

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 511	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2014 - * 11 Amendment No. (req. for Amendments *)
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Filing by ICE Clear Europe Limited.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

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

The principal purpose of the proposed changes is to amend the ICE Clear Europe Procedures in order to comply with requirements under the European Market Infrastructure Regulation (including regulations and implementing technical standards thereunder) that will apply to ICE Clear Europe as an authorized central counterparty.

**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) 857-4400 Fax

**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 \*)  
 Head of Legal and Company Secretary

Date 07/06/2014  
 By Patrick Davis  
 (Name \*)

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.

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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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 \***

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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 \***

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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**

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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**

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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**

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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**

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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**

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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 rule changes has been annexed as Exhibit 5 and consists of certain changes to various procedures that have been proposed by ICE Clear Europe Limited (“ICE Clear Europe”). The principal purpose of the proposed changes is to amend the ICE Clear Europe Procedures in order to comply with requirements under the European Market Infrastructure Regulation (including regulations and implementing technical standards thereunder, “EMIR”)<sup>1</sup> that will apply to ICE Clear Europe as an authorized central counterparty. ICE Clear Europe has separately filed with the Commission proposed changes to its Clearing Rules (the “Rules”) relating to EMIR implementation and certain other matters (the “Rule Submission”).<sup>2</sup>

(b) Not applicable.

(c) Not applicable.

### **2. Procedures of the Self-Regulatory Organization**

(a) The CDS Risk Committee and F&O Risk Committee reviewed and raised no objection to the proposed Procedure changes. The changes were approved by the ICE Clear Europe board on December 2, 2013.

(b) Please refer questions and comments regarding the rule amendments 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**

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<sup>1</sup> Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as well as various implementing regulations and technical standards.

<sup>2</sup> SR-ICEEU-2014-09 (filed June 30, 2014).

(a) Purpose

ICE Clear Europe submits proposed amendments to its Procedures in order to comply with requirements under EMIR that will apply to ICE Clear Europe upon its authorization as a central counterparty and to further implement the related changes made to its Rules pursuant to the Rule Submission. As described in more detail in the Rule Submission, in order to comply with EMIR, ICE Clear Europe is adopting changes to the structure of customer accounts for cleared transactions to enhance segregation options for customers of Clearing Members. This includes the adoption of an individual client segregation framework (through Individually Segregated Sponsored Accounts and Individually Segregated Margin-flow Co-mingled Accounts) for Non-FCM/BD Clearing Members as well as certain modifications relating to the existing, omnibus client segregation model. The amendments to the Procedures described herein are intended to further implement these changes, as well as various other consolidating, conforming and clarifying changes and drafting improvements to the existing Procedures.

As described in the Rule Submission, the amendments to the Rules would establish two new types of individually segregated accounts, Individually Segregated Margin-flow Co-mingled Accounts and Individually Segregated Sponsored Accounts. The proposed Rules will also establish multiple new types of omnibus accounts, Segregated Customer Omnibus Accounts (separately for each product: FX, F&O and CDS) and Segregated TTFCOA Customer Omnibus Accounts (separately for each product: FX, F&O and CDS) as well as Omnibus Margin-flow Co-mingled Accounts. These new individually segregated and omnibus accounts will be available only to Non-FCM/BD Clearing Members and their customers. For FCM/BD Clearing Members and their customers, individual client segregation is not being offered at this time, and the

existing account types and segregation framework (which are required under applicable law) would be maintained.

ICE Clear Europe proposes to make amendments to the following Procedures: the Clearing Procedures, Finance Procedures, Membership Procedures, Business Continuity Procedures, Complaint Resolution Procedures, General Contract Terms, CDS Procedures, FX Procedures, OTC FX Product Guide and Published Terms for FX Contracts, Auction Terms for FX Default Auctions, Auction Terms for F&O Default Auctions and Delivery Procedures. The CDS Operational Procedures are being eliminated as they are no longer applicable.

The text of the proposed Procedure amendments are attached in Exhibit 5, with additions underlined and deletions in strikethrough text.

The proposed Procedure amendments are described in detail as follows.

Certain common changes are being made to all relevant sections of the Procedures. In each such section of the Procedures, ICE Clear Europe has added provisions addressing governing law, arbitration and submission to jurisdiction that are substantially the same as those set forth in the Rules (specifically, Rules 117 and 1608). In addition, various references to Sponsored Principals are added throughout, as well as conforming changes to reflect changes in defined terms in the Rules, such as the use of “Buying Counterparty” and “Selling Counterparty”.

In the Clearing Procedures, paragraphs 2.3 and 2.4 (which relate to position keeping and recording of contract positions) have been revised to reflect the additional categories of customer accounts. Similarly, paragraph 3.1, which addresses margining of accounts, has been revised to reflect the new customer accounts and the manner in which the new customer accounts are margined in accordance with the Rules. In addition, the Summary of Account Codes in Table A

of the Clearing Procedures has been updated with the new account classes. Paragraph 4 has also been updated to incorporate relevant defined terms for margin for the relevant product categories (F&O, CDS and FX), as well as clarify that certain terms only apply to the F&O product category, consistent with current practice. Paragraph 5 is amended to clarify that it applies only to options that are F&O contracts, as well as make certain other drafting clarifications. Existing paragraph 6, which related to ICE OTC transactions, has been removed, consistent with the removal of related provisions in the Rules, as such provisions are no longer used. A new paragraph 6 has been added addressing customer clearing. Paragraph 6.1 provides a procedure for a Clearing Member to close out or transfer customer positions to its proprietary account in the event of termination of the related Customer-CM Transaction (including as a result of a customer default). Paragraph 6.2 provides for transfer of customer positions at the request of a customer (this provision is substantially similar to existing paragraph 13.2 of the CDS Procedures, but has been revised to apply to all product categories and to apply to Sponsored Principals as well). New Paragraph 6.3 addresses certain matters with respect to Customer-CM Collateral provided to Non-FCM/BD Clearing Members, including the treatment of such collateral that is not in the form of Permitted Cover and the treatment of excess collateral provided to the Clearing Member beyond the clearing house requirement. New Paragraph 6.4 establishes certain recordkeeping requirements for Clearing Members with respect to Customers (including as to the identity and default portability preferences thereof) and requirements to provide such information to the clearing house. New Paragraph 7 adopts certain additional defined terms and procedures relating to position transfers made under Rule 408(a)(i) and Part 12 of the Rules, as well as paragraph 6 of the Clearing Procedures.

The Finance Procedures have been revised in paragraph 2 to incorporate relevant defined terms for margin for the relevant product categories as well as references to Sponsored Principals. Paragraph 3, which addresses the use of triparty collateral arrangements with Euroclear Bank, has been revised to apply to Sponsored Principals in addition to Clearing Members. The revisions also accommodate the use of pledged collateral arrangements as well as title transfer collateral and make certain drafting clarifications. Paragraph 4, which addresses ICE Clear Europe's assured payment system, has been amended to include references to FX Clearing Members and Sponsored Principal arrangements, as well as clarifications for the new account categories. Paragraph 5 contains additional procedures for the assured payment system in connection with the Sponsored Principal model. Paragraph 6 has been revised to address the requirements for payments in respect of each proprietary or customer account of a Clearing Member (including the new account categories), as well as changes to apply to Sponsored Principals the requirements applicable to Clearing Members. Certain provisions relating to margin for various product categories are also clarified and consolidated in this section. In particular, for drafting clarity, provisions relating to variation or mark-to-market margin for the F&O, CDS and FX product categories have been consolidated in Paragraph 6(i)(i) and provisions relating to original or initial margin for those product categories have been consolidated in Paragraph 6(i)(ii). Certain conforming references to such margin categories have also been added. In connection with the removal of the CDS Operational Procedures, references in paragraph 6 to making of CDS contract coupon payments thereunder have also been removed (with the effect that such payments will be made as provided under Paragraph 6). Paragraph 7, which applies to custody accounts for non-cash margin, has been revised to apply to Sponsored Principals as well as Clearing Members. The revised paragraph also specifies the requirements

for each customer and proprietary account and clarifies certain tax form requirements.

Paragraphs 8-11, which address permitted cover in the form of securities, emissions allowances, gold bullion and transfer procedures, respectively, have been revised to apply to Sponsored Principals as well as Clearing Members. New Paragraph 8.4 prohibits the use by a Clearing Member, Sponsor or Sponsored Principal of securities that are otherwise eligible as permitted cover where such securities are issued by such person or one of its affiliates (except in the case of a covered bond otherwise eligible as permitted cover<sup>3</sup> and only where the assets backing that bond are appropriately segregated within a robust legal framework that the clearing house determines to satisfy applicable legal requirements).

Revised Paragraphs 9.2 and 9.3 limit, for risk management purposes, the use of emissions allowances to satisfy margin requirements to contracts in respect of which such allowances are deliverable. Paragraph 10 also includes certain updates to defined terms and allows use of gold bullion as FX original margin. Paragraph 11 has also been revised to reflect the use by the clearing house of direct accounts at securities settlement systems. The provisions of Paragraph 12 of the Finance Procedures, which address use of letters of credit as margin for F&O contracts, have been revised to address use by Sponsored Principals. Certain other drafting clarifications are also made, including to clarify the right of the clearing house to reject a letter of credit, to make explicit requirements as to irrevocability and lack of defenses and to limit acceptance of letters of credit from issuing banks otherwise providing critical services to the clearing house. New provisions have been added to address collateralization of letters of credit consistent with certain EU regulations.

In paragraph 13, various conforming changes have been made to include references to Sponsors and Sponsored Principals, as well as appropriate references to original margin for the

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<sup>3</sup> Covered bonds are not currently eligible as permitted cover.

relevant product categories. Paragraph 14 has been revised to incorporate certain parameters for the FX guaranty fund, and to allow the clearing house to allow different currencies to be used for the guaranty fund contributions for any product category. Revised paragraph 15 of the Finance Procedures specifies additional parameters for the Clearing House contributions to the three guaranty funds. Paragraph 15.1 specifies a minimum initial contribution of ICE Clear Europe's own resources (including retained earnings and reserves), equal to 25% of the minimum capital required to be maintained in accordance with article 16 of EMIR, to be divided among the three product category guaranty funds in proportion to the size of those guaranty funds. Paragraph 15.2 further specifies the minimum requirements for the Clearing House Initial CDS Contribution and Clearing House CDS GF Contribution. In the case of the Clearing House Initial CDS Contribution, the required amount will be the higher of the amount currently required under the CDS Procedures (as discussed below) and the minimum amount determined under paragraph 15.1 as discussed above. (Accordingly, the amendments will not reduce the current level of the Clearing House Initial CDS Contribution.) The provisions of Paragraph 15.2 addressing the Clearing House CDS GF Contribution substantially codify the existing requirements under the CDS Procedures. Paragraph 15.3 further specifies the minimum requirements for the Clearing House FX Initial Contribution and Clearing House FX GF Contribution, which substantially codify existing requirements under the FX Procedures, but in the case of the Clearing House FX Initial Contribution are now also subject to the minimum required under paragraph 15.1. Paragraph 15.4 addresses substitution of assets constituting Clearing House contributions, and clarifies that the clearing house is not obligated to make additional Clearing House contributions in certain situations in which clearing is being

terminated in accordance with the Rules. Various drafting clarifications have also been made throughout the Finance Procedures.

The Membership Procedures, which set out various aspects of the clearing membership application process, have been modified to also cover Sponsors and Sponsored Principals, in substantially the same manner as for Clearing Members. Other revisions include various updates to defined terms and drafting clarifications.

The CDS Procedures contain changes to implement the Sponsored Principal model as well as various updates to defined terms (and conforming references to terms) and drafting improvements for clarity, as discussed herein. Paragraph 1 contains various conforming updates to defined terms, including the removal of unnecessary cross-references to certain provisions of the ISDA Credit Derivatives Definitions, the addition of references to Sponsored Principals and uses of the defined terms Matched CDS Buyers and Matched CDS Sellers in connection with procedures relating to restructuring credit events (as well as the updates to governing law and similar provisions discussed above). As noted in the Rule Submission, various membership requirements in Paragraph 2 have been moved to Part 2 of the Rules. Cross-references in Paragraph 3 to other Procedures sections have been updated. Paragraph 4 has been updated to include references to Sponsored Principals as well as Clearing Members, and to reflect the use of CDS Trade Execution/Processing Platforms for execution and the additional categories of customer accounts. In paragraph 5, various cross-references have been updated, along with changes reflecting the Sponsored Principal model. Paragraph 6, which addresses the Clearing House's contributions to the CDS guaranty fund, has been removed and moved to the Finance Procedures, as discussed above. Former paragraph 7 (now renumbered as paragraph 6) has been revised to incorporate the Sponsored Principal model as well as update the use of certain defined

terms (such as CDS Buyer, CDS Seller, Matched CDS Buyer, Matched CDS Seller and Manual Notifier). Paragraph 8 (formerly paragraph 9) of the CDS Procedures has similarly been revised to reflect the Sponsored Principal model, as well as other conforming changes. In addition, new paragraph 8.1(e) amends the definition of Repudiation/Moratorium Credit Event in Section 4.6 of the ISDA Credit Derivatives Definitions for sovereign CDS to eliminate manual notification of that credit event (consistent with the approach used for other credit events). Paragraph 8.2(e) has been modified to provide for transfer of CDS contracts in the case of a “Merger Without Assumption” (a merger of a Clearing Member or Sponsored Principal where the successor entity fails to assume the obligations thereof), in the same manner as is currently provided for Tax Events and Tax Events Upon Merger. Paragraph 9 (formerly paragraph 10) is similarly revised to reflect the Sponsored Principal model, update cross-references and make other conforming changes.

In paragraph 10 (formerly paragraph 11) of the CDS Procedures, which addresses single-name European corporate CDS contracts, the definitions of “Eligible SNEC Reference Obligation” and “SNEC Contract Reference Obligation” have been revised to clarify the treatment of CDS contracts for which market practice is to trade without a specified reference obligation.<sup>4</sup> The existing limitations in paragraph 10.4 on self-referencing CDS involving Clearing Members or their affiliates have been updated to apply also to Sponsors and Sponsored Principals. Various other conforming changes are made in paragraph 10. Substantially similar changes to those made in paragraph 10 have been made in paragraph 11 of the CDS Procedures (formerly paragraph 12), which addresses sovereign CDS contracts. Paragraph 13, which addresses certain aspects of customer transactions, including transfer of customer positions, has

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<sup>4</sup> This change is not specifically required by EMIR, but reflects a clarification to trading terms that reflects existing market practice for CDS involving certain reference entities.

been moved to paragraph 6 of the Clearing Procedures (and generalized to apply all product categories, not just CDS).

The FX Procedures have been revised to update various definitions, conform to new defined terms (including use of the defined term FX Trade Particulars in place of FX Transaction) and other provisions of the updated Rules, and incorporate the Sponsored Principal model. In Paragraph 2 of the FX Procedures, which addresses membership requirements, certain changes have been made to conform to the membership standards for CDS Clearing Members, including minimum requirements for US-based Clearing Members consistent with CFTC requirements. Paragraph 4, which addresses submission and acceptance of FX contracts, has been revised to incorporate the Sponsored Principal model. References to Sponsored Principals have also been added to paragraphs 5-7. Certain conforming changes have been made in paragraph 9. Paragraph 10, which addressed the Clearing House contribution to the FX guaranty fund, has been moved to the Finance Procedures, as discussed above. Conforming changes have also been made in paragraph 11, which has been renumbered paragraph 10.

The section of the Procedures titled “General Contract Terms and ICE OTC Contract Standard Contract Terms and Eligibility Criteria” has been renamed “General Contract Terms.” Consistent with changes made to the Rules, references to ICE OTC Contracts have been removed as such contracts are no longer cleared by the Clearing House. Accordingly, paragraph 3.2 of the General Contract Terms has been deleted.

The Auction Terms for F&O Default Auctions have been revised to incorporate participation by Sponsored Principals. Paragraph 2 has also been revised to clarify the minimum bid requirement for Clearing Members as well as the ability of a Clearing Member to outsource its minimum bid obligations to an affiliate. In paragraph 3, the order of application of F&O

guaranty fund contributions has been revised, such that guaranty fund contributions of Clearing Members that are not winning bidders are used first, starting with the contributions of those with the least competitive bids. After application of guaranty fund contributions of losing bidders, guaranty fund contributions of winning bidders may be applied on a pro rata basis. ICE Clear Europe believes that this approach strengthens the incentive for Clearing Members to participate in the auction. The same order of priority applies to the use of F&O assessment contributions. Paragraph 3.7 has also been revised to address the correction of erroneous bids. Paragraph 4.4 has been amended to clarify that invalid bids do not count toward the minimum bid requirement. Paragraph 5.4 has been revised to limit the Clearing House's ability to change the normal pro rata procedure for allocating contracts to multiple winning bidders. Paragraph 6 has been revised to clarify the treatment of certain customer positions arising from an F&O auction. Paragraph 7 has been revised to update references to certain legal requirements in connection with auctions. Substantially similar changes have been made in the Auction Terms for FX Default Auctions as well.

Various amendments have also been made to the Delivery Procedures. In many cases these do not strictly relate to EMIR implementation but reflect other general updates and conforming changes. In paragraph 5, provisions allowing buyers and sellers to nominate transferors and transferees to make or take delivery on their behalf has been extended to additional power and gas contracts. In addition, under revised paragraph 9, these same additional contracts are not eligible for alternative delivery procedures.

Part C of the Delivery Procedures has been expanded to apply to ICE Futures UK Base Electricity Futures (Gregorian) and ICE Futures UK Peak Electricity Futures (Gregorian) as well as the existing EFA contracts. Various drafting clarifications have been made to the procedures

for ICE UK Electricity Futures Contracts. Part D of the Delivery Procedures has been expanded to apply also to ICE Futures UK Natural Gas (EUR/MWh) Futures Contracts and ICE Futures UK Natural Gas Daily Futures Contracts, and various related conforming changes have been made, including relevant contract and delivery specifications for such contracts. A new delivery timetable has been added for the ICE Futures UK Natural Gas Daily Futures Contract, as well as new documentation requirements and procedures for invoicing for such contracts.

Various non-substantive conforming changes and drafting clarifications are also made to the Business Continuity Procedures and Complaint Resolution Procedures.

(b) Statutory Basis

ICE Clear Europe believes that the proposed amendments to the Procedures are consistent with the requirements of Section 17A of the Act<sup>5</sup> and the regulations thereunder applicable to it, including the standards under Rule 17Ad-22.<sup>6</sup> Section 17A(b)(3)(F) of the Act<sup>7</sup> requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions. The proposed amendments are principally intended to further implement the rule amendments described in the Rule Submission, which in turn are intended principally to ensure compliance by the clearing house with the requirements of EMIR and implement new, strengthened options for the segregation and safeguarding of customer funds and property for customers of Non-FCM/BD Clearing

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<sup>5</sup> 15 U.S.C. 78q-1.

<sup>6</sup> 17 C.F.R. § 240.17Ad-22.

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

Members.<sup>8</sup> As such, the proposed amendments to the Procedures are part of a set of amendments that will enhance, and not reduce, the level of customer protection available under the current ICE Clear Europe rules for those Clearing Members and their customers. As a result, ICE Clear Europe believes that the proposed changes to the Procedures, like the amendments to the Rules discussed in the Rule Submission, will contribute to the safeguarding of funds and securities associated with derivative transactions that are in the custody or control of the clearing house or for which it is responsible, as set forth herein, within the meaning of Section 17(A)(b)(3)(F).<sup>9</sup>

As discussed above, a key aspect of the amendments to the Procedures is the incorporation of the new ICE Clear Europe Sponsored Principal model. EMIR requires that the clearing house offer an individual segregation model that Clearing Members may in turn offer to their customers. Under such a model, the clearing house is required to separately account for, and track, the portfolio of positions of a customer of a Clearing Member and specific assets provided to margin such contracts. ICE Clear Europe has developed its Individually Segregated Sponsored Account model to satisfy this requirement of EMIR. The Individually Segregated Sponsored Account provides a separate account for the positions, and margin, of a particular customer, and accordingly should be protected in the event of a default of the sponsoring Clearing Member or other customers of the Clearing Member. It also facilitates the transition to a new Sponsor in the event of a default of the current Sponsor. For market participants that elect to use the Individually Segregated Sponsored Account model, the approach will thus provide a higher degree of protection for customer assets than is currently available.

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<sup>8</sup> As discussed herein, certain additional amendments are in the nature of clarifications and drafting improvements to various provisions of the Procedures, and as such ICE Clear Europe believes that they also promote the prompt and accurate clearance and settlement of securities and derivatives transactions cleared by the clearing house.

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

As such, ICE Clear Europe believes that the proposed Procedure changes, together with the related Rule changes described in the Rule Submission will enhance the safeguarding of securities and funds associated with securities and derivative transactions that are in the custody or control of ICE Clear Europe or for which it is responsible. ICE Clear Europe also believes that the proposed rule changes will enhance the stability of the clearing system, by reducing the risk to market participants of a default by a Clearing Member or other customer. As a result, the proposed changes are, in the clearing house's view, consistent with the requirements of Section 17A(b)(3)(F) of the Act. For the reasons set forth in the Rule Submission, ICE Clear Europe also believes that the amendments are consistent with relevant requirements of Rule 17Ad-22<sup>10</sup>

#### 4. Self-Regulatory Organization's Statement on Burden on Competition

ICE Clear Europe does not believe the proposed changes to the Procedures would have any adverse impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed amendments are principally intended to implement the new segregation models and account classes adopted pursuant to the Rule Submission.

As discussed in more detail in the Rule Submission, ICE Clear Europe is not proposing to materially change its standards for Clearing Membership or financial requirements for Clearing Membership. ICE Clear Europe is permitting a new form of access to the clearing house, for Sponsored Principals, and ICE Clear Europe believes that this development should facilitate, rather than limit, access to the clearing house. Although cost models remain to be developed, use of these accounts may be more expensive than use of omnibus accounts, reflecting the additional operational complexity and segregation available. It is possible that these additional

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<sup>10</sup> 17 C.F.R. § 240.17Ad-22.

costs may deter some market participants for using the Individually Segregated Sponsored Account. The clearing house retains other, omnibus segregation models, however, that are based on existing models and will be available to market participants that do not elect individual segregation. The clearing house also recognizes that the new segregation models may impose certain additional costs on Clearing Members, including potentially additional guaranty fund contributions, which could raise the cost of customer clearing. However, ICE Clear Europe believes that this is the result of the requirement under EMIR to offer such models and in any event is justified by the benefits provided by such models for those who use them.

ICE Clear Europe also does not believe the proposed amendments to the Procedures are likely to adversely affect competition among Clearing Members. The new segregation models are (and are required to be) made available to all Non-FCM/BD Clearing Members. (As described in the Rule Submission, the new models are not being offered to FCM/BD Clearing Members, which will continue to use the account and segregation framework provided under applicable U.S. law. The ability for FCM/BD Clearing Members to continue using the existing framework should mitigate any competitive impact of the new models for such Clearing Members.) ICE Clear Europe believes that the new options will facilitate competition among Clearing Members as they seek to offer the segregation models to clients, consistent with the commercial requirements of the Clearing Member and their customers and the competitive environment as well as background regulatory requirements. To the extent that the new segregation models impose additional costs and operational complexity, those will fall on all Clearing Members that seek to use the models, and are not designed to favor one type of Clearing Member over another.

In terms of the impact on customers of Clearing Members, the proposed amendments are intended to provide those customers a greater range of choices and protections for margin assets provided by those customers, as required under EMIR. Certain models, such as the individually segregated model, may impose higher costs on customers. ICE Clear Europe believes that such costs are accompanied by the higher protection to customer assets afforded by those models and required under EMIR. In addition, other models, including omnibus segregation models, remain available for customers that prefer such models. As a result, ICE Clear Europe does not believe that the proposed amendments will impose a significant burden on customers seeking access to clearing.

For similar reasons, ICE Clear Europe does not believe that the rule amendments will adversely affect the ability of market participants to continue to clear transactions, or otherwise limit market participants' choices for clearing derivatives. The rule changes implement a range of different models, each with different costs and benefits to customers. ICE Clear Europe is also maintaining a segregation framework analogous to that available today for customers of Clearing Members. Furthermore, the amendments are intended to implement requirements that will apply to European clearing houses generally under EMIR, including the requirement to offer an individual segregation model. As a result, ICE Clear Europe expects that other clearing house will offer a similar range of clearing segregation options, and the changes are not expected to reduce access to clearing or clearing services.

For the foregoing reasons, ICE Clear Europe does not believe that the proposed amendments to the Procedures will impose any burden on competition not appropriate in furtherance of the purposes of the Act.

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

Although written comments have not been specifically solicited with respect to the Procedure changes, comments relating to the related rule changes have been solicited from Clearing Members through extensive discussions with Clearing Members and a public consultation. ICE Clear Europe received various comments during this consultation and took such comments into account in making further modifications to the proposed rules and in developing the Procedures. The rule changes also reflect comments received from the Bank of England in connection with ICE Clear Europe's application for EMIR authorization. ICE Clear Europe will notify the Commission of any additional 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 Procedure changes under Section 19(b)(2), contemporaneous with the implementation of the related rule changes described in the Rule Submission. ICE Clear Europe is making these Procedure changes in order to further implement the rule changes, in order to comply with requirements under EMIR in connection with the authorization of ICE Clear Europe as a central counterparty under EMIR, as discussed above. In ICE Clear Europe's

view, the proposed changes will enhance the customer protection options for customers of Clearing Members of ICE Clear Europe, and will not reduce the levels of protection available to customers currently and the requirement of customer protection under applicable laws. ICE Clear Europe thus believes the market will derive a significant benefit from accelerated implementation of the proposed rule changes. ICE Clear Europe notes that it will be required to be in compliance with EMIR at such time as its application for EMIR authorization is approved (the exact timing of which is not within the control of ICE Clear Europe). Failure by ICE Clear Europe to have the amendments in effect, and to be in compliance with the EMIR requirements, may adversely affect the approval of its application and therefore its ability to do business as a recognised central counterparty. As a result, ICE Clear Europe expects that it may need accelerated approval of the rule changes to coincide with EMIR authorization.

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:

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

**Exhibit 1**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-\_\_\_\_\_; File No. SR-ICEEU-2014-11]

**SELF-REGULATORY ORGANIZATIONS**

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of a Proposed Rule Change Relating to EMIR Requirements

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Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_, 2014, 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 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**

The principal purpose of the proposed changes is to amend the ICE Clear Europe Limited (“ICE Clear Europe”) Procedures in order to comply with requirements under the European Market Infrastructure Regulation (including regulations and implementing technical standards thereunder, “EMIR”)<sup>3</sup> that will apply to ICE Clear Europe as an authorized central counterparty. ICE Clear Europe has separately filed with the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as well as various implementing regulations and technical standards.

Commission proposed changes to its Clearing Rules (the “Rules”) relating to EMIR implementation and certain other matters (the “Rule Submission”).<sup>4</sup>

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

(a) Purpose

ICE Clear Europe submitted proposed amendments to its Procedures in order to comply with requirements under EMIR that will apply to ICE Clear Europe upon its authorization as a central counterparty and to further implement the related changes made to its Rules pursuant to the Rule Submission. As described in more detail in the Rule Submission, in order to comply with EMIR, ICE Clear Europe is adopting changes to the structure of customer accounts for cleared transactions to enhance segregation options for customers of Clearing Members. This includes the adoption of an individual client segregation framework (through Individually Segregated Sponsored Accounts and Individually Segregated Margin-flow Co-mingled Accounts) for Non-FCM/BD Clearing Members as well as certain modifications relating to the existing, omnibus client segregation model. The amendments to the Procedures described herein are intended to further implement these changes, as well as various other consolidating, conforming and clarifying changes and drafting improvements to the existing Procedures.

As described in the Rule Submission, the amendments to the Rules would establish two new types of individually segregated accounts, Individually Segregated Margin-flow Co-mingled Accounts and Individually Segregated Sponsored Accounts. The proposed Rules will also establish multiple new types of omnibus accounts, Segregated Customer Omnibus Accounts (separately for each product: FX, F&O and

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<sup>4</sup> SR-ICEEU-2014-09 (filed June 30, 2014).

CDS) and Segregated TTFCFA Customer Omnibus Accounts (separately for each product: FX, F&O and CDS) as well as Omnibus Margin-flow Co-mingled Accounts. These new individually segregated and omnibus accounts will be available only to Non-FCM/BD Clearing Members and their customers. For FCM/BD Clearing Members and their customers, individual client segregation is not being offered at this time, and the existing account types and segregation framework (which are required under applicable law) would be maintained.

ICE Clear Europe proposes to make amendments to the following Procedures: the Clearing Procedures, Finance Procedures, Membership Procedures, Business Continuity Procedures, Complaint Resolution Procedures, General Contract Terms, CDS Procedures, FX Procedures, OTC FX Product Guide and Published Terms for FX Contracts, Auction Terms for FX Default Auctions, Auction Terms for F&O Default Auctions and Delivery Procedures. The CDS Operational Procedures are being eliminated as they are no longer applicable.

The proposed Procedure amendments are described in detail as follows.

Certain common changes are being made to all relevant sections of the Procedures. In each such section of the Procedures, ICE Clear Europe has added provisions addressing governing law, arbitration and submission to jurisdiction that are substantially the same as those set forth in the Rules (specifically, Rules 117 and 1608). In addition, various references to Sponsored Principals are added throughout, as well as conforming changes to reflect changes in defined terms in the Rules, such as the use of “Buying Counterparty” and “Selling Counterparty”.

In the Clearing Procedures, paragraphs 2.3 and 2.4 (which relate to position keeping and recording of contract positions) have been revised to reflect the additional categories of customer accounts. Similarly, paragraph 3.1, which addresses margining of accounts, has been revised to reflect the new customer accounts and the manner in which the new customer accounts are margined in accordance with the Rules. In addition, the Summary of Account Codes in Table A of the Clearing Procedures has been updated with the new account classes. Paragraph 4 has also been updated to incorporate relevant defined terms for margin for the relevant product categories (F&O, CDS and FX), as well as clarify that certain terms only apply to the F&O product category, consistent with current practice. Paragraph 5 is amended to clarify that it applies only to options that are F&O contracts, as well as make certain other drafting clarifications. Existing paragraph 6, which related to ICE OTC transactions, has been removed, consistent with the removal of related provisions in the Rules, as such provisions are no longer used. A new paragraph 6 has been added addressing customer clearing. Paragraph 6.1 provides a procedure for a Clearing Member to close out or transfer customer positions to its proprietary account in the event of termination of the related Customer-CM Transaction (including as a result of a customer default). Paragraph 6.2 provides for transfer of customer positions at the request of a customer (this provision is substantially similar to existing paragraph 13.2 of the CDS Procedures, but has been revised to apply to all product categories and to apply to Sponsored Principals as well). New Paragraph 6.3 addresses certain matters with respect to Customer-CM Collateral provided to Non-FCM/BD Clearing Members, including the treatment of such collateral that is not in the form of Permitted Cover and the treatment of excess collateral provided to the Clearing

Member beyond the clearing house requirement. New Paragraph 6.4 establishes certain recordkeeping requirements for Clearing Members with respect to Customers (including as to the identity and default portability preferences thereof) and requirements to provide such information to the clearing house. New Paragraph 7 adopts certain additional defined terms and procedures relating to position transfers made under Rule 408(a)(i) and Part 12 of the Rules, as well as paragraph 6 of the Clearing Procedures.

The Finance Procedures have been revised in paragraph 2 to incorporate relevant defined terms for margin for the relevant product categories as well as references to Sponsored Principals. Paragraph 3, which addresses the use of triparty collateral arrangements with Euroclear Bank, has been revised to apply to Sponsored Principals in addition to Clearing Members. The revisions also accommodate the use of pledged collateral arrangements as well as title transfer collateral and make certain drafting clarifications. Paragraph 4, which addresses ICE Clear Europe's assured payment system, has been amended to include references to FX Clearing Members and Sponsored Principal arrangements, as well as clarifications for the new account categories. Paragraph 5 contains additional procedures for the assured payment system in connection with the Sponsored Principal model. Paragraph 6 has been revised to address the requirements for payments in respect of each proprietary or customer account of a Clearing Member (including the new account categories), as well as changes to apply to Sponsored Principals the requirements applicable to Clearing Members. Certain provisions relating to margin for various product categories are also clarified and consolidated in this section. In particular, for drafting clarity, provisions relating to variation or mark-to-market margin for the F&O, CDS and FX product categories have

been consolidated in Paragraph 6(i)(i) and provisions relating to original or initial margin for those product categories have been consolidated in Paragraph 6(i)(ii). Certain conforming references to such margin categories have also been added. In connection with the removal of the CDS Operational Procedures, references in paragraph 6 to making of CDS contract coupon payments thereunder have also been removed (with the effect that such payments will be made as provided under Paragraph 6). Paragraph 7, which applies to custody accounts for non-cash margin, has been revised to apply to Sponsored Principals as well as Clearing Members. The revised paragraph also specifies the requirements for each customer and proprietary account and clarifies certain tax form requirements. Paragraphs 8-11, which address permitted cover in the form of securities, emissions allowances, gold bullion and transfer procedures, respectively, have been revised to apply to Sponsored Principals as well as Clearing Members. New Paragraph 8.4 prohibits the use by a Clearing Member, Sponsor or Sponsored Principal of securities that are otherwise eligible as permitted cover where such securities are issued by such person or one of its affiliates (except in the case of a covered bond otherwise eligible as permitted cover<sup>5</sup> and only where the assets backing that bond are appropriately segregated within a robust legal framework that the clearing house determines to satisfy applicable legal requirements).

Revised Paragraphs 9.2 and 9.3 limit, for risk management purposes, the use of emissions allowances to satisfy margin requirements to contracts in respect of which such allowances are deliverable. Paragraph 10 also includes certain updates to defined terms and allows use of gold bullion as FX original margin. Paragraph 11 has also been revised to reflect the use by the clearing house of direct accounts at securities settlement systems.

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<sup>5</sup> Covered bonds are not currently eligible as permitted cover.

The provisions of Paragraph 12 of the Finance Procedures, which address use of letters of credit as margin for F&O contracts, have been revised to address use by Sponsored Principals. Certain other drafting clarifications are also made, including to clarify the right of the clearing house to reject a letter of credit, to make explicit requirements as to irrevocability and lack of defenses and to limit acceptance of letters of credit from issuing banks otherwise providing critical services to the clearing house. New provisions have been added to address collateralization of letters of credit consistent with certain EU regulations.

In paragraph 13, various conforming changes have been made to include references to Sponsors and Sponsored Principals, as well as appropriate references to original margin for the relevant product categories. Paragraph 14 has been revised to incorporate certain parameters for the FX guaranty fund, and to allow the clearing house to allow different currencies to be used for the guaranty fund contributions for any product category. Revised paragraph 15 of the Finance Procedures specifies additional parameters for the Clearing House contributions to the three guaranty funds. Paragraph 15.1 specifies a minimum initial contribution of ICE Clear Europe's own resources (including retained earnings and reserves), equal to 25% of the minimum capital required to be maintained in accordance with article 16 of EMIR, to be divided among the three product category guaranty funds in proportion to the size of those guaranty funds. Paragraph 15.2 further specifies the minimum requirements for the Clearing House Initial CDS Contribution and Clearing House CDS GF Contribution. In the case of the Clearing House Initial CDS Contribution, the required amount will be the higher of the amount currently required under the CDS Procedures (as discussed below) and the minimum

amount determined under paragraph 15.1 as discussed above. (Accordingly, the amendments will not reduce the current level of the Clearing House Initial CDS Contribution.) The provisions of Paragraph 15.2 addressing the Clearing House CDS GF Contribution substantially codify the existing requirements under the CDS Procedures. Paragraph 15.3 further specifies the minimum requirements for the Clearing House FX Initial Contribution and Clearing House FX GF Contribution, which substantially codify existing requirements under the FX Procedures, but in the case of the Clearing House FX Initial Contribution are now also subject to the minimum required under paragraph 15.1. Paragraph 15.4 addresses substitution of assets constituting Clearing House contributions, and clarifies that the clearing house is not obligated to make additional Clearing House contributions in certain situations in which clearing is being terminated in accordance with the Rules. Various drafting clarifications have also been made throughout the Finance Procedures.

The Membership Procedures, which set out various aspects of the clearing membership application process, have been modified to also cover Sponsors and Sponsored Principals, in substantially the same manner as for Clearing Members. Other revisions include various updates to defined terms and drafting clarifications.

The CDS Procedures contain changes to implement the Sponsored Principal model as well as various updates to defined terms (and conforming references to terms) and drafting improvements for clarity, as discussed herein. Paragraph 1 contains various conforming updates to defined terms, including the removal of unnecessary cross-references to certain provisions of the ISDA Credit Derivatives Definitions, the addition of references to Sponsored Principals and uses of the defined terms Matched CDS Buyers

and Matched CDS Sellers in connection with procedures relating to restructuring credit events (as well as the updates to governing law and similar provisions discussed above). As noted in the Rule Submission, various membership requirements in Paragraph 2 have been moved to Part 2 of the Rules. Cross-references in Paragraph 3 to other Procedures sections have been updated. Paragraph 4 has been updated to include references to Sponsored Principals as well as Clearing Members, and to reflect the use of CDS Trade Execution/Processing Platforms for execution and the additional categories of customer accounts. In paragraph 5, various cross-references have been updated, along with changes reflecting the Sponsored Principal model. Paragraph 6, which addresses the Clearing House's contributions to the CDS guaranty fund, has been removed and moved to the Finance Procedures, as discussed above. Former paragraph 7 (now renumbered as paragraph 6) has been revised to incorporate the Sponsored Principal model as well as update the use of certain defined terms (such as CDS Buyer, CDS Seller, Matched CDS Buyer, Matched CDS Seller and Manual Notifier). Paragraph 8 (formerly paragraph 9) of the CDS Procedures has similarly been revised to reflect the Sponsored Principal model, as well as other conforming changes. In addition, new paragraph 8.1(e) amends the definition of Repudiation/Moratorium Credit Event in Section 4.6 of the ISDA Credit Derivatives Definitions for sovereign CDS to eliminate manual notification of that credit event (consistent with the approach used for other credit events). Paragraph 8.2(e) has been modified to provide for transfer of CDS contracts in the case of a "Merger Without Assumption" (a merger of a Clearing Member or Sponsored Principal where the successor entity fails to assume the obligations thereof), in the same manner as is currently provided for Tax Events and Tax Events Upon Merger. Paragraph 9 (formerly

paragraph 10) is similarly revised to reflect the Sponsored Principal model, update cross-references and make other conforming changes.

In paragraph 10 (formerly paragraph 11) of the CDS Procedures, which addresses single-name European corporate CDS contracts, the definitions of “Eligible SNEC Reference Obligation” and “SNEC Contract Reference Obligation” have been revised to clarify the treatment of CDS contracts for which market practice is to trade without a specified reference obligation.<sup>6</sup> The existing limitations in paragraph 10.4 on self-referencing CDS involving Clearing Members or their affiliates have been updated to apply also to Sponsors and Sponsored Principals. Various other conforming changes are made in paragraph 10. Substantially similar changes to those made in paragraph 10 have been made in paragraph 11 of the CDS Procedures (formerly paragraph 12), which addresses sovereign CDS contracts. Paragraph 13, which addresses certain aspects of customer transactions, including transfer of customer positions, has been moved to paragraph 6 of the Clearing Procedures (and generalized to apply all product categories, not just CDS).

The FX Procedures have been revised to update various definitions, conform to new defined terms (including use of the defined term FX Trade Particulars in place of FX Transaction) and other provisions of the updated Rules, and incorporate the Sponsored Principal model. In Paragraph 2 of the FX Procedures, which addresses membership requirements, certain changes have been made to conform to the membership standards for CDS Clearing Members, including minimum requirements for US-based Clearing Members consistent with CFTC requirements. Paragraph 4, which addresses submission

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<sup>6</sup> This change is not specifically required by EMIR, but reflects a clarification to trading terms that reflects existing market practice for CDS involving certain reference entities.

and acceptance of FX contracts, has been revised to incorporate the Sponsored Principal model. References to Sponsored Principals have also been added to paragraphs 5-7. Certain conforming changes have been made in paragraph 9. Paragraph 10, which addressed the Clearing House contribution to the FX guaranty fund, has been moved to the Finance Procedures, as discussed above. Conforming changes have also been made in paragraph 11, which has been renumbered paragraph 10.

The section of the Procedures titled “General Contract Terms and ICE OTC Contract Standard Contract Terms and Eligibility Criteria” has been renamed “General Contract Terms.” Consistent with changes made to the Rules, references to ICE OTC Contracts have been removed as such contracts are no longer cleared by the Clearing House. Accordingly, paragraph 3.2 of the General Contract Terms has been deleted.

The Auction Terms for F&O Default Auctions have been revised to incorporate participation by Sponsored Principals. Paragraph 2 has also been revised to clarify the minimum bid requirement for Clearing Members as well as the ability of a Clearing Member to outsource its minimum bid obligations to an affiliate. In paragraph 3, the order of application of F&O guaranty fund contributions has been revised, such that guaranty fund contributions of Clearing Members that are not winning bidders are used first, starting with the contributions of those with the least competitive bids. After application of guaranty fund contributions of losing bidders, guaranty fund contributions of winning bidders may be applied on a pro rata basis. ICE Clear Europe believes that this approach strengthens the incentive for Clearing Members to participate in the auction. The same order of priority applies to the use of F&O assessment contributions. Paragraph 3.7 has also been revised to address the correction of erroneous bids.

Paragraph 4.4 has been amended to clarify that invalid bids do not count toward the minimum bid requirement. Paragraph 5.4 has been revised to limit the Clearing House's ability to change the normal pro rata procedure for allocating contracts to multiple winning bidders. Paragraph 6 has been revised to clarify the treatment of certain customer positions arising from an F&O auction. Paragraph 7 has been revised to update references to certain legal requirements in connection with auctions. Substantially similar changes have been made in the Auction Terms for FX Default Auctions as well.

Various amendments have also been made to the Delivery Procedures. In many cases these do not strictly relate to EMIR implementation but reflect other general updates and conforming changes. In paragraph 5, provisions allowing buyers and sellers to nominate transferors and transferees to make or take delivery on their behalf has been extended to additional power and gas contracts. In addition, under revised paragraph 9, these same additional contracts are not eligible for alternative delivery procedures.

Part C of the Delivery Procedures has been expanded to apply to ICE Futures UK Base Electricity Futures (Gregorian) and ICE Futures UK Peak Electricity Futures (Gregorian) as well as the existing EFA contracts. Various drafting clarifications have been made to the procedures for ICE UK Electricity Futures Contracts. Part D of the Delivery Procedures has been expanded to apply also to ICE Futures UK Natural Gas (EUR/MWh) Futures Contracts and ICE Futures UK Natural Gas Daily Futures Contracts, and various related conforming changes have been made, including relevant contract and delivery specifications for such contracts. A new delivery timetable has been added for the ICE Futures UK Natural Gas Daily Futures Contract, as well as new documentation requirements and procedures for invoicing for such contracts.

Various non-substantive conforming changes and drafting clarifications are also made to the Business Continuity Procedures and Complaint Resolution Procedures.

(b) Statutory Basis

ICE Clear Europe believes that the proposed amendments to the Procedures are consistent with the requirements of Section 17A of the Act<sup>7</sup> and the regulations thereunder applicable to it, including the standards under Rule 17Ad-22.<sup>8</sup> Section 17A(b)(3)(F) of the Act<sup>9</sup> requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions. The proposed amendments are principally intended to further implement the rule amendments described in the Rule Submission, which in turn are intended principally to ensure compliance by the clearing house with the requirements of EMIR and implement new, strengthened options for the segregation and safeguarding of customer funds and property for customers of Non-FCM/BD Clearing Members.<sup>10</sup> As such, the proposed amendments to the Procedures are part of a set of amendments that will enhance, and not reduce, the level of customer protection available under the current ICE Clear Europe rules for those Clearing Members and their customers. As a result, ICE Clear Europe believes that the proposed changes to the Procedures, like the amendments to the Rules discussed in the Rule Submission, will contribute to the safeguarding of funds and securities associated with derivative transactions that are in the

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<sup>7</sup> 15 U.S.C. 78q-1.

<sup>8</sup> 17 C.F.R. § 240.17Ad-22.

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>10</sup> As discussed herein, certain additional amendments are in the nature of clarifications and drafting improvements to various provisions of the Procedures, and as such ICE Clear Europe believes that they also promote the prompt and accurate clearance and settlement of securities and derivatives transactions cleared by the clearing house.

custody or control of the clearing house or for which it is responsible, as set forth herein, within the meaning of Section 17(A)(b)(3)(F).<sup>11</sup>

As discussed above, a key aspect of the amendments to the Procedures is the incorporation of the new ICE Clear Europe Sponsored Principal model. EMIR requires that the clearing house offer an individual segregation model that Clearing Members may in turn offer to their customers. Under such a model, the clearing house is required to separately account for, and track, the portfolio of positions of a customer of a Clearing Member and specific assets provided to margin such contracts. ICE Clear Europe has developed its Individually Segregated Sponsored Account model to satisfy this requirement of EMIR. The Individually Segregated Sponsored Account provides a separate account for the positions, and margin, of a particular customer, and accordingly should be protected in the event of a default of the sponsoring Clearing Member or other customers of the Clearing Member. It also facilitates the transition to a new Sponsor in the event of a default of the current Sponsor. For market participants that elect to use the Individually Segregated Sponsored Account model, the approach will thus provide a higher degree of protection for customer assets than is currently available.

As such, ICE Clear Europe believes that the proposed Procedure changes, together with the related Rule changes described in the Rule Submission will enhance the safeguarding of securities and funds associated with securities and derivative transactions that are in the custody or control of ICE Clear Europe or for which it is responsible. ICE Clear Europe also believes that the proposed rule changes will enhance the stability of the clearing system, by reducing the risk to market participants of a default by a Clearing Member or other customer. As a result, the proposed changes are, in the clearing house's

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<sup>11</sup> 15 U.S.C. 78q-1(b)(3)(F).

view, consistent with the requirements of Section 17A(b)(3)(F) of the Act. For the reasons set forth in the Rule Submission, ICE Clear Europe also believes that the amendments are consistent with relevant requirements of Rule 17Ad-22.<sup>12</sup>

(A) Self-Regulatory Organization's Statement on Burden on Competition

ICE Clear Europe does not believe the proposed changes to the Procedures would have any adverse impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed amendments are principally intended to implement the new segregation models and account classes adopted pursuant to the Rule Submission.

As discussed in more detail in the Rule Submission, ICE Clear Europe is not proposing to materially change its standards for Clearing Membership or financial requirements for Clearing Membership. ICE Clear Europe is permitting a new form of access to the clearing house, for Sponsored Principals, and ICE Clear Europe believes that this development should facilitate, rather than limit, access to the clearing house. Although cost models remain to be developed, use of these accounts may be more expensive than use of omnibus accounts, reflecting the additional operational complexity and segregation available. It is possible that these additional costs may deter some market participants for using the Individually Segregated Sponsored Account. The clearing house retains other, omnibus segregation models, however, that are based on existing models and will be available to market participants that do not elect individual segregation. The clearing house also recognizes that the new segregation models may impose certain additional costs on Clearing Members, including potentially additional guaranty fund contributions, which could raise the cost of customer clearing. However,

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<sup>12</sup> 17 C.F.R. § 240.17Ad-22.

ICE Clear Europe believes that this is the result of the requirement under EMIR to offer such models and in any event is justified by the benefits provided by such models for those who use them.

ICE Clear Europe also does not believe the proposed amendments to the Procedures are likely to adversely affect competition among Clearing Members. The new segregation models are (and are required to be) made available to all Non-FCM/BD Clearing Members. (As described in the Rule Submission, the new models are not being offered to FCM/BD Clearing Members, which will continue to use the account and segregation framework provided under applicable U.S. law. The ability for FCM/BD Clearing Members to continue using the existing framework should mitigate any competitive impact of the new models for such Clearing Members.) ICE Clear Europe believes that the new options will facilitate competition among Clearing Members as they seek to offer the segregation models to clients, consistent with the commercial requirements of the Clearing Member and their customers and the competitive environment as well as background regulatory requirements. To the extent that the new segregation models impose additional costs and operational complexity, those will fall on all Clearing Members that seek to use the models, and are not designed to favor one type of Clearing Member over another.

In terms of the impact on customers of Clearing Members, the proposed amendments are intended to provide those customers a greater range of choices and protections for margin assets provided by those customers, as required under EMIR. Certain models, such as the individually segregated model, may impose higher costs on customers. ICE Clear Europe believes that such costs are accompanied by the higher

protection to customer assets afforded by those models and required under EMIR. In addition, other models, including omnibus segregation models, remain available for customers that prefer such models. As a result, ICE Clear Europe does not believe that the proposed amendments will impose a significant burden on customers seeking access to clearing.

For similar reasons, ICE Clear Europe does not believe that the rule amendments will adversely affect the ability of market participants to continue to clear transactions, or otherwise limit market participants' choices for clearing derivatives. The rule changes implement a range of different models, each with different costs and benefits to customers. ICE Clear Europe is also maintaining a segregation framework analogous to that available today for customers of Clearing Members. Furthermore, the amendments are intended to implement requirements that will apply to European clearing houses generally under EMIR, including the requirement to offer an individual segregation model. As a result, ICE Clear Europe expects that other clearing house will offer a similar range of clearing segregation options, and the changes are not expected to reduce access to clearing or clearing services.

For the foregoing reasons, ICE Clear Europe does not believe that the proposed amendments to the Procedures will impose any burden on competition not appropriate in furtherance of the purposes of the Act.

**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 up to 90 days (i) as the Commission may designate 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 or disapprove the 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>) or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ICEEU-2014-11 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 20549-1060.

All submissions should refer to File Number SR-ICEEU-2014-11. 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-2014-11 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.<sup>13</sup>

Elizabeth M. Murphy  
Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).

**(I) CLEARING PROCEDURES**

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**1. SYSTEMS**

1.1 The Clearing House's primary systems, to which Clearing Members and Sponsored Principals require interfaces, consist of:

- (a) Post-trade administration/clearing and settlement processing: ICE clearing systems including ECS, PTMS and ACT and, for LIFFE Contracts, Guardian and UCP (“the **“ICE Post Trade and Clearing Systems”**” or “the **“ICE Systems”**”);
- (b) Risk management: the ICE Systems and SPAN®;
- (c) Banking: ECS;
- (d) Deliveries: ICE in-house system and, for LIFFE Contracts, Guardian and UCP; and
- (e) Billing: ICE in-house system.

1.2 These Clearing Procedures deal primarily with matters relating to post-trade administration, clearing and settlement and risk management. Details relating to finance and deliveries are set out in the Finance Procedures and Delivery Procedures respectively.

1.3 Clearing Members should immediately inform the Clearing House of any event, system-related or otherwise, that would prevent them from operating timely and accurately on the Markets cleared by the Clearing House. Clearing Members must, at all times, ensure that they are able to continuously monitor communication facilities for receipt of communications from the Clearing House.

1.4 Paragraphs 1, 2.1, 2.2, 2.5, 4 and 5 of these Clearing Procedures apply to Sponsored Principals in the same way as they apply to Clearing Members, subject to Part 19 of the Rules. Other paragraphs of these Clearing Procedures are subject to specific provisions in respect of Sponsored Principals and Sponsors and Individually Segregated Sponsored Accounts.

1.5 These Clearing Procedures are “Procedures” as defined in the ICE Clear Europe rules (the “Rules”) and are subject to the Rules, including, without limitation, Rule 102. Subject to paragraph 1.6 to 1.11 below, these Clearing 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 Clearing Procedures will be subject to arbitration under Rule 117.

1.6 Solely as between an FCM/BD Clearing Member and the Clearing House, paragraphs 3, 4 and 6 of these Clearing 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 Clearing 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.

1.7 For the avoidance of doubt, paragraph 1.6 is an exception to paragraph 1.5 and Rule 102(s) which provide that the Clearing 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 1.6, 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 Clearing Procedures relating to the Designated System;
- (b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member or Sponsored Principal that is not a U.S. 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 a Sponsored Principal that is not a U.S. 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.

1.8 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.

1.9 All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.8 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 1.8 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 1.8 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 1.8 heard in the New York Courts.

1.10 Nothing in paragraphs 1.5 to 1.11 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.

1.11 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 CLEARING 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 1.5 TO 1.11.

## **2. TRADE CLEARING AND POSITION MANAGEMENT**

### 2.1 The Clearing Systems

- (a) The components of the ICE Systems are licensed to, and supplied and maintained for the benefit of, the Clearing House. The ICE Systems are integrated trade registration and clearing processing systems used for the clearing of the relevant Market.
- (b) The ICE Systems work together to process transactions from the time of trading and entry into the system, through the maintenance and settlement of Open Contract Positions, the calculation of Margin, and the delivery/expiry of Contracts.

### 2.2 Trade registration and clearing process

- (a) The instant a Contract ~~is formed~~arises pursuant to Rule 401, the Clearing House becomes the ~~Buyer~~buyer to the Selling ~~Clearing Member~~Counterparty and the ~~Seller~~seller to the Buying ~~Clearing Member~~Counterparty.
- (b) Data in relation to matched trades will automatically pass to the ICE Systems.
- (c) The ICE Systems receive details of trades in real-time from the relevant Market. It allows Clearing Members and their Representatives to perform the following functions, among others:
  - (i) assign trades to one of various accounts described below;
  - (ii) allocate trades to other Clearing Members (within one hour of trading) as allowed under Rule 408(a)(ii) and Market Rules or between position keeping accounts;
  - (iii) accept trades allocated or split by other Clearing Members or Sponsored Principals (within one hour of trading) as allowed under Rule 408(a)(ii) and Market Rules;
  - (iv) allocate or split trades between different position keeping accounts;
  - (v) enter position settlement instructions;
  - (vi) input consolidation crosses in order to consolidate trades at various prices into average prices; and
  - (vii) view trading history and status of trades.

- (d) Clearing Members should refer to the ICE Systems user guides for more detailed information concerning the ICE Systems' functionality.
- (e) The ICE Systems will allow Clearing Members to perform the following functions, among others:
  - (i) monitor Open Contract Positions;
  - (ii) close out open Contracts by netting off equal and opposite Contracts in its Customer Accounts;
  - (iii) process physical delivery of ~~Commodities~~commodities pursuant to Futures Contracts;
  - (iv) review Margin requirements; and,
  - (v) exercise or ~~abandonment of~~abandon Option Contracts.
- (f) ~~Clearing Members should refer to the ICE Systems user guide for more detailed information concerning ICE Systems' functionality.~~—A number of reports are available in the ICE Systems, the list and details of which are available in the ICE Systems user guide ~~and ICE Clear Europe Systems user guide.~~
- (g) In the event of any system errors or other systemic issues connected with the ICE Systems, Clearing Members should contact the Clearing House's ~~Operations~~operations department.
- (h) In the event of any processing errors or error in communications with the Clearing House, Clearing Members should contact the Clearing House's ~~Operations~~operations department.

### 2.3 Position keeping

- (a) Position-keeping activities are governed by Market Rules. In the event of any conflict between these Clearing Procedures and Market Rules in relation to position-keeping, Market Rules shall prevail.
- (b) Open Contract Positions can be maintained in several accounts within the ICE Systems, identified in the ICE Systems by one letter as follows:

Accounts linked to a Proprietary Account for purposes of the Rules:

- (i) H – House;
- ~~(ii) — N – Non-Segregated Client;~~
- (ii) ~~(iii)~~-L - Individual Trader (not available for FCM Clearing Members);
- (iii) ~~(iv)~~-D - Default (trades not assigned to a specific account or sought to be allocated but left unclaimed by another Clearing Member will automatically clear in the default account);
- (iv) — N – account for non-segregated Affiliate trades – available only to FCM/BD Clearing Members for transactions related to their Affiliates.
- (v) G – Gas Associate (not available for FCM Clearing Members);
- (vi) U – Unallocated (for intra-day usage only);
- (vii) M –Market Maker (for LIFFE Contracts only); and

- (viii) such other accounts as are made available to Clearing Members for Proprietary Accounts by the Clearing House.

Accounts linked to a Customer Account:

- (ix) S (and C) ~~–segregated client (the only available Customer Account for Clearing Members that are not FCM Clearing Members~~ or F - Segregated Customer - maps to General Customer Account ~~(either a CDS Customer Account or Non-CDS Customer Account, as applicable), also available for FCM Clearing Members for~~ of FCM/BD Clearing Members or to a Segregated Customer Omnibus Account for F&O, Segregated Customer Omnibus Account for CDS, Segregated Customer Omnibus Account for FX for Non-FCM/BD Customers or Non-DCM/Swap Customer Account);

- (x) W – maps to DCM Customer Account (only available for FCM/BD Clearing Members);

- (xi) Z – maps to Swap Customer Account (only available for FCM/BD Clearing Members);

- (xii) T – Segregated TTFCA Customer (only available for Non-FCM/BD Clearing Members) – maps to Segregated TTFCA Customer Omnibus Account for F&O, Segregated TTFCA Customer Omnibus Account for CDS or Segregated TTFCA Customer Omnibus Account for FX;

- (xiii) P – each such account maps to an Individually Segregated Sponsored Account (only available for Non-FCM/BD Clearing Members as a Customer Account); and

- (xiv) I – maps to a Margin-flow Co-mingled Account.

Individually Segregated Sponsored Account where an FCM/BD Clearing Member is the Sponsor;

- (xv) P – will link to the same single Account.

- (c) Clearing Members may maintain separate position-keeping accounts for each Exchange member ~~or OTC Participant~~ for whom they provide clearing services.
- (d) Where a Clearing Member holds accounts of Exchange members ~~or OTC Participants~~ who are not Clearing Members, the mapping of these accounts to ~~the~~ a Customer Account or Proprietary Account will be determined by the Clearing Member in conjunction with the relevant Market. ~~Segregated accounts will however always map to a Customer Account.~~

#### 2.4 Open Contract Positions and Close-outs

- (a) The House (H), Individual Trader (L), Market Maker (M), Non-segregated Customer (N) and Gas Associate (G) ~~accounts~~ will only reflect net Open Contract Positions. Systematic netting will take place before any Option exercise or delivery allocation.
- (b) The ~~Non-Segregated Client (N)~~ TTFCA Customer (T), Default (D) and various Customer ~~Account related (S, W, Z) accounts will~~ Accounts or Individually Segregated Sponsored Accounts (S/C/F, W, Z, I, P), hold gross ~~Open Contract Positions~~ Contracts, showing all sell and all buy positions that have not been netted or closed out ~~as Open Contract Positions~~ (in the case of position-keeping accounts linked to Customer Accounts to the extent that there is more than one Customer interested in the Account). The ICE Systems and Rule 406 allow Clearing Members to close out ~~Open Contract Positions~~ opposite Contracts that are held gross. In order to ensure a true representation of Open Contract Positions, Clearing Members ~~are~~ and Sponsored

Principals may be required to perform manual close-outs (netting) in the accounts where gross Open Contract Positions are maintained ~~(N, D, S, W and Z)~~. Clearing Members and Sponsored Principals are responsible for inputting any required manual netting or close-out instructions in relation to such accounts.

- (c) Any close-outs should be performed in a fashion and at a time in accordance with Exchange Rules and in any event before Options expire or delivery processes commence. Position transfers between accounts in the ICE Systems must be complete at or before 10:00 am in order to be reflected in Open Contract Positions and Margin calls calculated at the end of that day.

(d) For Non-FCM/BD Clearing Members, Customer-CM Transactions arise only in respect of transactions recorded in a position-keeping account linked to a Customer Account.

## 2.5 Invoicing Back, Void Contracts, etc.

- (a) Any Contracts which are subject to Invoicing Back will be reflected by the entry into by the Clearing House through the ICE Systems of a new Contract of opposite effect to the original Contract (or pursuant to such other terms or prices as are determined by the Clearing House pursuant to the Rules). Clearing Members will be notified of Contracts subject to Invoicing Back or amendment by the Clearing House's ~~Operations~~operations department. Each such event will be confirmed in writing.
- (b) Any Contracts which are void or voided will be deleted from the ICE Systems by the Clearing House. Clearing Members will be notified of Contracts which are void or voided by the Clearing House's ~~Operations~~operations department. Each such event will be confirmed in writing.
- (c) The Clearing House may make other trade or Open Contract Position adjustments as directed by the relevant Market. In each such event, the Clearing House's ~~Operations~~operations department will contact the Clearing Member and confirm such adjustment in writing.

## 3. FINANCIAL ACCOUNTS

### 3.1 Margining accounts

- (a) While Open Contract Positions are held in several different accounts through the ICE Systems, the margining of Open Contract Positions will ~~be consolidated through two accounts~~take place as follows:
  - (i) H, ~~N, L~~, D, G, M, N and U will be margined together via the House (H) account (referred to as ~~the~~a "Proprietary Account" under the Rules); ~~and~~
  - (ii) S and C will be margined ~~together~~ via ~~the~~"a General Customer Account"~~(either a CDS Customer Account or Non-CDS Customer Account, as applicable, for Non-FCM Clearing Members) or "or Non-DCM/Swap Customer Account" (for of FCM/BD Clearing Members) under the Rules (this may also be referred to as CSEG); or to a Segregated Customer Omnibus Account for F&O, Segregated Customer Omnibus Account for CDS or Segregated Customer Omnibus Account for FX for Non-FCM/BD Customers;~~
  - (iii) T will be margined via a Segregated TTFCA Customer Omnibus Account for F&O, Segregated TTFCA Customer Omnibus Account for CDS or Segregated TTFCA Customer Omnibus Account for FX;
  - (iv) F is an additional omnibus Customer Account for Non-FCM/BD Clearing Members and will be margined either as a Segregated TTFCA Customer Omnibus Account for F&O, Segregated TTFCA Customer Omnibus Account for CDS or Segregated

TTFCA Customer Omnibus Account for FX or a Segregated Customer Omnibus Account for F&O, Segregated Customer Omnibus Account for CDS or Segregated Customer Omnibus Account for FX;

(v) P will be margined for the Individually Segregated Sponsored Account to which it relates;

(vi) payments and collections on I will be margined on a gross basis across all Margin-flow Co-mingled Accounts of the Clearing Member;

(vii) ~~(iii)~~-W will be margined ~~separately~~ via ~~the~~ “DCM Customer Account” under the Rules (this may also be referred to as CSEGW); and

(viii) ~~(iv)~~-Z will be margined ~~separately~~ via ~~the~~ “Swap Customer Account” under the Rules (this may also be referred to as CSEGS).

(b) Save as provided for I Accounts of the same Clearing Member in paragraph (a) and Rule 302, each separate Proprietary Account and ~~each separate~~ Customer Account will be subject to calculations and calls for Margin separately. Transfers or offsets between any two such accounts will not be possible. These accounts are also all treated separately following any Event of Default, under Part 9 of the Rules. Where a Clearing Member requests more than one Proprietary Account or more than one Customer Account of the same Customer Account Category (other than Individually Segregated Sponsored Accounts, Margin-flow Co-mingled Accounts or by using "F" for an additional omnibus Customer Account), the Clearing Member may be set up on the Clearing House's systems as if it were two Clearing Members and, where this approach is adopted, each account of the same Customer Account Category will use the same account code but with a different Clearing Member mnemonic (see paragraph (c) below). Any such additional Customer Account may be dedicated for purposes of indirect clearing of positions relating to the indirect clients of a Customer of the Clearing Member.

(c) Records of all financial information including, but not limited to, Margin requirements, cash balances, ~~Collateral~~collateral, contingent Margin, Buyer’s Security and Seller’s Security will be held in ICE Clear Europe’s Extensible Clearing System (“ECS”) within the ICE Systems. The naming convention for the accounts in ECS used for F&O Contracts will be the Clearing Member’s s or Sponsored Principal's three letter mnemonic followed by the account type (e.g. XXXH for a Proprietary Account). Margin-flow Co-mingled Accounts may also be established operationally using a dedicated three letter mnemonic referencing the Customer. The naming convention for the accounts in ECS used for CDS Contracts will be the Clearing Member’s or Sponsored Principal's three number mnemonic followed by the account type (e.g. 123H for a Proprietary Account).

(d) Clearing Members and Sponsored Principals can find more information about ECS functions and facilities in the ICE Systems user guide.

3.2 Guaranty Fund account

(a) Each Clearing Member’s Guaranty Fund Contribution will be held in a separate account, recorded in ECS under the name XXXH-GUAR.

**Table A: Summary of Account Codes**

Position Account	ICE Systems Term	ECS Term	ECS Account name	Rulebook
N/A	N/A	Guaranty Fund Account	XXXH-GUAR	Guaranty Fund Contribution
H	House	House	XXXH (may also	Proprietary Account

<p><u>N</u> L D G M U <u>N</u></p>	<p><u>Non-Segregated Client</u> Individual Trader Default Gas Associate Market Maker Unallocated <u>Non-segregated customer (FCM/BD Clearing Members only)</u></p>	<p>Account (H)</p>	<p>be referred to as HOUSE segregation)</p>	
<p>S C</p>	<p><u>Segregated Client</u> <u>Customer</u> <u>Segregated Client</u> <u>Customer</u></p>	<p>General Client Account (C)</p>	<p>XXXX (may also be referred to as CSEG segregation and, in respect of FCMs only, may be referred to as Secured or 30.7 segregation)</p>	<p><u>Segregated Customer Omnibus Account for F&amp;O, Segregated Customer Omnibus Account for CDS or Segregated Customer Omnibus Account for FX for Non-FCM/BD Customers, or General Customer Account (either a CDS Customer Account or Non-CDS Customer Account, as applicable) for Non-FCM Clearing Members.</u> Non-DCM/Swap Customer Account for FCM/BD Clearing Members</p>
<p><u>T</u></p>	<p><u>Segregated TTFCA Customer</u></p>	<p><u>General Client Account (C)</u></p>	<p><u>XXXX (may also be referred to as CSEG segregation)</u></p>	<p><u>Segregated TTFCA Customer Omnibus Account for F&amp;O, Segregated TTFCA Customer Omnibus Account for CDS or Segregated TTFCA Customer Omnibus Account for FX.</u></p>
<p><u>E</u></p>	<p><u>Segregated Customer</u>  <u>or</u> <u>Segregated TTFCA Customer</u></p>	<p><u>General Client Account (F)</u>  <u>(Additional omnibus Customer Account (if needed) of either category)</u></p>	<p><u>XXXXF (may also be referred to as CSEG segregation)</u></p>	<p><u>Segregated TTFCA Customer Omnibus Account for F&amp;O, Segregated TTFCA Customer Omnibus Account for CDS or Segregated TTFCA Customer Omnibus Account for FX.</u>  <u>or</u> <u>Segregated Customer Omnibus Account for F&amp;O, Segregated Customer Omnibus Account for CDS or Segregated Customer Omnibus Account for FX.</u></p>
<p><u>I</u></p>	<p><u>Individually Segregated Operationally Co-mingled (ISOC)</u></p>	<p><u>ISOC</u></p>	<p><u>XXXI (whether using Clearing Member's or Customer's mnemonic)</u></p>	<p><u>Margin-flow Co-mingled Accounts</u></p>
<p><u>P</u></p>	<p><u>Individual Segregation (Sponsored Account)</u></p>	<p><u>Sponsored Account (P)</u></p>		<p><u>Individually Segregated Sponsored Account</u></p>

W	DCM Client	DCM Client Account (W)	XXXW (may also be referred to as CSEGW segregation, or Regulated or 4d(a) segregation)	DCM Customer Account
Z	Swap Client	Swap Client Account (Z)	XXXZ (may also be referred to as CSEGS segregation, or Swaps or 4d(f) segregation)	Swap Customer Account

#### 4. MARGIN PROCEDURES

##### 4.1 General

The matters described in this ~~section~~[paragraph 4](#) will be recorded through ECS and will form part of the Clearing House's daily Margin processes. Margin requirements will determine whether funds are needed to be paid to, or received from, the relevant Clearing Member. Any required payments will be effected through Approved Financial Institutions that participate in the ~~Assured Payment System~~[assured payment system](#) (APS), as described in the Finance Procedures.

##### 4.2 Original Margin, [Initial Margin and FX Original Margin](#)

- (a) [Original Margin, Initial Margin and FX](#) Original Margin calculations are made separately in respect of [each of](#) a Clearing Member's Proprietary ~~Account~~[Accounts](#) and ~~each of its~~ Customer Accounts. No Margin offset is possible between any of these accounts. Original Margin, [Initial Margin and FX Original Margin](#) calculations for ~~the each~~ Proprietary Account ~~and for the Customer Accounts of Clearing Members that are not FCMs, Segregated Customer Omnibus Account for F&O, Segregated TTFCA Customer Omnibus Account for F&O and General Customer Account~~ will be applied to net positions for each Contract Set rather than the sum of the gross positions for a Set.
- (b) [Original Margin, Initial Margin and FX](#) Original Margin parameters are set by the Clearing House within the framework of the policy ~~approved~~[reviewed](#) by the [relevant](#) Risk Committee. ~~Margin parameters applicable from time to time will be issued and amended by Clearing House Circular and published on the Clearing House's website.~~
- (c) The Clearing House will notify Clearing Members of any change to [Original Margin, Initial Margin or FX](#) Original Margin parameters by Circular no later than the day before calls are made based on the new parameters. For routine changes, the Clearing House will provide five Business Days' advance notice of changes to Margin parameters, unless another period is specified in the relevant Circular.
- (d) Original Margin, [Initial Margin and FX Original Margin](#) requirements will be calculated at close of business on a daily basis, for both Proprietary Accounts and Customer Accounts, ~~Original Margin is calculated~~ using the SPAN®\* algorithm.

##### 4.3 Variation [Margin, Mark-to-Market Margin and FX Mark-to-Market](#) Margin

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\* SPAN is a registered trademark of Chicago Mercantile Exchange Inc., used herein under license. Chicago Mercantile Exchange Inc. assumes no responsibility in connection with the use of SPAN by any person or entity. SPAN is a risk evaluation and margin framework algorithm.

With the exception of Premium Up-Front Options (discussed in paragraph 4.4(c) below), all open Contracts are marked to market daily in accordance with the Contract Terms (which includes ~~for ICE Futures Europe Contracts, the contract terms set out in ICE Futures Europe~~ any applicable Market Rules). Profits and losses are credited to or debited from the relevant Nominated Customer Bank Account or Nominated Proprietary Bank Account of each Clearing Member as set out in the Finance Procedures.

#### 4.4 Options Premium

- (a) The Clearing House clears two types of Options, both of which are types of F&O Contracts, with different margining methodology, “**Premium Up-Front**” and “**Future-Style**”.
- (b) Future-Style Options (e.g. Brent) are marked to market and subject to Variation Margin calls daily in the same way as for Future Contracts.
- (c) Premium Up-Front Options (e.g. ~~Emissions~~emissions) are subject to a full premium charge or credit on the day on which the Option Contract first arises under the Rules (i.e. the day of trading) as part of the overnight margining process. After the premium has been paid, Margin is calculated on an ongoing basis with reference to the difference between the Strike Price and the relevant daily Exchange Delivery Settlement Price (net liquidating value).
- (d) Clearing Members are referred to the applicable Contract Terms for details on the premium types for the Options currently cleared by the Clearing House as well as their exercise style (discussed further in paragraph 5 ~~of this section~~).

#### 4.5 Cash Settlement

- (a) When it reaches maturity, a Contract can give rise either to cash settlement (if determined by the Contract Terms or, where permitted by the Contract Terms for F&O Contracts, if the Clearing Member opts out of the delivery via EFP) or delivery obligations.
- (b) Cash settlement for F&O Contracts will be determined by the difference between the ~~Market~~Exchange Delivery Settlement Price and the previous day's Exchange Delivery Settlement Price, as determined in accordance with Part 7 of the Rules.
- (c) Details relating to deliveries for F&O Contracts are set out in the Delivery Procedures.

#### 4.6 Contingent Variation Margin

- (a) A contingent Variation Margin amount will be calculated and called daily for ~~Gas Oil~~Gasoil Futures Contracts under tender. This contingent Variation Margin will result from the difference between the ~~Market~~Exchange Delivery Settlement Price for the Contract under tender and the Exchange Delivery Settlement Price for the next maturing Contract Set of otherwise equivalent specifications.
- (b) Clearing Members will not receive repayment in respect of any contingent Variation Margin in cash. However, they will be able to use any excess against Margin requirements on the Contracts in respect of which contingent Variation Margin is called and other Contracts. If contingent Variation Margin is a debit, it will be possible for Clearing Members to use assets, as permitted by these Procedures and updated by Circular, as Permitted Cover.
- (c) Contingent Variation Margin will be released:
  - (i) for the Buyer, on payment of the Buyer's Security; and
  - (ii) for the Seller, once all relevant deliveries are completed,as detailed in the Delivery Procedures.

4.7 Contingent Credit

When a Seller satisfies its daily delivery obligations under Market Rules for Natural Gas Futures and Electricity Futures Contracts, the Clearing House will take into account a “Contingent Credit” equivalent to the amount or number of underlying Commodities already delivered in respect of which payment has not been made to the Seller. This credit will not be made available to the Seller in cash but may be used to cover Original Margin requirements on the Contracts in respect of which the contingent credit is applicable and other Contracts.

4.8 Buyer’s Security and Seller’s Security

In accordance with Market Rules and the Delivery Procedures, Clearing Members will be liable for Buyer’s Security and Seller’s Security in respect of Contracts undergoing deliveries. Such amounts will be included in the Margin call process.

4.9 Intra-day or *ad hoc* margin calls

If market conditions dictate, the Clearing House may decide to proceed to an intra-day or *ad hoc* Margin call for certain, or all, Contract Sets or for all or particular Clearing Members. In the event of an intra-day or *ad hoc* call applying, any increased Margin requirements will be reflected in ECS. If there is a shortfall, ECS will generate a call which must be met in accordance with the Finance Procedures. Affected Clearing Members will be informed of the call by the Clearing House and such call will be confirmed by ~~e-mail~~[email](#) to a designated ~~e-mail~~ account of each affected Clearing Member.

4.10 Contingency Holidays

If there is a bank holiday in the country of a particular currency, the Clearing House will call cash in another currency, as described in the Finance Procedures.

**5. OPTIONS EXERCISE AND EXPIRY**

5.1 Definitions

[This paragraph 5 applies only to Options that are F&O Contracts.](#) In these [Finance](#) Procedures:

(a) The term “**American-Style Option**” means an Option that can be exercised at any time between the purchase date and the expiration date under its Contract Terms.

(b) The term “**European-Style Option**” means an Option that can only be exercised on the expiry date under its Contract Terms.

~~(c) The term “**At The Money**”, in respect of an Option Contract or Set of Option Contracts, means where the Strike Price equals the Reference Price.~~

(c) ~~(d)~~ The term “**In The Money**”, in respect of an Option Contract or Set of Option Contracts for a Person with a Long ~~Position~~position: for a Put Option, means where the Strike Price is greater than the Reference Price; and, for a Call Option, means where the Strike Price is less than the Reference Price.

(d) ~~(e)~~ The term “**Out Of The Money**”, in respect of an Option Contract or Set of Option Contracts for a Person with a Long ~~Position~~position: for a Put Option means, where the Strike Price is less than the Reference Price; and, for a Call Option, means where the Strike Price is greater than the Reference Price.

5.2 General

- (a) Options may only be exercised by Clearing Members in accordance with the Rules, the applicable Contract Terms and these Procedures.
- (b) Options may be exercised either:
  - (i) by an exercise notification entered manually to the ICE Systems (as described in the ICE Systems user guide);
  - (ii) automatically through the ICE Systems (as described in the ICE Systems user guide);  
or
  - (iii) automatically in accordance with the Contract Terms.

Those Options which are not so exercised by the time of expiry will expire (be abandoned) and will terminate.

- (c) The Contract Terms determine the days on which, and the times by which, notification of exercise of an Option may, or must, be made.
- (d) When an Option is exercised, a Future Contract at the Strike Price of the Option will arise in accordance with Rule 401.

### 5.3 Early Exercise

- (a) It is possible for Clearing Members to exercise Long American-Style Options at any time when the ICE Systems are open via the ICE Systems exercise notification screen. Such exercises must be input by Clearing Members before the daily exercise cut-off time specified in the Contract Terms, which is currently set at 17:00 hours.
- (b) Clearing Members may not manually enter an exercise notification on to the ICE Systems for Options other than American-Style Options.

### 5.4 Manual Exercise

- (a) Clearing Members are permitted manually to input exercise notifications on to the ICE Systems exercise notification screen in the manner set out in the ICE Systems user guide at any time within the deadlines specified in the Contract Terms.
- (b) Where permitted by the Contract Terms, Clearing Members wishing to exercise an Option which is Out Of The Money, or an Option that will not automatically exercise, must input a manual Option exercise notification in accordance with the ICE Systems user guide.

### 5.5 Automatic exercise

- (a) On the relevant expiry day, once the exercise deadline has passed for an Option Set, the Clearing House will input into the ICE Systems the Reference Price communicated by the relevant Market and will instruct the ICE Systems to process an Option Set expiry. The ICE Systems will ~~effect~~affect the automatic exercise of all Options in the relevant Set meeting the criteria in the ~~Automatic Exercise Instruction~~automatic exercise instruction facility and the relevant Contract Terms.
- (b) The default setting of the ~~Automatic Exercise Instruction~~automatic exercise instruction facility is that all Options that are one or more minimum price variation or greater In The Money will be subject to automatic exercise (e.g. in the case of ICE Brent Options, one 'tick' In The Money).

- (c) For European-Style Options, it is not possible to modify the parameters of the Automatic Exercise Instruction Facility. As a result, all European-Style Options will be exercised in line with the default value.
- (d) For American-Style Options, Clearing Members can, on the day of the expiry and up to the instant the ICE Systems deadline is applied, modify the automatic exercise settings through the ICE Systems in accordance with the ICE Systems user guide. If exercise settings are modified, they will revert to default settings after the expiry is complete for any subsequent Option Set expiry. Clearing Members are advised to make any changes to Option exercise settings well in advance of any deadline.
- (e) **Clearing Members must check their automatic exercise settings before each expiry of an Option Set.**
- (f) Where permitted by the Contract Terms, Clearing Members wishing to exercise an Option that will not be automatically exercised must do so by inputting, before the deadline is applied, an instruction as described above for manual exercises. This is however only possible for American-Style Options. As detailed above, European-Style Options cannot be manually exercised.
- (g) Members experiencing difficulties with any aspect of an Option exercise or who have any doubt about how to carry out specific exercise or abandonment instructions must contact the Clearing House's [Operations](#) department in advance of the expiry deadline. Failure to do so may result in the abandonment of In The Money Options.

#### 5.6 Reference Price

- (a) The Reference Price used by the ICE Systems automatic Option exercise facility to determine whether an Option is In The Money is the [Exchange Delivery](#) Settlement Price of the relevant Futures Contract on the day of the expiry of the Option.
- (b) For example:
  - (i) for all ICE Futures Europe Options, the Reference Price will be (except in unusual circumstances) the [Exchange Delivery](#) Settlement Price of the underlying Future on the expiry day; and
  - (ii) for the ICE ~~OTC~~[Futures US](#) Natural Gas Swap, the Reference Price will be (except in unusual circumstances) the published monthly penultimate [Exchange Delivery](#) Settlement Price for the Henry Hub Natural Gas Contract.

#### 5.7 Exercise Deadlines on Expiry Day

- (a) Pursuant to Market Rules and the Contract Terms, Clearing Members have a limited period after the time when trading in an Option Set ceases to enter exercise notifications and/or amend automatic exercise settings in the ICE Systems for American-Style Options. Once the ICE Systems deadline has passed for the exercise of an Option Set, it will not be possible to input any exercise instructions or alter the automatic exercise settings. Options which have not been exercised in accordance with these [Clearing](#) Procedures at that time will be abandoned.
- (b) Clearing Members are advised via the ICE Systems messages of the time by which all position maintenance instructions for expiring Options must be inputted and when the ICE Systems Delivery/Exercise HIT report is available by selecting the relevant menu item in the ICE Systems.
- (c) Clearing Members are referred to the applicable Contract Terms for details on the deadlines for exercise of the American-Style Options currently supported by the Clearing House.

- (d) In the event that a Clearing Member’s ICE Systems Options Exercise facilities are unavailable, it is essential that the Clearing House’s ~~Operations~~operations department and the relevant Market’s compliance department are informed. In such circumstances the Clearing House will determine appropriate steps to be taken in order to ensure exercise instructions can be processed, as appropriate.
- (e) The Clearing House can modify any exercise deadline at its discretion in accordance with the Rules. Any such modification shall take effect as an amendment to Contract Terms pursuant to Rule ~~404.109~~. Amendments to deadlines may occur following a Force Majeure Event and otherwise at the Clearing House’s discretion.

5.8 ~~Assignments~~ Allocation of exercises

- (a) If, in relation to exercise of a particular Option Set, there are more open Short Options than are exercised by the holders of Long Options, the Clearing House will select Clearing Members with Short Open Contract Positions in the same Option Set against which to exercise a corresponding Option or Options and subsequently become party to a Future Contract or Contracts.
- (b) Option ~~assignment~~allocation is performed by reference to each Clearing Member’s ICE Systems position-keeping accounts i.e. ~~assignments~~allocations are made separately for ~~the~~each Proprietary Account and each Customer Account of a Clearing Member, as follows:

- (i) Clearing Members holding Short Open Contract Positions in the same Option Set will first be ~~assigned~~allocated with the following number of exercised Short Options (and hence, Future Contracts):

$$\text{SOCP (CM) x LOCP (all) / SOCP (all)}$$

where:

SOCP (CM) = the Short Open Contract Position for the relevant position-keeping account of the relevant Clearing Member;

LOCP (all) = the total number of Long Options of the relevant Option Set being exercised from all relevant position-keeping accounts by all Clearing Members; and

SOCP (all) = the total number of Short Open Contract Positions in the relevant Option Set in all relevant position-keeping accounts of all Clearing Members,

- (ii) any fractions produced by the calculation in paragraph (i) shall be rounded down and Clearing Members shall not be ~~assigned~~allocated fractions of a Future Contract; and
- (iii) remaining ~~unassigned~~unallocated Future Contracts following completion of the processes described in paragraphs (i) and (ii) shall be distributed among position-keeping accounts of Clearing Members with ~~unassigned~~unallocated Short Aggregated Contract Positions, one lot at a time, to the largest remaining fractional quantities until the whole quantity is ~~distributed~~allocated.

- (c) Below is an example of this allocation method, where 71 of 111 Contracts are exercised:

Clearing Member	Short Open Contract	Calculated allocation	Rounded allocation	Residual	Fraction remaining	Residual allocation	Total allocated
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	Position						
AAA-H	13	8.8153	8	=	0.8153	1	9
AAA-S	13	8.8153	8	=	0.8153	1	9
BBB-H	18	11.5135	11	=	0.5135	=	11
CCC-H	45	28.7838	28	=	0.7838	=	28
DDD-H	22	14.0721	14	=	0.0721	=	14
<del>Totals</del> <u>Total</u>	111	71	69	2	2.00	2	71

**6. ~~CLEARING PROCEDURES APPLICABLE TO ICE OTC TRANSACTIONS~~CUSTOMER CLEARING**

**6.1 ~~Introduction~~Open Contract Positions and accounts:**

(a) ~~Pursuant to Annex K of the ICE OTC Participant Agreements, all of the rights, duties and obligations of ICE OTC Participants with respect to the formation of cleared contracts and the clearing process for cleared products based on ICE OTC Transactions are those set forth in the Rules and Procedures. All ICE OTC Participants have therefore agreed to the application of the provisions in this section 6, regardless of whether or not they are a Clearing Member. Provided that no Event of Default has been declared with respect to the Clearing Member or Sponsor, in the event of the termination of a Customer-CM Transaction (including but not limited to as a result of a default by a Segregated Customer or Sponsored Principal under the terms of a Cleared Transactions Master Agreement), the Clearing Member or Sponsor may, to the extent permitted under Applicable Law:~~

(b) ~~Where an ICE OTC Participant is authorised to have its Eligible Transactions submitted for clearing, the provisions of this section 6 shall be incorporated into and form part of: (i) the Contract Terms of the Contract between the Clearing Member and the Clearing House; and (ii) the terms and conditions of any Corresponding Contract between an ICE OTC Participant which is not a Clearing Member and its Clearing Member (if applicable). In the event of a conflict between any provision of any such agreement and any provision of this section 6, the provision of this section 6 shall prevail.~~

(c) ~~In this section, the terms “Broker”, “Exchange”, “FCM”, “System” and “Trade Give-Up” have the same meaning as that given to such term in the standard form of ICE OTC Participant Agreement published by the ICE OTC Operator from time to time.~~

(i) ~~request of the Clearing House that a Customer Account Position or any part thereof be converted into a Contract in one of its Proprietary Accounts (in which case, for the avoidance of doubt, the Proprietary Account Position will reflect, and Rule 406 will apply to, such converted Contracts); or~~

(ii) ~~submit to the Clearing House particulars in respect of offsetting Transactions, one leg of which is to be recorded in a Customer Position Account (in which case, for the avoidance of doubt, the resultant Contract may be offset against Contracts in the same sub-account which relate to such Customer, pursuant to Rule 406).~~

(d) ~~For the avoidance of doubt, this section 6 creates Bilateral Obligations for purposes of Rule 102(n) Rule 302 and the Finance Procedures apply in relation to the return of any Surplus Collateral at the Clearing House resulting from the termination of any Contract.~~

**6.2 ~~Pre-requisites to clearing of ICE OTC Transactions~~Transfer of Contracts absent an Event of Default:**

~~Rule 401(a)(ii) and 401(a)(iv) provide for Contracts to arise pursuant to ICE OTC Transactions in any instance in which, in accordance with relevant ICE OTC Participant Agreements and the Procedures, the Transaction is to proceed to clearing. This section 6.2 sets out the instances in which such a transaction is to proceed to clearing. For transactions not submitted through Brokers, in order for an ICE OTC Transaction to proceed to clearing, both ICE OTC Participants must be Eligible Participants and the transaction must be in an Eligible Transaction, in each case as defined below. For transactions submitted through Brokers, in order for an ICE OTC Transaction to proceed to clearing, the Broker submitting the ICE OTC Transaction must be an “Eligible Broker” (as defined below) and the ICE OTC Transaction must be submitted in accordance with the applicable ICE OTC Participant Agreement and ICE OTC Broker Agreement.~~

~~(a) — “Eligible Participant”~~

~~In order to be an Eligible Participant (i.e. able to submit Eligible Transactions (as defined below) for clearing):~~

- ~~(i) — An ICE OTC Participant must either (A) have duly designated a Clearing Member to clear Eligible Transactions on its behalf (either directly or through a duly registered broker that clears its customers’ trades through the Clearing Member (e.g., an Affiliate of the Clearing Member that is a U.S. futures commission merchant (“FCM”)) in the System; or (B) be itself a Clearing Member that is authorised by ICE Clear Europe to clear ICE OTC Transactions (and therefore “self clear”); and~~
- ~~(ii) — the Clearing Member in question must be authorised by the Clearing House and the ICE OTC Operator for clearing Eligible Transactions through the Clearing House and be set up on the System to do so.~~

~~(b) — “Eligible Transactions”~~

~~To be an Eligible Transaction (i.e. an ICE OTC Transaction that is eligible for clearing):~~

- ~~(i) — the ICE OTC Transaction must relate to a contract of a kind specified in the Contract Terms Procedures;~~
- ~~(ii) — each party to the relevant ICE OTC Transaction must satisfy the Eligible Participant requirements specified above; and~~
- ~~(iii) — the Clearing Member’s credit filter and risk controls in the System must allow the relevant ICE OTC Transaction to be processed. Credit filter approval for option orders is limited to a maximum volume check on each order.~~

~~(c) — “Eligible Broker”~~

~~To be an Eligible Broker (i.e. eligible to submit an Eligible Transaction for clearing on behalf of an ICE OTC Participant using the Trade Give Up service), a Broker must:~~

- ~~(i) — be party to an ICE OTC Broker Agreement with the ICE OTC Operator;~~
- ~~(ii) — be authorised by the ICE OTC Operator for the Trade Give Up service and be set up on the System to do so; and~~
- ~~(iii) — have all necessary permissions from that ICE OTC Participant within the System to do so.~~

~~6.3 — Order Entry and Routing~~

~~Rule 401(a)(ii) and 401(a)(iv) provide for Contracts to arise pursuant to ICE OTC Transactions in any instance in which, in accordance with relevant ICE OTC Participant Agreements and the Procedures, the Transaction is to proceed to clearing. The applicable processes for order entry and routing are set out in this section 6.3.~~

~~(a) — ICE OTC Matched Transactions~~

~~When an ICE OTC Participant who has designated a Clearing Member or who itself is a Clearing Member enters an order on the Exchange for an Eligible Transaction, the order is routed to the Clearing Member's credit filter and risk controls in the System. If the order passes both relevant Clearing Members' credit filter and risk controls (as described in paragraph 6.2(b)(iii)), the order may be transmitted to the Exchange and made available for execution. ICE OTC Matched Transactions are only subject to clearing by the Clearing House if both the ICE OTC Participant acting as buyer and the ICE OTC Participant acting as seller choose for the ICE OTC Matched Transaction to be subject to clearing within the System.~~

~~(b) — ICE OTC Block Transactions~~

~~When an ICE OTC Block Transaction is submitted for clearing, the ICE OTC Block Transaction is routed to the credit filter and risk controls of each relevant ICE OTC Participant's Clearing Member in the System. If the ICE OTC Block Transaction passes the Clearing Members' credit filter and risk controls (as described in paragraph 6.2(b)(iii)), it will be automatically submitted for clearing.~~

~~6.4 — Corresponding Contracts and Agency Relationships (inapplicable to an ICE OTC Participant which is itself the Clearing Member in relation to an ICE OTC Transaction)~~

~~(a) Pursuant to Rule 401(l), for Clearing Members that are not FCM Clearing Members, where an Energy Contract arises as a result of ICE OTC Transaction as a result of trading, submission of trade data or other action by a Customer of a Clearing Member, a corresponding contract shall arise between the Customer and that Clearing Member (and may be void or voided) in the manner specified by and in accordance with the Procedures. This section 6.4 sets out certain terms, conditions and other details of such corresponding contracts (each, a "**Corresponding Contract**") and how they arise and are void or voided. For FCM Clearing Members, there may be an agency relationship between the FCM Clearing Member and its customer, pursuant to the terms of the agreement between them (such relationship, an "**Agency Relationship**"). No Corresponding Contract shall arise where the Clearing Member is an FCM Clearing Member acting for a Customer where the FCM Clearing Member and Customer in question have an Agency Relationship. Accordingly, Rule 401(l) does not apply to FCM Clearing Members or their Customers (when acting in such a capacity). Each Clearing Member (other than a Defaulter) with a Customer Account and Sponsor (the "**Transferor Clearing Member**") shall be required, upon request of a Customer or Sponsored Principal to transfer such Clearing Member's or Sponsor's rights and obligations with respect to Contracts recorded in a Customer Account or Individually Segregated Sponsored Account (and, in the case of Non-FCM/BD Clearing Members, any related Customer-CM Transactions) to one or more other Clearing Member or Sponsor (the "**Transferee Clearing Member**") designated by such Customer or Sponsored Principal subject to the provisions of this paragraph 6.2 and, to the extent not inconsistent with this paragraph 6.2, to any terms agreed between the Transferor Clearing Member and Customer. Such transfer shall be effected as soon as practicable following satisfaction of the conditions set forth in paragraph 6.2(b).~~

~~(b) Simultaneously with the establishment of any Contract in the name of a Clearing Member (that is not an FCM Clearing Member) selected by an ICE OTC Participant, an opposite Corresponding Contract shall arise between the Clearing Member and its Customer, with the Selling Clearing Member as buyer or the Buying Clearing Member as seller, as applicable. The Corresponding Contract shall be on the same terms as the Contract except that it is not a cleared~~

~~Contract (with the result that certain terms applicable only to cleared Contracts will not apply) and that it shall be subject to such amended or different terms and conditions as are or have been agreed between the ICE OTC Participant and such Clearing Member. A transfer pursuant to paragraph 6.2(a) shall be subject to the following conditions:~~

(i) the Transferor Clearing Member shall have no obligation to locate or identify a Transferee Clearing Member (which shall be the responsibility of the Customer or Sponsored Principal);

(ii) the transfer must be in accordance with Applicable Laws, including any applicable Market Rules, and, to the extent permitted thereunder, any applicable agreement between the Transferor Clearing Member and Customer or Sponsored Principal;

(iii) the Transferor Clearing Member, Transferee Clearing Member and Customer or Sponsored Principal shall, through a CDS Trade Processing Platform, FX Trade Processing Platform, Exchange or the ICE Systems, have agreed and executed and submitted to the Clearing House an electronic transfer confirmation (the "**Transfer Confirmation**") in a form approved by the Clearing House (which may be written or electronic) which may include the following:

(A) the relevant Contracts to be transferred (the "**Transferred Contracts**") and the corresponding Customer-CM Transactions, if any, to be transferred;

(B) the proposed transfer date (the "**Transfer Date**"), which shall be no earlier than the Business Day of submission of the Transfer Confirmation to the Clearing House and shall be a Business Day;

(C) whether relevant Original Margin, Initial Margin or FX Original Margin of the Transferor Clearing Member recorded in the relevant Margin Account in respect of the Transferred Contracts is to be transferred to or to the account of the Transferee Clearing Member or returned to the Transferor Clearing Member for distribution to the Customer or Sponsored Principal or to its account or order;

(D) the amount of such Original Margin, Initial Margin or FX Original Margin, if any, to be so transferred or returned in respect of the Transferred Contracts; and

(E) such other matters as the Clearing House may specify;

(iv) prior to the applicable transfer time determined by the Clearing House on the Transfer Date (such time, the "**Transfer Time**"), if required by the Clearing House, each of the Transferor Clearing Member and the Transferee Clearing Member shall have transferred additional Margin in the amount specified by the Clearing House to satisfy any additional Margin requirements as a result of the proposed adjustments in Open Contract Positions in relevant Accounts resulting from the proposed transfer; and

(v) the Clearing House has accepted such Transfer Confirmation, and the Transferor Clearing Member and Transferee Clearing Member have satisfied such other conditions as the Clearing House may have specified.

~~(c) A Corresponding Contract will automatically terminate without any obligation or liability of any party to such Corresponding Contract in the event that the Contract is void or voided pursuant to the Rules, at the same time as the Contract terminates and without need for any further action on the part of any person. If such conditions are satisfied, then as of the Transfer Time, the transfer shall occur as set forth in the Transfer Confirmation in relation to the~~

Transferred Contracts and corresponding Customer Transactions, if any, and Rule 408(a)(i), and the Clearing House shall:

- (i) adjust the records of the Open Contract Positions in the relevant Account of the Transferor Clearing Member or Individually Segregated Sponsored Account so as to reflect the transfer of the Transferred Contracts;
  - (ii) adjust the records of the Open Contract Positions in the relevant Account of the Transferee Clearing Member or Individually Segregated Sponsored Account so as to reflect the transfer of the Transferred Contracts;
  - (iii) adjust the Margin requirements of relevant Accounts to reflect such adjustments of Open Contract Positions; and
  - (iv) record the transfer of any Margin to be transferred from an Account of the Transferor Clearing Member or Individually Segregated Sponsored Account to an Account of the Transferee Clearing Member or Individually Segregated Sponsored Account or return such Margin to the Transferor Clearing Member for distribution to the relevant Customer or Sponsored Principal or to its account or order, as specified in the Transfer Confirmation.
- (d) ~~The Clearing Member selected by an ICE-OTC Participant which is its Customer may be suspended, have its membership terminated or be subject to default proceedings by the Clearing House. ICE-OTC Participants that are not Clearing Members should be aware that such events may have effects upon Corresponding Contracts or a Customer's ability to enforce their rights under Corresponding Contracts or more generally. ICE-OTC Participants should refer to Parts 2, 9 and 10 of the Rules in particular for further details and to other references to Customers in the Rules and Procedures. Notwithstanding anything to the contrary herein, no Clearing Member or Sponsor shall be required to accept a transfer of any Transferred Contracts as a Transferee Clearing Member without such Clearing Member's or Sponsor's consent.~~
- (e) ~~If the Clearing House takes any action in relation to a Contract, without limitation including pursuant to Rule 103 (Delay in performance by the Clearing House), 104 (Invoicing back and specification of terms), 107 (Conversion to other Eligible Currency), 109 (Alteration of Rules, Procedures, Guidance and Circulars), 110 (Extension or Waiver of Rules) or 112 (Force majeure and similar events), each affected Clearing Member may take equivalent action as against the Customer under the Corresponding Contract or Agency Relationship. Following the Transfer Time, the Clearing House may, in accordance with the Procedures, make submissions of data to, or amendments or terminations of data at, the relevant Repository to reflect the adjustments to Open Contract Positions in the affected Accounts. The Clearing House may require each of the Transferor Clearing Member and Transferee Clearing Member (and may also require any affected Customers or Sponsored Principals) to make appropriate such submissions, amendments and terminations to reflect such transfer.~~
- (f) ~~Each Customer agrees and acknowledges that Clearing Member does not guarantee the Clearing House's performance of any of the Clearing House's obligations under the Rules or any Contract. In the event that the Clearing House fails to make any payment or performance of any obligation owed by it in respect of a Customer Account position corresponding to a Corresponding Contract, the Clearing Member will be entitled to make a corresponding deduction from any payment or forbear any performance otherwise owed by it under a Corresponding Contract (or to the Customer under its Agency Relationship, as applicable). Where any such deduction or forbearance may be attributable to Corresponding Contracts or Agency Relationships with more than one Customer, the Clearing Member shall allocate such deduction or forbearance among such Customers on a pro-rata basis. If such payment or performance is subsequently obtained by the Clearing Member from the Clearing House (in whole or in part), the Clearing Member shall thereupon make the corresponding payment or~~

~~performance (or portion thereof) to the Customer or pro rata to the relevant Customers. Notwithstanding anything to the contrary herein or in any Transfer Confirmation, if an Event of Default occurs with respect to a Transferor Clearing Member prior to the transfer becoming irrevocable pursuant to Part 12 of the Rules, such transfer (and any related Transfer Confirmation) will be cancelled and of no effect and the Clearing House will not adjust the related Open Contract Positions pursuant to this paragraph 6.2.~~

- (g) ~~Where an ICE OTC Transaction is submitted by a Clearing Member that is an Affiliate of an FCM in accordance with section 6(h) of an ICE OTC Participant Agreement and any applicable ICE OTC Broker Agreement and the FCM is in turn acting for one of its customers, the FCM shall be treated as the Customer of the Clearing Member for purposes of this section 6.4 and shall enter into a Corresponding Contract or Agency Relationship with the Clearing Member in question. In such circumstances, an agency relationship shall arise between the FCM and its customer on equivalent terms to the Corresponding Contract or Agency Relationship between the Clearing Member and the FCM, subject to such amended or different terms and conditions as are or have been agreed between the FCM and its customer. In relation only to Non-FCM/BD Clearing Members, unless otherwise agreed between the Transferor Clearing Member and the Customer and subject to any applicable legal or regulatory requirements, the Customer must satisfy in full, at or prior to the proposed Transfer Time, any margin requirements ("Pre-Transfer Margin Requirements") imposed by the Transferor Clearing Member with respect to:~~

#### ~~6.5 ICE OTC Participant representations~~

~~Each ICE OTC Participant is hereby deemed to acknowledge, represent and agree that:~~

- (i) ~~any remaining Customer-CM Transactions; and~~
- (ii) ~~if the Customer and Transferor Clearing Member have expressly agreed (whether orally or in writing) to determine the margin requirements for contracts, transactions or positions of that Customer other than Customer-CM Transactions or Contracts (collectively, "Non-cleared Positions") by taking into account the margin requirements for the Customer-CM Transactions being transferred, such Non-cleared Positions;~~

~~in each case calculated after giving effect to such transfer. If there is an express agreement (whether written or oral) between the Transferor Clearing Member and the Customer with respect to the margining that will be imposed on Customer Transactions or Non-cleared Positions, the Transferor Clearing Member shall determine the Pre-Transfer Margin Requirements in accordance with the terms of such agreement. So long as (x) the Pre-Transfer Margin Requirements specified in this paragraph 6.2(g) are satisfied and (y) no event of default has occurred with respect to the Customer under the applicable Cleared Transactions Master Agreement, no consent of the Transferor Clearing Member shall be required for such transfer.~~

#### 6.3 Margin

- (a) If Customer-CM Collateral is not in the form of Permitted Cover, the relevant Clearing Member shall remain obliged to transfer only Permitted Cover to the Clearing House and to account accordingly for any transformation of assets with its Customer (without prejudice to arrangements under which fees or rates of return may be determined) in accordance with the relevant Standard Terms.
- (b) Any additional Customer-CM Collateral (beyond the Clearing House's requirement) required by a Clearing Member of a Customer may be held in any lawful manner as agreed between a Customer and Clearing Member. Subject to such agreement, such Collateral may, but is not required hereunder to, be transferred to a Customer Margin Account of the Clearing Member or

Individually Segregated Sponsored Account and will, if so transferred, be treated as Surplus Collateral to the extent that a greater value of Permitted Cover is credited to the relevant Customer Margin Account than the Initial Margin requirement for that Customer Margin Account.

#### 6.4 Data in relation to Customer Clearing

- (a) Each Clearing Member shall keep and maintain written or electronic records showing, with respect to each of its Customer Accounts:
  - (i) the identity of each of its Customers (and, where it acts as a Sponsor, Sponsored Principals);
  - (ii) all Default Portability Preferences of each of its Customers (and, where it acts as a Sponsor, Sponsored Principals); and
  - (iii) such other information as may be requested by the Clearing House in accordance with the Rules or these Procedures from time to time.
- (b) Each Clearing Member shall provide any data of a nature described in paragraph 6.4(a) to the Clearing House promptly upon demand. Data relating to the identity of Customers or Default Portability Preferences may be requested by the Clearing House with reference to anonymous customer serial codes. Each Clearing Member shall provide accurate information to any CDS Trade Processing Platform, FX Trade Processing Platform or Exchange for purposes of identifying its Customers. Each Clearing Member and Customer consents to a CDS Trade Processing Platform, FX Trade Processing Platform or Exchange providing all such information as is referred to in paragraph 6.4(a) to the Clearing House.
- (c) Each Clearing Member that has a Customer Account shall request each of its Customers and to specify a Default Portability Preference or confirm that it has not specified a Default Portability Preference. Clearing Members and the Clearing House acknowledge that a Customer may designate permitted Transferee Clearing Members at any time prior to or after an Event of Default being declared in relation to a Clearing Member.
- (d) Each Sponsor shall request each of its Sponsored Principals to specify a Default Portability Preference or confirm that it has not specified a Default Portability Preference. Clearing Members and the Clearing House acknowledge that a Sponsored Principal may designate permitted Transferee Clearing Members at any time prior to or after an Event of Default being declared in relation to a Sponsor.

### 7. TERMS APPLICABLE TO POSITION TRANSFERS

#### 7.1 Additional defined terms

In this paragraph 7 only:

- (a) The term "Novation" or "Position Transfer" means a transfer by way of novation of Novating Contracts from a Position Transferor to a Position Transferee pursuant to Rule 408(a)(i), Part 12 of the Rules or paragraph 6 of these Clearing Procedures and this paragraph 7 of the Clearing Procedures.
- (b) The term "Novation Time" means the novation time specified by the Clearing House for a Novation of particular Novating Contracts which will be communicated to the Position Transferor and Position Transferee by the Clearing House.
- (c) The term "Novating Contract" means a Contract between a Position Transferor and the Clearing House which is open immediately prior to the Novation Time and which has not, as at

the Novation Time, been cash settled or otherwise performed, discharged or closed out, void, voided, terminated or rescinded in full, and which is to be subject to a Novation, or a Contract between a Position Transferee and the Clearing House arising as a result of the same Novation (as applicable).

(d) The term “Position Transferee” means a Clearing Member or Sponsored Principal which is party to a Position Transfer as transferee.

(e) The term “Position Transferor” means a Clearing Member or Sponsored Principal which is party to a Position Transfer as transferor.

## 7.2 General

(a) Rules 408(a)(i) and Part 12 of the Rules set out various provisions applicable to the transfer or novation of Contracts between Position Transferors and Position Transferees and to Position Transfer Orders. This paragraph 7 sets out the terms of the novation and transfer under which all Position Transfers will take place.

(b) Each Position Transferor and Position Transferee will be deemed to agree to the application of the terms set out in this paragraph 7 in respect of each Position Transfer to which it is a party.

(c) Each Position Transferor and Position Transferee shall ensure that immediately prior to the time at which any Position Transfer Order becomes irrevocable:

(i) it has made all due payments to the Clearing House in respect of Margin, including, if it is a Position Transferee, any additional pre-funded Margin required by the Clearing House in respect of the Contracts expected to arise as a result of the Novation, or if it is a Position Transferor, any additional pre-funded Margin required by the Clearing House arising from the proposed termination of the Novating Contracts recorded in its accounts; and

(ii) legally binding and enforceable agreements are in place to the extent necessary with all third parties that are affected by the Position Transfer and all necessary notices have been served on such third parties in order for the Position Transfer to take place at the Novation Time in accordance with the Rules and this paragraph 7.

## 7.3 Novation Terms

(a) ~~as further detailed in Rule 111, the Clearing House has no obligation or liability to an ICE OTC Participant that is not a Clearing Member (except any liability for fraud, death or personal injury or any other liability which under Applicable Laws may not be excluded);~~ On and as from the Novation Time, the following shall take place by operation of this provision:

(i) the Position Transferor releases and discharges the Clearing House from all covenants, undertakings, warranties and other obligations of the Clearing House pursuant to each of the Novating Contracts and (subject to paragraph 7.3(a)(vii)) from all claims and demands whatsoever or howsoever arising out of or in respect of each of the Novating Contracts whether arising prior to, on or subsequent to the Novation Time;

(ii) the Clearing House releases and discharges the Position Transferor from all covenants, undertakings, warranties and other obligations of the Position Transferor pursuant to each of the Novating Contracts and (subject to paragraph 7.3(a)(viii)) from all claims and demands whatsoever or howsoever arising out of or in respect of each of the Novating Contracts whether arising prior to, on or subsequent to the Novation Time;

(iii) the Position Transferee assumes in favour of the Clearing House and shall be vested with all the liabilities of the Position Transferor to the Clearing House whatsoever

- arising out of or under each of the Novating Contracts whether arising prior to, on or subsequent to the Novation Time, agrees to perform all the duties and to discharge all the obligations of the Position Transferor under each of the Novating Contracts whether arising prior to, on or subsequent to the Novation Time and agrees to be bound by all the terms and conditions of the Novating Contracts in every way as if the Position Transferee had been party to each of the Novating Contracts from inception instead of the Position Transferor;
- (iv) the Clearing House agrees to perform all its duties and discharge all its obligations under the Novating Contracts and to be bound by all the terms and conditions of the Novating Contracts in every way as if the Position Transferee had been party to each of the Novating Contracts from inception instead of the Position Transferor;
- (v) subject to paragraphs 7.3(a)(vii) and (viii), the Position Transferor and the Position Transferee shall be deemed to acknowledge and agree that the Clearing House shall on and as from the Novation Time have the right to enforce each of the Novating Contracts and pursue all claims and demands whatsoever or howsoever arising out of or in respect of each of the Novating Contracts whether arising prior to, on or subsequent to the Novation Time as if the Position Transferee had been party to each of the Novating Contracts from inception instead of the Position Transferor;
- (vi) subject to paragraphs 7.3(a)(vii) and (viii), the Clearing House and the Position Transferor shall be deemed to acknowledge and agree that the Position Transferee shall on and as from the Novation Time have the right to enforce all of the Novating Contracts and pursue all claims and demands whatsoever or howsoever arising out of or in respect of the Novating Contracts whether arising prior to, on or subsequent to the Novation Time as if the Position Transferee had been party to the Novating Contracts from inception instead of the Position Transferor;
- (vii) the Novation shall not affect any complaints made prior to the Novation Time or to be made by the Position Transferor against the Clearing House in relation to any matter or event occurring or circumstance arising prior to the Novation Time (in either case in connection with paragraph 23 of the Schedule to the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001, as amended) or any Dispute relating to any matter or event occurring or circumstance arising prior to the Novation Time, other than a claim or demand for payment of an amount due but unpaid at the Novation Time pursuant to the terms of a Novating Contract;
- (viii) the Novation shall not affect any disciplinary, legal or other proceedings commenced against the Position Transferor by the Clearing House prior to the Novation Time or the right of the Clearing House to bring disciplinary, legal or other proceedings against the Position Transferor in relation to any matter or event occurring or circumstance arising (in whole or in part) prior to the Novation Time (in either case pursuant to Part 10 of the Rules or otherwise in connection with paragraph 22 of the Schedule to the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001, as amended) or any Dispute relating to any matter or event occurring or circumstance arising (in whole or in part) prior to the Novation Time, other than a claim or demand for payment of an amount due but unpaid at the Novation Time pursuant to the terms of a Novating Contract; and
- (ix) the Clearing House, Position Transferor and Position Transferee shall each be deemed to agree that all materials, communications and instructions (whether written, electronic or oral) relating to or made in connection with any Novating Contract produced or used by any of them and all references in any Novating Contract to such

- contract shall be construed as a reference to the relevant Novating Contract after the Novation.
- (b) ~~in accordance with the Rules, the Clearing House has the right to suspend or terminate the clearing of Eligible Transactions, either generally or in relation to a particular Clearing Member, without notice; and~~ Subject to paragraphs 7.3(a)(vii) and (viii), the Clearing House, Position Transferor and Position Transferee each shall be deemed hereby to agree and acknowledge that, as between them, each Novating Contract shall be construed for all purposes on and after the Novation Time as if it had, from its inception, always been the subject of the Novation and the amendments given effect to pursuant to this paragraph 7, regardless of the date on which any event, matter, notice, circumstance, dispute or difference under the Novating Contract occurred or arose or was or is deemed to occur or arise.
- (c) ~~the ICE OTC Participant has read and understood this section 6 of the Clearing Procedures, the Rules, the rest of the Procedures and the ICE OTC Participant Agreement and agrees to comply with all such provisions in relation to Corresponding Contracts and Eligible Transactions that are submitted for clearing.~~ The Position Transferor and the Clearing House, and the Position Transferee and the Clearing House shall each hereby be deemed to agree and acknowledge to each other that, at the Novation Time and without the need for any further act on behalf of either of them, any and all requirements of the Rules or Applicable Law and all requirements for notices and other formalities in relation to the Novation of the Novating Contracts pursuant to this paragraph 7 under the terms of such Novating Contracts have been satisfied or, to the extent not satisfied, are hereby waived. As from the time at which the Position Transfer Order becomes irrevocable, the Clearing House shall be deemed to have provided its consent to the Novation for purposes of Rule 408(a)(i).
- (d) The Position Transferor shall make available to the Clearing House such data relating to the Novation and Novating Contracts that is in the Position Transferor's control as the Clearing House may reasonably request in order to give effect expeditiously to the Novation or to carry out its obligations under the Rules or Applicable Law.
- (e) Notwithstanding any communication that the Position Transferor or Position Transferee may have had with any other party, each of the Position Transferor and Position Transferee shall hereby be deemed to represent and warrant to the Clearing House as at the Novation Time that:
- (i) it is not relying upon any representation or warranty of the Clearing House or any other Clearing Member except any representation or warranty expressly set out in the Rules or Procedures;
  - (ii) it has consulted with its own legal, regulatory, tax, business, financial and accounting advisers to the extent that it has deemed necessary and agrees to the Novation based upon its own judgment and upon any advice from its advisors as it has deemed necessary and not upon any view or advice expressed by the Clearing House;
  - (iii) it is entering into the Novation with a full understanding of the terms and conditions and risks thereof and it is capable of and willing to assume those risks.
  - (iv) it has the power to execute and effect the Novation and any documents that may be required to effect the Novation, and to perform its obligations under the Rules, all Contracts to which it is party and this paragraph 7 and all necessary action to authorise such execution, delivery and performance has been taken;
  - (v) the execution, delivery and performance of the Novation do not violate or conflict with any Applicable Law applicable to it, any provision of its constitutional documents, any order or judgment of any court or Governmental Authority applicable to it or any of its assets or any contractual restriction binding on or affecting any of its assets; and

(vi) all consents of any Governmental Authority or other Person that are required to have been obtained by it with respect to the Novation have been obtained and are in full force and effect and all conditions of any such consents have been complied with.

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**GENERAL**

- 1.1 These Finance Procedures are 'Procedures' as defined in the ICE Clear Europe rules (the "Rules") and are subject to the Rules, including, without limitation, Rule 102. These Finance Procedures set out details on how Clearing Members' and Sponsored Principals' financial obligations are met, including the provision of cash and securities to the Clearing House.
- 1.2 The Clearing House will execute and initiate a range of financial transactions on a daily basis to manage Clearing Members' and Sponsored Principals' requests, rights, liabilities and obligations. Such transactions will result in payments being made to cover Margin obligations and to pay fees, among others. ICE Clear Europe has established a network of Approved Financial Institutions for this purpose. This is also known as the "Assured Payment System" or "APS".
- 1.3 These Finance Procedures apply in relation to ~~both F&O Contracts and CDS Contracts~~ F&O Clearing, CDS Clearing and FX Clearing.
- 1.4 Subject to paragraph 1.5 to 1.10 below, these Finance 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 Finance Procedures will be subject to arbitration under Rule 117.
- 1.5 Solely as between an FCM/BD Clearing Member and the Clearing House, those provisions of these Finance 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 Finance 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.
- 1.6 For the avoidance of doubt, paragraph 1.5 is an exception to paragraph 1.4 and Rule 102(s) which provide that the Finance 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 1.5, 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 Finance Procedures relating to the Designated System;
- (b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member or Sponsored Principal that is not a U.S. 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 a Sponsored Principal that is not a U.S. 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.

1.7 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.

1.8 All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.7 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 1.7 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 1.7 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 1.7 heard in the New York Courts.

1.9 Nothing in paragraphs 1.4 to 1.10 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.

1.10 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 FINANCE 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 1.4 to 1.10.

## 2. CASH COLLATERAL

- 2.1 The Clearing House will support transactions and account holdings in six currencies: USD, GBP, EUR, CAD, CHF and SEK. Initial [Margin, Original Margin](#) and [FX Original Margin](#) obligations may be met only in USD, GBP and EUR. CAD, CHF and SEK may be used by Clearing Members [and Sponsored Principals](#) only for the receipt of income on non-cash Permitted Cover with coupons payable in those currencies. CAD may also be used for Variation Margin and settlement payments only for Energy Contracts which settle in CAD. CHF, CZK, DKK, HUF, JPY, NOK, PLN, SEK and TRY may also be used for Variation Margin and settlement payments only for LIFFE Contracts which settle in such currencies.
- 2.2 The Clearing House supports cross currency collateral, which means that it is not necessary to cover Margin requirements in the same currency as the underlying Contract. The relevant exchange rate applied is the rate determined by the daily concertation procedure between central banks within and outside the European System of Central Banks (currently published by the European Central Bank at <http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html#latest> ~~http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html#latest~~) on the day or business day prior to the date on which the exchange rate is calculated by the Clearing House or, in the event that such rate is not available, a reasonable exchange rate determined by the Clearing House at its discretion. Cross currency coverage will result in the application of a “haircut” to cover fluctuations in exchange rates. Applicable exchange rate haircuts will be published from time to time by Circular. Haircuts will be determined ~~and published~~ as set out in section 10 of these Finance Procedures.

## 3. TRIPARTY COLLATERAL

### General

- 3.1 Clearing Members may use Triparty Collateral to cover Original Margin, [Initial Margin and FX Original Margin](#) requirements for certain ~~accounts~~ [Accounts](#), as specified in Circulars concerning the use of Permitted Cover. This facility is available to Clearing Members at the discretion of the Clearing House. [The facility is available, and this paragraph 3 applies equally, to Sponsored Principals in the same way as it applies to Clearing Members, save as expressly set out in paragraph 3.2, subject to Part 19 of the Rules.](#) The Clearing House reserves the right to terminate this arrangement at any time. The service is provided in cooperation with Triparty Collateral Service ~~provider~~ [Provider](#):

Euroclear Bank, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium.

- 3.2 ~~This Clearing House procedure~~ [These Finance Procedures](#) should be read in conjunction with the Terms and Conditions and the Operational Procedures of the Triparty Collateral Service ~~provider~~ [Provider](#). The legal basis underpinning the collateral consists of (i) the Collateral Service Agreement (CSA) of the Triparty Collateral Service ~~provider and~~ [Provider](#); (ii) the Clearing ~~Member Agreement (CMA) of the Clearing House~~ [Membership Agreement \(CMA, for Clearing Members\) or Sponsored Principal Clearing Agreement \(SPCA, for Sponsored Principals\)](#); and (iii) [in respect of securities collateral which is transferred pursuant to a Pledged Collateral Addendum, such Pledged Collateral Addendum](#). The Collateral Giver ([under the](#) CSA) must be the same legal entity as the Clearing Member (~~CMA~~ [under the](#) CMA) or, [in respect of an Individually Segregated Sponsored Account, the Disclosed Principal \(under the SPCA\)](#).
- 3.3 The following definitions apply to these Triparty Collateral Procedures:
- (a) The term “Triparty Collateral Service ~~provider~~ [Provider](#)” or “Provider” means the institution offering the Triparty Collateral Service.
  - (b) The term “Triparty Collateral ~~instruction~~ [Instruction](#)” or “Instruction” means the instruction to deposit or withdraw sent to the Clearing House by the Clearing Member or the initiation,

amendment or closure instructions sent by the Clearing House or the Clearing Member to the Triparty Collateral Service ~~provider~~[Provider](#).

- (c) The term "Triparty Collateral ~~transaction~~[Transaction](#)" or "Transaction" means the transaction which is created after matching and settlement of the instructions from both the Clearing ~~house~~[House](#) and the Clearing Member at the Triparty Collateral Service ~~provider~~[Provider](#).
- (d) The term "Fill~~ing~~" or "Filling" means the transfer of eligible securities and cash from the Clearing Member to the Clearing House in accordance with the Triparty Collateral ~~transaction~~[Transaction](#).

#### Collateral Service Agreement

- 3.4 In order to use Triparty Collateral a CSA ~~has to~~[must](#) be ~~signed~~[executed](#) between the Clearing Member, the Clearing House and the Provider. This CSA contains terms and conditions, eligible securities and cash (Annex I), Eligibility Set profiles (Annex II) and Fee specifications (Annex III).
- 3.5 The Clearing House retains the right to add, adjust or remove any currency or any collateral type from the relevant list of eligible securities or change other components in the Eligibility Set profile at any time. The Clearing House will inform the Clearing Member and provide him with revised documentation as appropriate. The Clearing Member will be deemed to accept the revision proposed by the Clearing House and must inform the Provider of its acceptance within five business days. Rejection or delay in informing the Provider may result in a reduction in collateral value of the Triparty Collateral.
- 3.6 ~~The~~[A](#) Clearing Member may request an exclusion of asset types from the list of eligible securities and cash. Adjustments to other parts of the CSA will not be accepted by the Clearing House.

#### Triparty Collateral Service

- 3.7 The Clearing Member is allowed to deposit Triparty Collateral in the three currencies currently supported by the Clearing House for Original ~~of~~[Margin](#), Initial Margin [and FX Original Margin](#) (USD, GBP and EUR).
- 3.8 Instructions can be given for same day or for next business day settlement. Same day instructions will adjust the relevant collateral value when the Instructions are matched and settled and the Transaction is filled. Deposits for next day settlement will receive collateral value in the next overnight clearing process of the Clearing House. Withdrawals for next day settlement will have an immediate effect on the value of the Clearing Member's collateral but will actually settle in the market in the next overnight settlement process of the Provider.
- 3.9 ~~ICE Clear Europe~~[The Clearing House](#) has opened an account at Euroclear ~~bank~~[Bank](#) for the sole purpose of Triparty Collateral [involving title transfer collateral](#):

EUROCLEAR account number 16900.

- 3.10 [A Clearing Member that wishes to use a Pledged Collateral Addendum \(other than a Pledged Collateral Addendum relating to Customer Account Margin of an FCM/BD Clearing Member\) will be required to enter into Euroclear Bank's standard form documentation relating to a Single Pledgor Pledged Account \(a "SPPA"\) in respect of which the Clearing House will be the pledgee and the relevant Clearing Member the pledgor. All Triparty Collateral subject to such a Pledged Collateral Addendum must be delivered to \(and will be returned from\) such SPPA in accordance with Euroclear Bank's terms and conditions, the SPPA terms and conditions and these Finance Procedures.](#)

#### Instruction

- 3.11 ~~3.10~~-In order to initiate, amend or close a Transaction the ~~member~~[Clearing Member](#) must instruct the Clearing House using the ECS system. The mandatory fields to be completed are:

- (a) Asset type
- (b) Service provider
- (c) Risk profile
- (d) Settlement date (instruction date or next business day)
- (e) Currency
- (f) Amount of adjustment

[3.12](#) ~~3.11~~ Settlement accounts and the risk profile are considered to be static data and are stored in the ECS system. Clearing Members ~~do~~are not ~~have~~required to include this information in the initial instruction, amendment or closure towards the Clearing House. The static data is used by the Clearing House to create instructions to the Provider.

[3.13](#) ~~3.12~~ Please note that in ECS the Clearing Member must enter the increase or decrease in value of the Transaction. This is in contrast with the Instruction to the Triparty Collateral Service Provider which quotes the new Transaction value.

[3.14](#) ~~3.13~~ In ECS an entry in “add new collateral” will generate an initiation of a Triparty Collateral Transaction, an adjustment (“+” or “-“) will create an adjustment to the value of an existing Transaction and a reduction to zero will result in a closure.

#### **Matching or Settlement Instructions**

[3.15](#) ~~3.14~~ Matching and settlement can only take place during the normal settlement window of the Provider. Unmatched instructions will be cancelled after the last matching possibility on the day on which the relevant instructions are issued has elapsed.

[3.16](#) ~~3.15~~ The Clearing House will provide updated information on the settlement status of Instructions through ECS. Clearing Members are responsible for monitoring the status of the Instructions. The status of an instruction as matched or not matched is not advised by the Clearing House and the Clearing Member must confirm this directly with the relevant Provider.

[3.17](#) ~~3.16~~ It is the responsibility of the Clearing Member to ensure that instructions from ECS and the matching instruction to the Provider match correctly. The Clearing House will not be liable for any losses of Clearing Members or third parties caused by non-settlement or a delay in settlement as a result of the actions or omissions of a settlement system, Provider or the Clearing Member.

#### **Cancellation requests and cancellation of pending instructions**

[3.18](#) ~~3.17~~ Clearing Members can only cancel an instruction prior to the time that the Clearing House sends the instruction to the Provider. After the Clearing House has sent the Instruction, the Clearing House will assume that the Instruction has been completed.

[3.19](#) ~~3.18~~ All unmatched Instructions are automatically cancelled at the end of each day in ECS. If the Instruction is unmatched and cancelled but the Clearing Member still wishes to initiate, amend or close the Transaction then the Clearing Member has to re-instruct the following business day.

#### **Settlement deadlines**

[3.20](#) ~~3.19~~ Deadlines will be set out and updated in the Clearing House’s Circulars.

[3.21](#) ~~3.20~~ Based on the market deadlines, the Clearing House has set the following deadlines for Triparty Collateral Instructions for Euroclear Bank:

SAME DAY settlement 15.00 pm (UK TIME)

NEXT DAY settlement 16.00 pm (UK TIME)

[3.22](#) ~~3.21~~ Any instruction after this time will not be accepted by the ECS system. Instruction prior to the deadline will be released to the Provider and have the possibility to match and settle until the end of the Provider's business day.

#### Holidays affecting settlement systems

[3.23](#) ~~3.22~~ On bank holidays and other days on which payments are required to be made in another currency pursuant to paragraph 6.1(h)(viii), it will or may not be possible to create Instructions. These dates will be advised by Circular from the Clearing House. On these days, Clearing Members will need to use alternative settlement systems and/or types of collateral to cover relevant Margin requirements.

#### Collateral transfers (transaction filling)

[3.24](#) ~~3.23~~ It is the Clearing Member's responsibility to make sufficient cash or securities available to transfer to the account of the Clearing House up to the value of the Transaction. The Clearing House will have the right to raise an additional margin requirement when insufficient cash or securities are transferred to the Clearing House to Fill in accordance with the Transaction.

[3.25](#) ~~3.24~~ An ~~intraday~~intra-day requirement will be raised for the value of the uncovered part of the Transaction. After the deadline has passed the Clearing House will calculate and raise the ~~intraday~~intra-day requirement using the information provided by the Triparty Collateral Service ~~provider~~Provider.

Deadline Triparty Collateral 9.00 am (UK TIME).

[3.26](#) ~~3.25~~ The additional requirement will not be released before the next end-of-day clearing process.

[3.27](#) ~~3.26~~ Cash might be used as collateral for the Triparty Collateral during the day. Cash remaining in a Transaction overnight on the account of the Clearing House will not be treated as cash collateral on deposit and no interest return will be paid.

#### Collateral value of Triparty Collateral

[3.28](#) ~~3.27~~ The Clearing House is allowed to adjust the collateral value of the Triparty Collateral Transaction by applying a haircut to the Triparty Collateral. Notification in advance by the Clearing House will not be provided.

#### Termination of the Collateral Service Agreement

[3.29](#) ~~3.28~~ The Clearing House reserves the right to terminate a Collateral Service Agreement at any time at its own discretion. Pending Triparty Collateral Transactions must be replaced by alternative permitted cover before the Transactions are closed.

#### Corporate actions

[3.30](#) ~~3.29~~ Transfer of cash ~~and (including the cash proceeds of any securities)~~ into the Clearing House accounts ~~will may only~~ be executed ~~with a transfer of title~~through a transfer of title pursuant to the Clearing Membership Agreement. Transfer of securities into the Clearing House accounts may be executed either (i) through a transfer of title pursuant to the Clearing Membership Agreement or (ii) through delivery of possession pursuant to a Pledged Collateral Addendum. The Clearing House will become beneficial owner of all proceeds resulting from ~~the any~~ holdings ~~and will receive the funds into the Clearing House's account of securities.~~ All proceeds from Triparty Collateral, ~~less any deduction or withholding for or on account of tax required by Applicable Law,~~ will be passed on to the member by the Triparty Collateral

Service Provider in satisfaction of the Clearing House's obligations in respect of such proceeds under clause 4.4 of the Clearing Membership Agreement. The Clearing House, as collateral taker, provides access to information on income payments, redemptions or corporate events in relation to collateral securities provided to the collateral taker.

3.31 ~~3.30~~ The Clearing House ~~is~~will be the beneficial owner of all securities title to which is transferred to the Clearing House and the withholding of tax is based on the tax status of the Clearing House. We strongly recommend that the Clearing Member should withdraw or exclude the collateral which is subject to the corporate action as the Clearing House is not liable for any deviations in taxation and does not assist in the reclaiming of tax.

#### Default

3.32 ~~3.31~~ The Clearing House will inform the Triparty Collateral Service ~~provider~~Provider of an event of default of the Clearing Member according to the terms and regulations of the CSA. The Clearing House Rules regarding the liquidation of the collateral can be found in the Clearing Member Agreement.

#### 4. ASSURED PAYMENT SYSTEM: ACCOUNTS

4.1 Each Clearing Member must as a minimum maintain the following accounts at one or more Approved Financial Institutions:

- (a) up to six Nominated Proprietary Bank Accounts (also known as 'house' accounts) linked to ~~its~~each Proprietary Account, denominated in up to one each of USD, GBP, EUR, CAD, CHF and SEK as follows, subject to paragraph 4.2:
  - (i) all F&O Clearing Members and FX Clearing Members must have an account, denominated in USD;
  - (ii) all CDS Clearing Members must have an account denominated in EUR;
  - (iii) all F&O Clearing Members and FX Clearing Members must additionally have at least one further account denominated in either GBP or EUR;
  - (iv) all CDS Clearing Members must additionally have at least one further account denominated in either GBP or USD;
  - (v) a Clearing Member which has an Open Contract Position in a contract for which EUR, GBP, USD or CAD is the settlement currency must have an account denominated in such currency;
  - (vi) a Clearing Member which transfers non-cash ~~Permitted~~Permitted Cover to the Clearing House which pays a coupon, interest or redemptions in USD, EUR, GBP, CAD, CHF or SEK must have an account in that currency; and
  - (vii) ~~An~~an F&O Clearing Member that is a LIFFE Clearing Member and is party to LIFFE Contracts which settle in CAD, CHF, CZK, DKK, HUF, JPY, NOK, PLN, SEK or TRY must have an account in each such currency.
- (b) for an F&O Clearing Member that is ~~not an a~~ Non-FCM/BD Clearing Member, additional Nominated Customer Bank Accounts (also known as 'client' accounts) ~~linked to its Customer Account, denominated in, one for each currency used by it for each of its different Customer Accounts (other than Margin-flow Co-mingled Accounts, in respect of which a single Nominated Customer Bank Account shall be used), the relevant currencies being~~ USD, GBP, EUR, CAD, CHF, SEK, CZK, DKK, HUF, JPY, NOK, PLN, SEK and TRY, based on the same principles as set out in 4.1(a)(i) to (vii);

- (c) for an F&O Clearing Member that is an FCM/BD Clearing Member and which has one or more Customer Accounts, additional Nominated Customer Bank Accounts (also known as 'client' accounts), one for each currency for each of its Non-DCM/Swap Customer ~~Aeeount~~Accounts, Swap Customer ~~Aeeount~~Accounts, DCM Customer ~~Aeeount~~Accounts and General Customer ~~Aeeount~~Accounts, the relevant currencies being USD, GBP, EUR, CAD, CHF, SEK, CZK, DKK, HUF, JPY, NOK, PLN, SEK and TRY, based on the same principles as set out in 4.1(a)(i) to (vii) for each such Customer Account;
  - (d) for F&O Clearing Members, a Guaranty Fund account denominated in USD (which may be the same account as a USD Nominated Proprietary Bank Account or a USD guaranty fund account for CDS);
  - (e) for CDS Clearing Members, a Guaranty Fund account, denominated in EUR for CDS (which may be the same account as a EUR Nominated Proprietary Bank Account); ~~and~~
  - (f) if a CDS Clearing Member is approved to become party to Sovereign Contracts, an additional Guaranty Fund account denominated in USD (which may be the same account as a USD Nominated Proprietary Bank Account or the USD Guaranty Fund account for F&O Guaranty Fund Contributions); ~~or FX Guaranty Fund Contributions); and~~
  - ~~(g) for FX Clearing Members, a Guaranty Fund account, denominated in USD (which may be the same account as a USD Nominated Proprietary Bank Account or the USD Guaranty Fund account for CDS Guaranty Fund Contributions or FX Guaranty Fund Contributions);~~
  - ~~(h) if a Non-FCM/BD Clearing Member is a Sponsor in respect of an Individually Segregated Sponsored Account and is appointed by the Sponsored Principal and agrees to operate Nominated Bank Accounts for the Individually Segregated Sponsored Account, such further accounts as would be required of each such Sponsored Principal pursuant to paragraph 4.4.~~
- 4.2 If a Clearing Member is both an F&O Clearing Member and a CDS Clearing Member, that Clearing Member is treated for the purposes of the Clearing House's banking systems as if it were two Clearing Members. Such a Clearing Member may specify the same accounts for a particular account for both CDS and F&O or may use different accounts for the different product classes. Accordingly, it may have up to twelve Nominated Proprietary Bank Accounts, one for each currency for each of CDS and F&O. Where a Clearing Member requests more than one Proprietary Account or more than one Customer Account of the same Customer Account Category (other than Individually Segregated Sponsored Accounts, Margin-flow Co-mingled Accounts or by using "F" for an additional omnibus Customer Account), the Clearing Member will be set up on the Clearing House's systems as if it were two Clearing Members and each account of the same Customer Account Category will use the same account code but with a different Clearing Member mnemonic. Any such additional Customer Account may be dedicated for purposes of indirect clearing of positions relating to the indirect clients of a Customer of the Clearing Member.
- 4.3 Nominated Proprietary Bank Accounts, Nominated Customer Bank Accounts and Guaranty Fund accounts must be accounts at Approved Financial Institutions but need not all be at the same Approved Financial Institution.
- 4.4 Each Sponsored Principal must as a minimum maintain (or procure that its Sponsor, if it is a Non-FCM/BD Clearing Member maintains) the following accounts at one or more Approved Financial Institutions:
- (a) up to six Nominated Bank Accounts linked to the Individually Segregated Sponsored Account, denominated in up to one each of USD, GBP, EUR, CAD, CHF and SEK as follows, subject to paragraph 4.2:
    - (i) all Sponsored Principals that clear F&O or FX must have an account denominated in USD;

- (ii) all Sponsored Principals that clear CDS must have an account denominated in EUR;
- (iii) all Sponsored Principals that clear F&O or FX must additionally have at least one further account denominated in either GBP or EUR;
- (iv) all Sponsored Principals that clear CDS Clearing Members additionally have at least one further account denominated in either GBP or USD;
- (v) all Sponsored Principals that have an Open Contract Position in a contract for which EUR, GBP, USD or CAD is the settlement currency must have an account denominated in such currency;
- (vi) a Sponsored Principal which transfers non-cash Permitted Cover to the Clearing House which pays a coupon, interest or redemptions in USD, EUR, GBP, CAD, CHF or SEK must have an account in that currency; and,
- (vii) a Sponsored Principal that clears LIFFE Contracts which settle in CAD, CHF, CZK, DKK, HUF, JPY, NOK, PLN, SEK or TRY must have an account in each such currency.

