or CCM Gross Omnibus Single Sub-Account Client, LCH.Clearnet SA shall transfer such Collateral from the CCM Client Collateral Account of the Carrying Clearing Member's relevant CCM Gross Omnibus Segregated Account Structure to the Receiving Clearing Member's relevant CCM Client Collateral Account as it deems appropriate and as set out in Section 5 of the Procedures.

Article 5.3.4.2

Following such notification made in accordance with Article 5.3.4.1, the Receiving Clearing Member may elect to reject the transfer of some or all of the Client Assets. Any such election will not prevent the transfer of the relevant Client Cleared Transactions and any related Client Assets

which have been accepted by the Receiving Clearing Member, provided that the conditions set out in sub-paragraphs (i) to (vii) of Article 5.3.2.1, sub-paragraphs (i) to (vi) of Article 5.3.2.2, sub-paragraphs (i) to (vi) of Article 5.3.2.3 or sub-paragraphs (i) to (vi) of Article 5.3.2.2 (as applicable) are satisfied in relation to such transfer.

Article 5.3.4.3

Section 5.3.5 ~~Transfer process~~

Article 5.3.5.1

Provided that the Receiving Clearing Member has not rejected the transfer all of the Client Assets in accordance with Article 5.3.4.2, LCH.Clearnet SA shall transfer the Client Assets from the Carrying Clearing Member's relevant CCM Client Collateral Account~~(s)~~ to the Receiving Clearing Member's relevant CCM Client Collateral Account~~(s)~~. In the event that, for whatever reason, LCH.Clearnet SA is unable to transfer such Client Assets, LCH.Clearnet SA will not proceed with the transfer of the relevant Client Cleared Transactions.

~~Article 5.3.5.2~~

Section 5.3.6 ~~Further to the satisfaction of the conditions set out in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.3.1 or Article 5.3.3.2~~ Transfer process

Article 5.3.6.1

- (i) Further to the satisfaction of the conditions set out in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4, Article 5.3.3.1, Article 5.3.3.2, Article 5.3.3.3 or Article 5.3.3.4 (as appropriate) above, and provided that LCH.Clearnet SA does not determine, in its sole discretion, that the transfer cannot be effected under this CDS Clearing Rule Book or the Procedures, LCH.Clearnet SA shall transfer the relevant Client Cleared Transaction(s) to the relevant CCM Client Trade Account(s) of the Receiving Clearing Member for the benefit of the relevant CCM Client(s). Such Client Cleared Transaction(s) will be processed in accordance with CHAPTER 1 of TITLE III.
- (ii) In the case where a transfer of Client Cleared Transactions, pursuant to Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3 or Article 5.3.3.2, will include the transfer of the related Client Assets:
- (a) In respect of Client Assets which have been transferred by the Carrying Clearing Member to LCH.Clearnet SA on a full title transfer basis in accordance with Article 5.3.2.1 ~~or~~, Article 5.3.2.2, Article 5.3.2.3 or Article 5.3.2.4 such transfer shall be effected as follows:
- (A) the Carrying Clearing Member shall relinquish all rights to such Client Assets (including, for the avoidance of doubt, any beneficial interest and/or equity of redemption in respect thereof);
- (B) such Client Assets shall immediately upon such relinquishment be held by LCH.Clearnet SA on behalf of the Receiving Clearing Member; and
- (C) the Receiving Clearing Member's rights to such Client Assets arising as described in paragraph (B) above shall become, in respect of the relevant Client Cleared Transactions, subject to the title transfer security

arrangements entered into between the Receiving Clearing Member and LCH.Clearnet SA in relation to the provision of cover.

- (b) In respect of Client Assets that are subject to the Pledge Agreement entered into between the Carrying Clearing Member and LCH.Clearnet SA in relation to the provision of Collateral, in accordance with Article 5.2.4.2, such transfer shall be effected in accordance with Section 3 of the Procedures.
- (iii) For the avoidance of doubt, the Carrying Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to, the Client Assets transferred.
- (iv) The transfer of the Client Cleared Transactions and associated Client Assets shall be deemed to occur simultaneously, and the transfer of the Client Cleared Transactions shall be conditional on the transfer of the related Client Assets, and vice versa.
- (v) If the transfer of the Client Cleared Transactions and associated Client Assets is not completed for any reason, then any transfer or registration of Client Assets or Client Cleared Transactions shall be immediately unwound and such transfer or registration shall be deemed never to have occurred.

Article 5.3.6.2

Subject to Article 5.3.6.3 below, but otherwise notwithstanding anything to the contrary in the CDS Clearing Rules, in making any transfer of Client Cleared Transactions and (if applicable) Client Assets pursuant to this TITLE V, Chapter 3, LCH.Clearnet SA shall be authorised and entitled to rely conclusively on the instructions of and information provided by the relevant CCM(s), which shall be solely responsible for all such instructions and information, including ensuring that:

- (i) the transfer is properly authorised or rejected (as the case may be);
- (ii) the appropriate CCM Client Trade Account(s) have been identified; and
- (iii) in the case of a partial transfer of Client Cleared Transactions pursuant to Article 5.3.3.1 ~~or~~, [Article 5.3.3.2](#), [Article 5.3.3.3](#) or [Article 5.3.3.4](#) the appropriate Client Cleared Transactions have been identified by the Receiving Clearing Member,

and LCH.Clearnet SA shall have no responsibility or liability therefore.

Article 5.3.6.3

LCH.Clearnet SA shall verify that the Client Cleared Transactions notified to it by a CCM, as being the subject of such a transfer, correspond to Client Cleared Transactions which, according to its records, are registered in the Client Account Structure of the Carrying Clearing Member in respect of the relevant CCM Client and CCM Indirect Clients (if applicable). In the event that LCH.Clearnet SA identifies a discrepancy, it will notify the relevant CCM(s) and no transfer will occur pursuant to TITLE V, Chapter 3, until such time as the Client Cleared Transactions identified to LCH.Clearnet SA by the relevant CCM(s) can be verified by LCH.Clearnet SA.

Article 5.3.6.4

The Carrying Clearing Member agrees to indemnify LCH.Clearnet SA in respect of all liabilities, costs, loss, fees, damages or expenses suffered or incurred by LCH.Clearnet SA (howsoever arising or occurring) by reason of a proposed transfer being rejected by the Carrying Clearing Member other than in compliance with the grounds set out in the final paragraph of Article 5.3.2.1,

Article 5.3.2.2, **Erreur ! Source du renvoi introuvable.**~~of~~ Article 5.3.3.2, Article 5.3.3.1, Article 5.3.3.2, Article 5.3.3.3 or Article 5.3.3.4 (as the case may be).

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CHAPTER 4 - EARLY TERMINATION

[Not amended]

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TITLE VI

CDS FCM CLIENT CLEARING

DRAFT

CHAPTER 1 - GENERAL PROVISIONS

[Not amended]

DRAFT

CHAPTER 2 – FCM CLIENT ACCOUNT STRUCTURE

Section 6.2.1 General Provisions

[Not amended]

Section 6.2.2 FCM Client Trade Account

[Not amended]

Section 6.2.3 FCM Client Margin Account

[Not amended]

Section 6.2.4 FCM Client Collateral Account, FCM Client Financial Account and Related Accounts

[Not amended]

Section 6.2.5 FCM Client Collateral Buffer and FCM Unallocated Client Excess Collateral

[Not amended]

Section 6.2.6 Customer Margin Requirements

[Not amended]

CHAPTER 3 - TRANSFER

Section 6.3.1 **General**

[Not amended]

Section 6.3.2 **Full Transfers**

[Not amended]

Section 6.3.3 **Partial Transfers**

[Not amended]

Section 6.3.4 **Transfer of Client Assets ~~with Full Transfer~~**

[Not amended]

Section 6.3.5 **Transfer process**

[Not amended]

CHAPTER 4 – LIQUIDATION EVENT

[Not amended]

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APPENDIX 1 CDS DEFAULT MANAGEMENT PROCESS

1 Interpretation

Capitalised terms used in this Appendix 1, which sets out the CDS Default Management Process, and not otherwise defined in Clause 1.1, shall have the meaning given in Section 1.1.1 of the CDS Clearing Rule Book, as may be amended from time to time.

1.1 Definitions

"**Market Bid Metric**" is satisfied by a Bid where:

- (i) in respect of a Bid for an Auction Package for which there will be an LCH Transfer Cost, the Bid Price is equal to or less than the aggregate of: (i) the Relevant Pro Rata Share of the Initial Allocation Price or Residual Allocation Price, as the case may be, and (ii) the Relevant Pro Rata Share of two times the Initial Margin calculated for the Auction Package on the basis of the Initial Allocation Price or Residual Allocation Price, as the case may be; and
- (i) in respect of a Bid for an Auction Package for which there will be an LCH Transfer Receipt, the Bid Price is equal to or more than the difference between: (i) the Relevant Pro Rata Share of the Initial Allocation Price or Residual Allocation Price, as the case may be, and (ii) the Relevant Pro Rata Share of two times the Initial Margin calculated for the Auction Package on the basis of the Initial Allocation Price or Residual Allocation Price, as the case may be,

where "**Relevant Pro Rata Share**" means the percentage of the Bid Size for that Bid compared to Bid Size of the Auction Package as a whole;

1.2 Singular, plural, gender

[Not amended]

1.3 Headings

[Not amended]

1.4 Annexes etc.

[Not amended]

2 CDS Default Management Process

[Not amended]

3 Obligations and Undertakings

[[Not amended]

4 CDS Client Clearing Default Management Process

4.1 Scope

The CDS Client Clearing DMP in respect of any Relevant Client Cleared Transactions of the Defaulting Clearing Member shall involve the stages set out in this Clause 4. For the purposes

of this Clause 4, a Relevant Client Cleared Transaction will be included in an Auction Package from such time as LCH.Clearnet SA determines that such Relevant Client Cleared Transaction will not be ported. For the avoidance of doubt, any such Auction Package will only contain Non-Ported Cleared Transactions. LCH.Clearnet SA shall not be entitled to include Non-Ported Cleared Transactions and House Cleared Transactions of the Defaulting Clearing Member in a single Auction Package pursuant to this Clause 4.

4.2 Stages

If a Clearing Member becomes a Defaulting Clearing Member, LCH.Clearnet SA shall:

- 4.2.1** return any CCM Unallocated Client Collateral or FCM Unallocated Client Excess Collateral (as applicable) to the Defaulting Clearing Member in accordance with Article 4.3.2.4;
- 4.2.2** determine whether any Client Collateral Buffer has been allocated to (I) if the Defaulting Clearing Member is a CCM, a particular CCM Client Account Structure or (II) if the Defaulting Clearing Member is an FCM Clearing Member, a particular FCM Client Margin Account in accordance with Article 4.2.2.4 and Section 2 of the Procedures and, to the extent it has:
- (i) if the Defaulting Clearing Member is a CCM, transfer an amount of Collateral which is equal to the CCM Allocated Client Collateral Buffer for the relevant CCM Client Margin Account Structure from the Buffer Collateral Account to the relevant CCM Client Collateral Account; or
 - (ii) if the Defaulting Clearing Member is an FCM Clearing Member, transfer an amount of Collateral which is equal to the FCM Allocated Client Collateral Buffer for the relevant FCM Client Margin Requirement from the FCM Buffer Financial Account to the relevant FCM Client Financial Account;
- 4.2.3** take any action under Article 4.3.2.3 as it shall deem necessary in respect of the Relevant Client Cleared Transactions of the Defaulting Clearing Member and any Collateral recorded in the Client Collateral Account(s) of the Defaulting Clearing Member (provided that any such action taken in respect of a Relevant Client Cleared Transaction is clearly referable to the relevant CCM Individual Segregated Account Client, CCM Net Omnibus Segregated Account Client, CCM Gross Omnibus Single Sub-Account Client, CCM Gross Omnibus Multi Sub-Account Client or FCM Client, as applicable);
- 4.2.4** if the Defaulting Clearing Member is a CCM and such Defaulting Clearing Member transfers its Client Pledged Eligible Collateral to LCH.Clearnet SA, in accordance with Article 4.3.2.1, update its books and records to show that the Eligible Collateral has been provided to LCH.Clearnet SA with full title and ensure that the precise Eligible Collateral, provided in respect of each CCM Individual Segregated Account Structure, CCM Net Omnibus Segregated Account Structure and/or CCM Gross Omnibus Segregated Account Structure, is recorded in the relevant CCM Client Collateral Account(s) in accordance with Section 3 of the Procedures;
- 4.2.5** ascertain whether:
- (i) _____ if the Defaulting Clearing Member is a CCM, _____;

(a) each CCM Individual Segregated Account Client of the Defaulting Clearing Member has appointed a Backup Clearing Member;

~~(b) if the Defaulting Clearing Member is a CCM,~~ each of the CCM Net Omnibus Segregated Account Clients attributable to a single CCM Net Omnibus Segregated Account Structure of the Defaulting Clearing Member has appointed ~~the same~~ a single Backup Clearing Member;

~~(b)(c)~~ with respect to each CCM Gross Omnibus Segregated Account Structure of the Defaulting Clearing Member, each of the CCM Gross Omnibus Segregated Account Clients attributable to a single CCM Gross Omnibus Sub-Account Structure has appointed a single Backup Clearing Member;
and

~~(iii)~~ (ii) if the Defaulting Clearing Member is an FCM Clearing Member, each of the FCM Clients of the Defaulting Clearing Member has appointed a Backup Clearing Member;

within the compulsory timeframe as set out in Clause **Erreur ! Source du renvoi introuvable.** or Clause **Erreur ! Source du renvoi introuvable.** as the case may be;

4.2.6 in respect of each CCM Gross Omnibus Segregated Account Structure for which all of the Relevant Client Cleared Transactions are not to be transferred to a single Backup Clearing Member:

(i) if the Defaulting Clearing Member has failed to transfer the Client Pledged Eligible Collateral to LCH.Clearnet SA within such period as LCH.Clearnet SA has specified in its request pursuant to Article 4.3.2.1(i), enforce the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriation of the Defaulting Clearing Member's Client Pledged Eligible Collateral in accordance with Article 4.3.2.6 and ensure that the precise Eligible Collateral is recorded in the relevant CCM Client Collateral Account; and

(ii) determine whether Client Assets recorded in the CCM Client Collateral Account of the relevant CCM Gross Omnibus Segregated Account Structure shall be liquidated (in whole or in part) and, as the case may be, liquidate such Client Assets and credit the liquidation value of such Client Assets to the CCM Client Collateral Account of that CCM Gross Omnibus Segregated Account Structure;

determine the Ported Collateral ~~for,~~ in accordance with Clause 4.5, attributable to each Client Margin Account, of the Defaulting Clearing Member (ensuring that any Collateral which has been, or is to be, transferred to the relevant Client Collateral Account pursuant to Clause ~~4.2.2 above is taken into account for these purposes);~~ 4.2.2 above is taken into account for these purposes), save where all of the Relevant Client Cleared Transactions of a CCM Gross Omnibus Segregated Account Structure are to be transferred to a single Backup Clearing Member. In such a case, LCH.Clearnet SA will determine the Ported Collateral attributable to that CCM Gross Omnibus Segregated Account Structure, by treating the CCM Client Margin Accounts that are part of such CCM Gross Omnibus Segregated Account Structure as if they were a single CCM Client Margin Account;

~~4.2.64.2.7~~ where a Backup Clearing Member has been appointed in accordance with Clause Erreur ! Source du renvoi introuvable. or Clause Erreur ! Source du renvoi introuvable. as the case may be, send details of the open Relevant Client Cleared Transactions and Ported Collateral to the nominated Backup Clearing Member in respect of (i) each CCM ~~Individual Segregated Account Client and/or each CCM Omnibus Segregated Account Client of the Defaulting Clearing Member~~ to the nominated Backup Clearing Member, if the Defaulting Clearing Member that is a CCM, or (ii) each FCM Client, ~~if of~~ the Defaulting Clearing Member that is an FCM Clearing Member;

~~4.2.74.2.8~~ if the Defaulting Clearing Member is a CCM and where such Defaulting Clearing Member has failed to transfer its Client Pledged Eligible Collateral to LCH.Clearnet SA in accordance with Article 4.3.2.1(i), enforce the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriation of the Defaulting Clearing Member's Client Pledged Eligible Collateral in accordance with Article 4.3.2.6;

~~4.2.84.2.9~~ -notify the Defaulting Clearing Member of those Relevant Client Cleared Transactions that will be ported to the appointed Backup Clearing Member(s) and those Non-Ported Cleared Transactions that will be liquidated pursuant to the CDS Client Clearing DMP;

~~4.2.94.2.10~~ effect porting of the Relevant Client Cleared Transactions and transfer of the Ported Collateral to the Backup Clearing Member(s);

~~4.2.104.2.11~~ -once LCH.Clearnet SA has determined that porting in respect of a Client Account Structure will not occur, perform such risk neutralisation as is required and thereafter commence the Competitive Bidding process in respect of any Auction Packages containing Non-Ported Cleared Transactions and, if the Defaulting Clearing Member is a CCM, enforce its security interest under, and in accordance with, the Pledge Agreement and realise the value of the Client Pledged Eligible Collateral (if any), in accordance with Clause 4.4.2, by liquidating such Client Pledged Eligible Collateral.

