

(X) FX PROCEDURES

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1. **ADDITIONAL DEFINITIONS**

- 1.1 The terms "**Calculation Agent**", "**Calculation Agent Determination of Settlement Rate**", "**Spot Rate**", and "**Valuation Date**" each have the meanings given to or used for those terms in the 1998 FX and Currency Option Definitions or EMTA Template, as applicable.
- 1.2 The term "**1998 FX and Currency Option Definitions**" means the 1998 FX and Currency Option Definitions as published by the International Swaps and Derivatives Association, Inc., EMTA and the Foreign Exchange Committee.
- 1.3 The term "**Currency Pair Series**" means, in relation to a Currency Pair, a serial number referring to cleared Contracts which have identical Published Terms.
- 1.4 The term "**Disruption Event**" means an event that, if applicable to a Financially-Settled FX Contract, would give rise in accordance with an applicable Disruption Fallback to an alternative basis for determining the Settlement Rate for such Financially-Settled FX Contract.
- 1.5 The term "**Disruption Fallback**" means a source or method that, if applicable to a Financially-Settled FX Contract, gives rise to an alternative basis for determining the Settlement Rate when a Disruption Event has occurred and is continuing on the relevant date.
- 1.6 The term "**Eligible Employee**" has the meaning set out in paragraph 9.1.
- 1.7 The term "**EMTA**" means EMTA, the entity previously known as the Emerging Markets Traders Association or any successor thereto.
- 1.8 The term "**EMTA Template**", in respect of any Financially-Settled FX Contract, means the template terms published by EMTA relevant to non-deliverable forward transactions in the Currency Pair under that Financially-Settled FX Contract which were incorporated by reference in the Published Terms for the relevant Currency Pair, with any amendments thereto set out in the Published Terms.
- 1.9 The term "**Forward Rate**" means: (a) in relation to a Financially-Settled FX Contract, the contractual currency exchange rate for such Financially-Settled FX Contract, expressed as the amount of Reference Currency per one unit of Settlement Currency, as specified in the Clearing House's records; and (b) in relation to FX Trade Particulars submitted for Clearing, the Forward Rate specified in the relevant FX Confirmation or, if none, the Reference Currency Notional Amount divided by the Notional Amount specified in the relevant FX Confirmation rounded to such number of decimal places as are applicable for the Currency Pair in accordance with the relevant Rounding Convention.
- 1.10 The term "**FX Acceptance Notice**" has the meaning set out in paragraph 4.4(a).
- 1.11 The term "**FX Acceptance Time**" has the meaning set out in paragraph 4.5.
- 1.12 The term "**FX Clearing Cut-Off Time**", in respect of a Financially-Settled FX Contract, means 10:30 p.m. on the Business Day immediately preceding the scheduled FX Settlement Date or such other time as the Clearing House may specify in a Circular (if applicable generally) or in writing to a Clearing Member or Sponsored Principal (if applicable only in connection with certain FX Trade Particulars).
- 1.13 The term "**FX CM1**" has the meaning set out in paragraph 4.1.
- 1.14 The term "**FX CM2**" has the meaning set out in paragraph 4.1.
- 1.15 The term "**FX Committee-Eligible Clearing Member**" means an FX Clearing Member that has been approved by the Clearing House, following consultation with the FX Risk Committee, for participation in the FX Default Committee. The Clearing House may revoke (or reinstate) its approval of any FX

Clearing Member as an FX Committee-Eligible Clearing Member from time to time based on its determination as to whether a particular FX Clearing Member has been in compliance with the Rules.

- 1.16 The term "**FX Confirmation**" means the confirmation between two parties specified in FX Trade Particulars, the details of which are submitted for Clearing.
- 1.17 The term "**FX Default Committee**" means a committee established pursuant to paragraph 9.1.
- 1.18 The term "**FX Default Committee Member**" has the meaning set out in paragraph 9.1.
- 1.19 The term "**FX Default Committee Participant**" has the meaning set out in paragraph 9.1.
- 1.20 The term "**FX Default Committee Participant List**" has the meaning set out in paragraph 9.2.
- 1.21 The term "**FX Procedures**" means these FX Procedures, as amended from time to time.
- 1.22 The term "**FX Risk Committee**" means the committee of that name established by the board of the Clearing House.
- 1.23 The term "**FX Settlement Facility**" means CLS Bank or any other Person operating a facility for the settlement of foreign exchange contracts by the payment of two different currencies, which facility is approved by the Clearing House.
- 1.24 The term "**FX Valuation Date**" means: (a) in relation to a Financially-Settled FX Contract, the day in respect of which a Spot Rate is to be determined for purposes of determining the Settlement Rate, as specified in the Clearing House's records, subject to adjustment as set out in the Contract Terms; and (b) in relation to FX Trade Particulars submitted for Clearing, the Valuation Date specified in the relevant FX Trade Particulars.
- 1.25 The term "**ICE FX Clearing System**" means ECS, banking and risk management systems, their associated user interfaces and application programming interfaces (APIs) or any other system or interface from time to time used by the Clearing House for managing cleared transactions and/or positions in eligible products, asset management and making notifications to and from the Clearing House relating to settlement, and any other system notified to the FX Clearing Members and Sponsored Principals and used by the Clearing House from time to time for the Clearing of FX Contracts.
- 1.26 The term "**ICE FX Gateway System**" means PTMS, ICE Block, ICE Link, their associated user interfaces and application programming interfaces (APIs) or such other system used by the Clearing House for the submission, confirmation and post-trade management of FX Trade Particulars from time to time and any other system notified to the FX Clearing Members and used by the Clearing House from time to time for the submission, confirmation and trade management of FX Trade Particulars.
- 1.27 The term "**Notional Amount**" means: (a) in relation to a Financially-Settled FX Contract, the quantity of Settlement Currency to which the Forward Rate applies under such Financially-Settled FX Contract, as specified in the Clearing House's records; and (b) in relation to FX Trade Particulars submitted for Clearing, the quantity of the Settlement Currency specified in the relevant FX Trade Particulars or, if such an amount is not specified, the quantity of the Settlement Currency equal to the Reference Currency Notional Amount divided by the Forward Rate.
- 1.28 The term "**Published Terms**" means, in relation to Financially-Settled FX Contracts, the standard terms of such Financially-Settled FX Contracts, as set out in the published Rules and these FX Procedures and in any Circular specifying further contractual provisions for such Financially-Settled FX Contracts, in each case at the time that a Financially-Settled FX Contract arises in the version of such published Rules, FX Procedures and Circulars current as at the Trade Date of such Financially-Settled FX Contract, as such terms may be amended in accordance with paragraph 8.3.

