

ICE Clear Europesm

Clearing Rules

July 2022 [\[●\]](#)

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Exhibit 1: Customer-CM CDS Transaction Standard Terms

Exhibit 2: Customer-CM F&O Transaction Standard Terms

Exhibit 3: Customer-CM FX Transaction Standard Terms

Exhibit 4: Settlement and Notices Terms

Part 1 – General Provisions

The term "**Clearing House F&O GF (Financials & Softs) Contribution**" means that portion of the Clearing House F&O GF Contribution as is allocated by the Clearing House as applying primarily to Financials & Softs Contracts and residually to Energy Contracts.

The term "**Clearing House F&O Initial Contribution**" means amounts allocated by the Clearing House as being available to be applied following an Event of Default in accordance with Rule 908(b)(ii) or Rule 908(g)(ii)(A) and as maintained pursuant to Rule 1103(f) including, where the context so requires, any proceeds of realisation of the same.

The term "**Clearing House F&O Initial (Energy) Contribution**" means that portion of the Clearing House F&O Initial Contribution as is allocated by the Clearing House as applying primarily to Energy Contracts and residually to Financials & Softs Contracts.

The term "**Clearing House F&O Initial (Financials & Softs) Contribution**" means that portion of the Clearing House F&O Initial Contribution as is allocated by the Clearing House as applying primarily to Financials & Softs Contracts and residually to Energy Contracts.

The term "**Clearing House FX Contributions**" means the Clearing House FX GF Contribution and the Clearing House FX Initial Contribution.

The term "**Clearing House FX GF Contribution**" means amounts allocated by the Clearing House as being available to be applied following an Event of Default in accordance with Rule 908(d)(iv)(B) or Rule 908(g)(iv)(D) and as maintained pursuant to Rule 1103(f) including, where the context so requires, any proceeds of realisation of the same.

The term "**Clearing House FX Initial Contribution**" means amounts allocated by the Clearing House as being available to be applied following an Event of Default in accordance with Rule 908(d)(ii) or Rule 908(g)(ii)(C) and as maintained pursuant to Rule 1103(e) including, where the context so requires, any proceeds of realisation of the same.

The term "**Clearing House Initial Contributions**" means the Clearing House CDS Initial Contribution, the Clearing House F&O Initial Contribution and the Clearing House FX Initial Contribution.

The term "**Clearing Member**" means a Person which has entered into a Clearing Membership Agreement with the Clearing House and which has been admitted as a clearing member pursuant to Part 2 of these Rules.

The term "**Clearing Member-Required Additional Margin**" has the meaning set out in the relevant Standard Terms.

The term "**Clearing Membership Agreement**" means an agreement between the Clearing House and a Clearing Member under which, *inter alia*, the Clearing House agrees to provide Clearing in respect of Contracts to that Clearing Member and that Clearing Member agrees to be bound by and subject to these Rules. Without prejudice to the generality of Rule 102(b) or to the effectiveness of any other agreement between a Clearing House and a Clearing Member, for the avoidance of doubt, for Clearing Members that have executed a Pledged Collateral Addendum, [Gold Addendum or Emission Allowances Supplement](#), the relevant Clearing Membership

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Agreement will be interpreted as amended by that Pledged Collateral Addendum, [Gold Addendum and/or Emission Allowances Supplement](#).

The term "**Clearing Organisation**" means any clearing house duly authorised, regulated, recognised or licensed under Applicable Laws in any jurisdiction, including any recognised clearing house, recognised overseas clearing house, derivatives clearing organisation, securities clearing agency or similar entity.

The term "**Clearing Processing System**" means the clearing processing system for Energy Contracts, the universal clearing platform for Financials & Softs Contracts and other clearing processing systems and platforms used by the Clearing House for F&O Contracts.

The term "**CLS Bank**" means CLS Bank International.

The term "**Collateral Offset Obligations**" means obligations of a Clearing Member arising pursuant to Rule 919 to pay the Clearing House, which offset obligations of the Clearing House to pay the Clearing Member or return assets in respect of Permitted Cover transferred or pledged to the Clearing House by the Clearing Member.

The term "**Component Transaction**" has the meaning set out in Part 15.

The term "**Concentration Bank**" means an Approved Financial Institution at which the Clearing House has an account or accounts for the purpose of making transfers between Clearing House Accounts.

The term "**Contract**" means a contract between the Clearing House and a Clearing Member (or Sponsored Principal) arising in accordance with these Rules, and as amended, subject to netting or aggregation in accordance with these Rules, the terms and conditions of which are the relevant Contract Terms.

The term "**Contract Category**" means any of the three categories of Contract cleared by the Clearing House which are linked to a specific Guaranty Fund, i.e. F&O Contracts, CDS Contracts and FX Contracts.

For the definition of the term "**Contract Position**", see 'Open Contract Position' below.

The term "**Contract Terms**" means all the terms and conditions of a Contract, as applicable, in: (i) the general conditions set out in the Contract Terms Procedures; (ii) (in relation to F&O Contracts only) the relevant Market Rules; (iii) (except in relation to F&O Contracts which are settled only in cash) if such F&O Contract becomes deliverable or is a Contract of Sale, the relevant Delivery Procedures for the class of F&O Contract, the specified terms set out in the Contract Terms Procedures, as applicable; and (iv) for CDS Contracts, the terms specified pursuant to Rule 1502; and (v) for FX Contracts, the general conditions set out in the Rules and Procedures.

The term "**Control**" means the rights and powers exercised over a Person by a Controller and its cognate terms shall be construed accordingly.

The term "**Controller**" has the meaning given to that term in section 422 of the FSMA.

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The term "**Eligible Currencies**" means USD, EUR, GBP, CAD, CHF, SEK and such other currencies as are specified as eligible in the Finance Procedures or otherwise by the Clearing House from time to time.

The term "**Emission Allowance**" has the same meaning as that given to the term in MiFID II.

The term "**Emission Allowances Supplement**" means an addendum to a Clearing Membership Agreement concerning the transfer of Emission Allowances to and from the Clearing House as Permitted Cover.

The term "**Emissions Registry**" means a 'registry' (within the meaning of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC or otherwise) that has been approved by the Clearing House for purposes of deliveries of Emission Allowances under F&O Contracts.

The term "**EMIR**" (European Market Infrastructure Regulation) means Regulation (EU) No, 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and includes all delegated or implementing regulations, decisions and technical standards thereunder as interpreted in accordance with any applicable guidance publicly issued by ESMA or any Regulatory Authority.

The term "**Encumbrance**" means any claim, charge, mortgage, security, lien, equity, beneficial interest, power of sale, option or other right to purchase, usufruct, hypothecation, retention of title, right of pre-emption or other third party right or security interest of any kind or an agreement to create any of the foregoing.

The term "**Energy**" is used to refer to the Clearing of Contracts arising on or reported through Markets, excluding the Clearing of Financial & Softs products.

The term "**Energy Block Trade Facility**" means a 'block trade' transaction under applicable Market Rules or any similar transaction under any Market Rules, for Energy Transactions.

The term "**Energy Block Transaction**" means an EFS, EFP, EFRP, Basis Trade or Energy Block Trade Facility transaction in respect of Energy reported through a Market in accordance with the relevant Market Rules.

The term "**Energy Clearing Member**" means a Clearing Member that is authorised by the Clearing House to become party to Energy Contracts.

The term "**Energy Contract**" means a Contract resulting from the clearing of an Energy Transaction.

The term "**Energy Matched Transaction**" means a Transaction that occurs or occurred in respect of Energy on a Market in accordance with the relevant Market Rules.

The term "**Energy Transaction**" means an Energy Matched Transaction or an Energy Block Transaction where the related trade particulars or data submitted or provided to the Clearing House

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The term "**General Customer Account**" means a kind of Customer Account with the Clearing House opened in the name of an FCM/BD Clearing Member for the recording of F&O Contracts (other than U.S. Futures, Swaps or Non-DCM/Swaps) to which that FCM/BD Clearing Member is a party as a result of it acting for one or more General Customers, and related Margin.

The term "**Gold Addendum**" means an addendum to a Clearing Membership Agreement concerning the transfer of gold to and from the Clearing House as Permitted Cover.

The term "**Governmental Authority**" means any Regulatory Authority and any national, federal, supranational, state, regional, provincial, local or other government, government department, ministry, governmental or administrative authority, regulator, agency, commission, secretary of state, minister, court, tribunal, judicial body or arbitral body or any other Person exercising judicial, executive, interpretative, enforcement, regulatory, investigative, fiscal, taxing or legislative powers or authority anywhere in the world with competent jurisdiction.

The term "**Group Company**" means, with respect to any entity, an undertaking which is a parent undertaking or subsidiary undertaking of that entity or a subsidiary undertaking of any parent undertaking of that entity. For the purposes of this definition, the expressions "parent undertaking" and "subsidiary undertaking" shall have the meanings given to them in section 1162 of the Companies Act 2006, the expression "undertaking" shall have the meaning given to it in section 1161 of the Companies Act 2006 and the expression "entity" shall have the same meaning as the expression "undertaking".

The term "**Guaranty Funds**" means the F&O Guaranty Fund, the CDS Guaranty Fund and the FX Guaranty Fund.

The term "**Guaranty Fund Contribution**" means Permitted Cover transferred by a Clearing Member to the Clearing House as a contribution to the Guaranty Fund pursuant to Part 11 that has not been applied pursuant to Part 9 and includes, where the context so requires, any proceeds of realisation of the same.