4.3 Portability of the Relevant Client Cleared Transactions

4.3.1 Provided that (a) (I) a CCM Individual Segregated Account Client of a Defaulting Clearing Member that is a CCM ~~or (II), (II) a CCM Gross Omnibus Single Sub-Account Client of a Defaulting Clearing Member that is a CCM or (III)~~ an FCM Client of a Defaulting Clearing Member that is an FCM Clearing Member has appointed a Backup Clearing Member and informed LCH.Clearnet SA of the identity of such Backup Clearing Member at such time as determined by LCH.Clearnet SA; (b) within such period as LCH.Clearnet SA may determine of the service of a Default Notice on the relevant Clearing Member pursuant to Article 4.3.1.3, LCH.Clearnet SA has received confirmation from the Backup Clearing Member of its unconditional agreement (such agreement to be in such form as LCH.Clearnet SA may require at the relevant time) to act as Backup Clearing Member in relation to all the Relevant Client Cleared Transactions registered in the Client Trade Account(s) of (I) the relevant CCM Individual Segregated Account Structure, (II) the relevant CCM Gross Omnibus Single Sub-Account Structure or (III) the relevant FCM Client Account Structure and the receipt of the related Ported Collateral; (c) LCH.Clearnet SA has received confirmation from the relevant ~~CCM Individual Segregated Account Client or FCM Client (as~~

~~applicable)Client~~ (in respect of such matters and in such form as LCH.Clearnet SA may require at the relevant time); and (d) if the Defaulting Clearing Member is a CCM, (I) such Defaulting Clearing Member has transferred ownership of the Client Pledged Eligible Collateral to LCH.Clearnet SA in accordance with the CDS Admission Agreement and Section 3 of the Procedures or LCH.Clearnet SA has enforced the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriating the Defaulting Clearing Member's Client Pledged Eligible Collateral (if any) in accordance with Article 4.3.2.6:

- (i) LCH.Clearnet SA shall either: (a) transfer all of the open Relevant Client Cleared Transactions entered into by the Defaulting Clearing Member in respect of the relevant ~~CCM Individual Segregated Account Client or FCM Client (as applicable)Client~~ to the appointed Backup Clearing Member; or (b) terminate and close out such Relevant Client Cleared Transactions at their market value (as determined by LCH.Clearnet SA in its discretion) and enter into replacement Cleared Transactions on equivalent terms to such Relevant Client Cleared Transactions with the appointed Backup Clearing Member in respect of the relevant ~~CCM Individual Segregated Account Client or FCM Client (as applicable)Client~~. Transferred or replacement Relevant Client Cleared Transactions will be registered in a Client Trade Account of the Backup Clearing Member and the Ported Collateral (where transferred in accordance with paragraph (ii) of this Clause 4.3.1) will be credited to the relevant Client Collateral Account of the Backup Clearing Member overnight, in accordance with this Clause ~~4.3.1;4.3.1;~~
- (ii) where the relevant ~~CCM Individual Segregated Account Client or FCM Client (as applicable)~~ instructs a transfer of the Ported Collateral ~~attributable to recorded in~~ the relevant Client Collateral Account (including the CCM Client Collateral Account of a CCM Indirect Client Segregated Account Structure, if applicable) and attributable to the relevant CCM Client Margin Account, to the appointed Backup Clearing Member, LCH.Clearnet SA shall give effect to such instruction; and
- (iii) the amount due to be returned to the Defaulting Clearing Member in respect of the relevant ~~Individual Segregated Account Client or FCM Client (as applicable)Client~~ shall be reduced by an amount equal to the value of the Ported Collateral transferred to the Backup Clearing Member, as referred to in paragraph (ii) of this Clause ~~4.3.1;4.3.1.~~

4.3.2 Provided, if the Defaulting Clearing Member is a CCM, that (a) (I) all of the CCM Net Omnibus Segregated Account Clients within a CCM Net Omnibus Client Set of the Defaulting Clearing Member or (II) all of the CCM Gross Omnibus Multi Sub-Account Clients within a CCM Gross Omnibus Multi Sub-Account Client Set of a Defaulting Clearing Member, have appointed ~~the same a single~~ Backup Clearing Member and informed LCH.Clearnet SA of the identity of such Backup Clearing Member at such time as determined by LCH.Clearnet SA; (b) within such period as LCH.Clearnet SA may determine of the service of a Default Notice on the relevant Clearing Member pursuant to Article 4.3.1.3, LCH.Clearnet SA has received confirmation from the Backup Clearing Member of its unconditional agreement (such agreement to be in such

form as LCH.Clearnet SA may require at the relevant time) to act as Backup Clearing Member in relation to all the Relevant Client Cleared Transactions registered in the relevant Client Trade Accounts and the receipt of the related Ported Collateral; (c) LCH.Clearnet SA has received confirmation from each of such CCM ~~Omnibus Segregated Account~~ Clients (in respect of such matters and in such form as LCH.Clearnet SA may require at the relevant time); and (d) ~~if the Defaulting Clearing Member is a CCM,~~ such Defaulting Clearing Member has transferred ownership of the Client Pledged Eligible Collateral to LCH.Clearnet SA in accordance with the CDS Admission Agreement or LCH.Clearnet SA has enforced the security interest granted to it under, and in accordance with, the Pledge Agreement by appropriating the Defaulting Clearing Member's Client Pledged Eligible Collateral (if any) in accordance with Article 4.3.2.6:

- (i) LCH.Clearnet SA shall either (a) transfer all of the open Relevant Client Cleared Transactions entered into by the Defaulting Clearing Member in respect of the ~~CCM Omnibus Segregated Account Clients within the relevant CCM Omnibus Client Set~~ Clients to the appointed Backup Clearing Member; or (b) terminate and close out such Relevant Client Cleared Transactions at their market value (as determined by LCH.Clearnet SA in its discretion) and enter into replacement Cleared Transactions on equivalent terms to such Relevant Client Cleared Transactions with the appointed Backup Clearing Member in respect of the relevant CCM ~~Omnibus Segregated Account~~ Clients. Transferred or replacement Relevant Client Cleared Transactions will be registered in Client Trade Accounts of the Backup Clearing Member and the Ported Collateral (where transferred in accordance with paragraph (ii) of this Clause 4.3.2) will be credited to the relevant Client Collateral Account of the Backup Clearing Member overnight, in accordance with this Clause **Erreur ! Source du renvoi introuvable.**;
- (ii) where all each of the ~~CCM Omnibus Segregated Account Clients within the relevant CCM Omnibus Client Set~~ instructs a transfer of the Ported Collateral attributable to the relevant CCM Client Collateral Account to the appointed Backup Clearing Member, LCH.Clearnet SA shall give effect to such instruction; and
- (iii) the amount due to be returned to the Defaulting Clearing Member in respect of the ~~Omnibus Segregated Account Clients within the relevant Omnibus Client Set~~ relevant CCM Clients shall be reduced by an amount equivalent to the Ported Collateral transferred to the Backup Clearing Member, as referred to in paragraph (ii) of this Clause **Erreur ! Source du renvoi introuvable.**

4.3.3 For the purposes of Clause 4.3.1 ~~and/or~~ Clause 4.3.2 above, the relevant ~~CCM Individual Segregated Account Client or CCM Omnibus Segregated Account Clients (as applicable, where the Defaulting Clearing Member is a CCM) or the FCM Client (where the Defaulting Clearing Member is an FCM Clearing Member)~~ may provide consent to LCH.Clearnet SA in writing (including by facsimile and email) and shall not be entitled to withdraw such consent once received by LCH.Clearnet SA.

4.4 Non-portability of the Relevant Client Cleared Transactions

In relation to each Client Account Structure in respect of which the Defaulting Clearing Member has Non-Ported Cleared Transactions, LCH.Clearnet SA shall:

4.4.1 carry out Hedging and Competitive Bidding, in relation to such Non-Ported Cleared Transactions, in accordance with the provisions of the CDS Default Management Process, save that when establishing the Auction Packages for Competitive Bidding, LCH.Clearnet SA shall not combine the House Cleared Transactions of the Defaulting Clearing Member with such Non-Ported Cleared Transactions in a single Auction Package;

~~4.4.2~~ if the Defaulting Clearing Member is a CCM, enforce its security interest under, and in accordance with, the Pledge Agreement and realise the value of the Client Pledged Eligible Collateral (if any) associated with:

~~(iv) each CCM Individual Segregated Client Account Structure; and~~

~~(v) each CCM Omnibus Client Set,~~

~~4.4.34.4.2~~ by liquidating such Pledged Eligible Collateral in accordance with ~~Article 4.3.2.7~~ **Article 4.3.2.7** and crediting such value to the relevant CCM Client Collateral Account(s);

~~4.4.44.4.3~~ calculate an amount (the "**CDS Client Clearing Entitlement**") equal to:

- (i) a *pro rata* share of the value (whether positive value or negative) arising from the liquidation of such Defaulting Clearing Member's Non-Ported Cleared Transactions such *pro rata* share being determined in accordance with the methodology set out in Clause 4.5.2; plus
- (ii) (a) if the Defaulting Clearing Member is a CCM, in respect of:
 - (I) a CCM Individual Segregated Account Structure, the liquidation value of the Client Assets recorded in the relevant Client Collateral Account(s); or
 - (II) ~~and CCM Net Omnibus Segregated Account Client or a CCM Gross~~ Omnibus Segregated Account Client, a *pro rata* share of the liquidation value of the Client Assets recorded in the relevant Client Collateral Account, such *pro rata* share being determined by LCH.Clearnet SA in its sole discretion; ~~or~~
- (b) if the Defaulting Clearing Member is an FCM Clearing Member, in respect of each FCM Client, the value of the Client Assets attributable to such FCM Client's FCM Client Financial Account; minus
- (iii) a *pro rata* share of the costs of any Hedging undertaken, such *pro rata* share being determined in accordance with the methodology set out in Clause ~~4.5.2;4.5.2~~; minus
- (iv) a *pro rata* share of any costs, liabilities and expenses incurred or borne by LCH.Clearnet SA in connection with the implementation of the CDS Client DMP including, in particular, costs and amounts referred to in (i) and (iii) of this Clause

4.4.3, such pro rata share being determined in accordance with the methodology set out in Clause 4.5.2;

~~4.4.54.4.4~~ if the Defaulting Clearing Member is a CCM, pay to such Client an amount equal to the relevant CDS Client Clearing Entitlement, in accordance with the Delegation.

4.5 Calculation process

4.5.1 Determination of the Ported Collateral and calculation of the CDS Client Clearing Entitlement for each Client will be undertaken by LCH.Clearnet SA in accordance with its own records based on information provided to it by the Defaulting Clearing Member. LCH.Clearnet SA shall be under no obligation to verify or conduct any independent enquiry in respect of any such information and shall be entitled for all purposes to treat it as definitive. However, LCH.Clearnet SA may, in its absolute discretion, adjust its records to reflect any matter which it believes should be taken into account in determining the Ported Collateral and/or calculating the CDS Client Clearing Entitlements.

4.5.2 When Non-Ported Cleared Transactions attributable to different Clients are dealt with as a single Auction Package, the *pro rata* share ("**PRS**") of the amounts specified in (i), (iii) and (iv) of Clause 4.4.3 should be determined on the basis of the following formula:

$$PRS = \frac{A}{B}$$

Where:

A is either: (i) if the Defaulting Clearing Member is a CCM, (a) the last Client Margin Requirement for the Client Margin Account(s) maintained by the Defaulting Clearing Member in respect of (I) a CCM Individual Segregated Account Structure or (II) a CCM Gross Omnibus Single Sub-Account Structure (as at the time of the Last Call applicable) calculated and satisfied prior to the Event of Default occurring; or (b) a portion of the last Client Margin Requirement for the Client Margin Account maintained by the Defaulting Clearing Member in respect of an Omnibus Client Set (I) a CCM Net Omnibus Segregated Account Structure or (II) a CCM Gross Omnibus Multi Sub-Account Structure (as at the time of the Last Call applicable) calculated and satisfied prior to the Event of Default occurring as attributed to an the relevant CCM Net Omnibus Segregated Account Client in such Omnibus Account Set CCM Net Omnibus Segregated Account Structure or the relevant CCM Gross Omnibus Multi Sub-Account Client in such CCM Gross Omnibus Multi Sub-Account Structure (as applicable), such portion being determined by LCH.Clearnet SA in its sole discretion; or (ii) if the Defaulting Clearing Member is an FCM Clearing Member, the last Client Margin Requirement for the FCM Client Margin Account maintained by the FCM Clearing Member on behalf of an FCM Client as at the time of the Last Call calculated and satisfied prior to the Event of Default occurring; and

B is the last Client Margin Requirement for each Client Margin Account of the Defaulting Clearing Member in which the Non-Ported Cleared Transactions which are the subject of the relevant Auction Package are contained as at the time of the Last Call, calculated and satisfied prior to the Event of Default occurring.

5 Competitive Bidding

5.1 Principles of Competitive Bidding

[Not amended]

5.2 Construction of Auction Packages

[Not amended]

5.3 Competitive Bidding for multiple Auction Packages

[Not amended]

5.4 Conduct of Competitive Bidding

5.4.1 Participation in Competitive Bidding

All Auction Participants are required to participate in Competitive Bidding for each Auction Package notwithstanding that any Auction Participant may not have registered within its Account Structure a Cleared Transaction of the type included in the relevant Transaction Category for an Auction Package, save where:

- (i) ~~save where~~ an Auction Package comprises Single Name Cleared Transactions whose Reference Entity is the Auction Participant, in which case that Auction Participant is not required to participate in Competitive Bidding for that Auction Package; and
- (ii) ~~notwithstanding LCH.Clearnet SA reasonably considers on a non-discriminatory basis that any such Auction Participant may not have registered within its Account Structure a Cleared Transaction of the type included required to participate in the relevant Transaction Category Competitive Bidding for that~~ Auction Package.

Where two or more Auction Participants within a Financial Group request LCH.Clearnet SA to treat them as a single Auction Participant for the purpose of requiring participation in Competitive Bidding under this Clause 5.4.1, LCH.Clearnet SA shall consent to such a request.