4.5 ~~4.3~~The Clearing House's Extensible Clearing System ("ECS") will be used for payments. Successful applicants for membership or Sponsored Principal status will be issued with log-ins and given training in the use of ECS. ECS will be used by Clearing Members and Sponsored Principals to give instructions in respect of certain transactions relating to the transfer of cash and securities to the Clearing House and when there is excess Permitted Cover in place that the Clearing Member or Sponsored Principal requests be returned. The Clearing House will be entitled to act upon instructions made through ECS by the Clearing Member or any of its Representatives. In respect of an Individually Segregated Sponsored Account, the Clearing House will be entitled to act upon instructions made through ECS by either the Sponsor or the Sponsored Principal or any of their Representatives. The accounts described in section ~~3.14.1~~ are the only accounts that may be used for day-to-day transfers to and from the Clearing House through ECS.

4.6 ~~4.4~~The Clearing House operates Clearing House Accounts in each of the currencies at each Approved Financial Institution and separately for each different Customer Account and Proprietary Account business of Clearing Members and separately for F&O, CDS and ~~CDSFX~~, as mentioned in paragraph ~~3.2.4.2~~. Such separation by the Clearing House is undertaken to comply with Applicable Laws and provide administrative benefits to Clearing Members. Upon an Event of Default being declared, amounts in all Proprietary Accounts of a Clearing Member may be combined and set off (subject to and in accordance with the Rules and paragraph 4.2), and amounts relevant to a single separate Customer Account may be combined and set off ~~in each case only to the extent expressly permitted pursuant to with one another but not with any other Account, as set out in~~ the Rules.

4.7 ~~4.5~~Additionally, the Clearing House will hold Clearing House Accounts at a Concentration Bank in order to facilitate transfers between accounts at Approved Financial Institutions.

## 5. ASSURED PAYMENT SYSTEM: PROCEDURES

~~5.1~~ ~~Clearing Members~~Each Clearing Member and Sponsored Principal (or, if a Sponsor operates a Nominated Bank Account for the Sponsored Principal, the Sponsor) will be required to have in place at all times a standard debit mandate, allowing the Clearing House to call funds from its Nominated Bank Accounts, established in the relevant Approved Financial Institution's standard form ("**Third Party Authority Form**"). Pursuant to the Clearing Membership Agreement, each Clearing Member must at all times have in place a duly executed Third Party Authority Form in favour of each Approved Financial Institution used by it and in respect of each of its Nominated Bank Accounts. Pursuant to the Sponsored Principal Clearing Agreement and Sponsor Agreement, each Sponsored Principal must at all times have in place a duly executed Third Party Authority Form executed by the Sponsored Principal or Sponsor in

favour of each Approved Financial Institution used by it and in respect of each of its Nominated Bank Accounts. Pursuant to Clearing Membership Agreements (and, where applicable, Sponsored Principal Clearing Agreements and Sponsor Agreements) and arrangements between the Clearing House and Approved Financial Institutions, the Clearing House is given various powers, including to take any action as it in its discretion determines in the Clearing Member's (or, where applicable Sponsor's and Sponsored Principal's) or the Clearing House's name in connection with a Clearing Member's (or, where applicable Sponsor's and Sponsored Principal's) Nominated Bank Accounts. Approved Financial Institutions will act upon any instructions received from the Clearing House in relation to the Nominated Bank Accounts without any further reference to, or authority from, a Clearing Member.

- 5.2 Changes in APS account details must be notified at least five Business Days in advance.
- 5.3 It is the responsibility of each Clearing Member and Sponsored Principal to have sufficient funds in its Nominated Bank Accounts to enable all cash transfers required under the Rules to be settled. Approved Financial Institutions will not be able to reverse any payment from or to a Clearing House Account without receipt of authorisation from the Clearing House evidenced in writing.
- 5.4 Clearing Members and Sponsored Principals (or their Sponsors) will be advised of debits from or credits to their physical accounts by the standard SWIFT advices of debit and credit (MT900 and MT910 respectively) or otherwise in accordance with arrangement established with Approved Financial Institutions.
- 5.5 Clearing Members and Sponsored Principals must ensure that Approved Financial Institutions make payment to the Clearing House Account at the relevant Approved Financial Institution within the time periods specified in Table 1. The Clearing House will notify all affected Approved Financial Institutions if a contingency method is to be invoked. In the event that no payment notification is received from an Approved Financial Institution by the time specified in Table 1, the Clearing House will be permitted to act as if the funds have not and will not be received, which includes the declaration of an Event of Default in respect of any affected Clearing Member or Sponsored Principal. In such circumstances, the Clearing House will use its reasonable endeavours to determine the cause of the late notification with the relevant Approved Financial Institutions. The remittance of funds remains at all times the responsibility of Clearing Members. The Clearing House may otherwise treat funds as not having been received and take similar actions as a result of Rule 301(f). In the case of the failure or Insolvency of an Approved Financial Institution used by a Clearing Member or Sponsored Principal in circumstances in which an amount is not treated as having been paid as a result of Rule 301(f), the amount must still be paid (through a further payment, if necessary) by a Clearing Member or Sponsored Principal using alternative methods or a different Approved Financial Institution, in order to discharge the Clearing Member's or Sponsored Principal's liabilities.
- 5.6 If the Clearing House ~~holds~~has been transferred excess cash ~~for~~(beyond applicable Margin requirements) by any Clearing Member or Sponsored Principal, the Clearing Member or Sponsored Principal in question is entitled to request repayment through ECS, either on an *ad hoc* basis or automatically on a daily or other regular basis. Such repayments will take place through the same systems and accounts as for payments to the Clearing House.

**TABLE 1: TIME PERIODS FOR DELIVERY OF FUNDS AND SWIFT MT900/MT910**

Type of Instruction	Time for Receipt of Instruction	Latest time for APS Bank to make payment of amount specified in Instruction and send SWIFT MT900/MT910
Routine End-of-day Instruction	On or after 00:00:00 London Time on Business Day X+1 but on or before 07:59:59 on Business Day X+1	Before 09:00:00 London time on Business Day X+1
Routine End-of-day Instruction for LIFFE Contracts that settle in JPY only	On or after 00:00:00 London Time on Business Day X+1 but on or before 07:59:59 on Business Day X+1	Before 09:00:00 London time on Business Day X+2
Intra-day Instruction (contingency)	On or after 08:00:00 on Business Day X but on or before Cut-Off Time on Business Day X	Within one hour of instruction on Business Day X

## 6. PAYMENTS TO AND FROM THE CLEARING HOUSE

### 6.1 General

- (a) This paragraph 6 applies to each Sponsored Principal (or, to the extent that a Sponsor operates Nominated Bank Accounts in respect of an Individually Segregated Sponsored Account, each such Sponsor) in the same way as it applies to a Clearing Member, subject to Part 19 of the Rules.
- (b) ~~(a)~~ Pursuant to Part 3 of the Rules, ~~all~~ payments between the Clearing House and a Clearing Member may be set off and consolidated into ~~a single~~ end-of-day or *ad hoc* payment ~~(subject to the segregation payments in respect of each separate Customer Account and Proprietary Account transfers). Account (other than Margin-flow Co-mingled Accounts, in respect of which single combined payments may be used).~~ Adjustments in Margin calls resulting from price changes in underlying open Contracts will result in either a payment from the Clearing Member's relevant Nominated Bank Account by direct debit or a payment from a Clearing House Account to a Clearing Member's Nominated Bank Account. Margin payments are combined with all other amounts due and payable pursuant to the Rules and discussed further in this section.
- (c) ~~(b)~~ Payments will be executed as an intra-APS-bank, between accounts, book transfer from the relevant Nominated Bank Account to a Clearing House Account at the same Approved Financial Institution. Payment into Clearing Members' Nominated Bank Accounts will generally take place through a similar book transfer. However, if insufficient funds are available within the relevant Clearing House Account at that Approved Financial Institution, the remaining balance may be transferred from a Clearing House Account at another Approved Financial Institution or Institutions.
- (d) ~~(c)~~ In ECS, Clearing Members have the ability to set standing instructions to return all funds above applicable Margin requirements or above a threshold (if higher). Such standing instructions can only be set for cash collateral. For currencies which can be used only for ~~Variation~~ Variation Margin and settlement payments, credits are automatically returned to the Clearing Member's account regardless of any standing instructions to the contrary.
- (e) ~~(d)~~ If a Clearing Member has not established standing instructions in ECS, it may manage its cash accounts by giving manual instructions. An increase in cash positions through ECS will

result in a direct debit from the relevant Nominated [Bank](#) Account of the Clearing Member. A reduction in cash positions will result in a payment from a Clearing House Account to one of the Clearing Member's Nominated [Bank](#) Accounts. ECS does not permit requested reductions or standing instructions to result in a Clearing Member holding any positions below applicable Margin and Guaranty Fund Contribution requirements.

All cash instructions should be instructed before:

Currency	Instruction deadline
GBP	Same day 10.00 a.m.
EUR	Same day 10.00 a.m.
USD	Same day 16:00 p.m.

- (f) ~~(e)~~ No withdrawal will be possible after these deadlines. Clearing Members are able to enter cash deposits for value next day. These requests need to be entered and approved by Clearing Members prior to end of day, but will only be accepted by the Clearing House on the following morning. Following acceptance by the Clearing House, the changes will take effect immediately. The Clearing House may require any Clearing Member to reduce excess cash on account with the Clearing House or may specify that excess cash on account above a certain threshold does not receive interest.
- (g) ~~(f)~~ Overnight payments must be made to the Clearing House at or before 09:00 on the morning following a call. *Ad hoc* payments must be made within one hour of an instruction being issued by the Clearing House through ECS. In relation to overnight pending transactions, any withdrawals or deposits instructed after the relevant deadline will be rejected by ECS.
- (h) ~~(g)~~ The Clearing House will not provide Clearing Members with any specific notifications or confirmations after the execution of a cash movement. Clearing Members may instead find details of all instructions in daily and other reports available through the ECS-GUI. After execution, the status of an instruction within ECS will change from 'pending' to 'processed'.
- (i) ~~(h)~~ The following sections describe the various payments that may be included in any cash transfer:
- (i) *Variation Margin (for F&O Contracts)* ~~and~~ *Mark-to-Market Margin (for CDS Contracts)*<sup>4</sup> and FX Mark-to-Market Margin (for FX Contracts)

Daily Calls: Pursuant to Rule 503, all Contracts will be revalued and subject to Variation Margin, Mark-to-Market Margin or FX Mark-to-Market Margin calls on a daily basis for settlement next day for payments in JPY or same day for payments in other currencies in accordance with Table 1. Variation Margin ~~or~~ Mark-to-Market Margin ~~is~~ and FX Mark-to-Market Margin requirements are calculated and settled only in cash. Adjustments will be calculated and payments will ordinarily be executed in the currency of the relevant Contracts (or underlying Contracts). Liabilities resulting from Variation Margin ~~or~~ Mark-to-Market Margin and FX Mark-to-Market Margin requirements will be included in the overnight call or return.

Intra-day Calls: Contracts may also be marked to market and subject to an additional Initial ~~or~~ Margin, Original Margin or FX Original Margin call (the proceeds of which may be applied against future Variation Margin, Mark-to-Market Margin or FX Mark-to-Market Margin calls) on an *ad hoc* intra-day basis. Affected Clearing Members will be informed (not in writing) by the Clearing House in the event of an

<sup>4</sup> ~~Amended 27 July 2009~~

intra-day call being applicable. If the call affects a significant number of Clearing Members, the Clearing House will issue a Circular. Intra-day calls will be executed via a direct debit from the Clearing Member's Nominated Bank Account at an Approved Financial Institution. Payment must be made within one hour. Intra-day calls will only be in USD, GBP or EUR.

JPY payments: Any obligation to pay Variation Margin or settlement amounts on LIFFE Contracts in JPY must be covered with cash or non cash Original Margin in a different currency between the time of instruction and settlement.

- (ii) *Original Margin (for F&O Contracts) ~~and~~ Initial Margin (for CDS Contracts) and FX Original Margin (for FX Contracts)*

Daily Calls: Pursuant to Part 5 of the Rules, Original Margin ~~and~~ Initial Margin and FX Original Margin requirements will be recalculated on a daily basis. Requirements will be calculated and payments will ordinarily be executed in the currency of the relevant Contracts (or underlying Contracts). Liabilities resulting from Original Margin ~~and~~ Initial Margin and FX Original Margin requirements will be included in the overnight call or return.

Intra-day Calls: Original Margin ~~and~~ Initial Margin and FX Original Margin may also be subject to *ad hoc* intra-day recalculations and calls. Affected Clearing Members will be informed (not in writing) by the Clearing House in the event of an intra-day call being applicable. If the call affects a significant number of Clearing Members, the Clearing House will issue a Circular. Intra-day Original Margin ~~and~~ Initial Margin and FX Original calls will be executed via a direct debit from the Clearing Member's Nominated Bank Account at an Approved Financial Institution. Payment must be made within one hour. Intra-day calls will only be in USD, GBP or EUR.

Clearing Members can specify the currency in which Original Margin, Initial Margin and FX Original Margin deficits are called. In order to enable this facility Clearing Members will have to complete and return the ICE Clear Europe Margin Deficit Currency Form.

As explained in the Clearing Procedures, in the event that an intra-day Margin call is anticipated, the Clearing House will contact the Clearing Member by phone to notify them of the requirement. This will be followed by written notification distributed by email. Intra-day Margin calls can be made between 09:00 and 19:00 London Time and must be met within 60 minutes of notification by the Clearing House. Clearing Members will be able to answer the call by reducing positions (e.g. reallocation of trades/clearing give-ups), generating profits through trading activities or submitting new cash and/or collateral. Margin calls are not rounded to the nearest major currency unit.

- (iii) *Guaranty Fund adjustments*

Each relevant Guaranty Fund Period, the total value of the Guaranty Funds and required Guaranty Fund Contributions of Clearing Members are reviewed and may be amended. Each Clearing ~~Members~~ Member will be ~~informed~~ notified of ~~the~~ its total Guaranty Fund Contribution requirements at each Guaranty Fund Period end by Circular. The Clearing House ~~s contributions to the Guaranty Funds (if any)~~ Contributions will also be ~~specified in such Circulars~~ notified to Clearing Members. Adjustments to Guaranty Fund Contributions will be notified to individual Clearing Members by e-mail to a nominated e-mail account of each Clearing Member the Business Day after the end of the relevant Guaranty Fund Period. For the F&O Guaranty Fund, adjustments will be made ten Business Days after the date of notification unless the relevant Circular specifies otherwise. For the CDS Guaranty

Fund [and FX Guaranty Fund](#), adjustments will be made two Business Days after the date of notification unless the relevant Circular specifies otherwise. Other than in exceptional circumstances, any additional required Guaranty Fund Contribution payments will be included together with overnight calls and details will be included in daily reports provided to Clearing Members through ECS.

(iv) *Interest*

The Clearing House will notify Clearing Members of its interest rate in each currency on the Business Day following the day to which the rate applies. The Clearing House rates payable on Original Margin ~~or~~ Initial Margin [and FX Original Margin](#) are referred to as the ICE Deposit Rate (IDR). Interest rates [are payable on Mark-to-Market Margin for CDS Contracts ~~are specified in the CDS Operational~~ by Clearing Members and the Clearing House. FX Mark-to-Market Interest is payable by Clearing Members and the Clearing House as set out in the FX](#) Procedures.

Payments in respect of interest will be made to Clearing Members in respect of cash, assets and securities ~~in the guarantee fund~~ held by the Clearing House as Margin, Guaranty Fund Contributions or Permitted Cover. The rate of return may vary for different cash and asset classes and between types of cover. IDR and accumulated interest over each month will be available to Clearing Members through the ECS-GUI.

Interest will be calculated on a simple daily basis and will become available for payment to Clearing Members, subject to any required deduction or withholding tax, monthly, on the fourth Business Day after the end of each month. Once credited, the interest is available to meet Margin payments or may be withdrawn by Clearing Members. If used to meet Margin payments, the interest then itself becomes eligible to accrue interest.

(v) *Income (interest and collateral) and Redemption*

The Clearing House will make payment to Clearing Members in respect of income and redemptions on non-cash assets transferred to the Clearing House as Margin, Guaranty Fund Contributions or Permitted Cover. Distributions will be executed direct to the Clearing Member by the relevant custodian pursuant to a standing instruction made by the Clearing House based on account information provided by the Clearing Member. Clearing Members are required to provide account details in relation to accounts in all applicable currencies to the Clearing House. Changes in account details must be notified at least five Business Days in advance.

Payments in respect of income on non-cash assets will be paid to Clearing Members in the same currency as the income is distributed by the relevant issuer or payment agent to the Clearing House. Any required foreign exchange transaction following payment must be arranged by the Clearing Member and the costs of the same must be met by the Clearing Member. No currency exchange will be arranged by the Clearing House or its custodian.

If there is a failed payment in respect of income or redemption (e.g. as a result of account details being unavailable or incorrect), income may be retained by the Clearing House or custodian but will not be treated by the Clearing House as Permitted Cover. The Clearing House makes no representation or warranty to Clearing Members in respect of the promptness of payment by any issuer or payment agent, the custodian or any of its sub-custodians or agents (save for any liability which by law may not be excluded).

(vi) *Fees and rebates*

All Market fees, ~~OTC Participant fees, ICE Futures US fees,~~ Clearing House fees, delivery fees and other fees payable to the Clearing House or a Market will be calculated and charged to each Clearing Member as such fees accrue (typically on a monthly basis).

Rebates, fee discounts and incentive program payments which have been directed by the payee or beneficiary to be paid to the account of a Clearing Member will be calculated and credited to the relevant account of the Clearing Member as such rebates, fee discounts and incentive program payments accrue (typically on a monthly basis) and may include payments for which the payer is a Market, payments for which the payer is the Clearing House or both.

The following additional provisions apply in respect of rebate, fee discount or incentive program payments except to the extent agreed or notified otherwise by the Clearing House from time to time. Terms, conditions and amounts of rebate, fee discount or incentive programs may be periodically modified by the Clearing House at its sole discretion. In certain circumstances, the Clearing House may make the availability of a rebate, fee discount or incentive program contingent on certain cleared volume levels. Rebate, fee discount and incentive programs may be withdrawn by the Clearing House or any relevant Market at any time. Persons may be required to meet participation criteria, conditions and obligations applicable to participants in this scheme as the same may be amended or added to from time to time, in order to be able to continue to be able to participate in any such program. Where a rebate, fee discount or incentive program relates to a service for which both Market trading, clearing or other fees or Clearing House clearing fees are applicable, the payer of the rebate, fee discount or incentive program payment is the Clearing House as to the total amount of the Market and Clearing House rebate, fee discount or incentive program payments multiplied by the percentage that Clearing House fees represent of the sum of Clearing House and Market fees. The legal entity operating the relevant Market will be the payer of the remainder of the rebate, fee discount or incentive program payment. Where only Clearing House fees are charged or a rebate, fee discount, the payer of the entire rebate, fee discount or incentive program payment is the Clearing House. The Clearing House or the operator of the relevant Market may arrange for one of its Affiliates or the Clearing House to make any payment in respect of rebates, fee discounts or incentive programs on the payer's behalf. The payee in respect of a fee discount or incentive program is the person who participates in the program, regardless of whether such person is or is not a Clearing Member or member or participant of the relevant Market. A qualifying participant in a rebate, fee discount or incentive program may from time to time direct that relevant payments be made directly to their account or to the account of their Clearing Member, exchange member, execution platform participant or any other third party. Any payment in accordance with such instructions shall constitute due and final payment by the Clearing House or Market to the account of the rebate, fee discount or incentive program participant. Rebate, fee discount or incentive program participants may direct changes to such payment arrangements from time to time by providing notice in writing to the Clearing House or the relevant Market. In the absence of any payment instructions, the Clearing House shall be entitled (but shall not be required) to make payment in respect of any rebate, fee discount or incentive program payment by crediting amounts to the Proprietary Account or Customer Account of the relevant Clearing Member and in doing so shall have made good discharge of its obligations and those of any Market in relation to the relevant rebate, fee discount or incentive program payment.

Fee invoices will be made available via ECS on the fourth Business Day of each month. Fees and any applicable rebates, incentive payments or discounts will be

included in the overnight call or return on the fifth Business Day after the end of each month. All fees are collected through a Clearing Member's Nominated Proprietary [Bank](#) Account. Rebates, incentive payments or discounts may be credited to a Clearing Member's Nominated Proprietary [Bank](#) Account or Nominated Customer [Bank](#) Account, as instructed from time to time by the payee.

Clearing Members that wish to query a fee invoice should contact the Clearing House Finance department on or before the 10th Business Day of the relevant month. Any required amendments will be reflected in the next billing cycle.

(vii) *Other Amounts*

Any amount payable by ~~the~~ Clearing Member to the Clearing House (or *vice versa*) pursuant to the Rules or any Contract may be included within an end-of-day or *ad hoc* payment. This may include settlement amounts, delivery-related payments (e.g. Buyer's Security and Seller's Security), fines, damages, amounts payable as a result of arbitration or disciplinary proceedings, dividends and coupons on Investments being delivered under LIFFE Contracts and other amounts payable under the Rules. ~~Without prejudice to the Clearing House's ability to introduce other ad hoc procedures within ECS, CDS Contract coupon payments will be made in the manner set out in the CDS Operational Procedures.~~

(viii) *Currency Holidays and payments in other currencies*

Before the start of each calendar year, the Clearing House will publish a Circular setting out details of bank holidays relevant to the currencies supported by the Clearing House in different jurisdictions (each, a "**Currency Holiday**"). Transfer of funds in a currency will not take place on a Currency Holiday for that currency.

If there is a Currency Holiday, the Clearing House will call and Clearing Members shall pay (or receive as applicable) Margin in another currency specified by the Clearing House. The sequence of alternative currencies to be used for F&O [Contracts and FX](#) Contracts in respect of Currency Holidays (in the absence of a Clearing Member specifying an alternative sequence for these three currencies in writing to the Clearing House) is as follows: USD, GBP and EUR. The sequence of alternative currencies to be used for CDS Contracts (in the absence of a Clearing Member specifying an alternative sequence for these three currencies in writing to the Clearing House) is as follows: EUR, USD and GBP.

If, due to a Force Majeure Event, Financial Emergency or otherwise, a transfer of funds of a currency is not possible or advisable, the Clearing House may call and Clearing Members shall pay (or receive as applicable) Margin, Guaranty Fund Contributions, fees, fines, interest, incentive payments, fee ~~discount~~[discount](#), rebates and all other payments (excluding final settlement payments under Contracts) in another currency specified by the Clearing House. If payments are to take place in a currency other than the contractual currency in circumstances other than a Currency Holiday, the Clearing House will issue a Circular [or notify affected Clearing Members](#), specifying the currency to be used and the exchange rate to be applied.

Payments of Margin in a different currency on a Currency Holiday will not be netted against obligations in a currency other than that of the underlying Contract, nor paid in another currency. For Variation Margin, [Mark-to-Market Margin](#) and [FX Mark-to-Market Margin](#), payment in a different currency from the contractual currency due to a Currency Holiday will result in a delay of payments to the next day on which payment may be made in the contractual currency. Any obligation to pay Variation Margin, [Mark-to-Market Margin](#) or [FX Mark-to-Market Margin](#) in a

currency other than the contractual currency will result in an additional Original Margin ~~of~~ Initial [Margin or FX Original](#) Margin requirement, which must be covered with cash or non-cash collateral (which may be of, or be denominated in, a different currency). Any obligation to pay any other amount in a currency other than the contractual currency may result in an additional Original Margin ~~of~~ Initial [Margin or FX Original](#) Margin requirement, which must be covered with cash or non-cash collateral (which may be of, or be denominated in, a different currency). In the case of payment in a currency other than the contractual currency being required in instances other than a Currency Holiday, the Clearing House will specify in the relevant Circular how applicable obligations will be margined or netted.

Transactions in collateral on bank holidays in a relevant jurisdiction will not necessarily be rejected upon instruction but will be cancelled at the end of day and must be re-instructed by Clearing Members on a day which is not a bank holiday in the relevant jurisdiction.

## 7. CUSTODY ACCOUNTS

- 7.1 Pursuant to Rule 502, Original Margin ~~and~~ Initial [Margin and FX Original](#) Margin requirements are payable initially in cash but a Clearing Member may substitute such cash Original Margin, [Initial Margin](#) or [Initial FX Original](#) Margin with other Permitted Cover by delivery of the replacement Permitted Cover to the Clearing House. Such transfers must first be notified to the Clearing House by the relevant Clearing Member through ECS and will not be effective and may not be made until after the Clearing House has approved the proposed transaction in ECS. Guaranty Fund Contribution requirements may also be satisfied through non-cash assets to the extent allowed under the Rules and these Procedures. [This paragraph 7.1 applies to each Sponsored Principal \(or, to the extent that a Sponsor operates Nominated Bank Accounts in respect of an Individually Segregated Sponsored Account, each such Sponsor\) in the same way as it applies to a Clearing Member, subject to Part 19 of the Rules.](#)
- 7.2 Pursuant to Clearing Membership Agreements [and Sponsored Principal Clearing Agreements](#), the Clearing House receives all non-cash assets provided to it for accounts that are not Pledged Collateral Accounts pursuant to title transfer. For Pledged Collateral Accounts, pursuant to the relevant Pledged Collateral Addendum, the Clearing House is beneficiary of a pledge over such assets. The Clearing House holds all non-cash assets provided to it as Permitted Cover with a third party custodian (which may in turn use sub-custodians). Non-cash assets transferred to the Clearing House by way of title transfer cease to belong to the Clearing Member, [Sponsored Principal or Sponsor](#) upon transfer to the Clearing House. The Clearing House will operate ~~up to six separate~~ custody accounts in respect of each Clearing Member ~~at its custodian in respect of F&O Contracts: a house account (in respect of Proprietary Account margin), up to four client accounts (one in respect of each separate Customer Account) and a Guaranty Fund account~~ [or Sponsored Principal, one custody account in respect of and linked to each of its Accounts \(save for Margin-flow Co-mingled Accounts, where only one custody account will be available\) and, in the case of Clearing Members, one account each in respect of its F&O Guaranty Fund Contributions, CDS Guaranty Fund Contributions and FX Guaranty Fund Contributions.](#) In addition, the Clearing House will operate up to ~~two further~~ [three](#) custody accounts in respect of each [Proprietary Account of each](#) Clearing Member ~~at its custodian in respect of CDS Contracts: a house account and a Guaranty Fund account; one for F&O, one for CDS and one for FX.~~ Such accounts are labelled by the custodian with the name of the relevant Clearing Member, for administrative convenience only in the case of accounts that are not Pledged Collateral Accounts. Client accounts will not be maintained for Clearing Members undertaking only Proprietary Account business. This structure is intended to facilitate tax reporting and avoids unnecessary withholding of tax at source. ~~Clearing Member returns on cash~~ [Returns on Permitted Cover](#) held in ~~the~~ [a](#) Guaranty Fund [Contribution custody](#) account will be for the credit of the [relevant](#) Proprietary Account.
- 7.3 In the event that a Clearing Member wishes to lodge U.S. Government securities as Permitted Cover, Clearing Members are required to complete and return a Form W-8BEN “Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding” (non-U.S. entities) or a Form W-9 “Request for

Taxpayer Identification Number and Certification” (U.S. entities). ~~Clearing Members~~In the event that a Sponsored Principal or Sponsor wishes to lodge U.S. Government securities as Permitted Cover, the Sponsored Principal is required to complete and return a Form W-8BEN “Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding” (non-U.S. entities) or a Form W-9 “Request for Taxpayer Identification Number and Certification” (U.S. entities) specifying the name and details of the Sponsored Principal. Clearing Members, Sponsors and Sponsored Principals must inform the Clearing House of any changes in relevant tax status or the information provided in any such form. Late provision of information may result in unnecessary tax withholdings, deductions, penalties or costs. The Clearing House shall not be liable to Clearing Members, Sponsors or Sponsored Principals for any such withholdings, deductions, penalties or costs, save as provided otherwise pursuant to the ~~Contract Terms~~CDS Procedures in relation to CDS Contracts. Where necessary, the Clearing House’s custodian will make available a tax certificate or other details which may be required for tax purposes from time to time. Declarations relating to ‘beneficial ownership’ on IRS Form W-8BEN or IRS Form W-9 are based upon U.S. tax law concepts and do not affect the transfer of title, pledge or property rights provided for under ~~the~~ Clearing Membership Agreements, Sponsor Agreements or Sponsored Principal Clearing Agreements, nor do they put ICE Clear on notice of any Encumbrance.

## 8. PERMITTED COVER: SECURITIES

8.1 The Clearing House will publish by Circular a list from time to time setting out all security classes acceptable as non-cash Permitted Cover, specifying any restrictions for such Permitted Cover applicable by way of class or status of Clearing Member or Sponsored Principal, account or Contract. Applicable ‘haircuts’ will also be published and amended by Circular. The amount of recognised Permitted Cover at the Clearing House attributable to a particular security is the market value of the relevant security multiplied by the applicable haircut. Within ECS, details of international security identification numbers (ISINs) for all acceptable Permitted Cover will be provided. New issues are automatically added to the list and can be selected for settlement and coverage. The Clearing House is entitled to remove securities from the list of accepted Permitted Cover or to vary haircuts at any time.

8.2 Clearing Members and Sponsored Principals may suggest to the Clearing House’s ~~Risk~~risk department that a new class or series of permitted cover be included within the list of acceptable Permitted Cover. A request form to lodge new ~~Certificates~~certificates of ~~Deposit~~deposit is available on the member-only section of the Clearing House website. New classes will only be added after approval by the Risk department. A limited sub-set of the acceptable securities are accepted by the Clearing House in respect of required Guaranty Fund Contributions. ~~The Clearing Members will be notified by Circular of the specific classes~~House will set out and amend the list of acceptable Permitted Cover by a Circular.

8.3 The Clearing House does not recognise any value for non-cash collateral as from the day falling one full Business Day prior to redemption or maturity. Clearing Members and Sponsored Principals must arrange for substitute Permitted Cover on or prior to such time. The Clearing House will use endeavours (but shall not be required) to contact Clearing Members and Sponsored Principals or their Sponsors who have securities nearing maturity in order to assist with the timely lodgement of alternative Permitted Cover.

8.4 Notwithstanding paragraph 8.1, a Clearing Member, Sponsor or Sponsored Principal may not use any financial instrument otherwise agreed by the Clearing House to be eligible as Permitted Cover where such financial instrument is issued by such Clearing Member, Sponsor or Sponsored Principal or one of its Affiliates except in the case of a covered bond and only where the assets backing that bond are appropriately segregated within a robust legal framework which the Clearing House determines to satisfy applicable requirements under Applicable Law.

## 9. PERMITTED COVER: EMISSIONS ALLOWANCES

9.1 This paragraph 9 applies to each Sponsored Principal (or, if a Sponsor has been appointed as responsible for making and receiving transfers in respect of Permitted Cover in the form of Emissions Allowances on an Individually Segregated Sponsored Account, the Sponsor) in the same way as it applies to a Clearing

Member, subject to Part 19 of the Rules. The following definitions apply to this part of the Finance Procedures:

- (a) The term “**Account**” means an account maintained by the Registry pursuant to the Registry Regulations in order to record the holding and transfer of EUAs and/or CERs.
- (b) The term “**Allowance Type**” has the same meaning as that given to the term in the ICE Futures Europe Rules, as applicable to the relevant Contract Set.
- (c) The term “**Carbon Emissions Allowance**” or “**EUA**” has the same meaning as that given to the term in the ICE Futures Europe Rules.
- (d) The term “**Certified Emission Reduction**” or “**CER**” has the same meaning as that given to the term in the ICE Futures Europe Rules.
- (e) The term “**Competent Authority**” has the same meaning as that given to the term in the ICE Futures Europe Rules.
- (f) The term “**Emissions Allowance**” shall mean an EUA or CER as the case may be.
- (g) The term “**Emissions Contracts**” where used in this part shall mean the ICE Futures EUA Futures Contract, ICE Futures EUA Daily Futures Contract, ICE Futures EUA Auction Contract, ICE Futures CER Futures Contract, ICE Futures CER Futures Daily Contract or any other Contract (as defined in the ICE Futures Europe Rules) referencing an Emissions Allowance which may be launched by ICE Futures Europe from time to time, to be delivered pursuant to and in accordance with the Delivery Procedures.
- (h) The term “**Emissions Directive**” has the same meaning as that given to the term in the ICE Futures Europe Rules.
- (i) The term “**Kyoto Protocol**” has the same meaning as that given to the term in the ICE Futures Europe Rules.
- (j) The term “**Linking Directive**” has the same meaning as that given to the term in the ICE Futures Europe Rules.
- (k) The term “**Registry**” (i) in respect of an EUA, or CER, means the single Union registry established pursuant to the Registry Regulations in order to ensure the accurate accounting of the holding, transfer, acquisition, surrender, cancellation, and replacement of EUAs or CERs under the Scheme.
- (l) The term “**Registry Regulations**” has the same meaning as that given to the term in the ICE Futures Europe Rules.
- (m) The term “**Scheme**” means the scheme for transferring EUAs or CERs established pursuant to the Emissions Directive, as implemented by relevant national law.
- (n) The term “**Transfer Request**” means a request to effect a transfer of an Emissions Allowance, submitted by a Clearing Member to the Registry in the manner required by the Registry Regulations or relevant Applicable Laws and otherwise in accordance with the Rules and ICE Futures Europe Rules, and EUA Transfer Request or CER Transfer Request, shall have the corresponding meanings, as applicable.
- (o) The term “**UNFCC**” has the same meaning as that given to the term in the ICE Futures Europe Rules.

- (p) The term “UNFCCC Independent Transaction Log” has the same meaning as that given to the term in the ICE Futures Europe Rules.
- 9.2 Clearing Members may use Emissions Allowances to satisfy Original Margin requirements [in relation to an Emissions Contract of a Set for which such Emissions Allowance is a Deliverable](#) (unless agreed otherwise by the Clearing House at its discretion) [and will be subject to a haircut which will be confirmed by Circular](#). The Clearing House has set a position limit of 30% of total initial margin requirement, per Clearing Member, in relation to the deposit of EUAs, and 5% of total initial margin requirement for CERs. ~~Emissions Allowances may only be used as Permitted Cover in relation Original Margin in respect of F&O Contracts and will be subject to a haircut which will be confirmed by Circular.~~
- 9.3 Emissions Allowances to be used as Permitted Cover shall fall within the applicable Allowance Type ~~and~~ [shall only be used to satisfy Original Margin requirements or any delivery obligation in relation to an Emissions Contract of a Set for which such Emissions Allowance is a Deliverable and shall meet](#) any other eligibility criteria described in ICE Futures Europe Rules. Clearing Members will be liable to the Clearing House for any loss to the Clearing House resulting from Emissions Allowances deposited as Original Margin which do not comply with these Procedures.
- 9.4 For the avoidance of doubt, Clearing Members will not be able to use an Emissions Allowance deposited with the Clearing House as Original Margin to meet a delivery obligation arising pursuant to an Emissions Contract.
- 9.5 Deposits and withdrawals of Emissions Allowances must be made in minimum increments of 1,000 EUAs or CERs as the case may be, each such Emissions Allowance being an entitlement to emit one tonne of carbon dioxide equivalent.
- 9.6 Emissions Allowances received before 13:00 hours on a Business Day will be reflected in Permitted Cover on the same Business Day. Emissions Allowances received after 13:00 hours will not be treated as having been received until the next Business Day.
- 9.7 Transfer of Emissions Allowances to an Account of the Clearing House, must be ~~done~~[made](#) in accordance with the provisions of the Registry Regulations. The Clearing House is not responsible for, and/or shall have no liability whatsoever as a result of the performance or non-performance of the Registry or the UNFCCC Independent Transaction Log, and the exclusions of liability set out in the Delivery Procedures, ICE Futures Europe Rules and/or Rules with respect to the transfer of Emissions Allowances shall apply to transfers of collateral pursuant to these Finance Procedures, *mutatis mutandis*.
- 9.8 Collateral management in Emissions Allowances is only possible on Business Days.
- 9.9 The Emissions Allowances will be priced daily using the Official Daily Settlement prices for the ICE Futures EUA Daily Futures Contract and the ICE Futures CER Futures Daily ~~Contract as~~[Contract as](#) applicable. The Clearing House retains the right to adjust the price if the ~~Risk Department~~[risk department](#) regards this necessary.

#### Issue procedure

- 9.10 Prior to transferring Emissions Allowances, the Clearing Member must provide details of the Account for the relevant Transfer Request. This information must be provided on the standard form provided by the Clearing House and signed by two ~~Authorised Signatories~~[authorised signatories](#). A template of this form is available on the Clearing House website.
- 9.11 For every transfer or Transfer Request relating to Emissions Allowances, the Clearing Member must instruct the Clearing House using the standard form provided by the Clearing House. A template of this form is available on the Clearing House website. Any uninstructed deposit will be returned by the Clearing House.

- 9.12 A transfer must be made to any Account of the Clearing House as notified to Clearing Members from time-to-time. For the avoidance of doubt, the Clearing House has established a dedicated Account at the Registry to hold Emissions Allowances as collateral.
- 9.13 The Clearing House has the right to reject instructions in the event that: (i) insufficient information has been supplied; (ii) counterparty Accounts are not pre-advised on the list with allowed counterparties; (iii) when concentration limits are exceeded; and (iv) for any other reason that places the Clearing House under additional risk.
- 9.14 The position in the Clearing House's collateral system ECS will be adjusted prior to the delivery or after confirmation of receipt in any Clearing House Account by the Registry. The adjustment of the position will have immediate effect on the value of available collateral.

#### Expiry

- 9.15 The Clearing House is entitled to remove any or all Emissions Allowances from the list of accepted Permitted Cover or to vary haircuts at any time.
- 9.16 EUAAs (as defined in the ICE Futures Europe Rules) and ERUs (as defined in the ICE Futures Europe Rules) are not eligible as Permitted Cover.

### 10. PERMITTED COVER: GOLD BULLION

#### General

- 10.1 [This paragraph 10 applies to each Sponsored Principal \(or, if a Sponsor has been appointed as responsible for making and receiving transfers in respect of Permitted Cover in the form of Gold Bullion on an Individually Segregated Sponsored Account, the Sponsor\) in the same way as it applies to a Clearing Member, subject to Part 19 of the Rules.](#) The following definitions apply to this part of the Finance Procedures:

- (a) The term "**Gold Bullion**" shall have the same meaning as "London Good Delivery Bars" as set by London Bullion and Metals Association ("**LBMA**").
- (b) "**AURUM**" means the electronic matching and settlement system operated by London Precious Metal Clearing Limited ("**LPMCL**").
- (c) "**Market Rules**" means the rules, regulations, practices and customs of the LBMA, LPMCL, the Financial ~~Services~~[Conduct Authority, the Prudential Regulatory](#) Authority, the Bank of England and such other regulatory authority or other body, relevant to the transfer and safekeeping of Gold Bullion.
- (d) "**Unallocated Account**" established at the custodian for the purpose of transferring Gold Bullion between the Clearing House and the Clearing Member. Gold Bullion in the Unallocated Account will be unidentifiable, and present the contractual obligations from the custodian to the Clearing House.
- (e) "**Allocated Account**" established at the custodian for the purpose of safekeeping Gold Bullion. Gold Bullion on the Allocated Account is physically held in the custodian's vaults and identifiable by serial numbers.
- (f) "**Business Day**" means a day (excluding Saturdays, Sundays and public holidays) on which AURUM, the settlement system operated by LPMCL, is open for the transfer of Gold Bullion.

- 10.2 Clearing Members may use Gold Bullion to satisfy Original Margin ~~and~~, Initial [Margin and FX Original](#) Margin requirements (unless agreed otherwise by the Clearing House at its discretion). The Clearing House has set a Collateral limit of the lower of 250 million US Dollar or 30% of total ~~Original~~[Initial](#)

Margin or [Initial FX Original](#) Margin requirement, per Clearing Member. ~~Gold Bullion may be used as Permitted Cover in relation to Original Margin in respect of F&O Contracts and Initial Margin in relation to CDS Contracts and will be subject to a haircut which will be confirmed by Circular.~~

- 10.3 Gold Bullion to be used as Permitted Cover shall conform to the eligibility criteria described by the LBMA and transfers shall be in conformance with the Market Rules. Clearing Members will be liable to the Clearing House in the event that the Clearing House incurs any loss as a result of Gold Bullion being delivered to the Clearing House as Original Margin ~~or~~ Initial [Margin or FX Original](#) Margin which does not comply with these Procedures
- 10.4 The Clearing House limits its liabilities for loss or damage of all Gold Bullion on deposit. Prior to the first deposit the Clearing House must have received a signed copy of the “Gold Supplement” to the Clearing Member Agreement [or Sponsored Principal Clearing Agreement](#). A template of this agreement will be provided by the Clearing House.
- 10.5 Deposits and withdrawals of Gold Bullion must be made in increments of 1 Troy Ounce.
- 10.6 Gold Bullion received before 16:00 hours (London time) on a Business Day will be reflected in Permitted Cover on the same Business Day. Gold Bullion received after 16:00 hours (London time) will be treated as having been not received until the next Business Day.
- 10.7 Transfer of Gold Bullion to the Unallocated Account of the Clearing House, must be done in accordance with the provisions of the LBMA and LPMCL. The Clearing House is not responsible for, and/or shall have no liability whatsoever as a result of, the performance or non-performance of any settlement system or settlement party.
- 10.8 Management of the Gold Bullion as margin is only possible on Business Days as set by LPMCL. Additionally the Clearing House is not able to transfer assets on ~~Non~~[non](#)-Clearing ~~Days~~[days](#) or UK ~~Bank Holidays~~[bank holidays](#) in case they differ from the non ~~Business~~ Days.
- 10.9 The Gold Bullion will be priced daily using the 15:00 fixing of the London Gold Fixing price by Gold Market Fixing Ltd. The Gold Bullion will be quoted in US Dollars. The Clearing House retains the right to adjust the price if the Risk Department regards this as necessary.
- 10.10 Gold Bullion will be held in physical form in the vaults of our custodian JPMorgan Chase Bank NA.

#### **Transfer procedure**

- 10.11 Prior to transferring Gold Bullion the Clearing Member must provide details of the standard counterparty account and the contact details of the persons authorised to instruct on behalf of the Member. This information must be provided on the standard form provided by the Clearing House and signed by two Authorised Signatories. A template of this form will be provided by the Clearing House.
- 10.12 For every transfer of Gold Bullion, the Clearing Member must instruct the Clearing House using the standard form provided by the Clearing House. Any uninstructed deposits will not be accepted as Permitted Cover and the Clearing House shall try to return the assets as soon as possible. The Clearing House is not liable for any losses resulting from transfers which do not comply with these procedures.
- 10.13 A transfer must be made to the Unallocated Account of the Clearing House as notified to [Clearing](#) Members from time-to-time. The transfer has to be made via AURUM, the electronic matching and settlement system operated by LPMCL.
- 10.14 Transfer instructions to the Clearing House have to be received prior to the:

Instruction deadline      11:00 (London Time).

Instructions received after the deadline or instructions pending in anticipation of the provision of alternative margin after the deadline will be rejected by the Clearing House.

- 10.15 The Clearing House has established an Allocated Account for Gold Bullion received as Permitted Cover. The Clearing House shall manage the transfers between the Allocated [Accounts](#) and Unallocated Accounts.
- 10.16 The Clearing House has the right to reject instructions in the event that: (i) insufficient information has been supplied; (ii) counterparty accounts are not pre-advised on the list with allowed counterparties; (iii) when concentration limits are exceeded; and (iv) the transfer results in uncovered liabilities towards the Clearing House; or, (v) for any other reason that places the Clearing House under additional risk.
- 10.17 The position in the Clearing House's collateral system ECS will be adjusted prior to the withdrawal or after confirmation of deposit in the Clearing House's Unallocated Account by its custodian. The adjustment of the position will have immediate effect on the value of available collateral.

#### **Expiry**

- 10.18 The Clearing House is entitled to remove Gold Bullion from the list of accepted Permitted Cover or to vary haircuts at any time.

### **11. SETTLEMENT PROCEDURES FOR NON-CASH COLLATERAL**

[This paragraph 11 applies to each Sponsored Principal \(or, if a Sponsor has been appointed as responsible for meeting obligations in respect of non-cash collateral on an Individually Segregated Sponsored Account, the Sponsor\) in the same way as it applies to a Clearing Member, subject to Part 19 of the Rules.](#)

#### **11.1 Instruction Type**

All transactions to deposit or withdraw from the Clearing House will be executed free of payment.

#### **11.2 Trade and Settlement Date**

- (a) The Clearing House presumes that all trade dates and contractual settlement dates are equal to the date of entry of an instruction in ECS, because all relevant settlement systems and depositories for Permitted Cover support same day settlement. Any deviation from this assumption must be notified to the Clearing House as it will result in a mismatch and non-settlement.
- (b) Settlements must take place during normal opening hours of the relevant settlement or depository system. The Clearing House will not give settlement instructions in extended settlement periods such as 'daylight' or 'Real Time Settlement' ~~(RTS)~~ periods.

#### **11.3 Custody and Sub-custody**

- (a) Settlement of a transfer of Permitted Cover from the Clearing House to a Clearing Member may only be effected when the relevant securities to be subject to settlement are under custody of the Clearing House's custodian at the moment that settlement instructions are made.
- (b) Each settlement between the Clearing House and a Clearing Member must be effected pursuant to a transaction within the relevant settlement or depository system. The Clearing House does not support cross-border or inter-settlement facility settlements, bridge transactions or similar transactions, for example, transactions between Euroclear and Clearstream Luxembourg.

#### **11.4 Matching of Settlement Instructions**

The Clearing House will support the matching mechanism of at least one major settlement system or depository for securities acceptable as Permitted Cover. ECS requires only the minimum necessary information required by such systems and depositories in order for matching of a counterparty's instruction. The Clearing House will notify Clearing Members of the relevant account details for matching. However, it is the responsibility of the Clearing Member to ensure that instructions entered into ECS are correctly matched. The Clearing House will not be liable for any losses of Clearing Members or third parties caused by non-settlement or a delay in settlement as a result of the actions or omissions of a settlement system, a depository or the Clearing Member (save for any liability which by law may not be excluded).

Matching criteria per settlement institute (and ICE settlement details) are set out below:

<b>CBF (DE)</b>	Instruction deadline:	10:00 (GMT/BST)
	Trade date:	Entry day
	Contractual Settlement date:	Entry day
	CBF participant number:	ICE detail: 7015 Deutsche Bank AG, Frankfurt
	Sub account:	100925027517 JPMorgan Chase UK
	Own account transfers into an account of the Clearing House will not be supported and the stock will be returned.	
<b>EOC France (FR)</b>	Instruction deadline:	13:00 (GMT/BST)
	Trade date:	Entry day
	Contractual <del>Settlement</del> <u>settlement</u> date:	Entry day
	Sicovam participant number:	ICE detail: EGSP/030 BNP Security Services
	Sub account:	63353H JPMorgan Chase UK
<b>EOC GB/IE (GB)</b>	Instruction deadline:	12:00 (GMT/BST)
	Trade date:	Entry day
	Contractual Settlement date:	Entry day
	CREST participant number:	ICE detail: 82XHJ JPMorgan
<b>FED (US)</b>	Instruction deadline:	17.00 (GMT/BST)
	Trade date:	Entry day
	Contractual Settlement date:	Entry day
	FED participant's :	ICE detail: (fed mnemonic)

		JPM MORGAN CHASE/CCC
		ABA 021000021
	Sub account :	G68292 JPMorgan Chase UK (for Proprietary Accounts of all Clearing Members; and Customer Accounts of Clearing Members that are not FCM/ <a href="#">BD</a> Clearing Members)
		G68567 JPMorgan Chase US (for Pledged Collateral Accounts of FCM/ <a href="#">BD</a> Clearing Members)
<b>DTC</b>	<b>(US)</b>	Instruction deadline: 17.00 (GMT/BST)
		Trade date: Entry day
		Contractual Settlement date: Entry day
		DTC participant's BIC: ICE detail: CHASUS33
		DTC participant number: ICE detail: DTC2164
	Sub account :	G68292 JPMorgan Chase UK (for Proprietary Accounts of all Clearing Members; and Customer Accounts of Clearing Members that are not FCM/ <a href="#">BD</a> Clearing Members)
		G68567 JPMorgan Chase US (for Pledged Collateral Accounts of FCM/ <a href="#">BD</a> Clearing Members)
<b>EOC</b>	<b>bank</b>	Instruction deadline: 15:00 (GMT/BST)
		Trade date: Entry day
		Contractual Settlement date: Entry day
		EOC participant number ICE detail: 14800 JPMorgan Chase Bank
		Own account transfers into an account of the Clearing House will not be supported and the stock will be returned.
<b>CBL</b>		Instruction deadline: 15:00 (GMT/BST)
<b>(Clearstream</b>		
<b>Lux.)</b>		
		Trade date: Entry day
		Contractual Settlement date: Entry day

CBL participant number:

ICE detail: 13543 JPMorgan Chase  
Bank

Own account transfers into an account of the Clearing House will not be supported and the stock will be returned.

[Direct accounts of the Clearing House at settlement systems may also be notified by the Clearing House to Clearing Members from time to time and must be used instead of any of the above accounts, where the Clearing House and Clearing Member are able to do so.](#)

#### 11.5 Settlement cancellations and unsettled transactions

- (a) Clearing Members may only cancel settlement instructions prior to the time when the Clearing House sends settlement instructions to its custodian. After the Clearing House has sent instructions to its custodian, the Clearing House and ECS will assume that the transaction has been executed and settled.
- (b) All unsettled transactions are automatically cancelled at the end of each day in ECS. In the event that the relevant settlement system or depository does not support one-sided cancellations and the transaction settles after the contractual settlement date, relevant securities will not be taken into account as Permitted Cover. If same-day settlement does not occur but the Clearing Member still wishes to make settlement, it must cancel the instruction and re-enter that instruction.

#### 11.6 Settlement deadlines

All settlements will be executed by the Clearing House with a request for same-day settlement. As deadlines for settlement systems or on particular days may vary, the Clearing House will provide details of normal deadlines for free-of-payment instructions for each supported settlement system by Circular. Deadlines for settlement systems will be set out and updated in Circulars. Any adjustments of deadlines will be published by Circular. Instructions received after a specified deadline will be rejected by ECS.

#### 11.7 Holidays affecting settlement systems

- (a) If a settlement system or depository is closed, it will not be possible to transfer securities within that system. Clearing Members are allowed to use alternative settlement systems or types of collateral to cover Margin requirements or Guaranty Fund Contribution requirements. Clearing Members wishing to deliver securities through either of Euroclear Bank or Clearstream Bank Luxemburg should contact the Clearing House's Treasury department.
- (b) UK bank holidays will not affect the settlement of transaction in non-UK instruments.

#### 11.8 Status settlement transaction

The Clearing House will provide updated information on the settlement status of transactions through ECS. Clearing Members are responsible for monitoring the status of settlements. The status of a transaction as matched or not matched is not reported upon by the Clearing House and must be confirmed by Clearing Members directly with the relevant settlement system or depository.

### 12. LETTERS OF CREDIT

#### 12.1 General

- (a) A letter of credit drawn in compliance with these Procedures and the Clearing Membership Agreement [or Sponsored Principal Clearing Agreement](#) ("**Letter of Credit**") may be used by:

- (i) an F&O Clearing Member which is not regulated by a financial Regulatory Authority as Permitted Cover to satisfy Original Margin, subject to a maximum of 50% of Original Margin (unless agreed otherwise by the Clearing House at its discretion) (a "**Standard Letter of Credit**"); or
- (ii) an F&O Clearing Member which is regulated by a financial Regulatory Authority if the Applicant under the relevant Pass-Through Letter of Credit is ~~not regulated by a non-financial institution~~ Regulatory Authority, subject to a maximum of 50% of Original Margin requirements (unless agreed otherwise by the Clearing House at its discretion) (a "**Pass-Through Letter of Credit**");
- (iii) a Sponsored Principal that clears F&O which is not regulated by a financial Regulatory Authority as Permitted Cover to satisfy Original Margin, subject to a maximum of 50% of Original Margin (unless agreed otherwise by the Clearing House at its discretion) under a standard Letter of Credit and in such circumstances, this paragraph 12 applies to such Sponsored Principal (as if it were the Clearing Member) and standard Letter of Credit (as if it were a Standard Letter of Credit), subject to Part 19 of the Rules; or
- (iv) a Sponsored Principal that clears F&O which is not regulated by a financial Regulatory Authority, if the Sponsored Principal is the Applicant under a pass-through Letter of Credit, subject to a maximum of 50% of Original Margin requirements (unless agreed otherwise by the Clearing House at its discretion) and in such circumstances, this paragraph 12 applies to such Sponsored Principal (as if it were the client and Applicant), Sponsor (as if it were the Clearing Member) and pass-through Letter of Credit (as if it were a Pass-Through Letter of Credit), subject to Part 19 of the Rules.

Clearing Members must contact the Clearing House's Treasury Department in advance in connection with the issuance of any Letter of Credit.

It is at the discretion of the Clearing House to accept or reject the Letter of Credit as Permitted Cover without any obligation to communicate the reason for its decision.

- (b) A Letter of Credit is an undertaking by an Issuing Bank acceptable to the Clearing House to make a payment to the Clearing House within a specific time, upon the presentation of documents or the occurrence of certain events. The Letter of Credit is not expected to be drawn upon in absence of an Event of Default or other payment difficulty.

The Letter of Credit is irrevocable and can be neither amended nor cancelled without the agreement of the Issuing Bank, the Clearing House and the Clearing Member. To the fullest extent possible under Applicable Law the Issuing Bank must not be able to rely on any legal or contractual exemption or defence to oppose a payment made pursuant to a Letter of Credit. The form of any Letter of Credit must be approved by the Clearing House. However, Clearing Members are responsible for procuring that the terms of each Letter of Credit are consistent with these Procedures and the Rules. Clearing Members will be liable to the Clearing House for any loss to the Clearing House resulting from the terms of a Letter of Credit not complying with these Procedures.

- (c) The Pass-Through Letter of Credit is issued by an Issuing Bank acceptable to the Clearing House at the instruction of a Clearing Member's client to make payment to the Clearing House within a specific time, upon the presentation of documents or the occurrence of certain events. The Letter of Credit will only be drawn upon on the occurrence of an Event of Default of the relevant client's Clearing Member. Further the form of Pass-Through Letter of Credit contains a facility whereby it can be transferred in whole to the client's Clearing Member, provided that the Clearing Member covers Margin liabilities covered by the Pass-Through Letter of Credit in advance of the transfer, with alternative Margin as appropriate. Therefore this form of

Pass-Through Letter of Credit also provides the Clearing Member with collateral through the right of transfer.

- (d) In case of recourse being made to a Letter of Credit, the Clearing House may request the Issuing Bank to deliver funds upon presentation by the Clearing House or its agent to the Issuing Bank of a written certificate or an electronic record stating that an Event of Default has been declared in respect of the Clearing Member. The amount that the Issuing Bank is liable to pay will be capped at the maximum amount specified in the Letter of Credit.
- (e) To the extent that paragraph (h) of Section 2 of Annex I to Regulation 152/2013 is in force and in effect with respect to a particular Clearing Member, collateral in the form of Permitted Cover (other than Letters of Credit) shall be provided to the Clearing House as collateral for the Letter of Credit by the Clearing Member or by the Issuing Bank at the times and in the manner specified in the Rules for the transfer of Permitted Cover by Clearing Members. Transfer shall be by way of outright transfer of cash or, as the case may be, title to securities, to or to the order of the Clearing House. Transfers or deliveries in respect of such collateral in the form of Permitted Cover shall be reflected in such accounts of the Clearing Member at the Clearing House as may be specified from time to time by the Clearing House.
- (f) The Clearing Member or Issuing Bank will transfer or deliver collateral under a Letter of Credit in the form of Permitted Cover of such amount and within such time limits as are required in accordance with the Rules from time to time.
- (g) Where the Clearing House has any obligation to re-transfer or re-deliver to the Clearing Member or Issuing Bank any cash or securities which have been previously transferred or delivered to the Clearing House by such Clearing Member or Issuing Bank as collateral for a Letter of Credit, the obligation of the Clearing House will be to transfer or deliver the amount of cash or equivalent securities (being securities of the same type, nominal value, description and amount; or, where any securities have been redeemed or undergone some other change after their transfer or delivery to the Clearing House, the proceeds of such redemption, less any deduction or withholding for or an account of tax required by Applicable Laws, or the securities so changed shall be equivalent securities for these purposes) and accordingly, the Clearing House shall have the right to deal with any amounts or securities transferred or delivered to it as referred to in this paragraph 12.1 in any manner.
- (h) In relation only to Permitted Cover in the form of cash held by the Clearing House as collateral for a Letter of Credit, the Clearing House will transfer to the Clearing Member or Issuing Bank an amount in respect of interest on the net amount of Permitted Cover to the Clearing Member's account from time to time at the rate determined by the Clearing House from time to time, less any deduction or withholding for or on account of tax required by Applicable Laws.
- (i) Each of the Clearing House, the Clearing Member and the Issuing Bank, as applicable, represents to the Clearing House, the Clearing Member or the Issuing Bank, as applicable, (which representation shall be deemed to be repeated as of each date on which such Person transfers, re-transfers, delivers or re-delivers any amounts or securities to the Clearing House, the Clearing Member or the Issuing Bank, as applicable, or as referred to in this paragraph 12.1) that it is the sole owner of or otherwise has the right to transfer all such amounts or securities provided as collateral for a Letter of Credit to the other party, free and clear of any Encumbrances of the transferor or of any third Person (other than a lien routinely imposed on all securities in a relevant settlement system or central securities depository, not being the Clearing House, and, in the case of the Clearing House, any deduction or withholding for or an account of tax required by Applicable Laws). All right, title and interest in and to any amounts or securities transferred, re-transferred, delivered or re-delivered as referred to in this paragraph 12.1 shall vest in the recipient free and clear of any rights or Encumbrances of the transferor or of any third Person accordingly.

- (j) This paragraph 12.1 is intended to create an ownership right in relation to any cash or other property transferred by the Clearing Member or Issuing Bank to the Clearing House pursuant to this paragraph 12.1. Nothing in this paragraph 12.1 is intended to create or does create in favour of the Clearing House or any other person any Encumbrance in relation to any cash or other property transferred by the Clearing Member or Issuing Bank to the Clearing House pursuant to this paragraph 12.1.
- (k) The Clearing House may attribute a value to any item of Permitted Cover which is less than the face or market value thereof (the discount from face or market value being known as a "haircut") and that the Clearing House may, from time to time, change the way in which it values Permitted Cover or the extent to which the value it attributes to items of Permitted Cover is less than the face or market value thereof and that this may affect the Clearing Member or Issuing Bank's obligations to transfer or deliver amounts or securities for the purposes of this paragraph 12.1.
- (l) Each Clearing Member, Issuing Bank and the Clearing House agree that the provisions of this paragraph 12.1 and the provisions of the Rules relating to such transfer and the procedures to be followed on the occurrence of an Event of Default are intended to fall within the scope of the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003/3226) and that the provisions of those regulations may accordingly be applied.
- (m) A Letter of Credit may cease to be eligible as Permitted Cover where the relevant Clearing Member or Issuing Bank fails to provide sufficient or adequate collateral by way of Permitted Cover as determined by the Clearing House.

## 12.2 Issuing Bank

- (a) The Clearing Member must advise the Clearing House of its intention to seek issuance of a Letter of Credit to meet relevant Margin obligations. The Clearing Member must provide details of the proposed maximum amount under the Letter of Credit and the legal name of the Issuing Bank. In order for it to be acceptable as Margin, the Clearing House must have given its prior consent to the identity of the Issuing Bank and the amount and other terms and conditions of the Letter of Credit.
- (b) General requirements of the Issuing Bank:
- (i) a minimum credit rating of S&P A (or equivalent);
  - (ii) located in the US or EU and the rating of the country of residence should have a minimum credit rating of S&P A (or equivalent);
  - (iii) regulated by Central Bank of the domicile country of the Issuing Bank;
  - (iv) availability of a ~~Balance Sheet~~balance sheet containing capital information which is less than 6 months old. Up to date ~~Corporate Structure~~corporate structure showing the entity issuing the guarantee and the relationship to the direct and ultimate parent company;
  - (v) no adverse signals from developments in market capital vs. book value, share price and CDS rating or from market information; and
  - (vi) no parental guarantees are accepted. The Issuing Bank may not be linked or otherwise affiliated to the Clearing Member or Applicant receiving the guarantee.
- (c) The Clearing House may restrict the guarantee amount if the request leads to an excessive credit exposure to the Issuing Bank. ~~It is at the discretion of the Clearing House to accept or reject the~~

~~Letter of Credit as Permitted Cover without any obligation to communicate the reason for its decision~~

(d) The Issuing Bank must not be an entity whose business the Clearing House determines as involving the provision of services critical to the functioning of the Clearing House, unless the Issuing Bank is an EEA central bank or a central bank of issue of a currency in which the Clearing House has exposures.

### 12.3 Issuing procedure

- (a) The Clearing Member contacts the Clearing House's Treasury Department to advise the Clearing House of its intention to seek issuance of a Letter of Credit to meet relevant Margin obligations and provide the Clearing House with all necessary information using the Letter of Credit Request Form.
- (b) The Clearing Member or the Clearing Member's client in respect of a Pass-Through Letter of Credit (not the Clearing House) must request the Issuing Bank to issue a Letter of Credit and coordinate the issue of any Letter of Credit.
- (c) Upon the issuance of a Letter of Credit, the Issuing Bank will advise an agent appointed by the Clearing House, who will pass details of the Letter of Credit to the Clearing House. The Clearing House will check the details of the Letter of Credit. If the Letter of Credit is acceptable to the Clearing House then, once accepted, it will be reflected in the Clearing Member's collateral reported through ECS. Letters of Credit received before 17:00 hours on a Business Day will be reflected in the collateral on the same Business Day. Letters of Credit received after 17:00 hours will not be treated as having been received until the next Business Day.

### 12.4 Terms of Letter of Credit

#### Standard Letter of Credit

The Letter of Credit must be presented as one in a SWIFT MT700, MT760 or MT799 message to the Beneficiary Agent.

The Clearing House must procure that each Letter of Credit includes as a minimum the following terms and details:

Term	Requirement
General terms	The Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No. 600 (UCP 600) and the Supplement to the Uniform Customs and Practice for Documentary Credits for Electronic Presentation (Version 1.1) ("eUCP")
Beneficiary	ICE Clear Europe Limited of 5 <sup>th</sup> Floor, Milton Gate, 60 Chiswell Street, Moorgate, London EC1Y 4SA, United Kingdom
Beneficiary Agent	JPMorgan Chase Bank N.A., Chaseside, Bournemouth BH7 7DA, United Kingdom, BIC: CHASGB2L
Maximum amount	As agreed by the Clearing House
Currency	As agreed by the Clearing House
Date and time of <del>Issue</del> <u>issue</u>	As agreed by the Clearing House

Term	Requirement
Date and time of <del>Expiry</del> <a href="#">expiry</a>	As agreed by the Clearing House
Documents required	A signed statement from ICE Clear Europe Limited issued on its letterhead and signed by any of its officers, or an electronic record sent on behalf of ICE Clear Europe Limited by JP Morgan Chase Bank, N.A. (the Beneficiary Agent), certifying that an Event of Default (as defined in Part 9 of ICE Clear Europe Limited's rules) has been declared in respect of the Applicant.
Additional conditions	<p>In the case of the presentation of an electronic record, the Beneficiary (or the Beneficiary Agent) shall provide a notice to the Issuing Bank signifying when such presentation is complete as required under article e5(c) of the eUCP.</p> <p>The Issuing Bank shall have a maximum of one banking day following the day of presentation to determine if a presentation is complying and article 14(b) of the UCP 600 is modified accordingly.</p> <p>The Issuing Bank shall honour this Letter of Credit by payment one banking day following the day of presentation to or to the order of the Beneficiary to such account as notified by the Beneficiary (or the Beneficiary Agent) at the time of presentation of the required document.</p> <p>To the extent that there is any conflict between this Letter of Credit and the UCP 600 and/or the eUCP, this letter of credit shall prevail.</p> <p>This Letter of Credit and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law. The Issuing Bank hereby submits to the exclusive jurisdiction of the English courts.</p>
Costs of issuing and exercising the Letter of Credit	Charges paid by the Applicant

### Pass-Through Letter of Credit

The Pass-Through Letter of Credit consists of:

1. the Initial Letter of Credit;
2. the Form of Transfer including the Transferred Letter of Credit; and
3. the Side Letter.

The Initial Letter of Credit and Form of Transfer must be presented as one in a SWIFT MT760 or MT799 message to the Beneficiary Agent. The Side Letter will be presented by the Clearing House to the Clearing Member upon receipt of the Letter of Credit.

The Required Document in the Transferred Letter of Credit differs depending on the regulatory status of the Clearing Member. It is the responsibility of the Clearing Member to assess the wording of the Letter of Credit and only consent with the issue in case the Letter of Credit is acceptable by the Clearing Member as Permitted Cover and fully compliant with its regulatory requirements.

#### Ad 1 Initial Letter of Credit

Term	Requirement
General terms	The Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No. 600 ("UCP 600") and the Supplement to the Uniform Customs and Practice for Documentary Credits for Electronic Presentation (Version 1.1) ("eUCP")
Beneficiary	ICE Clear Europe Limited of 5 <sup>th</sup> Floor, Milton Gate, 60 Chiswell Street, Moorgate, London EC1Y 4SA, United Kingdom
Beneficiary Agent	JPMorgan Chase Bank N.A., Chaseside, Bournemouth BH7 7DA, United Kingdom, BIC: CHASGB2L
Maximum amount	As agreed by the Clearing House
Currency	As agreed by the Clearing House
Documents required	A signed statement from ICE Clear Europe Limited issued on its letterhead and signed by any of its officers, or, an electronic record sent on behalf of ICE Clear Europe Limited by JP Morgan Chase Bank, N.A. (the <b>Beneficiary Agent</b> ), certifying that an Event of Default (as defined in Part 9 of ICE Clear Europe Limited's rules) has been declared in respect of [insert name of Clearing Member] (the " <b>Clearing Member</b> ").
Conditions	<p>This Letter of Credit will become effective at [time], London time, on [date] and will expire at [time], London time, on [date] at the Issuing Bank's counter.</p> <p>In the case of the presentation of an electronic record, the Beneficiary (or the Beneficiary Agent) shall provide a notice to the Issuing Bank signifying when such presentation is complete as required under Article e5(c) of the eUCP (as defined below).</p> <p>The Issuing Bank shall have a maximum of one banking day following the day of presentation to determine if a presentation is complying and Article 14(b) of the UCP 600 (as defined below) is modified accordingly.</p> <p>The Issuing Bank shall honour this Letter of Credit by payment one banking day following the day of presentation to or to the order of the Beneficiary to such account as notified by the Beneficiary (or the Beneficiary Agent) at the time of presentation of the required document.</p> <p>This Letter of Credit is transferable only to the Clearing</p>

Term	Requirement
	<p>Member and only for the full undrawn value. Any transfer shall be made in accordance with and on the terms set out in the form of transfer set out in the Schedule hereto. The Issuing Bank undertakes to issue in favour of the Clearing Member (and in the form set out in the schedule hereto) this Letter of Credit so transferred. The Beneficiary (or its Beneficiary Agent) is authorised to provide instructions to the Issuing Bank in respect of a transfer of this Letter of Credit pursuant to its terms.</p> <p>This Letter of Credit is subject to The Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No. 600 ("UCP 600") and the Supplement to the Uniform Customs and Practice for Documentary Credits for Electronic Presentation (Version 1.1) ("eUCP"). To the extent that there is any conflict between this Letter of Credit and the UCP 600 and/or the eUCP, this Letter of Credit shall prevail.</p> <p>This Letter of Credit and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law. The Issuing Bank hereby submits to the exclusive jurisdiction of the English courts.</p>
Costs of issuing and exercising the Letter of Credit	Charges paid by the Applicant.

**Ad 2 Form of Transfer**

Term	Requirement
Instructed by	ICE Clear Europe Limited of 5 <sup>th</sup> Floor, Milton Gate, 60 Chiswell Street, Moorgate, London EC1Y 4SA, United Kingdom.
Recipient	Issuing Bank
Beneficiary Agent	JPMorgan Chase Bank N.A., Chaseside, Bournemouth BH7 7DA, United Kingdom, BIC: CHASGB2L
Reference	IRREVOCABLE STANDBY LETTER OF CREDIT NO. [•] FOR [XXX] USD (the " <b>Letter of Credit</b> ") [Issuing Bank's reference number]
Transfer request	<p>Pursuant to the terms of the Letter of Credit, ICE Clear Europe Limited, the Beneficiary of the Letter of Credit, hereby irrevocably transfers the full undrawn amount of the Letter of Credit to:</p> <p>Amount: [Insert amount of Letter of Credit to be transferred] [full undrawn amount]</p>

Term	Requirement
	<p>Name: <i>[Insert name of Clearing Member]</i> (the "<b>Transferee</b>")</p> <p>Address: <i>[Insert address]</i></p> <p>All charges incurred by the Issuing Bank in connection with such transfer will be paid by the Transferee.</p> <p>Please issue in favour of the Transferee a letter of credit in the form attached, reflecting such transfer.</p> <p>Form of Irrevocable Standby Letter of Credit to be issued to the Transferee:</p>
<b>Transferred LC</b>	
General terms	The Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No. 600 (UCP 600) and the Supplement to the Uniform Customs and Practice for Documentary Credits for Electronic Presentation (Version 1.1) ("eUCP").
Beneficiary	The Transferee as mentioned in the Form of Transfer (the " <b>Clearing Member</b> ").
Maximum amount	Whole undrawn amount of Original Letter of Credit.
Currency	As Original Letter of Credit.
Documents required	<p>FOR CLEARING MEMBERS WITHOUT FCM/<a href="#">BD</a> STATUS:</p> <p>A signed statement from <i>[insert name of Transferee]</i> issued on its letterhead and signed by any of its officers, or, an electronic record from <i>[insert name of Transferee]</i> certifying <i>[insert name of applicant]</i> (the "<b>Applicant</b>") has defaulted in relation to its obligations to the <i>[insert name of Transferee]</i>.</p> <p>OR</p> <p>FOR CLEARING MEMBERS WITH FCM/<a href="#">BD</a> STATUS:</p> <p>A signed demand for payment from <i>[insert name of Transferee]</i> issued on its letterhead and signed by any of its officers, or, an electronic record from <i>[insert name of Transferee]</i> making a demand for payment.</p>
Additional conditions	<p>This Letter of Credit will become effective as soon as reasonably practicable after instruction to transfer is given, being <i>[time]</i>, London time, on <i>[date]</i>, and will expire at <i>[time, same as original Letter of Credit]</i>, London time, on <i>[date, same as original Letter of Credit]</i> at the Issuing Bank's counter.</p> <p>In the case of the presentation of an electronic record,</p>

Term	Requirement
	<p>the Beneficiary shall provide a notice to the Issuing Bank signifying when such presentation is complete as required under Article e5(c) of the eUCP.</p> <p>The Issuing Bank shall have a maximum of one banking day following the day of presentation to determine if a presentation is complying and Article 14(b) of the UCP 600 is modified accordingly.</p> <p>The Issuing Bank shall honour this Letter of Credit by payment one banking day following the day of presentation to or to the order of the beneficiary to such account as notified by the Beneficiary (or the Beneficiary Agent) at the time of presentation of the required document.</p> <p>[This Letter of Credit is transferable only to the Clearing Member and only for the full undrawn value. Any transfer shall be made in accordance with and on the terms set out in the form of transfer set out in the Schedule hereto. The Issuing Bank undertakes to issue in favour of the Clearing Member (and in the form set out in the schedule hereto) this Letter of Credit so transferred. The Beneficiary (or its Beneficiary Agent) is authorised to provide instructions to the Issuing Bank in respect of a transfer of this Letter of Credit pursuant to its terms.]</p> <p>This Letter of Credit is subject to The Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No. 600 (<b>UCP 600</b>) and the Supplement to the Uniform Customs and Practice for Documentary Credits for Electronic Presentation (Version 1.1) (<b>eUCP</b>). To the extent that there is any conflict between this Letter of Credit and the UCP 600 and/or the eUCP, this Letter of Credit shall prevail.</p> <p>This Letter of Credit and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law. The Issuing Bank hereby submits to the exclusive jurisdiction of the English courts.</p>
Costs of issuing and exercising the Letter of Credit	Charges paid by the Applicant.

**Ad 3 Side Letter**

Term	Requirement
Issued by	ICE Clear Europe Limited of 5 <sup>th</sup> Floor, Milton Gate, 60 Chiswell Street, Moorgate, London EC1Y 4SA, United Kingdom.
Beneficiary	The Clearing Member.

Term	Requirement
Reference	Irrevocable Standby Letter of Credit for [ <i>name and address of Applicant</i> ], Reference number: [ <i>Issuing Bank's reference number</i> ] (the " <b>Letter of Credit</b> ").
Maximum amount	[ <i>amount</i> ]
Currency	[ <i>currency</i> ]
Conditions	<p>We refer to your proposal to deliver to us a letter of credit issued by [<i>Issuing Bank</i>] (the "<b>Issuing Bank</b>") on the application of customers [<i>name of client</i>] (the "<b>Customer</b>").</p> <p>In addition to any other provisions which apply now or in the future in connection with our receiving Letters of Credit in connection with the delivery by Clearing Members of margin and in consideration of you procuring the issuance and delivery of such letter of credit, we irrevocably confirm and undertake the following:</p> <ol style="list-style-type: none"> <li>1. Provided that you are not a Defaulter under the Rules: <ol style="list-style-type: none"> <li>(a) we will, subject to our obligations of confidentiality and unless prohibited by Applicable Law, notify you as soon as reasonably practicable of any communication we receive in relation to the letter of credit from the Issuing Bank; and</li> <li>(b) subject to the paragraph below, where we have notified you of a request from the Issuing Bank for a reduction in the amount or tenor or a termination of the letter of credit, we will accept or reject the requested reduction in accordance with your written instructions so long as those instructions are received by us not later than close of business in London on the Business Day immediately following our notification to you.</li> </ol> <p>We are not obliged to take account of any instruction from you to accept a reduction in the amount or tenor or termination of the letter of credit unless all amounts due and payable by you (including amounts of margin that would be payable by you as a consequence of such a reduction or termination and including all amounts payable in respect of all your accounts (including your proprietary and customer accounts)) have been duly paid.</p> </li> <li>2. If you deliver a notice in writing to us to transfer the Letter of Credit to you, we will, provided that (a) you are not a Defaulter under the Rules, and (b) all amounts due and payable by you (including amounts</li> </ol>

Term	Requirement
	<p>of margin payable by you as a consequence of such a transfer and including all amounts payable in respect of all your accounts (including your proprietary and customer accounts)) have been duly paid, execute and deliver, as soon as reasonably practicable, to the Issuing Bank a transfer notice in the form attached to the letter of credit for the transfer to you. The notice to transfer may only be for the full undrawn value of the Letter of Credit.</p> <p>We shall be entitled to deal with the Letter of Credit and with the Issuing Bank entirely at our sole discretion, subject only to our obligations to you expressly set out in this letter.</p> <p>Notices to be delivered pursuant to this letter shall be delivered in accordance with Rule 113 of the Rules.</p> <p>Defined terms used in this letter which are not otherwise defined herein will have the meaning given to those terms in the Rules. For this purpose, "<b>Rules</b>" means the ICE Clear Europe's Clearing Rules, together with the Procedures, and as interpreted in accordance with the Guidance and the Circulars, each as amended, restated, supplemented or varied from time to time.</p> <p>Please confirm your agreement to the above by countersigning and returning to us a copy of this letter.</p> <p>This letter is governed by and shall be construed in accordance with English law. Changes and amendments to this letter shall be made in writing by the parties hereto. No person who is not a party to this letter will have any rights pursuant to the Contract (Rights of Third Parties) Act 1999.</p>

[If a Sponsor or Sponsored Principal wishes to use a Letter of Credit, the forms set out in this paragraph 12.4 require amendment to ensure consistency with the principles set out in paragraph 12.1.](#)

#### 12.5 Amendments to Letter of Credit

- (a) All proposed amendments to Letters of Credit must be communicated to the Clearing House in advance of becoming effective and must be agreed to by the Clearing House. Variations to a Letter of Credit may only be made in accordance with the Clearing Membership Agreement, i.e. pursuant to the substitution of a new Letter of Credit approved in the same manner as above or by the agreement between the Issuing Bank, Clearing Member and the Clearing House of a variation to the maximum amount covered by the Letter of Credit.
- (b) Upon the issuance of a Letter of Credit, the Issuing Bank will advise an agent appointed by the Clearing House, who will pass details of the Letter of Credit to the Clearing House. Letters of Credit received before 17:00 hours on a Business Day will be reflected in the collateral on the same Business Day. Letters of Credit received after 17:00 hours will not be treated as having been received until the next Business Day.

- (c) This section is without prejudice to the Clearing House's rights and discretions to cease to recognise any revoked or varied Letter of Credit and require a cash payment or other type of Margin from a Clearing Member in the event of a shortfall of Margin obligations or other liability of the Clearing Member arising.

## 12.6 Expiry and renewal

Clearing Members must notify the Clearing House within three Business Days in writing of any expiry or renewal of a Letter of Credit, including details of its proposals to replace or renew the Letter of Credit. Failure to make such notification two Business Days prior to expiry will result in amounts referable to the Letter of Credit no longer being recognised as Margin.

## 13. RISK MANAGEMENT

### 13.1 Contacting Risk Management

Clearing Members, [Sponsors and Sponsored Principals](#) should contact the Clearing House's Risk department to discuss any special issues relating to Margin, Permitted Cover, Guaranty Fund Contributions, Position Limits or any unusual circumstances or events.

### 13.2 Specific information request

Clearing Members, [Sponsors and Sponsored Principals](#) may be required from time to time to respond to an information request made by the Clearing House. Such a request may include (but shall not be limited to) information concerning:

- (a) the nature and extent of Open Contract Positions;
- (b) identification of a Customer or Customers for whom Open Contract Positions are held;
- (c) explanation of the commercial strategy or rationale relating to Open Contract Positions;
- (d) any economically similar positions at other Clearing Organisations or Exchanges or in over-the-counter instruments; and/or
- (e) details around plans to close out or reduce any Open Contract Positions.

- 13.3 The Clearing House shall be entitled to require written responses and may make further or follow-up requests and visits and inspections. This section is without prejudice to the Clearing House's rights under the Rules, including in relation to the provision of information, audit and disciplinary proceedings.

### 13.4 Staff Availability

Clearing Members, [Sponsors and Sponsored Principals](#) may be required from time to time to make staff of suitable seniority available to attend meetings, called by the Clearing House at reasonable notice, in order to assess:

- (a) the Clearing Member's, [Sponsor's or Sponsored Principal's](#) compliance with the Rules and these Procedures;
- (b) risks to which the Clearing House ~~or~~ Clearing Member, [Sponsor or Sponsored Principal](#) is exposed; or
- (c) any related purposes.

### 13.5 Default Procedure

In the case where the payment deadline is not met, the Clearing House may initiate a default procedure. Without prejudice to Part 9 of the Rules, the default procedure in general may use the following tools:

- (a) ~~Setting~~setting of final deadlines for the Clearing Member, Sponsor or Sponsored Principal to meet requirements;
- (b) ~~Imposition~~imposition of Position Limits;
- (c) ~~Additional~~additional Margin requirements;
- (d) ~~Restriction~~restriction of trading (e.g. new trades only allowed to liquidate existing positions);
- (e) ~~Transfer~~transfer of Open Contract Positions ~~held for Customers~~;
- (f) ~~Liquidation~~liquidation of Permitted Cover;
- (g) ~~Liquidation~~liquidation of Guaranty Fund ~~Contribution~~; and Contributions; or
- (h) ~~Closure~~closure of Open Contract Positions.

### 13.6 Margin Parameters

The Clearing House monitors market volatilities on a daily basis. The Clearing House will review Original Margin, Initial Margin and FX Original Margin rates on a periodic and *ad hoc* basis. Changes to Original Margin, Initial Margin and FX Original Margin rates will be notified to Clearing Members by Circular. With respect to F&O ~~Contracts~~Contracts, *ad hoc* rate changes will become effective on the next Business Day. Routine rate changes will be implemented on the date given in the Circular announcing such changes, normally five Business Days after the date of the Circular. With respect to F&O Contracts, changes to Original Margin rates will be based on an analysis of appropriate factors as determined by the Clearing House, including market prices, historical and implied volatilities of relevant contracts, spreads and correlations between related commodities, other current and anticipated conditions (including liquidity) in the market for the contracts and other relevant information.

### 13.7 Haircuts

The Clearing House will review haircuts applicable for Permitted Cover on a periodic and *ad hoc* basis. Changes to haircuts will be notified to Clearing Members by Circular. With respect to Permitted Cover for F&O Contracts, *ad hoc* rate changes will become effective on the next Business Day. Routine rate changes will be implemented on the date given in the Circular announcing such changes, normally five Business Days after the date of the Circular. With respect to Permitted Cover for F&O Contracts, changes to haircuts will be based on an analysis of appropriate factors as determined by the Clearing House, including historical and implied price volatility of such assets, current and anticipated conditions in the market for those assets, spreads and correlations between relevant assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information.

### 13.8 Permitted Capital Limits

The Clearing House monitors the relationship between Capital and outstanding Original Margin, Initial Margin and FX Original Margin obligations of Clearing Members. If, on aggregate, a Clearing Member's Original Margin, Initial Margin or FX Original Margin is greater than three times the Clearing Member's Capital, the Clearing House may require that further Capital (or substitute Capital) be put in place by the Clearing Member.

The Clearing House will endeavour to contact Clearing Members that may be required to put in place additional Capital in advance of such requirement becoming necessary, in order to agree steps to be taken by the Clearing Members.

### 13.9 Concentrated Positions

The Clearing House monitors Open Contract Positions on a daily basis. Where the Clearing House determines an Open Contract Position to be concentrated, as defined by its ~~Large Positions Policy~~[large positions policy](#), the Clearing House may, at its discretion, ~~seek to protect itself by requesting~~[require](#) that the Clearing Member ~~or Disclosed Principal~~ do ~~either~~[any](#) of the following:

- (a) ~~Reduce~~[reduce](#) an Open Contract Position;
- (b) ~~Lodge~~[lodge](#) additional Permitted Cover with the Clearing House; or
- (c) ~~Lodge~~[lodge](#) or increase the value of an acceptable Letter of Credit.

Positions will be subject to an extra Margin requirement in the case that a single Clearing Member holds more than 20% of the total Margin requirement in the margined product group ~~as defined by the Logical Code in the TRS System~~.

## 14. GUARANTY FUND PARAMETERS AND RESTRICTIONS

### 14.1 F&O Guaranty Fund

The following parameters apply to the F&O Guaranty Fund and F&O Guaranty Fund Contributions, in addition to those parameters specified in the Rules [\(in the case of currencies save to the extent that the Clearing House notifies otherwise whether by Circular or to a particular Clearing Member or allows a different currency to be used to cover the relevant requirements in accordance with these Finance Procedures\)](#):

- (a) F&O Guaranty Fund Contributions [will be](#) calculated in USD;
- (b) minimum F&O Guaranty Fund Contribution of USD 1 million;
- (c) minimum cash portion of F&O Guaranty Fund Contribution is 50%;
- (d) in addition to the above requirement, ~~minimum of US\$~~[first USD](#)10 million in cash (such that any F&O Guaranty Fund Contribution of less than ~~US\$~~[USD](#)10 million must be provided entirely as cash) unless agreed otherwise by the Clearing House; and
- (e) other Permitted Cover for F&O Guaranty Fund Contributions must be USD denominated [for F&O Guaranty Fund Contributions](#).

### 14.2 CDS Guaranty Fund

The following parameters apply to the CDS Guaranty Fund and CDS Guaranty Fund Contributions, in addition to those parameters specified in the Rules [\(in the case of currencies save to the extent that the Clearing House notifies otherwise whether by Circular or to a particular Clearing Member or allows a different currency to be used to cover the relevant requirements in accordance with these Finance Procedures\)](#):

- (a) CDS Guaranty Fund Contributions calculated in EUR, except for Guaranty Fund Contributions relating to Open Contract Positions in Sovereign Contracts, which are calculated in USD;
- (b) minimum CDS Guaranty Fund Contribution of EUR 15 million for CDS Contracts other than Sovereign Contracts;
- (c) minimum cash portion of CDS Guaranty Fund Contribution is 50% for each currency;

- (d) in addition to the above requirements, minimum of EUR 15 million in cash (such that any CDS Guaranty Fund Contribution of EUR 15 million must be provided entirely as cash) unless agreed otherwise by the Clearing House;
- (e) other Permitted Cover for CDS Guaranty Fund Contributions must be EUR denominated, except for Guaranty Fund Contribution in relation to Sovereign Contracts, which must be USD denominated;
- (f) the start and end dates of Guaranty Fund Periods will be communicated to CDS Clearing Members; and
- (g) the parameters for determining the CDS Guaranty Fund Contributions of CDS Clearing Members will be determined by the Clearing House in consultation with the CDS Risk Committee.

#### 14.3 FX Guaranty Fund

The following parameters apply to the FX Guaranty Fund and FX Guaranty Fund Contributions, in addition to those parameters specified in the Rules (in the case of currencies save to the extent that the Clearing House notifies otherwise whether by Circular or to a particular Clearing Member or allows a different currency to be used to cover the relevant requirements in accordance with these Finance Procedures):

- (a) FX Guaranty Fund Contributions calculated in USD;
- (b) minimum FX Guaranty Fund Contributions are as specified by the Clearing House;
- (c) minimum cash portion of FX Guaranty Fund Contribution is 50%;
- (d) other Permitted Cover for FX Guaranty Fund Contributions must be USD denominated;
- (e) the start and end dates of Guaranty Fund Periods will be communicated to FX Clearing Members; and
- (f) the parameters for determining the FX Guaranty Fund Contributions of FX Clearing Members will be determined by the Clearing House in consultation with the FX Risk Committee.

#### 15. CLEARING HOUSE CONTRIBUTIONS

##### 15.1 Clearing House Initial Contributions

The following provisions apply to each of the Clearing House CDS Initial Contribution, Clearing House F&O Initial Contribution and the Clearing House FX Initial Contribution:

- (a) The Clearing House shall keep, and indicate separately in its balance sheet, an amount of dedicated own resources as the Clearing House Initial Contributions. No resources other than capital, including retained earnings and reserves as referred to in Article 16 of EMIR, shall qualify as Clearing House Initial Contributions.
- (b) The Clearing House CDS Initial Contribution, Clearing House F&O Initial Contribution and the Clearing House FX Initial Contribution shall each be constituted by two parts: (i) a minimum contribution of own resources for purposes of article 35(2) of Commission Delegated Regulation No 153/2013 (as calculated under paragraphs 15.1(c)-(d)); and (ii) an additional voluntary contribution constituted by the remainder of the Clearing House Initial Contribution in question, as calculated in accordance with this paragraph 15.

- (c) The Clearing House shall calculate the minimum sum of Clearing House Initial Contributions by multiplying its minimum required capital (including retained earnings and reserves) to be maintained by it in accordance with article 16 of EMIR, by 25%.
- (d) The minimum sum calculated in accordance with paragraph 15.1(c) shall be allocated to the Clearing House CDS Initial Contribution, Clearing House F&O Initial Contribution and Clearing House FX Initial Contribution in proportion to the sizes of the CDS Guaranty Fund, F&O Guaranty Fund and FX Guaranty Fund respectively, and shall be separately indicated in the Clearing House's balance sheet.
- (e) The Clearing House shall revise the minimum sum of Clearing House Initial Contributions and breakdown of the same between the Clearing House CDS Initial Contribution, Clearing House F&O Initial Contribution and Clearing House FX Initial Contribution on a yearly basis.
- (f) The Clearing House may use such exchange rates as it sees fit for purposes of calculating the relative sizes of the CDS Guaranty Fund, F&O Guaranty Fund and FX Guaranty Fund.

## 15.2 Clearing House CDS Contributions

- (a) The Clearing House CDS Initial Contribution shall be at least the higher of: (i) the EUR equivalent of USD 10 million, calculated at the exchange rate specified in paragraph 2.2 of the Finance Procedures on 28 July 2009; and (ii) the minimum required under Paragraph 15.1. The Clearing House may increase the Clearing House CDS Initial Contribution from time to time and shall be obliged on or prior to the first anniversary of the first date on which the Clearing of CDS Contracts recorded in CDS Customer Accounts becomes operationally available ("**Customer Integration Date**") to have made an aggregate Clearing House CDS Initial Contribution (including the initial USD 10 million equivalent) of at least the higher of: (A) the EUR equivalent of USD 25 million, calculated at the exchange rate specified in paragraph 2.2 of the Finance Procedures on the first anniversary of the Customer Integration Date; and (B) the minimum required under Paragraph 15.1. Such amounts are subject to any reduction following the application of any amount of Clearing House CDS Initial Contribution pursuant to Rule 1103.
- (b) If on or after the first anniversary of the Customer Integration Date, the value, determined in the same way in which the value of Guaranty Fund Contributions is calculated, of the assets constituting the Clearing House CDS Initial Contribution is below the required amount of the Clearing House CDS Initial Contribution under Paragraph 15.2(a)(i) or 15.2(a)(A) because of a decrease in the value of assets representing such Clearing House CDS Initial Contribution (including such decreases that occurred prior to such first anniversary or as the result of investments of the Clearing House CDS Initial Contribution, but excluding decreases resulting from the application of any amount of Clearing House CDS Initial Contribution pursuant to Rule 1103 and excluding any decreases due to exchange rate fluctuations described in paragraph (h)), the Clearing House shall be required, by the open of business on the following Business Day, to make additional Clearing House CDS Initial Contributions sufficient to cause the assets constituting the Clearing House CDS Initial Contribution to have a value, determined in the same way in which the value of Guaranty Fund Contributions is calculated but excluding the effects of any exchange rate fluctuations as aforesaid, of at least the required amount in EUR of the Clearing House CDS Initial Contribution.
- (c) The Clearing House may allocate amounts as Clearing House CDS GF Contributions and, by the second anniversary of the Customer Integration Date, shall be obliged to have allocated amounts as Clearing House CDS GF Contributions (net of any decreases resulting from the application of any amount of Clearing House CDS GF Contributions pursuant to Rule 1103) on or before such second anniversary of the Customer Integration Date of at least the EUR equivalent of USD 25 million, calculated at the exchange rate specified in paragraph 2.2 of the Finance Procedures on the second anniversary of the Customer Integration Date (from time to

time, the aggregate amount of Clearing House CDS GF Contributions being reduced by any application of any amount of Clearing House CDS GF Contributions pursuant to Rule 1103 for such period as is permitted under this paragraph (c)). If, prior to the second anniversary of the Customer Integration Date, the aggregate amount of Clearing House CDS GF Contributions is reduced by any application of any amount of Clearing House CDS GF Contributions pursuant to Rule 1103, the Clearing House shall be required, by the open of business on the following Business Day, to allocate additional amounts as Clearing House CDS GF Contributions equal to the amount by which the Clearing House CDS GF Contribution was applied and such additional amount shall constitute part of the Clearing House CDS GF Contribution.

- (d) If on or after the second anniversary of the Customer Integration Date, the value, determined in the same way in which the value of Guaranty Fund Contributions is calculated, of the assets constituting the Clearing House CDS GF Contribution is below the required amount of the Clearing House CDS GF Contribution because of a decrease in the value of assets representing such Clearing House CDS GF Contribution (excluding any decreases due to exchange rate fluctuations described in paragraph (h)) or the application of any amount of Clearing House CDS GF Contribution pursuant to Rule 1103, the Clearing House shall be required, by the open of business on the following Business Day, to make additional Clearing House CDS GF Contributions sufficient to cause the assets constituting the Clearing House CDS GF Contribution to have a value, determined in the same way in which the value of Guaranty Fund Contributions is calculated but excluding the effects of any exchange rate fluctuations as aforesaid, of at least the required amount in EUR of the Clearing House CDS GF Contribution.
- (e) For the purposes of calculating the amount of any application of any amount of Clearing House CDS Contribution pursuant to Rule 1103, the value of the Clearing House CDS Contribution shall be determined in EUR as of the date of such application. Subject to paragraph (h), any deficiency of the actual Clearing House CDS Contributions relative to the required amounts at the time of application shall remain the liability of the Clearing House, notwithstanding anything to the contrary in the Rules or Procedures.
- (f) The Clearing House may make withdrawals from accounts containing the Clearing House CDS Initial Contribution or Clearing House CDS GF Contribution only to the extent the value of the relevant assets exceeds the required EUR requirement.
- (g) Notwithstanding any other provision of this paragraph 15.2, the Clearing House shall not be obliged to top up any amount or part of any Clearing House CDS Contribution as a result of fluctuations in currency exchange rates between USD and EUR compared to the rates at which any EUR requirement for any Clearing House CDS Contribution was calculated, whether to ensure that any Clearing House CDS Contribution equals any USD amount specified in this paragraph 15.2 or otherwise (save as required pursuant to paragraph 15.1). Notwithstanding any other provision of this paragraph 15.2 the Clearing House shall not be entitled to withdraw any amount or part of any Clearing House CDS Contribution as a result of fluctuations in currency exchange rates between USD and EUR compared to the rates at which any EUR requirement for any Clearing House CDS Contribution was calculated, whether to ensure that any Clearing House CDS Contribution equals any USD amount specified in this paragraph 15.2 or otherwise.

### 15.3 Clearing House FX Contributions

- (a) The Clearing House FX Contributions are to be determined and allocated from time to time in accordance with the following provisions:
- (i) the Clearing House FX Initial Contribution shall be at least the higher of: (A) USD 2.5 million; or (B) the minimum required under Paragraph 15.1;
- (ii) the Clearing House FX GF Contribution shall be at least USD 2.5 million;

- (iii) subject to paragraph 15.1, the maximum amount of the Clearing House FX Initial Contribution shall be USD 25 million;
  - (iv) the maximum amount of the Clearing House FX GF Contribution shall be USD 25 million;
  - (v) subject to the minima in paragraphs (i) and (ii) above and any applicable maxima in paragraphs (iii) and (iv) above, the total Clearing House FX Contributions from time to time shall be at least of an amount representing 5% of the total FX Guaranty Fund Contributions required from time to time to be provided to the Clearing House by FX Clearing Members (excluding FX Guaranty Fund Contributions applied under Rule 1103);
  - (vi) subject to paragraph (vii), the amount of the Clearing House FX Initial Contribution and the amount of the Clearing House FX GF Contribution from time to time shall always be identical to one another, provided that the total of the Clearing House FX Initial Contribution and Clearing House FX GF Contribution shall be capped at USD 50 million (subject to paragraph 15.1); and
  - (vii) if the calculations in paragraph (vi) result in a fraction of a USD cent being allocated to the Clearing House FX GF Contribution, that fraction of a cent shall be allocated to the Clearing House FX Initial Contribution so as to round up the Clearing House FX Initial Contribution to the nearest higher USD cent and round down the Clearing House FX GF Contribution to the nearest lower USD cent.
- (b) If the total amount of Clearing House FX Contributions is reduced by any application of any amount of Clearing House FX Contributions pursuant to Rule 1103, the Clearing House shall, by the open of business on the Business Day following the date of any application of Clearing House FX Contributions, allocate additional Clearing House FX Contributions equal to the amount by which the Clearing House FX Contributions were applied. Such allocations shall be made as Clearing House FX Initial Contribution and Clearing House FX GF Contribution in proportion to the amount by which each such contribution was applied.
  - (c) For the purposes of calculating the amount of any application of any amount of Clearing House FX Contributions pursuant to Rule 1103, the value of the Clearing House FX Contribution so applied shall be determined in USD as of the date of such application at the exchange rates used by the Clearing House pursuant to the Finance Procedures at the relevant time, where any exchange rate is required to be applied.

#### 15.4 General Provisions relevant to Clearing House Contributions

- (a) The Clearing House may substitute assets constituting Clearing House Contributions in the same way and to the same extent that assets constituting Guaranty Fund Contributions may be substituted by Clearing Members.
- (b) Without prejudice to Applicable Laws relating to insolvency, the Clearing House shall have no obligation to contribute or allocate any additional Clearing House Contributions in any situation in which final sentence of Rule 209(c)(iii) or the final sentence of Rule 209(f)(iv) applies, except in either case in respect of any due but unallocated amounts at the time of such occurrence.
- (c) There shall not be any breach by the Clearing House of its obligations under this Paragraph 15 solely as a result of any temporary reduction to any Clearing House Contributions as a result of the application of any amount of Clearing House Contributions pursuant to Rule 1103.

**(III) MEMBERSHIP PROCEDURES**

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**1. APPLICATION PROCESS**

- 1.1 The membership application process is set out in detail in Rule 201. An application for [clearing membership](#) must be made by completing an application form and delivering a partially executed Clearing Membership Agreement (~~“CMA”~~“CMA”). [An application for a Clearing Member to become a Sponsor must be made by completing an application form and delivering a partially executed Sponsor Agreement \(“SA”\). An application to become a Sponsored Principal must be made by completing an application form and delivering a partially executed Sponsored Principal Clearing Agreement \(“SPCA”\).](#) For UK companies, because the CMA, [SA](#) or [SPCA](#) is a deed, signatures of two directors or one director and the company secretary are required. For non-UK companies, local requirements are applicable. The Clearing House will liaise with an applicant to ensure that the application form and supporting documentation is complete. The Clearing House is not currently charging an application fee.
- 1.2 On receipt of a completed application form, the Clearing House will undertake a due diligence and a review process. As part of its application, an applicant must have provided the information requested on the application form, to the Clearing House.
- 1.3 Applications will formally be considered by the Board or the Risk Committee.
- 1.4 The Clearing House may also grant approval to an applicant conditional upon satisfying certain requirements, provided that the applicant has expressed its intention to meet such requirements and provided evidence of its ability to do so.
- 1.5 Clearing Members who wish to have an additional Membership Category [or become a Sponsor](#) must go through a separate membership process, under which any additional criteria applicable to the new Membership Category [or to Sponsors](#) will be assessed in the same manner and pursuant to the same procedures as for new membership applicants.
- 1.6 For [additional](#) membership, capital and notification requirements specific to CDS Clearing Members, please refer to the CDS Procedures. For [additional](#) membership, capital and notification requirements specific to FX Clearing Members, please refer to the FX Procedures.
- 1.7 Clearing Members trading on particular Markets must also meet the requirements of the relevant Markets.
- 1.8 These Membership Procedures apply to CDS Clearing Members, F&O Clearing Members and FX Clearing Members.
- [1.9 These Membership Procedures are 'Procedures' as defined in the ICE Clear Europe rules \(the "Rules"\) and are subject to the Rules, including, without limitation, Rule 102. These Membership 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 Membership Procedures will be subject to arbitration under Rule 117.](#)

**2. RESIGNATION PROCESS**

- 2.1 The membership termination process is set out in detail in Rule 209.

**3. CAPITAL REQUIREMENTS**

- 3.1 All Clearing Members are subject to a minimum Capital requirement of USD10 million. CDS Clearing Members are subject to additional minimum Capital requirements as set out in the CDS Procedures. FX Clearing Members are subject to additional minimum Capital requirements as set out in the FX Procedures. Requirements may be satisfied in USDs or in other currency equivalents. Changes to the minimum capital requirements will be notified by Circular.

- 3.2 Additional Capital requirements may be imposed on particular Clearing Members pursuant to Rules 206 and ~~602~~602 and on Sponsored Principals pursuant to Part 19 of the Rules.
- 3.3 As set out in the Rules, “Capital” with respect to a Non-FCM/BD Clearing Member includes “own funds”, as such term is defined in the Banking Consolidation Directive (Directive 2006/48/EC) and applicable on a stand-alone (non-consolidated) basis and subject to the limits and deductions set out therein and, in relation to matters reserved for member states, as implemented in the United Kingdom, whether or not the relevant Clearing Member is subject to the Banking Consolidation Directive or the supervision of the ~~FSA~~FCA or PRA. For FCM/BD Clearing Members, “Capital” means its “adjusted net capital” as defined in CFTC Rule 1.17. Capital, as a general matter, includes fully-paid ordinary and preference share capital, retained reserves and, for some purposes and subject to limits, subordinated debt that is perpetual or repayable on 5-years or more notice. “Tier 1 Capital”, as defined in the Banking Consolidation Directive, is a subset of Capital excluding subordinated debt, among others.
- 3.4 A Clearing ~~Members~~Member or Sponsored Principal with any doubt in relation to whether a particular balance sheet item counts as Capital or Tier 1 Capital should refer to the relevant definitions in the Banking Consolidation Directive or CFTC Rules and raise any queries with the Clearing House.
- 3.5 The Clearing House has discretion to accept other balance sheet items or financial comfort as acceptable Capital. Clearing Members or Sponsored Principals who wish to re-structure their Capital in any of the below ways should contact the Clearing House’s ~~Membership Department~~membership department. Any non-standard acceptable Capital requirement is subject to assessment by the Clearing House ~~Risk’s~~risk department. The following are potential methods Clearing Members or Sponsored Principals may use to re-structure their Capital:
- (a) **Subordinated Loans:** Where a Clearing Member or Sponsored Principal uses subordinated loans not falling within the definition of “own funds” under the Banking Consolidation Directive to meet its minimum Capital requirement, or in order to cover more than 50% of its Capital requirement, the Clearing House will require a written undertaking from the Clearing Member or Sponsored Principal and the Lender that the loan(s) will not be repaid without the prior consent of the Clearing House;
  - (b) **Irrevocable Letters of Credit:** The Clearing House may at its discretion, but in any case only up to a maximum of 50% of the minimum Capital requirement, recognise funds committed to the Clearing House under an irrevocable letter of credit from a third party issuing bank, on terms acceptable to the Clearing House, in lieu of Capital; and
  - (c) **~~Parent Company~~Controller Guarantee:** The Clearing House may, at its discretion, accept a ~~Parent Company~~Controller Guarantee from a ~~parent~~Controller of ~~the~~ Clearing Member or Sponsored Principal which Controller would, if it were a Clearing Member or Sponsored Principal, meet applicable Capital requirements without the Clearing House exercising any of its discretions. The form of ~~parent company guarantee~~Controller Guarantee must be in the form specified by the Clearing House.

#### 4. MATTERS REQUIRING NOTIFICATION BY CLEARING MEMBERS

- 4.1 In the table below, details are provided of notifications that should be made to the Clearing House. Notifications should be made at or before the time specified, in accordance with the Rules and these Procedures and including the required contents or on the required form. If no ~~Form~~form is referred to in the Table below, ~~an affected Clearing Member~~notification should ~~notify~~be made to the Clearing House in writing.
- 4.2 In the Notification column in the table below, “R” refers to the Rules. The items marked \* require formal written notification under Rule 113(c). Other matters do not require follow-up notification in writing unless requested by the Clearing House. Matters notified or actioned electronically through the Clearing House's systems do not require formal notifications to be made to the Clearing House unless specified

below. [Various of the notification requirements set out below also apply to Sponsored Principals by virtue of Part 19 of the Rules.](#)

	Notification	Periodicity of Submission	Requirements and <del>Form</del> <a href="#">form</a>
<b>A</b>	<b>Financial and Regulatory Notifications</b>		
1.	Annual audited financial statements including: profit and loss account, balance sheet and auditors report –R205(a)(i)	Within 90 days of the end of the Clearing Member’s or relevant Controller’s fiscal year	In original format. Sent to the attention of the Clearing House <del>Membership’s</del> <a href="#">membership</a> department. If any such material is other than a routine periodic return, statement or report required under Applicable Laws, a written statement is required setting out, to the extent known, the reasons why the Clearing Member or Controller is filing it must also be filed with the Clearing House.
2.	Quarterly financial statement including: management profit and loss accounts and balance sheet – R205(a)(ii)	Within 30 days of the end of each quarter	Drawn up in accordance with Applicable Laws and Accounting Standards or otherwise following the requirements of the Clearing House.
3.	Copy of financial returns, reports, statements and notices provided to Regulatory Authority – R205(a)(iii)	As soon as provided to Regulatory Authority	If any materials provided are not routine periodic financial returns, statements or reports, then the Clearing Member or relevant Controller must produce a written statement setting out the reasons for filing it.
<b>Note: for <del>FSA</del> <a href="#">FCA</a> or <a href="#">PRA</a> regulated Clearing Members, financial returns will be obtained direct from the <del>FSA</del> <a href="#">FCA</a> or <a href="#">PRA</a> - Rule 205(b)</b>			
<b>B</b>	<b>Risk-related Disclosures</b>		
1.	Failure to meet any obligation to transfer deposit or pay any margin requirements of a Clearing Organisation* – R204(a)(vi)	Immediately in this section in all cases	Full particulars by email to <a href="mailto:iceclear.eu@theice.com">iceclear.eu@theice.com</a> , followed by a telephone call via the Clearing House’s helpdesk at 020 7065 7600 and confirmation in writing.
2.	Failure to comply with any applicable financial requirements of any Governmental Authority, Regulatory Authority, Exchange, Clearing Organisation or Delivery Facility* – R204(a)(vii)		
3.	Insolvency* (affecting a Clearing Member or any of its Controllers or Affiliates) – R204(a)(viii) &		A copy must also be sent in writing to the <del>FSA</del> and the Bank of England pursuant to Part 12 of the Rules.

	Notification	Periodicity of Submission	Requirements and <del>Form</del> <a href="#">form</a>
	R1207		
4.	Financial or commercial difficulty* – R204(a)(x)		
6.	Force Majeure Event (occurrence and cessation) – R112(b)(i) & R112(b)(vi) & Business Continuity Procedures		
7.	Ceasing to have sufficient Capital* – R204(a)(iii) & R206		
8.	Reduction of Capital by more than 10% from latest financial statement or any reduction of Capital prior to any payment, loan, distribution or redemption of Capital* – R204(a)(iv) & R204(a)(v)		
9	Any “early warning” or similar matter required to be notified to a Regulatory Authority – R204(a)(xi)		
<p>Note: for <del>FSA</del><a href="#">FCA</a> or <del>PRA</del> regulated Clearing Member notifications under R 204(a)(xiii) of any matter, circumstance or change of occurrence of previously furnished statements or information supplied in connection with the Clearing Member's application shall only be required if a notification is also required to the <del>FSA</del><a href="#">FCA</a> or <del>PRA</del> under the Principles for Business in the <del>FSA</del><a href="#">FCA</a> or <del>PRA</del> Rules - R 204(b)(ii).<sub>2</sub></p>			
<b>C</b>	<b>Changes to Contact and Company Details</b>		
1.	Change of Legal Name*	Within three Business Days of the change	<p>Any changes to company details should be notified to the <del>Membership Department</del><a href="#">membership department</a> by email to: <a href="mailto:Icecleareurope@theice.com">Icecleareurope@theice.com</a> and/or mailing it to the Clearing House registered address.<sub>2</sub></p> <p>Include copy of document from relevant Governmental Authority, where applicable.<sub>2</sub></p> <p>Where the change is time sensitive, this should be backed up by a telephone call via the Clearing House’s helpdesk at: 020 7065 <del>7600</del><a href="#">7600</a>.</p>
2.	Change of Address (registered address, mailing/operations address or address for service in England)*		
3.	Change of contact details for firm (telephone number, fax number or website)		
4.	Change of contact	As soon as possible.	

	Notification	Periodicity of Submission	Requirements and <del>Form</del> <a href="#">form</a>	
	details for key personnel or change of key personnel	Allow two Business Days for changes to become effective		
5.	Change to emergency contact details			
6.	Change to e-mail address for the delivery of Circulars	As soon as practical and as often as necessary. Allow two Business Days for changes to become effective		
7.	Change to details for downloading monthly volumes from the Clearing House's website	Promptly and without delay. Allow two Business Days for changes to become effective		
8.	Change of Approved Financial Institution for Nominated Accounts*	At least five Business Days' advance notice		
9.	Change to clearing activity or list of markets that the Clearing Member clears	Immediately		
10.	Change of Account number or other details*	At least five Business Days' advance notice		
11.	Changes to " <b>Eligible Persons</b> "*(e.g. exchange members that a Clearing Member clears for)	At least one week's advance written notice prior to the Business Day on which a Clearing Member proposes to begin or cease providing such clearing services to an Eligible Person		Any changes to Eligible Persons should be notified to the <del>Membership Department</del> <a href="#">membership department</a> by completing the relevant " <u>Supplementary Eligible Persons Form</u> " or " <u>Termination Letter</u> ", as appropriate, and emailing it to: <a href="mailto:Icecleareurope@theice.com">Icecleareurope@theice.com</a> and/or mailing it to the Clearing House registered address.
<b>D</b>	<b>Changes to Corporate Details</b>			
1.	Change of legal status or registered number*	14 days in advance, where possible. At latest, within three Business Days of change		Any changes to company details should be notified to the <del>Membership Department</del> <a href="#">membership department</a> by email to: <a href="mailto:Icecleareurope@theice.com">Icecleareurope@theice.com</a> and/or mailing it to the Clearing House registered address.  Where the change is time sensitive, this should be backed up by a telephone call via the Clearing House's helpdesk at: 020 7065 <del>7600</del> <a href="#">7600</a> .
2.	Changes to constitutive documents* (e.g. Memorandum and	Immediately		

	Notification	Periodicity of Submission	Requirements and <a href="#">Form</a>
	Articles of Association)		
3.	Change to regulatory or authorised status* (e.g. name of the lead regulator, contact name at regulator, status, regulator's identification code/number)	Immediately	
5.	Change to the VAT or other tax status or VAT number*	Immediately	
6.	Change to the nature of the Clearing Member's business*	Immediately	
7.	Change to authorised signatories	As soon and as often as practicable  Allow two Business Days for change to become effective	
8.	Change to power of attorney, appointment of any agent or Representative or other authorisation* – R202(a)(xv)	Original terms will bind the Clearing Member until not less than five business days after written notice of the change has been received.	
9.	Proposed Changes of control* – R204(a)(i)	As soon as possible	
10.	Changes of control, major (10%) shareholders or group organisational structure* – R204(a)(i)	In advance of the change. Where detailed advanced notice is impossible, where possible, the Clearing House should be contacted in advance and informed of the nature of the impending change	
11.	Change to internal organisational chart		
12.	Change to corporate authority or powers to enter into and perform the obligations of a Clearing Member	Immediately	
13.	Changes to memberships of futures and/or options exchanges or clearing houses*		

	Notification	Periodicity of Submission	Requirements and <del>Form</del> <a href="#">form</a>
	Note: for <a href="#">FSAFCA or PRA</a> regulated Clearing Member notifications under R 204(a)(i) of any proposed change in control, notification shall only be required if a notification is also required to the <a href="#">FSAFCA or PRA</a> under the <a href="#">FSAFCA or PRA</a> Rules. In such cases, the relevant Clearing Member should provide the Clearing House contemporaneously with a copy of all submissions sent to the <a href="#">FSAFCA or PRA</a> in respect of that change of control – R 204(b)(i)		
<b>E</b>	<b>Ad Hoc Legal Notifications</b>		
1	Breach of Clearing House rules – R204(a)(xii)	As soon as identified	<p>Any changes should be notified to the <b>Membership Department</b><a href="#">membership department</a> by email to: <a href="mailto:Iceclear europe@theice.com">Iceclear europe@theice.com</a> and/or mailing it to the Clearing House registered address.</p> <p>Where the change is time sensitive, this should be backed up by a telephone call via the Clearing House’s helpdesk at: 020 7065 <del>7600</del><a href="#">7600</a>.</p>
2	Termination of Clearing Membership Agreement or of membership as a Clearing Member * – R209(a)(iii), R209(c)(i) & R209(f)	No less than three months’ advance notice, if termination is not for cause. Otherwise, as specified in and allowed pursuant to the Rules	
3	Rejection upon application or expulsion from any futures and or options, securities or commodities exchange or clearing house	As soon as identified and detailing the full particulars of the breach	
4	Disciplinary matters or events in any markets cleared by <del>ICE Clear Europe</del> <a href="#">the Clearing House</a> *		
5	Any loss, liability, damage, injury, delay, cost or expense incurred under the terms of the Contract in relation to tender, delivery or physical settlement.* – R111(c)(xiii) (D)	Within seven Business Days of either the day on which documents must be taken up and paid for by the Buyer or the Buyer must take delivery of the Deliverable or Investment, whichever is the earlier	
6	Any positions carried by another Clearing Member (Position Holder)* – R407	The Business Day following the Business Day on which a position was carried by the Position Holder	
7	Breach of Position Limit – R204(a)(ii) & R602(a)(i)	Immediately	

	Notification	Periodicity of Submission	Requirements and <del>Form</del> <a href="#">form</a>
8	Event of Default or any financial or commercial difficulty giving rise to the risk of an Event of Default* – R204(a)(ix) & R204(a)(x)	Immediately	
11	Breach of Applicable Law* R204(a)(xii)	Without delay	
12	Termination by an FCM/BD Clearing Member or close out of an Open Contract Position in any class of Customer Account as a result of <del>default</del> <a href="#">an Event of Default</a> or similar event with respect to that FCM/BD Customer –R1604(b)	Through ICE Systems	
13	Any possible action, suit or proceeding against the Clearing House* – R111(d)	As soon as reasonably practicable	
14	Anything relating to the Clearing Member of which the Clearing House would reasonably expect notice, including any matter, circumstance, change or occurrence which would cause a statement previously furnished pursuant to Rule 204 or any information supplied in connection with the Clearing Member’s application for membership or otherwise to be inaccurate, incomplete or superseded* – R204(a)(xiii)	Without delay	
<b>G</b>	<b>Clearing Procedures</b>		
1	Any event, system-related issue or anything else that would prevent the Clearing Member	Immediately	Clearing Members should contact the Clearing House by email at <a href="mailto:Icecleareurope@theice.com">Icecleareurope@theice.com</a> or by a telephone call via the Clearing House’s helpdesk at: 020 7065 <del>7600</del> <a href="tel:02070657600">7600</a> .

	Notification	Periodicity of Submission	Requirements and <del>Form</del> <a href="#">form</a>
	from operating timely and accurately on the Markets cleared. Clearing Procedures paragraph 1.3.		
2	Notification of system errors or processing errors in relation to ICE Systems. Clearing Procedures paragraph 2.2(g) & (h).		Clearing Members should contact <del>ICE's Operations</del> <a href="#">the Clearing House's operations</a> department.
<b>H</b>	<b>Finance Procedures</b>		
1.	Notification of any expiry or renewal of a <del>Letter</del> <a href="#">letter</a> of <del>Credit</del> <a href="#">credit</a> , including details of its proposals to replace or renew the <del>Letter</del> <a href="#">letter</a> of <del>Credit</del> <a href="#">credit</a> . Finance Procedures paragraph 12.6.	Immediately  Failure to make such notification within two Business Days prior to expiry will result in amounts referable to the <del>Letter</del> <a href="#">letter</a> of <del>Credit</del> <a href="#">credit</a> no longer being recognised as Margin	In writing, copied by email to the Clearing House at <a href="mailto:Iceclear@theice.com">Iceclear@theice.com</a> .
<b>I</b>	<b>Complaint Resolution Procedures</b>		
1.	Any complaint must be notified to <del>ICE</del> <a href="#">the Clearing House</a> . Complaint Resolution Procedures paragraphs 2 & 3.	Within 12 months from the date on which the Complainant becomes aware of the circumstances giving rise to the Complaint unless the Complainant can show reasonable grounds for delay	A Complaint should be made in writing, signed on behalf of the Complainant, marked "Complaints Resolution Procedure" and sent to the <del>Complaints Handling Officer at ICE Clear Europe Limited</del> <a href="#">complaints handling officer at the Clearing House</a> or by e-mail to <a href="mailto:iceclear@theice.com">iceclear@theice.com</a>
2.	Complainant must notify the Clearing House in writing whether it accepts the proposals or requires that the Complaint be referred to the Commissioner. Complaint Resolution Procedures paragraph 6.	Within fifteen days of receipt of notice of the outcome of the Clearing House Investigation	

	Notification	Periodicity of Submission	Requirements and <del>Form</del> <a href="#">form</a>
<b>J</b>	<b>Business Continuity Procedures</b>		
1.	Clearing Member is affected by a Business Continuity Event. Business Continuity Procedures paragraphs 2.1 & 2.2.	Immediately	ICE must be contacted either by the Help Desk on +44 (0) 20 7065 7600 or <a href="mailto:iceuops@theice.com">iceuops@theice.com</a> .  The Clearing Member must provide the following information: (a) the name of Clearing Member; (b) the name and contact details of person at the Clearing Member who is authorised to take action and decisions on its behalf; (c) details of nature of the problem; (d) expected time when the problem is expected to be over or mitigated; and (e) any assistance or forbearance requested of the Clearing House.
2.	Member ceases to be affected by a Business Continuity Event. Business Continuity Procedures paragraph 2.3.		

**(V) BUSINESS CONTINUITY PROCEDURES**

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**1. GENERAL**

1.1 These Business Continuity Procedures are intended to provide Clearing Members with an outline of possible steps that can be taken in the event of a Force Majeure Event or other business continuity event or the Clearing House or a Clearing Member being unable to access, or being evacuated from, a place of business material to its clearing operations (“**Business Continuity Event**”). Business Continuity Events are by their nature unpredictable. The Clearing House reserves the right to take any other action or not to take action prescribed herein upon a Business Continuity Event occurring.

1.2 These Business Continuity Procedures are 'Procedures' as defined in the ICE Clear Europe rules (the “Rules”) and are subject to the Rules, including, without limitation, Rule 102. These Business Continuity 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 Business Continuity Procedures will be subject to arbitration under Rule 117.

1.3 These Business Continuity Procedures apply to a Sponsored Principal in the same way as they apply to a Clearing Member, subject to Part 19 of the Rules.

**2. BUSINESS CONTINUITY EVENTS AFFECTING A CLEARING MEMBER**

2.1 **Clearing Members affected by a Business Continuity Event should contact the Clearing House by at least one of the following methods:**

- (a) The Clearing House’s Help Desk on +44 (0) 20 7065 7600 or [iceuops@theice.com](mailto:iceuops@theice.com).
- (b) The Help Desk in Atlanta on +1 770 738 2101 or [icehd@theice.com](mailto:icehd@theice.com).

2.2 A Clearing Member affected by a Business Continuity Event must contact the Clearing House immediately and provide the Clearing House with the following information:

- (a) name of Clearing Member;
- (b) name and contact details of person at Clearing Member authorised to take action and decisions on its behalf;
- (c) details of nature of the problem;
- (d) expected time when problem is expected to be over or mitigated; and
- (e) any assistance or forbearance requested of the Clearing House.

2.3 When a Clearing Member ceases to be affected by a Business Continuity Event, it must notify the Clearing House of the same.

2.4 The Clearing House shall not be obliged to provide any assistance or give any forbearance to a Clearing Member affected by a Business Continuity Event.

**3. BUSINESS CONTINUITY EVENTS AFFECTING THE CLEARING HOUSE**

3.1 If the Clearing House is affected by a Business Continuity Event, the same will be classed as either a “Partial Business Continuity Event”, “Full Business Continuity Event” or “Evacuation”.

3.2 If the Clearing House is affected by a Business Continuity Event, it will use reasonable endeavours to inform Clearing Members of the same through one or more ~~one~~ of the following media:

- (a) an announcement on its website [www.theice.com](http://www.theice.com);

- (b) a Circular;
  - (c) the ~~ICE Clear~~[Clearing House's](http://www.theice.com/euclearingstatus) status website ([www.theice.com/euclearingstatus](http://www.theice.com/euclearingstatus));
  - (d) messages sent through ~~TRS/CPS~~[ECS](#); and
  - (e) faxes, emails, telephone calls or other communications to Clearing Members at the emergency contact details notified to the Clearing House.
- 3.3 If a Partial Business Continuity Event is declared, the communication made by the Clearing House will as a minimum state that:

*"A Partial Business Continuity Event has occurred affecting ICE Clear Europe's [specify systems / locations]. Clearing Members should refer to the Business Continuity Procedures."*

- 3.4 If a Full Business Continuity Event is declared, the communication made by the Clearing House will as a minimum state that:

*"A Full Business Continuity Event has occurred affecting ICE Clear Europe. Clearing Members should refer to the Business Continuity Procedures."*

- 3.5 If an Evacuation is declared, the communication made by the Clearing House will as a minimum state that:

*"ICE Clear Europe's premises have been subject to an Evacuation. Clearing Members should refer to the Business Continuity Procedures."*

- 3.6 Upon the Business Continuity Event ceasing to apply, the communication made by the Clearing House will as a minimum state that:

*"The [Business Continuity Event / Evacuation] previously notified to Clearing Members is over. Clearing Members should refer to the Business Continuity Procedures."*

#### **4. EFFECTS OF A BUSINESS CONTINUITY EVENT**

- 4.1 Provisions of the Rules and Contract Terms relating to Force Majeure Events and Events of Default may apply as a result of a Business Continuity Event. These Business Continuity Procedures are without prejudice to the provisions of the Rules, all Contract Terms and any discretions of the Clearing House under the Rules.

- 4.2 At the discretion of the Clearing House, any procedure or practice of the Clearing House or Clearing Members may be amended or deferred and Contract Terms may be amended following a Business Continuity Event. Without prejudice to the generality of the foregoing:

- (a) deadlines and procedures set out in the Delivery Procedures may be extended or amended;
- (b) deadlines for notices made or to be made in connection with the expiry of Options may be extended;
- (c) financial procedures and calls may be amended, suspended or delayed;
- (d) intra-day or *ad hoc* calls for Margin may be made;
- (e) the time at which Contracts arise under Part 4 of the Rules may be deferred;
- (f) the time at which a payment transfer order arises, becomes irrevocable or terminates under Part 12 of the Rules may be deferred; and

(g) addresses and contact details for the service of notices may be amended.

4.3 The Clearing House operates a number of back-up facilities. The Clearing House's systems may become temporarily unavailable whilst processing is transferred to back-up facilities.

**(VI) COMPLAINT RESOLUTION PROCEDURES****INDEX**

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**1. GENERAL INTRODUCTION<sup>4</sup>**

- 1.1 As a recognised clearing house under the Financial Services and Markets Act 2000, ~~ICE Clear Europe Ltd~~ the Clearing House must put in place effective arrangements for the investigation and resolution of complaints arising in connection with the performance of, or its failure to perform, any of its regulatory functions (any such matter, a “**Complaint**”). These arrangements must include procedures for a Complaint to be fairly and impartially investigated by a person independent of the Clearing House and for that person to report on the result of his investigation to both the Clearing House and the person making the Complaint (“**Complainant**”). The arrangements must also confer on the person investigating the Complaint the power to recommend, if appropriate, that the Clearing House: (i) makes a compensatory payment to the Complainant; and/or (ii) remedies the matter complained of.
- 1.2 The Clearing House has adopted these ~~Complaints~~ Complaint Resolution Procedures. A Complaint which runs its full course will consist of the following key stages:
- (a) an Eligible Complaint (as defined in paragraph 2.1) must be submitted in writing;
  - (b) at first instance, the Clearing House will investigate the Complaint and attempt to resolve it. If the Complainant is dissatisfied with the Clearing House’s response or proposals to redress the Complaint, the Complainant may refer the Complaint to the Independent Complaints Commissioner (the “**Commissioner**”) or request that the Clearing House refers the Complaint to the Commissioner;
  - (c) the Commissioner, if he determines that the referral is of an Eligible Complaint, will investigate the matter in accordance with the Commissioner’s Terms of Reference;
  - (d) following due consideration, the Commissioner will produce a report outlining his recommendations which will be copied to the Clearing House and the Complainant; and
  - (e) if the Commissioner recommends a compensatory payment and/or remedial action, the Clearing House will consider and may act upon such recommendation.
- 1.3 There is no restriction on who can bring a Complaint, although a Complaint must be an Eligible Complaint in order to be capable of being handled in accordance with these Complaint Resolution Procedures. These Complaint Resolution Procedures do not limit the Clearing House from considering or refraining from considering any Complaint which is not an Eligible Complaint pursuant to such procedures as it may determine.
- 1.4 In referring any Eligible Complaint (or by asking the Clearing House to refer such a Complaint) to the Commissioner, the Complainant shall be deemed to agree to be bound by and be subject to these Complaint Resolution Procedures and, as a result, accepts that any recommendation made by the Commissioner to the Clearing House, if adopted by the Clearing House, shall be in full and final resolution and settlement of the Complaint and all associated rights and claims.
- 1.5 These ~~Complaints~~ Complaint Resolution Procedures apply in relation to both Energy Clearing Members and CDS Clearing Members.
- 1.6 These Complaint Resolution Procedures are 'Procedures' as defined in the ICE Clear Europe rules (the “Rules”) and are subject to the Rules, including, without limitation, Rule 102. These Complaint Resolution 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 Complaint Resolution Procedures will be subject to arbitration under Rule 117.

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<sup>4</sup> Amended 27 July 2009

## 2. ELIGIBLE COMPLAINTS

- 2.1 “**Eligible Complaints**” are Complaints against the Clearing House arising in connection with the performance of, or its failure to perform, any of its regulatory functions.
- 2.2 A Complaint will not be an Eligible Complaint if it:
- (a) relates to:
    - (i) the Clearing House’s relationship with its employees;
    - (ii) the content of the Clearing House’s Rules; or
    - (iii) a decision against which the Complainant has the right to appeal under Part 10 of the Rules;
  - (b) is connected with a contractual or commercial dispute involving the Clearing House and is not connected in any way with the Clearing House’s regulatory functions;
  - (c) is made outside the period of 12 months from the date on which the Complainant becomes aware of the circumstances giving rise to the Complaint unless the Complainant can show reasonable grounds for delay; or
  - (d) is of a frivolous or vexatious nature or amounts to an abuse of process.
- 2.3 A Complaint connected with, or which arises from, any form of continuing action by the Clearing House under Part 10 of the Rules or in relation to an Event of Default will not normally be investigated by the Commissioner until the action has been completed.

## 3. MAKING A COMPLAINT

- 3.1 A Complaint should be made in writing, marked “~~Complaints~~Complaint Resolution Procedure” and sent to:

Complaints Handling Officer  
 ICE Clear Europe Limited  
 5<sup>th</sup> Floor Milton Gate  
 60 Chiswell Street  
 Moorgate  
 LONDON  
 EC1Y 4SA

or by e-mail to: [icecleareurope@theice.com](mailto:icecleareurope@theice.com).

- 3.2 The Complaint should be signed on behalf of the Complainant, and in any case where it is made by a company, partnership or other body corporate, should be signed by a director or equivalent officer with appropriate authority.
- 3.3 If a Complaint is made orally, the Complainant will be asked to confirm its Complaint in writing. The Clearing House shall not be obliged to investigate any Complaint unless and until the Complainant has submitted a written Complaint in accordance with these Complaint Resolution Procedures.
- 3.4 The written Complaint should include sufficient information to allow the Clearing House to properly identify the Contracts or other matters to which the Complaint relates, the activities complained of, and the basis for any alleged loss or other detriment of the Complainant. If insufficient information is provided, the Clearing House may request further information and the Complaint may not be investigated further until such information is provided.

- 3.5 The Clearing House will not make any charge to Complainants in relation to any Complaint. The Clearing House's and Commissioner's costs and expenses in relation to any Complaint will be paid by the Clearing House.

#### **4. INVESTIGATION OF COMPLAINTS BY THE CLEARING HOUSE**

- 4.1 At the first instance, an investigation into the Complaint will be conducted by a suitably senior member of staff who has not previously been involved in the matter and who is not the subject of the Complaint.
- 4.2 The Clearing House will acknowledge the Complaint within five Business Days of receipt, giving the name and job title of the individual handling the Complaint and including a copy of these ~~Complaints~~[Complaint](#) Resolution Procedures.
- 4.3 Within 15 days of receiving any Complaint which the Clearing House considers to be ineligible, the Clearing House will inform the Complainant that it proposes not to investigate the Complaint for the reason specified. Within 15 days of receiving such notice, the Complainant may refer the Complaint to the Commissioner or ask the Clearing House to refer the Complaint to the Commissioner. The Commissioner may ask the Clearing House to investigate the matter if he deems it appropriate.
- 4.4 The Clearing House will seek to resolve any Eligible Complaint as quickly as possible. In most cases, the Clearing House will produce a final response to the Complaint within eight weeks from the date of receipt of the Complaint by the Clearing House. However, where the scope of the Complaint reasonably demands further investigation, after eight weeks the Clearing House will write to the Complainant explaining why the matter has not been resolved, indicating when a final response is likely to be made.
- 4.5 If the matter has not been resolved within 12 weeks, the Complainant will have the right to refer the Complaint to the Commissioner. In such cases, the Commissioner will be entitled to decline to consider the Complaint for a defined period notified to the Complainant in order to allow the Clearing House to complete its investigation, if: (i) it arises from any form of continuing action by the Clearing House under Part 10 of the Clearing House's Rules; (ii) it relates to an Event of Default; or (iii) it shares its subject matter with an investigation, arbitration or disciplinary ~~proceedings~~[proceeding](#) on which the outcome of the Complaint would impinge or otherwise depend.
- 4.6 Where, in the opinion of the Clearing House, any Eligible Complaint is connected with or arises out of the same or similar facts or circumstances in respect of which an outstanding or otherwise unresolved Complaint has been made under these [Complaint Resolution](#) Procedures, the Clearing House may, in its absolute discretion and upon giving notice in writing to any Complainant or Complainants so concerned, join such Eligible Complaints so that they may be addressed in the same investigation and/or any final response. The Clearing House shall not in such circumstances be obliged to disclose the identity of a Complainant or facts that in its opinion would be likely to reveal such identity when notifying any individual Complainant of such a joinder or in its drafting of a final response.
- 4.7 The Clearing House may obtain professional advice as appropriate.

#### **5. RESULT OF THE INVESTIGATION**

- 5.1 The Clearing House will inform the Complainant of the outcome of the investigation, together with any proposed remedial action. The remedial action taken may include, but will not be limited to, offering an apology, taking steps to rectify the error, the offer of a compensatory payment on an *ex gratia* basis, or a combination of the above. If a Complaint is rejected, the Clearing House will give its reason for doing so.
- 5.2 The Clearing House may, where it deems it necessary, itself refer the Complaint to the Commissioner for investigation.

## 6. REFERRAL TO THE COMMISSIONER

Within 15 days of the receipt of notice of the outcome of the Clearing House's investigation, the Complainant must notify the Clearing House in writing whether it accepts the proposals or requires that the Complaint be referred to the Commissioner. If the Complainant wishes to refer the Complaint to the Commissioner, the Complainant should state the reason for ~~their~~its continued dissatisfaction. Failure by the Complainant to make such notification to the Clearing House within 15 days will result in the Complaint not being referable to the Commissioner and ceasing to be an Eligible Complaint.

## 7. THE COMMISSIONER'S INVESTIGATION

- 7.1 The Commissioner will acknowledge any Complaint referred to him within 10 Business Days of receipt, giving a proposed timetable for the completion of various stages in the investigation.
- 7.2 If the Commissioner determines at any time that a Complaint he is investigating is not an Eligible Complaint, he must cease conducting his investigations forthwith and give notice to the Complainant(s) and the Clearing House of his determination.
- 7.3 The Commissioner will seek to resolve Eligible Complaints as quickly as possible. The Commissioner will use reasonable endeavours in all cases to produce a final response to the Complaint within eight weeks from the date of his acknowledgment letter. However, where the scope of the Complaint reasonably demands further investigation, the Commissioner will instead explain why the matter has not been resolved and indicate when he is likely to produce a final response. The Commissioner will make every effort to resolve all Complaints within 12 weeks from the date of referral to the Commissioner but will otherwise inform the Complainant if this is not possible.
- 7.4 In considering whether a Complaint made against the Clearing House is justified or substantiated, the Commissioner must consider whether the Clearing House's conduct, in relation to its regulatory functions, amounted to, *inter alia*:
- (a) a failure to act fairly;
  - (b) a failure to perform its regulatory functions having regard to all the circumstances of the case;
  - (c) a lack of care or a mistake; or
  - (d) an act of fraud, bad faith or negligence.
- 7.5 Where, in the opinion of the Commissioner, any Eligible Complaint is connected with or arises out of the same or similar facts or circumstances as another Eligible Complaint already referred to him, he may, in his absolute discretion and upon giving notice in writing to any Complainant or Complainants so concerned, join such Eligible Complaints so that they may be addressed in the same investigation and/or any final response. The Commissioner shall not in such circumstances be obliged to disclose the identity of a Complainant or facts that in his opinion would be likely to reveal such identity when notifying any individual Complainant of such a joinder or in his drafting of a final response.
- 7.6 The Clearing House and the Complainant shall each make every effort to afford the Commissioner all reasonable cooperation, including access to its staff, documents, records and information. However, the Clearing House and Commissioner will have regard to the confidentiality of certain information (such as that given to the Clearing House under confidentiality arrangements) as outlined in paragraph ~~11~~of this section. 11.
- 7.7 The Clearing House is not prevented from taking or continuing to take such action, or further action, as it considers appropriate during the investigation in relation to any matter which is related to a Complaint or Complainant.

- 7.8 If the appointed Commissioner is unable to consider the Complaint due to a conflict of interest, illness or other unavoidable commitments, the Commissioner must nominate an alternate, appointment of which alternate Commissioner is subject to the Clearing House's prior written approval. The Complainant will be subsequently informed of any such appointment.
- 7.9 Any alternate Commissioner must himself meet the requirements for being the Commissioner and shall be required to be bound by these [Complaint Resolution](#) Procedures and to conduct the investigation on behalf of the Commissioner. The alternate Commissioner will have the same powers and rights as the Commissioner and must conduct the investigation in accordance with these [Complaint Resolution](#) Procedures.
- 7.10 During the course of his investigation, the Commissioner may:
- (a) permit and/or request both the Complainant and the Clearing House to provide appropriate documentation, evidence or oral or written submissions in relation to any specific matters that arise in relation to the Complaint;
  - (b) make further requests of all relevant parties and/or take whatever action is considered appropriate which might assist in considering the Complaint and confirming its factual accuracy including, where reasonable and at the Clearing House's expense, appointing or seeking the advice of independent external advisers or experts;
  - (c) require the parties to co-operate; and
  - (d) otherwise, conduct the investigation as he sees fit.
- 7.11 The Commissioner may appoint a person to conduct any part of an investigation on his behalf, but subject to his direction. That person must be independent of the Clearing House and Complainant.
- 7.12 The Commissioner will ensure that, before he concludes an investigation and makes a report, any person who may be the subject of criticism in it is given notice of, and the opportunity to respond to, that criticism.

