

Form 19b-4 Information

1. Text of the Proposed Rule Change

(a) The Text of the proposed change has been annexed as Exhibit 5 and consists of certain technical and operational rule changes that have been agreed to by ICE Clear Europe Limited (“ICE Clear Europe”) and its Clearing Members (as defined in the ICE Clear Europe Rules). The principal purpose of the proposed change is to implement operational changes to its procedures for the processing of “restructuring credit events” under CDS Contracts, to reflect changes to systems used by the repository for recording such instruments, the DTCC Trade Information Warehouse, for processing of notices relating to such credit events.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

a) ICE Clear Europe carried out a public consultation process in respect of all proposed rule changes, as it was required to do under applicable U.K. law. ICE Clear Europe also consulted, and agreed to the proposed changes with, its Clearing Members. ICE Clear Europe’s CDS Risk Committee approved the proposed rule changes.

(b) Please refer questions and comments on the proposed rule change to Patrick Davis, Head of Legal and Company Secretary, ICE Clear Europe Limited, 5th Floor, Milton Gate, 60 Chiswell Street, London, EC1Y 4SA, United Kingdom, +44 20 7065 7600.

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

(a) Purpose

The proposed rule changes are designed to implement operational and process improvements that have been discussed with and approved by the Clearing Members of ICE Clear Europe. The principal purpose of the proposed rule change is for the applicable rule or procedural provision to be updated to reflect such improvements. In particular, the proposed rule changes relate to procedures of ICE Clear Europe for the processing of “restructuring credit events” under CDS Contracts submitted and accepted for clearing by ICE Clear Europe, to reflect changes to systems used by the repository for recording such instruments for processing of notices relating to such credit events. The repository presently used by ICE Clear Europe for these purposes is the DTCC Trade Information Warehouse.

As such, these changes are principally administrative in nature, since they conform ICE Clear Europe’s process for restructuring credit events to the systems and related requirements of the repository. However, these changes are needed in order to efficiently and effectively process a restructuring event from an operational prospective. If there is a restructuring event pending adoption of this rule, then due to the absence of the efficiencies provided for in the revised procedures, and requested by the Clearing members, the process of any such restructuring event could be cumbersome and inefficient, and would not match Clearing Members’ or the repository’s system for the operational handling of such an event.

(b) Statutory Basis

The proposed rule amendments incorporate changes that seek to clarify the timing and operation of various clearing processes relating to restructuring credit events. The proposed rule changes are improvements in the procedures and clearing services of ICE Clear Europe. Importantly, the changes do not change the substantial provisions of the Rules or CDS Procedures, or the rights and obligations of ICE Clear Europe Clearing Members, in relation to

the underlying CDS Contracts, nor do they impact the guarantee fund or custody functions of ICE Clear Europe.

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

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

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

Written comments relating to the proposed rule changes have been solicited. ICE Clear Europe will notify the Commission of any written comments received by ICE Clear Europe.

6. Extension of Time Period for Commission Action

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

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) This filing is made pursuant to Section 19(b)(1) of the Act and shall become effective upon approval by the Commission. ICE Clear Europe believes there is good cause to grant this filing on an accelerated basis. ICE Clear Europe believes this for three reasons. First, changes are needed in order to efficiently and effectively process a restructuring event from an operational prospective. At the present time, there is a technical mismatch between the procedures set forth in the Rules and the system and processes established by the repository with respect to restructuring credit events. If there is a restructuring event pending adoption of this

rule, then due to the absence of the efficiencies provided for in the revised procedures, and requested by the Clearing members, the processing of any such restructuring event could be cumbersome and inefficient, and would not match Clearing Members' or the repository's system for the operational handling of such an event. Second, the proposed changes are non-controversial, both because they seek to harmonize the systems and procedures for restructuring credit events with those of the repository, and because they have been discussed with and agreed to by the Clearing Members. Third, the proposed changes have already been subject to a public consultation process in accordance with U.K. law, during which process no comments were received. The public consultation process included the publication of these proposed changes on a publicly accessible portion of the Internet website of ICE Clear Europe.

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

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

9. Exhibits

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

Exhibit 1. Notice of proposed rule change for publication in the Federal Register

Exhibit 2. Not applicable

Exhibit 3. Not applicable

Exhibit 4. Not applicable

Exhibit 5. Text of proposed rule changes

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-_____; File No. SR-ICEEU-2012-02]

SELF-REGULATORY ORGANIZATIONS

Proposed Procedural Change by ICE Clear Europe Limited to Revise Procedures Related to Certain Technical and Operational Changes Relating to Operational Processing of Restructuring Credit Events under CDS Contracts

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

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

ICE Clear Europe is in regular communication with representatives of its Clearing Members, as that term is defined in the Rules of ICE Clear Europe³ (the “Rules”), in relation to the operation of clearing processes and arrangements. ICE Clear Europe has published these proposed technical procedural changes, has carried out a public consultation process in respect of all of the changes described below, and has presented

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See ICE Clear Europe Rule 101. The Rules of ICE Clear Europe are available on-line at: <https://www.theice.com/Rulebook.shtml?clearEuropeRulebook=>.

and agreed to the changes described below with its Clearing Members. These changes seek processes to be followed by ICE Clear Europe and its Clearing Members on the occurrence of any “restructuring credit event” under applicable CDS Contracts. ICE Clear Europe takes the view that the proposed rule changes are improvements in operational services that implement changes that are principally administrative in nature.

Specifically, ICE Clear Europe makes amendments to its procedures for the processing of restructuring credit events under CDS Contracts submitted and accepted for clearing by ICE Clear Europe, to reflect changes to systems used by the repository for recording such instruments, for processing of notices relating to such credit events. The repository presently used by ICE Clear Europe for these purposes is The Depository Trust & Clearing Corporation (“DTCC”) Trade Information Warehouse. These changes were published in ICE Clear Europe circular no. C11/171 on November 25, 2011, available at: https://www.theice.com/publicdocs/clear_europe/circulars/C11171_att1.pdf.

The proposed changes allow for more operationally efficient and straight-through processing of the service of credit event notices and other notices following the occurrence of a restructuring credit event. The changes reflect changes made to the account structures and processes for the service of notices within the DTCC and should considerably reduce risks for the clearing house and its clearing members.

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

In its filing with the Commission, ICE Clear Europe included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be

examined at the places specified in Item III below. ICE Clear Europe has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

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

As noted above, the proposed rule changes consist of technical rule changes that are designed to implement operational and process improvements that have been discussed with and approved by the Clearing Members of ICE Clear Europe. The principal purpose of the proposed rule change is for the applicable rule or procedural provision to be updated to reflect such improvement. In particular, the proposed rule changes relate to the processing of restructuring credit events under the terms of cleared CDS contracts submitted and accepted for clearing by ICE Clear Europe.

Following consultation with its Clearing Members, ICE Clear Europe determined that the CDS Procedures need to be updated in order to process a restructuring credit event in light of changes to DTCC's systems. The proposed amended procedures modify the procedures for processing of restructuring credit events, principally those for the notification and processing of Matched Pairs in the event of any restructuring credit event. The majority of the changes relate to Section 8.4 of the procedures, which governs the allocation and processing of Matched Pairs. Matched Pairs are constituted of two clearing members who are matched with one another for purposes of delivering credit event notices to ICE Clear Europe and receiving credit event notices from ICE Clear Europe. While the proposed changes to Section 8.4 do not modify the basic principles of netting (or aggregation) of CDS Contracts prior to the processing of the applicable restructuring credit event, of the allocation of Matched Pairs pursuant to Rules 1507 and

1508, or of the obligation of ICE Clear Europe to issue Matched Pairs notices promptly pursuant to those Rules, the proposed amended procedures do modify: (a) the timing of transmission of RMP Matching Reports, and the procedures and timing for checking that any such RMP Matching Report reflects the applicable Clearing Members' net Open Contract Position (at Section 8.4(d)), (b) the timing, form, and method for delivery of Matched Pairs Notices (at Section 8.4(e)); (c) the timing and process for the input of records of all CDS contracts being replaced pursuant to such matching process (at Section 8.4 (e)(v) and (vi)); (d) the specification of electronic notice for Restructuring Credit Event Notices (at Section 8.4(f)); and (e) changes to the Manual Notice Process that specify procedures for reconciliation of the records of ICE Clear Europe with those of the Clearing Members and with those specified on the DTCC systems (at Sections 8.4(f)(v) and 8.4(g)). In each case, the applicable procedure is modified to harmonize the pre-existing procedures with those of DTCC and the Clearing Members. No change is made to the rights or obligations of Clearing Members in respect of CDS Contracts, and no change is made to the custody or guarantee fund functions of ICE Clear Europe.

ICE Clear Europe has engaged in a public consultation process in relation to all the changes, pursuant to the Circular referred to above, as it was required to do under applicable U.K. law. This public consultation involved the publication of such Circulars on a publicly accessible portion of the Internet website of ICE Clear Europe. ICE Clear Europe has received no opposing views from its Clearing Members in relation to the proposed rule amendments and received no responses to its public consultations during the consultation period.

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

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

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

Received from Members, Participants or Others

Written comments relating to the proposed rule change have been solicited by ICE Clear Europe pursuant to public consultation processes in the circulars referred to above. No comments have been received, presumably in light of the extensive discussions that preceded the public consultations. The time period for the public consultation has closed so ICE Clear Europe does not expect to receive any further written comments as a result of this process.

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

Within 45 days of the date of publication of this notice in the Federal Register or

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

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

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's Internet comment form
[\(http://www.sec.gov/rules/sro.shtml\)](http://www.sec.gov/rules/sro.shtml) or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ICEEU-2012-02 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-ICEEU-2012-02. 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. 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-2012-02 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.⁴

Elizabeth M. Murphy
Secretary

⁴ 17 CFR 200.30-3(a)(12).

