



**VIA EMAIL TO: SUBMISSIONS@CFTC.GOV**

19 July 2013

Ms. Melissa Jurgens  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

Dear Ms. Jurgens:

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet Limited ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification changes to its rules in relation to the currency fixing rates for Malaysian Ringgit ("MYR") and Indonesian Rupiah ("IDR") utilised by LCH.Clearnet's ForexClear service. These changes will be implemented and become effective on August 5, 2013.

#### **Explanation and Analysis**

LCH.Clearnet's ForexClear service clears non-deliverable foreign exchange forwards (NDFs) in eleven currency pairs, including MYR/USD and IDR/USD. The settlement price for each NDF contract is determined with reference to published fixings and the relevant fixings are set out in LCH.Clearnet's Clearing House Procedures ("Procedures") and FCM Procedures.

The Association of Banks in Singapore ("ABS") has announced that it is discontinuing or changing certain published benchmarks, including the MYR and IDR fixings currently referenced by ForexClear. Effective on August 6, 2013, ABS will no longer publish the MYR fixing rate and recommends market participants move to the fixing rate published onshore in Malaysia by the Persatuan Pasaran Kewangan Malaysia ("ACI – Malaysia").

Also effective on August 6, 2013, ABS will move its IDR spot rate from a surveyed benchmark to a traded benchmark.

The existing fixings will no longer be available. The LCH.Clearnet ForexClear service will therefore move to using these replacement rates in its capacity as the Calculation Agent, and

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will store and apply the Settlement Rate Option and the Valuation Date for each NDF Contract in the currency pairs MYR/USD and IDR/USD.

ForexClear Clearing Members will be given an opportunity to agree with counterparties of any outstanding trades to cancel those trades, if they do not wish them to be settled against the new fixings.

## Part II: Amendments to the Rules and Regulations of LCH.Clearnet

The implementation of these changes requires minor amendments to section 2K of the Procedures and section 2B of the FCM Procedures. These changes are summarised in the table below:

Procedures reference	FCM Procedures reference	Explanation
2K.3.3.1(b)(vii)	2B.8.1	Removal from the USD-MYR currency pair row of SGD as a business day for valuation date and removal of Singapore as a relevant city for business day for valuation date.
2K.3.6	2B.8.8	Changed the name of the Settlement Rate Option source codes for the currency pairs USD-IDR and USD-MYR.
2K.4.3	2B.9.3	Changed the name of the Settlement Rate Option source codes for the currency pairs USD-IDR and USD-MYR and changed the local time of Reference Currency MYR from 11:30 (Singapore) to 11:10 (Malaysia).

## Part III: Certification by LCH.Clearnet

LCH.Clearnet certifies to the CFTC, in accordance with CFTC Regulation §40.6, that the planned changes comply with the Commodity Exchange Act and the CFTC Regulations promulgated there under. LCH.Clearnet further certifies that, upon the submission of this material, in compliance with §39.21 of the Commission's regulations, LCH.Clearnet will post a notice of pending certification with the CFTC and a copy of the submission on LCH.Clearnet's website at [http://www.lchclearnet.com/rules\\_and\\_regulations/ltd/proposed\\_rules.asp](http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp)

## Part IV: Compliance with Core Principles

LCH.Clearnet will continue to comply with all Core Principles following the introduction of these proposed changes to the ForexClear service fee structure. LCH.Clearnet has concluded that its compliance with the Core Principles would not be adversely affected by these changes. The changes reflected herein will ensure continued compliance with the Core Principles.

## Part V: Opposing Views

There were no opposing views expressed to LCH.Clearnet by its governing board or committee members, members of LCH.Clearnet or market participants that were not incorporated in the changes.



**Certification**

LCH.Clearnet Limited hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in Commission regulation §40.6, that the attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions regarding this submission please contact me at [julian.oliver@lchclearnet.com](mailto:julian.oliver@lchclearnet.com).

