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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2013 - * 01

Amendment No. (req. for Amendments *)

Filing by ICE Clear Europe Limited.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *			
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Pilot	Extension of Time Period for Commission Action *	Date Expires *	Rule					
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934					
Section 806(e)(1)		Section 806(e)(2)	Section 3C(b)(2)					
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>					
Exhibit 2 Sent As Paper Document		Exhibit 3 Sent As Paper Document						

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

The principal purpose of the proposed change is to amend the ICE Clear Europe Rules and CDS Procedures to include extended Clearing Member liability for payments due to ICE Clear Europe.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name *	Patrick	Last Name *	Davis
Title *	Head of Legal and Company Secretary		
E-mail *	patrick.davis@theice.com		
Telephone *	(770) 857-4700	Fax	<input type="text"/>

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 01/10/2013

Head of Legal and Company Secretary

By Patrick Davis

(Name *)

Digitally Sign and Lock Form

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDDS website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document



Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document



Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Form 19b-4 Information

1. Text of the Proposed Rule Change

- (a) The text of the proposed change has been annexed as Exhibit 5 and consists of certain procedural and rule changes that have been proposed by ICE Clear Europe Limited (“ICE Clear Europe”). The principal purpose of the proposed change is to amend the ICE Clear Europe Rules and CDS Procedures to include extended Clearing Member liability for payments due to ICE Clear Europe.
- (b) Not applicable.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

- (a) Comments from the Clearing Members have been solicited and are due by December 28, 2012.
- (b) Please refer questions and comments regarding the new product offering to Patrick Davis, Head of Legal and Company Secretary, ICE Clear Europe Limited, 5th Floor, Milton Gate, 60 Chiswell Street, London, EC1Y 4SA, United Kingdom, +44 20 7065 7600.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

ICE Clear Europe submits proposed amendments to Part 3 of its Rules and CDS Procedures to clarify a Clearing Member’s ongoing payment obligation to ICE Clear Europe with respect to electronic payment transfers. ICE Clear Europe proposes to amend Part 3 of the ICE Clear Europe Rules to state when the Clearing Member’s payment obligation has been satisfied or discharged. The other proposed changes in the ICE Clear Europe CDS Procedures reflect drafting clarifications in Section 8.8(a), and do not affect the substance of the ICE Clear

Europe CDS Procedures. The text of the proposed rule and procedural amendments are attached, with additions underlined and deletions in strikethrough text.

(b) Statutory Basis

The proposed amendments are intended to clarify the standards for satisfaction of a Clearing Member's payment obligation to ICE Clear Europe. Specifically, the proposed rule changes affect Part 3 of the ICE Clear Europe Rules. In particular, Rule 301(f) is revised to state that no payment obligation of a Clearing Member shall be treated as having been satisfied or discharged unless and until all of the following steps have taken place in respect of any payment of such amount:

- (i) the relevant electronic transfer of funds is actually received by the Clearing House in unencumbered, fully cleared and fully available funds in a Clearing House Account, being an account at an Approved Financial Institution which is not subject to an Insolvency;
- (ii) if the Approved Financial Institution used by the Clearing Member is not a Concentration Bank, such Approved Financial Institution has fully performed its concentration function in respect of the payment in question, by completing the transfer of funds from the ICE Clear Europe's account at such Approved Financial Institution to the ICE Clear Europe's concentration account at a Concentration Bank (which Concentration Bank is not subject to an Insolvency), in which account the ICE Clear Europe has received unencumbered, fully cleared and fully available funds, in respect of:
 - (A) in the case of a payment under Rule 302(a), a net amount reflecting all payments processed through that Approved Financial Institution in

respect of all calls on or payments to all Clearing Members using that

Approved Financial Institution under Rule 302(a) in respect of the

Business Day in question; or

(B) in the case of a payment other than a payment under Rule 302(a) (such

as a payment following an intra-day call for Margin or an ad hoc

transfer of additional cash Permitted Cover to the ICE Clear Europe), the

amount received from the Clearing Member that is seeking to make the

payment in question; and

(iii) in the case of a payment under Rule 302(a) only, that Approved Financial

Institution (including if it is a Concentration Bank) has made all relevant

payments under Rule 302(a) due to the Clearing Member and other Clearing

Members (in its capacity as an Approved Financial Institution or

Concentration Bank) in respect of the Business Day in question.

Nothing in this Rule 301(f) will restrict or prevent ICE Clear Europe or any Clearing Member

from making any claim against an Approved Financial Institution which has failed to make a

payment referred to under this Rule 301(f). In particular, ICE Clear Europe shall not be deemed

to have had any loss, liability or shortfall made good or whole vis-à-vis an Approved Financial

Institution by virtue of any further payment by a Clearing Member in addition to an attempted

payment not credited to its account as a result of this Rule 301(f); and an Approved Financial

Institution that has failed to make any payment referred to in this Rule 301(f) will remain fully

liable to the ICE Clear Europe or relevant Clearing Member for any such failed payment or

account balance notwithstanding a reimbursement or additional payment as between a Clearing

Member and the ICE Clear Europe. In the event that:

- (x) a payment is received into an ICE Clear Europe Account at an Approved Financial Institution but the requirements of Rule 301(f)(ii) or Rule 301(f)(iii) are not satisfied;
- (y) an affected Clearing Member has satisfied its payment obligations through an additional payment which complies with the requirements of this Rule 301(f); and
- (z) ICE Clear Europe makes a recovery or irrevocably receives any part or full payment from the Approved Financial Institution into one of its accounts at a Concentration Bank (which Concentration Bank is not subject to an Insolvency),

then ICE Clear Europe will make payment to affected Clearing Members in respect of the recovery or receipt actually made by ICE Clear Europe, net of ICE Clear Europe's costs and expenses, pro rata in proportion to the amounts of the original missed payments of each affected Clearing Member. No Clearing Member shall be declared subject to an Event of Default as a result of failing to make any payment due to the operation of either Rule 301(f)(ii) or Rule 301(f)(iii), unless and until ICE Clear Europe has notified the Clearing Member of the failed payment in question and requested that the payment be made using alternative means and the Clearing Member has defaulted in making the latter payment (other than solely due to the operation of either Rule 301(f)(ii) or Rule 301(f)(iii)).

The proposed rule change also includes a new Rule 301(l) that states that “[a]ny payment due to a Clearing Member from ICE Clear Europe will be recognized as having been duly made, and ICE Clear Europe's obligations in respect thereof shall be treated as having been satisfied and discharged, at the time that the relevant Credit/Debit Payment Transfer Order arises relating

to such payment (or, if the Clearing Member or Approved Financial Institution is not a Participant, would have arisen were the Clearing Member or Approved Financial Institution to have been a Participant), provided that ICE Clear Europe has reason to believe that the Clearing House Account from which payment is to be made has sufficient funds or credit on Account.”

