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CDSClear

LCH SA
FCM CDS Clearing Regulations

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FCM CDS CLEARING REGULATIONS

Scope

FCM Clearing Members are bound by these FCM CDS Clearing Regulations and the remainder of the CDS Clearing Documentation applicable to FCM Clearing Members, in connection with the clearing of FCM Cleared Transactions by FCM Clearing Members through LCH SA. These FCM CDS Clearing Regulations do **not** govern any other clearing services provided by LCH SA (including, without limitation, the clearing of CCM Cleared Transactions in respect of the CDS Clearing Service) which are governed by a separate set of rules.

Any FCM CDS Clearing Regulation or group of FCM CDS Clearing Regulations expressly stated not to apply to a category, or categories, of FCM Cleared Transactions shall not apply to such category, or categories, of FCM Cleared Transactions.

Definitions

In these FCM CDS Clearing Regulations, the CDS Clearing Rule Book (including the CDS Default Management Process appended thereto), the Procedures and any related Clearing Notice, except where the context otherwise requires, the following words and expressions shall have the following meanings. All capitalised terms not otherwise defined herein have the meanings ascribed to them in the CDS Clearing Rule Book.

- FCM Cleared Swaps Client Segregated Depository Account* - Means an omnibus account (which will consist of one or more accounts at one or more Permitted Depositories which are commingled for purposes of the applicable provisions of the CEA and CFTC Regulations) maintained by an FCM Clearing Member for its FCM Clients with a Permitted Depository, which is segregated in accordance with the CEA and CFTC Regulations and contains Collateral deposited by such FCM Clients in connection with FCM Cleared Transactions cleared for such FCM Clients by such FCM Clearing Member.
- LCH Cleared Swaps Client Segregated Depository Account* - Means the omnibus account (which will consist of one or more accounts at one or more Permitted Depositories which are commingled for purposes of the applicable provisions of the CEA and CFTC Regulations) maintained by LCH SA for the benefit of FCM Clients of its FCM Clearing Members with a Permitted Depository, which is segregated in accordance with the CEA and CFTC Regulations, is part of the cleared swaps derivatives account class under Part 190 of the CFTC Regulations and contains the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients (other than, for the avoidance of doubt, Collateral provided to satisfy the Contribution Requirement of such FCM Clearing Members) in connection with FCM Cleared Transactions cleared for such FCM Clients by such FCM Clearing Members.
- LCH Cleared Swaps Proprietary Depository Account* - Means the account (which may consist of one or more accounts) with a depository designated for such purpose by LCH SA which contains Collateral deposited by an FCM Clearing Member for its own account and the account of its Affiliates (but never accounts of its FCM Clients).
- Permitted Depository* - Means "Permitted Depository" as such term is defined in CFTC Regulations 22.1 and 22.4.
- Proprietary Account* - Means, as the context requires, the House Trade Account of an FCM Clearing Member or an FCM House Collateral Account to which FCM Cleared Transactions made by the FCM Clearing Member for its own account or accounts of its Affiliates (but never accounts of its FCM Clients) are registered and to which monies in respect of such FCM Cleared Transactions are credited.

Regulation 1 **Governing Law and Jurisdiction**

- (a) These FCM CDS Clearing Regulations shall be governed by and construed in accordance with the laws of the State of New York, without regard to any conflicts of laws principles, and the laws of the United States of America, including the CEA and applicable bankruptcy and insolvency laws.

- (b) All Disputes arising under these FCM CDS Clearing Regulations and the Procedures shall be referred to and resolved in accordance with the CDS Dispute Resolution Protocol.

- (c) Notwithstanding any other provision of the CDS Clearing Rules, with respect to any FCM Cleared Transaction involving an FCM Client cleared by an FCM Clearing Member, such FCM Clearing Member shall act solely as agent of its FCM Client in connection with the clearing of such FCM Cleared Transaction, provided that such FCM Clearing Member shall remain fully liable for all obligations owed to LCH SA arising in connection with such FCM Cleared Transaction.