## **8. RESULT OF THE INVESTIGATION**

- 8.1 The Commissioner must report on the result of his investigation to both the Clearing House and the Complainant, giving reasons for any recommendations made. The Commissioner can recommend that the Clearing House takes remedial action including, but not limited to, offering an apology, taking steps to rectify the error, the offer of a compensatory payment on an *ex gratia* basis, or a combination of the above. The Clearing House may, where appropriate, also be required by the Commissioner to inform the Commissioner and the Complainant of such steps which it proposes to take in response to the report.
- 8.2 The Commissioner may, where appropriate, require the Clearing House to publish the Commissioner's report (or any part thereof), either publicly or to all Clearing Members, if the Commissioner considers that such report should be brought to the attention of the public or Clearing Members generally. Further, the Commissioner must ensure that his report, apart from identifying the Clearing House, does not mention the name of any other person or contain particulars which are likely to identify any other person unless:
- (a) in the opinion of the Commissioner the omission of such particulars would be likely to impair the effectiveness of the report;
  - (b) taking into account the public interest and the persons involved, the Commissioner considers it necessary to mention the name of that person or to include in the report those particulars;
  - (c) the consent of the person involved is given to such publication; or

(d) the information is otherwise already public knowledge.

8.3 The Clearing House may, where it considers appropriate to do so, disclose to third parties, such as other Regulatory Authorities, any information which is received with the Complaint or which is obtained from the Complainant in the course of a subsequent investigation. Such disclosures are subject to Rule 106 of the Rules.

8.4 The Clearing House may instigate disciplinary proceedings at any time as a result of the Clearing House's investigation or matters surrounding any Complaint.

## **9. RECORD-KEEPING**

A copy of all documents and materials relating to Complaints should be sent to the Clearing House. The Clearing House will retain such documents and materials for a minimum of three years.

## **10. EXCLUSION OF LIABILITY**

The Commissioner shall not be liable to the Clearing House or any Complainant for any loss (direct or otherwise), damage or injury arising from any act, omission or negligence on his part, save in the case of fraud, death, personal injury or any other liability which by law cannot be excluded.

## **11. CONFIDENTIALITY**

The Commissioner, the Clearing House and any Complainant must each observe the strict confidentiality of the investigation of any Complaint, all information provided (to the extent it has not been made public in the Commissioner's report) and all communications made for the purpose of the investigation subject to Rule 106 of the Clearing House's Rules.

**(VII) GENERAL CONTRACT TERMS ~~AND ICE OTC CONTRACT STANDARD CONTRACT~~  
~~TERMS AND ELIGIBILITY CRITERIA~~**

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## INTRODUCTION

These Contract Terms Procedures set out certain terms and conditions of Contracts. The terms described in Part I (General Contract Terms) below apply to Contracts as part of their Contract Terms. Part I of these Contract Terms Procedures applies: (i) in relation to all F&O Contracts; and (ii) in relation to CDS Contracts and FX Contracts to the extent specified in the CDS Procedures and FX Procedures respectively.

~~Each ICE OTC Contract shall include the relevant terms and conditions set out in the following parts as part of its Contract Terms:~~

~~Part II: Specific Standard Terms for ICE OTC Contracts~~

~~Part III: Product Eligibility Criteria for ICE OTC Contracts.~~

~~With regard to the Specific Standard Terms, only one section of Part II shall apply to each ICE OTC Contract, being such section as is identified in Part II in respect of the relevant Transaction. Further no ICE OTC Contract shall arise, unless the Product Eligibility Criteria, as set out in Part III, are satisfied.~~

~~Note that the square bracketed text in this introduction, and Parts II and III of these Contract Terms Procedures, serve as an historical record as to the terms of certain ICE OTC Contracts that used to be cleared by the Clearing House but which have been replaced by ICE Futures US Contracts or ICE Futures Europe Contracts in respect of which relevant terms are now specified in the ICE Futures US Rules or ICE Futures Europe Rules. Certain other ICE OTC Contracts were governed by economic terms specified in Circulars which were not added to these Contract Terms Procedures prior to the conversion of such Contracts to ICE Futures Europe Contracts or ICE Futures US Contracts.]~~

Certain other Contract Terms; (i) for ICE Endex Contracts are set out in the ICE Endex Rules; (ii) for ICE Futures Europe Contracts are set out in the ICE Futures Europe Rules; (iii) for ICE Futures US Contracts are set out in the ICE Futures US Rules; (iv) for LIFFE Contracts are set out in the LIFFE Rules; (v) for CDS Contracts are set out in the CDS Procedures; and (vi) for FX Contracts are set out in the FX Procedures. See the definition of "Contract Terms" for further details.

## PART I: GENERAL CONTRACT TERMS

### 1. INTERPRETATION

1.1 Words and expressions used in this Part shall have the same meaning as in the Rules, unless otherwise expressly defined in this Part.

~~1.2 In the event of any inconsistency between Part II and Part III, the provisions of Part III shall prevail.~~

### 2. ECONOMIC TERMS

2.1 The economic terms of a Contract ("Economic Terms") shall be derived from the information presented to the Clearing House in relation to the corresponding Transaction in accordance with the Rules.

2.2 The Economic Terms comprise:

- (a) proposed Selling Clearing Member (or fixed rate payer) (but excluding the identity of the Clearing House as Seller pursuant to any Contract) or proposed Buying Clearing Member (or floating rate payer) (but excluding the identity of the Clearing House as Buyer pursuant to any Contract);
- (b) Contract Set;
- (c) quantity;

- (d) delivery date or period (where applicable);
- (e) settlement date (where applicable);
- (f) exercise date (where applicable);
- (g) fixed price or traded price (as the case may be); and
- (h) floating price (where applicable).

2.3 The Clearing House and Clearing Member shall pay when due all amounts that fall due for payment pursuant to the Economic Terms or otherwise pursuant to the Contract Terms.

### 3. STANDARD TERMS

3.1 The following standard terms (“**Standard Terms**”) shall apply to all Contracts:

(a) **Payment of stamp duty and other taxes**

- (i) All payments due under a Contract shall be made by the Clearing Member free and clear and without deduction or withholding for or on account of any tax, unless required by Applicable Law. If such a deduction or withholding is required by Applicable Law to be made by a Clearing Member, the amount due from the Clearing Member shall be increased to an amount which (after making such deduction or withholding) leaves an amount equal to the payment which would have been due had no deduction or withholding been required.
- (ii) The Clearing Member will be responsible for ensuring that any stamp duty or other similar tax levied or imposed upon it or its Customer in respect of any Contract to which it is a party that is applicable in any jurisdiction is duly paid.
- (iii) The Clearing House shall make any payments due to a Clearing Member net of any deduction or withholding for or on account of any tax it is required to make from such payments.
- (iv) The Clearing Member shall indemnify the Clearing House against any stamp duty or other tax levied or imposed upon the Clearing House in any jurisdiction in respect of the Clearing House’s entry into, execution or performance of, or payment or delivery pursuant to, any Contract.

(b) **Payments**

- (i) The Clearing House shall effect daily settlement to market of Contracts and shall calculate Open Contract Positions in accordance with the Rules. The Market Delivery Settlement Price, Settlement Price, Reference Price and Strike Price and other reference prices (where applicable) shall be determined in accordance with the Rules and Market Rules.
- (ii) Payments under, and in respect of, each Contract shall be calculated by the Clearing House and shall be made by, or to, the Clearing Member in accordance with the Rules.
- (iii) Each instruction made by the Clearing House to an Approved Financial Institution pursuant to Rule 302 shall be deemed to be made pursuant to the Contract Terms for each Contract of a Set for which a Clearing Member has an Open Contract Position. In respect of each Contract and instruction under Rule 302, the Clearing Member shall be deemed to make instructions to the Clearing House to place at the disposal of the Clearing House, by way of book entry on the accounts of the Clearing House or an

Approved Financial Institution, all amounts as are or become payable pursuant to the Contract, all amounts due in respect of Margin for Contracts of the relevant Set and all amounts as are instructed by the Clearing House in connection with the Contract or Contract Set pursuant to Rule 302.

(c) **Rules**

- (i) Each Contract shall be subject to the Rules, which shall form a part of and be incorporated by reference into, the Contract Terms. In the event of any conflict between the Contract Terms and the Rules or any other document, Rule 102(f) shall apply.
- (ii) In particular, in respect of each Contract, the Clearing Member and Clearing House shall:
  - (A) observe, comply with and be bound by the Rules (as amended in accordance with the Rules from time to time);
  - (B) be subject to and bound by all of the provisions, dispositions, transfers and requirements of the Rules in relation to payment, title, rights, obligations, liabilities, property (whether tangible or intangible) and Margin;
  - (C) be subject to and bound by all representations, warranties, agreements and acknowledgements that arise pursuant to the Rules from time to time;
  - (D) be subject to any requirement imposed as a result of a request, decision, determination, direction, sanction, requirement, award or discretion that the Clearing House is entitled to make, exercise or impose pursuant to the Rules;
  - (E) be responsible for the actions and omissions of its Representatives as set out in the Rules; and
  - (F) if an Event of Default is declared in respect of it, to be bound by the Rules as a Defaulter.

(d) **Customers and Third Party Rights**

- (i) Except as otherwise provided in the Rules for FCM Clearing Members, each party will act as principal and not as agent in respect of each Contract (in the case of the Clearing Member, whether such Contract is for the Clearing Member's own account or is undertaken as a result of an order from another member of a Market or from a Customer or from any other person or arises as a result of a pre-existing contract of, or obligation of the Clearing Member towards, any third party).
- (ii) Clearing Member represents and warrants that a contractually binding agreement is in place with any Customer in respect of whom it acts as Clearing Member in relation to any Contract, pursuant to which such Customer agrees that: (i) (only if the Clearing Member is not an FCM Clearing Member), the Clearing Member acts as principal in respect of the Contract; and (ii) the Customer has no recourse, whether under contract, tort or otherwise under Applicable Laws, against the Clearing House in respect of the Contract or pursuant to the Rules.
- (iii) The Clearing Member acknowledges and agrees that the Clearing House does not have any obligations to Persons other than Clearing Members, as set out further in Rule 111. Contractual and other provision for any consequences for a Customer or counterparty (other than the Clearing House) of the Clearing Member of any Contract arising, existing or being settled or subject to delivery between the Clearing House and the

Clearing Member (including, without limitation, effective and enforceable arrangements for any Corresponding Contract or Agency Relationship with any Customer and Transferor/Transferee arrangements) shall not be the responsibility of the Clearing House.

- (iv) A person who is not a party to a Contract shall have no rights under or in respect of such Contract. Rights of third parties to enforce any term of any Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 or otherwise are expressly excluded.

(e) **Offer, Acceptance and Formalities**

- (i) The parties agree that each Contract that is not void *ab initio* shall be deemed to have been subject to an offer by the Clearing House accepted by the Clearing Member immediately upon its formation pursuant to the Rules. No Contract shall require any written instrument or document be signed, delivered or executed or electronic or other entry to be made in any record or book in order for it to arise and become binding on the parties, save as specified in Part 4 of the Rules.
- (ii) Notwithstanding (i) above, if at any time, it is necessary or desirable to better implement or protect the rights and obligations of any party to a Contract, each party shall, at its own expense, use all reasonable endeavours to enter into and execute all documents reasonably required to so implement or protect. In such circumstances, each party shall also procure that any necessary third party shall promptly execute and deliver such documents and perform such acts as may reasonably be required for the purpose of giving full effect to any Contract.

(f) **Warranties**

The Clearing Member represents and warrants that:

- (i) neither the execution nor performance of the Contract by or on behalf of the Clearing Member or the Clearing House will breach or conflict with any provision of the memorandum of incorporation, articles of association, by-laws, partnership agreement, limited liability company agreement or any other organisational document of the Clearing Member, or with any agreement or Applicable Law which is binding upon or affects the Clearing Member;
- (ii) the Clearing Member and signatories acting on its behalf each have full power and all necessary authority to enter into the Contract and perform any act that may be required pursuant to the Contract and pursuant to the Rules in respect of the Contract; and
- (iii) the Clearing Member has complied with its obligations as a Clearing Member, is duly organised and validly existing under Applicable Laws of the jurisdiction of its incorporation and is in good standing under such Applicable Laws.

The Clearing Member acknowledges that the Clearing House will not review nor be responsible for reviewing any provision of the Clearing Member's memorandum of incorporation, articles of association, by-laws, partnership agreement, limited liability company agreement or any other organisational document of the Clearing Member, any agreement to which the Clearing Member is party or any Applicable Law which is binding upon or affects the Clearing Member with a view to determining the authority of the Clearing Member to enter into any Contract.

(g) **Assignment and transfer**

No Clearing Member may, at any time, assign any of its rights or transfer by novation any of its rights and obligations under any Contract to a third party unless (i) such transfer occurs pursuant

to the Rules; or (ii) the Clearing House provides its prior written consent. Each Contract shall bind, and enure to the benefit of, the parties and their authorised successors and assignees.

(h) **Default Interest**

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 or itself funded the relevant amount, compounded daily.

(i) **No Partnership or Agency**

Nothing in this Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between any of the parties, constitute any party the agent or principal of another party, nor authorise any party to make or enter into any commitments for or on behalf of any other party. This does not affect the relationship of agency between a Disclosed Principal Member and a Clearing Member which has appointed it or any relationship of agency between an FCM Clearing Member and its Customer.

(j) **Severance**

If any provision of a Contract (or part of any provision) is found by any Court or other Governmental Authority to be invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed not to form part of that Contract, and the validity and enforceability of the other provisions of that Contract shall not be affected.

(k) **Liability**

The Clearing Member shall indemnify and hold harmless the Clearing House in respect of any Contract in accordance with the provisions of the Rules relating to indemnity and liability. The liability of the Clearing House and its Representatives under any Contract shall be subject to all the exclusions on liability set out in the Rules.

(l) **Disputes**

Any and all disputes arising out of or in connection with a Contract, including any dispute as to the existence, validity or termination of any Contract, shall be resolved pursuant to the dispute resolution procedures set out in Rule 117. In the event of any conflict between a provision of these Contract Terms and Rule 117, the provisions of Rule 117 shall prevail.

(m) **Termination**

The Contract shall terminate automatically, and Rule 209(c) shall apply, upon the Insolvency of the Clearing House. In the event of Rule 209(c) applying, the price at which Contracts are terminated for purposes of Rule 905(h) shall be the same price for all Contracts of the same Set.

~~3.2 The following terms (“ICE OTC Terms”) shall apply to ICE OTC Contracts only, in addition to the terms set out in section 3.1:~~

(n) ~~(a)~~ **Governing Law**

~~Each Contract shall be governed by and~~

~~These Contract Terms, and all non-contractual obligations arising out of or in connection with them, are governed by and shall be~~ construed in accordance with ~~the laws of England and Wales.~~ ~~All non-contractual obligations arising out of or in connection with Contracts shall also be governed by English law.~~

~~(b) — Waiver~~

~~Any waiver of any right or consent under a Contract is only effective if it is in writing and signed by the waiving or consenting party, and applies only in the circumstances for which it is given and to the Contract concerned and shall not prevent the party who is giving it from subsequently relying on the relevant provision. No delay or failure to exercise any right under a Contract shall operate as a waiver. No single or partial exercise of any right under a Contract shall prevent any further exercise of the same or any other right under that Contract or any other Contract.~~

~~(c) — Entire Agreement~~

~~The Contract Terms constitute the whole agreement between the parties with respect to their subject matter and supersede any previous arrangement, understanding or agreement between them relating to the subject matter of a Contract. The Clearing Member warrants to the Clearing House that, in entering into each Contract, it does not rely on any statement, representation, assurance or warranty of the Clearing House or any other Person other than as expressly set out in the Contract Terms. The Clearing Member agrees and undertakes to the Clearing House that its only rights and remedies available arising out of or in connection with a Contract or their subject matters shall be solely for breach of contract, in accordance with the Contract Terms. Nothing in this clause or elsewhere in the Contract Terms shall limit or exclude any liability for fraud, death or personal injury or for any other liability which by law cannot be excluded. [English law and any Dispute under these Contract Terms will be subject to arbitration under Rule 117.](#)~~

(VIII) CDS PROCEDURES

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1. **ADDITIONAL DEFINITIONS**

- 1.1 The terms "2005 Matrix Supplement", "~~Acereted Amount~~", "~~Acereting Obligation~~Auction", "Auction Cancellation Date", "Auction Final Price Determination Date", "Auction Settlement Date", "Bankruptcy", "Calculation Agent", "~~Credit Event~~Confirmation", "Credit Derivatives Determinations Committees", "~~Confirmation~~Credit Derivative Transaction", "~~Credit Event~~", "Credit Event Backstop Date", "Credit Event Notice", "Credit Event Resolution Request Date", "Dealer", "Deliverable Obligation", "~~Deliverable Obligation Characteristics~~", "Delivery", "Delivery Date", "~~Event Determination Date~~", "Exercise Cut-Off Date", "~~Extension Date~~", "Failure to Pay", "Fallback Settlement Method", "Final List", "Final Price", "Fixed Rate", "Fixed Rate Payer", "Floating Rate Payer", "Floating Rate Payer Calculation Amount", "Highest", "~~Indicative Quotation~~", "Initial Payment Payer", "DC Issue" "Loan", "Movement Option Cut-off Date", "~~NOPS Amendment Notice~~", "~~Not Contingent~~", "~~Notice Delivery Period~~", "No Auction Announcement Date", "NOPS Amendment Notice", "Notice of Physical Settlement", "~~Notice of Publicly Available Information~~", "Notice to Exercise Movement Option", "~~Notifying Party~~", "Obligation", "Physical Settlement Amount", "~~Physical Settlement Date~~", "~~Potential Repudiation/Moratorium~~", "~~Publicly Available Information~~", "Quotation", "Reference Entity", "Reference Obligation", "~~Repudiation/Moratorium~~", "~~Repudiation/Moratorium Extension Condition~~", "~~Repudiation/Moratorium Extension Notice~~", "Restructuring", "Scheduled Termination Date", "Substitute Reference Obligation", "Succession Event", "Succession Event Backstop Date", "~~Succession Event Notice~~", "Succession Event Resolution Request Date", "Successor", "Trade Date", "Transaction Auction Settlement Terms", "Transaction Type", "Valuation Date" and "Weighted Average Quotation" each have the meanings given to those terms in the Credit Derivatives Definitions. The terms "~~Credit Event Resolution Request Date~~", "~~DC Resolution~~", "~~DC Secretary~~", "~~External Reviewer~~", "~~Initial List~~", "Relevant City Business Day", "Resolve", "Resolved" and "~~Website~~"Resolves", each have the meanings given to or used for those terms in the DC Rules.
- 1.2 The term "Acceptance Notice" has the meaning set out in paragraph 4.4(a).
- 1.3 The term "Acceptance Time" means the time specified pursuant to these CDS Procedures for the acceptance of CDS Contracts, as referred to in Rules 401(a)(ix), (x) and (xi), being:
- (a) except as set out in (b) and (c) below, the time on a Business Day at which the Acceptance Notice was given, which time will be recorded in the Acceptance Notice;
  - (b) where the Acceptance Notice relates to the Clearing of CDS Trade Particulars in respect of a Bilateral CDS Transaction already recorded in Deriv/SERV, 12:01 a.m. on the calendar day following the Business Day on which the Acceptance Notice was given or deemed to be given, unless otherwise stated in a Circular or notified to any CDS Clearing Member or Sponsored Principal with prior notice in writing; and
  - (c) for CDS Contracts arising pursuant to Rule 401(a)(x), the time specified by the Clearing House in the relevant notice to the affected Clearing Members or Sponsored Principals.
- 1.4 The term "Affected CDS Clearing Member" has the meaning set out in paragraph ~~11.4~~10.4 or ~~12.4~~11.4, as applicable.
- 1.5 The term "Affected Customer" has the meaning defined in paragraph ~~11.4~~10.4 or ~~12.4~~11.4, as applicable.
- 1.6 The term "Affected SR Contract" has the meaning defined in paragraph 10.4 or 11.4, as applicable.
- 1.7 The term "Annex Date" has the meaning set out in paragraph 9.4.

- 1.8 ~~1.6~~ The term "**Automatic Early Termination Provisions**" has the meaning specified in paragraph ~~9.2.8.2~~(b)(ii).
- 1.9 ~~1.7~~ The term "**CDS Committee-Eligible Clearing Member**" means a Clearing Member that has been approved by the Clearing House, following consultation with the CDS Risk Committee, for participation in the CDS Default Committee. The Clearing House may revoke (or reinstate) its approval of any Clearing Member as a CDS Committee-Eligible Clearing Member from time to time based on its determination as to whether a particular Clearing Member has been in compliance with the Rules.
- 1.10 ~~1.8~~ The term "**CDS Default Committee**" means a committee established pursuant to paragraph 5.1.
- 1.11 ~~1.9~~ The term "**CDS Default Committee Member**" has the meaning set out in paragraph 5.1.
- 1.12 ~~1.10~~ The term "**CDS Default Committee Participant**" has the meaning set out in paragraph 5.1.
- 1.13 ~~1.11~~ The term "**CDS Default Committee Participant List**" has the meaning set out in paragraph 5.2.
- 1.14 ~~1.12~~ The term "**CDS Risk Committee**" means the committee of that name established by the board of the Clearing House.
- 1.15 ~~1.13~~ The term "**CEN Triggering Period**" means, in relation to any CDS Contracts of a Set in respect of which a Restructuring Credit Event has occurred, the period during which a CDS Buyer or CDS Seller may deliver a Restructuring Credit Event Notice in relation to all or part of such CDS Contract in accordance with the Contract Terms. Such period will start on the earliest of:
- (a) the date and time at which the RMP Matched Table is uploaded to Deriv/SERV (as referred to in paragraph ~~7.3.6.3~~(e)(vi); and
  - (b) the day after the RMP Deadline Time,
- and will end on the relevant Exercise Cut-off Date.
- 1.16 ~~1.14~~ The term "**CH Reversioning Date**" means, if the reversioning as referred to in the definition of the term "DTCC Reversioning Date" has not been completed, and notified by the Clearing House to ~~Clearing Members~~ Matched CDS Buyers and Matched CDS Sellers, prior to the opening of business on the second Business Day following the DC Restructuring Announcement Date, the later of:
- (a) such second Business Day; or
  - (b) the Business Day after the Business Day on which the relevant index publisher provides a new version of the relevant index.
- 1.17 ~~1.15~~ The term "**Change in Tax Law**" means (other than for the purpose of paragraph ~~9.2.8.2~~(a)(ii)(C)) the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant CDS Contract.
- ~~1.16 — The term "**CMI**" has the meaning set out in paragraph 4.1.~~
- ~~1.17 — The term "**CM2**" has the meaning set out in paragraph 4.1.~~
- ~~1.18 — The term "**Confidential Material**" has the meaning set out in paragraph 5.8.~~
- 1.18 ~~1.19~~ The term "**Consent**"; in paragraph ~~9.2.8.2~~ means any consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.
- 1.19 ~~1.20~~ The term "**Contractual Currency**" has the meaning set out in paragraph ~~9.2.8.2~~.

- ~~1.21~~ The term "~~Covered Party~~" has the meaning set out in paragraph 5.8.
- ~~1.22~~ The term "~~Customer Integration Date~~" means the first date on which a new version of the Rules becomes effective, on which the restrictions in a previously published version of the Rules on the Clearing of CDS Contracts recorded in CDS Customer Accounts ceased to apply.
- 1.20 ~~1.23~~ The term "**Daily Aggregate MTM Interest Amount**" means, for any CDS Clearing Member or Sponsored Principal for each currency on any day, the sum of the Mark-to-Market Margin Balances in such currency for that day in respect of that CDS Clearing Member or Sponsored Principal. The Daily Aggregate MTM Interest Amount will be determined separately in respect of ~~the CDS Clearing Member's Proprietary Account and any relevant Customer~~each Account. Where the Daily Aggregate MTM Interest Amount is positive, it will be owed by the Clearing House to the relevant CDS Clearing Member or Sponsored Principal; where it is negative, the relevant CDS Clearing Member or Sponsored Principal will owe the absolute value of the Daily Aggregate MTM Interest Amount to the Clearing House.
- 1.21 ~~1.24~~ The term "**DC Restructuring Announcement Date**" means the date on which the DC Credit Event Announcement of a Restructuring Credit Event is made, provided that where such DC Credit Event Announcement is made after 6.30 p.m. on a Business Day or on a day which is not a Business Day, the DC Restructuring Announcement Date (only) will, for the purposes of the Rules, be the first following Business Day.
- 1.22 ~~1.25~~ The term "**DC Rules**" means the Credit Derivatives Determinations Committees Rules, as defined as the "Rules" in Section 1.22 of the Credit Derivatives Definitions. For the avoidance of doubt, the term "Rules" as defined in the Rules shall not replace, or otherwise affect the interpretation of, the term "Rules" in the Credit Derivatives Definitions.
- 1.23 ~~1.26~~ The term "**DTCC**" means The Depository Trust and Clearing Corporation or any successor thereto.
- 1.24 ~~1.27~~ The term "**DTCC Accounts**" means the accounts in Deriv/SERV for the recording of transaction data in relation to CDS Contracts.
- 1.25 ~~1.28~~ The term "**DTCC Failure**" means any circumstances in which DTCC is unable to process all or substantially all Restructuring Credit Event Notices or Notices to Exercise Movement Option, if any, relating to a particular Restructuring Credit Event in the DTCC Accounts in a timely manner, where such failure affects all or substantially ~~all CDS Clearing Members or the Clearing House;~~
- (i) all Matched CDS Buyers and Matched CDS Sellers; or
- (ii) the Clearing House.
- 1.26 ~~1.29~~ The term "**DTCC Process**" means the process (if any) provided or to be provided by DTCC permitting the Clearing House alone to input to Deriv/SERV all relevant information in relation to a CDS Contract and any related Customer-CM CDS Transaction in order to establish, match and make "certain" the record of such CDS Contract and Customer-CM CDS ~~Contract~~Transaction in the relevant DTCC Account(s).
- 1.27 ~~1.30~~ The term "**DTCC Reversioning Date**" means the date on which the Clearing House notifies ~~CDS Clearing Members~~Matched CDS Buyers and Matched CDS Sellers that it has completed the reversioning process and updated records in Deriv/SERV in respect of all Old Index CDS transactions to record them as excluding the component transaction relating to a Reference Entity in respect of which a Restructuring Credit Event has occurred.
- 1.28 ~~1.31~~ The term "**Electronic Notice**" is a kind of MP Notice and means a Restructuring Credit Event Notice or Notice to Exercise Movement Option delivered pursuant to the Electronic Notice Process.

- 1.29 ~~1.32~~ The term "**Electronic Notice Process**" means the process for the delivery and receipt of Restructuring Credit Event Notices and Notices to Exercise Movement Option pursuant to paragraphs ~~7.36.3~~(f)(i) and ~~7.36.3~~(f)(ii).
- ~~1.33~~ The term "**Eligible Employee**" has the meaning set out in paragraph ~~5.1~~.
- 1.30 ~~1.34~~ The term "**Excess Net Capital**" (i) in respect of a CDS Clearing Member or applicant that is or would become an FCM/BD Clearing Member shall equal its "excess net capital" as reported on its Form 1-FR-FCM or FOCUS ~~Report~~report or as otherwise reported to the CFTC under CFTC Rule 1.12 or (ii) in respect of any other CDS Clearing Member or applicant that is or would become a US CDS Clearing Member, the amount, if any, by which its Capital (determined as set forth in paragraph 2.2(~~b~~)(~~i~~)a) exceeds the capital requirement that would be applicable to it if it were an FCM/BD, as determined pursuant to a methodology acceptable to the Clearing House.
- 1.31 ~~The term "**Manual MP Notice**" is a kind of MP Notice and means any notice delivered pursuant to the terms of a CDS Contract under the Manual Notice Process.~~
- 1.32 ~~1.35~~ The term "~~Existing Supplements~~Manual Notifier" has the meaning set out in paragraph ~~9.1~~(~~e~~6.3)(~~v~~)(A).
- ~~1.36~~ The term "**Fitch**" has the meaning set out in paragraph ~~2.2~~(a)(ii).
- 1.33 ~~1.37~~ ~~The term "**Fungibility Date**" has the meaning set out in paragraph ~~10.5~~(a).~~ The term "**Manual Notice Process**" means the process for the delivery, receipt and copying to the Clearing House of notices pursuant to paragraph ~~6.3~~(g).
- 1.34 ~~1.38~~ The term "**Mark-to-Market Interest**" means interest calculated daily in accordance with the market convention for the relevant currency by applying the applicable overnight rate referred to in paragraph 3.1 to the Mark-to-Market Margin Balance for the relevant period.
- 1.35 ~~1.39~~ The term "**Mark-to-Market Margin Balance**", in respect of CDS Contract(s) and an Account on any day, means the sum of all Mark-to-Market Margin delivered up to but excluding that day by the relevant CDS Clearing Member ~~is or Sponsored Principal in~~ respect of such CDS Contract(s) to the Clearing House less all Mark-to-Market Margin delivered up to but excluding that day by the Clearing House in respect of such CDS Contract(s) to such CDS Clearing Member or Sponsored Principal, as determined at the close of business on such day.
- ~~1.40~~ The term "**Manual CDS Clearing Member**" has the meaning set out in paragraph ~~7.3~~.
- ~~1.41~~ The term "**Manual MP Notice**" is a kind of MP Notice and means any notice delivered pursuant to the terms of a CDS Contract under the Manual Notice Process.
- ~~1.42~~ The term "**Manual Notice Process**" means the process for the delivery, receipt and copying to the Clearing House of notices pursuant to paragraph ~~7.3~~(g).
- 1.36 ~~1.43~~ The term "**MCA/STS Changeover Time**" means midnight on 29 November 2010.
- ~~1.44~~ The term "**Moody's**" has the meaning set out in paragraph ~~2.2~~(a)(ii).
- 1.37 ~~1.45~~ The term "**NEMO Triggering Period**" means, in relation to any CDS Contracts of a Set in respect of which a Restructuring Credit Event has occurred and for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, the period starting as follows:
- (a) where, in relation to the related CEN Triggering Period, a Restructuring Credit Event Notice was given pursuant to the Manual Notice Process at a time before the "Notify" function to be

provided by Deriv/SERV has been made generally available to CDS Clearing Members, at 9 a.m. on the day falling one Business Day prior to the relevant Movement Option Cut-off Date for the Set of CDS Contracts; and

- (b) otherwise at 9 a.m. on the Business Day immediately following the Exercise Cut-off Date applicable to the Buyer in relation to the related CEN Triggering Period,

and ending on the Movement Option Cut-off Date.

1.38 ~~1.46~~ The term "**New Trade**" has the meaning set out in paragraph ~~40.39.3~~3(c)(i)(L).

1.39 ~~1.47~~ The term "**Notification Cut-Off Time**" means

(a)

- (i) with respect to delivery of a Restructuring Credit Event Notice in relation to a CDS Contract of a Set, 5:00 p.m. on the Exercise Cut-off Date applicable to the Buyer;
- (ii) with respect to raising a dispute in respect of a Restructuring Credit Event Notice in relation to a CDS Contract of a Set, the later of: (A) one hour after the Clearing House notifies the ~~Clearing Members~~Matched CDS Buyers and Matched CDS Sellers of the Restructuring Credit Event Notices they have served or had served on them; or (B) 7:00 p.m. on the Exercise Cut-off Date applicable to the Matched CDS Buyer;

(b)

- (i) with respect to delivery of a Notice to Exercise Movement Option, 5:00 p.m. on the Movement Option Cut-off Date;
- (ii) with respect to raising a dispute in respect of a Notice to Exercise Movement Option, the later of:
- (A) one hour after the Clearing House notifies the ~~Clearing Members~~Matched CDS Buyers and Matched CDS Sellers of the Notices to Exercise Movement Option they have served or had served on them; or
- (B) 7:00 p.m. on the Movement Option Cut-off Date; and

- (c) with respect to delivery of a Notice of Physical Settlement or a NOPS Amendment Notice in relation to a Set of CDS Contracts, 4:30 p.m. on the second Business Day after the last date on which a Notice of Physical Settlement or a NOPS Amendment Notice, as applicable, may be served in respect of the Credit Event in question, pursuant to Section 3.2(c) of the Credit Derivatives Definitions.

1.40 ~~1.48~~ The term "**Office**" means a branch or office of a party, which may be such party's head or home office.

1.41 ~~1.49~~ The term "**Old Index CDS**" means a CDS transaction based on an index where an Applicable Credit Event has occurred in relation to a component transaction.

1.42 ~~1.50~~ The term "**Original Notional Amount**", in relation to any CDS Contract, has the meaning given to that term in the Contract Terms.

1.43 ~~1.51~~ The term "**Party**", in paragraph ~~9.2~~8.2, means a party to a CDS Contract.

1.44 ~~1.52~~ The term "**Permitted Deliverable Obligation**" means a Deliverable Obligation that satisfies Section 2.32(a) or 2.33(a) of the Credit Derivatives Definitions, if applicable.

- 1.45 ~~1.53~~ The term "**Rate of Exchange**" means the rate of exchange for the purchase of or conversion into the Contractual Currency, including any associated premiums or costs of exchange payable in connection with the same.
- 1.46 ~~1.54~~ The term "**Relevant CDS Default Committee Period**" has the meaning set out in paragraph 5.3.
- 1.47 ~~1.55~~ The term "**any Relevant Jurisdiction**" means, with respect to a party, each jurisdiction (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of a CDS Contract is located, (c) in or from which the party submits CDS Trade Particulars to the Clearing House for Clearing and (d) in relation to any payment, from or through which such payment is made.
- 1.48 ~~1.56~~ ~~The terms "**Resolve**", "**Resolved**" and "**Resolves**", in relation to a resolution of the Credit Derivatives Determinations Committee, shall have the meaning given to them in the Credit Derivatives Definitions.~~ The term "**Restructured Entity**" has the meaning set out in paragraph 9.3.
- 1.49 ~~1.57~~ The term "**Restructuring Matched Pair**" or "**RMP**" means a Matched Pair created pursuant to Rule 1508 in respect of a Restructuring Credit Event.
- 1.50 ~~1.58~~ The term "**Revocation Right**" will apply in respect of the submission of CDS Trade Particulars for Clearing:
- (a) if one of the Clearing Members or Sponsored Principals for whose account the submission for Clearing is made is a Defaulter;
  - (b) if and to the extent that either CDS Contract which would arise at the Acceptance Time would have been void under Rule 403 (if Rule 403 applied to CDS Contracts in addition to Energy Contracts) or capable of being treated as voidable under Rule 404(a) (if Rule 404(a) applied to CDS Contracts in addition to Energy Contracts and the latter being read for purposes of this definition as if the words "in relation only to Energy Contracts;" were not set out in any part of Rule 404(a) and "Energy Clearing Members" were read as "CDS Clearing Members" and including Sponsored Principals) or Rule 404(b); or
  - (c) if CDS Trade Particulars submitted by a Clearing Member or Sponsored Principal do ~~not~~ correspond in all material respects with the CDS Trade Particulars submitted by the other Clearing Member or Sponsored Principal.
- 1.51 ~~1.59~~ The term "**RMP Deadline Time**" means:
- (a) subject to (b) below, 11.59 p.m. on the latest of:
    - (i) the third Business Day following the DC Restructuring Announcement Date;
    - (ii) the second Business Day following the DTCC Reversioning Date, if any or, if earlier, the first Business Day following the CH Reversioning Date, if any; and
    - (iii) the date of publication by ISDA of the Final List; or
  - (b) either:
    - (i) with respect to a Set of CDS Contracts for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, if a No Auction Announcement Date has been announced pursuant to section 12.12(a) of the Credit Derivatives Definitions, the later of:

- (A) 11.59 p.m. on the ninth calendar day following the No Auction Announcement Date; and
  - (B) the second Business Day following the DTCC Reversioning Date, if any or, if earlier, the first Business Day following the CH Reversioning Date, if any; or
- (ii) with respect to a Set of CDS Contracts for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, if a No Auction Announcement Date has been announced pursuant to section 12.12 of the Credit Derivatives Definitions, the later of:
- (A) 11.59 p.m. on the ninth calendar day following the No Auction Announcement Date; and
  - (B) the second Business Day following the DTCC Reversioning Date, if any, or, if earlier, the first Business Day following the CH Reversioning Date, if any.

1.52 ~~1.60~~ The term "**RMP Matched Table**" means the data file, in computer-readable format, containing details of all RMPs, Matched Pairs and MP Amounts and the CDS Contracts and ~~CDS Clearing Members~~ Matched CDS Buyers and Matched CDS Sellers to which they relate and reflecting the RMP Matching Reports, all in relation to the allocation of Matched Pairs pursuant to Rule 1508 following a Restructuring Credit Event.

1.53 ~~1.61~~ The term "**RMP Matching Report**" means the report given by the Clearing House, as referred to in paragraph ~~7.36.3~~ 6.3(e), to each ~~CDS Clearing Member~~ Matched CDS Buyer and Matched CDS Seller, respectively, identifying the RMPs and allocations of Matched Pairs and the associated MP Amounts affecting the Open Contract Position of that ~~CDS Clearing Member~~ Matched CDS Buyer and Matched CDS Seller, respectively, which report comprises Matched Pair Notices for purposes of Rule 1508 in respect of each Matched Pair.

~~1.62~~ ~~The term "S&P" has the meaning set out in paragraph 2.2(a)(ii).~~

1.54 ~~1.63~~ The term "**Scheduled Settlement Date**" means a date on which a payment or delivery is to be made under paragraph ~~9.28.2~~ 9.28.2 with respect to a CDS Contract.

1.55 ~~1.64~~ The term "**Short Selling Regulation**" means Regulation (EU) no. ~~236~~ 236/2012 of the European Parliament and of the Council dated 14 March 2012 on short selling and certain aspects of credit default swaps.

1.56 ~~1.65~~ The term "**Single Name Contract**" means a SNEC Contract or a Sovereign Contract, as the case may be.

1.57 ~~1.66~~ The term "**SNEC Contract**" has the meaning set out in paragraph ~~11.210.2~~ 10.2(g).

1.58 ~~1.67~~ The term "**Sovereign Contract**" has the meaning set out in paragraph ~~12.211.2~~ 11.2(g).

1.59 ~~1.68~~ The term "**Stamp Tax**" means any stamp, registration, documentation or similar tax.

1.60 ~~1.69~~ The term "**Tax**" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under a CDS Contract other than a Stamp Tax.

1.61 ~~1.70~~ The term "**Tax Event**" has the meaning specified in paragraph ~~9.28.2~~ 9.28.2(e)(ii).

1.62 ~~1.71~~ The term "**Tax Event Upon Merger**" has the meaning specified in paragraph ~~9.28.2~~ 9.28.2(e)(ii).

- 1.63 ~~1.72~~ The term "**Tier 1**" has the meaning given to that term in Banking Consolidation Directive.
- ~~1.73~~ The term "~~Transfer Time~~" has the meaning set out in paragraph 13.2(b)(v).
- ~~1.74~~ The term "~~Transferee CDS Clearing Member~~" has the meaning set out in paragraph 13.2(a).
- ~~1.75~~ The term "~~Transferor CDS Clearing Member~~" has the meaning set out in paragraph 13.2(a).
- 1.64 ~~1.76~~ The term "**Triggering Period**" means the CEN Triggering Period ending on the Exercise Cut-Off Date applicable to a Buyer or NEMO Triggering Period, as applicable.
- 1.65 ~~1.77~~ The term "**US CDS Clearing Member**" means a CDS Clearing Member or applicant that would become a CDS 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.
- 1.66 ~~1.78~~ These CDS 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 CDS Procedures but not defined in this paragraph 1 shall have the meaning given to such terms in the Rules, the relevant CDS Contract (including Credit Derivatives Definitions) or elsewhere in these CDS Procedures (in that order of priority in the event of any conflict).
- 1.67 Subject to paragraph 1.68 to 1.73 below, these CDS 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 CDS Procedures will be subject to arbitration under Rule 117.
- 1.68 Solely as between an FCM/BD Clearing Member and the Clearing House, paragraphs 3 and 6.7 of these CDS 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 CDS 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.
- 1.69 For the avoidance of doubt, paragraph 1.68 is an exception to paragraph 1.67 and Rule 102(s) which provide that the CDS 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 1.68, 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 CDS Procedures relating to the Designated System;
  - (b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member or Sponsored Principal that is not a U.S. 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 that is not a U.S. 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.

1.70 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.

1.71 All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.70 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 1.70 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 1.70 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 1.70 heard in the New York Courts.

1.72 Nothing in paragraphs 1.67 to 1.73 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.

1.73 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 CDS 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 1.67 TO 1.73.

2. **ADDITIONAL MEMBERSHIP REQUIREMENTS FOR CDS CLEARING MEMBERS**

2.1 Rule 201(i) provides that CDS Clearing Members must meet such additional requirements applicable to CDS Clearing Members as are specified in the Procedures.

2.2 The following additional requirements are specified for the purposes of Rule 201(i) as requirements that a CDS Clearing Member must satisfy in order to attain or maintain such status:

~~(a) If it is not or would not be a US CDS Clearing Member:~~

~~(i) it must have a minimum of \$5 billion of Tier 1 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;~~

~~(ii) at the time of admission, it must have a minimum long term senior unsecured debt rating of at least the following from each of the following rating agencies (or any successor to the rating business thereof) that provides such a rating (with a minimum of one such rating): (A) "A2" from Moody's Investors Service ("Moody's"), (B) "A" from Standard & Poor's Ratings Services ("S&P"), a division of The McGraw-Hill Companies, Inc., (C) "A" from Fitch Ratings ("Fitch") or (D) the equivalent rating from any other rating agency that the Clearing House designates from time to time for this purpose; provided that, if such applicant does not have such a rating from any of the foregoing rating agencies, it demonstrates to the Clearing House that it otherwise satisfies, in the discretion of the Clearing House, stringent credit criteria, such satisfaction to be confirmed by an examination of its books and records; provided further that this requirement may, at the discretion of the Clearing House, be met by a Controller of the Clearing Member if such Controller provides a guarantee in accordance with the Finance Procedures; and provided further that this condition may be waived by the Clearing House at the recommendation of the CDS Risk Committee; and~~

~~(iii) after the time of admission, it (or, if applicable, under paragraph 2.2(a)(ii), the relevant Controller) must not have a long term senior unsecured debt rating below the following from any of the following rating agencies (or any successor to the rating business thereof) (provided that any such requirement, at the discretion of the Clearing House, may be treated as not being met if any such rating agency suspends or withdraws a rating): (A) "Baa2" from Moody's, (B) "BBB" from S&P, (C) "BBB" from Fitch or (D) the equivalent rating from any other rating agency the Clearing House designates from time to time for this purpose (or, if the first proviso of paragraph 2.2(a)(ii) applies, the CDS Clearing Member (or, if applicable under paragraph 2.2(a)(ii), the relevant Controller) ceases to satisfy objective criteria established by the Clearing House at its discretion).~~

~~(b) If it is or would be a US CDS Clearing Member:~~

(a) (i) It must have a minimum of \$50 million of Capital, ~~provided that this~~ such requirement ~~may be satisfied in accordance with Rule 206 and the Finance Procedures (which allow Capital requirements,~~ at the discretion of the Clearing House, to be met by a Controller ~~if such which has executed a~~ Controller ~~provides a guarantee in accordance with the Finance Procedures~~ Guarantee). For purposes of the application of this ~~clause~~ paragraph 2.2(a) to a US

CDS 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 must, at the time of admission, demonstrate to the Clearing House that it satisfies, in the discretion of the Clearing House, the internal stringent credit criteria established by the Clearing House, such satisfaction to be confirmed by an examination of its books and records; provided further that this requirement may, at the discretion of the Clearing House, be met by a Controller of the Clearing Member if such Controller provides a guarantee in accordance with the Finance Procedures;~~
- ~~(iii) — after the time of admission, it (or, if applicable, under paragraph 2.2(b)(ii), its relevant Controller(s)) must not cease to satisfy the internal credit criteria established by the Clearing House pursuant to paragraph 2.2(b)(ii); and~~
- (b) ~~(iv)~~ If it is or would be a US CDS Clearing Member, it is regulated for capital adequacy (the “Regulatory Capital Requirement”) by a competent authority such as the ~~FSA~~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.
- ~~(c) — It demonstrates operational competence in CDS contracts substantially similar (as determined by the Clearing House) to CDS Contracts;~~
- ~~(d) — A CDS Clearing Member must be a user of Deriv/SERV or such other repository as is specified by the Clearing House;~~
- ~~(e) — If incorporated or registered in the United States of America, a CDS Clearing Member must be an eligible contract participant, as defined in Section 1a of the Commodity Exchange Act;~~
- (c) ~~(f)~~ A CDS Clearing Member must have executed an agreement concerning Intellectual Property (as referred to in Rule 406(~~d~~g)) in a form acceptable to the Clearing House~~;~~
- (d) A CDS Clearing Member must be a user of Deriv/SERV or such other service as is specified by the Clearing House.
- (e) ~~(g)~~ If any CDS Trade Particulars are submitted for Clearing which relate to a Bilateral CDS Transaction registered at Deriv/SERV in the name of an Affiliate of a CDS Clearing Member, the CDS Clearing Member must have provided an executed authority, in a form acceptable to the Clearing House, from the relevant Affiliate, pursuant to which the Clearing House is authorised to terminate the records in Deriv/SERV in respect of Bilateral CDS Transactions to which the Affiliate is party~~;~~
- (f) ~~(h)~~ A CDS Clearing Member must be a member of, or have access to, at least one physical settlement system that is customary for the settlement of all potentially applicable Deliverable Obligations under all CDS Contracts of all Sets which it is authorised to enter into, where such a physical settlement system exists~~;~~ ~~and~~
- ~~(i) — If it is not incorporated in England and Wales, a CDS Clearing Member must have appointed an agent for the service of process pursuant to Rule 113(e).~~

~~2.3 — If a Controller Guarantee has been provided, the Clearing Member to which the Controller Guarantee relates shall procure that the Controller:~~

- ~~(a) at all times complies with the requirements of Rules 201(a)(viii), 202(a)(iii), 202(a)(v), 202(a)(vi), 202(a)(x) and 202(a)(xiii) as if the Controller were a Clearing Member, *mutatis mutandis* and such provisions applied to the Controller's business;~~
- ~~(b) would not breach any of the requirements of Rule 203, were the Controller to be a Clearing Member subject to the requirements of Rules 203, *mutatis mutandis* and such provisions applied to the Controller's business; and~~
- ~~(c) makes all notifications that would be required under Rule 204 if the Controller were a Clearing Member, *mutatis mutandis* and such provisions applied to the Controller's business.~~

~~2.4 A Non FCM CDS Clearing Member shall notify the Clearing House if any relevant rating falls below that specified in paragraph 2.2(a).~~

2.3 ~~2.5~~ In the case of a US CDS Clearing Member, if at any time and for so long as it has a required contribution to the CDS Guaranty Fund that exceeds 25% of its Excess Net Capital, the Clearing House may (in addition to imposing any other applicable restrictions under Part 2 of the Rules or otherwise under the Rules or Procedures) require such US CDS Clearing Member to provide additional Margin under Rule 502(g) and/or prepay and maintain with the Clearing House an additional contribution (the ~~"~~**Prepaid Contribution**~~"~~) to the CDS Guaranty Fund equal to the maximum CDS Assessment Contribution under Rule 1106 that would be applicable to it at such time if it were terminating its membership of the Clearing House following an Event of Default or Events of Default where CDS Guaranty Fund Contributions have been applied. Payment of the Prepaid Contribution shall not limit such US CDS Clearing Member's obligations to make additional contributions to the CDS Guaranty Fund as otherwise required by the Rules, provided that if such a US CDS Clearing Member terminates its membership of the Clearing House it may apply the Prepaid Contribution to its obligation to make CDS Assessment Contributions up to its maximum contribution under Rule 1106. Notwithstanding anything to the contrary herein, except in the case of an Event of Default with respect to such a US CDS Clearing Member, the Prepaid Contribution will not be deemed to be part of the CDS Guaranty Fund for purposes of the application of funds therefrom until such time as it is applied to the US CDS Clearing Member's obligations to make additional contributions to the CDS Guaranty Fund as provided in the preceding sentence.

2.4 ~~2.6~~ For purposes of Rule 205(a)(iii), a US CDS Clearing Member that is not an FCM/BD Clearing Member shall provide to the Clearing House a copy of such forms as the Clearing House may determine to be necessary on a comparable schedule to that which an FCM/BD Clearing Member would be required to follow in filing such forms with its Regulatory Authorities.

### 3. CERTAIN PROVISIONS RELATING TO MARGIN AND OTHER PROCEDURES

- 3.1 Mark-to-Market Interest 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 CDS Clearing Members for each of the currencies in which Mark-to-Market Margin is paid.
- 3.2 Mark-to-Market Interest will be calculated by the Clearing House in respect of Mark-to-Market Margin Balance relating to CDS Contracts as recorded by the Clearing House (on a 'trade by trade', 'gross' or 'net' basis) as referred to in Rule 406(d).
- 3.3 The Daily Aggregate MTM Interest Amount, if any, in any currency will be payable by the Clearing House (if positive) or the Clearing Member (as to the absolute value thereof if negative), as the case may be, in accordance with Part 3 of the Rules and the Finance Procedures.
- 3.4 The Finance Procedures, Membership Procedures, Business Continuity Procedures and ~~Complaints Procedures~~ Complaint Resolution Procedures and (to the extent specified in paragraph 3 of the General Contract Terms) the General Contract Terms also apply in relation to CDS Contracts and to CDS Clearing Members.

#### 4. SUBMISSION AND ACCEPTANCE OF CDS CONTRACTS

- 4.1 Any CDS Trade Particulars which are submitted to the Clearing House by a CDS Clearing Member ~~via~~ a(or, in respect of an Individually Segregated Sponsored Account, a Sponsored Principal with authorisation to clear CDS) via a CDS Trade Execution/Processing Platform or other Representative on behalf of a Clearing Member (or such a Sponsored Principal) (or its Affiliate as described in paragraph 4.5) shall be capable of giving rise to a CDS Contract under Rule 401(a)(ix). Deriv/SERV shall be treated as a Representative of the CDS Clearing Member (or Sponsored Principal) (and any Affiliate, if applicable) solely for the purposes of the submission of CDS Trade Particulars for Clearing. Pursuant to Rule 401(a)(ix) and Rule 1502, if CDS Trade Particulars are so submitted to the Clearing House by the relevant CDS Clearing Members (or, in respect of an Individually Segregated Sponsored Account, Sponsored Principals with authorisation to clear CDS) ("CM1" and "CM2"), and are accepted by the Clearing House pursuant to an Acceptance Notice: (i) CM1 will be deemed to have entered into a CDS Contract with the Clearing House as its counterparty in place of CM2; and (ii) CM2 will be deemed to have entered into a CDS Contract with the Clearing House as its counterparty in place of CM1. In each case, the CDS Contract will be on the Contract Terms specified in the Rules and Procedures. Rule 402(b) makes provision for the effect of this process on rights, liabilities and obligations under any Bilateral CDS Transaction.
- 4.2 Only CDS Clearing Members (including their duly appointed Representatives) or Sponsored Principals with authorisation to clear CDS may submit CDS Trade Particulars to the Clearing House.
- 4.3 CDS Trade Particulars submitted for Clearing must include:
- (a) the identity of both Clearing Members (or, in respect of an Individually Segregated Sponsored Account, a Sponsored Principal) (or, in the case of CDS Trade Particulars submitted pursuant to paragraph 4.4(~~gh~~), the single Clearing Member);
  - (b) the position of each Clearing Member or Sponsored Principal as protection seller or protection buyer (or in the case of CDS Trade Particulars submitted pursuant to paragraph 4.4(~~gh~~), whether ~~the~~ Clearing Member is to act as protection seller or protection buyer in respect of the CDS Contract to be recorded in one of its Customer Position ~~Account~~Accounts and whether it is to act as protection seller or protection buyer in respect of the CDS Contract to be recorded in its Proprietary Position Account);
  - (c) the relevant Set involved;
  - (d) the quantity or notional and other economic terms involved;
  - (e) the Customer Position Account, if any, in which a resulting CDS Contract is to be recorded, failing which it will be recorded in the Proprietary Position Account;
  - (f) the relevant CDS Sub-Account;
  - (g) the amount of the Initial Payment (if any) payable, the identity of the Clearing Member or Sponsored Principal obliged to make such payment and the date for payment; and
  - (h) such other information as may reasonably be required by the Clearing House (such requirement to have been notified previously by the Clearing House).
- 4.4 In relation to any CDS Trade Particulars submitted for Clearing:-
- (a) The Clearing House shall, if such CDS Trade Particulars are submitted in accordance with and meet the requirements established by the Rules and these CDS Procedures, give notice as soon as reasonably practicable (in a final trade status report or other report identified for the purpose) in accordance with this paragraph 4.4 (an "**Acceptance Notice**") to the relevant Clearing Members or Sponsored Principals (including by notice to a CDS Trade Execution/Processing

Platform which submitted the relevant CDS Trade Particulars) specifying that the Clearing House has accepted such CDS Trade Particulars for Clearing, provided that the Clearing House may decline to accept or may reject CDS Trade Particulars for Clearing if it determines in good faith that, based on the exercise of prudent risk management standards or in accordance with paragraph 4.4(d), it should not accept or should reject such CDS Trade Particulars for Clearing or if it determines that a Revocation Right would apply in respect of such submission for Clearing. Subject to Part 4 of the Rules and this paragraph 4, an Acceptance Notice will result in the relevant Clearing Member or Sponsored Principal and the Clearing House entering into a CDS Contract at the Acceptance Time. The Acceptance Notice shall be definitive as to any CDS Contracts entered into between the Clearing House and any Clearing Member or Sponsored Principal, regardless of any error. Acceptance Notices will be given by electronic message.

This sub-paragraph applies only in respect of CDS Trade Particulars relating to a Bilateral CDS Transaction already recorded in Deriv/SERV at the time of submission. The Clearing House shall, if such CDS Trade Particulars are submitted in accordance with and meet the requirements established by the Rules and these CDS Procedures, give notice as soon as reasonably practicable (in a final trade status report or other report identified for the purpose) in accordance with this paragraph 4.4 (a "**Preliminary Notice**") to the relevant Clearing Members or Sponsored Principals (including by notice to a CDS Trade Execution/Processing Platform which submitted the relevant CDS Trade Particulars) specifying that the Clearing House is minded to accept such CDS Trade Particulars for Clearing, provided that the Clearing House may decline to issue such a notice if it determines in good faith that, based on the exercise of prudent risk management standards, it should not accept such CDS Trade Particulars for Clearing or if it determines that a Revocation Right would apply in respect of such submission for Clearing. CDS Trade Particulars will be subject to such pre-submission review and processing as the Clearing House shall designate, and shall not be deemed to be formally submitted or accepted until such time as is designated for the completion of such pre-submission review and processing. Acceptance of CDS Trade Particulars for Clearing shall, in addition to the other criteria set forth herein, be subject to receipt by the Clearing House of any advance funding of Margin as may be required by the Clearing House in connection with the CDS Trade Particulars. Each Clearing Member or Sponsored Principal shall check each Preliminary Notice that concerns CDS Contracts that it is proposed to enter into at the Acceptance Time and shall promptly notify the Clearing House of any error of which it is aware. An Acceptance Notice in respect of CDS Trade Particulars to which this sub-paragraph applies shall not be issued until after the completion of any applicable pre-submission review and processing and receipt of such Margin.

CDS Trade Particulars may be submitted between 8:00 a.m. and 6:00 p.m. on a Business Day and will be accepted or rejected by the Clearing House by 6:30 p.m. on the day submitted. CDS Trade Particulars submitted after 6:00 p.m. on a Business Day or on a day that is not a Business Day shall, unless withdrawn prior to 8:00 a.m. on the following Business Day by the CDS Trade Execution/Processing Platform which submitted it or unless otherwise notified by the Clearing House to the Clearing Member or Sponsored Principal or otherwise stated in a Circular, be deemed to have been submitted at 8:00 a.m. on such following Business Day.

Following the issuance of an Acceptance Notice, the Clearing House will, using the DTCC Process, promptly (i) submit to Deriv/SERV or another service specified by the Clearing House (for itself, for the relevant Clearing Members or Sponsored Principals and for any relevant ~~Segregated~~ Customer) the terms of each new CDS Contract arising at the Acceptance Time (and any related Customer-CM CDS Transaction), adjusted to take into account netting, aggregation, terminations and replacements of CDS Contracts pursuant to Rule 406, where applicable and (ii) terminate, if applicable, the record in Deriv/SERV of any relevant Bilateral CDS Transaction. Each Clearing Member, Sponsor, Sponsored Principal and ~~each~~ Customer will suppress its own processes (and procure that its Representatives suppress their processes) for such submission and termination.

- (b) After the Acceptance Time, any CDS 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 404, Rule 406 or Part 9 of the Rules;
  - (ii) if the Clearing House is presented with an agreement in writing to terminate between ~~two Clearing Members~~ a CDS Buyer and CDS Seller with equally offsetting positions in the same Set and the Clearing House also agrees (in which case such equally offsetting CDS Contracts of ~~both Clearing Members~~ the CDS Buyer and CDS Seller will be ~~affected~~ terminated); or
  - (iii) pursuant to CADP under Rule 1514.
- (c) Each Clearing Member and Sponsored Principal acknowledges and agrees that the Clearing House may rely, without additional investigation, on the data in CDS Trade Particulars submitted by a CDS Trade Execution/Processing Platform for Clearing that has been designated by such CDS Trade Execution/Processing Platform as having been affirmed or confirmed by the relevant parties thereto (including as to the identity of the Clearing Members or Sponsored Principals specified therein), and that the relevant Clearing Member or Sponsored Principal shall be party to any CDS Contract arising as a result of such submission. A Clearing Member or Sponsored Principal may give not less than one Business Day's written notice to the Clearing House, in accordance with the Procedures, that a CDS Trade Execution/Processing Platform is no longer authorised to submit CDS Trade Particulars on its behalf, and following expiry of that notice period, the Clearing House will not accept for Clearing any CDS Trade Particulars and receive Acceptance Notices submitted by such CDS Trade Execution/Processing Platform that identify such Clearing Member or Sponsored Principal (but without limiting the provisions of this paragraph with respect to any CDS Trade Particulars submitted before the expiry of that notice period).
- (d) The Clearing House may establish limits for CDS Trade Particulars of various types which may be submitted by a CDS Clearing Member or Sponsored Principal for Clearing based on the impact on the Margin requirements and may require advance funding by a CDS 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 such CDS Trade Particulars. Such limits or requirements will be set in accordance with the established risk procedures applicable to all Clearing Members or Sponsored Principals (such procedures as determined in consultation with the CDS Risk Committee). Any material change to the factors by reference to which the limits and/or requirements are set will be subject to consultation with the CDS Risk Committee. Such limits and/or requirements may be amended from time to time by the Clearing House (provided that they are set in accordance with such procedures) and need not be identical for, or apply to, all CDS Clearing Members or Sponsored Principals. The Clearing House will give notice from time to time to each CDS Clearing Member and Sponsored Principal of the limits and requirements, if any, applying to that CDS Clearing Member or Sponsored Principal. The Clearing House may, without other reason, reject or refuse to accept for Clearing any CDS Trade Particulars for which a submitting CDS 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(d) are without prejudice and in addition to the Clearing House's powers under Part 6 of the Rules.
- (e) If a CDS Contract and/or a Customer-CM CDS Transaction do not reflect, subject to the provisions of the Rules and Procedures, the data in the CDS Trade Particulars which were submitted or were intended to be submitted for Clearing, then:
- (i) where either the details in the Acceptance Notice did not so reflect the data in the CDS Trade Particulars actually submitted for Clearing or the details of the resulting CDS Contract(s) or Customer-CM CDS Transaction(s) as recorded in Deriv/SERV do not

reflect the Acceptance Notice, the Clearing House will, as appropriate, reissue a corrected Acceptance Notice and/or amend (and thereby correct) the records in Deriv/SERV (including, where appropriate, any records in Deriv/SERV of any Customer-CM CDS Transaction) and may require the affected Clearing Member(s), Sponsor(s), Sponsored Principal(s) and any Customer(s) to make or confirm matching amendments to such records; and

- (ii) other than in circumstances falling in (i), the affected ~~Clearing Members~~CDS Buyer and CDS Seller may agree among themselves (or the affected Clearing Member, if there is only one Clearing Member that has become party to two CDS Contracts) (in either case, without reference to or consent from the Clearing House) to submit for Clearing, pursuant to the "Misclear" function made available ~~to the Clearing Members~~ by the Clearing House, further CDS Trade Particulars for the purpose of cancelling (by netting) the continuing rights and obligations resulting from the error, but unless and until they do so, such ~~Clearing Members~~CDS Buyer and CDS Seller and, where applicable, ~~their~~ Customers, shall be bound by the terms of the relevant CDS Contracts and Customer-CM CDS Transactions notwithstanding such error.
- (f) This paragraph 4.4(f) applies only to CDS Contracts arising pursuant to Rule 401(a)(xi). The Clearing House will provide affected Clearing Members and Sponsored Principals with CDS Trade Particulars which will give rise to CDS Contracts pursuant to Rule 401(a)(xi) on the Business Day of price submission. Provided that the Clearing House is not notified of any error or dispute relating to the CDS Trade Particulars prior to the Acceptance Time, such CDS Trade Particulars will be used by the Clearing House for the purposes of booking new CDS Contracts. The Clearing House will be deemed to have issued an Acceptance Notice specifying the time of deemed issue as the Acceptance Time when it gives notice to the affected Clearing Member or Sponsored Principal that it has recorded the new CDS Contract in its systems.
- (g) Where a Clearing Member submits CDS Trade Particulars for one of its Customer ~~Account~~Accounts, the CDS Contract, if any, arising at the Acceptance Time will be recorded in the CDS Sub-Account and DTCC ~~Sub~~-Account specified by the relevant Clearing Member, in accordance with Rule 401(g). Pursuant to Rule 401(m), in the case of a ~~Non-FCM/BD~~ CDS Clearing ~~Member~~Members, a Customer-CM CDS Transaction shall be established (or any pre-existing transaction between the Customer and Clearing Member shall be replaced or amended and restated as a Customer-CM CDS Transaction) at the Acceptance Time in respect of the related CDS Contract, such Customer-CM CDS Transaction being on the terms provided in the Rules and the Standard Terms. The relevant Clearing Member shall also specify the relevant corresponding DTCC ~~Sub~~-Account.
- (h) A single Clearing Member may submit CDS Trade Particulars which would, on acceptance for Clearing, give rise to a CDS Contract for one of its Customer ~~Account~~Accounts and a CDS Contract for its Proprietary Account and, for the purposes of this paragraph 4, will be treated as two Clearing Members in relation to such submission, one as protection buyer and one as protection seller.

#### 4.5

- (a) The Clearing House may accept the submission of CDS 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 a CDS 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 CDS Trade Execution/Processing Platform is then designated as a Representative of the Clearing Member or Sponsored Principal. ~~Where an Affiliate of a CDS Clearing Member may submit CDS Trade Particulars for the account of that CDS Clearing~~

~~Member as referred to in this paragraph 4.5, any person which, as a Trade Processing Platform, is a Representative of such CDS Clearing Member shall be deemed to be additionally a Representative of such Affiliate for these purposes.~~

- (b) Where CDS Trade Particulars relate to an Affiliate of a CDS Clearing Member or Sponsored Principal and are submitted for Clearing for the account of that CDS Clearing Member, ~~other than where that Affiliate is a Segregated Customer~~ 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 Deriv/SERV in respect of any related Bilateral CDS Transaction;
  - (ii) ~~such~~the Clearing Member or Sponsored Principal is responsible for ensuring that any give-up or novation agreements, other back-to-back CDS 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 CDS Clearing Member or Sponsored Principal and Clearing House with such authority as would have been provided (if such Affiliate were a ~~Segregated~~ Customer pursuant to the Standard Terms or the Rules) to amend the records of Deriv/SERV; and
  - (vi) the Affiliate shall (in the absence of evidence of a contrary intention under any relevant Bilateral CDS 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 CDS Trade Particulars submitted for Clearing.
- 4.6 The Clearing House will be entitled to assume and will assume that no Credit Event Notice relating to a Credit Event under a Bilateral CDS Transaction for which CDS Trade Particulars are submitted for Clearing has been delivered by either party to the other prior to the relevant Acceptance Time (other than any deemed delivery of a Credit Event Notice pursuant to a Credit Event Announcement). Each CDS Buyer and CDS Seller upon submitting CDS Trade Particulars for Clearing acknowledges and agrees that any Credit Event Notice (other than any deemed delivery of a Credit Event Notice pursuant to a Credit Event Announcement) delivered in relation to the relevant Bilateral CDS Transaction for which CDS Trade Particulars are accepted for Clearing shall be deemed, at the Acceptance Time, never to have been delivered. This paragraph shall have no effect on any Bilateral CDS Transaction for which CDS Trade Particulars are not accepted for Clearing.
- 4.7 The Clearing House will be entitled to assume and will assume that no Notice of Physical Settlement under a Bilateral CDS Transaction for which CDS Trade Particulars are submitted for Clearing has been delivered by one party to the other prior to the relevant Acceptance Time. Each CDS Buyer and CDS Seller upon submitting CDS Trade Particulars relating to a Bilateral CDS Transaction for Clearing acknowledges and agrees that any Notice of Physical Settlement delivered in relation to such a Bilateral CDS Transaction shall be deemed, at the Acceptance Time, never to have been delivered. This paragraph shall have no effect on any Bilateral CDS Transaction for which CDS Trade Particulars are not accepted for Clearing.
- 4.8 Any CDS Trade Particulars which would give rise to two Single Name Contracts at the Acceptance Time shall not be eligible for Clearing where the Reference Entity is one of the CDS Clearing Members or

Sponsored Principals submitting the CDS Trade Particulars for Clearing or a Group Company thereof (or is the Customer in respect of the CDS Sub-Account in which a CDS Contract would be recorded or a Group Company thereof). Neither CDS Clearing Members nor Sponsored Principals shall ~~not~~ submit for Clearing any CDS Trade Particulars which are not, at the time of submission for Clearing, eligible for Clearing pursuant to this paragraph 4.8. Customers shall not take any action which would lead to the submission for Clearing of any CDS Trade Particulars which are not, at the time of submission for Clearing, eligible for Clearing pursuant to this paragraph 4.8 as a result of the Reference Entity being such Customer or one of its Group Companies. Unless, and only for such time as, it is prevented from doing so by Applicable Law, a CDS Clearing Member or Sponsored Principal shall notify the Clearing House as soon as reasonably practicable if any CDS Trade Particulars submitted by it for Clearing (but in respect of which no Acceptance Notice has become effective) are or become ineligible for Clearing pursuant to this paragraph 4.8. Unless, and only for such time as, it is prevented from doing so by Applicable Law, ~~Customers~~ a Customer shall notify its CDS Clearing Member as soon as reasonably practicable if it becomes aware that any CDS Trade Particulars submitted for Clearing (but in respect of which no Acceptance Notice has become effective) are or become ineligible for Clearing pursuant to this paragraph 4.8 as a result of the Reference Entity being such Customer or one of its Group Companies. Any CDS Trade Particulars which are submitted for Clearing but which are, or become before the relevant Acceptance Time, ineligible for Clearing may be rejected by the Clearing House before the relevant Acceptance Time (whether or not paragraph 4.8 applied at the time that the CDS Trade Particulars were submitted for Clearing). This restriction shall not apply where the CDS Trade Particulars are submitted to close-out an Affected SR Contract.

- 4.9 CDS Trade Particulars for Old Index CDS shall cease to be eligible to be submitted for Clearing:
- (a) in the case of a Restructuring Credit Event, upon the earlier of:-
    - (i) close of business on the DC Restructuring Announcement Date; and
    - (ii) the close of business ~~on~~ the day on which a No Auction Announcement Date ~~is~~ relevant to the Set in question occurs;
  - (b) in the case of a Failure to Pay Credit Event or a Bankruptcy Credit Event, if the Acceptance Notice would fall after the earlier of:-
    - (i) the close of business on the calendar day following the Auction Final Price Determination Date with respect to the Component Transaction ; and
    - (ii) the close of business of the day on which an Auction Cancellation Date or a No Auction Announcement Date relevant to the Set in question occurs; or
  - (c) in any such case, such other time as is notified by the Clearing House in a Circular following consultation with the CDS Risk Committee.

In such circumstances, CDS Trade Particulars similar to the Old Index CDS but excluding the Component Transaction affected by the Credit Event will become available for Clearing when, following consultation with the CDS Risk Committee, the relevant Set is notified as available for Clearing by the Clearing House by Circular, which notification will be given as soon as reasonably practicable. For the avoidance of doubt, CDS Trade Particulars submitted for Clearing prior to the time specified in ~~paragraphs~~ paragraph 4.9(a) will be capable of being accepted for Clearing, notwithstanding any occurrence of an event referred to in paragraph 4.9(a) prior to the time of the relevant Acceptance Notice, subject always to paragraph 4.9(c) and the rest of this paragraph 4.

- 4.10 CDS Trade Particulars which would give rise to two Single Name Contracts at the Acceptance Time in respect of which an applicable Credit Event occurs in relation to the relevant Reference Entity shall cease to be eligible to be submitted for Clearing:

- (a) In the case of a Restructuring Credit Event, upon the earliest of:-
  - (i) close of business on the DC Restructuring Announcement Date, provided that Clearing House may, in consultation with the CDS Risk Committee, designate by Circular any later date; and
  - (ii) the close of business of the day on which a No Auction Announcement Date relevant to the Set in question occurs;
- (b) In the case of a Failure to Pay Credit Event or a Bankruptcy Credit Event, if the Acceptance Notice would fall after the earlier of:-
  - (i) the close of business on the calendar day following the Auction Final Price Determination Date; and
  - (ii) the close of business of the day on which an Auction Cancellation Date or a No Auction Announcement Date relevant to the Set in question occurs; or
- (c) in any such case, such other time as is notified by the Clearing House in a Circular following consultation with the CDS Risk Committee.

In the case only of a Restructuring Credit Event, such CDS Trade Particulars will again become eligible for Clearing if the Acceptance Notice would fall after:

- (i) close of business on the calendar day following the Business Day following the latest possible Exercise Cut-off Date for the Restructuring Credit Event; or
- (ii) such other time as is notified by the Clearing House in a Circular following consultation with the CDS Risk Committee.

For the avoidance of doubt, CDS Trade Particulars submitted for Clearing prior to the time specified in paragraph 4.10(a) will be capable of being accepted for Clearing, notwithstanding any occurrence of an event referred to in any of paragraph 4.10(a) prior to the time of the relevant Acceptance Notice, subject always to paragraph 4.10(c) and the rest of this paragraph 4.

- 4.11 In relation to a Succession Event, if the Clearing House determines that any actual, hypothetical or potential transaction reflected in CDS Trade Particulars submitted for Clearing would have been subject to a Succession Event but will no longer be subject to such Succession Event after the Acceptance Time because of the Trade Date that would be specified with respect to the related CDS Contract, the Clearing House shall take such action as it deems necessary to ensure that such Succession Event is given effect with respect to such CDS Contracts arising at the Acceptance Time, including, without limitation, declining to accept such CDS Trade Particulars for Clearing or specifying an alternate Trade Date for purposes of Section 2.1 of the Credit Derivatives Definitions with respect to the relevant CDS Contract or portion thereof.
- 4.12 CDS Clearing Members, Sponsors, Sponsored Principals and Customers shall use reasonable endeavours not to submit any CDS Trade Particulars which are not eligible for Clearing pursuant to paragraph 4.9, 4.10, ~~8.27.2~~ or ~~8.37.3~~ as at the time such CDS Trade Particulars are submitted for Clearing. Each CDS Clearing Member, Sponsor and Sponsored Principal shall notify the Clearing House as soon as reasonably practicable if it is or becomes aware that any CDS Trade Particulars submitted by it for Clearing (but in respect of which no Acceptance Notice has become effective) are or become ineligible for Clearing pursuant to paragraph 4.9, 4.10, ~~8.27.2~~ or ~~8.37.3~~. Any CDS Trade Particulars which are submitted for Clearing but which are, or become before the relevant Acceptance Time, ineligible for Clearing may be rejected by the Clearing House before the relevant Acceptance Time (whether or not the relevant provision of paragraph 4.9, 4.10, ~~8.27.2~~ or ~~8.37.3~~ applied at the time that the CDS Trade Particulars were submitted for Clearing). If CDS Trade Particulars were eligible for Clearing at the time they were submitted for Clearing but become ineligible for Clearing pursuant to paragraph 4.9, 4.10,

~~8.27.2~~ or ~~8.37.3~~ after the time that they were submitted for Clearing, then the Clearing House will use reasonable endeavours not to issue an Acceptance Notice in respect of those CDS Trade Particulars.

- 4.13 If any CDS Trade Particulars have been submitted for Clearing, are or become, pursuant to paragraph 4.9 or 4.10, ineligible for Clearing before the relevant Acceptance Time and are not rejected by the Clearing House before the relevant Acceptance Time, then:
- (a) in the case of an Old Index CDS where a Restructuring Credit Event has occurred in relation to a Component Transaction and the Exercise Cut-Off Date applicable to the CDS Buyer has not occurred at the time that the Clearing House becomes aware of the situation, the Clearing House will endeavour:
    - (i) to allocate the CDS Buyer and CDS Seller (the "**Late Buyer and Seller**") under the resulting Cleared CDS Contracts (the "**Late Cleared CDS Contracts**") into a single Matched Pair for the relevant Component Transaction in respect of an MP Amount equal to the Floating Rate Payer Calculation Amount relating to such Component Transaction; and
    - (ii) to treat the remainder of the Late Cleared CDS Contracts in the same way as other equivalent CDS Contracts of the relevant Set which had already been Cleared;
  - (b) in the case of an Old Index CDS where an Applicable Credit Event other than Restructuring has occurred in relation to a Component Transaction, the Clearing House will:
    - (i) where an Auction is held in respect of the relevant Reference Entity which would have applied to the relevant Component Transaction, (x) notify the Late Buyer and Seller under the Late Cleared CDS Contracts that they will be obliged to settle the rights and obligations arising in respect of the relevant Component Transaction as a result of such Credit Event at the auction price that would have been applicable to the relevant Component Transaction and (y) endeavour to treat the remainder of the Late Cleared CDS Contracts in the same way as other equivalent CDS Contracts of the relevant Set which had already been Cleared; and
    - (ii) where (i) does not apply and the relevant deadline in section 3.2(c) of the Credit Derivatives Definitions for the delivery of a Notice of Physical Settlement has not passed at the time that the Clearing House becomes aware of the situation, endeavour (x) to allocate the Late Buyer and Seller under the Late Cleared CDS Contracts into a single Matched Pair for the relevant Component Transaction in respect of an MP Amount equal to the Floating Rate Payer Calculation Amount relating to such Component Transaction and (y) to treat the remainder of the Late Cleared CDS Contracts in the same way as other equivalent CDS Contracts of the relevant Set which had already been Cleared;
  - (c) in the case of CDS Trade Particulars to which paragraph 4.10 applies, where a Restructuring Credit Event has occurred and the Exercise Cut-off Date applicable to the CDS Buyer has not occurred at the time that the Clearing House becomes aware of the situation, the Clearing House will endeavour to allocate the Late ~~CDS~~ Buyer and ~~CDS~~ Seller under the Late Cleared CDS Contracts into a single Matched Pair in respect of an MP Amount equal to the Floating Rate Payer Calculation Amount of such CDS Trade Particulars; and
  - (d)
  - (e) in the case of CDS Trade Particulars to which paragraph 4.10 applies, where an Applicable Credit Event other than Restructuring has occurred, the Clearing House will:
    - (i) where an Auction is held in respect of the relevant Reference Entity which would have applied to the Late Cleared CDS Contracts, notify the Late Buyer and Seller under the Late Cleared CDS Contracts that they will be obliged to settle the rights and

obligations arising in respect of the Late Cleared CDS Contracts as a result of such Credit Event at the auction price that would have been applicable; and

- (ii) where (i) does not apply and the relevant deadline in section 3.2(c) of the Credit Derivatives Definitions for the delivery of a Notice of Physical Settlement has not passed at the time that the Clearing House becomes aware of the situation, endeavour to allocate the Late Buyer and Seller under the Late Cleared CDS Contracts into a single Matched Pair in respect of an MP Amount equal to the Floating Rate Payer Calculation Amount of such CDS Trade Particulars.

For the avoidance of doubt, if notwithstanding the use of reasonable endeavours to follow the process set out in this paragraph 4.13, the outcome described in this paragraph 4.13 has not resulted, the Clearing House may deal with the situation in other ways in accordance with the Rules or these CDS Procedures.

- 4.14 The Clearing House will, where required in order to give effect to the election of each CDS Clearing Member or Sponsored Principal made pursuant to Rule 406(d), aggregate and net those CDS Contracts of the same Set in the same CDS Sub-Account of such CDS Clearing Member or Sponsored Principal which are eligible for netting: (a) on a weekly basis as part of its process for Clearing Bilateral CDS Transactions already recorded in Deriv/SERV; and (b) on such other dates as the Clearing House may determine. In addition, the Clearing House will aggregate and net relevant CDS Contracts in a CDS Sub-Account which are eligible for netting: (i) when a CDS Contract for such CDS Sub-Account arises pursuant to Rule 401(a)(vi), (x) or (xi); and (ii) when a CDS Contract recorded in such CDS Sub-Account is voided (and such voiding is duly notified by the Clearing House pursuant to Rule 404(e)) or, to the extent that termination and replacement is necessary in the circumstances, Rule 404(c)(i).
- 4.15 Where, in connection with Clearing, the Clearing House is to use the DTCC Process to submit, amend or terminate the records in Deriv/SERV of any CDS Contract or Customer-CM CDS ~~Contract~~Transaction so far as those records relate to a Customer of a Clearing Member (in relation to any Customer, the "relevant Clearing Member"), the Clearing House will submit, amend or terminate such records on behalf of the relevant Clearing Member and Customer.
- 4.16 Where, in connection with Clearing, the Clearing House is to use the DTCC Process to submit, amend or terminate the records in Deriv/SERV of any CDS Contract or Customer-CM CDS Transaction recorded in an Individually Segregated Sponsored Account, the Clearing House will submit, amend or terminate such records on behalf of the relevant Sponsored Principal (and, if it is a Non-FCM/BD Clearing Member, the Sponsor).
- 4.17 ~~4.16~~[Not used].
- 4.18 ~~4.17~~[Not used].
- ~~4.18~~ ~~[Not used]~~.
- 4.19 The Clearing House will accept or reject CDS 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 ~~Approved~~ CDS 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 CDS Trade Particulars (i) for which the executing parties are both either CDS Clearing Members or Sponsored Principals with authorisation to clear CDS or have clearing arrangements in place with a CDS Clearing ~~Members, Member~~ (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).

- 4.20 The Clearing House will accept or reject CDS 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 ~~Approved~~ CDS Trade Execution/Processing Platform or Market 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 ~~Approved~~ CDS Trade Execution/Processing Platform or Market 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 CDS Trade Particulars (i) that are submitted to the Clearing House by the parties in accordance with Applicable Laws, (ii) for which the executing parties are both either CDS Clearing Members or Sponsored Principals with authorisation to clear CDS or have clearing arrangements in place with a CDS Clearing ~~Members, Member~~ (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).
- 4.21 Each FCM/BD CDS Clearing Member and Sponsored Principal that is an FCM/BD must accept or reject each CDS 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 CDS Trade Particulars have not already been submitted to the Clearing House at the time of acceptance by such Clearing Member or Sponsored Principal) must submit such CDS Trade Particulars to the Clearing House as quickly following such acceptance (or execution, if executed directly by such Clearing Member or Sponsored Principal) as would be technologically practicable if fully automated systems were used. For the avoidance of doubt, ~~such~~ acceptance or rejection of any CDS Trade Particulars by a Clearing Member or Sponsored Principal does not constitute acceptance or the issuance of an Acceptance Notice by the Clearing House.

## 5. CDS DEFAULT COMMITTEE

- 5.1 The CDS Default Committee shall be comprised of not more than three CDS Committee-Eligible Clearing Members designated in accordance with paragraph 5.2 (each, a "**CDS Default Committee Participant**"). The CDS Default Committee shall act as a committee of the Clearing House with powers under the Rules pursuant to Rule 114. Each CDS Default Committee Participant shall designate an employee of it or one of its Affiliates with CDS trading experience by notice in writing to the Clearing House (an "**Eligible Employee**") to serve as its representative on the CDS Default Committee, along with one or more alternates in the event such person is not available on a timely basis (the designated employee or alternate, as applicable, a "**CDS Default Committee Member**"). A CDS Default Committee Participant may replace its designated CDS Default Committee Member or alternate(s) with an Eligible Employee from time to time by notice in writing to the Clearing House.
- 5.2 The Clearing House shall randomly order all CDS Committee-Eligible Clearing Members into a list (the "**CDS Default Committee Participant List**"). The procedure for any random ordering for the purposes of this paragraph 5.2 shall be determined by the Clearing House at its discretion. For this purpose, if two or more CDS Committee-Eligible Clearing Members are or become Affiliates, as determined by the Clearing House, they shall be treated as one on the CDS Default Committee Participant List; provided that, notwithstanding the foregoing, CDS Committee-Eligible Clearing Members that are Affiliates but that make separate contributions to the CDS Guaranty Fund shall be treated as separate on the CDS Default Committee Participant List, but a maximum of one CDS Default Committee Participant representing all CDS Committee-Eligible Clearing Members that are Affiliates shall be entitled to sit on any CDS Default Committee established in accordance with these CDS Procedures at a particular time.
- 5.3 The CDS Default Committee for the initial Relevant CDS Default Committee Period shall be comprised of the first three CDS Committee-Eligible Clearing Members on the CDS Default Committee Participant List. For each Relevant CDS Default Committee Period thereafter, the then current CDS Default Committee Participants shall cease to be CDS Default Committee Participants and shall be moved to the end of the CDS Default Committee Participant List, and the next three CDS Committee-Eligible Clearing Members on the CDS Default Committee Participant List shall be CDS Default Committee Participants. If at any time, there are fewer than three CDS Committee-Eligible Clearing Members on

the CDS Default Committee Participant List, all such CDS Committee-Eligible Clearing Members shall be CDS Default Committee Participants. The "**Relevant CDS Default Committee Period**" will be six calendar months (i.e., January through June and July through December), unless otherwise specified by the Clearing House.

- 5.4 Any CDS Clearing Member that ceases being a CDS Committee-Eligible Clearing Member shall be removed from the CDS Default Committee Participant List and, if such Clearing Member is serving on the CDS Default Committee at the time of removal, shall be replaced on the CDS Default Committee by the next CDS Committee-Eligible Clearing Member on the CDS Default Committee Participant List. Any Clearing Member that becomes (or resumes being) a CDS Committee-Eligible Clearing Member shall be added to the end of the CDS Default Committee Participant List.
- 5.5 If the Clearing House determines, whether upon the request of such CDS Default Committee Participant or upon the Clearing House's own initiative, that any CDS Default Committee Participant has a conflict or lacks impartiality with regard to an action to be undertaken by the CDS Default Committee (e.g., it or its Affiliate is the subject of the Event of Default), is not available to participate with regard to such actions in a timely manner, or should for any other reason be removed from or not participate in actions to be undertaken by the CDS Default Committee, the Clearing House shall remove such CDS Default Committee Participant and, as promptly as practicable under the circumstances, replace it with the next CDS Committee-Eligible Clearing Member on the CDS Default Committee Participant List and, pending such replacement, the remaining CDS Default Committee Members shall continue to perform the responsibilities of the CDS Default Committee.
- 5.6 To the extent permitted by Applicable Laws, no CDS Default Committee Member or CDS Default Committee Participant shall be liable to the Clearing House, any Defaulter, any other Clearing Member or any other person for any actions taken or not taken in good faith in its role as CDS Default Committee Member or CDS Default Committee Participant.
- 5.7 The CDS 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](#) ~~902 or 903~~ in CDS only;
  - (b) assist the Clearing House in determining (and thereafter adjusting) any sale or transfer prices, target prices or minimum target prices for such CDS;
  - (c) assist the Clearing House in relation to the unwinding of any CDS Contracts which fall within paragraphs 4.8, ~~11.4~~[10.4](#) or ~~12.4~~[11.4](#), and otherwise as provided in the Rules and Procedures in relation thereto;
  - (d) provide the Clearing House with recommendations as to (i) how prudently to unwind the Open Contract Positions in CDS Contracts of a Defaulter that was a CDS Clearing Member [or Sponsored Principal that was authorised to clear CDS](#) (relating to ~~both~~[any](#) Customer Account Positions and Proprietary Account Positions); (ii) how to implement the Default Portability Rules, if applicable; and (iii) the related close-out of CDS and other hedging transactions, if any; and
  - (e) 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~~[Part 9 of the Rules](#) would achieve, or would be likely to achieve, the purpose of an orderly unwind of any Contracts to which a Defaulter is party or a reduction of the risk specified in ~~Rule 903~~[Part 9 of the Rules](#).

The minimum target price shall be established by the Clearing House in consultation with the CDS 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 Contracts or hedging contracts under ~~Rule 903, Part 9 of the Rules~~. Any minimum target price so determined by the Clearing House may be adjusted by the Clearing House in consultation with the CDS Default Committee for market changes, and to take into account the result of any sales or auctions under ~~Part 9 of the Rules 902 and 903~~, from the time of the initial determination of the minimum target price to the time any new Contracts are entered into.

- 5.8 Each CDS Default Committee Participant and CDS Default Committee Member (each, for purposes of this paragraph 5.8, 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 so advised to be disclosed and shall not otherwise disclose Confidential Material.
- 5.9 Each CDS Default Committee Participant and CDS Default Committee Member shall be responsible for its own costs associated with its service in such position.
- 5.10 The Clearing House acknowledges and agrees that it will consider in good faith the recommendations of any CDS Default Committee in relation to matters over which the CDS Default Committee has competence.

## ~~6. CLEARING HOUSE CDS CONTRIBUTIONS~~

~~6.1 The Clearing House CDS Initial Contribution shall be the EUR equivalent of USD 10 million, calculated at the exchange rate specified in paragraph 2.2 of the Finance Procedures on 28 July 2009. Thereafter, the Clearing House may increase the Clearing House CDS Initial Contribution from time to time and shall be obliged on or prior to the first anniversary of the Customer Integration Date to have made an aggregate Clearing House CDS Initial Contribution (including the initial USD 10 million equivalent) of the EUR equivalent of USD 25 million, calculated at the exchange rate specified in paragraph 2.2 of the Finance Procedures on the first anniversary of the Customer Integration Date. Such amounts are subject to any reduction following the application of any amount of Clearing House CDS Initial Contribution pursuant to Rule 908.~~

~~6.2 If on or after the first anniversary of the Customer Integration Date, the value, determined in the same way in which the value of Guaranty Fund Contributions is calculated, of the assets constituting the Clearing House CDS Initial Contribution is below the required amount of the Clearing House CDS Initial Contribution because of a decrease in the value of assets representing such Clearing House CDS Initial Contribution (including such decreases that occurred prior to such first anniversary or as the result of investments of the Clearing House CDS Initial Contribution, but excluding decreases resulting from the application of any amount of Clearing House CDS Initial Contribution pursuant to Rule 1103 and excluding any decreases due to exchange rate fluctuations described in paragraph 6.8), the Clearing House shall be required, by the open of business on the following Business Day, to make additional Clearing House CDS Initial Contributions sufficient to cause the assets constituting the Clearing House CDS Initial Contribution to have a value, determined in the same way in which the value of Guaranty Fund Contributions is calculated but excluding the effects of any exchange rate fluctuations as aforesaid, of at least the required amount in EUR of the Clearing House CDS Initial Contribution.~~

~~6.3 The Clearing House may allocate amounts as Clearing House CDS GF Contributions and, by the second anniversary of the Customer Integration Date, shall be obliged to have allocated amounts as Clearing House CDS GF Contributions (net of any decreases resulting from the application of any amount of~~

~~Clearing House CDS-GF Contributions pursuant to Rule 1103) on or before such second anniversary of the Customer Integration Date of at least the EUR equivalent of USD 25 million, calculated at the exchange rate specified in paragraph 2.2 of the Finance Procedures on the second anniversary of the Customer Integration Date (from time to time, the aggregate amount of Clearing House CDS-GF Contributions being reduced by any application of any amount of Clearing House CDS-GF Contributions pursuant to Rule 1103 for such period as is permitted under this paragraph 6.3). If, prior to the second anniversary of the Customer Integration Date, the aggregate amount of Clearing House CDS-GF Contributions is reduced by any application of any amount of Clearing House CDS-GF Contributions pursuant to Rule 1103, the Clearing House shall be required, by the open of business on the following Business Day, to allocate additional amounts as Clearing House CDS-GF Contributions equal to the amount by which the Clearing House CDS-GF Contribution was applied and such additional amount shall constitute part of the Clearing House CDS-GF Contribution.~~

- ~~6.4 — If on or after the second anniversary of the Customer Integration Date, the value, determined in the same way in which the value of Guaranty Fund Contributions is calculated, of the assets constituting the Clearing House CDS-GF Contribution is below the required amount of the Clearing House CDS-GF Contribution because of a decrease in the value of assets representing such Clearing House CDS-GF Contribution (excluding any decreases due to exchange rate fluctuations described in paragraph 6.8) or the application of any amount of Clearing House CDS-GF Contribution pursuant to Rule 1103, the Clearing House shall be required, by the open of business on the following Business Day, to make additional Clearing House CDS-GF Contributions sufficient to cause the assets constituting the Clearing House CDS-GF Contribution to have a value, determined in the same way in which the value of Guaranty Fund Contributions is calculated but excluding the effects of any exchange rate fluctuations as aforesaid, of at least the required amount in EUR of the Clearing House CDS-GF Contribution.~~
- ~~6.5 — For the purposes of calculating the amount of any application of any amount of Clearing House CDS Contribution pursuant to Rule 1103, the value of the Clearing House CDS Contribution shall be determined in EUR as of the date of such application. Subject to paragraph 6.8, any deficiency of the actual Clearing House CDS Contributions relative to the required amounts at the time of application shall remain the liability of the Clearing House, notwithstanding anything to the contrary in the Rules or Procedures.~~
- ~~6.6 — The Clearing House may make withdrawals from accounts containing the Clearing House CDS Initial Contribution or Clearing House CDS-GF Contribution only to the extent the value of the relevant assets exceeds the required EUR requirement. The Clearing House may substitute assets constituting the Clearing House CDS Contributions only to the extent that assets constituting Guaranty Fund Contributions may be substituted by Clearing Members.~~
- ~~6.7 — The Clearing House shall have no obligation to contribute any additional Clearing House CDS Contributions in any situation in which final sentence of Rule 209(e) or the final sentence of Rule 209(f) applies in respect of any Clearing Member, except in either case in respect of any due and unpaid amounts at the time of such occurrence.~~
- ~~6.8 — Notwithstanding any other provision of this paragraph 6, the Clearing House shall not be obliged to top up any amount or part of any Clearing House CDS Contribution as a result of fluctuations in currency exchange rates between USD and EUR compared to the rates at which any EUR requirement for any Clearing House CDS Contribution was calculated, whether to ensure that any Clearing House CDS Contribution equals any USD amount specified in this paragraph 6 or otherwise. Notwithstanding any other provision of this paragraph 6 the Clearing House shall not be entitled to withdraw any amount or part of any Clearing House CDS Contribution as a result of fluctuations in currency exchange rates between USD and EUR compared to the rates at which any EUR requirement for any Clearing House CDS Contribution was calculated, whether to ensure that any Clearing House CDS Contribution equals any USD amount specified in this paragraph 6 or otherwise.~~

## 6. ~~7.~~CREDIT EVENTS AND PHYSICAL SETTLEMENT

### 6.1 ~~7.1~~Old Index CDS and Restructuring

In relation to each CDS Contract which is an Old Index CDS where a Restructuring Credit Event has occurred in relation to a component transaction, the Clearing House (for itself and on behalf of each relevant CDS Clearing Member, Sponsor, Sponsored Principal and ~~each relevant~~ Customer) will submit relevant data to Deriv/SERV as soon as practicable after the DTCC Reversioning Date in order to record the relevant New Trades and any related Customer-CM CDS Transactions.

### 6.2 ~~7.2~~Notices

- (a) MP Notices delivered between a Matched CDS Buyer, the Clearing House and a Matched CDS Seller shall be delivered in accordance with the terms of the relevant CDS Contract, Part 15 of the Rules and these CDS Procedures. Subject to this paragraph ~~7.2~~6.2 and paragraph ~~7.3~~6.3, Section 1.10 of the Credit Derivatives Definitions will apply to MP Notices and all other Credit Event Notices, Notices to Exercise Movement Option, Notices of Physical Settlement, NOPS Amendment Notices and other notices provided for by the Credit Derivatives Definitions delivered under a CDS Contract (and, pursuant to Rule 113, the provisions of Section 1.10 of Credit Derivatives Definitions prevail over the general timings and processes for notices set out in Rule 113). Any Manual MP Notices (including memoranda of telephone notices) and all other Credit Event Notices, Notices to Exercise Movement Option, Notices of Physical Settlement, NOPS Amendment Notices and other notices provided for by the Credit Derivatives Definitions under a CDS Contract shall be copied or sent to the following e-mail address of the Clearing House: [cdscen@theice.com](mailto:cdscen@theice.com) or the following fax number: +44 (0) 207 979 0119. The Clearing House shall have no responsibility to any CDS ~~Clearing Member~~Buyer or CDS Seller to verify in any manner the contents of any MP Notice received by it.
- (b) The Clearing House will circulate, by e-mail to all relevant CDS Clearing Members and Sponsored Principals prior to the start of the CEN Triggering Period or, where Physical Settlement applies (other than following a Restructuring Credit Event) in accordance with Rule 1507, prior to 4:30 p.m. on the tenth calendar day following the No Auction Announcement Date or Auction Cancellation Date, as applicable:
- (i) such details as it has received of CDS Clearing Members' and Sponsored Principals' address, fax number, telephone number, e-mail address and any other applicable notice details for the delivery of notices through the Manual Notice Process; and
- (ii) the fax number and e-mail address of the Clearing House for the delivery of notices or copies or memoranda of notices through the Manual Notice Process or otherwise in connection with the Credit Event in question (if different from those specified in paragraph ~~7.2~~6.2(a)).

Manual MP Notices delivered ~~by CDS Clearing Members to other CDS Clearing Members to~~ CDS Buyers or CDS Sellers or to or copied to the Clearing House and any other notices, notifications or communications (other than Electronic Notices) delivered to the Clearing House or any CDS ~~Clearing Member~~Buyers or CDS Sellers in connection with the Credit Event in question must be made to the contact details specified in paragraph ~~7.2~~6.2(a) or otherwise in such manner as is specified by the Clearing House in the e-mail circulated pursuant to this ~~7.2~~6.2(b).

### 6.3 ~~7.3~~Matched Pairs

- (a) Matched Pairs will not be allocated in respect of any CDS Contracts for which the applicable Settlement Method is "Auction Settlement" following the occurrence of any Applicable Credit Event other than Restructuring.

- (b)
- (i) For any CDS Sub-Account where CDS Contracts are recorded on a "trade by trade" basis or a "gross" basis (as referred to in Rule 406(d)), CDS Contracts will be netted and/or aggregated (as if the CDS Sub-Account were held on a "net" basis) prior to the processing of any Restructuring Credit Event so as to reflect the equivalent of an Open Contract Position in the relevant Set in respect of such CDS Sub-Account.
  - (ii) The Clearing House will, as soon as reasonably practicable following the completion of the process in paragraph ~~7.36.3~~(b)(i), use an algorithm for purposes of allocating Matched Pairs under Rules 1507 and 1508. This algorithm shall minimise, to the extent reasonably practicable, each of the following:
    - (A) the number of Matched Pairs in respect of which the MP Amount is less than EUR 1,000,000 (or in the case of Sovereign Contracts USD 1,000,000) (or such other amount as may be notified by the Clearing House by Circular, after consultation with the CDS Risk Committee) or not an integral multiple of such amount;
    - (B) the number of Matched Pairs into which an individual ~~Clearing Member~~CDS Buyer or CDS Seller is matched, provided that the MP Amount for any Matched Pair shall not exceed EUR 50,000,000 (or in the case of Sovereign Contracts USD10,000,000) (or such other amount as may be notified by the Clearing House by Circular, after consultation with the CDS Risk Committee) and further provided that this shall not preclude the same CDS Seller and CDS Buyer being matched with each other in respect of more than one Matched Pair;
    - (C) the overall number of Matched Pairs; and
    - (D) the number of, and notional amounts in Matched Pairs ~~with two~~where the CDS Buyer and CDS Seller are different ~~CDS Clearing Members~~Persons.
- (c) For purposes of Rule 1507 and 1508, the Clearing House will allocate to each Matched Pair an MP Amount such that: (i) the sum of all MP Amounts of each CDS Buyer is equal to the aggregate Floating Rate Payer Calculation Amounts of such CDS Buyer in respect of all its CDS Contracts of the same Set or Component Transactions of CDS Contracts of the same Set (as applicable); and (ii) the sum of all MP Amounts of each CDS Seller is equal to the aggregate of the Floating Rate Payer Calculation Amounts of such CDS Seller in respect of all its CDS Contracts of the same Set or Component Transactions of CDS Contracts of the same Set (as applicable).
- (d) In the case of the allocation of Matched Pairs under Rule 1508, the Clearing House will, as soon as reasonably practicable, provide each CDS Clearing Member and Sponsored Principal with an Open Contract Position in the relevant Set with an RMP Matching Report. Each CDS Clearing Member or Sponsored Principal to whom an RMP Matching Report is delivered shall check that the RMP Matching Report reflects their netted Contracts for each CDS Sub-Account with the Clearing House in respect of each Set that is subject to the Restructuring Credit Event. Any CDS Clearing Member or Sponsored Principal which believes that the RMP Matching Report does not so reflect ~~their~~ net Open Contract Position shall notify the Clearing House of the same as soon as possible. If an error is notified to or noticed by the Clearing House, the Clearing House will: (i) provided that it has the time to do so, issue a replacement RMP Matching Report to any affected CDS Clearing Member or Sponsored Principal; or (ii) take any other such steps as may be required to correct the error.
- (e) Matched Pair Notices.

- (i) If the Clearing House is obliged to issue Matched Pair Notices pursuant to Rule 1507 or 1508, it will endeavour to do so as soon as reasonably practicable after the latest date on which an Acceptance Notice would, in the ordinary course, be issued in respect of any CDS Trade Particulars relating to the relevant Set which had been submitted for Clearing before the relevant Set became ineligible for Clearing under paragraph 4.9 or 4.10 (as applicable).
- (ii) Matched Pair Notices may be delivered by the Clearing House by e-mail or fax or by posting to a secure section of the Clearing House's website which only the Clearing House and the relevant CDS Clearing Member or Sponsored Principal may view, such that confidentiality (to the extent required under the Rules) is maintained. The Clearing House will give each CDS ~~Clearing Member~~ Buyer and CDS Seller reasonable notice of any method of delivery to be used other than the Clearing House's secure website, unless a particular CDS ~~Clearing Member~~ Buyer and CDS Seller and the Clearing House mutually agree upon an alternative form of notice being used. The Matched Pair Notice will be effective when received by, or available on the secure section of the Clearing House's website for inspection by, the relevant CDS Clearing ~~Member~~ Members and Sponsored Principals, as applicable.
- (iii) The Clearing House shall issue Matched Pair Notices pursuant to Rule 1507 following an Applicable Credit Event other than a Restructuring Credit Event prior to 4:30 p.m. on the tenth calendar day following the No Auction Announcement Date or Auction Cancellation Date, as applicable.
- (iv) The Clearing House shall issue Matched Pair Notices to CDS ~~Clearing Members~~ Buyers and CDS Sellers pursuant to Rule 1508 following a Restructuring Credit Event prior to the RMP Deadline Time, in the form of the RMP Matching Report for each CDS ~~Clearing Member~~ Buyer and CDS Seller. Where there is a CH Reversioning Date, the Clearing House will, in its own systems, reversion Old Index CDS to exclude the relevant component transaction in respect of which a Restructuring Credit Event has occurred and record such Component Transaction in the form of a New Trade, in each case on the CH Reversioning Date.
- (v) As soon as practicable after the issue of the RMP Matching Reports, the Clearing House will, for itself, for ~~Clearing Members~~ Matched CDS Buyers and Matched CDS Sellers and for any ~~Segregated CDS Customers and Segregated CDS FCM/BD Customers~~, terminate the records in the DTCC Accounts of all CDS Contracts and any related Customer-CM CDS Transactions which are the subject of the relevant RMP Matching Report and, using the DTCC Process, input matching records of CDS Contracts and any related Customer-CM CDS Transactions in the DTCC Accounts to reflect the creation of the RMPs shown by the RMP Matching Reports. Each relevant CDS Clearing Member, Sponsor, Sponsored Principal and ~~each Segregated~~ Customer shall cease to take any action which would result in any of the records of relevant CDS Contracts and any related Customer-CM CDS Transactions in the DTCC Accounts being amended after 12 noon on the day of the RMP Deadline Time, unless otherwise agreed with the Clearing House. The Clearing House and each relevant CDS Clearing Member, Sponsor and Sponsored Principal shall use their best endeavours to rename trade identifiers in the DTCC Accounts appropriately and to ensure that the records of each affected CDS Contract to which it is party and any related Customer-CM CDS Transactions are "confirmed and certain" within the DTCC Accounts prior to that time. If the records of CDS Contracts and any related Customer-CM CDS Transactions which are so input into the DTCC Accounts by the Clearing House using the DTCC Process do not reflect the RMPs shown by the RMP Matching Reports, the Clearing House will amend (and thereby correct) such records in the DTCC Accounts and may require the affected Clearing Members, Sponsor, Sponsored Principals or ~~Segregated~~ Customers to make or confirm matching amendments to such records. Clearing

- Members, Sponsor, Sponsored Principals and their ~~Segregated~~ Customers will be bound by the records originally so input unless and until they are so amended.
- (vi) The Clearing House shall, in the case of the allocation of Matched Pairs pursuant to Rule 1508, upload the RMP Matched Table to Deriv/SERV and issue confirmed RMP Matching Reports to CDS ~~Clearing Members, Buyers and CDS Sellers~~ setting out the details of the Matched Pairs that have been recorded in the DTCC Accounts, as soon as reasonably practicable but in any event not later than the RMP Deadline Time (provided that, the Clearing House shall not be treated as being in breach of any obligation to any ~~Clearing Member~~ CDS Buyer or CDS Seller if it is not able to do so as a result of a failure of DTCC). The Clearing House, CDS Clearing Members, Sponsored Principals and Customers recognise and acknowledge that in certain circumstances outside the control of the Clearing House, the CEN Triggering Period applicable to the CDS Seller and the CDS Buyer may be a period of fewer than two and five Business Days, respectively.
- (vii) In accordance with and to the extent permitted under Rule 1505(b), if the Clearing House fails to issue Matched Pair Notices or the RMP Matching Reports and to upload the RMP Matched Table by the relevant time, being the RMP Deadline Time or the time specified in paragraph ~~7.36.3~~(e)(iii), as applicable, CDS ~~Clearing Members, Buyers and CDS Sellers~~ may deliver Credit Event Notices, Notices to Exercise Movement Option, Notices of Physical Settlement and NOPS Amendment Notices (as applicable) directly to the Clearing House until such time as the Matched Pair Notices or RMP Matching Reports, as applicable, have been issued or the RMP Matched Table, as applicable, has been uploaded. Such notices must be made by fax or e-mail to the contact details specified in accordance with paragraph ~~7.26.2~~(d*a*).
- (f) Electronic Notice Process for Restructuring Matched Pairs.
- (i) Subject to paragraphs ~~7.36.3~~(e)(vii), ~~7.36.3~~(f)(v), ~~7.36.3~~(f)(vi) and Rule 1505(b):
- (A) a CDS Clearing Member, ~~Segregated CDS Customer and Segregated CDS FCM/BD~~ Sponsor, Sponsored Principal or Customer (if any) may deliver Restructuring Credit Event Notices and Notices to Exercise Movement Option, but only in the form of an Electronic Notice through Deriv/SERV in accordance with the specific procedures of DTCC which are provided for the delivery of such notices through the DTCC Accounts; and
- (B) any Restructuring Credit Event Notice or Notice to Exercise Movement Option delivered otherwise than in accordance with such procedures as an Electronic Notice will be invalid and ineffective.
- (ii) The Clearing House, each CDS Clearing Member, Sponsor, Sponsored Principal and Customer acknowledges that, subject to paragraph ~~7.36.3~~(f)(vi): (x) an Electronic Notice delivered to the Clearing House in relation to a Matched CDS Buyer Contract or a Matched CDS Seller Contract recorded in such CDS Clearing Member's, Sponsor's or Sponsored Principal's DTCC Account, or (y) an electronic notice delivered by ~~the Segregated CDS~~ Customer in respect of a Customer-CM CDS Transaction, provided that it is delivered within the time limits set for such delivery by the Contract Terms and otherwise satisfies the requirements of the Contract Terms and is submitted properly in accordance with the applicable regulations, rules and procedures of Deriv/SERV, is intended to result (1) where (x) applies, in a corresponding Electronic Notice being created by Deriv/SERV and delivered (or if such corresponding Electronic Notice is not created and delivered, it shall be deemed to have been created and delivered) on behalf of the Clearing House to the other ~~CDS Clearing Member~~ party in the Matched Pair in respect of the Matched CDS Seller

Contract or Matched CDS Buyer Contract, as applicable, ~~in the same Matched Pair~~ and (2) where (y) applies, in an Electronic Notice being simultaneously delivered also to the Clearing House, through the DTCC Process, in respect of the related CDS Contract and in a corresponding Electronic Notice being created by Deriv/SERV and delivered (or if such corresponding Electronic Notice is not created and delivered, it shall be deemed to have been created and delivered) on behalf of the Clearing House to the other ~~CDS Clearing Member~~ party in the Matched Pair in respect of the Matched CDS Seller Contract or Matched CDS Buyer Contract, as applicable, ~~in the same Matched Pair~~. Where a CDS Clearing Member or Sponsor receives (or has been deemed to receive) such an Electronic Notice from the Clearing House in respect of a CDS Contract recorded in a Customer Account, the relevant ~~Segregated~~ Customer will be deemed to have received the same Electronic Notice in respect of the relevant CDS Contract, where it is a ~~Segregated CDS FCM/BD~~ Customer of an FCM/BD Clearing Member or is a Sponsored Principal, or an equivalent Electronic Notice from the relevant CDS Clearing Member in respect of the related Customer-CM CDS Transaction where it is a ~~Segregated CDS~~ Customer (other than a Sponsored Principal) of a Non-FCM/BD Clearing Member. Where a Non-FCM/BD CDS Clearing Member delivers such an Electronic Notice to the Clearing House in respect of a CDS Contract recorded in its Customer Account, an equivalent Electronic Notice will be deemed to have been delivered at the same time by the relevant ~~Segregated CDS~~ Customer to such CDS Clearing Member in respect of the related Customer-CM CDS Transaction or by the relevant Sponsored Principal to the Clearing House in respect of such CDS Contract.

The time of delivery of both such Electronic Notices in respect of both the Matched CDS Buyer Contract and Matched CDS Seller Contract which are subject of the same Matched Pair shall be deemed to be the same and shall be the time that DTCC records as being the time at which the first Electronic Notice was processed. An Electronic Notice which is or is deemed to be validly delivered in accordance with these CDS Procedures shall be treated as valid delivery of a Restructuring Credit Event Notice or Notice to Exercise Movement Option for purposes of the Credit Derivatives Definitions and Contract Terms of the relevant CDS Contract and any related Customer-CM CDS Transaction.

- (iii) If, but only if, the Clearing House has received, before the end of the relevant Triggering Period, either (A) the notice required under paragraph ~~7.36.3~~(f)(v)(B)(2) from any CDS Clearing Member or (B) a notification of a DTCC Failure, as referred to in paragraph ~~7.36.3~~(f)(vi), then, by 6:00 p.m. on the day of such notice or notification and each subsequent day of the relevant Triggering Period, the Clearing House will provide ~~CDS Clearing Members~~ Matched CDS Buyers and Matched CDS Sellers with a report containing details of Electronic Notices that have been delivered by or to it, with a separate report or combined report also including details of any Manual MP Notices that have been delivered by or to it and notified to the Clearing House. Without prejudice to the generality of paragraph ~~7.36.3~~(f)(x), if the contents of any such report are disputed, paragraph ~~7.36.3~~(g)(iv) applies.
- (iv) At the end of each Triggering Period, the Clearing House will, where such records have not already been adjusted to the following effect by DTCC, adjust the records in the DTCC Accounts of the Matched CDS Contracts (and any related Customer-CM CDS Transactions) to which the RMPs relate to reflect any Restructuring Credit Event Notices and Notices to Exercise Movement Option (and the consequences of such notices) delivered during the relevant Triggering Period, including: (A) where appropriate, sub-dividing such Matched CDS Contracts (and any related Customer-CM CDS Transactions) to reflect Triggered Restructuring CDS Contract Portions; and (B) taking such steps as are necessary for Triggered Restructuring CDS Contract Portions for which the relevant Restructuring Credit Event Notices and

Notices to Exercise Movement Option (if any) that were delivered through the Manual Notice Process or Electronic Notice Process settle through the same processes. To the extent that the Clearing House adjusts any records in the DTCC Accounts at the end of the CEN Triggering Period applicable to the CDS Buyer, the Clearing House will update the RMP Matched Table to reflect such adjustments.

(v) Rights and obligations to use the Manual Notice Process.

(A) In addition to the circumstances set out in paragraph ~~7.36.3~~(f)(vi), a CDS Clearing Member or Sponsored Principal who gives notice under this paragraph 6.3(f)(v) (a "~~Manual CDS Clearing Member~~Notifier") (but not, for the avoidance of doubt, any Customer other than a Sponsored Principal in respect of an Individually Segregated Customer Sponsored Account) shall be entitled to deliver Restructuring Credit Event Notices and Notices to Exercise Movement Option pursuant to the Manual Notice Process only if it is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such CDS Clearing Member or Sponsored Principal to deliver all or substantially all Restructuring Credit Event Notices or Notices to Exercise Movement Option (as applicable) in accordance with the Electronic Notice Process on the last day of the relevant NEMO Triggering Period or CEN Triggering Period applicable to it as protection buyer or protection seller.

As between a CDS Clearing Member and its Customer (if any), the delivery or receipt by that CDS Clearing Member to or from the Clearing House of a Restructuring Credit Event Notice or a Notice to Exercise Movement Option in respect of a CDS Contract recorded in its Customer Account shall have the same effect as though such CDS Clearing Member had delivered or received, to or from the Clearing House, an Electronic Notice of the same under paragraph ~~7.36.3~~(f)(ii).

(B) If a ~~CDS Clearing Member~~Manual Notifier delivers any Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) in accordance with the Manual Notice Process, then:

(1) it will be deemed to represent to the Clearing House that it is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such ~~CDS Clearing Member~~Manual Notifier to deliver all or substantially all Restructuring Credit Event Notices or Notices to Exercise Movement Option (as applicable) in accordance with the Electronic Notice Process;

(2) it must deliver a notice, in or substantially in the form provided by the Clearing House on the Clearing Member-accessible section of its website for such purpose, signed by a senior officer (such as managing director or equivalent) of such ~~CDS Clearing Member~~Manual Notifier to the Clearing House, certifying only that it is affected by a significant communications or information technology failure resulting in it being impossible or impractical for it to deliver all or substantially all Restructuring Credit Event Notices or Notices to Exercise Movement Option (as applicable) in accordance with the Electronic Notice Process and that it has delivered one or more Restructuring Credit Event Notices or Notices to Exercise Movement Option (as applicable) in accordance with the Manual Notice Process, such notice to be delivered promptly and, in any event, within 1 hour of such ~~CDS Clearing Member's~~Manual

- Notifier first so delivering a Restructuring Credit Event Notice or Notice to Exercise Movement Option in respect of any Restructuring Credit Event (but the ~~CDS Clearing Member~~Manual Notifier shall not be required to provide a copy of any Restructuring Credit Event Notices or Notices to Exercise Movement Option (as applicable) until the time specified in paragraph ~~7.36.3~~(g));
- (3) the Clearing House will (x) publish a Circular as soon as reasonably practicable after receiving a notice pursuant to paragraph ~~7.36.3~~(f)(v)(B)(2) which will name the ~~CDS Clearing Member~~Manual Notifier involved, refer to such ~~CDS Clearing Member~~Manual Notifier as having been subject to a significant communications or information technology failure and specify any amended timelines applicable for the processing of the Restructuring Credit Event in question and (y) notify all CDS Clearing Members and Sponsored Principals with Open Contract Positions in the relevant Set of the name of the Manual ~~CDS Clearing Member~~Notifier by fax or e-mail within 1 hour;
- (4) the ~~CDS Clearing Member~~Manual Notifier must use reasonable endeavours to mitigate the effects on other CDS Clearing Members and Customers and the Clearing House of it using the Manual Notice Process, with reference to the principle that it is operationally simpler for all CDS Clearing Members and Customers to use the Electronic Notice Process and shall use reasonable endeavours to minimise the number of notices it delivers pursuant to the Manual Notice Process;
- (5) the ~~CDS Clearing Member~~Manual Notifier must revert to using the Electronic Notice Process (and cease using the Manual Notice Process) as soon as reasonably practicable;
- (6) the ~~CDS Clearing Member~~Manual Notifier must take reasonable endeavours to ensure that the communications or information technology issue does not recur; and
- (7) if a separate significant communications or information technology failure occurs affecting the same or another CDS Clearing Member or Sponsored Principal in respect of the same Restructuring Credit Event, this paragraph ~~7.36.3~~(f)(v) shall apply in full in respect of that separate failure.
- (C) Where, as a consequence of a Restructuring Credit Event Notice being delivered pursuant to the Manual Notice Process, the records of the relevant Triggered Restructuring CDS Contract Portion(s) in the DTCC Accounts are not the same as the records thereof held by the Clearing House: (1) the Clearing House and ~~the two relevant CDS Clearing Members in the~~ Matched ~~Pair~~CDS Buyer and Matched CDS Seller or, if applicable, the relevant CDS Clearing Member and the relevant Customer or, if applicable, the relevant Sponsor and Sponsored Principal will use all reasonable endeavours to reconcile the records as soon as possible; and (2) if agreement as to such reconciliation has not been reached within two Business Days of the Clearing House first notifying the ~~two CDS Clearing Members~~Matched CDS Buyers and Matched CDS Seller involved of the inconsistency between the two sets of records, the matters will be resolved as disputes between the Clearing House and each of the ~~two affected CDS Clearing Members~~Matched CDS

Buyer and Matched CDS Seller in accordance with ~~Paragraph 7.3~~paragraph 6.3(g)(ix) to 6.3(g)(xii).

- (D) Any CDS Clearing Member (and any relevant ~~Segregated Customers~~Sponsored Principal, Sponsor or Customer) in a Restructuring Matched Pair with a Manual ~~CDS Clearing Member~~Notifier must continue to use the Electronic Notice Process unless this paragraph ~~7.3~~6.3(f)(v) separately applies to it. For the avoidance of doubt, and without prejudice to the Clearing House's rights under Part 10 of the Rules or for breach of contract or misrepresentation, any breach by a CDS Clearing Member, Sponsored Principal, Sponsor or Customer of the provisions of this paragraph ~~7.3~~6.3(f)(v) shall not cause any Restructuring Credit Event Notice or Notice to Exercise Movement Option delivered otherwise in accordance with the Contract Terms to be invalid or ineffective.
- (vi) If DTCC notifies the Clearing House that there has been a DTCC Failure:
- (A) the Clearing House will (1) publish a Circular as soon as reasonably practicable after receiving such notice stating that a DTCC Failure has occurred, specifying a time (the "**DTCC Failure Time**") at which such DTCC Failure occurred and which may specify any amended timelines applicable for the processing of the Restructuring Credit Event in question and (2) notify all ~~CDS Clearing Members~~Matched CDS Buyers and Matched CDS Sellers of the DTCC Failure by fax or e-mail within 1 hour;
- (B) from and including the DTCC Failure Time to but excluding the DTCC Resolution Time (as defined below), the Electronic Notice Process shall cease to be applicable and ~~CDS Clearing Members (but not, for the avoidance of doubt, any Segregated Customer)~~Matched CDS Buyers and Matched CDS Sellers may only deliver and receive Restructuring Credit Event Notices and Notices to Exercise Movement Option (as applicable) in respect of a Matched CDS Contract in accordance with the Manual Notice Process;
- (C) the validity of any Restructuring Credit Event Notices and Notice to Exercise Movement Option (as applicable) delivered in accordance with the Electronic Notice Process prior to the DTCC Failure Time will not be affected by the DTCC Failure; and
- (D) all Restructuring Credit Event Notices and Notices to Exercise Movement Option (as applicable) delivered or purported to be delivered in accordance with the Electronic Notice Process at or after the DTCC Failure Time to but excluding the DTCC Resolution Time will not be valid.

If, subsequent to a DTCC Failure, DTCC notifies the Clearing House that the DTCC Failure is no longer in effect:

- (1) the Clearing House will (x) publish a Circular as soon as reasonably practicable after receiving such notice stating the DTCC Failure is no longer in effect and specifying the time at which the Electronic Notice Process is to become available (the "**DTCC Resolution Time**") which time must be at least 30 minutes following the time of publication of the Circular but may be as late as 9 a.m. on a Business Day following the date of the Circular and (y) notify all ~~CDS Clearing Members~~Matched CDS Buyers and Matched CDS Sellers of the same by fax or e-mail within 1 hour; and

- (2) subject to paragraph ~~7.36.3~~(f)(v), as from the DTCC Resolution Time, ~~CDS Clearing Members~~Matched CDS Buyers and Matched CDS Sellers must cease delivering Restructuring Credit Event Notices and Notices to Exercise Movement Option (as applicable) pursuant to the Manual Notice Process and must instead deliver Restructuring Credit Event Notices and Notices to Exercise Movement Option (as applicable) in accordance with the Electronic Notice Process.
- (vii) If a Restructuring Credit Event Notice or Notice to Exercise Movement Option is delivered between a Matched Pair in accordance with the Electronic Notice Process and a separate Restructuring Credit Event Notice or Notice to Exercise Movement Option is delivered as between the same Matched Pair in accordance with the Manual Notice Process, then, subject to paragraph ~~7.36.3~~(f)(viii), the validity or priority of any such Restructuring Credit Event Notice or Notice to Exercise Movement Option in the event of any conflict will be determined in accordance with the Contract Terms.
- (viii) If the Manual Notice Process is applicable, and a ~~CDS Clearing Member~~Matched CDS Buyer or Matched CDS Seller is uncertain as to whether or not a Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) ~~that~~ it or its ~~Segregated~~ Customer (if any) attempted to deliver under the Electronic Notice Process has actually been delivered, or was delivered prior to the DTCC Failure Time, ~~that CDS Clearing Member~~the Matched CDS Buyer or Matched CDS Seller shall be entitled to deliver a Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) pursuant to the Manual Notice Process to its Restructuring Matched Pair (copied to the Clearing House) specifying that such Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) is only to be effective to the extent that the other purported notice was not effective, provided that sufficient details are included of the notice attempted to be made under the Electronic Notice Process to allow the other party to the Restructuring Matched Pair and the Clearing House to identify the communications concerned. If the first Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) to which the attempted delivery related was actually delivered, then any subsequent Restructuring Credit Event Notice or Notice to Exercise Movement Option delivered in accordance with the requirements of this paragraph ~~7.36.3~~(f)(viii) shall be treated as not having been delivered.
- (ix) If any Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) is delivered pursuant to the Manual Notice Process, neither CDS Clearing Members, Sponsors, Sponsored Principals nor ~~Segregated~~ Customers shall re-enter details of that Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) pursuant to the Electronic Notice Process (without prejudice to the obligation of ~~CDS Clearing Members~~Matched CDS Buyers and Matched CDS Sellers to reflect such notices pursuant to the "Notify" function made available by Deriv/SERV). Any delivery of a second Restructuring Credit Event Notice in such a manner shall be treated as delivery of an additional and separate Restructuring Credit Event Notice pursuant to the Electronic Notice Process. Any delivery of a second Notice to Exercise Movement Option for the same Triggered Restructuring CDS Contract Portion in such a manner shall be disregarded.
- (x) Paragraphs ~~7.36.3~~(g)(iv), (ix), (x), (xi), (xii) and (xiii) (in the latter case in relation to disputes falling under paragraph ~~7.36.3~~(g)(~~xiii~~viii)(B) only) shall apply to notices delivered pursuant to the Electronic Notice Process in the same way as such paragraphs apply to notices under the Manual Notice Process.

- (xi) For the avoidance of doubt, the Electronic Notice Process does not apply to Notices of Physical Settlement or NOPS Amendment Notices.
- (g) Manual Notice Process.

~~CDS Clearing Members in a~~ Matched ~~Pair~~ CDS Buyers and Matched CDS Sellers must only use the Manual Notice Process to deliver (1) MP Notices that are Restructuring Credit Event Notices and Notices to Exercise Movement Option where permitted by paragraphs ~~7.36.3~~(f)(v) or ~~7.36.3~~(f)(vi); (2) Notices to Exercise Movement Option where permitted by paragraph ~~7.36.3~~(g)(xi); and (3) Notices of Physical Settlement and NOPS Amendment Notices. A Restructuring Credit Event Notice or Notice to Exercise Movement Option delivered other than by the Electronic Notice Process will only be valid and effective if (x) it is ~~in~~ or is substantially in the form (or in the case of a telephone notice, contains the information required by the form) provided by the Clearing House on the section of its website accessible to Clearing Members for such purpose and (y) it is delivered by fax, e-mail or telephone to the relevant contact address or number specified in accordance with paragraph ~~7.26.2~~(b). Notices of Physical Settlement and NOPS Amendment Notices between a Matched CDS Buyer and Matched CDS Seller in a Matched Pair pursuant to Rule 1509 may be delivered in any manner permitted for delivery of such notice in accordance with the terms of the CDS Contract and will only be valid and effective if delivered to the relevant contact address, fax number, telephone number or e-mail address provided in accordance with paragraph ~~7.26.2~~(b) (or as otherwise agreed between the parties in the Matched Pair and the Clearing House). Notwithstanding any provision of the terms of the CDS Contract, any notice under a Matched CDS Contract which is required to be copied or given to the Clearing House in accordance with the Rules must be copied or given to the Clearing House in writing or in any other manner permitted by the Clearing House. Only a ~~CDS Clearing Member~~ Matched CDS Buyer or Matched CDS Seller may deliver a Manual MP Notice to the Clearing House.

On each day on which a Manual MP Notice is served:

- (i) Each Manual MP Notice shall be effective, subject to this paragraph ~~7.36.3~~(g) and Section 1.10 of the Credit Derivatives Definitions. Rule 1509 applies in full in respect of each Manual MP Notice.
- (ii) Each ~~CDS Clearing Member~~ Matched CDS Buyer or Matched CDS Seller in receipt of a Manual MP Notice or which has served a Manual MP Notice shall deliver a copy of such Manual MP Notice (if it was a written notice) or a written memorandum of such Manual MP Notice (if it was oral) to the Clearing House at or prior to 5:00 p.m. on the day on which the Manual MP Notice was served or purported to be served. Any memorandum of a notice given by telephone must be in the same form as a written notice.
- (iii) The Clearing House shall deliver copies of each copy or memorandum of a Manual MP Notice received by it under and in accordance with paragraph ~~7.36.3~~(g)(ii) to both ~~CDS Clearing Members~~ Matched CDS Buyer and Matched CDS Seller in each relevant Matched Pair at or prior to 6:00 p.m. on the day on which the copy or memorandum was delivered to it.
- (iv) If a ~~CDS Clearing Member~~ Matched CDS Buyer or Matched CDS Seller wishes to dispute any Manual MP Notice of which a copy or a memorandum was delivered to it by the Clearing House under paragraph ~~7.36.3~~(g)(iii), (or, to the extent that this paragraph ~~7.36.3~~(g)(iv) is applicable pursuant to paragraph ~~7.36.3~~(f)(x), wishes to dispute a Restructuring Credit Event Notice or Notice to Exercise Movement Option referred to in a report under paragraph ~~7.36.3~~(f)(ii), that ~~CDS Clearing Member~~ Matched CDS Buyer or Matched CDS Seller must inform the Clearing House of the existence of the dispute prior to the Notification Cut-off Time, and will use

reasonable endeavours to inform the Clearing House within 1 hour of the time at which the report, copy or memorandum (in which the disputed notice is referred to) is first delivered to it by the Clearing House.

- (v) Subject to paragraph ~~7.36.3~~(g)(ix) below, neither the failure of any CDS Clearing Member to deliver a copy or memorandum of a Manual MP Notice to the Clearing House nor the failure of the Clearing House to deliver a copy or memorandum of a Manual MP Notice to any ~~CDS Clearing Member~~Matched CDS Buyer or Matched CDS Seller of itself shall result in any notice under a CDS Contract being invalid.
- (vi) Notwithstanding any breach of paragraph ~~7.36.3~~(g)(ii) and without prejudice to any liabilities resulting from such breach, a ~~CDS Clearing Member~~Matched CDS Buyer or Matched CDS Seller shall inform the Clearing House as soon as practicable upon becoming aware that a copy or memorandum of any Manual MP Notice was not delivered to the Clearing House on time, providing a copy or memorandum of such Manual MP Notice.
- (vii) To the extent that they are able to do so, the ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller in a Restructuring Matched Pair where one has delivered to the other a Restructuring Credit Event Notice or a Notice to Exercise Movement Option pursuant to the Manual Notice Process shall reflect the delivery and receipt of such notices using the "Notify" function provided by Deriv/SERV.
- (viii) Where neither ~~CDS Clearing Member~~the Matched CDS Buyer nor the Matched CDS Seller in a Matched Pair ~~deliver~~delivers a copy or memorandum of a Manual MP Notice to the Clearing House until after the Notification Cut-off Time;
  - (A) if such ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller do not dispute that such notice was delivered between themselves correctly in accordance with the Contract Terms (excluding this paragraph ~~7.36.3~~(g)), the ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller may either agree to settle directly with each other under Rule 1514 (CDS Alternative Delivery or Settlement Procedure, read for purposes of this paragraph ~~7.36.3~~(g)(viii)(A) only as if Rule 1514 applied to auction and cash settlement in addition to physical settlement) or, without such agreement, pursue a claim against each other in accordance with paragraphs ~~7.36.3~~(g)(ix) to ~~7.36.3~~(g)(xiii); and
  - (B) if such ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller do dispute that such notice was delivered between themselves correctly in accordance with the Contract Terms (excluding this paragraph ~~7.36.3~~(g)), paragraphs ~~7.36.3~~(g)(ix) to ~~7.36.3~~(g)(xiii) shall apply.
- (ix) Any dispute between any ~~CDS Clearing Members in a~~ Matched ~~Pair~~CDS Buyer and Matched CDS Seller or between any ~~CDS Clearing Member in a~~ Matched ~~Pair~~CDS Buyer or Matched CDS Seller and the Clearing House in relation to the effectiveness of any MP Notice or the issue of whether any MP Notice was served shall be resolved by arbitration under Rule 117. The ~~two CDS Clearing Members in a~~ Matched ~~Pair~~CDS Buyer and Matched CDS Seller and the Clearing House shall each be deemed to agree to joinder of any separate arbitrations under Rule 117 between either of ~~the two CDS Clearing Members~~Matched CDS Buyer or Matched CDS Seller in the Matched Pair and the Clearing House.
- (x) Until such time as any dispute concerning an MP Notice is resolved, the Clearing House shall be entitled to calculate Margin requirements for each of the ~~CDS Clearing Members in a~~ Matched ~~Pair~~CDS Buyer or Matched CDS Seller based on the maximum

Margin requirement for each of the ~~CDS Clearing Members~~Matched CDS Buyer or Matched CDS Seller that could result, in the opinion of the Clearing House, from any reasonably foreseeable outcome of any such dispute.

- (xi) Unless and until such time as any dispute concerning an MP Notice is resolved, neither the Clearing House nor any Clearing Member, Sponsor or Sponsored Principal in respect of a Customer-CM CDS Transaction shall be obliged to take any step that would have been required of it were the MP Notice to have been validly served. If any matter relating to a Restructuring Credit Event Notice (or alleged Restructuring Credit Event Notice) is disputed, then any Notice to Exercise Movement Option or purported Notice to Exercise Movement Option in relation to the CDS Contract under dispute may only be delivered pursuant to the Manual Notice Process. In such instances, the preconditions to using the Manual Notice Process (other than those set out in this paragraph ~~7.3.6.3~~(g)(xi)) and other requirements set out in paragraph ~~7.3.6.3~~(f)(v) shall not apply.
- (xii) Upon the rendering of a final decision pursuant to such arbitration, the Clearing House and the relevant ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller shall take such actions with respect to the disputed CDS Contract as the Clearing House determines appropriate to give effect to such decision, which may include, without limitation, effecting settlement pursuant to the Transaction Auction Settlement Terms and termination of the related CDS Contract, creating, decreasing or increasing the parties' Open Contract Positions, paying any accrued but unpaid Fixed Amounts and/or recalculating the parties' Margin requirements, and the ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller shall perform their respective obligations in accordance with the Clearing House's determinations. Notwithstanding anything to the contrary herein or in any decision pursuant to such arbitration, the Clearing House shall not be obligated to take any other action nor shall the Clearing House be liable for any other damages, including, without limitation, punitive damages, consequential damages, incidental damages, lost profits, attorney's fees or other costs or pre- or post-judgment interest. Any other action or damages required by any such decision shall be the direct obligation of the relevant ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller to each other, and such ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller shall be entitled to pursue directly against each other whatever legal remedies may be available. For the avoidance of doubt, the Clearing House shall have no liability with respect to any such legal remedies between such ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller and the Clearing House shall have no obligation to participate in any related proceeding.
- (xiii) If the Clearing House receives notice, from either the Matched CDS Seller or ~~the~~Matched CDS Buyer in a Matched Pair, after the Notification Cut-Off Time, in respect of an MP Notice that:
- (A) Such MP Notice, being a Manual MP Notice, was allegedly timely delivered between the parties in such Matched Pair but a copy or memorandum thereof was not delivered to the Clearing House before the Notification Cut-Off Time; or
- (B) Such MP Notice is under dispute as to whether it was timely delivered between the ~~CDS Clearing Members~~Matched CDS Buyer and Matched CDS Seller in such Matched Pair,

then the Clearing House will notify the other party in such Matched Pair as soon as reasonably practicable. Upon such notification by the Clearing House, the Matched CDS Buyer and Matched CDS Seller ~~in such Matched Pair~~ shall be directly liable to

each other, and shall be entitled to pursue directly against each other whatever legal remedies may be available, for the difference between (x) their respective Open Contract Positions (or proceeds thereof) in the relevant CDS Contract at the Clearing House by virtue of such notice being invalid against the Clearing House (in the case of (A) above) or by virtue of the Clearing House acting based on its interpretation of the notice it received that was not timely delivered (in the case of (B) above) and (y) what such Open Contract Positions (or proceeds thereof) would have been if a copy of such allegedly valid MP Notice was validly provided to and given effect by the Clearing House at the time, if any, such MP Notice was validly delivered between the parties to the Matched Pair. For the purpose only of pursuing any such legal remedies for the difference between (x) and (y), the Matched CDS Buyer and the Matched CDS Seller ~~in such Matched Pair~~ shall be entitled to enforce the terms of their respective CDS Contracts against each other as if each of them were the counterparty to the other in place of the Clearing House, including the right to have the dispute settled pursuant to arbitration under Rule 117. With respect to the determination of such legal remedies, the validity of any allegedly valid MP Notice as between the relevant Matched CDS Buyer and Matched CDS Seller ~~in the Matched Pair~~ shall be unaffected by whether or not such notice is valid against the Clearing House. For the avoidance of doubt, but without prejudice to any liability or obligation of the Clearing House, the Clearing House shall have no liability with respect to any such MP Notice a copy of which was not timely and properly delivered to the Clearing House or a dispute with respect to which was not timely and properly notified to the Clearing House, including, without limitation, with respect to any such legal remedies between the Matched CDS Buyer and Matched CDS Seller ~~in such Matched Pair~~, and the Clearing House shall have no obligation to participate in any related proceeding.

6.4 ~~7.4~~ **Delivery of Non DVP Obligations and Physical Settlement Amounts:**

The following deadlines apply for the delivery of Non DVP Obligations and Physical Settlement Amounts for purposes of Rule 1510:

- (a) The Matched CDS Buyer shall notify the Clearing House under Rule 1510(a)(i) of readiness to deliver at or prior to 4:30 p.m. on the Business Day prior to the date on which Delivery is scheduled to occur. In such notice, the Matched CDS Buyer shall also specify the amount of any expenses to be payable to the Matched CDS Buyer under Section 9.2(c)(vi) of the Credit Derivatives Definitions.
- (b) The Clearing House shall notify the Matched CDS Seller under Rule 1510(a)(ii) of its obligation to pay the Clearing House (the Physical Settlement Amount in respect of the relevant Non DVP MP Amount and any amounts in respect of expenses notified by the CDS Buyer) pursuant to a request for payment through "ECS" as defined in and in accordance with the Finance Procedures. Pursuant to the Finance Procedures, such a request for payment would standardly occur during the evening of the Business Day, or before 8 a.m. on the Business Day following the Business Day, after receipt of the notice referred to in Rule 1510(a)(i) and paragraph ~~7.4~~6.4(a).
- (c) The Matched CDS Seller shall pay the Clearing House under Rule 1510(a)(iii) such amounts as are due pursuant to the payment requested through ECS pursuant to the Finance Procedures. Pursuant to the Finance Procedures, payment would standardly be due and payable at 9:00 a.m. on the Business Day immediately following the date on which the Matched CDS Buyer notified the Clearing House of its readiness to deliver under Rule 1510(a)(i) and paragraph ~~7.4~~6.4(a), provided that the request for payment through ECS had occurred in a timely manner in accordance with paragraph ~~7.4~~6.4(b).