Finally, Rule 208(c) is revised to state that neither the new Rules 301(f)(ii)-(iii) nor Rule 301(l) shall apply to payments made or received after the Insolvency or an Event of Default as aforementioned in respect of ICE Clear Europe.

ICE Clear Europe believes that the proposed rule changes are consistent with the requirements of Section 17A of the Act and the regulations thereunder applicable to it. Specifically, ICE Clear Europe believes that the proposed rule changes will improve the finality and accuracy of its daily settlement process and reduce the risk to clearing house of settlement failures, thereby permitting the accurate clearing and settlement of cleared transactions.

4. Self-Regulatory Organization’s Statement on Burden on Competition

ICE Clear Europe does not believe the proposed rule changes would have any impact, or impose any burden, on competition.

5. Self-Regulatory Organization’s statement on Comments on the Proposed Rule Change Received from Members, participants, or Others

Written comments relating to the rule changes have not been solicited or received. ICE Clear Europe will notify the Commission of any written comments received by ICE Clear Europe.

6. Extension of Time Period for Commission Action

ICE Clear Europe does not consent to the extension of the time period listed in Section 19(b)(2) of the Securities Exchange Act of 1934 for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) ICE Clear Europe respectfully requests that the Commission grant accelerated effectiveness of the proposed rule changes under Section 19(b)(2). ICE Clear Europe believes that accelerated effectiveness is warranted because they do not change a Clearing Member's payment obligations. In ICE Clear Europe's view, the proposed changes do not raise any issues that would require a lengthier review process under Rule 19(b), and ICE Clear Europe does not believe the market would benefit from delaying implementation of the proposed rule changes.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or the Commission

The proposed rule changes are not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

List of exhibits to be filed, as specified in Instructions C and D:

- Exhibit 1. Notice of proposed rule change for publication in the Federal Register
- Exhibit 2. Not applicable
- Exhibit 3. Not applicable
- Exhibit 4. Not applicable
- Exhibit 5. Text of proposed rule change

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-_____; File No. SR-ICEEU-2013-01]

SELF-REGULATORY ORGANIZATIONS

Self-Regulatory Organizations; ICE Clear Europe Limited; Extended Member Liability
for Payment Obligation to the Clearing House

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, 2012, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule changes described in Items I, II and III below, which Items have been primarily prepared by ICE Clear Europe. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

ICE Clear Europe submits proposed amendments to Part 3 of its Rules and CDS Procedures to clarify a Clearing Member’s ongoing payment obligation to ICE Clear Europe with respect to electronic payment transfers. ICE Clear Europe proposes to amend Part 3 of the ICE Clear Europe Rules to state when the Clearing Member’s payment obligation has been satisfied or discharged. The other proposed changes in the ICE Clear Europe CDS Procedures reflect drafting clarifications in Section 8.8(a), and do

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

not affect the substance of the ICE Clear Europe CDS Procedures. All capitalized terms not defined herein are defined in the Rules or CDS Procedures.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICE Clear Europe included statements concerning the purpose of and basis for the proposed rule changes and discussed any comments it received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. ICE Clear Europe has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The proposed amendments are intended to clarify the standards for satisfaction of a Clearing Member's payment obligation to ICE Clear Europe. Specifically, the proposed rule changes affect Part 3 of the ICE Clear Europe Rules. In particular, Rule 301(f) is revised to state that no payment obligation of a Clearing Member shall be treated as having been satisfied or discharged unless and until all of the following steps have taken place in respect of any payment of such amount:

- (i) the relevant electronic transfer of funds is actually received by the Clearing House in unencumbered, fully cleared and fully available funds in a Clearing House Account, being an account at an Approved Financial Institution which is not subject to an Insolvency;
- (ii) if the Approved Financial Institution used by the Clearing Member is not a Concentration Bank, such Approved Financial Institution has fully performed

its concentration function in respect of the payment in question, by completing the transfer of funds from the ICE Clear Europe's account at such Approved Financial Institution to the ICE Clear Europe's concentration account at a Concentration Bank (which Concentration Bank is not subject to an Insolvency), in which account the ICE Clear Europe has received unencumbered, fully cleared and fully available funds, in respect of:

(A) in the case of a payment under Rule 302(a), a net amount reflecting all payments processed through that Approved Financial Institution in

respect of all calls on or payments to all Clearing Members using that Approved Financial Institution under Rule 302(a) in respect of the Business Day in question; or

(B) in the case of a payment other than a payment under Rule 302(a) (such as a payment following an intra-day call for Margin or an ad hoc transfer of additional cash Permitted Cover to the ICE Clear Europe), the amount received from the Clearing Member that is seeking to make the payment in question; and

(iii) in the case of a payment under Rule 302(a) only, that Approved Financial Institution (including if it is a Concentration Bank) has made all relevant payments under Rule 302(a) due to the Clearing Member and other Clearing Members (in its capacity as an Approved Financial Institution or Concentration Bank) in respect of the Business Day in question.

Nothing in this Rule 301(f) will restrict or prevent ICE Clear Europe or any Clearing Member from making any claim against an Approved Financial Institution which has

failed to make a payment referred to under this Rule 301(f). In particular, ICE Clear Europe shall not be deemed to have had any loss, liability or shortfall made good or whole vis-à-vis an Approved Financial Institution by virtue of any further payment by a Clearing Member in addition to an attempted payment not credited to its account as a result of this Rule 301(f); and an Approved Financial Institution that has failed to make any payment referred to in this Rule 301(f) will remain fully liable to the ICE Clear Europe or relevant Clearing Member for any such failed payment or account balance notwithstanding a reimbursement or additional payment as between a Clearing Member and the ICE Clear Europe. In the event that:

- (x) a payment is received into an ICE Clear Europe Account at an Approved Financial Institution but the requirements of Rule 301(f)(ii) or Rule 301(f)(iii) are not satisfied;
- (y) an affected Clearing Member has satisfied its payment obligations through an additional payment which complies with the requirements of this Rule 301(f); and
- (z) ICE Clear Europe makes a recovery or irrevocably receives any part or full payment from the Approved Financial Institution into one of its accounts at a Concentration Bank (which Concentration Bank is not subject to an Insolvency), then ICE Clear Europe will make payment to affected Clearing Members in respect of the recovery or receipt actually made by ICE Clear Europe, net of ICE Clear Europe's costs and expenses, pro rata in proportion to the amounts of the original missed payments of each affected Clearing Member. No Clearing Member shall be declared subject to an Event of Default as a result of failing to make any payment due to the operation of either Rule 301(f)(ii) or Rule 301(f)(iii), unless and until ICE Clear Europe has notified the

Clearing Member of the failed payment in question and requested that the payment be made using alternative means and the Clearing Member has defaulted in making the latter payment (other than solely due to the operation of either Rule 301(f)(ii) or Rule 301(f)(iii)).