- 1.29 The term "**Reference Currency Notional Amount**" means: (a) in relation to a Financially-Settled FX Contract, the quantity of Reference Currency to which the Forward Rate applies under such Financially-Settled FX Contract, as specified in the Clearing House's records; and (b) in relation to FX Trade Particulars submitted for Clearing, the quantity of the Reference Currency specified as such in the relevant FX Trade Particulars or, if such amount is not specified, the quantity of the Reference Currency equal to the Notional Amount multiplied by the Forward Rate.
- 1.30 The term "**Relevant FX Default Committee Period**" has the meaning set out in paragraph 9.3.
- 1.31 The term "**Revocation Right**" will apply in respect of FX Trade Particulars submitted for Clearing: (a) if one of the FX Clearing Members or Sponsored Principals who clear FX for whose account the submission or confirmation for Clearing is made is a Defaulter; or (b) if and to the extent that either FX Contract which would arise on Clearing would have been void under Rule 403 (if Rule 403 applied to FX Contracts in addition to F&O Contracts) or capable of being treated as voidable under Rule 404(a) (if Rule 404(a) applied to FX Contracts in addition to F&O Contracts and the latter being read for purposes of this definition as if the words "in relation only to F&O Contracts," were not set out in any part of Rule 404(a) and "Energy Clearing Members" were read as "FX Clearing Members" and included Sponsored Principals) or Rule 404(b).
- 1.32 The term "**Rounding Convention**" in respect of a particular Currency Pair means the maximum number of decimal places that may be specified by an FX Clearing Member or a Sponsored Principal who clears FX for the Forward Rate specified in the FX Trade Particulars submitted for Clearing, as specified in the Published Terms.
- 1.33 The term "**Settlement Currency Amount**" means, in relation to a Financially-Settled FX Contract, an amount expressed in the Settlement Currency calculated on a formula basis as follows:
- $$\text{Settlement Currency Amount} = \text{Notional Amount} \times [1 - (\text{Forward Rate}/\text{Settlement Rate})].$$
- 1.34 The term "**Settlement Rate Option**" means: (a) in relation to a Financially-Settled FX Contract, the settlement rate option applicable, pursuant to the Published Terms, to the Currency Pair of such FX Contract; and (b) in relation to FX Trade Particulars submitted for Clearing, the settlement rate option specified in the relevant FX Confirmation.
- 1.35 The term "**Trade Date**" means: (a) in relation to a Financially-Settled FX Contract, the date specified in the Clearing House's records as the trade date of such FX Contract; and (b) in relation to FX Trade Particulars submitted for Clearing, the date specified in the relevant FX Confirmation.
- 1.36 The term "**Unscheduled Holiday**" in relation to a Financially-Settled FX Contract for a Currency Pair, has the meaning set out in the Published Terms for the relevant Currency Pair, by reference to the relevant EMTA Template.
- 1.37 The term "**US FX Clearing Member**" means an FX Clearing Member or applicant that would become an FX Clearing Member that is: (i) an FCM/BD; or (ii) any other Person organised or incorporated under the laws of the United States of America or a state thereof.
- 1.38 The term "**Valuation Postponement**" in relation to a Financially-Settled FX Contract for a Currency Pair, has the meaning set out in the Published Terms for the relevant Currency Pair, by reference to the relevant EMTA Template.
- 1.39 These FX Procedures are 'Procedures' as defined in the ICE Clear Europe rules (the "**Rules**") and are subject to the Rules, including, without limitation, Rule 102. Capitalised terms used in these FX Procedures but not defined in this paragraph 1 shall have the meaning given to such terms in the Rules, these FX Procedures or elsewhere in the Procedures (in that order of priority in the event of any conflict).

1.40 Subject to paragraph 1.41 to 1.46 below, these FX Procedures, and all non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law and any Dispute under these FX Procedures will be subject to arbitration under Rule 117.

1.41 Solely as between an FCM/BD Clearing Member and the Clearing House, paragraphs 6 and 7 of these FX Procedures inasmuch as they relate solely to an issue or matter concerning:

(a) the pledging, transfer, holding, use and segregation of Pledged Collateral provided by an FCM/BD Clearing Member (or other property, excluding for the avoidance of doubt the Contracts themselves recorded in such an Account, recorded in a Customer Account or Proprietary Account that is designated as an account in respect of which Pledged Collateral may be provided by an FCM/BD Clearing Member); and/or

(b) the application of any net sum owed in favour of the FCM/BD Clearing Member in respect of a Customer Account or Proprietary Account that is designated as an account in respect of which Pledged Collateral may be provided,

and, solely to the extent relevant to interpreting the foregoing provisions in such circumstances, relevant definitions and interpretative provisions in paragraph 1 of these FX Procedures (such provisions, together or separately "**Pledged Collateral Matters**") shall be governed by and construed in accordance with the laws of the State of New York and, as applicable, the federal law of the United States of America.

1.42 For the avoidance of doubt, paragraph 1.41 is an exception to paragraph 1.40 and Rule 102(s) which provide that the FX Procedures and Rules respectively shall be governed by and construed in accordance with the laws of England and Wales. For the avoidance of doubt, without limitation and notwithstanding paragraph 1.41, the following are governed by and shall be construed in accordance with the laws of England and Wales in their entirety without any exception and shall in no circumstances constitute a Pledged Collateral Matter:

(a) all of the provisions of these FX Procedures relating to the Designated System;

(b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member or Sponsored Principal on the one hand and the Clearing House on the other hand;

(c) any Dispute or issue arising in respect of a Customer Account or Proprietary Account that is not designated as an account in respect of which Pledged Collateral may be provided;

(d) any matter relating to Pledged Collateral of a Non-FCM/BD Clearing Member or Sponsored Principal;

(e) any Pledged Collateral provided by an FCM/BD Clearing Member or Sponsored Principal pursuant to an English law Pledged Collateral Addendum; and

(f) the Contract Terms of all Contracts.

1.43 Where a dispute between an FCM/BD Clearing Member and the Clearing House relates to one or more Pledged Collateral Matters, notwithstanding the provisions of Rule 117, solely the allegations or claims relating to the Pledged Collateral Matters in such dispute shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of the City of New York, provided, however, that if such federal court does not have jurisdiction over such allegations or claims, such allegations or claims shall be heard and determined exclusively in any New York state court sitting in the Borough of Manhattan of the City of New York (such Courts, together, "**New York Courts**"). Consistent with the preceding sentence, the Clearing House and each FCM/BD Clearing Member hereby:

- (a) submits to the exclusive jurisdiction of the New York Courts solely in respect of allegations or claims relating to Pledged Collateral Matters; and
 - (b) agrees that service of process will be validly effected by sending notice in accordance with Rule 113.
- 1.44 All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.43 shall be finally and exclusively determined by way of arbitration pursuant to Rule 117. It is expressly recognised that for Disputes between an FCM/BD Clearing Member and the Clearing House containing both allegations or claims over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.43 and other allegations or claims, it may be necessary to have both New York Court proceedings and arbitral proceedings. The submission of a party to the jurisdiction of a New York Court and/or the taking of a step by a party in proceedings before a New York Court, where in any such instance the New York Court has exclusive jurisdiction pursuant to paragraph 1.43 does not amount to a waiver by that party of its right to commence or participate in arbitral proceedings in accordance with Rule 117. The submission of a party to arbitration under Rule 117 or in respect of any Dispute does not amount to a waiver by that party of its right to have allegations or claims in relation to which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.43 heard in the New York Courts.
- 1.45 Nothing in paragraphs 1.40 to 1.46 precludes the Clearing House from bringing an action to enforce a judgment from any New York Court or award of any arbitral tribunal in any court of competent jurisdiction.
- 1.46 EACH CLEARING MEMBER AND THE CLEARING HOUSE HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING OUT OF, UNDER OR IN CONNECTION WITH THESE FX PROCEDURES OR ANY MATTER CONTEMPLATED BY THEM. EACH CLEARING MEMBER AND THE CLEARING HOUSE HEREBY:
- (a) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PERSON BOUND BY THESE RULES HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF ANY SUCH DISPUTE, SEEK TO ENFORCE THE FOREGOING WAIVER; AND
 - (b) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THESE RULES, ALL CONTRACTS AND ALL OTHER TRANSACTIONS CONTEMPLATED BY THESE RULES, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN PARAGRAPHS 1.40 TO 1.46.
- 2. ADDITIONAL MEMBERSHIP REQUIREMENTS FOR FX CLEARING MEMBERS**
- 2.1 Rule 201(j) provides that FX Clearing Members must meet such additional requirements applicable to FX Clearing Members as are specified in the Procedures.
- 2.2 The following additional membership requirements are specified for the purposes of Rule 201(j):
- (a) The FX Clearing Member is a settlement member of, or has an Affiliate (through which it can settle FX transactions) which is a settlement member of, an FX Settlement Facility;
 - (b) In the case of an FX Clearing Member other than a US FX Clearing Member, the FX Clearing Member has a minimum of \$250 million of Capital (or an equivalent amount in another currency, as calculated at the exchange rate used by the Clearing House for purposes of the Finance Procedures); or
 - (c) If it is or would be a US FX Clearing Member:

- (i) it must have a minimum of \$50 million of Capital, provided that this requirement may, at the discretion of the Clearing House, be met by a Controller if such Controller provides a guarantee in accordance with the Finance Procedures. For purposes of the application of this clause to a US FX Clearing Member that is not an FCM/BD, Capital shall be its net capital as determined pursuant to a risk adjusted capital calculation methodology acceptable to the Clearing House;
- (ii) it is regulated for capital adequacy (the "**Regulatory Capital Requirement**") by a competent authority such as the FCA, PRA, CFTC, SEC, Banque de France, Bundesbank, Bundesanstalt für Finanzdienstleistungsaufsicht, Swiss Federal Banking Commission, U.S. Federal Reserve Board, U.S. Office of the Comptroller of the Currency, or any other Regulatory Authority the Clearing House designates from time to time for this purpose, or it is an Affiliate of an entity that satisfies the Regulatory Capital Requirement and is subject to consolidated holding company group supervision.