Exhibit 5

Underlined text indicates additions.

[Strikethrough text] indicates deletions

(VIII) CDS PROCEDURES

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ADDITIONAL DEFINITIONS

- 1.1 The terms "2005 Matrix Supplement", "Accreted Amount", "Accreting Obligation", "Auction Cancellation Date", "Auction Final Price Determination Date", "Bankruptcy", "Calculation Agent", "Credit Event", "Credit Derivatives Determinations Committees", "Confirmation", "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", "Floating Rate Payer Calculation Amount", "Highest", "Indicative Quotation", "Loan", "Movement Option Cut-off Date", "NOPS Amendment Notice", "Not Contingent", "Notice Delivery Period", "No Auction Announcement Date", "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", "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](#)" and "[Website](#)" each have the meanings given to or used for those terms in the DC Rules.
- 1.2 The term "Acceptance Notice" means a Weekly Acceptance Notice or a TD Acceptance Notice, as the case may be.
- 1.3 The term "Acceptance Time" has the meaning set out in paragraph 4.5.
- 1.4 The term "Acceleration Supermajority" has the meaning set out in paragraph 6.3(d)(iv).
- 1.5 The term "Administrative Meeting" has the meaning set out in paragraph 6.8(j)(ii)
- 1.6 The term "Advocates" has the meaning set out in paragraph 6.8(k).
- 1.7 The term "Affected CDS Clearing Member" has the meaning set out in paragraph 11.4.
- 1.8 The term "ANT Process" means the process (if any) provided or to be provided by DTCC (currently known as the "Automated New Trade" process) permitting the Clearing House alone to input to Deriv/SERV all relevant information in relation to a CDS Contract in order to establish, match and make "certain" the record of such CDS Contract in the relevant DTCC Account(s).
- 1.9 [1.8] The term "Bilateral CDS Transaction Trade Date" has the meaning set out in the definition of Trade Date Clearing.
- 1.10 [1.9] The term "Brief" has the meaning set out in paragraph 6.8(o)(i).
- 1.11 [1.10] 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 one or more Regional CDS Committees under paragraph 5 and 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.
- 1.12 [1.11] The term "CDS Committee Procedures" means paragraph 6 of these Procedures.
- 1.13 [1.12] The term "CDS Default Committee" means a committee established pursuant to paragraph 5.1.

- 1.14 [§1.13] The term "**CDS Default Committee Member**" has the meaning set out in paragraph 5.1.
- 1.15 [§1.14] The term "**CDS Default Committee Participant**" has the meaning set out in paragraph 5.1.
- 1.16 [§1.15] The term "**CDS Default Committee Participant List**" has the meaning set out in paragraph 5.2.
- 1.17 [§1.16] The term "**CDS Master Agreement**" means, in relation to any CDS Contract between a CDS Clearing Member and the Clearing House, the Master Agreement between that CDS Clearing Member and the Clearing House.
- 1.18 [§1.17] The term "**CDS Region**" means a region for which CDS Contracts are cleared by the Clearing House, as determined by the Clearing House.
- 1.19 [§1.18] The term "**CDS Regional Business Day**" means, with respect to a CDS Region, any day determined in accordance with the location and other parameters designated by the Clearing House as a day on which the business of clearing CDS Contracts may occur in the particular CDS Region.
- 1.20 [§1.19] The term "**CDS Risk Committee**" means the committee of that name established by the board of the Clearing House.
- 1.21 [§1.20] 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[, in accordance with the Contract Terms,] a CDS Buyer or CDS Seller may deliver a Restructuring Credit Event Notice in relation to all or part of such CDS Contrac[t, such] in accordance with the Contract Terms. Such period [starting] will start on the earliest of [any of the following]:
- (a) [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, on the earlier of:] the date and time at which the RMP Matched Table is uploaded to Deriv/SERV (as referred to in paragraph 8.4(e)(vi); and
 - (i) — the Business Day following publication of the Final List; and]
 - (ii) — the tenth calendar day following the No Auction Announcement Date;]
 - (b) [with respect to a Set of Sovereign Contracts or other Set of CDS Contracts for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, on the earlier of:] the day after the RMP Deadline Time,
 - (i) — the Business Day following publication of the Final List; and]
 - (ii) — the tenth calendar day following the No Auction Announcement Date; or]
 - (c) where a Regional CDS Committee Credit Event Announcement has occurred, the tenth calendar day following the date of the actual decision by the relevant Regional CDS Committee to Resolve that a Restructuring Credit Event has occurred for which there is Publicly Available Information, as described in paragraph 6.2(a)(iii),
- and [such period ending, in any case,] will end on the relevant Exercise Cut-off Date.
- 1.22 [§1.21] The term "**Chairperson**" has the meaning set out in paragraph 6.1(d).
- 1.22 [§1.22] The term "**Clearing House DTCC Account**" means the account of the Clearing House at Deriv/SERV which is used by the Clearing House to hold records of all CDS Contracts between the Clearing House and CDS Clearing Members in the Production Accounts.]

- 1.23 The term "**CLS**" means CLS Bank International or any successor thereto.
- 1.24 The term "**CM1**" has the meaning set out in paragraph 4.1.
- 1.25 The term "**CM2**" has the meaning set out in paragraph 4.1.
- 1.26 The term "**Committee Member**" has the meaning set out in paragraph 6.1(b).
- 1.27 The term "**Confidential Material**" has the meanings set out in paragraphs 5.8 and 6.12(a)(i).
- 1.28 The term "**Convened DC Voting Member**" has the meaning given to such term in the DC Rules as published by ISDA from time to time.
- 1.29 The term "**Covered Party**" has the meanings set out in paragraphs 5.8 and 6.12(a).
- 1.30 The term "**Customer Integration Date**" means the first date on which the restrictions in the Rules on the Clearing of Bilateral CDS Transactions and CDS Contracts for Customers cease to apply.
- 1.31 **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.
- 1.32 **[1.31]** 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.
- 1.33 **[1.32]** The term "**Dispute Resolution Panel**" has the meaning set out in paragraph 6.5(a).
- 1.34 **[1.33]** The term "**Dispute Resolver**" has the meaning set out in paragraph 6.5(b).
- 1.35 **[1.34]** The term "**DTCC**" means The Depository Trust and Clearing Corporation or any successor thereto.
- 1.36 **The term "DTCC Accounts"** means the accounts in Deriv/SERV for the recording of transaction data in relation to CDS Contracts.
- 1.37 **[1.35]** 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 relating to a particular Restructuring Credit Event in the [Triggering] DTCC Accounts in a timely manner, where such failure affects all or substantially all CDS Clearing Members or the Clearing House.
- 1.38 **The term "DTCC Reversioning Date"** means the date on which DTCC completes its reversioning process in Deriv/SERV in respect of all Old Index CDS transactions to separate out, from the remainder, the component transaction relating to a Reference Entity in respect of which a Restructuring Credit Event has occurred.
- 1.39 **[1.36]** The term "**Effectiveness Convention**" has the meaning set out in paragraph 6.3(g).
- 1.40 **[1.37]** The term "**Effectiveness Supermajority**" has the meaning set out in paragraph 6.3(d)(v).
- 1.41 **The term "Electronic Notice"** means an MP Notice which is a Restructuring Credit Event Notice or Notice to Exercise Movement Option delivered pursuant to the Electronic Notice Process.

- 1.42 [1.38] 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 [paragraph] paragraphs 8.4([e])([vi]) and ([vii])[8.4\(f\)\(ii\)](#).
- 1.43 [1.39] The term "**Eligible Employee**" has the meaning set out in paragraph 5.1.
- 1.44 [1.40] The term "**Exhibits**" has the meaning set out in paragraph 6.8(o)(ii).
- 1.45 [1.41] The term "**Existing Supplements**" has the meaning set out in paragraph 10.1(c).
- 1.46 [1.42] The term "**External RMP**" means all Matched Pairs matched and notified by the Clearing House pursuant to Rule 1508 other than Internal RMPs.
- 1.47 [1.43] The term "**Fitch**" has the meaning set out in paragraph 2.2(b).
- 1.48 [1.44] The term "**Fungibility Date**" has the meaning set out in paragraph 11.5(a).
- 1.49 [1.45] The term "**Internal RMP**" means a Matched Pair matched and notified by the Clearing House pursuant to Rule 1508 in which the same CDS Clearing Member is matched with itself, as a result of one CDS Sub-Account of a CDS Clearing Member being matched with another CDS Sub-Account of the same CDS Clearing Member.
- 1.50 [1.46] The term "**Issue**" has the meaning set out in paragraph 6.7(a).
- 1.51 [1.47] The term "**Mandatory Voting Member**" has the meaning set out in paragraph 6.4(a).
- 1.52 [1.48] The term "**Manual CDS Clearing Member**" has the meaning set out in paragraph [8.4(e)(ix)].[8.4](#)
- 1.53 [1.49] The term "**Manual MP Notice**" [~~has the meaning set out in paragraph 8.4(f)(ii).~~] means an MP Notice delivered pursuant to the Manual Notice Process.
- 1.54 [1.50] The term "**Manual Notice Process**" means the process for the delivery, receipt and copying to the Clearing House of notices pursuant to paragraph 8.4([f]).[g](#)
- 1.55 [1.51] The term "**MCA/STS Changeover Time**" means midnight on 29 November 2010.
- 1.56 [1.52] The term "**Moody's**" has the meaning set out in paragraph 2.2(b).
- 1.57 [1.53] 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 end of the related CEN Triggering Period,
- and ending on the Movement Option Cut-off Date.
- 1.58 [1.54] The term "**New Trade**" has the meaning set out in paragraph 11.3(c)(i)(L).