The proposed rule change also includes a new Rule 301(l) that states that “[a]ny payment due to a Clearing Member from ICE Clear Europe will be recognized as having been duly made, and ICE Clear Europe’s obligations in respect thereof shall be treated as having been satisfied and discharged, at the time that the relevant Credit/Debit Payment Transfer Order arises relating to such payment (or, if the Clearing Member or Approved Financial Institution is not a Participant, would have arisen were the Clearing Member or Approved Financial Institution to have been a Participant), provided that ICE Clear Europe has reason to believe that the Clearing House Account from which payment is to be made has sufficient funds or credit on Account.”

Finally, Rule 208(c) is revised to state that neither the new Rules 301(f)(ii)-(iii) nor Rule 301(l) shall apply to payments made or received after the Insolvency or an Event of Default as aforementioned in respect of ICE Clear Europe.

ICE Clear Europe believes that the proposed rule changes are consistent with the requirements of Section 17A of the Act and the regulations thereunder applicable to it. Specifically, ICE Clear Europe believes that the proposed rule changes will improve the finality and accuracy of its daily settlement process and reduce the risk to clearing house of settlement failures, thereby permitting the accurate clearing and settlement of cleared transactions.

(B) Self-Regulatory Organization’s Statement on Burden on Competition

ICE Clear Europe does not believe the proposed rule change would have any impact, or impose any burden, on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change

Received from Members, Participants or Others

ICE Clear Europe has solicited written comments relating to the proposed rule change, but has not received any written comments to date. ICE Clear Europe will notify the Commission of any written comments received by ICE Clear Europe.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form
[\(http://www.sec.gov/rules/sro.shtml\)](http://www.sec.gov/rules/sro.shtml) or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ICEEU-2013-01 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ICEEU-2013-01. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549, on official business days between the hours of 10:00 a.m. and 3:00 pm. Copies of such filings will also be available for inspection and copying at the principal office of ICE Clear Europe and on ICE Clear Europe's website at <https://www.theice.com/notices/Notices.shtml?regulatoryFilings>.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to

File Number SR-ICEEU-2013-01 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³

Elizabeth M. Murphy
Secretary

³ 17 CFR 200.30-3(a)(12).



ICE Clear Europesm

Clearing Rules

26 AprilExtended liability draft: 26 October 2012

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- (v) upon such Clearing Member ceasing to meet, or being unable to satisfy the Clearing House that it is able to meet, any of the membership criteria set out in Rule 201(a) or, if it is a CDS Clearing Member, Rule 201(i); or
 - (vi) upon an Insolvency in relation to that Clearing Member or any of its Affiliates.
- (b) The Clearing House shall be entitled to terminate the membership of any Clearing Member upon no less than three months' prior written notice.
- (c) The Clearing Member shall be entitled to terminate its membership of the Clearing House: (i) upon no less than three months' prior written notice to the Clearing House; (ii) upon the Insolvency of the Clearing House; (iii) pursuant to Rule 1105(h); or (iv) pursuant to Rule 1106(h). The membership of a Clearing Member which is a CDS Clearing Member but not an Energy Clearing Member shall terminate automatically upon the occurrence and continuance of an 'Event of Default' (as defined in the Master Agreement between the Clearing House and such CDS Clearing Member) in respect of the Clearing House. In the event of the Insolvency of the Clearing House or an 'Event of Default' as aforementioned in respect of the Clearing House, the rights and liabilities of each Clearing Member under CDS Contracts will be deemed discharged for the purposes of Rule 905 and a net sum or net sums payable by or to the Clearing Member to or from the Clearing House shall be determined as if each Clearing Member were a Defaulter, in accordance with Rule 905 *mutatis mutandis* and without need for the prior occurrence or declaration of an Event of Default in relation to such Clearing Member (provided that, for the avoidance of doubt: (A) Rules 1105 and 1106 shall only apply where necessary to meet a shortfall resulting from an Event of Default or Events of Default actually declared by the Clearing House pursuant to Rule 901(a) (rather than any Event of Default effectively deemed to occur pursuant to this provision); (B) Rules 901, 902, 903 and 904 shall apply only to Clearing Members that are actually declared subject to an Event of Default (rather than effectively deemed subject to an Event of Default pursuant to this provision); and (C) without prejudice to the generality of (B), Rule 903(a)(xii) shall apply only in relation to Contracts the counterparties to which are Clearing Members that are actually declared subject to an Event of Default (and not in relation to Contracts the counterparties to which are Clearing Members that are effectively deemed to be subject to an Event of Default pursuant to this provision) and provided further that the net sum or net sums required to be determined in these circumstances pursuant to Rule 905 in respect of a Clearing Member that is both an Energy Clearing Member and a CDS Clearing Member will be made separately in relation to the rights and liabilities of that Clearing Member as Energy Clearing Member and as CDS Clearing Member and Rule 905 shall be interpreted accordingly. Neither Rule 301(f)(ii)-(iii) nor Rule 301(l) shall apply to payments made or received after the Insolvency or an Event of Default as aforementioned in respect of the Clearing House.
- (d) Upon any termination of a Clearing Member's membership, the relevant Clearing Member shall remain liable to transfer, deposit, maintain and pay all Margin, make Guaranty Fund Contributions when due and make all other payments due pursuant to Contracts from time to time and shall be obliged to:

Part 3 Financial Requirements and Payments

Rule 301 Fees, Margin, Contract and other payment obligations

- (a) Clearing Members shall be liable to pay such fees and charges as are levied by the Clearing House in accordance with published rates from time to time. Unless otherwise provided and without limitation, fees shall be payable on each Contract cleared by the Clearing House and the Clearing House shall be entitled to levy fees in respect of Permitted Cover. The Clearing House may amend its fees and charges and the bases for its fees at any time and will notify Clearing Members of any such amendments by means of a Circular prior to the same taking effect.
- (b) Fees charged to Clearing Members by the Clearing House may include the fees of any one or more Markets. The Clearing House shall be entitled to collect fees due from Clearing Members on behalf of all Markets of which a Clearing Member is a member or participant.
- (c) Clearing Members shall be liable to make any payment to the Clearing House that is required pursuant to these Rules at the time and in the amount specified by the Rules or required in accordance with the Rules. In particular, Clearing Members shall be liable to make payment in respect of Margin and Guaranty Fund Contributions from time to time in accordance with Part 5, Part 6 and Part 11 of the Rules at the times and in the amounts that are required pursuant to the instructions of the Clearing House made pursuant to Rule 302.
- (d) Clearing Members shall be liable to pay all amounts due under the Contract Terms, upon entering into a Contract, as Margin and upon delivery or settlement, as further described in these Rules and the Contract Terms at the time and in such amounts as are required pursuant to the Contract Terms. Without prejudice to the generality of the foregoing:
 - (i) in relation to each Contract that is a Future, the parties to such Contract shall be liable to make such payments upon settlement and delivery as are required pursuant to Part 7 and the Procedures; and
 - (ii) in relation to each Contract that is an Option, the parties to such Contract shall be liable to make such payments as are required pursuant to Part 8 and the Procedures.
- (e) Each Clearing Member will procure that the Clearing House has at all times the right to instruct that Clearing Member's Approved Financial Institution to debit its Proprietary Accounts and Customer Accounts (if any) and any other account designated by that Clearing Member for the purposes of this Rule 301, for payment in respect of fees, charges, fines, penalties, Margin, Guaranty Fund Contributions, amounts due pursuant to Contracts (whether upon their formation, settlement or delivery) and any other amounts due to the Clearing House or due to any Market.
- (f) All amounts payable to the Clearing House (except, with the prior written consent of the Clearing House, application fees) shall be payable by electronic transfer from an account at an Approved Financial Institution only. The Clearing Member shall continue to be liable for any amount due under these Rules ~~unless and until the~~