- (d) The Clearing House shall notify the Matched CDS Buyer under Rule 1510(a)(iv) that it has received payment at or prior to 4:30 p.m. on the same Business Day as the Clearing House receives payment under Rule 1510(a)(iii), provided that payment is received by the Clearing House at or prior to 9:00 a.m. on the same Business Day as described in paragraph ~~7.46.4~~(c).
- (e) The Delivery Period shall be ~~3~~three Business Days starting on the date following receipt by the CDS Buyer of the notice referred to in Rule 1510(a)(iv) and paragraph ~~7.46.4~~(d) (exclusive of the date of receipt of such notice).
- (f) The Matched CDS Seller shall notify the Clearing House under Rule 1510(a)(vi) that Delivery has occurred by 4:30 p.m. on the same Business Day on which the Matched CDS Seller receives Delivery of the relevant Deliverable Obligations. Notices received after 4:30 p.m. will be deemed received on the next following Business Day, unless the Clearing House agrees otherwise.
- (g) The Clearing House shall be obliged to pay 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) in respect of the relevant Non DVP MP Amount and any expenses due to the CDS Buyer under Section 9.2(c)(vi) of the Credit Derivatives Definitions through payments or transfers through ECS in accordance with the Finance Procedures. Pursuant to the Finance Procedures, payment would standardly be due and payable at 9:00 a.m. on the Business Day following the Business Day on which the Clearing House receives the notice referred to in Rule 1510(a)(vi) and paragraph ~~7.46.4~~(f).
- (h) The first date on which the Matched CDS Seller may serve notice on the Clearing House under Rule 1510(a)(viii) requesting the Clearing House to repay the Physical Settlement Amount in respect of the Non DVP MP Amount, less the Delivered Percentage of such Physical Settlement Amount, is the first Business Day following the end of the Delivery Period.

6.5 ~~7.5~~ **Disputes Relating to Deliverable Obligations**

- (a) Prior to accepting Delivery of a particular obligation pursuant to a Notice of Physical Settlement or NOPS Amendment Notice, a CDS Seller may challenge whether the obligation is a Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation under the terms of a Matched CDS Contract, unless the obligation is listed and remains listed as a Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation in the Final List of Deliverable Obligations which is applicable to that Matched CDS Contract as of the applicable Delivery Date for such Deliverable Obligation. A challenge may only be made to the relevant Credit Derivatives Determinations Committee in the form of the presentation of ~~an~~a DC Issue pursuant to the DC Rules.
- (b) Subject to paragraph ~~7.56.5~~(c), any CDS Seller may refuse to accept Delivery of a particular obligation pursuant to a Notice of Physical Settlement or NOPS Amendment Notice if any challenge (as referred to in paragraph ~~7.56.5~~(a)) has been made by that CDS Seller (or any other ~~CDS Clearing Member~~ Person that is a CDS Seller in relation to CDS Contracts of the same Set) as to whether the obligation is a Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation under the terms of the ~~Matched~~-CDS Contract, until such time as the relevant Credit Derivatives Determinations Committee Resolves and announces that such obligation is a Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation under the terms of the ~~Matched~~ CDS Contract, provided that if the obligation is listed and remains listed as a Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation in the Final List of Deliverable Obligations which is applicable to that ~~Matched~~ CDS Contract as of the applicable Delivery Date for such Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation, no such challenge may delay the acceptance by the CDS Seller of Delivery of such obligation.

- (c) Any Matched CDS Seller proposing to refuse to accept Delivery as referred to in paragraph ~~7.56.5~~(b) must give notice forthwith to the Clearing House and to the Matched CDS Buyer in the relevant Matched Pair, specifying the Matched CDS Contracts to which the refusal relates. Delivery of such notice by the Matched CDS Buyer to the Matched CDS Seller shall constitute notice from the Clearing House to the Matched CDS Buyer of the Clearing House's refusal to accept Delivery of the relevant obligation.
- (d) As they relate to an obligation for which a challenge has been presented (as referred to in paragraph ~~7.56.5~~(a)) as to whether the obligation is a Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation under the terms of a ~~Matched~~ CDS Contract, unless the obligation is listed and remains listed as a Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation in the Final List of Deliverable Obligations or, as applicable, a Permitted Deliverable Obligation which is applicable to that ~~Matched~~ CDS Contract as of the applicable Delivery Date for such Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation, time periods and related rights and remedies relating to settlement, for example, under Sections 9.9 and 9.10 of the Credit Derivatives Definitions and any applicable cap on settlement, shall be suspended for the period commencing on the date the challenge is first presented until the date of the relevant actual decision to Resolve (which shall be the date on which such decision is announced and determined without regard to ~~any Effectiveness Convention or~~ any time of effectiveness specified in a "Presented Position", as defined in the DC Rules) or, if later, the date on which ISDA publicly announces the resolution of the relevant Credit Derivatives Determinations Committee as to whether or not such obligation is a Deliverable Obligation or, as applicable, a Permitted Deliverable Obligation under the terms of a physically settled CDS Contract.
- (e) This provision does not prevent a party from exercising any of its rights under Rule ~~118.117~~.

6.6 ~~7.6~~ **Physical Settlement Costs**

- (a) Any payments required in relation to any costs or expenses of settlement of a Matched CDS Contract in accordance with the Fallback Settlement Method (other than the expenses referred to in paragraph ~~7.46.4~~) shall be made in the following manner:
  - (i) where, but for this paragraph ~~7.66.6~~(a), any such payment would fall to be made by the Clearing House to the Matched CDS Buyer or Matched CDS Seller, as though 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 to whom payment would not be due from the Clearing House) were designated by the Clearing House to make such payment on its behalf;
  - (ii) where, but for this paragraph ~~7.66.6~~(a), any such payment would fall to be made to the Clearing House by the Matched CDS Buyer or Matched CDS Seller, as though 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 to whom payment would but for this paragraph ~~7.66.6~~(a) be due from the Clearing House) were designated by the Clearing House to receive such payment on its behalf;
  - (iii) where a Matched CDS Seller or Matched CDS Buyer is designated to make payment pursuant to Rule 1509 and this paragraph ~~7.66.6~~(a) and makes a relevant payment direct to the other party in the Matched Pair, the party that made payment shall not be entitled to any reimbursement from the Clearing House in respect of the payment (without prejudice to any rights of any Matched CDS Seller to Matched CDS Buyer where there is a failure to Deliver); and
  - (iv) where a Matched CDS Seller or Matched CDS Buyer is designated to receive a payment pursuant to Rule 1509 and this paragraph ~~7.66.6~~(a) and receives a payment

direct from the other party in the Matched Pair, the party that received payment shall not be obliged to remit any amount in respect of such payment to the Clearing House (without prejudice to any rights of the Clearing House where there is a failure to Deliver).

- (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 ~~7.46.4~~(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 ~~7.46.4~~(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 ~~7.46.4~~(g) and ~~7.66.6~~(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.

#### 6.7 ~~7.7~~ 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 accordance with Rule 301(f) and the Finance Procedures and not returned to the CDS Seller as referred to in Rule 1510 and paragraph ~~7.46.4~~; or (ii) the Physical Settlement Amount has been paid to the relevant CDS ~~Clearing Member in the Matched Pair~~ Buyer or CDS Seller 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~~ Matched CDS Buyer or Matched CDS Seller shall cease to be payable by a ~~CDS Clearing Member~~ Matched CDS Buyer or Matched CDS Seller (and shall be released by the Clearing House) in respect of any CDS Contract after the time at which the ~~CDS Clearing Member~~ Matched CDS Buyer or Matched CDS Seller has notified the Clearing House in accordance with Rule 1511 that settlement has, so far as it is aware, occurred successfully.

#### 6.8 ~~7.8~~ 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.

7. ~~8.-~~ **CLEARED CDS PRODUCTS: ELIGIBLE SETS**

7.1 ~~8.1~~ 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.

7.2 ~~8.2~~ The Clearing House may add to, amend or make deletions from the list of index series for CDS Contracts eligible for Clearing by issuing a Circular. Any such addition, amendment or deletion, other than the updating of any ~~Index Series~~ index series following the occurrence of an Applicable Credit Event or Succession Event, shall be made following consultation with the CDS Risk Committee, by issuing a further Circular, provided that the Clearing House shall not be required to consult in advance with the CDS Risk Committee for a deletion or suspension of a Set from such list in circumstances in which issuance of an Acceptance Notice in respect of CDS Trade Particulars or Clearing of CDS Contracts referring to such Set would be in breach of a restriction made under the Short Selling Regulation or of any other Applicable Law.

7.3 ~~8.3~~ CDS Contracts on certain single names are eligible for Clearing, as set out in Circulars published by the Clearing House from time to time, each item mentioned as eligible in any such Circular initially forming a Set. The Clearing House may add to, amend or make deletions from such list, following consultation with the CDS Risk Committee, by issuing a further Circular, provided that the Clearing House shall not be required to consult in advance with the CDS Risk Committee for a deletion or suspension of a Set from such list in circumstances in which issuance of an Acceptance Notice in respect of CDS Trade Particulars or Clearing of CDS Contracts referring to such Set would be in breach of a restriction made under the Short Selling Regulation or of any other Applicable Law.

8. ~~9.-~~ **CONTRACT TERMS FOR ALL CDS CONTRACTS**

8.1 ~~9.1~~ This paragraph ~~98~~ specifies additional Contract Terms applicable to all CDS Contracts cleared by the Clearing House to which the Credit Derivatives Definitions apply by virtue of the Contract Terms:

- (a) Subject to Rule 109, if a Convened DC (as defined in the DC Rules) resolves, pursuant to Section 3.8(a) of the DC Rules; (i) a question of interpretation regarding the provisions of the "July 2009 Protocol" (as defined in the DC Rules); or (ii) to make any amendments to Schedule 1 of the July 2009 Protocol, in each case that ~~affect~~ affects a CDS Contract, the Clearing House shall, as promptly as practicable, make conforming changes to these CDS Procedures in order to implement such resolutions.
- (b) Any reference in a CDS Contract to the 2003 ISDA Credit Derivatives Definitions (including any reference to the 2003 ISDA Credit Derivatives Definitions as supplemented or otherwise modified, including by incorporation of any additional provisions thereto (howsoever described) ~~(the "Existing Supplements")~~) shall be deemed to be a reference to the 2003 ISDA Credit Derivatives Definitions as so supplemented and as further supplemented by the July 2009 Supplement.
- (c) Section 1.8(a)(ii)(A)(I)(3)(y) of the Credit Derivatives Definitions is hereby modified by replacing the term "Auction Final Price Determination Date" with the phrase "date that is one Relevant City Business Day prior to the Auction Settlement Date".
- (d) Section 1.30 of the Credit Derivatives Definitions is hereby modified by replacing the term "Auction Final Price Determination Date" in clause (ii) of the last sentence thereof with the phrase "date that is one Relevant City Business Day prior to the Auction Settlement Date".

(e) Section 4.6(d) of the Credit Derivatives Definitions is hereby modified by the deletion of "(i)" in line 2 and by the deletion of the entirety of sub-section (ii) thereof.

- ~~(f)~~ ~~(e)~~ The Settlement Method will be "Auction Settlement" and the Fallback Settlement Method will be "Physical Settlement" in accordance with paragraph ~~7.6~~ and the Rules.
- ~~(g)~~ ~~(f)~~ Where a Credit Event Announcement has occurred in respect of a CDS Contract, neither the CDS Buyer nor any relevant ~~Segregated~~ Customer (if any) of the CDS Buyer may deliver a Notice of Physical Settlement, and delivery of any Notice of Physical Settlement will not be effective, until such time as the method of settlement for a particular Credit Event becomes the Fallback Settlement Method due to the occurrence of one of the events in Section 12.1 of the Credit Derivatives Definitions and, as referred to in Rule 1505(b), the Clearing House has (or, pursuant to Rule 1508, should have) notified CDS Buyers and CDS Sellers of their Matched Pairs and associated MP Amounts. For the avoidance of doubt, the effectiveness of any Notice of Physical Settlement and obligations relating thereto are subject to the suspension and finality provisions of Sections 6.5 and 9.1(c)(iii) of the Credit Derivatives Definitions. This is in addition to the restrictions on the delivery of a Notice of Physical Settlement set out in paragraph ~~7.6~~.
- ~~(h)~~ ~~(g)~~ For the purposes of Rule 1509 and 1510 and without prejudice to the representations given by the Clearing House and Clearing Members or Sponsored Principals to one another pursuant to the Contract Terms and the Rules, Sections 9.2(a), 9.2(b), 9.2(c)(i) and 9.2(c)(iv) of the Credit Derivatives Definitions shall apply as between the Matched CDS Buyer and the Matched CDS Seller in a Matched Pair, such Matched CDS Buyer and Matched CDS Seller thereby having rights in respect of such representations for the purposes of the Contract (Rights of Third Parties) Act 1999, as though they were the Buyer and Seller respectively and Section 9.2(c)(iv) of the Credit Derivatives Definitions as incorporated in any CDS Contract shall be amended such that:
- (i) where the Clearing House is the designator, it is permitted to designate any CDS Clearing Member or Sponsored Principal specified in Rule 1509 as its designee, notwithstanding that it is not an Affiliate (as defined therein);
  - (ii) the phrase "deliver or receive any Notice of Physical Settlement (or NOPS Amendment Notice), Credit Event Notice, or Notice to Exercise Movement Option, or Deliver or take Delivery or pay or receive payment of the Physical Settlement Amount" were written in place of the phrase "Deliver or take Delivery"; and
  - (iii) the phrase "such delivery, receipt, Delivery or payment" were written in place of the phrase "such Delivery".
- ~~(i)~~ ~~(h)~~ Sections 9.3, 9.4, 9.5 and 9.6 of the Credit Derivatives Definitions shall apply as between the relevant CDS Clearing Member or Sponsored Principal and the Clearing House in respect of any CDS Contract.
- ~~(j)~~ ~~(i)~~ Solely for the purposes of Rules 1512 and 1513, Section 9.8(k) of the Credit Derivatives Definitions is amended by inserting the following at the beginning thereof:
- (i) "For the purposes hereof, in addition to the requirements of Section 7.10, each firm Quotation shall:
    - (A) be for a transaction with the CDS Buyer (or its designee) (the "**Relevant Buyer**") in which, the Relevant Buyer agrees to Deliver the Deliverable Obligations to the Dealer submitting the firm quotation (the "**Quoting Dealer**"), which transaction shall be governed by documentation that is consistent with market practice applicable to the sale and purchase of Deliverable Obligations on the Valuation Date (which may be determined by the Determining Body), including without limitation a representation that the Quoting Dealer has completed all "know your customer" or similar

requirements under all applicable laws, regulations and internal compliance procedures relating to a transaction with the Relevant Buyer and on the Reference Entity;

- (B) be capable of acceptance by the Relevant Buyer (for such purposes, each firm Quotation must, inter alia, be obtained from a Dealer with whom the Relevant Buyer in its sole and absolute discretion determines that it is able in accordance with all its internal compliance and policy requirements to transact and to Deliver the Deliverable Obligations) and be open for acceptance to the relevant party for at least 30 minutes; and
- (C) be obtained on the basis that if the Relevant Buyer agrees to Deliver the Deliverable Obligations to such Quoting Dealer on the terms set forth herein, such Quoting Dealer agrees to pay the settlement amount (calculated and payable for this purpose in accordance with the relevant market standard documentation and based on the price so quoted) that would be payable for such Deliverable Obligations to the Relevant Buyer,

provided that:-

(D) if Rule 1512 applies: (I) on the same Business Day that the CDS Buyer (as if it were Calculation Agent) has attempted to obtain all Quotations that the Calculation Agent is required to attempt to obtain in accordance with Section 9.8(k) of the Credit Derivatives Definitions, the CDS Buyer shall offer the Clearing House the opportunity to provide a Quotation as if the Clearing House were a Dealer in accordance with Section 9.8(k) of the Credit Derivatives Definitions; and (II) if the Quotation provided by the Clearing House is higher than any Quotation obtained by the CDS Buyer (as if it were Calculation Agent) from the Dealers in accordance with Section 9.8(k) of the Credit Derivatives Definitions (including, for the avoidance of doubt any Weighted Average Quotation) such Quotation shall be deemed to be the Highest Quotation and the CDS Buyer (as if it were Calculation Agent) shall use such Quotation to determine the Final Price; and

(E) if Rule 1513(a)(ii) applies: (I) on the same Business Day that the Matched CDS Buyer (as if it were Calculation Agent) has attempted to obtain all Quotations that the Calculation Agent is required to attempt to obtain in accordance with Section 9.8(k) of the Credit Derivatives Definitions, the Matched CDS Buyer shall offer the Clearing House the opportunity to provide a Quotation as if the Clearing House were a Dealer in accordance with Section 9.8(k) (as amended) of the Credit Derivatives Definitions; and (II) If the Quotation provided by the Clearing House is higher than any Quotation obtained by the Matched CDS Buyer (as if it were Calculation Agent) from the Dealers in accordance with Section 9.8(k) of the Credit Derivatives Definitions (including, for the avoidance of doubt any Weighted Average Quotation) such Quotation shall be deemed be the Highest Quotation and the Matched CDS Buyer (as if it were Calculation Agent) shall use such Quotation to determine the Final Price.

- (ii) Otherwise,".

8.2 ~~9.2~~ **The following additional provisions shall apply to all CDS Contracts:**

(a) **Part 1: Obligations**

- (i) General Conditions.

(A) Each Party will make each payment or delivery specified in each CDS Contract to be made by it, subject to the other provisions of the Rules and the

provisions of the Clearing Membership Agreement or, in the case of a Sponsored Principal, the Sponsored Principal Clearing Agreement or, in the case of a Sponsor, the Sponsor Agreement.

- (B) Each obligation of the Clearing House to a CDS Clearing Member (or Sponsored Principal) under paragraph 9.28.2(a)(i)(A) above is subject to the condition precedent that no Event of Default has been declared in respect of that CDS Clearing Member (or Sponsored Principal or its Sponsor).
  - (C) Each obligation of the Clearing Member or Sponsored Principal under paragraph 9.28.2(a)(i)(A) above is subject to the condition precedent that no Insolvency in respect of the Clearing House or Failure to Pay in respect of the Clearing House has occurred.
- (ii) Deduction or Withholding for Tax.
- (A) *Deduction.* All payments pursuant to a CDS Contract will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any Applicable Law, as modified by the practice of any relevant governmental revenue authority, then in effect.
  - (B) *Gross-Up by the Clearing Member or Sponsored Principal.* If the Clearing Member or Sponsored Principal is so required to deduct or withhold, then the Clearing Member or Sponsored Principal will:
    - (1) promptly notify the Clearing House of such requirement;
    - (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by the Clearing Member or Sponsored Principal to the Clearing House pursuant to this paragraph 9.28.2(a)(ii)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against the Clearing House;
    - (3) promptly forward to the Clearing House an official receipt (or a certified copy), or other documentation reasonably acceptable to the Clearing House, evidencing such payment to such authorities; and
    - (4) subject to paragraph 9.28.2(a)(ii)(C), pay to the Clearing House, in addition to the payment to which the Clearing House is otherwise entitled pursuant to the relevant CDS Contract, such additional amount as is necessary to ensure that the net amount actually received by the Clearing House (free and clear of any Tax, whether assessed against the Clearing Member or Sponsored Principal or the Clearing House) will equal the full amount the Clearing House would have received had no such deduction or withholding been required.
  - (C) *Gross-Up by the Clearing Member or Sponsored Principal; exception.* A Clearing Member or Sponsored Principal will not be required to pay any additional amount to the Clearing House pursuant to paragraph 9.28.2(a)(ii)(B) to the extent that it would not be required to be paid but for (1) a present or former connection between the jurisdiction of the taxing authority imposing such Tax and the Clearing House, (2) any failure by the

Clearing House to provide to the relevant Clearing Member or Sponsored Principal such forms and documents as are required to be provided under paragraph 9.28.2(d)(i), provided this sub-paragraph (2) shall only apply if the relevant Clearing Member or Sponsored Principal has notified the Clearing House in writing of such failure and the Clearing House has failed to provide such forms or documents within 5 Business Days after the receipt of such notice or (3) the failure of a representation made by the Clearing House pursuant to paragraph 9.28.2(c)(ii) to be accurate and true (unless the failure under this sub-paragraph (3) would not have occurred but for (a) any action taken by a taxing authority, or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a Party to the relevant CDS Contract) or (b) a Change in Tax Law, that in each case occurs after the Clearing House and the Clearing Member or Sponsored Principal enter into the relevant CDS Contract (or, if applicable, the date that the Clearing House amends the relevant CDS Contract in accordance with the Rules to account for such Change in Tax Law)).

In the event that the failure under sub-paragraph (3) of the preceding paragraph would not have occurred but for the reasons described under subclause (a) or (b) thereof, the Clearing House shall use reasonable endeavours to provide to the Clearing Member or Sponsored Principal a new representation (to the extent that it is appropriate) for the purpose of paragraph 9.28.2(c)(ii), promptly after learning of such failure (so long as the provision of such representation would not, in the Clearing House's judgment, materially prejudice the legal or commercial position of the Clearing House).

Notwithstanding any other provision under the Rules or these Procedures, a Clearing Member or Sponsored Principal will be required to pay additional amounts to (or otherwise indemnify) the Clearing House pursuant to paragraph 8.2 for any Tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code ("FATCA"), except to the extent that such Tax would not have been imposed on the payment to the Clearing House but for the failure of the Clearing House to satisfy the applicable requirements to establish that such payment is exempt from withholding under FATCA.

For the purpose of this paragraph 9.28.2(a)(ii)(C) only, Change in Tax Law shall have the following meaning:

"**Change in Tax Law**" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law).

- (D) *No Gross-Up by the Clearing House.* If the Clearing House is so required to deduct or withhold, then the Clearing House will, in each case to the extent that it is reasonably able to do so:
- (1) promptly notify the Clearing Member or Sponsored Principal of such requirement;
  - (2) pay to the relevant authorities the full amount required to be deducted or withheld promptly upon the earlier of determining that

such deduction or withholding is required or receiving notice that such amount has been assessed against the Clearing Member or Sponsored Principal; and

- (3) promptly forward to the Clearing Member or Sponsored Principal an official receipt (or a certified copy) evidencing such payment to such authorities.

In no circumstances shall the Clearing House be required to pay any amount in addition to the payment to which the Clearing Member or Sponsored Principal is otherwise entitled pursuant to the CDS Contract in respect of any such deduction or withholding. However, the Clearing House will, at the Clearing Member's or Sponsored Principal's expense, use reasonable endeavours to cooperate with the Clearing Member or Sponsored Principal to seek any credit or remission or other relief available with respect to any such Tax so deducted or withheld (so long as such cooperation would not, in the Clearing House's judgment, materially prejudice the legal or commercial position of the Clearing House).

(E) *Liability of the Clearing House.* If:

- (1) the Clearing House is required by any Applicable Law, as modified by the practice of any relevant governmental revenue authority, to make any such deduction or withholding;
- (2) the Clearing House does not so deduct or withhold; and
- (3) a liability resulting from such Tax is assessed directly against the Clearing House,

then, except to the extent the Clearing Member or Sponsored Principal has satisfied or then satisfies the liability resulting from such Tax, the Clearing Member or Sponsored Principal will promptly pay to the Clearing House the amount of such liability (including any related liability for interest or penalties).

(F) *Liability of the Clearing Member or Sponsored Principal.* If:

- (1) the Clearing Member or Sponsored Principal is required by any Applicable Law, as modified by the practice of any relevant governmental revenue authority, to make any such deduction or withholding in respect of which the Clearing Member or Sponsored Principal would be required to pay an additional amount pursuant to paragraph ~~9.2.8.2~~(a)(ii);
- (2) the Clearing Member or Sponsored Principal does not so deduct or withhold; and
- (3) a liability resulting from such Tax is assessed directly against the Clearing House,

then, except to the extent the Clearing Member or Sponsored Principal has satisfied or then satisfies the liability resulting from such Tax, the Clearing Member or Sponsored Principal will promptly pay to the Clearing House the amount of such liability (including any related liability for interest or penalties).

(b) **Part 2: Termination Provisions**

- (i) The Automatic Early Termination Provisions of this paragraph ~~9.28.2~~(b)(i) will not apply to the Clearing House and will apply to the Clearing Member or Sponsored Principal only if it (or in the case of a Sponsored Principal, its Sponsor) is incorporated in Switzerland or any other jurisdiction as the Clearing House may by notice or Circular specify (the entity incorporated in Switzerland or such other jurisdiction being the "Swiss or Other Entity"), provided, however, that with respect to an event of Bankruptcy described in part (v) of the definition of Bankruptcy in the Rules or, to the extent analogous thereto, part (ix) of ~~the~~that definition of Bankruptcy, the Automatic Early Termination Provisions (as defined below) will only apply if the relevant proceeding is instituted in or petition is presented to, a competent court or authority in the jurisdiction in which the ~~Defaulter~~Swiss or Other Entity is incorporated or organised or has its head or home office or has the offices through which it enters into, or acts as Sponsor in respect of, CDS Contracts.
- (ii) All open CDS Contracts of a CDS Clearing Member or Sponsored Principal to which these Automatic Early Termination Provisions apply shall be immediately terminated upon the occurrence, with respect to that CDS Clearing Member or Sponsored Principal (or, in the case of a Sponsored Principal, its Sponsor) which is the Swiss or Other Entity, of an event of Bankruptcy described in parts (i), (iii), (vi), (vii) of the definition of Bankruptcy in the Rules or, to the extent analogous thereto, part (ix) of ~~the~~that definition of Bankruptcy and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence of an event of Bankruptcy described in parts (iv) or (v) of the definition of Bankruptcy in the Rules or, to the extent analogous thereto, part (ix) of ~~the~~that definition of Bankruptcy (the "**Automatic Early Termination Provisions**").
- (iii) The occurrence of any event of Bankruptcy specified in paragraph ~~9.28.2~~(b)(ii) above resulting in the termination of CDS Contracts pursuant to paragraph ~~9.28.2~~(b)(ii) above shall automatically and without the need for any action by the Clearing House constitute an Event of Default with respect to the relevant CDS Clearing Member or Sponsored Principal. The Clearing House shall be deemed to have declared such Event of Default immediately upon the occurrence of such Event of Default but shall nonetheless be obliged to issue a Default Notice to the Defaulter and provide any copies of such Default Notice required pursuant to Rule 902 upon becoming aware of any such Event of Default.

(c) **Part 3: Representations and Warranties**

- (i) *Payer Tax Representation.* On each date on which a CDS Contract is entered into, the Clearing Member or Sponsored Principal will represent to the Clearing House that it is not required by any Applicable Law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction, to make any deduction or withholding for or on account of any Tax from any payment (other than interest payable pursuant to Rule 301(g)) to be made by it to the Clearing House pursuant to any CDS Contract. In making this representation, it may rely on:
- (A) the accuracy of any representations made by the Clearing House pursuant to paragraph ~~9.28.2~~(c)(ii);
- (B) the satisfaction of the agreement contained in paragraph ~~9.28.2~~(d)(i)(A)(1) or paragraph ~~9.28.2~~(d)(i)(A)(2) and the accuracy and effectiveness of any

document provided by the Clearing House pursuant to paragraph ~~9.2.8.2~~(d)(i)(A)(1) or paragraph ~~9.2.8.2~~(d)(i)(A)(2); and

- (C) the satisfaction of the agreement of the Clearing House contained in paragraph ~~9.2.8.2~~(d)(ii),

except that it will not be a breach of this representation where reliance is placed on sub-paragraph (B) above and the Clearing House does not deliver a form or document under paragraph ~~9.2.8.2~~(d)(i)(A)(2) by reason of material prejudice to its legal or commercial position.

- (ii) *Payee Tax Representations.* On each date on which a CDS Contract is entered into, but only where the Clearing Member or Sponsored Principal (or any entity into which the Clearing Member or Sponsored Principal is disregarded for U.S. federal income tax purposes) is a US entity or branch, the Clearing House will represent (and such representation will be deemed to be repeated at all times until the termination of all CDS Contracts between the Clearing House and that Clearing Member or Sponsored Principal) to such Clearing Member or Sponsored Principal that:

- (A) it is a duly formed limited company as defined in the Companies Acts of 1985 and 2006 with its registered office for the purposes of the Companies Acts of 1985 and 2006 situated in England and Wales; and

- (B) it is a (1) "non-US branch of a foreign person" as that term is used in Section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations and (2) "foreign person" as that term is used in Section 1.6041-4(a)(4) of the United States Treasury Regulations.

- (iii) *Clearing House Warranties.* On each date on which a CDS Contract is entered into, the Clearing House will warrant to the CDS Clearing Member (or Sponsored Principal) that is party to such CDS Contract that:

- (A) *Status.* The Clearing House is duly organised and validly existing under the laws of England and Wales.

- (B) *Powers.* The Clearing House has the power to enter into the CDS Contract and to deliver and to perform its obligations under the CDS Contract and has taken all necessary action to authorise such execution, delivery and performance.

- (C) *No Violation or Conflict.* Such entry into, delivery and performance do not violate or conflict with any Applicable Law applicable to the Clearing House, any provision of its articles or memorandum of association or any order or judgment of any court or other Governmental Authority applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

- (D) *Consents.* All governmental and other consents that are required to have been obtained by the Clearing House with respect to the CDS Contract have been obtained and are in full force and effect and all conditions of any such consents have been complied with.

- (E) *Obligations Binding.* The Clearing House's obligations under the CDS Contract constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors'

rights generally and subject, as to enforceability, to equitable principles of general application and to other matters which are standardly excluded, restricted or qualified in legal opinions (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(F) *Absence of Certain Events.* No Insolvency or Failure To Pay has occurred and is continuing in respect of the Clearing House and no such circumstance or event would occur as a result of the Clearing House's entering into or performing its obligations under the Rules or any CDS Contract.

(G) *No Agency.* The Clearing House is entering into each CDS Contract as principal and not as agent of any person or entity.

(H) *Relationship between the parties.*

(1) The Clearing House has made its own independent decisions to enter CDS Contracts and as to whether the entry into of CDS Contracts is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary;

(2) The Clearing House is not relying on any communication (written or oral) of the Clearing Member or Sponsored Principal (or its Sponsor) which is party to a CDS Contract as investment advice or as a recommendation to enter into the CDS Contract, it being understood that information and explanations related to the terms and conditions of a CDS Contract will not be considered investment advice or a recommendation to enter into a CDS Contract;

(3) No communication (written or oral) received from such Clearing Member or Sponsored Principal (or its Sponsor) will be deemed to be an assurance or guarantee as to the expected results of that CDS Contract;

(4) The Clearing House is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the CDS Contract and it is also capable of assuming, and assumes, the risks of the CDS Contract; and

(5) The Clearing House is not acting as a fiduciary for or an adviser to such CDS Clearing Member or Sponsored Principal (or its Sponsor) in respect of the CDS Contract.

(I) *Absence of Litigation.* There is not pending or, to the knowledge of the Clearing House, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of any CDS Contract or its ability to perform its obligations under any CDS Contract.

The remedies of rescission and termination are hereby disclaimed and waived by each Clearing Member, Sponsor and Sponsored Principal in respect of any breach by the Clearing House of any of the above warranties.

(d) **Part 4: Agreements**

Each Party agrees with the other (or in the case of (ii) below, the Clearing House agrees with the Clearing Member or Sponsored Principal) that, so long as either Party has or may have any

obligation under any CDS Contract with the other Party or under any related Credit Support Document to which it is a Party:

- (i) *Furnish Specified Information.*
  - (A) It will deliver to the other Party or, in certain cases under paragraph (2) below, to such government or taxing authority as the other Party reasonably directs:
    - (1) any forms, documents or certificates relating to taxation specified in paragraph ~~9.2.8.2~~(d)(i)(B) below; and
    - (2) upon reasonable demand by such other Party (or, in the case of the Clearing Member or Sponsored Principal, upon reasonable request in writing by the Clearing Member or Sponsored Principal), any form or document that may reasonably be required or reasonably requested in writing (and, in the case of ~~the~~ Clearing Member, any such form or document must be reasonably requested in writing) in order to allow such other Party or its Credit Support Provider to make payment pursuant to any CDS Contract or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the Party in receipt of such demand or request (or, in the case of the Clearing House, so long as the Clearing House reasonably believes that the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the Clearing House)), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other Party and to be executed and to be delivered with any reasonably required certification (or, in the case of any such form or document to be furnished by the Clearing House, with any such form or document to be as accurate as the Clearing House is reasonably able to make it and to be executed in a manner reasonably satisfactory to the Clearing House and to be delivered with any reasonably required certification which the Clearing House is reasonably able to deliver),  
  
in each case by the date specified in paragraph ~~9.2.8.2~~(d)(i)(A)(2) or ~~9.2.8.2~~(d)(i)(B) or, if none is specified or in the case of any form, document or certificate to be furnished by the Clearing House, as soon as reasonably practicable.
  - (B) For the purposes of paragraph ~~9.2.8.2~~(d)(i)(A) above, where the Clearing Member or Sponsored Principal is a US entity or branch, the Clearing House agrees to deliver an executed United States Internal Revenue Service Form W-8BEN (or successor thereto) promptly after the date on which that Clearing Member or Sponsored Principal first becomes a CDS Clearing Member or Sponsored Principal with authorisation to clear CDS and promptly upon learning that any form previously provided by the Clearing House has become obsolete or incorrect.
- (ii) *Maintain Authorisations.* The Clearing House will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to the Clearing of any CDS Contracts.

- (iii) *Tax Agreement.* It will give notice of any failure of a representation made by it under paragraph ~~9.28.2~~(c)(ii) to be accurate and true promptly upon learning of such failure.
- (iv) *Payment of Stamp Tax.* The Clearing Member or Sponsored Principal will pay any Stamp Tax and any excise, sales, or value added Tax and any other similar Tax levied or imposed upon it or in respect of its execution or performance of any CDS Contract to which it is a Party by any jurisdiction, and will indemnify the Clearing House against any Stamp Tax and any excise, sales, or value added Tax and any other similar Tax (to the extent, in the case of any value added Tax, that the Clearing House is not able, in the Clearing House's opinion (acting reasonably) to obtain credit for, reclaim or recover such value added Tax) levied or imposed upon the Clearing House or in respect of the Clearing House's execution or performance of any CDS Contract to which that Clearing Member or Sponsored Principal is a Party by any jurisdiction.

(e) **Part 5: Transfer**

- (i) The Clearing House may transfer any rights or obligations of the Clearing House in or under any CDS Contract where such transfer is effected by the Clearing House in accordance with the Rules.
- (ii) If a Tax Event or a Tax Event Upon Merger occurs, then the Clearing House will not unreasonably withhold or delay its Consent to, or stipulate unreasonable conditions on a transfer under Rule 408(a)(i). The Clearing House acknowledges its obligations under Applicable Laws and the Rules to have transparent and non-discriminatory rules, based on objective criteria, governing access and to process applications for membership expeditiously and fairly based on objective criteria. The Clearing House acknowledges that any applicant for membership following a Tax Event that is an Affiliate of the Clearing Member or Sponsored Principal will be deemed to have satisfied those of the membership criteria relating to the group of the applicant, to the extent that the Clearing Member or Sponsored Principal has already demonstrated satisfaction of such requirements and these requirements continue to be met on an ongoing basis. As a result, the membership application process for such applicant will be subject to slightly reduced due diligence (given the knowledge already in possession of the Clearing House in relation to the relevant group) and, consequently, such application, if complete, is likely to be subject to a quicker approval process compared with an application by a person that is not an Affiliate of a Clearing Member or Sponsored Principal. For the purposes of this paragraph ~~9.28.2~~(e)(ii) only, Tax Event ~~and~~, Tax Event Upon Merger and Merger Without Assumption shall have the following meanings:

**"Tax Event."** Due to (A) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a CDS Contract is entered into (regardless of whether such action is taken or brought with respect to a Party to the relevant CDS Contract) or (B) a Change in Tax Law, the Clearing Member or Sponsored Principal will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date be required to pay to the other Party an additional amount pursuant to paragraph ~~9.28.2~~(a)(ii)(B)(4) (except in respect of interest payable pursuant to Rule 301(g)).

**"Tax Event Upon Merger."** The Clearing Member or Sponsored Principal on the next succeeding Scheduled Settlement Date will be required to pay an additional amount pursuant to paragraph ~~9.28.2~~(a)(ii)(B)(4) (except in respect of interest payable pursuant to Rule 301(g)) as a result of a Party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date on which that Clearing Member or Sponsored Principal first becomes a CDS Clearing Member or

Sponsored Principal) to, or reorganising, reincorporating or reconstituting into or as, another entity where such action does not constitute a Merger Without Assumption.

"Merger Without Assumption." The Clearing Member or Sponsored Principal consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, reincorporation or reconstitution, the resulting, surviving or transferee entity fails to assume all the obligations of such Clearing Member or such Sponsored Principal under the CDS Contract to which it or its predecessor was a party.

(f) **Part 6: Contractual Currency**

- (i) *Payment in the Contractual Currency.* Each payment under any CDS Contract will be made in the relevant currency specified in the Contract Terms for that CDS Contract for that payment (the "Contractual Currency").
- (ii) *Judgments.* To the extent permitted by Applicable Law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (A) for the payment of any amount owing in respect of that CDS Contract, (B) for the payment of any amount relating to any early termination in respect of that CDS Contract or (C) in respect of a judgment or order of another court for the payment of any amount described in sub-paragraph (A) or (B) above, the Party seeking recovery, after recovery in full of the aggregate amount to which such Party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other Party the amount of any shortfall of the Contractual Currency received by such Party as a consequence of sums paid in such other currency and will refund promptly to the other Party any excess of the Contractual Currency received by such Party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the Rate of Exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the Rate of Exchange at which such Party is able, acting in good faith and using commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such Party.
- (iii) *Separate Indemnity.* To the extent permitted by Applicable Law, the indemnity in this paragraph 9.28.2(f) constitutes a separate and independent obligation from the other obligations in the Rules, will be enforceable as a separate and independent cause of action, will apply notwithstanding any indulgence granted by the Party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of any CDS Contract.
- (iv) *Evidence of Loss.* For the purpose of this paragraph 9.28.2(f), it will be sufficient for a Party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

(g) **Part 7: Miscellaneous**

*Characterisation Notice.* If, subject always to the representations given by each Party in relation to any CDS Contract (including without limitation those in Section 9.1(b)(i) of the Credit Derivatives Definitions) and to the legal, tax, financial accounting and regulatory treatment of any CDS Contract as a derivative as a matter of English law or regulation, either Party elects to treat a CDS Contract for any other tax, financial accounting or regulatory purpose as other than a derivative financial instrument or loan, the Party shall use reasonable efforts promptly to notify the other Party in writing of such election. For this purpose, a notice that

contains information that identifies which types of CDS Contracts between the parties are subject to such election shall be sufficient.

(h) **Part 8: General Terms**

Each CDS Contract shall include the following terms and conditions set out in ~~Part I of the "General Contract Terms and ICE OTC Standard Contract Terms and Eligibility Criteria" section of the~~ Procedures as part of its Contract Terms as if the same were set out herein and applied to CDS Contracts, *mutatis mutandis*: paragraphs ~~3.1(e), 3.1(d)(iv), 3.1(e), 3.1(i), 3.1(j), 3.2(b) and 3.2(e)~~, 3.3, 3.4(d), 3.5, 3.9, 3.10, 3.15 and 3.16. 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:

- (i) first, these CDS Procedures other than the portion of these CDS Procedures referred to in (ii) below; and
- (ii) second, the relevant section ~~of Part I of the "General Contract Terms and ICE OTC Standard Contract Terms and Eligibility Criteria" section of the~~ Procedures.

9. ~~10.~~ **CONTRACT TERMS FOR ITRAXX EUROPE CONTRACTS**

9.1 ~~10.1~~ This paragraph ~~10.1~~9.1 specifies the additional Contract Terms applicable to all CDS Contracts cleared by the Clearing House of a nature described in paragraph ~~8.1~~7.1:

- (a) The provisions of paragraph ~~10.2~~9.2 will apply in respect of all such CDS Contracts for which the Acceptance Time falls on or after the MCA/STS Changeover Time.
- (b) In respect of all such CDS Contracts for which the Acceptance Time falls before the MCA/STS Changeover Time, the provisions of paragraph ~~10.3~~9.3 will apply until the MCA/STS Changeover Time and thereafter the provisions of paragraph ~~10.4~~9.4 will apply.
- (c) The provisions of paragraph ~~10.5~~9.5 will apply to all such CDS Contracts, irrespective of the date of the related Acceptance Time.

9.2 ~~10.2~~ **iTraxx Europe (CDS Contracts with Acceptance Time on or after the MCA/STS Changeover Time)**

- (a) Definitions specific to this paragraph ~~10.2~~9.2:
  - (i) "iTraxx Contract" means a CDS Contract in respect of any Eligible iTraxx Index and governed by any iTraxx Terms Supplement. Subject to the other requirements of these ~~procedures~~CDS Procedures, a CDS Contract will be an iTraxx Contract where the related CDS Trade Particulars submitted for Clearing specify, as the relevant ~~Index~~index, any Eligible iTraxx Index, whether or not those CDS Trade Particulars themselves incorporated or are governed by an iTraxx Terms Supplement.

- (ii) "iTraxx Publisher" means Markit Group Limited or one of its subsidiaries, or any successor sponsor of the Eligible iTraxx Indices it publishes.

~~(iii) "iTraxx Rules" means the provisions of the Rules and these CDS Procedures.~~

- (iii) ~~(iv)~~ "iTraxx Terms Supplement" means each of the following: (a) a confirmation in the form of the confirmation (the "iTraxx Confirmation") published on 23 November 2009 incorporating the iTraxx Europe Untranching Standard Terms Supplement as published on 23 November 2009 (the "Standard iTraxx CDS Supplement") or such electronic equivalent thereto as is used by Deriv/SERV and (b) such other document or supplement as may be specified in relation to any Eligible iTraxx Index by the

Clearing House including any successor to any of the documents listed in sub-paragraphs (a) or (b) of this definition. For the purpose of each iTraxx Contract, reference in the iTraxx Terms Supplement and the Credit Derivatives Definitions to a "Credit ~~Derivatives~~Derivative Transaction" shall be deemed to be references to a CDS Contract and references to an "iTraxx® Master Transaction" shall be deemed references to an iTraxx Contract.

(iv) ~~(iv)~~ "**Eligible iTraxx Index**" means each particular series and version (of a Set which is eligible for Clearing) of an iTraxx index or sub-index, as published by the iTraxx Publisher, included from time to time in the List of Eligible iTraxx Indices.

(v) ~~(v)~~ "**List of Eligible iTraxx Indices**" means the list of Eligible iTraxx Indices, maintained, updated and published from time to time by the Clearing House, specifying the following information with respect to each index: (a) the name and series, including any applicable sub-index designation; (b) the "Effective Date"; (c) one or more eligible "Scheduled Termination Dates" and the applicable "Fixed Rate" for each such date; (d) the Relevant iTraxx Terms Supplement; (e) the versions (and related annex dates) eligible for Clearing; and (f) any inactive versions (and related annex dates), i.e., those that have been determined to be fungible with later versions.

(vi) ~~(vi)~~ "**Relevant iTraxx Terms Supplement**" means, with respect to an Eligible iTraxx Index, the iTraxx Terms Supplement specified for such Eligible iTraxx Index in the List of Eligible iTraxx Indices.

(b) **Terms of the Cleared iTraxx Contract**

(i) Any capitalised term used in paragraph ~~10.2.9.2~~ but not defined in paragraph ~~10.2.9.2~~ or elsewhere in the Rules or Procedures shall have the meaning provided in the Relevant iTraxx Terms Supplement.

(ii) Each iTraxx Contract will be governed by the Relevant iTraxx Terms Supplement, as modified by this paragraph ~~10.2.9.2~~, whether or not the relevant CDS Trade Particulars were in a form comprising the Relevant iTraxx Terms Supplement. In the event of any inconsistency between the Relevant iTraxx Terms Supplement or the Confirmation (including in electronic form) for an iTraxx Contract and this paragraph ~~10.2.9.2~~, this paragraph ~~10.2.9.2~~ will govern.

(iii) For the purposes of any determination as to whether an Applicable Credit Event has occurred in respect of a Reference Entity or an Obligation thereof:

(A) at any time up to but excluding June 20, 2009; or

(B) if a Credit Event Resolution Request Date occurs before June 20, 2009,

the Credit Event Backstop Date with respect to such determination shall be deemed to be the Effective Date.

(iv) For the purposes of any determination as to whether a Succession Event has occurred in respect of a Reference Entity:

(A) at any time up to but excluding June 20, 2009; or

(B) if a Succession Event Resolution Request Date occurs before June 20, 2009,

the Succession Event Backstop Date with respect to such Reference Entity shall be deemed to be the Effective Date.

(c) **Terms of iTraxx Contracts Governed by Standard iTraxx CDS Supplement**

With respect to each iTraxx Contract for which the iTraxx Confirmation and the Standard iTraxx CDS Supplement forms the Relevant iTraxx Terms Supplement, the following terms will apply:

- (i) The terms of the Standard iTraxx CDS Supplement are hereby amended as follows:
  - (A) by the deletion of paragraph 2 thereof in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV;
  - (B) the provisions of paragraph ~~7.36.3~~(a) thereof relating to the transfer of Component Transactions shall be subject to any transfers of or other dealings with the relevant iTraxx Contract (including in particular the provisions of paragraph ~~7.6~~ hereof) by the Clearing House permitted or authorised by the Rules;
  - (C) the provisions of paragraph ~~7.36.3~~(b)(ii) thereof shall be amended by adding at the end, immediately after "(such new Transaction, a New Trade)" the following: "and except that the Reference Obligation for the purposes of the New Trade will be the preferred SNEC Contract Reference Obligation for the Restructured Entity in question, if so specified by the Clearing House following consultation with the CDS Risk Committee."; and
  - (D) by the deletion of paragraph ~~7.76.7~~ (De Minimis Cash Settlement).
- (ii) The terms of the iTraxx Confirmation are hereby amended as follows:
  - (A) Deleting the words "ISDA Master Agreement" in the fourth line of the first paragraph and replacing it with "Rules and Procedures of ICE Clear Europe";
  - (B) Deleting the fourth paragraph thereof and replacing it with the following: "This Confirmation supplements, forms a part of and is subject to the Rules and Procedures of ICE Clear Europe (the "Agreement"). All provisions contained in, or incorporated by reference in, the Agreement shall govern this Confirmation except as expressly modified below.";
  - (C) The "Calculation Agent" is the Clearing House, except as expressly provided otherwise in the Rules or the CDS Procedures;
  - (D) The "Source of Relevant Annex" is "Publisher";
  - (E) There are no "Excluded Reference Entities";
  - (F) There are no "Additional terms"; and
  - (G) Deleting the contact details for notices and the account details.
- (iii) The following terms will be determined from the relevant CDS Trade Particulars submitted for Clearing or, with respect to each iTraxx Contract arising pursuant to Rule 401(a)(vi), (x) or (xi), determined from the data provided by the Clearing House to the Clearing Member prior to the time at which such CDS Contract arose:
  - (A) Which of the Eligible iTraxx Indices is the "Index", including its version and series number;

- (B) Which of the eligible Scheduled Termination Dates specified for the Index in the List of Eligible iTraxx Indices is the "Scheduled Termination Date";
- (C) The "Original Notional Amount";
- (D) The "Floating Rate Payer";
- (E) The "Fixed Rate Payer";
- (F) The "Annex Date";
- (G) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV; and
- (H) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV.

9.3 ~~10.3~~ **iTraxx Europe (CDS Contracts with Acceptance Time before the MCA/STS Changeover Time; provisions applying until the MCA/STS Changeover Time)**

- (a) Definitions specific to this paragraph ~~10.3~~9.3.
  - (i) **"iTraxx Contract"** means a CDS Contract in respect of any Eligible iTraxx Index and governed by a Master Confirmations Agreement. Subject to the other requirements of these ~~procedures~~CDS Procedures, a CDS Contract will be an iTraxx Contract where the CDS Trade Particulars submitted for Clearing specify, as the relevant Index, any Eligible iTraxx Index, whether or not those CDS Trade Particulars themselves incorporate or are governed by a Master Confirmations Agreement.
  - (ii) **"iTraxx Publisher"** means Markit Group Limited or one of its subsidiaries, or any successor sponsor of the Eligible iTraxx Indices it publishes.
  - ~~(iii) **"iTraxx Rules"** means the provisions of the Rules and these CDS Procedures.~~
  - (iii) ~~(iv)~~ **"Master Confirmations Agreement"** means each of the following: (a) an iTraxx Master Credit Derivatives Confirmation Agreement including the General Terms Confirmation (the **"General Terms Confirmation"**) as supplemented by the trade details applicable to the relevant iTraxx Master Transaction (the **"Master Confirmation"**) as set forth in the relevant Transaction Supplement (the **"Transaction Supplement"**), all in the form published by Markit Group Limited (formerly Mark-it Partners Ltd.) as the "Consolidated version dated 18 March 2005 incorporating the changes set out in the Series 2 Amendment Agreement" as amended as set out in the form of the amendment agreement published by Markit Group Limited (formerly Mark-it Partners Ltd.) as the "Series 4 Amendment to the iTraxx Master Credit Derivatives Confirmation Agreement dated as of 20 September 2005" or, in the case of the Transaction Supplement, such electronic equivalent thereto as is used by Deriv/SERV (together the **"Standard Master Confirmations Agreement"**) or (b) such other document or supplement as may be specified in relation to any Eligible iTraxx Index by the Clearing House including any successor to any of the documents listed in sub-paragraph (a) of this definition. For the purpose of each iTraxx Contract, reference in the Master Confirmations Agreement and the Credit Derivatives Definitions to a **"Credit Derivatives Derivative Transaction"** shall be deemed to be references to a CDS Contract and references to an "iTraxx® Master Transaction" shall be deemed references to an iTraxx Contract.

(iv) ~~(iv)~~ "**Eligible iTraxx Index**" means each particular series and version (of a Set which is eligible for Clearing) of an iTraxx index or sub-index, as published by the iTraxx Publisher, included from time to time in the List of Eligible iTraxx Indices.

(v) ~~(v)~~ "**List of Eligible iTraxx Indices**" means the list of Eligible iTraxx Indices, maintained, updated and published from time to time by the Clearing House, specifying the following information with respect to each index: (a) the name and series, including any applicable sub-index designation; (b) the "Effective Date"; (c) one or more eligible "Scheduled Termination Dates" and the applicable "Fixed Rate" for each such date; (d) the Relevant Master Confirmations Agreement; (e) the versions (and related annex dates) eligible for Clearing; and (f) any inactive versions (and related annex dates), i.e., those that have been determined to be fungible with later versions.

(vi) ~~(vi)~~ "**Relevant Master Confirmations Agreement**" means, with respect to an Eligible iTraxx Index, the Master Confirmations Agreement specified for such Eligible iTraxx Index in the List of Eligible iTraxx Indices.

**(b) Terms of the Cleared iTraxx Contract**

(i) Any capitalised term used in paragraph ~~10.3.9.3~~ but not defined in paragraph ~~10.3.9.3~~ or elsewhere in the Rules or Procedures shall have the meaning provided in the Relevant Master Confirmations Agreement.

(ii) Each iTraxx Contract will be governed by the Relevant Master Confirmations Agreement, as modified by this paragraph ~~10.3.9.3~~, as though the Clearing House and the relevant CDS Clearing Member or Sponsored Principal had entered into the Relevant Master Confirmations Agreement, whether or not the relevant CDS Trade Particulars were in a form comprising the Relevant Master Confirmations Agreement. In the event of any inconsistency between the Relevant Master Confirmations Agreement or the Confirmation (including in electronic form) for an iTraxx Contract and this paragraph ~~10.3.9.3~~, this paragraph ~~10.3.9.3~~ will govern.

(iii) For the purposes of any determination as to whether an Applicable Credit Event has occurred in respect of a Reference Entity or an Obligation thereof:

(A) at any time up to but excluding June 20, 2009; or

(B) if a Credit Event Resolution Request Date occurs before June 20, 2009,

the Credit Event Backstop Date with respect to such determination shall be deemed to be the Effective Date.

(iv) For the purposes of any determination as to whether a Succession Event has occurred in respect of a Reference Entity:

(A) at any time up to but excluding June 20, 2009; or

(B) if a Succession Event Resolution Request Date occurs before June 20, 2009,

the Succession Event Backstop Date with respect to such Reference Entity shall be deemed to be the Effective Date.

**(c) Terms of iTraxx Contracts Governed by Standard Master Confirmations Agreement**

With respect to each iTraxx Contract for which the Standard Master Confirmations Agreement forms the Relevant Master Confirmations Agreement, the following terms will apply:

- (i) The terms of the Standard Master Confirmations Agreement are hereby amended as follows:
- (A) Adding, immediately before the words "each as published by" in the third line of the paragraph numbered 1 of the Master Confirmations Agreement and in the third line of the second paragraph of the General Terms Confirmation, the following: "and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)";
  - (B) Deleting, in the paragraph numbered 2 of the Master Confirmations Agreement, the phrase "[1992/2002] ISDA Master Agreement ...dated as of [ ]" and replacing it with "Rules and Procedures of ICE Clear Europe";
  - (C) Deleting paragraphs numbered 5, 6.1, 6.2 and 6.3 of the Master Confirmations Agreement in their entirety;
  - (D) Deleting in its entirety the last paragraph of the definition of "Reference Obligation" in the General Terms Confirmation that begins: "If the Index Sponsor publishes a replacement Reference Obligation";
  - (E) Deleting the words "Effective Date" from the final sentence of the first paragraph of the General Terms Confirmation and replacing them with the words "Succession Event Backstop Date";
  - (F) Providing in the General Terms Confirmation that the Calculation Agent is the Clearing House, except as expressly provided otherwise in the Rules, the Credit Derivatives Definitions or the CDS Procedures;
  - (G) Providing in the General Terms Confirmation and Transaction Supplement that there are no Excluded Reference Entities;
  - (H) Adding in paragraph 5 of the General Terms Confirmation, immediately after "Applicable Convention Terms" the phrase "and the Fallback Settlement Method applies in accordance with Section 12.1 of the Credit Derivatives Definitions";
  - (I) Deleting paragraph 6 of the General Terms Confirmation in its entirety;
  - (J) Deleting the square brackets at the beginning and end of paragraph 7.1 of the General Terms Confirmation;
  - (K) The provisions of paragraph 7.3(a) of the General Terms Confirmation relating to the transfer of Component Transactions shall be subject to any transfers of or other dealings with the relevant iTraxx Contract (including in particular the provisions of paragraph ~~7~~6 hereof) by the Clearing House permitted or authorised by the Rules;
  - (L) adding the following as new sub-paragraph (c) at the end of Paragraph 7.3 (*Transfer and Termination of Component Transactions*):
    - "(c) If a Credit Event Announcement is made in respect of a Restructuring Credit Event with respect to a Reference Entity (such Reference Entity, a "**Restructured Entity**"), from and including the calendar day immediately following the date of such Credit Event Announcement:

- (i) the Restructured Entity shall be deemed to have been removed from the Index and the Relevant Annex;
  - (ii) the Component Transaction relating thereto shall continue in full force and effect between the parties as an independent Credit Derivative Transaction referencing the Restructured Entity with the same economic terms and conditions as the Component Transaction immediately before such Credit Event Announcement, except that this Paragraph 7.3 shall be deemed not to apply (such new Transaction, a "New Trade"); and
  - (iii) as soon as reasonably practicable after the Credit Event Announcement, the parties shall confirm the terms of the New Trade in their respective booking systems. Unless Resolved otherwise by a relevant Determining Body, such New Trade shall be recorded as a Credit Derivative Transaction referencing solely the Restructured Entity evidenced by a Confirmation for use with the Credit Derivatives Physical Settlement Matrix (as defined in the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions published on March 7, 2005) and incorporating the Credit Derivatives Physical Settlement Matrix terms applicable to the relevant Transaction Type for the Restructured Entity; provided that the appropriate version of the Credit Derivatives Physical Settlement Matrix and the relevant Transaction Type shall be selected by the Calculation Agent, acting in good faith and in a commercially reasonable manner, such that the economic terms of the New Trade as closely as possible preserve the economic equivalent of the Component Transaction immediately before the Credit Event Announcement.";
- (M) Deleting paragraph 7.4 of the General Terms Confirmation in its entirety; and
- (N) The provisions in the Transaction Supplement relating to Additional Amounts shall be deemed deleted in their entirety for CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV.
- (ii) The following terms will be determined from the Transaction Supplement which relates to the particular iTraxx Contract submitted for Clearing:
- (A) Which of the Eligible iTraxx Indices is the "Index", including its version and series number;
  - (B) Which of the eligible Scheduled Termination Dates specified for the Index in the List of Eligible iTraxx Indices is the "Scheduled Termination Date";
  - (C) The "Original Notional Amount";
  - (D) The "Floating Rate Payer";
  - (E) The "Fixed Rate Payer";
  - (F) The "Additional Amount Payer", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV; and

- (G) The "Additional Amount", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV.

9.4 ~~10.4~~ **iTraxx Europe (CDS Contracts with Acceptance Time before the MCA/STS Changeover Time; provisions applying after the MCA/STS Changeover Time)**

- (a) All CDS Contracts to which paragraph ~~10.39.3~~ applies and which form part of the Open Contract Position of a Clearing Member as at the MCA/STS Changeover Time will be deemed thereafter to be CDS Contracts on the terms set out in paragraph ~~10.29.2~~ and to which such paragraph applies, as modified below. The "Annex Date" will be the date of publication of the version of the index referred to in the Relevant Master Confirmations Agreement.
- (b) For the purposes of paragraph ~~10.49.4~~(a), the information in respect of each CDS Contract which would be determined (had the CDS Contract been one falling within paragraph ~~10.19.1~~(a)) by reference to the iTraxx Confirmation relating to the particular iTraxx Contract submitted for Clearing (as referred to in paragraph ~~10.29.2~~(c)) will instead be determined by reference to the CDS Contracts forming the relevant Open Contract Position of the relevant Clearing Member as at the MCA/STS Changeover Time.
- (c) From the MCA/STS Changeover Time, all CDS Contracts of a Set referencing a particular version and series of a particular Eligible iTraxx Index and having a particular Scheduled Termination Date and fixed rate and to which paragraph ~~10.39.3~~ had, up to that moment applied, shall be, and shall be treated as, fully fungible with all CDS Contracts of a Set referencing the same version and series of the same Eligible iTraxx Index having the same Scheduled Termination Date and fixed rate to which paragraph ~~10.29.2~~ applies.

9.5 ~~10.5~~ **Updating Index Version of Fungible Contracts After a Credit Event or a Succession Event**

- (a) Where the iTraxx Publisher of an Eligible iTraxx Index publishes one or more subsequent versions or annexes of the relevant series following a Credit Event or a Succession Event with respect to a Reference Entity included in such series, and the Clearing House determines that iTraxx Contracts referencing the earlier version or annex of such series are fungible with iTraxx Contracts referencing a later version or annex of such series that is an Eligible iTraxx Index and so notifies CDS Clearing Members and Sponsored Principals, iTraxx Contracts referencing the earlier version or annex of such series shall become iTraxx Contracts referencing such later version or annex of such series on the date determined by the Clearing House (the "**Fungibility Date**"). Any iTraxx Contracts referencing the earlier version or annex of such series submitted for clearing after the related Fungibility Date shall, upon acceptance for clearing, become an iTraxx Contract referencing the latest version or annex of such series, as the case may be, that the Clearing House has determined is fungible with such earlier version or annex.
- (b) The Clearing House may determine a different Fungibility Date applicable to individual iTraxx Contracts or groups of iTraxx Contracts or may determine a Fungibility Date applicable to all iTraxx Contracts referencing the earlier version or annex of a series described in paragraph ~~10.59.5~~(a), as it deems appropriate.

10. ~~11.~~ **CONTRACT TERMS FOR SINGLE NAME CDS CONTRACTS**

- 10.1 ~~11.1~~ This paragraph ~~11.10~~ specifies the additional Contract Terms applicable to all SNEC Contracts. In the event of any inconsistency between the relevant data in CDS Trade Particulars submitted for Clearing and this paragraph ~~11.10~~, this paragraph ~~11.10~~ will govern.

10.2 ~~11.2~~ Definitions specific to this paragraph ~~11.10~~.

- (a) **"Eligible SNEC Reference Entities"** means each particular Reference Entity included from time to time in the List of Eligible SNEC Reference Entities by reference to a RED Code. Each RED Code shall be treated as referring to a separate Eligible SNEC Reference Entity.
- (b) **"Eligible SNEC Reference Obligations"** means, with respect to any SNEC Contract Reference Obligation for any Eligible SNEC Reference Entity, the Reference Obligations listed under the heading "Eligible Reference Obligations" (which may include "No Reference Obligation" or "NoRefOb", indicating that no obligation is specified as a Reference Obligation) for such SNEC Contract Reference Obligation and Eligible SNEC Reference Entity in the List of Eligible SNEC Reference Entities.
- ~~(c) **"RED Code"** means each of the Reference Entity Database codes (as published by Markit Group Limited or any successor thereto).~~
- (c) ~~(d)~~ **"List of Eligible SNEC Reference Entities"** means the list of Eligible SNEC Reference Entities, maintained, updated and published from time to time by the Clearing House, specifying the following information with respect to each Eligible SNEC Reference Entity:
- (i) the name of such Eligible SNEC Reference Entity and the RED Code therefor;
  - (ii) the Relevant Physical Settlement Matrix;
  - (iii) the SNEC Contract Reference Obligation and each Eligible SNEC Reference Obligation therefor; and
  - (iv) each eligible "Scheduled Termination Date".
- (d) ~~(e)~~ **"Permitted SNEC Fixed Rates"** means the Fixed Rates permitted for a SNEC Contract, as determined from time to time by the Clearing House and notified to CDS Clearing Members and Sponsored Principals.
- (e) ~~(f)~~ **"RED Code"** means each of the Reference Entity Database codes (as published by Markit Group Limited or any Successor thereto).
- (f) **"Relevant Physical Settlement Matrix"** means, with respect to a SNEC Contract, the "Credit Derivatives Physical Settlement Matrix" applicable to such SNEC Contract, as specified in respect of the relevant Eligible SNEC Reference Entity in the List of Eligible SNEC Reference Entities.
- (g) **"SNEC Contract"** means a single name European corporate credit default swap, in the form of the Standard SNEC Confirmation, in respect of any Eligible SNEC Reference Entity having a combination of characteristics listed as eligible for such Eligible SNEC Reference Entity in, and permitted by, the List of Eligible SNEC Reference Entities.
- (h) **"SNEC Contract Reference Obligations"** means, with respect to any Eligible SNEC Reference Entity, the Reference Obligation(s) therefor (which may indicate "No Reference Obligation" or "NoRefOb", indicating that no obligation is specified as a Reference Obligation) which are listed under the heading "SNEC Contract Reference Obligations" in the List of Eligible SNEC Reference Entities.
- (i) **"Standard SNEC Confirmation"** means the Credit Derivatives Confirmation for use with the Credit Derivatives Physical Settlement Matrix, as published by ISDA in December 2009, as amended as set out below.

10.3 ~~11.3~~ Modifications to List of Eligible SNEC Reference Entities

The Clearing House shall be entitled at any time subject to consultation with the CDS Risk Committee to determine that it will do the following (such changes only affecting CDS Contracts entered into after the time of such determination):

- (a) add and/or modify Permitted SNEC Fixed Rates,
- (b) add new Eligible SNEC Reference Entities, and add and/or modify any other entries in any of the fields in the List of Eligible SNEC Reference Entities, or
- (c) update the List of Eligible SNEC Reference Entities to give effect to determinations by the Credit Derivatives Determinations Committee, including, without limitation, determinations of Succession Events or Substitute Reference Obligations.

The Clearing House will ~~notify the CDS Clearing Members~~ give notice by Circular of any such action.

#### 10.4 ~~11.4~~ Self-referencing CDS

In addition to the notice requirements contained in Rule 204 and the Membership Procedures, a CDS Clearing Member (including in its capacity as Sponsor) or Sponsored Principal shall, subject to the following sentence, provide notice to the Clearing House if (i) such CDS Clearing Member or Sponsored Principal or an Eligible SNEC Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Eligible SNEC Reference Entity or such CDS Clearing Member or Sponsored Principal, as applicable, or such CDS Clearing Member or Sponsored Principal and an Eligible SNEC Reference Entity are the same entity or are or become Group Companies in respect of one another, or such CDS Clearing Member or Sponsored Principal is subject to an agreement pursuant to which any of the foregoing is reasonably likely to occur or (ii) any of the foregoing occurs in respect of an Eligible SNEC Reference Entity and one of the CDS Clearing Member's ~~Segregated CDS Customers or Segregated CDS FCM/BD Customers~~ (including any Sponsored Principal) in respect of which a CDS Contract exists with the Eligible SNEC Reference Entity as the reference entity (any such Customer, for the purposes of this paragraph ~~11.4, 10.4~~, an ~~"Affected Customer"~~ "Affected Customer"). Such notification may be delayed for so long as the CDS Clearing Member or Sponsored Principal is prevented by Applicable Laws from disclosing the information on the basis of which the notification is required. A Customer, including a Sponsored Principal, shall notify its Clearing Member if it becomes an Affected Customer with respect to any CDS Contract or Customer-CM CDS Transaction, provided that such notification may be delayed for so long as the Customer is prevented by Applicable Laws from disclosing the information on the basis of which the notification is required. If a CDS Clearing Member (including in its capacity as Sponsor) or its Affected Customer or a Sponsored Principal is subject to an event or agreement described in this paragraph ~~11.4, 10.4~~ or is party to any CDS Contract (or related Customer-CM CDS Transaction) resulting from the Clearing of CDS Trade Particulars which, as at the relevant Acceptance Time, were ineligible for Clearing pursuant to paragraph 4.8 regardless of whether or not the Clearing House receives any notification required under this paragraph ~~11.4, 10.4~~, the Clearing House may conduct an auction process to terminate all the CDS Contracts of such Clearing Member or Sponsored Principal referencing such Eligible SNEC Reference Entity where (i) above applies or all CDS Contracts of such Clearing Member, or in respect of which such Clearing Member is a Sponsor, referencing such Eligible SNEC Reference Entity which are recorded in one of its Customer Account/Accounts for which the ~~Segregated~~ Customer (including any Sponsored Principal) is the Affected Customer where (ii) above applies (all such CDS Contracts being the **"Affected SR Contracts"**) (for the purposes of this paragraph ~~11.4, 10.4~~, such Clearing Member or Sponsored Principal being, the **"Affected CDS Clearing Member"**) (and any related Customer-CM CDS Transactions) and enter into equivalent CDS Contracts with other CDS Clearing Members by requesting firm quotations from all such CDS Clearing Members (each auction in such process, an **"SR Auction"**). Prior to determining the CDS Contracts to be subject to any such auction, where the Affected CDS Clearing Member acts as Buying ~~Clearing Member Counterparty~~ and Selling ~~Clearing Member Counterparty~~ in respect of Affected SR Contracts of the same Set, the Clearing House shall, in consultation with the CDS Default Committee as to the transaction sizes of resulting CDS Contracts to be auctioned (as below), net, offset, close out or terminate such Affected SR Contracts to the extent appropriate for the purposes of the SR Auction and permitted by the Rules. For these purposes, the Clearing House will provide the Affected CDS Clearing Member with a report detailing the CDS Contracts to be subject to netting, offsetting, closing out or termination. Thereafter, the Clearing House (and the Affected CDS Clearing

Member and any Affected Customer) to the extent that they have all necessary information, will adjust the records in Deriv/SERV to reflect such netting, offsetting, closing out or termination. The Clearing House will hold an auction unless the Clearing House, in its discretion and after consultation with the CDS Risk Committee, believes that the circumstances are such that an auction may be inappropriate, in which case the Clearing House may take such other action in consultation with the CDS Risk Committee as it considers reasonably necessary to achieve its primary aim in these circumstances of addressing the risks resulting from a CDS Clearing Member or Sponsored Principal being party to a CDS Contract where the reference entity is that CDS Clearing Member or Sponsored Principal or one of its Affected Customers or one of their Group Companies, while endeavouring, as far as is reasonably practicable in the circumstances without prejudicing the achievement of the primary aim, to avoid materially and adversely affecting the Affected CDS Clearing Member or any of its Customers. The Clearing House shall determine the timing and other particular characteristics of each SR Auction in consultation with the CDS Default Committee, including determining the size of the bid/offer spread and/or of the CDS Contracts to be auctioned, whether one or more SR Auctions are to be held and the timing and structure of such auctions (including the frequency at which firm bid and firm offer Quotations will be requested and the transaction size (that is, the Floating Rate Payer Calculation Amount)) and whether CDS Clearing Members (excluding the Affected CDS Clearing Member) will be required (as opposed to requested) to submit actionable quotations in an SR Auction, provided that CDS Clearing Members will not be notified of whether the CDS Contract(s) to be terminated pursuant to such process is for ~~an~~ Affected CDS Clearing Member as CDS Buyer or CDS Seller.

The Clearing House will enter into CDS Contracts with the CDS Clearing Member(s) and in the amount and at the prices determined pursuant to the SR Auction, at which time the corresponding CDS Contracts of the Affected CDS Clearing Member and any related Customer-CM CDS Transactions shall be terminated by reference to the prices at which the Clearing House enters into such new CDS Contracts. The Clearing House, for itself and on behalf of the relevant Clearing Members and any Customers, using the DTCC Process, shall submit to Deriv/SERV the terms of such reduction, termination or new CDS Contracts, as applicable. As between the Clearing House and the Affected CDS Clearing Member, the Affected CDS Clearing Member will bear the cost of the associated bid/offer spread and any reasonable, out-of-pocket costs and expenses of the Clearing House in connection with such SR Auction(s) and its entering into such new CDS Contracts. Amounts owed by the Affected CDS Clearing Member to (or receivable by it from) the Clearing House in connection with any such reduction or termination shall be determined by the Clearing House by reference to the SR Auction(s). In addition, any Initial Payments, Margin, or other payments or deliveries owed (including the dates of settlement with respect thereto) relating to the Open Contract Positions increased, created, reduced or terminated pursuant to this paragraph ~~11.4~~10.4 shall be as determined by the Clearing House with reference to the SR Auction(s) in accordance with the Procedures and, notwithstanding any other provision of the Rules, Initial Payments may be owed in respect to CDS Contracts entered into by the Clearing House pursuant to an SR Auction.

If an Affected CDS Clearing Member is a Defaulter, this paragraph ~~11.4~~10.4 shall not restrict the rights of the Clearing House to close out, terminate or liquidate any Contract in any other manner in accordance with Part 9 of the Rules.

#### 10.5 ~~11.5~~ **Terms of the Cleared SNEC Contract.**

- (a) The Standard SNEC Confirmation for each SNEC Contract shall be amended as follows:
- (i) by deleting, in the second paragraph, the phrase "as supplemented by each of the May 2003 Supplement and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions" and replacing it with the phrase "as supplemented by each of the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)";
  - (ii) by deleting, in the third paragraph, the square brackets and deleting, in the third paragraph, the phrase "the ISDA Master Agreement dated as of [date]" and replacing it with the phrase "Rules and Procedures of ICE Clear Europe";

- (iii) in part numbered 2, by deleting references to the Initial Payment Payer and the Initial Payment Amount in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV and by deleting the square brackets in such part;
  - (iv) by deleting parts numbered 4, 5, 6 and 7 in their entirety; and
  - (v) by including a new part 4 as follows: "4. Additional Term: Section 2.31 (*Merger of Reference Entity and Seller*) of the Credit Derivatives Definitions shall not apply."
- (b) The provisions specified below of the Standard SNEC Confirmation for each SNEC Contract shall be completed as follows:
- (i) The "Transaction Type" is Standard European Corporate.
  - (ii) The "Matrix Publication Date" is the date of publication of the Relevant Physical Settlement Matrix.
  - (iii) The "Reference Obligation(s)" are the SNEC Contract Reference Obligation(s) specified in the List of Eligible SNEC Reference Entities with respect to the relevant Eligible SNEC Reference Entity.
  - (iv) The "Calculation Agent" is the Clearing House, except as provided in the Rules.
  - (v) The "Fixed Rate Payer Payment Dates" are March 20, June 20, September 20 and December 20.
- (c) For each SNEC Contract, the following terms will be determined according to the particular CDS Trade Particulars submitted for Clearing, subject to paragraph ~~11.4~~10.4 or, with respect to each SNEC Contract arising pursuant to Rule 401(a)(vi), (x) or (xi), according to the CDS Trade Particulars provided by the Clearing House to the Clearing Member or Sponsored Principal prior to the time at which such CDS Contract arose:
- (i) Which of the Eligible SNEC Reference Entities is the "Reference Entity".
  - (ii) Which of the eligible Scheduled Termination Dates specified for the Reference Entity in the List of Eligible SNEC Reference Entities is the "Scheduled Termination Date".
  - (iii) The "Floating Rate Payer Calculation Amount".
  - (iv) The "Floating Rate Payer".
  - (v) The "Fixed Rate Payer".
  - (vi) The "Fixed Rate".
  - (vii) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV; and
  - (viii) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV.
- (d) Each SNEC Contract will be governed by the terms set out in paragraph ~~98~~ and this paragraph ~~11,10~~, whether or not the relevant CDS Trade Particulars were in an equivalent form.

10.6 ~~11.6~~ **Relevant Physical Settlement Matrix Updates**

- (a) Where ISDA publishes a version of the Credit Derivatives Physical Settlement Matrix (a "**New Matrix**") that is subsequent to the version that is specified as the Relevant Physical Settlement Matrix for any SNEC Contract(s) (the "**Existing Matrix**"), and the Clearing House determines, subject to consultation with the CDS Risk Committee, that a SNEC Contract referring to the New Matrix would be fungible with a SNEC Contract referring to Existing Matrix (the date of such determination, the "**Matrix Update Date**" and each prior Credit Derivatives Physical Settlement Matrix subject to such determination, a "**Superseded Matrix**") and so notifies CDS Clearing Members, such SNEC Contracts shall, as of the close of business on the Matrix Update Date, become SNEC Contracts referencing the New Matrix as the Relevant Physical Settlement Matrix and the List of Eligible SNEC Reference Entities shall be updated accordingly, provided that the Clearing House shall not make any such determination where the New Matrix, when compared with the Existing Matrix, contains any change to a term that would apply to such SNEC Contract. Any CDS Trade Particulars referencing a Superseded Matrix submitted for Clearing as a SNEC Contract shall, upon acceptance for Clearing, give rise to a SNEC Contract referencing the New Matrix.
- (b) The Clearing House may determine a different Matrix Update Date applicable to individual SNEC Contracts or groups of SNEC Contracts or may determine a Matrix Update Date applicable to all SNEC Contracts referencing a Superseded Matrix, as it deems appropriate.

10.7 ~~11.7~~ **Amendments**

- (a) Where CDS Trade Particulars, after the Acceptance Time, would give rise to two CDS Contracts which would be SNEC Contracts but for the specification of an Eligible SNEC Reference Obligation as the "Reference Obligation", then the Clearing House shall be entitled at its discretion to treat such CDS Trade Particulars, at the Acceptance Time, as though they had specified the SNEC Contract Reference Obligation specified for such Eligible SNEC Reference Obligation in the List of Eligible SNEC Reference Entities.
- (b) In addition to the acceptance process described in paragraph 4, the Clearing House's Acceptance Notice to the relevant CDS Clearing ~~Members (or CDS Clearing Member, if applicable(s) or Sponsored Principal(s))~~ in relation to the relevant CDS Trade Particulars shall include details of any adjustment that will be made by the Clearing House pursuant to this paragraph. Submission of data in relation to CDS Contracts to Deriv/SERV under paragraph 4.4 shall take account of any such adjustments set out by the Clearing House in the Acceptance Notice.

11. ~~12.~~ **CONTRACT TERMS FOR SOVEREIGN CONTRACTS**

11.1 ~~12.1~~ This paragraph ~~12.1~~ specifies the additional Contract Terms applicable to all Sovereign Contracts. In the event of any inconsistency between the CDS Trade Particulars submitted for Clearing and this paragraph ~~12.1~~, this paragraph ~~12.1~~ will govern.

11.2 ~~12.2~~ Definitions specific to this paragraph ~~12.1~~:

- (a) "**Eligible Sovereign Reference Entities**" means each particular Reference Entity included from time to time in the List of Eligible Sovereign Reference Entities by reference to a RED Code. Each RED Code shall be treated as referring to a separate Eligible Sovereign Reference Entity.
- (b) "**Eligible Sovereign Reference Obligations**" means, with respect to any Sovereign Contract Reference Obligation for any Eligible Sovereign Reference Entity, the Reference Obligations listed under the heading "Eligible Reference Obligations" (which may include "No Reference

Obligation" or "NoRefOb", indicating that no obligation is specified as a Reference Obligation) for such Sovereign Contract Reference Obligation and Eligible Sovereign Reference Entity in the List of Eligible Sovereign Reference Entities.

~~(e) "RED Code" means each of the Reference Entity Database codes (as published by Markit Group Limited or any successor thereto).~~

(c) ~~(d)~~ **"List of Eligible Sovereign Reference Entities"** means the list of Eligible Sovereign Reference Entities, maintained, updated and published from time to time by the Clearing House, specifying the following information with respect to each Eligible Sovereign Reference Entity:

- (i) the name of such Eligible Sovereign Reference Entity and the RED Code thereof;
- (ii) the Relevant Physical Settlement Matrix;
- (iii) the Sovereign Contract Reference Obligation and each Eligible Sovereign Reference Obligation thereof;
- (iv) each eligible "Scheduled Termination Date"; and
- (v) with respect to any Sovereign Contract relating to such Eligible Sovereign Reference Entity, the currency in which the Floating Rate Payer Calculation Amount must be denominated and the currency to be used for the calculation of Margin.

(d) ~~(e)~~ **"Permitted Sovereign Fixed Rates"** means the Fixed Rates permitted for a Sovereign Contract, as determined from time to time by the Clearing House and notified ~~to CDS~~ by the Clearing Members House by Circular.

(e) **"RED Code"** means each of the Reference Entity Database codes (as published by Markit Group Limited or any Successor thereto).

(f) **"Relevant Physical Settlement Matrix"** means, with respect to a Sovereign Contract, the "Credit Derivatives Physical Settlement Matrix" applicable to such Sovereign Contract, as specified in respect of the relevant Eligible Sovereign Reference Entity in the List of Eligible Sovereign Reference Entities.

(g) **"Sovereign Contract"** means a single name Standard Western European Sovereign (as defined in the Relevant Physical Settlement Matrix) credit default swap, in the form of the Standard Sovereign Confirmation, in respect of any Eligible Sovereign Reference Entity having a combination of characteristics listed as eligible for such Eligible Sovereign Reference Entity in, and permitted by, the List of Eligible Sovereign Reference Entities.

(h) **"Sovereign Contract Reference Obligations"** means, with respect to any Eligible Sovereign Reference Entity, the Reference Obligation(s) therefor (which may include "No Reference Obligation" or "NoRefOb" indicating that no obligation is specified as a "Reference Obligation") which are listed under the heading "Sovereign Contract Reference Obligations" in the List of Eligible Sovereign Reference Entities.

(i) **"Standard Sovereign Confirmation"** means the Credit Derivatives Confirmation for use with the Credit Derivatives Physical Settlement Matrix, as published by ISDA in April 2010, as amended, as set out below.

### 11.3 ~~12.3~~ **Modifications to List of Eligible Sovereign Reference Entities**

The Clearing House shall be entitled at any time subject to consultation with the CDS Risk Committee to determine to do the following (such changes affecting only CDS Contracts arising after the time of such determination):

- (a) add and/or modify Permitted Sovereign Fixed Rates,
- (b) add new Eligible Sovereign Reference Entities, and add and/or modify any other entries in any of the fields in the List of Eligible Sovereign Reference Entities, or
- (c) update the List of Eligible Sovereign Reference Entities to give effect to determinations by the Credit Derivatives Determinations Committee, including, without limitation, determinations of Succession Events or Substitute Reference Obligations.

The Clearing House will ~~notify the CDS Clearing Members by Circular~~ give notice of any such action by Circular.

#### 11.4 ~~12.4~~ Self-referencing CDS

In addition to the notice requirements contained in Rule 204 and the Membership Procedures, a CDS Clearing Member (including in its capacity as Sponsor) or Sponsored Principal shall, subject to the following sentence, provide notice to the Clearing House if (i) such CDS Clearing Member or Sponsored Principal consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, an Eligible Sovereign Reference Entity, or such CDS Clearing Member or Sponsored Principal and an Eligible Sovereign Reference Entity are or become Group Companies in respect of one another, or such CDS Clearing Member or Sponsored Principal is subject to an agreement pursuant to which any of the foregoing is reasonably likely to occur or (ii) any of the foregoing occurs in respect of an Eligible Sovereign Reference Entity and one of the CDS Clearing Member's ~~Segregated CDS Customers or Segregated CDS FCM/BD Customers~~ (including any Sponsored Principal) in respect of which a CDS Contract exists with the Eligible Sovereign Reference Entity as the reference entity (any such Customer, for the purposes of this paragraph ~~12.4, 11.4~~, an "Affected Customer"). Such notification may be delayed for so long as the CDS Clearing Member is prevented by Applicable Laws from disclosing the information on the basis of which the notification is required. A Customer, including a Sponsored Principal, shall notify its Clearing Member if it becomes an Affected Customer with respect to any CDS Contract or Customer-CM CDS Transaction, provided that such notification may be delayed for so long as the Customer is prevented by Applicable Laws from disclosing the information on the basis of which the notification is required. If a CDS Clearing Member (including in its capacity as Sponsor), or its Affected Customer or a Sponsored Principal is subject to an event or agreement described in this paragraph ~~12.4, 11.4~~ or is party to any CDS Contract resulting from the Clearing of CDS Trade Particulars which, as at the relevant Acceptance Time, were ineligible for Clearing pursuant to paragraph 4.8 regardless of whether or not the Clearing House receives any notification required under this paragraph ~~12.4, 11.4~~, the Clearing House may conduct an auction process to terminate all the CDS Contracts of such Clearing Member or Sponsored Principal referencing such Eligible Sovereign Reference Entity where (i) above applies or all CDS Contracts of such Clearing Member, or in respect of which such Clearing Member is a Sponsor, referencing such Eligible Sovereign Reference Entity which are recorded in one of its Customer Account Accounts for which the ~~Segregated~~ Customer (including any Sponsored Principal) is the Affected Customer where (ii) above applies (all such CDS Contracts being the **"Affected SR Contracts"**) (for the purposes of this paragraph ~~12.4, the "11.4, such Clearing Member or Sponsored Principal, the "Affected CDS Clearing Member"~~) (and any related Customer-CM CDS Transactions) and enter into equivalent CDS Contracts with other CDS Clearing Members by means of SR Auctions. Prior to determining the CDS Contracts to be subject to any such auction, where the Affected CDS Clearing Member acts as Buying ~~Clearing Member~~ Counterparty and Selling ~~Clearing Member~~ Counterparty in respect of Affected SR Contracts of the same Set, the Clearing House shall, in consultation with the CDS Default Committee as to the transaction sizes of resulting CDS Contracts to be auctioned (as below), net, offset, close out or terminate such Affected SR Contracts to the extent appropriate for the purposes of the SR Auction and permitted by the Rules. For these purposes, the Clearing House will provide the Affected CDS Clearing Member with a report detailing the CDS Contracts to be subject to netting, offsetting, closing out or termination. Thereafter, the Clearing House (and Affected CDS Clearing Member and any Affected Customer), to the extent that they have all

necessary information, will adjust the records in Deriv/SERV to reflect such netting, offsetting, closing out or termination. The Clearing House will hold an auction unless the Clearing House, in its discretion and after consultation with the CDS Risk Committee, believes that the circumstances are such that an auction may be inappropriate, in which case the Clearing House may take such other action in consultation with the CDS Risk Committee as it considers reasonably necessary to achieve its primary aim in these circumstances of addressing the risks resulting from a CDS Clearing Member or Sponsored Principal being party to a CDS Contract where the reference entity is that CDS Clearing Member or Sponsored Principal or one of its Affected Customers or one of their Group Companies, while endeavouring, as far as is reasonably practicable in the circumstances without prejudicing the achievement of the primary aim, to avoid materially and adversely affecting the Affected CDS Clearing Member or any of its Customers. The Clearing House shall determine the timing and other particular characteristics of each SR Auction in consultation with the CDS Default Committee, including determining the size of the bid/offer spread and/or of the CDS Contracts to be auctioned, whether one or more SR Auctions are to be held and the timing and structure of such auctions (including the frequency at which firm bid and firm offer Quotations will be requested and the transaction size (that is, the Floating Rate Payer Calculation Amount)) and whether CDS Clearing Members (excluding the Affected CDS Clearing Member) will be required (as opposed to requested) to submit actionable quotations in an SR Auction, provided that CDS Clearing Members will not be notified of whether the Open Contract Position to be terminated pursuant to such process is for an Affected CDS Clearing Member as CDS Buyer or CDS Seller.

The Clearing House will enter into CDS Contracts with the CDS Clearing Member(s) and in the amount and at the prices determined pursuant to the SR Auction, at which time the corresponding CDS Contracts of the Affected CDS Clearing Member and any related Customer-CM CDS Transactions shall be terminated by reference to the prices at which the Clearing House enters into such new CDS Contracts. The Clearing House, for itself and on behalf of the relevant Clearing Members and any Customers, using the DTCC Process, shall submit to Deriv/SERV the terms of such reduction, termination or new CDS Contracts, as applicable. As between the Clearing House and the Affected CDS Clearing Member, the Affected CDS Clearing Member will bear the cost of the associated bid/offer spread and any reasonable, out-of-pocket costs and expenses of the Clearing House in connection with such SR Auction(s) and its entering into such new CDS Contracts. Amounts owed by the Affected CDS Clearing Member to (or receivable by it from) the Clearing House in connection with any such reduction or termination shall be determined by the Clearing House by reference to the SR Auction(s). In addition, any Initial Payments, Margin, or other payments or deliveries owed (including the dates of settlement with respect thereto) relating to the Open Contract Positions increased, created, reduced or terminated pursuant to this paragraph ~~12.4~~11.4 shall be as determined by the Clearing House with reference to the SR Auction(s) in accordance with the Procedures and, notwithstanding any other provision of the Rules, Initial Payments may be owed in respect to CDS Contracts entered into by the Clearing House pursuant to an SR Auction.

If an Affected CDS Clearing Member is a Defaulter, this paragraph ~~12.4~~11.4 shall not restrict the rights of the Clearing House to close out, terminate or liquidate any Contract in any other manner in accordance with Part 9 of the Rules.

#### 11.5 ~~12.5~~ **Terms of the Cleared Sovereign Contract.**

- (a) The Standard Sovereign Confirmation for each Sovereign Contract shall be amended as follows:
  - (i) by deleting, in the second paragraph, the phrase "as supplemented by each of the May 2003 Supplement and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions" and replacing it with the phrase "as supplemented by each of the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)";

- (ii) by deleting, in the third paragraph, the square brackets and deleting, in the third paragraph, the phrase "the ISDA Master Agreement dated as of [date]" and replacing it with the phrase "Rules and Procedures of ICE Clear Europe";
  - (iii) in part numbered 2, by deleting references to the Initial Payment Payer and the Initial Payment Amount in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV, and by deleting the square brackets in such part;
  - (iv) by deleting parts numbered 4, 5, 6 and 7 in their entirety; and
  - (v) by including a new part 4 as follows:
    - "4. Additional Terms: Section 2.31 (*Merger of Reference Entity and Seller*) of the Credit Derivatives Definitions shall not apply."
- (b) The provisions specified below of the Standard Sovereign Confirmation for each Sovereign Contract shall be completed as follows:
- (i) The "Transaction Type" is Standard Western European Sovereign.
  - (ii) The "Matrix Publication Date" is the date of publication of the Relevant Physical Settlement Matrix.
  - (iii) The "Reference Obligation(s)" are the Sovereign Contract Reference Obligation(s) specified in the List of Eligible Sovereign Reference Entities with respect to the relevant Eligible Sovereign Reference Entity.
  - (iv) The "Calculation Agent" is the Clearing House, except as provided in the Rules.
  - (v) The "Fixed Rate Payer Payment Dates" are March 20, June 20, September 20 and December 20.
- (c) For each Sovereign Contract, the following terms will be determined according to the particular CDS Trade Particulars submitted for Clearing or, with respect to each Sovereign Contract arising pursuant to Rule 401(a)(vi), (x) or (xi), according to the CDS Trade Particulars provided by the Clearing House to the Clearing Member or Sponsored Principal prior to the time at which such CDS Contract arose:
- (i) Which of the Eligible Sovereign Reference Entities is the "Reference Entity".
  - (ii) Which of the eligible Scheduled Termination Dates specified for the Reference Entity in the List of Eligible Sovereign Reference Entities is the "Scheduled Termination Date".
  - (iii) The "Floating Rate Payer Calculation Amount".
  - (iv) The "Floating Rate Payer".
  - (v) The "Fixed Rate Payer".
  - (vi) The "Fixed Rate".
  - (vii) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV; and

- (viii) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV.
- (d) Each Sovereign Contract will be governed by the terms set out in paragraph [98](#) and this paragraph ~~12.11~~, whether or not the relevant CDS Trade Particulars were in an equivalent form.

#### [11.6](#) ~~12.6~~ Relevant Physical Settlement Matrix Updates

- (a) Where ISDA publishes a version of the Credit Derivatives Physical Settlement Matrix (a "**New Matrix**") that is subsequent to the version that is specified as the Relevant Physical Settlement Matrix for any Sovereign Contract(s) (the "**Existing Matrix**"), and the Clearing House determines, subject to consultation with the CDS Risk Committee, that a Sovereign Contract referring to the New Matrix would be fungible with a Sovereign Contract referring to Existing Matrix (the date of such determination, the "**Matrix Update Date**" and each prior Credit Derivatives Physical Settlement Matrix subject to such determination, a "**Superseded Matrix**") and so notifies ~~CDS Clearing Members~~ [by Circular](#), such Sovereign Contracts shall, as of the close of business on the Matrix Update Date, become Sovereign Contracts referencing the New Matrix as the Relevant Physical Settlement Matrix and the List of Eligible Sovereign Reference Entities shall be updated accordingly provided that the Clearing House shall not make any such determination where the New Matrix, when compared with the Existing Matrix, contains any change to a term that would apply to such Sovereign Contract. Any CDS Trade Particulars referencing a Superseded Matrix submitted for Clearing as a Sovereign Contract shall, upon acceptance for Clearing, give rise to a Sovereign Contract referencing the New Matrix.
- (b) The Clearing House may determine a different Matrix Update Date applicable to individual Sovereign Contracts or Sets of Sovereign Contracts or may determine a Matrix Update Date applicable to all Sovereign Contracts referencing a Superseded Matrix, as it deems appropriate.

#### [11.7](#) ~~12.7~~ Amendments

- (a) Where CDS Trade Particulars, at the Acceptance Time, would give rise to two CDS Contracts which would be Sovereign Contracts but for the specification of an Eligible Sovereign Reference Obligation as the "Reference Obligation", then the Clearing House shall be entitled at its discretion to treat such CDS Trade Particulars, at the Acceptance Time, as though they had specified the Sovereign Contract Reference Obligation specified for such Eligible Sovereign Reference Obligation in the List of Eligible Sovereign Reference Entities.
- (b) In addition to the acceptance process described in paragraph 4, the Clearing House's Acceptance Notice to the relevant CDS Clearing ~~Members~~ [Member\(s\) or Sponsored Principal\(s\)](#) in relation to the relevant CDS Trade Particulars shall include details of any adjustment that will be made by the Clearing House pursuant to this paragraph. ~~Such CDS Clearing Members' resubmission of the terms of such CDS Trade Particulars shall include the~~ [Submission of data in relation to CDS Contracts to Deriv/SERV under paragraph 4.4 shall take account of any such](#) adjustments set out by the Clearing House in the Acceptance Notice.

### ~~13. CUSTOMER CLEARING OF CDS~~

#### ~~13.1 Open Contract Positions and accounts~~

- ~~(a) This paragraph 13.1 is subject always to the requirements of, and without prejudice to, Rule 102(p) and Part 9 of the Rules. It is acknowledged that, pursuant to the Tripartite Representation, CDS Contracts recorded in a particular DTCC Account of a Non-FCM/BD Clearing Member will reflect an identical open position as between the Non-FCM/BD Clearing Member and each of its Segregated CDS Customer under Customer CM CDS Transactions, such that the CDS Contracts related to any particular Segregated CDS Customer reflected in a~~

~~Customer Account are in a position so as to be subject to a Transfer pursuant to Rule 904 upon an Event of Default.~~

- ~~(b) Provided that no Event of Default has been declared with respect to the CDS Clearing Member, in the event of the termination of a Customer CM CDS Transaction (including but not limited to as a result of a default by a Segregated CDS Customer under the terms of a Cleared Transactions Master Agreement), the CDS Clearing Member may, to the extent permitted under Applicable Law:~~
- ~~(i) request of the Clearing House that a Customer Account Position or any part thereof be converted into CDS Contracts in the Proprietary Account (in which case, for the avoidance of doubt, the Proprietary Account Position will reflect, and Rule 406 will apply to, such converted CDS Contracts); or~~
  - ~~(ii) submit to the Clearing House CDS Trade Particulars in respect of offsetting transactions, one leg of which is to be recorded in its Customer Position Account (in which case, for the avoidance of doubt, the resultant CDS Contract may be offset against CDS Contracts in the same CDS Sub Account which relate to such Customer, pursuant to Rule 406).~~

~~For the avoidance of doubt, Rule 302 and the Finance Procedures apply in relation to the return of any Surplus Collateral at the Clearing House resulting from the termination of any CDS Contract.~~

### ~~13.2 Transfer of Contracts absent an Event of Default~~

- ~~(a) Each CDS Clearing Member (other than a Defaulter) with a Designated CDS Customer Account (the "**Transferor CDS Clearing Member**") shall be required, upon request of a Segregated CDS Customer or Segregated CDS FCM/BD Customer in respect of whom it has CDS Contracts recorded in a CDS Sub Account, to transfer such CDS Clearing Member's rights and obligations with respect to CDS Contracts recorded in that CDS Sub Account (and, in the case of Non FCM/BD CDS Clearing Members, any related Customer CM CDS Transactions) to one or more other CDS Clearing Members (the "**Transferee CDS Clearing Members**") designated by such Segregated CDS Customer or Segregated CDS FCM/BD Customer, as the case may be, subject to the provisions of this paragraph 13.2 and, to the extent not inconsistent with this paragraph 13.2, to any terms agreed between the Transferor CDS Clearing Member and Segregated CDS Customer or Segregated CDS FCM/BD Customer, as the case may be. Such transfer shall be effected as soon as practicable following satisfaction of the conditions set forth in paragraph 13.2(b).~~
- ~~(b) A transfer pursuant to paragraph 13.2(a) shall be subject to the following conditions:~~
- ~~(i) the Transferor CDS Clearing Member shall have no obligation to locate or identify a Transferee CDS Clearing Member (which shall be the responsibility of the Segregated CDS Customer or Segregated CDS FCM/BD Customer, as the case may be);~~
  - ~~(ii) the transfer must be in accordance with Applicable Laws, including any applicable Market Rules, and, to the extent permitted thereunder, any applicable agreement between the Transferor CDS Clearing Member and Segregated CDS Customer or Segregated CDS FCM/BD Customer, as the case may be;~~
  - ~~(iii) the Transferor CDS Clearing Member, Transferee CDS Clearing Member and Segregated CDS Customer or Segregated CDS FCM/BD Customer, as the case may be, shall, through a Trade Processing Platform, have agreed and executed and submitted to the Clearing House an electronic transfer confirmation (the "**Transfer**~~

**Confirmation**") in a form approved by the Clearing House (which may be written or electronic) which may include the following:

- (A) ~~the relevant CDS Contracts to be transferred (the "**Transferred CDS Contracts**") and the corresponding Customer CM CDS Transactions, if any, to be transferred;~~
  - (B) ~~the proposed transfer date (the "**Transfer Date**"), which shall be no earlier than the Business Day of submission of the Transfer Confirmation to the Clearing House and shall be a Business Day;~~
  - (C) ~~whether relevant Initial Margin of the Transferor CDS Clearing Member recorded in the relevant Customer Margin Account in respect of the Transferred CDS Contracts is to be transferred to or to the account of the Transferee CDS Clearing Member or returned to the Transferor CDS Clearing Member for distribution to the Segregated CDS Customer or Segregated CDS FCM/BD Customer, as the case may be, or to its account or order;~~
  - (D) ~~the amount of such Initial Margin, if any, to be so transferred or returned in respect of the Transferred CDS Contracts; and~~
  - (E) ~~such other matters as the Clearing House may specify;~~
- (iv) ~~prior to the applicable transfer time determined by the Clearing House on the Transfer Date (such time, the "**Transfer Time**"), if required by the Clearing House, each of the Transferor CDS Clearing Member and the Transferee CDS Clearing Member shall have transferred additional Margin in the amount specified by the Clearing House to satisfy any additional Margin requirements as a result of the proposed adjustments in the relevant Customer Account Positions of the Transferor CDS Clearing Member and Transferee CDS Clearing Member resulting from the proposed transfer; and~~
- (v) ~~the Clearing House has accepted such Transfer Confirmation, and the Transferor CDS Clearing Member and Transferee CDS Clearing Member have satisfied such other conditions as the Clearing House may have specified.~~
- (e) ~~If such conditions are satisfied, then as of the Transfer Time, the transfer shall occur as set forth in the Transfer Confirmation in relation to the Transferred CDS Contracts and corresponding Customer CM CDS Transactions, if any, and Rule 408(a)(i), and the Clearing House shall:~~
- (i) ~~adjust the records of the relevant Customer Account Positions of the Transferor CDS Clearing Member to reflect the transfer of the Transferred CDS Contracts;~~
  - (ii) ~~adjust the records of the relevant Customer Account Positions of the Transferee CDS Clearing Member to reflect the transfer of the Transferred CDS Contracts;~~
  - (iii) ~~adjust the Margin requirements of the Transferor CDS Clearing Member and Transferee CDS Clearing Member to reflect such adjustments of relevant Customer Account Positions; and~~
  - (iv) ~~record the transfer of any Margin to be transferred from the Customer Margin Account of the Transferor CDS Clearing Member to the Customer Margin Account of the Transferee CDS Clearing Member or return such Margin to the Transferor CDS Clearing Member for distribution to the Segregated CDS Customer or Segregated CDS FCM/BD Customer, as the case may be, or to its account or order, as specified in the Transfer Confirmation.~~

- ~~(d) Notwithstanding anything to the contrary herein, no CDS Clearing Member shall be required to accept a transfer of any Transferred CDS Contracts as a Transferee CDS Clearing Member without its consent.~~
- ~~(e) Following the Transfer Time, the Clearing House may in accordance with the Procedures make submissions of data to, or amendments or terminations of data at, Deriv/SERV or another service specified by the Clearing House to reflect the adjustments to the relevant Customer Account Positions. The Clearing House may require each of the Transferor CDS Clearing Member and Transferee CDS Clearing Member (and may also require any Segregated CDS Customers) to make appropriate such submissions, amendments and terminations to reflect such transfer.~~
- ~~(f) Notwithstanding anything to the contrary herein or in any Transfer Confirmation, if an Event of Default occurs with respect to a Transferor CDS Clearing Member prior to the transfer becoming irrevocable pursuant to Part 12 of the Rules, such transfer (and any related Transfer Confirmation) will be cancelled and of no effect and the Clearing House will not adjust the related Customer Account Positions pursuant to this paragraph 13.2.~~
- ~~(g) In relation only to Non FCM/BD CDS Clearing Members, unless otherwise agreed between the Transferor CDS Clearing Member and the Segregated CDS Customer and subject to any applicable legal or regulatory requirements, the Segregated CDS Customer must satisfy in full, at or prior to the proposed Transfer Time, any margin requirements ("**Pre-Transfer Margin Requirements**") imposed by the Transferor CDS Clearing Member with respect to:~~
- ~~(i) any remaining Customer CM CDS Transactions; and~~
  - ~~(ii) if the Segregated CDS Customer and Transferor CDS Clearing Member have expressly agreed (whether orally or in writing) to determine the margin requirements for contracts, transactions or positions of that Segregated CDS Customer other than Customer CM CDS Transactions (collectively, "**Non-cleared Positions**") by taking into account the margin requirements for the Customer CM CDS Transactions being transferred, such Non-cleared Positions;~~

~~in each case calculated after giving effect to such transfer. If there is an express agreement (whether written or oral) between the Transferor CDS Clearing Member and the Segregated CDS Customer with respect to the margining that will be imposed on Customer CM CDS Transactions or Non-cleared Positions, the Transferor CDS Clearing Member shall determine the Pre-Transfer Margin Requirements in accordance with the terms of such agreement. So long as (x) the Pre-Transfer Margin Requirements specified in this paragraph 13.2(g) are satisfied and (y) no event of default has occurred with respect to the Segregated CDS Customer under the applicable Cleared Transactions Master Agreement, no consent of the Transferor CDS Clearing Member shall be required for such transfer.~~

### ~~13.3 Margin~~

- ~~(a) If Customer CM Collateral is not in the form of Permitted Cover, the relevant Clearing Member shall remain obliged to transfer only Permitted Cover to the Clearing House and to account accordingly for any transformation of assets with its Segregated CDS Customer (without prejudice to arrangements under which fees or rates of return may be determined) in accordance with the Standard Terms.~~
- ~~(b) Clearing Member Required Additional Collateral may be held in any lawful manner as agreed between the Segregated CDS Customer and the relevant Clearing Member. Subject to such agreement, Clearing Member Required Additional Collateral may, but is not required hereunder to, be transferred to a Customer Margin Account of the relevant Clearing Member and will, if so transferred, be treated as Surplus Collateral to the extent that a greater value of~~

~~Permitted Cover is credited to the relevant Customer Margin Account than the Initial Margin requirement for that Customer Margin Account.~~

~~13.4 Data in relation to Customer Clearing~~

- ~~(a) Each Clearing Member shall keep and maintain written or electronic records showing, with respect to its CDS Customer Account:
  - ~~(i) the identity of each of its Segregated CDS Customers or Segregated CDS FCM/BD Customers;~~
  - ~~(ii) all Default Portability Preferences of each of its Segregated CDS Customers or Segregated CDS FCM/BD Customers; and~~
  - ~~(iii) such other information as may be requested by the Clearing House in accordance with the Rules or these CDS Procedures from time to time.~~~~
- ~~(b) Each CDS Clearing Member shall provide any data of a nature described in paragraph 13.4(a) to the Clearing House promptly upon demand. Data relating to the identity of Segregated CDS Customers and Segregated CDS FCM/BD Customers or Default Portability Preferences may be requested by the Clearing House with reference to anonymous customer serial codes for CDS Sub Accounts. Each CDS Clearing Member shall provide accurate information to any Trade Processing Platform for purposes of identifying its Customers. Each Clearing Member and Customer consents to a Trade Processing Platform providing all such information as is referred to in paragraph 13.4(a) to the Clearing House.~~
- ~~(c) Each CDS Clearing Member that has a CDS Customer Account shall request each of its Segregated CDS Customers and Segregated CDS FCM/BD Customers to specify a Default Portability Preference or confirm that it has not specified a Default Portability Preference. Clearing Members and the Clearing House acknowledge that a Segregated CDS Customer or Segregated CDS FCM/BD Customer may designate permitted Transferee CDS Clearing Members at any time prior to or after an Event of Default being declared in relation to a Clearing Member.~~

**(IX) CDS OPERATIONAL PROCEDURES<sup>5</sup>**

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<sup>5</sup> Added 26 August 2009

## **1. INTRODUCTION**

- 1.1 ~~These CDS Operational Procedures apply to CDS Clearing Members only.~~
- 1.2 ~~These CDS Operational Procedures set out details of the interaction between the Clearing House, Clearing Members and the Depository Trust Clearing Corporation's Deriv/SERV facility ("DTCC") in relation to Bilateral CDS Transactions and CDS Contracts.~~
- 1.3 ~~These CDS Operational Procedures set out the operational details of CDS clearing. However, they do not govern the Contract formation process, which is governed by the Rules and CDS Procedures.~~
- 1.4 ~~Two important features of the clearing system described in these CDS Operational Procedures are that:
  - (a) ~~the CDS clearing system supports weekly clearing cycles to back load existing Bilateral CDS Transactions in the Trade Information Warehouse ("TIW") ("Stage 1"), followed by a two day cycle to clear new Bilateral CDS Transactions that will be executed daily with a new cycle starting every business day, once all existing Bilateral CDS Transactions have been back loaded ("Stage 2"); and~~
  - (b) ~~as detailed in Part 15 of the Rules, the system does not provide the settlement of upfront payment (on T+3). Only Bilateral CDS Transactions for which the Initial Payment has already been scheduled for payment or paid between the two relevant CDS Clearing Members are eligible for clearing. The settlement of the Bilateral CDS Transaction Initial Payments remains a responsibility between bilateral counterparties. The Clearing House does not perform checks to ensure that bilateral Initial Payments are settled bilaterally before Bilateral CDS Transactions can be submitted for clearing.~~~~
- 1.5 ~~Any time specified in these CDS Operational Procedures for the Clearing House to take any step or provide any notice or information constitutes an example by way of illustration only. The Clearing House shall not be in breach of the Rules for late provision of any report or information under these CDS Procedures.~~
- 1.6 ~~CDS Clearing Members should note the following:
  - (a) ~~The Clearing House is a participant of DTCC.~~
  - (b) ~~Coupon payments and Credit Event cash settlements are processed through DTCC's proprietary central settlement system (the DTCC's "Central Settlement system").~~
  - (c) ~~Only positions that are between Clearing Members and are recorded in the TIW can be submitted for clearing. These positions may have post trade adjustments (e.g., termination, assignments, or amendments). Therefore, at the time of submission to clearing, all clearing Bilateral CDS Transactions must be confirmed with a "Certain" status in the TIW.~~
  - (d) ~~Pursuant to Rule 1501, for clearing purposes the Initial Payment on the CDS Contracts will be zero. The Initial Payment will be settled bilaterally between the counterparties outside of the Clearing House pursuant to Bilateral CDS Transactions.~~
  - (e) ~~Only Bilateral CDS Transactions for which the Initial Payment has been paid will be eligible for clearing. Therefore, for implementation purposes, only Bilateral CDS Transactions that are past T+3 will be eligible for clearing.~~
  - (f) ~~Clearing Members will use the 9 digit clip codes (Markit RED ID).~~
  - (g) ~~The Clearing House has developed standard worksheet file templates for use with all Clearing Members in the weekly cycle. These worksheets will be used to flag clearing eligible Bilateral CDS Transactions and mark CDS Contracts for Open Contract Position management.~~~~

~~(Clearing Members have the option to use the Clearing House to manage Open Contract Positions across multiple accounts. This requires that Clearing Members provide their sub-account information to the Clearing House, as described in section 4 of these CDS Operational Procedures.)~~

- ~~(h) Clearing Members must let the Clearing House know how they want cleared transactions recorded in the TIW. For each Set of CDS Contracts, Clearing Members can net their Open Contract Positions or record them on a trade by trade basis in the TIW. CDS Contracts will be netted by fungible product Set. “Index Series” and “Maturity” are among the attributes that determine a fungible product Set.~~
- ~~(i) The Clearing House will always seek to clear the latest version of each iTraxx index series, except during the period from the Event Determination Date for a Credit Event in relation to any Reference Entity or Reference Obligation included in the relevant iTraxx index series to the date of settlement in respect of such Credit Event, in which case the Clearing House will net the most recent index version separately from the older version(s) until the Credit Event is settled. Clearing Members can perform their Open Contract Position management at the DTCC ID level, but they can also do it at a more granular level through hub-based reporting, using the desk ID field in the TIW, as described in section 6 of these CDS Operational Procedures.~~

## 1.7 Prerequisites

~~Before becoming active as a CDS Clearing Member, Clearing Members must, in addition to satisfying the applicable membership requirements under the Rules and CDS Procedures:~~

- ~~(a) inform the Clearing House of its source and destination DTCC IDs. In most cases, the source and destination DTCC ID are expected to be the same; and~~
- ~~(b) specify to the Clearing House how it wants the resultant cleared CDS Contracts to be maintained in respect of each of its DTCC destination accounts: “trade by trade” or “net”. This election is expected to be made once and not required to be specified each clearing cycle.~~

## 2. CLEARING CYCLE

### 2.1 Timeline and workflow

~~The weekly clearing process begins on a Monday when DTCC provides a file to the Clearing House that contains all open booked Bilateral CDS Transactions among the Clearing Members. Then, the process follows three main threads:~~

- ~~(a) Bilateral CDS Transaction Clearing Eligibility: The Clearing House will exchange files with Clearing Members to identify and corroborate which Bilateral CDS Transactions will be cleared in the cycle. The Clearing House will send each Clearing Member a file containing details of their clearing eligible Bilateral CDS Transactions based on the TIW’s position extract. Clearing Members will review the file and flag any Bilateral CDS Transactions they do not wish to clear. They will also include any sub-account netting instructions if needed.~~
- ~~(b) Dress Rehearsal: Each Clearing Member will confirm that any recent changes to the original clearing eligible population of Bilateral CDS Transactions have not affected their clearing eligibility. The Clearing House will also receive an updated file (on Thursday of the weekly cycle) from DTCC and will reconcile it against the original file to identify any Bilateral CDS Transactions that may have been affected by a post trade event during the clearing cycle and will no longer be eligible for clearing. Ultimately, Clearing Members will review and confirm the clearing instructions received from the Clearing House for the clearing of eligible Bilateral CDS Transactions.~~

(c) ~~Action:~~ Once the Clearing House receives Clearing Members' approvals for the clearing instruction files, it will confirm the version of the clearing instruction file to be used and will send a final notice to all Clearing Members to begin execution of the final clearing instructions (booking Bilateral CDS Transactions and new CDS Contracts with the Clearing House).

2.2 Clearing Members should execute the final instruction files on Friday of the clearing week. This will provide Clearing Members the weekend to address any issues during the final instruction submittal to DTCC. However, Clearing Members should note that DTCC systems may be down for maintenance for a significant period of time on Sundays.

2.3 A schematic timeline of the clearing process may be illustrated as follows:

Figure 1

2.4 **Weekly clearing cycle timetable**

No.	Time (LT/NYT)	Day	Action	Other Comments
1	10:00 PM /5:00 PM  Note: NY time will adjust to prevailing London time due to daylight savings time changes	Day 1	DTCC sends a file containing all Bilateral CDS Transactions in the eligible indices where the buyer of protection and the seller of protection are Clearing Members.	
2	6:00 AM /1:00 AM	Day 2	Clearing House identifies all Bilateral CDS Transactions between Clearing Members in eligible products and sends a Clearing Eligible Trades file to each Clearing Member containing all Bilateral CDS Transactions that can potentially be cleared.	Using the Trade Reference Indicator ("TRI"), Clearing House screens out Bilateral CDS Transactions that were scheduled to clear as part of a prior clearing cycle. Duplicate Bilateral CDS Transactions may occur if there are back to back clearing cycles and Clearing Members have not completed the clearing instructions from the earlier cycle.  Bilateral CDS Transactions must have been entered into three days previously (T+3 or older) to ensure pre settlement of Initial Payments via the Continuous Linked Settlement system managed by CLS Group Holdings AG ("CLS"). The file is based on the DTCC Trade Information Warehouse Full Position Reconciliation Data File (V1.7) layout but includes an additional field for "the Clearing House Clearing Flag", which will be set to "YES".

				Versioning: <del>Clearing eligible Bilateral CDS Transactions will be enriched to the appropriate index version where appropriate.</del>
3	1:00 PM /8:00 AM	Day 3	<p><del>Clearing Member sends its file back to Clearing House identifying the specific Bilateral CDS Transactions that are not to be cleared by changing the value in the clearing field to "NO" and hence confirming those Bilateral CDS Transactions that are to be submitted for clearing.</del></p> <p><del>In addition, if Clearing Member wishes to net Bilateral CDS Transactions by division, desk ID or other business unit level, then it may do so by inserting an ID for the subgroup into the desk ID field. Clearing Member must tell Clearing House whether it wants to include the desk ID on the cleared CDS Contracts that will be warehoused at DTCC.</del></p> <p><del>Bilateral CDS Transactions without a desk ID are netted. The lack of a desk ID is interpreted as a blank desk. In all cases, Clearing Member must notify Clearing House that it wishes to subgroup Bilateral CDS Transactions for netting purposes and identify the groups before use.</del></p>	<del>Clearing Member must return the file prior to the deadline. Failure to adhere to the deadline may result in the firm not being included in the clearing cycle.</del>
4			<del>Clearing House uses the proposed Bilateral CDS Transactions to estimate the Initial Margin and Mark to Market Margin of each Clearing Member's Risk Management reviews.</del>	<del>Each Clearing Member's estimated pre cleared Margin reports are made available to that Clearing Member.</del>
5	6:00AM/1:00 AM	Day 4	<del>Clearing House identifies the resulting Bilateral CDS Transactions where both the proposed buying Clearing Member and proposed selling Clearing Member want to substitute cleared CDS Contracts for Bilateral CDS Transactions. Clearing House sends a Preliminary Clearing Instruction file to each Clearing Member containing instructions for the Bilateral CDS Transactions to be terminated and the instructions for CDS Contracts.</del>	<del>There are two types of cleared transactions with Clearing House posted at DTCC: (1) terminations of existing Open Contract Positions; and (2) new CDS Contracts to establish the cleared Open Contract Positions for the cycle. The instructions for CDS Contracts with Clearing House are based on the default trade management logic (i.e. trade by trade or net) and the sub-accounting used. Because this file may contain post trade activity instructions, this file is based on the DTCC TIW Trade Upload File.</del>

6	6:00AM/1:00 AM	Day 4	<p>Clearing House prepares a Preliminary Match Status Report for each Clearing Member. The report contains details of all eligible Bilateral CDS Transactions for the clearing cycle and the clearing flag of the Clearing Member along with the counterparty's clearing flag. Only those Bilateral CDS Transactions where both Clearing Members flagged the Bilateral CDS Transactions to be cleared are included in the clearing cycle. Clearing House also prepares a Preliminary Desk Balance Report for those Clearing Members using the Hub Based Booking Model.</p>	
7		Day 4	<p>Dress rehearsal: Each Clearing Member checks the Preliminary Clearing Instruction File. Clearing House's Operations group works with Clearing Members to resolve any issues.</p>	
8		Day 4	<p>Clearing House receives an updated file from DTCC containing all Bilateral CDS Transactions in the eligible indices where the buyer of protection and the seller of protection are CDS Clearing Members. Clearing House reviews this file to make sure that there are no changes to the proposed cleared CDS Contracts.</p>	
9		Day 4	<p>Clearing House Risk Management reviews an updated estimate of the Initial Margin and Mark to Market Margin for each Clearing Member.</p>	
10	6:00 AM /1:00 AM	Day 5	<p>Clearing House prepares a Final Clearing Instruction file for each Clearing Member containing instructions for the Bilateral CDS Transactions to be terminated and the instructions for CDS Contracts.</p> <p>Clearing House provides each Clearing Member with a Final Clearing Full Terminations File containing the economics of the terminations and a Final Clearing Trade Instructions File.</p> <p>Clearing House provides each Clearing Member with its pre-cleared Margin reports.</p> <p>Clearing House provides each Clearing Member with its DTCC</p>	

			<p><del>Audit Report containing all the Clearing Member's Bilateral CDS Transactions that are matched and eligible for clearing. The Audit Reports identify whether the status of a Bilateral CDS Transaction has changed, fields that have changed between Day 1 and Day 4 of the cycle, and the impact on the clearing cycle of any affected Bilateral CDS Transaction.</del></p> <p><del>For Clearing Members using the Hub Based Booking Model, Clearing House provides a Final Desk Balance Report which displays the current clearing cycle notional by DTCC account ID, desk ID and CDS product.</del></p>	
11	<del>6:00 AM to 12:30PM PM /1:00 AM to 7:30 AM</del>	Day 5	<del>Clearing Members review the Final Clearing Instructions File.</del>	
12	<del>12:30PM/7:30 AM</del>	Day 5	<del>Each Clearing Member affirms that the file is acceptable.</del>	
13	<del>12:45PM/7:45 AM</del>	Day 5	<del>Clearing House notifies the Clearing Members of the affirmations.</del>	<del>Clearing House obtains approval from all Clearing Members and notifies all Clearing Members of the group approval. Clearing is an "all or none" action at this point. All sides of the Bilateral CDS Transactions must be submitted as approved to DTCC for the clearing cycle to work.</del>
14	<del>After Clearing House Notification and final processing</del>		<del>Clearing House submits its side of new CDS Contracts/instructions to DTCC.</del>	<del>When details of Bilateral CDS Transaction terminations processed through a software vendor ("<b>Vendor Terminations</b>") are implemented, Clearing House will submit termination instructions to DTCC on behalf of its Clearing Members by creating a Vendor Credit Terminations File and sending it directly to DTCC. There is no matching process because DTCC vendor termination messages are single sided.</del>
15	<del>After Clearing House Notification</del>	Day 5	<del>Each Clearing Member initiates, via bulk upload or transmission to DTCC, terminations of the Bilateral CDS Transactions and new CDS Contracts with Clearing House as counterparty. The new CDS Contracts contain the current date as the trade date and no upfront</del>	<del>Initially Clearing Members will submit the termination instructions for the Bilateral CDS Transactions. After the Vendor Terminations process is implemented, this will no longer be necessary. Clearing House will submit on behalf of its Clearing</del>

			payment-	Members-
16		Day 5	<del>DTCC handles the terminations of the Bilateral CDS Transactions for the Clearing Members and matches and records the new CDS Contracts.</del>	<del>After the Vendor Terminations process is implemented, DTCC will send a Termination message to each Clearing Member for every Bilateral CDS Transaction indicated in the Clearing House Vendor Terminations File. Clearing Members must make sure that they suppress the sending of Terminations to DTCC for Vendor Terminations to work.</del>
17	<del>12:01 AM/7:01PM</del>	Day 6	<del>CDS Contracts arise, pursuant to the CDS Procedures and the Rules.</del>	<del>This is the Trade Date for the CDS Contracts.</del>
18	<del>10:00 PM/4:00PM</del>	Day 6	<del>Clearing House provides Clearing Members with the final Margin report based on settlement prices from Day 5.</del>	
19		Daily starting Day 8	<del>Clearing House collects Margin on the Clearing Members' Open Contract Positions, which now include the cleared Open Contract Positions resulting from this cycle.</del>	

Figure 2

2.5 **Final Instructions File**

- (a) ~~The effective date of the cleared CDS Contracts is the effective date of the index.~~
- (b) ~~The effective date of the Bilateral CDS Transaction terminations is the same as the trade date of the new cleared CDS Contracts (T+0).~~

2.6 **Index versioning**

Provided that there is no restructuring that is not superseded by a bankruptcy or failure to pay Credit Event ("**Open Restructuring Event**") in the index history, the following will apply:

- (a) ~~the Clearing House will maintain a list of active versions for each index product Set;~~
- (b) ~~after a succession event or settlement of a Credit Event, the prior version becomes inactive;~~
- (c) ~~if there are two active versions and the index product Set has an inactive version, RED ID or annex date, then the Clearing House will use the earlier of the active versions;~~
- (d) ~~if the Bilateral CDS Transaction has a RED ID, annex date or version equal to any of the active versions, the Clearing House will use that RED ID, annex date or version.~~

2.7 **Updating after a Restructuring Credit Event**

The following will apply to an Open Restructuring Event or Events:

- ~~(a) if the Bilateral CDS Transaction has a RED ID, annex date or version equal to any of the active versions, the Clearing House will use that RED ID, annex date or version.~~
- ~~(b) if the RED ID and annex date or version of a Bilateral CDS Transaction is less than or equal to the Index version that immediately precedes the Open Restructuring Event, then:
 
  - ~~(i) the Clearing House will provide instructions relating to a Bilateral CDS Transaction for a single name CDS contract (Restructuring CDS Contract) in the restructured entity to the CDS Restructuring Buyer and CDS Restructuring Seller. The coupon of the Restructuring CDS Contract will equal the coupon of the Index and the notional of the single name will be equal to the weight of the restructured entity in the Index multiplied by the notional of the Index; and~~
  - ~~(ii) the Clearing House will update any incoming Bilateral CDS Transaction to the active version. If there is more than one active version, then the Clearing House will update any incoming Bilateral CDS Transaction to the earlier of the active versions; and~~~~
- ~~(c) if there is more than one Open Restructuring Event, the Clearing House will only update the following transactions:
 
  - ~~(i) incoming Bilateral CDS Transactions that have a RED ID and annex date or version that is less than or equal to the Index version that immediately precedes the first Open Restructuring Event, in which case the Clearing House will create instructions relating to Restructuring CDS Contracts for all the restructured entities and update the Index; or~~
  - ~~(ii) incoming Bilateral CDS Transactions that have a version that is greater than the Index version that immediately precedes the last restructuring event, in which case the Clearing House will simply update the Index.~~~~

**2.8 Post-trade events**

The Bilateral CDS Transactions eligible for clearing are first extracted from the TIW on Day 1 of the Clearing Cycle (Monday) but clearing (and formation of a CDS Contract) does not formally occur until Day 5 of the Clearing Cycle (Friday). In the interim, post-trade events may impact the clearing eligibility of the Bilateral CDS Transactions submitted for clearing. To mitigate the effects of post-trade events, on Day 4:

- ~~(a) DTCC will provide the Clearing House with a new position file which contains details of clearing eligible Bilateral CDS Transactions among the Clearing Members to identify any Bilateral CDS Transactions in the original file that are no longer eligible for clearing; and~~
- ~~(b) the Clearing House will provide Clearing Members with an audit report that identifies Bilateral CDS Transactions that changed after the original file was created.~~

**2.9 Effect of post-trade events on clearing eligibility**

No	Event	Description	Clearing Eligibility
1	Termination with the Warehouse Current State Notional = 0	Both Clearing Members fully terminate a position mid cycle and have the termination event confirmed in DTCC before close of business on Day 4 of the clearing cycle.	The Bilateral CDS Transaction <del>will not</del> feature in the Final Instruction File.
2	Termination with the Warehouse Current State Notional > 0.	Both Clearing Members partially terminate a position mid cycle and have the partial termination event confirmed in DTCC before close of business	The Bilateral CDS Transaction <del>will</del> feature in the Final Instruction file <del>for the new</del>

		on Day 4 of the clearing cycle.	outstanding notional.
3	Full assignment	<del>Firm A (step out party) fully steps out of (assigns) the position; Firm A's secondary contact (stepping in party) steps in to face Firm B (constant Party). All events are confirmed in DTCC before close of business on Day 4 of the clearing cycle.</del>	<del>The assigned Bilateral CDS Transaction will not feature in the Final Clearing Instruction File.</del>
4	Partial assignment	<del>Firm B (step out party) partially steps out of (assigns) the position; Firm B's secondary contact (stepping in party) steps in to face Firm A (constant party). All events are confirmed in DTCC before close of business on Day 4.</del>	<del>The Bilateral CDS Transaction will only feature the remaining notional against the original counterparty in the Final Clearing Instruction File. The Bilateral CDS Transaction facing the new counterparty will not feature in the Final clearing Instructions File.</del>
5	<del>New Bilateral CDS Transaction</del>	<del>Both Clearing Members enter a new position mid cycle and the new Bilateral CDS Transaction is confirmed in DTCC before close of business on Day 4.</del>	<del>New Bilateral CDS Transactions that are entered into during the clearing cycle will not feature in the Final Clearing Instruction File for that cycle.</del>
6	Exit	<del>Both Clearing Members exit a position mid cycle and have this exit confirmed in DTCC before close of business of Day 4.</del>	<del>Bilateral CDS Transaction will not feature in the Final Clearing Instructions File.</del>
7	<del>Amendment (not confirmed)</del>	<del>Firm A amends a position mid cycle and has this amendment posted in DTCC before close of business on Day 4. Firm B does not post an amendment.</del>	<del>Bilateral CDS Transactions will not feature in the Final Clearing Instructions File.</del>
8	Amendment (confirmed)	<del>Both Clearing Members amend a position mid cycle and have this amendment posted and confirmed in DTCC before close of business on Day 4.</del>	<del>Bilateral CDS Transaction will feature in the Final Clearing Instruction File.</del>
9	<del>Breaking a confirmation</del>	<del>Firm B breaks the confirmation mid cycle and this break is reflected in DTCC before close of business on Day 4 of the clearing cycle.</del>	<del>Currently breaking a confirmation unilaterally does not result in a change of the confirmed and certain status at DTCC. Therefore, the Bilateral CDS Transaction will otherwise feature in the Final Clearing Instructions File.</del>  <del>It is possible to achieve the result that the</del>

			<del>Bilateral CDS Transaction will not feature in the Final Clearing Instructions File.</del>
10	<del>No post-trade amendment</del>	<del>No post-trade amendments occur.</del>	<del>Bilateral CDS Transaction will feature in the Final Clearing Instructions File.</del>

Figure 3

**2.10 Succession events**

~~Succession events do not cause changes in the Index Open Contract Positions but do result in changes to the underlying components of the Index. They are handled by Markit, the Index Provider, and result in a new version of the Index. Since the Index Factor does not change, the clearing processes will not change either.~~

**2.11 Quarterly coupon payments**

~~The Clearing House is a DTCC participant; therefore, coupon payments and cash settlement of Credit Events will settle through the Central Settlement system (CLS).~~

**2.12 Identifying Bilateral CDS Transactions cleared in error**

~~Bilateral CDS Transactions may be cleared in error for a number of reasons: for example, through being incorrectly recorded at DTCC, or as the result of a latent defect at DTCC or in the Clearing House’s trade management process.~~

~~In order to locate Bilateral CDS Transactions cleared in error, the Clearing House will ask both counterparties to provide details of the relevant Bilateral CDS Transaction, including:~~

- ~~(a) the DTCC Trade Reference Identifier (TRI) and supplement (if applicable);~~
- ~~(b) the Clearing Member’s Internal Trade Reference Identifier (TRI);~~
- ~~(c) product type;~~
- ~~(d) key Bilateral CDS Transaction dates and economic terms; and~~
- ~~(e) Warehouse Current State Notional.~~

~~When the Clearing House has successfully located the Bilateral CDS Transaction record that is to be removed (“**misceared**”), the Clearing House will submit the relevant details to each relevant Clearing Member for confirmation that that Bilateral CDS Transaction should be miscleared.~~

**2.13 Misclearing process**

~~Once a Bilateral CDS Transaction has given rise to a CDS Contract that is not void or voidable, the Bilateral CDS Transaction is terminated and such termination is required to be reflected at DTCC. No amendments may be submitted.~~

~~Instead, Bilateral CDS Transactions cleared in error will be miscleared by the following process:~~

- ~~(a) Using the Bilateral CDS Transaction attributes provided by the relevant Clearing Members, the Clearing House will locate each relevant Clearing Member's side of the Bilateral CDS Transaction cleared in error.~~
- ~~(b) The Clearing House will create a misclear (reversing) transaction for each counterparty with the identical economic terms of the original Bilateral CDS Transaction. On the misclear (reversing) transaction, the original Fixed Rate Payer (Buyer) is set as the Float Rate Payer (Seller). The original Float Rate Payer (Seller) is set as the Fixed Rate Payer (Buyer).~~
- ~~(c) The Clearing House submits the misclear transactions for processing by its Open Contract Position management application.~~
- ~~(d) Each misclear transaction is reflected in the Clearing House's records to ensure the Clearing House's Open Contract Position accounts remain in balance. The Clearing Member's Open Contract Position accounts at the Clearing House are also increased or decreased by the notional amount of the misclear transaction (applicable for Net and Gross Accounts).~~
- ~~(e) During the Clearing House's end of day clearing process, final clearing instructions will be created to terminate the Clearing Member's existing Open Contract Position facing the Clearing House and to create new CDS Contracts that reflect the new Open Contract Position. The new Open Contract Position includes new CDS Contracts and misclear transactions processed in the clearing cycle. For Trade by Trade managed accounts, only the full termination of the CDS Contract will be created.~~
- ~~(f) The Clearing House will provide the Clearing Members with a final clearing instruction file to be used to submit their correcting transaction to DTCC.~~
- ~~(g) The Clearing House will submit its side of the clearing instructions to DTCC after completion of the clearing cycle.~~
- ~~(h) Clearing Members will submit their sides of the correcting transactions to DTCC.~~
- ~~(i) As required, Clearing Members may rebook their original Bilateral CDS Transactions at DTCC and record the Bilateral CDS Transaction as not clearing eligible.~~

#### 2.14 **Voiding process**

The same process as in section 2.13 will apply in the event of any CDS Contract being void or voided under Rules 403 or 404.

### ~~3. PRODUCTS~~

- ~~3.1 The Clearing House uses a product Set definition to capture and maintain the complex attributes and relationships of the products. The Bilateral CDS Transaction acceptance, clearing system and settlement systems use these definitions as reference information in their processing.~~
- ~~3.2 New Series of the iTraxx Indices are currently launched by Markit every six months to reflect the names in the credit derivative market that fit the rules for each index at that time. On these 'roll' dates, a new basket of credits is created with constituents selected by Markit based on input from Clearing Members. Each index series has a number of scheduled termination dates, so there are separate products for each combination of index name, series and maturity.~~
- ~~3.3 If there is a Credit Event, Markit publishes a new version of the underlying index series based on a reduced number of reference entities (zero weighting for one or more reference entities for which Credit Events have occurred or the current Credit Event applies). The latest version is identified by its annex date as well as the Index Factor. The Clearing House will accept transactions in both versions of~~

~~the Series. After settlement of the Credit Event, the Index Factor is reduced by the weighting of the defaulted entity for the prior version.~~

### 3.4 ~~Definition of fungible products for netting~~

- ~~(a) The definition of the term “Set” in the Rules defines fungible CDS Contracts. A list of eligible Sets at launch is included in the CDS Procedures.~~
- ~~(b) At present, Sets for CDS Contracts are based on the following assumptions:
  - ~~(i) Warehouse status must be confirmed in “certain”;~~
  - ~~(ii) Product Type = “CreditDefaultSwapIndex”;~~
  - ~~(iii) Roll Date is less than or equal to the netting date;~~
  - ~~(iv) Master Document Transaction Type = “2003CreditIndex” Each Index Series is covered by only one Master Confirmation Agreement; and~~
  - ~~(v) Additional Terms = “No”.~~~~
- ~~(c) The netting attributes that must be the same for a fungible non tranche Index product are as follows:
  - ~~(i) Scheduled Termination Date;~~
  - ~~(ii) Currency;~~
  - ~~(iii) Index Name and Series; and~~
  - ~~(iv) Index Factor.~~~~
- ~~(d) Through the netting process, CDS Contracts with the same product terms (as specified above) will net in the same Open Contract Position.~~

### 3.5 ~~Index factor and versioning~~

- ~~(a) In the Clearing House netting process, CDS Contracts of the same Set (i.e., with the same Index Factor) will net. Following a Credit Event, old and new versions of the Index will not be allowed to net because they will have a different Index Factor. The old and new versions will be allowed to net after a Credit Event settles for the old version and the Index Factor has been changed.~~
- ~~(b) Succession events and name changes result in a new version of the Index but no change in the Index Factor, so the old and new versions of the Indices will be allowed to net. Thus, the Clearing House is netting across versions except when there is a Credit Event and the old and new versions have different Index Factors.~~

## ~~4. ORGANISATION AND POSITION KEEPING ACCOUNTS~~

~~4.1 provides a description of the organization and account. The purpose of the organisation and position keeping account subsystem is to represent and maintain the business and economic entities and their interrelationships across the clearing program.~~

~~4.2 This section of these CDS Operational Procedures:~~

- (a) ~~provides a description of the organization and account structure that is used by the Clearing House to maintain Open Contract Positions and maintain information to clear CDS Contracts and process Bilateral CDS Transactions;~~
- (b) ~~discusses the mapping of DTCC source IDs to the Clearing House accounts for incoming Bilateral CDS Transactions that are submitted for clearing, and the mapping of the Clearing House accounts to DTCC destination IDs; and~~
- (c) ~~shows some of the flexibility the mapping and account structure provides in netting at a more granular level than DTCC ID.~~

#### 4.3 **Organisation and account**

~~The Clearing House participates in DTCC's Central Settlement System which handles quarterly payments and cash settlement of the Index. The Clearing House uses an account structure with four levels of hierarchy: Clearing Member Level, Settlement Account Level, Position Account Level, and DTCC Participant ID Level. The levels are arranged as follows:~~

Figure 4

~~The Clearing Member sits at the top of the account structure. The next level down is the Settlement Account Level in which the Clearing House records Margin financial activity (cash flows, collateral deposits, collateral withdrawals, etc.). The Clearing Member uses the same settlement account for all its CDS related business. A Clearing Member may have various Position Accounts, all linked to the Settlement Account.~~

#### 4.4 **Position Accounts**

~~The Clearing House is able to create as many Position Accounts for each Clearing Member as are needed, provided that:~~

- (a) ~~each net Open Contract Position in a Set corresponds to a Position Account;~~
- (b) ~~Position Accounts must be established before production — ad hoc creation is prohibited; and~~
- (c) ~~Position Accounts must be established on only one level — multilevel accounts or sub accounts are prohibited.~~

~~The system set out in these CDS Operational Procedures allows Clearing Members to establish custom accounts for Open Contract Position netting purposes. The Clearing Member may utilize the DTCC desk ID workflow field by inserting a sub account ID.~~

~~The Clearing House utilizes a combination of the source DTCC ID and the desk ID field to group CDS Contracts, net CDS Contracts, and reflect the net Open Contract Position in the correct Position Account.~~

~~The net Open Contract Position of each Position Account is posted to the destination DTCC ID. At the DTCC Participant ID level, for each fungible product Set, there are as many net Open Contract Positions as there are Position Accounts. At Clearing Member level, Open Contract Positions will be calculated only at Clearing Member level for margining purposes.~~

~~Long and short positions in the same index and Set are treated as precisely offsetting positions.~~

#### 4.5 **Mapping of DTCC IDs and Clearing House accounts**

At the Open Contract Position account level, each Open Contract Position account will have a Source ID and a destination DTCC ID. The following requirements apply:

- (a) — the Source ID must hold at least one source DTCC ID, but multiple source DTCC IDs are allowed. Additionally, the Clearing Member has the option of including a Desk ID or Division ID in the Source ID; and
- (b) — only one destination DTCC ID is permitted for each Position Account. The destination DTCC ID may be the same as the Source ID or it may be different.