2.3 FX Clearing Members shall be obliged to:

- (a) co-operate and participate in all testing measures and initiatives relating to the development of FX Clearing, in relation to Financially-Settled FX Contracts;
- (b) be operationally able to interact with all aspects of the ICE FX Clearing System and ICE FX Gateway System; and
- (c) complete any necessary development required: (i) to comply with their obligations; and (ii) to submit for Clearing any FX Trade Particulars which would give rise to Financially-Settled FX Contracts on Clearing, including in any case any developments arising out of testing.

3. **OTHER PROCEDURES**

- 3.1 The Clearing Procedures (paragraphs 4.9 and 6 only), Finance Procedures, Membership Procedures, Business Continuity Procedures, General Contract Terms (to the extent set out in paragraph 10.2), the Published Terms and Complaint Resolution Procedures also apply in relation to FX Clearing, FX Contracts, FX Clearing Members and Sponsored Principals that clear FX.

4. **SUBMISSION AND ACCEPTANCE OF FX CONTRACTS**

- 4.1 Any FX Trade Particulars which are submitted to the Clearing House by an FX Clearing Member (or, in respect of an Individually Segregated Sponsored Account, a Sponsored Principal with authorisation to clear FX) via electronic means (including any FX Trade Particulars forwarded to the Clearing House by an FX Trade Execution/Processing Platform or other Representative on behalf of a Clearing Member or Sponsored Principal (or its Affiliate as described in paragraph 4.6)) shall be capable of giving rise to two FX Contracts under Rule 401(a)(xii) if the submission includes the information specified in paragraph 4.2, provided that the information specified in paragraph 4.2(b) is consistent with the Published Terms for the relevant Currency Pair at the time of submission for Clearing and provided further that the counterparty whose name is specified in the FX Trade Particulars is also an FX Clearing Member (or, in respect of an Individually Segregated Sponsored Account, a Sponsored Principal with authorisation to clear FX) and confirms the FX Trade Particulars. Where FX Trade Particulars are submitted on behalf of both parties thereto by the same FX Trade Execution/Processing Platform, both parties will be treated as having submitted and confirmed the FX Trade Particulars, without further reference to either of the FX Clearing Members or Sponsored Principals. If an FX Trade Execution/Processing Platform only acts as a Representative of one FX Clearing Member or Sponsored Principal that is specified as a party in FX Trade Particulars, then those FX Trade Particulars must be confirmed by the other FX Clearing Member or Sponsored Principal prior to it being accepted for Clearing. Each duly appointed FX Trade Execution/Processing Platform shall be treated as a Representative of each FX Clearing Member or Sponsored Principal on whose behalf it

submits FX Trade Particulars solely for the purposes of the submission and confirmation of FX Trade Particulars and receipt of FX Acceptance Notices. Pursuant to Rule 401(a)(xii), if FX Trade Particulars are so submitted and duly confirmed to the Clearing House by the parties thereto ("**FX CM1**" and "**FX CM2**"), each of which is an FX Clearing Member (or, in respect of an Individually Segregated Sponsored Account, a Sponsored Principal with authorisation to clear FX) and then accepted by the Clearing House for Clearing pursuant to an FX Acceptance Notice (and the other provisions of the Rules complied with): (i) FX CM1 will be deemed to have entered into an FX Contract with the Clearing House as its counterparty rather than FX CM2; and (ii) FX CM2 will be deemed to have entered into an FX Contract with the Clearing House as its counterparty rather than FX CM1. In each case, the FX Contract will be on the Contract Terms specified in the Rules and Procedures, based on the information submitted pursuant to paragraph 4.2. Rules 402(b) and 1702 make provision for the effect of this process on the rights, liabilities and obligations of FX CM1 and FX CM2 under any FX transaction referenced in the FX Trade Particulars.

4.2 Transaction registration for FX Trade Particulars shall take place through the ICE FX Gateway System and ICE FX Clearing System. Only FX Clearing Members or, in respect of an Individually Segregated Sponsored Account, Sponsored Principals which are authorised to clear FX (including their duly appointed Representatives) may submit FX Trade Particulars to the Clearing House. In order to submit FX Trade Particulars for Clearing, each Business Day, during the time periods from time to time established by the Clearing House for Clearing of FX Trade Particulars on any day, FX Clearing Members and Sponsored Principals shall file with the Clearing House or its duly appointed Representatives details of FX Trade Particulars, showing:

- (a) the identity of both FX Clearing Members (or, in respect of an Individually Segregated Sponsored Account, Sponsored Principals);
- (b) the following economic and identification information:
 - (i) Trade Date;
 - (ii) which FX Clearing Member or Sponsored Principal is the Reference Currency Buyer;
 - (iii) which FX Clearing Member or Sponsored Principal is the Reference Currency Seller;
 - (iv) any one of (A), (B) or (C) below:
 - (A) Reference Currency Notional Amount and Notional Amount, with or without specifying the Forward Rate;
 - (B) Reference Currency Notional Amount, Settlement Currency and Forward Rate; or
 - (C) Reference Currency, Notional Amount and Forward Rate,

provided that, if the Forward Rate is specified and has been rounded to more than the number of decimal places which is the applicable Rounding Convention for the relevant Currency Pair, the FX Trade Particulars will be deemed not to be consistent with the Published Terms for the relevant Currency Pair;

- (v) FX Valuation Date, provided that, if the FX Valuation Date was not originally set as the date which (in the absence of any adjustment) would fall the same number of "Valuation Date Business Days" before the FX Settlement Date originally specified as the number of "Valuation Date Business Days" applicable to the Financially-Settled FX Contract which would arise on Clearing (which latter information is contained in the Published Terms), then the FX Trade Particulars will be deemed not to be consistent with the Published Terms for the relevant Currency Pair; and

- (vi) FX Settlement Date;
 - (c) in relation to each FX Clearing Member, whether the resulting FX Contract is to be booked to its Customer Account or Proprietary Account and, if a Customer Account, which Customer Account;
 - (d) where a resulting FX Contract is to be booked to an FX Clearing Member's Customer Account, a unique identifier attributable to the specific Customer of that FX Clearing Member;
 - (e) Currency Pair Series for the FX Contracts arising on Clearing (if there is more than one Currency Pair Series for the relevant Currency Pair); and
 - (f) such other information as may reasonably be required by the Clearing House (such requirement to have been notified previously by the Clearing House) to effect the verification and Clearing of the FX Trade Particulars between the parties.
- 4.3 If an FX Confirmation of any FX Clearing Member or Sponsored Principal does not correspond in all material respects with the FX Confirmation of its counterparty (as specified in the FX Trade Particulars) or the information filed with the Clearing House does not satisfy the requirements of paragraph 4.2, the Clearing House may, prior to issuing an FX Acceptance Notice, reject such FX Trade Particulars and notify the relevant FX Clearing Members or Sponsored Principals who made the submission, setting forth the basis of such rejection. An FX Clearing Member or Sponsored Principal may revoke any submission or confirmation made by it relating to FX Trade Particulars, provided that such revocation instruction shall only be effective if it is received and processed by the Clearing House prior to the time at which the Clearing House has issued an FX Acceptance Notice. The Clearing House will use reasonable endeavours to act in a timely manner upon timely receipt by it of such revocation instructions.
- 4.4 In relation to any FX Trade Particulars submitted for Clearing:
- (a) FX Trade Particulars may be submitted and confirmed for Clearing at any time up to 10:30 p.m. on a Business Day. The Clearing House shall, unless it is exercising its rights to refuse or decline to accept or to reject any FX Trade Particulars for Clearing as referred to below, give notice as soon as reasonably practicable in a matched trade confirmation issued through the ICE FX Clearing System, or such other report or notice identified for the purpose (an "**FX Acceptance Notice**" which term excludes any transaction accept report (which report is not an FX Acceptance Notice)) in accordance with this paragraph 4.4 to the FX Clearing Members or Sponsored Principals which have submitted and confirmed such FX Trade Particulars (including by notice to an FX Trade Execution/Processing Platform which submitted the relevant FX Trade Particulars). The FX Acceptance Notice will be given by electronic message through the ICE FX Clearing System. The FX Acceptance Notice has the effect of specifying that the Clearing House accepts such FX Trade Particulars for Clearing and may not be issued unless such FX Trade Particulars are submitted and confirmed in accordance with and meets the requirements established by the Rules and these FX Procedures. FX Acceptance Notices in respect of FX Trade Particulars may be given at any time during the course of any Business Day. Subject to Part 4 of the Rules and this paragraph 4, an FX Acceptance Notice will result in each of the FX Clearing Members or Sponsored Principals who submitted and confirmed FX Trade Particulars for Clearing and the Clearing House entering into an FX Contract at the FX Acceptance Time.
 - (b) The Clearing House may decline to accept or may reject FX Trade Particulars for Clearing (in a transaction reject report, or such other report or notice identified for the purpose) if the FX Trade Particulars do not pass validation tests, the FX Trade Particulars are not confirmed by each of the parties, the Clearing House determines in good faith that, in accordance with paragraph 4.4(g), it should not accept or should reject such FX Trade Particulars for Clearing