~~relevant electronic transfer of funds is actually received by the Clearing House in unencumbered, fully cleared and fully available funds, and no payment obligation of a Clearing Member shall be treated as having been satisfied or discharged unless and until all of the following steps have taken place in respect of any payment of such amount:~~

- (i) ~~the relevant electronic transfer of funds is actually received by the Clearing House in unencumbered, fully cleared and fully available funds in a Clearing House Account, being an account at an Approved Financial Institution which is not subject to an Insolvency;~~
- (ii) ~~if the Approved Financial Institution used by the Clearing Member is not a Concentration Bank, such Approved Financial Institution has fully performed its concentration function in respect of the payment in question, by completing the transfer of funds from the Clearing House's account at such Approved Financial Institution to the Clearing House's concentration account at a Concentration Bank (which Concentration Bank is not subject to an Insolvency), in which account the Clearing House has received unencumbered, fully cleared and fully available funds, in respect of:~~
 - (A) ~~in the case of a payment under Rule 302(a), a net amount reflecting all payments processed through that Approved Financial Institution in respect of all calls on or payments to all Clearing Members using that Approved Financial Institution under Rule 302(a) in respect of the Business Day in question; or~~
 - (B) ~~in the case of a payment other than a payment under Rule 302(a) (such as a payment following an intra-day call for Margin or an *ad hoc* transfer of additional cash Permitted Cover to the Clearing House), the amount received from the Clearing Member that is seeking to make the payment in question; and~~
- (iii) ~~in the case of a payment under Rule 302(a) only, that Approved Financial Institution (including if it is a Concentration Bank) has made all relevant payments under Rule 302(a) due to the Clearing Member and other Clearing Members (in its capacity as an Approved Financial Institution or Concentration Bank) in respect of the Business Day in question.~~

Nothing in this Rule 301(f) shall restrict or prevent the Clearing House or any Clearing Member from making any claim against an Approved Financial Institution which has failed to make a payment referred to under this Rule 301(f). In particular: (I) the Clearing House shall not be deemed to have had any loss, liability or shortfall made good or whole vis-à-vis an Approved Financial Institution by virtue of any further payment by a Clearing Member in addition to an attempted payment not credited to its account as a result of this Rule 301(f); and (II) an Approved Financial Institution which has failed to make any payment referred to in this Rule 301(f) shall remain fully liable to the Clearing House or relevant Clearing Member for any such failed payment or account balance notwithstanding a reimbursement or additional payment as between a Clearing Member and the Clearing House. In the event that:

- (x) a payment is received into a Clearing House Account at an Approved Financial Institution but the requirements of Rule 301(f)(ii) or Rule 301(f)(iii) are not satisfied;
- (y) an affected Clearing Member has satisfied its payment obligations through an additional payment which complies with the requirements of this Rule 301(f); and
- (z) the Clearing House makes a recovery or irrevocably receives any part or full payment from the Approved Financial Institution into one of its accounts at a Concentration Bank (which Concentration Bank is not subject to an Insolvency),

then the Clearing House will make payment to affected Clearing Members in respect of the recovery or receipt actually made by the Clearing House, net of the Clearing House's costs and expenses, pro rata in proportion to the amounts of the original missed payments of each affected Clearing Member.

No Clearing Member shall be declared subject to an Event of Default as a result of failing to make any payment due to the operation of either Rule 301(f)(ii) or Rule 301(f)(iii), unless and until the Clearing House has notified the Clearing Member of the failed payment in question and requested that the payment be made using alternative means and the Clearing Member has defaulted in making the latter payment (other than solely due to the operation of either Rule 301(f)(ii) or Rule 301(f)(iii)).

- (g) Interest shall be charged to the Clearing Member on any unpaid but due amount from the date on which the amount becomes due and payable until the date of payment at 1% above the rate per annum which is the cost (without proof or evidence of any actual cost) to the Clearing House if it were to fund the relevant amount, compounded daily.
- (h) In the event that the Clearing House determines that it will suffer or has suffered (directly or indirectly) any loss, liability or cost for or on account of any tax in connection with any Contract, any amount payable to the Clearing House or in respect of any future obligation, or these Rules, the Clearing Member counterparty to such Contract, the Clearing Member by which such amount is payable, or such other Clearing Member whom the Clearing House at its discretion determines should be responsible for meeting the amount of such loss, liability, or cost, shall be liable to pay to the Clearing House, pursuant to Rule 302, an amount equal to such loss, liability, or cost.
- (i) All amounts set out in or expressed to be payable to the Clearing House in connection with any Contract or these Rules or otherwise and which constitute the consideration for a supply made by the Clearing House for the purposes of value added tax, and the value of any supply made by the Clearing House for value added tax purposes, shall be deemed to be exclusive of any value added tax which is chargeable on that supply and accordingly if value added tax is chargeable on any supply made by the Clearing House the relevant Clearing Member or such other Clearing Member whom the Clearing House at its discretion determines should be responsible for meeting the amount of such value added tax shall pay to the Clearing House (in addition to and at

the same time as the consideration is paid or provided, or if no consideration is due, at the time the supply is made or an appropriate value added tax invoice is issued, whichever is earlier) an amount equal to the amount of the value added tax and the Clearing House shall issue an appropriate value added tax invoice.