#### 4.6 Examples

- (a) — Netting at the DTCC ID level (one source DTCC ID and the same DTCC Destination ID)

Scenario: the Clearing Member has one DTCC ID and one Position Account. Details of the eligible Bilateral CDS Transactions are sent from the Clearing Member's source ID and after the clearing cycle takes place, the resulting cleared CDS Contracts are recorded in the Clearing Member's destination DTCC ID. The Clearing Member has specified that its Position Account should be maintained on a net basis. The Clearing Member wants to net all CDS Contracts for each fungible product Set with the same DTCC ID and wants to post its net Open Contract Positions to the same DTCC ID.

Process:

Figure 5

~~Clearing eligible Bilateral CDS Transactions are sent to the Clearing House from one source DTCC ID 1234. The Clearing House receives the Bilateral CDS Transactions and in the clearing cycle creates instructions for one net Open Contract Position per product Set at DTCC.~~

- (b) — Netting at desk ID level

Scenario: a Clearing Member has three Position Accounts. Each Position Account represents a different internal transaction desk or department of the Clearing Member with different desk IDs. The Clearing Member has specified one source account at DTCC from which Bilateral CDS Transactions are to be sent to the Clearing House. The Clearing Member has specified that its Position Accounts should be maintained on a net basis.

Process:

Figure 6

The Clearing Member puts the desk ID information on the Bilateral CDS Transactions that are submitted to the Clearing House for clearing. The Clearing House groups the Bilateral CDS Transactions by desk ID and nets the CDS Contracts by product Set with any existing net Open Contract Position. The net Open Contract Position is maintained on the Clearing House's books for each desk. At DTCC, one net CDS Contract per desk is posted for the Clearing Member's DTCC ID. There are three net CDS Contracts facing the Clearing House for each product for the Clearing Member.

~~Any desks recognised by the Clearing House do not constitute Customer Account positions. Pursuant to the Rules, Contracts are contracts between the Clearing House and Clearing Members.~~

~~(e) Netting at the Clearing Member level (netting across multiple DTCC IDs)~~

~~Scenario: the Clearing Member has specified multiple DTCC Source IDs and only one DTCC Destination ID. The Clearing Member has one Position Account, which is maintained on a net basis. Details of eligible Bilateral CDS Transactions originate from three DTCC IDs. During the clearing cycle, the Clearing House nets all the Bilateral CDS Transactions by product Set, regardless of source ID. There is one net Open Contract Position per product Set on the Clearing House's books as well at DTCC.~~

~~Process:~~

Figure 7

4.7 **Hub-Based Booking Model**

~~The Hub Based Booking Model involves a central desk (hub), which manages the cleared Open Contract Positions for all the internal desks of the Clearing Member.~~

~~Clearing Members using the Hub Based Booking Model tag each Bilateral CDS Transaction that is to be submitted for clearing with a desk ID. The Clearing House provides a clearing instructions file that maintains the desk ID on terminations and creates a single net position per Clearing Member for each product Set at DTCC. It is at this level—a single net Open Contract Position by Set—that the Clearing Member books CDS Contracts facing the Clearing House. In addition, the Clearing House provides details of CDS Contracts to the Clearing Member net by Set at the desk level so that the Clearing Member can modify the internal desk instructions to support its single hub booking against the Clearing House.~~

~~(a) Organisation and account~~

~~In the Hub Based Booking Model, the Clearing Member specifies that it wants one Position Account which is maintained on a net basis. It specifies the source IDs at DTCC from which Bilateral CDS Transactions will be submitted for clearing. It also specifies the destination account at DTCC to which the resulting net Open Contract Positions should be posted.~~

~~During the clearing cycle, the Clearing House receives details of Bilateral CDS Transactions from DTCC, terminates the Bilateral CDS Transactions replacing them with CDS Contracts, nets the CDS Contracts designated by the Clearing Member and then posts the resulting net Open Contract Position with the Clearing House as counterparty at DTCC. Open Contract Positions on the Clearing House books will be reflected at DTCC.~~

~~The Clearing Member may specify multiple DTCC Source IDs but should specify only one DTCC Destination ID.~~

~~The Clearing House provides each Clearing Member with instructions for terminating the Bilateral CDS Transactions at DTCC as well as instructions for reflecting the new Open Contract Positions against the Clearing House.~~

~~The overview for this process is as follows:~~

Figure 8

(b) Desk ID

The Clearing Member does not have to set up an account for each desk and does not have to use the same desk ID from one clearing cycle to the next.

To facilitate the Hub-Based Booking Model, the Clearing Member must tag each clearing eligible Bilateral CDS Transaction that it wishes to submit for clearing with the appropriate desk ID. The Bilateral CDS Transactions that are not so tagged will be netted.

The Clearing House provides each Clearing Member with a report detailing the net positions by desk ID. This is a net of the Bilateral CDS Transactions that were submitted for clearing for the specific cycle. It is not the final net Open Contract Position of the desk. The Clearing House may not be aware of transactions that change the nets of the desks between clearing cycle. For example, there may be inter desk transactions that do not change the overall net of the Clearing Member but change the net positions of the desks. These internal transactions may not be reported to DTCC or to the Clearing House. The Clearing Member can generate the proper internal instructions between the hub and the local desks by using the starting positions for the desk and adjust by using the net position by desk given in the report. Thus, the temporary groupings in a clearing cycle may, for example, be as follows:

Figure 9

In its instructions file, the Clearing House puts the desk ID for each termination of the Bilateral CDS Transactions. It also provides the Clearing Member with a report detailing the net position for each of the desks for the clearing cycle. The Desk Netting Report provides the net transactions that were submitted for clearing by desk ID and can be used to generate instructions between the local desks and the Hub. Please note that the Clearing House cannot provide explicit instructions for the desks. Between clearing cycles, the desks may execute internal CDS transactions among themselves which would change the starting positions of the desks. The Clearing House does not keep details of the desk positions between clearing cycles.

(e) Detailed example of the Hub Based Booking Model

The following example involves four Clearing Members (“CM1”, “CM2”, “CM3” and “CM4”).

CM1 begins the clearing cycle with short Open Contract Position in the iTraxx Europe Series 9 Index Set of EUR 225 million notional. This is the outstanding notional amount from previous clearing cycles. The starting position is therefore:

Clearing Member	DTCC ID	DTCC TRI	Reference Entity Name	Scheduled Termination Date	Long Notional	Short Notional
CM1	DTCC006440	20070920.0002100	ITRAXX SERIES 9 VERSION 1	20 JUNE 2013		(225,000,000)

Figure 10

The Clearing House sends the file containing details of clearing eligible Bilateral CDS Transaction to CM1. CM1 sends its file back to the Clearing House identifying the specific Bilateral CDS Transactions that are not to be cleared by changing the value in the clearing

field to a value of "NO". In addition, if CM1 wishes to receive a report of the internal nets by desk ID, then CM1 may use the Desk ID field to insert an ID for the subgroup.

In this example, the clearing-eligible Bilateral CDS Transactions are displayed as follows:

DTCC Participant ID	Desk ID	DTCC TRI	Clearing Member	Reference-Entity Name	Scheduled Termination Date	Long Notional	Short Notional	Clear
DTCC006440	<u>57</u>	20070920.23039841	<b>CM3</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13		-135,000,000	yes
DTCC006440	<u>57</u>	20070920.33333333	<b>CM4</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13	435,000,000		yes
DTCC006440	<u>57</u>	20070920.43298733	<b>CM4</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13		-387,500,000	yes
DTCC006440	<u>58</u>	20070920.93874650	<b>CM4</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13		-750,000,000	yes
DTCC006440	<u>56</u>	20070921.39485760	<b>CM3</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13	200,000,000		yes
DTCC006440	<u>58</u>	20070921.00021614	<b>CM4</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13		-250,000,000	yes
DTCC006440	<u>57</u>	20070921.39485727	<b>CM2</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13		-838,000,000	yes
DTCC006440	<u>56</u>	20070921.55503919	<b>CM4</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13	225,000,000		yes
DTCC006440	<u>57</u>	20070922.394857776	<b>CM3</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13		-45,000,000	yes
DTCC006440	<u>56</u>	20070922.098374653	<b>CM4</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13	240,000,000		yes
DTCC006440	<u>57</u>	20070923.309857677	<b>CM4</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13		-400,000,000	yes
DTCC006440	<u>56</u>	20070923.394857688	<b>CM3</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13		-225,000,000	yes
DTCC006440	<u>58</u>	20070923.099874655	<b>CM2</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13	187,500,000		yes
DTCC006440	<u>58</u>	20070923.495877732	<b>CM2</b>	IFRAXX EUROPE SERIES 9 VERSION 1	20-Jun-13	250,000,000		yes
DTCC006440	<u>57</u>	20070924.648325099	<b>CM2</b>	IFRAXX EUROPE	20-Jun-13	750,000,000		yes

				SERIES 9 VERSION 1				
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Figure 11

~~The Clearing House identifies the resulting Bilateral CDS Transactions where both proposed buying Clearing Member and proposed selling Clearing Member want to substitute cleared CDS Contracts for Bilateral CDS Transactions.~~

~~In this example, CM1's counterparties agree to clear all of the Bilateral CDS Transactions.~~

~~The Clearing House sends a "preliminary clearing instruction" file to each Clearing Member which contains details of the following:~~

- ~~(i) The Bilateral CDS Transactions to be terminated. These bilateral termination instructions contain the original desk ID;~~
- ~~(ii) The starting Open Contract Position that is to be terminated. If there is a prior net Open Contract Position with the Clearing House for the product Set that is being cleared, then this file will also contain a termination instruction for the starting net Open Contract Position of that product Set; and~~
- ~~(iii) New CDS Contract instruction. This will create the ending net Open Contract Position between CM1 and the Clearing House.~~

~~The clearing instructions for CM1 would be presented as follows:~~

<i>DTCC Participant ID</i>	<i>Desk ID</i>	<i>DTCC TRI</i>	<i>CM</i>	<i>Reference Entity Name</i>	<i>Scheduled Termination Date</i>	<i>Long Notional</i>	<i>Short Notional</i>	<i>Activity</i>	<i>Comments</i>
DTCC006440	057	20070920.00021201	CM3	CDX.NA.IG.9	Dec 20, 2012	-	(135,000,000)	Terminate	
DTCC006440	057	20070920.00021202	CM4	CDX.NA.IG.9	Dec 20, 2012	435,000,000	-	Terminate	
DTCC006440	057	20070920.00021203	CM4	CDX.NA.IG.9	Dec 20, 2012	-	(387,500,000)	Terminate	
DTCC006440	058	20070920.00021204	CM4	CDX.NA.IG.9	Dec 20, 2012	-	(750,000,000)	Terminate	
DTCC006440	056	20070921.00021612	CM3	CDX.NA.IG.9	Dec 20, 2012	200,000,000	-	Terminate	
DTCC006440	058	20070921.00021614	CM4	CDX.NA.IG.9	Dec 20, 2012	-	(250,000,000)	Terminate	
DTCC006440	057	20070921.00021618	CM2	CDX.NA.IG.9	Dec 20, 2012	-	(838,000,000)	Terminate	
DTCC006440	056	20070921.00021621	CM4	CDX.NA.IG.9	Dec 20, 2012	225,000,000	-	Terminate	
DTCC006440	057	20070922.00022413	CM3	CDX.NA.IG.9	Dec 20, 2012	-	(45,000,000)	Terminate	
DTCC006440	056	20070922.00022414	CM4	CDX.NA.IG.9	Dec 20, 2012	240,000,000	-	Terminate	
DTCC006440	057	20070923.00022415	CM4	CDX.NA.IG.9	Dec 20, 2012	-	(400,000,000)	Terminate	
DTCC006440	056	20070923.00022417	CM3	CDX.NA.IG.9	Dec 20, 2012	-	(225,000,000)	Terminate	
DTCC006440	058	20070923.00022419	CM2	CDX.NA.IG.9	Dec 20, 2012	187,500,000	-	Terminate	
DTCC006440	058	20070923.00022433	CM2	CDX.NA.IG.9	Dec 20, 2012	250,000,000	-	Terminate	
DTCC006440	057	20070924.00024565	CM2	CDX.NA.IG.9	Dec 20, 2012	750,000,000	-	Terminate	
DTCC006440	-	20070920.0002100	ICE Clear	CDX.NA.IG.9	Dec 20, 2012	-	(225,000,000)	Terminate	This is the termination of the starting position, which will be replaced with the new net position
DTCC006440	-	-	ICE Clear	CDX.NA.IG.9	Dec 20, 2012	-	(968,000,000)	New	This is final net position on ICE Clear's books

~~5. MARK TO MARKET MARGIN PROCESS FOR CLEARED CDS DESCRIPTION~~

~~5.1 Overview~~

- ~~(a) Prior to the time that Margin is called, the Clearing House will determine a Mark to Market (“MTM”) Margin requirement for each Set of CDS Contracts.~~
- ~~(b) The Clearing House determines a clean price for each Set of CDS Contracts daily.~~
- ~~(c) The Clearing House will calculate an aggregate net MTM Margin requirement for each Clearing Member. Some Clearing Members will have an MTM Margin payment requirement and some will have an MTM Margin credit.~~
- ~~(d) As part of each settlement process, the Clearing House will compare the MTM Margin requirement for each Clearing Member against cash on deposit and collect any deficit via ECS pursuant to Rule 302.~~
- ~~(e) The Clearing House will record any amount of credit to each Clearing Member’s account.~~
- ~~(f) The Clearing House will calculate the interest accruing on Margin on CDS Contracts at the Euro Over Night Index Average (“EONIA”) rate. This interest will be collected and paid on a monthly interval. Clearing Members will be allowed to withdraw excess Permitted Cover pursuant to Rule 302 and the relevant Clearing Membership Agreement.~~

~~5.2 Mark-to-market calculation~~

- ~~(a) The Clearing House determines a clean price for each Set of CDS Contracts.~~
- ~~(b) The Clearing House calculates the Market Value of each Open Contract Position in the Clearing Member’s portfolio, using the following equations:~~

~~*Market Value for Buyer of Protection=*  
*[1 (Price + Accrued Premium)] \* Notional \* Current Index Factor*~~

~~*Market Value for Seller of Protection=*  
*[(Price + Accrued Premium) - 1] \* Notional \* Current Index Factor*~~

~~Where,~~

~~*Accrued Premium =*  $\frac{(Valuation\ Date - Last\ Payment\ Date + 1)}{360} * Fixed\ Rate$~~

~~(If it is the first payment period, the Roll Date of Index replaces Last Payment Date.)~~

~~An example of a net Mark to Market calculation is set out below:~~

<b>Field</b>	<b>Values</b>	<b>Comments</b>
<b>Valuation Date</b>	28 April 2009	Today’s Date
<b>Index</b>	iTraxx.Europe.11-06/14	
<b>Fixed Rate</b>	.0185	
<b>Price (Clean)</b>	1.0147122548	The Clearing House Settlement Price (Clean)
<b>Notional</b>	100,000,000	
<b>Last Payment Date/or if in First Period Effective Date of Index</b>	20March2009	

<b>Days from Last Payment</b>	40	
<b>Accrued Premium</b>	.00205555556	Number of days since last payment date/360 * Fixed Rate
<b>Index Factor</b>	1.000	Current Index Factor
<b>Dirty Price</b>	1.01676781036	This is the Price that is on the MTM Calculation Report
<b>MTM Margin Credit:</b> <i>For Buyer of Protection = (1 - Dirty Price) * Notional * Index Factor</i>	(1,676,781.04) Requirement	For a seller of protection, this would be a credit and would be shown on the report as a positive number 1,676,781.04

Figure 13

The Current MTM Margin Balance (for the entire portfolio) is the sum of the MTM Margin Calculation of each Open Contract Position in the portfolio. This number can be positive or negative.

$$\Delta \text{MTM Margin Balance} = \text{Current MTM Margin Balance} - \text{Prior Day's MTM Margin Balance}$$

**If the  $\Delta$  MTM Margin Balance is greater than zero**, then the Clearing House will credit this amount in cash to the Clearing Member's Nominated Account. It will be available as surplus Permitted Cover unless returned or applied against any other liability relating to CDS or used following an Event of Default.

**If the  $\Delta$  MTM Margin Balance is less than zero**, then the Clearing House will require this amount of cash to be paid by (or set off against any credit to the Clearing Member relating to CDS of) the Clearing Member.

### 5.3 Margin call

The following example illustrates how an MTM Margin call is made.

Clearing Member A executed a Bilateral CDS Transaction buying protection on the current Investment Grade Index from Clearing Member B. The Bilateral CDS Transaction included an upfront payment of \$200,000 where Clearing Member A paid the \$200,000 upfront fee directly to Clearing Member B. Pursuant to the CDS Operational Procedures, the Bilateral CDS Transaction is submitted for clearing by the Clearing House and terminated, giving rise to two CDS Contracts. The market price of the index changed and the Clearing House determined that the MTM Margin is \$250,000 at the relevant time.

For clarity, the MTM Margin incorporates an adjustment for the accrued coupon. For example, if the market value of the Investment Grade Index indicates that the buyer of \$10,000,000 of protection should pay \$173,542 (\$186,875 (clean price) less accrued coupon of \$13,333), then the Mark to Market Margin requirement for a seller and the Mark to Market Margin credit for a buyer would be \$173,542.

Clearing Member A has an MTM Margin credit of \$250,000 while Clearing Member B has an MTM Margin requirement of \$250,000.

Assume for this example that this is the only cleared Bilateral CDS Transaction for these Clearing Members.

Use Cases for Clearing Member A

Clearing Member A has an MTM Margin credit of \$250,000. Some use cases for Clearing Member A follow:

- (a) — If Clearing Member A has a total Margin requirement for CDS Contracts totalling \$250,000 or less (and no other liabilities or rights to repayment), the credit will cover such requirement and Clearing Member A will not be called for cash to cover its total Margin requirement.
- (b) — If Clearing Member A has a total Margin requirement for CDS Contracts which is covered by other Margin transferred to the Clearing House (and no other liabilities or rights to repayment), Clearing Member A can leave the credit alone.
- (c) — If Clearing Member A has a total Margin requirement which is covered by other Margin transferred to the Clearing House (and no other liabilities or rights to repayment), Clearing Member A could withdraw the \$250,000 or a portion of the \$250,000.

Use Cases for Clearing Member B

Clearing Member B has an MTM Margin requirement of \$250,000. Some use cases for Clearing Member B follow:

- (d) — If Clearing Member B has transferred Margin to the Clearing House in cash of \$250,000 or greater, and has no other liabilities or rights to repayment, then the Clearing House and no other liabilities relating to CDS would not call Clearing Member B for cash for MTM Margin.
- (e) — If Clearing Member B has transferred Margin to the Clearing House in cash of \$200,000 and has no other liabilities or rights to repayment, then the Clearing House would call Clearing Member B for \$50,000 in cash for MTM Margin via the settlement banking process.
- (f) — If Clearing Member B has transferred Margin to the Clearing House in cash of \$0 and has no other liabilities or rights to repayment, then the Clearing House would call Clearing Member B for \$250,000 in cash for MTM Margin via the settlement banking process.

(Note that Clearing Member B will earn interest on its cash margin deposit which will be paid monthly.)

“Other liabilities or rights to repayment” referred to above could include, for example, fines imposed for any disciplinary proceedings and interest payments and, if the Clearing Member uses the same Nominated Accounts for CDS Contracts and Energy Contracts, any liabilities or rights relating to Energy Contracts.

**6. BANKING AND COLLATERAL MANAGEMENT**

**6.1 CLS**

DTCC initiates the execution of periodic coupon payments and cash settlement in a Credit Event situation of one of the names in the CDS. These payments are executed via the CLS. DTCC gives an instruction to transfer funds between the counterparties to the CDS Contract (that is, for cleared Contracts, the relevant Clearing Member and the Clearing House).

All Clearing Members must assign or open an account at the CLS for the purposes of facilitating the payments described above. The account holder must authorise DTCC to give instructions on its behalf, and must set up a bilateral relationship with the Clearing House.

6.2 ~~ECS~~

~~Nominated Proprietary Accounts for CDS must be established by CDS Clearing Members as separate from Nominated Proprietary Accounts for Energy.~~

~~7. CREDIT EVENT PROCESSING~~

~~7.1 Auction settlement~~

~~Auction Settlement is the primary means of establishing the settlement price for Bankruptcy and Failure to Pay Credit Events involving reference entities. ISDA administers the auction process and announces a Recovery Rate for the defaulted reference entity. If an auction established a Recovery Rate, affected portions of CDS Contracts will be subject to cash settlement and will not be physically settled. The Clearing House remains central counterparty for CDS Contracts in relation to cash settlement. DTCC processes the Credit Event. CDS Contracts are automatically “adhered” for processing in the TIW and staff reviews the CDS Contracts so that Clearing Members do not “unadhere” cleared CDS Contracts.~~

~~CDS Contracts that are included in Credit Event processing must have a status of certain and must be adhered to by both parties. In addition, for coupon processing, the Calc Flag must be set to “Yes.”~~

~~DTCC processes the Credit Event after the Recovery Rate from the Auction is set. It takes four actions:~~

- ~~(a) it recalculates the future coupons for the new version of the Index and calculates the coupon for the settlement of the defaulted entity;~~
- ~~(b) it calculates the final settlement price (100 the Recovery Rate);~~
- ~~(c) it sends the final payment associated with the defaulted entity to CLS for each Clearing Member and the Clearing House; and~~
- ~~(d) it rolls the Index Open Contract Position into the new version of the Index and updates the Index factor.~~

~~7.2 Physical Settlement and Restructuring~~

~~[Section not used. The specific operational procedures that relate to processing of restructuring events and of physical settlement are subject to detailed discussions with CDS Clearing Members and will be updated once the required changes to the Rules and the CDS Procedures are agreed and made. This section will then be extended to cover restructuring events and related settlement (via auction and fallback physical settlement) and fallback physical settlement in respect of Bankruptcy and Failure to Pay credit events.]~~

## ~~8. END OF DAY SETTLEMENT~~

### ~~8.1 End-of-Day (“EOD”) settlement price / mark to market (“MTM”) process~~

Figure 31—EOD pricing process flow diagram

- ~~(a) The Clearing House MTM process illustrated in Figure 31 is a time sensitive sequence of activities that hinges on the submission of a 4:30pm London time EOD price from each Clearing Member in all sets of CDS Contracts in which it has an Open Contract Position.~~

### ~~8.2 Methodology~~

- ~~(a) The Clearing House daily mark to market methodology has three phases:~~

~~(i) Standardisation of Clearing Member Price Submissions~~

~~The Clearing House converts prices submitted by Clearing Members in a variety of different formats into a single, standardised bid offer spread format.~~

~~(ii) Calculation of Settlement Prices and Matched Trading Interests~~

~~The Clearing House applies its pricing algorithm to Clearing Members’ bid offer spreads to determine EOD settlement prices and matched trading interests, by product.~~

~~(iii) Execution of Matched Trading Interests~~

~~The Clearing House publishes EOD settlement prices to the Clearing Members. In order to ensure submission of accurate market prices and in connection with the clearing services provided by the Clearing House, Clearing Members are required to periodically enter into new Bilateral CDS Transactions where matched in accordance with paragraph 8 of these CDS Operational Procedures and to submit the same for clearing. Initially, such Bilateral CDS Transactions will occur monthly.~~

~~(b) Standardisation of Clearing Member Price Submissions~~

~~The Clearing House enables Clearing Members to submit EOD prices following industry norms (e.g., credit spread vs. price, customary notional amounts). The Clearing House also allows for Clearing Member preferences in price format (e.g., submission of bid offer spreads vs. mid point prices). Clearing Members are required to submit daily pricing information for each Set in which they have an Open Contract Position in one of the following forms: (i) a mid point price; (ii) a mid point credit spread; (iii) bid and offer prices; or (iv) bid and offer credit spreads.~~

~~Clearing Members are required to follow market convention by product for the submission of price or credit spread, but have the flexibility to submit mid points or bid offer spreads as they choose. In addition, Clearing Members are required to submit recovery rates by product Set (percentage), representing the expected valuation of a Reference Entity or the Reference Obligations subject to a Credit Event.~~

~~(i) Approach to Standardisation~~

~~Before processing the price information submitted by Clearing Members, The Clearing House converts all submissions into a standardized bid and offer format as~~

illustrated in Figure 32 and Figure 33. The conversion approach is further detailed in paragraph 8.2(b)(ii).

Figure 32—Approach for standardising price submission formats

<b>Products</b>	<b>Quoting Convention</b>	<b>Submitted Format</b>	<b>Constraints</b>	<b>Input to MTM Calculation</b>
Europe Main Europe HVOL Europe Crossover	Spread	Mid Point	None	<b>Bid</b> = Mid Point – (0.5 × Default Spread Width) <b>Offer</b> = Mid Point + 0.5 × Default Spread Width)
Europe Main Europe HVOL Europe Crossover	Spread	Bid, Offer	(Offer – Bid) ≤ Default Spread Width	<u>If (Offer – Bid) ≤ Default Spread Width:</u> <b>Bid</b> = Submitted B <b>Offer</b> = Submitted Offer  <u>If (Offer – Bid) &gt; Default Spread Width:</u> <b>Bid</b> = 0.5(Offer + Bid) – (0.5 × Default Spread Width) <b>Offer</b> = 0.5(Offer + Bid) + (0.5 × Default Spread Width)

Figure 33—Detailed description of the methodology used to standardise price submissions

As shown in Figure 32, Clearing Member submissions in the form of mid points are converted to bid offer spreads using Clearing House defined default spread widths (see paragraph 8.2(b)(ii)). Submissions in the form of bid offer spreads are accepted “as is”. In order to discourage submission of “overly wide” bid offer spreads relative to the Clearing Member group, submitted spreads wider than the default bid offer spread are converted to mid point prices, and then converted to bid offer spreads using the Clearing House defined default spread width (as with mid point price submissions).

Figure 33 illustrates the calculations in more detail. The quoting convention for Europe Main, HVOL and Crossover indices is spread. The matching algorithms used in the MTM calculation are performed on a spread basis. Inputs to the MTM calculation are a bid and an offer, specified in terms of spread. If the submitted spread width is greater than the default spread width, then the bid and offer are constrained to equal the default spread width, while maintaining the original mid point of the submission.

In the event that ICE clear adds products for clearing which are quoted in price the following process will be used: The matching algorithms used in the MTM calculation are performed on a price basis. Inputs to the MTM calculation are a bid and an offer, specified in terms of price. As with Europe Main, HVOL and Crossover, if the submitted spread width is greater than the default spread width, then the bid and offer are constrained to equal the default spread width, while maintaining the original mid point of the submission.

(ii) — Default Spread and Notional Values Matrix

The Clearing House uses a matrix of default bid offer spreads determined by the Clearing House to convert mid point submissions to bid offer format, and to limit the spread width of bid offer submissions.

Standard notional values and default bid offer spreads are maintained in the Default Spread and Notional Values Matrix, shown in Figure 34. Three bid offer spreads are specified for each product, representing normal, volatile and extreme market

conditions. A single notional value is specified for each product. The notional value is applied to each submitted or derived bid offer pair to represent a typical trade ticket size. As the Clearing House introduces new products for clearing, the Default Spread and Notional Values Matrix will be updated to include the additional products.

Figure 34—Sample Default Spread and Notional Value Matrix (notional values and default spread widths are illustrative)

(A)——Daily Market Conditions

The Clearing House determines the conditions for the EOD settlement price calculation (i.e., normal, volatile or extreme).

(B)——Revisions to Default Spread and Notional Values Matrix

Default bid offer spreads and standard notional values maintained in the Default Spread and Notional Values Matrix are reviewed at least monthly by the Clearing House.

This process will be completed one day prior to the entry into of new Bilateral CDS Transactions. The timing of this process will be adjusted and, as this occurs, the frequency of the creation of Bilateral CDS Transactions will consequentially increase from the monthly commitment.

(C)——Daily Spread / Notional Values for New Sets

For each new Set of CDS Contract that is available for Clearing, a default notional value as well as default spread width is established prior to its first clearing cycle by the Clearing House.

(iii)——Spread to Price Conversion Model

The Clearing House distributes EOD settlement prices and trade prices generated by the MTM calculation process in terms of both spread and price. For products with a quoting convention of spread, the MTM calculation is performed in terms of spread. The Clearing House applies an industry standard model to convert the resulting spread based EOD settlement price, and the spreads at which trades occur, to prices. The results are distributed to Clearing Members as both spreads and prices.

Similarly, for products with a quoting convention of price, the MTM calculation is performed in terms of price. The Clearing House applies the same industry standard model to convert the resulting price based EOD settlement price, and the prices at which trades occur, to spreads. The results are, again, distributed to Clearing Members as both spreads and prices.

Two inputs are required for the spread to price conversion model to operate; the default free interest rate curve and recovery rate.

(A)——Interest Rate Curve

The default standard curve will be the 4:00pm London time EURO swap curve for iTraxx, in the event that iTraxx products that are quoted in price are cleared. The Clearing House has the authority to change the interest rate curve used based on the assessment of market conditions. The name of the

~~selected interest rate curve is published from time to time by the Clearing House. The Clearing House sources the chosen curve from third-party vendors.~~

~~(B) — Recovery Rate~~

~~The calculation assumes the market convention of a 40% recovery rate when converting the output of the MTM calculations from price to spread, and spread to price. Actual recovery rates are also submitted by Clearing Members as part of their daily, EOD price submission. Recovery rate is the expected value of a reference credit instrument subject to a Credit Event represented in percentage terms. Each Clearing Member must submit a recovery rate each day for each Set in which it has an Open Contract Position.~~

~~(e) — Calculation of Settlement Prices and Matched Trading Interests~~

~~The Clearing House uses an eight stage process to determine the EOD settlement price and matched trading interests for a given product. The inputs to this process are the EOD prices submitted by the Clearing Members, standardised to a consistent bid offer format as described in the previous paragraph. The Clearing House performs the same processing steps for products with a spread quoting convention as it does for products with a price quoting convention. However, for products submitted in spread format, the Clearing House maintains the spread convention to perform the crossing, matching, etc. Similarly, for products submitted in price format, the internal processing maintains the price convention. The example described below is relevant for a HY product, where submission and internal processing is price based.~~

~~The eight stages of the pricing process are:~~

- ~~(i) — Sort and rank bid and offer prices;~~
- ~~(ii) — Identify crossed / locked markets;~~
- ~~(iii) — Determine initial settlement price as best bid / best offer mid point (“BBO”);~~

~~If no crossed / locked markets exist, then~~

- ~~(iv) — Fix settlement price at initial BBO mid point (process is then complete);~~

~~If one or more crossed / locked markets exist, then~~

- ~~(v) — Remove Clearing Members submitting “obvious errors” and~~
- ~~(vi) — Invert offers within the crossed / locked markets;~~
- ~~(vii) — Determine the trade prices for each matched pair of Clearing Members; and~~
- ~~(viii) — Determine settlement price as BBO mid point without “obvious errors”~~

~~(d) — Sort and Rank Bid and Offer Prices~~

~~During the first stage of the pricing process, Clearing Members’ bid and offer prices are sorted in descending and ascending order respectively. Figure 35 illustrates the process.~~

~~The example inputs to this stage are the standardised Clearing Member EOD price submissions shown in the top chart of Figure 35. A bid price and an offer price are listed by~~

way of example only for Clearing Members CM1, CM2, CM3, CM4 and CM5. Bid and offer prices are illustrated graphically on the right of the chart. Clearing Members are willing to buy protection at or below  $(100 - \text{Offer Price}) \times \text{Notional}$ , and sell at or above  $(100 - \text{Bid Price}) \times \text{Notional}$ .

The bottom chart in Figure 35 shows the results of the sorting process. Bid prices are re-ordered from highest to lowest going down the chart. Offer prices are ordered from lowest to highest going down the chart. This sorting process pairs the Clearing Member submitting the highest bid price with the Clearing Member submitting the lowest offer price, the Clearing Member submitting the second highest bid price with the Clearing Member submitting the second lowest offer price, and so on.

Figure 35—Illustration of sorting Clearing Member bid and offer prices

(e) Identify Crossed / Locked Markets

During the second stage of the pricing process, crossed and locked markets are identified. Crossed markets are the Clearing Member pairs generated by the sorting and ranking process for which the bid price of one Clearing Member is above the offer price of the matched Clearing Member. Locked markets are identified in the same way as crossed markets, but the bid and offer prices are equal.

Figure 36—Illustration of identifying crossed / locked markets

Figure 36 shows the crossed markets resulting from the previous sorting and ranking stage. CM3 is crossed with CM1, and CM5 is crossed with CM4. Crossed or locked markets are tradable since one Clearing Member is willing to buy at or above the price the other Clearing Member is willing to sell.

(f) Determine Initial Settlement Price as Best Bid / Best Offer Mid Point

The third stage of the pricing process identifies the mid point of the best bid / best offer (BBO). This initial settlement price is used as the central price around which “obvious errors” are identified in Stage 5. The initial settlement price becomes the final settlement price when there are no locked or crossed Clearing Members, or when there are no obvious errors.

The BBO is the first non locked, non crossed matched pair of Clearing Members resulting from the initial sorting and ranking of bids and offers. The mid point price is calculated as  $0.5 (\text{BBO Bid Price} + \text{BBO Offer Price})$ .

Figure 37 illustrates the process. The BBO pair in this example is CM4 and CM2. The lower bound of the BBO (best bid) is 98.5 and represents the highest price  $((100 - 98.5) \times \text{Notional})$ , at which Clearing Members are currently willing to buy protection after removing tradable submissions. The upper bound of the BBO (best offer) is 98.9 and represents the lowest price  $((100 - 98.9) \times \text{Notional})$ , at which Clearing Members are currently willing to sell after removing tradeable submissions. The BBO mid point is  $0.5 (98.5 + 98.9) = 98.70$ .

Figure 37—Identification of best bid /best offer (BBO) and initial settlement price

(g) Fix Settlement Price at Initial BBO Mid Point

If the Stage 1 sorting and ranking process does not produce any crossed or locked Clearing Member pairs, the Clearing House uses the initial settlement price calculated in Stage 3 as the final settlement price, and the pricing process is complete.

(h) — Remove Clearing Members Submitting “Obvious Errors”

Whenever there are crossed or locked markets, the Clearing House applies a set of rules designed to identify “obvious errors” in the pricing data submitted by Clearing Members. Any bid or offer price that crosses the initial settlement price calculated in Stage 3 by more than a default spread width is considered to be an obvious error.

Figure 38 illustrates the process for removing obvious errors. Referring to the chart at the top of Figure 38, the preliminary settlement price is 98.70. The default spread width is 0.5, such that the boundaries for detecting obvious errors are  $98.70 + 0.5$  or 98.20 and 99.20. Any offer below 98.20, or any bid above 99.20 are considered obvious errors. In Figure 38, error ranges for bid and offer submissions are shaded in pink. CM1’s offer of 98.0 falls below the 98.20 boundary and is therefore noted as an error. All other submissions lie within the acceptable range.

Figure 38 — Removal of “Obvious Errors”

When obvious errors are identified in this way, the related Clearing Member’s bid and offer prices are removed as inputs to the pricing process and Stages 1 and 2 are re-run. The bottom chart in Figure 38 shows the results of re-sorting and ranking bid and offer prices without CM1’s submission (Stage 1), and identifying crossed / locked markets (Stage 2).

(i) — Invert Offers within Crossed / Locked Markets

Stage 6 ensures that Clearing Members submitting aggressive prices trade at levels as close as possible to the submitted price, rather than providing the benefit of matching with other aggressive countervailing prices. To achieve this, the order of Clearing Member bids within the crossed or locked markets is inverted. Trades occur at the mid-point price between bid and offer for each matched Clearing Member pair.

Figure 39 — Inversion of offers relative to bids, and calculation of trade prices

Figure 39 illustrates the inversion of Clearing Member offers within crossed or locked markets. CM4 was initially matched with CM3, but is now matched with CM5. CM2 was initially matched with CM5, but is now matched with CM3.

(j) — Determine Trade Prices for Matched Pairs

In Stage 7, the Clearing House determines the trade price for each of the crossed / locked pairs of Clearing Members. Figure 39 illustrates this calculation. The trade price is the mid-point of the bid and offer price. CM3’s bid is 99.1 and CM2’s offer is 98.9. The trading price is  $0.5 (99.1 + 98.9) = 99.0$ . Similarly, CM5’s bid is 98.9 and CM4’s offer is 98.8, so the trading price is  $0.5 (98.9 + 98.8) = 98.85$ .

(k) — Determine Settlement Price as BBO Mid Point

In the final stage, Stage 8, the mid-point of new BBO defines the EOD settlement price (after removing submissions containing obvious errors). Figure 40 illustrates the approach. The

BBO is defined by CM4's bid of 98.5 and CM5' offer of 99.4. The midpoint, and final EOD settlement price is  $0.5(98.5 + 99.4) = 98.95$ .

Figure 40—Determination of final EOD settlement price

(1) ~~— Bilateral CDS Transactions resulting from matched trading interests~~

~~Execution of Bilateral CDS Transactions based on matched trading interests is the third and final component of the Clearing House Mark to Market methodology. The requirement for executable pricing ensures quality and consistency in prices submitted by Clearing Members, which in turn supports the collection of the appropriate level of protection for the Clearing House in the pricing process.~~

~~The EOD settlement price process results in a pairing of Clearing Members with locked or crossed prices. In connection with the Clearing services provided by the Clearing House, such Clearing Members are periodically required to enter into Bilateral CDS Transactions with the counterparty designated by the Clearing House at the price determined by the Clearing House. The size of the trade is the standard Notional Value derived from the Default Spread and Notional Values Matrix.~~

~~Initially, the Clearing House requires that Clearing Members will enter into Bilateral CDS Transactions based on the outcome of the Mark to Market process only on the last business day of the calendar month. ICE Clear will require Clearing Members to execute more frequently over time. During non execution days, the Clearing House informs Clearing Members that they were locked or crossed with another Clearing Member. On such days, no Bilateral CDS Transactions is required to be entered pursuant to the Rules or these Procedures and Clearing Members are not informed of the identity of any other Clearing Member against which they would have been matched were the day to have been a day on which Bilateral CDS Transactions would be required.~~

~~To confirm that Clearing Members are executing the required Bilateral CDS Transactions, the Clearing House performs an audit of the Bilateral CDS Transactions. Both counterparties of selected Bilateral CDS Transactions are required to submit details demonstrating the required Bilateral CDS Transactions were executed and entered into the DTCC warehouse. This is evidenced by provision of the unique DTCC reference trade ID associated with the Bilateral CDS Transactions.~~

~~CDS Clearing Members must submit details of any Bilateral CDS Transactions arising pursuant to paragraph 8 of these CDS Operational Procedures to Deriv/SERV or another data entry facility for CDS Contracts approved by the Clearing House and must submit such Bilateral CDS Transactions for Clearing.~~

~~The Clearing House will monitor the price submission by Clearing Members for persistent "obvious errors" that preclude the Clearing Member from trading based on the outcome of the MTM process. Clearing Members that fail to provide genuine price submissions may be subject to disciplinary proceedings.~~

(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 ~~1.1~~ 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 ~~1.2~~ 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 ~~1.3~~ 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 ~~1.4~~ The term "**Eligible Employee**" has the meaning set out in paragraph 9.1.
- 1.7 ~~1.5~~ The term "**EMTA**" means EMTA, the entity previously known as the Emerging Markets ~~Trade~~Traders Association or any successor thereto.
- 1.8 ~~1.6~~ 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 ~~1.7~~ 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 ~~an FX Transaction~~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 ~~1.8~~ The term "**FX Acceptance Notice**" has the meaning set out in paragraph 4.4(a).
- 1.11 ~~1.9~~ The term "**FX Acceptance Time**" has the meaning set out in paragraph 4.5.
- 1.12 ~~1.10~~ 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 ~~a particular FX Transaction or FX Transactions~~certain FX Trade Particulars).
- 1.13 ~~1.11~~ The term "**FX CM1**" has the meaning set out in paragraph 4.1.
- 1.14 ~~1.12~~ The term "**FX CM2**" has the meaning set out in paragraph 4.1.
- ~~1.13 — The term "**FX Confirmation**" means the confirmation between two parties to an FX Transaction, the details of which are submitted for Clearing.~~

- 1.15 ~~1.14~~ 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 ~~1.15~~ The term "**FX Default Committee**" means a committee established pursuant to paragraph 9.1.
- 1.18 ~~1.16~~ The term "**FX Default Committee Member**" has the meaning set out in paragraph 9.1.
- 1.19 ~~1.17~~ The term "**FX Default Committee Participant**" has the meaning set out in paragraph 9.1.
- 1.20 ~~1.18~~ The term "**FX Default Committee Participant List**" has the meaning set out in paragraph 9.2.
- 1.21 ~~1.19~~ The term "**FX Procedures**" means these FX Procedures, as amended from time to time.
- 1.22 ~~1.20~~ The term "**FX Risk Committee**" means the committee of that name established by the board of the Clearing House.
- 1.23 ~~1.21~~ 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.
- ~~1.22 — The term "**FX Trade Processing Platform**" means an Exchange that has satisfied the Clearing House's requirements to be able to act as an agent of one or more FX Clearing Members in the submission or confirmation of FX Transactions for Clearing, including having entered into an agreement with the Clearing House to act as an "Approved FX Trade Processing Platform" in relation to such submissions and confirmations and, in relation to any FX Clearing Member for which (and, as the case may be, for whose Affiliate) it acts as agent, has obtained that FX Clearing Member's authorisation in writing or through the ICE FX Clearing System to submit and confirm FX Transactions for Clearing as agent for that FX Clearing Member and accordingly, such an FX Trade Processing Platform will be a Representative of such FX Clearing Member for that purpose until the expiry of not less than one Business Day's written notice to the Clearing House given by such FX Clearing Member that such FX Trade Processing Platform is no longer, or is not, authorised to act as its agent and/or Representative. Where an Affiliate of an FX Clearing Member may submit or confirm FX Transactions for the account of that FX Clearing Member as referred to in paragraph 4.6, any person which, as an FX Trade Processing Platform, is a Representative of such FX Clearing Member shall be deemed to be additionally a Representative of such Affiliate for these purposes.~~
- 1.24 ~~1.23~~ 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 ~~an FX Transaction~~ FX Trade Particulars submitted for Clearing, the Valuation Date specified in the relevant FX ~~Confirmation~~ Trade Particulars.
- 1.25 ~~1.24~~ 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 ~~1.25~~ 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 ~~Transactions~~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 ~~Transactions~~Trade Particulars.

- 1.27 ~~1.26~~ 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 ~~an FX Transaction~~FX Trade Particulars submitted for Clearing, the quantity of the Settlement Currency specified in the relevant FX ~~Confirmation~~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 ~~1.27~~ 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 ~~1.28~~ 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 ~~an FX Transaction~~FX Trade Particulars submitted for Clearing, the quantity of the Reference Currency specified as such in the relevant FX ~~Confirmation~~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 ~~1.29~~ 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 ~~an FX Transaction~~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 Energy Contracts) or capable of being treated as voidable under Rule 404(a) (if Rule 404(a) applied to FX Contracts in addition to Energy Contracts and the latter being read for purposes of this definition as if the words "in relation only to Energy 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 ~~1.30~~ 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 ~~of FX Transactions~~specified in the FX Trade Particulars submitted for Clearing, as specified in the Published Terms.
- 1.33 ~~1.31~~ 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:
- Settlement Currency Amount = Notional Amount x [1 - (Forward Rate/Settlement Rate)].*
- 1.34 ~~1.32~~ The term "**Settlement Rate Option**" means: (a) in relation to a Financially-Settled FX Contract, ~~means~~ the settlement rate option applicable, pursuant to the Published Terms, to the Currency Pair of such FX Contract; and (b) in relation to ~~an FX Transaction~~FX Trade Particulars submitted for Clearing, the settlement rate option specified in the relevant FX Confirmation.
- 1.35 ~~1.33~~ 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 ~~an~~

~~FX Transaction~~FX Trade Particulars submitted for Clearing, the date specified in the relevant FX Confirmation.

1.36 ~~1.34~~ 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 ~~1.35~~ The term "**US FX Clearing Member**" means an FX Clearing Member or applicant that would become ~~an~~ 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 ~~1.36~~ 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 that is not a U.S. 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 that is not a U.S. 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 organized in a jurisdiction whose insolvency laws are acceptable to the Clearing House.~~

(a) ~~(b)~~ 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) ~~(e)~~ (i) 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) ~~(ii) In the case of a US FX Clearing Member, the FX Clearing Member has~~ 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 ~~Transactions~~ 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 (sections 4.9 and 6 only), Finance Procedures, Membership Procedures, Business Continuity Procedures ~~and Complaints~~, [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 ~~and~~, FX Clearing Members [and Sponsored Principals that clear FX](#).

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

- 4.1 Any FX ~~Transaction~~[Trade Particulars](#) which ~~is~~[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 ~~Transaction~~[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 ~~to whose name is specified in~~ the FX ~~Transaction~~[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 ~~Transaction~~[Trade Particulars](#). Where ~~an~~ FX ~~Transaction is~~[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 ~~Transaction~~[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 to an in](#) FX ~~Transaction~~[Trade Particulars](#), then ~~that those~~ FX ~~Transaction~~[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 ~~an FX Transaction~~[FX Trade Particulars](#) solely for the purposes of the submission and confirmation of ~~data relating to FX Transactions~~[FX Trade Particulars and receipt of FX Acceptance Notices](#). Pursuant to Rule 401(a)(xii), if ~~an~~ FX ~~Transaction is~~[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 [\("FX CM1" and "FX CM2" or, in respect of an Individually Segregated Sponsored Account, a Sponsored Principal with authorisation to clear FX\)](#) 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 ~~Transaction~~[Trade Particulars](#).
- 4.2 Transaction registration for FX ~~Transactions~~[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 ~~Transactions~~[Trade Particulars](#) to the Clearing House. In order to submit FX ~~Transactions~~[Trade Particulars](#) for Clearing, each Business Day, during the time periods from time to time established by the Clearing House for Clearing of FX ~~Transactions~~[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 ~~Transactions~~[Trade Particulars](#), showing ~~for each FX Transaction~~:
- (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; ~~or~~
    - (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 ~~Transaction~~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 ~~Transaction~~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 ~~Transaction~~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 ~~to such FX Transaction~~(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 ~~Transaction~~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 ~~an FX Transaction~~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 ~~Transaction~~Trade Particulars submitted for Clearing:

- (a) ~~An FX Transaction~~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 ~~Transaction~~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 ~~Transaction~~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 ~~Transaction~~Trade Particulars for Clearing and may not be issued unless such FX ~~Transaction~~Trade Particulars ~~is~~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 ~~Transactions~~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 ~~an FX Transaction~~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 ~~an~~ FX ~~Transaction~~Trade Particulars for Clearing (in a transaction reject report, or such other report or notice identified for the purpose) if the FX ~~Transaction does~~Trade Particulars do not pass validation tests, the FX ~~Transaction~~Trade Particulars ~~is~~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 ~~Transaction~~Trade Particulars for Clearing or if the Clearing House determines that a Revocation Right would apply in respect of such FX ~~Transaction~~Trade Particulars.
- (c) ~~An FX Transaction~~FX Trade Particulars which ~~has~~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 ~~an~~ FX ~~Transaction~~Trade Particulars may be submitted for Clearing in accordance with paragraph 4.4(a). ~~An FX Transaction~~FX Trade Particulars that ~~is~~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 ~~is~~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 ~~it has~~such FX Trade Particulars ~~have~~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 ~~Transaction~~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 to in the FX TransactionTrade 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 TransactionTrade 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 TransactionsTrade Particulars or apparent or alleged FX TransactionsTrade 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 TransactionsTrade 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 TransactionsTrade 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 TransactionsTrade Particulars submitted before the expiry of that notice period).
- (g) The Clearing House may establish limits for FX TransactionsTrade 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 TransactionsTrade 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 TransactionsTrade 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 TransactionTrade 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 TransactionTrade 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 TransactionsTrade Particulars they intend to submit for Clearing at least one Business Day prior to submitting or confirming any such FX TransactionTrade 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 TransactionTrade Particulars for Clearing and as a condition of it being in a position to issue an FX Acceptance Notice in respect of such FX TransactionTrade Particulars;

- (iii) the Clearing House will be entitled to check with the relevant counterparty to the FX ~~Transaction~~Trade Particulars that such counterparty also intends to submit the FX ~~Transaction~~Trade Particulars for Clearing and may require Margin as aforementioned of that other FX Clearing Member or Sponsored Principal; and
  - (iv) ~~an~~ FX Clearing Member or Sponsored Principal shall ~~not~~ submit or confirm such ~~an~~ ~~FX Transaction~~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 ~~Transaction~~Trade Particulars shall then proceed in the same way as for other FX ~~Transactions~~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 ~~Members~~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 ~~an FX Transaction~~FX Trade Particulars does not reflect, subject to the provisions of the Rules and Procedures, the terms of such FX ~~Transaction~~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 ~~Transaction~~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 ~~FX Transaction~~effect to the original submission of FX Trade Particulars, for the purpose of offsetting the net ~~margin~~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 ~~Transaction~~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 ~~Transactions~~Trade Particulars having a ~~trade date~~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 ~~In relation to FX Transactions where at least one of the parties thereto is an Affiliate of an FX Clearing Member:~~

(a) The Clearing House may accept the submission ~~or confirmation~~ of FX ~~Transactions~~Trade Particulars for ~~clearing~~Clearing for the account of ~~an FX~~a Clearing Member ~~or Sponsored Principal~~ from a Representative of such ~~FX~~Clearing Member or Sponsored Principal that is an Affiliate of such ~~FX~~Clearing Member or Sponsored Principal or from an FX Trade ~~Execution~~Processing Platform as the Representative of such Affiliate; ~~provided that such Affiliate is at that time duly then~~ designated for this purpose as an authorised Representative of the ~~FX~~Clearing Member or Sponsored Principal in accordance with the Membership Procedures and such FX Trade ~~Execution~~Processing Platform is ~~at that time duly then~~ designated as ~~an authorised~~a Representative of the ~~FX~~Clearing Member or Sponsored Principal.

(b) Where ~~an FX Transaction submitted or confirmed for Clearing has as one of its parties an Affiliate of an FX Clearing Member then the resulting FX Contract shall have as its counterparty, as a result of Part 4 of the Rules, the FX Clearing Member and not the Affiliate and accordingly: 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) (i) each FX~~the Clearing Member ~~submitting or confirming an FX Transaction to which an Affiliate was party shall be~~or Sponsored Principal is responsible for ensuring that any give-up or novation agreements ~~or, 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;

~~(ii) pursuant to Rule 207(d), it is the responsibility of the FX Clearing Member to determine whether an FX Contract resulting from an Affiliate transaction should be recorded in its Proprietary Account or Customer Account;~~

~~(iii) for~~unless the avoidance of doubt, each relevant Affiliate shall be treated as a Customer for purposes of the Rules regardless of whether a resulting FX Contract is recorded in the ~~Clearing Member's Proprietary Account or Customer Account and, accordingly, Affiliate is a Sponsored Principal the Clearing House is not party to such Contract with the Affiliate and~~ the provisions of ~~the Rules relating to Rule 111 concerning exclusions of liability, including Rule 111, apply in respect of the Affiliate 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) (iv) the Affiliate shall be deemed to be on notice of this provision and shall be deemed to agree to its application by its conduct in having the relevant FX Transaction submitted or confirmed for Clearing, so that (in the absence of evidence of a contrary intention under the relevant FX Transaction) Rules 402(b) and 405 shall operate in respect of any rights, liabilities or obligations of the Affiliate relating to, or arising out~~

~~of or in connection with any FX Transaction (whether pursuant to contract, tort, equity, restitution or otherwise, pursuant to the laws of any jurisdiction, which fall or fell due for performance to any Person other than its affiliated FX Clearing Member in relation to the FX Transaction in question, excluding any performance due prior to the time at which an FX Contract arises pursuant to Rule 401(a)) in the same way as such provisions apply in relation to the Transaction Rights or Obligations of the FX Clearing Member. (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 ~~Transaction is~~Trade Particulars are rejected for Clearing, the Transaction Rights or Obligations of the FX Clearing Members ~~which are party thereto 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 ~~Transaction~~Trade Particulars or Transaction Rights or Obligations being void or voided as between the original parties thereto.
- 4.9 ~~An FX Transaction~~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 ~~Members~~Member and Sponsored Principal shall use reasonable endeavours not to submit or confirm any FX ~~Transaction~~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 ~~an FX Transaction~~Trade Particulars accepted for Clearing may be the Trade Date ~~of that FX Transaction~~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 ~~arrangements similar to FX Transactions~~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~~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 ~~an FX Transaction~~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 ~~Transactions~~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 ~~Transactions~~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 ~~Transactions~~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 MarketExchange 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 MarketExchange 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 ~~Transactions~~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 ~~each any~~ FX ~~Transaction~~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 ~~Transaction has~~Trade Particulars have not already been submitted to the Clearing House at the time of acceptance by such Clearing Member) must submit such FX ~~Transaction~~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 MARK-TO-MARKET INTEREST

### 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 Mark-to-Market Interest

- (a) FX Mark-to-Market Interest 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 Mark-to-Market Interest is 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 Mark-to-Market Margin Balance on any day; and
  - (ii) by the Clearing House to such FX Clearing Member or Sponsored Principal in respect of any positive FX Mark-to-Market Margin Balance 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 ~~an FX Transaction~~ 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 ~~an FX Transaction~~ 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 Circulars; 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 ~~an FX Transaction~~ [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~~ 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](#) ~~902 or 903~~ 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 ~~902~~[903](#) ~~(bc)~~ 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 ~~902~~[903](#) ~~(bc)~~;
- (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 ~~Rule 902~~[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](#) ~~902 and 903~~, 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. CLEARING HOUSE FX CONTRIBUTIONS~~

~~10.1 The Clearing House FX Contributions are to be determined and allocated from time to time in accordance with the following provisions:~~

- ~~(a) the minimum amount of the Clearing House FX Initial Contribution shall be USD 2.5 million;~~
- ~~(b) the minimum amount of the Clearing House FX GF Contribution shall be USD 2.5 million;~~
- ~~(c) the maximum amount of the Clearing House FX Initial Contribution shall be USD 25 million;~~
- ~~(d) the maximum amount of the Clearing House FX GF Contribution shall be USD 25 million;~~
- ~~(e) subject to the minima in paragraphs 10.1(a) and (b) and the maxima in paragraphs 10.1(c) and (d), the total Clearing House FX Contributions from time to time shall be of an amount representing 5% of the total FX Guaranty Fund Contributions required from time to time to be provided to the Clearing House by FX Clearing Members (excluding FX Guaranty Fund Contributions applied under Rule 1103);~~
- ~~(f) subject to paragraph 10.1(g), the amount of the Clearing House FX Initial Contribution and the amount of the Clearing House FX GF Contribution from time to time shall always be identical to one another; and~~
- ~~(g) if the calculations in paragraph 10.1(f) result in a fraction of a USD cent being allocated to the Clearing House FX GF Contribution, that fraction of a cent shall be allocated to the Clearing House FX Initial Contribution so as to round up the Clearing House FX Initial Contribution to the nearest higher USD cent and round down the Clearing House FX GF Contribution to the nearest lower USD cent.~~

~~10.2 The requirements of paragraph 10.1 shall not result in any breach by the Clearing House of its obligations as a result of any temporary reduction to Clearing House FX Contributions as a result of the application of any amount of Clearing House FX Contributions pursuant to Rule 1103. If the total amount of Clearing House FX Contributions is reduced by any application of any amount of Clearing House FX Contributions pursuant to Rule 1103, the Clearing House shall, by the open of business on the Business Day following the date of any application of Clearing House FX Contributions, allocate additional Clearing House FX Contributions equal to the amount by which the Clearing House FX Contributions were applied. Such allocations shall be made as Clearing House FX Initial Contribution and Clearing House FX GF Contribution in proportion to the amount by which each such contribution was applied.~~

~~10.3 For the purposes of calculating the amount of any application of any amount of Clearing House FX Contributions pursuant to Rule 1103, the value of the Clearing House FX Contribution so applied shall be determined in USD as of the date of such application at the exchange rates used by the Clearing House pursuant to the Finance Procedures at the relevant time, where any exchange rate is required to be applied.~~

~~10.4 The Clearing House may substitute assets constituting the Clearing House FX Contributions in the same way and to the same extent that assets constituting Guaranty Fund Contributions may be substituted by Clearing Members.~~

~~10.5 Without prejudice to Applicable Laws relating to insolvency, the Clearing House shall have no obligation to contribute or allocate any additional Clearing House FX Contributions in any situation in which final sentence of Rule 209(c) or the final sentence of Rule 209(f) applies, except in either case in respect of any due but unallocated amounts at the time of such occurrence.~~

## 10. ~~11.~~ CONTRACTUAL TERMS

10.1 ~~11.1~~ Each Financially-Settled FX Contract shall be subject to the following contractual terms.

10.2 ~~11.2~~ Each Financially-Settled FX Contract shall include the terms and conditions set out in ~~Part I of the "General Contract Terms and ICE OTC Standard Contract Terms and Eligibility Criteria" section of the~~ Procedures (excluding section 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~~first, these FX Procedures other than the portion of these FX Procedures referred to in (b) below; ~~and~~
- (b) ~~Second~~second, the relevant section of ~~Part I of the "General Contract Terms and ICE OTC Standard Contract Terms and Eligibility Criteria" section of the~~ Procedures.

10.3 ~~11.3~~ Where:

- (a) ~~an FX Transaction between~~FX Trade Particulars specifying the names of FX CM1 and FX CM2 ~~is~~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 ~~Transaction~~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 ~~an FX Transaction~~FX Trade Particulars in accordance with paragraph 4.2(b).

10.4 ~~11.4~~ The following terms of each Financially-Settled FX Contract will be determined by reference to the information submitted in respect of ~~an FX Transaction~~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 ~~of such FX Transaction~~ 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 ~~11.5~~ 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 ~~11.6~~ 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 ~~(as published by the International Swaps and Derivatives Association, Inc., among others),~~

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 ~~aforementioned~~ 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 ~~11.7~~ The Calculation Agent will be the Clearing House for all Financially-Settled FX Contracts. Any price determination pursuant to a Calculation Agent Determination of ~~any~~ Settlement Rate in respect of any Financially-Settled FX Contract is subject to consultation with the FX Risk Committee.

10.8 ~~11.8~~ 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 ~~11.9~~ 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.

**ICE Clear Europe**

**OTC FX Product Guide  
and Published Terms for FX Contracts**

**OTC Foreign Exchange  
Clearing Services**

**March 2013**

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## 1 Product Summary

ICE Clear Europe plans to launch several cleared FX non-deliverable forward contracts in 2012.

### 1.1 Non-deliverable FX Forwards

ICE will clear non-deliverable FX forwards and FX swaps in the following currency pairs:

#### 1.1.1 *Tranche-1:*

Currency Description	Currency Pair	MTM & Settlement Currency	Settlement Rate Option	Maximum Tenor	Price Precision
U.S. Dollar / Brazilian Real	USD/BRL	USD	BRL PTAX Offer Rate (BRL09) 1:15 pm Sao Paulo Time on the FX Valuation Date (See e.g. Reuters Page BRFR)	2 years	.000001
U.S. Dollar / Korean Won	USD/KRW	USD	KRW KFTC18 (KRW02) 3:30 pm Seoul Time on the FX Valuation Date (See e.g. Reuters Page KFTC18)	2 years	.000001
U.S. Dollar / Chinese Yuan	USD/CNY	USD	CNY SAEC (CNY01) 9:15 am Beijing Time on the FX Valuation Date (See e.g. Reuters Page SAEC)	2 years	.000001
U.S. Dollar / Indian Rupee	USD/INR	USD	INR RBIB (INR01) 12:30 pm Mumbai Time on the FX Valuation Date (See e.g. Reuters Page RBIB)	2 years	.000001
U.S. Dollar / Indonesian Rupiah	USD/IDR	USD	IDR ABS (IDR01) 11:30 am Singapore Time on the FX Valuation Date (See e.g. Reuters Page ABSIRFIX01)	2 years	.000001
U.S. Dollar / Chilean Peso	USD/CLP	USD	CLP DOLAR OBS (CLP10) 10:30 am Santiago Time on the FX Valuation Date (See e.g. Reuters Page CLPOB=)	2 years	.000001
U.S. Dollar / Russian Ruble	USD/RUB	USD	RUB CME-EMTA (RUB03) 1:30 pm Moscow Time on the FX Valuation Date (See e.g. Reuters Page EMTA)	2 years	.000001

Note: ~~descriptions~~[Descriptions](#) of settlement rates in the table above are included for convenience and not intended to amend the settlement rates set out in the applicable EMTA Template.

## 1.2 Interpretation

### 1.2.1 Interpretation

These OTC FX Product Guide and Published Terms for FX Contracts Procedures are 'Procedures' as defined in the ICE Clear Europe rules (the "Rules") and are subject to the Rules, including, without limitation, Rule 102.

### 1.2.2 Sponsored Principals

These OTC FX Product Guide and Published Terms for FX Contracts Procedures apply to a Sponsored Principal in the same way as they apply to a Clearing Member, subject to Part 19 of the Rules.

## 1.3 Governing Law

1.3.1 Subject to paragraph 1.3.2 to 1.3.7 below, these OTC FX Product Guide and Published Terms for FX Contracts 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 OTC FX Product Guide and Published Terms for FX Contracts Procedures will be subject to arbitration under Rule 117.

1.3.2 Solely as between an FCM/BD Clearing Member and the Clearing House, those provisions of these OTC FX Product Guide and Published Terms for FX Contracts 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 OTC FX Product Guide and Published Terms for FX Contracts 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.

1.3.3 For the avoidance of doubt, paragraph 1.3.2 is an exception to paragraph 1.3.1 and Rule 102(s) which provide that these OTC FX Product Guide and Published Terms for FX Contracts 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 1.3.2, 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 OTC FX Product Guide and Published Terms for FX Contracts Procedures relating to the Designated System;

- (b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member or Sponsored Principal that is not a U.S. 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 a Sponsored Principal that is not a U.S. 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.

1.3.4 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.

1.3.5 All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.3.4 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 1.3.4 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 1.3.4 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 1.3.4 heard in the New York Courts.

1.3.6 Nothing in this paragraph 1.3 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.

1.3.7 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 OTC FX PRODUCT GUIDE AND

PUBLISHED TERMS FOR FX CONTRACTS 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 THIS PARAGRAPH 1.3.

## 2 Non-deliverable FX Forwards

### 2.1 USD/BRL FX Forward Contract Specification

Introduction	Cleared OTC U.S. Dollar / Brazilian Real (USD/BRL) Spot, Forwards and Swaps. As set out in the Rules, the terms include certain provisions of the Applicable EMTA Template, as amended and referred to in the Rules. Some of those provisions are summarised below.
Contract Units	The unit of clearing shall be one (1) U.S. Dollar, in any amount down to a precision of \$0.01 USD.
Tenors	The FX Settlement Date originally specified must fall not later than the day which is expected (as at the Trade Date) to be the last Settlement Business Day falling within the period of two calendar years beginning on the FX Settlement Date which would standardly apply in the market to a non-deliverable FX "spot" transaction entered into on the Trade Date.
Contract Security	ICE Clear Europe acts as central counterparty to all FX Contracts up to and including final settlement.
Transaction Registration Hours	Transactions may be submitted for clearing at any time during the Clearing House's normal operating hours up until one (1) Business Day prior to the applicable FX Settlement Date, subject to exceptions for currency and other holidays, in accordance with the Rules and

	Procedures of the Clearing House.
Quotation	The contract price is in units of the Reference Currency per unit of the Settlement Currency (interbank conventions), ie Brazilian Real per U.S. Dollar.
Minimum Price Fluctuation	Minimum price fluctuations shall be in multiples of 0.000001 Brazilian Real per U.S. Dollar.
Maximum Daily Price Fluctuation	No limits
Position Limits	Generally, none, subject to any particular limit imposed on a Clearing Member or otherwise under Part 6 of the Rules.
Daily Mark-To-Market Reference Rates	The Clearing House determines the rates at which FX Contracts are marked-to-market each Business Day, in accordance with its Rules and Procedures. In summary, the rates are based upon a combination of spot prices and forward points at standard tenors, which are used to generate a forward curve. Unrealized mark-to-market gains or losses as at the FX Settlement Date are : (i) calculated in the Reference Currency; (ii) converted to USD at the end-of-day reference rate for that FX Settlement Date; and (iii) then discounted to present value using an OIS discount curve.
FX Mark -To -Market Margin	All open FX Contracts are 'marked-to-market' on each Business Day in the Reference Currency in accordance with the Rules, FX Procedures and applicable Margin and risk policies, with FX Mark-to-Market Margin, calculated after conversion into U.S. Dollars, being called and payable in cash in U.S. Dollars.
FX Mark -To -Market Interest	A Clearing Member will pay FX Mark-to-Market Interest (overnight interest) to the Clearing House on the FX Mark-to-Market Margin Balance in the Clearing Member's favor (if any) in respect of any FX Contract. Similarly, the Clearing House will pay FX Mark-to-Market Interest to the relevant Clearing Member on the FX Mark-to-Market Margin Balance in the Clearing House's favor on any given FX Contract.

	FX Mark-to-Market Interest is calculated, accrues and is payable in U.S. Dollars, in accordance with the Rules and Procedures.
Trading Mechanism	FX Contracts are eligible for clearing if traded or executed on any acceptable FX Trade Processing Platform and submitted to ICE Clear Europe for clearing and settlement.
Delivery / Settlement Type	Each FX Contract is cash settled, in U.S. Dollars, for value on the applicable FX Settlement Date.
Settlement Currency Amount	<p>All open FX Contracts will be settled on the relevant FX Settlement Date in U.S. Dollars, based upon the product of: (i) the Notional Amount of the transaction in U.S. Dollars; and (ii) 1 minus (the Forward Rate originally specified or applicable to the transaction as submitted for Clearing divided by the Settlement Rate).</p> <p>If this U.S. Dollar amount is positive then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall debit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will credit the Clearing Member's account for this amount in U.S. Dollars.</p> <p>If this U.S. Dollar amount is negative then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall credit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will debit the Clearing Member's account for absolute value of this amount in U.S. Dollars.</p>
Settlement Rate Option (i.e. primary fixing source)	As set forth in the applicable EMTA Template. In summary, this is BRL PTAX Offer Rate (BRL09), which is expressed as the offered amount of Brazilian Real per one U.S. Dollar for settlement in two (2) business days, as reported by the Banco Central do Brazil at approximately 1:15 pm São Paulo time on the FX Valuation Date.
Primary fixing source Valuation Postponement:	None
Valuation Business Days	São Paulo and New York City

Settlement Business Days	New York City
First Fallback Reference Price	<p>As set forth in the applicable EMTA Template. In summary, if the Settlement Rate Option is unavailable, then the Settlement Rate shall be determined from the First Fallback Reference Price (i.e. "EMTA BRL Industry Survey Rate" (BRL12)) which is expressed as the amount of Brazilian Real per one U.S. Dollar, for settlement in two business days, as published on EMTA's web site (<a href="http://www.emta.org">www.emta.org</a>) at approximately 3:45 pm Sao Paulo time, or as soon thereafter as practicable, on the FX Valuation Date.</p> <p>In the event that neither the Settlement Rate Option nor the First Fallback Reference Price are available, then Valuation Postponement will apply.</p>
Applicable EMTA Template	The applicable EMTA Template for this currency pair is that published on 17 May, 2006, with BRL as the Reference Currency and USD as the Settlement Currency.
FX Settlement Date (i.e. value date)	As set forth in the applicable EMTA Template. In summary, a New York City Business Day, subject to adjustment if the scheduled FX Valuation Date is adjusted in accordance with the Following Business Day Convention, or if Valuation Postponement applies, and in each such case, the FX Settlement Date shall be as soon as practicable after, but not more than two (2) Settlement Business Days after, the adjusted FX Valuation Date.
FX Valuation Date (i.e. fixing date)	The FX Valuation Date will always be specified (as at the Trade Date) as the day falling two (2) Valuation Business Days before the specified FX Settlement Date and is subject to adjustment as summarized below.
Scheduled Holidays	If, by reason of change after the Trade Date in the days that are Valuation Business Days (other than a change which would constitute an Unscheduled Holiday), the FX Valuation Date no longer falls two (2) Valuation Business Days before the specified FX Settlement Date, then the FX Valuation date will be adjusted to fall on the first earlier date which is two (2) Valuation Business Days before the specified FX Settlement Date. Otherwise, as set out in the applicable EMTA Template.

<p>Unscheduled Holidays or Valuation Postponement</p>	<p>If the FX Valuation Date is adjusted for an Unscheduled Holiday (in accordance with the Following Business Day Convention) or Valuation Postponement applies, the FX Settlement Date will fall two (2) Valuation Business Days after the date on which the relevant Spot Rate is determined. Otherwise, as set out in the applicable EMTA Template.</p>
<p>Rounding Convention</p>	<p>The Rounding Convention for Forward Rate is six (6) decimal places.</p>
<p>Valuation Postponement</p>	<p>Up to thirty (30) calendar days, although the Clearing House may, after consultation with the FX Risk Committee, reduce the time period under “Maximum Days of Postponement” for all Financially-Settled FX Contracts in this Currency Pair having the same specified FX Settlement Date to fewer than thirty (30) days, by Circular.</p> <p>Any such reduction will equally reduce the thirty (30) day time period under “Deferral Period” for Unscheduled Holidays and under “Cumulative Events”.</p> <p>Where, at the end of the Maximum Days of Postponement, the Settlement Rate has not been determined by reference to the Settlement Rate Option or any of the Fallback Reference Prices, the Settlement Rate will be determined by the Clearing House, as Calculation Agent, in accordance with the Rules and Procedures.</p> <p>Otherwise, as set out in the applicable EMTA Template.</p>

## 2.2 USD/KRW FX Forward Contract Specification

Introduction	Cleared OTC U.S. Dollar / Korean Won (USD/KRW) Spot, Forwards and Swaps. As set out in the Rules, the terms include certain provisions of the Applicable EMTA Template, as amended and referred to in the Rules. Some of those provisions are summarised below.
Contract Units	The unit of clearing shall be one (1) U.S. Dollar, in any amount down to a precision of \$0.01 USD.
Tenors	The FX Settlement Date originally specified must fall not later than the day which is expected (as at the Trade Date) to be the last Settlement Business Day falling within the period of two calendar years beginning on the FX Settlement Date which would standardly apply in the market to a non-deliverable FX "spot" transaction entered into on the Trade Date.
Contract Security	ICE Clear Europe acts as central counterparty to all FX Contracts up to and including final settlement.
Transaction Registration Hours	Transactions may be submitted for clearing at any time during the Clearing House's normal operating hours up until one (1) Business Day prior to the applicable FX Settlement Date, subject to exceptions for currency and other holidays, in accordance with the Rules and Procedures of the Clearing House.
Quotation	The contract price is in units of the Reference Currency per unit of the Settlement Currency (interbank conventions), <u>ie i.e.</u> Korean Won per U.S. Dollar.
Minimum Price Fluctuation	Minimum price fluctuations shall be in multiples of 0.000001 Korean Won per U.S. Dollar.
Maximum Daily Price Fluctuation	No limits

Position Limits	Generally, none, subject to any particular limit imposed on a Clearing Member or otherwise under Part 6 of the Rules.
Daily Mark-To-Market Reference Rates	<p>The Clearing House determines the rates at which FX Contracts are marked-to-market each Business Day, in accordance with its Rules and Procedures. In summary, the rates are based upon a combination of spot prices and forward points at standard tenors, which are used to generate a forward curve. Unrealized mark-to-market gains or losses as at the FX Settlement Date are :</p> <p>(i) calculated in the Reference Currency; (ii) converted to USD at the end-of-day reference rate for that FX Settlement Date; and (iii) then discounted to present value using an OIS discount curve.</p>
FX Mark -To -Market Margin	All open FX Contracts are 'marked-to-market' on each Business Day in the Reference Currency in accordance with the Rules, FX Procedures and applicable Margin and risk policies, with FX Mark-to-Market Margin, calculated after conversion into U.S. Dollars, being called and payable in cash in U.S. Dollars.
FX Mark -To -Market Interest	<p>A Clearing Member will pay FX Mark-to-Market Interest (overnight interest) to the Clearing House on the FX Mark-to-Market Margin Balance in the Clearing Member's favor (if any) in respect of any FX Contract. Similarly, the Clearing House will pay FX Mark-to-Market Interest to the relevant Clearing Member on the FX Mark-to-Market Margin Balance in the Clearing House's favor on any given FX Contract.</p> <p>FX Mark-to-Market Interest is calculated, accrues and is payable in U.S. Dollars, in accordance with the Rules and Procedures.</p>
Trading Mechanism	FX Contracts are eligible for clearing if traded or executed on any acceptable FX Trade Processing Platform and submitted to ICE Clear Europe for clearing and settlement.
Delivery / Settlement Type	Each FX Contract is cash settled, in U.S. Dollars, for value on the applicable FX Settlement Date.
Settlement Currency Amount	All open FX Contracts will be settled on the relevant FX Settlement Date in U.S. Dollars, based upon the product of (i) the Notional Amount of the transaction in U.S. Dollars and (ii) 1 minus (the Forward Rate

	<p>originally specified or applicable to the transaction as submitted for Clearing divided by the Settlement Rate).</p> <p>If this U.S. Dollar amount is positive then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall debit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will credit the Clearing Member's account for this amount in U.S. Dollars.</p> <p>If this U.S. Dollar amount is negative then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall credit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will debit the Clearing Member's account for absolute value of this amount in U.S. Dollars.</p>
Settlement Rate Option (i.e. primary fixing source)	<p>As set forth in the applicable EMTA Template. In summary, this is KRW KFTC18 (KRW02), which is expressed as the amount of Korean Won per one U.S. Dollar for settlement in two (2) business days, as reported by the Korea Financial Telecommunications and Clearing Corporation at approximately 3:30 pm Seoul time on the FX Valuation Date.</p> <p>In the event that the Settlement Rate Option is not available, then Valuation Postponement will apply.</p>
Primary fixing source Valuation Postponement:	Up to fourteen (14) calendar days
Valuation Business Days	Seoul
Settlement Business Days	New York City
Fallback Reference Price	<p>As set forth in the applicable EMTA Template. In summary, if the Settlement Rate Option remains unavailable after Valuation Postponement, then the Settlement Rate shall be determined from the Fallback Reference Price (ie "SFEMC KRW Indicative Survey Rate (KRW04))", which is expressed as the amount of Korean Won per one U.S. Dollar, for settlement in two business days, as published on SFEMC's web site (<a href="http://www.sfemc.org">www.sfemc.org</a>) at approximately 3:30 pm Singapore time, or as soon thereafter as practicable.</p>

Applicable EMTA Template	The applicable EMTA Template for this currency pair is that published on 17 May, 2006, with KRW as the Reference Currency and USD as the Settlement Currency.
FX Settlement Date (i.e. value date)	As set forth in the applicable EMTA Template. In summary, a New York City Business Day, subject to adjustment if the scheduled FX Valuation Date is adjusted in accordance with the Following Business Day Convention, or if Valuation Postponement applies, and in each such case, the FX Settlement Date shall be as soon as practicable after, but not more than two (2) Settlement Business Days after, the adjusted FX Valuation Date.
FX Valuation Date (i.e. fixing date)	The FX Valuation Date will always be specified (as at the Trade Date) as the day falling two (2) Valuation Business Days before the specified FX Settlement Date and is subject to adjustment as summarized below.
Scheduled Holidays	If, by reason of change after the Trade Date in the days that are Valuation Business Days (other than a change which would constitute an Unscheduled Holiday), the FX Valuation Date no longer falls two (2) Valuation Business Days before the specified FX Settlement Date, then the FX Valuation date will be adjusted to fall on the first earlier date which is two (2) Valuation Business Days before the specified FX Settlement Date. Otherwise, as set out in the applicable EMTA Template.
Unscheduled Holidays or Valuation Postponement	If the FX Valuation Date is adjusted for an Unscheduled Holiday (in accordance with the Following Business Day Convention) or Valuation Postponement applies, the FX Settlement Date will fall two (2) Valuation Business Days after the date on which the relevant Spot Rate is determined. Otherwise, as set out in the applicable EMTA Template.
Rounding Convention	The Rounding Convention for Forward Rate is six (6) decimal places.
Valuation Postponement	Up to fourteen (14) calendar days, although the Clearing House may, after consultation with the FX Risk Committee, reduce the time period under "Maximum Days of Postponement" for all Financially-Settled FX Contracts in this Currency Pair having the same specified FX Settlement Date to fewer than fourteen (14) days, by Circular.

Any such reduction will equally reduce the fourteen (14) day time period under "Deferral Period" for Unscheduled Holidays and under "Cumulative Events".

Where, at the end of the Maximum Days of Postponement, the Settlement Rate has not been determined by reference to the Settlement Rate Option and, at the end of the "Fallback Survey Postponement Period", the Settlement Rate has not been determined by reference to the Fallback Reference Price, the Settlement Rate will be determined by the Clearing House, as Calculation Agent, in accordance with the Rules and Procedures.

Otherwise, as set out in the applicable EMTA Template.

### 2.3 USD/CNY FX Forward Contract Specification

Introduction	Cleared OTC U.S. Dollar / Chinese Yuan (USD/CNY) Spot, Forwards and Swaps. As set out in the Rules, the terms include certain provisions of the Applicable EMTA Template, as amended and referred to in the Rules. Some of those provisions are summarised below.
Contract Units	The unit of clearing shall be one (1) U.S. Dollar, in any amount down to a precision of \$0.01 USD.
Tenors	The FX Settlement Date originally specified must fall not later than the day which is expected (as at the Trade Date) to be the last Settlement Business Day falling within the period of two calendar years beginning on the FX Settlement Date which would standardly apply in the market to a non-deliverable FX "spot" transaction entered into on the Trade Date.
Contract Security	ICE Clear Europe acts as central counterparty to all FX Contracts up to and including final settlement.
Transaction Registration Hours	Transactions may be submitted for clearing at any time during the Clearing House's normal operating hours up until one (1) Business Day prior to the applicable FX Settlement Date, subject to exceptions for currency and other holidays, in accordance with the Rules and Procedures of the Clearing House.
Quotation	The contract price is in units of the Reference Currency per unit of the Settlement Currency (interbank conventions), ie Chinese Yuan per U.S. Dollar.
Minimum Price Fluctuation	Minimum price fluctuations shall be in multiples of 0.000001 Chinese Yuan per U.S. Dollar.
Maximum Daily Price Fluctuation	No limits

Position Limits	Generally, none, subject to any particular limit imposed on a Clearing Member or otherwise under Part 6 of the Rules.
Daily Mark-To-Market Reference Rates	The Clearing House determines the rates at which FX Contracts are marked-to-market each Business Day, in accordance with its Rules and Procedures. In summary, the rates are based upon a combination of spot prices and forward points at standard tenors, which are used to generate a forward curve. Unrealized mark-to-market gains or losses as at the FX Settlement Date are : (i) calculated in the Reference Currency; (ii) converted to USD at the end-of-day reference rate for that FX Settlement Date; and (iii) then discounted to present value using an OIS discount curve.
FX Mark -To -Market Margin	All open FX Contracts are 'marked-to-market' on each Business Day in the Reference Currency in accordance with the Rules, FX Procedures and applicable Margin and risk policies, with FX Mark-to-Market Margin, calculated after conversion into U.S. Dollars, being called and payable in cash in U.S. Dollars.
FX Mark -To -Market Interest	A Clearing Member will pay FX Mark-to-Market Interest (overnight interest) to the Clearing House on the FX Mark-to-Market Margin Balance in the Clearing Member's favor (if any) in respect of any FX Contract. Similarly, the Clearing House will pay FX Mark-to-Market Interest to the relevant Clearing Member on the FX Mark-to-Market Margin Balance in the Clearing House's favor on any given FX Contract.  FX Mark-to-Market Interest is calculated, accrues and is payable in U.S. Dollars, in accordance with the Rules and Procedures.
Trading Mechanism	FX Contracts are eligible for clearing if traded or executed on any acceptable FX Trade Processing Platform and submitted to ICE Clear Europe for clearing and settlement.
Delivery / Settlement Type	Each FX Contract is cash settled, in U.S. Dollars, for value on the applicable FX Settlement Date.
Settlement Currency Amount	All open FX Contracts will be settled on the relevant FX Settlement Date in U.S. Dollars, based upon the product of: (i) the Notional Amount of the transaction in U.S. Dollars; and (ii) 1 minus (the Forward

	<p>Rate originally specified or applicable to the transaction as submitted for Clearing divided by the Settlement Rate).</p> <p>If this U.S. Dollar amount is positive then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall debit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will credit the Clearing Member's account for this amount in U.S. Dollars.</p> <p>If this U.S. Dollar amount is negative then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall credit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will debit the Clearing Member's account for absolute value of this amount in U.S. Dollars.</p>
Settlement Rate Option (i.e. primary fixing source)	<p>As set forth in the applicable EMTA Template. In summary, this is CNY SAEC (CNY01), which is expressed as the amount of Chinese Renminbi per one U.S. Dollar for settlement in two (2) business days, as reported by the People's Bank Of China, at approximately 9:15 am Beijing time on the FX Valuation Date.</p> <p>In the event that the Settlement Rate Option is not available, then Valuation Postponement will apply.</p>
Primary fixing source Valuation Postponement:	Up to fourteen (14) calendar days
Valuation Business Days	Beijing
Settlement Business Days	New York City
Fallback Reference Price	<p>As set forth in the applicable EMTA Template. In summary, if the Settlement Rate Option remains unavailable after Valuation Postponement, then the Settlement Rate shall be determined from the Fallback Reference Price (i.e. SFEMC CNY Indicative Survey Rate (CNY02))", which is expressed as the amount of Chinese Renminbi per one U.S. Dollar, for settlement in two business days, as published on SFEMC's web site (<a href="http://www.sfemc.org">www.sfemc.org</a>) at approximately 3:30 pm Singapore time, or as soon thereafter as practicable.</p>

Applicable EMTA Template	The applicable EMTA Template for this currency pair is that published on 17 May, 2006, with CNY as the Reference Currency and USD as the Settlement Currency.
FX Settlement Date (i.e. value date)	As set forth in the applicable EMTA Template. In summary, a New York City Business Day, subject to adjustment if the scheduled FX Valuation Date is adjusted in accordance with the Following Business Day Convention, or if Valuation Postponement applies, and in each such case, the FX Settlement Date shall be as soon as practicable after, but not more than two (2) Settlement Business Days after, the adjusted FX Valuation Date.
FX Valuation Date (i.e. fixing date)	The FX Valuation Date will always be specified (as at the Trade Date) as the day falling two (2) Valuation Business Days before the specified FX Settlement Date and is subject to adjustment as summarized below.
Scheduled Holidays	If, by reason of change after the Trade Date in the days that are Valuation Business Days (other than a change which would constitute an Unscheduled Holiday), the FX Valuation Date no longer falls two (2) Valuation Business Days before the specified FX Settlement Date, then the FX Valuation date will be adjusted to fall on the first earlier date which is two (2) Valuation Business Days before the specified FX Settlement Date. Otherwise, as set out in the applicable EMTA Template.
Unscheduled Holidays or Valuation Postponement	If the FX Valuation Date is adjusted for an Unscheduled Holiday (in accordance with the Following Business Day Convention) or Valuation Postponement applies, the FX Settlement Date will fall two (2) Valuation Business Days after the date on which the relevant Spot Rate is determined. Otherwise, as set out in the applicable EMTA Template.
Rounding Convention	The Rounding Convention for Forward Rate is six (6) decimal places.
Valuation Postponement	Up to fourteen (14) calendar days, although the Clearing House may, after consultation with the FX Risk Committee, reduce the time period under "Maximum Days of Postponement" for all Financially-Settled FX Contracts in this Currency Pair having the same specified FX Settlement Date to fewer than fourteen (14) days, by Circular.

Any such reduction will equally reduce the fourteen (14) day time period under "Deferral Period" for Unscheduled Holidays and under "Cumulative Events".

Where, at the end of the Maximum Days of Postponement, the Settlement Rate has not been determined by reference to the Settlement Rate Option and, at the end of the "Fallback Survey Postponement Period", the Settlement Rate has not been determined by reference to the Fallback Reference Price, the Settlement Rate will be determined by the Clearing House, as Calculation Agent, in accordance with the Rules and Procedures.

Otherwise, as set out in the applicable EMTA Template.

## 2.4 USD/INR FX Forward Contract Specification

Introduction	Cleared OTC U.S. Dollar / Indian Rupee (USD/INR) Spot, Forwards and Swaps. As set out in the Rules, the terms include certain provisions of the Applicable EMTA Template, as amended and referred to in the Rules. Some of those provisions are summarised below.
Contract Units	The unit of clearing shall be one (1) U.S. Dollar, in any amount down to a precision of \$0.01 USD.
Tenors	The FX Settlement Date originally specified must fall not later than the day which is expected (as at the Trade Date) to be the last Settlement Business Day falling within the period of two calendar years beginning on the FX Settlement Date which would standardly apply in the market to a non-deliverable FX "spot" transaction entered into on the Trade Date.
Contract Security	ICE Clear Europe acts as central counterparty to all FX Contracts up to and including final settlement.
Transaction Registration Hours	Transactions may be submitted for clearing at any time during the Clearing House's normal operating hours up until one (1) Business Day prior to the applicable FX Settlement Date, subject to exceptions for currency and other holidays, in accordance with the Rules and Procedures of the Clearing House.
Quotation	The contract price is in units of the Reference Currency per unit of the Settlement Currency (interbank conventions), ie Indian Rupee per U.S. Dollar.
Minimum Price Fluctuation	Minimum price fluctuations shall be in multiples of 0.000001 Indian Rupee per U.S. Dollar.
Maximum Daily Price Fluctuation	No limits

Position Limits	Generally, none, subject to any particular limit imposed on a Clearing Member or otherwise under Part 6 of the Rules.
Daily Mark-To-Market Reference Rates	The Clearing House determines the rates at which FX Contracts are marked-to-market each Business Day, in accordance with its Rules and Procedures. In summary, the rates are based upon a combination of spot prices and forward points at standard tenors, which are used to generate a forward curve. Unrealized mark-to-market gains or losses as at the FX Settlement Date are : (i) calculated in the Reference Currency; (ii) converted to USD at the end-of-day reference rate for that FX Settlement Date; and (iii) then discounted to present value using an OIS discount curve.
FX Mark -To -Market Margin	All open FX Contracts are 'marked-to-market' on each Business Day in the Reference Currency in accordance with the Rules, FX Procedures and applicable Margin and risk policies, with FX Mark-to-Market Margin, calculated after conversion into U.S. Dollars, being called and payable in cash in U.S. Dollars.
FX Mark -To -Market Interest	A Clearing Member will pay FX Mark-to-Market Interest (overnight interest) to the Clearing House on the FX Mark-to-Market Margin Balance in the Clearing Member's favor (if any) in respect of any FX Contract. Similarly, the Clearing House will pay FX Mark-to-Market Interest to the relevant Clearing Member on the FX Mark-to-Market Margin Balance in the Clearing House's favor on any given FX Contract.  FX Mark-to-Market Interest is calculated, accrues and is payable in U.S. Dollars, in accordance with the Rules and Procedures.
Trading Mechanism	FX Contracts are eligible for clearing if traded or executed on any acceptable FX Trade Processing Platform and submitted to ICE Clear Europe for clearing and settlement.
Delivery / Settlement Type	Each FX Contract is cash settled, in U.S. Dollars, for value on the applicable FX Settlement Date.
Settlement Currency Amount	All open FX Contracts will be settled on the relevant FX Settlement Date in U.S. Dollars, based upon the product of (i) the Notional Amount of the transaction in U.S. Dollars and (ii) 1 minus (the Forward Rate

	<p>originally specified or applicable to the transaction as submitted for Clearing divided by the Settlement Rate).</p> <p>If this U.S. Dollar amount is positive then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall debit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will credit the Clearing Member's account for this amount in U.S. Dollars.</p> <p>If this U.S. Dollar amount is negative then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall credit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will debit the Clearing Member's account for absolute value of this amount in U.S. Dollars.</p>
Settlement Rate Option (i.e. primary fixing source)	<p>As set forth in the applicable EMTA Template. In summary, this is INR RBIB (INR01), which is expressed as the amount of Indian Rupee per one U.S. Dollar for settlement in two (2) business days, as reported by the Reserve Bank of India at approximately 12:20 pm Mumbai time on the FX Valuation Date.</p> <p>In the event that the Settlement Rate Option is not available, then Valuation Postponement will apply.</p>
Primary fixing source Valuation Postponement:	Up to fourteen (14) calendar days
Valuation Business Days	Mumbai
Settlement Business Days	New York City
Fallback Reference Price	<p>As set forth in the applicable EMTA Template. In summary, if the Settlement Rate Option remains unavailable after Valuation Postponement, then the Settlement Rate shall be determined from the Fallback Reference Price (i.e. "SFEMC INR Indicative Survey Rate (INR02)"), which is expressed as the amount of Indian Rupee per one U.S. Dollar, for settlement in two business days, as published on SFEMC's web site (<a href="http://www.sfemc.org">www.sfemc.org</a>) at approximately 3:30 pm Singapore time, or as soon thereafter as practicable.</p>

Applicable EMTA Template	The applicable EMTA Template for this currency pair is that published on 17 May, 2006, with INR as the Reference Currency and USD as the Settlement Currency.
FX Settlement Date (i.e. value date)	As set forth in the applicable EMTA Template. In summary, a New York City Business Day, subject to adjustment if the scheduled FX Valuation Date is adjusted in accordance with the Following Business Day Convention, or if Valuation Postponement applies, and in each such case, the FX Settlement Date shall be as soon as practicable after, but not more than two (2) Settlement Business Days after, the adjusted FX Valuation Date.
FX Valuation Date (i.e. fixing date)	The FX Valuation Date will always be specified (as at the Trade Date) as the day falling two (2) Valuation Business Days before the specified FX Settlement Date and is subject to adjustment as summarized below.
Scheduled Holidays	If, by reason of change after the Trade Date in the days that are Valuation Business Days (other than a change which would constitute an Unscheduled Holiday), the FX Valuation Date no longer falls two (2) Valuation Business Days before the specified FX Settlement Date, then the FX Valuation date will be adjusted to fall on the first earlier date which is two (2) Valuation Business Days before the specified FX Settlement Date. Otherwise, as set out in the applicable EMTA Template.
Unscheduled Holidays or Valuation Postponement	If the FX Valuation Date is adjusted for an Unscheduled Holiday (in accordance with the Following Business Day Convention) or Valuation Postponement applies, the FX Settlement Date will fall two (2) Valuation Business Days after the date on which the relevant Spot Rate is determined. Otherwise, as set out in the applicable EMTA Template.
Rounding Convention	The Rounding Convention for Forward Rate is six (6) decimal places.
Valuation Postponement	Up to fourteen (14) calendar days, although the Clearing House may, after consultation with the FX Risk Committee, reduce the time period under "Maximum Days of Postponement" for all Financially-Settled FX Contracts in this Currency Pair having the same specified FX Settlement Date to fewer than fourteen (14) days, by Circular.

Any such reduction will equally reduce the fourteen (14) day time period under "Deferral Period" for Unscheduled Holidays and under "Cumulative Events".

Where, at the end of the Maximum Days of Postponement, the Settlement Rate has not been determined by reference to the Settlement Rate Option and, at the end of the "Fallback Survey Postponement Period", the Settlement Rate has not been determined by reference to the Fallback Reference Price, the Settlement Rate will be determined by the Clearing House, as Calculation Agent, in accordance with the Rules and Procedures.

Otherwise, as set out in the applicable EMTA Template.

## 2.5 USD/IDR FX Forward Contract Specification

Introduction	Cleared OTC U.S. Dollar / Indonesian Rupiah (USD/IDR) Spot, Forwards and Swaps. As set out in the Rules, the terms include certain provisions of the Applicable EMTA Template, as amended and referred to in the Rules. Some of those provisions are summarised below.
Contract Units	The unit of clearing shall be one (1) U.S. Dollar, in any amount down to a precision of \$0.01 USD.
Tenors	The FX Settlement Date originally specified must fall not later than the day which is expected (as at the Trade Date) to be the last Settlement Business Day falling within the period of two calendar years beginning on the FX Settlement Date which would standardly apply in the market to a non-deliverable FX "spot" transaction entered into on the Trade Date.
Contract Security	ICE Clear Europe acts as central counterparty to all FX Contracts up to and including final settlement.
Transaction Registration Hours	Transactions may be submitted for clearing at any time during the Clearing House's normal operating hours up until one (1) Business Day prior to the applicable FX Settlement Date, subject to exceptions for currency and other holidays, in accordance with the Rules and Procedures of the Clearing House.
Quotation	The contract price is in units of the Reference Currency per unit of the Settlement Currency (interbank conventions), ie Indonesian Rupiah per U.S. Dollar.
Minimum Price Fluctuation	Minimum price fluctuations shall be in multiples of 0.000001 Indonesian Rupiah per U.S. Dollar.
Maximum Daily Price Fluctuation	No limits

Position Limits	Generally, none, subject to any particular limit imposed on a Clearing Member or otherwise under Part 6 of the Rules.
Daily Mark-To-Market Reference Rates	<p>The Clearing House determines the rates at which FX Contracts are marked-to-market each Business Day, in accordance with its Rules and Procedures. In summary, the rates are based upon a combination of spot prices and forward points at standard tenors, which are used to generate a forward curve. Unrealized mark-to-market gains or losses as at the FX Settlement Date are :</p> <p>(i) calculated in the Reference Currency; (ii) converted to USD at the end-of-day reference rate for that FX Settlement Date; and (iii) then discounted to present value using an OIS discount curve.</p>
FX Mark -To -Market Margin	All open FX Contracts are 'marked-to-market' on each Business Day in the Reference Currency in accordance with the Rules, FX Procedures and applicable Margin and risk policies, with FX Mark-to-Market Margin, calculated after conversion into U.S. Dollars, being called and payable in cash in U.S. Dollars.
FX Mark -To -Market Interest	<p>A Clearing Member will pay FX Mark-to-Market Interest (overnight interest) to the Clearing House on the FX Mark-to-Market Margin Balance in the Clearing Member's favor (if any) in respect of any FX Contract. Similarly, the Clearing House will pay FX Mark-to-Market Interest to the relevant Clearing Member on the FX Mark-to-Market Margin Balance in the Clearing House's favor on any given FX Contract.</p> <p>FX Mark-to-Market Interest is calculated, accrues and is payable in U.S. Dollars, in accordance with the Rules and Procedures.</p>
Trading Mechanism	FX Contracts are eligible for clearing if traded or executed on any acceptable FX Trade Processing Platform and submitted to ICE Clear Europe for clearing and settlement.
Delivery / Settlement Type	Each FX Contract is cash settled, in U.S. Dollars, for value on the applicable FX Settlement Date.
Settlement Currency Amount	All open FX Contracts will be settled on the relevant FX Settlement Date in U.S. Dollars, based upon the product of (i) the Notional Amount of the transaction in U.S. Dollars and (ii) 1 minus (the Forward Rate

	<p>originally specified or applicable to the transaction as submitted for Clearing divided by the Settlement Rate).</p> <p>If this U.S. Dollar amount is positive then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall debit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will credit the Clearing Member's account for this amount in U.S. Dollars.</p> <p>If this U.S. Dollar amount is negative then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall credit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will debit the Clearing Member's account for absolute value of this amount in U.S. Dollars.</p>
Settlement Rate Option (i.e. primary fixing source)	<p>As set forth in the applicable EMTA Template. In summary, this is IDR ABS (IDR01), which is expressed as the amount of Indonesian Rupiah per one U.S. Dollar for settlement in two (2) business days, as reported by the Association of Banks in Singapore at approximately 11:30 am Singapore time on the FX Valuation Date.</p> <p>In the event that the Settlement Rate Option is not available, then Valuation Postponement will apply.</p>
Primary fixing source Valuation Postponement:	Up to fourteen (14) calendar days
Valuation Business Days	Jakarta and Singapore
Settlement Business Days	New York City
Fallback Reference Price	<p>As set forth in the applicable EMTA Template. In summary, if the Settlement Rate Option remains unavailable after Valuation Postponement, then the Settlement Rate shall be determined from the Fallback Reference Price (i.e. "SFEMC IDR Indicative Survey Rate (IDR02)"), which is expressed as the amount of Indonesian Rupiah per one U.S. Dollar, for settlement in two business days, as published on SFEMC's web site (<a href="http://www.sfemc.org">www.sfemc.org</a>) at approximately 3:30 pm Singapore time, or as soon thereafter as practicable.</p>

Applicable EMTA Template	The applicable EMTA Template for this currency pair is that published on 17 May, 2006, with IDR as the Reference Currency and USD as the Settlement Currency.
FX Settlement Date (i.e. value date)	As set forth in the applicable EMTA Template. In summary, a New York City Business Day, subject to adjustment if the scheduled FX Valuation Date is adjusted in accordance with the Following Business Day Convention, or if Valuation Postponement applies, and in each such case, the FX Settlement Date shall be as soon as practicable after, but not more than two (2) Settlement Business Days after, the adjusted FX Valuation Date.
FX Valuation Date (i.e. fixing date)	The FX Valuation Date will always be specified (as at the Trade Date) as the day falling two (2) Valuation Business Days before the specified FX Settlement Date and is subject to adjustment as summarized below.
Scheduled Holidays	If, by reason of change after the Trade Date in the days that are Valuation Business Days (other than a change which would constitute an Unscheduled Holiday), the FX Valuation Date no longer falls two (2) Valuation Business Days before the specified FX Settlement Date, then the FX Valuation date will be adjusted to fall on the first earlier date which is two (2) Valuation Business Days before the specified FX Settlement Date. Otherwise, as set out in the applicable EMTA Template.
Unscheduled Holidays or Valuation Postponement	If the FX Valuation Date is adjusted for an Unscheduled Holiday (in accordance with the Following Business Day Convention) or Valuation Postponement applies, the FX Settlement Date will fall two (2) Valuation Business Days after the date on which the relevant Spot Rate is determined. Otherwise, as set out in the applicable EMTA Template.
Rounding Convention	The Rounding Convention for Forward Rate is six (6) decimal places.
Valuation Postponement	Up to fourteen (14) calendar days, although the Clearing House may, after consultation with the FX Risk Committee, reduce the time period under "Maximum Days of Postponement" for all Financially-Settled FX Contracts in this Currency Pair having the same specified FX Settlement Date to fewer than fourteen (14) days, by Circular.

Any such reduction will equally reduce the fourteen (14) day time period under "Deferral Period" for Unscheduled Holidays and under "Cumulative Events".

Where, at the end of the Maximum Days of Postponement, the Settlement Rate has not been determined by reference to the Settlement Rate Option and, at the end of the "Fallback Survey Postponement Period", the Settlement Rate has not been determined by reference to the Fallback Reference Price, the Settlement Rate will be determined by the Clearing House, as Calculation Agent, in accordance with the Rules and Procedures.

Otherwise, as set out in the applicable EMTA Template.

## 2.6 USD/CLP FX Forward Contract Specification

Introduction	Cleared OTC U.S. Dollar / Chilean Peso (USD/CLP) Spot, Forwards and Swaps. As set out in the Rules, the terms include certain provisions of the Applicable EMTA Template, as amended and referred to in the Rules. Some of those provisions are summarised below.
Contract Units	The unit of clearing shall be one (1) U.S. Dollar, in any amount down to a precision of \$0.01 USD.
Tenors	The FX Settlement Date originally specified must fall not later than the day which is expected (as at the Trade Date) to be the last Settlement Business Day falling within the period of two calendar years beginning on the FX Settlement Date which would standardly apply in the market to a non-deliverable FX "spot" transaction entered into on the Trade Date.
Contract Security	ICE Clear Europe acts as central counterparty to all FX Contracts up to and including final settlement.
Transaction Registration Hours	Transactions may be submitted for clearing at any time during the Clearing House's normal operating hours up until one (1) Business Day prior to the applicable FX Settlement Date, subject to exceptions for currency and other holidays, in accordance with the Rules and Procedures of the Clearing House.
Quotation	The contract price is in units of the Reference Currency per unit of the Settlement Currency (interbank conventions), ie Chilean Peso per U.S. Dollar.
Minimum Price Fluctuation	Minimum price fluctuations shall be in multiples of 0.000001 Chilean Peso per U.S. Dollar.
Maximum Daily Price Fluctuation	No limits

Position Limits	Generally, none, subject to any particular limit imposed on a Clearing Member or otherwise under Part 6 of the Rules.
Daily Mark-To-Market Reference Rates	<p>The Clearing House determines the rates at which FX Contracts are marked-to-market each Business Day, in accordance with its Rules and Procedures. In summary, the rates are based upon a combination of spot prices and forward points at standard tenors, which are used to generate a forward curve. Unrealized mark-to-market gains or losses as at the FX Settlement Date are :</p> <p>(i) calculated in the Reference Currency; (ii) converted to USD at the end-of-day reference rate for that FX Settlement Date; and (iii) then discounted to present value using an OIS discount curve.</p>
FX Mark -To -Market Margin	All open FX Contracts are 'marked-to-market' on each Business Day in the Reference Currency in accordance with the Rules, FX Procedures and applicable Margin and risk policies, with FX Mark-to-Market Margin, calculated after conversion into U.S. Dollars, being called and payable in cash in U.S. Dollars.
FX Mark -To -Market Interest	<p>A Clearing Member will pay FX Mark-to-Market Interest (overnight interest) to the Clearing House on the FX Mark-to-Market Margin Balance in the Clearing Member's favor (if any) in respect of any FX Contract. Similarly, the Clearing House will pay FX Mark-to-Market Interest to the relevant Clearing Member on the FX Mark-to-Market Margin Balance in the Clearing House's favor on any given FX Contract.</p> <p>FX Mark-to-Market Interest is calculated, accrues and is payable in U.S. Dollars, in accordance with the Rules and Procedures.</p>
Trading Mechanism	FX Contracts are eligible for clearing if traded or executed on any acceptable FX Trade Processing Platform and submitted to ICE Clear Europe for clearing and settlement.
Delivery / Settlement Type	Each FX Contract is cash settled, in U.S. Dollars, for value on the applicable FX Settlement Date.
Settlement Currency Amount	All open FX Contracts will be settled on the relevant FX Settlement Date in U.S. Dollars, based upon the product of: (i) the Notional Amount of the transaction in U.S. Dollars; and (ii) 1 minus (the Forward

	<p>Rate originally specified or applicable to the transaction as submitted for Clearing divided by the Settlement Rate).</p> <p>If this U.S. Dollar amount is positive then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall debit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will credit the Clearing Member's account for this amount in U.S. Dollars.</p> <p>If this U.S. Dollar amount is negative then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall credit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will debit the Clearing Member's account for absolute value of this amount in U.S. Dollars.</p>
Settlement Rate Option (i.e. primary fixing source)	<p>As set forth in the applicable EMTA Template. In summary, this is CLP DOLAR OBS (CLP10), which is expressed as the amount of Chilean Pesos per one U.S. Dollar for settlement in one (1) business day, as reported by the Banco Central de Chile by not later than 10:30 am Santiago time on the first business day following the FX Valuation Date.</p> <p>In the event that the Settlement Rate Option is not available, then Valuation Postponement will apply.</p>
Primary fixing source Valuation Postponement:	Up to thirty (30) calendar days
Valuation Business Days	Santiago and New York City
Settlement Business Days	New York City
Fallback Reference Price	As set forth in the applicable EMTA Template. In summary, if the Settlement Rate Option remains unavailable after Valuation Postponement, then the Settlement Rate shall be determined from the Fallback Reference Price (i.e. "EMTA CLP Indicative Survey Rate" (CLP11)).

Applicable EMTA Template	The applicable EMTA Template for this currency pair is that published on 1 August, 2006, with CLP as the Reference Currency and USD as the Settlement Currency.
FX Settlement Date (i.e. value date)	As set forth in the applicable EMTA Template. In summary, a New York City Business Day, subject to adjustment if the scheduled FX Valuation Date is adjusted in accordance with the Following Business Day Convention, or if Valuation Postponement applies, and in each such case, the FX Settlement Date shall be as soon as practicable after, but not more than two (2) Settlement Business Days after, the adjusted FX Valuation Date.
FX Valuation Date (i.e. fixing date)	The FX Valuation Date will always be specified (as at the Trade Date) as the day falling two (2) Valuation Business Days before the specified FX Settlement Date and is subject to adjustment as summarized below.
Scheduled Holidays	If, by reason of change after the Trade Date in the days that are Valuation Business Days (other than a change which would constitute an Unscheduled Holiday), the FX Valuation Date no longer falls two (2) Valuation Business Days before the specified FX Settlement Date, then the FX Valuation date will be adjusted to fall on the first earlier date which is two (2) Valuation Business Days before the specified FX Settlement Date. Otherwise, as set out in the applicable EMTA Template.
Unscheduled Holidays or Valuation Postponement	If the FX Valuation Date is adjusted for an Unscheduled Holiday (in accordance with the Following Business Day Convention) or Valuation Postponement applies, the FX Settlement Date will fall two (2) Valuation Business Days after the date on which the relevant Spot Rate is determined. Otherwise, as set out in the applicable EMTA Template.
Rounding Convention	The Rounding Convention for Forward Rate is six (6) decimal places.
Valuation Postponement	Up to thirty (30) calendar days, although the Clearing House may, after consultation with the FX Risk Committee, reduce the time period under "Maximum Days of Postponement" for all Financially-Settled FX Contracts in this Currency Pair having the same specified FX Settlement Date to fewer than thirty (30) days, by Circular.

Any such reduction will equally reduce the thirty (30) day time period under "Deferral Period" for Unscheduled Holidays and under "Cumulative Events".

Where, at the end of the Maximum Days of Postponement, the Settlement Rate has not been determined by reference to the Settlement Rate Option or the Fallback Reference Price, the Settlement Rate will be determined by the Clearing House, as Calculation Agent, in accordance with the Rules and Procedures.

Otherwise, as set out in the applicable EMTA Template.

## 2.7 USD/RUB FX Forward Contract Specification

Introduction	Cleared OTC U.S. Dollar / Russian Ruble (USD/RUB) Spot, Forwards and Swaps. As set out in the Rules, the terms include certain provisions of the Applicable EMTA Template, as amended and referred to in the Rules. Some of those provisions are summarised below.
Contract Units	The unit of clearing shall be one (1) U.S. Dollar, in any amount down to a precision of \$0.01 USD.
Tenors	The FX Settlement Date originally specified must fall not later than the day which is expected (as at the Trade Date) to be the last Settlement Business Day falling within the period of two calendar years beginning on the FX Settlement Date which would standardly apply in the market to a non-deliverable FX "spot" transaction entered into on the Trade Date.
Contract Security	ICE Clear Europe acts as central counterparty to all FX Contracts up to and including final settlement.
Transaction Registration Hours	Transactions may be submitted for clearing at any time during the Clearing House's normal operating hours up until one (1) Business Day prior to the applicable FX Settlement Date, subject to exceptions for currency and other holidays, in accordance with the Rules and Procedures of the Clearing House.
Quotation	The contract price is in units of the Reference Currency per unit of the Settlement Currency (interbank conventions), ie Russian Ruble per U.S. Dollar.
Minimum Price Fluctuation	Minimum price fluctuations shall be in multiples of 0.000001 Russian Ruble per U.S. Dollar.
Maximum Daily Price Fluctuation	No limits

Position Limits	Generally, none, subject to any particular limit imposed on a Clearing Member or otherwise under Part 6 of the Rules.
Daily Mark-To-Market Reference Rates	The Clearing House determines the rates at which FX Contracts are marked-to-market each Business Day, in accordance with its Rules and Procedures. In summary, the rates are based upon a combination of spot prices and forward points at standard tenors, which are used to generate a forward curve. Unrealized mark-to-market gains or losses as at the FX Settlement Date are : (i) calculated in the Reference Currency; (ii) converted to USD at the end-of-day reference rate for that FX Settlement Date; and (iii) then discounted to present value using an OIS discount curve.
FX Mark -To -Market Margin	All open FX Contracts are 'marked-to-market' on each Business Day in the Reference Currency in accordance with the Rules, FX Procedures and applicable Margin and risk policies, with FX Mark-to-Market Margin, calculated after conversion into U.S. Dollars, being called and payable in cash in U.S. Dollars.
FX Mark -To -Market Interest	A Clearing Member will pay FX Mark-to-Market Interest (overnight interest) to the Clearing House on the FX Mark-to-Market Margin Balance in the Clearing Member's favor (if any) in respect of any FX Contract. Similarly, the Clearing House will pay FX Mark-to-Market Interest to the relevant Clearing Member on the FX Mark-to-Market Margin Balance in the Clearing House's favor on any given FX Contract.  FX Mark-to-Market Interest is calculated, accrues and is payable in U.S. Dollars, in accordance with the Rules and Procedures.
Trading Mechanism	FX Contracts are eligible for clearing if traded or executed on any acceptable FX Trade Processing Platform and submitted to ICE Clear Europe for clearing and settlement.
Delivery / Settlement Type	Each FX Contract is cash settled, in U.S. Dollars, for value on the applicable FX Settlement Date.
Settlement Currency Amount	All open FX Contracts will be settled on the relevant FX Settlement Date in U.S. Dollars, based upon the product of: (i) the Notional Amount of the transaction in U.S. Dollars; and (ii) 1 minus (the Forward

	<p>Rate originally specified or applicable to the transaction as submitted for Clearing divided by the Settlement Rate).</p> <p>If this U.S. Dollar amount is positive then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall debit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will credit the Clearing Member's account for this amount in U.S. Dollars.</p> <p>If this U.S. Dollar amount is negative then, where the Clearing Member is the Reference Currency Seller, the Clearing House shall credit the Clearing Member's account or, where the Clearing Member is the Reference Currency Buyer, the Clearing House will debit the Clearing Member's account for absolute value of this amount in U.S. Dollars.</p>
Settlement Rate Option (i.e. primary fixing source)	<p>As set forth in the applicable EMTA Template. In summary, this is RUB CME-EMTA (RUB03), which is expressed as the amount of Russian Rubles per one U.S. Dollar for settlement in one (1) business day, as calculated by the Chicago Mercantile Exchange (pursuant to the CME/EMTA Daily Russian Ruble Per U.S. Dollar Reference Rate Methodology) at approximately 1:30 pm Moscow time on the FX Valuation Date.</p> <p>In the event that the Settlement Rate Option is not available, then Valuation Postponement will apply.</p>
Primary fixing source Valuation Postponement:	Up to fourteen (14) calendar days
Valuation Business Days	Moscow and New York City
Settlement Business Days	New York City
Fallback Reference Price	<p>As set forth in the applicable EMTA Template. In summary, if the Settlement Rate Option remains unavailable after Valuation Postponement, then the Settlement Rate shall be determined from the Fallback Reference Price (i.e. "EMTA RUB Indicative Survey Rate (RUB04)"), which is expressed as the amount of Russian Ruble per one U.S. Dollar, for settlement in one (1) business day, as published on EMTA's web site (<a href="http://www.emta.org">www.emta.org</a>) at approximately 2:45pm</p>

	Moscow time, or as soon thereafter as practicable.
Applicable EMTA Template	The applicable EMTA Template for this currency pair is that published on 17 May, 2006, with RUB as the Reference Currency and USD as the Settlement Currency.
FX Settlement Date (i.e. value date)	As set forth in the applicable EMTA Template. In summary, a New York City Business Day, subject to adjustment if the scheduled FX Valuation Date is adjusted in accordance with the Following Business Day Convention, or if Valuation Postponement applies, and in each such case, the FX Settlement Date shall be as soon as practicable after, but not more than one (1) Settlement Business Day after, the adjusted FX Valuation Date.
FX Valuation Date (i.e. fixing date)	The FX Valuation Date will always be specified (as at the Trade Date) as the day falling one (1) Valuation Business Day before the specified FX Settlement Date and is subject to adjustment as summarized below.
Scheduled Holidays	If, by reason of change after the Trade Date in the days that are Valuation Business Days (other than a change which would constitute an Unscheduled Holiday), the FX Valuation Date no longer falls one (1) Valuation Business Day before the specified FX Settlement Date, then the FX Valuation date will be adjusted to fall on the first earlier date which is one (1) Valuation Business Day before the specified FX Settlement Date. Otherwise, as set out in the applicable EMTA Template.
Unscheduled Holidays or Valuation Postponement	If the FX Valuation Date is adjusted for an Unscheduled Holiday (in accordance with the Following Business Day Convention) or Valuation Postponement applies, the FX Settlement Date will fall one (1) Valuation Business Days after the date on which the relevant Spot Rate is determined. Otherwise, as set out in the applicable EMTA Template.
Rounding Convention	The Rounding Convention for Forward Rate is six (6) decimal places.
Valuation Postponement	Up to fourteen (14) calendar days, although the Clearing House may, after consultation with the FX Risk Committee, reduce the time period

under “Maximum Days of Postponement” for all Financially-Settled FX Contracts in this Currency Pair having the same specified FX Settlement Date to fewer than fourteen (14) days, by Circular.

Any such reduction will equally reduce the fourteen (14) day time period under “Deferral Period” for Unscheduled Holidays and under “Cumulative Events”.

Where, at the end of the Maximum Days of Postponement, the Settlement Rate has not been determined by reference to the Settlement Rate Option or the Fallback Reference Price, the Settlement Rate will be determined by the Clearing House, as Calculation Agent, in accordance with the Rules and Procedures.

Otherwise, as set out in the applicable EMTA Template.

**AUCTION TERMS FOR FX DEFAULT AUCTIONS**

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## 1. INTRODUCTION

- 1.1 These FX Auction Terms for FX Default Auctions (the "**FX Auction Terms**") govern the auctioning of a lot representing an FX Contract or number of FX Contracts ("**FX Contracts**") to which a Defaulter is or was a party, where such auction ("**FX Auction**") is administered by the Clearing House pursuant to Part 9 of the ICE Clear Europe Rules (the "**Rules**"). These FX Auction Terms are 'Procedures' as defined in the Rules and are subject to the Rules, including, without limitation, Rule 102. ~~These FX Auction Terms, and all non-contractual obligations arising out of or in connection with it, are governed by and shall be construed in accordance with English law.~~
- 1.2 These FX Auction Terms shall apply to every FX Auction conducted by the Clearing House pursuant to Part 9 of the Rules. However, they may be modified or supplemented for any particular FX Auction pursuant to the relevant FX Auction Specifications as set out in paragraph 2.6.
- 1.3 The Clearing House will conduct FX Auctions in accordance with its default policies. In the event of a conflict between the terms of such default policies and these FX Auction Terms (as modified or supplemented by any applicable FX Auction Specification as set out in paragraph 2.6), these FX Auction Terms shall prevail.
- 1.4 Subject to paragraph 1.5 to 1.10 below, these FX Auction Terms, and all non-contractual obligations arising out of or in connection with ~~it~~them, are governed by and shall be construed in accordance with English law ~~and any Dispute under these FX Auction Terms will be subject to arbitration under Rule 117.~~
- 1.5 Solely as between an FCM/BD Clearing Member and the Clearing House, those provisions of these FX Auction Terms 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 Auction Terms (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.

- 1.6 For the avoidance of doubt, paragraph 1.5 is an exception to paragraph 1.4 and Rule 102(s) which provide that the FX Auction Terms 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 1.5, 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 Auction Terms relating to the Designated System;
  - (b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member or Sponsored Principal that is not a U.S. Sponsored Principal on the one hand and the Clearing House on the other hand;

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- (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 a Sponsored Principal that is not a U.S. 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.
- 1.7 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.
- 1.8 All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.7 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 1.7 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 1.7 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 1.7 heard in the New York Courts.
- 1.9 Nothing in paragraphs 1.4 to 1.10 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.
- 1.10 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 AUCTION TERMS 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 1.4 to 1.10.

## 2. THE AUCTION PROCESS

- 2.1 Any FX Auctions of FX Contracts to which a Defaulter is or was party will take place after the Clearing House has issued a Circular in relation to the Event of Default in accordance with Rule 901/902 specifying that an auction or auctions are to take place (such Circular, the "**FX Auction Announcement Circular**").
- 2.2 Each FX Clearing Member is required to bid in every FX Auction regardless of whether such FX Clearing Member is at the time of the FX Auction a party to any FX Contract, has served a notice of termination for which the Termination Date has not yet passed or is in a Cooling-off Period. For these FX Auction Terms the term 'FX Clearing Member' shall be construed to exclude any FX Clearing Member that is a Defaulter and the term 'Sponsored Principal' shall be construed to exclude any Sponsored Principal that is a Defaulter. Subject to paragraph 2.4 below, with respect to a lot, all FX Clearing Members are required to bid for a minimum of FX Contracts in each lot as determined by the Clearing House (the "**Minimum Bid Requirement**"). Each FX Clearing Member will have the same Minimum Bid Requirement, subject to paragraphs 2.4 and 5.6 below. The sum total of the Minimum Bid Requirements may be set to an amount greater than 100% (but no greater than 150%) of the FX Contracts in the relevant lot as may be determined by the Clearing House from time to time, in consultation with the FX Default Committee. No Auction Participants other than FX Clearing Members are subject to any minimum bid requirement.
- 2.3 FX Clearing Members shall be deemed to have confirmed to the Clearing House their intention to bid in a particular FX Auction prior to the time window for bidding and the Closing Time (as defined below). An FX Clearing Member may bid for the account of a Customer, subject to paragraph 3.2 below. A FX Clearing Member's bid for ~~the account of a~~ its Proprietary Account Customer ~~or Account, or, in respect of a~~ Sponsored Principals for whom such FX Clearing Member acts as Sponsor directly submitted or made by the FX Clearing Member will be counted towards the relevant FX Clearing Member's Principal for which it acts as a Sponsor, the relevant Individually Segregated Sponsored Account, will count towards its Minimum Bid Requirement.
- 2.4 Each FX Clearing Member's Minimum Bid Requirement shall be communicated to ~~them~~it individually by the Clearing House prior to the relevant FX Auction in the format of the template notification set out in Annex B to these FX Auction Terms. A Minimum Bid Requirement shall not apply to an FX Clearing Member: (a) where to the extent such a Minimum Bid Requirement would be in breach of Applicable Law or the Rules; or (b) where the Clearing House, after being notified in writing by the relevant FX Clearing Member that a Minimum Bid Requirement is inappropriate in the current circumstances, reasonably determines that the Minimum Bid Requirement does not apply. An FX Clearing Member will notify the Clearing House promptly and in any event at least 12 hours prior to the opening of the relevant FX Auction, in writing, if it reasonably considers that this paragraph 2.4 applies ~~to it~~ or should apply to it. Affiliated FX Clearing Members may transfer, outsource or aggregate their Minimum Bid Requirements to apply to a single one of them subject to notifying the Clearing House prior to an FX Auction. An FX Clearing Member that so transfers or outsources its Minimum Bid Requirement to an Affiliate remains liable for any breach by its Affiliate of these FX Auction Terms or the FX Auction Specifications in respect of such FX Clearing Member's Minimum Bid Requirement (in addition to the liability on the part of its Affiliate for such breach).
- 2.5 The Clearing House may divide the portfolio of a Defaulter into discrete FX Auctions or different lots as it considers appropriate. The Clearing House may at its discretion determine which particular FX Contracts or packages of FX Contracts are to be the subjects of a particular FX Auction lot and may establish FX Auction lots by selecting by way of FX Contract Set or generic type (e.g. forwards, options). The Clearing House may

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combine contracts with different currencies in the same lot. In these circumstances, FX Auction Participants must still provide bids in a single currency, being that specified in the relevant FX Auction Specifications. Payment obligations resulting from the FX Auction will be in the specified currency. In creating any such lots, the Clearing House will consider if FX Contracts that provide margin offsets for one another in the normal margining methodology of the Clearing House should be retained in the same lot. The Clearing House may auction lots in such order as it considers appropriate. Prior to the publication of an FX Auction Announcement Circular or the circulation of the FX Auction Specifications, the Clearing House may have engaged in close-out or hedging trades or other transactions in respect of the portfolio of a Defaulter. In exercising its discretion under this paragraph 2.5, the Clearing House, in consultation with the FX Default Committee, shall consider, wherever possible, taking into account the Clearing House's margining methodology, including within each lot of FX Contracts, any FX Contracts which have been offset for the purposes of calculating the Defaulter's margin requirements.

- 2.6 In respect of each lot, the Clearing House will provide each FX Clearing Member (and any other Person invited by the Clearing House to participate in the auction whose FX Clearing Member has confirmed its willingness to clear resulting transactions) (such FX Clearing Member, Customer or Sponsored Principal, a "**FX Auction Participant**") in advance with information about FX Contracts to be auctioned, timing for the bidding process, participation criteria, in the case of FX Clearing Members, any applicable Minimum Bid Requirements and other matters in writing in the format of the template FX Auction Specifications set out in Annex A to these FX Auction Terms (such document, the "**FX Auction Specifications**"). The FX Auction Specifications may include amendments or additions to any provision of these FX Auction Terms or may disapply any provision of these FX Auction Terms. In the event of any conflict between the FX Auction Specifications and these FX Auction Terms in respect of any particular lot, the FX Auction Specifications shall prevail. If any Person which has been provided a copy of any FX Auction Specifications believes that he does not satisfy any of the specified participation criteria, he should contact the Clearing House immediately, and, if the Clearing House agrees that such Person does not satisfy the criteria, he shall refrain from bidding for the relevant lot. The Clearing House may restrict any such Person's access to FX Auctions if it determines that a Person does not satisfy the specified participation criteria. The Clearing House may update or correct any details in the FX Auction Specifications at any time prior to the commencement of bidding in the relevant FX Auction.
- 2.7 FX Auction Participants shall be treated equally as regards the provision of information relating to FX Auctions by the Clearing House. Any Person who receives any information in connection with an FX Auction or possible FX Auction shall hold such information in confidence and in accordance with the Rules, and shall not disclose it to any other Person except where such disclosure is made: (i) with the prior written consent of the Clearing House; (ii) to a Regulatory Authority or Governmental Authority where a request is formally made to the Person by or on behalf of the same or pursuant to Applicable Laws in writing, provided that the Person making such disclosure notifies the Clearing House of its disclosure where it is lawful to do so; (iii) pursuant to an order of a competent court or other Governmental Authority or otherwise to such other Persons, at such times and in such manner as may be required by Applicable Laws, provided that the Person making such disclosure notifies the Clearing House of its disclosure where it is lawful to do so; or (iv) to a Customer or Sponsored Principal where such Customer or Sponsored Principal has expressed his interest in participating in the FX Auction and is subject to a duty of confidentiality similar to that set out in this paragraph 2.7.
- 2.8 All bids must be made by submitting a bid form ("**Bid Form**") via ICE's file transfer server or otherwise as set out ~~in~~by the ~~FX Default Policy~~Clearing House and in the format and in the manner specified by the Clearing House in the FX Auction Specifications. Bids must be received during the time window and prior to the Closing Time (as defined below) specified by the Clearing House in the relevant FX Auction Specifications. FX Auction Participants (or their Clearing Members) may be required by the Clearing House to post additional Margin as a condition of the FX Auction Participant being entitled to submit a valid bid.

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- 2.9 The FX Auction will proceed pursuant to a 'sealed bid' process whereby the relevant FX Auction Participants will be asked to submit bids for the lot or a particular percentage of the lot in the appropriate Bid Form. The FX Auction Specifications may specify a minimum bid size. Any bid below any specified minimum bid size will be null and void unless the Clearing House, in its absolute discretion, determines otherwise. Successful bids will be determined in accordance with paragraph 5.3.
- 2.10 A Bid Form will be treated as invalid and void if it is illegible, spoiled or is incomplete, as applicable.
- 2.11 During such period after the Closing Time as is specified in the FX Auction Specifications, the Clearing House will notify FX Auction Participants to inform them either: (i) that there were successful bidders and that such bidders have been notified; or (ii) that no bids were successful as determined in accordance with paragraphs 5.1 and/or 5.3.
- 2.12 A successful bidder (or its Clearing Member, if applicable) may be required to post additional Margin after the Closing Time.

### 3. THE BIDDING PROCESS

- 3.1 FX Clearing Members will make bids which, as a minimum, comply with any Minimum Bid Requirement notified to it. Any failure to comply with an applicable Minimum Bid Requirement shall be a breach of the Rules. The Clearing House is not obliged to solicit bids from FX Clearing Members other than notifying FX Clearing Members of any applicable Minimum Bid Requirement. Pursuant to Rule 908(i), if any FX Clearing Member does not comply with any of its obligations under these FX Auction Terms or any FX Auction Specifications or chooses not to participate in any FX Auction (except as provided for in these FX Auction Terms), then the FX Guaranty Fund Contributions and FX Assessment Contributions of that FX Clearing Member ~~relating to FX~~ shall be applied to meet any shortfall, loss or liability in full, prior to the ~~pro rata~~ FX Guaranty Fund Contributions or FX Assessment Contributions (as applicable) of any other Clearing Member or Clearing House FX Contributions ranking equally with such FX Guaranty Fund Contributions being so applied. Further pursuant to Rule 908(i), after applying any FX Guaranty Fund ~~Contribution~~ Contributions or FX Assessment Contributions of FX Clearing Members in accordance with the previous sentence, in the event of an FX Auction having taken place, the FX Guaranty Fund Contributions and FX Assessment Contributions of other FX Clearing Members that are not winning bidders in the relevant FX Auction (required to be applied in respect of the Event of Default which resulted in the FX Auction) shall not be applied *pro rata*, but instead shall be applied in sequence, with ~~the~~ such FX Clearing Members with less competitive bids in the FX Auction having their FX Guaranty Fund Contributions and FX Assessment Contributions applied prior to FX Clearing Members with more competitive bids. The competitiveness of bids shall be determined based on the weighted average price per unit of each FX Clearing Member's bids, according to the following formula:  $\text{Weighted average price per unit} = \frac{\sum(\text{Price Sign} \times \text{Unsigned Price})}{\sum \text{Size}}$ . Any such FX Clearing Member with the same weighted average price per unit as another FX Clearing Member will have their FX Guaranty Fund Contributions and FX Assessment Contributions applied on a *pro rata* basis as between such FX Clearing Members within such sequence. ~~The~~ After applying any such FX Guaranty Fund Contributions or FX Assessment Contributions of losing bidders, in the event of a FX Auction having taken place, the FX Guaranty Fund Contributions and FX Assessment Contributions of the FX Clearing Members that are winning bidders in the relevant FX Auction and the Clearing House FX GF Contribution (if required to be applied in respect of the Event of Default which resulted in the FX Auction) shall ~~then be placed sequentially after the highest losing bidder and prior to the lowest winning bidder in the revised order of application~~ be applied pro rata. Nothing in this paragraph 3.1 is intended to result in any Assessment Contribution being applied prior to any Guaranty Fund Contribution of any Clearing Member or Clearing House Contribution, nor shall affect the order of application of any Clearing House Initial Contribution.

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- 3.2 An FX Auction Participant may submit multiple bids for each lot, or a percentage of each lot, in a particular lot on its own account or for the account of a Customer (including a Sponsored Principal), as the case may be, provided that such FX Auction Participant ensures that all of its bids, whether for its account or for the account of its Customers, as the case may be, are submitted in the same Bid Form or otherwise as specified in the FX Auction Specifications. A bid made by an FX Auction Participant by, for, or on behalf of a Customer shall be identified as such and such bid shall be treated as a bid for the relevant Customer Account or Proprietary Account. A bid made by, for, or on behalf of a Sponsored Principal or by a Sponsor in such capacity shall be identified as such and treated as a bid for the relevant Individually Segregated Sponsored Account. An FX Clearing Member can satisfy its Minimum Bid Requirement by submitting multiple bids with differing bid prices and bid sizes provided that, in aggregate, its submitted bids equals or exceeds the Minimum Bid Requirement and any individual bid is larger than any applicable minimum bid size. Successful bidders will be determined in accordance with paragraph 5.3.
- 3.3 All the requirements of the Rules concerning the provision of information to the Clearing House apply in respect of the submission of bids by an FX Auction Participant.
- 3.4 Bids can only be submitted during the time window specified by the Clearing House in the FX Auction Specifications. The time period for submission will end at the closing time specified by the Clearing House for the relevant FX Auction in the FX Auction Specifications ("**Closing Time**"). The Closing Time may be postponed for up to one hour by the Clearing House giving notice of such postponement to all FX Auction Participants, following consultation to the extent practicable with the FX Default Committee and the term "Closing Time" shall be construed accordingly.
- 3.5 A bid must be in respect of all FX Contracts or a percentage of all FX Contracts in the relevant lot. Any partial bids, such as bids which specify a particular FX Contract, will be invalid and void. With respect to a particular lot, no FX Auction Participant is permitted to bid, in aggregate, in excess of the number of FX Contracts being auctioned in such lot.
- 3.6 No FX Auction Participant may make a referential bid (for example a bid which purports to be a bid which is \$1 higher or lower than the highest or lowest bidder) or make a bid that is subject to conditions. Any such bid will be treated as invalid and void.
- 3.7 An FX Auction Participant may amend or modify a submitted bid by resubmitting its entire Bid Form. In the event a Bid Form is resubmitted with any amendments or modifications the Clearing House will disregard any previous Bid Form submitted by such FX Auction Participant and any such previous Bid Form will be null and void. After the Closing Time, all submitted Bid Forms are irrevocable provided that if the Clearing House is satisfied, upon the request of an FX Auction Participant, that a genuine mistake has been made in the submission of a bid, the Clearing House may, at its own discretion, withdraw the bid, [and permit the FX Auction Participant to submit a corrected bid](#) before the FX Auction Clearing Price is determined. [If such erroneous bid is so withdrawn but not corrected by such time, it will be deemed not to have been submitted for purposes of these FX Auction Terms.](#)
- 3.8 Each bid will be deemed to have been submitted at the time it is recorded as being received by the Clearing House. Any bid received after the Closing Time will be treated as invalid and void.
- 3.9 Any bid that does not comply with the requirements of these FX Auction Terms or the FX Auction Specifications will be treated as invalid and void.

**4. PARTICIPATION BY CUSTOMERS AND SPONSORED PRINCIPALS IN THE AUCTION**

- 4.1 An FX Clearing Member may make an unlimited number of separate bids in respect of its Customers or Sponsored Principals for whom it acts as Sponsor (in addition to any bids for its own account), in accordance

with paragraph 3.2 above. An FX Clearing Member must have all due approval, consent or authorisation from its Customer or Sponsored Principal to make the relevant bid.

- 4.2 An FX Clearing Member shall become liable for the bids made on behalf of a Customer and for the entry into of FX Contracts in the same way as it is liable for and becomes party to other FX Contracts entered into for its Proprietary Account or any Customer Account (as applicable) or otherwise for Customers pursuant to the Rules. An FX Clearing Member shall become liable as Sponsor for the bids made for, by or on behalf of a Sponsored Principal in the same way as it is liable for and becomes party to other FX Contracts recorded in an Individually Segregated Sponsored Account.
- 4.3 Except as otherwise set out in these FX Auction Terms and as provided for in the Rules, each FX Auction Participant is hereby deemed to have agreed to become bound by these FX Auction Terms and by the Rules as if it were a Clearing Member in respect of its conduct in relation to an FX Auction.
- 4.4 The Clearing House reserves the right to verify any bid to ensure such bid will be cleared by an FX Clearing Member or Sponsor and reserves the right to invalidate a bid where the Clearing House reasonably believes that such bid, if accepted, would not be cleared by an FX Clearing Member or Sponsor (notwithstanding paragraph 4.2) or that such bid would be in breach of any position limits or other risk policies implemented by the Clearing House pursuant to the Rules. Any such invalidation will be made prior to the notifications made pursuant to paragraphs 2.11 and 5.8. [Bids so invalidated will not be counted toward a FX Clearing Member's Minimum Bid Requirement.](#)

## 5. SELECTION OF THE WINNING BID

- 5.1 The Clearing House may at its discretion but giving due consideration to the FX Default Policy, set any reserve price and/or any maximum price (which in either case ~~may~~will not be disclosed to any bidders). If no bids exceed the reserve price (if any) and are less than the maximum price, (if any) then, subject to paragraph 5.10, there will be no successful bidder for the lot subject to the FX Auction in question and the FX Auction for that lot shall be treated as a failed FX Auction.
- 5.2 The Clearing House may at its discretion withdraw a lot prior to the Closing Time.
- 5.3 Promptly after the Closing Time, the Clearing House will sort bids submitted to it in the order of the price bid. The bids will be ordered sequentially, starting with the highest bid price, and ending with the lowest price. The price of the bid at which the sum of the number of FX Contracts with equal or higher bids equals or is greater than the number of FX Contracts being auctioned shall be the auction clearing price (the "**FX Auction Clearing Price**") such price being either payable by the Clearing House to the FX Auction Participant or its Clearing Member or to the Clearing House by the FX Auction Participant or its Clearing member, as applicable. In the event that a bid is also invalid or void or no FX Contract is established with the FX Auction Participant submitting any bid for any reason, such bid will not be accepted.