- 1.59 [§ 1.55] 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[~~for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable and where:~~ 15:00 p.m. on the Exercise Cut-off Date:]
 - (ii) a No Auction Announcement Date has occurred which is applicable to such CDS Contracts pursuant to Section 12.12(b) of the Credit Derivatives Definitions on or prior to the Exercise Cut-off Date, ~~4:30 p.m. on the Business Day immediately following the Exercise Cut-off Date;~~
 - (iii) otherwise, ~~4:30 p.m. on the third Business Day immediately following the Exercise Cut-off Date;~~
 - (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 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;
 - (b) (i) with respect to delivery of a [Restructuring Credit Event] Notice [~~in relation to a Sovereign Contracts or other CDS Contracts of a Set for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, 4:30~~] to Exercise Movement Option, 5:00 p.m. on the [Business Day immediately following the Exercise] Movement Option Cut-off Date;
 - (ii) with respect to [delivery] raising a dispute in respect of a Notice to Exercise Movement Option, ~~[4:30 p.m. on the Business Day following]~~ the later of: (A) one hour after the Clearing House notifies the Clearing Members 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) [§ 1.60] 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.
- 1.60 [§ 1.56] The term "Old Index"[" has the meaning set out in paragraph 4.12], CDS" means a CDS transaction based on an index where an applicable Credit Event has occurred in relation to a component transaction.
- 1.61 [§ 1.57] The term "Oral Argument" has the meaning set out in paragraph 6.8(q).
- 1.62 [§ 1.58] The term "Original Notional Amount", in relation to any CDS Contract, has the meaning given to that term in the Contract Terms.
- 1.63 [§ 1.59] The term "Panel Member" has the meaning set out in paragraph 6.5(b).
- 1.64 [§ 1.60] The term "Permissible Deliverable Obligation" means a Deliverable Obligation that satisfies Section 2.32(a) or 2.33(a) of the Credit Derivatives Definitions, if applicable.
- 1.65 [§ 1.61] The terms "Presented Position" and "Presented Positions" have the meaning set out in paragraph 6.8(b).

- 1.66 [1.62] The term "**Primary Panel Member**" has the meaning set out in paragraph 6.6(b)(i).
- 1.63 [1.63] The term "**Production Accounts**" means the accounts in Deriv/SERV for the recording of transaction data in relation to CDS Contracts but excluding the Triggering Accounts or accounts in the Deriv/SERV test environment.]
- 1.67 [1.64] The term "**Provider**" has the meaning set out in paragraph 6.12(b).
- 1.68 [1.65] The term "**Quorum Majority**" has the meaning set out in paragraph 6.3(d)(i).
- 1.69 [1.66] The term "**Quorum Stage 2 Supermajority**" has the meaning set out in paragraph 6.3(d)(iii).
- 1.70 [1.67] The term "**Quorum Supermajority**" has the meaning set out in paragraph 6.3(d)(ii).
- 1.71 [1.68] The term "**Regional CDS Clearing Member**" means a CDS Clearing Member that is party to CDS Contracts relevant to a CDS Region.
- 1.72 [1.69] The term "**Regional CDS Committee**" has the meaning set out in paragraph 6.1(a).
- 1.73 [1.70] The term "**Regional CDS Committee Credit Event Announcement**" means with respect to a Reference Entity, an announcement by the Clearing House in a Circular that the relevant Regional CDS Committee has determined that an event that constitutes a Credit Event with respect to a CDS Contract and a Reference Entity (or an Obligation thereof) has occurred in accordance with paragraph 6.2(a)(iii) and has made the other determinations envisaged by that paragraph.
- 1.74 [1.71] The term "**Reimbursement Amount**" has the meaning set out in paragraph 6.8(l).
- 1.75 [1.72] The term "**Relevant CDS Default Committee Period**" has the meaning set out in paragraph 5.3.
- 1.76 [1.73] The term "**Relevant Period**" has the meaning set out in paragraph 6.6(b)(iii).
- 1.77 [1.74] The terms "**Resolve**", "**Resolved**" and "**Resolves**" have the meaning set out in paragraph 6.10(a) provided that in relation to a resolution of the Credit Derivatives Determinations Committee, such terms shall have the meaning given to them in the Credit Derivatives Definitions.
- 1.78 [1.75] The term "**Restructuring Matched Pair**" or "**RMP**" means a Matched Pair created pursuant to Rule 1508 in respect of a Restructuring Credit Event.
- 1.79 [1.76] The term "**Revocation Right**" will apply in respect of the submission of a Bilateral CDS Transaction for Clearing (a) if one of the Clearing Members for whose account the submission for Clearing is made is a Defaulter or (b) if and to the extent that either CDS Contract which would arise on Clearing 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") or Rule 404(b).
- 1.80 [1.77] The term "**RMP** [**Identifier**" means the unique alphanumeric identifier for each External RMP in the Production Accounts]; **Deadline Time**" means:
- (a) subject to (b) and (c) below, 11.59 p.m. on the latest of:
 - (i) the fourth Business Day following the DC Restructuring Announcement Date;
 - (ii) the third Business Day following the DTCC Reversioning Date, if any; and
 - (iii) the date of publication by ISDA of the Final List.

- (b) subject to (c) below, if a Regional CDS Committee Credit Event Announcement has occurred, 11.59 p.m. on the ninth calendar day following the date of the actual decision by the relevant Regional CDS Committee to Resolve that a Restructuring Credit Event has occurred for which there is Publicly Available Information, as described in paragraph 6.2(a)(iii);
 - (c) 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 third Business Day following the DTCC 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 third Business Day following the DTCC Reversioning Date, if any.
- 1.81 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 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.
- 1.82 The term "**RMP Matching Report**" means the report given by the Clearing House, as referred to in paragraph 8.4(e), to each CDS Clearing Member identifying the RMPs and allocations of Matched Pairs and the associated MP Amounts affecting the Open Contract Position of that CDS Clearing Member, which report comprises Matched Pair Notices for purposes of Rule 1508 in respect of each Matched Pair.
- 1.83 [1.78] The term "**S&P**" has the meaning set out in paragraph 2.2(b).
- 1.84 [1.79] The term "**Single Name Contract**" means a SNEC Contract or a Sovereign Contract, as the case may be.
- 1.85 [1.80] The term "**SNEC Contract**" has the meaning set out in paragraph 12.2(g).
- 1.86 [1.81] The term "**Sovereign Contract**" has the meaning set out in paragraph 13.2(g).
- 1.87 [1.82] The term "**Standard Quorum Number**" has the meaning set out in paragraph 6.3(b).
- 1.88 [1.83] The term "**Submission Deadline**" has the meaning set out in paragraph 6.8(j)(iii).
- 1.89 [1.84] The term "**Tax**" has the same meaning as that given to the term in the relevant Master Agreement.
- 1.90 [1.85] The term "**TD Acceptance Notice**" has the meaning set out in paragraph 4.4(a).
- 1.91 [1.86] The term "**Tier 1**" has the meaning given to that term in Banking Consolidation Directive.

- 1.92 [§1.87] The term "**Trade Date Clearing**" means the submission of a Bilateral CDS Transaction on the date on which it is entered into (the "**Bilateral CDS Transaction Trade Date**"), provided that is a Business Day, or on the immediately following Business Day for Clearing on the day of submission.
- 1.93 [§1.88] The term "**Trade Processing Platform**" means a person that has satisfied the Clearing House's requirements to act as an agent of one or more CDS Clearing Members in the submission of Bilateral CDS Transactions for Trade Date Clearing, including having entered into an agreement with the Clearing House to act as an "Approved CDS Trade Processing Platform" in relation to such submissions and, in relation to any CDS Clearing Member for which (and, as the case may be, for whose Affiliate) it acts as agent, has obtained that CDS Clearing Member's authorisation in writing to submit Bilateral CDS Transactions for Trade Date Clearing as agent for that CDS Clearing Member and accordingly, such a Trade Processing Platform will be a Representative of such CDS Clearing Member for that purpose until the expiry of not less than one Business Days' written notice to the Clearing House given by such CDS Clearing Member that such Trade Processing Platform is no longer, or is not, authorised to act as its agent and/or Representative. Where an Affiliate of a CDS Clearing Member may submit Bilateral CDS Transactions for the account of that CDS Clearing Member as referred to in paragraph 4.6, 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.
- 1.89 [§1.89] The term "**Triggering Account**" means a sub account of the Clearing House DTCC Account, where the transactions recorded in the account are produced through copying data in a Production Account at Deriv/SERV, which sub account is used solely for the delivery and receipt of Restructuring Credit Event Notices and Notices to Exercise Movement Option between Matched Pairs pursuant to the Electronic Notice Process.]
- 1.94 [§1.90] The term "**Triggering Period**" means the CEN Triggering Period or NEMO Triggering Period, as applicable.
- 1.95 [§1.91] The term "**Weekly Acceptance Notice**" has the meaning set out in paragraph 4.4(b).
- 1.96 [§1.92] The term "**Written Materials**" has the meaning set out in paragraph 6.8(o).
- 1.97 [§1.93] The term "**Weekly Clearing**" means the submission of a Bilateral CDS Transaction for Clearing other than pursuant to Trade Date Clearing.
- 1.98 [§1.94] Capitalised terms used in these 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 and the Master Agreement as amended) or elsewhere in these Procedures (in that order of priority in the event of any conflict).