or if the Clearing House determines that a Revocation Right would apply in respect of such FX Trade Particulars.

- (c) FX Trade Particulars which have been rejected may, if eligible in accordance with the Rules and these FX Procedures, be re-submitted for Clearing in the same way that FX Trade Particulars may be submitted for Clearing in accordance with paragraph 4.4(a). FX Trade Particulars that are not both submitted and confirmed for Clearing by the relevant FX Clearing Members or Sponsored Principals prior to 10:30 p.m. on a Business Day or are submitted for Clearing on a day that is not a Business Day shall be deemed to have been submitted for Clearing at the time the ICE FX Clearing System re-opens for submissions on the following Business Day, unless such FX Trade Particulars have been withdrawn or rejected by that time.
- (d) No FX Acceptance Notice shall result in any Contract arising pursuant to Rule 401(a)(xii) until the relevant FX Acceptance Time, as determined under paragraph 4.5. With effect as from the FX Acceptance Time and unless and until an FX Acceptance Notice is reissued pursuant to paragraph 4.4(i)(i), the FX Acceptance Notice shall be definitive as to any FX Contracts entered into between the Clearing House and any FX Clearing Member or Sponsored Principal, regardless of whether any FX Contract is based on any FX Trade Particulars and regardless of any error.
- (e) After the FX Acceptance Time, an FX Contract may only be terminated (other than in accordance with its terms), rescinded or cancelled by the Clearing House: (i) pursuant to Rule 104, Rule 209, Rule 405, Rule 406 or Part 9 of the Rules or as referred to in paragraph 4.4(i)(ii); or (ii) with the consent of the Clearing House if the Clearing House is presented with an agreement in writing between the two FX Clearing Members (or Sponsored Principals) who were specified as party in the FX Trade Particulars the submission for Clearing of which gave rise to such FX Contract to the effect that they each agree to the termination, rescission or cancellation of both FX Contracts which arose on the Clearing of such FX Trade Particulars.
- (f) Each Clearing Member or Sponsored Principal acknowledges and agrees that the Clearing House may rely, without additional investigation, on the terms of FX Trade Particulars or apparent or alleged FX Trade Particulars submitted by an FX Trade Execution/Processing Platform that have been designated by such FX Trade Execution/Processing Platform as having been affirmed or confirmed by the relevant parties thereto (including as to the identity of the FX Clearing Members or Sponsored Principals to be party thereto), and that each FX Clearing Member or Sponsored Principal shall be party to any FX Contract arising as a result of such submission and confirmation. An FX Clearing Member or Sponsored Principal may give not less than one Business Day's notice to the Clearing House (which notice may be given electronically), in accordance with the Procedures, that an FX Trade Execution/Processing Platform is no longer authorised to submit or confirm FX Trade Particulars or receive FX Acceptance Notices on its behalf, and following expiry of that notice period, the Clearing House will not accept for Clearing any FX Trade Particulars submitted or confirmed by such FX Trade Execution/Processing Platform on behalf of such FX Clearing Member or Sponsored Principal (but without limiting the provisions of this paragraph with respect to any FX Trade Particulars submitted before the expiry of that notice period).
- (g) The Clearing House may establish limits for FX Trade Particulars of various types which may be submitted or confirmed by an FX Clearing Member or Sponsored Principal for Clearing by reference to the expected change in the Margin requirements which would result from Clearing of such FX Trade Particulars and may establish requirements for advance funding by an FX Clearing Member or Sponsored Principal of all or part of the estimated Margin which would be applicable as a result of the acceptance for Clearing of FX Trade Particulars of various types. Any material change to the factors by reference to which the limits and/or requirements are set will be subject to consultation with the FX Risk Committee. Such limits and/or requirements may be amended from time to time by the Clearing House and need not

be identical for, or apply to, all FX Clearing Members or Sponsored Principals. The Clearing House will give notice from time to time to each FX Clearing Member or Sponsored Principal of the limits and requirements, if any, applying to that FX Clearing Member or Sponsored Principal. The Clearing House may, without other reason, reject or refuse to accept for Clearing any FX Trade Particulars for which a submitting or confirming FX Clearing Member or Sponsored Principal is not in compliance with such limits and requirements, if any, applying to it. The provisions of this paragraph 4.4(g) are without prejudice and in addition to the Clearing House's powers under Part 6 of the Rules.

- (h) In relation to any FX Trade Particulars with a trade date falling more than one Business Day prior to the date of submission for Clearing:
 - (i) FX Clearing Members and Sponsored Principals must provide information in the form specified by the Clearing House concerning the FX Trade Particulars they intend to submit for Clearing at least one Business Day prior to submitting or confirming any such FX Trade Particulars for Clearing;
 - (ii) the Clearing House may request the posting of additional Margin by an FX Clearing Member or Sponsored Principal prior to the submission of such FX Trade Particulars for Clearing and as a condition of it being in a position to issue an FX Acceptance Notice in respect of such FX Trade Particulars;
 - (iii) the Clearing House will be entitled to check with the relevant counterparty to the FX Trade Particulars that such counterparty also intends to submit the FX Trade Particulars for Clearing and may require Margin as aforementioned of that other FX Clearing Member or Sponsored Principal; and
 - (iv) no FX Clearing Member or Sponsored Principal shall submit or confirm such FX Trade Particulars for Clearing unless and until the Clearing House has provided its consent to such submission, in which case the submission, confirmation and acceptance of such FX Trade Particulars shall then proceed in the same way as for other FX Trade Particulars.
- (i) FX Clearing Members and Sponsored Principals will be able to verify their cleared FX Contracts through access to the ICE FX Clearing System and may elect to receive certain electronic clearing notices for such purposes (which notices do not constitute FX Acceptance Notices) from the Clearing House. FX Clearing Members and Sponsored Principals shall reconcile trades, adjustments, open positions and Margin requirements with the Clearing House on a daily basis and shall regularly check these reports and records issued by the Clearing House in order to confirm that they are accurate. Each FX Clearing Member and Sponsored Principal must notify the Clearing House promptly upon becoming aware of any error. If an FX Contract arising pursuant to the Clearing of FX Trade Particulars does not reflect, subject to the provisions of the Rules and Procedures, the terms of such FX Trade Particulars which were submitted or confirmed or were intended to be submitted or confirmed or if there has otherwise been a bona fide error (but not in any other circumstances) then:
 - (i) where the details in the FX Acceptance Notice did not so reflect the terms of the FX Trade Particulars as submitted or confirmed for Clearing, the Clearing House will promptly issue a corrected FX Acceptance Notice and the Contract Terms of the FX Contract shall be deemed to have been amended accordingly and any amending payments shall be made accordingly, by way of an FX Mark-to-Market Margin payment or otherwise (as appropriate); and
 - (ii) other than in circumstances falling in (i), at any time up to two Business Days following the relevant FX Acceptance Notice being issued, the affected FX Clearing Members or Sponsored Principals may agree among themselves (subject to the

consent of the Clearing House) to submit and confirm for Clearing FX Trade Particulars having an opposite effect to the original submission of FX Trade Particulars, for the purpose of offsetting the net Margin requirements and net exposures to the Clearing House resulting from the error (or, with the consent of the Clearing House, to terminate the two FX Contracts which were entered into as a result of an incorrectly submitted FX Trade Particulars), but such FX Clearing Members or Sponsored Principals shall be bound by the terms of the relevant FX Contracts notwithstanding such error unless and until such FX Contracts shall be terminated as a result of the operation of this provision.