Examples of how the FX Auction Clearing Price is calculated is set out below, for illustrative purposes only:

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**Example 1**

Note in these examples a negative bid indicates a payment by the Clearing House

Ranking	Cash Bid	% of Portfolio	Cash/1%	Allocation % of Portfolio
1	£20,000	20%	£1,000	20%
2	£0	30%	£0	30%
3	-£2,500,000	25%	-£100,000	25%
4	-£3,000,000	25%	-£120,000	25%
5	-£3,900,000	30%	-£130,000	0%
6	-£6,000,000	40%	-£150,000	0%
7	-£7,750,000	50%	-£155,000	0%
8	-£6,400,000	40%	-£160,000	0%
9	-£3,300,000	20%	-£165,000	0%
10	-£43,000,000	20%	-£2,150,000	0%

Unless paragraph 5.5 applies, the FX Auction Clearing Price will be -£120,000/1%. Portfolio will be allocated in full to bids above the FX Auction Clearing Price.

**Example 2**

Ranking	Cash Bid	% of Portfolio	Cash/1%	Allocation % of Portfolio
1	£20,000	20%	£1,000	20%
2	£0	30%	£0	30%
3	-£2,500,000	25%	-£100,000	25%
4	-£3,000,000	30%	-£120,000	25%
5	-£3,900,000	30%	-£130,000	0%
6	-£5,250,000	35%	-£150,000	0%
7	-£7,750,000	50%	-£155,000	0%
8	-£6,400,000	40%	-£160,000	0%
9	-£3,300,000	20%	-£165,000	0%

Unless paragraph 5.5 applies, the FX Auction Clearing Price will be -£120,000/1%. Portfolio will be allocated in full to bids 1,2 and 3 and allocated in part to bid 4.

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10	-£43,000,000	20%	-£2,150,000	0%
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**Example 3**

Ranking	Cash		Cash/1%	Allocation % of Portfolio
1	£200,000		£1,000	20%
2			£0	30%
3	-£2,500,000		-£100,000	25%
4 (1)	-£3,000,000		-£120,000	12.5%
4 (2)	-£3,000,000	30%	-£120,000	12.5%
6	-£3,900,000	30%	-£130,000	0%
7	-£5,250,000	35%	-£150,000	0%
8	-£7,750,000	50%	-£155,000	0%
9	-£6,400,000	40%	-£160,000	0%
10	-£3,300,000	20%	-£165,000	0%

Unless paragraph 5.5 applies, the FX Auction Clearing Price will be -£120,000/1%. Portfolio will be allocated in full to bids 1,2 and 3. Bids 4(1) and 4(2) will receive a *pro rata* share of the remaining portfolio.

- 5.4 All FX Contracts shall be allocated to winning FX Auction Participants at the FX Auction Clearing Price in a fair and consistent manner and in accordance with the bid size used in the calculation of the FX Auction Clearing Price. In the event that there are multiple bids at the Auction Clearing Price, to the extent there is a shortfall of FX Contracts being available, FX Contracts shall be allocated *pro rata* according to the number of FX Contracts the relevant FX Auction Participants bid for at the relevant price, ~~unless the Clearing House determines otherwise pursuant to any risk policies implemented by the Clearing House pursuant to the Rules.~~ Bids below any applicable reserve price, above any applicable maximum price, or invalidated pursuant to paragraph 4.4, may, at the discretion of the Clearing House be excluded for the purposes of calculating the FX Auction Clearing Price; ~~or allocating numbers at the FX Auction Clearing Price or determining whether an FX Clearing Member has met the Minimum Bid Requirement unless the Clearing House, in its discretion, decides otherwise.~~
- 5.5 The Clearing House may, in any given FX Auction (the "**First FX Auction**") at its discretion, determine the FX Auction Clearing Price for less than 100% of the FX Contracts if in the reasonable determination of the Clearing House, a material impact on the amounts payable or receivable by the Clearing House would result if 100% of the FX Contracts were awarded in the FX Auction. In such circumstances the Clearing House would call a second FX Auction (a "**Second FX Auction**") to auction off any remaining lots. The Clearing House may also, in accordance with the relevant FX Default Policy, hold a Second FX Auction in the event that there is a failed FX Auction or not all FX Contracts are allocated, whether due to Clearing Members failing to meet any applicable Minimum Bid Requirements, any minimum bid size, any reserve price or maximum price or otherwise.

An example of how this paragraph 5.5 would apply is set out below, for illustrative purposes only:

Ranking	Cash Bid	% of Portfolio	Cash/1%
1	£20,000	The FX Auction Clearing Price for 80% of the portfolio shall be -£100,000/1%	£1,000
2	£0		£0
3	-£3,000,000		£100,000
4	-£2,400,000	20%	-£120,000
5	-£3,900,000	30%	-£130,000
6	-£6,000,000	40%	-£150,000
7	-£7,750,000	Price of remaining 20% will be determined in a Second FX Auction	-£155,000
8	-£6,400,000		-£160,000
9	-£3,300,000		-£165,000
10	-£43,000,000		-£2,150,000

- 5.6 Any Second FX Auction shall be announced pursuant to a further FX Auction Announcement Circular and shall be held in accordance with these FX Auction Terms. The Clearing House shall circulate an FX Auction Specification for a Second FX Auction. An FX Auction Participant for the First FX Auction shall be deemed to be an FX Auction Participant for the Second FX Auction. The Clearing House may at its discretion withdraw a lot in the Second FX Auction prior to the relevant Closing Time. The Minimum Bid Requirement applicable to each FX Clearing Member shall be reduced by any FX Contracts actually won by such FX Clearing Member (including any bids won by, for, or on behalf of, such FX Clearing Member's Customers or Sponsored Principals for whom such FX Clearing Member acts as Sponsor) at the FX Auction Clearing Price pursuant to the First FX Auction. Any such reductions in FX Clearing Members' Minimum Bid Requirements will be shared *pro rata* as an increased Minimum Bid Requirement for all FX Clearing Members who did not have any FX Contracts allocated to them at the FX Auction Clearing Price pursuant to the First FX Auction.
- 5.7 In the case of a bid which results in the entry into a FX Contract or FX Contracts at the FX Auction Clearing Price, the "**Winning Bidder**" will be the relevant FX Clearing Member or Sponsored Principal.
- 5.8 Each bid constitutes an offer to the Clearing House to enter into FX Contracts, such offer being made by the relevant FX Clearing Member or Sponsored Principal. The Clearing House shall use reasonable endeavours to notify Winning Bidders within 15 minutes after the Closing Time of either the First FX Auction or the Second FX Auction, as the case may be. Immediately upon notification by the Clearing House to a bidder that it has a winning bid by e-mail, telephone, in writing or otherwise and without the need for any further step, this shall constitute acceptance of the offer by the Clearing House and resulting FX Contracts shall be entered into between the Clearing House and the Winning Bidder in accordance with the Rules, on economically identical terms to the FX Contracts that are the subject of the lot in the relevant FX Auction.

- 5.9 The Clearing House may abandon or alter the procedure for any FX Auction, including conducting subsequent FX Auctions, at any time prior to the entry into of FX Contracts with Winning Bidders, taking into account such considerations as it deems necessary or desirable to protect the financial integrity of the Clearing House, the Clearing Members generally or the marketplace for any instruments cleared by the Clearing House, and such other matters as it may deem appropriate.
- 5.10 In the event of a failed FX Auction for whatever reason, the Clearing House may either run a new FX Auction and shall do so in accordance with paragraph 5.6 or withdraw the lot. There shall be no limit to the number of repeated FX Auctions under this provision. If the Auction Clearing Price falls below any reserve price or above any maximum price, the Clearing House may at its discretion nonetheless accept bids at such Auction Clearing Price.

## 6. POST-BID PROCEDURE

- 6.1 The Winning Bidder will become a party to new FX Contracts with the Clearing House on economically identical terms to the FX Contracts that are the subject of the lot in the FX Auction. FX Contracts will be established with the Winning Bidder pursuant to a termination of FX Contracts between the Defaulter and the Clearing House and the establishment of new, economically identical FX Contracts between the Clearing House and the Winning Bidder pursuant to Rule 904. The Winning Bidder (or, if it is a Sponsored Principal, it and its Sponsor) will be treated as if it were a "Transferee Clearing Member" for purposes of Part 9 of the Rules provided that the provisions of Part 9 to the extent relating to Customers shall not apply.
- 6.2 Any Customer-CM FX Transactions arising as a result of the FX Auction will be established in accordance with the Rules and the Procedures in the same way as for FX Contracts at the same time as FX Contracts are entered into pursuant to paragraph ~~6.1-6.1~~, [where the relevant Customer is recorded on a Customer Account of a Non-FCM/BD Clearing Member](#).
- 6.3 New FX Contracts resulting from the FX Auction will be established between the Clearing House and the Winning Bidder in respect of any particular Set, at the FX Auction Clearing Price determined by the Clearing House as at the time specified in accordance with paragraph 6.5.
- 6.4 The Winning Bidder may be subject to an additional Margin call as a consequence of it becoming party to FX Contracts pursuant to an FX Auction. Any call for Margin required under these FX Auction Terms will take place pursuant to the Finance Procedures.
- 6.5 Records of new FX Contracts in accounts at the Clearing House may be updated by the Clearing House after the time that new FX Contracts arise. The Winning Bidder will become party to new FX Contracts resulting from the FX Auction at the time that it is notified by the Clearing House that it is the Winning Bidder, notwithstanding the time at which the establishment of new FX Contracts is completed in the Clearing House's books and records.
- 6.6 Once new FX Contracts have been established between the Winning Bidder and the Clearing House, the bid which gave rise to the FX Contracts will be treated as valid regardless of any failure of the FX Auction Participant to have satisfied any participation criteria or otherwise as to the validity of any bid.

## 7. OTHER TERMS

- 7.1 Neither the Clearing House nor any of its Affiliates makes any representation or warranty as to the accuracy of any records of the Defaulter or any of its Affiliates. In particular, the Clearing House makes no representation or warranty as to whether any FX Contract recorded in a Proprietary Account, Customer Account or Individually Segregated Sponsored Account of the Defaulter is correctly recorded in such account or as to whether any consent of any Customer, Affiliate or Sponsor of the Defaulter is required to any

- FX Auction or the termination of FX Contracts to which a Defaulter is party. The Clearing House makes no warranty, whether express or implied, as to quality, appropriateness or in respect of the merits of any investment decision relating to any lot. The Clearing House does not provide, and is not responsible or liable for, any investment advice in relation to any FX Auction.
- 7.2 Although the information provided by the Clearing House is believed to be accurate subject to the qualifications in paragraph 7.1 above, neither the Clearing House nor any of its Affiliates, nor any of their respective agents, officers, directors, committee members, employees, or advisers makes any representation or warranty, express or implied, as to the accuracy or completeness of such information, including but not limited to the value or marketability of any FX Contracts or Open Contract Positions. Each FX Auction Participant is responsible for making its own determination as to whether to proceed with or without further investigation or as to its bidding on any lot.
- 7.3 The Clearing House is under no obligation to enforce these FX Auction Terms against a bidder at the request of any other bidder.
- 7.4 All FX Auction Participants are hereby on notice that the Clearing House is not a member of any professional or other association, society, institution or organisation of auctioneers or agents and is not therefore bound by the rules or practices of any such association, society, institution or organisation. The conduct of FX Auctions may be carried out only to manage an Event of Default [in accordance with the Rules](#) and does not constitute the ordinary day-to-day business of the Clearing House. Any standard rules, customs, good practice guidelines or guidance or other industry practices relating to auctions or agency sales are hereby disappplied and disclaimed. All and any rights of any Person bound by these FX Auction Terms which may arise as a result of a liability of the Clearing House pursuant to common law [or statutory](#) duties applicable to auctioneers or selling agents are hereby expressly waived by all FX Auction Participants [to the fullest extent permitted by Applicable Laws](#). The implied term of care and skill under section 13 of the Supply of Goods and Services Act 1982 is hereby expressly excluded in respect of the conduct of any FX Auction by the Clearing House. The Clearing House expressly disclaims any duty of care or skill in respect of the conduct of any FX Auction by the Clearing House arising other than expressly pursuant to these FX Auction Terms. The Clearing House will not provide and has not provided any valuation services in connection with any FX Auction.
- 7.5 The time and date at which bids are due, the time and date for the establishment of FX Contracts or calling of Permitted Cover or the Closing Time (subject to paragraph 3.4) may be delayed beyond the times and dates set forth in these FX Auction Terms or specified in the FX Auction Specifications if the Clearing House, in its discretion, considers this to be necessary or appropriate. Notwithstanding anything to the contrary in these FX Auction Terms, to the fullest extent lawfully permissible, the Clearing House may postpone, cancel, adjourn or terminate an FX Auction at any time, and may withdraw all or any portion of the FX Contracts from any FX Auction lot.
- 7.6 In respect of any FX Auction, each FX Auction Participant: (i) [agrees and](#) acknowledges that copies of the Auctions (Bidding Agreements) Acts 1927 and 1969 (as amended and including any amendments thereto) have been made available to it online at [www.legislation.gov.uk](http://www.legislation.gov.uk) for the duration of the FX Auction [and that it has received any other notices required to be provided to it under Applicable Laws](#); (ii) agrees and acknowledges that it has received sufficient information concerning the identity of the persons conducting the auction on behalf of the Clearing House; and (iii) waives any right to make any claim that it has not received any information or documentation of a nature referred to in this paragraph 7.6 and agrees in favour of the Clearing House not to make any statement to the contrary to any third party.
- 7.7 Without limiting the obligations of FX Clearing Members, Sponsored Principals, Sponsors and Customers under the Rules, all FX Auction Participants shall comply with Rule 203 of the Rules [and Applicable Laws](#) (including, without limitation, complying with their obligation not to commit any act of fraud or to engage in

any behaviour which amounts to market abuse, insider dealing, market manipulation, money laundering or which is in breach of any similar Applicable Laws).

- 7.8 It is the responsibility of each Winning Bidder to make any transaction or other reports or notifications to any Regulatory Authority or Governmental Authority (including, without limitation, any transaction reports) that it is required to make pursuant to Applicable Laws.

Annex A

ICE Clear Europe Limited

FX Auction Specifications

**Lot [1]: [general description of lot] – [Name of Defaulter]**

ICE Clear Europe Ltd (the "**Clearing House**") is conducting an auction of certain open positions in contracts, presently held in respect of *[Name of Defaulter]*, and in that connection ICE Clear Europe Ltd is requesting bids from FX Auction Participants for certain lots. This document constitutes FX Auction Specifications for purposes of the Clearing House's FX Auction Terms for FX Default Actions (the "**FX Auction Terms**"). The FX Auction Terms apply in full to this auction lot, save to the extent expressly modified in paragraph 5.

1. Participation Criteria

***[State any conditions and criteria if there are to be any restrictions on the categories of Persons who may be FX Auction Participants]***

If any Person which has been provided with these FX Auction Specifications is for any reason unable to meet a Minimum Bid Requirement applicable to him, he should contact the Clearing House immediately and refrain from bidding in the FX Auction unless otherwise directed by the Clearing House. The Clearing House may restrict any such Person's access to FX Auctions if it determines that a Person does not satisfy the specified participation criteria.

2. Subject matter of the lot

The lot comprises *[details of FX Contracts]*.

All FX Contracts will be transferred to the relevant FX Clearing Member or Sponsored Principal at the FX Auction Clearing Price, for close of business on *[date]*.

3. Bid Form ***[To be updated based on example of bidding in FX Default Policy]***

All bids for this lot must be submitted on the Bid Form in the schedule to this document by e-mail to *[email address]*. Any Bid Form which is illegible, spoiled or incomplete will be rejected and treated as void and invalid: see the FX Auction Terms for further information. Each Bid Form must specify the amount of consideration (in *[currency]*) that the bidder will pay the Clearing House or will be prepared to be paid by the Clearing House (as applicable) in consideration for the entry into of all the FX Contracts which are the subject matter of the lot.

All Bid Forms and any other communication relating to this FX Auction lot should be sent to: *[email address]*.

4. Timing

[Further details of the FX Contracts included in this lot will be disclosed to all FX Auction Participants at *[time]* on *[date]* (the "**Starting Time**").]

The Closing Time (deadline for receipt of bids) is *[time]* on *[date]*.

The winner of the lot will be notified of his winning bid by the Clearing House between *[times]*.

A conference call will be open from *[times]* on *[date]*, during which time FX Auction Participants will be notified by the Clearing House (i) that the winning bidder has been notified of the fact that it has won; or (ii) that no bid falling between the reserve price and any maximum price has been submitted. Dial in details are as follows:

**[Call details]**

The Clearing House will confirm whether each bid has been accepted by e-mail.

The winner of the FX Auction will become party to new FX Contracts immediately upon notification that it is the winner, pursuant to the FX Auction Terms.

5. [Minimum bid size]

[Bids may only be for lot sizes which are at least [25%] of [*the FX Contract size of a particular lot*]]

6. [Currency]

[All bids to be made in the specified currency]

7. Modifications to FX Auction Terms

[Specify any] / [None.]

**BID FORM**  
 for FX Auction Lots related to [*Name of Defaulter*]  
**made pursuant to the FX Auction Terms of ICE Clear Europe**  
**and the relevant FX Auction Specifications**

[Specify by inserting the amount and checking the appropriate box]

Clearing Member, Sponsor or Sponsored Principal name	FX Auction Lot Number	Percentage of lot	Cash Amount (always a positive number) [(EUR)]	Member Pay or Receive	Clearing Participant Number	Desk (Hub) Account	Contact	Prop. Account or relevant Customer Account of Clearing Member (or Individually Segregated Sponsored Acct.)	Sponsored Principal, Customer or Client Name (if applicable)
<input type="checkbox"/>	1	<input type="checkbox"/> %	<input type="checkbox"/>	[Pay]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	1	<input type="checkbox"/> %	<input type="checkbox"/>	[Receive]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	2	<input type="checkbox"/> %	<input type="checkbox"/>	[Pay]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	2	<input type="checkbox"/> %	<input type="checkbox"/>	[Receive]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	3	<input type="checkbox"/> %	<input type="checkbox"/>	[Pay]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	

Signed by: \_\_\_\_\_

Authorised Signatory of FX Auction Participant

State full legal name of FX Auction Participant: \_\_\_\_\_

**Annex B**

**Form of Notice of Minimum Bid Requirement**

*[ICE Clear Europe Limited Letterhead]*

*[Name of FX Clearing Member]*

*[Email Address]*

*[Date]*

**FX Default Auction - Notification of Minimum Bid Requirement**

Further to *[reference to FX Auction Announcement Circular]* (the "**Circular**"), the Clearing House hereby notifies you of the Minimum Bid Requirement (as defined in the Clearing House's FX Auction Terms for FX Default Auctions (the "**Auction Terms**")) applicable to you in respect of the FX default auctions to be held in accordance with the Auction Terms, the Circular and the applicable auction specifications.

*[Set out Minimum Bid Requirement]*

FX Clearing Members are referred to the FX Auction Terms for further information on the Minimum Bid Requirement (and in particular paragraphs 2.4, 3.1 and 3.2 of the Auction Terms).

Signed

*[Name]*

*[Title]*

**AUCTION TERMS FOR F&O DEFAULT AUCTIONS**

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## 1. INTRODUCTION

- 1.1 These F&O Auction Terms for F&O Default Auctions (the "**F&O Auction Terms**") govern the auctioning of a lot representing an F&O Contract or number of F&O Contracts ("**F&O Contracts**") to which a Defaulter is or was a party, where such auction ("**F&O Auction**") is administered by the Clearing House pursuant to Part 9 of the ICE Clear Europe Rules (the "**Rules**"). These F&O Auction Terms are 'Procedures' as defined in the Rules and are subject to the Rules, including, without limitation, Rule 102. ~~These F&O Auction Terms, and all non-contractual obligations arising out of or in connection with it, are governed by and shall be construed in accordance with English law.~~
- 1.2 These F&O Auction Terms shall apply to every F&O Auction conducted by the Clearing House pursuant to Part 9 of the Rules. However, they may be modified or supplemented for any particular F&O Auction pursuant to the relevant F&O Auction Specifications as set out in paragraph 2.6.
- 1.3 The Clearing House will conduct F&O Auctions in accordance with its default policies. In the event of a conflict between the terms of such default policies and these F&O Auction Terms (as modified or supplemented by any applicable F&O Auction Specification as set out in paragraph 2.6), these F&O Auction Terms shall prevail.
- 1.4 Subject to paragraph 1.5 to 1.10 below, these F&O Auction Terms, and all non-contractual obligations arising out of or in connection with ~~it~~them, are governed by and shall be construed in accordance with English law: and any Dispute under these F&O Auction Terms will be subject to arbitration under Rule 117.
- 1.5 Solely as between an FCM/BD Clearing Member and the Clearing House, those provisions of these F&O Auction Terms 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 F&O Auction Terms (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.
- 1.6 For the avoidance of doubt, paragraph 1.5 is an exception to paragraph 1.4 and Rule 102(s) which provide that the F&O Auction Terms 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 1.5, 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 F&O Auction Terms relating to the Designated System;
  - (b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member or Sponsored Principal that is not a U.S. Sponsored Principal on the one hand and the Clearing House on the other hand;

## AUCTION TERMS FOR F&amp;O DEFAULT AUCTIONS

- (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 a Sponsored Principal that is not a U.S. 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.
- 1.7 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.
- 1.8 All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.7 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 1.7 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 1.7 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 1.7 heard in the New York Courts.
- 1.9 Nothing in paragraphs 1.4 to 1.10 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.
- 1.10 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 F&O AUCTION TERMS 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

## AUCTION TERMS FOR F&amp;O DEFAULT AUCTIONS

- (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 1.4 to 1.10.

## 2. THE AUCTION PROCESS

- 2.1 Any F&O Auctions of F&O Contracts to which a Defaulter is or was party will take place after the Clearing House has issued a Circular in relation to the Event of Default in accordance with Rule 901/902 specifying that an auction or auctions are to take place (such Circular, the "**F&O Auction Announcement Circular**").
- 2.2 Each F&O Clearing Member is required to bid in every F&O Auction regardless of whether such F&O Clearing Member is at the time of the F&O Auction a party to any F&O Contract, has served a notice of termination for which the Termination Date has not yet passed or is in a Cooling-off Period. For these F&O Auction Terms the term 'F&O Clearing Member' shall be construed to exclude any F&O Clearing Member that is a Defaulter and the term 'Sponsored Principal' shall be construed to exclude any Sponsored Principal that is a Defaulter. Subject to paragraph 2.4 below, with respect to a lot, all F&O Clearing Members are required to bid for a minimum of F&O Contracts in each lot as determined by the Clearing House (the "**Minimum Bid Requirement**"). Each F&O Clearing Member will have the same Minimum Bid Requirement, subject to paragraphs 2.4 and 5.6 below. The sum total of the Minimum Bid Requirements may be set to an amount greater than 100% (but no greater than 150%) of the F&O Contracts in the relevant lot as may be determined by the Clearing House from time to time, in consultation with the F&O Default Committee. No Auction Participants other than F&O Clearing Members are subject to any minimum bid requirement.
- 2.3 F&O Clearing Members shall be deemed to have confirmed to the Clearing House their intention to bid in a particular F&O Auction prior to the time window for bidding and the Closing Time (as defined below). An F&O Clearing Member may bid for the account of a Customer, subject to paragraph 3.2 below. An F&O Clearing Member's bid for ~~the account of its Proprietary Account,~~ Customer ~~or Account, or, in respect of a Sponsored Principals for whom such F&O Clearing Member acts as Sponsor directly submitted or made by the F&O Clearing Member will be counted towards the relevant F&O Clearing Member's~~ Principal for which it acts as Sponsor, the relevant Individually Segregated Sponsored Account, will count towards its Minimum Bid Requirement.
- 2.4 Each F&O Clearing Member's Minimum Bid Requirement shall be communicated to ~~them~~it individually by the Clearing House prior to the relevant F&O Auction in the format of the template notification set out in Annex B to these F&O Auction Terms. A Minimum Bid Requirement shall not apply to an F&O Clearing Member: (a) ~~where~~to the extent such a Minimum Bid Requirement would be in breach of Applicable Law or the Rules; or (b) where the Clearing House, after being notified in writing by the relevant F&O Clearing Member that a Minimum Bid Requirement is inappropriate in the current circumstances, reasonably determines that the Minimum Bid Requirement does not apply. An F&O Clearing Member will notify the Clearing House promptly and in any event at least 12 hours prior to the opening of the relevant F&O Auction, in writing, if it reasonably considers that this paragraph 2.4 applies ~~to it~~ or should apply to it. Affiliated F&O Clearing Members may transfer, outsource or aggregate their Minimum Bid Requirements to apply to a single one of them subject to notifying the Clearing House prior to an F&O Auction. An F&O Clearing Member that so transfers or outsources its Minimum Bid Requirement to an Affiliate remains liable for any breach by its Affiliate of these F&O Auction Terms or the F&O Auction Specifications in respect of such F&O Clearing Member's Minimum Bid Requirement (in addition to the liability on the part of its Affiliate for such breach).
- 2.5 The Clearing House may divide the portfolio of a Defaulter into discrete F&O Auctions or different lots as it considers appropriate. The Clearing House may at its discretion determine which particular F&O Contracts

## AUCTION TERMS FOR F&amp;O DEFAULT AUCTIONS

or packages of F&O Contracts are to be the subjects of a particular F&O Auction lot and may establish F&O Auction lots by selecting by way of F&O Contract Set or generic type (e.g. oil, power, emissions). The Clearing House may combine contracts with different currencies in the same lot. In these circumstances, F&O Auction Participants must still provide bids in a single currency, being that specified in the relevant F&O Auction Specifications. Payment obligations resulting from the F&O Auction will be in the specified currency. In creating any such lots, the Clearing House will consider if F&O Contracts that provide margin offsets for one another in the normal margining methodology of the Clearing House should be retained in the same lot. The Clearing House may auction lots in such order as it considers appropriate. Prior to the publication of an F&O Auction Announcement Circular or the circulation of the F&O Auction Specifications, the Clearing House may have engaged in close-out or hedging trades or other transactions in respect of the portfolio of a Defaulter. In exercising its discretion under this paragraph 2.5, the Clearing House, in consultation with the F&O Default Committee, shall consider, wherever possible, taking into account the Clearing House's margining methodology, including within each lot of F&O Contracts, any F&O Contracts which have been offset for the purposes of calculating the Defaulter's margin requirements.

- 2.6 In respect of each lot, the Clearing House will provide each F&O Clearing Member (and any other Person invited by the Clearing House to participate in the auction whose F&O Clearing Member has confirmed its willingness to clear resulting transactions) (such F&O Clearing Member, Customer or Sponsored Principal, a "**F&O Auction Participant**") in advance with information about F&O Contracts to be auctioned, timing for the bidding process, participation criteria, in the case of F&O Clearing Members, any applicable Minimum Bid Requirements and other matters in writing in the format of the template F&O Auction Specifications set out in Annex A to these F&O Auction Terms (such document, the "**F&O Auction Specifications**"). The F&O Auction Specifications may include amendments or additions to any provision of these F&O Auction Terms or may disapply any provision of these F&O Auction Terms. In the event of any conflict between the F&O Auction Specifications and these F&O Auction Terms in respect of any particular lot, the F&O Auction Specifications shall prevail. If any Person which has been provided a copy of any F&O Auction Specifications believes that he does not satisfy any of the specified participation criteria, he should contact the Clearing House immediately, and, if the Clearing House agrees that such Person does not satisfy the criteria, he shall refrain from bidding for the relevant lot. The Clearing House may restrict any such Person's access to F&O Auctions if it determines that a Person does not satisfy the specified participation criteria. The Clearing House may update or correct any details in the F&O Auction Specifications at any time prior to the commencement of bidding in the relevant F&O Auction.
- 2.7 F&O Auction Participants shall be treated equally as regards the provision of information relating to F&O Auctions by the Clearing House. Any Person who receives any information in connection with an F&O Auction or possible F&O Auction shall hold such information in confidence and in accordance with the Rules, and shall not disclose it to any other Person except where such disclosure is made: (i) with the prior written consent of the Clearing House; (ii) to a Regulatory Authority or Governmental Authority where a request is formally made to the Person by or on behalf of the same or pursuant to Applicable Laws in writing, provided that the Person making such disclosure notifies the Clearing House of its disclosure where it is lawful to do so; (iii) pursuant to an order of a competent court or other Governmental Authority or otherwise to such other Persons, at such times and in such manner as may be required by Applicable Laws, provided that the Person making such disclosure notifies the Clearing House of its disclosure where it is lawful to do so; or (iv) to a Customer or Sponsored Principal where such Customer or Sponsored Principal has expressed his interest in participating in the F&O Auction and is subject to a duty of confidentiality similar to that set out in this paragraph 2.7.
- 2.8 All bids must be made by submitting a bid form ("**Bid Form**") via ICE's file transfer server or otherwise as set out ~~in~~by the ~~F&O Default Policy~~[Clearing House](#) and in the format and in the manner specified by the Clearing House in the F&O Auction Specifications. Bids must be received during the time window and prior to the Closing Time (as defined below) specified by the Clearing House in the relevant F&O Auction Specifications. F&O Auction Participants (or their Clearing Members) may be required by the Clearing

## AUCTION TERMS FOR F&amp;O DEFAULT AUCTIONS

House to post additional Margin as a condition of the F&O Auction Participant being entitled to submit a valid bid.

- 2.9 The F&O Auction will proceed pursuant to a 'sealed bid' process whereby the relevant F&O Auction Participants will be asked to submit bids for the lot or a particular percentage of the lot in the appropriate Bid Form. The F&O Auction Specifications may specify a minimum bid size. Any bid below any specified minimum bid size will be null and void unless the Clearing House, in its absolute discretion, determines otherwise. Successful bids will be determined in accordance with paragraph 5.3.
- 2.10 A Bid Form will be treated as invalid and void if it is illegible, spoiled or is incomplete, as applicable.
- 2.11 During such period after the Closing Time as is specified in the F&O Auction Specifications, the Clearing House will notify F&O Auction Participants to inform them either: (i) that there were successful bidders and that such bidders have been notified; or (ii) that no bids were successful as determined in accordance with paragraphs 5.1 and/or 5.3.
- 2.12 A successful bidder (or its Clearing Member, if applicable) may be required to post additional Margin after the Closing Time.

### 3. THE BIDDING PROCESS

- 3.1 F&O Clearing Members will make bids which, as a minimum, comply with any Minimum Bid Requirement notified to it. Any failure to comply with an applicable Minimum Bid Requirement shall be a breach of the Rules. The Clearing House is not obliged to solicit bids from F&O Clearing Members other than notifying F&O Clearing Members of any applicable Minimum Bid Requirement. Pursuant to Rule 908(i), if any F&O Clearing Member does not comply with any of its obligations under these F&O Auction Terms or any F&O Auction Specifications or chooses not to participate in any F&O Auction (except as provided for in these F&O Auction Terms), then the F&O Guaranty Fund Contributions and F&O Assessment Contributions of that F&O Clearing Member ~~relating to F&O~~ shall be applied to meet any shortfall, loss or liability in full, prior to the ~~pro rata~~ F&O Guaranty Fund Contributions or F&O Assessment Contributions (as applicable) of any other F&O Clearing Member or Clearing House F&O Contributions ranking equally with such F&O Guaranty Fund Contributions being so applied. Further pursuant to Rule 908(i), after applying any F&O Guaranty Fund Contributions or F&O Assessment Contributions of F&O Clearing Members in accordance with the previous sentence, in the event of an F&O Auction having taken place, the F&O Guaranty Fund Contributions and F&O Assessment Contributions of other F&O Clearing Members that are not winning bidders in the relevant F&O Auction (required to be applied in respect of the Event of Default which resulted in the F&O Auction) shall not be applied *pro rata*, but instead shall be applied in sequence, with ~~the~~ such F&O Clearing Members with less competitive bids in the F&O Auction having their F&O Guaranty Fund Contributions and F&O Assessment Contributions applied prior to F&O Clearing Members with more competitive bids. The competitiveness of bids shall be determined based on the weighted average price per unit of each F&O Clearing Member's bids, according to the following formula: Weighted average price per unit =  $\sum(\text{Price Sign} \times \text{Unsigned Price}) / \sum \text{Size}$ . Any such F&O Clearing Member with the same weighted average price per unit as another F&O Clearing Member will have their F&O Guaranty Fund Contributions and F&O Assessment Contributions applied on a *pro rata* basis as between such F&O Clearing Members within such sequence. ~~The~~ After applying any such F&O Guaranty Fund Contributions or F&O Assessment Contributions of losing bidders, in the event of a F&O Auction having taken place, the F&O Guaranty Fund Contributions and F&O Assessment Contributions of the F&O Clearing Members that are winning bidders in the relevant F&O Auction and the Clearing House F&O GF Contribution (if required to be applied in respect of the Event of Default which resulted in the F&O Auction) shall ~~then be placed sequentially after the highest losing bidder and prior to the lowest winning bidder in the revised order of application~~ be applied pro rata. Nothing in this paragraph 3.1 is intended to result in any Assessment

## AUCTION TERMS FOR F&amp;O DEFAULT AUCTIONS

Contribution being applied prior to any Guaranty Fund Contribution of any Clearing Member or Clearing House Contribution, nor shall affect the order of application of any Clearing House Initial Contribution.

- 3.2 An F&O Auction Participant may submit multiple bids for each lot, or a percentage of each lot, in a particular lot on its own account or for the account of a Customer (including a Sponsored Principal), as the case may be, provided that such F&O Auction Participant ensures that all of its bids, whether for its account or for the account of its Customers, as the case may be, are submitted in the same Bid Form or otherwise as specified in the F&O Auction Specifications. A bid made by an F&O Auction Participant by, for, or on behalf of a Customer shall be identified as such and such bid shall be treated as a bid for the relevant Customer Account or Proprietary Account. A bid made by, for, or on behalf of a Sponsored Principal or by a Sponsor in such capacity shall be identified as such and treated as a bid for the relevant Individually Segregated Sponsored Account. An F&O Clearing Member can satisfy its Minimum Bid Requirement by submitting multiple bids with differing bid prices and bid sizes provided that, in aggregate, its submitted bids equals or exceeds the Minimum Bid Requirement and any individual bid is larger than any applicable minimum bid size. Successful bidders will be determined in accordance with paragraph 5.3.
- 3.3 All the requirements of the Rules concerning the provision of information to the Clearing House apply in respect of the submission of bids by an F&O Auction Participant.
- 3.4 Bids can only be submitted during the time window specified by the Clearing House in the F&O Auction Specifications. The time period for submission will end at the closing time specified by the Clearing House for the relevant F&O Auction in the F&O Auction Specifications ("**Closing Time**"). The Closing Time may be postponed for up to one hour by the Clearing House giving notice of such postponement to all F&O Auction Participants, following consultation to the extent practicable with the F&O Default Committee and the term "Closing Time" shall be construed accordingly.
- 3.5 A bid must be in respect of all F&O Contracts or a percentage of all F&O Contracts in the relevant lot. Any partial bids, such as bids which specify a particular F&O Contract, will be invalid and void. With respect to a particular lot, no F&O Auction Participant is permitted to bid, in aggregate, in excess of the number of F&O Contracts being auctioned in such lot.
- 3.6 No F&O Auction Participant may make a referential bid (for example a bid which purports to be a bid which is \$1 higher or lower than the highest or lowest bidder) or make a bid that is subject to conditions. Any such bid will be treated as invalid and void.
- 3.7 An F&O Auction Participant may amend or modify a submitted bid by resubmitting its entire Bid Form. In the event a Bid Form is resubmitted with any amendments or modifications the Clearing House will disregard any previous Bid Form submitted by such F&O Auction Participant and any such previous Bid Form will be null and void. After the Closing Time, all submitted Bid Forms are irrevocable provided that if the Clearing House is satisfied, upon the request of an F&O Auction Participant, that a genuine mistake has been made in the submission of a bid, the Clearing House may, at its own discretion, withdraw the bid, [and permit the F&O Auction Participant to submit a corrected bid](#) before the F&O Auction Clearing Price is determined. [If such erroneous bid is so withdrawn but not corrected by such time, it will be deemed not to have been submitted for purposes of these F&O Auction Terms.](#)
- 3.8 Each bid will be deemed to have been submitted at the time it is recorded as being received by the Clearing House. Any bid received after the Closing Time will be treated as invalid and void.
- 3.9 Any bid that does not comply with the requirements of these F&O Auction Terms or the F&O Auction Specifications will be treated as invalid and void.

#### 4. PARTICIPATION BY CUSTOMERS AND SPONSORED PRINCIPALS IN THE AUCTION

- 4.1 An F&O Clearing Member may make an unlimited number of separate bids in respect of its Customers or Sponsored Principals for whom it acts as Sponsor (in addition to any bids for its own account), in accordance with paragraph 3.2 above. An F&O Clearing Member must have all due approval, consent or authorisation from its Customer or Sponsored Principal to make the relevant bid.
- 4.2 An F&O Clearing Member shall become liable for the bids made on behalf of a Customer and for the entry into of F&O Contracts in the same way as it is liable for and becomes party to other F&O Contracts entered into for its Proprietary Account or any Customer Account (as applicable) or otherwise for Customers pursuant to the Rules. An F&O Clearing Member shall become liable as Sponsor for the bids made for, by or on behalf of a Sponsored Principal in the same way as it is liable for and becomes party to other F&O Contracts recorded in an Individually Segregated Sponsored Account.
- 4.3 Except as otherwise set out in these F&O Auction Terms and as provided for in the Rules, each F&O Auction Participant is hereby deemed to have agreed to become bound by these F&O Auction Terms and by the Rules as if it were a Clearing Member in respect of its conduct in relation to an F&O Auction.
- 4.4 The Clearing House reserves the right to verify any bid to ensure such bid will be cleared by an F&O Clearing Member or Sponsor and reserves the right to invalidate a bid where the Clearing House reasonably believes that such bid, if accepted, would not be cleared by an F&O Clearing Member or Sponsor (notwithstanding paragraph 4.2) or that such bid would be in breach of any position limits or other risk policies implemented by the Clearing House pursuant to the Rules. Any such invalidation will be made prior to the notifications made pursuant to paragraphs 2.11 and 5.8. [Bids so invalidated will not be counted toward a F&O Clearing Member's Minimum Bid Requirement.](#)

#### 5. SELECTION OF THE WINNING BID

- 5.1 The Clearing House may at its discretion but giving due consideration to the F&O Default Policy, set any reserve price and/or any maximum price (which in either case ~~may~~will not be disclosed to any bidders). If no bids exceed the reserve price (if any) and are less than the maximum price, (if any) then, subject to paragraph 5.10, there will be no successful bidder for the lot subject to the F&O Auction in question and the F&O Auction for that lot shall be treated as a failed F&O Auction.
- 5.2 The Clearing House may at its discretion withdraw a lot prior to the Closing Time.
- 5.3 Promptly after the Closing Time, the Clearing House will sort bids submitted to it in the order of the price bid. The bids will be ordered sequentially, starting with the highest bid price, and ending with the lowest price. The price of the bid at which the sum of the number of F&O Contracts of bids equal to or greater than the price in question matches or exceeds the number of F&O Contracts being auctioned shall be the auction clearing price (the "**F&O Auction Clearing Price**") such price being either payable by the Clearing House to the F&O Auction Participant or its Clearing member or to the Clearing House by the F&O Auction Participant or its Clearing Member, as applicable. In the event that a bid is also invalid or void or no F&O Contract is established with the F&O Auction Participant submitting any bid for any reason, such bid will not be accepted.

Examples of how the F&O Auction Clearing Price is calculated is set out below, for illustrative purposes only:

## AUCTION TERMS FOR F&amp;O DEFAULT AUCTIONS

**Example 1**

Note in these examples a negative bid indicates a payment by the Clearing House

Ranking	Cash Bid	% of Portfolio	Cash/1%	Allocation % of Portfolio
1	£20,000	20%	£1,000	20%
2	£0	30%	£0	30%
3	-£2,500,000	25%	-£100,000	25%
4	-£3,000,000	25%	-£120,000	25%
5	-£3,900,000	30%	-£130,000	0%
6	-£6,000,000	40%	-£150,000	0%
7	-£7,750,000	50%	-£155,000	0%
8	-£6,400,000	40%	-£160,000	0%
9	-£3,300,000	20%	-£165,000	0%
10	-£43,000,000	20%	-£2,150,000	0%

Unless paragraph 5.5 applies, the F&O Auction Clearing Price will be -£120,000/1%. Portfolio will be allocated in full to bids above the F&O Auction Clearing Price.

**Example 2**

Ranking	Cash Bid	% of Portfolio	Cash/1%	Allocation % of Portfolio
1	£20,000		£1,000	20%
2	£0		£0	30%
3	-£2,500,000		-£100,000	25%
4	-£3,000,000	30%	-£120,000	25%
5	-£3,900,000	30%	-£130,000	0%
6	-£5,250,000	35%	-£150,000	0%
7	-£7,750,000	50%	-£155,000	0%
8	-£6,400,000	40%	-£160,000	0%
9	-£3,300,000	20%	-£165,000	0%

Unless paragraph 5.5 applies, the F&O Auction Clearing Price will be -£120,000/1%. Portfolio will be allocated in full to bids 1,2 and 3 and allocated in part to bid 4.

## AUCTION TERMS FOR F&amp;O DEFAULT AUCTIONS

10	-£43,000,000	20%	-£2,150,000	0%
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**Example 3**

Ranking	Cash		Cash/1%	Allocation % of Portfolio
1	£20	Unless paragraph 5.5 applies, the F&O Auction Clearing Price will be -£120,000/1%. Portfolio will be allocated in full to bids 1,2 and 3. Bids 4(1) and 4(2) will receive a <i>pro rata</i> share of the remaining portfolio.	£1,000	20%
2			£0	30%
3	-£2,5		-£100,000	25%
4 (1)	-£3,0		-£120,000	12.5%
4 (2)	-£3,000,000		30%	-£120,000
6	-£3,900,000	30%	-£130,000	0%
7	-£5,250,000	35%	-£150,000	0%
8	-£7,750,000	50%	-£155,000	0%
9	-£6,400,000	40%	-£160,000	0%
10	-£3,300,000	20%	-£165,000	0%

- 5.4 All F&O Contracts shall be allocated to winning F&O Auction Participants at the F&O Auction Clearing Price in a fair and consistent manner and in accordance with the bid size used in the calculation of the F&O Auction Clearing Price. In the event that there are multiple bids at the Auction Clearing Price, to the extent there is a shortfall of F&O Contracts being available, F&O Contracts shall be allocated *pro rata* according to the number of F&O Contracts the relevant F&O Auction Participants bid for at the relevant price, ~~unless the Clearing House determines otherwise pursuant to any risk policies implemented by the Clearing House pursuant to the Rules.~~ Bids below any applicable reserve price, above any applicable maximum price, or invalidated pursuant to paragraph 4.4, may, at the discretion of the Clearing House be excluded for the purposes of calculating the F&O Auction Clearing Price; or allocating sizes at the F&O Auction Clearing Price ~~or determining whether an F&O Clearing Member has met the Minimum Bid Requirement unless the Clearing House, in its discretion, decides otherwise.~~
- 5.5 The Clearing House may, in any given F&O Auction (the "**First F&O Auction**") at its discretion, determine the F&O Auction Clearing Price for less than 100% of the F&O Contracts if in the reasonable determination of the Clearing House, a material impact on the amounts payable or receivable by the Clearing House would result if 100% of the F&O Contracts were awarded in the F&O Auction. In such circumstances the Clearing House would call a second F&O Auction (a "**Second F&O Auction**") to auction off any remaining lots. The Clearing House may also, in accordance with the relevant F&O Default Policy, hold a Second F&O Auction in the event that there is a failed F&O Auction or not all F&O Contracts are allocated, whether due to Clearing Members failing to meet any applicable Minimum Bid Requirements, any minimum bid size, any reserve price or maximum price or otherwise.

## AUCTION TERMS FOR F&amp;O DEFAULT AUCTIONS

An example of how this paragraph 5.5 would apply is set out below, for illustrative purposes only:

Ranking	Cash Bid	% of Portfolio	Cash/1%
1	£20,000	The F&O Auction Clearing Price for 80% of the portfolio shall be -£100,000/1%	£1,000
2	£0		£0
3	-£3,000,000		£100,000
4	-£2,400,000	20%	-£120,000
5	-£3,900,000	30%	-£130,000
6	-£6,000,000	40%	-£150,000
7	-£7,750,000	Price of remaining 20% will be determined in a Second F&O Auction	-£155,000
8	-£6,400,000		-£160,000
9	-£3,300,000		-£165,000
10	-£43,000,000		-£2,150,000

- 5.6 Any Second F&O Auction shall be announced pursuant to a further F&O Auction Announcement Circular and shall be held in accordance with these F&O Auction Terms. The Clearing House shall circulate an F&O Auction Specification for a Second F&O Auction. An F&O Auction Participant for the First F&O Auction shall be deemed to be an F&O Auction Participant for the Second F&O Auction. The Clearing House may at its discretion withdraw a lot in the Second F&O Auction prior to the relevant Closing Time. The Minimum Bid Requirement applicable to each F&O Clearing Member shall be reduced by any F&O Contracts actually won by such F&O Clearing Member (including any bids won by, for, or on behalf of, such F&O Clearing Member's Customers or Sponsored Principals for whom such F&O Clearing Member acts as Sponsor) at the F&O Auction Clearing Price pursuant to the First F&O Auction. Any such reductions in F&O Clearing Members' Minimum Bid Requirements will be shared *pro rata* as an increased Minimum Bid Requirement for all F&O Clearing Members who did not have any F&O Contracts allocated to them at the F&O Auction Clearing Price pursuant to the First F&O Auction.
- 5.7 In the case of a bid which results in the entry into a F&O Contract or F&O Contracts at the F&O Auction Clearing Price, the "**Winning Bidder**" will be the relevant F&O Clearing Member or Sponsored Principal.
- 5.8 Each bid constitutes an offer to the Clearing House to enter into F&O Contracts, such offer being made by the relevant F&O Clearing Member or Sponsored Principal. The Clearing House shall use reasonable endeavours to notify Winning Bidders within 15 minutes after the Closing Time of either the First F&O Auction or the Second F&O Auction, as the case may be. Immediately upon notification by the Clearing House to a bidder that it has a winning bid by e-mail, telephone, in writing or otherwise and without the need for any further step, this shall constitute acceptance of the offer by the Clearing House and resulting F&O Contracts shall be entered into between the Clearing House and the Winning Bidder in accordance with the Rules, on economically identical terms to the F&O Contracts that are the subject of the lot in the relevant F&O Auction.

**AUCTION TERMS FOR F&O DEFAULT AUCTIONS**

5.9 The Clearing House may abandon or alter the procedure for any F&O Auction, including conducting subsequent F&O Auctions, at any time prior to the entry into of F&O Contracts with Winning Bidders, taking into account such considerations as it deems necessary or desirable to protect the financial integrity of the Clearing House, the Clearing Members generally or the marketplace for any instruments cleared by the Clearing House, and such other matters as it may deem appropriate.

5.10 In the event of a failed F&O Auction for whatever reason, the Clearing House may either run a new F&O Auction and shall do so in accordance with paragraph 5.6 or withdraw the lot. There shall be no limit to the number of repeated F&O Auctions under this provision. If the Auction Clearing Price falls below any reserve price or above any maximum price, the Clearing House may at its discretion nonetheless accept bids at such Auction Clearing Price.

**6. POST-BID PROCEDURE**

6.1 The Winning Bidder will become a party to new F&O Contracts with the Clearing House on economically identical terms to the F&O Contracts that are the subject of the lot in the F&O Auction. F&O Contracts will be established with the Winning Bidder pursuant to a termination of F&O Contracts between the Defaulter and the Clearing House and the establishment of new, economically identical F&O Contracts between the Clearing House and the Winning Bidder pursuant to Rule 904. The Winning Bidder (or, if it is a Sponsored Principal, it and its Sponsor) will be treated as if it were a "Transferee Clearing Member" for purposes of Part 9 of the Rules provided that the provisions of Part 9 to the extent relating to Customers shall not apply.

6.2 Any Customer-CM F&O Transactions arising as a result of the F&O Auction will be established in accordance with the Rules and the Procedures in the same way as for F&O Contracts at the same time as F&O Contracts are entered into pursuant to paragraph [6.1-6.1, where the relevant Customer is recorded on a Customer Account of a Non-FCM/BD Clearing Member.](#)

6.3 New F&O Contracts resulting from the F&O Auction will be established between the Clearing House and the Winning Bidder in respect of any particular Set, at the F&O Auction Clearing Price determined by the Clearing House as at the time specified in accordance with paragraph 6.5.

6.4 The Winning Bidder may be subject to an additional Margin call as a consequence of it becoming party to F&O Contracts pursuant to an F&O Auction. Any call for Margin required under these F&O Auction Terms will take place pursuant to the Finance Procedures.

6.5 Records of new F&O Contracts in accounts at the Clearing House may be updated by the Clearing House after the time that new F&O Contracts arise. The Winning Bidder will become party to new F&O Contracts resulting from the F&O Auction at the time that it is notified by the Clearing House that it is the Winning Bidder, notwithstanding the time at which the establishment of new F&O Contracts is completed in the Clearing House's books and records.

6.6 Once new F&O Contracts have been established between the Winning Bidder and the Clearing House, the bid which gave rise to the F&O Contracts will be treated as valid regardless of any failure of the F&O Auction Participant to have satisfied any participation criteria or otherwise as to the validity of any bid.

**7. OTHER TERMS**

7.1 Neither the Clearing House nor any of its Affiliates makes any representation or warranty as to the accuracy of any records of the Defaulter or any of its Affiliates. In particular, the Clearing House makes no representation or warranty as to whether any F&O Contract recorded in a Proprietary Account, Customer Account or Individually Segregated Sponsored Account of the Defaulter is correctly recorded in such account or as to whether any consent of any Customer, Affiliate or Sponsor of the Defaulter is required to any

## AUCTION TERMS FOR F&amp;O DEFAULT AUCTIONS

F&O Auction or the termination of F&O Contracts to which a Defaulter is party. The Clearing House makes no warranty, whether express or implied, as to quality, appropriateness or in respect of the merits of any investment decision relating to any lot. The Clearing House does not provide, and is not responsible or liable for, any investment advice in relation to any F&O Auction.

- 7.2 Although the information provided by the Clearing House is believed to be accurate subject to the qualifications in paragraph 7.1 above, neither the Clearing House nor any of its Affiliates, nor any of their respective agents, officers, directors, committee members, employees, or advisers makes any representation or warranty, express or implied, as to the accuracy or completeness of such information, including but not limited to the value or marketability of any F&O Contracts or Open Contract Positions. Each F&O Auction Participant is responsible for making its own determination as to whether to proceed with or without further investigation or as to its bidding on any lot.
- 7.3 The Clearing House is under no obligation to enforce these F&O Auction Terms against a bidder at the request of any other bidder.
- 7.4 All F&O Auction Participants are hereby on notice that the Clearing House is not a member of any professional or other association, society, institution or organisation of auctioneers or agents and is not therefore bound by the rules or practices of any such association, society, institution or organisation. The conduct of F&O Auctions may be carried out only to manage an Event of Default [in accordance with the Rules](#) and does not constitute the ordinary day-to-day business of the Clearing House. Any standard rules, customs, good practice guidelines or guidance or other industry practices relating to auctions or agency sales are hereby disappplied and disclaimed. All and any rights of any Person bound by these F&O Auction Terms which may arise as a result of a liability of the Clearing House pursuant to common law [or statutory](#) duties applicable to auctioneers or selling agents are hereby expressly waived by all F&O Auction Participants [to the fullest extent permitted by Applicable Laws](#). The implied term of care and skill under section 13 of the Supply of Goods and Services Act 1982 is hereby expressly excluded in respect of the conduct of any F&O Auction by the Clearing House. The Clearing House expressly disclaims any duty of care or skill in respect of the conduct of any F&O Auction by the Clearing House arising other than expressly pursuant to these F&O Auction Terms. The Clearing House will not provide and has not provided any valuation services in connection with any F&O Auction.
- 7.5 The time and date at which bids are due, the time and date for the establishment of F&O Contracts or calling of Permitted Cover or the Closing Time (subject to paragraph 3.4) may be delayed beyond the times and dates set forth in these F&O Auction Terms or specified in the F&O Auction Specifications if the Clearing House, in its discretion, considers this to be necessary or appropriate. Notwithstanding anything to the contrary in these F&O Auction Terms, to the fullest extent lawfully permissible, the Clearing House may postpone, cancel, adjourn or terminate an F&O Auction at any time, and may withdraw all or any portion of the F&O Contracts from any F&O Auction lot.
- 7.6 In respect of any F&O Auction, each F&O Auction Participant: (i) [agrees and](#) acknowledges that copies of the Auctions (Bidding Agreements) Acts 1927 and 1969 (as amended and including any amendments thereto) have been made available to it online at [www.legislation.gov.uk](http://www.legislation.gov.uk) for the duration of the F&O Auction [and that it has received any other notices required to be provided to it under Applicable Laws](#); (ii) agrees and acknowledges that it has received sufficient information concerning the identity of the persons conducting the auction on behalf of the Clearing House; and (iii) waives any right to make any claim that it has not received any information or documentation of a nature referred to in this paragraph 7.6 and agrees in favour of the Clearing House not to make any statement to the contrary to any third party.
- 7.7 Without limiting the obligations of F&O Clearing Members, Sponsored Principals, Sponsors and Customers under the Rules, all F&O Auction Participants shall comply with Rule 203 of the Rules [and Applicable Laws](#) (including, without limitation, complying with their obligation not to commit any act of fraud or to engage in

any behaviour which amounts to market abuse, insider dealing, market manipulation, money laundering or which is in breach of any similar Applicable Laws).

- 7.8 It is the responsibility of each Winning Bidder to make any transaction or other reports or notifications to any Regulatory Authority or Governmental Authority (including, without limitation, any transaction reports) that it is required to make pursuant to Applicable Laws.

Annex A

ICE Clear Europe Limited

F&O Auction Specifications

Lot [1]: *[general description of lot] – [Name of Defaulter]*

ICE Clear Europe Ltd (the "**Clearing House**") is conducting an auction of certain open positions in contracts, presently held in respect of *[Name of Defaulter]*, and in that connection ICE Clear Europe Ltd is requesting bids from F&O Auction Participants for certain lots. This document constitutes F&O Auction Specifications for purposes of the Clearing House's F&O Auction Terms for F&O Default Actions (the "**F&O Auction Terms**"). The F&O Auction Terms apply in full to this auction lot, save to the extent expressly modified in paragraph 5.

1. Participation Criteria

*[State any conditions and criteria if there are to be any restrictions on the categories of Persons who may be F&O Auction Participants]*

If any Person which has been provided with these F&O Auction Specifications is for any reason unable to meet a Minimum Bid Requirement applicable to him, he should contact the Clearing House immediately and refrain from bidding in the F&O Auction unless otherwise directed by the Clearing House. The Clearing House may restrict any such Person's access to F&O Auctions if it determines that a Person does not satisfy the specified participation criteria.

2. Subject matter of the lot

The lot comprises *[details of F&O Contracts]*.

All F&O Contracts will be transferred to the relevant F&O Clearing Member or Sponsored Principal at the F&O Auction Clearing Price, for close of business on *[date]*.

3. Bid Form *[To be updated based on example of bidding in F&O Default Policy]*

All bids for this lot must be submitted on the Bid Form in the schedule to this document by e-mail to *[email address]*. Any Bid Form which is illegible, spoiled or incomplete will be rejected and treated as void and invalid: see the F&O Auction Terms for further information. Each Bid Form must specify the amount of consideration (in *[currency]*) that the bidder will pay the Clearing House or will be prepared to be paid by the Clearing House (as applicable) in consideration for the entry into of all the F&O Contracts which are the subject matter of the lot.

All Bid Forms and any other communication relating to this F&O Auction lot should be sent to: *[email address]*.

4. Timing

*[Further details of the F&O Contracts included in this lot will be disclosed to all F&O Auction Participants at [time] on [date] (the "Starting Time").]*

The Closing Time (deadline for receipt of bids) is *[time]* on *[date]*.

The winner of the lot will be notified of his winning bid by the Clearing House between *[times]*.

A conference call will be open from *[times]* on *[date]*, during which time F&O Auction Participants will be notified by the Clearing House (i) that the winning bidder has been notified of the fact that it has won; or (ii) that no bid falling between the reserve price and any maximum price has been submitted. Dial in details are as follows:

**[Call details]**

The Clearing House will confirm whether each bid has been accepted by e-mail.

The winner of the F&O Auction will become party to new F&O Contracts immediately upon notification that it is the winner, pursuant to the F&O Auction Terms.

5. [Minimum bid size]

[Bids may only be for lot sizes which are at least [25%] of [*the F&O Contract size of a particular lot*]

6. [Currency]

[All bids to be made in the specified currency]

7. Modifications to F&O Auction Terms

[Specify any] / [None.]

**BID FORM**  
for F&O Auction Lots related to [*Name of Defaulter*]  
**made pursuant to the F&O Auction Terms of ICE Clear Europe**  
**and the relevant F&O Auction Specifications**

[Specify by inserting the amount and checking the appropriate box]

Clearing Member, Sponsor or Sponsored Principal name	F&O Auction Lot Number	Percentage of lot	Cash Amount (always a positive number) [(EUR)]	Member Pay or Receive	Clearing Participant Number	Desk (Hub) Account	Contact	Prop. Account or relevant Customer Account of Clearing Member (or Individually Segregated Sponsored Acct.)	Sponsored Principal, Customer or Client Name (if applicable)
<input type="checkbox"/>	1	<input type="checkbox"/> %	<input type="checkbox"/>	[Pay]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	1	<input type="checkbox"/> %	<input type="checkbox"/>	[Receive]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	2	<input type="checkbox"/> %	<input type="checkbox"/>	[Pay]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	2	<input type="checkbox"/> %	<input type="checkbox"/>	[Receive]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	3	<input type="checkbox"/> %	<input type="checkbox"/>	[Pay]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	<i>etc.</i>	

Signed by: \_\_\_\_\_

Authorised Signatory of F&O Auction Participant

State full legal name of F&O Auction Participant: \_\_\_\_\_

**Annex B**

**Form of Notice of Minimum Bid Requirement**

*[ICE Clear Europe Limited Letterhead]*

*[Name of F&O Clearing Member]*

*[Email Address]*

*[Date]*

**F&O Default Auction - Notification of Minimum Bid Requirement**

Further to *[reference to F&O Auction Announcement Circular]* (the "**Circular**"), the Clearing House hereby notifies you of the Minimum Bid Requirement (as defined in the Clearing House's F&O Auction Terms for F&O Default Auctions (the "**Auction Terms**")) applicable to you in respect of the F&O default auctions to be held in accordance with the Auction Terms, the Circular and the applicable auction specifications.

*[Set out Minimum Bid Requirement]*

F&O Clearing Members are referred to the F&O Auction Terms for further information on the Minimum Bid Requirement (and in particular paragraphs 2.4, 3.1 and 3.2 of the Auction Terms).

Signed

*[Name]*

*[Title]*

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## 1. GENERAL PROVISIONS<sup>4</sup>

- 1.1 With regard to all open Contracts, which, pursuant to the Contract Terms, give rise to delivery obligations:
- (a) Clearing Members with Open Contract Positions at cessation of trading or auctioning are obliged to make or take delivery (as applicable);
  - (b) Clearing Members must make themselves fully aware of their delivery obligations under each relevant Contract; and
  - (c) these Delivery Procedures form part of the terms of the relevant Contract if such Contract becomes deliverable and should be read in conjunction with the Rules, particularly Part 7, and ICE Futures Europe Rules or LIFFE Rules where relevant.
- 1.2 Any enquiries concerning these Delivery Procedures should be directed to the Deliveries department of the Clearing House.
- 1.3 The following definitions apply to these Delivery Procedures:
- (a) The term "**Clearing Day**" means a day on which the Clearing House is open for business.
  - (b) The term "**Business Day**" means a Clearing Day that is not a public holiday in England.
  - (c) The term "**Delivery Period**" means a period during which delivery and settlement occurs in accordance with these Delivery Procedures and applicable Market Rules.
  - (d) The term "**Non-Clearing Day**" means Christmas Day, New Year's Day, Easter Friday, each Saturday and Sunday where the Clearing House and the relevant Exchange are closed and any other day that is not a Clearing Day, as determined by the Clearing House from time to time.
  - (e) The term "**Tender**" means a notice given pursuant to these Delivery Procedures and/or Market Rules, of an intention to make or take delivery of a Deliverable.
- 1.4 These Delivery Procedures apply only in relation to F&O Contracts.
- 1.5 Subject to paragraph 1.6 to 1.11 below, these Delivery 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 Delivery Procedures will be subject to arbitration under Rule 117 save as provided in Market Rules.
- 1.6 Solely as between an FCM/BD Clearing Member and the Clearing House, those provisions of these Delivery 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,

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<sup>4</sup>

Amended 27 July 2009

and, solely to the extent relevant to interpreting the foregoing provisions in such circumstances, relevant definitions and interpretative provisions in paragraph 1 of these Delivery 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.

1.7 For the avoidance of doubt, paragraph 1.6 is an exception to paragraph 1.5 and Rule 102(s) which provide that the Delivery 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 1.6, 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 Delivery Procedures relating to the Designated System;
- (b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member or Sponsored Principal that is not a U.S. 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 a Sponsored Principal that is not a U.S. 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.

1.8 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.

1.9 All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.8 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 1.8 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 1.8 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 1.8 heard in the New York Courts.

1.10 Nothing in paragraphs 1.5 to 1.11 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.

1.11 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 DELIVERY 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 1.5 to 1.11.

## **2. DELIVERY OF DOCUMENTATION**

Clearing Members must submit the required delivery documentation to the Clearing House by email to [iceuops@theice.com](mailto:iceuops@theice.com) marked "URGENT: for the attention of the Deliveries Department" or by courier to the Clearing House's registered office.

## **3. AUTHORISED SIGNATORIES**

Clearing Members, or their Transferor(s) or Transferee(s), must ensure that all delivery documents are signed by a director or officer who is properly authorised to sign such documentation on behalf of the Clearing Member. The Clearing House is entitled to rely upon the information specified in all forms and documents submitted by Buyers, Sellers, Transferors and Transferees without making any enquiry, investigation or check as to the accuracy of the information or whether the signatory is authorised to sign or submit the form or document to the Clearing House.

## **4. CLEARING MEMBER ACCOUNTS**

No offset is allowed for either physical delivery or financial settlement between Clearing Members' Proprietary Account and Customer Account. Separate delivery documentation is required for each such Account.

## **5. TRANSFERORS AND TRANSFEREES**

5.1 Each ICE [Futures UK Natural Gas Futures Contract](#), ICE ~~UK Base Electricity Futures Contract~~, ICE ~~UK Peak Electricity Futures Contract~~ [Futures UK Natural Gas \(EUR/MWh\) Futures Contract](#), ICE [Futures UK Natural Gas Daily Futures Contract](#), ICE [UK Base Electricity Futures Contract \(EFA\)](#), ICE [UK Peak Electricity Futures Contract \(EFA\)](#), ICE [UK Base Electricity Futures Contract \(Gregorian\)](#), ICE [UK Peak Electricity Futures Contract \(Gregorian\)](#) and ICE Deliverable US Emissions Contract subject to delivery obligations allows Sellers and Buyers to nominate Transferors and Transferees respectively. A Transferor or Transferee may be a Seller or Buyer, respectively, itself. Transferors and Transferees are permitted to make or take delivery of Natural Gas, Electricity or Allowances to or from the Clearing House by the prescribed delivery method. The Clearing House permits the nomination of Transferors or Transferees for reasons of convenience of Clearing Members only. Notwithstanding the appointment of

a Transferor or Transferee, the relevant Clearing Member remains at all times fully responsible for meeting all of its obligations and liabilities to the Clearing House.

- 5.2 A Clearing Member may appoint a Representative (which may be another Clearing Member) to undertake delivery administration or obligations.
- 5.3 A person who is not the Buyer, Seller or the Clearing House shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision of a Contract (including any requirement of these Delivery Procedures). As further described in Rule 111, the Clearing House is not liable to or for Transferors or Transferees.
- 5.4 Where separate procedures apply to a Transferor/Transferee who is not the Seller/Buyer, this is indicated in these Delivery Procedures. Any form to be completed and submitted to the Clearing House by a Transferor/Transferee shall be signed by an authorised signatory of the Transferor/Transferee. The Clearing House is entitled to rely upon the information specified in the form without making any enquiry, investigation or checks as to the accuracy of such information or whether the signatory on the form has been authorised by the Transferor/Transferee. Each Clearing Member acknowledges and agrees that it is responsible for ensuring the accuracy of the information on each form submitted by a Transferor/Transferee and that the form is signed by an authorised signatory.

## **6. ALTERNATIVE DELIVERY PROCEDURE ("ADP"): ICE GASOIL FUTURES**

- 6.1 In respect of an ICE Gasoil Contracts or ICE Low Sulphur Gasoil Futures Contracts ("**ICE Gasoil Futures**"), if the Buyer agrees with the Seller to undertake delivery outside the ICE Futures Europe Rules, both parties must advise the Clearing House using the Form ICE Gasoil Futures: Confirmation of Agreed ADP (see Schedule of Forms and Reports).
- 6.2 Where an ADP is agreed, the Clearing House will settle the relevant Contracts at the settlement price agreed between the Buyer and Seller fulfilling its obligations under the Contract in respect of delivery. If the agreed price is not the one at which the positions were placed under Tender, the difference between the two prices will be debited or credited to the Clearing Members' accounts and an invoice or credit note will be issued.
- 6.3 ICE Gasoil Futures: Confirmation of Agreed ADP forms received by the Clearing House after 15:00 hours will be deemed to have been received on the next Business Day.
- 6.4 A reduced delivery fee is charged for ADPs agreed at least two days prior to the first day of the delivery range.
- 6.5 Where an ADP is agreed for ICE Gasoil Futures, then, as from the time that the Clearing Members' accounts are amended by the Clearing House as described in this paragraph 6, the affected Clearing Members and the Clearing House shall all automatically and immediately be released and discharged from all their rights, liabilities and obligations in respect of the affected Contract or Contracts and such rights, liabilities and obligations shall be replaced by such amended obligations as are agreed between the parties.

## **7. EMISSIONS ALTERNATIVE DELIVERY PROCEDURE ("EADP"): EMISSION CONTRACTS**

In the event of a failed delivery in respect of an Emission Contract which is not an ICE EUA Auction Contract or ICE EUAA Auction Contract, the relevant Clearing Member and the Clearing House may enter into a separate contract to make or take delivery beyond the point of failure in a manner and on terms pursuant to paragraph 6 of Part A below.

**8. ALTERNATIVE DELIVERY PROCEDURE: LIFFE WHITE SUGAR AND RAW SUGAR CONTRACTS**

In the event that the Seller agrees with the Buyer (to whom the Seller's Tender is allocated by the Clearing House) to make delivery other than as specified in the LIFFE Rules in respect of LIFFE White Sugar Contracts or LIFFE Raw Sugar Contracts, both parties must advise LIFFE via LIFFE Guardian of their agreement. In such circumstances, the Clearing House will terminate the LIFFE White Sugar Contracts or LIFFE Raw Sugar Contracts at the agreed settlement price, in fulfilment of all obligations and rights of all parties under the Contracts.

**9. EXCLUSION OF ALTERNATIVE DELIVERY PROCEDURES FOR OTHER CONTRACTS**

Clearing Members may not agree alternative delivery procedures for any ICE [Futures UK Natural Gas Futures Contract](#), ICE ~~UK Base Electricity Futures Contract~~, ICE ~~UK Peak Electricity Futures Contract~~, [Futures UK Natural Gas \(EUR/MWh\) Futures Contract](#), [ICE Futures UK Natural Gas Daily Futures Contract](#), [ICE UK Base Electricity Futures Contract \(EFA\)](#), [ICE UK Peak Electricity Futures Contract \(EFA\)](#), [ICE UK Base Electricity Futures Contract \(Gregorian\)](#), [ICE UK Peak Electricity Futures Contract \(Gregorian\)](#) or ICE Deliverable US Emissions Contract, LIFFE Coffee Contract, LIFFE Cocoa Contract, LIFFE Wheat Contract, LIFFE Gilt Contract, LIFFE Japanese Government Bond Contract, LIFFE Equity Futures/Options Contract or LIFFE Stock Contingent Trade Contract or any other Contract subject to a delivery from time to time for which no specific alternative delivery procedure applies, save where a Governmental Authority of competent jurisdiction orders or requires or Applicable Law so requires or the Clearing House provides its consent in writing.

**10. INTERIM PAYMENTS: GASOIL**

Where a Delivery Panel formed under ICE Futures Europe Rules directs that an interim payment or payments should be made pending a decision as to the price to be set for Invoicing Back, the Clearing House may make an interim payment to the affected Clearing Member of the amount specified in the direction of the Delivery Panel (or such other amount as the Clearing House, at its discretion, determines). If the Clearing House makes any such interim payment, an equivalent deduction from the Buyer's Security will be effected. Any amount to be paid as a result of the Delivery Panel's decision or direction shall be such amount due less any interim payment made or shall result in an obligation to repay all or part of any interim payment, as applicable, and further deduction to, or replenishment of, the Buyer's Security shall be effected by the Clearing House appropriately.

**11. ICE BRENT FUTURES: CASH SETTLEMENT**

ICE Brent Futures is a contract deliverable via EFP with an option to cash settle. Where the Notice to Cash Settle ICE Brent Futures or the Standing Notice to Cash Settle ICE Brent Futures is completed and submitted to the Clearing House by the relevant time as applicable to each notice, then the Rules on cash settlement set out in the Rules shall apply.

**12. SIMILAR OBLIGATIONS UNDER DIFFERENT CONTRACTS**

Where a Seller or a Buyer has delivery obligations under one or more Contracts that are not of the same Set but which result in a delivery obligation in respect of the same Deliverable at the same time, the Clearing House may notify the Seller (and its Transferor, if applicable) and the Buyer (and its Transferee, if applicable) of their aggregated delivery obligations under the affected Contracts and, upon such notification, the Seller and Buyer shall be required to make and take delivery in respect of such aggregated delivery obligations instead of such other obligations as may otherwise have been required.

**13. INTERPRETATION**

Words and phrases defined in the Rules or these Delivery Procedures bear the same meanings when used in any form or other document delivered pursuant to these Delivery Procedures.

The Clearing House may, from time to time, enter into clearing services arrangements with LIFFE in respect of LIFFE Contracts, pursuant to which the functions of the Clearing House (as designated in these Delivery Procedures) may be performed by LIFFE, and *vice versa*. Accordingly, references in these Delivery Procedures to the Clearing House may be interpreted as references to LIFFE in respect of such LIFFE Contracts, and *vice versa*, as circumstances require.

#### **14. REPORTS AND NOTIFICATIONS**

Unless otherwise specified, the Clearing House will make the reports and confirmations it issues as part of the delivery processes available to the Clearing Members electronically, both via email and via the Clearing House Web Reporting Service (described in the Clearing House User Guide).

#### **15. LIABILITY, MARGIN, DEFAULT AND DISCIPLINARY**

15.1 The requirements relating to liability set out in the Rules apply equally in relation to deliveries. Without prejudice to the generality of, and subject to, the provisions of the Rules relating to liability:

- (a) it is the responsibility of Clearing Members to ensure that all forms are in place at the relevant time, and any failure or omission to ensure that they are in place that causes or contributes to the failure of any delivery may itself constitute a failure to deliver by the Clearing Member; and
- (b) upon any such failure or omission, the Clearing Member will be liable to the Clearing House for any cost, loss or expense of the Clearing House arising as a result of such failure or omission, which may include any delivery failure costs.

15.2 The Clearing House may at any time make an additional Margin call as a result of any event or circumstance occurring in relation to a delivery.

15.3 Notwithstanding the availability of any possible alternative or late delivery procedure, failure to comply with any requirement of these Delivery Procedures may constitute an Event of Default.

15.4 Nothing in these Delivery Procedures shall preclude the Clearing House, in its discretion, from bringing disciplinary proceedings or levying a fine against a Clearing Member, including (without limitation) in respect of late or failed delivery.

15.5 Clearing Members are referred to Rule I.21 of the ICE Futures Europe Rules which provisions are, to the extent relevant to the Rules, incorporated herein.

15.6 Nothing in these Delivery Procedures shall exclude any liability for fraud, death, personal injury or any liability which by law may not be excluded.

#### **16. PAYMENTS**

All payments to and from Clearing Members pursuant to these Delivery Procedures shall take place to and from relevant Nominated Accounts as described in the Finance Procedures. Amounts due in respect of delivery obligations may be set off against or aggregated with other amounts due under the Rules, as described in the Finance Procedures.

#### **17. LIFFE GUARDIAN**

LIFFE Guardian is an electronic grading and delivery system which is used in the process of making and taking delivery of cocoa, coffee, wheat and white sugar (and bonds).

**EMISSIONS ALTERNATIVE DELIVERY PROCEDURE ("EADP"): ICE EUA, CER, AND ERU FUTURES AND ICE EUA AND CER DAILY FUTURES**

In the event of a failed delivery in respect of ICE EUA, CER, or ERU Futures and ICE EUA or CER Daily Futures, the relevant Clearing Member and the Clearing House may enter into a separate contract to make or take delivery beyond the point of failure in a manner and on terms pursuant to paragraph 6 of Part A below.

**PART A: ICE FUTURES EUA FUTURES CONTRACT ("ICE EUA FUTURES"), ICE FUTURES EUA DAILY FUTURES CONTRACT ("ICE EUA DAILY FUTURES"), ICE FUTURES EUA AUCTION CONTRACT ("ICE EUA AUCTION CONTRACT"), ICE FUTURES EUAA FUTURES CONTRACT ("ICE EUAA FUTURES"), ICE FUTURES EUAA AUCTION CONTRACT ("ICE EUAA AUCTION CONTRACT"), ICE FUTURES CER FUTURES CONTRACT ("ICE CER FUTURES"), ICE FUTURES CER FUTURES DAILY CONTRACT ("ICE CER DAILY FUTURES"), AND ICE FUTURES ERU FUTURES CONTRACT ("ICE ERU FUTURES")**

This part applies to deliveries of ICE EUA Futures and Auction Contracts (including the ICE EUA Daily Futures), ICE EUAA Futures and Auction Contracts, ICE CER Futures Contracts (including the ICE CER Daily Futures), and ICE ERU Futures Contracts traded under the rules of ICE Futures Europe. For the avoidance of doubt, the eight Contracts remain separate Contracts and the Transfer Request made to support the delivery of one of the Contracts needs to reference EUA, EUAAs, CERs, or ERUs only as specified under the definition of the relevant Contract.

**1. DEFINITIONS**

1.1 The following definitions apply to this part of the Delivery Procedures:

- (a) The term "**Account**" means an account maintained by the Registry pursuant to the Registry Regulations in order to record the holding and transfer of Allowances, CERs or ERUs, as applicable to the relevant Contract Set.
- (b) The term "**Allowance Type**" has the same meaning as that given to the term in the ICE Futures Europe Rules, as applicable to the relevant Contract Set.
- (c) The term "**Auction**" has the same meaning as that given to the term in the ICE Futures Europe Rules, as applicable to the relevant Contract Set.
- (d) The term "**Auctioneer Seller**" has the same meaning as that given to the term in the ICE Futures Europe Rules, as applicable to the relevant Contract Set.
- (e) The term "**Aviation Emissions Allowance**" or "**EUAA**" means an aviation allowance issued pursuant to Chapter II of the Emissions Directive to permit the emission of one tonne of carbon dioxide equivalent during the relevant period, which falls within an Allowance Type, and only to the extent such allowance is valid, as of the time of delivery to the Clearing House, for the purposes of meeting the requirements of the Emissions Directive.
- (f) The term "**Aviation Emissions Allowance Contract**" means a Contract for an Aviation Emissions Allowance.
- (g) The term "**Aviation Emissions Allowance Transfer Request**" means a request to effect a transfer of an Aviation Emissions Allowance submitted by the Seller to the Registry in the manner required by the Registry Regulations or relevant applicable law and otherwise in accordance with the Rules and ICE Futures Europe Rules.
- (h) The term "**Carbon Emissions Allowance**" or "**EUA**" means an allowance issued pursuant to Chapter III of the Emissions Directive to permit the emission of one tonne of carbon dioxide equivalent during the relevant period, which falls within an Allowance Type and only to the

extent such allowance is valid, as of the time of delivery to the Clearing House, for the purposes of meeting the requirements of the Emissions Directive.

- (i) The term "**Carbon Emission Allowance Contract**" means a Contract for a Carbon Emissions Allowance.
- (j) The term "**Carbon Emissions Allowance Transfer Request**" means a request to effect a transfer of a Carbon Emissions Allowance submitted by the Seller to the Registry in the manner required by the Registry Regulations or relevant applicable law and otherwise in accordance with the Rules and ICE Futures Europe Rules.
- (k) The term "**Certified Emission Reduction**" or "**CER**" means a unit issued by the UN Clean Development Mechanism Executive Board pursuant to Article 12 of the Kyoto Protocol and the decisions adopted pursuant to the UNFCCC or the Kyoto Protocol and is equal to one Tonne of Carbon Dioxide Equivalent. For the avoidance of doubt, the term "CER" does not include any CERs that, as of any relevant date, have been cancelled by, or merely surrendered to, a Competent Authority to be exchanged for EUAs pursuant to Article 11a of the Emissions Directive or the Linking Directive.
- (l) The term "**CER Contract**" means a Contract in relation to a CER.
- (m) The term "**CER Delivery Amount**" means, for each Margin Account, an amount reflecting the gross number of CERs which are to be delivered by a Seller for any Delivery Period in respect of all CER Contracts to which it is party as Seller.
- (n) The term "**CER Transfer Request**" means a request to effect a transfer of a CER submitted by the Seller to the Registry in the manner required by the Registry Regulations or relevant applicable law and otherwise in accordance with the Rules and ICE Futures Europe Rules.
- (o) The term "**Clearing House Directions**" means any instructions or requests that the Clearing House may issue to the Buyer or Seller from time to time in respect of the delivery of an EUA, EUAA, CER or ERU under an Emission Contract.
- (p) The term "**Communication Link**", in relation to EUAs, EUAAs, CERs and ERUs has the same meaning as that given to the term in the ICE Futures Europe Rules as applicable to EUAs, EUAAs, CERs or ERUs.
- (q) The term "**Community Independent Transaction Log**" or "**CITL**" means the predecessor log to the EUTL established pursuant to Commission Regulation (EC) No 2216/2004 for a standardised and secured system of registries pursuant to Directive 2003/87/EC of the European Parliament and of the Council.
- (r) The term "**Competent Authority**" means the authority or authorities designated by a Member State pursuant to Article 18 of the Emissions Directive.
- (s) The term "**Contract Date**" means for an ICE EUA and CER Daily Futures Contract, an individual Business Day on which: (a) trading commences; (b) trading ceases; and (c) the Delivery Period commences for those trades executed on that Business Day.
- (t) The term "**Delivery Costs**" has the same meaning as that given to the term in the ICE Futures Europe Rules, as applicable to the relevant Contract Set.
- (u) The term "**Emissions Alternative Delivery Procedure**" or "**EADP**" means the circumstances and means by which delivery may be effected in accordance with paragraph 6 of this Part A.
- (v) The term "**EADP Agreement**" means an agreement to adopt an EADP.

- (w) The term "**Emission Contracts**" where used in this Part A, shall mean ICE EUA or EUAA Futures or Auction Contracts, ICE CER and ERU Futures Contracts and/or ICE EUA and CER Daily Futures Contracts, as the case may be, to be delivered pursuant to and in accordance with this Part A.
- (x) The term "**Emissions Directive**" means Directive 2003/87/EC of the European Parliament and the Council of 13 October 2003 establishing a scheme for greenhouse gas emissions allowance trading and amending Council Directive 96/61/EC, as amended from time to time, including, without limitation, by Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009.
- (y) The term "**Emission Reduction Unit**" or "**ERU**" means a unit issued pursuant to Article 6 of the Kyoto Protocol and the decisions adopted pursuant to the UNFCCC or the Kyoto Protocol and is equal to one tonne of carbon dioxide equivalent. For the avoidance of doubt, the term "ERU" does not include any ERUs that, as of any relevant date, have been cancelled by, or merely surrendered to, a Competent Authority to be exchanged for EUAs pursuant to Article 11a of the Emissions Directive or the Linking Directive.
- (z) The term "**ERU Contract**" means a Contract in relation to an ERU.
- (aa) The term "**ERU Delivery Amount**" means, for each Margin Account, an amount reflecting the gross number of ERUs which are to be delivered by a Seller for any Delivery Period in respect of all ERU Contracts to which it is party as Seller.
- (bb) The term "**ERU Transfer Request**" means a request to effect a transfer of an ERU submitted by the Seller to the Registry in the manner required by the Registry Regulations or relevant applicable law and otherwise in accordance with the Rules and ICE Futures Europe Rules.
- (cc) "**European Union Transaction Log**" or "EUTL" means the independent transaction log provided for in Article 20(1) of the Directive, for the purpose of recording the issue, transfer and cancellation of allowances under the Scheme and established, operated and maintained pursuant to Article 4 of the Registry Regulations.
- (dd) The term "**Kyoto Protocol**" shall have the same meaning as set out in the ICE Futures Europe Rules.
- (ee) The term "**Linking Directive**" shall have the same meaning as set out in the ICE Futures Europe Rules.
- (ff) The term "**Non-Business Day**" means a Clearing Day that is a public holiday in England.
- (gg) The term "**Registry Regulations**" means, in each case, as applicable and as amended from time to time: (1) Commission Regulation (EU) No 920/2010 of 7 October 2010 for a standardised and secured system of registries pursuant to Directive 2003/87/EC of the European Parliament and of the Council and Decision No 280/2004/EC of the European Parliament and of the Council, and (2) Commission Regulation (EU) No 1193/2011 of 18 November 2011 establishing a Union Registry for the trading period commencing on 1 January 2013, and subsequent trading periods, of the Union emissions trading scheme pursuant to Directive 2003/87/EC of the European Parliament and of the Council and Decision No 280/2004/EC of the European Parliament and of the Council and amending Commission Regulations (EC) No 2216/2004 and (EU) No 920/2010.
- (hh) The term "**Registry**" (i) in respect of an EUA, EUAA, CER or ERU, means the single Union registry established pursuant to the Registry Regulations in order to ensure the accurate accounting of the holding, transfer, acquisition, surrender, cancellation, and replacement of EUAs, EUAAs, CERs and ERUs under the Scheme.

- (ii) The term "**Scheme**" means the scheme for transferring EUAs, EUAAs, CERs and ERUs established pursuant to the Emissions Directive, as implemented by relevant national law.
- (jj) The term "**Transfer Request**" means an Allowance Transfer Request, a CER Transfer Request, or an ERU Transfer Request, as the case may be.
- (kk) The term "**Transfer Request Delay**" shall have the same meaning as set out in the ICE Futures Europe Rules, as applicable to the relevant Contract Set.
- (ll) The term "**Transfer Request Failure**" shall have the same meaning as set out in the ICE Futures Europe Rules, as applicable to the relevant Contract Set.
- (mm) The term "**UNFCCC Independent Transaction Log**" means the independent transaction log established, operated and maintained by the Secretariat of the United Nations Framework Convention on Climate Change.

## 2. DELIVERY SPECIFICATION

### 2.1 Delivery

Deliveries under Emissions Contracts are effected upon:

- (a) in the case of the Seller effecting delivery, the completion of the transfer of the relevant EUAs, the relevant EUAAs, the relevant CERs, or the relevant ERUs, as the case may be, from the relevant Account of the Seller, to the relevant Account of the Clearing House; and
- (b) in the case of the Buyer taking delivery, the completion of the transfer of the relevant Allowances, the relevant CERs, or the relevant ERUs, as the case may be, from the relevant Account of the Clearing House to the relevant Account of the Buyer.

This takes place during the Delivery Period for the relevant Emissions Contracts in accordance with ICE Futures Europe Rules. Neither delivery by the Buyer nor receipt of the delivery by the Seller requires performance by the other to occur simultaneously. Each of the Buyer and Seller should deal directly with the Clearing House.

### 2.2 EUAs, EUAAs, CERs, and ERUs

EUAs, EUAAs, CERs, or ERUs to be delivered shall conform to the specifications described in ICE Futures Europe Rules and the specifications of the Registry to and from which delivery may be made under the relevant Contract.

The price at which an Emission Contract (other than an ICE EUA Auction Contract, an ICE EUAA Auction Contract or an ICE EUA Futures Contract arising pursuant to an auction) is delivered is the MDSP (as defined and determined in accordance with the relevant ICE Futures Europe Rules) for the relevant contract month of the relevant Emission Contract on the last day of trading. The price at which an ICE EUA Auction Contract, ICE EUAA Auction Contract or ICE EUA Futures Contract arising pursuant to an Auction is delivered is the Auction Clearing Price as defined and determined in accordance with the relevant ICE Futures Europe Rules.

### 2.3 Cessation of Trading

- (a) Trading for the ICE EUA, EUAA, CER, and ERU Futures Contract contract month will normally cease on the last Monday of that month. Where this falls on a Non-Business Day for the relevant Emission Contract, or there is a Non-Business Day for the relevant Emission Contract in the four days immediately following the last Monday, the last trading day shall be the penultimate Monday of the delivery month. Where the penultimate Monday of the delivery month falls on a Non-Business Day for the relevant Emission Contract, or there is a

Non-Business Day for the relevant Emission Contract in the four days immediately following the penultimate Monday, the last trading day shall be the antepenultimate Monday of the delivery month. A list of dates, subject to amendment, is available from ICE Futures Europe.

- (b) For the avoidance of doubt paragraph (a) above does not apply to the ICE EUA Auction Contract or the ICE EUAA Auction Contract.
- (c) Trading for the ICE EUA and CER Daily Futures Contracts shall normally cease at 17.00 hours on the relevant Contract Date.

#### 2.4 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)

- (a) In accordance with ICE Futures Europe Rules, EFPs and EFSs in respect of the ICE EUA, EUAA, CER, and ERU Futures Contracts may be posted ~~on TRS~~ up to 30 minutes following the cessation of trading.
- (b) For the avoidance of doubt paragraph (a) above does not apply to the ICE EUA Auction Contract or the ICE EUAA Auction Contract.
- (c) In relation to the ICE EUA and CER Daily Futures Contracts, EFPs and EFSs:
  - (i) can only be registered until 17:00 each Business Day;
  - (ii) which have been alleged but not accepted will be cleared from ICE Block overnight; and,
  - (iii) which are outstanding at the end of a Business Day must be re-submitted to the Exchange on the next Business Day.

### 3. LIABILITY

3.1 The provisions of this paragraph 3 are without prejudice to the generality, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures.

3.2 The Clearing House shall have no liability in connection with an Emission Contract, its performance, non-performance or its termination whether based on breach of contract, warranty, negligence or tort or the performance or non-performance of any Auctioneer Seller. In particular, but without limitation, the Clearing House is not responsible for or shall have any liability whatsoever to any Buyer or Seller for:

- (i) the availability, suitability, unavailability or malfunction of a Communication Link or any part thereof;
- (ii) the performance or non-performance by the Registry, CITL or EUTL, as the case may be, or UNFCCC International Transaction Log of their respective obligations under the Registry Regulations or otherwise;
- (iii) the validity or non-validity of any EUA, EUAA, CER or ERU for the purposes of meeting the requirements of the Directive;
- (iv) any act or omission of any operator of a Communication Link or any part thereof;
- (v) any act or omission of an Authorised Representative of any other party;
- (vi) the actions, omissions, performance or non-performance of any Auctioneer Seller, Auction Monitor, the European Commission, the Central Administrator or any Competent Authority or Governmental Authority, including the failure of any

Auctioneer Seller to create any EUA or EUAA or transfer or procure the transfer of the same to the Clearing House; or

- (vii) the Auctioneer Seller or the Auction Monitor being wound up, dissolved, liquidated, merged or otherwise ceasing to exist or ceasing to be an auctioneer appointed pursuant to Article 22(1) of the Auctioning Regulation or an auction monitor appointed pursuant to Article 24 of the Auctioning Regulation, as applicable, for Auctions.

3.3 Neither the Buyer nor the Seller shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the performance or non-performance of the Registry, the CITL or EUTL, as the case may be or the UNFCCC Independent Transaction Log except as otherwise expressly provided in the ICE Futures Europe Rules or the Rules.

#### 4. DELIVERY TIMETABLE FOR EMISSION CONTRACTS: ROUTINE

##### 4.1 ICE EUA, EUAA, CER, and ERU Futures Contracts

Unless stated otherwise, the times apply to ICE EUA Futures Contracts and ICE EUAA Futures Contracts (other than ICE EUA Auction Contracts and ICE EUAA Auction Contracts), ICE CER Futures Contracts, and ICE ERU Futures Contracts. Note that some events may occur up to 24 hours earlier, due to the Registry often performing in advance of the 24 hour period allowed under the Registry Regulations.

	TIME	ACTION
	<b>10 Business Days prior to the relevant Contract Date (or such shorter period as the Exchange or Clearing House may consider appropriate).</b>	
<b>Submission of ICE Registry Account Notification Form</b>	<del>10:30</del>	Buyer and Seller must each submit an ICE Registry Account Notification Form to the Clearing House.
	<b>Last trading day (LTD)</b>	
<b>Cessation of Trading</b>	At 17:00	Trading ceases.
	By 17:30	EFPs and EFSs may be posted up to 30 minutes following the cessation of trading.
	By 18:00	Clearing Members must ensure that all assignments, settlements and transfers are performed via ECS.  Clearing Members with Open Contract Positions at this time are obliged to make or take delivery.
	At 18:00	HIT report available on Crystal.
	<b>LTD + 1</b>	
<b>Submission of ICE Monthly Delivery Confirmation Form</b>	By 09:00	Buyer pays full contract value to the Clearing House.
<b>Payment by Buyer</b>	By 09:00	Invoices are available as a report on Crystal.

	TIME	ACTION
	By 09:00	Seller and Buyer must submit to the Clearing House the ICE Monthly Delivery Confirmation Form.
<b>Deadline for submission of Transfer Requests by Sellers</b>	By 19:00	<p>Seller must ensure that the necessary Transfer Requests (as contained in the ICE Monthly Delivery Confirmation Form) have been made through the Communication Link to the Registry to allow EUAs, EUAAs, CERs, or ERUs, as applicable, to be transferred from the Account of the Seller to the Account of the Clearing House.</p> <p>Transfer Requests made by the Seller before this time will, pursuant to Registry Regulations, result in EUAs, EUAAs, CERs, or ERUs, as applicable, being received in the appropriate Account of the Clearing House no later than 24 hours after the submission of the Transfer Request by the Seller.</p> <p>On receipt from the Seller of EUAs, EUAAs, CERs, or ERUs, as applicable, into the appropriate Account of the Clearing House, the Clearing House will randomly select the order in which it will make the Transfer Requests (as contained in the Buyer's ICE Monthly Delivery Confirmation Form as applicable) and make such Transfer Requests through the Communication Link to the Registry for EUAs, EUAAs, CERs, or ERUs, as applicable, to be transferred from the appropriate Account of the Clearing House to the appropriate Account of the Buyer.</p> <p>This means that Buyers may receive EUAs, EUAAs, CERs, or ERUs, as applicable, in their appropriate Accounts on LTD + 1.</p>
	<b>LTD + 2</b>	
<b>Payment for EUAs, EUAAs, CERs, or ERUs received by the Clearing House on LTD + 1</b>	By 09:00	Sellers receive full contract value against EUAs, EUAAs, CERs, or ERUs as applicable, received by the Clearing House on LTD +1.
	By 09:00	Account Sales will be available as a report on Crystal.
<b>Deadline for receipt of EUAs, EUAAs, CERs, or ERUs by the Clearing House</b>	By 19:00	The Clearing House will have received EUAs, EUAAs, CERs, or ERUs, as applicable into its Account from the Sellers.
<b>Deadline for submission of Transfer Requests by the Clearing House</b>	By 19:30	All Transfer Requests by the Clearing House will have been made through the Communication Link to the Registry for EUAs, EUAAs, CERs, or ERUs, as applicable, to be transferred from the Account of the Clearing House to the Account of the Buyer.
	<b>LTD + 3</b>	
<b>Payment for EUAs, EUAAs, CERs, or ERUs received by the Clearing House on LTD + 2</b>	By 09:00	Seller receives full contract value against EUAs, EUAAs and/or CERs and/or ERUs received by the Clearing House on LTD +2.
<b>Deadline for receipt of EUAs, EUAAs, CERs, or</b>	By 19:30	Buyer will have received EUAs and/or EUAAs and/or CERs and/or ERUs into their Accounts.

	TIME	ACTION
<b>ERUs by the Buyer</b>		

#### 4.2 ICE EUA and CER Daily Futures Contracts

	TIME	ACTION
<b>Submission of ICE Registry Account Notification Form</b>	<b>10 Business Days prior to the relevant Contract Date (or such shorter period as the Exchange or Clearing House may consider appropriate).</b>	
		Buyer and Seller must each submit an ICE Registry Account Notification Form to the Clearing House.
<b>Cessation of Trading</b>	<b>Contract Date</b>	
	At 17:00	Trading ceases.
		All EFPs and EFSs which have been alleged but not accepted will be cleared from ICE Block.
	By 17:45	Clearing Members must ensure that all assignments, settlements and transfers are performed via ECS.
		Clearing Members with Open Contract Positions at this time are obliged to make or take delivery.
	At 18:00	HIT report available on Crystal.
<b>Submission of ICE Daily Delivery Confirmation Form</b>	By 18:15	Seller and Buyer must each submit to the Clearing House the ICE Daily Delivery Confirmation Form.
<b>Contract Date + 1</b>		
<b>Payment by Buyer</b>	By 09:00	Buyer pays full contract value to the Clearing House. Seller pays Seller Security to the Clearing House
	By 09:00	Invoices are available as a report on Crystal.
<b>Deadline for receipt of EUAs or CERs by the Clearing House</b>	By 18:30	Seller must ensure that the necessary EUAs or CERs, as applicable, have been transferred from the Account of the Seller to the Account of the Clearing House.  On receipt from the Seller of EUAs or CERs, as applicable, into the appropriate Account of the Clearing House, the Clearing House will randomly select the order in which it will make the Transfer Requests (as contained in the Buyer's ICE Daily Delivery Confirmation Form as applicable) and make such Transfer Requests through the Communication Link to the Registry for EUAs or CERs, as applicable, to be transferred from the appropriate Account of the Clearing House to the appropriate Account of the Buyer.

	TIME	ACTION
		This means that Buyers may receive EUAs or CERs, as applicable, in their appropriate Accounts on Contract Date + 1.
<b>Payment for EUAs or CERs received by the Clearing House on Contract Date + 1</b>	<b>Contract Date + 2</b>	
	By 09:00	Sellers receive full contract value against EUAs or CERs received by the Clearing House on Contract Date + 1.  The Clearing House will release the Seller security received on Contract Date +1 to the Seller.
	By 09:00	Account Sales will be available as a report on Crystal.
<b>Deadline for receipt of EUAs or CERs by the Buyer</b>	By 19:00	Buyer will have received EUAs and/or CERs into their Accounts from the Clearing House.

#### 4.3 ICE EUA and EUAA Auction Contracts

	TIME	ACTION
<b>Deadline for notification of Registry Account details</b>	<b>10 Business Days prior to the relevant Auction (or such shorter period as the Exchange or Clearing House may consider appropriate).</b>	
	Buyer must submit an ICE Registry Account Notification Form to the Clearing House, and, where applicable, submission by Exchange Members of an Auction Participant List to the Exchange.	
<b>Deadline for Auctioneer Seller to withdraw Auction</b>	<b>Day of Auction (A)</b>	
	Prior to opening of Bidding Window (as defined in the ICE Futures Europe Rules).	EUAs and EUAAs, as applicable will be delivered to the Clearing House by the Auctioneer Seller prior to the opening of the Bidding Window.
	<b>Deadline for submission of bids</b>	As specified in relevant Auction Specification ("Closing Time")
<b>Deadline for delivery of EUA or EUAA Auction Delivery Confirmation Form</b>	Closing Time +15 minutes	Successful Buyers will have been notified of EUAs and EUAAs, as applicable, obtained in the relevant Auction and all applicable payment obligations.
	By 11:00	Buyer must submit to the Clearing House the EUA or EUAA Auction Delivery Confirmation Form as applicable.
	By 11:15	HIT report available on Crystal.

	TIME	ACTION
<b>Payment by Buyer</b>  <b>Deadline for submission of Transfer Requests by the Clearing House</b>	<b>A + 1</b>	
	By 09:00	Buyer pays full contract value to the Clearing House.
	By 09:00	Invoices and Account Sales are available as a report on Crystal
	By 19:30	<p>Auctioneer Seller receives full contract value against EUAs or EUAAs, as applicable, received by the Clearing House prior to the relevant Auction.</p> <p>The Clearing House will randomly select the order in which it will make Transfer Requests (as contained in the Buyer's EUA or EUAA Monthly Delivery Confirmation Form, as applicable) and make such Transfer Requests through the Communication Link to the Registry for EUAs or EUAAs, as applicable, to be transferred from the appropriate Account of the Clearing House to the appropriate Account of the Buyer.</p> <p>Transfer Requests made by the Clearing House before this time will, pursuant to Registry Regulations, result in EUAs or EUAAs being received in the appropriate Account of the Clearing House no later than 26 hours after the submission of the Transfer Request by the Seller.</p>
<b>Delivery of EUAs and EUAAs to Buyer Account</b>	<b>A + 2</b>	
	By 19:30	Buyer will have received EUAs or EUAAs, as applicable, into relevant Account.

**5. DELIVERY TIMETABLE FOR EMISSION CONTRACTS: LATE AND FAILED DELIVERY**

**5.1 ICE EUA, EUAA, CER, and ERU Futures Contracts**

Unless stated otherwise, the times apply to ICE Futures Contracts, ICE CER Futures Contracts, and ICE ERU Futures Contracts.

TIME	ACTION
<b>LTD + 1</b>	
Between 19:00 and 19:00 on LTD+2	Where a Transfer Request has been submitted by the Seller after 19:00 hours on the first Business Day following the last day of trading, but before 19:00 hours on the second Business Day after the last day of trading, in compliance with a Clearing House Direction or otherwise, the Seller shall advise the Clearing House immediately of such submission. The Clearing House may, in its discretion, declare and notify to the Seller and the Exchange that the Clearing Member is subject to a Transfer Request Delay.
<b>LTD + 2</b>	
At 19:00	Where a Transfer Request has not been submitted by the Seller, or has been submitted

	but such Transfer Request has not been accepted by the Registry by 19:00 hours on the second Business Day after the last day of trading, the Seller shall advise the Clearing House immediately of such non-submission, or non-acceptance. The Clearing House may, in its discretion, declare that the Clearing House or the Seller, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.
<b>LTD + 3</b>	
At 19:30	Where a Transfer Request has not been submitted by the Clearing House or has been submitted but not accepted or actioned by the Registry by 19:30 hours on the third Business Day after the last day of trading, the Clearing House shall advise the Buyer immediately of such non-submission, non-acceptance or non-action. The Clearing House may, in its discretion, declare that the Clearing House or the Buyer, as appropriate, is subject to a Transfer Request Delay and may: <p>(a) take, or require the Buyer to take, such steps as appropriate to rectify the situation in compliance with any Clearing House Directions which allow for EUAs or EUAAs to be delivered by such time (which shall not be a time after 19:30 hours on the fourth Business Day after the last day of trading in relation to the relevant Transfer). In the event that the Buyer's Account has not been credited by 19:30 hours on the fourth Business Day after the last day of trading in relation to the relevant Transfer, the Clearing House shall declare that there is a Transfer Request Failure; or</p> <p>(b) declare that the Clearing House or the Buyer or Seller, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.</p>
<b>LTD + 4</b>	
At 19:30	Where the Buyer's Account has not been credited by 19:30 hours on the fourth Business Day after the last day of trading, the Clearing House may, in its discretion, declare that the Clearing House or the Buyer, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.

5.2 ICE EUA and CER Daily Futures Contracts

TIME	ACTION
<b>Contract Date + 1</b>	
At 18:30	Where the Account of the Clearing House has not been credited by 18:30 hours on the first Business Day after the Contract Date, the Clearing House shall declare and notify to the Seller and the Exchange that the Member is subject to a Transfer Request Delay.
<b>Contract Date + 2</b>	
At 18:30	Where the Account of the Clearing House has not been credited by 18:30 hours on the second Business Day after the Contract Date, the Clearing House shall declare that the Clearing House or the Seller, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.
At 19:00	Where a Transfer Request has not been submitted by the Clearing House or has been submitted but not accepted or actioned by the Registry by 19:00 hours on the second Business Day after the Contract Date, the Clearing House shall advise the Buyer immediately of such non-submission, non-acceptance or non-action. The Clearing House may, in its discretion, declare that the Clearing House or the Buyer, as appropriate, is subject to a Transfer Request <del>Failure</del> <u>Delay</u> and may: <p>(a) take, or require the Buyer to take, such steps as appropriate to rectify the situation in compliance with any Clearing House Directions which allow for Allowances to be delivered by such time (which shall not be a time after 19:00 hours on the third Business Day after the Contract Date in relation to the relevant</p>

	<p>Transfer). In the event that the Buyer's Account has not been credited by 19:00 hours on the third Business Day after the Contract Date in relation to the relevant Transfer, the Clearing House shall declare that there is a Transfer Request Failure; or</p> <p>(b) declare that the Clearing House or the Buyer or Seller, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.</p>
<b>Contract Date + 3</b>	
At 19:00	Where the Buyer's Account has not been credited by 19:00 hours on the third Business Day after the Contract Date, the Clearing House may, in its discretion, declare that the Clearing House or the Buyer, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.

**5.3 ICE EUA and EUAA Auction Contracts**

TIME	ACTION
<b>A + 2</b>	
At 19:30	<p>Where a Transfer Request has not been submitted by the Clearing House or has been submitted but not accepted or actioned by the Registry by 19:30 hours on the second Business Day after the Contract Date, the Clearing House shall advise the Buyer immediately of such non-submission, non-acceptance or non-action. The Clearing House may, in its discretion, declare that the Clearing House or the Buyer, as appropriate, is subject to a Transfer Request Delay and may:</p> <p>(a) take, or require the Buyer to take, such steps as appropriate to rectify the situation in compliance with any Clearing House Directions which allow for EUAs or EUAAs to be delivered by such time (which shall not be a time after 19:30 hours on the fourth Business Day after the Contract Date in relation to the relevant Transfer). In the event that the Buyer's Account has not been credited by 19:30 hours on the fourth Business Day after the Contract Date in relation to the relevant Transfer, the Clearing House shall declare that there is a Transfer Request Failure; or</p> <p>(b) declare that the Clearing House or the Buyer, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.</p>
<b>A + 4</b>	
At 19:30	Where the Buyer's Account has not been credited by 19:00 hours on the fourth Business Day after the Contract Date, the Clearing House may, in its discretion, declare that the Clearing House or the Buyer, as appropriate, has failed to meet its delivery obligations and that there is a Transfer Request Failure.

In the event of a Transfer Request Delay or Transfer Request Failure by the Seller/Buyer (including the Clearing House), the Seller or Buyer (whichever is responsible) shall indemnify the Buyer or Seller (whichever is not responsible) in respect of all and any Delivery Costs attributable to that Transfer Request Delay or Transfer Request Failure, provided that, in the case of an ICE EUA Auction Contract or ICE EUAA Auction Contract, and in accordance with Article 48 of the Auctioning Regulation (as defined in the ICE Futures Europe Rules), the Buyer shall not be indemnified by the Clearing House for a Transfer Request Delay or Transfer Request Failure, as applicable, due to circumstances outside its control or a Force Majeure Event.

## 6. EMISSIONS ALTERNATIVE DELIVERY PROCEDURE ("EADP")

- 6.1 In the event of a Transfer Request Failure relating to Emission Contracts other than the ICE EUA Auction Contract and the ICE EUAA Auction Contract, the relevant Clearing Member may seek agreement of the Clearing House to make or take delivery beyond the point of failure (see prescribed "Emissions: Late & Failed Deliveries Timetable" in ICE User Guide and above) in a manner and on terms other than those required pursuant to the ICE Futures Europe Rules. The purpose of the EADP is to afford flexibility to Clearing Members in circumstances where it is envisaged that delivery will be possible but not within the prescribed timetable. Failure to deliver in accordance with ICE Futures Europe Rules and this Part A may nonetheless attract disciplinary action or a fine by ICE Futures Europe and/or the Clearing House notwithstanding any subsequent delivery in accordance with an EADP Agreement.
- 6.2 Each Clearing Member that enters into an EADP Agreement shall, pursuant to these Delivery Procedures, and without need for any further action on the part of the relevant Clearing Member or the Clearing House, be deemed to have agreed to indemnify the Clearing House in respect of all and any of the Clearing House's costs, losses, charges and expenses incurred by the Clearing House in connection with the EADP, including, without limitation, any costs, losses, charges and expenses incurred as a result of a failure on the part of the Clearing Member to meet its obligations under an EADP Agreement and the Clearing House's staff, operational and legal costs associated with the EADP.
- 6.3 In the event that a Clearing Member and the Clearing House enter into an EADP Agreement, the existing Contract will be liquidated on the basis of the Market Delivery Settlement Price. Delivery under an EADP Agreement will be subject to the requirements (including the indemnity) set out in this paragraph 6.3, the same Contract Terms as the Contract(s) replaced as a result of the EADP Agreement (subject to such new terms as are agreed in relation to any matter, which may (without limitation) include new terms in respect of price, delivery times or Deliverable), any directions the Clearing House may in its discretion issue and the terms of the EADP Agreement. A new Contract or Contracts shall arise pursuant to Part 4 of the Rules as a result of EADP being agreed.
- 6.4 Where EADP is agreed, as from the time that the Clearing Members' accounts are amended, as described in the EADP in the books and records of the Clearing House, the affected Clearing Members and the Clearing House shall all automatically and immediately be released from all their rights, liabilities and obligations in respect of the Contract or Contracts that gave rise to the EADP and such rights, liabilities and obligations shall be substituted for such amended obligations as are detailed in the EADP Agreement.
- 6.5 In the event that the Clearing Member and Clearing House are unable to enter into an EADP Agreement or effect delivery under EADP by the close of business on the Business Day following the day of the Failed Delivery, the Clearing House will refer the matter to ICE Futures Europe and Invoice Back affected Contracts and may itself begin disciplinary proceedings, levy a fine, call additional Margin or declare an Event of Default.

## 7. INVOICE CALCULATION

The Invoice and Account Sale Report will give details of all deliveries and amounts due to Sellers and payable by the Buyers in respect of deliveries of EUAs, EUAAs, CERs or ERUs, as applicable.

The value of confirmed deliveries of EUAs, EUAAs, CERs and ERUs will be calculated as follows:

EUAs, EUAAs, CERs or ERUs	x	Market Delivery Settlement Price on last day of trading for the relevant Contract month (MDSP) of the relevant Contract or Auction Clearing Price, where applicable
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**8. DELIVERY DOCUMENTATION SUMMARY**

**8.1 ICE EUA, EUAA, CER and ERU Futures Contracts**

ICE Registry Account Notification Form	Buyers and Sellers must each submit this form to the Clearing House 10 Business Days prior to the relevant Contract Date (or such shorter period as the Exchange or Clearing House may consider appropriate). The report indicates whether the Clearing Member has an Account for each Margin account at the Registry, the appropriate Account numbers and the Authorised Persons for Account(s).
ICE Monthly Delivery Confirmation Form	Buyers and Sellers must each submit this form to the Clearing House by 10:00 hours on the day following the last day of trading. It includes the following details: the number of lots that are to be specified in each Transfer Request for a Margin account; details of each Account from/to which each Transfer Request will be made; name and contact details of the Authorised Representative in respect of each Account specific to each Transfer Request; confirmation that the Clearing Member will continue to have the relevant Accounts during the Delivery Period at the Registry and is not for any reason prevented from having Transfer Requests accepted and not subsequently rejected or not actioned; and is not for any reason prevented from having the Accounts updated as a result of Transfer Requests; and such other details as are required by the Clearing House and the Registry from time to time in accordance with their rules and procedures.

**8.2 ICE EUA and CER Daily Futures Contracts**

ICE Registry Account Notification Form	Buyers and Sellers must each submit this form to the Clearing House 10 Business Days prior to the relevant Contract Date (or such shorter period as the Exchange or Clearing House may consider appropriate). The report indicates whether the Clearing Member has an Account for each Margin account at the Registry, the appropriate Account numbers and the Authorised Persons for Account(s).
ICE Daily Delivery Confirmation Form	Buyers and Sellers must each submit this form to the Clearing House by 18:15 hours on the Contract Date. It includes the following details: the number of lots that are to be specified in each Transfer Request for a Margin account; details of each Account; name and contact details of the Authorised Representative in respect of each Account specific to each Transfer Request; confirmation that the Clearing Member will continue to have the relevant Accounts during the Delivery Period at the Registry and is not for any reason prevented from having Transfer Requests accepted and not subsequently rejected or not actioned; and is not for any reason prevented from having the Accounts updated as a result of Transfer Requests; and such other details as are required by the Clearing House and the Registry from time to time in accordance with their rules and procedures.

**8.3 ICE EUA and EUAA Auction Contracts**

ICE Registry Account Notification Form	Buyers must submit this form to the Clearing House 10 Business Days prior to the relevant Auction. The report indicates whether the Clearing Member has an Account for each Margin account at the Registry, the
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	<p>appropriate Account numbers and the Authorised Persons for Account(s).</p>
<p>EUA or EUAA Auction Delivery Confirmation Form</p>	<p>Buyers must submit this form to the Clearing House by 11:00 hours on the day of the relevant Auction. It includes the following details: the number of lots that are to be specified in each Transfer Request for a Margin account; details of each Account from/to which each Transfer Request will be made; name and contact details of the Authorised Representative in respect of each Account specific to each Transfer Request; confirmation that the Clearing Member will continue to have the relevant Accounts during the Delivery Period at the Registry and is not for any reason prevented from having Transfer Requests accepted and not subsequently rejected or not actioned; and is not for any reason prevented from having the Accounts updated as a result of Transfer Requests; and such other details as are required by the Clearing House and the Registry from time to time in accordance with their rules and procedures.</p>

**PART B: ICE FUTURES GASOIL FUTURES ("ICE GASOIL FUTURES")**

**1. DELIVERY SPECIFICATION**

**1.1 Quality**

Gasoil shall be delivered in bulk and free of all liens and any other form of claim and shall conform to the specifications, as appropriate, described in ICE Futures Europe Rules.

**1.2 Price**

The price at which a ICE Gasoil Futures Contract is delivered is the Market Delivery Settlement Price of the Business Day immediately preceding the cessation of trading day, adjusted in accordance with ICE Futures Europe Rules.

**1.3 Scope**

ICE Gasoil Futures Contracts are for the sale and delivery of gasoil meeting the contract specification set out in ICE Futures Europe Rules by the Seller to the Buyer, out of a recognised storage installation or refinery in Amsterdam, Rotterdam, Antwerp, Flushing or Ghent, at the Seller's option. This takes place on a Delivery Day nominated by the Buyer in accordance with ICE Futures Europe Rules, within a five-day period agreed by the Seller and Buyer from the sixteenth to the last day of the contract month, inclusive.

The Buyer has the option to choose the method of delivery: barge, coaster (maximum size 10,000 DWT), in-tank or inter-tank transfer.

**1.4 Determination of Quantity and Quality**

The quality and quantity of the gasoil delivered is determined by an inspector selected from a panel of independent inspectors authorised by ICE Futures Europe to perform such determination.

The inspector is selected in accordance with ICE Futures Europe Rules by the Seller from two possible inspectors proposed by the Buyer, provided that if the Seller objects to both of the Buyer's preferences and the parties cannot agree upon an alternative, ICE Futures Europe shall nominate the Inspector and this nomination shall be binding on the parties.

**1.5 Cessation of trading**

Trading for a contract month of ICE Gasoil Futures will normally cease two Business Days prior to the fourteenth day of that month. A list of dates, subject to amendment by ICE Futures Europe, is available from ICE Futures Europe.

**1.6 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)**

In accordance with ICE Futures Europe Rules, EFPs and EFSs may be posted ~~on TRS~~ up to one hour following the cessation of trading.

## 2. DELIVERY TIMETABLE FOR ICE GASOIL FUTURES

		<b>2 Business Days prior to the 14th calendar day of the contract month</b>	
<b>Cessation of Trading</b>	At 12:00	Trading in ICE Gasoil Futures ceases.	
	By 13:00	EFPs and EFSs may be posted up to one hour following the cessation of trading.	
	By 14:00	<p>All assignments, settlements and transfers must be performed in TRS and ECS.</p> <p>Seller must submit an ICE Gasoil Futures: Seller's Tender Notice to the Clearing House notifying the location(s) of the gasoil, the number of lots at each location and whether the gasoil is exempt or import duty has been paid.</p> <p>Buyer may (but is not obliged to) submit an ICE Gasoil Futures: Buyer's Preference Notice, indicating a preferred location for delivery to the Clearing House.</p> <p>An ICE Gasoil Futures: Preference Notice is only an indication of a Buyer's preference and is not binding on the Clearing House.</p>	
	At 14:00	Sellers/ Buyers are obliged to make/take delivery of all Contracts remaining open in the expiring contract month.	
	After 14:00	<p>The Clearing House allocates Tenders to Buyers by location at its sole discretion, endeavouring to minimise the number of Clearing Members and locations involved, taking account of Buyers' preferences.</p> <p>The Clearing House sends an ICE Gasoil Futures: Notice to Seller Form to each Seller identifying the Buyer(s) per delivery location and instructing Sellers to deliver directly to Buyer(s) in accordance with Part 7 of the Rules.</p> <p>The Clearing House sends an ICE Gasoil Futures: Notice to Buyer Form to each Buyer identifying the Seller(s) and the delivery location(s).</p> <p>The HIT report is available on ECS advising each Clearing Member of its delivery positions and obligations.</p>	
			<b>Cessation of trading day +1 Business Day</b>
<b>Determination of Delivery Range</b>	By 10:00	The Buyer sends an ICE Gasoil Futures: Delivery Range Nomination form to the Seller (copied to the Clearing House) stating the Buyer's preferred five-day delivery range(s) together with the identity and status of the Buyer's Customer (or if he has no Customer, the status of the Buyer) under Council Directive 92/12/EEC, or having no such status, the tax warehouse nominated to receive delivery.	

**DELIVERY PROCEDURES: ICE GASOIL FUTURES**

	By 12:00	<p>The Seller notifies the Buyer, via completion and return (copied to the Clearing House) of section B of the ICE Gasoil Futures: Delivery Range Nomination form, of its acceptance or rejection of the Buyer's preferred delivery range(s) together with the identity of the Seller's Customer (or Seller).</p> <p>The Seller may only reject a preferred delivery range where it can be shown, supported by evidence from the installation through which delivery is to be made, that berth space will not be available on any of the days in the delivery range preferred by the Buyer.</p> <p>In the case of delivery by inter-tank transfer or by transfer in-tank without movement, the Seller may only reject a preferred delivery range where it can be shown, supported by evidence from the installation, that pumping into the Buyer's tank or transfer in the books of the installation will be impracticable on any of the days in the delivery range preferred by the Buyer.</p>
	By 14:00	<p>In the event that a delivery range is rejected, the Seller provides proof of rejection from the installation to Buyer (copied to the Clearing House).</p> <p>If the Seller fails to provide supporting evidence/proof of rejection, the Seller is deemed to have accepted the Buyer's preferred range.</p> <p>If the Seller rejects the Buyer's preferred range and provides acceptable evidence, the Buyer and Seller shall endeavour to agree an alternative delivery range by 16:00 and notify the Clearing House of the agreed range forthwith.</p>
	By 16:00	<p>Failing agreement, the Buyer must give notice of a second five-day range to the Seller (wholly outside the first preferred range) and the Seller must accept this range.</p>
	<b>Cessation of trading day +2 Business Days</b>	
<b>Excise duty</b>	By 12:00	<p>The Seller informs the Clearing House of non-receipt or receipt of certificate of payment of excise duty from the Buyer where the Buyer is a non-registered trader.</p>
	<b>Minimum of 48 hours before 1<sup>st</sup> day of delivery range (must be a Business Day)</b>	
<b>Nomination of Installation</b>	By 12:00	<p>The Seller submits to the Buyer (copied to the Clearing House) an ICE Gasoil Futures: Installation Nomination form indicating the name of the installation(s), the number of lots and the name of an official at the installation.</p>
	<b>1 Business Day prior to 1<sup>st</sup> day of delivery range</b>	
<b>Buyer's Security</b>	By 09:00	<p>The Buyer must provide Buyer's Security to the Clearing House of full Contract value plus 0.5 % or an amount specified by the Clearing House. The Buyer's Original and contingent (Variation) Margin is released on receipt of Buyer's Security.</p>

**DELIVERY PROCEDURES: ICE GASOIL FUTURES**

		<b>Business Day, a minimum of 48 hours before the nominated Delivery Day</b>
<b>Nomination of Delivery Day</b>	By 14:00	<p>The Buyer submits to the Seller (copied to the Clearing House) the ICE Gasoil Futures: Delivery Day Nomination (Vessel) form or the ICE Gasoil Futures: Delivery Day Nomination (in-tank/inter-tank) form. The form includes details of the Delivery Day, the installation, (in the case of a ICE Gasoil Futures: Delivery Day Nomination (Vessel) form) the vessel, fiscal destination and information of any tests waived and nominates two inspectors indicating a first and second preference from which one must be selected by the Seller.</p> <p>The Delivery Day nominated must be within the agreed delivery range.</p> <p>In the case of delivery by inter-tank transfer, the nominated Delivery Day is the day the Buyer wishes pumping to commence. In the case of delivery by transfer in-tank without movement of the product, the nominated Delivery Day is the day on which the Buyer wishes the transfer to be entered in the books of the installation.</p> <p>If this nomination is received by the Seller after 14:00 hours, it is deemed to have been given on the following Business Day.</p> <p>The Buyer may not alter any particular, or substitute a new nomination, except by notice conforming to the 48-hour minimum notice requirement in accordance with ICE Futures Europe Rules unless the particular amended is accepted by the installation without conforming to the 48-hour minimum notice requirement.</p>
		<p>The ICE Gasoil Futures Delivery Day Nomination Table in paragraph 3 of this Part B sets out the appropriate day to submit a nomination for a specific delivery day.</p> <p>The Seller must notify the Buyer and the Clearing House of any rejection of a nomination. Such notice must contain all the reasons for rejection.</p> <p>A nomination may not be rejected for frivolous or vexatious reasons, such as details which do not result in a rejection of the nomination by the Seller's installation or obvious clerical errors.</p>
	By 16:30	<p>The Seller must inform the Buyer and the Clearing House of which one of the Buyer's two preferred inspectors has been accepted. If the Seller fails to reply by 16:30 the Seller is deemed to have accepted the Buyer's first preference.</p> <p>If the Seller objects to both of the Buyer's preferences, the Seller must inform the Buyer and the Clearing House in good time of the reasons and attempt to agree an alternative with the Buyer. In the event that no agreement is reached, the Seller must advise ICE Futures Europe by 16:45 hours, on the day of nomination, and ICE Futures Europe will nominate an inspector no later than the nominated delivery Day, pursuant to ICE Futures Europe Rules.</p>

**DELIVERY PROCEDURES: ICE GASOIL FUTURES**

<b>Delivery Day and Loading</b>	<b>On the nominated Delivery Day within the agreed 5-day Delivery Range between the 16<sup>th</sup> and end of the contract month</b>	
		<p>Loading shall commence on the nominated Delivery Day and be on a first come, first served basis, and demurrage shall be calculated in accordance with barge market practice.</p> <p>In the event that the barge has presented herself in readiness to load and the Seller has made gasoil ready for delivery, both within the agreed delivery range, but loading has not been completed by the last day of the delivery, there shall be an extension of 24 working hours for completion of delivery provided the Seller can show, supported by evidence from the installation through which delivery is to be made, that he has made the product ready for delivery but loading has been prevented by operational factors. Such evidence shall be copied to the Clearing House.</p> <p>In the event that the delay exceeds 24 working hours, the party responsible for the delay shall (subject to ICE Futures Europe Rules) be in default.</p>
<b>Receipt of Documents by the Clearing House</b>	<b>On or before 6<sup>th</sup> calendar day after completion of loading</b>	
	By 11:00	<p>The Seller shall lodge the following delivery documents with the Clearing House:</p> <p>(a) the original certificates of quality and quantity or faxes from the inspector confirming quality and quantity;</p> <p>(b) If applicable a certificate of origin or EU movement certificate or a copy thereof or written statement by the Inspector that he has seen the original and brief detail thereof; and</p> <p>(c) in the case of delivery into barge, the original barge delivery notes or set of original negotiable bills of lading; in the case of inter-tank transfer, a document satisfactorily evidencing the movement of product into the Buyer's tank, issued by the operator of the Buyer's tank and naming the supplier or the supplying installation (where different from the receiving installation) and the receiver; in the case of delivery in tank without movement of the product, a document satisfactorily evidencing the intention of the parties to transfer title to Commodities, issued by the installation and naming at least the receiver.</p> <p>If the Seller fails to provide all or part of the documentation by the stated time, the Clearing House advises the Seller by telephone or in writing (see ICE Gasoil Future: Notification of Amicable Agreement Period) (copy to ICE Futures Europe) that if the issue is not resolved within five calendar days immediately following the sixth calendar day after the completion of loading, the issue will be referred to ICE Futures Europe under ICE Futures Europe Rules.</p> <p>The issue may be resolved by the production of the required documentation or agreement by both Seller and Buyer to ADP.</p> <p>Documents lodged after 11:00 hours are deemed to be lodged on the next Business Day.</p>
	By 16:00	<p>The Clearing House advises the Seller of the Account Sale amount. The Clearing House advises the Buyer of document availability and the Invoice amount and that payment will take place the next Business Day.</p>

<b>Payment</b>	<b>Business Day following receipt of documents (if received before 11:00)</b>	
	By 09:00	<p>The Buyer pays the invoice amount to the Clearing House. Buyer's Security is released as part of the payment transaction.</p> <p>If the Buyer notifies the Clearing House, in writing and before the Seller is paid, that the product does not comply with the quality specification, the Clearing House will withhold 10% of the payment from the Seller. If an amicable solution is not achieved within five days, the Clearing House will refer the dispute to ICE Futures Europe under ICE Futures Europe Rules.</p>
	After 10:30	<p>The Seller collects the Account Sales, from the Clearing House.</p> <p>The Buyer collects the Invoice and related delivery documents from the Clearing House.</p> <p>The Buyer signs a receipt to confirm acceptance of the Invoice and related delivery documents (see paragraph 5 of this Part B for invoice details).</p>
	After 12:00	<p>The Account Sale amount is credited to the Seller's settlement account.</p> <p>Positions are removed from tender.</p>
<b>Release Margin of</b>	<b>Document receipt day + 2 Business Days</b>	
		<p>Seller's Original Margin and contingent (Variation) Margin is released.</p>

**DELIVERY PROCEDURES: ICE GASOIL FUTURES****3. ICE GASOIL FUTURES DELIVERY DAY NOMINATION TABLE**

The table below indicates the deadlines for the receipt of an ICE Gasoil Futures: Delivery Day Nomination-Vessel or ICE Gasoil Futures: Delivery Day Nominations-In Tank/Inter Tank by the Clearing House.

D = Nominated Delivery Day  
R = Day by which nomination must be received (by 14:00)

E.g.: in the first line below, the nominated Delivery Day is Thursday and the deadline for receipt of the nomination is 14:00 on the previous Monday.

Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Mon	Tues	Wed
R			D						
	R			D					
		R			D				
			R			D			
				R			D		
				R				D	
				R					D

If the Monday is a bank holiday, the deadline for receipt of nomination for the following Thursday is the previous Friday instead of the Monday.

These days may vary over Christmas, New Year and Easter periods.

**4. DELIVERY DOCUMENTATION SUMMARY**

<i>Sellers and Buyers should ensure that relevant Delivery Documentation is completed in full – including elections in respect of Gasoil/Low Sulphur Gasoil, as appropriate.</i>		
<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
ICE Gasoil Futures: Seller's Tender Notice	This notice is submitted by the Seller to the Clearing House. It provides details of the number of lots and location(s) from which the delivery is to be made and a statement to confirm that import duty has been paid or whether or not the product tendered is exempt from import duty.	By 14:00 on the last day of trading
ICE Gasoil Futures: Buyer's Preference Notice	This notice may be submitted by the Buyer to the Clearing House specifying: the number of lots, the size of parcels and the locations at which the Buyer would prefer to take delivery.	By 14:00 on the last day of trading
ICE Gasoil Futures: Notice to Buyer	This notice is issued by the Clearing House to the Buyer, identifying the Seller's delivery location, number of lots and a statement to confirm that the product is or is not exempt from import duty.	After 14:00 on the last day of trading
ICE Gasoil Futures: Notice to Seller	This notice is issued by the Clearing House to the Seller. This directs the Seller to deliver the product to the Buyer(s) and states the identity of the Buyer(s) and delivery location(s).	After 14:00 on the last day of trading
ICE Gasoil Futures: Delivery Range Nomination	This nomination is submitted by the Buyer to the Seller (copied to the Clearing House). The nomination contains details of the Buyer's preferred five day delivery range/s together with the name(s) and the tax status of the Buyer's	By 10:00 hours on the Business Day following the last trading

**DELIVERY PROCEDURES: ICE GASOIL FUTURES**

<i>Sellers and Buyers should ensure that relevant Delivery Documentation is completed in full – including elections in respect of Gasoil/Low Sulphur Gasoil, as appropriate.</i>		
<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
	customer(s).  The Seller must complete and return to the Buyer (copied to the Clearing House) section B of the form confirming the Seller's acceptance or rejection of the nominated range(s) together with the name(s) of the Seller's customer(s).	day  By 12:00 hours on the same day.
ICE Gasoil Futures: Installation Nomination	This nomination is submitted by the Seller to the Buyer, (copied to the Clearing House). It includes the name of the installation(s) where delivery will be made, number of lots and the name of an official at the installation who may be contacted in respect of deliveries.	By 12:00 hours on a Business Day no later than forty-eight hours before the commencement of the delivery range.
ICE Gasoil Futures: Delivery Day Nomination - Vessel	This nomination is submitted by the Buyer to the Seller (copied to the Clearing House), and includes the Delivery Day, vessel, number of lots, name of the inspector, fiscal destination details and information of any tests waived.	By 14:00 hours on a Business Day no later than forty-eight hours prior to the nominated Delivery Day.
ICE Gasoil Futures: Delivery Day Nomination - In-tank/Inter-tank	This nomination of the Delivery Day is used where the gasoil is to be delivered by in-tank or inter-tank transfer and is submitted by the Buyer to the Seller, (copied to the Clearing House).	By 14:00 hours on a Business Day no later than forty-eight hours prior to the nominated Delivery Day.
ICE Gasoil Futures: Notification of Amicable Agreement Period	The Clearing House may issue this notification to give notice to Clearing Member(s) (copied to ICE Futures Europe) of the day by which an amicable solution to a problem must be arrived at or referral to ICE Futures Europe for resolution will proceed. The Clearing House will automatically refer a delivery to ICE Futures Europe on completion of the five days allowed for amicable settlement of a problem in accordance with ICE Futures Europe Rules and notify the Clearing Member of such action.	
ICE Gasoil Futures: Confirmation of Agreed ADP	This form is submitted by both Buyers and Sellers to the Clearing House confirming their agreement to, and the price of, the ADP.	
Referral Form	This form is submitted in the event of failure to reach an amicable agreement to the delivery dispute, so that the dispute is referred to ICE Futures Europe for resolution	

**5. INVOICE**

**5.1 Invoice Calculation**

ICE Gasoil Futures are traded by weight but are delivered by volume, 118.35 cubic metres of gasoil being delivered per 100 tonnes (100 tonnes being one lot).

The amount due to the Seller and payable by the Buyer in respect of deliveries of gasoil is calculated as follows:

$$\frac{\text{Contract Volume}}{1.1835} \times \text{Market Delivery Settlement Price of the Business Day immediately preceding the last day of trading (MDSP)}$$

**5.2 Delivery Tolerance**

A delivery tolerance of plus or minus ½% of the contract volume of gasoil is allowed on the gasoil delivered in each port between a Seller and a Buyer.

Any amount over or under the contract volume, but within the tolerance level, is invoiced using the applicable MDSP.

**5.3 Adjustments for Actual Delivered Volumes**

- (a) Delivery must be for whole lots. If the total amount of gasoil delivered falls below the number of lots tendered (taking into account the delivery tolerance), the delivery will be deemed to be for the nearest full lot below the tendered number of lots. Clearing Members will be required to agree to an ADP for the under-delivered number of lots.
- (b) Failure to agree to an ADP will result in referral to ICE Futures Europe under ICE Futures Europe Rules and the under-delivered lots will be Invoiced Back by the Clearing House.
- (c) If the actual amount delivered is above the tendered lots (taking into account the delivery tolerance) the surplus will be ignored by the Clearing House for invoice purposes. Any payment for the excess must be settled between the Buyer and Seller without the involvement of the Clearing House.

**5.4 Discounts**

Discounts apply for deliveries made from the ports of Flushing and Ghent. The discount levels (50 cents and \$1.25 per tonne respectively) are determined by ICE Futures Europe and are subject to alteration from time to time.

**5.5 Examples of Invoice Calculations**

Basics:

1 lot = 100 tonnes

1 lot = 118.35 m<sup>3</sup> (cubic metres)

MDSP is quoted per Tonne, so price of a lot is *MDSP* × 100tonnes

The price of a m<sup>3</sup> is  $\frac{\text{MDSP} \times 100 \text{ tonnes}}{118.35}$

**DELIVERY PROCEDURES: ICE GASOIL FUTURES**

One invoice is produced per barge. A final invoice is produced to reflect the adjustment for actual delivered volume. The MDSP in all examples is \$600 per tonne.

- (a) Invoice Calculation - Where Delivered Volume is within the Tolerance for the anticipated number of lots.

Tender for 35 lots in 3 nominated loadings of 20 lots, 10 lots and 5 lots each per barge respectively.

Tolerance permitted on 35 lots =  $35 \times 118.35 \times 0.5\% = \pm 20.711 \text{ m}^3$ .

<b>Invoices reflecting individual Loadings</b>		
1st Barge loads		2355.000 m <sup>3</sup>
2nd Barge loads		1207.000 m <sup>3</sup>
3rd Barge loads		586.000 m <sup>3</sup>
<b>Total loaded</b>		4148.000 m <sup>3</sup>
1st Barge invoice	19 lots @ 600.00	\$1,140,000.00
2nd Barge invoice	10 lots @ 600.00	\$600,000.00
3rd Barge invoice	4 lots @ 600.00	\$240,000.00
Total invoiced via the Barge Loading Invoices	33 lots	\$1,980,000.00
<b><u>Final Invoice</u></b>		
Based on total loaded quantity delivered, the number of lots delivered (within tolerance) is 35 Lots.		
Total invoiced already in m <sup>3</sup> =	33 x 118.35	3905.550 m <sup>3</sup>
Total delivered in m <sup>3</sup>		4148.000 m <sup>3</sup>
Total excess		242.450 m <sup>3</sup>
Excess is equivalent to		2 lots + 5.750 m <sup>3</sup>
2 lots @ MDSP of 600.00		\$120,000.00
5.91 m <sup>3</sup> is within the permitted tolerance of $\pm 20.711 \text{ m}^3$ allowable on 35 lots, so the invoice amount for this excess is $\frac{\$600 \times 100}{118.35} \times 5.91 \text{ m}^3$ .		\$2915.08
Final invoice amount		\$122,915.08

- (b) Invoice Calculation – Where Delivered Volume is outside the Tolerance - Over-Delivered.

<b>Invoices reflecting individual Loadings</b>		
1st Barge loads		2355.000 m <sup>3</sup>
2nd Barge loads		1207.000 m <sup>3</sup>

3rd Barge loads		603.000 m <sup>3</sup>
<b>Total loaded</b>		4165.000 m <sup>3</sup>
1st Barge invoice	19 lots @ 600.00	\$1,140,000.00
2nd Barge invoice	10 lots @ 600.00	\$600,000.00
3rd Barge invoice	5 lots @ 600.00	\$300,000.00
Total invoiced via the Barge Loading Invoices	34 lots	\$2,040,000.00
<b><u>Final Invoice</u></b>		
Based on total loaded quantity delivered, the number of lots delivered is treated as 35 lots (being the number tendered) despite the quantity of 4162.961 m <sup>3</sup> exceeding the maximum permitted for 35 lots.		
Total invoiced already in m <sup>3</sup> =	33 x 118.35	3905.550 m <sup>3</sup>
Total delivered in m <sup>3</sup>		4148.000 m <sup>3</sup>
Total excess		141.100 m <sup>3</sup>
Excess is equivalent to		1 lot + 22.750 m <sup>3</sup>
1 lot @ MDSP of 600.00		\$60,000.00
22.750 m <sup>3</sup> is outside the permitted tolerance of +/- 20.711 m <sup>3</sup> allowable on 35 lots, so the invoice amount for this excess is $\frac{\$600 \times 100}{118.35} \times 20.711 m^3$ , i.e. the excess is "capped" at the permitted tolerance.		\$10,499.87
Final invoice amount		\$70,499.87
The difference between the maximum amount allowed as tolerance and the quantity in excess of that tolerance (22.750-20.711) is not invoiced by the Clearing House.		