4. SUBMISSION AND ACCEPTANCE OF CDS CONTRACTS

- 4.1 Any Bilateral CDS Transaction which is submitted to the Clearing House by a CDS Clearing Member via electronic means (including any Bilateral CDS Transaction forwarded to the Clearing House by Deriv/SERV or a Trade Processing Platform or other Representative on behalf of a Clearing Member (or its Affiliate as described in paragraph 4.6) 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 Clearing Member solely for the purposes of the submission of data relating to Bilateral CDS Transactions submitted for Weekly Clearing. Pursuant to Rule 401(a)(ix) and Rule 1502, if a Bilateral CDS Transaction is so submitted to the Clearing House by the parties thereto, each of which is a CDS Clearing Member ("CM1" and "CM2"), and is accepted by the Clearing House pursuant to an Acceptance Notice (and the other provisions of the Rules complied with): (i) CM1 will be deemed to have entered into a CDS Contract with the Clearing House as its counterparty rather than 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 the rights, liabilities and obligations of CM1 and CM2 under the Bilateral CDS Transaction.

4.2 Only Clearing Members (including their duly appointed Representatives) may submit Bilateral CDS Transactions to the Clearing House provided that, where a Bilateral CDS Transaction is to be submitted for Trade Date Clearing, it must be submitted by the same Trade Processing Platform acting as duly appointed Representative on behalf of each of the Clearing Members who are party to the Bilateral CDS [Contract] Transaction. Each Business Day, at the exact hours or during the time periods, as the case may be, from time to time fixed by the Clearing House for Weekly Clearing and Trade Date Clearing, respectively, CDS Clearing Members shall file with the Clearing House or its duly appointed Representatives confirmations, in the manner prescribed in the CDS Operational Procedures (which, in the case of electronic systems that submit matched Bilateral CDS Transactions to the Clearing House, shall be satisfied by confirmatory reports automatically generated by such system that contain the information set forth herein), covering Bilateral CDS Transactions submitted for Weekly Clearing or Trade Date Clearing, respectively, showing for each Bilateral CDS Transaction:

- (a) the identity of both Clearing Members;
- (b) which side of the Bilateral CDS Transaction each Clearing Member has taken;
- (c) the relevant Set involved;
- (d) the quantity or notional and other economic terms involved;
- (e) whether the Bilateral CDS Transaction is submitted for Trade Date Clearing, in which case it will also include the amount of the Initial Payment (if any) payable, identify the Clearing Member obliged to make such payment and the date on which such payment is to be made; 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 matching of Bilateral CDS Transactions between the parties.

4.3 If a Bilateral CDS Transaction confirmation of any Clearing Member does not correspond in all material respects with the confirmation of its counterparty to such Bilateral CDS Transaction, the Clearing House may, prior to issuing an Acceptance Notice, reject such Bilateral CDS Transaction and notify the relevant Clearing Members, setting forth the basis of such rejection. If a Bilateral CDS Transaction is submitted for Trade Date Clearing on behalf of the Clearing Member that has not previously confirmed in writing to the Clearing House that it is operationally ready to operate on the basis of Trade Date Clearing, the Clearing House shall reject such Bilateral CDS Transaction for Clearing.

4.4 In relation to any Bilateral CDS Transaction submitted for Clearing:-

- (a) where it is submitted for Trade Date Clearing, the Clearing House shall 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 "TD Acceptance Notice") to the Clearing Members submitting such Bilateral CDS Transaction specifying that the Clearing House accepts such Bilateral CDS Transaction for Clearing if such Bilateral CDS Transaction is submitted in accordance with and meets the requirements established by the Rules and these CDS Procedures, provided that the Clearing House may decline to accept or may reject a Bilateral CDS Transaction 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(e), it should not accept or should reject such Bilateral CDS Transaction 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, a TD Acceptance Notice will result in the Clearing Member and the Clearing House entering into a CDS Contract at the Acceptance Time. A Bilateral CDS Transaction may be submitted for Trade Date Clearing between 8:00 a.m. and 6:00 p.m. on its Bilateral CDS Transaction Trade Date, provided that is a Business Day, or between the same times on the immediately following Business Day and will be accepted or rejected by the Clearing House by 6:30 p.m. on the day submitted. A Bilateral CDS Transaction which has been rejected may, if

eligible in accordance with the Rules and these CDS Procedures, be re-submitted for Clearing in accordance with this paragraph 4.4(a) or, following recording in Deriv/SERV, paragraph 4.4(b) below. A Bilateral CDS Transaction submitted for Trade Date Clearing 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 Trade Processing Platform which submitted it or unless otherwise notified by the Clearing House to the Clearing Member or otherwise stated in a Circular, be deemed to have been submitted for Trade Date Clearing at 8 a.m. on such following Business Day. No TD Acceptance Notice shall result in any Contract arising pursuant to Rule 401(a)(ix) until the relevant Acceptance Time determined under paragraph 4.5. With effect as from the Acceptance Time and unless and until reissued pursuant to paragraph 4.4(f)(i), the TD Acceptance Notice shall be definitive as to any CDS Contracts entered into between the Clearing House and any Clearing Member, regardless of whether any CDS Contract is based on any Bilateral CDS Transaction and regardless of any error. Following the issuance of a TD Acceptance Notice, the Clearing House will, using the ANT Process, promptly submit (for itself and for the Clearing Member which is its counterparty to the relevant CDS Contract) the terms of each new CDS Contract arising on Clearing to Deriv/SERV or another service specified by the Clearing House with identical terms as the original submission for clearing of the relevant Bilateral CDS Transaction (or the CDS Contracts specified in the TD Acceptance Notice, which shall prevail in the event of any conflict with the original submission for clearing) except for the substitution of the Clearing House as the counterparty to each of the Clearing Members and such other different terms as are set out in the Rules, these Procedures and the Contract Terms. In relation to any Bilateral CDS Transaction submitted for Trade Date Clearing ~~[and only with respect to the novation of such trades]~~ and the resulting creation of CDS Contracts resulting from a TD Acceptance Notice, each Clearing Member will suppress its own processes (and procure that its Representatives suppress their processes) for the submission of the terms of such Bilateral CDS Transaction to Deriv/SERV or another service specified by the Clearing House.

(b)

where it is submitted for Weekly Clearing, the Clearing House shall give notice (in a final trade status report or other report identified for the purpose) from time to time in accordance with this paragraph 4.4 (a "Weekly Acceptance Notice") to the Clearing Members submitting such Bilateral CDS Transaction specifying that the Clearing House proposes to accept a Bilateral CDS Transaction for Clearing if such Bilateral CDS Transaction is submitted in accordance with and meets the requirements established by the Rules and these CDS Procedures, provided that the Clearing House may decline to accept a Bilateral CDS Transaction for Clearing if it determines in good faith that, based on the exercise of prudent risk management standards, it should not accept such Bilateral CDS Transaction 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, a Weekly Acceptance Notice will result in the Clearing Member and the Clearing House entering into a CDS Contract at the Acceptance Time. A Weekly Acceptance Notice delivered after 4:00 p.m. on a Business Day or delivered on a day that is not a Business Day shall, unless otherwise notified by the Clearing House to the Clearing Member or otherwise stated in a Circular, be deemed to have been issued on the following Business Day. No Weekly Acceptance Notice shall result in any Contract arising pursuant to Rule 401(a)(ix) until the relevant Acceptance Time determined under paragraph 4.5. Each Clearing Member shall check each Weekly Acceptance 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 such that the Weekly Acceptance Notice can be corrected and re-issued prior to the Acceptance Time. With effect as from the Acceptance ~~[Time and]~~ Time and unless and until reissued pursuant to paragraph 4.4(f)(i), the Weekly Acceptance Notice shall be definitive as to any CDS Contracts entered into between the Clearing House and any Clearing Member, regardless of whether any CDS Contract is based on any Bilateral CDS Transaction and regardless of any error. Any Weekly Acceptance Notice may be revoked by the Clearing House (and not any third party) at the Clearing House's discretion at any time prior to the Acceptance Time but only if a Revocation Rights applies in respect of the related submission for Clearing. Following the issuance of a Weekly Acceptance Notice, each Clearing Member must promptly submit the terms of each new CDS Contract to Deriv/SERV or another service specified by the

Clearing House with identical terms as the original submission for clearing of the relevant Bilateral CDS Transaction (or the CDS Contracts specified in the Weekly Acceptance Notice, which shall prevail in the event of any conflict with the original submission for clearing) except for the substitution of the Clearing House as the Clearing Member's counterparty and such other different terms as are set out in the Rules, these Procedures and the Contract Terms, adjusted to take into account netting, aggregation, terminations and replacements of CDS Contracts pursuant to Rule 406.

- (c) 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 it is presented with an agreement in writing between two Clearing Members with equally offsetting positions in the same Set and the Clearing House (in which case such equally offsetting CDS Contracts of both Clearing Members will be affected) or (iii) pursuant to CADP under Rule 1514.
- (d) Each Clearing Member acknowledges and agrees that the Clearing House may rely, without additional investigation, on the terms of Bilateral CDS Transactions or apparent Bilateral CDS Transactions submitted by a Trade Processing Platform for Trade Date Clearing that have been designated by such Trade Processing Platform as having been affirmed or confirmed by the relevant parties thereto (including as to the identity of the Clearing Members to be party thereto), and that each Clearing Member shall be party to any CDS Contract arising as a result of such submission. A Clearing Member may give not less than one Business Days' written notice to the Clearing House, in accordance with the Procedures, that a Trade Processing Platform is no longer authorised to submit Bilateral CDS Transactions on its behalf, and following expiry of that notice period, the Clearing House will not accept for Trade Date Clearing any Bilateral CDS Transactions submitted by such Trade Processing Platform that identify such Clearing Member (but without limiting the provisions of this paragraph with respect to any Bilateral CDS Transactions submitted before the expiry of that notice period).
- (e) The Clearing House may establish limits for Bilateral CDS Transactions of various types which may be submitted by a CDS Clearing Member for Trade Date Clearing by reference to the expected change in the Margin requirements which would result from Trade Date Clearing of such Bilateral CDS Transactions and may establish requirements for advance funding by a CDS Clearing Member of all or part of the estimated Margin which would be applicable as a result of the acceptance for Trade Date Clearing of Bilateral CDS Transactions of various types. Such limits or requirements will be set in accordance with the established risk procedures applicable to all Clearing Members (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. The Clearing House will give notice from time to time to each CDS Clearing Member of the limits and requirements, if any, applying to that CDS Clearing Member. The Clearing House may, without other reason, reject or refuse to accept for Trade Date Clearing any Bilateral CDS Transaction for which a submitting CDS Clearing Member is not in compliance with such limits and requirements, if any, applying to it. The provisions of this paragraph 4.4(e) are without prejudice and in addition to the Clearing House's powers under Part 6 of the Rules.
- (f) If a CDS Contract arising pursuant to the Clearing of a Bilateral CDS Transaction for the account of two Clearing Members does not reflect, subject to the provisions of the Rules and Procedures, the terms of such Bilateral CDS Transaction which were submitted or were intended to be submitted then:
 - (i) where either the details in the Acceptance Notice did not so reflect the terms of the Bilateral CDS Transaction actually submitted for Clearing or the details of the

resulting CDS Contract(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 and may require the affected Clearing Members to make or confirm matching amendments to such records; and

- (ii) other than in circumstances falling in (i), the affected Clearing Members may agree among themselves (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, a further Bilateral CDS Transaction 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 shall be bound by the terms of the relevant CDS Contracts notwithstanding such error.