The term "**Guaranty Fund Period**" (i) for the F&O Guaranty Fund, means a period for which the total amount of F&O Guaranty Fund Contributions for the F&O Guaranty Fund is fixed pursuant to the Finance Procedures (subject to any termination or suspension of any F&O Clearing Member's membership or status as an F&O Clearing Member, new F&O Clearing Members making F&O Guaranty Fund Contributions and the Clearing House's discretions pursuant to Part 11); (ii) for the CDS Guaranty Fund, means a period for which the total amount of CDS Guaranty Fund Contributions for the CDS Guaranty Fund is fixed pursuant to the Finance Procedures (subject to any termination or suspension of any CDS Clearing Member's membership or status as a CDS Clearing Member, new CDS Clearing Members making CDS Guaranty Fund Contributions and the Clearing House's discretions pursuant to Part 11; or (iii) for the FX Guaranty Fund, means a period for which the total amount of FX Guaranty Fund Contributions for the FX Guaranty Fund is fixed pursuant to the Procedures (subject to any termination or suspension of any FX Clearing Member's membership or status as an FX Clearing Member, new FX Clearing Members making FX Guaranty Fund Contributions and the Clearing House's discretions pursuant to Part 9).

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Rule 501 Approved Financial Institutions

- (a) The Clearing House will maintain a list of Approved Financial Institutions. Only Approved Financial Institutions shall be permitted by the Clearing House to open and operate, on behalf of Clearing Members, accounts from which the Clearing House can draw amounts pursuant to a direct debit mandate, for the collection of amounts due to the Clearing House from time to time. Approved Financial Institutions may also act in such other capacity as the Clearing House may approve in writing from time to time.
- (b) All cash transfers made by Clearing Members to or to the order of the Clearing House must be made from an account at an Approved Financial Institution, unless the Clearing House gives its prior written consent to another method being used.
- (c) Clearing Members are given notice that the Clearing House may suspend or terminate the status of an Approved Financial Institution or attach, amend or revoke conditions to the continued status of an Approved Financial Institution. The Clearing House may take such steps if an institution no longer meets all of the requirements of the Clearing House or if the Clearing House determines that it would be advisable for the Clearing House's own protection, the protection of Clearing Members or the protection of a Market to do so.

Rule 502 Margin

- (a) Each Clearing Member shall transfer Permitted Cover to the Clearing House in respect of Margin in such amounts, in such forms and at such times as are required pursuant to this Part 5 and otherwise as may be prescribed by the Clearing House and notified to Clearing Members, in each case in accordance with these Rules and the Finance Procedures, from time to time.
- (b) At any time on which a requirement for Original Margin, FX Original Margin, Initial Margin or Margin under Rule 502(g) falls due and insufficient Permitted Cover is held, the Clearing Member must initially transfer cash in an Eligible Currency. Thereafter a Clearing Member may in accordance with the Finance Procedures substitute such cash Margin with other Permitted Cover by delivery of the replacement Permitted Cover to the Clearing House. [Permitted Cover must be transferred in accordance with the Finance Procedures and will only be recognised by the Clearing House at or after the times stated in the Finance Procedures, which may not be immediately upon receipt.](#) The amount of Original Margin or Margin under Rule 502(g) for any Business Day shall be calculated (and, if necessary, called) separately in respect of each Proprietary Account and each Customer Account for each Clearing Member in accordance with the Finance Procedures.
- (c) Variation Margin, FX Mark-to-Market Margin and Mark-to-Market Margin payments may be made by the Clearing House or a Clearing Member only in cash in the Eligible Currency in which the Contract in question is to be or can be settled (for F&O Contracts), which is the settlement currency (for CDS Contracts) pursuant to the Contract Terms or which is specified as the FX Mark-to-Market Margin currency for the relevant Set (for FX Contracts) (save where the Finance Procedures require otherwise).

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- (d) Details of Eligible Currencies and other Permitted Cover that may be used to satisfy Margin obligations will be notified to Clearing Members from time to time by a Circular. The Clearing House may, at its discretion, vary or alter the standard Margin requirements, nature or types of acceptable Eligible Currencies and Permitted Cover, specify proportions or maximum proportions of cash or asset classes to be provided as Margin or modify any valuation procedures or haircuts set out in or established pursuant to the Finance Procedures, Circulars or any risk policies. Any general changes to requirements for Margin or Permitted Cover will be notified to Clearing Members by a Circular.
- (e) Certain classes of Permitted Cover may be subject to haircuts in accordance with the Finance Procedures (as specified from time to time by Circular) pursuant to which certain classes of Permitted Cover do not count for their full face or market value in the determination of Margin for the account of a Clearing Member. For the avoidance of doubt, this Rule 502(e) shall apply to any haircuts imposed pursuant to clause 2.9 of the Pledged Collateral Addendum.
- (f) The Clearing House may require a Clearing Member or Clearing Members to transfer cash in other Eligible Currencies or Permitted Cover with the Clearing House in substitution for any Permitted Cover already transferred to the Clearing House.
- (g) The Clearing House may impose, amend or withdraw additional Margin requirements in respect of any Clearing Member at any time and at its discretion.
- (h) The Clearing House may designate by Circular or Rule that a Proprietary Margin Account or Customer Margin Account or any sub-account of such an account of a Clearing Member shall be a Pledged Collateral Account and consequently that all or any part of the Margin (or Permitted Cover in respect thereof) to be provided to the Clearing House with respect to such account may be provided by way of Pledged Collateral. In the absence of such express designation, a Proprietary Margin Account or Customer Margin Account will not be a Pledged Collateral Account. The Clearing House undertakes in favour of each Clearing Member that has executed a Pledged Collateral Addendum (which remains valid and effective and which has not been terminated or rescinded) that the Clearing House will not redesignate any of such Clearing Member's Accounts or any sub-account thereof which is a Pledged Collateral Account as not being a Pledged Collateral Account (without the consent of the Clearing Member) or otherwise in such a way as would cause the Clearing Member to breach any Applicable Law or would affect the characterisation of the Margin in such Account as being provided by the relevant Clearing Member by way of pledge (in the case of a Pledged Collateral Addendum governed by New York and U.S. law) or security financial collateral arrangement (in the case of a Pledged Collateral Addendum governed by English law) pursuant to the Pledged Collateral Addendum.
- (i) Any Pledged Collateral recorded in a Pledged Collateral Account is transferred to the Clearing House as contingent cover for Margin on the basis that it may only be applied by the Clearing House in accordance with the terms of the Pledged Collateral Addendum:
 - (i)(A) following an Event of Default pursuant to Rule 905 and Rule 906 as cover for Margin against a liability of the Clearing Member relating to the relevant Account of the Pledged Collateral Account (provided that the value of any Pledged Collateral returned

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directly to a Clearing Member or any Person on such Clearing Member's behalf will be excluded from the calculation of any relevant net sum); and (B) only to the extent that such applied amount is required to be included in the net sum calculation to ensure that the net sum for the relevant Account of the Pledged Collateral Account would not represent an amount payable by the Defaulter to the Clearing House; or (ii) pursuant to the Default Portability Rules. In any such circumstances, it will be applied by virtue of amounts representing the proceeds of Pledged Collateral being included in amount *M* of the relevant net sum pursuant to Rule 906(a). Any Pledged Collateral not applied in accordance with this provision and which is not transferred to a Transferee Clearing Member in accordance with Part 9 of the Rules shall be returned to the relevant Clearing Member or other payee as permitted under Part 9 of the Rules, as a result of such Clearing Member's, or other payee's entitlements to such Pledged Collateral and not as part of the net sum process arising pursuant to Part 9 of the Rules. Any such return by the Clearing House of Pledged Collateral outside of the net sum calculation shall discharge and satisfy in full the Clearing House's obligations to return such Pledged Collateral to the Clearing Member by the payee and all of their Customers and no Person shall have any further claim against the Clearing House in respect of such Pledged Collateral. To the extent any Pledged Collateral is, or is required under Applicable Law to be, returned to a Defaulter, it shall be returned separately from any net sum certified by the Clearing House pursuant to Rule 906.

- (j) Without limiting Rule 111, but subject to any contrary requirements of law: the Clearing House shall not be liable to any Clearing Member's Customer or other Person for any losses, liabilities, damages, costs, claims, shortfalls or expenses arising out of or relating to the holding of any Pledged Collateral or the assets in any Pledged Collateral Account ("**Custodial Losses**"), except to the extent such Custodial Losses result from the gross negligence or wilful misconduct of the Clearing House. The Clearing House shall have no responsibility for any investment decisions made or directed by a Clearing Member (or any Representative thereof) with respect to assets representing Pledged Collateral or for the results of any such investments. The Clearing House shall be under no obligation to inquire into, and shall be fully protected in relying on, any requests, instructions or directions with respect to Pledged Collateral or the assets in any Pledged Collateral Account under these Rules received from a Person the Clearing House believes to be authorised to act on behalf of the appropriate Clearing Member.
- (k) Changes to the matters described in Rules 502(d) and (e) above, including assets eligible as Margin or Permitted Cover and the haircuts established with respect thereto, will be based on an analysis of appropriate factors as determined by the Clearing House, including historical and implied price volatility of such assets, current and anticipated conditions in the market for those assets, spreads and correlations between relevant assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information.

Rule 503 *Margin Calls and Return of Surplus Collateral*

- (a) Margin shall be and become due and payable at the times specified by the Clearing House pursuant to Rule 302.