Regulation 2 Depository Accounts

- (a) Each FCM Clearing Member shall establish and maintain an FCM Cleared Swaps Client Segregated Depository Account on behalf of its FCM Clients, in accordance with applicable provisions of the CEA and CFTC regulations, including but not limited to Part 1, Part 22 and Part 190 of the CFTC regulations, and as further set forth in FCM CDS Clearing Regulation 6. The FCM Cleared Swaps Client Segregated Depository Account shall be maintained with a Permitted Depository in accordance with the CEA and CFTC Regulations and the FCM Clearing Member may commingle assets of all of its FCM Clients in such Account in a single omnibus account established and maintained in accordance with CFTC Regulations. The FCM Cleared Swaps Client Segregated Depository Account maintained by each FCM Clearing Member shall be designated as a “Cleared Swaps Customer Account” (as that term is defined in CFTC Regulation 22.1) for purposes of Part 22 of the CFTC regulations and Section 4d(f) of the CEA.
- (b) LCH SA shall establish and maintain:
- (i) an LCH Cleared Swaps Client Segregated Depository Account on behalf of the FCM Clients of FCM Clearing Members, in accordance with applicable provisions of the CEA and CFTC Regulations, including but not limited to Part 1, Part 22 and Part 190 of such CFTC Regulations; and
 - (ii) an LCH Cleared Swaps Proprietary Depository Account.
- (c) The LCH Cleared Swaps Client Segregated Depository Account shall be maintained with a Permitted Depository in accordance with the CEA and CFTC Regulations and LCH SA may commingle assets of all of the FCM Clients in such Account in a single omnibus account established and maintained in accordance with CFTC Regulations. All Collateral deposited by FCM Clearing Members in connection with FCM Cleared Transactions cleared on behalf of FCM Clients (other than, for the avoidance of doubt, Collateral provided to satisfy the Contribution Requirement of such FCM Clearing Members) shall be held in such LCH Cleared Swaps Client Segregated Depository Account. The LCH Cleared Swaps Client Segregated Depository Account shall be maintained by LCH SA separately from any and all assets of the FCM Clearing Members, or any other assets that LCH SA is holding for clients (other than FCM Clients) and shall contain no assets other than Collateral deposited by FCM Clearing Members in connection with the clearing of FCM Cleared Transactions on behalf of their FCM Clients. The LCH Cleared Swaps Client Segregated Depository Account maintained by LCH SA shall be designated as a “Cleared Swaps Customer Account” for purposes of Part 22 of the CFTC regulations and Section 4d(f) of the CEA.

Regulation 3 Collateral

- (a) FCM Clearing Members may deposit securities or cash with LCH SA as Collateral in respect of FCM Cleared Transactions cleared on behalf of FCM Clients, in accordance with Section 4.2.3 of the CDS Clearing Rule Book and Section 3 of the Procedures. Securities or cash deposited will be subject to a security interest in accordance with Regulation 5 and held in an LCH Cleared Swaps Client Segregated Depository Account.

- (b) Security Arrangements. FCM Clearing Members wishing to deposit securities or cash with LCH SA as Collateral in respect of FCM Cleared Transactions cleared on behalf of FCM Clients must do so under the security arrangements set out in these FCM CDS Clearing Regulations.

- (c) Collateral deposited in an FCM Clearing Member's LCH Cleared Swaps Proprietary Depository Account may be applied by LCH SA towards the payment of any sum whatsoever due by the FCM Clearing Member to LCH SA. No Collateral deposited in an FCM Clearing Member's LCH Cleared Swaps Client Segregated Depository Account shall be applied on or in respect of payment or satisfaction of any of the FCM Clearing Member's liabilities to LCH SA as recorded in any of the FCM Clearing Member's Proprietary Accounts.