- 4.5 Rule 401(a)(ix) refers to a time to be specified pursuant to the Procedures for the acceptance of CDS Contracts ("**Acceptance Time**"). For CDS Contracts arising pursuant to Trade Date Clearing, the Acceptance Time shall be the time on a Business Day at which the TD Acceptance Notice was given. The Clearing House will include, in each TD Acceptance Notice, the time at which such notice is given. Such TD Acceptance Notice will be given by electronic message. For CDS Contracts arising pursuant to Weekly Clearing, the Acceptance Time shall be 12:01 a.m. on the calendar day following the Business Day on which the Weekly Acceptance Notice was given or deemed to be given, unless otherwise stated in a Circular or to any Clearing Member with prior notice in writing.

4.6

- (a) The Clearing House may accept the submission of Bilateral CDS Transactions for clearing for the account of a Clearing Member from a Representative of such Clearing Member that is an Affiliate of such Clearing Member or from a Trade Processing Platform as the Representative of such Affiliate; provided that such Affiliate is currently designated for this purpose as an authorised Representative of the Clearing Member in accordance with the Membership Procedures and such Trade Processing Platform is currently designated as a Representative of the Clearing Member.
- (b) Where a Bilateral CDS Transaction is recorded in the name of an Affiliate of a CDS Clearing Member and is submitted for Clearing to be recorded in the CDS Clearing Member's Proprietary Account:
 - (i) where Weekly Clearing applies, upon issuance of the relevant Acceptance Notice, the Clearing House is authorised by both CDS Clearing Members (in each case, for itself and, where applicable, on behalf of its Affiliate) to provide a termination notice to Deriv/SERV in respect of the Bilateral CDS Transaction;
 - (ii) where Weekly Clearing applies, the Clearing House will enter details of two new CDS Contracts in Deriv/SERV, one in the name of each of the CDS Clearing Members, and each of the CDS Clearing Members will enter details of the new CDS Contract to which it and the Clearing House is a party, in each case in accordance with the Procedures applicable to other Bilateral CDS Transactions;
 - (iii) each Clearing Member submitting a Bilateral CDS Transaction to which an Affiliate was party shall be responsible for ensuring that any give-up or novation agreements or back-to-back CDS transactions between it and its Affiliate come in to effect and are properly documented at the appropriate time;
 - (iv) for the avoidance of doubt, each relevant Affiliate, to the extent that it is a Customer of a Clearing Member which submitted the Bilateral CDS Transaction, shall be treated as a non-segregated Customer for purposes of the Rules and, accordingly, the Clearing

House is not party to any Contract with the Affiliate and shall have no liability to the Affiliate;

- (v) the Affiliate shall be deemed to be on notice of this provision and shall (in the absence of evidence of a contrary intention under the relevant Bilateral CDS Transaction) be deemed to agree to its application by the Affiliate's conduct in having the relevant Bilateral CDS Transaction submitted for Clearing, so that Rules 402(b) and 404 shall operate in respect of any rights, liabilities or obligations of the Affiliate relating to, or arising out of or in connection with any Bilateral CDS 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 Clearing Member in relation to the Bilateral CDS Transaction in question, excluding any right, liability or obligation to receive or make an Initial Payment under a Bilateral CDS Transaction submitted for Weekly Clearing (and accepted for Clearing) and excluding any performance due prior to the time at which a CDS 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 Clearing Member; and
 - (vi) if Rule 404(e)(v) applies, the Bilateral CDS Transaction that must be submitted or, as the case may be, re-submitted to Deriv/SERV and which is deemed never to have been terminated is a Bilateral CDS Transaction to which the Affiliate (and not its affiliated CDS Clearing Member) is party.
- 4.7 Where, prior to the Acceptance Time, any Bilateral CDS Transaction is rejected for Clearing or, where submitted for Weekly Clearing, the Acceptance Notice given in respect of it is revoked, the Transaction Rights or Obligations of the Clearing Members which are party thereto shall be deemed never to have been released and discharged pursuant to Rule 402(b).
- 4.8 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 submitted for Clearing has been delivered by either party to the other prior to the Acceptance Time for that Bilateral CDS Transaction (other than any deemed delivery of a Credit Event Notice pursuant to a Credit Event Announcement). Each CDS Buyer and CDS Seller upon submitting a Bilateral CDS Transaction 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 a Bilateral CDS Transaction which is 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 which is not accepted for Clearing.
- 4.9 The Clearing House will be entitled to assume and will assume that no Notice of Physical Settlement under a Bilateral CDS Transaction submitted for Clearing has been delivered by one party to the other prior to the Acceptance Time for that Bilateral CDS Transaction. Each CDS Buyer and CDS Seller upon submitting a Bilateral CDS Transaction for clearing acknowledges and agrees that any Notice of Physical Settlement delivered in relation to a Bilateral CDS Transaction which is 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 which is not accepted for Clearing.
- 4.10 Nothing in this paragraph 4 of itself is intended to result in any Bilateral CDS Transaction or Transaction Rights or Obligations being void or voided as between the original parties thereto.
- 4.11 Any Bilateral CDS Transaction, which would give rise to two Single Name Contracts on Clearing, where the Reference Entity is one of the CDS Clearing Members submitting the Bilateral CDS Transaction for Clearing or an Affiliate thereof, shall not be eligible for Clearing. CDS Clearing Members shall use reasonable endeavours not to submit for Clearing any Bilateral CDS Transaction which is not, at the time of submission for Clearing, eligible for Clearing pursuant to this paragraph 4.11. CDS Clearing Members shall, subject to the following sentence, notify the Clearing House as soon as reasonably practicable if any Bilateral CDS Transaction submitted by it for Clearing (but in respect of which no

Acceptance Notice has become effective) is or becomes ineligible for Clearing pursuant to this paragraph 4.11. 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. Any Bilateral CDS Transaction which is submitted for Clearing but which is, or becomes before the relevant Acceptance Time, ineligible for Clearing may be rejected by the Clearing House before the relevant Acceptance Time (whether or not paragraph 4.11 applied at the time that the Bilateral CDS Transaction was submitted for Clearing).

4.12 Bilateral CDS Transactions [based on an index where an applicable Credit Event occurs in relation to a Component Transaction ("which are 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 [date of publication of the Initial List (if any) relevant for the Component Transaction]DC Restructuring Announcement Date; and
 - (ii) the close of business of the day on which a No Auction Announcement Date or [a] Regional CDS Committee Credit Event Announcement 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, a No Auction Announcement Date or a Regional CDS Committee Credit Event Announcement 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, Bilateral CDS Transactions 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, Bilateral CDS Transactions submitted for Clearing prior to the time specified in paragraphs 4.12(a) will be capable of being accepted for Clearing, notwithstanding any occurrence of an event referred to in paragraph 4.12(a) prior to the time of the relevant Acceptance Notice, subject always to paragraph 4.12(c) and the rest of this paragraph 4.

4.13 Bilateral CDS Transactions which would give rise to two Single Name Contracts on Clearing 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) [For a SNEC Contract in]In the case of a Restructuring Credit Event, upon the [earlier]earliest of:-
 - (i) close of business on the [date of publication of the Initial List (if any) relevant for the SNEC Contract]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 or a Regional CDS Committee Credit Event Announcement relevant to the Set in question occurs;
- (b) ~~For a SNEC Contract in~~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, a No Auction Announcement Date or a Regional CDS Committee Credit Event Announcement relevant to the Set in question occurs; or~~
- (c) ~~For a Sovereign Contract in the case of a Restructuring Credit Event, upon the earlier of: -~~
 - (i) ~~close of business on the date of publication of the Initial List (if any) relevant for the Sovereign Contract; and~~
 - (ii) ~~the close of business of the day on which a No Auction Announcement Date or a Regional CDS Committee Credit Event Announcement relevant to the Set in question occurs;~~
- (d) ~~For a Sovereign Contract in the case of an Applicable Credit Event other than a Restructuring, 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, a No Auction Announcement Date or a Regional CDS Committee Credit Event Announcement relevant to the Set in question occurs; or
- (e) ~~(i)~~ 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 Bilateral CDS Transactions will again become eligible for Clearing if the Acceptance Notice would fall after:

- (i) close of business on the calendar day following the CDS Regional 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, Bilateral CDS Transactions submitted for Clearing prior to the time specified in paragraphs 4.13(a)~~or 4.13(e)~~ will be capable of being accepted for Clearing, notwithstanding any occurrence of an event referred to in any of paragraphs 4.13(a) ~~[or 4.13(e)]~~ prior to the time of the relevant Acceptance Notice, subject always to paragraph 4.13(e) and the rest of this paragraph 4.