Payments and performance will be due pursuant to all FX Contracts to which the Clearing House and an FX Clearing Member or Sponsored Principal are party from time to time, regardless of the applicability or potential applicability of this paragraph 4.4(i).

4.5 Rule 401(a)(xii) refers to a time to be specified pursuant to the Procedures for the acceptance of FX Contracts ("**FX Acceptance Time**"). The FX Acceptance Notice will specify the relevant FX Acceptance Time for the FX Contracts to which it relates. For FX Acceptance Notices relating to FX Contracts arising on the Clearing of FX Trade Particulars having a Trade Date on the date of the FX Acceptance Notice or on the previous day, the FX Acceptance Time will be the time of issuance of the FX Acceptance Notice.

4.6

- (a) The Clearing House may accept the submission of FX Trade Particulars for Clearing for the account of a Clearing Member or Sponsored Principal from a Representative of such Clearing Member or Sponsored Principal that is an Affiliate of such Clearing Member or Sponsored Principal or from an FX Trade Execution/Processing Platform as the Representative of such Affiliate; provided that such Affiliate is then designated for this purpose as an authorised Representative of the Clearing Member or Sponsored Principal in accordance with the Membership Procedures and such FX Trade Execution/Processing Platform is then designated as a Representative of the Clearing Member or Sponsored Principal.
- (b) Where FX Trade Particulars relate to an Affiliate of an FX Clearing Member or Sponsored Principal and are submitted for the account of that FX Clearing Member or Sponsored Principal:
 - (i) the Clearing House is, in addition to other rights, authorised by such Clearing Member (on behalf of its Affiliate) to provide a termination notice to a Repository in respect of any related FX transaction;
 - (ii) the Clearing Member or Sponsored Principal is responsible for ensuring that any give-up or novation agreements, other back-to-back FX transactions or agency relationships between it and its Affiliate come in to effect and are properly documented at the appropriate time;
 - (iii) unless the Affiliate is a Sponsored Principal the Clearing House is not party to such Contract with the Affiliate and the provisions of Rule 111 concerning exclusions of liability shall apply;
 - (iv) Rules 402(b) and 404 shall apply as though the Affiliate was the Clearing Member or Sponsored Principal referred to therein;
 - (v) the Affiliate shall be deemed to have agreed to provide the FX Clearing Member or Sponsored Principal and Clearing House with such authority as would have been provided (if such Affiliate were a Customer pursuant to the Standard Terms or the Rules) to amend the records of a Repository; and

- (vi) the Affiliate shall (in the absence of evidence of a contrary intention under any relevant FX transaction) be deemed to be on notice of this provision and to have agreed to the application of this provision by virtue of the Affiliate's conduct in having the relevant FX Trade Particulars submitted for Clearing.
- 4.7 Where, prior to the FX Acceptance Time, any FX Trade Particulars are rejected for Clearing, the Transaction Rights or Obligations of the FX Clearing Members or Sponsored Principals which submitted such FX Trade Particulars shall be deemed never to have been released and discharged pursuant to Rule 402(b).
- 4.8 Nothing in this paragraph 4 of itself is intended to result in any FX Trade Particulars or Transaction Rights or Obligations being void or voided as between the original parties thereto.
- 4.9 FX Trade Particulars which would, on Clearing, give rise to an FX Contract shall cease to be eligible for submission or confirmation after the relevant FX Clearing Cut-Off Time. Each FX Clearing Member and Sponsored Principal shall use reasonable endeavours not to submit or confirm any FX Trade Particulars for Clearing after the FX Clearing Cut-Off Time.
- 4.10 Without prejudice to the provisions of paragraph 4.4 which provide for FX Contracts to arise only at the FX Acceptance Time, the Trade Date recorded for an FX Contract arising from an FX Acceptance Notice in relation to FX Trade Particulars accepted for Clearing may be the Trade Date specified in the FX Trade Particulars provided that such date is not more than one Business Day before the date of the FX Acceptance Notice, or such other date as is specified by the Clearing House.
- 4.11 The ICE FX Clearing System will enable FX Clearing Members and Sponsored Principals to maintain, update and enrich records in respect of Customer Account or Proprietary Account data and other data relating to FX Contracts. No FX Clearing Member or Sponsored Principal may make any changes which result in any amendments to the existence or terms of FX Contracts. Where an FX Contract is identified as for an FX Clearing Member's Customer Account, such FX Contract must be recorded by the FX Clearing Member party thereto to a particular Customer-related identifier within two Business Days of the FX Acceptance Notice. Any failure to do so will result in the FX Contract being recorded in a temporary holding account within the Customer Account, and may result in higher Margin requirements than those that would otherwise be applicable.
- 4.12 FX Clearing Members and Sponsored Principals may submit and confirm FX Trade Particulars for Clearing, where the same FX Clearing Member or Sponsored Principal is effectively recorded as being both parties to the same FX transaction. This situation may arise where the transaction reflects an internal accounting arrangement between different branches or departments of the same FX Clearing Member or Sponsored Principal or is established for the purposes of providing prime brokerage services, or clearing of the transactions of Affiliates or Customers of an FX Clearing Member. In such circumstances, two opposite FX Contracts shall arise at the FX Acceptance Time between the FX Clearing Member or Sponsored Principal on the one hand that submitted the FX Trade Particulars and the Clearing House on the other hand, in the same manner as on the Clearing of FX Trade Particulars specifying different Clearing Members save as to the number of different parties to resulting FX Contracts.
- 4.13 The Clearing House will accept or reject FX Trade Particulars submitted for Clearing that are executed competitively on or subject to the rules of a designated contract market, swap execution facility or other similar FX Trade Execution/Processing Platform or Market in another jurisdiction as quickly after execution as would be technologically practicable if fully automated systems were used. The Clearing House will accept all such FX Trade Particulars: (i) for which the executing parties are FX Clearing Members or Sponsored Principals with authorisation to clear FX or have clearing arrangements in place with FX Clearing Members; (ii) for which the executing parties identify the Clearing House as the intended clearing house; and (iii) that satisfy the criteria of the Clearing House as set out herein and in the Rules (which criteria shall be non-discriminatory across trading venues and

shall be applied as quickly as would be technologically practicable if fully automated systems were used).

- 4.14 The Clearing House will accept or reject FX Trade Particulars submitted for Clearing that are not executed on or subject to the rules of a designated contract market, swap execution facility or other similar FX Trade Execution/Processing Platform or Exchange in another jurisdiction or that are executed non-competitively on or subject to the rules of a designated contract market, swap execution facility or other similar FX Trade Execution/Processing Platform or Exchange in another jurisdiction as quickly after submission to the Clearing House as would be technologically practicable if fully automated systems were used. The Clearing House will accept all such FX Trade Particulars (i) that are submitted to the Clearing House by the parties in accordance with Applicable Laws, (ii) for which the executing parties, who are FX Clearing Members or Sponsored Principals with authorisation to clear FX, have clearing arrangements in place with FX Clearing Members, (iii) for which the executing parties identify the Clearing House as the intended clearing house, and (iv) that satisfy the criteria of the Clearing House as set out herein and in the Rules (which criteria shall be non-discriminatory across trading venues and shall be applied as quickly as would be technologically practicable if fully automated systems were used).
- 4.15 Each FX Clearing Member and Sponsored Principal that is an FCM/BD must accept or reject any FX Trade Particulars submitted by or for it as quickly as would be technologically practicable if fully automated systems were used and (to the extent such FX Trade Particulars have not already been submitted to the Clearing House at the time of acceptance by such Clearing Member) must submit such FX Trade Particulars to the Clearing House as quickly following such acceptance (or execution, if executed directly by such Clearing Member) as would be technologically practicable if fully automated systems were used. For the avoidance of doubt, such acceptance or rejection by a Clearing Member or Sponsored Principal does not constitute acceptance or the issuance of an FX Acceptance Notice by the Clearing House.