Regulation 4 Transfer

- (a) If an FCM Clearing Member is a Defaulting Clearing Member, any action taken by LCH SA pursuant to the CDS Clearing Rule Book (including the CDS Default Management Process appended thereto), including but not limited to the disposal by LCH SA of FCM Cleared Transactions held on behalf of FCM Clients of the Defaulting Clearing Member, shall be taken in compliance with the CEA, CFTC Regulations and applicable bankruptcy laws regarding the liquidation or transfer of FCM Cleared Transactions carried by such FCM Clearing Member on behalf of its FCM Clients. LCH SA shall have no responsibility or liability whatsoever for any action taken or not taken with respect to the accounts and FCM Cleared Transactions of FCM Clients of the Defaulting Clearing Member in accordance with such laws or regulations or the directions of any Regulatory Body or bankruptcy trustee.

- (b) If and to the extent any transfer by an FCM Clearing Member of open contracts between its Proprietary Account and accounts of its FCM Clients, and vice versa, upon an FCM Client default, is permitted pursuant to the CDS Clearing Rule Book (including the CDS Default Management Process appended thereto) and the Procedures, such transfer shall be made subject to applicable provisions of the CEA and CFTC Regulations regarding segregation of assets.

Regulation 5 Security Interest

Each FCM Clearing Member hereby grants LCH SA a first security interest in and a first priority and unencumbered first lien upon any and all cash, securities, receivables, rights and intangibles and any other Collateral or assets deposited with or transferred to LCH SA, or otherwise held by LCH SA (including without limitation all property deposited in an LCH Cleared Swaps Proprietary Depository Account and in an LCH Cleared Swaps Client Segregated Depository Account, or any amounts owing to an FCM Clearing Member as recorded in a Proprietary Account), including all substitutions for and proceeds of, any such property, in connection with any FCM Cleared Transaction cleared for such FCM Clearing Member or on behalf of its FCM Clients or Affiliates, as security for unconditional payment and satisfaction of the obligations and liabilities of the FCM Clearing Member to LCH SA. The FCM Clearing Member agrees to take any and all actions, including but not limited to the execution of any and all documents, requested by LCH SA in order to perfect, maintain or enforce the security interest granted to LCH SA hereunder. LCH SA may exercise any and all rights available to it with respect to the security interest granted hereunder, in accordance with the FCM CDS Clearing Regulations and applicable laws. Notwithstanding the foregoing, in no event shall LCH SA's security interest in the Collateral in an LCH Cleared Swaps Client Segregated Depository Account held on behalf of the FCM Clearing Member's Clients be exercised to satisfy any obligations or liabilities of such FCM Clearing Member other than in connection with obligations or liabilities relating to FCM Cleared Transactions cleared by such FCM Clearing Member on behalf of its FCM Clients.