- (j) All amounts payable to the Clearing House in connection with any Contract or these Rules or otherwise shall be paid without any deduction or withholding for or on account of tax unless such deduction or withholding is required by Applicable Law. If a deduction or withholding for or on account of tax is required to be made, the amount of the payment due shall be increased to an amount which (after making the deduction or withholding) leaves an amount equal to the payment which would have been due if no such deduction or withholding had been required.
- (k) Where a Clearing Member has appointed a Disclosed Principal Member, any obligation of the Clearing Member to make payment to the Clearing House shall be construed as an obligation of the Disclosed Principal Member, any right to receive payment of the Clearing Member shall be construed as a right of the Disclosed Principal Member and all other provisions of these Rules relating to payment shall be construed accordingly.
- (l) [Any payment due to a Clearing Member from the Clearing House will be recognised as having been duly made, and the Clearing House's obligations in respect thereof shall be treated as having been satisfied and discharged, at the time that the relevant Credit/Debit Payment Transfer Order arises relating to such payment \(or, if the Clearing Member or Approved Financial Institution is not a Participant, would have arisen were the Clearing Member or Approved Financial Institution to have been a Participant\), provided that the Clearing House has reason to believe that the Clearing House Account from which payment is to be made has sufficient funds or credit on account.](#)

Rule 302 *Mechanics for Payments*

- (a) The Clearing House shall advise each Clearing Member of amounts due to or from the Clearing Member in respect of its Proprietary Accounts and Customer Accounts (if any) on the following Business Day and:
 - (i) if the net amount for a Proprietary Account is due to the Clearing House, the Clearing House shall instruct the Clearing Member's Approved Financial Institution to transfer funds from the relevant Nominated Proprietary Account of the Clearing Member with the Approved Financial Institution to a Clearing House Account in an amount equal to the amount so due;
 - (ii) if the net amount for a Proprietary Account is due to the Clearing Member, the Clearing House shall instruct an Approved Financial Institution to transfer funds from a Clearing House Account to the relevant Nominated Proprietary Account of the Clearing Member with the Approved Financial Institution in an amount equal to the amount so due;
 - (iii) if the net amount for a Customer Account is due to the Clearing House, the Clearing House shall instruct the Clearing Member's Approved Financial Institution to transfer funds from the relevant Nominated Customer Account of the Clearing Member with the Approved Financial Institution to a Clearing House Account in an amount equal to the amount so due;

- (iv) following receipt of the full Physical Settlement Amount relating to the Non DVP MP Amount in ~~cleared funds~~accordance with Rule 301(f), the Clearing House shall notify the Matched CDS Buyer that it is holding the full Physical Settlement Amount relating to such Non DVP MP Amount from the Matched CDS Seller;
- (v) following receipt of the notice under Rule 1510(a)(iv), the Matched CDS Buyer shall Deliver the relevant Non DVP Obligations to the Matched CDS Seller in an amount at least equal to the relevant Non DVP MP Amount;
- (vi) following its receipt of Delivery of the relevant Deliverable Obligations, the Matched CDS Seller shall deliver a Notice to the Clearing House in the form required by the Clearing House from time to time specifying that the Delivery has occurred, in full or, if in part, the percentage of the Non DVP MP Amount (the "**Delivered Percentage**") in respect of which Delivery has occurred;
- (vii) following its receipt of a valid notice under Rule 1510(a)(vi), the Clearing House shall pay an amount equal to the Physical Settlement Amount (or, where the Matched CDS Seller notified the Clearing House of Delivery in part only, an amount equal to the Delivered Percentage of the Physical Settlement Amount) received from the Matched CDS Seller in respect of the relevant Non DVP MP Amount to the Matched CDS Buyer; and
- (viii) if the Matched CDS Buyer does not Deliver the Non DVP Obligations in an amount at least equal to the relevant Non DVP MP Amount to the Matched CDS Seller within the required period under the Procedures for compliance with Rule 1510(a)(v) ("**Delivery Period**"), the Matched CDS Seller may request that the Clearing House repay to the Matched CDS Seller the Physical Settlement Amount in respect of the relevant Non DVP MP Amount, less the Delivered Percentage of the Physical Settlement Amount, if any, together with accrued interest on such amount for the period it has been held by the Clearing House calculated by reference to the Clearing House's rate for overnight deposits in the currency of the Physical Settlement Amount.

The process set out in this Rule 1510 may, subject to the relevant Contract Terms, be repeated in relation to any Non DVP Obligations not in fact delivered during a relevant Delivery Period.

Rule 1511 *Notice that Physical Settlement is complete*

Where, pursuant to their rights and obligations under Matched CDS Contracts, the Matched CDS Seller and Matched CDS Buyer in any Matched Pair settle any Matched CDS Contract which is to be settled in accordance with the Fallback Settlement Method, the relevant Matched CDS Seller and Matched CDS Buyer shall each deliver a notice to the Clearing House in the form required by the Clearing House from time to time specifying the payment and Delivery that have occurred in respect of such Matched CDS Contracts. Any such notice shall constitute a representation by the CDS Clearing Member delivering the notice to the Clearing House that, so far as it is aware, physical settlement has occurred successfully and that there are no outstanding claims known to the CDS Clearing Member in respect of the Matched CDS Contract (save as is disclosed in the notice) but is otherwise without prejudice to the rights of any party to a Matched CDS Contract in respect of settlement.

- (b) In relation to Non DVP Obligations, the Matched CDS Seller shall be liable to pay to the Clearing House, as referred to in paragraph 8.5(b), the amount of any expenses due to the Matched CDS Buyer pursuant to Section 9.2(c)(vi) of the Credit Derivatives Definitions, as notified to the Clearing House by the Matched CDS Buyer as referred to in paragraph 8.5(a).
- (c) For the avoidance of doubt, the Clearing House shall not be liable to a Matched CDS Buyer or Matched CDS Seller for any of the costs and expenses of settlement of the Matched CDS Buyer or Matched CDS Seller, other than as set out in paragraphs 8.5(g) and 8.7(b).
- (d) If the Clearing House incurs actual costs or expenses of settlement in respect of a Matched CDS Contract, the Matched CDS Seller or the Matched CDS Buyer in the Matched Pair (as applicable, being in any case the person in the Matched Pair that would incur or be liable for such costs or expenses were the Matched Pair to have been a CDS transaction between the Matched CDS Seller and the Matched CDS Buyer) shall be liable to reimburse the Clearing House in respect of such costs or expenses.