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- (b) Regular Margin calculations will be made by the Clearing House on each Business Day. Any such calculation may result in a call for additional Permitted Cover pursuant to Part 3.
- (c) The Clearing House shall be entitled, at its discretion, to make an intra-day call for Margin or any other amount payable to it. In the event of such a call being made, the Clearing House will:
 - (i) give notice to each Clearing Member which is required to make payment to the Clearing House of the amount payable by such Clearing Member and time by which payment must be made; and
 - (ii) immediately after giving or making reasonable efforts to give the notice described in Rule 503(c)(i), instruct the relevant Approved Financial Institution to transfer funds equal to the amount due to the Clearing House from the account of such Clearing Member to an account of the Clearing House.
- (d) For regular calls relating to F&O Contracts, Margin shall be calculated with reference to a Clearing Member's Open Contract Position in accordance with the Finance Procedures. For any intra-day Margin call relating to F&O Contracts, Margin shall be calculated with reference to a Clearing Member's Open Contract Position (which includes in relation to the Customer Account where positions are held in gross in accordance with the Clearing Procedures, the net additional exposure relating to any Contracts held gross which have not been contractually netted or aggregated in accordance with Rule 406) in accordance with the Finance Procedures.
- (e) The amount of Variation Margin for any Business Day shall be calculated (and, if necessary, called) separately in respect of each Proprietary Account and each Customer Account for each Clearing Member in accordance with the Finance Procedures. Each such Variation Margin call shall be:
 - (i) in the case of F&O Contracts reflected in a net or aggregated Open Contract Position, based on the Exchange Delivery Settlement Prices at which Open Contract Positions in F&O Contracts are recorded on the Clearing House's books; and
 - (ii) in the case of F&O Contracts not yet reflected in a net or aggregated Open Contract Position, represented by the difference between the Exchange Delivery Settlement Price and the price at which each such F&O Contract was bought or sold; provided, however, that in the case of any F&O Contract based on an index, the amount of the final Variation Margin payment shall be determined as specified in the rules of the Exchange on which the index is based.
- (f) Regular calls for Margin in respect of CDS Contracts will be made following the close of business on each Business Day as follows and in accordance with the Finance Procedures:
 - (i) For Initial Margin (including Physical Settlement Margin) calls, the Clearing House shall calculate net amounts as due to or from the Clearing House from or to each

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CDS Clearing Member separately in respect of its Proprietary Margin Account and relevant Customer Margin Account (if any). Such amounts shall in each case be calculated in accordance with the risk policies of the Clearing House based on the difference between the CDS Clearing Member's requirement for Initial Margin and Physical Settlement Margin and the value attributed by the Clearing House to assets accounted for by the Clearing House as Margin of that category, in accordance with the Finance Procedures. Additional amounts in respect of Physical Settlement Margin may also be required pursuant to the CDS Procedures or Rule 502(g).

- (ii) For Mark-to-Market Margin calls, each currency in which a CDS Contract is denominated is treated as a separate category (each, a "**Mark-to-Market Margin Category**"). For each Mark-to-Market Margin Category of a CDS Clearing Member, the Clearing House shall calculate net amounts as due to or from the Clearing House from or to each CDS Clearing Member separately in respect of its Proprietary Margin Account and Customer Margin Account (if any) based on the change in Mark-to-Market Price from the last time at which a Mark-to-Market Margin call was made, in accordance with the Finance Procedures.
- (g) The "**Mark-to-Market Price**", for CDS Contracts of a Set at any time is the price, determined by the Clearing House in accordance with the Finance Procedures and calculated in accordance with its risk policies. To aid in the establishment of Mark-to-Market Prices, Clearing Members are required to submit end-of-day prices relating to Sets of CDS Contracts. In connection with the Clearing services provided by the Clearing House and as detailed in the CDS Procedures, the submission of end-of-day prices relating to CDS Contracts may, on the day of price submission only, result in a CDS Contract arising pursuant to Rule 401(a)(xi).
- (h) For regular and intra-day Margin calls relating to FX Contracts, Margin shall be calculated with reference to the FX Contracts to which the Clearing Member is party, in accordance with the Procedures.
- (i) The amount of FX Mark-to-Market Margin for any Business Day shall be calculated (and, if necessary, called) separately in respect of each Proprietary Account and Customer Account in accordance with the Procedures. Each such FX Mark-to-Market Margin call shall be based on changes to the mark-to-market values for FX Contracts and exchange rates from the last time at which a call for FX Mark-to-Market Margin was made in accordance with Part 17 of the Rules and the Procedures.
- (j) The Clearing House shall return to a Clearing Member or Sponsored Principal the amount of any Surplus Collateral, provided that the Clearing House receives a request for such a release from such Clearing Member or Sponsored Principal prior to such time as may be specified by the Clearing House for the day on which such release is to be made or pursuant to standing instructions for the return of Surplus Collateral, as the same may be established or amended in accordance with the Finance Procedures, such returns to be made in accordance with Rule 302 and the Finance Procedures.

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- (k) To the extent that the Clearing House permits the usage of more than one class of Permitted Cover in respect of Margin-flow Co-mingled Accounts or Segregated Gross Indirect Accounts, each Non-FCM/BD Clearing Member with more than one Margin-flow Co-mingled Account or Segregated Gross Indirect Account using the same position-keeping account will report to the Clearing House immediately on each occasion that there is a transfer of any Permitted Cover to or from the Clearing House in respect of such Margin-flow Co-mingled Accounts or Segregated Gross Indirect Accounts, other than in connection with a call or return of cash Margin under Rule 303, in the form and manner required by the Clearing House from time to time. Each such Permitted Cover report shall specify the exact total amount of cash of each Eligible Currency and notional amounts of Permitted Cover in the form of securities of each ISIN [and details of any other eligible asset class](#) transferred to or withdrawn from each Margin-flow Co-mingled Account or Segregated Gross Indirect Account. The total nominal amounts of assets in such Permitted Cover reports, in order to be valid, must completely reconcile with Clearing House records of the total nominal amounts of Permitted Cover transferred to or withdrawn from the Clearing House in respect of all relevant Margin-flow Co-mingled Accounts or Segregated Gross Indirect Accounts of the Clearing Member, but the Clearing House shall be under no obligation to check or verify any such report. Valid Permitted Cover reports under this Rule 503(k) may be definitively relied upon by the Clearing House. If at any time the Clearing House is not in receipt of a valid Permitted Cover report required under this Rule 503(k), each Margin-flow Co-mingled Account or Segregated Gross Indirect Account, in respect of which the Clearing Member has failed to provide a valid Permitted Cover report, shall be deemed to have recorded in it a *pro rata* share of each class of Permitted Cover transferred to the Clearing House, or have withdrawn from it a *pro rata* share of each class of Permitted Cover withdrawn from the Clearing House, with *pro rata* shares based upon the Margin requirements for each Margin-flow Co-mingled Account or Segregated Gross Indirect Account as determined based on the Clearing House's Position Accounts.

Rule 504 *Rights relating to Margin and Representations of Clearing Members*

- (a) The rights and liabilities of the Clearing House and each Clearing Member in relation to Permitted Cover are set out in the Clearing Membership Agreement and these Rules.
- (b) Each Clearing Member will act as principal and not as agent in providing Margin to the Clearing House. The Clearing House will take no account of any right or interest which any Person other than the Clearing Member may have in any Margin furnished by such Clearing Member to the Clearing House.
- (c) Each Clearing Member will be deemed to represent and warrant to the Clearing House on each date on which such Clearing Member transfers Permitted Cover to the Clearing House that:
- (i) immediately prior to any such Permitted Cover being transferred to the Clearing House, the Clearing Member is or was the sole legal and beneficial owner of all such assets (or such assets are provided with all legal and beneficial owners' unconditional consent for their use and application pursuant to these Rules);

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- (ii) the Clearing House is not subject to any obligation to perform directly to any of a Clearing Member's Customers, Affiliates or Representatives or any third party as a result of the Clearing Member granting any interest in any receivable from the Clearing House resulting from the Clearing House's receipt or use of such Permitted Cover, except as expressly provided pursuant to these Rules or any Pledged Collateral Addendum or as mandated pursuant to Applicable Law;
- (iii) such Permitted Cover is provided on the basis that it may be used by the Clearing House and applied in accordance with these Rules;
- (iv) the Clearing Member will not claim that any transfer of Permitted Cover to or use of Permitted Cover by the Clearing House in accordance with the Rules or the relevant Clearing Membership Agreement is contrary to or in breach of any requirement of Applicable Law, third party right or other contractual obligation (provided that the Clearing House does not cause such breach by amending these Rules);
- (v) the Clearing Member is not in breach of any of its contractual obligations or regulatory requirements under MiFID II or other Applicable Laws towards any third party as a result of the transfer of Permitted Cover to the Clearing House (provided that the Clearing House does not cause such breach by amending these Rules) or its collection from or receipt of any assets from its clients; and
- (vi) if it is subject to CASS 7.18 of the FCA Rules:
 - (A) its Segregated Customer Omnibus Accounts For CDS, Segregated Customer Omnibus Accounts For F&O, Segregated Customer Omnibus Accounts For FX, Standard Omnibus Indirect Accounts for CDS, Standard Omnibus Indirect Accounts for F&O and Standard Omnibus Indirect Accounts for FX only contain cash where the corresponding cash claim or receivable in the hands of the Clearing Member is treated by the Clearing Member as a client money claim or receivable and only contain non-cash assets (resulting from a transfer into the account by the Clearing Member) which the Clearing Member was entitled to treat as client assets prior to their transfer to the Clearing House;
 - (B) each of its Individually Segregated Sponsored Accounts, Margin-flow Comingled Accounts and Segregated Gross Indirect Accounts in respect of which a letter has been delivered to the Clearing House pursuant to Rule 102(q)(viii) only contain cash where the corresponding cash claim or receivable in the hands of the Clearing Member is treated by the Clearing Member as a client money claim or receivable and only contain non-cash assets (resulting from a transfer into the account by the Clearing Member) which the Clearing Member was entitled to treat as client assets prior to their transfer to the Clearing House; and