Yours sincerely,

A handwritten signature in blue ink that reads "Julian Oliver".

Julian Oliver, Director Compliance and Public Affairs  
LCH.Clearnet Ltd

Cc: Gavin Wells, LCH.Clearnet  
Jay Iyer, LCH.Clearnet  
Kenji Takaki, CFTC  
Adam Cohen, CFTC

Exhibit A

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### 2K.3.3 Trade Validation and Registration

#### 2K.3.3.1 Process Flow Description

- (a) The Clearing House performs a validation check on each trade submitted by FXPs to ensure that each such trade meets the ForexClear Eligibility Criteria and the Counterparty Technical Validation Check (as defined below) and Incremental Risk Checks (as defined at Section 2K.3.3.2) required for ForexClear Transactions (together the “**Validation Checks**”).
- (b) The fields checked are as follows:
- (i) **Counterparties:** (a) are both parties submitting trade particulars FXPs and (b) has each FXCCM in whose name the ForexClear Contract is to be registered not been declared a defaulter by the Clearing House? (together, the “**Counterparty Technical Validation Check**”);
  - (ii) **Trade type:** is the instrument type an NDF?
  - (iii) **Economic Terms:** does the trade include all the Economic Terms (as defined in the Schedule to the ForexClear Regulations)?
  - (iv) **Currency Pairs:** are the Reference Currency and the Settlement Currency a Currency Pair (as defined in the Schedule to the ForexClear Regulations)?
  - (v) **Settlement Currency:** is the Settlement Currency USD?
  - (vi) **Trade tenor eligibility:** does the scheduled Settlement Date fall on a date: (a) not earlier than three business days immediately following the date on which the trade is submitted to the Clearing House for registration (the “**Submission Date**”) and (b) not later than the date falling two calendar years plus two business days immediately following the Submission Date? If the ForexClear Transaction arrives after the ForexClear date roll (22.00 local London time), the Submission Date is defined as the next good business day.
  - (vii) **Valuation Date and Settlement Date:** do the Valuation Date and Settlement Date for the ForexClear Transaction fall on a valid Business Day for the Currency Pair to which the ForexClear Transaction relates? Does the Settlement Date fall on a Business Day after the Valuation Date? The table below shows the relevant Business Days for determining the Valuation Date and the Settlement Date:<sup>1</sup>

Currency Pair	Business Days for Valuation Date	Relevant City/Cities for Business Day for Valuation Date	Business Days for Settlement Date	Relevant City for Business Day for Settlement Date	

<sup>1</sup> As amended from time to time as per relevant EMTA Template.

USD-BRL	BRL & USD	Any of Rio de Janeiro, Brasilia or São Paulo and New York City	USD	New York City	
USD-CLP	USD & CLP	New York and Santiago	USD	New York City	
USD-CNY	CNY	Beijing	USD	New York City	
USD-COP	USD & COP	New York and Bogota	USD	New York City	
USD-IDR	IDR & SGD	Jakarta and Singapore	USD	New York City	
USD-INR	INR	Mumbai	USD	New York City	
USD-KRW	KRW	Seoul	USD	New York City	
USD-MYR	MYR & SGD	Kuala Lumpur and Singapore	USD	New York City	
USD-PHP	PHP	Manila	USD	New York City	
USD-RUB	USD & RUB	New York and Moscow	USD	New York City	
USD-TWD	TWD	Taipei	USD	New York City	