- 4.14 In relation to a Succession Event, if the Clearing House determines that any Bilateral CDS Transaction submitted for Clearing which would give rise to two CDS Contracts on Clearing would have been subject to a Succession Event but will no longer be subject to such Succession Event upon Clearing 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 on Clearing, including, without limitation, declining to accept such Bilateral

CDS Transaction 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.

- 4.15 CDS Clearing Members shall use reasonable endeavours not to submit any Bilateral CDS Transaction which is not eligible for Clearing pursuant to paragraph 4.12 or 4.13 as at the time such Bilateral CDS Transaction is submitted for Clearing. Each CDS Clearing Member shall notify the Clearing House as soon as reasonably practicable if it is or becomes aware that any Bilateral CDS Transaction submitted by it for Clearing (but in respect of which no Acceptance Notice has become effective) is or becomes ineligible for Clearing pursuant to paragraph 4.12 or 4.13. Any Bilateral CDS Transaction which is submitted for Clearing but which is, or becomes 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 4.12 or 4.13 applied at the time that the Bilateral CDS Transaction was submitted for Clearing). If a Bilateral CDS Transaction was eligible for Clearing at the time it was submitted for Clearing but becomes ineligible for Clearing pursuant to paragraph 4.12 or 4.13 after the time that it was submitted for Clearing, then the Clearing House will use reasonable endeavours not to issue an Acceptance Notice in respect of that Bilateral CDS Transaction.
- 4.16 If any Bilateral CDS Transaction has been submitted for Clearing, is or becomes, pursuant to paragraph 4.12 or 4.13, ineligible for Clearing before the relevant Acceptance Time and is 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 relevant CEN Triggering Period has not ended 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 a Bilateral CDS Transaction to which paragraph 4.13 applies, where a Restructuring Credit Event has occurred and the relevant CEN Triggering Period has not ended 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 Bilateral CDS Transaction; and
- (d) In the case of a Bilateral CDS Transaction to which paragraph 4.13 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 Bilateral CDS Transaction.

For the avoidance of doubt, if notwithstanding the use of reasonable endeavours to follow the process set out in this paragraph 4.16, the outcome described in this paragraph 4.16 has not resulted, the Clearing House may deal with the situation in other ways in accordance with the Rules or these CDS Procedures.

- 4.17 Without prejudice to the provisions of paragraph 4.4 which provide for CDS Contracts to arise only at the Acceptance Time, the Trade Date allocated to CDS Contracts arising from a TD Acceptance Notice in relation to a Bilateral CDS Transaction submitted for Trade Date Clearing shall be the Bilateral CDS Transaction Trade Date.
- 4.18 The Clearing House will, where required in order to give effect to the election of each CDS Clearing Member 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 which are eligible for netting pursuant to the CDS Operational Procedures, (a) on a weekly basis as part of the process for Weekly Clearing 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 (i) when a CDS Contract for such CDS Sub-Account arises pursuant to Rule 401(a)(x) 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).

8. CREDIT EVENTS AND PHYSICAL SETTLEMENT

8.1 General

- (a) This paragraph 8 (including any dispute referred to below) is subject to paragraph 6.

8.2 Not used.

8.3 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 CDS Contract, the Rules and these Procedures and, subject to this paragraph 8.3 and paragraph 8.4, Section 1.10 of the Credit Derivatives Definitions will apply to such notices. The Clearing House shall have no

responsibility to any CDS Clearing Member to verify in any manner the contents of any MP Notice received by it.

- (b) In addition to any changes or corrections permitted under the Credit Derivatives Definitions, if the Regional CDS Committee (or applicable Dispute Resolver), where it is entitled under paragraph 6.2(d) to do so, announces that it has Resolved that a particular obligation is not a Deliverable Obligation or, where relevant, a Permissible Deliverable Obligation in respect of a Set of Matched CDS Contracts, a CDS Buyer that has specified such Deliverable Obligation in its Notice of Physical Settlement or NOPS Amendment Notice for a Matched CDS Contract of such a Set shall have a single opportunity by notice in writing to the Clearing House, copied to the relevant CDS Seller in the Matched Pair, within three CDS Regional Business Days after the date of the relevant actual decision to Resolve (which shall be deemed to be the date of such announcement by the Regional CDS Committee and determined without regard to any Effectiveness Convention or any time of effectiveness specified in a Presented Position), to replace such Deliverable Obligation to the extent it has not been previously Delivered and the Clearing House will be deemed to have given written notice accordingly to such CDS Seller of equivalent changes in respect of any Notice of Physical Settlement or NOPS Amendment Notice it has (or is deemed to have) delivered.
- (c) In addition to the restrictions in Rule 1505, any purported delivery of a Notice to Exercise Movement Option outside the NEMO Triggering Period shall not amount to valid delivery of that notice and shall be disregarded by the Clearing House and Clearing Members.
- (d) The Clearing House will circulate, by e-mail to all relevant CDS Clearing Members prior to the start of the CEN Triggering Period[~~as 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 either the No Auction Announcement Date, Auction Cancellation Date or the day on which a Regional CDS Committee Credit Event Announcement relevant to the Set in question occurs, as applicable:
 - (i) such details as it has received of CDS Clearing Members' 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.

Manual MP Notices delivered by CDS Clearing Members to other CDS Clearing Members or copied to the Clearing House [~~pursuant to the Manual Notice Process or otherwise and any other notices, notifications or communications (other than Electronic Notices)~~] delivered to the Clearing House or any CDS Clearing Member in connection with the Credit Event in question must be made to the contact details specified in such e-mail.

8.4 **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) ~~[Following]~~The Clearing House will, as soon as reasonably practicable following the completion of the process in paragraph 8.4(b)(i), use an algorithm ~~[shall be used by the Clearing House]~~ 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 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 USD 10,000,000) (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, External RMPs.
- (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 such 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 such 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 after, but not earlier than the Business Day immediately following, the completion of the process in paragraph 8.4(b)(i), provide to each CDS Clearing Member an RMP Matching Report which the Clearing House will treat as being in final form pursuant to paragraph 8.4(e)(iv), subject to the provisions of this paragraph 8.4(d). Each CDS Clearing Member to whom an RMP Matching Report is delivered shall check that the RMP Matching Report reflects their net Open Contract Position with the Clearing House in respect of each Set that is subject to the Restructuring Credit Event. Any CDS Clearing Member 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. Any failure by a CDS Clearing Member to do so will result in any such error or apparent error not being addressed in the RMP Matching Report. For the avoidance of doubt, failure to notify the Clearing House of any error in a RMP Matching Report shall not, of itself, result in the relevant CDS Clearing Member accepting the accuracy of the contents of the RMP Matching Report. If an error is notified to or noticed by the Clearing House prior to the uploading of the RMP Matched Table as referred to in paragraph 8.4(e)(vi), the Clearing House will, provided that it has the time to do so, issue a replacement RMP Matching Report to any affected CDS Clearing Member.
- (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 Bilateral CDS Transactions relating to the relevant Set which had been submitted for Clearing before the relevant Set became ineligible for Clearing under paragraph 4.12 or 4.13 (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 may view, such that confidentiality (to the extent required under the Rules) is maintained. The Clearing House will give each CDS Clearing Member reasonable notice of any method of delivery to be used other than the Clearing House's secure website, unless a particular CDS Clearing Member 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 Clearing Member, as applicable.
- (iii) ~~(d) 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 date of the last Acceptance Notice after the date on which new Bilateral CDS Transactions relating to the relevant Set become ineligible for Clearing under paragraph 4.12 or 4.13 (as applicable). 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 either the No Auction Announcement Date, Auction Cancellation Date or the day on which a Regional CDS Committee Credit Event Announcement relevant to the Set in question occurs, as applicable. [The Clearing House shall issue Matched Pair Notices pursuant to Rule 1508 following a Restructuring Credit Event prior to 4:30 p.m. on the Business Day prior to the first day of the CEN Triggering Period. Such Matched Pair Notices may in either case be delivered by the Clearing House by e-mail or fax. If the Clearing House fails to issue Matched Pair Notices by the relevant deadline specified in this paragraph 8.4(d), any Credit Event Notices delivered by Clearing Members directly to the Clearing House after that time must be made by fax or e-mail to the contact details specified in accordance with paragraph 8.3(d).]~~
- (iv) The Clearing House shall issue Matched Pair Notices to the CDS Clearing Members 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.
- (v) As soon as practicable after the issue of the RMP Matching Reports, the Clearing House will, for itself and for Clearing Members, terminate the records in the DTCC Accounts of all CDS Contracts which records are being replaced in accordance with the relevant RMP Matching Report and, using the ANT Process, input matching records of CDS Contracts in the DTCC Accounts as required by the Clearing House to reflect the creation of the RMPs shown by the RMP Matching Reports. Each relevant CDS Clearing Member shall cease to take any action which would result in any of the records of relevant CDS Contracts 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 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 are "confirmed and certain" within the DTCC Accounts prior to that time. If the records of CDS Contracts which are so input into the DTCC Accounts by the Clearing House using the ANT Process do not reflect the RMPs shown by the Matching Reports, the

Clearing House will amend (and thereby correct) such records in the DTCC Accounts and may require the affected Clearing Members to make or confirm matching amendments to such records. Clearing Members 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, 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. The Clearing House and CDS Clearing Members recognise and acknowledge that in certain circumstances outside the control of the Clearing House, the CEN Triggering Period may be a period of fewer than five Business Days.
- (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 8.4(e)(iii), as applicable, CDS Clearing Members 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 8.3(d).

(f) {e) Electronic Notice Process for Restructuring Matched Pairs.