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- (C) none of its Customer Accounts or Proprietary Accounts other than such Accounts as are mentioned in paragraphs (A) or (B) contain any cash where the corresponding cash claim or receivable in the hands of the Clearing Member is required to be treated by the Clearing Member as a client money claim or receivable nor contain any non-cash assets (resulting from a transfer into the account by the Clearing Member) which the Clearing Member was required to treat as client assets prior to their transfer to the Clearing House.
- (d) The Clearing Member shall be liable to the Clearing House for any cost or liability incurred by the Clearing House as a result of the Clearing House possessing, holding, perfecting the title (or, in the case of Pledged Collateral, perfecting its security interest) to or otherwise being associated with, any asset provided to it by that Clearing Member by way of Margin.
- (e) Where a Clearing Member has appointed a Disclosed Principal Member, any obligation to transfer Margin (or any other amount, payment or performance) of a Clearing Member to the Clearing House shall be construed as an obligation of the Disclosed Principal Member and any right to receive Margin (or any other amount, payment or performance) from the Clearing House shall be construed as a right of the Disclosed Principal Member and all other provisions of these Rules relating to Margin, payments and performance shall be construed accordingly.
- (f) Each Non-FCM/BD Clearing Member shall require and receive Customer-CM Collateral from its Customers or fund such Permitted Cover only in such a manner as is consistent with these Rules and the relevant Standard Terms and in a manner which allows the Clearing Member to transfer Permitted Cover to the Clearing House in accordance with its obligations under the Clearing Membership Agreement and these Rules.
- (g) Any amount or asset recorded in a particular Account may be applied by the Clearing House to the extent permitted under Part 9 of the Rules as against the net sum for such Account or transferred to the extent permitted under Rule 906 regardless of the origin or status of such amount or assets at the time of transfer or prior to the time of transfer as Customer-CM Collateral, title transfer collateral, security interest collateral, Pledged Collateral or otherwise.
- (h) The Clearing House has acknowledged in Rule 102(q), Rule 906(b), letters countersigned and returned by the Clearing House in accordance with Rule 102(q), Clearing Membership Agreements, Sponsor Agreements and Sponsored Principal Clearing Agreements that:
 - (i) no Customer Account of a Clearing Member or Individually Segregated Sponsored Account (or any money, asset or contract recorded in such a Customer Account or Individually Segregated Sponsored Account) is to be combined or co-mingled with a Proprietary Account of the same or same sponsoring Clearing Member (or any money, asset or contract recorded in such a Proprietary Account);
 - (ii) no Customer Account of a Clearing Member or Individually Segregated Sponsored Account (or any money, asset or contract recorded in such a Customer Account or

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Individually Segregated Sponsored Account) is to be combined or co-mingled with a different Customer Account or Individually Segregated Sponsored Account of the same or same sponsoring Clearing Member (or any money, asset or contract recorded in such a Customer Account or Individually Segregated Sponsored Account); and

- (iii) no right of set-off shall be exercised by the Clearing House against money, asset or contract credited to a Customer Account in respect of any sum or obligation owed to the Clearing House on any other account.
- (i) A Clearing Member shall take any action reasonably requested by the Clearing House that may be necessary or desirable to create, preserve, perfect or validate the right, title or interests of the Clearing House in Margin or Guaranty Fund Contributions intended to be created under these Rules, the relevant Clearing Membership Agreement, any Sponsor Agreement, any Sponsored Principal Clearing Agreement or any Pledged Collateral Addendum or to enable the Clearing House to exercise or enforce any of its rights with respect thereto.

Rule 505 Financial Collateral Regulations

Clearing Members, Sponsored Principals, Customers and the Clearing House acknowledge that, except where a payment of Variation Margin, Mark-to-Market Margin, or FX Mark-to-Market Margin or a settlement or delivery payment occurs, the Financial Collateral Regulations apply in relation to all Permitted Cover, Margin and Guaranty Fund Contributions transferred to the Clearing House in the form of "cash" or "financial instruments" (in either case, as defined in the Financial Collateral Regulations). Each Clearing Member, Sponsored Principal, Sponsor and Customer agrees that it will not dispute the construction of the arrangements regarding the provision of such assets under these Rules as "financial collateral arrangements" within the meaning of the Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on Financial Collateral Arrangements.

Rule 506 Sponsored Principals

- (a) This Part 5 applies to Sponsored Principals in the same way as it applies to Clearing Members except:
 - (i) The last two sentences of Rule 503(g) do not apply.
 - (ii) Rule 504(a) does not apply. The rights and liabilities of the Clearing House, Sponsored Principal and Sponsor in relation to Permitted Cover are set out in the Sponsored Principal Clearing Agreement and Sponsor Agreement and these Rules.
 - (iii) Rule 504(c)(v) does not apply. Each Sponsored Principal and Sponsor will be deemed to represent and warrant to the Clearing House on each date on which there is a transfer of Permitted Cover to the Clearing House in respect of an Individually Segregated Sponsored Account that neither the Sponsor nor the Sponsored Principal will claim that any use of Permitted Cover by the Clearing House in accordance with the Rules or the relevant Sponsor Agreement or Sponsored

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Principal Clearing Agreement is contrary to or in breach of any requirement of Applicable Law, third party right or other contractual obligation (provided that the Clearing House does not cause such breach by amending these Rules).

- (iv) Rule 504(f) does not apply. Each Sponsored Principal will transfer Permitted Cover to the Clearing House only in such a manner as is consistent with these Rules and in accordance with its obligations under the Sponsored Principal Clearing Agreement and these Rules. If the Sponsor is operationally responsible for meeting calls for Permitted Cover on behalf of the Sponsored Principal, the Sponsor shall require and receive collateral from the Sponsored Principal or fund such Permitted Cover only in such a manner as is consistent with these Rules and in a manner which allows the Sponsored Principal to transfer Permitted Cover to the Clearing House in accordance with its obligations under the Sponsored Principal Clearing Agreement and these Rules.
- (v) Rule 504(h) and (i) apply to Individually Segregated Sponsored Accounts in the manner expressly set out therein.
- (vi) Nothing in this Part 5 requires a Sponsored Principal to transfer Guaranty Fund Contributions to the Clearing House.

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Without prejudice to the status of any other provision of these Rules, including Part 9, the provisions of this Part 12 are intended to also constitute 'default rules' for purposes of the Companies Act 1989 and constitute "default procedures" for purposes of article 48 of EMIR, "default rules and procedures" for purposes of section 5b(c)(2)(G) of the CEA, "rules on the moment of entry and irrevocability" of a system as referred to in Article 22a of the Settlement Finality Directive, "default arrangements" for the purposes of the Settlement Finality Regulations and "default procedures" for purposes of SEC Rule 17Ad-22. These rules are intended to comply with provisions of the Settlement Finality Regulations in addition to other Applicable Laws. In addition to these Rules, the Clearing House relies on its legal rights under Applicable Laws in handling Events of Default, including under EMIR, FSMA, the Companies Act 1989, the Settlement Finality Directive, the Settlement Finality Regulations, the Financial Collateral Directive, the Financial Collateral Regulations, the U.S. Bankruptcy Code and the FSMR, as applicable.

Rule 1201 Introduction and Interpretation

- (a) The Clearing House is the system operator of a Designated System for the purposes of the Settlement Finality Regulations in respect of Transfer Orders. In addition, Part VII of the Companies Act 1989 applies in respect of Contracts, the 'default rules' and 'default proceedings' of the Clearing House and certain other matters related to the Clearing House.
- (b) Clearing Members and other Participants are subject to various obligations and requirements as a result of the Settlement Finality Regulations and Companies Act 1989. Clearing Members and other Participants must comply with, facilitate compliance by the Clearing House with, and comply with any action taken by the Clearing House pursuant to, the Settlement Finality Regulations or the Companies Act 1989. Furthermore, various modifications to Applicable Laws relating to Insolvency affecting Clearing Members and other Participants apply pursuant to the Settlement Finality Regulations and Companies Act 1989.
- (c) Each Participant in the Designated System is on notice of the provisions of this Part 12. Each Participant shall, by participating in the Designated System, be deemed to have agreed that:
 - (i) (without prejudice to the generality of the provisions of any Clearing Membership Agreement), the provisions set out in this Part 12 apply to and shall bind such Participant (and to any Insolvency Practitioner appointed for, or with powers in respect of, it) in connection with such Participant's participation in the Designated System; and
 - (ii) (without prejudice to the generality of Rule 102(f)), to the extent that there is any conflict between any provision of this Part 12 and any provision of any agreement (including any AFI Agreement) or any contractual or non-contractual obligation which may arise or exist from time to time between any Participant and the Clearing House, the relevant provision of this Part 12 shall prevail, control, govern and be

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binding upon the parties (regardless of the date of entry into or amendment of any such agreement or obligation).