5. **PRICING DATA**

5.1 **Provision of pricing data to the Clearing House**

- (a) Pricing data is required to be provided to the Clearing House by FX Clearing Members (but not Sponsored Principals) pursuant to Rule 1702 and may be used by the Clearing House for purposes of calculating FX Mark-to-Market Margin and for other risk management purposes. The actual pricing data that is required to be provided by FX Clearing Members will be specified in the Clearing House's pricing and risk policies from time to time, as the same are updated and amended from time to time.
- (b) Pricing data must be submitted by each FX Clearing Member in the form prescribed by the Clearing House from time to time.
- (c) Pricing data in respect of a particular Business Day must be received by the Clearing House no later than 5:00 pm on the same Business Day.
- (d) The Clearing House may disregard the pricing data for any Standard Maturity of a Currency Pair provided by an FX Clearing Member if such pricing data falls outside the inter-quartile range for the various data for that Standard Maturity of that Currency Pair provided to the Clearing House by FX Clearing Members on that date.

5.2 **Impact of events**

- (a) If any Unscheduled Holiday or Disruption Event occurs in relation to a Financially-Settled FX Contract or a Set of Financially-Settled FX Contracts, then, subject to paragraph 5.2(b) and to any amendments to the relevant EMTA Template made in the Published Terms, the Clearing House will follow the relevant EMTA Template as a basis for determining the FX Valuation

Date, the Settlement Rate, the FX Settlement Date and the obligations of FX Clearing Members, Sponsored Principals, Sponsors and the Clearing House on the relevant FX Settlement Date or for determining any actions that it takes to postpone, defer, cancel, bring forward or suspend the publication of any Settlement Rate, as referred to in Rule 1702(c).

- (b) If, where an Unscheduled Holiday or Disruption Event has occurred, the Clearing House wishes to determine any FX Valuation Date, Settlement Rate, FX Settlement Date or obligations of FX Clearing Members, Sponsored Principals, Sponsors and the Clearing House on any FX Settlement Date or to postpone, defer, cancel, bring forward or suspend the publication of any Settlement Rate, as referred to in Rule 1702(c), or the applicability or timing of any settlement obligation other than in accordance with the relevant EMTA Template as amended pursuant to the Published Terms and paragraph 8.3, then the Clearing House will consult the FX Risk Committee, in advance of the Clearing House taking any action. Such consultation may take place pursuant to the provisions of the terms of reference of the FX Risk Committee relating to emergency meetings.

6. SETTLEMENT OF FINANCIALLY-SETTLED FX CONTRACTS

- 6.1 For Financially-Settled FX Contracts, Parts 3 and 5 of the Rules and the Finance Procedures apply in respect of payments arising from settlement obligations in the same way as they apply to other payments to and from the Clearing House. In accordance with the Finance Procedures and Part 3 of the Rules, in relation to the settlement of an FX Contract, the FX Mark-to-Market Margin repayable on settlement of such FX Contract shall be offset against the Settlement Currency Amount payable on settlement of such FX Contract (provided that each such payment is then payable by a different party to the FX Contract) and only the balance after such set-off shall remain payable on the FX Settlement Date of such FX Contract.
- 6.2 No FX Clearing Member or Sponsored Principal shall, or shall be entitled to, rescind any settlement instruction or otherwise refuse to settle any FX Contract in the manner specified in the Rules and these FX Procedures, unless otherwise directed by the Clearing House pursuant to the Rules and these FX Procedures.
- 6.3 FX Original Margin and FX Mark-to-Market Margin shall continue to be called and payable to and from the Clearing House (as applicable) in relation to any Financially-Settled FX Contract until such time as settlement of such Financially-Settled FX Contract actually occurs. No FX Original Margin or FX Mark-to-Market Margin requirements shall apply in respect of a Financially-Settled FX Contract as from the time that settlement is complete.

7. FX MARKET PRICES AND FX PRICE ALIGNMENT AMOUNTS

7.1 FX Market Prices

- (a) FX Market Prices will generally be determined in accordance with the risk policies of the Clearing House.
- (b) As referred to in Rule 1702(c), the Clearing House shall be entitled to determine or amend any FX Market Price or forward point for purposes of calculating FX Mark-to-Market Margin itself on any date, at its discretion, for any Financially-Settled FX Contract for a Currency Pair or to postpone, defer, cancel, bring forward or suspend the publication of any FX Market Price (and in that case, obligations of FX Clearing Members, Sponsors, Sponsored Principals, Customers and the Clearing House calculated with reference to an FX Market Price shall also be postponed, deferred, cancelled, brought forward or suspended, as applicable) including if:
 - (i) FX Clearing Members fail on any day to submit data required to determine the relevant FX Market Price;

- (ii) there are material errors in data provided by FX Clearing Members for this purpose;
- (iii) material information is not available for the purposes of calculating the FX Market Price, due to a disruption, Valuation Postponement or Unscheduled Holiday affecting a particular country, its banks or otherwise; or
- (iv) there has been a Force Majeure Event.

For such purposes, the Clearing House may extrapolate previously provided FX Market Prices for the purposes of determining FX Market Prices for Financially-Settled FX Contracts.

- (c) When the Clearing House so uses its discretion so to set an FX Market Price, the reasons for doing so and the basis for the establishment of the FX Market Price in such circumstances shall be recorded by the Clearing House.

7.2 FX Price Alignment Amounts

- (a) FX Price Alignment Amounts will be calculated daily, including in respect of weekends and currency holidays, based upon the applicable overnight rate notified by the Clearing House from time to time to FX Clearing Members and Sponsored Principals for each of the FX MTM Currencies.
- (b) In respect of each FX Contract, FX Price Alignment Amounts will be payable in accordance with Part 3 of the Rules and the Finance Procedures:
 - (i) by the relevant FX Clearing Member or Sponsored Principal to the Clearing House in respect of the absolute amount of any negative FX Notional Margin Balance (notwithstanding that FX Mark-to-Market Margin is a settlement payment) on any day; and
 - (ii) by the Clearing House to such FX Clearing Member or Sponsored Principal in respect of any positive FX Notional Margin Balance (notwithstanding that FX Mark-to-Market Margin is a settlement payment) on any day.

8. CLEARED FX PRODUCTS: ELIGIBLE SETS

- 8.1 Details of the Published Terms of Financially-Settled FX Contracts for each available Currency Pair which will arise on Clearing of FX Trade Particulars, to the extent that they are not contained in the published Rules and these FX Procedures, will be notified from time to time by the Clearing House to Clearing Members by Circular.
- 8.2 The Clearing House may add to, amend or make deletions from the list of Currency Pairs for which there are Financially-Settled FX Contracts which will arise on Clearing of FX Trade Particulars by issuing a Circular. Any such addition, amendment or deletion (other than any amendment to the available tenors of Financially-Settled FX Contracts in relation to a Currency Pair) shall be made following consultation with the FX Risk Committee. In the case of a deletion of a Currency Pair, the Clearing House will consult with the FX Risk Committee in relation to the establishment of suitable arrangements for the run off, termination or other management of FX Contracts in such Currency Pair and any open interest therein.
- 8.3 All Financially-Settled FX Contracts for a particular Currency Pair will have the same standard terms, being the Published Terms, unless the Clearing House launches a new Currency Pair Series pursuant to paragraph 8.4. For the avoidance of doubt, any amendment to an EMTA Template (including any amendment to the definition of a term used directly or indirectly therein) will not result in any amendment to the Contract Terms of FX Contracts unless the relevant amendment is formally adopted by the Clearing House pursuant to this paragraph 8 and Rule 109. The Published Terms of all Financially-Settled FX Contracts of a Set may be amended, restated or updated pursuant to:

- (a) the issuance by the Clearing House of a Circular, in respect of those of the Published Terms of a particular Set which pursuant to these FX Procedures are defined with reference to Circulares; or
- (b) amendments to the Rules or these FX Procedures, in respect of those of the Published Terms of a particular Set as are set out in the Rules or these FX Procedures, respectively,

subject in any case to consultation with the FX Risk Committee. Any such amendments shall apply both to new Financially-Settled FX Contracts arising pursuant to Clearing after the date of the amendment and to existing Financially-Settled FX Contracts, with the result that all Financially-Settled FX Contracts for a particular Currency Pair Series having the same specified FX Settlement Date will have identical terms (other than for Trade Date, parties, Reference Currency Notional Amount, Notional Amount and Forward Rate).