5.4.2 Bidding Process

[Not amended]

5.4.3 Bidding

[Not amended]

5.4.4 Minimum Bid Size

[Not amended]

5.4.5 Satisfying the Minimum Bid Size

[Not amended]

5.4.6 Bids in excess of the Minimum Bid Size

[Not amended]

5.4.7 Bid Price

[Not amended]

5.4.8 Assessment of Non Market Bids

[Not amended]

5.5 Non Bidders

[Not amended]

5.6 Allocation of the Auction Package

[Not amended]

5.7 Review of Competitive Bidding

[Not amended]

5.8 Recalculated Allocation of the Auction Package and Initial Registration

[Not amended]

5.9 Conduct of Competitive Bidding for the Residual Auction Package

[Not amended]

5.10 LCH.Clearnet SA determination of financial resources

[Not amended]

6 Registration of Transfer Positions

[Not amended]

7 Loss Distribution Process

[Not amended]

8 Early Termination

8.1 Early Termination Trigger

- 8.1.1 If, on any Loss Distribution Day, LCH.Clearnet SA determines either that the Clearing Member Adjustment Amount for any Non-Defaulting Clearing Member would be equal to or greater than the applicable Loss Distribution Cap Amount for such Non-Defaulting Clearing Member (as adjusted pursuant to Clause Erreur! Source du renvoi introuvable., as the case may be) on that Loss Distribution Day or LCH.Clearnet SA does not have sufficient financial resources available to make all payments required pursuant to Clause 5.10 (the "**Early Termination Trigger Date**"), neither LCH.Clearnet SA nor any Non-Defaulting Clearing Member shall be obliged to make any further payments or deliveries under any Cleared Transaction between them which would, but for this Clause 8.1, have fallen due for performance on or after the Early Termination Trigger Date, and any obligations to make further payments or deliveries which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set off or otherwise) of the House LCH Repayment Amount and Client LCH Repayment Amount(s) and other payment and delivery obligations in relation to any Cleared Transactions and any other obligations pursuant to the CDS Clearing Documentation (including ~~the Margin Balance in respect of any Margin Account of the Clearing Member, Excess Collateral, the Client registered in any Collateral~~

BufferAccounts and other Collateral representing a Clearing Member's Contribution Requirement) shall be payable or deliverable on the Early Termination Trigger Date and in accordance with the provisions of this Clause 8.

8.1.2 Upon the occurrence of an Early Termination Trigger Date, LCH.Clearnet SA shall promptly publish a Clearing Notice in accordance with Article 3.1.9.4 of the CDS Clearing Rule Book.

8.1.3 In circumstances where Client Collateral Buffer has been allocated to a CCM Client Account Structure in accordance with Article 4.2.2.4 and Section 2 of the Procedures, LCH.Clearnet SA shall transfer an amount of Collateral which is equal to the CCM Allocated Client Collateral Buffer for the relevant CCM Client Account Structure from the Buffer Collateral Account to the CCM Client Collateral Account of that CCM Client Account Structure as soon as reasonably practicable.

~~8.1.38.1.4~~ For these purposes, the amounts to be repaid shall include, in respect each Margin Account of each Non-Defaulting Clearing Member, ~~the Client Collateral Buffer and, in respect of the House Margin Account and each of the Client Margin Accounts of such Clearing Member:~~

- (i) Variation Margin;
- (ii) any ~~Cash Collateral, Excess Collateral and recorded in the relevant Collateral Account (including, in the case of a CCM Client Margin Account, any other Collateral which is not Pledged Eligible transferred (or due to be transferred) to the relevant CCM Client Collateral representing the Margin Balance, Account by LCH.Clearnet SA pursuant to Clause 8.1.3),~~ in each case without applying any haircuts to the valuation of the Collateral; Such amount will not include Pledged Eligible Collateral, CCM Unallocated Client Collateral or FCM Unallocated Client Excess Collateral returned to the relevant Non-Defaulting Clearing Member in accordance with Clause 8.7;
- (iii) any net Cash Gainer Adjustments which has been paid by the Clearing Member to LCH.Clearnet SA pursuant to Clause **Erreur! Source du renvoi introuvable.**; for each Margin Account;
- (iv) any other amounts that may be due to or from either the Clearing Member or LCH.Clearnet SA to or from the other in relation to the CDS Clearing Service pursuant to the CDS Clearing Documentation; and
- (v) in respect of a Non-Defaulting Clearing Member's House Margin Account, such Clearing Member's Contribution Balance and in the case of a CCM, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as CCM Available Client Collateral Buffer in its Buffer Collateral Account (if any) in each case without applying any haircuts to the valuation of the Collateral.

8.2 CDS Repayment Amount

LCH.Clearnet SA shall calculate the CDS Repayment Amount separately in respect of each Non-Defaulting Clearing Member's House Account Structure and each of its Client Account Structures in accordance with the following:

- (i) LCH.Clearnet SA shall establish the value of (a) each Cleared Transaction as a result of the termination of each payment or delivery which would otherwise have been required to be made under the relevant Cleared Transaction (assuming satisfaction of each applicable condition precedent and based on its determination of the observable market price to be determined in accordance with Clause **Erreur ! Source du renvoi introuvable.** below) and without application of the Loss Distribution Process, (b) any net Cash Gainer Adjustments to be repaid to the Clearing Member; (c) the Variation Margin(s) to be repaid by the Clearing Member or LCH.Clearnet SA to the other; and (d) any other amounts that may be due to or from LCH.Clearnet SA in relation to Cleared Transactions pursuant to the CDS Clearing Rules, but excluding any repayment or redelivery obligations relating to any relevant Margin Balance, Excess Collateral and/or the Client Collateral Buffer; and
- (ii) on the basis of the sums so established, an account shall be taken of the amounts owed by either the Clearing Member or LCH.Clearnet SA to the other and the sums due from one shall be set off against the sums due from the other and only the balance shall be payable by either the Clearing Member or LCH.Clearnet SA to the other.

8.3 Observable Market Price

For the purpose of determining an observable market price for each Cleared Transaction pursuant to Clause 8.2(i) above, LCH.Clearnet SA shall use its best efforts to determine the price of the relevant Cleared Transactions as at the end of the Business Day following the Early Termination Trigger Date, using such sources as it believes reasonable to provide the value of such Cleared Transactions. In doing so, LCH.Clearnet SA would be expected to use the following sources in order of descending priority as valuation points:

- (i) the end of day settlement prices published by another reputable clearing house operating in respect of CDS for the relevant valuation day;
- (ii) other objective and observable market prices for the relevant valuation day; and
- (iii) the mean settlement price for the relevant valuation day, calculated on the basis of a broad-based survey of market participants active in trading CDS.

8.4 Available CDS Funds

Following its determination of the CDS Repayment Amount in relation to each of the Non-Defaulting Clearing Member's House Account Structure and each of its Client Account Structures, LCH.Clearnet SA shall calculate the Available CDS Funds as the sum equal to the aggregate of the Negative CDS Repayment Amounts in respect of each Non-Defaulting Clearing Member.

Where the Available CDS Funds are less than the aggregate amount of Positive CDS Repayment Amounts, LCH.Clearnet SA shall calculate the Discounted CDS Repayment Amount for each Positive CDS Repayment Amount payable to a Non-Defaulting Clearing Member by multiplying each such Positive CDS Repayment Amount by the fraction determined

by dividing A by B, where "A" is the Available CDS Funds and "B" is the aggregate amount of Positive CDS Repayment Amounts.

8.5 LCH Repayment Amounts

Following the calculation of each CDS Repayment Amount, or Discounted CDS Repayment Amount as the case may be, pursuant to Clauses 8.1 to 8.4 above, LCH.Clearnet SA shall calculate a LCH repayment amount separately in respect of each Non-Defaulting Clearing Member's (i) House Account Structure ~~of~~ (the "**House LCH Repayment Amount**") and (ii) each of its Client Account Structures ("**Client LCH Repayment Amount**") (the "House LCH Repayment Amount" and "Client LCH Repayment Amount" being together referred to as the "**LCH Repayment Amounts**"). The LCH Repayment Amounts shall be determined as set out below.

~~LCH.Clearnet SA shall calculate, in respect of each Clearing Member, the value of Collateral recorded in the Buffer Collateral Account as Client Collateral Buffer plus separately~~ in respect of the House Account Structure and each of the Client Account Structures of each Non-Defaulting Clearing Member ~~(i) the Margin Balance and (ii), the value of any Excess Collateral recorded in the relevant Collateral Account, in each case (without applying any haircuts to the valuation of Eligible Collateral, the Collateral. Such amounts calculated in respect of each Margin Account (the "Margin Repayment Amounts") shall also include:~~

~~(i) The respect of a CCM Client Margin Account, any Collateral Buffer and all amounts standing transferred (or due to be transferred) to the credit of the Margin Balance related to each of the relevant CCM Client Collateral Account by LCH.Clearnet SA pursuant to Clause 8.1.3); and~~

~~(ii) in respect of any House Margin Account, such Non-Defaulting Clearing Member's Contribution Balance and each in the case of the Client a CCM, the repayment or redelivery by LCH.Clearnet SA of all Collateral recorded as CCM Available Client Collateral Buffer in its Buffer Collateral Account (if any).~~

~~Such amount shall not include any Variation Margin Accounts (the "Pledged Eligible Collateral, CCM Unallocated Client Collateral or FCM Unallocated Client Excess Collateral returned to the relevant Non-Defaulting Clearing Member in accordance with Clause 8.7.~~

~~The Margin Repayment Amounts") shall become immediately due and payable to the Clearing Member. In determining such amounts, LCH.Clearnet SA shall not separately value, nor take into account, as an amount due to the Clearing Member, any Collateral:~~

- ~~(i) in respect of which the value has been accounted for in the determination of the value of any Cleared Transaction;~~
- ~~(ii) which the Clearing Member has transferred to LCH.Clearnet SA other than on a full title transfer basis and which the Clearing Member will otherwise receive back in accordance with the CDS Clearing Rules; or~~
- ~~(iii) which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 of the CDS Clearing Rule Book and the CDS Default Management Process.~~

LCH.Clearnet SA shall then, for the House Account Structure and each of the Client Account Structures of the Non-Defaulting Clearing Member: (a) aggregate each positive CDS Repayment Amount, or Discounted CDS Repayment Amount, as the case may be, with the

Margin Repayment Amounts, or (b) net and set off each Negative CDS Repayment Amount with the Margin Repayment Amounts, in each case to produce the House LCH Repayment Amount in respect of the House Account Structure and a Client LCH Repayment Amount for each of the Client Account Structures, respectively.

Where the determination in accordance with this Clause 8.5 produces positive amounts, LCH.Clearnet SA shall pay the LCH Repayment Amounts to the Clearing Member in accordance with Clause 8.7 and, where it produces negative amounts, the Clearing Member shall pay the LCH Repayment Amounts to LCH.Clearnet SA in accordance with Clause 8.7.

8.6 Notification of LCH Repayment Amounts

LCH.Clearnet SA shall notify each Clearing Member of the LCH Repayment Amounts which it will pay to the relevant Clearing Member, or which the relevant Clearing Member is required to pay to LCH.Clearnet SA, as the case may be. Such notification shall be made promptly and by no later than:

- (i) 15.00 on the Early Termination Trigger Date, where a determination is made by LCH.Clearnet SA prior to 10.00 on the Early Termination Trigger Date, or
- (ii) 15.00 on the first Business Day following the Early Termination Trigger Date, where a determination is made by LCH.Clearnet SA after 10.00 on the Early Termination Trigger Date.

This notification shall show in reasonable detail how the LCH Repayment Amount has been calculated by LCH.Clearnet SA.

Prior to making such notification, LCH.Clearnet SA shall determine whether it has sufficient funds in place in order to repay the aggregate of all Margin Repayment Amounts. If LCH.Clearnet SA determines that it is unable to pay the aggregate amount of the Margin Repayment Amounts, LCH.Clearnet SA shall notify the Clearing Members by the times set out in (i) and (ii) by posting such notice on its Website.

8.7 Payment of LCH Repayment Amounts and repayment/redelivery of Collateral

Where the House LCH Repayment Amount and/or the Client LCH Repayment Amount is to be paid to LCH.Clearnet SA by a Clearing Member, it shall be paid in Euro by 15.00 on the Business Day following notification in accordance with Clause 8.6.

Where the House LCH Repayment Amount and/or the Client LCH Repayment Amount is to be paid by LCH.Clearnet SA to a Clearing Member, it shall be paid in Euro by 17.00 on the Business Day following notification in accordance with Clause 8.6.

Any Pledged Eligible Collateral (other than Pledged Eligible Collateral which LCH.Clearnet SA has applied in order to reduce its loss in accordance with Article 4.3.3.1 or the CDS Default Management Process) which the Clearing Member has transferred to LCH.Clearnet SA shall be redelivered by LCH.Clearnet SA to a Clearing Member by 17.00 on the Business Day following notification in accordance with Clause 8.6.

In addition, to the extent a CCM has any CCM Unallocated Client Collateral or an FCM Clearing Member has any FCM Unallocated Client Excess Collateral, LCH.Clearnet SA shall repay such Collateral to the Clearing Member for the account of its Clients by 17:00 on the Business Day following notification in accordance with Clause 8.6.

8.8 Recalculation of Available CDS Funds

In the event that LCH.Clearnet SA does not receive the aggregate LCH Repayment Amounts due to it from Clearing Members in full by the time specified in Clause 8.7, LCH.Clearnet SA shall reduce each LCH Repayment Amount it is due to pay (which includes a Positive CDS Repayment Amount or Discounted CDS Repayment Amount, as the case may be) by an amount equal to the relevant Clearing Member's *pro rata* share of the shortfall.

8.9 Recovery of LCH Repayment Amounts

If at any time LCH.Clearnet SA recovers amounts in addition to the CDS Available Funds calculated pursuant to Clause 8.4, or receives LCH Repayment Amounts from Clearing Members after the time specified in Clause 8.7 and following the adjustments contemplated by Clause 8.8, it shall promptly make such further payments in respect of any House Margin Account, CCM Client Account Structure or FCM Client Margin Account for which a discount to the relevant CDS Repayment Amount was applied in accordance with Clause 8.5 *pro rata* the amount of the discounts applied across all such ~~Margin Accounts~~House Margin Account, CCM Client Account Structure or FCM Client Margin Account.

8.10 Conversion

For the purposes of any calculation required to be made under this Clause 8, any sums calculated other than in Euro shall be converted into Euro at the relevant exchange rate as at 17.00 on the Early Termination Trigger Date. The relevant exchange rate shall be determined by the European Central Bank and taken from Reuters or, where not available for the relevant currency, such other provider as is notified in a Clearing Notice.

8.11 No Rebate

Subject to the obligations of LCH.Clearnet SA pursuant to Clause 8.9 above, the payment by LCH.Clearnet SA of any LCH Repayment Amount to a Non-Defaulting Clearing Member shall be final. Any claim by a Clearing Member to recover amounts owed to it as a result of the adjustment of the CDS Repayment Amount pursuant to Clause 8.3 or 8.8 above shall be extinguished and the relevant Clearing Member shall have no further recourse to LCH.Clearnet SA in respect thereof.

8.12 LCH Default

Any failure by LCH.Clearnet SA to pay any LCH Repayment Amount in full to a Clearing Member, other than by operation of Clause 8.8, shall constitute an event falling within Article 1.3.1.1(ii).

9 Information regarding the CDS Default Management Process

[Not amended]

10 Role and Constitution of the CDS Default Management Committee

[Not amended]

11 Role and Constitution of the CDS Default Management Group

[Not amended]

12 Participation in the CDS Default Management Committee and CDS Default Management Group

[Not amended]

13 Subsistence of the CDS Default Management Process

[Not amended]

14 Liability of LCH.Clearnet SA

[Not amended]

15 Governing Law

[Not amended]

DRAFT

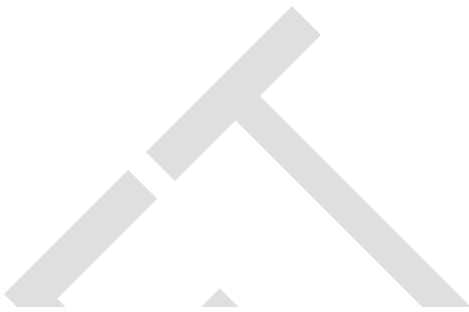
Annex
Confidentiality, non-disclosure and participation in the CDS Default Management Group

[Not amended]

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CDS Clear

LCH.Clearnet SA
CDS Clearing Supplement
8 June 2016₅



This document is for use with the clearing of index linked transactions and single name transactions. The CDS Clearing Supplement is split into two parts, Part A and Part B.

Part A of the CDS Clearing Supplement shall only be used in connection with any single name transactions or components of index linked transactions that incorporate the 2003 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.

Part B of the CDS Clearing Supplement shall only be used in connection with any single name transactions or components of index linked transactions that incorporate the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.

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PART A
CDS CLEARING SUPPLEMENT

**FOR INDEX CLEARED TRANSACTIONS AND SINGLE NAME TRANSACTIONS
INCORPORATING THE 2003 ISDA CREDIT DERIVATIVES DEFINITIONS**

1. GENERAL PROVISIONS

[...]