Regulation 6 **Rules Relating to FCM Cleared Swaps Client Segregated Accounts**

- (a) Notice of Deficiency in FCM Cleared Swaps Client Segregated Depository Account. Whenever an FCM Clearing Member knows or should know that the aggregate amount of funds on deposit in its FCM Cleared Swaps Client Segregated Depository Account is less than the total amount of such funds required by the CEA, CFTC Regulations and/or the CDS Clearing Rule Book to be on deposit, the FCM Clearing Member must report such deficiency immediately by telephone notice, confirmed immediately in writing by facsimile notice, to the LCH SA and the principal office of the CFTC in Washington, DC, to the attention of the Director and the Chief Accountant of the Division of Clearing and Intermediary Oversight, and, if the FCM Clearing Member is a securities broker or dealer, to the Securities and Exchange Commission, in accordance with 17 C.F.R. § 240.17a-11.
- (b) Segregation of Funds.
- (i) With respect to FCM Client funds deposited in connection with FCM Cleared Transactions:
- (A) all such funds shall be separately accounted for and segregated as belonging to FCM Clients by the FCM Clearing Member and, in the event of an FCM Clearing Member's bankruptcy administered under the US bankruptcy laws, are intended to be part of a separate account class, treated as a Cleared Swaps Account Class;
- (B) all such funds must be held by the applicable FCM Clearing Member or deposited with a Permitted Depository, and such funds shall be deposited under an account name which complies with the requirements of CFTC Regulation 22.6 and shows that they are segregated as required by the CDS Clearing Rule Book and Part 22 of the CFTC Regulations; and
- (C) each FCM Clearing Member shall obtain and retain in its files for the period provided in CFTC Regulation 1.31 a written acknowledgment, in accordance with CFTC Regulations 22.5, 1.20 and/or 1.26 (as applicable) from such Permitted Depository that it was informed that such funds deposited in the FCM Cleared Swaps Client Segregated Depository Account maintained by such Permitted Depository for the FCM Clearing Member are those of FCM Clients and are being held in accordance with the provisions of the CEA, CFTC Regulations and the CDS Clearing Rule Book.

For the avoidance of doubt, the FCM Cleared Swaps Client Segregated Depository Account maintained by an FCM Clearing Member shall be treated as segregated accounts and shall be subject to the requirements of the CEA and CFTC Regulations applicable to segregated accounts and to this FCM Regulation 6, regardless of the location of any such account. Without limitation of the foregoing, under no circumstances shall any portion of FCM Client funds held in FCM Cleared Swaps Client Segregated Depository Accounts be obligated to LCH SA, an FCM Clearing Member, any Permitted Depository, or any other person except to purchase, margin, guarantee, secure, transfer, adjust or settle trades, contracts or transactions of FCM Clients. No person, including LCH SA or any

Permitted Depository, that has received FCM Client funds for deposit in an FCM Cleared Swaps Client Segregated Depository Account, as provided in this rule, may hold, dispose of, or use any such funds as belonging to any person other than the FCM Clients of the FCM Clearing Member which deposited such funds.

- (ii) All FCM Client funds received by LCH SA from an FCM Clearing Member to purchase, margin guarantee, secure or settle FCM Cleared Transactions cleared on behalf of FCM Clients and all money accruing to such FCM Clients as the result of trades, contracts or transactions so carried shall be separately accounted for and segregated as belonging to such FCM Clients, and LCH SA shall not hold, use or dispose of such FCM Client funds except as belonging to such FCM Clients. Such FCM Client funds, when deposited in a Permitted Depository, shall be deposited under an account name which complies with the requirements of CFTC Regulation 22.6 and shows that they are segregated as required by the CEA and the CFTC Regulations. LCH SA shall obtain and retain in its files for the period provided by CFTC Regulation 1.31, an acknowledgment from such Permitted Depository that it was informed that the funds deposited in any LCH Cleared Swaps Client Segregated Depository Accounts maintained by LCH SA are those of FCM Clients of FCM Clearing Members and are being held in accordance with the provisions of the CEA, CFTC Regulations and the CDS Clearing Rule Book.
 - (iii) Each FCM Clearing Member shall treat and deal with FCM Client funds as belonging to such FCM Clients. All FCM Client funds shall be separately accounted for, and shall not be commingled with the money, securities or property of an FCM Clearing Member or of any other person, or be used to secure or guarantee the trades, contracts or transactions, or to secure or extend the credit, of any person other than the one for whom the same are held; provided, however, that FCM Client funds of an FCM Clearing Member may for convenience be physically commingled (although separately accounted for in accordance with the CDS Clearing Rule Book and these FCM CDS Clearing Regulations), subject to and in accordance with the CEA, the CFTC Regulations and the CDS Clearing Rule Book; provided, further, that FCM Client funds may be invested in accordance with FCM CDS Clearing Regulation 6(g).
 - (iv) In accordance with CFTC Regulation 22.15 (and subject to CFTC Regulation 22.3(d)), LCH SA shall treat the value of all collateral received on behalf of each FCM Client in connection with FCM Cleared Transactions as belonging to each such individual FCM Client, and such amount shall be credited to such FCM Client's applicable FCM Client Financial Account as provided in the CDS Clearing Rule Book and Procedures, and shall not be used to margin, guarantee, or secure the FCM Contracts or other obligations of the applicable FCM Clearing Member, other FCM Clients or any other person, except as permitted under the CDS Clearing Rule Book (and not prohibited by the CEA or CFTC Regulations) or as permitted under Part 22 of the CFTC Regulations.
- (c) Care of Money and Securities Accruing to FCM Clients. All money received directly or indirectly by, and all money and securities accruing to, an FCM Clearing Member from LCH SA or from any FCM Clearing Member or from any other person incident to or resulting from any FCM Cleared Transactions made by or through such FCM Clearing