- 8.4 If there is an amendment to an EMTA Template (including any amendment to the definition of a term used directly or indirectly therein), any new EMTA Template is published or any other FX-related recommendation or amendment is published or used that applies to FX transactions similar to FX Contracts or otherwise if the Clearing House decides to do so, the Clearing House may (following consultation with the FX Risk Committee) launch a new Currency Pair Series which has the same currencies as an existing Currency Pair but different Published Terms. If it does so, the Published Terms for each Currency Pair Series will be specified by the Clearing House by Circular, Rule Change or amendment to the Procedures (as appropriate). FX Contracts of a Currency Pair Series will only arise on the Clearing of FX Trade Particulars specifying that Currency Pair Series submitted for Clearing on or after the launch of such Currency Pair Series.

9. **FX DEFAULT COMMITTEE**

- 9.1 The FX Default Committee shall be comprised of not more than three FX Committee-Eligible Clearing Members designated in accordance with paragraph 9.2 (each, an "**FX Default Committee Participant**"). The FX Default Committee shall act as a committee of the Clearing House and for such time as any FX Default Committee is convened, relevant FX Default Committee Members shall be treated as if they were seconded to and shall act as agent for the Clearing House and accordingly may take actions in the name of the Clearing House to the extent authorised by this paragraph 9. Accordingly, Rule 114 applies to bind the Clearing House, the relevant Defaulter and Clearing Members in respect of any action taken by the FX Default Committee on behalf of the Clearing House in accordance with its competencies, as set out in this paragraph 9. Each FX Default Committee Participant shall designate an employee of it or one of its Affiliates with FX trading experience by notice in writing to the Clearing House (an "**Eligible Employee**") to serve as its representative on the FX Default Committee, along with one or more Eligible Employees as alternates in the event such person is not available on a timely basis (the designated employee or alternate, as applicable, an "**FX Default Committee Member**"). Eligible Employees and their alternates must be located in the London region or be able to travel to London at short notice and stay in the London region for a period of several weeks thereafter. An FX Default Committee Participant may replace its designated employee or alternate(s) as FX Default Committee Member with an Eligible Employee from time to time by notice in writing to the Clearing House.

- 9.2 The Clearing House shall randomly order all FX Committee-Eligible Clearing Members into a list (the "**FX Default Committee Participant List**"). The procedure for any random ordering for the purposes of this paragraph 9.2 shall be determined by the Clearing House at its discretion and may be amended at the Clearing House's discretion if any Clearing Member specifies a preference for the time at which its representatives will serve on the FX Default Committee. If two or more FX Committee-Eligible Clearing Members are or become Affiliates, as determined by the Clearing House, they shall be treated as one FX Committee-Eligible Clearing Member on the FX Default Committee Participant List, but the FX Default Committee Participant may represent all FX Committee-Eligible Clearing Members that are Affiliates. Any new FX Committee-Eligible Clearing Member will be added to the end of the FX Default Committee Participant List.

- 9.3 The FX Default Committee for the initial Relevant FX Default Committee Period shall be comprised of the first three FX Committee-Eligible Clearing Members on the FX Default Committee Participant List. The first listed FX Committee-Eligible Clearing Member will serve on the FX Default Committee until the end of the next complete Relevant FX Default Committee Period. The second listed FX Committee-Eligible Clearing Member will serve on the FX Default Committee until the end of the second next complete Relevant FX Default Committee Period. The third listed FX Committee-Eligible Clearing Member will serve on the FX Default Committee until the end of the third next complete Relevant FX Default Committee Period. At the end of each Relevant FX Default Committee Period (excluding any partial Relevant FX Default Committee Period following the launch of FX Clearing), the first retiring or longest-serving then FX Default Committee Participant shall cease to be an FX Default Committee Participant and shall be moved to the end of the FX Default Committee Participant List, and the next FX Committee-Eligible Clearing Member on the FX Default Committee Participant List shall be an FX Default Committee Participant for the next six months. If at any time, there are fewer than three FX Committee-Eligible Clearing Members on the FX Default Committee Participant List, all such FX Committee-Eligible Clearing Members shall be FX Default Committee Participants. The "**Relevant FX Default Committee Period**" will be each period of: 1 January to 28 or 29 February; 1 March to 30 April; 1 May to 30 June; 1 July to 31 August; 1 September to 31 October; and 1 November to 31 December (in each case inclusive) in each calendar year, unless otherwise specified by the Clearing House.
- 9.4 Any FX Clearing Member that ceases to be an FX Committee-Eligible Clearing Member shall be removed from the FX Default Committee Participant List and, if such Clearing Member is serving on the FX Default Committee at the time of removal, shall be replaced on the FX Default Committee by the next FX Committee-Eligible Clearing Member on the FX Default Committee Participant List. Any Clearing Member that becomes (or resumes being) an FX Committee-Eligible Clearing Member shall be added to the end of the FX Default Committee Participant List.
- 9.5 If the Clearing House determines that any Eligible Employee is not available to participate in the FX Default Committee in a timely manner or should for any other reason be removed from or not participate in actions to be undertaken by the FX Default Committee, the Clearing House shall give notice to the FX Clearing Member who appointed such person who shall appoint a new Eligible Employee or alternate (if an FX Default Committee has been convened within one hour and otherwise within 2 Business Days). If the Clearing House determines, whether upon the request of such FX Default Committee Participant or upon the Clearing House's own initiative, that any FX Default Committee Participant has a conflict or lacks impartiality with regard to an action to be undertaken by the FX Default Committee (e.g., it or its Affiliate is the subject of the Event of Default), fails to appoint a new Eligible Employee or alternate when requested to do so under this paragraph 9.5 or should for any other reason be removed from or not participate in actions to be undertaken by the FX Default Committee, the Clearing House shall remove such FX Default Committee Participant and, as promptly as practicable under the circumstances, replace it with the next FX Committee-Eligible Clearing Member on the FX Default Committee Participant List and, pending such replacement, the remaining FX Default Committee Members shall continue to perform the responsibilities of the FX Default Committee.
- 9.6 Each FX Default Committee Member and FX Default Committee Participant when acting in such capacity shall act at all times in good faith in the interests of the Clearing House. To the extent that the FX Default Committee is given powers under paragraph 9 of these FX Procedures to act on behalf of the Clearing House, each FX Default Committee Member shall be treated as an officer of the Clearing House for purposes of Rule 111(a) and as a Representative of the Clearing House for purposes of Rule 111(c) and is therefore entitled to the benefit of those provisions accordingly.
- 9.7 The FX Default Committee shall be entitled to:
- (a) assist and advise the Clearing House in determining and executing any transactions under Part 9 of the Rules in relation to FX Contracts only;

- (b) assist and advise the Clearing House on how a Defaulter's portfolio should be split for purposes of transfers, sales, auctions, hedging or otherwise, where deemed necessary;
- (c) execute close-out, offsetting or hedging transactions on behalf of the Clearing House to the extent that the FX Default Committee or any of its members has been provided with authority from the Clearing House to do so;
- (d) assist the Clearing House in determining (and thereafter adjusting) any sale or transfer prices, target prices or estimates of achievable auction prices for such transactions relating to FX Contracts, utilising historical data from past auctions where applicable;
- (e) assist the Clearing House in relation to the unwinding of any FX Contracts and otherwise as provided in the Rules and Procedures in relation thereto;
- (f) provide the Clearing House with recommendations as to how prudently to unwind the FX Contracts of a Defaulter that was an FX Clearing Member or Sponsored Principal authorised to clear FX and the related close-out of FX Contracts and any hedging transactions;
- (g) without prejudice to the generality of the foregoing, assist and advise the Clearing House in determining whether or not the entry into of any hedging transactions under Rule 903(c) in relation to FX Contracts would achieve, or would be likely to achieve, the purpose of an orderly unwind of any FX Contracts to which a Defaulter is party or a reduction of the risk specified in Rule 903(c);
- (h) provide recommendations to the Clearing House in respect of its management of the Event of Default;
- (i) carry out such functions as are specified in the FX Default Management Policy;
- (j) carry out such other activities and functions as are delegated to it by the Clearing House; and
- (k) be consulted in respect of any proposal by the Clearing House to override the implementation or application of the FX Default Management Policy pursuant to Rule 1707(c).