8.8 Margin in relation to Physical Settlement

- (a) Initial Margin, Mark-to-Market Margin and Physical Settlement Margin shall continue to be called and payable in relation to any CDS Contract or Component Transaction which is to be settled in accordance with the Fallback Settlement Method except to the extent that: (i) the Physical Settlement Amount has been paid to the Clearing House in cleared funds accordance with Rule 301(f) and the Finance Procedures and not returned to the CDS Seller as referred to in Rule 1510 and paragraph 8.5; or (ii) the Physical Settlement Amount has been paid to the relevant CDS Clearing Member in the Matched Pair as designee of the Clearing House and such designee has notified the Clearing House that physical settlement is complete in accordance with Rule 1511.
- (b) Where any Physical Settlement Amount is payable to the Clearing House by a CDS Seller, the Clearing House acknowledges and agrees that, in accordance with Rules 302 and 303, it will apply any Margin or other available funds on account in order to satisfy the obligation to pay the Physical Settlement Amount and shall only call the CDS Seller for additional cash to the extent that relevant Margin is less than the Physical Settlement Amount.
- (c) Margin transferred to the Clearing House by a CDS Clearing Member shall cease to be payable by a CDS Clearing Member (and shall be released by the Clearing House) in respect of any CDS Contract after the time at which the CDS Clearing Member has notified the Clearing House in accordance with Rule 1511 that settlement has, so far as it is aware, occurred successfully.

8.9 Not used.

8.10 CDS Alternative Delivery or Settlement Procedure

- (a) CADP Notices received by the Clearing House after 15:00 hours will be deemed to have been received on the next Business Day.
- (b) CADP Notices must be submitted in the form published by the Clearing House from time to time.

9. CLEARED CDS PRODUCTS: ELIGIBLE SETS

9.1 The index series in respect of which CDS Contracts are eligible for Clearing are as notified from time to time by the Clearing House to Clearing Members by Circular. Each index series with an identical maturity and name will initially form a Set.

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- (v) upon such Clearing Member ceasing to meet, or being unable to satisfy the Clearing House that it is able to meet, any of the membership criteria set out in Rule 201(a) or, if it is a CDS Clearing Member, Rule 201(i); or
 - (vi) upon an Insolvency in relation to that Clearing Member or any of its Affiliates.
- (b) The Clearing House shall be entitled to terminate the membership of any Clearing Member upon no less than three months' prior written notice.
- (c) The Clearing Member shall be entitled to terminate its membership of the Clearing House: (i) upon no less than three months' prior written notice to the Clearing House; (ii) upon the Insolvency of the Clearing House; (iii) pursuant to Rule 1105(h); or (iv) pursuant to Rule 1106(h). The membership of a Clearing Member which is a CDS Clearing Member but not an Energy Clearing Member shall terminate automatically upon the occurrence and continuance of an 'Event of Default' (as defined in the Master Agreement between the Clearing House and such CDS Clearing Member) in respect of the Clearing House. In the event of the Insolvency of the Clearing House or an 'Event of Default' as aforementioned in respect of the Clearing House, the rights and liabilities of each Clearing Member under CDS Contracts will be deemed discharged for the purposes of Rule 905 and a net sum or net sums payable by or to the Clearing Member to or from the Clearing House shall be determined as if each Clearing Member were a Defaulter, in accordance with Rule 905 *mutatis mutandis* and without need for the prior occurrence or declaration of an Event of Default in relation to such Clearing Member (provided that, for the avoidance of doubt: (A) Rules 1105 and 1106 shall only apply where necessary to meet a shortfall resulting from an Event of Default or Events of Default actually declared by the Clearing House pursuant to Rule 901(a) (rather than any Event of Default effectively deemed to occur pursuant to this provision); (B) Rules 901, 902, 903 and 904 shall apply only to Clearing Members that are actually declared subject to an Event of Default (rather than effectively deemed subject to an Event of Default pursuant to this provision); and (C) without prejudice to the generality of (B), Rule 903(a)(xii) shall apply only in relation to Contracts the counterparties to which are Clearing Members that are actually declared subject to an Event of Default (and not in relation to Contracts the counterparties to which are Clearing Members that are effectively deemed to be subject to an Event of Default pursuant to this provision) and provided further that the net sum or net sums required to be determined in these circumstances pursuant to Rule 905 in respect of a Clearing Member that is both an Energy Clearing Member and a CDS Clearing Member will be made separately in relation to the rights and liabilities of that Clearing Member as Energy Clearing Member and as CDS Clearing Member and Rule 905 shall be interpreted accordingly. Neither Rule 301(f)(ii)-(iii) nor Rule 301(l) shall apply to payments made or received after the Insolvency or an Event of Default as aforementioned in respect of the Clearing House.
- (d) Upon any termination of a Clearing Member's membership, the relevant Clearing Member shall remain liable to transfer, deposit, maintain and pay all Margin, make Guaranty Fund Contributions when due and make all other payments due pursuant to Contracts from time to time and shall be obliged to:

Part 3 Financial Requirements and Payments

Rule 301 Fees, Margin, Contract and other payment obligations

- (a) Clearing Members shall be liable to pay such fees and charges as are levied by the Clearing House in accordance with published rates from time to time. Unless otherwise provided and without limitation, fees shall be payable on each Contract cleared by the Clearing House and the Clearing House shall be entitled to levy fees in respect of Permitted Cover. The Clearing House may amend its fees and charges and the bases for its fees at any time and will notify Clearing Members of any such amendments by means of a Circular prior to the same taking effect.
- (b) Fees charged to Clearing Members by the Clearing House may include the fees of any one or more Markets. The Clearing House shall be entitled to collect fees due from Clearing Members on behalf of all Markets of which a Clearing Member is a member or participant.
- (c) Clearing Members shall be liable to make any payment to the Clearing House that is required pursuant to these Rules at the time and in the amount specified by the Rules or required in accordance with the Rules. In particular, Clearing Members shall be liable to make payment in respect of Margin and Guaranty Fund Contributions from time to time in accordance with Part 5, Part 6 and Part 11 of the Rules at the times and in the amounts that are required pursuant to the instructions of the Clearing House made pursuant to Rule 302.
- (d) Clearing Members shall be liable to pay all amounts due under the Contract Terms, upon entering into a Contract, as Margin and upon delivery or settlement, as further described in these Rules and the Contract Terms at the time and in such amounts as are required pursuant to the Contract Terms. Without prejudice to the generality of the foregoing:
 - (i) in relation to each Contract that is a Future, the parties to such Contract shall be liable to make such payments upon settlement and delivery as are required pursuant to Part 7 and the Procedures; and
 - (ii) in relation to each Contract that is an Option, the parties to such Contract shall be liable to make such payments as are required pursuant to Part 8 and the Procedures.
- (e) Each Clearing Member will procure that the Clearing House has at all times the right to instruct that Clearing Member's Approved Financial Institution to debit its Proprietary Accounts and Customer Accounts (if any) and any other account designated by that Clearing Member for the purposes of this Rule 301, for payment in respect of fees, charges, fines, penalties, Margin, Guaranty Fund Contributions, amounts due pursuant to Contracts (whether upon their formation, settlement or delivery) and any other amounts due to the Clearing House or due to any Market.
- (f) All amounts payable to the Clearing House (except, with the prior written consent of the Clearing House, application fees) shall be payable by electronic transfer from an account at an Approved Financial Institution only. The Clearing Member shall continue to be liable for any amount due under these Rules ~~unless and until the~~