Member on behalf of any FCM Client shall be considered as accruing to such FCM Client within the meaning of the CDS Clearing Rule Book. Such money and securities shall be treated and dealt with as belonging to such FCM Client in accordance with the provisions of the CEA, CFTC Regulations and the CDS Clearing Rule Book. The value of money and securities accruing in connection with FCM Cleared Transactions cleared on behalf of FCM Clients shall be separately recorded in the relevant FCM Client Financial Account of each FCM Client.

- (d) Use of FCM Client Funds Restricted. No FCM Clearing Member shall use, or permit the use of, FCM Client funds to purchase, margin or settle the trades, contracts or transactions of, or to secure or extend the credit of, any person other than its FCM Clients. FCM Client funds shall not be used to carry trades or positions of the same FCM Client other than in connection with FCM Cleared Transactions or other Cleared Swaps (as that term is defined in CFTC Regulation 22.1) cleared through the facilities of a derivatives clearing organization that has established rules or bylaws which require Cleared Swaps, along with the money, securities and/or other property margining, guaranteeing or securing such derivatives, to be held in a separate account.
- (e) Interest of FCM Clearing Members in FCM Client Funds; Additions and Withdrawals. FCM CDS Clearing Regulation 6(b), which prohibits the commingling of FCM Client funds with the funds of an FCM Clearing Member, shall not be construed to prevent an FCM Clearing Member from having a residual financial interest in FCM Client funds, segregated as required by the CEA, CFTC Regulations and the CDS Clearing Rule Book and set apart for the benefit of FCM Clients; nor shall such provisions be construed to prevent an FCM Clearing Member from adding to the segregated FCM Client funds such amount or amounts of money, from its own funds or unencumbered securities from its own inventory, of the type permitted under FCM CDS Clearing Regulation 6(g), as it may deem necessary to ensure that its FCM Cleared Swaps Client Segregated Depository Account holds at all times, at a minimum, an aggregate amount equal to the amount required by the CEA, CFTC Regulations and the CDS Clearing Rule Book. The books and records of an FCM Clearing Member shall at all times accurately reflect its interest in the segregated FCM Client funds. An FCM Clearing Member may draw upon such FCM Client funds to its own order, to the extent of its actual interest therein, including the withdrawal of securities held FCM Cleared Swaps Client Segregated Depository Accounts held by LCH SA or a Permitted Depository, provided that any such withdrawals do not result in any such account holding less in segregated FCM Client assets than such account is required to contain at such time. Such withdrawal shall not result in FCM Client funds being used to purchase, margin or carry the trades, contracts or transactions, or extend the credit of any other FCM Client or other person.
- (f) Assets Not Permitted to be Held in FCM Cleared Swaps Client Segregated Depository Accounts. Money held in FCM Cleared Swaps Client Segregated Depository Accounts by an FCM Clearing Member shall not include (i) money invested in obligations or stocks of any clearing organization or in memberships in or obligations of any contract market or (ii) money held by any clearing organization which it may use for any purpose other than to purchase, margin, guarantee, secure, transfer, adjust, or settle the FCM Cleared Transactions of the FCM Clients of such FCM Clearing Member.
- (g) Investments of FCM Client Funds. An FCM Clearing Member or LCH SA may invest FCM Client funds subject to the terms and conditions set forth in CFTC Regulation 1.25, which

regulation shall apply to such funds in accordance with the provisions of the CEA and CFTC Regulation 22.2(e)(1) thereunder relating to transactions in Cleared Swaps.