The target prices or estimates of achievable auction prices shall be established by the Clearing House in consultation with the FX Default Committee (taking into account the results of any prior auctions) as the price, as determined in the reasonable discretion of the Clearing House (taking into account the interests of non-defaulting Clearing Members), at which it would be reasonable for the Clearing House to enter into relevant FX Contracts or hedging contracts under Part 9 of the Rules. Any target price or estimate of achievable auction price so determined by the Clearing House may be adjusted by the Clearing House in consultation with the FX Default Committee for market changes, and to take into account the result of any sales or auctions under Part 9 of the Rules, from the time of the initial determination of the target price or estimate of achievable auction price to the time any new FX Contracts are entered into. The powers and competencies of the FX Default Committee shall be bounded by the requirements of Rule 1707.

- 9.8 Each FX Default Committee Participant and FX Default Committee Member (each, for purposes of this paragraph 9.8, a "**Covered Party**") shall be subject to the provisions of Rule 106 as if it were the Clearing House. Each Covered Party further agrees not to use any information subject to Rule 106 ("**Confidential Material**") for its own benefit or the benefit of any of its Affiliates. In the event that a Covered Party is served with or otherwise subject to legal process (including subpoena or discovery notice) requiring it to testify about, to produce, or otherwise to divulge Confidential Material, to the extent permitted by law the Covered Party subject to such process will as soon as practicable inform the Clearing House so that the Clearing House may seek a protective order, injunction or other remedy. In the event that such protective order, injunction or other remedy has not been obtained and the Covered Party is advised, in the opinion of counsel, that it is legally compelled to disclose any of the

Confidential Material, the Covered Party may disclose only such Confidential Material as it is so advised must be disclosed and shall not otherwise disclose Confidential Material.

- 9.9 Each FX Default Committee Participant and FX Default Committee Member shall be responsible for its own costs associated with its service in such position.
- 9.10 The Clearing House acknowledges and agrees that it will consider in good faith the recommendations of any FX Default Committee in relation to matters over which the FX Default Committee has competence.

10. CONTRACTUAL TERMS

- 10.1 Each Financially-Settled FX Contract shall be subject to the following contractual terms.
- 10.2 Each Financially-Settled FX Contract shall include the terms and conditions set out in the General Contract Terms Procedures (excluding paragraph 2.2 thereof) as part of its Contract Terms as if the same were set out here and applied to Financially-Settled FX Contracts, *mutatis mutandis*. In the event of any conflict or inconsistency between any two provisions of the terms set out or referred to herein, the following order of priority shall apply:

- (a) first, these FX Procedures other than the portion of these FX Procedures referred to in (b) below; and
- (b) second, the relevant paragraph of the General Contract Terms Procedures.

- 10.3 Where:

- (a) FX Trade Particulars specifying the names of FX CM1 and FX CM2 are submitted for Clearing;
- (b) two Financially-Settled FX Contracts, one between FX CM1 and the Clearing House (the "**FX CM1 Contract**") and the other between the Clearing House and FX CM2 (the "**FX CM2 Contract**") arise as a result of Clearing; and
- (c) it is necessary to determine certain terms of the FX CM1 Contract and the FX CM2 Contract by reference to such FX Trade Particulars,

then:

- (i) any such term applying to FX CM1 in the FX CM1 Contract or to the Clearing House in the FX CM2 Contract will be determined by reference to the role of FX CM1; and
- (ii) any such term applying to the Clearing House in the FX CM1 Contract or to FX CM2 in the FX CM2 Contract will be determined by reference to the role of FX CM2,

in each case as set out in the information submitted to the Clearing House in respect of FX Trade Particulars in accordance with paragraph 4.2(b).

- 10.4 The following terms of each Financially-Settled FX Contract will be determined by reference to the information submitted in respect of FX Trade Particulars in accordance with paragraph 4.2(b), subject as set out below:
- (a) Reference Currency Buyer;
 - (b) Reference Currency Seller;

- (c) Trade Date where, pursuant to paragraph 4.10, the Trade Date of the Financially-Settled FX Contract is to be the same as the Trade Date specified in the FX Trade Particulars;
 - (d) Reference Currency;
 - (e) Reference Currency Notional Amount;
 - (f) Notional Amount;
 - (g) Forward Rate;
 - (h) Currency Pair Series, if applicable;
 - (i) Settlement Currency; and
 - (j) FX Settlement Date.
- 10.5 The following terms of each Financially-Settled FX Contract will be determined by reference to the relevant Circular setting out the Published Terms:
- (a) FX Valuation Date; and
 - (b) Settlement Rate Option.
- 10.6 The following terms shall apply to Financially-Settled FX Contracts:
- (a) the Disruption Events, Disruption Fallbacks and any other terms (if specified by the Clearing House in the relevant Circular) set out in the EMTA Template published on such date as is specified in the relevant Circular as being applicable to the Currency Pair of the Financially-Settled FX Contract will apply;
 - (b) any defined term used in the specified EMTA Template and incorporated into the terms of a Financially-Settled FX Contract will have the meaning set out in such EMTA Template (where therein defined); and
 - (c) if any defined term used in the relevant EMTA Template is not defined in the EMTA Template, the Rules, these FX Procedures or the relevant Circular specifying Published Terms, that term shall have the meaning set out in the 1998 FX and Currency Option Definitions,
- subject in each of cases (a), (b) and (c) to any amendments set out in the relevant Circular specifying Published Terms, the Rules and these FX Procedures (as each of the foregoing is amended or restated from time to time in accordance with paragraph 8.3). Further to Rule 102(f), to the extent there is any conflict between any of the provisions of the Rules, these FX Procedures, a Circular specifying Published Terms, the relevant EMTA Template or the 1998 FX and Currency Option Definitions in relation to any Contract Terms of an FX Contract, the provision of the first document mentioned in this sentence shall prevail, control, govern and be binding upon the parties.
- 10.7 The Calculation Agent will be the Clearing House for all Financially-Settled FX Contracts. Any price determination pursuant to a Calculation Agent Determination of Settlement Rate in respect of any Financially-Settled FX Contract is subject to consultation with the FX Risk Committee.
- 10.8 In relation to each Financially-Settled FX Contract, on the related FX Settlement Date:
- (a) if the Settlement Currency Amount is a positive number, the Reference Currency Buyer will pay that amount in the Settlement Currency to the Reference Currency Seller; or

- (b) if the Settlement Currency Amount is a negative number, the Reference Currency Seller will pay the absolute value of that amount in the Settlement Currency to the Reference Currency Buyer.

10.9 Contract specifications for Financially-Settled FX Contracts:

General	Financially-Settled FX Contracts are contracts between the Reference Currency Buyer and the Reference Currency Seller for the cash settlement of the Settlement Currency Amount in the Settlement Currency on the FX Settlement Date.
Currency Pairs	As specified in Circulars published by the Clearing House from time to time setting out certain Published Terms for Financially-Settled FX Contracts.
Tenors	Tenors are generally available with FX Settlement Dates scheduled on any day up to two (2) years after Clearing, unless the Published Terms specify otherwise. Certain Currency Pairs for Financially-Settled FX Contracts may be limited to one (1) year tenors, unless otherwise specified in the Published Terms.
FX Valuation Date	The FX Valuation Date for any Financially-Settled FX Contract will be scheduled by reference to the FX Settlement Date which is specified in the Financially-Settled FX Contract, subject to adjustment as set out in the Published Terms for such Financially-Settled FX Contract.
Contract size	Each Financially-Settled FX Contract is for one (1) sub-unit of the Settlement Currency down to a precision of 0.01 (e.g. 1 USD cent).
FX MTM Currency	For each Financially-Settled FX Contract, the currency of the Settlement Currency.
Maximum daily price fluctuation	No limits.
Settlement	Each Financially-Settled FX Contract is cash settled on the FX Settlement Date, based upon the Settlement Currency Amount, pursuant to Rule 1705.