1.2 Terms defined in the CDS Clearing Supplement

For the purposes of the CDS Clearing Documentation, the following capitalised terms shall, unless otherwise specified, have the respective meanings set out below:

[...]

Transaction Data: In respect of an Original Transaction to be novated pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book and cleared by LCH.Clearnet SA as an Index Cleared Transaction or Initial Single Name Cleared Transaction, the data provided by an Approved **Matching Provider Trade Source System** to LCH.Clearnet SA for such purposes, which includes, without limitation:

- (a) in respect of an Index Cleared Transaction, the relevant index, including details of the index name, series and version, the annex date and the original notional amount;
- (b) in respect of an Initial Single Name Cleared Transaction, the Reference Entity, Reference Obligation, applicable Transaction Type, Floating Rate Payer Calculation Amount and the Fixed Rate;
- (c) the Trade Date;
- (d) the Scheduled Termination Date;
- (e) the Floating Rate Payer;
- (f) the Fixed Rate Payer;
- (g) the Fixed Rate Payer Payment Dates;
- (h) the Initial Payment Payer; and
- (i) the Initial Payment Amount.

[...]

2. TERMS OF CLEARED TRANSACTIONS

2.1 General Terms of Cleared Transactions

[...]

(c) Trade Date of Cleared Transactions following Compression

Notwithstanding paragraphs **Erreur ! Source du renvoi introuvable.** and **Erreur ! Source du renvoi introuvable.** above, where Cleared Transactions are subject to compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Trade Date of any resulting Cleared Transaction(s) shall be, in respect of any Cleared Transaction subject to:

- (i) ad hoc compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the date on which the request for compression was effectively received and processed in accordance with Section 5 of the Procedures, which shall be:
 - (A) the Clearing Day on which such request is submitted and uploaded by the relevant Clearing Member *provided that* such request for compression was received by LCH.Clearnet SA before 7.00 p.m. on such Clearing Day (if such request is submitted and uploaded by the relevant Clearing member via ~~the ECCW or LCAP~~any means of access specified in a Clearing Notice or 5.00 p.m. (if such request is not submitted via ~~the ECCW or LCAP~~any means of access specified in a Clearing Notice in the case of a disruption of the ~~ECCW or LCAP~~relevant means of access);
 - (B) the Clearing Day on which such request is submitted if such request is not submitted via ~~the ECCW or LCAP~~any means of access specified in a Clearing Notice in the case of disruption of the ~~ECCW or LCAP~~relevant means of access and is submitted after 5.00 p.m. but LCH.Clearnet SA, in its sole discretion, processes such request on the Clearing Day on which such request is submitted; and
 - (C) unless the relevant Clearing Member instructs the Operations Department to withdraw such request, the Clearing Day following the Clearing Day on which such request is submitted if such request is not submitted via ~~the ECCW or LCAP~~any means of access specified in a Clearing Notice in the case of disruption of the ~~ECCW or~~

| LCAPrelevant means of access and is submitted after 5.00 p.m. and LCH.Clearnet SA, in its sole discretion, does not process such request on the Clearing Day on which such request is submitted; or

- (ii) automatic compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the Clearing Day on which such Cleared Transaction is automatically compressed by LCH.Clearnet SA in accordance with Section 5 of the Procedures.

[...]

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PART B
CDS CLEARING SUPPLEMENT

**FOR INDEX CLEARED TRANSACTIONS AND SINGLE NAME TRANSACTIONS
INCORPORATING THE 2014 ISDA CREDIT DERIVATIVES DEFINITIONS**

1. GENERAL PROVISIONS

1.1 Incorporation of Defined Terms

Capitalised terms used in this CDS Clearing Supplement and not otherwise defined herein shall have the meaning given pursuant to the Index Cleared Transaction Confirmation, Single Name Cleared Transaction Confirmation, the 2014 ISDA Credit Derivatives Definitions or the CDS Clearing Rule Book, as applicable. In the case of any such terms defined in the CDS Clearing Rule Book, such terms shall be interpreted in accordance with the governing law specified ~~therefor~~therefore in the CDS Clearing Rule Book.

1.2 Terms defined in the CDS Clearing Supplement

For the purposes of the CDS Clearing Documentation, the following capitalised terms shall, unless otherwise specified, have the respective meanings set out below:

[...]

Transaction Data: In respect of an Original Transaction to be novated pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book and cleared by LCH.Clearnet SA as an Index Cleared Transaction or Initial Single Name Cleared Transaction, the data provided by an Approved ~~Matching Provider~~Trade Source System to LCH.Clearnet SA for such purposes, which includes, without limitation:

- (a) in respect of an Index Cleared Transaction, the relevant index, including details of the index name, series and version, the annex date and the original notional amount;
- (b) in respect of an Initial Single Name Cleared Transaction, the Reference Entity, Reference Obligation, applicable Transaction Type, Floating Rate Payer Calculation Amount and the Fixed Rate;
- (c) the Trade Date;
- (d) the Scheduled Termination Date;
- (e) the Floating Rate Payer;
- (f) the Fixed Rate Payer;

- (g) the Fixed Rate Payer Payment Dates;
- (h) the Initial Payment Payer; and
- (i) the Initial Payment Amount.

[...]

2. TERMS OF CLEARED TRANSACTIONS

2.1 General Terms of Cleared Transactions

[...]

(c) Trade Date of Cleared Transactions following Compression

Notwithstanding paragraphs **Erreur ! Source du renvoi introuvable.** and **Erreur ! Source du renvoi introuvable.** above, where Cleared Transactions are subject to compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Trade Date of any resulting Cleared Transaction(s) shall be, in respect of any Cleared Transaction subject to:

- (i) ad hoc compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the date on which the request for compression was effectively received and processed in accordance with Section 5 of the Procedures, which shall be:
 - (A) the Clearing Day on which such request is submitted and uploaded by the relevant Clearing Member *provided that* such request for compression was received by LCH.Clearnet SA before 7.00 p.m. on such Clearing Day (if such request is submitted and uploaded by the relevant Clearing member via ~~the ECCW or LCAP~~any means of access specified in a Clearing Notice) or 5.00 p.m. (if such request is not submitted via ~~the ECCW or LCAP~~any means of access specified in a Clearing Notice in the case of a disruption of the ~~ECCW or LCAP~~relevant means of access);
 - (B) the Clearing Day on which such request is submitted if such request is not submitted via ~~the ECCW or LCAP~~any means of access specified in a Clearing Notice in the case of disruption of the ~~ECCW or LCAP~~relevant means of access and is submitted after 5.00 p.m. but LCH.Clearnet SA, in its sole discretion, processes such request on the Clearing Day on which such request is submitted; and

(C) unless the relevant Clearing Member instructs the Operations Department to withdraw such request, the Clearing Day following the Clearing Day on which such request is submitted if such request is not submitted via ~~the ECGW or LGAP~~ any means of access specified in a Clearing Notice in the case of disruption of the ~~ECGW or LGAP~~ relevant means of access and is submitted after 5.00 p.m. and LCH.Clearnet SA, in its sole discretion, does not process such request on the Clearing Day on which such request is submitted; or

(ii) automatic compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the Clearing Day on which such Cleared Transaction is automatically compressed by LCH.Clearnet SA in accordance with Section 5 of the Procedures.

[...]

9. SELF-REFERENCING TRANSACTIONS

[...]

9.2 Occurrence of Self Referencing Transactions in respect of Clients

(a) Notification

In respect of a Single Name Cleared Transaction registered in the Client Account Structure of a Clearing Member, the relevant Clearing Member, as applicable, shall, unless prohibited from so doing by applicable law or its internal policies, notify LCH.Clearnet SA as soon as reasonably practicable if:

(i) such Clearing Member is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction, or enters into any agreement in respect of any of the foregoing;

(ii) such Clearing Member and the Reference Entity in relation to such Single Name Cleared Transaction are or become Affiliates; or

(iii) in respect of a Restructuring Cleared Transaction, such Clearing Member is or becomes the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event;

or if it receives a notice from the ~~CGM-Client~~ or ~~FCM-Client~~, as applicable, that:

- (i) the Client- is or has consolidated or amalgamated with, or merged into, or has transferred all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction or entered into any agreement in respect of any of the foregoing;
- (ii) the- Client and the Reference Entity in relation to such Single Name Cleared Transaction are or have become Affiliates; or
- (iii) in respect of a Restructuring Cleared Transaction, the Client- is or has become the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

[...]

CDS Clear

LCH.Clearnet SA
CDS Clearing Procedures
Section 2 – Margin and Price Alignment Interest
~~8 June 2015~~6



[...]

2.2 Margin

(a) Margin Requirement

For each Margin Account of each Clearing Member, the Margin Requirement consists of the following components:

- (i) Initial Margin;
- (ii) Short Charge Margin;
- (iii) Recovery Risk Margin;
- (iv) Self-Referencing Protection Margin;
- (v) Interest Rate Risk Margin;
- (vi) Liquidity and Concentration Risk Margin;
- (vii) Wrong Way Risk Margin;
- (viii) Accrued Fixed Amount Liquidation Risk Margin;
- (ix) Credit Event Margin;
- (x) Additional Margin;
- (xi) in respect of the House Margin Requirement only: Credit Quality Margin; and
- (xii) Contingency Variation Margin;

Details of each of these components are set out below.

[...]

(c) Variation Margin Requirement

Each Clearing Member is required to pay to LCH.Clearnet SA (or is entitled to receive from LCH.Clearnet SA, as applicable) Variation Margin to cover its Total Client Variation Margin Requirement and/or its House Variation Margin Requirement, as detailed in Paragraph 2.13 below and in Section 3 of the Procedures, provided that in any case, if an FCM Clearing Member is required to make Cash Payments in respect of its Total Client Variation Margin Requirement for the purposes of a Collateral Call, such payment will always occur five minutes later than the time slot used to transfer the Collateral to satisfy the Required Collateral Amount, in accordance with Chapter 2 of Title IV of the CDS Clearing Rule Book and Section 3 of the Procedures, or such later time as is permitted by the CDS Clearing Rule Book 12 below and in Section 3 of the Procedures.

[...]

2.3 Excess Collateral and the Client Collateral Buffer

[...]

(b) Client Excess Collateral

A CCM is entitled to maintain Collateral over and above that which is needed to satisfy the CCM Client Margin Requirement in respect of any of its CCM Client Margin Accounts. Such CCM Client Excess Collateral will be maintained in a CCM Client Collateral Account of a CCM Client Account Structure, in which case it will be used for the novation of Client Trade Legs and taken into account by LCH.Clearnet SA when it calculates the amount of Collateral which is needed for ~~the relevant~~that CCM Client ~~Margin-Account~~ Structure, as part of the Notional and Collateral Check (as set out in Paragraph 2.5(b)(i) below).

An FCM Clearing Member is not authorised to post additional Collateral over and above that which it needed to satisfy the FCM Client Margin Requirement in respect of any of its FCM Client Margin Accounts. Any FCM Client Excess Collateral recorded in any of its FCM Client Financial Accounts and resulting from any decrease of the Initial Margin in relation to the attached FCM Client Margin Account during a Clearing Day will be used for the novation of Client Trade Legs and taken into account by LCH.Clearnet SA when it calculates the amount of Collateral which is needed for the relevant FCM Client Margin Account, as part of the Notional and Collateral Check, until the next Morning Call.

(c) Client Collateral Buffer

A Clearing Member is entitled (but not obliged) to maintain:

- (i) in the case of a CCM, Collateral in its Buffer Collateral Account; and
- (ii) in the case of an FCM Clearing Member, an amount of Collateral recorded in its FCM Buffer Financial Account,

specifically for the purpose of assisting Clients to satisfy the Notional and Collateral Check performed by LCH.Clearnet SA prior to novation of a Client Trade Leg of an Eligible Intraday Transaction.

Where a Clearing Member holds:

- (i) in the case of a CCM, Collateral in its Buffer Collateral Account; and
- (ii) in the case of an FCM Clearing Member, an amount of Collateral recorded in its FCM Buffer Financial Account,

the Available Client Collateral Buffer (or portion thereof) will be allocated to:

(a) in the case of a CCM, its Client Account Structure(s); and

(b) in the case of an FCM Clearing Member, its FCM Client Margin Account(s)-.

on an automatic 'first in time' basis, meaning that whenever a Client Trade Leg of an Eligible Intraday Transaction is received by LCH.Clearnet SA and the Eligibility Controls and Client Transaction Checks have been successfully completed pursuant to Article 3.1.4.3, LCH.Clearnet SA will allocate the Available Client Collateral Buffer

(or portion thereof) to the relevant CCM Client Account Structure in the case of a CCM, and to the relevant FCM Client Margin Account in the case of an FCM Clearing Member, where the relevant Client Excess Collateral is otherwise insufficient to satisfy the Notional and Collateral Check. For the avoidance of doubt, a Clearing Member has no discretion or ability to instruct LCH.Clearnet SA as to which CCM Client Account Structure(s) in the case of a CCM, and FCM Client Margin Account(s) in the case of an FCM Clearing Member, the Available Client Collateral Buffer should be allocated to.

LCH.Clearnet SA shall reflect how the Client Collateral Buffer has been allocated between the CCM Client Account Structure(s) of a CCM or as the case may be, FCM Client Margin Account(s) of an FCM Clearing Member, in its books and records but the Collateral comprising the Client Collateral Buffer shall, at all times (save where the relevant Clearing Member is a Defaulting Clearing Member or, in respect of a CCM, following an LCH Default), remain, in the case of a CCM, in the Buffer Collateral Account, and in the case of an FCM Clearing Member, the amount of such Collateral recorded in the FCM Buffer Financial Account.

Where:

- (i) Client Collateral Buffer has been allocated to a CCM Client Account Structure of a CCM or as the case may be to an FCM Client Margin Account of an FCM Clearing Member; and
- (ii) there is a decrease in the Client Margin Requirement(s) calculated in respect of such CCM Client Account Structure or as the case may be, of such FCM Client Margin Account following the novation of the Client Trade Leg of an Eligible Intraday Transaction,

the amount of ~~the such allocated~~ Client Collateral Buffer ~~allocated to such Client Margin Account~~ will be reduced by an amount equal to the decrease in such Client Margin Requirement(s) and such amount will then become Available Client Collateral Buffer.

Following the occurrence of an Event of Default or, in respect of a CCM, an LCH Default, an amount of Collateral equal to the Allocated Client Collateral Buffer for the relevant CCM Client Account Structure of a CCM or as the case may be, for the relevant FCM Client Margin Account of an FCM Clearing Member will be transferred:

- (i) in the case of a CCM, from the Buffer Collateral Account of the Defaulting Clearing Member to the CCM Client Collateral Account of the relevant CCM Client Collateral Account Structure; or
- (ii) in the case of an FCM Clearing Member, from the FCM Buffer Financial Account of the Defaulting Clearing Member to the relevant FCM Client Financial Account,

in accordance with Article 1.3.1.3(iv) of the CDS Clearing Rule Book or clause 4.2 of the CDS Default Management Process, as applicable.

[...]

2.5 Payment of the Margin Requirement, Variation Margin and provision of Excess Collateral and Client Collateral Buffer

(a) Morning Call

(i) Scheduled Margin Calculation Time

The Margin Requirement and Variation Margin Requirement for each Margin Account of a Clearing Member ~~is~~are calculated on each Business Day by 07.45 CET.

The relevant Margin Requirement Results File, provided as part of the Backloading Transaction Reports, will notify each Clearing Member of its:

- (A) Margin Requirement for the Morning Call (and each component thereof);
- (B) Margin Balance;
- (C) Excess Collateral or Margin Shortfall (as the case may be);
- (D) Variation Margin Requirement, and
- (E) House Excess Collateral Threshold and Client Collateral Buffer Threshold,

for the relevant Margin Accounts in accordance with and subject to Section 5 of the Procedures.