(h) Deposit of Instruments Purchased with FCM Client Funds.

(i) Each FCM Clearing Member that invests FCM Client funds in instruments permitted under FCM CDS Clearing Regulation 6(g) shall separately account for such instruments and segregate such instruments as belonging to such FCM Clients to the extent required under the CEA and CFTC Regulations. Such instruments, when deposited with LCH SA or a Permitted Depository, shall be deposited under an account name which clearly shows that they belong to FCM Clients and are segregated as required by the CEA, CFTC Regulations and the CDS Clearing Rule Book. Upon opening any such account, an FCM Clearing Member shall obtain and retain in its files an acknowledgment from such Permitted Depository that it was informed that the instruments belong to FCM Clients and are being held in accordance with the CEA and CFTC Regulations. Such acknowledgment shall be retained in accordance with CFTC Regulation 1.31. Such Permitted Depository shall allow inspection of the records of such assets at any reasonable time by representatives of LCH SA.

(ii) When it invests money belonging or accruing to FCM Clients of its FCM Clearing Members in instruments permitted under FCM CDS Clearing Regulation 6(g), LCH SA shall separately account for such instruments and segregate such instruments as belonging to such FCM Clients (provided that any such instruments may be held in commingled accounts, on behalf of all FCM Clients of all FCM Clearing Members, at one or more Permitted Depositories). Such instruments, when deposited with a Permitted Depository, shall be deposited under an account name which will clearly show that they belong to FCM Clients and are segregated as required by the CEA, CFTC Regulations and the CDS Clearing Rule Book. Upon opening any such account, LCH SA shall obtain and retain in its files a written acknowledgment from such bank or trust company that it was informed that the instruments belong to FCM Clients of FCM Clearing Members and are being held in accordance with the provisions of the CEA and CFTC Regulations. Such acknowledgment shall be retained in accordance with CFTC Regulation 1.31. Such Permitted Depository shall allow inspection of such instruments at any reasonable time by representatives of LCH SA.

(i) Record of Investments.

(i) Each FCM Clearing Member that invests FCM Client funds shall keep a record showing the following:

- (A) The date on which such investments were made;
- (B) The name of the person through whom such investments were made;
- (C) The amount of money or current market value of securities so invested;
- (D) A description of the instruments in which such investments were made, including the CUSIP or ISIN numbers;

- (E) The identity of the depositories or other places where such instruments are held;
 - (F) The date on which such investments were liquidated or otherwise disposed of and the amount of money or current market value of securities received of such disposition, if any;
 - (G) The name of the person to or through whom such investments were disposed of; and
 - (H) Daily valuation for each instrument and readily available documentation supporting the daily valuation for each instrument. Such supporting documentation must be sufficient to enable auditors to verify the valuations and the accuracy of any information from external sources used in those valuations.
- (ii) When LCH SA receives documents from its FCM Clearing Members representing or evidencing investment of FCM Client funds, LCH SA shall keep a record showing separately for each FCM Clearing Member the following:
- (A) The date on which such documents were received from the FCM Clearing Member;
 - (B) A description of such documents, including the CUSIP or ISIN numbers; and
 - (C) The date on which such documents were returned to the FCM Clearing Member or the details of disposition by other means.
- (iii) Such records shall be retained in accordance with CFTC Regulation 1.31. No such investments shall be made except in instruments permitted under FCM CDS Clearing Regulation 6(g).
- (j) Valuation of Instruments Purchased with FCM Client Funds. FCM Clearing Members that invest FCM Client funds in instruments permitted under FCM CDS Clearing Regulation 6(g) shall include such instruments in their FCM Cleared Swaps Client Segregated Depository Account records and reports at values which at no time exceed their then current market value, determined as of the close of the market on the date for which such computation is made.
- (k) Increment or Interest Resulting from Investment of FCM Client Funds. The investment of FCM Client funds in instruments permitted under FCM CDS Clearing Regulation 6(g) shall not prevent the FCM Clearing Member or LCH SA so investing such funds from receiving and retaining as its own any increment or interest resulting therefrom.