- (c) Invoice Calculation – Where Delivered Volume is outside the Tolerance - Under-Delivered and thus resulting in an ADP.

<b>Invoices reflecting individual Loadings</b>		
1st Barge loads		2355.000 m <sup>3</sup>
2nd Barge loads		1160.000 m <sup>3</sup>
3rd Barge loads		586.000 m <sup>3</sup>
<b>Total loaded</b>		4101.000 m <sup>3</sup>
1st Barge invoice	19 lots @ 600.00	\$1,140,000.00
2nd Barge invoice	9 lots @ 600.00	\$540,000.00
3rd Barge invoice	4 lots @ 600.00	\$240,000.00

**DELIVERY PROCEDURES: ICE GASOIL FUTURES**

Total invoiced via the Barge Loading Invoices	32 lots	\$1,920,000.00
<b><u>Final Invoice</u></b>		
Based on total loaded quantity delivered, the number of lots delivered (within tolerance) is 34 lots <b>not</b> 35 lots. For the total quantity delivered to be within tolerance for the tendered 35 lots, it would need to be within 4121.539 m <sup>3</sup> and 4162.961 m <sup>3</sup> . As the delivered quantity then exceeds the amount of a 34 lot delivery, this tender is then treated, for the purposes of the final invoice, as an over-delivered 34 lot tender with the 1 lot now excluded being settled between the Buyer and Seller under ADP.		
Total invoiced already in m <sup>3</sup> =	32 x 118.35	3787.200 m <sup>3</sup>
Total delivered in m <sup>3</sup>		4101.000 m <sup>3</sup>
Total excess		313.800 m <sup>3</sup>
Excess is equivalent to		2 lots + 77.100 m <sup>3</sup>
2 lots @ MDSP of 600.00		\$120,000.00
77.100m <sup>3</sup> is outside the permitted tolerance of +/- 20.120 m <sup>3</sup> allowable on 35 lots, so the invoice amount for this excess is $\frac{\$600 \times 100}{118.35} \times 20.120m^3$ , i.e. the excess is "capped" at the permitted tolerance.		\$10,200.25
Final invoice amount		\$130,200.25
The 1 lot ADP may be settled between the Seller and the Buyer. Failing this, the issue will be referred to ICE Futures Europe and the under-delivered lot invoiced back by the Clearing House. The quantity of Gasoil in excess of that invoiced by the Clearing House (77.100-20.120) may be considered by the Buyer and Seller under that ADP.		

- (d) Invoice Calculation – A further example where Delivered Volume is outside the Tolerance - Under-Delivered and thus resulting in an ADP.

In this example, the tendered quantity is 302 lots nominated on 3 barges for delivery of 200, 51 and 51 lots respectively.

<b>Invoices reflecting individual Loadings</b>		
1st Barge loads		23671.000 m <sup>3</sup>
2nd Barge loads		5918.000 m <sup>3</sup>
3rd Barge loads		5918.000 m <sup>3</sup>
<b>Total loaded</b>		<b>35507.000 m<sup>3</sup></b>
1st Barge invoice	200 lots @ 600.00	\$12,000,000.00
2nd Barge invoice	50 lots @ 600.00	\$3,000,000.00
3rd Barge invoice	50 lots @ 600.00	\$3,000,000.00

**DELIVERY PROCEDURES: ICE GASOIL FUTURES**

Total invoiced via the Barge Loading Invoices	300 lots	\$18,000,000.00												
<b><u>Final Invoice</u></b>														
<p>The total loaded quantity (33507.000) delivered is not within the tolerance of the tendered quantity of 302 lots (35562.992 to 35920.409). However, the volume delivered does fall within the "0.5% in tolerance quantity" for 299, 300 or 301 lots:</p> <table border="1"> <thead> <tr> <th>Lots</th> <th>Lower m<sup>3</sup></th> <th>Upper m<sup>3</sup></th> </tr> </thead> <tbody> <tr> <td>299</td> <td>35209.717</td> <td>35563.583</td> </tr> <tr> <td>300</td> <td>35327.475</td> <td>35682.525</td> </tr> <tr> <td>301</td> <td>35445.233</td> <td>35801.467</td> </tr> </tbody> </table> <p>In this situation, the Clearing House will always regard this as the uppermost number of lots, i.e. in this case will regard this as a "short" 301 lot delivery with 1 lot ADP'd, rather than for example an "over"-delivery on a 300 lot tender with 2 lots ADP'd.</p> <p>This tender is then treated, for the purposes of the final invoice, as an <b>under</b>-delivered 301 lot tender with the 1 lot now excluded being settled between the Buyer and Seller under ADP. This quantity is overall equivalent to 301 lots – 116.35 m<sup>3</sup>. 300 lots were invoiced under the individual loadings leaving the 1 lot – 116.35 m<sup>3</sup> to be invoiced in the final invoice.</p>			Lots	Lower m <sup>3</sup>	Upper m <sup>3</sup>	299	35209.717	35563.583	300	35327.475	35682.525	301	35445.233	35801.467
Lots	Lower m <sup>3</sup>	Upper m <sup>3</sup>												
299	35209.717	35563.583												
300	35327.475	35682.525												
301	35445.233	35801.467												
Total invoiced already in m <sup>3</sup> =	300 x 118.35	35505.000 m <sup>3</sup>												
Total delivered in m <sup>3</sup>		35507.000 m <sup>3</sup>												
Total excess		2.000 m <sup>3</sup>												
Excess is equivalent to		1 lot – 116.35 m <sup>3</sup>												
1 lot @ MDSP of 600.00		\$60,000.00												
The invoice amount for this excess is MINUS $\frac{\$600 \times 100}{118.35} \times 2.000m^3$		- \$58,986.06												
Final invoice amount		\$1,013.94.00												
<p>The 1 lot ADP'd should be settled between the Seller and the Buyer. Failing this, the issue will be referred to ICE Futures Europe and the under-delivered lot invoiced back by the Clearing House.</p>														

**DELIVERY PROCEDURES: ICE UK ~~BASE ELECTRICITY FUTURES CONTRACT~~  
& ~~ICE UK PEAK ELECTRICITY FUTURES CONTRACT~~**

**PART C: ICE UK BASE ELECTRICITY FUTURES CONTRACT (EFA), ICE UK PEAK ELECTRICITY FUTURES CONTRACT (EFA), ICE UK BASE ELECTRICITY FUTURES CONTRACT (GREGORIAN) AND ICE UK PEAK ELECTRICITY FUTURES CONTRACT (GREGORIAN)**

**1. DEFINITIONS**

1.1 The following definitions apply to this part of the Delivery Procedures:

- (a) The term "**BSC**" or "**Balancing and Settlement Code**" means the document designated by the Secretary of State and adopted by the National Grid Company plc as the balancing and settlement code as modified from time to time in accordance with the terms of the transmission licence and the balancing and settlement code procedures made pursuant thereto.
- (b) The term "**BSCCo**" means Balancing and Settlement Code Company.
- (c) The term "**BSC Party**" means a party who is bound by the BSC in the participation capacity of a "Trading Party" (as such term is defined in the BSC).
- (d) The term "**BSC Party System**" means that part of the Buyer's and/or Seller's, and/or their respective Transferor's or Transferee's, system which enables, *inter alia*, an ECVNA to submit an ECVN to, or receive information from, the ECVA.
- (e) References to "**D+**" or "**D-**" relate to, in the case of "D+", the number of Business Days immediately after, and in the case of "D-" the number of Business Days immediately before, the day on which the Delivery Day specified in the Electricity Contract commences.
- (f) The term "**Delivery Day**" means:
  - (i) *in respect of an ICE UK Base Electricity Futures*, the period beginning at 23:00 hours on a day on which an ECVN in respect of an ICE UK Base Electricity Futures is due to become effective, and the transfer from one Energy Account to the other Energy Account is due to be made under that ICE UK Base Electricity Futures in accordance with the terms of the ICE Futures Europe Rules and the Rules, and ending at 23:00 hours on the following day (irrespective of whether this encompasses 23, 24 or 25 sequential hours); or
  - (ii) *in respect of an ICE UK Peak Electricity Futures*, the period beginning at 07:00 hours on a weekday on which an ECVN in respect of an ICE UK Peak Electricity Futures is due to become effective, and the transfer from one Energy Account to the other Energy Account is due to be made under that ICE UK Peak Electricity Futures in accordance with the terms of the ICE Futures Europe Rules and the Rules, and ending at 19:00 hours on the same day.

(g) The term "**Delivery Month**" means:

- (i) *In respect of an ICE UK Base Electricity Futures (EFA): The number of days in a "Month Contract" is based on the number of days in an EFA month period, namely 28 days in January, February, April, May, July, August, October and November and 35 days in March, June, September, December. The exception is any December where the numbering of weeks under the EFA Calendar results in a sixth week for the month.*
- (ii) *In respect of an ICE UK Peak Electricity Futures (EFA): The number of days in a "Month Contract" is based on the number of days in an EFA month period, namely 20 days in January, February, April, May, July, August, October and November; and 25 days in March, June, September, December. The exception is any December where the numbering of weeks under the EFA Calendar results in a sixth week for the month.*

**DELIVERY PROCEDURES: ICE UK ~~BASE ELECTRICITY FUTURES CONTRACT~~  
& ICE UK ~~PEAK ELECTRICITY FUTURES CONTRACT~~**

- (iii) *In respect of an ICE UK Base Electricity Futures (Gregorian): The number of days in a "Month Contract" is based on the number of days in a Gregorian calendar month period.*
- (iv) *In respect of an ICE UK Peak Electricity Futures (Gregorian): The number of days in a "Month Contract" is based on the number of days in a Gregorian calendar month period.*
- (h) ~~(g)~~ The term "**Delivery Period**" means the Settlement Period for the relevant Contract.
- (i) ~~(h)~~ The term "**Delivery Failure Costs**" means an amount calculated by the Clearing House based on the imbalance costs a BSC Party may pay or be paid under the BSC attributable to one or more Notification Failures under the ICE Futures Europe Rules.
- (j) ~~(i)~~ The term "**ECVAA**" or "**Energy Contract Volume Aggregation Agent**" means the person identified under the BSC to whom ECVNs and ECVNA authorisations must be made and who is responsible for the aggregation and validation of ECVNs and for the validation of the ECVNA Authorisations.
- (k) ~~(j)~~ The term "**ECVN**" or "**Energy Contract Volume Notification**" means the notification, including amongst other things of an energy contract volume, submitted by the ECVNA to the ECVAA for each Settlement Period of a Delivery Day in the manner required by the BSC and otherwise in accordance with the ICE Futures Europe Rules and the Rules.
- (l) ~~(k)~~ The term "**ECVNA**" or "**Energy Contract Volume Notification Agent**" means the person who is qualified to act as an ECVNA for the purposes of the BSC and who is appointed by the Clearing House and authorised by the Clearing House, the Seller and the Buyer (or their Transferor or Transferee respectively) to submit ECVNs and ECVNA Authorisations in accordance with the BSC, the ICE Futures Europe Rules and the Rules.
- (m) ~~(l)~~ The term "**ECVNA Authorisation**" means the authorisation of the appointed ECVNA validated by the ECVAA in accordance with the BSC.
- ~~(n) The term "**EFA Calendar**" means the Electricity Forward Agreement calendar (or any Exchange approved industry recognised successor calendar) as described in the ICE Futures Europe Rules. The EFA calendar is based on block months.~~
- ~~(n) *ICE UK Base Electricity Futures: The number of days in a "Month Contract" is based on the number of days in an EFA month period.* The term "**EFA Calendar**" means the Electricity Forward Agreement calendar (or any Exchange approved industry recognised successor calendar) as described in the ICE Futures Europe Rules. The EFA calendar is based on block months, namely 28 days in January, February, April, May, July, August, October and November and 35 days in March, June, September, December. The exception is any December where the numbering of weeks under the EFA Calendar results in a sixth week for the month.~~
- ~~*ICE UK Peak Electricity Futures: The number of days in a "Month Contract" is based on the number of days in an EFA month period, namely 20 days in January, February, April, May, July, August, October and November; and 25 days in March, June, September, and December. The exception is any December where the numbering of weeks under the EFA Calendar results in a sixth week for the month.*~~
- (o) ~~(n)~~ The term "**Electricity**" has the meaning given thereto in the BSC, as modified and amended from time to time.
- (p) ~~(o)~~ The term "**Electricity Contract**" means an ICE UK Base Electricity Futures and/or an ICE UK Peak Electricity Futures made pursuant to the ICE Futures Europe Rules.

**DELIVERY PROCEDURES: ICE UK ~~BASE ELECTRICITY FUTURES CONTRACT~~  
& ICE UK ~~PEAK ELECTRICITY FUTURES CONTRACT~~**

- (q) ~~(+)~~ The term "**Energy Account**" means either a production or a consumption account established and operated under the BSC in respect of a BSC Party which is used by the Settlement Administration Agent to determine the energy imbalance obligations of that BSC Party.
- (r) ~~(+)~~ The term "**Energy Contract Volume**" means, for each Settlement Period of a Delivery Day and an Energy Account, a volume of Electricity calculated by the Clearing House and notified to the Clearing Member and (if applicable) the Transferor/Transferee, that should be notified to the ECVAA in an ECVN in respect of an Electricity Contract.
- (s) The term "**Gregorian Calendar**" means the reformed Julian calendar now in use, according to which the ordinary year consists of 365 days, and a leap year of 366 days occur in every year whose number is exactly divisible by 4 except centenary years whose numbers are not exactly divisible by 400.
- (t) ~~(+)~~ The term "**Market Delivery Settlement Price**" or "**MDSP**" means, in respect of a Contract, the Exchange Official Settlement Price determined by ICE Futures Europe for the second Business Day immediately prior to the day on which the first Delivery Day commences.
- (u) ~~(+)~~ The term "**ICE Futures UK Base Electricity Futures Contract (EFA)**" or "**ICE UK Base Electricity Futures (EFA)**" means a contract for delivery of electricity for every Settlement Period during the period specified in the ICE Futures Europe Contract Rules.
- (v) ~~(+)~~ The term "**ICE Futures UK Peak Electricity Futures Contract (EFA)**" or "**ICE UK Peak Futures (EFA)**" means a contract for delivery of electricity for every Settlement Period during the period specified in the ICE Futures Europe Rules.
- (w) The term "**ICE Futures UK Base Electricity Futures Contract (Gregorian)**" or "**ICE UK Base Electricity Futures (Gregorian)**" means a contract for delivery of electricity for every Settlement Period during the period specified in the ICE Futures Europe Rules.
- (x) The term "**ICE Futures UK Peak Electricity Futures Contract (Gregorian)**" or "**ICE UK Peak Electricity Futures (Gregorian)**" means a contract for delivery of electricity for every Settlement Period during the period specified in the ICE Futures Europe Rules.
- (y) The term "**ICE UK Electricity Futures**" means "**ICE UK Base Electricity Futures (EFA)**", "**ICE UK Peak Electricity Futures (EFA)**", "**ICE UK Base Electricity Futures (Gregorian)**" and "**ICE UK Peak Electricity Futures (Gregorian)**" contracts.
- (z) ~~(+)~~ References to "**M-**" relate to the number of Business Days immediately preceding the first Delivery Day of the ~~EFA-month~~ Delivery Month (for example "M-2" refers to the second Business Day prior to the ~~EFA-month~~ Delivery Month).
- (aa) ~~(+)~~ References to "**M+**" relate to the number of Business Days after the last ~~EFA-calendar~~ day of the ~~month~~ Delivery Month during which delivery was made (for example "M+2" refers to the second Business Day of the ~~EFA-month~~ Delivery Month following delivery).
- (bb) ~~(+)~~ The term "**MWh**" or "**Megawatt Hours**" means 1000 kWh, where 1 kWh means 3,600,000 joules and where "joule" is as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Futures Europe.
- (cc) ~~(+)~~ The term "**Notification Failure**" means an occurrence where an ECVN for a Settlement Period is not made, is made incorrectly, is not accepted or is made, accepted and subsequently rejected.
- (dd) ~~(+)~~ The term "**Settlement Period**" means a 30-minute period in a Delivery Day commencing on the hour or the half-hour.

**DELIVERY PROCEDURES: ICE UK ~~BASE ELECTRICITY FUTURES CONTRACT~~  
& ~~ICE UK PEAK ELECTRICITY FUTURES CONTRACT~~**

(ee) ~~(z)~~ The term "**Transmission System**" means the high voltage wires owned and operated by the holder of a licence granted pursuant to Section 6(1)(b) of the Electricity Act 1989.

## **2. DELIVERY SPECIFICATION**

### **2.1 Delivery**

Delivery of an Electricity Contract is effected by a transfer of Energy Contract Volume from a Seller or Transferor to the Clearing House, and by a transfer from the Clearing House to a Buyer or Transferee. This is achieved by the submission of the appropriate ECVNs by the appointed ECVNA and the subsequent debiting and crediting of Energy Accounts for each Settlement Period for the Delivery Day specified in the Electricity Contract.

### **2.2 Quantity**

Electricity is delivered in Megawatt Hours at a rate of 1 Megawatt Hour per lot, for transfer during each Settlement Period for the Delivery Day as specified in the Electricity Contract.

### **2.3 Price**

The price at which the Electricity Contract is delivered is the MDSP for the relevant Contract, two Business Days prior to the first Delivery Day.

### **2.4 Cessation of Trading**

Monthly Contracts cease trading at 17:00 hours on the Business Day which is two Business Days prior to the day on which delivery commences.

### **2.5 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)**

In accordance with ICE Futures Europe Rules, EFPs and EFSs may be posted ~~on TRS~~ up to one hour following the cessation of trading.

## **3. ENERGY CONTRACT VOLUME NOTIFICATION AGENT APPOINTMENT AND AUTHORISATION PROCESS**

3.1 In respect of a Contract to which the Clearing House is a party as the Buyer, for the purposes of delivery, the Clearing House shall appoint an ECVNA who will be authorised to submit ECVNs on behalf of the Transferor and the Clearing House (ECVNA Authorisation) to the ECVA.

3.2 In respect of each Settlement Period of each Delivery Day, the Seller shall take or procure that its Transferor shall take:

- (a) such actions as are required to be taken pursuant to the BSC and the BSC Procedures for ECVNA Authorisations to be eligible for validation by the ECVA; and
- (b) such actions as are required pursuant to the BSC, BSC Procedures, ICE Futures Europe Rules and these Procedures for a valid ECVNA Authorisation to be in place with the ECVA for each Settlement Period to allow an ECVN to be made in respect of the relevant Contract for such Settlement Period.

3.3 In respect of a Contract to which the Clearing House is a party as the Seller, for the purposes of delivery, the Clearing House shall appoint an ECVNA who will be authorised to submit ECVNs on behalf of the Transferee and the Clearing House (ECVNA Authorisation) to the ECVA.

3.4 In respect of each Settlement Period of each Delivery Day of a Contract, the Buyer shall take or procure that its Transferee shall take:

**DELIVERY PROCEDURES: ICE UK ~~BASE ELECTRICITY FUTURES CONTRACT~~  
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- (a) such actions as are required to be taken pursuant to the BSC and the BSC Procedures for such ECVNA Authorisations to be eligible for validation by the ECVA; and
- (b) such actions as are required pursuant to the BSC, BSC Procedures, ICE Futures Europe Rules and these Procedures for a valid ECVNA Authorisation to be in place with the ECVA for each Settlement Period to allow an ECVN to be made in respect of the relevant Contract for such Settlement Period.

**3.5 Pre-delivery ECVNA Authorisation process:**

- (a) On a Business Day which is at least four Business Days prior to the first Delivery Day:
  - (i) The Seller and the Buyer must provide the Clearing House with the details of their Open Contract Positions, together with the Elexon Counterparty ID and Elexon Account ID, e.g. "C" for Consumption or "P" for Production by submission of the ICE Futures Europe Position Report available on the Clearing House website and
  - (ii) Clearing Members must ensure that any Transferor or Transferee nominated:
    - (A) is a BSC Party;
    - (B) has Energy Accounts for the purpose of making or taking delivery of Electricity on D-1; and
    - (C) submits the ECVNA Authorisation in accordance with this Section.
  - (iii) On the same day or by the next Business Day if that day is at least four Business Days prior to the first Delivery Day, the Clearing House's appointed ECVNA will duly complete an ECVNA Authorisation Request Form before forwarding to the Seller (or its Transferor) and to the Buyer (or its Transferee) and the Clearing House.
  - (iv) On the day of receipt or by the next Business Day if that day is at least four Business Days prior to the first Delivery Day:
    - (A) Clearing Members must ensure;
      - (1) that their Transferor or Transferee each duly completes the ECVNA Authorisation Request Form; and
      - (2) that the fully completed forms are delivered to the ECVA.
    - (B) If a Clearing Member's Transferee or Transferor wishes to make or take delivery to or from only one of its two Energy Accounts, then that Transferee or Transferor is only required to complete an ECVNA Authorisation Request Form in respect of that account.

**3.6 Valid ECVNA authorisations may not be terminated without the prior express permission of the Clearing House.**

**4. LIABILITY**

- 4.1 The provisions of this paragraph 4 are without prejudice to the generality of, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures relating to liability.
- 4.2 It is the responsibility of the Clearing Member to ensure that ECVNA Authorisation Request forms are in place by D-1 to allow ECVNs to be submitted by the Clearing House's appointed ECVNA. Any failure

**DELIVERY PROCEDURES: ICE UK ~~BASE~~ ELECTRICITY FUTURES ~~CONTRACT~~  
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or omission to do so, which subsequently causes or contributes to failure of the delivery of an Electricity Contract, will constitute a failure to deliver by the Clearing Member. Upon any such failure or omission, the Clearing Member shall be liable to the Clearing House for any loss or expense of the Clearing House arising as a result of such failure or omission, which may include any Delivery Failure Costs. The Clearing Member shall be liable to pay the Clearing House in respect of its administrative costs resulting from the late submission or changes to or in respect of any ECVNA Authorisation Request Form after D-1.

4.3 Save as specifically provided herein, the Clearing House shall not be liable in connection with an Electricity Contract, its performance, non-performance or its termination whether based on breach of contract, warranty, or tort. In particular, but without limitation, the Clearing House is not responsible for, and shall have no liability whatsoever in respect of:

- (a) the availability, or suitability, or unavailability or malfunction of a BSC Party System other than its own BSC Party System or any part thereof;
- (b) the performance or non-performance of BSCCo or ECVAA of their obligations under the BSC;
- (c) the performance or non-performance of any operator of a BSC Party System other than its own BSC Party System or any part thereof;
- (d) the performance or non-performance of an appointed ECVNA; or
- (e) any losses or costs arising out of or connected to a credit default on the part of the Clearing House which occurs as a result of a Notification Failure caused by any third party other than the appointed ECVNA.

4.4 Neither the Buyer nor the Seller, nor their Transferees or Transferors, shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or operation of the Transmission System, the unavailability or malfunction of a BSC Party System or any part thereof or the performance or non-performance of BSCCo or ECVAA or any operator of a BSC Party System or any part thereof except as otherwise expressly provided for in ICE Futures Europe Rules or the Rules.

**5. DELIVERY TIMETABLE FOR ICE UK ~~BASE AND PEAK~~ ELECTRICITY FUTURES: ROUTINE**

	TIME	ACTION
		<b>At least one full Business Day before M-4</b>
<b>ECVNA Authorisation</b>		Clearing Members must make sure, that their Customers' holding positions already have in place an Authorisation Request Form with Elexon. If not, Clearing Members must communicate to the Clearing Housing the identity of any new Transferor or Transferee that will be making or taking delivery (which each must be a BSC Party), their Elexon Counterparty ID and Elexon Account ID, e.g. "C" for Consumption or "P" for Production. The Clearing House will ensure its appointed ECVNA duly completes an ECVNA Authorisation Request Form before forwarding to the Seller or its Transferor/Buyer or its Transferee.
		Seller or its Transferor (and Buyer or its Transferee) must ensure that each ECVNA Authorisation Request Form is duly completed and returned to Elexon.
		<b>PLEASE NOTE:</b> Valid ECVNA Authorisations may not be terminated

**DELIVERY PROCEDURES: ICE UK ~~BASE~~ ELECTRICITY FUTURES ~~CONTRACT~~  
& ICE UK ~~PEAK~~ ELECTRICITY FUTURES ~~CONTRACT~~**

	TIME	ACTION
		without the prior written consent of the Clearing House.
<b>Position Reporting</b>	<b>On each Business Day, starting on the day 2 Business Days prior to the last trading day and ending on the day following the last trading day</b>	
	By 10:00	Seller and Buyer send to the Clearing House the ICE Futures Electricity Contract Position Report listing all known delivery information including the identity of each Transferor or Transferee who will be making or taking delivery (who each must be a BSC Party), their Elexon Counterparty ID and Elexon Account ID, e.g. "C" for Consumption or "P" for Production.
	<b>M-2</b>	
	By 09:00	The Clearing House makes Daily Summary Report available. The report identifies Open Contract Positions at the close of business on M-3.
<b>Cessation of Trading</b>	At 17:00	The monthly contract ceases trading.
	By 18:00	EFPs and EFSs may be posted up to one hour following the cessation of trading.  If final delivery Open Contract Positions are known, the Seller and Buyer may (but are not obliged to) submit to the Clearing House a completed ICE Futures Electricity Delivery Confirmation Form for those Open Contract Positions it expects to be subject to delivery obligations.
<b>M-1</b>		
	By 09:00	The Clearing House makes Daily Summary Report available. The report identifies the positions that are deliverable at 23:00 hours.
<b>Payment of Security</b>	By 09:00	Seller and Buyer must each pay to the Clearing House the Seller's Security and Buyer's Security respectively. This is calculated for all deliverable positions at close of business on D-2 (which corresponds to M-2 for the first delivery day and M-1 for the second).
		The Clearing House may make adjustments to provisional Seller's Security and Buyer's Security via intra-day call on D-1.
	By 10:00	Settlement instructions and position transfers are entered into ECS for expired Contracts.
		Clearing Members with Open Contract Positions at this time are obliged to make or take delivery.
	By 11:00	HIT report available on ECS to Clearing Members.
<b>Electricity Delivery Confirmation Forms</b>	By 12:00	The Seller and Buyer must, for each deliverable Open Contract Position, each send to the Clearing House a signed and completed ICE UK Base/Peak: Delivery Confirmation Form listing all delivery information for all deliverable Open Contract Position.
<b>Transferor/Transferee Nomination</b>		A Seller or Buyer who is nominating a Transferor or Transferee in respect of a Contract must ensure that the Clearing House has in its possession a signed ICE UK <del>Base/Peak</del> <b>Electricity</b> : Transferor Form or ICE UK <del>Base/Peak</del> <b>Electricity</b> : Transferee Form (as applicable) for each nominated Transferor or Transferee. This Transferor/Transferee form must be signed by an

**DELIVERY PROCEDURES: ICE UK ~~BASE~~ ELECTRICITY FUTURES ~~CONTRACT~~  
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	TIME	ACTION
		authorised signatory of the Transferor/Transferee.
<b>Confirmation Report</b>	By 13:00	The Clearing House makes available to the Clearing Members the Confirmation Report listing the deliverable positions in MWh for each Settlement Period for each day of the Delivery Month. Where Clearing Members will have submitted email details for their Transferee/Transferor, this report will also be emailed directly to the Transferee/Transferor.
<b>Confirmation Report Error</b>	By 14:00	The Seller and Buyer must each inform the Clearing House of any details on the Confirmation Report that do not match the ICE UK <del>Base/Peak</del> <b>Electricity</b> : Delivery Confirmation Form.  If the Clearing House does not receive notification by this deadline, the Seller and Buyer will be deemed to have accepted the delivery obligations as set out on the Confirmation Report.
<b>Notification file to ECVNA</b>	By 18.00	The Clearing House will send to its appointed ECVNA a notification file detailing the EVCNs to be made between the Clearing House and the Seller (or the Seller's Transferor), and the EVCNs to be made between the Clearing House and the Buyer (or the Buyer's Transferee).
<b>ECVNs submission</b>	By 18:30	The appointed ECVNA will make the ECVNs to Elexon representing the final delivery position held at the Clearing House.  The Clearing House will use its endeavours to ensure that ECVNs are made, such that they are reported on the 18:30, seven-day report. However, should this not be possible for whatever reason, then the Clearing Member or the Clearing Member's Transferor will be able to view notifications on the next available seven-day report.
<b>Checking of seven-day report</b>		The Seller (or the Transferor) and the Buyer (or the Transferee) must check the seven-day report to ensure that all ECVNs have been submitted and are correct.  In the event that either the Seller (or the Seller's Transferor) or the Buyer (or the Buyer's Transferee) becomes aware that an ECVN is incorrectly reported or absent from the seven-day report, that person must promptly inform the other party and the Clearing House. The Clearing House will take such action as is necessary to rectify the situation.
	<b>Any time after the above</b>	
<b>Identification of ECVNA rejection</b>		Seller (either by themselves or by their Transferor) and Buyer (either by themselves or by their Transferee) must inform the Clearing House as soon as they become aware that there has been a rejection of all or part of an ECVN for whatever reason.  The Clearing House may also instruct the Seller or Buyer to take such steps as it considers reasonably necessary to ensure that losses are mitigated. Seller and Buyer must give effect to any and all such instructions.
	<b>Delivery Day (D) (or D+1 if D is a Non-Clearing Day)</b>	
<b>Delivery Day</b>	By 09:00	The Clearing House makes Daily Summary Report available.

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& ICE UK ~~PEAK~~ ELECTRICITY FUTURES ~~CONTRACT~~**

	TIME	ACTION
	<b>D+2</b>	
	By 09:00	<p>Seller's Security for actual delivered amount is released.</p> <p>Seller receives delivery contingent credit for confirmed deliveries.</p> <p>The Clearing House may allow delivery contingent credit amounts for confirmed deliveries to be offset against other contract liabilities.</p> <p>The Clearing House releases the "Buyer's Default Top-up" portion of Buyer's Security on confirmed deliveries.</p>
	<b>M+5</b>	
<b>Final Electricity Confirmation of Delivery Report</b>	By 09:00	Clearing House makes the Daily Summary Report available in respect of contracted and actual delivery details.
		Invoice and Account Sale Report available for the previous month's deliveries.
	<b>M+10</b>	
<b>Payment</b>	By 09:00	<p>Buyers make contract payment via their Nominated Accounts in respect of deliveries for the preceding month as detailed on the Invoice and Account Sale Report. Buyer's Security is released as part of the payment transaction.</p> <p>Seller receives contract value (payment) for confirmed delivered amount in respect of deliveries for the preceding month as detailed on the Invoice and Account Sale report.</p> <p>Seller's contingent credit is removed.</p>

**6. DELIVERY TIMETABLE FOR ICE UK ~~BASE AND PEAK~~ ELECTRICITY FUTURES: FAILED DELIVERY**

<b>Delivery Day (D) (or D+1 if D is a Non-Clearing Day)</b>	
By 09:00	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.
<b>D+1</b>	
By 09:00	In the event of a failed delivery the Clearing House may call additional Seller's Security and/or Buyer's Security.
<b>D+2</b>	
By 09:00	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.

**DELIVERY PROCEDURES: ICE UK ~~BASE~~ ELECTRICITY FUTURES ~~CONTRACT~~  
& ICE UK ~~PEAK~~ ELECTRICITY FUTURES ~~CONTRACT~~**

<b>M+Variable</b>	
By 09:00	<p>Invoice Report: Failed Deliveries and Credit Note Report: Failed Deliveries for the previous month's failed deliveries will be generated and made available to the Seller and Buyer by the Clearing House at a time when the full financial obligations of each of the parties is known.</p> <p>Seller's Security and Buyer's Security held against failed deliveries is released following confirmation that all payments have been made for all failed deliveries for the delivery month.</p>
<b>2 days after above</b>	
By 09:00	<p>Seller and Buyer make or receive payment for previous month's failed deliveries as detailed on the Invoice and Credit Note Report.</p> <p>Seller's Security and Buyer's Security held against failed deliveries is released.</p>
<b>Any time after the above</b>	
	<p>If there is a change to the prices used to calculate the failed delivery amounts, the Clearing House shall be entitled to produce further invoices or credit notes, and the Seller and/or Buyer shall pay the Clearing House (or the Clearing House shall pay the Seller and/or Buyer, as the case may be) any additional amount due (or the Clearing House shall pay) within two Business Days of issue of such Invoice or credit note.</p>

Note: in the event of a failed delivery, the Clearing House may retain Buyer's Security and/or Seller's Security.

## **7. DELIVERY CONTRACT SECURITY**

### **7.1 Buyer's and Seller's Security**

- (a) Buyer's Security is calculated by reference to the relevant Market Delivery Settlement Price (MDSP) plus a "Buyer's Default Top-up". The "Buyer's Default Top-up" is calculated by reference to System Sell Price (SSP), as defined by the BSC. The Clearing House may alter the calculation of Buyer's Security at any time or make adjustments in respect of specific Buyers.
- (b) Seller's Security is calculated against the Seller's Default Price (SDP) for the relevant Delivery Day. The SDP is calculated by reference to the relevant System Buy Price (SBP Buy), as defined by the BSC, or Market Delivery Settlement Price (MDSP). The Clearing House may alter the calculation of Seller's Security at any time or make adjustments in respect of a specific Seller.

## **8. INVOICE AND ACCOUNT SALE CALCULATION**

### **8.1 Invoice and Account Sale - Previous Month's Deliveries**

The Invoice and Account Sale Report gives details of all deliveries made during the month preceding production. For confirmed deliveries, the value of Electricity is calculated as follows:

$$\text{MWh} * \text{MDSP}$$

Where

MWh = The number of Megawatt hours delivered.

MDSP = The relevant Market Delivery Settlement Price for the Delivery Day, quoted in pounds per MWh.

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For failed deliveries (Buyers only) the value of Electricity is calculated as follows:

$$\text{MWh} * \text{MDSP}$$

Where

MWh = The number of Megawatt hours contracted.

MDSP = The relevant Market Delivery Settlement Price for the Delivery Day, quoted in pounds per MWh.

## 8.2 Invoice/Credit Note for Failed Deliveries

The Invoice Report: Failed Deliveries and Credit Note Report: Failed Deliveries give details of charges to a Clearing Member for failing to deliver Electricity and is calculated with reference to costs incurred by the Clearing House under the BSC. These costs will also apply even where Baseload and Peak Contracts are netted or aggregated for the same Settlement Period under the BSC.

Credit Notes are issued to Buyers up to the contract value of the failed delivery, less any costs incurred by the Clearing House, dependent on the value of the imbalance value received by the Clearing House under the BSC.

## 9. DELIVERY DOCUMENTATION SUMMARY

Name of Delivery Document	Explanation	Timing
ICE Futures UK Electricity Futures: <del>Base/Peak</del> Position Report	This report is sent by the Clearing Member by 10:00 on a daily basis to the Exchange to report client and proprietary positions. In addition, on each Business Day from the fourth Business Day prior to the expiry, Sellers and Buyers complete the delivery related information part of the Report and submit it to the Clearing House. All known delivery information is listed against each individual Customer's position reflected in the Open Contract Position for the Customer Account and against Proprietary Account Open Contract Positions including the identity of each person who will be making or taking delivery (Transferor/Transferee), whether that person is a BSC Party, their Elexon Counterparty ID and Elexon Account ID, e.g. "C" for Consumption or "P" for Production, whether the Transferor/Transferee Form is in place, and whether the ECVNA Authorisation is in place.	10:00 Daily
ECVNA Authorisation Request	This is partly completed by the Clearing House's appointed ECVNA and forwarded to the Seller or its Transferor and the Buyer or its Transferee.  The Clearing House will always partly complete the ECVNA Authorisation Requests forms as Energy (to) Account Details - (equivalent to Party 2 Energy Account Details).  The Clearing Member or its Transferee or Transferor must duly complete the ECVNA Authorisation Request Forms as Energy (from) Account Details - (equivalent to Party 1 Energy Account Details) and forward them on to the ECVA for validation.	At least 5 Business Days prior to 1 <sup>st</sup> Delivery Day
Daily Summary Report	This report summarises on a daily basis the deliverable positions by transferee/transferor	By 9:00 Daily
ICE UK <del>Base/Peak</del> Electricity <del>Futures</del> :	The following parts of the form must be completed in full for all deliverable positions: Clearing Member mnemonic; Clearing	If delivery details are

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& ICE UK ~~PEAK~~ ELECTRICITY FUTURES ~~CONTRACT~~**

Name of Delivery Document	Explanation	Timing
Delivery Confirmation Form	Member account; Delivery Day or series of Delivery Days as specified in the first and last Delivery Day boxes; unique reference code for the instruction (free format maximum 10 characters); whether the delivery is for baseload or peakload contracts; number of lots long; number of lots short; and name and contact details.	known, by 18:00 on M-2 or otherwise 12:00 on D-1
ICE UK <del>Base/Peak</del> Electricity <del>Futures</del> : Transferee Form	The Buyer must ensure that the Transferee submits and signs this form, as confirmation that it will take delivery of Electricity for all the Settlement Periods on all Delivery Days referred to on the "ICE UK Base/Peak Electricity: Delivery Confirmation Form" and submits it to the Clearing House.	By 12:00 on D-1
ICE UK <del>Base/Peak</del> Electricity <del>Futures</del> : Transferor Form	The Seller must ensure that the Transferor submits and signs this form, as confirmation that it will make delivery of Electricity for all the Settlement Periods on all Delivery Days referred to on the "ICE UK Base/Peak Electricity: Delivery Confirmation Form" and submits it to the Clearing House.	By 12:00 on D-1
Confirmation Report	The Clearing House makes this report available to Buyers and Sellers. Buyers and Sellers must promptly provide a copy of this report to the relevant Transferor(s) and Transferee(s). The report is in Transferor/Transferee order and informs Buyers and Sellers of: Clearing Member name, Transferee/Transferor name, appointed ECVNA name, Delivery Day, lots to be delivered, and Buyer's/Seller's delivery details in MWh.	By 13:00 on D-1
Invoice Report and Account Sale Report	The Clearing House makes this report available to Buyers and Sellers. The report gives Buyers and Sellers details of Clearing Member mnemonic, Clearing Member account, Contract, delivery month, Delivery Day, contracted MWh, actual delivered MWh, price in pounds per MWh, value of Electricity; and a summary of the Invoice and Account Sale.	By 09:00 on M+5

**PART D:** ICE FUTURES UK NATURAL GAS FUTURES CONTRACT ("ICE UK NATURAL GAS FUTURES"), [ICE FUTURES UK NATURAL GAS \(EUR/MWh\) FUTURES CONTRACT \("ICE FUTURES UK NATURAL GAS FUTURES \(EUR/MWh\)"\)](#) AND [ICE FUTURES UK NATURAL GAS DAILY FUTURES CONTRACT \("ICE UK NATURAL GAS DAILY FUTURES"\)](#)

## 1. DEFINITIONS

1.1 The following additional definitions apply to this part of the Delivery Procedures:

- (a) The term "**Acquiring Trade Nomination**" means a nomination submitted, in the manner required by the National Grid Rules and otherwise in accordance with this Part D, by the Transferee to acquire rights in respect of one or more lots of Natural Gas at the National Balancing Point.
- (b) The terms "**D+**" or "**D-**" relate to the number of Business Days before and after the Delivery Day respectively on which rights to natural gas are to be transferred.
- (c) The term "**Daily Imbalance**" has the same meaning as that given to that term in the Network Code.
- (d) The term "**Delivery Day**" means the period beginning at 06:00 hours on a day on which the transfer of rights in respect of Natural Gas is due to be made under a Contract in accordance with ICE Futures Europe Rules and this Part D and ending at 06:00 hours on the following day.
- (e) The term "**Disposing Trade Nomination**" means a nomination submitted, in the manner required by the National Grid Rules and otherwise in accordance with ICE Futures Europe Rules and this Part D, by the Transferor to dispose of rights in respect of one or more lots of Natural Gas at the National Balancing Point.
- (f) The term "**Gemini**" means that part of the UK Link which enables, inter alia, a user to submit a Trade Nomination to National Grid and to access information concerning the user's Trade Nominations, and any successor system thereto;
- (g) The term "**kWh**" or "**Kilowatt Hours**" means 3,600,000 joules where "joule" is as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Futures Europe.
- (h) The term "**M+**" means, in respect of a Contract, the number of Business Days immediately following the last day of the month in which the Delivery Day specified in the Contract commenced.
- (i) The term "**MWh**" or "**Megawatt Hours**" means 3,600,000,000 joules where "joule" is as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Futures Europe.
- (j) ~~(j)~~ The term "**National Balancing Point**" means, in respect of a Contract, a notional point within the Transmission System at which the balancing of the amounts of Natural Gas delivered into and out of the Transmission System takes place for the purposes of the Network Code.
- (k) ~~(k)~~ The term "**National Grid Rules**" means the Network Code and any manuals, procedures, practices or directions of National Grid which support the operation of the Network Code, as amended from time to time.
- (l) ~~(l)~~ The term "**National Grid**" means National Grid or any successor thereto.
- (m) ~~(m)~~ The term "**Natural Gas**" means any hydrocarbons or mixture of hydrocarbons and other gases consisting predominantly of methane which at a temperature of 15 degrees Celsius and at an absolute pressure of 1.01325 bar are or is predominantly in the gaseous state where "degree

Celsius" and "bar" are as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Futures Europe.

- (n) ~~(m)~~ The term "**Network Code**" means the document, as amended from time to time, setting out National Grid's arrangements for transportation of Natural Gas pursuant to its public gas transporter's licence under the Gas Act 1986 and any manuals, procedures, practices or directions of National Grid which support the operation of that document, in either case as amended from time to time.
- (o) ~~(n)~~ The term "**Therm**" means 29.3071 kWh.
- (p) ~~(o)~~ The term "**Trade Nomination**" means in respect of a Contract either a Disposing Trade Nomination or an Acquiring Trade Nomination, as the case may be.
- (q) ~~(p)~~ The term "**Trade Nomination Quantity**" means the quantity of Natural Gas nominated in a Trade Nomination.
- (r) ~~(q)~~ The term "**Transmission System**" means the onshore transmission pipeline system owned and operated by National Grid as may be enlarged, extended or altered from time to time.
- (s) ~~(r)~~ The term "**UK Link**" means the computer system for the electronic transfer of information between National Grid and users of such system managed and operated by National Grid, or any agent appointed by National Grid, and any system from time to time replacing the same.

## 2. DELIVERY SPECIFICATION

### 2.1 Delivery

Deliveries of ICE UK Natural Gas Futures are effected by the transfer of rights to Natural Gas at the National Balancing Point from a Transferor (nominated by the Seller, which may be the Seller itself) to the Clearing House and from the Clearing House to a Transferee (nominated by the Buyer, which may be the Buyer itself), through the input of Acquiring and Disposing Trade Nominations into the National Grid's Gemini system. The National Grid will take those Nominations into account when determining whether the Clearing House has a "Daily Imbalance".

### 2.2 Quantity

ICE UK Natural Gas Futures ~~trades in Therms~~ and [ICE UK Natural Gas Daily Futures trade in Therms but are delivered in kWh. Similarly, ICE UK Natural Gas \(EUR/MWh\) Futures trades in MWh](#) but is delivered in kWh. The Gemini system, through which delivery is made, accepts Trade Nominations to the nearest kWh. Therefore, when converting a deliverable position from Therms to kWh the Clearing House will, in its absolute discretion, round either up or down to the nearest whole kWh to facilitate the matching of the Clearing House Acquiring and Disposing Trade Nominations with the Trade Nominations made by the Transferor and Transferee.

### 2.3 Price

The price at which the contract is delivered is the Market Delivery Settlement Price for the second Business Day immediately prior to the calendar day on which the Delivery Month commences in accordance with the ICE Futures Europe Rules.

### 2.4 Days and Times

All "timings" or times of day are London times.

**2.5 Cessation of Trading**

(a) ~~Monthly Contracts~~ ICE Futures UK Natural Gas Futures and ICE Futures UK Natural Gas (EUR/MWh) Futures contracts cease trading at 17:00 hours on the Business Day which is two Business Days prior to the first calendar day of the delivery month.

(b) ICE Futures UK Natural Gas Daily Futures contracts cease trading at 16:30 hours on the Business Day prior to the Delivery Day.

**2.6 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)**

In accordance with ICE Futures Europe Rules:

(a) For ICE Futures UK Natural Gas Futures and ICE Futures UK Natural Gas (EUR/MWh) Futures contracts EFPs and EFSs may be posted ~~on TRS up to one~~ up to one hour following the cessation of trading.

(b) For ICE Futures UK Natural Gas Daily Futures contracts EFPs and EFSs may be posted up to half an hour following the cessation of trading.

**3. LIABILITY**

3.1 The provisions of this paragraph 3 are without prejudice to the generality, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures.

3.2 The Clearing House is not responsible for, and shall have no liability whatsoever as a result of:

(a) the performance or non-performance of National Grid of its obligations under the National Grid Rules or the Network Code; or

(b) the performance or non-performance of National Grid.

3.3 Neither the Buyer nor the Seller, nor their Transferees or Transferors, shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or operation of the Transmission System or any part thereof or the performance or non-performance of National Grid except as otherwise expressly provided in the ICE Futures Europe Rules.

**4. DELIVERY CONTRACT SECURITY**

The Clearing House makes the Natural Gas Security Report available on a daily basis to Clearing Members with delivery positions.

(a) Buyer's Security

Buyer's Security is calculated by reference to the relevant Market Delivery Settlement Price (MDSP) plus a "Buyer's Default Top-up". The "Buyer's Default Top-up" is an amount calculated against the possibility of a negative System Marginal Sell Price (SMP Sell), as defined by National Grid in the Network Code.

The Clearing House may alter the calculation of Buyer's Security at any time or make adjustments in respect of specific Buyers.

(b) Seller's Security

Seller's Security is calculated against the Seller's Default Price (SDP) for the relevant Delivery Day.

**DELIVERY PROCEDURES: ICE UK NATURAL GAS FUTURES**

The SDP is calculated by reference to the relevant System Marginal Buy Price (SMP Buy), as defined by National Grid in the Network Code, or Market Delivery Settlement Price (MDSP).

The Clearing House may alter the calculation of Seller's Security at any time or make adjustments in respect of a specific Seller.

**5. DELIVERY TIMETABLE FOR ICE UK NATURAL GAS FUTURES: ROUTINE****5.1 ICE UK Natural Gas Futures Contract and ICE UK Natural Gas (EUR/MWh) Futures Contract**

<b>2 Business Days prior to the 1<sup>st</sup> Delivery Day (M-2)</b>		
<b>Confirmation of Delivery positions - Provisional</b>	By 09:00	The Provisional Natural Gas Delivery Report identifies Open Contract Positions at the close of business on M-3.
	By 17:00	Buyer and Seller submit known delivery details using ICE UK Natural Gas Futures: Delivery Confirmation Form for those Open Contract Positions, which are expected to be delivered.
<b>Cessation of Trading</b>	At 17:00	Monthly Contract ceases trading.
	By 18:00	EFPs and EFSs may be posted up to one hour following the cessation of trading.  If final delivery Open Contract Positions are known, the Seller and Buyer may (but are not obliged to) submit to the Clearing House a completed ICE UK Natural Gas Futures Delivery Confirmation Form for those Open Contract Positions it expects to be delivered.
<b>M-1</b>		
<b>Provision of Buyer's and Seller's Security</b>	By 09:00	Seller and Buyer must provide the Clearing House with Seller's Security and Buyer's Security as appropriate. This is calculated for all deliverable Open Contract Positions at close of business on D-2 (which corresponds to M-2 for the first delivery day and M-1 for the second).  The Clearing House may make adjustments to provisional Seller's Security or Buyer's Security by making intra-day calls at this time or other times on this day.
	By 10:00	Settlement instructions and Open Contract Positions transfers are entered into ECS for expired Contracts.  Clearing Members with Open Contract Positions at this time for a Contract Set subject to delivery are obliged to make or take delivery.
	By 11:00	HIT report available on ECS to Clearing Members.
<b>Submission of ICE UK Natural Gas Futures: Delivery Confirmation form</b>	By 12:00	Buyer and Seller must, for all deliverable Open Contract Positions, submit a completed ICE UK Natural Gas Futures Delivery Confirmation Form. If delivery details are known, the ICE UK Natural Gas Futures Delivery Confirmation Form may be submitted to the Clearing House any time from the start of M-2, but must have been submitted by 12:00 hours on M-1.
<b>Nomination of Transferor</b>		Seller or Buyer who is nominating a Transferor or Transferee in respect of a Contract must ensure that the Clearing House has in its possession a signed ICE UK Natural Gas Futures: Blanket Transferor Form or ICE UK Natural

**DELIVERY PROCEDURES: ICE UK NATURAL GAS FUTURES**

<b>/Transferee</b>		Gas Futures: Blanket Transferee Form (as applicable) for each nominated Transferor or Transferee, or a signed ICE UK Natural Gas Futures: Transferor Form or ICE UK Natural Gas Futures: Transferee Form for each nominated Transferor or Transferee. This Transferor/Transferee Form must be signed by an authorised signatory of the Transferor/Transferee.
<b>ICE UK Natural Gas Futures Conversion and Confirmation Report</b>	By 13:00	The ICE UK Natural Gas Futures Conversion and Confirmation Reports, listing all deliverable positions in kWh for the Delivery Day, are made available to Clearing Members electronically. Where Clearing Members will have submitted email details for their Transferee/Transferors, this report will also be emailed directly to the Transferee/Transferors.  It is the responsibility of the Clearing Member to ensure that each nominated Transferor/Transferee has received a copy of the ICE UK Natural Gas Futures Conversion and Confirmation Report.
	By 14:00	Seller and Buyer must each inform the Clearing House of any details on the ICE UK Natural Gas Futures Conversion and Confirmation Report that do not match their submitted ICE UK Natural Gas Futures Delivery Confirmation Form.  Failure to notify the Clearing House by this deadline will constitute acceptance by the Seller and Buyer of their delivery obligations.  If necessary, the Clearing House will then make any appropriate amendments to the ICE UK Natural Gas Futures Conversion and Confirmation Report and resend it to Clearing Members.
<b>Entry of Disposing and Acquiring Nominations</b>	By 18:30	Seller and Buyer must ensure that their nominated Transferors/Transferees have entered the appropriate Disposing Trade Nomination(s)/Acquiring Trade Nominations(s) into the Gemini system.  If by 19:30 one such Trade Nomination has not been accepted by National Grid, the Clearing House, or its agent, may direct the Seller (or its Transferor) or the Buyer (or its Transferee) who submitted the Trade Nomination to amend or withdraw such Trade Nomination on such terms as the Clearing House may consider appropriate until such Trade Nomination is accepted by National Grid.
<b>Delivery Day (D) (or next Business Day if D is a Non-Clearing Day)</b>		
	By 09:00	The Clearing House makes Daily Summary Report available.
<b>D+2</b>		
<b>Seller's Security and Buyer's Default Top Up</b>	By 09:00	Seller's Security for actual delivered amount is released.  The Clearing House releases the 'Buyer's Default Top-up' portion of the Buyer's Security on confirmed deliveries.  Seller receives delivery contingent credit for confirmed deliveries.  The Clearing House allows delivery contingent credit for confirmed deliveries to be offset against other contract liabilities.

**DELIVERY PROCEDURES: ICE UK NATURAL GAS FUTURES**

	<b>17 Business Days following the month of delivery (M+17)</b>	
<b>Final Confirmation of Delivery Report and Invoice and Account Sale Details</b>	By 09:00	<p>The Clearing House makes the Daily Summary Report available for the previous month's deliveries.</p> <p>The Clearing House makes the Invoice and Account Sale Report available to Seller and Buyer for the previous month's deliveries.</p>
	<b>19 Business Days following the month of delivery (M+19)</b>	
<b>Payment</b>	By 09:00	<p>Seller receives contract value (payment) for confirmed delivered amount in respect of deliveries for the preceding month as detailed on the Invoice and Account Sale report.</p> <p>Delivery contingent credit amounts are removed M+18 for morning of M+19.</p> <p>Buyer pays contract value for both performed and failed delivery amounts in respect of deliveries for the preceding month as detailed on the Invoice and Account Sale Report. Buyer's Security is released as part of the payment transaction.</p> <p>N.B. A credit note may be issued at a later date against the failed deliveries.</p>

**5.2 ICE UK Natural Gas Daily Futures Contract**

	<b><u>1 Business Day prior to the Delivery Day (D-1)</u></b>	
<b><u>Cessation of Trading</u></b>	<u>At</u> <u>16:30</u>	<u>Daily Contract ceases trading.</u>
	<u>By</u> <u>17:00</u>	<u>EFPs and EFSs may be posted up to one hour following the cessation of trading.</u>
	<u>By</u> <u>17:15</u>	<u>Settlement instructions and Open Contract Positions transfers are entered for expired Contracts.</u>  <u>Clearing Members with Open Contract Positions at this time for a Contract Set subject to delivery are obliged to make or take delivery.</u>
	<u>By</u> <u>17:30</u>	<u>HIT report available to Clearing Members.</u>
<b><u>Submission of ICE UK Natural Gas Daily Futures: Delivery Confirmation form</u></b>	<u>By</u> <u>17:30</u>	<u>Buyer and Seller must, for all deliverable Open Contract Positions, submit a completed ICE UK Natural Gas Daily Futures Delivery Confirmation Form.</u>
<b><u>Nomination of Transferor /Transferee</u></b>	<u>By</u> <u>17:30</u>	<u>Seller or Buyer who is nominating a Transferor or Transferee in respect of a Contract must ensure that the Clearing House has in its possession a signed ICE UK Natural Gas Daily Futures: Blanket Transferor Form or ICE UK Natural Gas Daily Futures: Blanket Transferee Form (as applicable) for each nominated Transferor or Transferee, or a signed ICE UK Natural Gas Daily Futures: Transferor Form or ICE UK Natural Gas Daily Futures: Transferee Form for each nominated Transferor or Transferee. This Transferor/Transferee Form must be signed by an authorised signatory of the</u>

**DELIVERY PROCEDURES: ICE UK NATURAL GAS FUTURES**

		<u>Transferor/Transferee.</u>
<u>ICE UK Natural Gas Daily Futures Conversion and Confirmation Report</u>	By 18:00	<u>The ICE UK Natural Gas Daily Futures Conversion and Confirmation Reports, listing all deliverable positions in kWh for the Delivery Day, are made available to Clearing Members electronically. Where Clearing Members will have submitted email details for their Transferee/Transferors, this report will also be emailed directly to the Transferee/Transferors.</u>  <u>It is the responsibility of the Clearing Member to ensure that each nominated Transferor/Transferee has received a copy of the ICE UK Natural Gas Daily Futures Conversion and Confirmation Report.</u>
	By 19:00	<u>Seller and Buyer must each inform the Clearing House of any details on the ICE UK Natural Gas Daily Futures Conversion and Confirmation Report that do not match their submitted ICE UK Natural Gas Daily Futures Delivery Confirmation Form.</u>  <u>Failure to notify the Clearing House by this deadline will constitute acceptance by the Seller and Buyer of their delivery obligations.</u>  <u>If necessary, the Clearing House will then make any appropriate amendments to the ICE UK Natural Gas Daily Futures Conversion and Confirmation Report and resend it to Clearing Members.</u>
<u>Entry of Disposing and Acquiring Nominations</u>	By 19:30	<u>Seller and Buyer must ensure that their nominated Transferors/Transferees have entered the appropriate Disposing Trade Nomination(s)/Acquiring Trade Nominations(s) into the Gemini system.</u>  <u>If by 20:30 one such Trade Nomination has not been accepted by National Grid, the Clearing House, or its agent, may direct the Seller (or its Transferor) or the Buyer (or its Transferee) who submitted the Trade Nomination to amend or withdraw such Trade Nomination on such terms as the Clearing House may consider appropriate until such Trade Nomination is accepted by National Grid.</u>
<b><u>Delivery Day (D) (or next Business Day if D is a Non-Clearing Day)</u></b>		
<u>Provision of Buyer's and Seller's Security</u>	By 09:00	<u>Seller and Buyer must provide the Clearing House with Seller's Security and Buyer's Security as appropriate. This is calculated for all deliverable Open Contract Positions at close of business on D-1.</u>  <u>The Clearing House may make adjustments to provisional Seller's Security or Buyer's Security by making intra-day calls at this time or other times on this day.</u>
		<u>The Clearing House makes Daily Summary Report available.</u>
<b><u>D+2</u></b>		
<u>Final Confirmation of Delivery Report and Invoice and Account Sale Details</u>	By 09:00	<u>The Clearing House makes the Daily Summary Report available for the previous day's deliveries.</u>  <u>The Clearing House makes the Invoice and Account Sale Report available to Seller and Buyer for the previous day's deliveries.</u>
<u>Seller's Security and Buyer's Default Top Up</u>	By 09:00	<u>Seller's Security for actual delivered amount is released.</u>  <u>The Clearing House releases the 'Buyer's Default Top-up' portion of the Buyer's Security on confirmed deliveries.</u>

**DELIVERY PROCEDURES: ICE UK NATURAL GAS FUTURES**

<b><u>Payment</u></b>	<b><u>By</u></b> <b><u>09:00</u></b>	<p><u>Seller receives contract value (payment) for confirmed delivered amount in respect of deliveries for the preceding day as detailed on the Invoice and Account Sale report.</u></p> <p><u>Buyer pays contract value for both performed and failed delivery amounts in respect of deliveries for the preceding month as detailed on the Invoice and Account Sale Report. Buyer's Security is released as part of the payment transaction.</u></p> <p><u>N.B. A credit note may be issued at a later date against the failed deliveries.</u></p>
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**6. DELIVERY TIMETABLE FOR ICE UK NATURAL GAS FUTURES: FAILED DELIVERY****6.1 ICE UK Natural Gas Futures Contract and ICE UK Natural Gas (EUR/MWh) Futures Contract**

	<b>D+2</b>	
<b>Seller's Security and Buyer's Default Top up</b>	<b>By</b> 09:00	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.
	<b>24 to 29 Business Days following the month of delivery (M+24 to M+29)</b>	
<b>Failed Delivery</b>	<b>By</b> 09:00	The Clearing House makes the Invoice and Credit Note Report available to Sellers and Buyers for the previous month's failed deliveries.
	<b>26 to 40 Business Days following the month of delivery (M+26 to M+40)</b>	
<b>Payment for Failed Delivery</b>	<b>By</b> 09:00	Seller makes payment for previous month's failed deliveries.
		Buyers make/receive payment or take receipt for previous month's failed deliveries.
	<b>27 to 41 Business Days following the month of delivery (M+27 to M+41)</b>	
<b>Release of Seller's and Buyer's Security against Failed Deliveries</b>	<b>By</b> 09:00	Seller's Security and Buyer's Security held against failed deliveries is released following confirmation that payment has been made for all failed deliveries for the delivery month.

**6.2 ICE UK Natural Gas Daily Futures Contract**

	<b><u>D+2</u></b>	
<b><u>Seller's Security and Buyer's Default Top up</u></b>	<b><u>By</u></b> <b><u>09:00</u></b>	<u>In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.</u>
	<b><u>24 to 29 Business Days following the Delivery Day (D+24 to D+29)</u></b>	
<b><u>Failed Delivery</u></b>	<b><u>By</u></b> <b><u>09:00</u></b>	<u>The Clearing House makes the Invoice and Credit Note Report available to Sellers and Buyers for the failed deliveries.</u>

**DELIVERY PROCEDURES: ICE UK NATURAL GAS FUTURES**

	<b><u>26 to 40 Business Days following the Delivery Day (D+26 to D+40)</u></b>	
<b><u>Payment for Failed Delivery</u></b>	<b><u>By 09:00</u></b>	<b><u>Seller makes payment for the failed deliveries.</u></b>
		<b><u>Buyers make/receive payment or take receipt for the failed deliveries.</u></b>
	<b><u>27 to 41 Business Days following the Delivery Day (D+27 to D+41)</u></b>	
<b><u>Release of Seller's and Buyer's Security against Failed Deliveries</u></b>	<b><u>By 09:00</u></b>	<b><u>Seller's Security and Buyer's Security held against failed deliveries is released following confirmation that payment has been made.</u></b>

Note: in the event of a failed delivery, the Clearing House may retain Buyer's Security and/or Seller's Security.

## 7. INVOICE AND ACCOUNT SALE CALCULATION

### 7.1 Invoice and Account Sale -

#### (a) Previous Month's Deliveries

The Invoice and Account Sale Report gives details of all deliveries made during the month preceding production.

#### Confirmed deliveries for ICE Futures UK Natural Gas Futures:

$$\text{kWh} * \text{EDSP} / 29.3071$$

Where,

kWh = the number of Kilowatt hours delivered.

EDSP = The relevant Market Delivery Settlement Price for the contract in delivery, quoted in pence per Therm

#### Confirmed deliveries for ICE Futures UK Natural Gas (EUR/MWh) Futures:

$$\text{kWh} * \text{EDSP} / 1000 \text{ kWh}$$

Where

kWh = the number of Kilowatt hours delivered.

EDSP = The relevant Market Delivery Settlement Price for the contract in delivery, quoted in Euros per MWh

#### Failed Deliveries (Buyers only) for ICE Futures UK Natural Gas Futures:

$$\text{kWh} * \text{EDSP} / 29.3071$$

Where

kWh = the number of Kilowatt hours delivered.

EDSP = The relevant Market Delivery Settlement Price for the day of delivery, quoted in pence per Therm.

Failed Deliveries (Buyers only) for ICE Futures UK Natural Gas (EUR/MWh) Futures:

kWh \* EDSP / 1000 kWh

Where

kWh = the number of Kilowatt hours delivered.

EDSP = The relevant Market Delivery Settlement Price for the contract in delivery, quoted in Euros per MWh

(b) Daily Deliveries

The Invoice and Account Sale Report gives details of all deliveries made during the business day 2 days before its production.

Confirmed deliveries:

kWh \* ~~MDSP~~EDSP / 29.3071

Where

kWh = the number of Kilowatt hours delivered.

~~MDSP~~EDSP = The relevant Market Delivery Settlement Price for the day of delivery, quoted in pence per Therm.

Failed Deliveries (Buyers only)

kWh \* ~~MDSP~~EDSP / 29.3071

Where

kWh = the number of Kilowatt hours delivered.

~~MDSP~~EDSP = The relevant Market Delivery Settlement Price for the day of delivery, quoted in pence per Therm.

**7.2 Invoice/Credit Note for Failed Deliveries**

The Invoice and Credit Note Report gives details of the proportion of the Clearing House's costs, incurred from National Grid, allocated to Clearing Members as a result of Buyers' and Sellers' failed deliveries.

Credit Notes are issued to Buyers up to the contract value of the failed delivery, dependent on the value received by the Clearing House from National Grid. In the event that the value received by the Clearing House is in excess of the contract value, any such excess will be passed on to ICE Futures Europe.

The Clearing House's costs are allocated *pro rata* to those Clearing Members whose failed deliveries have caused the Clearing House's net Daily Imbalance.

**8. DELIVERY DOCUMENTATION SUMMARY****8.1 ICE UK Natural Gas Futures Contract**

Reports produced by the Clearing House are made available to Buyers and Sellers electronically.

**DELIVERY PROCEDURES: ICE UK NATURAL GAS FUTURES**

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
Daily Summary Report	This report summarises on a daily basis the deliverable positions by transferee/transferor	By 9:00 Daily
ICE UK Natural Gas Futures Delivery Confirmation Form	This form must be completed in full for all Contracts subject to delivery. It contains details of: Clearing Member mnemonic; Clearing Member account; Delivery Day or series of Delivery Days as specified in the first and last Delivery Day boxes; unique reference code for the instruction (free format maximum 10 characters); whether the instruction is a new instruction (N), an update to an existing instruction (U), a deletion of one previously submitted (D) or an unaltered existing instruction (E); number of lots long; number of lots short; and name of the nominated Transferee or Transferor.	By 12:00 on D-1
ICE UK Natural Gas Futures: Transferee Form	The Buyer must ensure that this form is submitted by the Transferee to the Clearing House. It must be signed by the Transferee as confirmation that it will take delivery of Natural Gas on all Delivery Days referred to on the ICE UK Natural Gas Futures Delivery Confirmation form.	By 12:00 on D-1
ICE UK Natural Gas Futures: Transferor Form	The Seller must ensure that this form is submitted by the Transferor to the Clearing House. It must be signed by the Transferor as confirmation that it will make delivery of Natural Gas on all Delivery Days referred to on the ICE UK Natural Gas Futures Delivery Confirmation form.	By 12:00 on D-1
ICE UK Natural Gas Futures: Blanket Transferee Form	Where applicable, the Buyer must ensure that this form is submitted by the Transferee to the Clearing House. It must be signed by an authorised signatory of the Transferee as confirmation that they will take delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE UK Natural Gas Futures Delivery Confirmation form.	By 12:00 on D-1
ICE UK Natural Gas Futures: Blanket Transferor Form	Where applicable, the Seller must ensure that this form is submitted by the Transferor. It must be signed by an authorised signatory of the Transferor as confirmation that they will make delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE UK Natural Gas Futures Delivery Confirmation form.	By 12:00 on D-1

**DELIVERY PROCEDURES: ICE UK NATURAL GAS FUTURES**

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
ICE UK Natural Gas Futures Conversion and Confirmation Report	When available, Buyers and Sellers must promptly provide a copy of this report to the relevant Transferor(s) and Transferee(s). It is a Transferor/Transferee order and informs Buyers and Sellers of Clearing Member mnemonic; Transferee/Transferor; Delivery Day or series of Delivery Days as defined in paragraph 1 of this Section D from first Delivery Day to last Delivery Day; lots to be delivered; details of the Acquiring and/or Disposing Trade Nomination(s) to be entered by the Transferees/Transferors; and a statement that if the Transferor/Transferee fails to notify the Clearing House by the necessary deadline as specified in these Delivery Procedures, then the delivery obligation is irrevocably accepted and Transferor/Transferee will enter the correct Acquiring and/or Disposing Trade Nomination(s) into the Gemini system, by the relevant deadline and that the trade(s) nominations will not be amended or withdrawn unless instructed to do so by the Clearing House.	By 18:00 on D-1
ICE UK Natural Gas Futures Invoice Report and Account Sale Report	The report gives Buyers and Sellers details of: Clearing Member mnemonic; Clearing Member account; contract; delivery month; Delivery Day; contracted kWh; actual delivered (matched) kWh; price in pence per Therm; value of Natural Gas; and a summary of the Invoice and Account Sale.	By 09:00 on M+17
Invoice Report and Credit Note Report: Failed Deliveries	The report gives Buyers and Sellers with failed deliveries during the previous delivery month details of Clearing Member mnemonic; Clearing Member account; contract; delivery month; Delivery Day; amount of failed delivery long (kWh); amount of failed delivery short (kWh); and total costs charged to the Clearing Member as a result of failed delivery/deliveries.	M+24 to M+29 at 09:00.

**8.2 ICE UK Natural Gas Daily Futures Contract**

Reports produced by the Clearing House are made available to Buyers and Sellers electronically.

<b><u>Name of Delivery Document</u></b>	<b><u>Explanation</u></b>	<b><u>Timing</u></b>
<u>Daily Summary Report</u>	<u>This report summarises on a daily basis the deliverable positions by transferee/transferor</u>	<u>By 9:00 Daily</u>
<u>ICE UK Natural Gas Daily Futures Delivery Confirmation Form</u>	<u>This form must be completed in full for all Contracts subject to delivery. It contains details of: Clearing Member mnemonic; Clearing Member account; Delivery Day or series of Delivery Days as specified in the first and last Delivery Day boxes; unique reference code for the instruction (free format maximum 10 characters); whether the instruction is a new instruction (N), an update to an existing instruction (U), a deletion of one previously submitted (D) or an unaltered existing instruction (E); number of lots long; number of lots short; and name of the nominated Transferee or Transferor.</u>	<u>By 17:30 on D</u>

**DELIVERY PROCEDURES: ICE UK NATURAL GAS FUTURES**

<u>Name of Delivery Document</u>	<u>Explanation</u>	<u>Timing</u>
<u>ICE UK Natural Gas Daily Futures: Blanket Transferee Form</u>	<u>Where applicable, the Buyer must ensure that this form is submitted by the Transferee to the Clearing House. It must be signed by an authorised signatory of the Transferee as confirmation that they will take delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE UK Natural Gas Futures Delivery Confirmation form.</u>	<u>By 17:30 on D</u>
<u>ICE UK Natural Gas Daily Futures: Blanket Transferor Form</u>	<u>Where applicable, the Seller must ensure that this form is submitted by the Transferor. It must be signed by an authorised signatory of the Transferor as confirmation that they will make delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE UK Natural Gas Futures Delivery Confirmation form.</u>	<u>By 17:30 on D</u>
<u>ICE UK Natural Gas Daily Futures Conversion and Confirmation Report</u>	<u>When available, Buyers and Sellers must promptly provide a copy of this report to the relevant Transferor(s) and Transferee(s). It is a Transferor/Transferee order and informs Buyers and Sellers of Clearing Member mnemonic; Transferee/Transferor; Delivery Day or series of Delivery Days as defined in paragraph 1 of this Section D from first Delivery Day to last Delivery Day; lots to be delivered; details of the Acquiring and/or Disposing Trade Nomination(s) to be entered by the Transferees/Transferors; and a statement that if the Transferor/Transferee fails to notify the Clearing House by the necessary deadline as specified in these Delivery Procedures, then the delivery obligation is irrevocably accepted and Transferor/Transferee will enter the correct Acquiring and/or Disposing Trade Nomination(s) into the Gemini system, by the relevant deadline and that the trade(s) nominations will not be amended or withdrawn unless instructed to do so by the Clearing House.</u>	<u>By 18:00 on D</u>
<u>ICE UK Natural Gas Daily Futures Invoice Report and Account Sale Report</u>	<u>The report gives Buyers and Sellers details of: Clearing Member mnemonic; Clearing Member account; contract; Delivery Day; contracted kWh; actual delivered (matched) kWh; price in pence per Therm; value of Natural Gas; and a summary of the Invoice and Account Sale.</u>	<u>By 09:00 on D+2</u>
<u>Invoice Report and Credit Note Report: Failed Deliveries</u>	<u>The report gives Buyers and Sellers with failed deliveries details of Clearing Member mnemonic; Clearing Member account; contract; Delivery Day; amount of failed delivery long (kWh); amount of failed delivery short (kWh); and total costs charged to the Clearing Member as a result of failed delivery/deliveries.</u>	<u>D+24 to D+29 at 09:00.</u>

**DELIVERY PROCEDURES: ICE ENDEX TTF NATURAL GAS BASE LOAD FUTURES AND ICE ENDEX TTF NATURAL GAS WDNW FUTURES**

**PART E: ICE ENDEX TTF NATURAL GAS FUTURES CONTRACTS: ICE ENDEX NATURAL GAS BASE LOAD FUTURES ("ICE ENDEX TTF NATURAL GAS BASE LOAD FUTURES"); ICE ENDEX TTF NATURAL GAS WORKING DAYS NEXT WEEK (WDNW) FUTURES CONTRACT ("ICE ENDEX TTF NATURAL GAS WDNW FUTURES")**

**1. DEFINITIONS**

1.1 The following additional definitions apply to this part of the Delivery Procedures:

- (a) The term "**Acquiring Trade Nomination**" means a nomination submitted, in the manner required by the GTS Rules and otherwise in accordance with this Part E, by the Transferee to acquire rights in respect of one or more lots of Natural Gas at the Title Transfer Facility.
- (b) The terms "**D+**" or "**D-**" relate to the number of Business Days before and after the Delivery Day respectively on which rights to Natural Gas are to be transferred.
- (c) The term "**Delivery Day**" means the period beginning at 06:00 hours CET on a day on which the transfer of rights in respect of Natural Gas is due to be made under a Contract in accordance with ICE Endex Rules and this Part E and ending at 06:00 hours CET on the following day.
- (d) The term "**Delivery Month**" means the period beginning at 06:00 hours CET on the first calendar day of the month until 06.00 hours CET on the first calendar day of the next month.
- (e) The term "**Delivery Week**" means the period beginning at 06:00 hours CET on the first business day of the week until 06.00 hours CET on the day following the last business day of the week (Saturday).
- (f) The term "**Disposing Trade Nomination**" means a nomination submitted, in the manner required by the GTS Rules and otherwise in accordance with ICE Endex Rules and this Part E, by the Transferor to dispose of rights in respect of one or more lots of Natural Gas at the Title Transfer Facility.
- (g) The term "**Edigas**" means GTS's electronic messaging protocol which enables, *inter alia*, submission of a Trade Nomination to GTS and to access information concerning the submitted Trade Nominations, and any successor system thereto.
- (h) The term "**GTS**" means the Dutch gas transmission system operator Gasunie Transport Services B.V. or any successor thereto.
- (i) The term "**GTS Rules**" means the Gasvoowaarden, or Transmission Service Conditions ("**TSC**"), and any manuals, procedures, practices or directions of GTS which support the operation of the Transmission Service Conditions, as amended from time to time.
- (j) The term "**ICE Endex TTF Natural Gas Futures**" means the ICE Endex TTF Natural Gas Base Load Futures Contract and ICE Endex TTF Natural Gas WDNW Futures Contract.
- (k) The term "**kWh**" or "**Kilowatt Hours**" means 3,600,000 joules where "joule" is as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Endex .
- (l) The term "**M+**" or "**M-**" means, in respect of a Contract, the number of Business Days immediately following the last day of the month or the number of Business Days immediately preceding the first day of the month in which the Delivery Day specified in the Contract commenced.
- (m) The term "**Natural Gas**" means any hydrocarbons or mixture of hydrocarbons and other gases consisting predominantly of methane which at a temperature of 15 degrees Celsius and at an absolute pressure of 1.01325 bar are or is predominantly in the gaseous state where "degree

**DELIVERY PROCEDURES: ICE ENDEX TTF NATURAL GAS BASE LOAD FUTURES AND ICE ENDEX TTF NATURAL GAS WDNW FUTURES**

Celsius" and "bar" are as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Endex.

- (n) The term "**Title Transfer Facility**" (TTF) means, in respect of a Contract, a notional point within the Transmission System at which the balancing of the amounts of Natural Gas takes place for the purposes of the Transmission Service Conditions.
- (o) The term "**Trade Nomination**" means in respect of a Contract either a Disposing Trade Nomination or an Acquiring Trade Nomination, as the case may be.
- (p) The term "**Trade Nomination Quantity**" means the quantity of Natural Gas nominated in a Trade Nomination.
- (q) The term "**Transmission System**" means the onshore transmission pipeline system owned and operated by GTS as may be enlarged, extended or altered from time to time.
- (r) The term "**TSC**" means the Transmission Service Conditions, as amended from time to time, setting out GTS's arrangements for transportation of Natural Gas and operation of the Transmission System and TTF and any manuals, procedures, practices or directions of GTS which support the operation of that document, in either case as amended from time to time.
- (s) The term "**W+**" or "**W-**" means, in respect of a Contract, the number of Business Days immediately following the last day of the week or the number of Business Days immediately preceding the first day of the week in which the Delivery Day specified in the Contract commenced.

## **2. CLEARING HOUSE AUTHORITY**

The Clearing Member hereby grants authority to the Clearing House to make Trade Nominations in connection with deliveries under ICE Endex TTF Natural Gas Futures. No Clearing Member shall revoke or terminate, nor purport to revoke or terminate, such authorisation. Members are not required, and are not able, to send Trade Nominations themselves.

## **3. DELIVERY SPECIFICATION**

### **3.1 Delivery**

Deliveries of ICE Endex TTF Natural Gas Base Load Futures and ICE Endex TTF Natural Gas WDNW Futures are effected by the transfer of rights to Natural Gas at the TTF from a Transferor (nominated by the Seller, which may be the Seller itself) to the Clearing House and from the Clearing House to a Transferee (nominated by the Buyer, which may be the Buyer itself), through the input of Acquiring and Disposing Trade Nominations into the GTS's Edigas system by the Clearing House. GTS will take those Trade Nominations into account when determining whether any costs or charges arise from the balancing regime.

### **3.2 Quantity**

ICE Endex TTF Natural Gas Futures trades in MWh and is delivered in kWh.

### **3.3 Price**

The price at which the contract is delivered is the Exchange Delivery Settlement Price (EDSP) for the second Business Day immediately prior to the calendar day on which the Delivery Week for the ICE Endex TTF Natural Gas WDNW Futures or the Delivery Month for the ICE Endex TTF Natural Gas Base Load Futures commences in accordance with the ICE Endex Rules.

### **3.4 Days and Times**

**DELIVERY PROCEDURES: ICE ENDEX TTF NATURAL GAS BASE LOAD FUTURES AND ICE ENDEX TTF NATURAL GAS WDNW FUTURES**

All "timings" or times of day are Central European Time ("CET") or Central European Summer Time ("CEST") as applicable.

**3.5 Cessation of Trading**

The ICE Exend TTF Natural Gas Futures Contracts cease trading at 18:00 hours on the business day, as defined in the ICE Exend Rules, which is two business days prior to the first calendar day of the Delivery Period, in accordance with the ICE Exend Rules.

**3.6 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)**

In accordance with ICE Exend Rules, EFPs and EFSs may be posted up to one hour following the cessation of trading.

**4. LIABILITY**

4.1 The provisions of this paragraph 3 are without prejudice to the generality, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures.

4.2 The Clearing House is not responsible for, and shall have no liability whatsoever as a result of:

- (a) the performance or non-performance of GTS of its obligations under the GTS Rules; or
- (b) the performance or non-performance of GTS.

4.3 Neither the Buyer nor the Seller, nor their Transferees or Transferors, shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or operation of the Transmission System or any part thereof or the performance or non-performance of GTS except as otherwise expressly provided in the ICE Exend Rules.

**5. DELIVERY CONTRACT SECURITY**

The Clearing House makes the Natural Gas Daily Summary Report available on a daily basis to Clearing Members with delivery positions.

(a) Buyer's Security

Buyer's Security is calculated by reference to the relevant EDSP plus a "Buyer's Default Top-up". The "Buyer's Default Top-up" is an amount calculated against the possibility of costs or charges arising from the balancing regime under the TSC.

The Clearing House may alter the calculation of Buyer's Security at any time or make adjustments in respect of specific Buyers.

(b) Seller's Security

Seller's Security is calculated against the Seller's Default Price (SDP) for the relevant Delivery Day.

The SDP is calculated by reference to costs and charges arising from the balancing regime under the TSC, or EDSP.

The Clearing House may alter the calculation of Seller's Security at any time or make adjustments in respect of a specific Seller.

**DELIVERY PROCEDURES: ICE ENDEX TTF NATURAL GAS BASE LOAD FUTURES AND ICE ENDEX TTF  
NATURAL GAS WDNW FUTURES**

**6. DELIVERY TIMETABLE FOR ICE TTF NATURAL GAS FUTURES: ROUTINE**

	<b>2 Business Days prior to the 1st Delivery Day M-2 or W-2, as applicable</b>	
<b>Confirmation of Delivery positions – Provisional*</b>  *This only applies to the ICE Endex TTF Natural Gas Base Load Futures, and not to the ICE Endex TTF Natural Gas WDNW Futures Contract.	By 10:00 CET	The Daily Summary Report identifies Open Contract Positions at the close of business on M-3.
	By 18:00 CET	Buyer and Seller submit known delivery details using ICE Endex TTF Natural Gas Futures: Delivery Confirmation Form for those Open Contract Positions, which are expected to be delivered.
<b>Cessation of Trading</b>	At 18:00 CET	Contract ceases trading.
	By 19:00 CET	EFPs and EFSs may be posted up to one hour following the cessation of trading.
<b>Provision of Buyer's and Seller's Security</b>	<b>M or W-1</b>	
	By 10:00 CET	<p>Seller and Buyer must provide the Clearing House with Seller's Security and Buyer's Security as appropriate. This is calculated for all deliverable Open Contract Positions at close of business on D-2 (which corresponds to M (or W)-2 for the first Delivery Day and M (or W)-1 for the second).</p> <p>The Clearing House may make adjustments to provisional Seller's Security or Buyer's Security by making intra-day calls at this time or other times on this day.</p>
	By 11:00 CET	<p>Settlement instructions and Open Contract Positions transfers are entered into PTMS for expired Contracts.</p> <p>Clearing Members with Open Contract Positions at this time for a Contract Set subject to delivery are obliged to make or take delivery.</p>
	By 11:30 CET	HIT report available on PTMS to Clearing Members.
<b>Submission of ICE Endex TTF Natural Gas Futures: Delivery Confirmation form</b>	By 12:00 CET	Buyer and Seller must, for all relevant deliverable Open Contract Positions, submit a completed ICE Endex TTF Natural Gas Futures Delivery Confirmation Form. If delivery details are known, the ICE Endex TTF Natural Gas Futures Delivery Confirmation Form may be submitted to the Clearing House any time from the start of M (or W)-2, but must have been submitted by 12:00 hours CET on M (or W)-1.
<b>ICE Endex TTF Natural Gas Base Load Futures and ICE Endex TTF Natural Gas WDNW Futures</b>	By 12:30 CET	The ICE Endex TTF Natural Gas Base Load Futures or ICE Endex TTF Natural Gas WDNW Futures Confirmation Reports, listing all deliverable positions in kWh for the Delivery Month, are made available to Clearing Members electronically. Where Clearing Members will

**DELIVERY PROCEDURES: ICE ENDEX TTF NATURAL GAS BASE LOAD FUTURES AND ICE ENDEX TTF  
NATURAL GAS WDNW FUTURES**

<b>Conversion and Confirmation Report</b>		<p>have submitted email details for their transferee/transferees, this report will also be emailed directly to the transferee/transferees.</p> <p>It is the responsibility of the Clearing Member to ensure that each nominated transferor/transferee has received a copy of the ICE Endex TTF Natural Gas Futures Conversion and Confirmation Report.</p>
	By 13:30 CET	<p>Seller and Buyer must each inform the Clearing House of any details on the ICE Endex TTF Natural Gas Base Load Futures or ICE Endex TTF Natural Gas WDNW Conversion and Confirmation Report that do not match their submitted ICE Endex TTF Natural Gas Base Load Futures or ICE Endex TTF WDNW Delivery Confirmation Form.</p>
<b>Notification file to Nomination Agent</b>		<p>The Clearing House will send to its appointed nomination agent a notification file detailing the nominations to be made between the Clearing House and the Seller (or the Seller's Transferor), and the nominations to be made between the Clearing House and the Buyer (or the Buyer's Transferee).</p>
		<p>Failure to notify the Clearing House by this deadline will constitute acceptance by the Seller and Buyer of their delivery obligations.</p> <p>If necessary, the Clearing House will then make any appropriate amendments to the ICE Endex TTF Natural Gas Base Load Futures or ICE Endex TTF Natural Gas WDNW Confirmation Report and resend it to Clearing Members.</p>
<b>Delivery Day (D) (or next Business Day if D is a Non-Clearing Day)</b>		
	By 10:00 CET	<p>The Clearing House makes the Daily Summary Report available.</p>
<b>D+2</b>		
<b>Seller's Security and Buyer's Default Top Up</b>	By 10:00 CET	<p>Seller's Security for actual delivered amount is released.</p> <p>The Clearing House releases the 'Buyer's Default Top-up' portion of the Buyer's Security on confirmed deliveries.</p> <p>Seller receives delivery contingent credit for confirmed deliveries.</p> <p>The Clearing House allows delivery contingent credit for confirmed deliveries to be offset against other contract liabilities.</p>
<b>17 Business Days following the month or week of delivery (M or W+17)</b>		
<b>Final Confirmation of Delivery Report and Invoice and Account Sale Details</b>	By 10:00 CET	<p>The Clearing House makes the Daily Summary Report available for the previous month's or /week's deliveries.</p>
		<p>The Clearing House makes the Invoices and Account Sales available to Seller and Buyer for the previous month's deliveries.</p>
<b>19 Business Days following the month of delivery (M or W+19)</b>		

**DELIVERY PROCEDURES: ICE ENDEX TTF NATURAL GAS BASE LOAD FUTURES AND ICE ENDEX TTF  
NATURAL GAS WDNW FUTURES**

<b>Payment</b>	By 10:00 CET	<p>Seller receives contract value (payment) for confirmed delivered amount in respect of deliveries for the preceding month as detailed on the Account Sale.</p> <p>Delivery contingent credit amounts are removed M or W +18 for morning of M or W +19.</p> <p>Buyer pays contract value for both performed and failed delivery amounts in respect of deliveries for the preceding month as detailed on the Invoice. Buyer's Security is released as part of the payment transaction.</p> <p>N.B. A credit note may be issued at a later date against the failed deliveries.</p>
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**7. DELIVERY TIMETABLE FOR ICE TTF NATURAL GAS FUTURES: FAILED DELIVERY**

	<b>D+2</b>	
<b>Seller's Security and Buyer's Default Top Up</b>	By 10:00 CET	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.
	<b>10 Business Days following the month or week of delivery (M or W+10)</b>	
<b>Failed Delivery</b>	By 10:00 CET	The Clearing House makes the Invoice and Credit Note Report available to Sellers and Buyers for the previous month's failed deliveries.
	<b>12 Business Days following the month or week of delivery (M or W+12)</b>	
<b>Payment for Failed Delivery</b>	By 10:00 CET	<p>Seller makes payment for previous month's failed deliveries.</p> <p>Buyers make/receive payment or take receipt for previous month's failed deliveries.</p>
	<b>13 Business Days following the month or week of delivery (M or W+13)</b>	
<b>Release of Seller's and Buyer's Security against Failed Deliveries</b>	By 10:00 CET	Seller's Security and Buyer's Security held against failed deliveries is released following confirmation that payment has been made for all failed deliveries for the Delivery Month.

Note: in the event of a failed delivery, the Clearing House may retain Buyer's Security and/or Seller's Security.

Note: the above timetable can be altered without notice at the discretion of the Clearing House.

**8. INVOICE AND ACCOUNT SALE CALCULATION**

**8.1 Invoice and Account Sale - Previous Month's Deliveries**

The Invoice and Account Sale Report gives details of all deliveries made during the month preceding production.

**DELIVERY PROCEDURES: ICE ENDEX TTF NATURAL GAS BASE LOAD FUTURES AND ICE ENDEX TTF NATURAL GAS WDNW FUTURES**

Confirmed deliveries:

kWh \* EDSP \* 1 MWh / 1000 kWh, plus any additional costs of the Clearing House as appropriate

Where

kWh = the number of Kilowatt Hours delivered.

EDSP = The relevant Exchange Delivery Settlement Price for the day of delivery, quoted in Euros per MWh .

Failed Deliveries

kWh \* Delivery Failure Cost \* 1 MWh / 1000 kWh, plus any additional costs of the Clearing House, as appropriate

Where

kWh = the number of Kilowatt Hours delivered.

Delivery Failure Cost = the costs of the Clearing House per kWh incurred from GTS in accordance with the GTS Rules in respect of any failure of a Clearing Member to correctly make a delivery.

**8.2 Invoice/Credit Note for Failed Deliveries**

The Invoice and Credit Note Report gives details of the proportion of the Clearing House's costs, incurred from GTS, allocated to Clearing Members as a result of Buyer's and Seller's failed deliveries.

Credit Notes are issued to Buyers up to the contract value of the failed delivery, dependent on the value received by the Clearing House from GTS. In the event that the value received by the Clearing House is in excess of the contract value, any such excess will be passed on to ICE Endex.

The Clearing House's costs are allocated *pro rata* to those Clearing Members whose failed deliveries have caused the Clearing House's net costs or charges arising from the balancing regime under the TSC.

**9. DELIVERY DOCUMENTATION SUMMARY**

Reports produced by the Clearing House are made available to Buyers and Sellers electronically.

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
Daily Summary Report	This report summarises on a daily basis the deliverable positions by transferee/transferor.	By 10:00 CET Daily
Daily Detail Report	This report provides details of each day's deliveries.	By 10:00 CET Daily
ICE Endex TTF Natural Gas Base Load Futures and ICE Endex TTF Natural Gas WDNW Delivery Confirmation Form	This form must be completed in full for all Contracts subject to delivery. It contains details of the Clearing Member mnemonic; Clearing Member account; Delivery Day or series of Delivery Days as specified in the first and last Delivery Day boxes; unique reference code for the instruction (free format maximum 10	By 12:00 CET on D-1

**DELIVERY PROCEDURES: ICE ENDEX TTF NATURAL GAS BASE LOAD FUTURES AND ICE ENDEX TTF  
NATURAL GAS WDNW FUTURES**

Name of Delivery Document	Explanation	Timing
	characters); whether the instruction is a new instruction (N), an update to an existing instruction (U), a deletion of one previously submitted (D) or an unaltered existing instruction (E); number of lots long; number of lots short; and name of the nominated Transferee or Transferor.	
ICE Endex TTF Natural Gas Base Load Futures and ICE Endex TTF Natural Gas WDNW Confirmation Report	When available, Buyers and Sellers must promptly provide a copy of this report to the relevant transferor(s) and transferee(s). It is a transferor/transferee order and informs Buyers and Sellers of Clearing Member mnemonic; transferee/transferor; Delivery Day or series of Delivery Days as defined in paragraph 1 of this Section E from first Delivery Day to last Delivery Day; lots to be delivered; and a statement that if the transferor/transferee fails to notify the Clearing House by the necessary deadline as specified in these Delivery Procedures, then the delivery obligation is irrevocably accepted and the Clearing House will enter the Trade Nomination(s) into Edigas based on the Net Hourly Position of the Clearing Member, by the relevant deadline.	By 12:30 CET on D-1
ICE Endex TTF Natural Gas Base Load Futures and ICE Endex TTF Natural Gas WDNW Futures Invoice and Account Sale	The reports give Buyers and Sellers details of: Clearing Member mnemonic; Clearing Member account; contract; Delivery Month; contracted kWh; actual delivered (matched) kWh; price in Euros per MWh; value of Natural Gas.	By 10:00 CET on M or W+17
Invoice Report and Credit Note Report: Failed Deliveries	The report gives Buyers and Sellers with failed deliveries during the previous Delivery Month details of Clearing Member mnemonic; Clearing Member account; contract; Delivery Month; Delivery Day; amount of failed delivery long (kWh); amount of failed delivery short (kWh); and total costs charged to the Clearing Member as a result of failed delivery/deliveries.	M or W+10 at 10:00 CET.

**PART F: ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES CONTRACT ("ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES")**

**1. DEFINITIONS**

1.1 The following additional definitions apply to this part of the Delivery Procedures:

- (a) The term "**Acquiring Trade Nomination**" means a nomination submitted, in the manner required by the GASPOOL Rules and otherwise in accordance with this Part F, by the Transferee to acquire rights in respect of one or more lots of Natural Gas at the GASPOOL Hub.
- (b) The terms "**D+**" or "**D-**" relate to the number of Business Days before and after the Delivery Day respectively on which rights to natural gas are to be transferred.
- (c) The term "**Delivery Day**" means the period beginning at 06:00 hours on a day on which the transfer of rights in respect of Natural Gas is due to be made under a Contract in accordance with ICE Endex Rules and this Part F and ending at 06:00 hours on the following day.
- (d) The term "**Delivery Month**" means the period beginning at 06:00 hours CET on the first calendar day of the month until 06.00 hours CET on the first calendar day of the next month;
- (e) The term "**Disposing Trade Nomination**" means a nomination submitted, in the manner required by the GASPOOL Rules and otherwise in accordance with ICE Endex Rules and this Part F, by the Transferor to dispose of rights in respect of one or more lots of Natural Gas at the GASPOOL Hub.
- (f) The term "**GASPOOL**" means GASPOOL Balancing Services GmbH domiciled in Berlin Germany the operator of the market area co-operation between various gas network owners in Germany known as "GASPOOL" or any successor thereto.
- (g) The term "**GASPOOL Hub**" means, in respect of a Contract, a notional point within the Transmission System at which the balancing of the amounts of Natural Gas delivered into and out of the Transmission System takes place in accordance with the GASPOOL Rules.
- (h) The term "**GASPOOL Rules**" means the current GASPOOL Network Access Conditions and GASPOOL Balancing Group Contract and any manuals, procedures, practices or directions of GASPOOL which support the operation of GASPOOL as amended from time to time.
- (i) The term "**GASPOOL's Communication Facilities**" means GASPOOL's electronic facility which enables, *inter alia*, submission of a Trade Nomination to GASPOOL and to access information concerning the submitted Trade Nominations, and any successor system thereto.
- (j) The term "**kWh**" or "**Kilowatt Hours**" means 3,600,000 joules where "joule" is as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Endex.
- (k) The term "**M+**" or "**M-**" means, in respect of a Contract, the number of Business Days immediately following the last day of the month or the number of Business Days immediately preceding the first day of the month in which the Delivery Day specified in the Contract commenced.
- (l) The term "**Natural Gas**" means any hydrocarbons or mixture of hydrocarbons and other gases consisting predominantly of methane which at a temperature of 15 degrees Celsius and at an absolute pressure of 1.01325 bar are or is predominantly in the gaseous state where "degree Celsius" and "bar" are as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Endex.

- (m) The term "**Trade Nomination**" means in respect of a Contract either a Disposing Trade Nomination or an Acquiring Trade Nomination, as the case may be.
- (n) The term "**Trade Nomination Quantity**" means the quantity of Natural Gas nominated in a Trade Nomination.
- (o) The term "**Transmission System**" means the transmission pipeline system operated by GASPOOL as may be enlarged, extended or altered from time to time.

## 2. DELIVERY SPECIFICATION

Deliveries of ICE Endex German GASPOOL Natural Gas Futures are effected by the transfer of rights to Natural Gas at the GASPOOL Hub from a Transferor (nominated by the Seller, which may be the Seller itself) to the Clearing House and from the Clearing House to a Transferee (nominated by the Buyer, which may be the Buyer itself), through the input of Acquiring and Disposing Trade Nominations into GASPOOL's Communication Facilities. GASPOOL will take those Trade Nominations into account when determining whether any costs or charges arise from the balancing regime under the GASPOOL Rules.

### 2.1 Quantity

ICE Endex German GASPOOL Natural Gas Futures trades in MWh and is delivered in kWh.

### 2.2 Price

The price at which the contract is delivered is the Exchange Delivery Settlement Price (EDSP) for the second business day, as defined in the ICE Endex Rules, immediately prior to the calendar day on which the Delivery Month commences in accordance with the ICE Endex Rules.

### 2.3 Days and Times

All timings or times of day are Central European Time or Central European Summer Time as applicable.

### 2.4 Cessation of Trading

Monthly Contracts cease trading at 18:00 hours on the business day, in accordance with the ICE Endex Rules, which is two business days prior to the first calendar day of the delivery month.

### 2.5 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)

In accordance with ICE Endex Rules, EFPs and EFSs may be posted up to one hour following the cessation of trading.

## 3. LIABILITY

3.1 The provisions of this paragraph 3 are without prejudice to the generality, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures.

3.2 The Clearing House is not responsible for, and shall have no liability whatsoever as a result of:

- (a) the performance or non-performance of GASPOOL of its obligations under the GASPOOL Rules; or
- (b) the performance or non-performance of GASPOOL.

**DELIVERY PROCEDURES: ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES**

- 3.3 Neither the Buyer nor the Seller, nor their Transferees or Transferors, shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or operation of the Transmission System or any part thereof or the performance or non-performance of GASPOOL except as otherwise expressly provided in the ICE Endex Rules.

**4. DELIVERY CONTRACT SECURITY**

The Clearing House makes the Natural Gas Daily Summary Report available on a daily basis to Clearing Members with delivery positions.

**(a) Buyer's Security**

Buyer's Security is calculated by reference to the relevant EDSP plus a 'Buyer's Default Top-up'. The "Buyer's Default Top-up" is an amount calculated against the possibility of costs or charges arising from the balancing regime under the GASPOOL Rules.

The Clearing House may alter the calculation of Buyer's Security at any time or make adjustments in respect of specific Buyers.

**(b) Seller's Security**

Seller's Security is calculated against the Seller's Default Price (SDP) for the relevant Delivery Day.

The SDP is calculated by reference to costs and charges arising from the balancing regime under the GASPOOL Rules, or EDSP.

The Clearing House may alter the calculation of Seller's Security at any time or make adjustments in respect of a specific Seller.

**5. DELIVERY TIMETABLE FOR ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES: ROUTINE**

<b>2 Business Days prior to the 1<sup>st</sup> Delivery Day (M-2)</b>		
<b>Confirmation of Delivery positions - Provisional</b>	By 10:00 CET	The Daily Summary Report identifies Open Contract Positions at the close of business on M-3.
	By 08:00 CET	Buyer and Seller submit known delivery details using ICE Endex German GASPOOL Natural Gas Futures: Delivery Confirmation Form for those Open Contract Positions, which are expected to be delivered.
<b>Cessation of Trading</b>	At 18:00 CET	Monthly Contract ceases trading.
	By 19:00 CET	EFPs and EFSs may be posted up to one hour following the cessation of trading.
<b>M-1</b>		
<b>Provision of Buyer's and Seller's Security</b>	By 10:00	Seller and Buyer must provide the Clearing House with Seller's Security and Buyer's Security as appropriate. This is calculated for all deliverable Open Contract Positions at close of business on D-2 (which corresponds

## DELIVERY PROCEDURES: ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES

	CET	to M-2 for the first Delivery Day and M-1 for the second). The Clearing House may make adjustments to provisional Seller's Security or Buyer's Security by making intra-day calls at this time or other times on this day.
	By 11:00 CET	Settlement instructions and Open Contract Positions transfers are entered into PTMS for expired Contracts.  Clearing Members with Open Contract Positions at this time for a Contract Set subject to delivery are obliged to make or take delivery.
	By 11:30 CET	HIT report available on PTMS to Clearing Members.
<b>Submission of ICE Endex German GASPOOL Natural Gas Futures: Delivery Confirmation form</b>	By 12:00 CET	Buyer and Seller must, for all deliverable Open Contract Positions, submit a completed ICE Endex German GASPOOL Natural Gas Futures Delivery Confirmation Form. If delivery details are known, the ICE Endex German GASPOOL Natural Gas Futures Delivery Confirmation Form may be submitted to the Clearing House any time from the start of M-2, but must have been submitted by 12:00 hours CET on M-1.
<b>Nomination of Transferor/Transferee</b>	By 12:00 CET	Seller or Buyer who is nominating a Transferor or Transferee in respect of a Contract must ensure that the Clearing House has in its possession a signed ICE Endex German GASPOOL Natural Gas Futures: Blanket Transferor Form or ICE Endex German GASPOOL Natural Gas Futures: Blanket Transferee Form (as applicable) for each nominated Transferor or Transferee, or a signed ICE Endex German GASPOOL Natural Gas Futures: Transferor Form or ICE Endex German GASPOOL Natural Gas Futures: Transferee Form for each nominated Transferor or Transferee. This Transferor/Transferee Form must be signed by the Transferor/Transferee.
<b>ICE Endex German GASPOOL Natural Gas Futures Conversion and Confirmation Report</b>	By 12:30 CET	The ICE Endex German GASPOOL Natural Gas Futures Confirmation Reports, listing all deliverable positions in kWh for the Delivery Month, are made available to Clearing Members electronically. Where Clearing Members will have submitted email details for their Transferee/Transferors, this report will also be emailed directly to the Transferee/Transferors.  It is the responsibility of the Clearing Member to ensure that each nominated Transferor/Transferee has received a copy of the ICE Endex German GASPOOL Natural Gas Futures Conversion and Confirmation Report.
	By 13:30 CET	Seller and Buyer must each inform the Clearing House of any details on the ICE Endex German GASPOOL Natural Gas Futures Conversion and Confirmation Report that do not match their submitted ICE Endex German GASPOOL Natural Gas Futures Delivery Confirmation Form.  Failure to notify the Clearing House by this deadline will constitute acceptance by the Seller and Buyer of their delivery obligations.  If necessary, the Clearing House will then make any appropriate amendments to the ICE Endex German GASPOOL Natural Gas Futures

**DELIVERY PROCEDURES: ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES**

		Confirmation Report and resend it to Clearing Members.
<b>Entry of Disposing and Acquiring Nominations</b>	By 14:00 CET	<p>Seller and Buyer must ensure that their nominated Transferors/Transferees have entered the appropriate Disposing Trade Nomination(s)/Acquiring Trade Nominations(s) into GASPOOL's Communication Facilities.</p> <p>If by 15:30 one such Trade Nomination has not been accepted by GASPOOL, the Clearing House, or its agent, may direct the Seller (or its Transferor) or the Buyer (or its Transferee) who submitted the Trade Nomination to amend or withdraw such Trade Nomination on such terms as the Clearing House may consider appropriate until such Trade Nomination is accepted by GASPOOL.</p> <p>In the event that the Seller (or its Transferor) or Buyer (or its Transferee) have entered a Trade Nomination Quantity different from that appearing on the ICE Endex German GASPOOL Natural Gas Futures Confirmation Report, which has been accepted by GASPOOL under GASPOOL Rules, the Clearing House or its agent may direct the Seller (or its Transferor) or the Buyer (or its Transferee) to amend or withdraw such Trade Nomination on such terms as the Clearing House may consider appropriate.</p>
	<b>Delivery Day (D) (or next Business Day if D is a Non-Clearing Day)</b>	
	By 10:00 CET	The Clearing House makes the Daily Summary Report available.
	<b>D+2</b>	
<b>Seller's Security and Buyer's Default Top Up</b>	By 10:00 CET	<p>Seller's Security for actual delivered amount is released.</p> <p>The Clearing House releases the 'Buyer's Default Top up' portion of the Buyer's Security on confirmed deliveries.</p> <p>Seller receives delivery contingent credit for confirmed deliveries.</p> <p>The Clearing House allows delivery contingent credit for confirmed deliveries to be offset against other contract liabilities.</p>
	<b>17 Business Days following the month of delivery (M+17)</b>	
<b>Final Confirmation of Delivery Report and Invoice and Account Sale Details</b>	By 10:00 CET	The Clearing House makes the Daily Summary Report available for the previous month's deliveries.
		The Clearing House makes the Invoices and Account Sales available to Seller and Buyer for the previous month's deliveries.

**DELIVERY PROCEDURES: ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES**

		<b>19 Business Days following the month of delivery (M+19)</b>
<b>Payment</b>	By 10:00 CET	<p>Seller receives contract value (payment) for confirmed delivered amount in respect of deliveries for the preceding month as detailed on the Account Sale.</p> <p>Delivery contingent credit amounts are removed M+18 for morning of M+19.</p> <p>Buyer pays contract value for both performed and failed delivery amounts in respect of deliveries for the preceding month as detailed on the Invoice. Buyer's Security is released as part of the payment transaction.</p> <p>N.B. A credit note may be issued at a later date against the failed deliveries.</p>

**6. DELIVERY TIMETABLE FOR ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES: FAILED DELIVERY**

		<b>D+2</b>
<b>Seller's Security and Buyer's Default Top up</b>	By 10:00 CET	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.
		<b>10 Business Days following the month of delivery (M+10)</b>
<b>Failed Delivery</b>	By 10:00 CET	The Clearing House makes the Invoice and Credit Note Report available to Sellers and Buyers for the previous month's failed deliveries.
		<b>12 Business Days following the month of delivery (M+12)</b>
<b>Payment for Failed Delivery</b>	By 10:00 CET	<p>Seller makes payment for previous month's failed deliveries.</p> <p>Buyers make/receive payment or take receipt for previous month's failed deliveries.</p>
		<b>13 Business Days following the month of delivery (M+13)</b>
<b>Release of Seller's and Buyer's Security against Failed Deliveries</b>	By 10:00 CET	Seller's Security and Buyer's Security held against failed deliveries is released following confirmation that payment has been made for all failed deliveries for the delivery month.

Note: in the event of a failed delivery, the Clearing House may retain Buyer's Security and/or Seller's Security.

Note: the above timetable can be altered without notice at the discretion of the Clearing House.

**7. INVOICE AND ACCOUNT SALE CALCULATION****7.1 Invoice and Account Sale - Previous Month's Deliveries**

The Invoice and Account Sale Report gives details of all deliveries made during the month preceding production.

Confirmed deliveries:

kWh \* EDSP \* 1 MWh / 1000 kWh, plus any other costs of the Clearing House as applicable

Where

kWh = the number of Kilowatt Hours delivered.

EDSP = The relevant Exchange Delivery Settlement Price for the day of delivery, quoted in Euros per MWh.

Failed Deliveries

kWh \* Delivery Failure Cost\* 1 MWh / 1000 kWh, plus any other costs of the Clearing House as applicable

Where

kWh = the number of Kilowatt Hours delivered.

Delivery Failure Cost = the costs of the Clearing House per kWh incurred from GASPOOL in accordance with the GASPOOL Rules in respect of any failure by a Clearing Member to correctly make a delivery.

**7.2 Invoice/Credit Note for Failed Deliveries**

The Invoice and Credit Note Report gives details of the proportion of the Clearing House's costs, incurred from GASPOOL, allocated to Clearing Members as a result of Buyer's and Seller's failed deliveries.

Credit Notes are issued to Buyers up to the contract value of the failed delivery, dependent on the value received by the Clearing House from GASPOOL. In the event that the value received by the Clearing House is in excess of the contract value, any such excess will be passed on to ICE Endex.

The Clearing House's costs are allocated *pro rata* to those Clearing Members whose failed deliveries have caused the Clearing House's net costs or charges arising from the balancing regime under GASPOOL Rules.

**8. DELIVERY DOCUMENTATION SUMMARY**

Reports produced by the Clearing House are made available to Buyers and Sellers electronically.

Name of Delivery Document	Explanation	Timing
Daily Summary Report	This report summarises on a daily basis the deliverable positions by transferee/transferor.	By 10:00 CET Daily
Daily Detail Report	This report provides details of each day's deliveries.	By 10:00 CET Daily
ICE Endex German GASPOOL Natural Gas	This form must be completed in full for all Contracts subject to delivery. It contains	By 12:00 CET on

## DELIVERY PROCEDURES: ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES

Name of Delivery Document	Explanation	Timing
Futures Delivery Confirmation Form	details of the Clearing Member mnemonic; Clearing Member account; Delivery Day or series of Delivery Days as specified in the first and last Delivery Day boxes; unique reference code for the instruction (free format maximum 10 characters); whether the instruction is a new instruction (N), an update to an existing instruction (U), a deletion of one previously submitted (D) or an unaltered existing instruction (E); number of lots long; number of lots short; and name of the nominated Transferee or Transferor.	D-1
ICE Endex German GASPOOL Natural Gas Futures: Transferee Form	The Buyer must ensure that this form is submitted by the Transferee to the Clearing House. It must be signed by the Transferee as confirmation that it will take delivery of Natural Gas on all Delivery Days referred to on the ICE Endex German GASPOOL Natural Gas Futures Delivery Confirmation form.	By 12:00 CET on D-1
ICE Endex German GASPOOL Natural Gas Futures: Transferor Form	The Seller must ensure that this form is submitted by the Transferor to the Clearing House. It must be signed by the Transferor as confirmation that it will make delivery of Natural Gas on all Delivery Days referred to on the ICE Endex German GASPOOL Natural Gas Futures Delivery Confirmation form.	By 12:00 CET on D-1
ICE Endex German GASPOOL Natural Gas Futures: Blanket Transferee Form	Where applicable, the Buyer must ensure that this form is submitted by the Transferee to the Clearing House. It must be signed by the Transferee as confirmation that they will take delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE Endex German GASPOOL Natural Gas Futures Delivery Confirmation form.	By 12:00 CET on D-1
ICE Endex German GASPOOL Natural Gas Futures: Blanket Transferor Form	Where applicable, the Seller must ensure that this form is submitted by the Transferor. It must be signed by the Transferor as confirmation that they will make delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE Endex German GASPOOL Natural Gas Futures Delivery Confirmation form.	By 12:00 CET on D-1
ICE Endex German GASPOOL Natural Gas Futures Confirmation Report	When available, Buyers and Sellers must promptly provide a copy of this report to the relevant Transferor(s) and Transferee(s). It is a Transferor/Transferee order and informs Buyers and Sellers of Clearing Member mnemonic; Transferee/Transferor; Delivery Day or series of Delivery Days as defined in	By 12:30 CET on D-1

**DELIVERY PROCEDURES: ICE ENDEX GERMAN GASPOOL NATURAL GAS FUTURES**

Name of Delivery Document	Explanation	Timing
	<p>paragraph 1 of this Section D from first Delivery Day to last Delivery Day; lots to be delivered; details of the Acquiring and/or Disposing Trade Nomination(s) to be entered by the Transferees/Transferors; and a statement that if the Transferor/Transferee fails to notify the Clearing House by the necessary deadline as specified in these Delivery Procedures, then the delivery obligation is irrevocably accepted and Transferor/Transferee will enter the correct Acquiring and/or Disposing Trade Nomination(s) into GASPOOL's Communication Facilities, by the relevant deadline and that the trade(s) nominations will not be amended or withdrawn unless instructed to do so by the Clearing House.</p>	
<p>ICE Endex German GASPOOL Natural Gas Futures Invoice and Account Sale</p>	<p>The reports give Buyers and Sellers details of: Clearing Member mnemonic; Clearing Member account; contract; delivery month; contracted kWh; actual delivered (matched) kWh; price in Euros per MWh; value of Natural Gas.</p>	<p>By 10:00 CET on M+17</p>
<p>Invoice Report and Credit Note Report: Failed Deliveries</p>	<p>The report gives Buyers and Sellers with failed deliveries during the previous delivery month details of Clearing Member mnemonic; Clearing Member account; contract; delivery month; Delivery Day; amount of failed delivery long (kWh); amount of failed delivery short (kWh); and total costs charged to the Clearing Member as a result of failed delivery/deliveries.</p>	<p>M+10 at 10:00 CET</p>

**PART G: ICE ENDEX GERMAN NCG NATURAL GAS FUTURES CONTRACT ("ICE ENDEX GERMAN NCG NATURAL GAS FUTURES")**

**1. DEFINITIONS**

1.1 The following additional definitions apply to this part of the Delivery Procedures:

- (a) The term "**Acquiring Trade Nomination**" means a nomination submitted, in the manner required by the NCG Rules and otherwise in accordance with this Part G, by the Transferee to acquire rights in respect of one or more lots of Natural Gas at the VTP operated by NCG.
- (b) The terms "**D+**" or "**D-**" relate to the number of Business Days before and after the Delivery Day respectively on which rights to natural gas are to be transferred.
- (c) The term "**Delivery Day**" means the period beginning at 06:00 hours on a day on which the transfer of rights in respect of Natural Gas is due to be made under a Contract in accordance with ICE Endex Rules and this Part G and ending at 06:00 hours on the following day.
- (d) The term "**Delivery Month**" means the period beginning at 06:00 hours CET on the first calendar day of the month until 06:00 hours CET on the first calendar day of the next month;
- (e) The term "**Disposing Trade Nomination**" means a nomination submitted, in the manner required by the NCG Rules and otherwise in accordance with ICE Endex Rules and this Part G, by the Transferor to dispose of rights in respect of one or more lots of Natural Gas at the VTP operated by NCG.
- (f) The term "**kWh**" or "**Kilowatt Hours**" means 3,600,000 joules where "joule" is as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Endex.
- (g) The term "**M+**" or "**M-**" means, in respect of a Contract, the number of Business Days immediately following the last day of the month or the number of Business Days immediately preceding the first day of the month in which the Delivery Day specified in the Contract commenced.
- (h) The term "**Natural Gas**" means any hydrocarbons or mixture of hydrocarbons and other gases consisting predominantly of methane which at a temperature of 15 degrees Celsius and at an absolute pressure of 1.01325 bar are or is predominantly in the gaseous state where "degree Celsius" and "bar" are as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Endex.
- (i) The term "**NCG**" means NetConnect Germany GmbH & Co. KG domiciled in Ratingen Germany the operator of the market area co-operation between various gas network owners in Germany known as "NCG" or any successor thereto.
- (j) The term "**NCG's Communication Facilities**" means NCG's electronic facility which enables, *inter alia*, submission of a Trade Nomination to NCG and to access information concerning the submitted Trade Nominations, and any successor system thereto.
- (k) The term "**NetConnect Germany (NCG) Rules**" means the current NCG Network Access Conditions and NCG Balancing Group Contract and any manuals, procedures, practices or directions of NCG which support the operation of NCG as amended from time to time.
- (l) The term "**Trade Nomination**" means in respect of a Contract either a Disposing Trade Nomination or an Acquiring Trade Nomination, as the case may be.
- (m) The term "**Trade Nomination Quantity**" means the quantity of Natural Gas nominated in a Trade Nomination.

- (n) The term "**Transmission System**" means the transmission pipeline system operated by NCG as may be enlarged, extended or altered from time to time.
- (o) The term "**Virtual Trading Point**" (VTP) means, in respect of a Contract, a notional point within the Transmission System at which the balancing of the amounts of Natural Gas delivered into and out of the Transmission System takes place in accordance with the NCG Rules.

## 2. DELIVERY SPECIFICATION

### 2.1 Delivery

Deliveries of ICE Endex German NCG Natural Gas Futures are effected by the transfer of rights to Natural Gas at the Virtual Trading Point from a Transferor (nominated by the Seller, which may be the Seller itself) to the Clearing House and from the Clearing House to a Transferee (nominated by the Buyer, which may be the Buyer itself), through the input of Acquiring and Disposing Trade Nominations into the NCG's Communication Facilities. NCG will take those Nominations into account when determining whether any costs or charges arise from the balancing regime under the NCG Rules.

### 2.2 Quantity

ICE Endex German NCG Natural Gas Futures trades in MW and is delivered in kWh.

### 2.3 Price

The price at which the contract is delivered is the Exchange Delivery Settlement Price (EDSP) for the second business day, as defined in the ICE Endex Rules, immediately prior to the calendar day on which the Delivery Month commences in accordance with the ICE Endex Rules.

### 2.4 Days and Times

All "timings" or times of day are Central European Times or Central European Summer Times as applicable.

### 2.5 Cessation of Trading

Monthly Contracts cease trading at 18:00 hours on the business day which is two business days, in accordance with the ICE Endex Rules, prior to the first calendar day of the delivery month.

### 2.6 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)

In accordance with ICE Endex Rules, EFPs and EFSs may be posted up to one hour following the cessation of trading.

## 3. LIABILITY

3.1 The provisions of this paragraph 3 are without prejudice to the generality of, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures.

3.2 The Clearing House is not responsible for, and shall have no liability whatsoever as a result of:

- (a) the performance or non-performance of NCG of its obligations under the NCG Rules; or
- (b) the performance or non-performance of NCG.

3.3 Neither the Buyer nor the Seller, nor their Transferees or Transferors, shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or

**DELIVERY PROCEDURES: ICE ENDEX GERMAN NCG NATURAL GAS FUTURES**

operation of the Transmission System or any part thereof or the performance or non-performance of NCG except as otherwise expressly provided in the ICE Endex Rules.

**4. DELIVERY CONTRACT SECURITY**

The Clearing House makes the Natural Gas Daily Summary Report available on a daily basis to Clearing Members with delivery positions.

**(a) Buyer's Security**

Buyer's Security is calculated by reference to the relevant EDSP plus a "Buyer's Default Top-up". The "Buyer's Default Top-up" is an amount calculated against the possibility of costs or charges arising from the balancing regime under the NCG Rules.

The Clearing House may alter the calculation of Buyer's Security at any time or make adjustments in respect of specific Buyers.

**(b) Seller's Security**

Seller's Security is calculated against the Seller's Default Price (SDP) for the relevant Delivery Day.

The SDP is calculated by reference to costs and charges arising from the balancing regime under the NCG Rules, or EDSP.

The Clearing House may alter the calculation of Seller's Security at any time or make adjustments in respect of a specific Seller.

**5. DELIVERY TIMETABLE FOR ICE ENDEX GERMAN NCG NATURAL GAS FUTURES: ROUTINE**

<b>2 Business Days prior to the 1<sup>st</sup> Delivery Day (M-2)</b>		
<b>Confirmation of Delivery positions – Provisional</b>	By 10:00 CET	The Daily Summary Report identifies Open Contract Positions at the close of business on M-3.
	By 18:00 CET	Buyer and Seller submit known delivery details using ICE Endex German NCG Natural Gas Futures: Delivery Confirmation Form for those Open Contract Positions, which are expected to be delivered.
<b>Cessation of Trading</b>	At 18:00 CET	Monthly Contract ceases trading.
	By 19:00 CET	EFPs and EFSs may be posted up to one hour following the cessation of trading.
<b>M-1</b>		
<b>Provision of Buyer's and Seller's Security</b>	By 10:00 CET	Seller and Buyer must provide the Clearing House with Seller's Security and Buyer's Security as appropriate. This is calculated for all deliverable Open Contract Positions at close of business on D-2 (which corresponds to M-2 for the first delivery day and M-1 for the second).

**DELIVERY PROCEDURES: ICE ENDEX GERMAN NCG NATURAL GAS FUTURES**

		The Clearing House may make adjustments to provisional Seller's Security or Buyer's Security by making intra-day calls at this time or other times on this day.
	By 11:00 CET	Settlement instructions and Open Contract Positions transfers are entered into PTMS for expired Contracts.  Clearing Members with Open Contract Positions at this time for a Contract Set subject to delivery are obliged to make or take delivery.
	By 11:30 CET	HIT report available on PTMS to Clearing Members.
<b>Submission of ICE Endex German NCG Natural Gas Futures: Delivery Confirmation form</b>	By 12:00 CET	Buyer and Seller must, for all deliverable Open Contract Positions, submit a completed ICE Endex German NCG Natural Gas Futures Delivery Confirmation Form. If delivery details are known, the ICE Endex German NCG Natural Gas Futures Delivery Confirmation Form may be submitted to the Clearing House any time from the start of M-2, but must have been submitted by 12:00 hours on M-1.
<b>Nomination of Transferor/Transferee</b>	By 12:00 CET	Seller or Buyer who is nominating a Transferor or Transferee in respect of a Contract must ensure that the Clearing House has in its possession a signed ICE Endex German NCG Natural Gas Futures: Blanket Transferor Form or ICE Endex German NCG Natural Gas Futures: Blanket Transferee Form (as applicable) for each nominated Transferor or Transferee, or a signed ICE Endex German NCG Natural Gas Futures: Transferor Form or ICE Endex German NCG Natural Gas Futures: Transferee Form for each nominated Transferor or Transferee. This Transferor/Transferee Form must be signed by the Transferor/Transferee.
<b>ICE Endex German NCG Natural Gas Futures Conversion and Confirmation Report</b>	By 12:30 CET	The ICE Endex German NCG Natural Gas Futures Confirmation Reports, listing all deliverable positions in kWh for the Delivery Month, are made available to Clearing Members electronically. Where Clearing Members will have submitted email details for their Transferee/Transferors, this report will also be emailed directly to the Transferee/Transferors.  It is the responsibility of the Clearing Member to ensure that each nominated Transferor/Transferee has received a copy of the ICE Endex German NCG Natural Gas Futures Conversion and Confirmation Report.
	By 13:30 CET	Seller and Buyer must each inform the Clearing House of any details on the ICE Endex German NCG Natural Gas Futures Conversion and Confirmation Report that do not match their submitted ICE Endex German NCG Natural Gas Futures Delivery Confirmation Form.  Failure to notify the Clearing House by this deadline will constitute acceptance by the Seller and Buyer of their delivery obligations.  If necessary, the Clearing House will then make any appropriate amendments to the ICE Endex German NCG Natural Gas Futures Confirmation Report and resend it to Clearing Members.
<b>Entry of Disposing and Acquiring Nominations</b>	By 14:00	Seller and Buyer must ensure that their nominated Transferors/Transferees have entered the appropriate Disposing Trade Nomination(s)/Acquiring Trade Nominations(s) into NCG's

**DELIVERY PROCEDURES: ICE ENDEX GERMAN NCG NATURAL GAS FUTURES**

	CET	<p>Communication Facilities.</p> <p>If by 16:30 CET one such Trade Nomination has not been accepted by NCG, the Clearing House, or its agent, may direct the Seller (or its Transferor) or the Buyer (or its Transferee) who submitted the Trade Nomination to amend or withdraw such Trade Nomination on such terms as the Clearing House may consider appropriate until such Trade Nomination is accepted by NCG.</p> <p>In the event that the Seller (or its Transferor) or Buyer (or its Transferee) have entered a Trade Nomination Quantity different from that appearing on the ICE Endex German NCG Natural Gas Futures Confirmation Report, which has been accepted by NCG under NCG Rules, the Clearing House or its agent may direct the Seller (or its Transferor) or the Buyer (or its Transferee) to amend or withdraw such Trade Nomination on such terms as the Clearing House may consider appropriate.</p>
	<b>Delivery Day (D) (or next Business Day if D is a Non-Clearing Day)</b>	
	By 10:00 CET	The Clearing House makes the Daily Summary Report available.
	<b>D+2</b>	
<b>Seller's Security and Buyer's Default Top Up</b>	By 10:00 CET	<p>Seller's Security for actual delivered amount is released.</p> <p>The Clearing House releases the 'Buyer's Default Top up' portion of the Buyer's Security on confirmed deliveries.</p> <p>Seller receives delivery contingent credit for confirmed deliveries.</p> <p>The Clearing House allows delivery contingent credit for confirmed deliveries to be offset against other contract liabilities.</p>
	<b>17 Business Days following the month of delivery (M+17)</b>	
<b>Final Confirmation of Delivery Report and Invoice and Account Sale Details</b>	By 10:00 CET	The Clearing House makes the Daily Summary Report available for the previous month's deliveries.
		The Clearing House makes the Invoices and Account Sales available to Seller and Buyer for the previous month's deliveries.
	<b>19 Business Days following the month of delivery (M+19)</b>	
<b>Payment</b>	By 10:00 CET	<p>Seller receives contract value (payment) for confirmed delivered amount in respect of deliveries for the preceding month as detailed on the Account Sale.</p> <p>Delivery contingent credit amounts are removed M+18 for morning of M+19.</p>

**DELIVERY PROCEDURES: ICE ENDEX GERMAN NCG NATURAL GAS FUTURES**

		<p>Buyer pays contract value for both performed and failed delivery amounts in respect of deliveries for the preceding month as detailed on the Invoice. Buyer's Security is released as part of the payment transaction.</p> <p>N.B. A credit note may be issued at a later date against the failed deliveries.</p>
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**6. DELIVERY TIMETABLE FOR ICE ENDEX GERMAN NCG NATURAL GAS FUTURES: FAILED DELIVERY**

	<b>D+2</b>	
<b>Seller's Security and Buyer's Default Top up</b>	By 10:00 CET	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.
	<b>10 Business Days following the month of delivery (M+10)</b>	
<b>Failed Delivery</b>	By 10:00 CET	The Clearing House makes the Invoice and Credit Note Report available to Sellers and Buyers for the previous month's failed deliveries.
	<b>12 Business Days following the month of delivery (M+12)</b>	
<b>Payment for Failed Delivery</b>	By 10:00 CET	<p>Seller makes payment for previous month's failed deliveries.</p> <p>Buyers make/receive payment or take receipt for previous month's failed deliveries.</p>
	<b>13 Business Days following the month of delivery (M+13)</b>	
<b>Release of Seller's and Buyer's Security against Failed Deliveries</b>	By 10:00 CET	Seller's Security and Buyer's Security held against failed deliveries is released following confirmation that payment has been made for all failed deliveries for the delivery month.

Note: in the event of a failed delivery, the Clearing House may retain Buyer's Security and/or Seller's Security.

Note: the above timetable can be altered without notice at the discretion of the Clearing House.

**7. INVOICE AND ACCOUNT SALE CALCULATION**

**7.1 Invoice and Account Sale - Previous Month's Deliveries**

The Invoice and Account Sale Report gives details of all deliveries made during the month preceding production.

Confirmed deliveries:

$\text{kWh} * \text{EDSP} * 1 \text{ MWh} / 1000 \text{ kWh}$ , plus any other costs of the Clearing House as applicable

Where

kWh = the number of kilowatt hours delivered.

EDSP = The relevant Exchange Delivery Settlement Price for the day of delivery, quoted in Euros per MWh.

#### Failed Deliveries

kWh \* Delivery Failure Cost \* 1 MWh / 1000 kWh, plus any other costs of the Clearing House as applicable

Where

kWh = the number of kilowatt hours delivered.

Delivery Failure Cost = the costs of the Clearing House by kWh incurred from NCG in accordance with the NCG Rules in respect of any failure by a Clearing Member to correctly make a delivery.

#### 7.2 **Invoice/Credit Note for Failed Deliveries**

The Invoice and Credit Note Report gives details of the proportion of the Clearing House's costs, incurred from NCG, allocated to Clearing Members as a result of Buyer's and Seller's failed deliveries.

Credit Notes are issued to Buyers up to the contract value of the failed delivery, dependent on the value received by the Clearing House from NCG. In the event that the value received by the Clearing House is in excess of the contract value, any such excess will be passed on to ICE Endex.

The Clearing House's costs are allocated *pro rata* to those Clearing Members whose failed deliveries have caused the Clearing House's net costs or charges arising from the balancing regime under NCG Rules.

### **8. DELIVERY DOCUMENTATION SUMMARY**

Reports produced by the Clearing House are made available to Buyers and Sellers electronically.

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
Daily Summary Report	This report summarises on a daily basis the deliverable positions by transferee/transferor.	By 10:00 CET Daily
Daily Detail Report	This report provides details of each day's deliveries.	By 10:00 CET Daily
ICE Endex German NCG Natural Gas Futures Delivery Confirmation Form	This form must be completed in full for all Contracts subject to delivery. It contains details of the Clearing Member mnemonic; Clearing Member account; Delivery Day or series of Delivery Days as specified in the first and last Delivery Day boxes; unique reference code for the instruction (free format maximum 10 characters); whether the instruction is a new instruction (N), an update to an existing instruction (U), a deletion of one previously submitted (D) or an unaltered existing instruction (E); number of lots long; number of lots short; and name of the nominated Transferee or Transferor.	By 12:00 on D-1 CET

**DELIVERY PROCEDURES: ICE ENDEX GERMAN NCG NATURAL GAS FUTURES**

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
ICE Endex German NCG Natural Gas Futures: Transferee Form	The Buyer must ensure that this form is submitted by the Transferee to the Clearing House. It must be signed by the Transferee as confirmation that it will take delivery of Natural Gas on all Delivery Days referred to on the ICE Endex German NCG Natural Gas Futures Delivery Confirmation form.	By 12:00 CET on D-1
ICE Endex German NCG Natural Gas Futures: Transferor Form	The Seller must ensure that this form is submitted by the Transferor to the Clearing House. It must be signed by the Transferor as confirmation that it will make delivery of Natural Gas on all Delivery Days referred to on the ICE Endex German NCG Natural Gas Futures Delivery Confirmation form.	By 12:00 CET on D-1
ICE Endex German NCG Natural Gas Futures: Blanket Transferee Form	Where applicable, the Buyer must ensure that this form is submitted by the Transferee to the Clearing House. It must be signed by the Transferee as confirmation that they will take delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE Endex German NCG Natural Gas Futures Delivery Confirmation form.	By 12:00 CET on D-1
ICE Endex German NCG Natural Gas Futures: Blanket Transferor Form	Where applicable, the Seller must ensure that this form is submitted by the Transferor. It must be signed by the Transferor as confirmation that they will make delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE Endex German NCG Natural Gas Futures Delivery Confirmation form.	By 12:00 CET on D-1
ICE Endex German NCG Natural Gas Futures Confirmation Report	When available, Buyers and Sellers must promptly provide a copy of this report to the relevant Transferor(s) and Transferee(s). It is a Transferor/Transferee order and informs Buyers and Sellers of Clearing Member mnemonic; Transferee/Transferor; Delivery Day or series of Delivery Days as defined in paragraph 1 of this Section D from first Delivery Day to last Delivery Day; lots to be delivered; details of the Acquiring and/or Disposing Trade Nomination(s) to be entered by the Transferees/Transferors; and a statement that if the Transferor/Transferee fails to notify the Clearing House by the necessary deadline as specified in these Delivery Procedures, then the delivery obligation is irrevocably accepted and Transferor/Transferee will enter the correct Acquiring and/or Disposing Trade Nomination(s) into NCG's Communication Facilities, by the relevant deadline and that the	By 12:30 CET on D-1

**DELIVERY PROCEDURES: ICE ENDEX GERMAN NCG NATURAL GAS FUTURES**

Name of Delivery Document	Explanation	Timing
	trade(s) nominations will not be amended or withdrawn unless instructed to do so by the Clearing House.	
ICE Endex German NCG Natural Gas Futures Invoice and Account Sale	The reports give Buyers and Sellers details of: Clearing Member mnemonic; Clearing Member account; contract; delivery month; contracted kWh; actual delivered (matched) kWh; price in Euros per MWh; value of Natural Gas.	By 10:00 CET on M+17
Invoice Report and Credit Note Report: Failed Deliveries	The report gives Buyers and Sellers with failed deliveries during the previous delivery month details of Clearing Member mnemonic; Clearing Member account; contract; delivery month; Delivery Day; amount of failed delivery long (kWh); amount of failed delivery short (kWh); and total costs charged to the Clearing Member as a result of failed delivery/deliveries.	M+10 at 10:00 CET

**PART H: ICE FUTURES NCG NATURAL GAS FUTURES CONTRACT ("ICE NCG NATURAL GAS FUTURES")**

**1. DEFINITIONS**

1.1 The following additional definitions apply to this part of the Delivery Procedures:

- (a) The term "**Acquiring Trade Nomination**" means a nomination submitted, in the manner required by the NCG Rules and otherwise in accordance with this Part H, by the Transferee to acquire rights in respect of one or more lots of Natural Gas at the VTP operated by NCG.
- (b) The terms "**D+**" or "**D-**" relate to the number of Business Days before and after the Delivery Day respectively on which rights to natural gas are to be transferred.
- (c) The term "**Delivery Day**" means the period beginning at 06:00 hours on a day on which the transfer of rights in respect of Natural Gas is due to be made under a Contract in accordance with ICE Futures Europe Rules and this Part H and ending at 06:00 hours on the following day.
- (d) The term "**Disposing Trade Nomination**" means a nomination submitted, in the manner required by the NCG Rules and otherwise in accordance with ICE Futures Europe Rules and this Part H, by the Transferor to dispose of rights in respect of one or more lots of Natural Gas at the VTP operated by NCG.
- (e) The term "**kWh**" or "**Kilowatt Hours**" means 3,600,000 joules where "joule" is as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Futures Europe.
- (f) The term "**M+**" or "**M-**" means, in respect of a Contract, the number of Business Days immediately following the last day of the month or the number of Business Days immediately preceding the first day of the month in which the Delivery Day specified in the Contract commenced.
- (g) The term "**Natural Gas**" means any hydrocarbons or mixture of hydrocarbons and other gases consisting predominantly of methane which at a temperature of 15 degrees Celsius and at an absolute pressure of 1.01325 bar are or is predominantly in the gaseous state where "degree Celsius" and "bar" are as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Futures Europe.
- (h) The term "**NCG**" means NetConnect Germany GmbH & Co. KG domiciled in Ratingen Germany the operator of the market area co-operation between various gas network owners in Germany known as "NCG" or any successor thereto.
- (i) The term "**NCG's Communication Facilities**" means NCG's electronic facility which enables, *inter alia*, submission of a Trade Nomination to NCG and to access information concerning the submitted Trade Nominations, and any successor system thereto.
- (j) The term "**NetConnect Germany (NCG) Rules**" means the current NCG Network Access Conditions and NCG Balancing Group Contract and any manuals, procedures, practices or directions of NCG which support the operation of NCG as amended from time to time.
- (k) The term "**Trade Nomination**" means in respect of a Contract either a Disposing Trade Nomination or an Acquiring Trade Nomination, as the case may be.
- (l) The term "**Trade Nomination Quantity**" means the quantity of Natural Gas nominated in a Trade Nomination.
- (m) The term "**Transmission System**" means the transmission pipeline system operated by NCG as may be enlarged, extended or altered from time to time.

- (n) The term "**Virtual Trading Point**" (VTP) means, in respect of a Contract, a notional point within the Transmission System at which the balancing of the amounts of Natural Gas delivered into and out of the Transmission System takes place in accordance with the NCG Rules.

## **2. DELIVERY SPECIFICATION**

### **2.1 Delivery**

Deliveries of ICE NCG Natural Gas Futures are effected by the transfer of rights to Natural Gas at the Virtual Trading Point from a Transferor (nominated by the Seller, which may be the Seller itself) to the Clearing House and from the Clearing House to a Transferee (nominated by the Buyer, which may be the Buyer itself), through the input of Acquiring and Disposing Trade Nominations into the NCG's Communication Facilities. NCG will take those Nominations into account when determining whether any costs or charges arise from the balancing regime under the NCG Rules.

### **2.2 Quantity**

ICE NCG Natural Gas Futures trades in MWh and is delivered in kWh.

### **2.3 Price**

The price at which the contract is delivered is the Market Delivery Settlement Price (MDSP) for the second Business Day immediately prior to the calendar day on which the Delivery Month commences in accordance with the ICE Futures Europe Rules.

### **2.4 Days and Times**

All "timings" or times of day are London times.

### **2.5 Cessation of Trading**

Monthly Contracts cease trading at 17:00 hours on the Business Day which is two Business Days prior to the first calendar day of the delivery month.

### **2.6 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)**

In accordance with ICE Futures Europe Rules, EFPs and EFSs may be posted on TRS up to one hour following the cessation of trading.

## **3. LIABILITY**

- 3.1 The provisions of this paragraph 3 are without prejudice to the generality, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures.

- 3.2 The Clearing House is not responsible for, and shall have no liability whatsoever as a result of:

- (a) the performance or non-performance of NCG of its obligations under the NCG Rules; or
- (b) the performance or non-performance of NCG.