Each Clearing Member is required to:

- (x) transfer Collateral to satisfy the Required Collateral Amount, and
- (y) make Cash Payments in respect of its House Variation Margin Requirement and ~~in the case of a CCM only,~~ its Total Client Variation Margin Requirement,

~~between 08.30 CET and 08.55 CET by such times as set out in accordance with Section 4.2.3 of the CDS Clearing Rule Book and Section 3 of the Procedures, or such later time as is permitted by the CDS Clearing Rule Book.~~

~~In addition, each FCM Clearing Member is required to make Cash Payments in respect of its Total Client Variation Margin Requirement between 9.00 CET and 9.05 CET in accordance with Section 4.2.3 of the CDS Clearing Rule Book and Section 3 of the Procedures, or such later time as is permitted by the CDS Clearing Rule Book~~

Following such transfer of Collateral and/or Cash Payments by an FCM Clearing Member, any FCM Client Excess Collateral recorded in any of its FCM Client Financial Accounts will be moved into the FCM Unallocated Client Collateral Financial Account and recorded as FCM Unallocated Client Excess Collateral.

If a Backloading Failure occurs, LCH.Cleernet SA will issue Intraday Call Reports, in accordance with and subject to Section 5 of the Procedures, to all

Clearing Members, setting out ~~in respect of each Margin Account of each Clearing Member~~the:

- (A) Margin Requirement (and each component thereof);
- (B) Margin Balance;
- (C) Excess Collateral or Margin Shortfall (as the case may be);
- (D) Variation Margin Requirement; and
- (E) House Excess Collateral Threshold and Client Collateral Buffer Threshold.

for the relevant Margin Accounts of each Clearing Member.

(b) Margin calculations during the Real Time Session

(i) Intraday Novation Margin Requirement

As part of the Notional and Collateral Checks performed by LCH.Clearnet SA, in order to clear Intraday Transactions on a 'trade by trade' basis, LCH.Clearnet SA will calculate the Intraday Novation Margin Requirement.

LCH.Clearnet SA will calculate the Intraday Novation Margin Requirement in respect of the relevant Clearing Member's Margin Account when LCH.Clearnet SA pre-registers a position corresponding to the relevant trade leg of an Eligible Intraday Transaction in accordance with Section 3.1.7 of the CDS Clearing Rule Book. The calculation identifies the additional, or reduced, risk exposure (as applicable) which would be attributable to the relevant Margin Account following the novation of such pre-registered positions, and accordingly the Intraday Novation Margin Requirement may either be a positive or negative figure.

Following the calculation of such Intraday Novation Margin Requirement, LCH.Clearnet SA will recalculate the Available Client Collateral Buffer and, in respect of the relevant Margin Account, the Margin Requirement and the Excess Collateral for such Margin Account. or in the case of a CCM Gross Omnibus Segregated Account Structure, the Excess Collateral for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure. These calculations will be undertaken on the assumption that the relevant Eligible Intraday Transactions, accounted for in the calculation of the Intraday Novation Margin Requirement, will be novated as contemplated. If the relevant Eligible Intraday Transactions are not novated for any reason, LCH.Clearnet SA will refresh its calculations to determine the Available Client Collateral Buffer plus the Margin Requirement and Excess Collateral for the relevant Margin Account or in the case of a CCM Gross Omnibus Segregated Account Structure, Excess Collateral for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure.

LCH.Clearnet SA shall only calculate the Intraday Novation Margin Requirement for a Margin Account during the Real Time Session. Where the relevant Business Day is a Clearing Day and the Real Time Session does not take place, no calculation of the Intraday Novation Margin Requirement will be performed by LCH.Clearnet SA on such Business Day.

In the event LCH.Clearnet SA determines that there is a positive Intraday Novation Margin Requirement for a Margin Account and there is insufficient:

- (A) House Excess Collateral; or
- (B) Client Excess Collateral and/or Available Client Collateral Buffer which can be allocated to the relevant Client Margin Account or in the case of a CCM Gross Omnibus Segregated Account Structure, to that CCM Gross Omnibus Segregated Account Structure,

as applicable, to satisfy such Intraday Novation Margin Requirement, the relevant Eligible Intraday Transaction will become a Rejected Transaction.

For the avoidance of doubt, in the event LCH.Clearnet SA determines that there is a neutral or negative Intraday Novation Margin Requirement (due to the pre-registered position corresponding to the relevant trade leg of an Eligible Intraday Transaction being set off against Open Positions registered in the relevant Margin Account), none of the House Excess Collateral, Client Excess Collateral and/or Available Client Collateral, as applicable, will be used or applied for the purpose of satisfying the Notional and Collateral Check.

LCH.Clearnet SA will perform a reporting update in respect of each Clearing Member's Margin Account ten times per Business Day (by 10.00 CET, 10.55 CET, 12.30 CET, 13.30 CET, 14.15 CET, 14:55 CET, 16.15 CET, 17.00 CET, 18.00 CET and 19.00 CET) in order to inform such Clearing Member of the updated Margin Requirement for each Margin Account, level of Excess Collateral and/or Client Collateral Buffer recorded in, or allocated to, the relevant Collateral Accounts.

(ii) Intraday Call

LCH.Clearnet SA will perform an Intraday Call twice per Business Day (by 11.25 CET (the "**First Intraday Call**") and 15.25 CET (the "**Second Intraday Call**") in order, if necessary, to transfer Collateral to satisfy the Required Collateral Amount and to make Cash Payments.

Where the relevant Business Day is a Clearing Day, the First Intraday Call -and the Second Intraday Call will not be performed to the extent there is no Real Time Session, on that Clearing Day.

The Margin Requirement in respect of each Margin Account of a Clearing Member for an Intraday Call will be the latest Margin Requirement calculated on that Clearing Day.

First Intraday Call:

During the First Intraday Call, LCH.Clearnet SA will issue to each Clearing Member the relevant risk management and collateral management reports (as set out in Section 5 of the Procedures), which will notify each such Clearing Member of its House Excess Collateral Threshold and Client Collateral Buffer Threshold and ~~in respect of each Margin Account, the:~~ the:

- (A) Margin Requirement for the First Intraday Call (and each component thereof);

- (B) Excess Collateral or Margin Shortfall (as the case may be);
- (C) Margin Balance; and
- (D) Variation Margin Requirement (only in respect of Backloading Transactions novated following the Morning Call on the relevant Clearing Day);

for the relevant Margin Accounts, in accordance with and subject to Section 5 of the Procedures.

Second Intraday Call:

During the Second Intraday Call, LCH.Clearnet SA will issue to each Clearing Member the relevant risk management and collateral management reports (as set out in Section 5 of the Procedures), which will notify each such Clearing Member of its House Excess Collateral Threshold and Client Collateral Buffer Threshold and ~~in respect of each Margin Account~~, the:

- (A) Margin Requirement for the Second Intraday Call (and each component thereof);
- (B) Excess Collateral or Margin Shortfall (as the case may be); and
- (C) Margin Balance;

for the relevant Margin Accounts, in accordance with and subject to Section 5 of the Procedures.

Each Clearing Member is required to transfer Collateral to satisfy its Required Collateral Amount and to make Cash Payments in respect of its Variation Margin Requirement, ~~in respect of each~~ for the relevant Margin AccountAccounts, as set out in Section 3 of the Procedures.

[...]

2.12 Variation Margin

Variation Margin is an amount exchanged on each Business Day between the Clearing Member and LCH.Clearnet SA to account for the potential profit or loss on a Cleared Transaction due to the variation of the market value of a CDS.

It covers price fluctuations which have occurred since the registration of each Cleared Transaction. LCH.Clearnet SA will calculate the Variation Margin payable in respect of each Margin Account of each Clearing Member as the difference between:

- (a) the net position value of the relevant Open Positions registered at the time of calculation in the relevant Margin Account on the current Business Day; and
- (b) the net position value of the Open Positions registered in the relevant Margin Account on the immediately preceding Business Day.

In respect of a Margin Account of a Clearing Member, the Variation Margin Requirement is determined:

- (ax) at the Morning Call: in respect of Open Positions already registered in a Margin Account; and
- (by) at the First Intraday Call: in respect of Backloading Transactions novated further to the Morning Call.

The net position value of an Open Position is equal to:

- (a) the End of Day Contributed Prices provided to LCH.Clearnet SA in accordance with Article 4.2.9.1 of the CDS Clearing Rule Book and Section 5 of the Procedures (or, where such End of Day Contributed Prices are not available to LCH.Clearnet SA, the prices/spreads as set out in Article 4.2.9.1 of the CDS Clearing Rule Book and Section 5 of the Procedures); *plus*
- (b) accrued coupon payments, *minus*
- (c) an amount equal to the Initial Payment Amount where the Clearing Member is required to pay the Initial Payment Amount, in accordance with Section 3 of the CDS Clearing Supplement, but has not made such payment as at the relevant Business Day (if applicable); *plus*
- (d) an amount equal to the Initial Payment Amount where the Clearing Member is entitled to receive the Initial Payment Amount, in accordance with Section 3 of the CDS Clearing Supplement, but has not received such payment as at the relevant Business Day (if applicable).

Where the difference between the net position values of a Clearing Member's Margin Account is:

- (ai) a negative amount: such Clearing Member owes Variation Margin to LCH.Clearnet SA (and will be considered a Variation Margin debtor in relation to such Margin Account); or
- (bij) a positive amount: LCH.Clearnet SA owes Variation Margin to such Clearing Member.

On the basis of these calculations, LCH.Clearnet SA will determine the Total Client Variation Margin Requirement and/or the House Variation Margin Requirement which will trigger Cash Payment(s) to be made by the Clearing Member and/or LCH.Clearnet SA in accordance with Section 3 of the Procedures.

The amount of Variation Margin paid or received by LCH.Clearnet SA to or from a Clearing Member may be adjusted in accordance with Clause 7 of the CDS Default Management Process.

2.13 Contingency Variation Margin

Contingency Variation Margin is calculated on any Business Day, in respect of Backloading Transactions and new Cleared Transactions arising from the novation of Eligible Intraday Transactions. It is intended to cover the risk that the Clearing Member fails to make Cash Payment(s) to meet the Variation Margin Requirement in respect of each of its Margin Accounts at the next relevant Collateral Call.

Contingency Variation Margin is called from a Clearing Member in place of the Variation Margin which LCH.Clearnet SA determines would have been owed by such Clearing Member had such Clearing Member been required to make a Cash Payment to satisfy the Variation Margin Requirement in relation to the relevant Margin Account at that point in time (being the time of the Morning Call, the First Intraday Call or the Second Intraday Call, as described below).

Contingency Variation Margin is called (as applicable) in relation to each Margin Account of a Clearing Member:

- (a) in respect of Backloading Transactions: during the Morning Call.

Contingency Variation Margin paid by a Clearing Member during the Morning Call is repaid to such Clearing Member at the First Intraday Call if the required Variation Margin has been paid by such Clearing Member at the First Intraday Call in accordance with Paragraph 2.4312 above.

- (b) in respect of Eligible Intraday Transactions: during the First Intraday Call and/or the Second Intraday Call.

Contingency Variation Margin paid by a Clearing Member during the First Intraday Call and/or the Second Intraday Call is repaid to such Clearing Member at the Morning Call on the following Business Day if the required Variation Margin has been paid by such Clearing Member at the relevant Morning Call in accordance with Paragraph 2.4312 above.

[...]

CDS Clear

LCH.Clearnet SA
CDS Clearing Procedures
Section 3 – Collateral and Cash Payment

30 November 2016



[...]

3.2 MARGIN BALANCE AND CLIENT COLLATERAL BUFFER

The price of Eligible Currencies (other than Euro) and Eligible Collateral (the “**Applicable Price**”), which is taken into account for the purposes of calculating the Margin Balance for each Margin Account of a Clearing Member, or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure, and the Client Collateral Buffer, is determined by LCH.Clearnet SA at 14:00 and 22:00 CET on each Business Day on the basis of the latest market prices (as published by Reuters, Interactive Data or such other provider as is notified in a Clearing Notice).

LCH.Clearnet SA will calculate: (i) the Margin Balance for each Margin Account of a Clearing Member, or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure; and (ii) the Client Collateral Buffer each Business Day (prior to 07:45 CET and whenever a position corresponding to the relevant trade leg of an Eligible Intraday Transaction is pre-registered in the relevant Clearing Member’s Account Structure, in accordance with Section 3.1.7 of the CDS Clearing Rule Book), by determining:

- i) the value of all Collateral recorded in the relevant Collateral Account on the basis of the Applicable Price; or
- ii) in respect of the FCM Margin Balance for each FCM Client Margin Account of an FCM Clearing Member, the Legally Segregated Value recorded in the relevant FCM Client Financial Account on the basis of the Applicable Price, in accordance with Section 2.2 (f) of the Procedures.

LCH.Clearnet SA will recalculate the: (i) Margin Balance for each Margin Account of a Clearing Member, or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure; and (ii) Client Collateral Buffer, following each Collateral Call.

Where Pledged Eligible Collateral is recorded in a Clearing Member’s Collateral Account, LCH.Clearnet SA shall use the most recent Collateral Holding Report received from Euroclear Bank, in accordance with Paragraph 5.13(f) of Section 5 of the Procedures, to determine what Pledged Eligible Collateral should be taken into account for the purposes of calculating the Margin Balance in respect of a particular **Margin Account Structure** in accordance with this Paragraph 3.2.

Where Eligible Collateral consisting of U.S. Treasury Bills (the “**US T-Bills**”) is recorded in a FCM Clearing Member’s FCM Client Collateral Account, LCH.Clearnet SA shall use the most recent collateral holding report received from Bank of New York Mellon (“**BNYM US**”), in accordance with Paragraph 5.13(f) of Section 5 of the Procedures, to determine what US T-Bills should be taken into account for the purposes of calculating the FCM Client Margin Balance in respect of each of its FCM Client Margin Account(s) in accordance with this Paragraph 3.2.

3.3 ACCOUNT STRUCTURE

(a) Collateral Accounts in respect of a CCM

In the books of LCH.Clearnet SA, each CCM has:

- i) one CCM House Collateral Account in which (x) Collateral provided to cover its CCM House Margin Requirement and (y) CCM House Excess Collateral which can be used to novate House Trade Legs of Eligible Intraday Transactions, is recorded;
- ii) a CCM Client Collateral Account in respect of each CCM Client Account Structure and in which (x) Collateral provided to cover the relevant CCM Client Margin Requirement^(s) and (y) CCM Client Excess Collateral which can be used to novate the relevant Client Trade Legs of Eligible Intraday Transactions, is recorded;
- iii) a Buffer Collateral Account in which the CCM Client Collateral Buffer is recorded; and
- iv) a CCM Unallocated Client Collateral Account in which CCM Unallocated Client Collateral is recorded.

In accordance with Article 5.2.31.1 of the CDS Clearing Rule Book, CCMs are permitted to offer a CCM Individual Segregated Account Structure, a CCM Gross Omnibus Segregated Account Structure and/or a CCM Net Omnibus Segregated Account Structure to CCM Clients.

Where:

- i) ~~i)~~ a CCM Individual Segregated Account Structure is offered, the relevant CCM Client Collateral Account will record (x) the value and denomination of Cash Collateral and (y) the precise Eligible Collateral provided by the CCM in respect of that CCM Individual Segregated Account Client; and
- ii) ~~ii)~~ a CCM Gross Omnibus Segregated Account Structure is offered, the relevant CCM Client Collateral Account will record (x) the value and denomination of Cash Collateral and (y) the precise Eligible Collateral provided by the CCM in respect of that CCM Gross Omnibus Client Set; and
- iii) a CCM Net Omnibus Segregated Account Structure is offered, the relevant CCM Client Collateral Account will record (x) the value and denomination of Cash Collateral and (y) the precise Eligible Collateral provided by the CCM in respect of ~~each CCM Omnibus Segregated Account Client in~~ that CCM Net Omnibus Client Set.

To the extent a CCM transfers additional Euro-denominated Cash Collateral, non-Euro denominated Cash Collateral or Eligible Collateral to LCH.Clearnet SA, such CCM must identify which CCM Client Collateral Account Collateral it is provided for in accordance with Paragraphs 3.7 to 3.10 below.

[...]

3.7 EURO DENOMINATED CASH COLLATERAL

[...]

(c) Timing of Collateral Calls

Where a Clearing Member is required to transfer Euro denominated Cash Collateral at a Collateral Call, LCH.Clearnet SA will automatically debit such Clearing Member's relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) on the basis of its Power of Attorney and credit the relevant LCH TARGET2 Account with the corresponding amounts.

Where a Clearing Member is due to receive Euro denominated Cash Collateral, LCH.Clearnet SA will automatically credit such Clearing Member's TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) with the relevant amounts.