- (l) FCM Cleared Swaps Client Segregated Depository Accounts; Daily Computation and Record.
- (i) Each FCM Clearing Member must compute as of the close of the previous Business Day:
 - (A) the aggregate amount of FCM Client funds on deposit in its FCM Cleared Swaps Client Segregated Depository Account on behalf of FCM Clients;
 - (B) the amount of such FCM Client funds required by the CEA, CFTC Regulations and the CDS Clearing Rule Book to be on deposit in its FCM Cleared Swaps Client Segregated Depository Account on behalf of such FCM Clients, including the amount attributable to each individual FCM Client; and
 - (C) the amount of the FCM Clearing Member's residual interest in such FCM Client funds.
 - (ii) In computing the aggregate amount of funds required to be in its FCM Cleared Swaps Client Segregated Depository Account, an FCM Clearing Member may offset any net deficit in a particular FCM Client's account against the then current market value of readily marketable securities, less applicable percentage deductions (i.e., "securities haircuts") as set forth in Rule 15c3-1(c)(2)(vi) of the Securities and Exchange Commission (17 CFR § 241.15c3-1(c)(2)(vi)), held for the same customer's account. The FCM Clearing Member must maintain a security interest in the securities, including a written authorization to liquidate the securities at the FCM Clearing Member's discretion, and must segregate the securities in a safekeeping account with LCH SA or a Permitted Depository. For purposes of this FCM CDS Clearing Regulation 6(l), a security will be considered readily marketable if it is traded on a "ready market" as defined in Rule 15c3-1(c)(11)(i) of the Securities and Exchange Commission (17 CFR § 240.15c3-1(c)(11)(i)).
 - (iii) The daily computations required by this FCM CDS Clearing Regulation 6(l) must be completed by the FCM Clearing Member prior to noon on the next Business Day and must be kept, together with all supporting data, in accordance with the requirements of CFTC Regulation 1.31.
- (m) Classification of Positions. Each FCM Clearing Member shall maintain, as provided in CFTC Regulation 1.31, a record of all securities and property received from FCM Clients in lieu of money to purchase, margin, guarantee or settle the FCM Cleared Transactions cleared on behalf of such FCM Clients. Such record shall show separately for each FCM Client: a description of the securities or property received; the name and address of such FCM Client; the dates when the securities or property were received; the identity of the Permitted Depositories or other places where such securities or property are segregated; the dates of deposits and withdrawals from such Permitted Depositories; and the dates of return of such securities or property to such FCM Client, or other disposition thereof, together with the facts and circumstances of such other disposition.
- (n) Change in Law or Regulations. LCH SA shall enforce the rules set forth in this FCM CDS Clearing Regulation 6 (and set forth in these FCM CDS Clearing Regulations generally) at

all times in accordance with and subject to the CEA and CFTC Regulations. In the event that a change in law or in CFTC Regulations occurs but has not yet been reflected appropriately in the CDS Clearing Rule Book, the CFTC Regulations (to the extent compliance therewith has become mandatory) and Applicable Law will prevail, the provisions of the CDS Clearing Rule Book shall be deemed to be modified accordingly and LCH SA will enforce these FCM CDS Clearing Regulations in accordance with CFTC Regulations and applicable law.