- 3.3 Neither the Buyer nor the Seller, nor their Transferees or Transferors, shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or operation of the Transmission System or any part thereof or the performance or non-performance of NCG except as otherwise expressly provided in the ICE Futures Europe Rules.

**DELIVERY PROCEDURES: ICE NCG NATURAL GAS FUTURES****4. DELIVERY CONTRACT SECURITY**

The Clearing House makes the Natural Gas Daily Summary Report available on a daily basis to Clearing Members with delivery positions.

**(a) Buyer's Security**

Buyer's Security is calculated by reference to the relevant MDSP plus a "Buyer's Default Top-up". The "Buyer's Default Top-up" is an amount calculated against the possibility of costs or charges arising from the balancing regime under the NCG Rules.

The Clearing House may alter the calculation of Buyer's Security at any time or make adjustments in respect of specific Buyers.

**(b) Seller's Security**

Seller's Security is calculated against the Seller's Default Price (SDP) for the relevant Delivery Day.

The SDP is calculated by reference to costs and charges arising from the balancing regime under the NCG Rules, or MDSP.

The Clearing House may alter the calculation of Seller's Security at any time or make adjustments in respect of a specific Seller.

**5. DELIVERY TIMETABLE FOR ICE NCG NATURAL GAS FUTURES: ROUTINE**

<b>2 Business Days prior to the 1<sup>st</sup> Delivery Day (M-2)</b>		
<b>Confirmation of Delivery positions – Provisional</b>	By 09:00	The Daily Summary Report identifies Open Contract Positions at the close of business on M-3.
	By 17:00	Buyer and Seller submit known delivery details using ICE NCG Natural Gas Futures: Delivery Confirmation Form for those Open Contract Positions, which are expected to be delivered.
<b>Cessation of Trading</b>	At 17:00	Monthly Contract ceases trading.
	By 18:00	EFPs and EFSs may be posted up to one hour following the cessation of trading.  If final delivery Open Contract Positions are known, the Seller and Buyer may (but are not obliged to) submit to the Clearing House a completed ICE NCG Natural Gas Futures Delivery Confirmation Form for those Open Contract Positions it expects to be delivered.
<b>M-1</b>		
<b>Provision of Buyer's and Seller's Security</b>	By 09:00	Seller and Buyer must provide the Clearing House with Seller's Security and Buyer's Security as appropriate. This is calculated for all deliverable Open Contract Positions at close of business on D-2 (which corresponds to M-2 for the first delivery day and M-1 for the second).
		The Clearing House may make adjustments to provisional Seller's Security or Buyer's Security by making intra-day calls at this time or other

**DELIVERY PROCEDURES: ICE NCG NATURAL GAS FUTURES**

		times on this day.
	By 10:00	Settlement instructions and Open Contract Positions transfers are entered into ECS for expired Contracts.  Clearing Members with Open Contract Positions at this time for a Contract Set subject to delivery are obliged to make or take delivery.
	By 10:30	HIT report available on ECS to Clearing Members.
<b>Submission of ICE NCG Natural Gas Futures: Delivery Confirmation form</b>	By 11:00	Buyer and Seller must, for all deliverable Open Contract Positions, submit a completed ICE NCG Natural Gas Futures Delivery Confirmation Form. If delivery details are known, the ICE NCG Natural Gas Futures Delivery Confirmation Form may be submitted to the Clearing House any time from the start of M-2, but must have been submitted by 11:00 hours on M-1.
<b>Nomination of Transferor/Transferee</b>	By 11:00	Seller or Buyer who is nominating a Transferor or Transferee in respect of a Contract must ensure that the Clearing House has in its possession a signed ICE NCG Natural Gas Futures: Blanket Transferor Form or ICE NCG Natural Gas Futures: Blanket Transferee Form (as applicable) for each nominated Transferor or Transferee, or a signed ICE NCG Natural Gas Futures: Transferor Form or ICE NCG Natural Gas Futures: Transferee Form for each nominated Transferor or Transferee. This Transferor/Transferee Form must be signed by an authorised signatory of the Transferor/Transferee.
<b>ICE NCG Natural Gas Futures Conversion and Confirmation Report</b>	By 11:30	The ICE NCG Natural Gas Futures Confirmation Reports, listing all deliverable positions in kWh for the Delivery Month, are made available to Clearing Members electronically. Where Clearing Members will have submitted email details for their Transferee/Transferors, this report will also be emailed directly to the Transferee/Transferors.  It is the responsibility of the Clearing Member to ensure that each nominated Transferor/Transferee has received a copy of the ICE NCG Natural Gas Futures Conversion and Confirmation Report.
	By 12:30	Seller and Buyer must each inform the Clearing House of any details on the ICE NCG Natural Gas Futures Conversion and Confirmation Report that do not match their submitted ICE NCG Natural Gas Futures Delivery Confirmation Form.  Failure to notify the Clearing House by this deadline will constitute acceptance by the Seller and Buyer of their delivery obligations.  If necessary, the Clearing House will then make any appropriate amendments to the ICE NCG Natural Gas Futures Confirmation Report and resend it to Clearing Members.
<b>Entry of Disposing and Acquiring Nominations</b>	By 13:00	Seller and Buyer must ensure that their nominated Transferors/Transferees have entered the appropriate Disposing Trade Nomination(s)/Acquiring Trade Nominations(s) into NCG's Communication Facilities.  If by 15:30 one such Trade Nomination has not been accepted by NCG,

**DELIVERY PROCEDURES: ICE NCG NATURAL GAS FUTURES**

		<p>the Clearing House, or its agent, may direct the Seller (or its Transferor) or the Buyer (or its Transferee) who submitted the Trade Nomination to amend or withdraw such Trade Nomination on such terms as the Clearing House may consider appropriate until such Trade Nomination is accepted by NCG.</p> <p>In the event that the Seller (or its Transferor) or Buyer (or its Transferee) have entered a Trade Nomination Quantity different from that appearing on the ICE NCG Natural Gas Futures Confirmation Report, which has been accepted by NCG under NCG Rules, the Clearing House or its agent may direct the Seller (or its Transferor) or the Buyer (or its Transferee) to amend or withdraw such Trade Nomination on such terms as the Clearing House may consider appropriate.</p>
	<b>Delivery Day (D) (or next Business Day if D is a Non-Clearing Day)</b>	
	By 09:00	The Clearing House makes the Daily Summary Report available.
	<b>D+2</b>	
<b>Seller's Security and Buyer's Default Top Up</b>	By 09:00	<p>Seller's Security for actual delivered amount is released.</p> <p>The Clearing House releases the 'Buyer's Default Top-up' portion of the Buyer's Security on confirmed deliveries.</p> <p>Seller receives delivery contingent credit for confirmed deliveries.</p> <p>The Clearing House allows delivery contingent credit for confirmed deliveries to be offset against other contract liabilities.</p>
	<b>17 Business Days following the month of delivery (M+17)</b>	
<b>Final Confirmation of Delivery Report and Invoice and Account Sale Details</b>	By 09:00	The Clearing House makes the Daily Summary Report available for the previous month's deliveries.
		The Clearing House makes the Invoices and Account Sales available to Seller and Buyer for the previous month's deliveries.
	<b>19 Business Days following the month of delivery (M+19)</b>	
<b>Payment</b>	By 09:00	<p>Seller receives contract value (payment) for confirmed delivered amount in respect of deliveries for the preceding month as detailed on the Account Sale.</p> <p>Delivery contingent credit amounts are removed M+18 for morning of M+19.</p>
		<p>Buyer pays contract value for both performed and failed delivery amounts in respect of deliveries for the preceding month as detailed on the Invoice. Buyer's Security is released as part of the payment transaction.</p> <p>N.B. A credit note may be issued at a later date against the failed</p>

		deliveries.
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**6. DELIVERY TIMETABLE FOR ICE NCG NATURAL GAS FUTURES: FAILED DELIVERY**

<b>Seller's Security and Buyer's Default Top up</b>	<b>D+2</b>	
	By 09:00	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.
<b>Failed Delivery</b>	<b>10 Business Days following the month of delivery (M+10)</b>	
	By 09:00	The Clearing House makes the Invoice and Credit Note Report available to Sellers and Buyers for the previous month's failed deliveries.
<b>Payment for Failed Delivery</b>	<b>12 Business Days following the month of delivery (M+12)</b>	
	By 09:00	Seller makes payment for previous month's failed deliveries.  Buyers make/receive payment or take receipt for previous month's failed deliveries.
<b>Release of Seller's and Buyer's Security against Failed Deliveries</b>	<b>13 Business Days following the month of delivery (M+13)</b>	
	By 09:00	Seller's Security and Buyer's Security held against failed deliveries is released following confirmation that payment has been made for all failed deliveries for the delivery month.

Note: in the event of a failed delivery, the Clearing House may retain Buyer's Security and/or Seller's Security.

Note: the above timetable can be altered without notice at the discretion of the Clearing House.

**7. INVOICE AND ACCOUNT SALE CALCULATION**

**7.1 Invoice and Account Sale - Previous Month's Deliveries**

The Invoice and Account Sale Report gives details of all deliveries made during the month preceding production.

Confirmed deliveries:

$$\text{kWh} * \text{MDSP} * 1 \text{ MWh} / 1000 \text{ kWh}$$

Where

kWh = the number of kilowatt hours delivered.

MDSP = The relevant Market Delivery Settlement Price for the day of delivery, quoted in Euros per MWh.

Failed Deliveries (Buyers only)

$$\text{kWh} * \text{MDSP} * 1 \text{ MWh} / 1000 \text{ kWh}$$

Where

**DELIVERY PROCEDURES: ICE NCG NATURAL GAS FUTURES**

kWh = the number of kilowatt hours delivered.

MDSP = The relevant Market Delivery Settlement Price for the day of delivery, quoted in Euros per MWh.

## 7.2 Invoice/Credit Note for Failed Deliveries

The Invoice and Credit Note Report gives details of the proportion of the Clearing House's costs, incurred from NCG, allocated to Clearing Members as a result of Buyer's and Seller's failed deliveries.

Credit Notes are issued to Buyers up to the contract value of the failed delivery, dependent on the value received by the Clearing House from NCG. In the event that the value received by the Clearing House is in excess of the contract value, any such excess will be passed on to ICE Futures Europe.

The Clearing House's costs are allocated pro rata to those Clearing Members whose failed deliveries have caused the Clearing House's net costs or charges arising from the balancing regime under NCG Rules.

## 8. DELIVERY DOCUMENTATION SUMMARY

Reports produced by the Clearing House are made available to Buyers and Sellers electronically.

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
Daily Summary Report	This report summarises on a daily basis the deliverable positions by transferee/transferor.	By 9:00 Daily
Daily Detail Report	This report provides details of each day's deliveries.	By 9:00 Daily
ICE NCG Natural Gas Futures Delivery Confirmation Form	This form must be completed in full for all Contracts subject to delivery. It contains details of the Clearing Member mnemonic; Clearing Member account; Delivery Day or series of Delivery Days as specified in the first and last Delivery Day boxes; unique reference code for the instruction (free format maximum 10 characters); whether the instruction is a new instruction (N), an update to an existing instruction (U), a deletion of one previously submitted (D) or an unaltered existing instruction (E); number of lots long; number of lots short; and name of the nominated Transferee or Transferor.	By 11:00 on D-1
ICE NCG Natural Gas Futures: Transferee Form	The Buyer must ensure that this form is submitted by the Transferee to the Clearing House. It must be signed by the Transferee as confirmation that it will take delivery of Natural Gas on all Delivery Days referred to on the ICE NCG Natural Gas Futures Delivery Confirmation form.	By 11:00 on D-1
ICE NCG Natural Gas Futures: Transferor Form	The Seller must ensure that this form is submitted by the Transferor to the Clearing House. It must be signed by the Transferor as confirmation that it will make delivery of Natural Gas on all	By 11:00 on D-1

**DELIVERY PROCEDURES: ICE NCG NATURAL GAS FUTURES**

Name of Delivery Document	Explanation	Timing
	Delivery Days referred to on the ICE NCG Natural Gas Futures Delivery Confirmation form.	
ICE NCG Natural Gas Futures: Blanket Transferee Form	Where applicable, the Buyer must ensure that this form is submitted by the Transferee to the Clearing House. It must be signed by an authorised signatory of the Transferee as confirmation that they will take delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE NCG Natural Gas Futures Delivery Confirmation form.	By 11:00 on D-1
ICE NCG Natural Gas Futures: Blanket Transferor Form	Where applicable, the Seller must ensure that this form is submitted by the Transferor. It must be signed by an authorised signatory of the Transferor as confirmation that they will make delivery of Natural Gas on any Delivery Days nominated by the Buyer and referred to on the ICE NCG Natural Gas Futures Delivery Confirmation form.	By 11:00 on D-1
ICE NCG Natural Gas Futures Confirmation Report	When available, Buyers and Sellers must promptly provide a copy of this report to the relevant Transferor(s) and Transferee(s). It is a Transferor/Transferee order and informs Buyers and Sellers of Clearing Member mnemonic; Transferee/Transferor; Delivery Day or series of Delivery Days as defined in paragraph 1 of this Section D from first Delivery Day to last Delivery Day; lots to be delivered; details of the Acquiring and/or Disposing Trade Nomination(s) to be entered by the Transferees/Transferors; and a statement that if the Transferor/Transferee fails to notify the Clearing House by the necessary deadline as specified in these Delivery Procedures, then the delivery obligation is irrevocably accepted and Transferor/Transferee will enter the correct Acquiring and/or Disposing Trade Nomination(s) into NCG's Communication Facilities, by the relevant deadline and that the trade(s) nominations will not be amended or withdrawn unless instructed to do so by the Clearing House.	By 11:30 on D-1
ICE NCG Natural Gas Futures Invoice and Account Sale	The reports give Buyers and Sellers details of: Clearing Member mnemonic; Clearing Member account; contract; delivery month; contracted kWh; actual delivered (matched) kWh; price in Euros per MWh; value of Natural Gas.	By 09:00 on M+17

**DELIVERY PROCEDURES: ICE NCG NATURAL GAS FUTURES**

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
Invoice Report and Credit Note Report: Failed Deliveries	The report gives Buyers and Sellers with failed deliveries during the previous delivery month details of Clearing Member mnemonic; Clearing Member account; contract; delivery month; Delivery Day; amount of failed delivery long (kWh); amount of failed delivery short (kWh); and total costs charged to the Clearing Member as a result of failed delivery/deliveries.	M+10 at 09:00.

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

**PART I: ICE ENDEX DUTCH POWER FUTURES: ICE ENDEX DUTCH POWER BASE LOAD; ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES; ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

**1. DEFINITIONS**

1.1 The following definitions apply to this part of the Delivery Procedures:

- (a) The term "**Balance Responsible Party**" or "**BRP**" means a market party (*programma verantwoordelijke partij*) that is recognised as, and is permitted to exercise, Programme Responsibility by TenneT.
- (b) References to "**D+**" or "**D-**" relate to, in the case of "D+", the number of Business Days immediately after, and in the case of "D-" the number of Business Days immediately before, the day on which the Delivery Day specified in the Electricity Contract commences.
- (c) The term "**Delivery Day**" means:
  - (i) *in respect of an ICE Endex Dutch Power Base Load Futures*, the period beginning at 00:00 hours on a day in respect of an ICE Endex Dutch Base Load Futures is due to become effective, and the transfer from one Energy Account to the other Energy Account is due to be made under that ICE Endex Dutch Base Load Futures in accordance with the terms of the ICE Endex Rules and the Rules, and ending at 00:00 hours on the following day (irrespective of whether this encompasses 23, 24 or 25 sequential hours); or
  - (ii) *in respect of an ICE Endex Dutch Power Base Load Week Futures*, the period beginning at 00:00 hours on a day in respect of an ICE Endex Dutch Base Load Week Futures is due to become effective, and the transfer from one Energy Account to the other Energy Account is due to be made under that ICE Endex Dutch Base Load Week Futures in accordance with the terms of the ICE Endex Rules and the Rules, and ending at 00:00 hours on the following day (irrespective of whether this encompasses 23, 24 or 25 sequential hours); or
  - (iii) *in respect of an ICE Endex Dutch Power Peak Load (8-20) Futures*, the period beginning at 08:00 hours on a weekday in respect of an ICE Endex Dutch Power Peak Load (8-20) Futures is due to become effective, and the transfer from one Energy Account to the other Energy Account is due to be made under that ICE Endex Dutch Power Peak Load (8-20) Futures in accordance with the terms of the ICE Endex Rules and the Rules, and ending at 20:00 hours on the same day; or
  - (iv) *in respect of an ICE Endex Dutch Power Peak Load (7-23) Futures* the period beginning at 07:00 hours on a weekday in respect of an ICE Endex Dutch Power Peak Load (7-23) Futures is due to become effective, and the transfer from one Energy Account to the other Energy Account is due to be made under that ICE Endex Dutch Power Peak Load (7-23) Futures in accordance with the terms of the ICE Endex Rules and the Rules, and ending at 23:00 hours on the same day.
- (d) The term "**Delivery Month**" means:
  - (i) *in respect of an ICE Endex Dutch Power Base Load Futures*: The number of days in a "Month Contract" based on the number of days in a Gregorian Calendar month period.
  - (ii) *in respect of an ICE Endex Dutch Power Peak Load (8-20) Futures*: The number of week days (Monday to Friday) in a "Month Contract" based on the number of days in a Gregorian Calendar month period.

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

- (iii) *in respect of an ICE Endex Dutch Power Peak Load (7-23) Futures:* The number of week days (Monday to Friday excluding Dutch public holidays) in a "Month Contract" based on the number of days in a Gregorian Calendar month period.
- (e) The term "**Delivery Week**" means:
  - (i) *in respect of an ICE Endex Dutch Power Base Load Week Futures:* The number of days in a "Week Contract" is based on seven individual and consecutive days from Monday to Sunday.
- (f) The term "**Delivery Period**" means the Settlement Period for the relevant Contract.
- (g) The term "**Dutch Electricity Act**" means the Netherlands Electricity Act 1998 as amended from time to time.
- (h) The term "**Electricity Technical Code**" means the document implementing the terms and conditions of Article 31(1)(c) of the Dutch Electricity Act as modified from time to time in accordance with the terms of the Dutch Electricity Act.
- (i) The term "**Electricity Contract**" means an ICE Endex Dutch Base Load Future an ICE Endex Dutch Base Load Week Futures, an ICE Endex Dutch Peak Load (8-20) Futures, or an ICE Endex Dutch Peak Load (7-23) Futures made pursuant to the ICE Endex Rules.
- (j) The term "**Energy Account**" means an account established and operated by TenneT in respect of a BRP which is used by the parties and the Clearing House to effect settlement of Electricity Contracts by submitting Energy Schedules.
- (k) The term "**Energy Contract Volume**" means, for each Settlement Period of a Delivery Day and an Energy Account, a volume of electricity calculated by the Clearing House and notified to the Clearing Member and (if applicable) the Transferor/Transferee, in respect of an Electricity Contract.
- (l) The term "**Energy Schedule**" means a programme drawn up by a BRP and submitted to TenneT which contains, for each fifteen-minute programme time unit in a 24-hour period, data on: (i) the balance of the transmissions across all connections for which the BRP has Programme Responsibility; (ii) the net quantity of all Energy Transactions with other BRPs; and (iii) the quantity of each import and export transaction.
- (m) The term "**Energy Transactions**" means an agreement to deliver or offtake a certain amount of electricity (in MWh).
- (n) The term "**Gregorian Calendar**" means the reformed Julian calendar now in use, according to which the ordinary year consists of 365 days, and a leap year of 366 days occur in every year whose number is exactly divisible by 4 except centenary years whose numbers are not exactly divisible by 400.
- (o) The term "**ICE Endex Dutch Base Load Future**" means a contract for delivery of electricity for every Settlement Period during the period specified in the ICE Endex Rules.
- (p) The term "**ICE Endex Dutch Base Load Week Future**" means a contract for delivery of electricity for every Settlement Period during the period specified in the ICE Endex Rules.
- (q) The term "**ICE Endex Dutch Peak Load (7-23) Future**" means a contract for delivery of electricity for every Settlement Period during the period specified in the ICE Endex Rules.

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

- (r) The term "**ICE Endex Dutch Peak Load (8-20) Future**" means a contract for delivery of electricity for every Settlement Period during the period specified in the ICE Endex Rules.
- (s) References to "**M-**" relate to the number of Business Days immediately preceding the first Delivery Day of the Delivery Month (for example "M-2" refers to the second Business Day prior to the Delivery Month).
- (t) References to "**M+**" relate to the number of Business Days after the last day of the Delivery Month during which delivery was made (for example "M+2" refers to the second Business Day of the Delivery Month following delivery).
- (u) The term "**MWh**" or "**Megawatt Hours**" means 1000 kWh, where 1 kWh means 3,600,000 joules and where "joule" is as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Endex.
- (v) The term "**Notification Failure**" means an occurrence where a nomination for a Settlement Period is not made, is made incorrectly, is not accepted or is made, accepted and subsequently rejected.
- (w) The term "**Programme Responsibility**" (*programma verantwoordelijkheid*) means the responsibility of Balance Responsible Parties, to draw up or to have drawn up Energy Schedules relating to the production, transmission and consumption of electricity, to announce them to TenneT and to act in accordance with such Energy Schedules, taking into account the conditions laid down in Article 31 of the Dutch Electricity Act;
- (x) The term "**Settlement Period**" means a 15-minute period in a Delivery Day commencing on the hour or the half-hour or the quarter hour.
- (y) The term "**TenneT**" means TenneT, Transmission System Operator B.V., the Dutch transmission system operator.
- (z) References to "**W-**" relate to the number of Business Days immediately preceding the first Delivery Day of the Delivery Week (for example "W-2" refers to the second Business Day prior to the Delivery Week).
- (aa) References to "**W+**" relate to the number of Business Days after the last day of the Delivery Week during which delivery was made (for example "W+2" refers to the second Business Day of the Delivery Month following delivery).
- (bb) All times quoted are Central European Time or Central European Summer Time as applicable.

## **2. DELIVERY SPECIFICATION**

### **2.1 Delivery**

Delivery of an Electricity Contract is effected by a transfer of Energy Contract Volume from a Seller or Transferor to the Clearing House, and by a transfer from the Clearing House to a Buyer or Transferee. This is achieved by the submission of the appropriate TenneT nomination accepted by TenneT and the subsequent debiting and crediting of Energy Accounts for each Settlement Period for the Delivery Day specified in the Electricity Contract.

### **2.2 Quantity**

ICE Endex Dutch Power Futures trades in MWH and is delivered in kWh.

### **2.3 Price**

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

The price at which the Electricity Contract is delivered is the EDSP for the relevant Contract, two business days, in accordance with the ICE Exend Rules, prior to the first Delivery Day.

#### 2.4 Cessation of Trading

Monthly and Weekly Contracts cease trading at 18:00 CET hours on the business day which is two business days, as defined in the ICE Exend Rules, prior to the day on which delivery commences.

#### 2.5 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)

In accordance with ICE Exend Rules, EFPs and EFSs may be posted up to one hour following the cessation of trading.

### 3. LIABILITY

3.1 The provisions of this paragraph 3 are without prejudice to the generality of, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures relating to liability.

3.2 The Clearing House is not responsible for, and shall have no liability whatsoever as a result of:

- (a) the performance or non-performance of TenneT of its obligations under the TenneT rules (including the Electricity Technical Code) or each BRP; or
- (b) the performance or non-performance of TenneT otherwise.

3.3 Neither the Buyer nor the Seller, nor their Transferees or Transferors, shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or operation of the Transmission System or any part thereof or the performance or non-performance of TenneT except as otherwise expressly provided in the ICE Exend Rules.

### 4. DELIVERY TIMETABLE FOR ICE ENDEX DUTCH POWER FUTURES: ROUTINE

	TIME	ACTION
	<b>M-2 or W-2</b>	
	By 10:00 CET	The Clearing House makes Daily Summary Report available. The report identifies Open Contract Positions at the close of business on M-3 or W-3.
<b>Cessation of Trading</b>	At 18:00 CET	The monthly and weekly contract ceases trading.
	By 19:00 CET	EFPs and EFSs may be posted up to one hour following the cessation of trading.
<b>Transferor/Transferee Nomination</b>	By 19:45 CET	A Seller or Buyer who is nominating a Transferor or Transferee in respect of a Contract must ensure that the Clearing House has in its possession a signed ICE Exend Dutch Power Transferor Form or ICE Exend Dutch Power: Transferee Form (as applicable) for each nominated Transferor or Transferee. This Transferor/Transferee form must be signed by an authorised signatory of the Transferor/Transferee.

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

	<b>TIME</b>	<b>ACTION</b>
<b>Electricity Delivery Confirmation Forms</b>	By 19:45 CET	The Seller and Buyer must, for each deliverable Open Contract Position, each send to the Clearing House a signed and completed ICE Endex Dutch Power Delivery Confirmation Form listing all delivery information for all deliverable Open Contract Positions.
	By 19:45 CET	Settlement instructions and position transfers are entered for expired Contracts.
	19:45 CET	Clearing Members with Open Contract Positions at this time are obliged to make or take delivery.
	By 20:00 CET	HIT report available to Clearing Members.
<b>Confirmation Report</b>	By 21:00 CET	The Clearing House makes available to the Clearing Members the Confirmation Report listing the deliverable positions in MWh for each Settlement Period for each day of the Delivery Month. Where Clearing Members will have submitted email details for their Transferee/Transferor, this report will also be emailed directly to the Transferee/Transferor.
<b>Notification file to Nomination Agent</b>		The Clearing House will send to its appointed nomination agent a notification file detailing the nominations to be made between the Clearing House and the Seller (or the Seller's Transferor), and the nominations to be made between the Clearing House and the Buyer (or the Buyer's Transferee).
	<b>M-1 or W -1</b>	
	By 10:00 CET	The Clearing House makes Daily Summary Report available. The report identifies the positions that are deliverable at 00:00 hours.
<b>Payment of Security</b>	By 10:00 CET	Seller and Buyer must each pay to the Clearing House the Seller's Security and Buyer's Security respectively. This is calculated for all deliverable positions at close of business on D-2 (which corresponds to M-2 for the first delivery day and M-1 for the second).
		The Clearing House may make adjustments to provisional Seller's Security and Buyer's Security via intra-day call on D-1.

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

	<b>TIME</b>	<b>ACTION</b>
<b>Confirmation Report Error</b>	By 11:00 CET	The Seller and Buyer must each inform the Clearing House of any details on the Confirmation Report that do not match the ICE Endex Dutch Power: Delivery Confirmation Form.  If the Clearing House does not receive notification by this deadline, the Seller and Buyer will be deemed to have accepted the delivery obligations as set out on the Confirmation Report.
<b>Nomination submission to TenneT</b>	By 14:00 CET	The appointed nomination agent will make the nominations, by means of submitting the relevant Energy Schedules, representing the final delivery position held at the Clearing House to TenneT.
<b>Checking Nomination</b>		In the event that either the Seller (or the Seller's Transferor) or the Buyer (or the Buyer's Transferee) becomes aware that a nomination is incorrectly reported, that person must promptly inform the other party and the Clearing House. The Clearing House will take such action as is necessary to rectify the situation.
	<b>Any time after the above</b>	
<b>Identification of nomination rejection</b>		Seller (either by themselves or by their Transferor) and Buyer (either by themselves or by their Transferee) must inform the Clearing House as soon as they become aware that there has been a rejection of all or part of a nomination for whatever reason.  The Clearing House may also instruct the Seller or Buyer to take such steps as it considers reasonably necessary to ensure that losses are mitigated. Seller and Buyer must give effect to any and all such instructions.
	<b>Delivery Day (D) (or D+1 if D is a Non-Clearing Day)</b>	
<b>Delivery Day</b>	By 10:00 CET	The Clearing House makes Daily Summary Report available.
	<b>D+2</b>	
	By 10:00 CET	Seller's Security for actual delivered amount is released.  Seller receives delivery contingent credit for confirmed deliveries.  The Clearing House may allow delivery contingent credit amounts for confirmed deliveries to be offset against other contract liabilities.  The Clearing House releases the "Buyer's Default Top-up"

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

	TIME	ACTION
		portion of Buyer's Security on confirmed deliveries.
	<b>M (or W for Base Load Week Futures) + 5</b>	
<b>Final Electricity Confirmation of Delivery Report</b>	By 10:00 CET	Clearing House makes the Daily Summary Report available in respect of contracted and actual delivery details.
	By 10:00 CET	Invoice and Account Sale Report available for the previous month's deliveries.
	<b>M (or W for Base Load Week Futures) +10</b>	
<b>Payment</b>	By 10:00 CET	Buyers make contract payment via their Nominated Accounts in respect of deliveries for the preceding month as detailed on the Invoice and Account Sale Report. Buyer's Security is released as part of the payment transaction.  Seller receives contract value (payment) for confirmed delivered amount in respect of deliveries for the preceding month as detailed on the Invoice and Account Sale report.  Seller's contingent credit is removed.

**5. DELIVERY TIMETABLE FOR ICE ENDEX DUTCH POWER FUTURES: FAILED DELIVERY**

<b>Delivery Day (D) (or D+1 if D is a Non-Clearing Day)</b>	
By 10:00 CET	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.
<b>D+1</b>	
By 10:00 CET	In the event of a failed delivery the Clearing House may call additional Seller's Security and/or Buyer's Security.
<b>D+2</b>	
By 10:00 CET	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

<b>M+Variable</b>	
By 10:00 CET	<p>Invoice Report: Failed Deliveries and Credit Note Report: Failed Deliveries for the previous month's failed deliveries will be generated and made available to the Seller and Buyer by the Clearing House at a time when the full financial obligations of each of the parties is known.</p> <p>Seller's Security and Buyer's Security held against failed deliveries is released following confirmation that all payments have been made for all failed deliveries for the delivery month.</p>
<b>2 days after above</b>	
By 10:00 CET	<p>Seller and Buyer make or receive payment for previous month's failed deliveries as detailed on the Invoice and Credit Note Report.</p> <p>Seller's Security and Buyer's Security held against failed deliveries is released.</p>
<b>Any time after the above</b>	
	<p>If there is a change to the prices used to calculate the failed delivery amounts, the Clearing House shall be entitled to produce further invoices or credit notes, and the Seller and/or Buyer shall pay the Clearing House (or the Clearing House shall pay the Seller and/or Buyer, as the case may be) any additional amount due (or the Clearing House shall pay) within two Business Days of issue of such Invoice or credit note.</p>

Note: in the event of a failed delivery, the Clearing House may retain Buyer's Security and/or Seller's Security.

## **6. DELIVERY CONTRACT SECURITY**

### **6.1 Buyer's and Seller's Security**

- (a) Buyer's Security is calculated by reference to the relevant Exchange Delivery Settlement Price (EDSP) plus a "Buyer's Default Top-up". The "Buyer's Default Top-up" is calculated by reference to Imbalance Sell Price as defined by TenneT. The Clearing House may alter the calculation of Buyer's Security at any time or make adjustments in respect of specific Buyers.
- (b) Seller's Security is calculated against the Seller's default price (SDP) for the relevant Delivery Day. The SDP is calculated by reference to the relevant Imbalance Buy Price as defined by TenneT, or Exchange Delivery Settlement Price (EDSP). The Clearing House may alter the calculation of Seller's Security at any time or make adjustments in respect of a specific Seller.

## **7. INVOICE AND ACCOUNT SALE CALCULATION**

### **7.1 Invoice and Account Sale - Previous Month's Deliveries**

The Invoice and Account Sale Report gives details of all deliveries made during the month preceding production. For confirmed deliveries, the value of electricity is calculated as follows:

MWh \* EDSP plus any other costs of the Clearing House as applicable

Where

MWh = The number of Megawatt hours delivered.

EDSP = The relevant Exchange Delivery Settlement Price for the Delivery Day, quoted in Euro per MWh.

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

For failed deliveries the value of electricity is calculated as follows:

MWh \* EDSP \* Delivery Failure Cost, plus any other costs of the Clearing House as applicable

Where

MWh = The number of Megawatt hours contracted.

Delivery Failure Cost = an amount calculated by the Clearing House by MWh based on the imbalance costs a BRP is obliged to pay or be paid under the Electricity Technical Code and TenneT rules attributable to one or more Notification Failures under the ICE Endex Rules and these Delivery Procedures

## 7.2 Invoice/Credit Note for Failed Deliveries

The Invoice Report: Failed Deliveries and Credit Note Report: Failed Deliveries give details of charges to a Clearing Member for failing to deliver or off take electricity and is calculated with reference to costs incurred by the Clearing House under the TenneT rules. These costs will also apply even where Base Load and Peak Load Contracts are netted or aggregated for the same Settlement Period Credit Notes are issued to Buyers up to the contract value of the failed delivery, less any costs incurred by the Clearing House, dependent on the value of the imbalance value received by the Clearing House

## 8. DELIVERY DOCUMENTATION SUMMARY

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
Daily Summary Report	This report summarises on a daily basis the deliverable positions by transferee/transferor	By 10.00 CET daily
ICE Endex Dutch Power Futures: Delivery Confirmation Form	The Seller and Buyer must, for each deliverable Open Contract Position, each send to the Clearing House a signed and completed ICE Endex Dutch Power Delivery Confirmation Form listing all delivery information for all deliverable Open Contract Positions.	By 19:45 CET on M-2 or W-2
ICE Endex Dutch Power Futures: Transferee Form	The Buyer must ensure that the Transferee submits and signs this form, as confirmation that it will take delivery of electricity for all the Settlement Periods on all Delivery Days referred to on the ICE Endex Dutch Power Delivery Confirmation Form and submits it to the Clearing House.	By 19:45 CET on M-2 or W-2
ICE Endex Dutch Power Futures: Transferor Form	The Seller must ensure that the Transferor submits and signs this form, as confirmation that it will make delivery of electricity for all the Settlement Periods on all Delivery Days referred to on the ICE Endex Dutch Power Delivery Confirmation Form and submits it to the Clearing House.	By 19:45 CET on M-2 or W-2
ICE Endex Dutch Power Futures: Delivery Confirmation Form	The Clearing House makes this report available to Buyers and Sellers. Buyers and Sellers must promptly provide a copy of this report to the relevant Transferor(s) and Transferee(s). The report is in Transferor/Transferee order and informs Buyers and Sellers of: Clearing Member name, Transferee/Transferor name, Delivery Day, lots to be delivered, and Buyer's/Seller's delivery details in MWh.	By 21:00 CET on M-2

**DELIVERY PROCEDURES: ICE ENDEX DUTCH POWER BASE LOAD FUTURES, ICE ENDEX DUTCH POWER BASE LOAD WEEK FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (7-23) FUTURES, ICE ENDEX DUTCH POWER PEAK LOAD (8-20) FUTURES**

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
Invoice Report and Account Sale Report	The Clearing House makes this report available to Buyers and Sellers. The report gives Buyers and Sellers details of Clearing Member mnemonic, Clearing Member account, Contract, delivery month, Delivery Day, contracted MWh, actual delivered MWh, price in Euro per MWh, value of electricity; and a summary of the Invoice and Account Sale.	By 09:00 on M+5

**DELIVERY PROCEDURES: ICE ENDEX BELGIAN POWER BASE LOAD FUTURES****PART J: ICE ENDEX BELGIUM POWER BASE LOAD FUTURES CONTRACT ("ICE ENDEX BELGIAN POWER BASE LOAD FUTURES")****1. DEFINITIONS**

1.1 The following definitions apply to this part of the Delivery Procedures:

- (a) The term "**ARPC**" or "**Access Responsible Party Contract**" means the standard form contract designated by Elia as the balancing and settlement code and entered into by Elia and each ARP, as modified from time to time in accordance with the terms of Elia's transmission licence, and the balancing and settlement code procedures made pursuant thereto.
- (b) The term "**ARP**" or "**Access Responsible Party**" means a party who has executed an ARPC and is a natural person or legal entity listed in the register of Access Responsible Parties maintained by Elia.
- (c) References to "**D+**" or "**D-**" relate to, in the case of "**D+**", the number of Business Days immediately after, and in the case of "**D-**" the number of Business Days immediately before, the day on which the Delivery Day specified in the Electricity Contract commences.
- (d) The term "**Delivery Day**" means the period beginning at 00:00 hours on a day in respect of an ICE Endex Belgian Base Load Futures is due to become effective, and the transfer from one Energy Account to the other Energy Account is due to be made under that ICE Endex Belgian Base Load Futures in accordance with the terms of the ICE Endex Rules and the Rules, and ending at 00:00 hours on the following day (irrespective of whether this encompasses 23, 24 or 25 sequential hours):
- (e) The term "**Delivery Month**" means the number of days in a "Month Contract" based on the number of days in a Gregorian Calendar month period:
- (f) The term "**Delivery Period**" means the Settlement Period for the relevant Contract.
- (g) The term "**Electricity**" means the term as defined in the ARPC as 'Active Power'.
- (h) The term "**Electricity Contract**" means an ICE Endex Belgium Power Base Load Futures Contract made pursuant to the ICE Endex Rules for delivery of Electricity for every Settlement Period during the period specified in the ICE Endex Rules.
- (i) The term "**Elia**" means Elia System Operator N.V./S.A, the Belgian transmission system operator of the Belgian electricity grid and any successor operator.
- (j) The term "**Elia Rules**" means the published rules and regulations of Elia as amended from time to time (including the terms and conditions set out in the ARPC).
- (k) The term "**Energy Account**" means an account established and operated by Elia in respect of an ARP which is used by the parties and the Clearing House to effect settlement of Electricity Contracts.
- (l) The term "**Energy Contract Volume**" means, for each Settlement Period of a Delivery Day and an Energy Account, a volume of Electricity calculated by the Clearing House and notified to the Clearing Member and (if applicable) the Transferor/Transferee, in respect of an Electricity Contract.
- (m) The term "**Gregorian Calendar**" means the reformed Julian calendar now in use, according to which the ordinary year consists of 365 days, and a leap year of 366 days occur in every year whose number is exactly divisible by 4 except centenary years whose numbers are not exactly divisible by 400.

**DELIVERY PROCEDURES: ICE ENDEX BELGIAN POWER BASE LOAD FUTURES**

- (n) References to "**M-**" relate to the number of Business Days immediately preceding the first Delivery Day of the Delivery Month (for example "M-2" refers to the second Business Day prior to the Delivery Month).
- (o) References to "**M+**" relate to the number of Business Days after the last day of the Delivery Month during which delivery was made (for example "M+2" refers to the second Business Day of the Delivery Month following delivery).
- (p) The term "**MWh**" or "**Megawatt Hours**" means 1000 kWh, where 1 kWh means 3,600,000 joules and where "joule" is as defined in ISO 1000:1992(E) or any standard replacing the same as nominated by ICE Endex.
- (q) The term "**Notification Failure**" means an occurrence where a nomination for a Settlement Period is not made, is made incorrectly, is not accepted or is made, accepted and subsequently rejected.
- (r) The term "**Settlement Period**" means a 15-minute period in a Delivery Day commencing on the hour or the half-hour or the quarter hour.
- (s) All times quoted are Central European Time or Central European Summer Time as applicable.

**2. DELIVERY SPECIFICATION****2.1 Delivery**

Delivery of an Electricity Contract is effected by a transfer of Energy Contract Volume from a Seller or Transferor to the Clearing House, and by a transfer from the Clearing House to a Buyer or Transferee. This is achieved by the submission of the appropriate Elia nomination confirmed by Elia and the subsequent debiting and crediting of Energy Accounts for each Settlement Period for the Delivery Day specified in the Electricity Contract.

**2.2 Quantity**

Electricity is delivered in Megawatt Hours for transfer during each Settlement Period for the Delivery Day as specified in the Electricity Contract.

**2.3 Price**

The price at which the Electricity Contract is delivered is the EDSP for the relevant Contract, two business days, in accordance with the ICE Endex Rules, prior to the first Delivery Day.

**2.4 Cessation of Trading**

Monthly Contracts cease trading at 18:00 CET hours on the business day which is two business days, as defined in the ICE Endex Rules, prior to the day on which delivery commences.

**2.5 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)**

In accordance with ICE Endex Rules, EFPs and EFSs may be posted up to one hour following the cessation of trading.

**3. LIABILITY**

- 3.1 The provisions of this paragraph 3 are without prejudice to the generality of, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures relating to liability.

**DELIVERY PROCEDURES: ICE ENDEX BELGIAN POWER BASE LOAD FUTURES**

- 3.2 The Clearing House is not responsible for, and shall have no liability whatsoever as a result of:
- (a) the performance or non-performance of Elia of its obligations under the Elia Rules or each ARPC; or
  - (b) the performance or non-performance of Elia otherwise.
- 3.3 Neither the Buyer nor the Seller, nor their Transferees or Transferors, shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or operation of the Transmission System or any part thereof or the performance or non-performance of Elia except as otherwise expressly provided in the ICE Endex Rules.

**4. DELIVERY TIMETABLE FOR ICE ENDEX BELGIAN POWER BASE LOAD FUTURES: ROUTINE**

	<b>TIME</b>	<b>ACTION</b>
	<b>M-2</b>	
	By 10:00 CET	The Clearing House makes Daily Summary Report available. The report identifies Open Contract Positions at the close of business on M-3.
<b>Cessation of Trading</b>	At 18:00 CET	The monthly contract ceases trading.
	By 19:00 CET	EFPs and EFSs may be posted up to one hour following the cessation of trading.
<b>Electricity Delivery Confirmation Forms</b>	By 19:45 CET	The Seller and Buyer must, for each deliverable Open Contract Position, each send to the Clearing House a signed and completed ICE Endex Belgian Power Base Load: Delivery Confirmation Form listing all delivery information for all deliverable Open Contract Positions.
<b>Transferor/Transferee Nomination</b>	By 19:45 CET	A Seller or Buyer who is nominating a Transferor or Transferee in respect of a Contract must ensure that the Clearing House has in its possession a signed ICE Endex Belgian Power Base Load: Transferor Form or ICE Endex Belgian Power Base Load: Transferee Form (as applicable) for each nominated Transferor or Transferee. This Transferor/Transferee form must be signed by the Transferor/Transferee.
	By 19:45 CET	Settlement instructions and position transfers are entered for expired Contracts.
	By 19:45 CET	Clearing Members with Open Contract Positions at this time are obliged to make or take delivery.

**DELIVERY PROCEDURES: ICE ENDEX BELGIAN POWER BASE LOAD FUTURES**

	<b>TIME</b>	<b>ACTION</b>
	By 20:00 CET	HIT report available to Clearing Members.
<b>Confirmation Report</b>	By 21:00 CET	The Clearing House makes available to the Clearing Members the Confirmation Report listing the deliverable positions in MWh for each Settlement Period for each day of the Delivery Month. Where Clearing Members will have submitted email details for their Transferee/Transferor, this report will also be emailed directly to the Transferee/Transferor.
<b>Notification file to Nomination Agent</b>		The Clearing House will send to its appointed nomination agent a notification file detailing the nominations to be made between the Clearing House and the Seller (or the Seller's Transferor), and the nominations to be made between the Clearing House and the Buyer (or the Buyer's Transferee).
		<b>M-1</b>
	By 10:00 CET	The Clearing House makes Daily Summary Report available. The report identifies the positions that are deliverable at 00:00 hours.
<b>Payment of Security</b>	By 10:00 CET	Seller and Buyer must each pay to the Clearing House the Seller's Security and Buyer's Security respectively. This is calculated for all deliverable positions at close of business on D-2 (which corresponds to M-2 for the first delivery day and M-1 for the second).
		The Clearing House may make adjustments to provisional Seller's Security and Buyer's Security via intra-day call on D-1.
<b>Confirmation Report Error</b>	By 11:00 CET	The Seller and Buyer must each inform the Clearing House of any details on the Confirmation Report that do not match the ICE Endex Belgian Base Load: Delivery Confirmation Form.  If the Clearing House does not receive notification by this deadline, the Seller and Buyer will be deemed to have accepted the delivery obligations as set out on the Confirmation Report.
<b>Nomination submission</b>	By 14:00 CET	The appointed nomination agent will make the nominations to Elia representing the final delivery position held at the Clearing House.
<b>Checking Nominations</b>		In the event that either the Seller (or the Seller's Transferor) or the Buyer (or the Buyer's Transferee) becomes aware that a nomination is incorrectly reported, that person must promptly inform the other party and the Clearing House. The Clearing House will take such action as is necessary to rectify the situation.

**DELIVERY PROCEDURES: ICE ENDEX BELGIAN POWER BASE LOAD FUTURES**

	<b>TIME</b>	<b>ACTION</b>
	<b>Any time after the above</b>	
<b>Identification of nomination rejection</b>		<p>Seller (either by themselves or by their Transferor) and Buyer (either by themselves or by their Transferee) must inform the Clearing House as soon as they become aware that there has been a rejection of all or part of a nomination for whatever reason.</p> <p>The Clearing House may also instruct the Seller or Buyer to take such steps as it considers reasonably necessary to ensure that losses are mitigated. Seller and Buyer must give effect to any and all such instructions.</p>
	<b>Delivery Day (D) (or D+1 if D is a Non-Clearing Day)</b>	
<b>Delivery Day</b>	By 10:00 CET	The Clearing House makes Daily Summary Report available.
	<b>D+2</b>	
	By 10:00 CET	<p>Seller's Security for actual delivered amount is released.</p> <p>Seller receives delivery contingent credit for confirmed deliveries.</p> <p>The Clearing House may allow delivery contingent credit amounts for confirmed deliveries to be offset against other contract liabilities.</p> <p>The Clearing House releases the "Buyer's Default Top-up" portion of Buyer's Security on confirmed deliveries.</p>
	<b>M +5</b>	
<b>Final Electricity Confirmation of Delivery Report</b>	By 10:00 CET	Clearing House makes the Daily Summary Report available in respect of contracted and actual delivery details.
	By 10:00 CET	Invoice and Account Sale Report available for the previous month's deliveries.
	<b>M +10</b>	
<b>Payment</b>	By 10:00 CET	<p>Buyers make contract payment via their Nominated Accounts in respect of deliveries for the preceding month as detailed on the Invoice and Account Sale Report. Buyer's Security is released as part of the payment transaction.</p> <p>Seller receives contract value (payment) for confirmed delivered amount in respect of deliveries for the preceding month as detailed on the Invoice and Account Sale report.</p> <p>Seller's contingent credit is removed.</p>

**5. DELIVERY TIMETABLE FOR ICE ENDEX BELGIAN POWER BASE LOAD FUTURES: FAILED DELIVERY**

<b>Delivery Day (D) (or D+1 or D+2 if D is a Non-Clearing Day)</b>	
By 10:00 CET	In the event of a failed delivery, the Clearing House may call additional Seller's

**DELIVERY PROCEDURES: ICE ENDEX BELGIAN POWER BASE LOAD FUTURES**

	Security and/or Buyer's Security.
<b>D+1</b>	
By 10:00 CET	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.
<b>D+2</b>	
By 10:00 CET	In the event of a failed delivery, the Clearing House may call additional Seller's Security and/or Buyer's Security.
<b>M+Variable</b>	
By 10:00 CET	<p>Invoice</p> <p>Report: Failed Deliveries and Credit Note Report: Failed Deliveries for the previous month's failed deliveries will be generated and made available to the Seller and Buyer by the Clearing House at a time when the full financial obligations of each of the parties is known.</p> <p>Seller's Security and Buyer's Security held against failed deliveries is released following confirmation that all payments have been made for all failed deliveries for the Delivery Month.</p>
<b>2 days after above</b>	
By 10:00 CET	<p>Seller and Buyer make or receive payment for previous month's failed deliveries as detailed on the Invoice and Credit Note Report.</p> <p>Seller's Security and Buyer's Security held against failed deliveries is released.</p>
<b>Any time after the above</b>	
	If there is a change to the prices used to calculate the failed delivery amounts, the Clearing House shall be entitled to produce further invoices or credit notes, and the Seller and/or Buyer shall pay the Clearing House (or the Clearing House shall pay the Seller and/or Buyer, as the case may be) any additional amount due (or the Clearing House shall pay) within two Business Days of issue of such Invoice or credit note.

Note: in the event of a failed delivery, the Clearing House may retain Buyer's Security and/or Seller's Security.

## **6. DELIVERY CONTRACT SECURITY**

### **6.1 Buyer's and Seller's Security**

- (a) Buyer's Security is calculated by reference to the relevant Exchange Delivery Settlement Price (EDSP) plus a "Buyer's Default Top-up". The "Buyer's Default Top-up" is calculated by reference to Imbalance Sell Price as defined by the Elia Rules. The Clearing House may alter the calculation of Buyer's Security at any time or make adjustments in respect of specific Buyers.
- (b) Seller's Security is calculated against the Seller's default price (SDP) for the relevant Delivery Day. The SDP is calculated by reference to the relevant Imbalance Buy Price, as defined by Elia, or Exchange Delivery Settlement Price (EDSP). The Clearing House may alter the calculation of Seller's Security at any time or make adjustments in respect of a specific Seller.

**DELIVERY PROCEDURES: ICE ENDEX BELGIAN POWER BASE LOAD FUTURES****7. INVOICE AND ACCOUNT SALE CALCULATION****7.1 Invoice and Account Sale - Previous Month's Deliveries**

The Invoice and Account Sale Report gives details of all deliveries made during the month preceding production. For confirmed deliveries, the value of Electricity is calculated as follows:

MWh \* EDSP, plus any other costs of the Clearing House as applicable

Where

MWh = The number of Megawatt hours delivered.

EDSP = The relevant Exchange Delivery Settlement Price for the Delivery Day, quoted in Euro per MWh.

For failed deliveries, the value of Electricity is calculated as follows:

MWh \* EDSP \* Delivery Failure Cost, plus any other costs of the Clearing House as applicable

Where

MWh = The number of Megawatt hours contracted.

Delivery Failure Cost = an amount calculated by the Clearing House by MWh based on the imbalance costs an ARP may pay or be paid under the Elia Rules attributable to one or more Notification Failures under the ICE Endex Rules and these Delivery Procedures.

**7.2 Invoice/Credit Note for Failed Deliveries**

The Invoice Report: Failed Deliveries and Credit Note Report: Failed Deliveries give details of charges to a Clearing Member for failing to deliver or off take Electricity and is calculated with reference to costs incurred by the Clearing House under the Elia Rules and the relevant ARPC. These costs will also apply even where Base Load are netted or aggregated for the same Settlement Period. Credit Note Reports are issued to Buyers up to the contract value of the failed delivery, less any costs incurred by the Clearing House, dependent on the value of the imbalance value received by the Clearing House under the Elia Rules.

**8. DELIVERY DOCUMENTATION SUMMARY**

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
Daily Summary Report	This report summarises on a daily basis the deliverable positions by Transferee/Transferor.	By 10:00 CET daily
ICE Endex Belgian Power Base Load Futures: Delivery Confirmation Form	The following parts of the form must be completed in full for all deliverable positions: Clearing Member mnemonic; Clearing Member account; Delivery Day or series of Delivery Days as specified in the first and last Delivery Day boxes; unique reference code for the instruction (free format); whether the delivery is for baseload contracts; number of lots long; number of lots short; and name and contact details.	By 19.45 CET on M-2
ICE Endex Belgian Power Base Load Futures: Transferee	The Buyer must ensure that the Transferee submits and signs this form, as confirmation that it will take delivery of Electricity for all the Settlement Periods on all Delivery Days referred to on the "ICE Endex Belgian Power Base Load: Delivery Confirmation Form"	By 19:45 CET on M-2

**DELIVERY PROCEDURES: ICE ENDEX BELGIAN POWER BASE LOAD FUTURES**

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
Form	and submits it to the Clearing House.	
ICE Endex Belgian Power Base Load Futures: Transferor Form	The Seller must ensure that the Transferor submits and signs this form, as confirmation that it will make delivery of Electricity for all the Settlement Periods on all Delivery Days referred to on the "ICE Endex Belgian Power Base Load: Delivery Confirmation Form" and submits it to the Clearing House.	By 19:45 CET on M-2
Confirmation Report	The Clearing House makes this report available to Buyers and Sellers. Buyers and Sellers must promptly provide a copy of this report to the relevant Transferor(s) and Transferee(s). The report is in Transferor/Transferee order and informs Buyers and Sellers of: Clearing Member name, Transferee/Transferor name, Delivery Day, lots to be delivered, and Buyer's/Seller's delivery details in MWh.	By 21:00 CET on M-2
Invoice Report and Account Sale Report	The Clearing House makes this report available to Buyers and Sellers. The report gives Buyers and Sellers details of Clearing Member mnemonic, Clearing Member account, Contract, Delivery Month, Delivery Day, contracted MWh, actual delivered MWh, price in Euro per MWh, value of Electricity; and a summary of the Invoice and Account Sale.	By 10:00 CET on M+5

**PART K: ICE DELIVERABLE US EMISSIONS CONTRACTS****1. APPLICABILITY AND DEFINITIONS**

1.1 This Part K applies to all ICE OTC Contracts and ICE Futures US Contracts for which physical delivery is specified as being 'Applicable' in the relevant Contract Terms and which go to physical delivery on the expiry date. Such ICE OTC Contracts and ICE Futures US Contracts are referred to in this section as "**ICE Deliverable US Emissions Contracts**".

1.2 The following additional definitions apply to this part of the Delivery Procedures:

(a) "**Allowance**" means an instrument, certificate, permit, asset, security, right, contract or allowance that is designated as a deliverable instrument for an ICE Deliverable US Emissions Contract in the relevant Contract Terms.

(b) "**Registry**" means a registry, custodian, depository or other system used for physical delivery of Allowances pursuant to an ICE Deliverable US Emissions Contracts that is approved by the Clearing House for purposes of physical delivery for the particular ICE Deliverable US Emissions Contract Set in question. The Registry for a particular ICE Deliverable US Emissions Contract Set may be specified in the Contract Terms.

(c) "**Registry Operator**" means the operator of a Registry.

**2. DELIVERY SPECIFICATION****2.1 Delivery**

Deliveries pursuant to ICE Deliverable US Emissions Contracts are effected by the transfer of required Allowances directly from a Transferor (nominated by the Seller, which may be the Seller itself) to a Transferee (nominated by the Buyer, which may be the Buyer itself) through a Registry. Rule 703(d) applies to such deliveries.

**2.2 Quantity**

Quantities are as required under the relevant Contract Terms.

**2.3 Price**

The price at which the Contract is delivered is the relevant Market Delivery Settlement Price (MDSP) for the Contract Set on expiry.

**2.4 Cessation of Trading**

Contracts cease trading on the last trading day, as defined in the Contract Terms.

**2.5 Exchange for Physicals (EFPs) and Exchange for Swaps (EFSs)**

EFPs and EFSs may be made only in accordance with either ICE OTC Participant Agreements and applicable procedures of the ICE OTC Operator or the ICE Futures US Rules (as applicable).

**3. LIABILITY**

3.1 The provisions of this paragraph 3 are without prejudice to the generality of, and subject to, the provisions of the Rules relating to liability and apply in addition to the general requirements of these Delivery Procedures.

**DELIVERY PROCEDURES: ICE DELIVERABLE US EMISSIONS CONTRACTS**

- 3.2 None of the Clearing House, the ICE OTC Operator nor ICE Futures US is responsible for, and none of them shall have any liability whatsoever as a result of, the performance or non-performance of any Registry or Registry Operator. Neither the Buyer nor the Seller, their Transferees or Transferors, shall have any claim against the Clearing House for any loss, cost, damage or expense incurred or suffered as a result of the condition or operation of any Registry or the performance or non-performance of any Registry Operator. This provision is without prejudice to the Clearing House's liability under Contracts.
- 3.3 None of the Clearing House, ICE Futures US nor the ICE OTC Operator makes any representation regarding the authenticity, validity or accuracy of any delivery tender notice, description of a registry, market tracking system or any other registry instructions, confirmation of transfer or any other notice, document, file, record or instrument used or delivered pursuant to the Rules and Procedures or pursuant to the procedures of any Registry.

**4. DELIVERY CONTRACT SECURITY AND CONTRACT VALUE**

- 4.1 At end-of-day on the relevant Position Day for the Contract Set, the Clearing House will call for the full contract value of the Contract from the Buyer, such amount to be paid in accordance with the Finance Procedures.
- 4.2 At end-of-business on the last trading day, the Clearing House will call for delivery Margin (Seller's Security) from the Seller, such amount to be paid in accordance with the Finance Procedures. The Clearing House will retain the Seller's Security until such time as the full contract value is released to the Seller under the table in paragraph 5.

**5. DELIVERY TIMETABLE AND OBLIGATIONS**

Delivery under an ICE Deliverable US Emissions Contract is based on Open Contract Positions after expiration of the relevant Contract Set. Delivery is a three Business Day process consisting of three consecutive days which must be Business Days: the Position Day, Notice Day and Delivery Day. However, payments may take place after the end of the Delivery Day, as provided in the table below and the Finance Procedures.

- 5.1 All times in this section are to U.S. Central Time.
- 5.2 **Use of relevant registry**
- (a) Clearing Members and their Transferors or Transferees must have established accounts in the relevant Registry for the ICE Deliverable US Emissions Contract in question.

		<b>First Business Day following expiration of the Contract Set</b>
<b>Position Day</b>	By 10:00	Clearing Members must report their Long Open Contract Positions and tender delivery notices to the Clearing House.  Clearing Members must report to their Long futures positions and tender delivery notices to the Clearing House by sending a "Delivery Position Reporting" form.
	There after	Following receipt of all such required forms from Clearing Members in respect of a particular Set, the Clearing House will make appropriate delivery assignments, matching Clearing Members that are Buyers to Clearing Members that are Sellers for the purposes of them making delivery to one another for purposes of Rule 703(d).  Clearing House calls Buyer for full contract value.

**DELIVERY PROCEDURES: ICE DELIVERABLE US EMISSIONS CONTRACTS**

<b>Notice Day</b>	<b>Position Day +1 Business Day</b>	
	By 16:00	<p>The Seller must provide to the Buyer a description of the underlying Allowances to be delivered.</p> <p>The Buyer must provide the Seller with information of the account at the Registry to which Allowances are to be transferred, which may be an account of its Transferee.</p>
	By 17:00	The Seller must ensure that appropriate Allowances (delivery of which would satisfy its delivery obligations) are in its designated account at the relevant Registry.
<b>Delivery Day</b>	<b>Position Day + 2 Business Days</b>	
	By 12:00	The Seller shall ensure that it or its Transferor has electronically submitted the transfer instructions in respect of all Allowances required to be transferred pursuant to the Contract to the relevant Registry.
	Following delivery	Buyer must deliver a "Receipt of Delivery Confirmation" form to the Clearing House, following receipt in its account at the relevant Registry of the Allowances. Such a form will constitute a representation and warranty from the Buyer to the Clearing House that the Buyer has received delivery of all required Allowances pursuant to the Contract under delivery, and that the Buyer is not aware of any dispute relating to the Allowances that have been delivered.
<b>Payment</b>	<b>Delivery Day (if Receipt of Delivery Confirmation received before 13:00) or a following Business Day</b>	
	By 13:00	Buyer must deliver the "Receipt of Delivery Confirmation" to the Clearing House on Delivery Day.
	After receipt	<p>After receipt by the Clearing House of the "Receipt of Delivery Confirmation" from the Buyer, the Clearing House releases the delivery proceeds to the Seller.</p> <p>The delivery proceeds and Seller's Security will be released to the Seller at the end-of-day on the same day as receipt by the Clearing House of the "Receipt of Delivery Confirmation" (for credit to the account of the Seller, this not being required prior to the morning of the Business Day after the Delivery Day), provided that the "Receipt of Delivery Confirmation" is received by the Clearing House at or before 1:00 p.m. U.S. Central Time on the Delivery Day.</p> <p>If the Clearing House receives a "Receipt of Delivery Confirmation" after such time on the Delivery Day or any subsequent day, it will be treated as if it were received on the next Business Day and payments to the Seller shall be delayed accordingly.</p>

**PART L: LIFFE COCOA CONTRACTS**

**1. DELIVERY SPECIFICATION**

**1.1 Quality**

Cocoa shall be delivered of a growth and quality as specified in the LIFFE Rules.

**1.2 Price**

The price at which the Cocoa is delivered is the Market Delivery Settlement Price on the Business Day immediately preceding the day of tender, adjusted in accordance with the LIFFE Rules.

**1.3 Scope**

Cocoa shall be delivered from a nominated warehouse as defined in the LIFFE Rules.

**1.4 Cessation of Trading**

Cocoa delivery months cease trading on the last trading day, as specified in the Contract Terms, which unless specified otherwise in the Market Rules is at 12:00, eleven Business Days prior to the last Business Day of the delivery month. Sellers' Tenders must be submitted by 10:00 the following day (the "Notice Day").

**DELIVERY TIMETABLE FOR LIFFE COCOA CONTRACTS**

	TIME	ACTION
<b>Cessation of Trading</b>	<b>11 Business Days prior to the last Business Day of the delivery month</b>	
	By 12:00	The cocoa delivery month ceases trading.
<b>Notice Day</b>	<b>The day following cessation of trading (Notice Day)</b>	
	By 10:00	<p>All Clearing Members perform position maintenance.</p> <p>Remaining Open Contract Positions automatically become subject to delivery obligations.</p> <p>Clearing Members with a deliverable Short Open Contract Position must submit the details of the lots to be delivered via LIFFE Guardian.</p> <p>Clearing Members with an Open Contract Position as Buyer must submit a Buyer's Position Notice via LIFFE Guardian which should give details of the 'shape' of the positions that are required for delivery.</p> <p>Sellers must input delivery notices via LIFFE Guardian. Sellers' delivery notices may be deleted by Clearing Members via LIFFE Guardian.</p> <p><b>Clearing Members must ensure that all settlements and transfers are completed in UCP by the 10:00 deadline.</b></p>
<b>First Allocation</b>	After 10:00	<p>First allocation of cocoa to Buyers. Buyers are not informed of the allocation details at this time unless there are no conversions to be made.</p> <p>HIT report available on UCP, informing Buyers of the number of lots allocated.</p>
<b>Conversion of lots</b>	By 16:00	<p>The Clearing House may direct Sellers to convert bulk ("BDU") or large ("LDU") delivery units into LDU or standard ("SDU") delivery units.</p> <p>LIFFE will be notified of these directions.</p>
	After 16:00	Sellers can obtain details of the BDU and LDU to be converted via LIFFE Guardian.

	TIME	ACTION
<b>Conversion Notice</b>	<b>First Business Day after the Notice Day</b>	
	By 12:00	<p>Sellers who have been directed to convert must give notice via LIFFE Guardian that they will either:</p> <ul style="list-style-type: none"> <li>- comply with the conversion as instructed</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>- convert alternative delivery units, and provide details of those units</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>- provide substitute delivery units, and give details of those units.</li> </ul> <p>In the cases where different delivery units will be converted, the alternate units proposed for conversion must both match the Clearing House's requirements to fulfil delivery to Buyers and must be of an equivalent or better quality.</p> <p>In the cases where a Seller, in place of performing a conversion, substitutes a delivered unit via LIFFE Guardian, the substitution must meet the Clearing House's requirements to facilitate delivery.</p>
<b>Second Allocation</b>	By 16:00	<p>Second allocation of Cocoa to Buyers.</p> <p>The following are made available to Sellers via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>- account sale report.</li> <li>- delivery details.</li> </ul> <p>The following are made available to Buyers via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>- invoice report.</li> <li>- delivery details.</li> </ul>
<b>LDU Conversion Notice</b>	<b>First Business Day prior to the Settlement Day</b>	
	At or prior to 10:00	<p>Sellers who have been directed to convert LDU must give notice via LIFFE Guardian that:</p> <ul style="list-style-type: none"> <li>- they have complied with the conversion as instructed.</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>- arranged for the warehousekeeper/s to provide updated delivery details in respect of the converted delivery units.</li> </ul>
	By 16:00	<p><b>Where necessary</b> the following are made available to Sellers via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>- final account sale report.</li> <li>- warrant delivery instructions report.</li> <li>- delivery details.</li> </ul> <p><b>Where necessary</b> the following are made available to Buyers via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>- final invoice report.</li> <li>- delivery details.</li> </ul>

	TIME	ACTION
<b>Settlement Day</b>	<b>Last Business Day of delivery month (Settlement Day)</b>	
	By 09:00	The Clearing House debits Buyers, as detailed on the Invoices
	After 09:30	The Clearing House credits Sellers, as detailed on the Account Sales.  The Clearing House transfers the warrants to Buyers via LIFFE Guardian.
<b>BDU Notice</b>	<b>First Business Day prior to the Conversion Settlement Day</b>	
	At or prior to 10:00	<p>Sellers who have been directed to convert BDUs must give notice via LIFFE Guardian that:</p> <ul style="list-style-type: none"> <li>- they have complied with the conversion as instructed and</li> <li>- arranged for the warehousekeeper/s to provide updated delivery details to LIFFE Guardian in respect of the converted delivery units</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>- they are unable to complete conversion in time and wish to apply for an extension to conversion.</li> </ul> <p>Where a Seller has applied for an extension to conversion, it must provide reasons for the conversion having not been completed and Buyers and LIFFE will be informed of such Seller's application.</p> <p>Where it is determined that an extension is to be granted, the Seller and Buyer will be informed accordingly.</p>
<b>Extension to conversion</b>	By 16:00	<p><b>Where necessary</b> the following are made available via LIFFE Guardian to Sellers:</p> <ul style="list-style-type: none"> <li>- final account sale report.</li> <li>- delivery details.</li> </ul> <p><b>Where necessary</b> the following are made available to Buyers:</p> <ul style="list-style-type: none"> <li>- final invoice report.</li> <li>- delivery details.</li> </ul>
<b>BDU Notice</b>	<b>First Business Day prior to the Extended Conversion Settlement Day</b>	
	At or prior to 10:00	<p>Sellers who have been directed to convert BDUs must give notice via LIFFE Guardian that:</p> <ul style="list-style-type: none"> <li>- they have complied with the conversion as instructed and</li> <li>- arranged for the warehousekeeper/s to provide updated delivery details in respect of the converted delivery units</li> </ul>

**DELIVERY PROCEDURES: LIFFE COCOA CONTRACTS**

	<b>TIME</b>	<b>ACTION</b>
	By 16:00	<p><b>Where necessary</b> the following are made available to Sellers via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>- final account sale report.</li> <li>- delivery details.</li> </ul> <p><b>Where necessary</b> the following are made available to Buyers:</p> <ul style="list-style-type: none"> <li>- final invoice report.</li> <li>- delivery details.</li> </ul>
<b>Settlement Day, Conversion Settlement Day and Extended Settlement Day</b>	<b>Last Business Day of delivery month/10 Business Days after Settlement Day/ 10 Business Days after Conversion Settlement Day</b>	
	By 09:00	The Clearing House debits Buyers, as detailed on the Invoices.
	After 09:30	<p>The Clearing House credits Sellers, as detailed on the Account Sales.</p> <p>The Clearing House transfers the warrants to Buyers via LIFFE Guardian.</p>
<b>Substitution of Delivery Unit</b>	<b>10 Business Days after Settlement Day or 7 Business Days after either the Conversion Settlement Day or the Extended Conversion Settlement Day</b>	
	By 12:00	<p>A Seller may substitute a delivery unit with the Buyer's prior consent (or in the case of dispute, if ordered to do so by LIFFE), via LIFFE Guardian and in such case, LIFFE Guardian will notify any changes in pricing resulting from the substitution and a Substitution Invoice or Account Sale will be made available to the Buyer and Seller respectively.</p> <p>If the Buyer does not consent to such a substitution, then the Seller remains obliged to make delivery in accordance with the original Tender. If the Seller fails to make delivery against the original Tender then the Seller will be in default in performance.</p>
<b>Deemed acceptance of delivery</b>	By 12:00	The Buyer will be deemed to have accepted each delivery unit that has been received.

## 2. DELIVERY DOCUMENTATION SUMMARY

<i>Sellers and Buyers should ensure that relevant Delivery Documentation is completed in full.</i>		
<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
LIFFE Cocoa Contract: Seller's Delivery Notice	The Seller's Delivery Notice screen is completed via LIFFE Guardian including details of:  (i) the port in which the cocoa is stored;  (ii) the warehouse in which the cocoa is stored; and  (iii) the shed in which the cocoa is stored.	On the Notice Day.
LIFFE Cocoa Contract: Buyer's Invoice	Buyers are provided with Invoices via LIFFE Guardian. Provisional Invoices and Accounts Sales are issued where a delivery unit is the subject of an instruction to convert.	By 16:00 on the day that is (i) 10 Business Days prior to the last Business Day of the delivery month; (ii) First Business Day prior to the Conversion Settlement Day; (iii) First Business Day prior to the Extended Conversion Settlement Day.
LIFFE Cocoa Contract: Seller's Account Sales	Sellers are provided with Account Sales via LIFFE Guardian. Provisional Invoices and Accounts Sales are issued where a delivery unit is the subject of an instruction to convert.	By 10:00 on the Notice Day.
LIFFE Cocoa Contract: Buyer's Position Notice	Clearing Members with buying positions must submit a Buyer's Position Notice via LIFFE Guardian which should give details of the 'shape' of the positions that are required for delivery.	By 12:00 on the first Business Day after the Notice Day.
LIFFE Cocoa Contract: Seller's Conversion Notice	Sellers who have been directed to convert must give notice via LIFFE Guardian that they will either: (i) comply with the conversion as instructed; (ii) convert alternative delivery units, and provide details of those units; or (iii) provide substitute delivery units, and give details of those units.	At or prior to 10.00 on the first Business Day prior to Settlement Day.
LIFFE Cocoa Contract: Seller's LDU Conversion Notice	Sellers who have been directed to convert LDUs must give notice via LIFFE Guardian that: (i) they have complied with the conversion as instructed; and (ii) arranged for the warehousekeeper/s to provide updated delivery details in respect of the converted delivery units.	

**DELIVERY PROCEDURES: LIFFE COCOA CONTRACTS**

<i>Sellers and Buyers should ensure that relevant Delivery Documentation is completed in full.</i>		
<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
LIFFE Cocoa Contract: Seller's BDU Conversion Notice	Sellers who have been directed to convert BDUs must give notice via LIFFE Guardian that: (i) they have complied with the conversion as instructed; and (ii) arranged for the warehousekeeper/s to provide updated delivery details to LIFFE Guardian in respect of the converted delivery units; or (iii) they are unable to complete conversion in time and wish to apply for an extension to conversion	At or prior to 10.00 on the first Business Day prior to Conversion Settlement Day or the Extended Conversion Settlement Day.

**PART M:** LIFFE Coffee Contracts

**1. DELIVERY SPECIFICATION**

**1.1 Quality**

Coffee shall be delivered of a growth and quality as specified in the LIFFE Rules.

**1.2 Price**

The price at which the Cocoa is delivered is the Market Delivery Settlement Price on the Business Day immediately preceding the day of Tender, adjusted in accordance with the LIFFE Rules.

**1.3 Scope**

Coffee shall be delivered from a nominated warehouse as defined in the LIFFE Rules.

**1.4 Cessation of Trading**

Coffee delivery months cease trading on the last trading day, as specified in the Contract Terms, which unless specified otherwise in the Market Rules is at approximately 12:30 on the last Business Day of the delivery month. Sellers' Tenders may be submitted by 12:00 on any Business Day during the delivery month (excluding the last trading day when the Tender must be submitted by 14:30).

**DELIVERY TIMETABLE FOR LIFFE COFFEE – 10 TONNE CONTRACTS**

	TIME	ACTION
<b>Tender Day (excluding last Tender day)</b>	<b>Tender Day</b>	
	By 12:00	<p>All Clearing Members perform position maintenance.</p> <p>Sellers who wish to tender input Delivery Notices via both UCP and LIFFE Guardian.</p> <p>On each Business Day during the delivery month a Seller may input a delivery notification via UCP. Clearing Members submitting a delivery notification to UCP must also submit via LIFFE Guardian the details of the lots to be tendered.</p> <p>Tender notifications may be deleted by Clearing Members.</p> <p>Submission of a delivery notification to UCP without the corresponding input to LIFFE Guardian (or <i>vice versa</i>) will not constitute valid notification of Tender to the Clearing House.</p> <p><b>Clearing Members must ensure that all settlements and transfers are completed in UCP by the 12:00 deadline.</b></p>
<b>First Allocation</b>	After 12:00	<p>HIT report available on UCP informing Buyers of the number of lots allocated.</p> <p>Coffee allocated to Buyers on a pro rata basis.</p> <p>The following are made available to Buyers via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>- invoice report.</li> <li>- delivery details.</li> </ul> <p>The following are made available to Sellers via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>- account sale report.</li> <li>- delivery details.</li> </ul>
<b>Cessation of Trading</b>	<b>Last Tender Day</b>	
	At 12:30	The Coffee delivery month ceases trading.
	By 14:30	<p>All Clearing Members perform position maintenance. Remaining Open Contract Positions automatically become subject to delivery obligations.</p> <p>Sellers submit delivery notices via LIFFE Guardian.</p> <p>Sellers holding Open Contract Positions must submit via LIFFE Guardian the details of the lots to be tendered.</p> <p>Tender notifications may be deleted by Clearing Members.</p> <p>Sellers are not required to give notification via UCP.</p> <p><b>Clearing Members must ensure that all assignments, settlements and transfers are completed in UCP by the 14:30 deadline.</b></p> <p>Clearing Members with Open Contract Positions in the expired</p>

	TIME	ACTION
		delivery month are obliged to make or take delivery.
<b>Second Allocation</b>	After 14:30	<p>The HIT report is made available on UCP informing Buyers of the final number of lots allocated.</p> <p>Second allocation of coffee to Buyers on a pro rata basis.</p> <p>The following are made available to Sellers via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>- account sale report.</li> <li>- delivery details.</li> </ul> <p>The following are made available to Buyers via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>- invoice report.</li> <li>- delivery details.</li> </ul>
<b>Early Take Up</b>	<b>Business Day prior to Business Day on which the Buyer wishes to take up and pay for the warrants</b>	
	By 16:00	<p>A Buyer may take up warrants prior to the due Settlement Day, by inserting instructions via LIFFE Guardian.</p> <p>The early take up is then processed and an Early Take Up Invoice or Account Sale is made available to the Buyer and Seller respectively.</p>
<b>Payment</b>	<b>Settlement Day 14 days after the Tender Day (or the next Business Day in the case of a Bank Holiday or a day declared a non-Business Day by LIFFE)</b>	
	By 09:00	The Clearing House debits Buyers, as detailed on the Invoices
	After 09:00	<p>The Clearing House credits Sellers, as detailed on the Account Sales.</p> <p>The Clearing House transfers the warrants to Buyers via LIFFE Guardian.</p>
<b>Substitution of Tenders</b>	<b>7 Business Days after Settlement Day</b>	
	By 17:00	<p>A Seller may substitute a Tender with the Buyer's prior consent (or in the case of dispute, if ordered to do so by LIFFE) via LIFFE Guardian and LIFFE Guardian will notify any changes in pricing resulting from the substitution. A Substitution Invoice or Account Sale is made available to the Buyer and Seller respectively.</p> <p>If the Buyer does not consent to such a substitution, then the Seller remains obliged to make delivery in accordance with the original Tender. If the Seller fails to make delivery against the original Tender then the Seller will be in default in performance.</p>

## 2. DELIVERY DOCUMENTATION SUMMARY

<i>Sellers and Buyers should ensure that relevant Delivery Documentation is completed in full, including standard details such as Clearing Member name, mnemonic, etc.</i>		
<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
LIFFE Coffee – 10 tonne: Buyer's Invoice	Buyers are provided with Invoices via LIFFE Guardian. Provisional Invoices are issued where a delivery unit is the subject of an instruction to convert.  Early Take Up, Substitution and Adjustment Invoices are identical to the original Invoices except the title reflects why they have been produced and the information that has changed.	By 16:00 on the day that is (i) 10 Business Days prior to the last Business Day of the delivery month; (ii) First Business Day prior to the Conversion Settlement Day; (iii) First Business Day prior to the Extended Conversion Settlement Day.
LIFFE Coffee – 10 tonne: Seller's Account Sales	Sellers are provided with Account Sales via LIFFE Guardian.  Provisional Account Sales are issued where a delivery unit is the subject of an instruction to convert.  Early Take Up, Substitution and Adjustment Account Sales are identical to the original Account Sales except the title reflects why they have been produced and the information that has changed.	
LIFFE Coffee – 10 Tonne: Seller's Delivery Notice	Sellers submit this notice via LIFFE Guardian.	By 14:30 on the last tender day/last trading day.

**PART N: LIFFE WHITE SUGAR CONTRACTS**

**1. DELIVERY SPECIFICATION**

**1.1 Quality**

White sugar shall be delivered of an origin and quality as specified in the LIFFE Rules.

**1.2 Price**

The price at which the white sugar contracts are delivered for a particular delivery month is the Market Delivery Settlement Price as calculated by LIFFE on the Last Trading Day, as defined in the LIFFE Rules.

**1.3 Scope**

White sugar contracts are for the sale and delivery of white beet or cane crystal sugar or refined sugar, in bags, of any origin of the crop current at the time of delivery, conforming to the specifications set out in the LIFFE Rules. Delivery is permissible on a day in the period between the first day of the delivery month and the last day of the succeeding month.

Delivered white sugar must, inter alia, be free of all liens and claims of any kind.

**1.4 Cessation of Trading**

White sugar delivery months cease trading on the last trading day, as specified in the Contract Terms, which unless specified otherwise in the Market Rules is at 18:30, sixteen calendar days preceding the first day of the delivery month (or, if not a Business Day, then the first Business Day immediately preceding).

**1.5 Taking White Sugar "Off the Market"**

If Clearing Members opt for alternative delivery procedures, notification must be made via LIFFE Guardian.

**DELIVERY PROCEDURES: LIFFE WHITE SUGAR CONTRACTS****DELIVERY TIMETABLE FOR LIFFE WHITE SUGAR CONTRACTS**

	<b>TIME</b>	<b>ACTION</b>
	<b>Last Trading Day</b>	
	At 18:30	The white sugar delivery month ceases trading.
<b>Seller's Notice of Tender</b>	<b>Last Trading Day +1</b>	
	By 10:30	<p>All Clearing Members perform position maintenance.</p> <p>Remaining Open Contract Positions automatically become subject to delivery obligations.</p> <p>Sellers holding Open Contract Positions must deliver a Seller's Notice of Tender via LIFFE Guardian. Clearing Members are not required to give notification via UCP.</p> <p><b>Clearing Members must ensure that all assignments, settlements and transfers are completed in UCP by the 10:30 deadline.</b></p> <p>Clearing Members with Open Contract Positions in the expired delivery month are obliged to make or take delivery.</p>
<b>First Allocation</b>	After 10:30	<p>HIT report available on UCP which confirms the number of lots taken to delivery.</p> <p>First allocation of white sugar to Buyers on a pro-rata basis by "Port of Loading" and the information is made available via LIFFE Guardian.</p> <p>Clearing Members are informed of the identity of the Buyers and ports from which delivery will be made via LIFFE Guardian.</p>
<b>Non-Qualifying Port(s)</b>	By 11:00	Where any Sellers ("Insufficient Sellers") have submitted Seller's Delivery Notification via LIFFE Guardian in respect of a port or ports which is/are not Qualifying Port(s) under the LIFFE Rules ("Non-Qualifying Port(s)"), Insufficient Seller(s) will be notified, as specified under LIFFE Rule 9.04, that the Tenders should be revised in accordance with LIFFE Rule 9.05.
<b>Insufficient Sellers</b>	By 13:00	Insufficient Seller(s) deliver, in accordance with LIFFE Rule 9.05, revised Seller's Delivery Notification via LIFFE Guardian. If the Insufficient Seller(s) have not delivered the revised Seller's Delivery Notification by 13:00, LIFFE will determine in accordance with the Contract terms, the port of loading from which Tenders will be made, and LIFFE shall notify the Clearing House of such determination by 14:00.
<b>Seller's Delivery Notification</b>	By 14:00	<p>Where Sellers' Delivery Notifications continue to be made in respect of Non-Qualifying Port(s), LIFFE will determine in accordance with LIFFE Rule 9.06 to 9.08, the port of loading from which Tenders will be made and shall notify the Clearing House of such determination.</p> <p>LIFFE shall notify the Insufficient Seller(s) of the port of loading at which their Tender(s) shall take place.</p>

**DELIVERY PROCEDURES: LIFFE WHITE SUGAR CONTRACTS**

	<b>TIME</b>	<b>ACTION</b>
	After 14:00	The Buyers are advised of the identity of the Seller via LIFFE Guardian.
<b>Last Trading Day +2</b>	<b>Second Business Day following the Last Trading Day</b>	
	By 12:00	With the consent of LIFFE, Buyers may exchange notices of Tender via LIFFE Guardian.
<b>Delivery day(s) -14 Calendar Days</b>	<b>Last Business Day of delivery month (Settlement Day)</b>	
	By 16:00	<p>Delivery may commence on any day within the delivery period, the Buyer having given fourteen calendar days notice of the name of the vessel to the Seller via LIFFE Guardian.</p> <p>Clearing Members should refer to the LIFFE Rules for further requirements in respect of nomination of vessels for delivery for delay in delivery.</p>
<b>Document Notice Day</b>	<b>20 days after vessel has completed loading</b>	
	By 12:00	The Seller must notify document presentations via LIFFE Guardian. Once the presentation has been processed, the Buyer will be notified via LIFFE Guardian.
	After 12:00	<p>Buyer informed via LIFFE Guardian of next day presentation of documents.</p> <p>Invoices and Account Sales are made available to the Buyers and Sellers respectively via LIFFE Guardian.</p>
<b>Document Delivery Day/ Settlement Day (Document Notice Day +1)</b>	<b>First Business Day following Document Notice Day</b>	
	By 09:00	The Clearing House receives payment from the Buyer as detailed on the Invoice.
	By 10:00	<p>The Seller must lodge the following delivery documentation:</p> <ul style="list-style-type: none"> <li>(i) a commercial invoice;</li> <li>(ii) a complete set of original signed clean on board bills of lading;</li> <li>(iii) an original certificate of origin; and</li> <li>(iv) an original certificate of weight, packing, quality, (polarisation, moisture and colour), issued by an internationally-recognised independent or state-owned supervision company appointed by the Seller at its own expense.</li> </ul>
	After 11:00	LIFFE advises the Buyer that documents are available for collection. The Buyer collects the delivery documents from LIFFE.
	By 14:00	If the Buyer informs LIFFE, via LIFFE Guardian, by 14.00 that he wishes to reject the documents specified under LIFFE Rule 7.04, LIFFE will advise the Clearing House to withhold payment from the Seller. All documents to be returned to LIFFE at the Buyer's expense

**DELIVERY PROCEDURES: LIFFE WHITE SUGAR CONTRACTS**

	<b>TIME</b>	<b>ACTION</b>
		by 15:00.
<b>Notification of rejection of documents</b>	After 14:00	<p>LIFFE shall notify the Seller in the event that the Buyer has rejected the documents, and shall advise the Seller that the original documents shall be held at their disposal at LIFFE for collection at the Seller's expense after 15:00. If the documents have been rejected, the Clearing House credits back to the Buyer the sum debited earlier.</p> <p>The Clearing House credits the Seller, unless informed by 14:00 by the Buyer that the documents have been rejected.</p>

**2. DELIVERY DOCUMENTATION SUMMARY**

*Sellers and Buyers should ensure that relevant Delivery Documentation is completed in full, including standard details such as Clearing Member name, mneumaric, etc.*

<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
LIFFE White Sugar Contract: Seller's Notice of Tender	<p>The Clearing House sends the Buyer's Notice of Tender to Buyers.</p> <p>The notice informs Buying Clearing Members, in respect of each delivery, of the number of lots, the Clearing House reference number(s), country of origin (if known), the port from which delivery will be made and the name of the Seller.</p>	By 10:30 on Last Trading Day +1.
LIFFE White Sugar Contract: Seller's Delivery Notification	Sellers submit this notice to the Clearing House.	Last Trading Day +1.
LIFFE White Sugar Contract: Invoice and Account Sale	The Clearing House issues invoices (for Buyers) and Account Sales (for Sellers). A separate document is issued for each delivery.	After 12:00 on Document Notice Day.

**PART O:** LIFFE Wheat Contracts

**1. DELIVERY SPECIFICATION**

**1.1 Quality**

Wheat shall be delivered of an EC origin and of a standard as specified in the LIFFE Rules.

**1.2 Price**

The price at which the wheat is delivered is the Market Delivery Settlement Price on the Business Day immediately preceding the day of tender, adjusted in accordance with the LIFFE Rules.

**1.3 Scope**

Wheat shall be delivered from a registered store as defined in the LIFFE Rules.

**1.4 First Tender day and Cessation of Trading**

The normal first tender day is:

- (i) For January - the second Business Day after Christmas day; and
- (ii) For other delivery months - the seventh day prior to the first Business Day of the delivery month. If this is not a Business Day the next Business Day becomes the first tender day.

Wheat delivery months (with the exception of the July delivery month) normally cease trading on the last trading day, as specified in the Contract Terms, which unless specified otherwise in the Market Rules is at 12:30 on the 23rd day of the delivery month. The July delivery month normally ceases trading at 12:30 on the 7th calendar day of July. If this is not a Business Day, trading ceases on the previous Business Day.

Sellers may tender from 10:30 on the first tender day up to 14:00 on the last trading day.

## DELIVERY TIMETABLE FOR LIFFE WHEAT CONTRACTS

	TIME	ACTION
	<b>Tender day (excluding Last Tender Day)</b>	
	By 10:30	<p>All Clearing Members perform position maintenance.</p> <p>On any Business Day during the tender period as defined above, a Seller may input a delivery notification via UCP. Clearing Members submitting a delivery notification to UCP must also enter delivery notices via LIFFE Guardian. Submission of a delivery notification via UCP without the corresponding delivery notice in LIFFE Guardian, or <i>vice versa</i>, will not constitute valid notification to the Clearing House.</p> <p><b>Clearing Members must ensure that all assignments, settlements and transfers are completed in UCP by the 10:30 deadline.</b></p>
<b>First Allocation</b>	After 10:30	<p>The Clearing House allocates the wheat to Buyers on a pro rata basis by store and makes available the delivery details for each lot via LIFFE Guardian.</p> <p>A HIT report will be available on UCP, indicating the number of lots allocated to Buyers.</p>
<b>Cessation of trading</b>	<b>Last Tender Day</b>	
	At 12:30	The wheat delivery month ceases trading.
	By 14:00	<p>Clearing Members with Open Contract Positions in the expiry contract month are obliged to make or take delivery.</p> <p>Sellers holding Open Contract Positions must enter delivery notices via LIFFE Guardian. Clearing Members are not required to give notification via UCP.</p> <p><b>Clearing Members must ensure that all assignments, settlements and transfers are completed via UCP by the 14:00 deadline.</b></p>
	After 14:00	<p>The Clearing House allocates the wheat to Buyers and makes available the delivery details via LIFFE Guardian for each lot.</p> <p>A HIT report will be available on UCP, indicating the number of lots allocated to Buyers.</p>
<b>Settlement Day -1</b>	<b>First Business Day prior to Settlement Day</b>	
	By 16:00	The Clearing House makes available via LIFFE Guardian the Invoice and Account Sale details to Buyers and Sellers respectively.
<b>Settlement Day</b>	<b>7 days after the Tender Day (unless such a day is not a Business Day, in which case the Settlement Day will be the preceding day)</b>	
	By 09:00	The Clearing House debits Buyers, as detailed on the Invoices

**DELIVERY PROCEDURES: LIFFE WHEAT CONTRACTS**

	<b>TIME</b>	<b>ACTION</b>
	After 09:00	<p>The Clearing House credits Sellers, as detailed on the Account Sales.</p> <p>The Clearing House makes the warrants available for Buyers to collect via LIFFE Guardian.</p>
	By 12:00	<p>Under the e-Warrant Collection Scheme ("the Scheme") operated by LIFFE, rent due and payable by a Seller in accordance with the LIFFE Contract Terms and Administrative Procedures is collected from the Seller by the Clearing House and transferred to LIFFE, who are responsible for paying the Warehouses.</p> <p>Any unpaid rent payable by the Seller will be collected by the Clearing House from the Seller through Clearing Member's accounts at an Approved Financial Institution no later than 12:00 on the relevant Settlement Day in respect of that Tender.</p> <p>The Clearing House has no principal liability whatsoever for the payment of any such unpaid rent and, in transferring such amounts to LIFFE, acts on behalf of the Seller with whom the liability to make such payment rests.</p> <p>Without prejudice to the provisions of the Rules relating to liability, the Clearing House's only liability in respect of the operation of the Scheme shall be to make payment to LIFFE (who will be responsible for making payment to any grainstorekeeper) of any sums properly collected under the Scheme by the Clearing House from any Clearing Member, and, in the unlikely event of that the Clearing House collects any sum erroneously from a Clearing Member, promptly to return such sum to that Clearing Member through the relevant Clearing Member's account at an Approved Financial Institution or otherwise.</p>

**2. DELIVERY DOCUMENTATION SUMMARY**

<i>Sellers and Buyers should ensure that relevant Delivery Documentation is completed in full.</i>		
<b>Name of Delivery Document</b>	<b>Explanation</b>	<b>Timing</b>
LIFFE Wheat Contract: Seller's Delivery Notice	Seller notifies Clearing House by submission of a delivery notification via UCP and the corresponding delivery notice in LIFFE Guardian.	On any Business Day during the Tender.
LIFFE Wheat Contract: Seller's Account Sales and Buyer's Invoice	The Clearing House issues invoices (for Buyers) and Account Sales (for Sellers). A separate document is issued for each delivery.	After 12:00 on Settlement Day.

**PART P:** LIFFE Deliveries

**1. LIFFE DELIVERIES**

**1.1 Introduction**

**These Delivery Procedures should be read in conjunction with the rest of the Rules, the LIFFE Contract Terms, LIFFE Administrative Procedures and the UCP User Manual.**

**Clearing Members must be fully aware of their obligations under the relevant contracts.**

**In the event of any conflict between the Clearing Rules and the LIFFE Contract Terms and LIFFE Administrative Procedures, the Clearing House Rules shall prevail.**

Enquiries concerning the procedures in this section should be directed to Business Operations staff at the Clearing House.

**PART Q: LIFFE Common Delivery Procedures****1. COMMON DELIVERY PROCEDURES FOR LIFFE CONTRACTS****1.1 Allocation Method**

For all deliverable bond contracts the following method is used by the Clearing House to allocate stock delivered by Sellers to Buyers:

- (a) Buyers' accounts are listed in mnemonic sequence and numbered sequentially
- (b) a number is chosen at random
- (c) the allocation of the lowest coupon bond commences with the selected mnemonic and progresses through the list referred to in (a) above
- (d) when no further allocation of the lowest coupon bond can be made, the allocation continues with the next lowest coupon bond and so on, until the process is completed with the allocation of the highest coupon bond.

If bonds of equal coupon but with different maturity dates have been nominated then the bond with the earliest maturity will be allocated first.

**1.2 Clearing Accounts**

Pursuant to Part 7 of the Rules, Clearing Members' Proprietary Accounts and Customer Accounts are treated separately for deliveries. Clearing Members must submit separate notifications (*Seller's Delivery Notices*, etc) to the Clearing House for each such account.

**1.3 Market Delivery Settlement Prices (MDSP)**

LIFFE sets a Market Delivery Settlement Price for bond deliveries as determined pursuant to the LIFFE Contract Terms and LIFFE Rules. This is published on UCP as soon as possible after it has been set.

**1.4 Delivery Details for Bond Deliveries**

Clearing Members submit and receive these details electronically via LIFFE Guardian, the content of the electronic message will vary depending on the contract being delivered.

**1.5 Seller's Delivery Notice**

Sellers must submit a Delivery Notice via LIFFE Guardian. The Seller must provide all relevant information as required by LIFFE Guardian and the Clearing House.

**1.6 Buyer Notifications**

Buyers must submit a Buyer Notification via LIFFE Guardian. The Buyer must provide all relevant information as required by LIFFE Guardian and the Clearing House.

**1.7 Delivery Account Sales for Sellers**

The Delivery Account Sale informs Sellers of the details of the invoice amount payable by the Clearing House.

**1.8 Delivery Invoice for Buyers**

The Delivery Invoice informs Buyers of the details of the invoice amount payable to the Clearing House and details of the bonds allocated.

**1.9 Delivery Instructions for Sellers**

The Delivery Instruction provides Sellers with:

- (i) precise instructions to be given to the delivery system; and
- (ii) details of the payment to be received from the Clearing House as advised in the Delivery Account Sale.

**1.10 Delivery Instructions for Buyers**

This Delivery Instruction provides Buyers with:

- (i) precise instructions to be given to the delivery system; and
- (ii) details of the bonds to be transferred from the Clearing House's delivery system.

**1.11 Delivery Status**

Clearing Members must provide the Clearing House with confirmation that relevant delivery statuses have been reached, as defined in these Delivery Procedures, by the appropriate deadline for a LIFFE Contract via LIFFE Guardian. Failure to conform to notification requirements will result in a referral to LIFFE and potentially to disciplinary action by LIFFE under the LIFFE Rules or by the Clearing House under the Rules.

**1.12 Delivery Invoice/Account Sales for Buyer and Seller Dissemination**

Delivery Invoice/Account Sale notices for Buyers and Sellers may be obtained via LIFFE Guardian.

**1.13 Delivery Instruction Notices for Buyer and Seller Dissemination**

Delivery Instruction notices for Buyers and Sellers may be obtained via LIFFE Guardian.

**1.14 Transferors and Transferees**

Transferors and Transferees may not be nominated for LIFFE Gilt Contracts, LIFFE Physically Delivered Equity Futures/Options Contracts, and LIFFE Stock Contingent Trades Contracts. Any transfers to Customers or Clearing Members must be arranged for by Clearing Members after their receipt of the relevant gilts or securities, as applicable, and any transfers to Clearing Members from Customers must be arranged with sufficient time to enable the Clearing Member to comply with its delivery obligations.

**PART R:** LIFFE Gilt Contracts

**1. GILT CONTRACTS**

The following applies to each of the LIFFE Long, Medium and Short gilts contracts. These kinds of LIFFE Contract differ only in their maturity dates.

**1.1 Delivery Mechanism**

LIFFE gilt contracts must be delivered through the Clearing House's account at CREST. The Clearing House CREST account name is ICE Clear Europe Limited.

**1.2 Delivery Communication and LIFFE Guardian**

Delivery documentation must be submitted using LIFFE Guardian. Clearing Members must always ensure they allow sufficient time to connect and transmit their delivery details within the deadlines prescribed in these Delivery Procedures. Failure to do so will result in late delivery and therefore may be subject to disciplinary action by LIFFE or the Clearing House.

**1.3 Invoice Value Calculation**

The amount due to Sellers and payable by Buyers is calculated in accordance with the LIFFE Contract Terms (all values in GBP):

Invoice value per lot = (1000 x MDSP x Price Factor) + Initial Accrued + (Daily Accrued x Delivery Days in Month)

Invoice Calculation Example

MDSP(N)	=	107.41
Prime Factor	=	1.2554334
Initial Accrued	=	1746.58
Daily Accrued	=	17.1233
Delivery Days in Month	=	10
Single lot value =	=	(100 x 107.41 x 1.2554334) + 1746.58 + (17.1233x10)
	=	136,763.914494
Invoice value per lot	=	136,763.91

The Clearing House establishes the invoicing amount by calculating the full value of 1 lot using the formula (i.e. up to 7 decimal places on the price factor and 5 on the MDSP) and rounding to the nearest whole penny (.5 rounded down). This per lot value is then multiplied by the number of lots to establish the total invoice value.

**1.4 Deliverable Bonds**

A Deliverable Bond is a bond which is listed on the final list of deliverable bonds for a delivery month as defined in the LIFFE Contract Terms. This list is published by LIFFE and is available to download from LIFFE Guardian.

**1.5 Delivery Day Definition**

The First and Last Notice Day, and Delivery Days, are defined in the LIFFE Contract Terms and the LIFFE Rules.

## 1.6 Delivery Timetable (except for Last Notice Day)

DAY	TIME	ACTION
Seller's Delivery Notice	<b>Notice Day</b>	
	By 11:00	<p>Sellers submit Seller's Delivery Notices to the UCP and LIFFE Guardian.</p> <p>Deliverable positions are based on Clearing Members' Open Contract Positions at the close of business the previous day. The Open Contract Positions may be transferred or settled to establish the deliverable position.</p> <p>On each Business Day during the notice period, a Seller may input a 'Delivery Notification' and must then, in addition, submit the corresponding Seller's Delivery Notice via LIFFE Guardian.</p> <p>The input of a delivery notification without the corresponding Seller's Delivery Notice (or <i>vice versa</i>) will not constitute a valid notification.</p> <p>Any notices submitted after this deadline will be treated as being submitted on the following Business Day (if the next Business Day is the Last Notice Day, then the Last Notice Day procedures apply).</p>
	By 11:30	LIFFE announces the MDSP and this is published on UCP as soon as possible.
Allocation	By 12:00	<p>Allocation of lots to Buyers.</p> <p>A HIT report indicating the number of lots allocated to Buyers is made available on UCP.</p>
	By 15:00	<p>Deliverable gilts are allocated to Buyers.</p> <p>The Delivery Invoice and Delivery Account Sale are made available to Sellers and Buyers respectively via LIFFE Guardian.</p>
Buyer's Notification	By 16:30	Buyers must submit a Buyer's Delivery Notification via LIFFE Guardian.

DAY	TIME	ACTION
<b>Notice Day +1</b>		
Matching	By 05:00	<p>The following are made available via LIFFE Guardian:</p> <ul style="list-style-type: none"> <li>(i) Delivery Instructions for Sellers</li> <li>(ii) Delivery Instructions for Buyers.</li> </ul> <p>The instructions as described must be utilised by Clearing Members in order to match the instructions. Clearing Members should endeavour to match at the earliest possible time.</p>
	From 09:00	<p>Clearing Member to commence matching.</p> <p>Details of the LIFFE Contracts subject to delivery obligations must be submitted and matched in CREST.</p> <p>All entries must be made with the necessary fields completed in order to match with the instruction.</p>
	By 12:30	<p>Sellers and Buyers respectively update delivery status to 'Matched' in CREST.</p> <p>Failure to match contravenes the Clearing House Procedures and LIFFE's Contract Terms and Administrative Procedures.</p> <p>The Clearing House informs LIFFE of any outstanding matching problems after this time.</p>
<b>Settlement Day</b>		
Settlement Day (Notice day + 2)	By 13:00	<p>Gilts delivered by Sellers against payment</p> <p>Gilts received by Buyers against payment.</p>
<b>First day after Settlement Day</b>		
S + 1		Original and Variation Margin is released.

**1.7 Last Trading Day (LTD)**

*At 11:00*

Trading ceases two Business Days prior to the last Business Day in the delivery month.

**1.8 Last Notice Day**

The Last Notice Day is the Business Day following the Last Trading Day.

## 1.9 Delivery Timetable (Last Notice Day)

DAY	TIME	ACTION
<b>Last Notice Day (the Business Day following the last trading day)</b>	<b>Last Notice Day</b>	
	By 10:00	Sellers holding Open Contract Positions <u>must</u> submit a Seller's Delivery Notice via LIFFE Guardian.  Clearing Members are not required to give notification via UCP. Clearing Members with Open Contract Positions in the Set of the expired delivery month are obliged to make or take delivery.
	By 11:00	A HIT report indicating the number of lots allocated to Buyers is made available on UCP.
	By 12:00	Allocation of lots and gilts to Buyers.  Seller's Delivery Account Sale and Buyer's Delivery Invoice are made available via LIFFE Guardian.
	By 14:00	Buyers must submit a Buyer's Notification via LIFFE Guardian.
	By 15:00	Delivery Instructions are made available to Buyers and Sellers via LIFFE Guardian.  Clearing Members should endeavour to match at the earliest time possible.  Clearing Member to commence matching.
	By 17:30	Sellers and Buyers update delivery statuses to "Matched" in CREST.  The Clearing House informs LIFFE of any outstanding matching problems after this time.
<b>Settlement Day (Last Notice Day + 1)</b>	<b>Settlement Day</b>	
	By 13:00	Gilts delivered against payment.  Gilts received against payment.  Settlement day occurs on the second Business Day after the Notice Day. Where the Notice Day is the Last Notice Day, settlement day will be the next Business Day after the Last Notice Day.  The Clearing Member must ensure that their CREST priority settings and cap permit their trades to settle before the settlement deadline.  Gilts will have passed from the Selling Clearing Member's

DAY	TIME	ACTION
		CREST account to the Clearing House's CREST account and subsequently to the Buying Clearing Member's CREST account on Settlement Day.
S + 1	<b>First day after Settlement Day</b>	
		Original Margin and Variation Margin are released.

**PART S:** LIFFE Japanese Government Bond Contracts**1. JAPANESE GOVERNMENT BOND (JGB)****1.1 Cash Settlement Procedure**

The Japanese Government Bond (JGB) is cash settled daily by means of settlement margin. Cash settlement is calculated using the Tokyo Stock LIFFE (TSE) opening price versus the trade price.

As no open interest is carried forward, ordinarily Original Margin is not charged.

**1.2 Absence of TSE Opening Price**

In the case of a TSE non-working day (or when a TSE opening price is otherwise unavailable) positions are original and variation margined using the closing price established on LIFFE's APT. This will generate an interim variation margin as opposed to a cash settlement. Original Margin will be charged on net uncovered positions.

This process will be repeated until the next TSE opening price is available, at which stage all positions are cash settled and Original Margins returned.

**DELIVERY PROCEDURES: EQUITY FUTURE OPTIONS AND STOCK CONTINGENT TRADING DELIVERY PROCEDURES**

**PART T: LIFFE Equity Futures/Options**

**1. PHYSICALLY DELIVERED EQUITY FUTURES/OPTIONS, AND STOCK CONTINGENT TRADES DELIVERY PROCEDURES**

**1.1 Introduction**

For the purposes of these Delivery Procedures any reference to Equity Futures/Options Contracts means the following LIFFE physically delivered Contracts:

- (i) Universal Stock Futures;
- (ii) Individual Equity Options; and
- (iii) Contracts arising from Bclear.

**1.2 Delivery System**

Physical deliveries resulting from LIFFE Equity Futures/Options Contracts and stock contingent trades are made through CREST for UK and Irish securities, the Euroclear Group Single Platform ("EGSP") for French, German, Netherlands and Switzerland securities and Euroclear for all other securities.

All deliveries resulting from LIFFE Equity Futures/Options Contracts must be made gross because netting is not available.

**1.3 Clearing House Settlement Details**

Settlement details for the Clearing House will be as notified to Clearing Members.

**1.4 Deliverable Equities**

A "deliverable equity" means the equity underlying an Equity Future or Option Contract, published (from time to time) by means of a LIFFE General Notice or by other means determined by LIFFE.

If an "equity underlying" is subject to a corporate event, the deliverable security may become a combination of shares and entitlements. Should such a corporate event occur, Clearing Members will be advised of the settlement details by the issue of a 'Corporate Action Notice' or by other means determined by LIFFE. See Section 5 on corporate events.

**2. PHYSICALLY DELIVERED EQUITY DELIVERY TIMETABLES**

**2.1 Physically Delivered Equity Futures and Options Contracts: Summary Timetable**

<b>DAY</b>	<b>TIME</b>	<b>ACTION</b>
	<b>Day following the Day of Early Exercise or Expiry</b>	
<b>Exercise day + 1</b>	By 07:00	Summary Clearing Member Delivery Details Report (MDD) available on UCP.  Clearing Members must establish their delivery obligations by reference to the Clearing Member Delivery Details Report (MDD) and the HIT report.

**DELIVERY PROCEDURES: EQUITY FUTURE OPTIONS AND STOCK CONTINGENT TRADING DELIVERY PROCEDURES**

DAY	TIME	ACTION
	By 11:30	<p>All settlement instructions submitted to the relevant settlement system.</p> <p><b>CREST</b></p> <p>Details of the Contracts subject to delivery obligations resulting from early exercise or expiry of UK and Irish contracts must be submitted and matched in CREST.</p> <p>All entries must be made with the following fields completed (where applicable standard entries are indicated and encapsulated in brackets):</p> <ul style="list-style-type: none"> <li>(a) Intended Settlement Date;</li> <li>(b) Transaction Type;</li> <li>(c) Participant ID;</li> <li>(d) Consideration;</li> <li>(e) Payment Type (Central);</li> <li>(f) Cash Movement Type (set to 'A' to reflect a standard movement between principals);</li> <li>(g) Debit Party Cash ID;</li> <li>(h) Credit Party Cash ID;</li> <li>(i) Stock ISIN;</li> <li>(j) Quantity;</li> <li>(k) Debit Party Stock ID;</li> <li>(l) Credit Party Stock ID;</li> <li>(m) Trade System of Origin (LIFFE);</li> <li>(n) Trade Price;</li> <li>(o) Trade Date;</li> <li>(p) RO Condition (result of option) (for Equity Options only);</li> <li>(q) Agent/Principal Indicator ('S' for a principal sale and 'P' for a principal purchase); and</li> <li>(r) Special Condition (Special cum condition should only be entered in the event of a corporate action).</li> </ul> <p>Clearing Members should note that CREST requires perfect matching and does not provide for tolerance. Clearing Members should also note that a Nationality Declaration is required for certain securities, see CREST manual.</p> <p><b>Euroclear</b></p> <p>Details of the Contracts subject to delivery obligations resulting from Physically Delivered Equity Futures or Options Contracts in all stocks with the exception of UK, Irish, French, German, Dutch and Swiss equities must be submitted and matched.</p>

**DELIVERY PROCEDURES: EQUITY FUTURE OPTIONS AND STOCK CONTINGENT TRADING DELIVERY PROCEDURES**

DAY	TIME	ACTION
		<p><b>France</b> Details of the delivery contracts resulting from Physically Delivered Equity Futures or Options Contracts French stocks must be submitted and matched.</p> <p><b>Germany</b> Details of the delivery contracts resulting from Physically Delivered Equity Futures or Options Contracts German stocks must be submitted and matched.</p> <p><b>Netherlands</b> Details of the delivery contracts resulting from Physically Delivered Equity Futures or Options Contracts Dutch stocks must be submitted and matched.</p> <p><b>Switzerland</b> Details of the delivery contracts resulting from Physically Delivered Equity Futures or Options Contracts Swiss stocks must be submitted and matched.</p>
	By 17.00	<p><b>Euroclear</b> Clearing Members must have successfully matched all trades with the Clearing House in the relevant settlement system by the times set out in these Delivery Procedures. All matched trades are then available for settlement in the relevant settlement system.</p> <p>It is the responsibility of the Clearing Member to contact the Clearing House and agree any amendments required to achieve matched status.</p> <p>All amendments required to achieve matching must have been submitted prior to the end of the day.</p>
	<b>Intended Settlement day</b>	
	By the close of delivery versus payment (DVP) equity settlement in the relevant settlement system.	<p>Movement of shares complete.</p> <p>Clearing Members who have failed to deliver must contact the Clearing House to give reasons for the failure.</p> <p>The Clearing House releases Original and non-realised Variation Margin for settled instructions.</p>

**DELIVERY PROCEDURES: EQUITY FUTURE OPTIONS AND STOCK CONTINGENT TRADING DELIVERY PROCEDURES**

2.2 **Stock Contingent Trading Delivery: Summary Timetable**

DAY	TIME	ACTION
<b>Trade day + 1</b>	<b>Business Day following the Day of Trade</b>	
	By 05:00	All trades submitted to relevant settlement system.
	By 07:00	<p>Clearing Member Stock Contingent Trade Report (SCTM) and Reconciliation Report (SCTR) available on UCP.</p> <p>Clearing Members must establish their delivery obligations by reference to the Clearing Member Stock Contingent Trade Report (SCTM) and Stock Contingent Trade Reconciliation Report (SCTR).</p>
	By 11:30	<p>Details of the LIFFE Contracts subject to delivery obligations resulting from stock contingent trades in all UK and Irish equities must be submitted and matched in CREST.</p> <p>The reporting of stock contingent trades to the Clearing House will automatically generate the Clearing House's entries into CREST. The Clearing Member will enter their trade details into CREST against the Clearing House's participant ID.</p> <p>All entries must be made with the following fields completed: Where applicable standard entries are indicated and encapsulated in brackets.</p> <ul style="list-style-type: none"> <li>(a) Intended Settlement Date</li> <li>(b) Transaction Type</li> <li>(c) Participant Id</li> <li>(d) Consideration</li> <li>(e) Payment Type (Central)</li> <li>(f) Cash Movement Type (set to 'A' to reflect a standard movement between principals)</li> <li>(g) Debit Party Cash ID</li> <li>(h) Credit Party Cash ID</li> <li>(i) Stock ISIN</li> <li>(j) Quantity</li> <li>(k) Debit Party Stock ID</li> <li>(l) Credit Party Stock ID</li> <li>(m) Trade System of Origin (LIFFE)</li> <li>(n) Trade Price</li> <li>(o) Trade Date</li> <li>(p) Agent/Principal Indicator ('S' for a principal sale and</li> </ul>

**DELIVERY PROCEDURES: EQUITY FUTURE OPTIONS AND STOCK CONTINGENT TRADING DELIVERY PROCEDURES**

DAY	TIME	ACTION
		'P' for a principal purchase)
	By 16:00	<p><b>Euroclear</b> Details of the delivery contract resulting from stock contingent trades in all stocks with the exception UK and Irish equities, French, German, Dutch &amp; Swiss must be submitted and matched in Euroclear.</p> <p><b>France</b> Details of the delivery contract resulting from stock contingent trades in all French stocks must be submitted and matched in ESES.</p> <p><b>Germany</b> Details of the delivery contract resulting from stock contingent trades in all German stocks must be submitted and matched in Clearstream Frankfurt.</p> <p><b>Netherlands</b> Details of the delivery contract resulting from stock contingent trades in all Dutch stocks must be submitted and matched in ESES.</p> <p><b>Switzerland</b> Details of the delivery contract resulting from stock contingent trades in all Swiss stocks must be submitted and matched in SIX SIS.</p> <p>Clearing Members that require the allocation of the Stock Contingent Bargain to be changed must submit an Allocation Change Request form. The form must be completed in full by the members of LIFFE who executed the trade on LIFFE (each, an "Originating Member") and the relevant receiving members and communicated to the Clearing House by no later than the 16:00 deadline.</p>
	By 17:00	<p>Clearing Members must have successfully matched all trades with the Clearing House in the relevant settlement system by the times set out in these Delivery Procedures. All matched trades are then available for settlement in the relevant settlement system.</p> <p>It is the responsibility of the Clearing Member to contact the Clearing House and agree any amendments required to achieve matched status.</p> <p>All amendments required to achieve matching must have been submitted prior to the end of the day.</p>
<b>Intended Settlement day</b>	<b>By the close of Equity Settlement in the Relevant Settlement System</b>	

**DELIVERY PROCEDURES: EQUITY FUTURE OPTIONS AND STOCK CONTINGENT TRADING DELIVERY PROCEDURES**

DAY	TIME	ACTION
	By 09:30	<p>Movement of shares complete.</p> <p>Securities will have passed from the Selling Clearing Member's account in the relevant settlement system to the Clearing House's account in the relevant settlement system and then into a Buying Clearing Member's account in the relevant settlement system on the Intended Settlement Day.</p> <p>Clearing Members must ensure that their priority settings and credit facilities permit trades to settle before the close of delivery versus payment (DVP) equity settlement on the Intended Settlement Day. For the purposes of Euroclear and local CSD, the close of DVP equity settlement is the close of "daylight" DVP equity settlement.</p> <p>Following the close of DVP Equity Settlement in the relevant settlement system Clearing Members must notify the Clearing House of any failed deliveries and confirm what measures have been taken to facilitate delivery. Clearing Members are reminded they are responsible for the timely settlement of LIFFE Contracts subject to delivery obligations.</p> <p>The Clearing House releases Original and non-realised Variation Margin for settled instructions.</p>

### 2.3 **Partialling**

#### (a) Automatic partialling

It is a Selling Clearing Member's obligation to ensure full delivery of all securities. When the Clearing House as Buyer does not receive delivery of all the securities to satisfy its position, then the Clearing House may not have sufficient securities to completely fulfil its own delivery obligations. This can result in the Clearing House holding an amount of securities that it cannot pass on.

If the Clearing House's holding is insufficient to fulfil a larger delivery obligation then, in order to reduce the risk associated with corporate actions and costs, the Clearing House may split the fulfilment of that obligation into multiple deliveries. Euroclear, CREST and Local CSD offer an auto-splitting service and the Clearing House may use these services where they are available and suitable to its needs.

#### (b) Euroclear and local CSD manual partialling

Notwithstanding the above automatic process, the Clearing House may in its absolute discretion decide to accept a partial delivery or a request to do so, provided that the following criteria are fulfilled:

- (i) the partial delivery to the Clearing House enables the Clearing House to fulfil any one or more onward delivery obligations in full and does not result in the Clearing House being in such a position that it cannot deliver the full amount for any onward delivery obligation; and
- (ii) the Clearing House receives the request via e mail followed by a telephone call from the Selling Clearing Member concerned *by 15:00 (London time)* on the intended settlement date.

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If in the event that the Clearing House decides to accept such request from a Seller, manual partialling may require the Clearing Member to rematch, and the Clearing House will advise its Clearing Members and agree the relevant details. Both affected Clearing Members will then be required to match the Clearing House's cancellation and rematch the subsequent new instructions as per the Clearing House's advice. Where partialling is possible at either Euroclear or CREST, Clearing Members must match by the relevant Market deadlines to ensure settlement. Any costs incurred due to failure to instruct prior to the deadline after agreeing previously to do so, will be passed onto the relevant Clearing Member.

- (A) where it can be initiated unilaterally in a CSD; or
- (B) where bilateral instructions are required, by prior agreement with the Clearing House.

In the event that the Clearing House decides in its absolute discretion not to accept any partial delivery or request to do so, it shall be under no obligation to provide any reason for such decision.

If the Clearing House decides to accept a request for a partial delivery then it shall use its reasonable endeavours to advise the Selling Clearing Member and agree the cancellations and rematch that are required in order to do so by **15.30 (London Time)** on the day to make such partial delivery.

It is the responsibility of the Buying Clearing Member to ensure that any onward partial delivery is accepted. Such request to make a partial onward delivery will normally be made by the Clearing House by 15:30 (London time). In the event that the Clearing House makes any such request, the Buying Clearing Member shall to match the Clearing House's cancellation and rematch the subsequent new instructions as per the Clearing House's advice.

In the event that a Buying Clearing Member fails or omits to comply with these provisions or settlement instructions are not cancelled and rematched as per the Clearing House's advice, the Clearing House may charge that Buying Clearing Member and the Buying Clearing Member shall pay any costs incurred by the Clearing House as a result of such failure or omission. Such costs will be debited from the Clearing Member's relevant account.

#### 2.4 **Daylight Indicator**

Clearing Members must ensure that their transactions are marked with a Daylight Indicator in Euroclear so that settlement can occur during Daylight Settlement. In the event that a Clearing Member fails to settle during Daylight Settlement the Clearing House may charge for any losses and expenses incurred as a result of non settlement. Such losses and expenses will be debited via the Clearing Member's relevant account.

#### 2.5 **Tolerance Matching**

Although Euroclear applies tolerance matching to internal instructions, Clearing Members must ensure that the Clearing House's settlement amount is perfectly matched in accordance with LIFFE Contract Terms and Administrative Procedures. In the event that a Seller fails perfectly to match the Clearing House's settlement amount, any tolerance applied will be debited from the Selling Clearing Member. Such funds should be paid to the Clearing House as a "cash only" delivery through Euroclear in accordance with Clearing House instructions. In the event that a Clearing Member fails or omits to match the Clearing House's instruction, the Clearing House will debit the relevant funds through the relevant account of the Clearing Member.

### 3. **FAILED SETTLEMENTS AND NON-DELIVERY OF STOCK**

Under the LIFFE Contract Terms, failure to comply with the Clearing House's instructions will constitute a delivery default by the Clearing Member. If the Seller has not made delivery to the Clearing House by close of equity settlement on the intended settlement day the Clearing House shall take whatever action is

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appropriate in keeping with its obligation to deliver the securities to the Buyer in accordance with the LIFFE Contract Terms.

3.1 **Buying In Summary Timetable**

	<b>TIME</b>	<b>ACTION</b>
<b>Failure to make delivery/payment</b>	<b>Intended Settlement Day + 1 or as soon as reasonable practical</b>	
	Post the close of DVP Equity Settlement in the relevant settlement system.	<p>As soon as reasonably practical, the Clearing House will contact Clearing Members who have failed to deliver to ascertain the reason for non-delivery.</p> <p>The Clearing House will request for Clearing Members to make the share transfer immediately within the settlement timetable as dictated by the relevant settlement system.</p> <p>If this is not achieved, the Clearing House will take steps to acquire shares to fulfil its obligation to make delivery to the Buying Clearing Member by instigating Buying In.</p>
<b>Satisfaction of delivery obligations</b>	<b>Settlement Day plus 2</b>	
	By the close of DVP Equity Settlement in the relevant settlement system	<p>Clearing members inform the Clearing House that a delivery obligation has been met. Failure to do so may result in the purchase of unwanted shares.</p> <p>The Clearing House will inform Clearing Members of any Buying In instructions issued.</p>
<b>"Buying In"</b>	<b>Settlement Day plus 3</b>	
	Post the close of DVP Equity Settlement in the relevant settlement system	<p>In its absolute discretion, the Clearing House may require the Clearing Members to delete the original bargain and match the deletion with the Clearing House.</p> <p>In the event that the Clearing House 'buys in', the Clearing House will deal for T+3 settlement. Clearing Members will be advised of the Buying In details. Associated costs will be for the account of the defaulting Clearing Member and will be debited via the relevant Clearing Member's account.</p> <p>For the purposes of Euroclear and where settlement in local CSD markets, the close of Equity Settlement will be the close of Daylight settlement on the Settlement Day.</p>
<b>Settlement</b>	<b>Settlement Day plus 6</b>	
	By the close of DVP Equity Settlement in the relevant settlement	Settlement effected.

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	<b>TIME</b>	<b>ACTION</b>
	system	

**3.2 Margining of Failed Settlements**

All physically delivered Equity Futures/Options Contracts going in to delivery are placed within UCP in a pending delivery position at the option strike or delivery price. They are held there until Settlement Day. During this period, they are subject to Original and contingent Margin.

In the event of a failed delivery on the settlement day the contracts will continue to be liable for Margin until the delivery obligations has been satisfied. Margin is calculated independently on UCP.

**4. CORPORATE EVENTS****4.1 The Clearing House shall not be responsible for any act with regard to any corporate event relating to any underlying or Deliverable of any LIFFE Equity Futures or Options Contract, or Stock Contingent Trades other than set out below.**

For the purposes of these Delivery Procedures, the term 'Corporate Event' is used to refer to a corporate event of any description relating to an underlying LIFFE Equity Future/Option Contract or, Stock Contingent Contract (for example a rights issue, dividend payment, vote or other corporate entitlement).

While the Clearing House will use reasonable efforts to carry out the steps set out below, it shall have no liability for any loss or damage arising out of or connected with any action or inaction on its part or on its behalf in connection with any corporate event.

The Clearing House shall not be obliged to provide or forward any information, or deliver any notice, document or instruction received by the Clearing House or of which it is aware to any Clearing Member relating to or in connection with any Corporate Event.

In the event that a Clearing Member fails to take delivery of Securities by the final date for delivery of such Securities, due to insufficient funds, failure to match, by not allowing transactions to settle because of priority settings or for any other reason, the Clearing House may charge to that Clearing Member any costs incurred by the Clearing House or of which it is aware as a result thereof. Such charges will be debited to the Clearing Member's relevant account.

**4.2 Distributions****(a) Claims**

Any claim or distribution in respect of the underlying of a LIFFE Equity Future/Option Contract or Stock Contingent Contract should be carried out and settled in accordance with the relevant settlement system rules and procedures. All claims should be settled on their intended settlement date (ISD) and Clearing Members should ensure that priority settings allow the settlement of a distribution in the relevant settlement system.

Where claims or distributions are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates cash claims on a net of tax basis, in accordance with Part 3 of the Rules.

The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers.

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The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (including but not limited to any stamp duty, income tax, withholding tax and corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to Contract concerned. The Clearing House will debit such amounts from the relevant account of that Clearing Member.

(b) Scrip Dividends

Where an issuing company announces a Scrip Dividend on an underlying LIFFE Equity Future/Option or Stock Contingent contract, Buying Clearing Members will only be permitted to receive the default option as directed by the relevant settlement system.

(c) Settlement of Claims outside of the relevant settlement system

Although Clearing Members are not permitted to delete claims in the relevant settlement system, the Clearing House may, in its discretion at any time, agree with a Clearing Member to co operate with that Clearing Member in order to make a Corporate Event "claim" a claim otherwise than through the relevant settlement system. In such circumstances, and always subject to the Clearing House's prior approval, the Clearing Member concerned may, in accordance with the Clearing House's instructions, thereafter delete the claim within the relevant settlement system and the Clearing House will provide reasonable co-operation with that Clearing Member to facilitate settlement. Without limiting the Clearing House's discretion in this regard, Clearing Members are advised that generally this is only likely to occur when there are, in the Clearing House's opinion, circumstances that would be likely to prevent settlement in the relevant settlement system.

(d) Fractional Entitlements

When an Issuer determines that an amount known as a "fractional entitlement" is payable to a shareholder entitled to the same, the Clearing House will accept a claim from a Buying Clearing Member which must input a cash only transaction in the relevant settlement system against the Clearing House for the total amount due. If the Clearing House agrees the claim it will itself input a cash only transaction against the Selling Clearing Member, which must match the Clearing House's cash only transaction within twenty four hours of the input of such transaction by the Clearing House. Following settlement of the Selling Clearing Member's cash only transaction, the Clearing House will match the cash only transaction of the Buying Clearing Member and that transaction will settle. If the Selling Clearing Member fails to match the Clearing House's cash only transaction within the time period set out above, then the Clearing House will debit the total amount of the claim via the Selling Clearing Member's account. Where a Buying Clearing Member issues a claim for a 'fractional entitlement' more than one month after the Issuer determines that such entitlements are payable, such claim will be treated as invalid by the Clearing House, and the Clearing House will be under no obligation whatsoever to make any payment to the Buying Clearing Member with regard to the fractional entitlement associated therewith.

(e) Lapsed Rights Proceeds

Where a Buying Clearing Member issues a rights claim more than one month after the appropriate deadline nominated by the Issuer for acceptance of an offer in respect thereof, such claim shall be treated as invalid by the Clearing House, and the Clearing House shall be under no obligation whatsoever to make any payment to the Buying Clearing Member with regard to the lapsed rights premium associated therewith.

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#### 4.3 Elective Corporate Events

The Clearing House will not accept any instructions from Buying Clearing Members in relation to any corporate event. The Clearing House will allow the Corporate Event to default to the 'default option' as directed by the relevant settlement system.

Where a Selling Clearing Member does not make an election (where applicable) in accordance with the default option as directed by the relevant settlement system, that Clearing Member will be responsible for reimbursing the Clearing House for any costs, expenses and other losses suffered by the Clearing House in connection with that failure or omission.

#### 4.4 Transformations

##### (a) Transformation Skip

Clearing Members are not permitted to skip a transformation with regard to any LIFFE physically delivered Equity Future/Option Contract or Stock Contingent Contract. In the event that a Clearing Member does skip a transformation, that Clearing Member will be responsible for reimbursing the Clearing House for any costs, expenses and other losses suffered by the Clearing House as a result of skipping such transformation. Such costs will be debited from the Clearing Member's account.

##### (b) Last Time for Delivery

Where a Corporate Event occurs, Selling Clearing Members may only deliver the original securities providing the delivery occurs prior to the Last Time for Delivery. (The Last Time for Delivery is the close of delivery versus payment equity settlement in the relevant settlement system, one relevant settlement system business day prior to the call payment or registration date.)

Thereafter, such a Selling Clearing Member must deliver the new securities. In the event that a Selling Clearing Member does deliver the original securities, and the Buying Clearing Member declines to accept delivery of such original securities, then the Clearing House will return the original securities to the Selling Clearing Member and the Selling Clearing Member is obliged to deliver to the Clearing House the new securities in accordance with such directions as may be given by the Clearing House.

##### (c) Non Transformation

Where the relevant settlement system does not perform a transformation, the Clearing House will manually enter the particulars of the physically delivered Equity Future/Option Contract or Stock Contingent Contract, which will include particulars of the new securities. Clearing Members must immediately input matching instructions in order to match with those new particulars.

### 5. DELIVERY DOCUMENTATION SUMMARY

#### 5.1 Summary Clearing Member Delivery Details Report (MDD)

This report is made available to members upon early exercise or expiry of a physically delivered Equity Future or Option Contract and informs Clearing Members of the following:

- (a) the Contract mnemonic of the shares to be delivered or received;
- (b) the settlement day on which delivery will occur; and
- (c) the quantity of shares to be delivered or received and the delivery price.

It will be available on UCP to all Clearing Members by 07:00 every Business Day.

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**Clearing Members are advised to print this report on a daily basis and retain it as a record of their Contracts which are subject to delivery obligations.**

This report is specific to each day of exercise/delivery, it is not cumulative. Clearing Members should refer to UCP Delivery Pending Report (DPR) which gives details of all contracts pending delivery and the HIT report.

**5.2 Clearing Member Stock Contingent Position Report (SCTM)**

This report is made available to Clearing Members who execute stock contingent trades and informs Clearing Members of the following:

- (a) the Clearing Member's sub account;
- (b) the "underlying mnemonic" of the LIFFE contract to be delivered or received;
- (c) the "derivative mnemonic" of the LIFFE contract;
- (d) the settlement day on which delivery will occur;
- (e) the trade reference number;
- (f) a buy/sell indicator;
- (g) the quantity of shares to be delivered or received and the delivery price;
- (h) the total consideration;

It will be available on UCP to all Clearing Members by 07:00 on the Business Day following trade.

**Clearing Members are advised to print this report and retain it as a record of their Contracts subject to delivery obligations.**

This report is cumulative until trades have been settled.

**5.3 Stock Contingent Trade Reconciliation Report (SCTR)**

This report is made available to Clearing Members who execute Stock Contingent Trades and provides details of the Volatility Trades. The report enables Clearing Members to reconcile Stock Contingent Bargains against the related individual Volatility Trades. The report should be used in conjunction with the Clearing Member Stock Contingent Trade Report and provides Clearing Members with the following information:

- (a) the Clearing Member's sub account;
- (b) the trade date;
- (c) the settlement date;
- (d) the UCP slip number;
- (e) the CONNECT reference number;
- (f) the EMS reference number;
- (g) the trader mnemonic;

- (h) the NCM mnemonic;
- (i) the expiry date;
- (j) the underlying contract mnemonic;
- (k) the derivative contract mnemonic;
- (l) the exercise price;
- (m) the volume traded;
- (n) buy/sell details;
- (o) contract type;
- (p) account; and
- (q) account reference.

It will be available on UCP to all Clearing Members by 07:00 on the Business Day following trade.

**Clearing Members are advised to print this report and retain it as a record of their Contracts subject to delivery obligations.**

This report is cumulative until trades have been settled.

#### 5.4 **LIFFE Physically Delivered Equity Option Settlement Details Form**

This form must be completed by each Clearing Member wishing to clear LIFFE Equity Option Contracts. The form must be signed by an authorised signatory of the Clearing Member.

Clearing Members must give a minimum of five Business Days' notice of amendments or updates to settlement details. A new form fully completed must be provided for each change.

#### 5.5 **LIFFE Equity Futures Contracts Settlement Details Form**

This form must be completed by each Clearing Member wishing to clear the LIFFE Physically Delivered Equity Future Contracts. The form must be signed by an authorised signatory of the Clearing Member.

Clearing Members must give a minimum of five Business Days' notice of amendments or updates to settlement details. A new form must be completed and provided for each change.

#### 5.6 **LIFFE Stock Contingent Trades Settlement Details Form**

This form must be completed by each Clearing Member wishing to clear LIFFE Stock Contingent Trades. The form must be signed by an authorised signatory of the Clearing Member.

Clearing Members must give a minimum of five Business Days' notice of amendments or updates to settlement details. A new form must be completed and provided for each change.

#### 5.7 **LIFFE Stock Contingent Allocation Change Request Form**

Clearing Members requiring the allocation of the stock leg of a stock contingent trade on trade day plus 1 must complete this form. The form must be completed in full by all Originating Members and relevant receiving Clearing Members involved in the allocation and submitted by no later than 16:00 on trade day

**DELIVERY PROCEDURES: EQUITY FUTURE OPTIONS AND STOCK CONTINGENT TRADING DELIVERY PROCEDURES**

plus 1. The Clearing House will charge a fee of £6.00 per Originating Member and Receiving Member per bargain. Charges will be included in each months general fee invoice.

**DELIVERY PROCEDURES: SCHEDULE OF FORMS AND REPORTS****SCHEDULE OF FORMS AND REPORTS**

1	Notice to Cash Settle ICE Brent Futures
2	Standing Notice to Cash Settle ICE Brent Futures
3	ICE Gasoil Futures Delivery Day Nomination Table
4	ICE Gasoil Futures: Seller's Tender Notice
5	ICE Gasoil Futures: Buyer's Preference Notice
6	ICE Gasoil Futures: Notice to Buyer
7	ICE Gasoil Futures: Notice to Seller
8	ICE Gasoil Futures: Delivery Range Nomination
9	ICE Gasoil Futures: Installation Nomination
10	ICE Gasoil Futures: Delivery Day Nomination-Vessel
11	ICE Gasoil Futures: Delivery Day Nomination-In Tank/Inter Tank
12	ICE Gasoil Futures: Notification of Amicable Agreement Period
13	ICE Gasoil Futures: Confirmation of Agreed ADP
14	Referral Form
15	ICE UK Natural Gas Futures Daily Summary Report
16	ICE UK Natural Gas Futures Delivery Confirmation Form
17	ICE UK Natural Gas Futures: Transferee Form
18	ICE UK Natural Gas Futures: Transferor Form
19	ICE UK Natural Gas Futures: Blanket Transferee Form
20	ICE UK Natural Gas Futures: Blanket Transferor Form
21	ICE UK Natural Gas Futures Conversion and Confirmation Report
22	ICE UK Natural Gas Futures Invoice
23	ICE UK Natural Gas Futures Account Sale
24	Invoice Report (Failed Deliveries)
25	Credit Note Report (Failed Deliveries)
26	ICE Futures UK Electricity Futures: Base/Peak Position Report
27	ECVNA Authorisation Request

**DELIVERY PROCEDURES: SCHEDULE OF FORMS AND REPORTS**

28	ICE UK Base/Peak Electricity Delivery Summary Report
29	Invoice Report
30	Account Sale Report
31	Invoice Report: Failed Deliveries
32	Credit Note Report: Failed Deliveries
33	ICE UK Base/Peak Electricity: Delivery Confirmation Form
34	ICE UK Base/Peak Electricity: Transferee Form
35	ICE UK Base/Peak Electricity: Transferor Form
36	Confirmation Report
37	Emissions Position Report
38	ICE Registry Account Notification Form
39	ICE Monthly <a href="#">Futures</a> Delivery Confirmation Form
40	ICE Auction Delivery Confirmation Form
41	ICE Daily <a href="#">Futures</a> Delivery Confirmation Form
42	LIFFE Cocoa Contract: Seller's Delivery Notice
43	LIFFE Cocoa Contract: Buyer's Position Notice
44	LIFFE Cocoa Contract: Buyer's Invoice
45	LIFFE Cocoa Contract: Seller's Account Sales
46	LIFFE Cocoa Contract: Provisional Buyer's Invoice
47	LIFFE Cocoa Contract: Provisional Seller's Account Sales
48	LIFFE Cocoa Contract: Conversion Notice
49	LIFFE Cocoa Contract: Seller's LDU Conversion Notice
50	LIFFE Cocoa Contract: Seller's BDU Conversion Notice
51	LIFFE Coffee-10 Tonne: Seller's Delivery Notice
52	LIFFE Coffee-10 Tonne: Buyer's Invoice
53	LIFFE Coffee-10 Tonne: Seller's Account Sales
54	LIFFE Coffee-10 Tonne: Substitution Invoice
55	LIFFE Coffee-10 Tonne: Substitution Account Sale

**DELIVERY PROCEDURES: SCHEDULE OF FORMS AND REPORTS**

56	LIFFE Coffee-10 Tonne: Adjustment Invoice
57	LIFFE Coffee-10 Tonne: Adjustment Account Sale
58	LIFFE White Sugar Contract: Seller's Notice of Tender
59	LIFFE White Sugar Contract: Seller's Delivery Notice
60	LIFFE White Sugar Contract: Seller's Account Sales
61	LIFFE White Sugar Contract: Buyer's Invoice
62	LIFFE Wheat Contract: Seller's Account Sales
63	LIFFE Wheat Contract: Buyer's Invoice
64	LIFFE Wheat Contract: Seller's Delivery Notice
65	LIFFE GILTS: Seller's Delivery Notice
66	LIFFE GILTS: Buyer's Notification
67	LIFFE GILTS: Buyer's Delivery Invoice
68	LIFFE GILTS: Seller's Delivery Account Sale
69	LIFFE GILTS: Delivery Instructions for Sellers
70	LIFFE GILTS: Delivery Instructions for Buyers
71	LIFFE Equity Futures/Options Contracts: Summary Clearing Member Delivery Details Report (MDD)
72	LIFFE Equity Futures/Options Contracts: Clearing Member Stock Contingent Position Report (SCTM)
73	LIFFE Equity Futures/Options Contracts: Stock Contingent Trade Reconciliation Report (SCTR)
74	LIFFE Physically Delivered Equity Option: Settlement Details Form
75	LIFFE Equity Futures Contracts: Settlement Details Form
76	LIFFE Stock Contingent Trades: Trades Settlement Details Form
77	LIFFE Stock Contingent Trades: Allocation Change Request Form