The debits or credits on each Clearing Member's TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) will occur in accordance with the following time slots:

- i) initial slot: 08:00-08:55 CET (used for the purposes of the Morning Call) (the "**Initial Slot**");
- ii) first intraday slot: 11:25-11:50 CET (used for the purposes of the First Intraday Call) (the "**First Intraday Slot**");
- iii) additional specific collateral slot: 12:25-12:55 CET (used for the purposes of Collateral substitution upon a Clearing Member's request) (the "**Additional Specific Collateral Slot**");
- iv) second intraday slot: 15:25-15:55 CET (used for the purposes of the Second Intraday Call) (the "**Second Intraday Slot**"); or
- v) any other slot available to LCH.Clearnet SA in exceptional circumstances (the "**Exceptional Slot**");

Once the Euro denominated Cash Collateral has been debited by LCH.Clearnet SA it will immediately form part of the Margin Balance for the relevant Margin Account, or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure, and/or the Client Collateral Buffer or the Contribution Balance, as applicable.

(d) Netting of payments made through TARGET2

i) Aggregation of payments made in respect of a CCM

At the times set out in Paragraph 3.7(c) above LCH.Clearnet SA will aggregate:

(x) in respect of the CCM House Margin Account:

- (A) the Cash Payments (being the House Variation Margin Requirement plus any other Cash Payments due in respect of the House Account Structure) and Euro denominated Cash Collateral transfers (being the CCM House Margin Shortfall, the CCM House Excess Collateral Shortfall, the CCM Client Collateral Buffer Shortfall and the Contribution Shortfall) which are due to be made by a CCM to LCH.Clearnet SA through TARGET2; and
- (B) the Cash Payments due to be made, and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to a CCM through TARGET2; and

(y) in respect of the CCM Client Margin Accounts:

- (A) the Cash Payments (being the Total Client Variation Margin Requirement plus any other Cash Payments due in respect of the CCM Client Account Structure) and Euro denominated Cash Collateral transfers (being the Total Client Margin Shortfall) which are due to be made by a CCM to LCH.Clearnet SA through TARGET2; and
- (B) the Cash Payments due to be made, and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to a CCM through TARGET2.

ii) Aggregation of payments made in respect of an FCM Clearing Member

At the times set out in Paragraph 3.7(c) above LCH.Clearnet SA will aggregate:

(x) in respect of the FCM House Margin Account:

- (A) the Cash Payments (being the House Variation Margin Requirement plus any other Cash Payments due in respect of the House Account Structure) and Euro denominated Cash Collateral transfers (being the FCM House Margin Shortfall, the FCM House Excess Collateral Shortfall and the Contribution Shortfall) which are due to be made by an FCM Clearing Member to LCH.Clearnet SA through TARGET2; and
- (B) the Cash Payments due to be made, and Euro denominated Cash Collateral due to be returned, by

LCH.Clearnet SA to an FCM Clearing Member through TARGET2; and

(y) in respect of the FCM Client Margin Accounts:

- (A) the Cash Payments due in respect of the FCM Client Account Structure (other than the Total Client Variation Margin Requirement due in respect of the FCM Client Account Structure) and Euro denominated Cash Collateral transfers (being the Total Client Margin Shortfall and the FCM Client Buffer Collateral Shortfall) which are due to be made by an FCM Clearing Member to LCH.Clearnet SA through TARGET2; and
- (B) the Cash Payments due to be made (other than the Total Client Variation Margin Requirement due in respect of the FCM Client Account Structure), and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to an FCM Clearing Member through TARGET2.

With the exception of the Total Client Variation Margin Requirement of an FCM Clearing Member (as set out in Paragraph 3.7(e)(ii)(y) above) which shall never be netted with other amounts for the purposes of making a payment through TARGET2, if the aggregate amount that would be payable by one party (in respect either of the House Margin Account, the CCM Client Margin Accounts or the FCM Client Margin Accounts of a Clearing Member) exceeds the amount that would otherwise have been payable by the other party (in respect of such House Margin Account, CCM Client Margin Accounts or FCM Client Margin Accounts), then the obligations of each party pursuant to this Paragraph 3.7 and Paragraph 3.18 below shall be automatically satisfied and discharged on payment by the party by whom the larger aggregate amount would have been payable to the other party of the excess of the larger aggregate amount over the smaller aggregate amount.

Notwithstanding the payment netting contemplated by this Paragraph 3.7(e), LCH.Clearnet SA shall ensure that its books and records properly reflect the transfer of Euro-denominated Cash Collateral and payment of Cash Payments, made in respect of each the relevant Margin Account, (s), on a gross basis.

[...]

(g) Return of Euro denominated Cash Collateral

[...]

ii) In respect of a CCM's Client Collateral Account(s)

A CCM may request LCH.Clearnet SA to return Euro denominated Cash Collateral recorded in any of its CCM Client Collateral Accounts provided the amount to be returned would not result in:

(x) the relevant CCM Client Margin Requirement, (s), plus

- (y) the CCM Allocated Client Collateral Buffer, if any,

exceeding the Margin Balance for the relevant CCM Client **Margin Account Structure**, as determined at the time when the request is received and processed by LCH.Clearnet SA. Where this would be the case, the Clearing Member's request will be rejected.

Following receipt of a request in accordance with this Paragraph 3.7(g) ii), LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral to the relevant TARGET2 Account of the Clearing Member (or the relevant cash account of its TARGET2 Payment Agent) at the next Initial Slot, or any TARGET2 time slot in which a Variation Margin payment is due to be performed.

[...]

3.9 ELIGIBLE COLLATERAL

[...]

- (c) Events affecting the eligibility of Eligible Collateral

Where a security which constitutes Eligible Collateral is affected by one of the following events (each, a “**Collateral Event**” and together, the “**Collateral Events**”):

- i) a suspension from trading of such security by an exchange, or
- ii) the public announcement of a take-over bid, public exchange offer, split or reverse split involving the entity issuing such security,

LCH.Clearnet SA will publish a Clearing Notice on the Website notifying Clearing Members that such security will no longer constitute Eligible Collateral. The Clearing Notice will specify the effective date, which shall be no later than 2 Business Days following the date of the Collateral Event, as of which the securities will no longer constitute Eligible Collateral.

Where a Clearing Member has transferred such securities to LCH.Clearnet SA with full title or to LCH.Clearnet SA's pledged account(s) at Euroclear Bank, or to LCH.Clearnet SA's segregated depository account(s) at BNYM US, such Clearing Member should request a return of the securities in accordance with Paragraph 3.10(c), 3.15 (b) or 3.17 (b), as appropriate, and transfer alternative Collateral to LCH.Clearnet SA in accordance with this Section 3 to satisfy any of its Margin Requirements and its obligation in respect of its House Excess Collateral Threshold.

Where the Clearing Member does not request a return of the securities and/or transfer alternative Collateral to LCH.Clearnet SA prior to the effective date specified in the Clearing Notice published in accordance with this Paragraph 3.9(c), LCH.Clearnet SA will calculate the Margin Balance of the Clearing Member's House Collateral Account and each of its affected Client Collateral Accounts, in accordance with Paragraph 3.2, on the effective date specified in such Clearing Notice, excluding the suspended securities. As a result of this calculation LCH.Clearnet SA shall determine whether or not

there is a Margin Shortfall for any Margin Account or in the case of a CCM Gross Omnibus Segregated Account Structure, for all the CCM Client Margin Accounts attached to that CCM Gross Omnibus Segregated Account Structure, of the Clearing Member. Where there is a Margin Shortfall this will be detailed in the AC0103E Report which is sent to the Clearing Member in accordance with Paragraph 5.13(b) of Section 5 of the Procedures and LCH.Clearnet SA shall be taken into account for the purposes of calculating the Required Collateral Amount for the purposes of the Morning Call on the next Business Day.

For the avoidance of doubt, LCH.Clearnet SA shall retain the suspended securities until such time as the Clearing Member requests their return in accordance with this Paragraph 3.9(c) but they shall not be taken into account for the purposes of calculating any Margin Balance of the Clearing Member on subsequent Business Days.

[...]

3.18 CASH PAYMENTS

(a) Currencies for Cash Payments

A Clearing Member is required to satisfy the following Cash Payment obligations ~~through TARGET2~~ in accordance with the following table:

Cash Payment Type	Cash Payment
CDS-related payments (Initial Payment Amount, Fixed Amounts, cash amounts due upon the occurrence of Credit Events and cash amounts due in connection with an MTM change)	Cash in Euro
Variation Margin, Price Alignment Interest	Cash in Euro
Clearing House Adjustments	Cash in Euro <u>an Eligible Currency</u>
Fees, remuneration	Cash in Euro
<u>Remuneration</u>	<u>Cash in the currency of the relevant Cash Collateral deposit</u>

(b) Timing for Cash Payments

Where a Clearing Member is required to make a Cash Payment in Euro, its relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) will be automatically debited ~~or by LCH.Cleernet SA using its Power of Attorney.~~

Where a Clearing Member is due to receive a Cash Payment in Euro, its relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) will be automatically credited by LCH.Cleernet SA using its Power of Attorney.

Such debiting or crediting will occur ~~in accordance with the mandatory time slots on each Business Day, at the times of the Initial Slot and First Intraday Slot~~ set out in Paragraph 3.7(~~bc~~) above, except ~~that~~, when such debiting or crediting relates to Cash Payments made by an FCM Clearing Member in respect of its Client Variation Margin Requirements ~~and which, it~~ will occur in accordance with the following time slots:

- (x) FCM Client VM initial slot: 08:30-09:05 CET ~~(the "FCM Client VM Initial Slot")~~; and
- (y) FCM Client VM first intraday slot: 11:30-12:00 CET ~~(the "FCM Client VM First Intraday Slot")~~.

~~The Initial Slot and First Intraday Slot are used for the purposes of making Cash Payments (other than those made by an FCM Clearing Member in respect of its Client Variation Margin Requirements as mentioned above).~~

Once the relevant cash amount ~~has been~~ debited by LCH.Cleernet SA, it ~~is immediately available to~~ will satisfy the Clearing Member's Cash Payment obligations.

CDS Clear

**LCH.Clearnet SA
CDS Clearing Procedures
Section 4 – Eligibility Requirements,
Eligible Index Versions and
Eligible Reference Entities**

18 December [●] 2016₅



[...]

4.1 ELIGIBILITY REQUIREMENTS

[...]

- (c) The following criteria shall constitute the Eligibility Requirements of an Original Transaction for the purposes of Section 3.1.1 (*Weekly Backloading Cycle*), Section 3.1.2 (*Daily Backloading Cycle*) and Section 3.1.4 (*Intraday Process*) of the CDS Clearing Rule Book:

[...]

- (iii) the Original Transaction is:

- (A) subject to paragraph 4.2 below, a CDS referencing an Index Version provided that the following requirements, as set out in the Eligible Index Versions List (as such term is defined in paragraph 4.2(d) below) are met:

(1) the Index Version is an Eligible Index Version (as such term is defined in paragraph 4.2(b) below); and

(2) the term is an Eligible Term (as such term is defined in paragraph 4.2(c) below); or

- (B) subject to paragraph 4.3 below, a CDS referencing a single Reference Entity, provided that the following requirements are met:

(1) the Reference Entity is an Eligible Reference Entity (as such term is defined in paragraph 4.3(a) below) in respect of the relevant ISDA Credit Derivatives Definitions;

(2) the Reference Obligation is an Eligible Reference Obligation (as such term is defined in paragraph 4.3(b)(ii) below) for such Reference Entity in respect of the relevant ISDA Credit Derivatives Definitions;

(3) in respect of an Original Transaction which incorporates the Credit Derivatives Physical Settlement Matrix: the Transaction Type is an Eligible Transaction Type (as such term is defined in paragraph 4.3(b)(iv) below);

(4) in respect of an Original Transaction which does not incorporate the Credit Derivatives Physical Settlement Matrix: such Original Transaction is documented by a master confirmation which sets out terms which are substantially similar to those provided for in the Credit Derivatives Physical Settlement Matrix in respect of an Eligible Transaction Type (as such term is defined in paragraph 4.3(b)(iv) below);

- (5) the currency of denomination of the Floating Rate Payer Calculation Amount is Euros;
- (6) the Fixed Rate is an Eligible Fixed Rate for such Reference Entity (as such term is defined in paragraph 4.3(b)(i) below);
- (7) the Fixed Rate Payer Payment Dates are 20 March, 20 June, 20 September and 20 December (each such date, a “**Standard Payment Date**”);
- (8) the Scheduled Termination Date is an Eligible Scheduled Termination Date (as such term is defined in paragraph 4.3(b)(vi) below); and
- (9) the Reference Entity is neither the relevant Clearing Member, an Affiliate of the relevant Clearing Member nor, where the relevant Clearing Member has also entered into a Client Transaction corresponding to such Original Transaction, the relevant Client or an Affiliate of the Client.

The requirements mentioned in sub-paragraphs (1), (2), (6) and (8) are set out in the Eligible Reference Entities List (as such term is defined in paragraph 4.3(c) below).

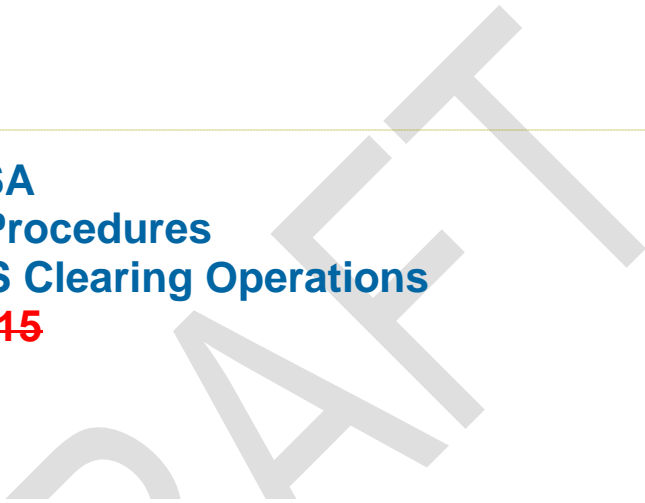
For the avoidance of doubt, the requirements set out in this sub-paragraph 4.1(c)(iii) are checked solely on the basis of the Original Transaction Data received from an Approved Matching Provider Trade Source System or DTCC, as applicable. LCH.Clearnet SA is not aware of, and does not check, the actual terms of the confirmation of the Original Transactions;

[...]

CDS Clear

Mis en forme : Police :20 pt

LCH.Clearnet SA
CDS Clearing Procedures
Section 5 - CDS Clearing Operations
7 December 2015
[•]2016



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

5.1 THE CDS CLEARING SERVICE

(a) Membership of Industry Organisations or Systems

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

(i) the Approved ~~Matching Providers~~ Trade Source Systems identified in a Clearing Notice; ~~and~~

(ii) ISDA; ~~and~~

(ii) TIW ~~and the Approved Matching Providers,~~

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

[...]

5.2 BACKLOADING TRANSACTIONS

Unless otherwise provided herein, any email required to be sent to LCH.Clearnet SA under this paragraph 5.2 should be sent to the Operations Department at the following email address: ~~lchclearnet~~ lchclearnet ~~sa~~ sa ~~de~~ de ~~CDS~~ cdsclear ~~ops~~ ops [@lchclearnet.com](mailto:lchclearnet.com).

[...]

(c) Daily Backloading Cycle

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

PROCESSING SCHEDULE OF THE DAILY BACKLOADING PROCESS		
No.	Time (all references below are to Continental European Time)	Action
Day 1	On any Business Day (D): During the Real Time Session	Upon receipt of Original Transaction Data relating to a Daily Backloading Transaction from an Approved Matching Provider <u>Trade Source System</u> , LCH.Clearnet SA will, in the following order, perform: <ul style="list-style-type: none"> (i) the Eligibility Controls, and (ii) in respect of Client Backloading Transactions only, the Client Transaction Checks (i.e. the process to ensure that each Nominated Clearing Member has consented to the registration of the relevant Client Trade Leg(s), in the relevant Client Trade Account(s)).
	D By 19:30	<ul style="list-style-type: none"> (i) If a Daily Backloading Transaction does not satisfy the Eligibility Controls, or (ii) in respect of a Client Backloading Transactions only, if either Nominated Clearing Member rejects, or fails to respond to, a Consent Request (as defined in paragraph 5.3(a) below) by 19:30, <p>the relevant Daily Backloading Transaction will become a Rejected Transaction and LCH.Clearnet SA will inform the relevant Approved Matching Provider <u>Trade Source System</u> and each relevant Clearing Member.</p>
	D Until 19:30	A Daily Backloading Transaction, which has successfully passed the Eligibility Controls and the Client Transaction Checks (if applicable), can be removed at any time prior to 19:30 from the Daily Backloading Cycle, provided that each of the relevant Clearing Members agrees to such removal and sends an email to LCH.Clearnet SA which specifies the Transaction Data of the Daily Backloading Transaction which should be removed from the Daily Backloading Cycle.