- (d) The term "**AFI Agreement**" means a payment services agreement between the Clearing House and an Approved Financial Institution.
- (e) The term "**Default Arrangements**" means the Rules and Procedures relating to, or that can be exercised upon, an Event of Default including, without limitation, all of Part 9 and Part 11 and this Part 12 of the Rules and Procedures relating thereto and any and all actions, omissions, powers and arrangements of the Clearing House pursuant to such Rules or Procedures.
- (f) The term "**Designated System**" means the system operated by the Clearing House consisting of the formal arrangements, between the Clearing House and Participants including the common rules (including the Rules and the Procedures) and the standardised arrangements (including the AFI Agreements, Investment Agency Agreements, Clearing Membership Agreements, Sponsored Principal Clearing Agreements, Sponsor Agreements and other agreements involving the Clearing House, Clearing Members, Sponsored Principals, Sponsors, Approved Financial Institutions, Concentration Banks, Investment Agent Banks and Emissions Registries, provided that in the event of any conflict between any provision of the Rules or Procedures and any provision of any such agreement or arrangements, the provision of the Rules or Procedures shall prevail, control, govern and be binding on the parties) and related functionality for the effecting of Transfer Orders between the Clearing House and Participants which, *inter alia*:
 - (i) enable the Clearing House to give instructions and to place at the disposal of Clearing Members amounts of money on the account of Approved Financial Institutions;
 - (ii) enable Clearing Members to give instructions and to place at the disposal of the Clearing House amounts of money on the accounts of Approved Financial Institutions;
 - (iii) enables the Clearing House to give instructions and make transfers between its accounts at Approved Financial Institutions, Concentration Banks and Investment Agent Banks;
 - (iv) enables the Clearing House to give instructions and make transfers between Individually Segregated Margin-flow Co-mingled Accounts and between Segregated Gross Indirect Accounts by way of book entry through its own systems;
 - (v) enable the Clearing House and Clearing Members to fulfil the obligations they incur in respect of Contracts and otherwise to one another pursuant to the Rules;
 - (vi) enable transfers, assignments and novations of Contracts between Clearing Members or following a Default;

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- (vii) enable transfers of Non-Cash Collateral to or to the order of the Clearing House and Clearing Members;
- (viii) enable Bilateral CDS Transactions and CDS Trade Particulars to give rise to CDS Contracts;
- (ix) enable FX Trade Particulars to give rise to FX Contracts;
- (x) enable F&O Block Transactions to give rise to Contracts;
- (xi) facilitate physical settlement obligations under CDS Contracts and obligations for the delivery of Deliverables that are SFD Securities or Emission Allowances under F&O Contracts; and
- (xii) facilitate supplementary and incidental matters to the satisfaction of obligations pursuant to Contracts and the collection and payment of amounts due in respect of Contracts or Permitted Cover.

(g) [The term "**Emission Allowance Collateral**" means any Permitted Cover that is in the form of an Emission Allowance.](#)

(h) ~~(g)~~ The term "**Indirect Participant**" means any Disclosed Principal Member or Customer, provided that: (i) it is an 'indirect participant', within the meaning of the Settlement Finality Regulations, in the Designated System; (ii) the identity of that Disclosed Principal Member or Customer has been notified to the Clearing House in writing by the Clearing Member; (iii) the Clearing House has accepted such notification and treatment as an indirect participant in writing (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, an Indirect Participant); and (iv) such Disclosed Principal Member or Customer has executed such agreement as is prescribed by the Clearing House from time to time in order for it to become contractually bound by these Rules and this Part 12 in particular.

(i) ~~(h)~~ The term "**Intermediary Financial Institution**" means any bank or branch used by a System Bank, whether as banker, corresponding banker, intermediary or agent, for the fulfilment of a Payment Transfer Order, that is a 'participant' (as defined in the Settlement Finality Regulations) in the Designated System (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, such a person).

(j) ~~(i)~~ The term "**Investment Agent Bank**" means a bank used by the Clearing House for the deposit of cash prior to such cash being invested. An Investment Agent Bank may also be an Approved Financial Institution or Concentration Bank.

(k) ~~(j)~~ The term "**Investment Agency Agreement**" means an agreement between an Investment Agent Bank and the Clearing House, including in respect of the deposit of cash prior to such cash being invested.

(l) ~~(k)~~ The term "**Non-Cash Collateral**" means any Permitted Cover that is in the form of an SFD Security.

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- (m) ~~(+)~~ The term "**Participant**" means the Clearing House, each Clearing Member, each Sponsored Principal, each Approved Financial Institution, each Concentration Bank, each Investment Agent Bank, each Intermediary Financial Institution, each Custodian and each Emissions Registry, in the case of any such Person (other than the Clearing House) to the extent that it is a 'participant' (as defined in the Settlement Finality Regulations) in the Designated System (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, a Participant).
- (n) ~~(+)~~ The term "**Payment Transfer Order**" means a payment transfer order (as defined in the Settlement Finality Regulations) that is a New Contract Payment Transfer Order, Credit/Debit Payment Transfer Order, ISOC Credit/Debit Payment Transfer Order, CH Account Payment Transfer Order or TARGET2 Payment Transfer Order subject to this Part 12.
- (o) ~~(+)~~ The term "**Securities Transfer Order**" means a securities transfer order (as defined in the Settlement Finality Regulations) that is a Position Transfer Order, [Collateral Transfer Order](#), [Emission Allowance Collateral Transfer Order](#), F&O Block Clearing Order, Transaction Clearing Order, CDS Physical Settlement Order, Security Derivative Delivery Order or Emission Allowance Delivery Order subject to this Part 12.
- (p) ~~(+)~~ The term "**SFD Custodian**" means any Custodian used by a Clearing Member or the Clearing House for the holding or transfer of Non-Cash Collateral that is subject of a Collateral Transfer Order provided that such person is a 'participant' (as defined in the Settlement Finality Regulations) in the Designated System (and this ~~Part 12~~ shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, such a person).
- (q) ~~(+)~~ The term "**SFD Security**" means a 'security', as defined in the Settlement Finality Regulations, but excluding any Emission Allowances.
- (r) ~~(+)~~ The term "**System Bank**" means an Approved Financial Institution, Concentration Bank or Investment Agent Bank.
- (s) ~~(+)~~ The term "**Transfer Order**" means a Payment Transfer Order or a Securities Transfer Order.
- (t) ~~(+)~~ The term "**TARGET2**" means the real-time gross settlement system owned and operated by the Eurosystem.
- (u) ~~(+)~~ The term "**TARGET2 Component System**" means the real-time gross settlement system of any Eurosystem central bank that forms part of TARGET2, or the real-time gross settlement system of a non-Eurosystem central bank connected to TARGET2 pursuant to a specific agreement, where the operator of any such system is a Concentration Bank.
- (v) ~~(+)~~ The term "**TARGET2 Concentration Bank**" means a Concentration Bank which is the operator of a TARGET2 Component System.

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- (w) ~~(v)~~ The term "**TARGET2 PM Account**" refers to a cash account of the Clearing House in TARGET2 and has the same meaning as "PM account" set out in the applicable TARGET2 Terms and Conditions, where the Clearing House is the account holder and a TARGET2 Concentration Bank is the banker of that PM account.
- (x) ~~(w)~~ The term "**TARGET2 Terms and Conditions**" means the terms and conditions that apply in respect of participation in the relevant TARGET2 Component System.
- (y) ~~(x)~~ The term "**ICE Post Trade and Clearing Systems**" or the "**ICE Systems**" means the trade registration, clearing processing and finance hardware and software used by the Clearing House and Clearing Members from time to time, as further described in the Procedures.
- (z) ~~(y)~~ No transfer orders (as defined in the Settlement Finality Regulations) shall arise, enter the Designated System or become irrevocable under these Rules except as set out in this Part 12.
- (aa) ~~(z)~~ The Clearing House and each Clearing Member with a Pledged Collateral Account that is a Participant in the Designated System acknowledge and agree that: (i) all forms of Permitted Cover provided as Pledged Collateral constitute "realisable assets"; and (ii) Pledged Collateral is provided under a "charge or a repurchase or similar agreement" which has been entered into "for the purpose of securing rights and obligations potentially arising in connection with a designated system", for purposes of the Settlement Finality Regulations. Accordingly, the Clearing House and each such Clearing Member that is a Participant in the Designated System intend and agree that: (a) Pledged Collateral constitutes both "collateral security" and "collateral security in connection with participation in a designated system" for purposes of the Settlement Finality Regulations; and (b) the Clearing Membership Agreement, any Sponsored Principal Clearing Agreement, any Sponsor Agreement, any Pledged Collateral Addendum, Rules and Contracts insofar applicable to Pledged Collateral constitute a "collateral security charge" in respect of the Pledged Collateral, for purposes of the Settlement Finality Regulations.
- (bb) ~~(aa)~~ In relation to an Individually Segregated Sponsored Account, any reference to a Clearing Member in this Part 12 shall be interpreted as a reference to the Sponsored Principal, provided that where a Transfer Order applies to, is binding on or is irrevocable with respect to a Sponsored Principal, it shall also apply to, be binding on or be irrevocable with respect to the Sponsor.

Rule 1202 Transfer Orders Arising

- (a) Subject to regulation 20 of the Settlement Finality Regulations, a Payment Transfer Order shall arise and shall enter the Designated System immediately and automatically upon:
- (i) in relation to a Contract that forms in accordance with Rule 401(a) (excluding any F&O Contract arising under Rule 401(a)(vii)) at the time that a Contract arises under Rule 401 (such Payment Transfer Order, a "**New Contract Payment Transfer Order**");

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- (ii) the Clearing House sending an instruction for payment to or from the Clearing House pursuant to Rule 302, Rule 502 to Rule 503 and/or the Finance Procedures (such Payment Transfer Order, a "**Credit/Debit Payment Transfer Order**");
 - (iii) the Clearing House making an instruction for the transfer of an amount standing to the credit of one Individually Segregated Margin-flow Co-mingled Account to another Individually Segregated Margin-flow Co-mingled Account using the same position-keeping account or for the transfer of an amount standing to the credit of one Segregated Gross Indirect Account to another Segregated Gross Indirect Account using the same position-keeping account, pursuant to Rule 503(k) and the Finance Procedures (such Payment Transfer Order, an "**ISOC Credit/Debit Payment Transfer Order**");
 - (iv) the Clearing House sending an instruction by means of a SWIFT message, other electronic message, fax, telephone or other means to a System Bank (excluding a TARGET2 Concentration Bank) to transfer a sum of money from an account of the Clearing House at such System Bank (excluding a TARGET2 Concentration Bank) to an account of the Clearing House at the same or a different System Bank (such Payment Transfer Order, a "**CH Account Payment Transfer Order**"); or
 - (v) the moment the Clearing House's TARGET2 PM Account is debited with funds, or the Clearing House's TARGET2 PM Account is credited with funds, pursuant in either case to the Clearing House sending an instruction by means of a SWIFT message to the applicable TARGET2 Concentration Bank in compliance with the TARGET2 Terms and Conditions ("**TARGET2 Payment Transfer Order**").
- (b) Subject to regulation 20 of the Settlement Finality Regulations, a Securities Transfer Order shall arise and shall enter the Designated System immediately and automatically upon:
- (i) if either:
 - (A) the Clearing House, the relevant Market (if any) and the two Clearing Members involved (both being Participants) have already agreed to a transfer, assignment or novation of Contracts from one Clearing Member to another Clearing Member pursuant to Rule 408(a)(i);
 - (B) a request is accepted by the relevant Market (if any) or the Clearing House in respect of an allocation from one Clearing Member to another Clearing Member for purposes of Rules 401(a)(viii) and 401(e); or
 - (C) the Clearing House has declared an Event of Default under Rule 901 and any Contracts to which a Defaulter is party are proposed to be transferred from the Defaulter to another Clearing Member (being a Participant) pursuant to the Clearing House's powers under Rule 903, Rule 904, Rule 905 or otherwise,

in either case, instructions for settlement of the transfer, assignment, novation or allocation in question being effected through the ICE Systems at the relevant