- (i) Prior to the start of the Triggering Period, the Clearing House will ensure that there is a Triggering Account open for each CDS Clearing Member in a Restructuring Matched Pair.] Subject to paragraphs 8.4(e)(vii), 8.4(f)(v), 8.4(f)(vi) and Rule 1505(b);
- (ii) Prior to the start of the Triggering Period, the Clearing House will provide each relevant CDS Clearing Member with details of its Triggering Account, including relevant passwords entitling the CDS Clearing Member to have access through Deriv/SERV to such Triggering Account and the records contained therein.
- (iii) Once details of Restructuring Matched Pairs have been notified by the Clearing House to CDS Clearing Members pursuant to Rule 1508, the Clearing House and relevant CDS Clearing Members will adjust the records of CDS Contracts in the Production Accounts as required by the Clearing House to reflect the creation of such Restructuring Matched Pairs.
- (iv) The Clearing House and the relevant CDS Clearing Members, acting through their relevant CDS Sub Accounts to the extent necessary, will, on notification by the Clearing House of the Restructuring Matched Pairs as referred to in Rule 1508, delete from Deriv/SERV details of all CDS Contracts between the relevant CDS Clearing Member and the Clearing House to the extent that the Restructuring Matched Pairs in respect of such CDS Contracts are Internal RMPs. All CDS Contracts referable to such Internal RMPs shall at that time be terminated by operation of this provision, in respect of all future obligations (the consideration for the termination of the Matched CDS Buyer Contract forming part of the Matched CDS Contract to which the Internal RMP relates being the simultaneous termination of the related Matched CDS Seller Contract forming part of such Matched CDS Contract). Thereafter such Internal RMPs shall not be or be treated as Restructuring Matched Pairs or CDS Contracts for the purposes of the Rules or Procedures. Each CDS Clearing Member which is notified of an Internal RMP undertakes to reflect any internal departmental or between branch

~~payment flows or other arrangements resulting from such Internal RMP in its own internal systems to the extent that it considers this to be appropriate or necessary.~~

- (v) ~~Prior to the start of the Triggering Period, the Clearing House will create copies of the records of each External RMP in the Triggering Account of each relevant CDS Clearing Member, each such External RMP being identified in the relevant Triggering Account by reference to a serial number which enables CDS Clearing Members to map External RMPs to their CDS Sub Accounts if they so wish. Triggering Accounts shall not give rise to the creation of any additional CDS Contracts or the duplication of any existing CDS Contracts.~~
- (vi) ~~Subject to paragraphs 8.4(e)(ix) and 8.4(e)(x):~~
 - (A) ~~a CDS Clearing Member may only deliver Restructuring Credit Event Notices and Notices to Exercise Movement Option in relation to an [External] RMP in respect of which it is the Matched CDS Buyer or Matched CDS Seller as an Electronic Notice through Deriv/SERV [by]in accordance with the specific procedures of DTCC which are provided for the delivery of such [notice]notices through the [Triggering Account]DTCC Accounts; and~~
 - (B) ~~any Restructuring Credit Event Notice or Notice to Exercise Movement Option delivered [in relation to any External RMP through the Production Accounts]otherwise than in accordance with such procedures as an Electronic Notice will be invalid and ineffective.~~
- (ii) ~~{(vii) Subject to paragraphs 8.4(e)(ix) and 8.4(e)(x), a Restructuring Credit Event Notice or Notice to Exercise Movement Option}The Clearing House and each CDS Clearing Member acknowledge that, subject to paragraph 8.4(f)(vi), an Electronic Notice delivered by a CDS Clearing Member [through its Triggering Account]to the Clearing House in relation to [an External RMP]a Matched CDS Buyer Contract or a Matched CDS Seller Contract recorded in its [Triggering]DTCC Account[will], 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, [be effective as]is intended to result in a corresponding Electronic Notice being created by Deriv/SERV and delivered (and such corresponding Electronic Notice will be deemed to have been created and delivered) on behalf of the Clearing House to the other CDS Clearing Member in respect of the Matched CDS Seller Contract or Matched CDS Buyer Contract, as applicable, in the same Matched Pair.~~
 - (A) ~~a delivery of such Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) by such CDS Clearing Member to the Clearing House in respect of the Matched CDS Buyer Contract or Matched CDS Seller Contract (as the case may be) between such CDS Clearing Member and the Clearing House forming part of the Matched CDS Contract to which such External RMP relates; and]~~
 - (B) ~~a delivery of such Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) by the Clearing House to the other CDS Clearing Member forming the relevant Restructuring Matched Pair in respect of the Matched CDS Seller Contract or Matched CDS Buyer Contract (as the case may be) between such CDS Clearing Member and the Clearing House forming part of the Matched CDS Contract to which such External RMP relates.]~~

The time of delivery of [any Restructuring Credit Event Notice or Notice to Exercise Movement Option shall be the time at which DTCC records the Restructuring Credit Event Notice or Notice to Exercise Movement Option, as applicable, as having been delivered.] 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 delivered. 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. CDS Clearing Members and the Clearing House will not have any any rights or be subject to any obligations under Rules 1509(a)-(b) in relation to Electronic Notices and shall be under no obligations under the first two sentences of Rule 1509(d) in relation to Electronic Notices.

- (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 8.4(f)(v)(B)(2) from any CDS Clearing Member or (B) a notification of a DTCC Failure, as referred to in paragraph 8.4(f)(vi), then, by 6:00 p.m. on each day of the relevant Triggering Period, the Clearing House will provide CDS Clearing Members 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 it or to it and notified to the Clearing House. Without prejudice to the generality of paragraph 8.4(f)(x), if the contents of any such report are disputed, paragraph 8.4(g)(iv) applies.
- (iv) (viii) The Clearing House will provide CDS Clearing Members with a daily report during the Triggering Period with details of Restructuring Credit Event Notices and Notices to Exercise Movement Option that have been delivered by or to it pursuant to the Electronic Notice Process, with a separate report or combined report also including details of Restructuring Credit Event Notices and Notices to Exercise Movement Option that have been delivered by it or to it and notified to the Clearing House pursuant to the Manual Notice Process. Without prejudice to the generality of paragraph 8.4(e)(xiv), if the contents of any such report are disputed, paragraph 8.4(f)(iv) applies. At the end of the]At the end of each Triggering Period, the Clearing House and, where necessary, each CDS Clearing Member, to the extent that it has all necessary information, will, where such records have not already been adjusted to the following effect by DTCC, adjust the records in the [Production]DTCC Accounts of the Matched CDS Contracts to which the [External]RMPs relate to reflect any Restructuring Credit Event Notices and Notices to Exercise Movement Option (and the consequences of such notices) delivered in relation to those [External]RMPs [at]during the [end of the]relevant Triggering Period (including delivery pursuant to the Manual Notice Process), including, where appropriate, sub-dividing such Matched CDS Contracts to reflect Triggered Restructuring CDS Contract Portions, pursuant to Section 3.9 of the Credit Derivatives Definitions. [If the Manual Notice Process has been used by the CDS Clearing Member, after the end of the Triggering Period,]To the extent that the Clearing House and [relevant]any CDS Clearing [Members will [also]Member do in fact have to adjust the records in the Production Accounts of the Matched CDS Contracts to which the External RMPs relate to reflect any Restructuring Credit Event Notices and Notices to Exercise Movement Option (and the consequences of such notices) delivered in relation to those External RMPs pursuant to the Manual Notice Process, in accordance with paragraph 8.4(f). After]any such records in the DTCC Accounts at the end of the CEN Triggering Period [or NEMO Triggering Period, whichever is the later, and once the process as set out above in this paragraph 8.4(e)(vii) is complete and the Production Accounts have been fully updated, the records in the Triggering Accounts will serve only as a historical record of

~~the service of notices. No settlement of any CDS Contracts will take place through the Triggering Accounts, the Clearing House will update the RMP Matched Table to reflect such adjustments. The Clearing House and the relevant CDS Clearing Members will, where necessary, take such operational steps as are necessary in respect of the DTCC Accounts such that any Triggered Restructuring CDS Contract Portion in respect of which they have adjusted the records, as referred to above, so that such Triggered Restructuring CDS Contract Portion settles through the same processes as the Triggered Restructuring CDS Contract Portions for which the relevant Restructuring Credit Event Notices and Notices to Exercise Movement Option (if any) were delivered through the Electronic Notice Process.~~

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

- (A) ~~(ix)~~-In addition to ~~as the circumstances~~ set out in paragraph 8.4(e)(xvi), a CDS Clearing Member (a "Manual CDS Clearing Member") 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 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.
- (B) If a CDS Clearing Member delivers any Restructuring Credit Event Notice or Notices to Exercise Movement Option (as applicable) in accordance with the Manual Notice Process then:
 - (1) ~~(A)~~-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 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) ~~(B)~~ 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 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 ~~its~~ such CDS Clearing Member's first ~~doing~~ 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 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 8.4(fg));

- (3) ~~(C)~~ the Clearing House will ~~(4x)~~ publish a Circular as soon as reasonably practicable after receiving a notice pursuant to paragraph 8.4~~(ef)(ixy)~~(B)~~(2)~~ which will name the CDS Clearing Member involved, refer to such CDS Clearing Member 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 ~~(2y)~~ notify all CDS Clearing Members of the name of the Manual CDS Clearing Member by fax or e-mail within 1 hour;
- (4) ~~(D)~~ the CDS Clearing Member must use reasonable endeavours to mitigate the effects on other CDS Clearing Members 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 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) ~~(E)~~ the CDS Clearing Member must revert to using the Electronic Notice Process (and cease using the Manual Notice Process) as soon as reasonably practicable;
- (6) ~~(F)~~ the CDS Clearing Member must take reasonable endeavours to ensure that the communications or information technology issue does not recur; and
- (7) ~~(G)~~ if a separate significant communications or information technology failure occurs in respect of the same Restructuring Credit Event, this paragraph 8.4~~(ef)(ixy)~~ 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 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 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 in accordance with Paragraph 8.4(g)(ix) to (xii).
- (D) Any CDS Clearing Member in a Restructuring Matched Pair with a Manual CDS Clearing Member must continue to use the Electronic Notice Process unless this paragraph 8.4~~(ef)(ixy)~~ 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 Clearing Member of the provisions of this paragraph 8.4~~(ef)(ixy)~~ 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) ~~(x)~~ 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 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 may only deliver and receive Restructuring Credit Event Notices and Notices to Exercise Movement Option (as applicable) 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 of the same by fax or e-mail within 1 hour; and
 - (2) subject to paragraph 8.4([e][f])([ix][y]), as from the DTCC Resolution Time, CDS Clearing Members 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) ~~(xi)~~ 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 8.4(e~~f~~)~~(xi)vii~~, 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) ~~(xii)~~ If the Manual Notice Process is applicable, and a CDS Clearing Member is uncertain as to whether or not a Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) it 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 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 8.4(e)(~~xii~~^{viii}) shall be treated as not having been delivered.