	D By 19:30	<p>All Daily Backloading Transactions which:</p> <ul style="list-style-type: none"> (i) have successfully passed the Eligibility Controls and Client Transaction Checks (if applicable), and (ii) have not been removed from the relevant Daily Backloading Cycle by 19:30 by the relevant Clearing Members, <p>will become Irrevocable Daily Backloading Transactions.</p>
Day 2	D+1 (provided that it is a Clearing Day): 02:00 – 04:00	<p>Irrevocable Daily Backloading Transactions will be pre-registered in the relevant Client Account Structures of each Clearing Member save:</p> <ul style="list-style-type: none"> (i) Irrevocable Daily Backloading Transactions which have been removed from the TIW (where LCH.Clearnet SA is able to ascertain such fact), if any, and/or (ii) Irrevocable Daily Backloading Transactions which no longer meet all the Eligibility Requirements, if any. <p>It is anticipated that LCH.Clearnet SA will be able to ascertain the fact mentioned in (i) above only in respect of House Trade Legs because it is unlikely that Clients will authorise DTCC to provide LCH.Clearnet SA with the details of their entire CDS portfolio.</p> <p>Where an Irrevocable Daily Backloading Transaction is not pre-registered in a Clearing Member's Client Account Structure in accordance with this Section 5 of the Procedures, such Irrevocable Daily Backloading Transaction shall become a Rejected Transaction.</p>
	D+1 (provided that it is a Clearing Day): As soon as technologically practicable after the Morning Call	<p>Novation of the pre-registered Irrevocable Daily Backloading Transactions which have not become Rejected Transactions shall be undertaken by LCH.Clearnet SA.</p>

5.3 CLEARING OF CLIENT TRADE LEGS

[...]

(d) Intraday Transactions and Client Backloading Transactions - Notifications

Following the Automatic Take-up Process or the Manual Take-up Process, LCH.Clearnet SA will notify the relevant Approved ~~Matching Provider~~ [Trade Source System](#) and Clearing Member(s) whether the relevant Intraday Transaction or Client Backloading Transaction has been accepted for clearing.

(e) Indirect clearing

When a CCM Individual Segregated Account Client providing indirect clearing services to CCM Indirect Clients submits a Client Trade Leg of a CDS for the account of a CCM Indirect Client for clearing by LCH.Clearnet SA via an Approved Matching ProviderTrade Source System, that CCM Individual Segregated Account Client will indicate the specific trading code allowing for the proper identification of Client Trade Legs submitted for all its CCM Indirect Clients. LCH.Clearnet SA will then use that specific trading code, together with the Original Transaction Data, received from the Approved Matching ProviderTrade Source System to determine whether such Client Trade Leg shall be registered in the relevant CCM Indirect Client Segregated Account Structure or CCM Direct Client Segregated Account Structure.

(f) Clients' branches

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

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

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

5.4 CDS CLEARING MEMBER REPORTING

(a) Means of access and reporting mechanisms

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

(b) Clearlink gateway

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

5.5 TRADE COMPRESSION

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

the avoidance of doubt, LCH.Clearnet SA will provide trade compression to Clearing Members on both an ad hoc and automatic basis on any Clearing Day.

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

- (i) such Cleared Transactions are of the same CDS Type, ~~and;~~
- (ii) the Initial Payment Amounts relating to such Cleared Transactions have been settled; ~~and~~

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

The Fixed Rate Payer Calculation Amount for the new Cleared Transaction will be the absolute value of the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer less the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller.

If the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is greater than the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then the Clearing Member will be the CDS Buyer on the resultant Cleared Transaction. If the opposite is true then the Clearing Member will be the CDS Seller on the resultant Cleared Transaction.

If the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is equal to the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then no resultant trade is booked.

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

(a) Ad-hoc compression

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

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

The Ad-Hoc Compression Order File must be received by LCH.Clearnet SA on any Clearing Day through any means of access specified in a Clearing Notice between 09.15 CET and 19.00 CET in order for the request to be processed and the related Cleared Transactions to be compressed on that same day (day "D"). LCH.Clearnet SA will include the results of the compression in the Cleared Trades Report and Compression Results File in respect of such Clearing Member. LCH.Clearnet SA will publish such Cleared Trades Report and Compression Results File via any reporting mechanism specified in a Clearing Notice as soon as practicable on the same Clearing Day as such Clearing Member's request for compression and following the implementation of such Clearing Member's request for compression. Where LCH.Clearnet SA receives such request after 19:00 CET, such request shall be deemed to not have been up-loaded and shall be of no effect.

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

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

(b) Automatic Compression

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

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

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

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

[...]

5.6 PRE-DEFAULT PORTABILITY

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

(a) Partial Transfers

Where a Receiving Clearing Member wishes, pursuant to:

- (i) Article 5.3.3.1 of the CDS Clearing Rule Book, to receive a transfer of:
 - (x) a portion of the portfolio of Client Cleared Transactions registered in the CCM Direct Segregated Account Structure of a CCM Individual Segregated Account Client; and/or
 - (y) a portion of the portfolio of the Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client

held with a Carrying Clearing Member;

- (ii) Article 5.3.3.2 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for ~~a~~ CCM Net Omnibus Client Set; ~~or~~

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

(iii) Article 5.3.3.4 of the CDS Clearing Rule Book, to receive a transfer of a portion of the portfolio of Client Cleared Transactions registered in the CCM Gross Omnibus Single Sub-Account Structure of a CCM Gross Omnibus Single Sub-Account Client held with a Carrying Clearing Member; or

- (iv) Article 6.3.3.1 of the CDS Clearing Rule Book, to receive a portion of the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

it shall provide LCH.Clearnet SA with a Client Partial Transfer Form (see Appendix 1), signed by or on behalf of the relevant Client(s). Such form shall list all of the Client Cleared Transactions that are to be transferred to it pursuant to these Procedures. Following receipt of a Client Partial Transfer Form, LCH.Clearnet SA shall notify the Carrying Clearing Member that a request has been received to transfer Client Cleared Transactions. In the event that any of the conditions set forth in Article 5.3.3.1, Article 5.3.3.2, [Article 5.3.3.3](#), [Article 5.3.3.4](#) or 6.3.3.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain of the conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH.Clearnet SA shall not proceed with the transfer of the Client Cleared Transactions and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

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

(b) Full Transfer

Where a Receiving Clearing Member wishes, pursuant to:

(i) Article 5.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of the entire portfolio (and not less than an entire portfolio) of:

(x) the Client Cleared Transactions registered in the CCM Direct Segregated Account Structure of a CCM Individual Segregated Account Client Individual Segregated Account Client; and/or

(y) Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client registered in the CCM Client Trade Account(s) of the relevant CCM Individual Segregated Account Structure ~~of a Carrying Clearing Member;~~

of a Carrying Clearing Member;

(ii) Article 5.3.2.2 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of the CCM ~~Net~~ Omnibus Segregated Account Clients within a CCM ~~Net~~ Omnibus Client Set of a Carrying Clearing Member; ~~or~~

(iii) Article 5.3.2.3 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of CCM Gross Omnibus Multi Sub-Account Clients within a CCM Gross Omnibus Multi Sub-Account Client Set of a Carrying Clearing Member;

(iv) Article 5.3.2.4 of the CDS Clearing Rule Book, to receive the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in the CCM Gross Omnibus Single Sub-Account Structure of a CCM Gross Omnibus Single Sub-Account Client of a Carrying Clearing Member; or

(v) Article 6.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of all the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

such Receiving Clearing Member shall provide LCH.Clearnet SA with a Client Full Transfer Form (see Appendix 2), in respect of (and signed by or on behalf of) each Client on behalf of whom the relevant transfer would be made. Each such form shall confirm that all Client Cleared Transactions registered in the Client Trade Account(s) shall be transferred pursuant to these Procedures.

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

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2, [Article 5.3.2.3](#), [Article 5.3.2.4](#) or Article 6.3.2.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH.Clearnet SA shall not proceed with the transfer of the Client Cleared Transactions or the transfer of Client Assets (where applicable) and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

If the Receiving Clearing Member wishes to proceed with such transfer or any other transfer of the Client Cleared Transactions, it shall be required to submit a new Client Full Transfer Form or a new Client Partial Transfer Form (see Appendix 1) in accordance with these Procedures.

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

(c) Transfer of Client Assets

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

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

With respect to the transfer of [a CCM Gross Omnibus Multi Sub-Account Client Set](#), [in accordance with Article 5.3.2.3](#), [a CCM Gross Omnibus Single Sub-Account Client](#), [in accordance with Article 5.3.2.4](#), or an FCM Client, in accordance with Article

6.3.2.1. of the CDS Clearing Rule Book, the Carrying Clearing Member shall confirm to LCH.Clearnet SA, using the Carrying Member Response Form (see Appendix 3) which Client Assets are attributable to the CCM Gross Omnibus Gross Multi Sub-Account Client Set, CCM Gross Omnibus Single Sub-Account Client or FCM Client and the Client Cleared Transactions. In the event that the Carrying Clearing Member fails to do so in accordance with the timetable below, LCH.Clearnet SA shall determine (in its sole discretion) the Client Assets that are to be transferred from the Carrying Clearing Member's Client Financial Account, relevant CCM Client Collateral Account in the case of a CCM Gross Omnibus Gross Multi Sub-Account Client Set or a CCM Gross Omnibus Single Sub-Account Client and FCM Client Financial Account in the case of an FCM Client. LCH.Clearnet SA shall notify the Carrying Clearing Member and the Receiving Clearing Member of the Client Assets that will be transferred in accordance with the timetable below. Following receipt of such notification by LCH.Clearnet SA, the Receiving Clearing Member may elect to reject the transfer of some or all of the relevant Client Assets in accordance with Article 5.3.4.2 or Article 6.3.4.2 of the CDS Clearing Rule Book.

In the event that any of the conditions set forth in Articles Article 5.3.32.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4 or Article 5.36.3.2.1 of the CDS Clearing Rule Book, as applicable, are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain conditions have not been satisfied using the Carrying Member Response Form (see Appendix 3), such that the Client Cleared Transactions will not be transferred, LCH.Clearnet SA shall not proceed with the transfer of the relevant Client Assets.

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

(d) Timetable for Client Transfers

No.	Time (all references below are to Continental European Time)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
1	Day 0: 17:00	Deadline for receipt from Receiving Clearing Member of Client Partial Transfer Form.	Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form and confirmation that the Client(s) wish Client Assets to be transferred.	Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form.
2	Day 0: 19:00	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Partial Transfer Form.	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Full Transfer Form.	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Full Transfer Form.
3	Day 1: 10:00	Deadline for: (i) notification by	Deadline for: (i) notification by	Deadline for: (i) notification by

No.	Time (all references below are to Continental European Time)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
		LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision by LCH.Clearnet SA of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.	LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.	LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.
4	Day 2: 12:00	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.3.1(vi) , Article 5.3.3.2(v) , 5.3.3.3(v) or Article 5.3.3.24(v) of the CDS Clearing Rule Book).	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vii) , Article 5.3.2.2(vi) , Article 5.3.2.3(vi) or Article 5.3.2.24(vi) of the CDS Clearing Rule Book (as applicable)).	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vii)-of , 5.3.2.2(vi) , Article 5.3.2.3(vi) or Article 5.3.2.4(vi) of the CDS Clearing Rule Book (as applicable)).
5	Day 2: 12:00 (For transfer of FCM Clients and CCM Gross Omnibus Segregated Account Clients only)	N/A	Deadline for confirmation from Carrying Clearing Member of the Client Assets which are available to be transferred to the Receiving Clearing Member.	N/A
6	Day 2: 12:00 to 14:00	N/A	LCH.Clearnet SA notifies the Receiving Clearing Member of the Client Assets that would be transferred.	N/A

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

No.	Time (all references below are to Continental European Time)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
			Member.	

[...]

5.8 UPDATING THE TRADE INFORMATION WAREHOUSE

(a) Process

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

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

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

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

- Novation of a Backloading Transaction:
 - Termination of the Backloading Transaction where the upfront amount has been paid;
 - Exit of the Backloading Transaction where the upfront amount has not been paid; and
 - Creation of Cleared Transactions
- Novation of an Intraday Transaction:
 - Termination of the Intraday Transaction, if applicable
 - Creation of Cleared Transactions
- Reallocation of a Client Cleared Transaction within a Client Trade Account between branches
 - Termination of the relevant Client Cleared Transaction allocated to the current branch
 - Creation of the Client Cleared Transaction resulting from the reallocation to another branch
- Trade Compression:
 - Termination of Cleared Transactions to be compressed, if applicable

- Creation of compressed Cleared Transactions, if applicable
- Creation of Restructuring Cleared Transactions
 - Termination, if necessary, of Initial Single Name Cleared Transactions
 - Creation of the Restructuring Cleared Transactions
- Re-coupons of the Cleared Transactions
 - Termination of Cleared Transactions affected by the re-coupons
 - Creation of Cleared Transactions resulting from the re-coupons
- Completion of Physical Settlement following a Credit Event
 - Termination of Cleared Transactions

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

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

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

[...]

5.9 NOTIFICATION OF REGISTRATION

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

[...]

5.13 REVERSING OF TRADES

Where Clearing Members identify an Original Transaction that they have both cleared in error they may reverse the transaction by submitting an equal but opposite transaction via an ~~AMP~~[Approved Trade Source System](#) to LCH.Clearnet SA for

clearing and then using compression pursuant to paragraph 5.5 of these Procedures. In such instances, for the avoidance of doubt the Clearing Members shall be solely responsible for entering into any bilateral transaction necessary to reverse the Original Transaction that was cleared in error.

[...]

5.16 REPORTS

[...]

(a) Backloading Transaction Reports

[...]

(ii) **Risk management reports**

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

(A) **Margin Requirements Results File**

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

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

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

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

- the hypothetical Client Margin Requirement calculated for each branch identified as such by the relevant Client.

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

Timing: published by LCH.Clearnet SA on each Business Day ~~every hour and at the time of a Margin Call between 09.00 CET and 19.00 CET~~ before 08.00 CET.

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

[...]

(b) Intraday Call Reports

[...]

(c) Other daily reports

[...]

(iii) **Cross Trades Report**

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

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

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

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

(a) is not a Firm Day; or

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

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

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

(iv) **Variation Margin Report**

Description: the Variation Margin Report is generated for each Clearing Member and sets out the detailed components of the calculation relating to the Variation Margin Requirement. ~~The file~~The Variation Margin Report is made up

of two sub-files: the Variation Margin House File with respect to the House Variation Margin Requirement and the Variation Margin Client File with respect to the Client Variation Margin Requirement for each Client Margin Account. Each of these sub-files specifies:

- with respect to each Cleared Transaction registered in the relevant Account Structure of the relevant Clearing Member, the Variation Margin which shall be paid to LCH.Clearnet SA or, as applicable, received from LCH.Clearnet SA at the same time as the following Morning Call; and
- with respect to each Irrevocable Backloading Transaction pre-registered in the relevant Account Structure of the relevant Clearing Member, the Variation Margin which shall be paid to LCH.Clearnet SA or, as applicable, received from LCH.Clearnet SA at the same time as the following First Intraday Call, provided that such Irrevocable Backloading Transaction is novated following the Morning Call on the relevant Clearing Day.

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

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

[...]