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settlement transfer deadline for the relevant Contract (such Securities Transfer Order, a "**Position Transfer Order**");

(ii) the Clearing House accepts, through the ICE Systems, that a Clearing Member has validly requested either:

(A) the transfer of Non-Cash Collateral to or to the order of the Clearing House;
or

(B) a transfer to that Clearing Member or to its order of Non-Cash Collateral

(such Securities Transfer Order, in either case, a "**Collateral Transfer Order**");

(iii) the Clearing House accepts, through the ICE Systems and in accordance with the Finance Procedures, that a Clearing Member has validly requested either:

(A) the transfer of Emission Allowance Collateral to or to the order of the Clearing House; or

(B) a transfer to that Clearing Member or to its order of Emission Allowance Collateral from the Clearing House in circumstances in which that transfer is no longer conditional under the Finance Procedures,

(such Securities Transfer Order, in either case, an "**Emission Allowance Collateral Transfer Order**");

(iv) ~~(iii)~~ in respect of an F&O Block Transaction at the point at which the relevant details of the relevant Transaction have passed through the credit filter and risk controls of both relevant Clearing Members in the ICE Systems (such Securities Transfer Order, a "**F&O Block Clearing Order**");

(v) ~~(iv)~~ in respect of CDS Trade Particulars or FX Trade Particulars submitted for Clearing in relation to a Bilateral CDS Transaction or FX transaction already recorded in Deriv/SERV or a Repository, as the case may be, the Clearing House providing a report to a Clearing Member after it has checked whether CDS Trade Particulars or FX Trade Particulars submitted for Clearing are consistent with the records submitted by another Clearing Member and, where applicable, with the records in Deriv/SERV or a Repository (such Securities Transfer Order, a "**Subsisting Transaction Clearing Order**");

(vi) ~~(v)~~ in respect of CDS Trade Particulars or FX Trade Particulars other than as referred to in ~~(iv)~~ (v) above submitted for Clearing, the Clearing House issuing an Acceptance Notice or FX Acceptance Notice in accordance with Rule 401(a)(ix) or (xii) to a Clearing Member through the ICE Systems (such Securities Transfer Order, a "**New Transaction Clearing Order**" and, together with a Subsisting Transaction Clearing Order, "**Transaction Clearing Order**");

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- (vii) ~~(vi)~~-(A) the Clearing House being provided with a copy of a notice delivered by a Matched CDS Buyer to a Matched CDS Seller in a Matched Pair of a Notice of Physical Settlement in respect of Matched CDS Contracts, where the Notice of Physical Settlement specifies an instrument to be delivered that is an SFD Security; or (B) the Clearing House being provided with a copy of a notice delivered by a Matched CDS Buyer to a Matched CDS Seller in a Matched Pair of a NOPS Amendment Notice in respect of Matched CDS Contracts, where the NOPS Amendment Notice specifies an instrument to be delivered that is an SFD Security but where the Notice of Physical Settlement (including, as amended by any previous NOPS Amendment Notice) had specified an instrument that is not an SFD Security as the instrument that was to be delivered (either such Securities Transfer Order, a "**CDS Physical Settlement Order**");
- (viii) ~~(vii)~~ delivery of an SFD Security as a Deliverable is required following expiry of a relevant Future or following exercise of a relevant Financials & Softs Contract that is an Option (such Securities Transfer Order, a "**Security Derivative Delivery Order**");
- (ix) ~~(viii)~~ delivery of one or more Emission Allowances as a Deliverable is required following expiry or completion of the running of an auction in respect of a relevant F&O Contract (such Securities Transfer Order, an "**Emission Allowance Delivery Order**").
- (c) If two or more Transfer Orders exist in respect of the same obligation prior to becoming irrevocable, all such Transfer Orders shall be valid. No duplication of an obligation to pay shall arise as a result of two or more Transfer Orders existing in respect of the same obligation.
- (d) The status of a Transfer Order shall not be affected by any calculation of Open Contract Position, netting, set off or closing out of a Contract to which it relates.
- (e) Each Payment Transfer Order shall apply and have effect in respect of the following amounts:

 - (i) in the case of a New Contract Payment Transfer Order, the amount due to or from the Clearing House pursuant to the Contract Terms as a result of the Contract referred to in Rule 1202(a)(i) arising; or
 - (ii) in the case of a Credit/Debit Payment Transfer Order, ISOC Credit/Debit Payment Transfer Order, CH Account Payment Transfer Order or TARGET2 Payment Transfer Order, the amount specified in the relevant instruction referred to in Rule 1202(a);
- (f) Each Position Transfer Order shall apply and have effect in respect of the Contracts to be transferred, assigned, novated or allocated.
- (g) Each Collateral Transfer Order shall apply and have effect in respect of the Non-Cash Collateral to be transferred to or to the order of the Clearing House or Clearing Member.

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Each Emission Allowance Collateral Transfer Order shall apply and have effect in respect of the Emission Allowance to be transferred to or to the order of the Clearing House or Clearing Member.

- (h) Each F&O Block Clearing Order shall apply and have effect in respect of the F&O Block Transaction in question and any resulting F&O Contract.
- (i) Each Transaction Clearing Order shall apply and have effect, for CDS in respect of the CDS Trade Particulars and any Bilateral CDS Transaction in question and any resulting CDS Contract or for FX in respect of the FX Trade Particulars and any FX transaction in question and any resulting FX Contract.
- (j) Two separate CDS Physical Settlement Orders shall apply and shall have effect separately in respect of each of the CDS Contracts in the Matched Pair that are subject to a physical settlement obligation, and the instrument to be delivered pursuant thereto.
- (k) Two separate Security Derivative Delivery Orders shall apply and shall have effect separately in respect of each of the Contracts that are subject to an obligation to make delivery of an SFD Security, and the SFD Security to be delivered pursuant thereto.
- (l) Two separate Emission Allowance Delivery Orders shall apply and shall have effect separately in respect of each F&O Contract that is subject to an obligation to make delivery of an Emission Allowance, and the Emission Allowance to be delivered pursuant thereto.
- (m) Transfer Orders shall apply to, and have effect as against and between each of the following Persons, in respect of any particular Person only to the extent that such Person is a Participant or an Indirect Participant:
 - (i) in the case of a New Contract Payment Transfer Order, the affected Clearing Member (if it is a Participant) and the Clearing House and, as from and after the time of irrevocability only, the affected Approved Financial Institution;
 - (ii) in the case of a Credit/Debit Payment Transfer Order or ISOC Credit/Debit Payment Transfer Order, the affected Clearing Member (if it is a Participant), the affected Approved Financial Institutions and the Clearing House;
 - (iii) in the case of a CH Account Payment Transfer Order, the affected System Bank or System Banks and the Clearing House;
 - (iv) in the case of a TARGET2 Payment Transfer Order, the relevant TARGET2 Concentration Bank and the Clearing House;
 - (v) in the case of a Position Transfer Order:
 - (A) the Clearing Members (that are the transferor, assignor or person whose rights, liabilities and obligations are transferred, assigned or novated and the transferee, assignee or person that assumes rights, liabilities and obligations pursuant to a transfer, assignment or novation);

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- (B) each Customer and Disclosed Principal Member affected by the Position Transfer Order which is an Indirect Participant (if any); and
 - (C) the Clearing House.
- (vi) in the case of a Collateral Transfer Order:
- (A) the Clearing Member that is the transferor or transferee of the Non-Cash Collateral in question;
 - (B) any SFD Custodian of the Clearing Member or the Clearing House; and
 - (C) the Clearing House;
- (vii) in the case of an Emission Allowance Collateral Transfer Order:
- (A) the Clearing Member that is the transferor or transferee of the Emission Allowance in question;
 - (B) the Emissions Registry holding the account of the Clearing Member from or to which the delivery of the Emission Allowance will take place;
 - (C) the Emissions Registry holding the account of the Clearing House from or to which the delivery of the Emission Allowance will take place;
 - (D) any SFD Custodian of the Clearing Member or the Clearing House; and
 - (E) the Clearing House;
- (viii) ~~(vii)~~ in the case of an F&O Block Clearing Order:
- (A) each Clearing Member that has submitted or confirmed details of the F&O Transaction;
 - (B) any Affiliate or Customer of the Clearing Member that was party to an F&O Block Transaction and which is an Indirect Participant (if any); and
 - (C) the Clearing House;
- (ix) ~~(viii)~~ in the case of a Transaction Clearing Order:
- (A) each Clearing Member that has submitted or confirmed details of the Transaction;
 - (B) any Affiliate of a Clearing Member that is or was party to a Bilateral CDS Transaction or FX transaction and which is an Indirect Participant (if any); and
 - (C) the Clearing House;

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(x) ~~(ix)~~ in the case of a CDS Physical Settlement Order:

- (A) each Clearing Member in the Matched Pair; and
- (B) the Clearing House;

(xi) ~~(x)~~ in the case of a Security Derivative Delivery Order:

- (A) each Clearing Member that is party to a relevant Financials & Softs Contract under delivery;
- (B) any SFD Custodian of the Clearing Member or the Clearing House; and
- (C) the Clearing House;

(xii) ~~(xi)~~ in the case of an Emission Allowance Delivery Order:

- (A) each Clearing Member that is party to a relevant F&O Contract under delivery;
- (B) the Emissions Registry holding the account of the Clearing Member from or to which the delivery of the Emission Allowance will take place;
- (C) the Emissions Registry holding the account of the Clearing House from or to which the delivery of the Emission Allowance will take place; and
- (D) the Clearing House.