~~relevant electronic transfer of funds is actually received by the Clearing House in unencumbered, fully cleared and fully available funds, and no payment obligation of a Clearing Member shall be treated as having been satisfied or discharged unless and until all of the following steps have taken place in respect of any payment of such amount:~~

- (i) ~~the relevant electronic transfer of funds is actually received by the Clearing House in unencumbered, fully cleared and fully available funds in a Clearing House Account, being an account at an Approved Financial Institution which is not subject to an Insolvency;~~
- (ii) ~~if the Approved Financial Institution used by the Clearing Member is not a Concentration Bank, such Approved Financial Institution has fully performed its concentration function in respect of the payment in question, by completing the transfer of funds from the Clearing House's account at such Approved Financial Institution to the Clearing House's concentration account at a Concentration Bank (which Concentration Bank is not subject to an Insolvency), in which account the Clearing House has received unencumbered, fully cleared and fully available funds, in respect of:~~
 - (A) ~~in the case of a payment under Rule 302(a), a net amount reflecting all payments processed through that Approved Financial Institution in respect of all calls on or payments to all Clearing Members using that Approved Financial Institution under Rule 302(a) in respect of the Business Day in question; or~~
 - (B) ~~in the case of a payment other than a payment under Rule 302(a) (such as a payment following an intra-day call for Margin or an *ad hoc* transfer of additional cash Permitted Cover to the Clearing House), the amount received from the Clearing Member that is seeking to make the payment in question; and~~
- (iii) ~~in the case of a payment under Rule 302(a) only, that Approved Financial Institution (including if it is a Concentration Bank) has made all relevant payments under Rule 302(a) due to the Clearing Member and other Clearing Members (in its capacity as an Approved Financial Institution or Concentration Bank) in respect of the Business Day in question.~~

Nothing in this Rule 301(f) shall restrict or prevent the Clearing House or any Clearing Member from making any claim against an Approved Financial Institution which has failed to make a payment referred to under this Rule 301(f). In particular: (I) the Clearing House shall not be deemed to have had any loss, liability or shortfall made good or whole vis-à-vis an Approved Financial Institution by virtue of any further payment by a Clearing Member in addition to an attempted payment not credited to its account as a result of this Rule 301(f); and (II) an Approved Financial Institution which has failed to make any payment referred to in this Rule 301(f) shall remain fully liable to the Clearing House or relevant Clearing Member for any such failed payment or account balance notwithstanding a reimbursement or additional payment as between a Clearing Member and the Clearing House. In the event that:

- (x) a payment is received into a Clearing House Account at an Approved Financial Institution but the requirements of Rule 301(f)(ii) or Rule 301(f)(iii) are not satisfied;
- (y) an affected Clearing Member has satisfied its payment obligations through an additional payment which complies with the requirements of this Rule 301(f); and
- (z) the Clearing House makes a recovery or irrevocably receives any part or full payment from the Approved Financial Institution into one of its accounts at a Concentration Bank (which Concentration Bank is not subject to an Insolvency),

then the Clearing House will make payment to affected Clearing Members in respect of the recovery or receipt actually made by the Clearing House, net of the Clearing House's costs and expenses, pro rata in proportion to the amounts of the original missed payments of each affected Clearing Member.

No Clearing Member shall be declared subject to an Event of Default as a result of failing to make any payment due to the operation of either Rule 301(f)(ii) or Rule 301(f)(iii), unless and until the Clearing House has notified the Clearing Member of the failed payment in question and requested that the payment be made using alternative means and the Clearing Member has defaulted in making the latter payment (other than solely due to the operation of either Rule 301(f)(ii) or Rule 301(f)(iii)).

- (g) Interest shall be charged to the Clearing Member on any unpaid but due amount from the date on which the amount becomes due and payable until the date of payment at 1% above the rate per annum which is the cost (without proof or evidence of any actual cost) to the Clearing House if it were to fund the relevant amount, compounded daily.
- (h) In the event that the Clearing House determines that it will suffer or has suffered (directly or indirectly) any loss, liability or cost for or on account of any tax in connection with any Contract, any amount payable to the Clearing House or in respect of any future obligation, or these Rules, the Clearing Member counterparty to such Contract, the Clearing Member by which such amount is payable, or such other Clearing Member whom the Clearing House at its discretion determines should be responsible for meeting the amount of such loss, liability, or cost, shall be liable to pay to the Clearing House, pursuant to Rule 302, an amount equal to such loss, liability, or cost.
- (i) All amounts set out in or expressed to be payable to the Clearing House in connection with any Contract or these Rules or otherwise and which constitute the consideration for a supply made by the Clearing House for the purposes of value added tax, and the value of any supply made by the Clearing House for value added tax purposes, shall be deemed to be exclusive of any value added tax which is chargeable on that supply and accordingly if value added tax is chargeable on any supply made by the Clearing House the relevant Clearing Member or such other Clearing Member whom the Clearing House at its discretion determines should be responsible for meeting the amount of such value added tax shall pay to the Clearing House (in addition to and at

the same time as the consideration is paid or provided, or if no consideration is due, at the time the supply is made or an appropriate value added tax invoice is issued, whichever is earlier) an amount equal to the amount of the value added tax and the Clearing House shall issue an appropriate value added tax invoice.

- (j) All amounts payable to the Clearing House in connection with any Contract or these Rules or otherwise shall be paid without any deduction or withholding for or on account of tax unless such deduction or withholding is required by Applicable Law. If a deduction or withholding for or on account of tax is required to be made, the amount of the payment due shall be increased to an amount which (after making the deduction or withholding) leaves an amount equal to the payment which would have been due if no such deduction or withholding had been required.
- (k) Where a Clearing Member has appointed a Disclosed Principal Member, any obligation of the Clearing Member to make payment to the Clearing House shall be construed as an obligation of the Disclosed Principal Member, any right to receive payment of the Clearing Member shall be construed as a right of the Disclosed Principal Member and all other provisions of these Rules relating to payment shall be construed accordingly.
- (l) Any payment due to a Clearing Member from the Clearing House will be recognised as having been duly made, and the Clearing House's obligations in respect thereof shall be treated as having been satisfied and discharged, at the time that the relevant Credit/Debit Payment Transfer Order arises relating to such payment (or, if the Clearing Member or Approved Financial Institution is not a Participant, would have arisen were the Clearing Member or Approved Financial Institution to have been a Participant), provided that the Clearing House has reason to believe that the Clearing House Account from which payment is to be made has sufficient funds or credit on account.