5.18 END OF DAY PRICE CONTRIBUTION

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

5.18.1 Market Data submission obligation

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

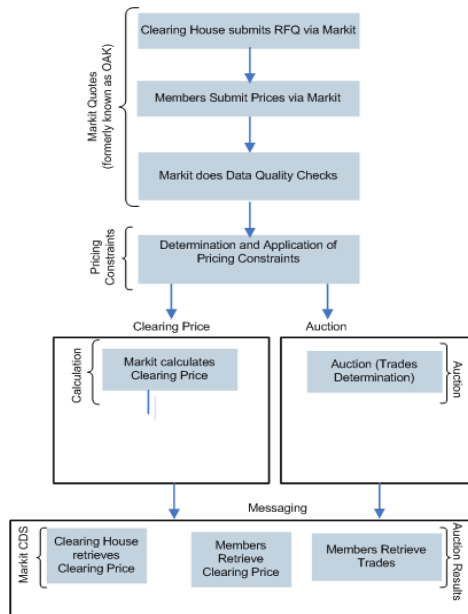
On each Clearing Day, LCH.Clearnet SA will request the Index Publisher to obtain Market Data from each Price Contribution Participant for CDS in respect of which they have Open Positions.

Price Contribution Participants are required to submit Market Data between 16.30 and 16.35 on each Clearing Day.

If a Clearing Member wishes to appoint a Price Contribution Delegate, it shall first obtain the prior approval of LCH.Clearnet SA. For that purpose, the relevant Clearing Member shall contact LCH.Clearnet SA's CDSClear ~~Client Services~~ ~~Member Sales~~ & Relationship Management ~~department~~ ~~team~~ (~~edsclear_clientservices~~ ~~CDSClearMemberSalesRM@lchclearnet.com~~, ~~+33~~ ~~4~~ ~~7037677644~~ (0) 203 137 4516) and shall provide such information as may be required by LCH.Clearnet SA. For the avoidance of doubt, LCH.Clearnet SA has full discretion as to the approval of a Price Contribution Delegate for any Clearing Member.

5.18.2 Calculation of End of Day Contributed Prices

The following diagram illustrates the procedures and flows for the calculation of the End of Day Contributed Prices.



At a high level, for the Index Publisher, there are effectively 5 steps in the **proposed** process.

- (a) Receipt of Price Contribution Participants' Market Data
- (b) Application of bid/ask constraint
 - Selection of Benchmark Instruments
 - Index: iTraxx Europe Main, HiVol ~~and~~, Cross Over and Senior Financials "On the Run" 5yr
 - Single Name: 5 Year Standard Coupon and Currency
 - Observe "High Quality" Dealer Quoted Bid/Ask Spread
 - Observation Window: 14.00 to 16.00
 - Definition of Unique Quote: 2 minutes since last seen identical quote
 - Quote Markit Quality Score of 8 or higher
 - Minimum Quoting Dealers: To be set out in a risk notice
 - Quoting Dealers: Only Quotes from LCH.Clearnet SA Price Contribution Participants used

- Minimum Unique Quotes: 20 for Indices/10 for Single Name
 - Non-Observed Process: 10 day rolling average
 - If the 10 day moving average is used for more than 1 day, the Risk Committee should be notified.
 - Fixed Initial Bid/Ask Spread: Used if no 10 Day rolling average available.
- (c) Determination of clearing price
- (d) Determination of any trades (potential)
- (e) Communication of clearing price

5.18.3 Price submission procedure

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

- LCH.Clearnet SA will transmit to the Index Publisher, on a daily basis, the Market Data for Clearing Members with Open Positions in Cleared Transactions;
- Price Contribution Participants will receive price requirement files listing the Open Positions in respect of which they are required to submit Market Data;
- The price requirement files will be available from the Index Publisher's website for download daily between 14.30 and 15.00;
- Price Contribution Participants upload Market Data submissions to the Index Publisher for the Cleared Transactions listed in the price requirement file between 16.00 and 16.35;
- Market Data can be re-submitted during this time; where a Price Contribution ~~Participant does~~ Participant does this the latest submitted Market Data will be taken into account by the Index Publisher;
- Market Data should be supplied via a Markit spreadsheet or a Markit API;
- Price Contribution Participants' Market Data submission can either be Bid/Ask pairs or Mids;
- The Index Publisher carries out real time checks on the data submitted to take account of fat-fingering, invalid reference data, etc. A validation log will be available to Price Contribution Participants for erroneous submissions/warnings.

[...]

18.5 Trade crossing

[...]

(d) Notification of execution


Price Contribution Participants required to execute cross trades in accordance with this Paragraph 5.18.5 must provide LCH.Clearnet SA with the DTCC trade reference identifier (TRI) before End of Day on the Clearing Day following the relevant Firm Day by emailing this to LCH.Clearnet SA's Operations department at lchclearnetsa_do_cds@lchclearnet.com-cdsclear.ops@lchclearnet.com.

[...]

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APPENDIX 1

CLIENT – PARTIAL TRANSFER FORM



**CLIENT - PARTIAL TRANSFER
FORM**

V.[]: [] 20[]

Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein

To: LCH.Clearnet SA

From: Receiving Clearing Member

Date:

We,[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from [insert name of transferring Client] (the "Client") to transfer (i) in the case of a Client which is either a CCM Individual Segregated Account Client or an FCM Client, part of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure; and (ii) in the case of a Client which is a CCM Omnibus Segregated Account Client, part or all of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure, from[insert name of Carrying Clearing Member] to us. We hereby request the transfer of the Client Cleared Transactions as identified below pursuant to Article 5.3.3.1, 5.3.3.2, [Article 5.3.3.3](#), [Article 5.3.3.4](#) or 6.3.3.1, as applicable, of the CDS Clearing Rule Book and Section 5 of the Procedures.

Please insert the LCH trade IDs of the transferring Client Cleared Transactions, using the Schedule below:

****Please insert the LCH trade ID and Approved ~~Matching Provider (AMP)~~Trade Source System ID of the transferring Client Cleared Transactions.**

****Please append a list of additional Client Cleared Transactions to this form, if required**

LCH Trade ID	AMP Approved Trade Source System Trade ID

Signatories for and on behalf of the Receiving Clearing Member:

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

Clearing Member			
1.			
	(Authorised Signatory)	Name	Position Date
2.			
	(Authorised Signatory)	Name	Position Date
Signatories for and on behalf of the transferring Client:			
To: Receiving Clearing Member			
We acknowledge and confirm:			
i. the request to transfer as detailed above; ii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member; iii. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefor; iv. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA in satisfaction of an increased Margin Requirement (and/or by us to the Receiving Clearing Member listed above and/or by us to our Carrying Clearing Member), and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied; v. that in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.3.1(vi) or 5.3.3.2 , <u>5.3.3.2(v)</u> , <u>Article 5.3.3.3 (v) or Article 5.3.3.4 (v)</u> , as applicable, of the CDS Clearing Rule Book; and vi. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with Section 5.3.3 or 6.3.3, as applicable, of the CDS Clearing Rule Book. For and on behalf of the Client:			
Authorised signatory		Authorised signatory	
Date		Date	
All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department. Email: CDSClear.ops@LCHClearnet.com Telephone: + 33 1 70 37 42 24 LCH.Clearnet SA - CDSClear Operations department			

18, rue du Quatre Septembre
75002 Paris

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APPENDIX 2

PART A: CCM INDIVIDUAL SEGREGATED ACCOUNT CLIENT – FULL TRANSFER FORM

LCH.CLEARNET CCM CLIENT - FULL TRANSFER FORM

V.[]: [] 20[]

Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein

To: LCH.Clearnet SA

From: Receiving Clearing Member

Date:

We, [insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from [insert name of transferring Client] (the "Client") to transfer its entire portfolio of Client Cleared Transactions registered in the relevant [[insert [CCM Direct Client Segregated Account Structure] [and/or]* [CCM Indirect Client Segregated Account Structure]*] from [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to ~~Articles~~Article 5.3.2.1 ~~or 5.3.2.2~~ of the CDS Clearing Rule Book (as applicable) and the Procedures.

* Delete as appropriate

Please insert:

Name of Carrying Clearing Member:

in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.

Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with ~~Articles 5.3.2.1 or 5~~Article5.3.2.2 of the CDS Clearing Rule Book (as applicable).

The Client wishes to transfer Client Assets

The Client does NOT wish to transfer Client Assets

Signatories for and on behalf of the Receiving Clearing Member:

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

1. _____
 (Authorised Signatory) Name Position date

2.

 (Authorised Signatory) Name Position date

Signatories for and on behalf of the transferring Client:

To: Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.1 (vii) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Client:

_____ Authorised signatory	_____ Authorised signatory
_____ Date	_____ Date

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: CDSClear.ops@LCHClearnet.com

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations
 department
 18, rue du Quatre Septembre
 75002 Paris

PART B: CCM OMNIBUS SEGREGATED ACCOUNT CLIENT – FULL TRANSFER FORM



CCM CLIENT - FULL TRANSFER FORM

V.[]: [] 20[]

Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein

To: LCH.Clearnet SA

From: Receiving Clearing Member

Date:

We,[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from [insert name of all the CCM Omnibus Segregated Account Clients within a CCM Omnibus Client Set] (the "Clients") to transfer their entire portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure from [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Clients pursuant to ~~Articles~~Article 5.3.2.1 ~~or 5.3.2.2~~ of the CDS Clearing Rule Book (as applicable) and the Procedures.

Please insert:

Name of Carrying Clearing Member:
.....

in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.

Please tick the relevant box below to confirm whether the Clients wish to transfer the Client Assets in accordance with ~~Articles 5.3.2.1 or 5~~Article5.3.2.2 of the CDS Clearing Rule Book (as applicable).

- The Clients wish to transfer Client Assets
- The Clients do NOT wish to transfer Client Assets

Signatories for and on behalf of the Receiving Clearing Member:

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

1. _____
 (Authorised Signatory) Name Position date

2. _____
 (Authorised Signatory) Name Position date

Signatories for and on behalf of the transferring CCM Omnibus Segregated Account Clients:

To: Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.2(vi) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Clients:

_____	_____
Authorised signatory	Authorised signatory
_____	_____
Date	Date
_____	_____
Authorised signatory	Authorised signatory
_____	_____
Date	Date
_____	_____
Authorised signatory	Authorised signatory

Date	Date
_____	_____
Authorised signatory	Authorised signatory
_____	_____
Date	Date
_____	_____

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: CDSClear.ops@LCHClearnet.com

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations
department
18, rue du Quatre Septembre
75002 Paris

PART C : FCM CLIENT- FULL TRANSFER FORM

[...]

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APPENDIX 3

PART A: CCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM



CCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM

[V]: []

Terms used in this form are as defined in LCH.Clearnet SA's -CDS Clearing Rule Book unless defined herein

To: LCH.Clearnet SA

From: Carrying Clearing Member

Date:

We,[insert name of Carrying Clearing Member] (the "Carrying Clearing Member") have received a request from LCH.Clearnet SA in relation tos [insert name of transferring Client or Clients] [(the "Client")]/[(the "Clients")]* request to transfer [[its entire]/[part of its/their]*] portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure held by us. We are writing to inform you that:

* Delete as appropriate

(Please tick if applicable) [The]/[A]* transferring Client has become insolvent and no Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.1, 5.3.2.2, 5.3.2.3, 5.3.2.4, 5.3.3.1, 5.3.3.2, 5.3.3.3 or 5.3.3.24 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable) If the transferring Client requests to transfer the entire, or a part of, the portfolio of Client Cleared Transactions registered in the relevant CCM Indirect Segregated Account Structure, one or more relevant CCM Indirect Clients have become insolvent and no relevant Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.1 or 5.3.3.1 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable) [The]/[A]* transferring Client has, or would have as a consequence of the occurrence of the requested transfer, unsatisfied requirements which LCH.Clearnet SA's CDS Clearing Rule Book states must be satisfied in order for the transfer to be effected as between itself and us at the time of, or arising as a result of, such transfer, including, without limitation, outstanding obligations as described in Articles 5.3.2.1(vii), 5.3.2.2(vi), 5.3.2.3(vi), 5.3.2.4(vi), 5.3.3.1(vi), 5.3.3.2(v), 5.3.3.3(v) or 5.3.3.24(v) of the CDS Clearing Rule Book (as applicable) and therefore no Client Cleared Transactions should not be transferred.

[This paragraph below is only relevant where the CCM Client is a CCM Gross Omnibus Single Sub-Account Client and has requested the transfer of its entire portfolio of Client Clearing Transactions – if this is not the case, please delete this paragraph]

The transferring Client has requested that Client Assets be transferred and

(Please tick if applicable)

the relevant Client Assets are described in the schedule below.

(Please tick if applicable)

[This paragraph below is only relevant where the CCM Clients are all CCM Gross Omnibus Multi Sub-Account Clients within the same CCM Omnibus Gross Multi Sub-Account Client Set and have requested the transfer of all of their Client Cleared Transactions – if this is not the case, please delete this paragraph]

All of the transferring Clients have requested that Client Assets be transferred and the relevant Client Assets are described in the schedule below.

* Delete as appropriate

[Schedule of Client Assets:]*

(Please tick if applicable)

The Client Assets of the Client[s] consist solely of cash in the following amount and currency:

CASH AMOUNT & CURRENCY

(Please tick if applicable)

The Client Assets of the Client[s] consist of the following cash and non-cash collateral:

CASH AMOUNT & CURRENCY

<u>ISIN</u>	<u>Notional Value</u>

~~* Please delete this Schedule if no Client Asset is to be transferred.~~

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: CDSClear.ops@LCHClearnet.com

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations
department
18, rue du Quatre Septembre
75002 Paris

Signatories for and on behalf of the Carrying Clearing Member:

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

1.

(Authorised Signatory)	Name	Position	Date
------------------------	------	----------	------

2.

(Authorised Signatory)	Name	Position	Date
------------------------	------	----------	------

**APPENDIX 4 PART B : FCM CLIENT TRANSFER – CARRYING CLEARING MEMBER
RESPONSE FORM**



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

[V] : []

Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein

To: LCH.Clearnet SA

From: Carrying Clearing Member

Date:

We,[insert name of Carrying Clearing Member] (the "Carrying Clearing Member") have received a request from LCH.Clearnet SA in relation tos [insert name of transferring Client] (the "Client") request to transfer [[its entire]/[part of its]*] portfolio of Client Cleared Transactions registered in the relevant FCM Client Account Structure held by us. We are writing to inform you that:

* Delete as appropriate

(Please tick if applicable) The transferring FCM Client has become insolvent and no Client Cleared Transactions should therefore be transferred in accordance with Articles 6.3.2.1 or 6.3.3.1 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable) The transferring Client has ~~asked~~requested that Client Assets be transferred and the relevant Client Assets are described in the schedule below.

Schedule of Client Assets:

(Please tick if applicable) The Client Assets of the FCM Client consist solely of cash in the following amount and currency:

CASH AMOUNT & CURRENCY

(Please tick if applicable) The Client Assets of the FCM Client consist of the following cash and non-cash collateral:

CASH AMOUNT & CURRENCY

ISIN	Notional Value

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: CDSClear.ops@LCHClearnet.com

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations
 department
 18, rue du Quatre Septembre
 75002 Paris

Signatories for and on behalf of the Carrying Clearing Member:

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

1.

 (Authorised Signatory) Name Position Date

2.

 (Authorised Signatory) Name Position Date

20156/109[●]

[●]23 November 2015

CDSClear Approved Matching Providers Trade Source Systems

Dear Member,


In accordance with Section 1.1.1 of the CDSClear Rulebook, LCH.Clearnet SA has entered into an agreement with the following entities for the submission of Original Transactions by AMP-ATSS Participants for registration and clearing services provided by LCH.Clearnet SA.

- The Intraday Novation service Approved Trade Source Systems Matching Providers are MarkitSERV Ltd and Bloomberg Global Ltd;
- The Weekly Backloading service Approved Trade Source System Matching Provider is MarkitSERV LLC;
- The Daily Backloading service Approved Trade Source System Matching Provider will be confirmed in an updated Clearing Notice.

Any amendments or modifications to the current list of entities will be published by LCH.Clearnet SA in an updated Clearing Notice.

LCH.Clearnet SA

CDSClear | LCH.Clearnet |
Email: lchclearnetsa_legal@lchclearnet.com
Website: www.lchclearnet.com

 Follow @LCH_Clearnet