- (n) Where a Transfer Order applies to a System Bank, it shall also apply to and be effective against any Intermediary Financial Institution used by that System Bank.
- (o) Where a Transfer Order applies additionally to an Indirect Participant, the liability of any Participant pursuant to the same Transfer Order shall not be affected.

Rule 1203 Transfer Orders Becoming Irrevocable

- (a) A Credit/Debit Payment Transfer Order shall become irrevocable at the time when the Approved Financial Institution sends a SWIFT confirmation message, other electronic message, fax, telephone or other message confirming that the relevant payment will be or has been made. An ISOC Credit/Debit Payment Transfer Order shall become irrevocable at the time when the Clearing House updates its records to reflect the transfer.
- (b) A CH Account Payment Transfer Order shall become irrevocable at the time when the System Bank of the account from which payment is to be made sends a SWIFT confirmation message, other electronic message, fax, telephone or other message confirming that the relevant payment will be or has been made.
- (c) A TARGET2 Payment Transfer Order shall become irrevocable at the earlier of: (i) the moment the Clearing House's TARGET2 PM Account is debited or the moment the Clearing House's TARGET2 PM Account is credited; or (ii) when or during the period in

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which any algorithm referred to in Appendix I of the TARGET2 Terms and Conditions commences or is running (if applicable).

- (d) Without prejudice to Rule 1205(h) and Rule 1205(i), a New Contract Payment Transfer Order shall become irrevocable upon an Approved Financial Institution sending a SWIFT confirmation message, other electronic message, fax, telephone or other message confirming that amount to which the New Contract Payment Transfer Order relates (as specified in Rule 1202(e)(i)) will be or has been made.
- (e) A Position Transfer Order shall become irrevocable at the time when the definitive record of the Open Contract Position of the Clearing Member (that is the assignee, transferee or person that assumes rights, liabilities and obligations pursuant to a novation) is updated as a result of a successful position transfer clearing run in the ICE Systems to reflect the transfer, assignment or novation of Contracts which are given effect pursuant to the Position Transfer Order.
- (f) A Collateral Transfer Order [for transfer to the Clearing House](#) shall become irrevocable at the earlier of the time when: (i) the Clearing House receives the Non-Cash Collateral; or (ii) any related securities transfer order (which relates to the same subject matter as the Collateral Transfer Order but which a securities transfer order in a designated system for purposes of Directive 98/26/EC which is not the Designated System) becomes irrevocable. [A Collateral Transfer Order for transfer to the Clearing Member shall become irrevocable at time when the Clearing Member receives the Non-Cash Collateral.](#)
- (g) [An Emission Allowance Collateral Transfer Order for transfer to the Clearing House shall become irrevocable at the earlier of the time when: \(i\) the Clearing House accepts through its systems and in accordance with the Finance Procedures the transfer request in respect of the relevant Emission Allowances submitted by the Clearing Member; \(ii\) the Clearing House receives the Emission Allowance into its account at the Emissions Registry; \(iii\) any related order \(which relates to the same subject matter as the Collateral Transfer Order but which is either \(A\) a securities transfer order in a designated system for purposes of Directive 98/26/EC, which is not the Designated System or \(B\) an order or transaction arising pursuant to the rules or terms of a relevant Emissions Registry\) becomes irrevocable within that other designated system or Emissions Registry; or \(iv\) the record of the Emissions Registry becomes conclusive evidence of the Clearing House's title to the relevant Emission Allowance pursuant to Applicable Law. An Emission Allowance Collateral Transfer Order for transfer to the Clearing Member shall become irrevocable when the Clearing Member receives the Emission Allowance in circumstances in which the record of the Emissions Registry becomes conclusive evidence of the Clearing Member's title to that Emission Allowance pursuant to Applicable Law.](#)
- (h) ~~(g)~~ An F&O Block Clearing Order shall become irrevocable at the time that the Clearing House becomes party to resulting Contracts with the Clearing Members in question, pursuant to Rule 401(a)(iii).
- (i) ~~(h)~~ A Transaction Clearing Order shall become irrevocable, for CDS when the time specified pursuant to the CDS Procedures occurs for the acceptance of the resulting CDS

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Contracts in question or for FX when the time specified pursuant to the FX Procedures occurs for the acceptance of the resulting FX Contracts in question, pursuant to Rule 401(a)(xii).

- (j) ~~(j)~~ A CDS Physical Settlement Order shall become irrevocable at the earliest of: (i) the time when the Matched CDS Buyer in the Matched Pair has submitted irrevocable instructions to a Custodian for the transfer of securities to or to the account of the Matched CDS Seller; (ii) the time at which the instrument subject to physical settlement is delivered or assigned or at which physical settlement obligations are otherwise discharged; or (iii) if the Matched CDS Buyer or Matched CDS Seller has (in the absence of any Matching Reversal Notice or not later than one Business Day after any Matching Reversal Notice) given notice to the Clearing House in accordance with Rule 1511 or the CDS Procedures (as applicable) that the relevant Matched Pair have settled the relevant Matched CDS Contracts, at the time of such notice.
- (k) ~~(k)~~ A Security Derivative Delivery Order shall become irrevocable at the earlier of the time when: (i) the Clearing House (or a Clearing Member that is due to receive delivery directly from another Clearing Member under Part 7) receives the SFD Security into its account; ~~or~~ (ii) any related securities transfer order (which relates to the same subject matter as the Security Derivative Delivery Order but which is a securities transfer order in a designated system for purposes of Directive 98/26/EC which is not the Designated System) becomes irrevocable within that other designated system.
- (l) ~~(l)~~ An Emission Allowance Delivery Order for transfer to the Clearing House shall become irrevocable at the earlier of the time when: (i) the Clearing House or Clearing Member (whichever is due to receive delivery pursuant to the F&O Contract in question) receives all the Emission Allowances that are subject to the Emission Allowance Delivery Order into its account at the Emissions Registry; ~~or~~ (ii) any related order (which relates to the same subject matter as the Emission Allowance Delivery Order but which is either (A) a securities transfer order in a designated system for purposes of Directive 98/26/EC which is not the Designated System or (B) an order or transaction arising pursuant to the rules or terms of a relevant Emissions Registry) becomes irrevocable within that other designated system or Emissions Registry; or (iii) the record of the Emissions Registry becomes conclusive evidence of the Clearing House's title to the relevant Emission Allowance pursuant to Applicable Law. An Emission Allowance Delivery Order for transfer to the Clearing Member shall become irrevocable when the Clearing Member receives the Emission Allowance in circumstances in which the record of the Emissions Registry becomes conclusive evidence of the Clearing Member's title to that Emission Allowance pursuant to Applicable Law.
- (m) ~~(m)~~ As from the time when a Transfer Order becomes irrevocable, it shall not be revoked or purported to be revoked by any Participant or the Clearing House and shall be binding upon all Participants.
- (n) ~~(n)~~ Transfer Orders shall be legally enforceable, irrevocable and binding on parties in accordance with this Part 12 including on the occurrence of an Event of Default.

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Rule 1204 Variations to or Cancellation of Transfer Orders

- (a) This Rule 1204 applies only to a Transfer Order that is not irrevocable and:
- (i) in the case of any Transfer Order, it is affected by manifest or proven error or an error that is agreed so to be by all affected Participants;
 - (ii) in the case of a New Contract Payment Transfer Order, Credit/Debit Payment Transfer Order, ISOC Credit/Debit Payment Transfer Order, Position Transfer Order, Security Derivative Delivery Order or Emission Allowance Delivery Order, it relates to a Contract which is (or a Transaction or CDS Trade Particulars which, if accepted, would be):
 - (A) void *ab initio* pursuant to Rule 403;
 - (B) avoided pursuant to Rule 404; or
 - (C) amended as a result of the Clearing House exercising its discretion pursuant to Rule 104 or otherwise pursuant to these Rules; or
 - (iii) without prejudice to the generality of Rule 1204(a)(i), in the case of a Subsisting Transaction Clearing Order, if an error or omission is noted by or notified to the Clearing House prior to the Acceptance Time or the data in the CDS Trade Particulars or FX Trade Particulars to which the Subsisting Transaction Clearing Order relates is otherwise capable of being amended in accordance with the CDS Procedures or FX Procedures (as applicable);
 - (iv) in the case of a CDS Physical Settlement Order, if a NOPS Amendment Notice is validly delivered by the Matched CDS Buyer in accordance with Rule 1505 and Rule 1509; or
 - (v) without prejudice to the generality of Rule 1204(a)(i), (ii) or (iii), in the case of an F&O Block Clearing Order or Transaction Clearing Order, it relates to a Transaction which is, or CDS Trade Particulars which are, not eligible for Clearing or which is or are not accepted for Clearing by the Clearing House.
- (b) Subject to Rule 1204(d), (e), (f) and (g), neither the validity nor the irrevocability of any Transfer Order shall of itself be affected by any event described in Rule 1204(a) occurring.
- (c) The terms of all Transfer Orders that have not become irrevocable shall each be subject to a condition (which, if not satisfied, shall enable the Clearing House to exercise its rights under this Rule 1204) that the circumstances described in Rule 1204(a) have not occurred.
- (d) If any of the circumstances described in Rule 1204(a) has occurred, the amount payable, Contracts to be transferred or to arise or SFD Securities, Emission Allowances or Non-Cash Collateral to be delivered pursuant to the affected Transfer Order may at the discretion of the Clearing House be increased, decreased or otherwise varied, as necessary, to reflect