- (ix) ~~{(xiii)}~~ If any Restructuring Credit Event Notice or Notice to Exercise Movement Option (as applicable) is delivered pursuant to the Manual Notice Process, CDS Clearing Members shall not 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 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 between the Restructuring Matched Pair. 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) ~~{(xiv)}~~ Paragraphs 8.4(fg)(iv), (ix), (x), (xi), (xii) and (xiii) (in the latter case in relation to disputes falling under paragraph 8.4(fg)(xiii)(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.
- ~~{(xv)}~~ ~~The timing for processing of Restructuring Credit Event Notices or Notices to Exercise Movement Option (as applicable) after the end of the Triggering Period shall be the same as for the Manual Notice Process, in order to allow for any deliveries to the Clearing House of copies or memoranda of notices pursuant to the Manual Notice Process to be made after the end of the Triggering Period in the same way and pursuant to the same deadlines as for the Manual Notice Process.]~~
- (xi) ~~{(xvi)}~~ For the avoidance of doubt, the Electronic Notice Process does not apply to Notices of Physical Settlement or NOPS Amendment Notices.

(g) ~~{(f)}~~ Manual Notice Process.

The parties to a Matched Pair 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 8.4(e)(~~ix~~^v) or 8.4(e)(~~ix~~^{vi}); ~~and~~ (2) Notices to Exercise Movement Option where permitted by paragraph 8.4(g)(xi); and (3) Notices of Physical Settlement and NOPS Amendment Notices. A Restructuring Credit Event [Notices and Notices] 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 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 [phone]telephone to the relevant contact address or number specified in accordance with paragraph 8.3(d). Any memorandum of a notice given by telephone must also be in such form. The form of such notices provided by the Clearing House shall not include wording setting out any of the representations made automatically pursuant to

paragraph 8.4(f)(v)(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 8.3(d) (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.

On each day on which ~~an~~ a Manual MP Notice is served ~~pursuant to the Manual Notice Process~~:

- (i) Each Manual MP Notice ~~[delivered by the Manual Notice Process]~~ shall be effective in accordance with Section 12 of the CDS Master Agreement, subject to this paragraph 8.4(~~fg~~) 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 in receipt of ~~[an MP Notice delivered other than by the Electronic Notice Process (each a "ja]~~ 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 ~~45:3000~~ p.m. on the day on which the Manual MP Notice was served or purported to be served. Failure to deliver such a copy or written memorandum of a Manual MP Notice to the Clearing House shall not of itself result in the Manual MP Notice being invalid.
- (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 8.4(~~fg~~)(ii) to both CDS Clearing Members 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 wishes to dispute any Manual MP Notice of which a copy or a memorandum was delivered to it by the Clearing House under paragraph 8.4(~~fg~~)(iii) (or, to the extent that this paragraph 8.4(~~fg~~)(iv) is applicable pursuant to paragraph 8.4(~~e~~)(~~xiv~~~~x~~), wishes to dispute a Credit Event Notice or Notice to Exercise Movement Option referred to in a ~~[daily]~~ report under paragraph 8.4(~~e~~)(~~viii~~~~ii~~)), that CDS Clearing Member 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) ~~(vi)~~ Subject to paragraph 8.4(~~fg~~)(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 of itself shall result in any notice under a CDS Contract being invalid.
- (vi) ~~(vii)~~ Notwithstanding any breach of paragraph 8.4(~~fg~~)(ii) and without prejudice to any liabilities resulting from such breach, a CDS Clearing Member 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 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 in a Matched Pair deliver 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 do not dispute that such notice was delivered between themselves correctly in accordance with the Contract Terms (excluding this paragraph 8.4(f), the Clearing House will permit the parties to settle the relevant CDS Contracts through the clearing system as if the notice had been copied to the Clearing House before the Notification Cut-off Time, provided that the Clearing House is notified of the notice prior to 4:30 p.m. on the Business Day prior to the DTCC event processing end date (as determined by DTCC for the Credit Event in question). With respect to Restructuring Credit Event Notices or Notices to Exercise Movement Option, the Clearing House shall only permit such settlement in relation to 3 CDS Contracts per CDS Clearing Member per Restructuring Credit Event. Once all 3 allocations have been used), the CDS Clearing Members may either agree to settle directly with each other under Rule 1514 (CDS Alternative Delivery or Settlement Procedure, read for purposes of this paragraph 8.4(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 8.4(g)(ix) to 8.4(g)(xiii); and~~
- (B) ~~If such CDS Clearing Members do dispute that such notice was delivered between themselves correctly in accordance with the Contract Terms (excluding this paragraph 8.4(f)), paragraphs 8.4(f)(ix) to 8.4(f)(xiii) shall apply.~~
- (ix) Any dispute between any CDS Clearing Members in a Matched Pair or between any CDS Clearing Member in a Matched Pair 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 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 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 based on the maximum Margin requirement for each of the CDS Clearing Members 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, the Clearing House shall not 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 8.4(g)(xi)) and other requirements set out in paragraph 8.4(f)(v) shall not apply.

- (xi) Upon the rendering of a final decision pursuant to such arbitration, the Clearing House and the relevant CDS Clearing Members 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 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 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 to each other, and such CDS Clearing Members 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 and the Clearing House shall have no obligation to participate in any related proceeding.
- (xii) If the Clearing House receives notice, from either the CDS Seller or the 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 parties 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 CDS Buyer and 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 CDS Buyer and the 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 CDS Buyer and 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 CDS Buyer and CDS Seller in such Matched Pair, and the Clearing House shall have no obligation to participate in any related proceeding.

11. CONTRACT TERMS FOR ITRAXX EUROPE CONTRACTS

11.1 This paragraph 11 specifies the additional Contract Terms applicable to all CDS Contracts cleared by the Clearing House of a nature described in paragraph 9.1:

- (a) The provisions of paragraph 11.2 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 11.3 will apply until the MCA/STS Changeover Time and thereafter the provisions of paragraph 11.4 will apply.
- (c) The provisions of paragraph 11.5 will apply to all such CDS Contracts, irrespective of the date of the related Acceptance Time.

11.2 iTraxx Europe (CDS Contracts with Acceptance Time on or after the MCA/STS Changeover Time)

- (a) Definitions specific to this paragraph 11.2:
 - (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, a CDS Contract will be an iTraxx Contract where the related Bilateral CDS Transaction specifies, as the relevant Index, any Eligible iTraxx Index, whether or not that Bilateral CDS Transaction is itself 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.
 - (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 Untranchled 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~~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 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.
 - (v) "**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.

(vi) "**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.

(vii) "**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 11.2 but not defined in paragraph 11.2 or elsewhere in the Rules or Procedures shall have the meaning provided in the Relevant iTraxx Terms Supplement.

(ii) For purposes of these CDS Procedures, the CDS Region for each iTraxx Contract is the European Region.

(iii) Each iTraxx Contract will be governed by the Relevant iTraxx Terms Supplement, as modified by this paragraph 11.2, whether or not the relevant Bilateral CDS Transaction was 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 11.2, this paragraph 11.2 will govern.

(iv) For the purposes of any determination as to whether a 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 (1) a Credit Event Resolution Request Date occurs or (2) a Credit Event Notice and a Notice of Publicly Available Information are deemed delivered pursuant to paragraph 6.2(f) by a Notifying Party, in either case before June 20, 2009,

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

(v) 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 (1) a Succession Event Resolution Request Date occurs or (2) a Succession Event Notice is deemed delivered pursuant to paragraph 6.2(f), in either case 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 Weekly Clearing;
 - (B) the provisions of paragraph 7.3(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 hereof) by the Clearing House permitted or authorised by the Rules;
 - (C) [the provisions of paragraph 7.3\(b\)\(ii\) 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, as specified by the Clearing House following consultation with the CDS Risk Committee."](#)
 - (D) ~~(C)~~ by adding the following as a 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 by the Regional CDS Committee in respect of an Applicable Credit Event, then from and including the calendar day immediately following the date of such Credit Event Announcement, the parties shall take such actions (if any) as shall be necessary to implement the RCE Solution (as defined in the CDS Procedures) published by the Regional CDS Committee in relation to such Credit Event Announcement.;" and

 - (E) ~~(D)~~ by the deletion of paragraph 7.7 (*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 "CDS Master Agreement";
 - (B) Deleting the fourth paragraph thereof and replacing it with the following: "This Confirmation supplements, forms a part of and is subject to the CDS Master Agreement between the relevant CDS Clearing Member and the Clearing House (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 iTraxx Confirmation 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 "Annex Date";
 - (G) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to Weekly Clearing; and
 - (H) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to Weekly Clearing.