Rule 302 *Mechanics for Payments*

- (a) The Clearing House shall advise each Clearing Member of amounts due to or from the Clearing Member in respect of its Proprietary Accounts and Customer Accounts (if any) on the following Business Day and:
 - (i) if the net amount for a Proprietary Account is due to the Clearing House, the Clearing House shall instruct the Clearing Member's Approved Financial Institution to transfer funds from the relevant Nominated Proprietary Account of the Clearing Member with the Approved Financial Institution to a Clearing House Account in an amount equal to the amount so due;
 - (ii) if the net amount for a Proprietary Account is due to the Clearing Member, the Clearing House shall instruct an Approved Financial Institution to transfer funds from a Clearing House Account to the relevant Nominated Proprietary Account of the Clearing Member with the Approved Financial Institution in an amount equal to the amount so due;
 - (iii) if the net amount for a Customer Account is due to the Clearing House, the Clearing House shall instruct the Clearing Member's Approved Financial Institution to transfer funds from the relevant Nominated Customer Account of

- (iv) following receipt of the full Physical Settlement Amount relating to the Non DVP MP Amount in ~~cleared funds~~accordance with Rule 301(f), the Clearing House shall notify the Matched CDS Buyer that it is holding the full Physical Settlement Amount relating to such Non DVP MP Amount from the Matched CDS Seller;
- (v) following receipt of the notice under Rule 1510(a)(iv), the Matched CDS Buyer shall Deliver the relevant Non DVP Obligations to the Matched CDS Seller in an amount at least equal to the relevant Non DVP MP Amount;
- (vi) following its receipt of Delivery of the relevant Deliverable Obligations, the Matched CDS Seller shall deliver a Notice to the Clearing House in the form required by the Clearing House from time to time specifying that the Delivery has occurred, in full or, if in part, the percentage of the Non DVP MP Amount (the "**Delivered Percentage**") in respect of which Delivery has occurred;
- (vii) following its receipt of a valid notice under Rule 1510(a)(vi), the Clearing House shall pay an amount equal to the Physical Settlement Amount (or, where the Matched CDS Seller notified the Clearing House of Delivery in part only, an amount equal to the Delivered Percentage of the Physical Settlement Amount) received from the Matched CDS Seller in respect of the relevant Non DVP MP Amount to the Matched CDS Buyer; and
- (viii) if the Matched CDS Buyer does not Deliver the Non DVP Obligations in an amount at least equal to the relevant Non DVP MP Amount to the Matched CDS Seller within the required period under the Procedures for compliance with Rule 1510(a)(v) ("**Delivery Period**"), the Matched CDS Seller may request that the Clearing House repay to the Matched CDS Seller the Physical Settlement Amount in respect of the relevant Non DVP MP Amount, less the Delivered Percentage of the Physical Settlement Amount, if any, together with accrued interest on such amount for the period it has been held by the Clearing House calculated by reference to the Clearing House's rate for overnight deposits in the currency of the Physical Settlement Amount.

The process set out in this Rule 1510 may, subject to the relevant Contract Terms, be repeated in relation to any Non DVP Obligations not in fact delivered during a relevant Delivery Period.

Rule 1511 *Notice that Physical Settlement is complete*

Where, pursuant to their rights and obligations under Matched CDS Contracts, the Matched CDS Seller and Matched CDS Buyer in any Matched Pair settle any Matched CDS Contract which is to be settled in accordance with the Fallback Settlement Method, the relevant Matched CDS Seller and Matched CDS Buyer shall each deliver a notice to the Clearing House in the form required by the Clearing House from time to time specifying the payment and Delivery that have occurred in respect of such Matched CDS Contracts. Any such notice shall constitute a representation by the CDS Clearing Member delivering the notice to the Clearing House that, so far as it is aware, physical settlement has occurred successfully and that there are no outstanding claims known to the CDS Clearing Member in respect of the Matched CDS Contract (save as is disclosed in the notice) but is otherwise without prejudice to the rights of any party to a Matched CDS Contract in respect of settlement.

- (b) In relation to Non DVP Obligations, the Matched CDS Seller shall be liable to pay to the Clearing House, as referred to in paragraph 8.5(b), the amount of any expenses due to the Matched CDS Buyer pursuant to Section 9.2(c)(vi) of the Credit Derivatives Definitions, as notified to the Clearing House by the Matched CDS Buyer as referred to in paragraph 8.5(a).
- (c) For the avoidance of doubt, the Clearing House shall not be liable to a Matched CDS Buyer or Matched CDS Seller for any of the costs and expenses of settlement of the Matched CDS Buyer or Matched CDS Seller, other than as set out in paragraphs 8.5(g) and 8.7(b).
- (d) If the Clearing House incurs actual costs or expenses of settlement in respect of a Matched CDS Contract, the Matched CDS Seller or the Matched CDS Buyer in the Matched Pair (as applicable, being in any case the person in the Matched Pair that would incur or be liable for such costs or expenses were the Matched Pair to have been a CDS transaction between the Matched CDS Seller and the Matched CDS Buyer) shall be liable to reimburse the Clearing House in respect of such costs or expenses.

8.8 Margin in relation to Physical Settlement

- (a) Initial Margin, Mark-to-Market Margin and Physical Settlement Margin shall continue to be called and payable in relation to any CDS Contract or Component Transaction which is to be settled in accordance with the Fallback Settlement Method except to the extent that: (i) the Physical Settlement Amount has been paid to the Clearing House in cleared funds accordance with Rule 301(f) and the Finance Procedures and not returned to the CDS Seller as referred to in Rule 1510 and paragraph 8.5; or (ii) the Physical Settlement Amount has been paid to the relevant CDS Clearing Member in the Matched Pair as designee of the Clearing House and such designee has notified the Clearing House that physical settlement is complete in accordance with Rule 1511.
- (b) Where any Physical Settlement Amount is payable to the Clearing House by a CDS Seller, the Clearing House acknowledges and agrees that, in accordance with Rules 302 and 303, it will apply any Margin or other available funds on account in order to satisfy the obligation to pay the Physical Settlement Amount and shall only call the CDS Seller for additional cash to the extent that relevant Margin is less than the Physical Settlement Amount.
- (c) Margin transferred to the Clearing House by a CDS Clearing Member shall cease to be payable by a CDS Clearing Member (and shall be released by the Clearing House) in respect of any CDS Contract after the time at which the CDS Clearing Member has notified the Clearing House in accordance with Rule 1511 that settlement has, so far as it is aware, occurred successfully.

8.9 Not used.

8.10 CDS Alternative Delivery or Settlement Procedure

- (a) CADP Notices received by the Clearing House after 15:00 hours will be deemed to have been received on the next Business Day.
- (b) CADP Notices must be submitted in the form published by the Clearing House from time to time.

9. CLEARED CDS PRODUCTS: ELIGIBLE SETS

9.1 The index series in respect of which CDS Contracts are eligible for Clearing are as notified from time to time by the Clearing House to Clearing Members by Circular. Each index series with an identical maturity and name will initially form a Set.