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the payments, transfers, Contracts, assignments, novations, SFD Securities, Emission Allowances, Non-Cash Collateral or deliveries that would have been required:

- (i) in the case of Rule 1204(a)(i) applying, had there been no error;
- (ii) in the case of Rule 1204(a)(ii)(A), Rule 1204(a)(ii)(B) or Rule 1204(a)(v) applying, had no Contract, Transaction or CDS Trade Particulars ever arisen, occurred or been submitted;
- (iii) in the case of Rule 1204(a)(ii)(C) applying, had the Contract always been subject to such amended terms as are agreed or determined;
- (iv) in the case of Rule 1204(a)(iii) applying, had the details of the CDS Trade Particulars always been corrected or amended as permitted in accordance with the CDS Procedures; or
- (v) in the case of Rule 1204(a)(iv) applying and the NOPS Amendment Notice specifies an instrument to be delivered that is an SFD Security, had the Notice of Physical Settlement been originally issued as amended pursuant to the NOPS Amendment Notice

(any such variation, a "Transfer Order Variation").

- (e) A Transfer Order Variation may be effected only by the Clearing House delivering a notice of amendment of an existing Transfer Order to all affected Participants. Valid delivery of a NOPS Amendment Notice in accordance with Rules 1505 and 1509 by a Matched CDS Buyer in a Matched Pair shall be deemed to constitute notice by the Clearing House for purposes of this Rule 1204(e) in respect of a Transfer Order Variation to a CDS Physical Settlement Order, if the NOPS Amendment Notice specifies an instrument to be delivered that is an SFD Security.
- (f) If any of the circumstances described in Rule 1204(a) has occurred, the Transfer Order in question may at the discretion of the Clearing House alternatively be cancelled. Any such cancellation may be effected by the Clearing House serving a notice of cancellation on all affected Participants. In respect of an F&O Block Clearing Order or Transaction Clearing Order, such notice shall be deemed to have been given if the Clearing House (or, in the case of an F&O Block Clearing Order, any Market) rejects a Transaction or CDS Trade Particulars for Clearing.
- (g) A CDS Physical Settlement Order shall be cancelled immediately and automatically if and when a copy is provided to the Clearing House of a validly delivered NOPS Amendment Notice specifying an instrument for delivery which is not an SFD Security.
- (h) A Security Derivative Delivery Order shall be cancelled immediately and automatically if, prior to it becoming irrevocable, the issuer of the SFD Security that is the Deliverable becomes subject to an Insolvency, redeems all its SFD Securities of a kind which would have been the Deliverables for the delivery or another event occurs under which delivery obligations are substituted for cash settlement obligations under the Contract Terms.

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- (i) An Emission Allowance Delivery Order [or Emission Allowance Collateral Transfer Order](#) shall be cancelled immediately and automatically if, prior to it becoming irrevocable, an Emissions Registry that is used by the Clearing House or the Clearing Member becomes subject to an Insolvency or otherwise permanently ceases operations.
- (j) This Rule 1204 does not affect the ability of the Clearing House to take steps giving rise to a new Transfer Order of opposite effect to an existing Transfer Order or part thereof if any of the events described in Rule 1204(a) occur. No Transfer Order Variation shall preclude the cancellation of a Transfer Order in any circumstances in which a Transfer Order may alternatively be cancelled by the Clearing House. The ability of the Clearing House to cancel or vary a Transfer Order shall not preclude a Transfer Order Variation from taking effect.

Rule 1205 Termination of Transfer Orders

- (a) Each Payment Transfer Order shall be satisfied immediately and automatically upon all payments required pursuant to the Payment Transfer Order being received in cleared funds or full satisfaction of the relevant underlying obligations is otherwise made and recorded in the Clearing House's systems, in either case not subject to any Encumbrances (except as envisaged under a Pledged Collateral Addendum).
- (b) Each Position Transfer Order shall be satisfied immediately and automatically at the same time that it becomes irrevocable under Rule 1203(d) (whereupon all Contracts to which the Transfer Order in question relates will have been transferred, assigned or novated pursuant to the Rules).
- (c) Each Collateral Transfer Order [or Emission Allowance Transfer Order for transfer to the Clearing House](#) shall be satisfied immediately and automatically at the later of the time when: (i) the Clearing House receives the Non-Cash Collateral in its account; or (ii) the definitive record of the Permitted Cover transferred by the Clearing Member that is the transferor is updated in the ICE Systems to reflect the successful transfer of Non-Cash Collateral to or to the order of the Clearing House pursuant to the Collateral Transfer Order. [Each Collateral Transfer Order or Emission Allowance Transfer Order for transfer to the Clearing Member shall be satisfied immediately and automatically at the later of the time when: \(i\) the Clearing Member receives the Non-Cash Collateral or Emission Allowances in its account; or \(ii\) the definitive record of the Permitted Cover transferred by the Clearing House is updated in the ICE Systems to reflect the successful transfer of Non-Cash Collateral or Emission Allowances to or to the order of the Clearing House pursuant to the Collateral Transfer Order or Emission Allowance Transfer Order.](#)
- (d) A Transaction Clearing Order or F&O Block Clearing Order shall be satisfied immediately and automatically at the same time that the relevant resulting Contracts arise under Rule 401(a).
- (e) A CDS Physical Settlement Order shall be satisfied immediately and automatically at the time when the Clearing House updates its records of the relevant CDS Contracts in the ICE Systems to reflect that either physical delivery of the security in question has been

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completed or the delivery obligations of the parties under the relevant CDS Contracts have otherwise been discharged or settled.

- (f) A Security Derivative Delivery Order shall be satisfied immediately and automatically at the time when the Clearing House (or a Clearing Member to whom delivery is to be made directly from another Clearing Member under Part 7) receives the SFD Security that is the Deliverable, unencumbered in its account.
- (g) An Emission Allowance Delivery Order shall be satisfied immediately and automatically at the time when the Clearing House or Clearing Member that is to receive delivery of the Emission Allowance receives the Emission Allowance that is the Deliverable, unencumbered in its account at the relevant Emissions Registry.
- (h) If a Credit/Debit Payment Transfer Order or ISOC Credit/Debit Payment Transfer Order becomes irrevocable in respect of the same obligation to which a New Contract Payment Transfer Order relates, the New Contract Payment Transfer Order shall automatically be satisfied and shall not become irrevocable. It is acknowledged that New Contract Payment Transfer Orders will generally terminate in accordance with this Rule 1205(h) when standard Clearing and payment processes apply.
- (i) A New Contract Payment Transfer Order relating to an F&O Contract shall be satisfied immediately and automatically if and at the point that the relevant F&O Transaction or Contract is transferred or allocated to another Clearing Member pursuant to Rule 401(a)(viii) or Rule 408(a)(ii) or has become subject to a Position Transfer Order that has itself become satisfied under Rule 1205(b).

Rule 1206 Provision of Information by the Clearing House and Participants

- (a) The Clearing House and any Participant must provide, upon payment of a reasonable charge, the following information to any person who requests it, save where the request is frivolous or vexatious, within 14 days of a request being made:
 - (i) details of the Designated System; and
 - (ii) information about the Rules relevant to the functioning of the Designated System.
- (b) The Clearing House will provide a copy of information referred to in Rule 1206(a) to any Clearing Member upon request.

Rule 1207 Notice to the Bank of England

- (a) Any notice which under Rule 204(a)(viii) must be copied to the Bank of England, shall be sent to the following addresses:
- (b) Bank of England:

The Senior Manager, Payment Systems Oversight

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Financial Resilience Division, HO-3
Bank of England
Threadneedle Street
London EC2R 8AH
Fax: 020 7601 3217

- (c) Any such notice will only be effectively served, filed, made or provided and delivered to the Bank of England:
 - (i) if sent by post, on the fifth Business Day (or tenth Business Day in the case of airmail) after the day on which it was deposited in the post, full postage prepaid, in a correctly addressed envelope;
 - (ii) if delivered in person to the officer or department specified, at the time of delivery or, if not delivered during business hours on a Business Day, on the following Business Day.
- (d) Any notice by fax shall not be effective until hard copy confirmation is served pursuant to Rule 1207(c).

Rule 1208 Settlement Finality under Abu Dhabi Global Market Laws

Clearing Members and other Participants acknowledge that various modifications to Applicable Laws in the Abu Dhabi Global Market relating to Insolvency, which may affect Clearing Members, the Clearing House and other Participants, apply pursuant to the FSMR. Clearing Members and other Participants are hereby given notice that such modifications apply in relation to a broader range of circumstances than those defined in this Part 12, for example as regards the settlement and delivery of any product or security that is subject of a Contract or Customer-CM Transaction following expiry or close-out of the Contract or Customer-CM Transaction pursuant to these Rules. As a result, and for example, the FSMR confers settlement finality protections as a matter of the laws of the Abu Dhabi Global Market not merely as regards delivery of an SFD Security that is a Deliverable pursuant to a Security Derivative Delivery Order, but in respect of the delivery of all Deliverables pursuant to Contracts or Customer-CM Transactions upon expiry or close-out of such Contracts or Customer-CM Transactions.