- (c) Trades that pass the Validation Checks are accepted and two trade records are created for the ForexClear Transaction: one for the ForexClear Contract between the Clearing House and the first FXCCM to the ForexClear Transaction and the other for the ForexClear Contract between the Clearing House and the second FXCCM to the ForexClear Transaction.
- (d) Provided each FXCCM has sufficient cover, the Clearing House will send a message via the ForexClear Matcher confirming the registration or, where the trade fails a Validation Check, the trade will be rejected and a status message will be sent to the ForexClear Matcher giving a reason for rejection.
- (e) As provided in Section 2.3.3, in respect of messages confirming registration, the time of dispatch of such message shall be the Registration Time of that ForexClear Contract.
- (f) The internal sub-account (i.e. FXCCM, branch, or FXD) into which each trade record is booked is derived from the BIC code within the message from the ForexClear Matcher. The BIC links to the FXCCM reference data.
- (g) Both new trade records arising out of the ForexClear Transaction have the same unique ForexClear ID (the “**ForexClear ID**”). Any further events or actions are applied on the basis of this ForexClear ID, to ensure consistency

#### 2K.3.3.2 Incremental Risk Checks

- (a) The Clearing House will apply an “**Incremental Risk Check**” to each individual ForexClear Transaction. The Incremental Risk Check uses a suitable approximation methodology to estimate an FXCCM’s Liabilities (including the new ForexClear Transaction) against available cover (taking into account any MER Buffer and MCE made available by the Clearing House, if any). However, any ForexClear Transaction submitted by that FXCCM that is risk reducing (i.e. results in a reduction

- 2K.3.5.1
- (a) The Clearing House accepts cancellation messages from FXPs against both non-novated trades (ForexClear Transactions) and novated trades (ForexClear Contracts).
  - (b) With respect to any ForexClear Contract, cancellation messages may be submitted via the ForexClear Matcher until such ForexClear Contract is “fixed” – i.e. when its Settlement Rate has been determined on the relevant Valuation Date.
  - (c) A successful cancellation message results in a “CANCELLED” status message if the ForexClear Transaction or the ForexClear Contract (as the case may be) is cancelled during the Opening Hours. The status messages are sent from the Clearing House to the FXCCM via the ForexClear Matcher.
  - (d) There is no ForexClear Contract or ForexClear Transaction amendment functionality.

2K.3.5.2 Process Flow Description

- (a) The Clearing House accepts trade cancellation instructions from the ForexClear Matcher for ForexClear Transactions or ForexClear Contracts (as the case may be) that have previously been submitted to the ForexClear Service. Cancellation instructions must include the ForexClear ID.
- (b) The Clearing House checks that the cancellation instruction contains a valid ForexClear ID which relates to: (a) a ForexClear Transaction or ForexClear Contract (as the case may be) that has not been previously cancelled; and (b) in the case of a ForexClear Contract only, a ForexClear Contract with respect to which the relevant Valuation Date has not yet occurred.
- (c) Where a trade has already been rejected (as a result of having failed a Counterparty Technical Validation Check), the ForexClear Service sends a “CANCEL REJECTED” message to the ForexClear Matcher for the relevant FXPs.
- (d) All trade cancellation instructions must pass the Incremental Risk Check. If any FXCCM does not have sufficient cover for its Liabilities or estimated Liabilities (taking into account any MER Buffer and MCE provided by the Clearing House, if any) at the time of the relevant Incremental Risk Check, then any ForexClear trade cancellation instruction to which it is a party will be rejected immediately. However, any ForexClear trade cancellation instruction that is risk reducing (i.e. results in a reduction of that FXCCM’s Liabilities) will always pass the Incremental Risk Check, even if the FXCCM does not have sufficient cover for its Liabilities.

2K.3.6 **Valuation Date Event Management**

The Clearing House is the Calculation Agent and will store and apply the Settlement Rate Option and the Valuation Date for each ForexClear Contract.



On the Valuation Date with respect to each ForexClear Contract, the Settlement Rate will be retrieved from the Settlement Rate Option per Currency Pair in accordance with the relevant EMTA Templates (as referenced in the Schedule to the ForexClear Regulations). The Market Data provider for Settlement Rates is Reuters.

ForexClear applies the relevant Settlement Rate to ForexClear Contracts using the following criteria:

- (a) Settlement Rate Option source code (as below);
- (b) Valuation Date.

The table below gives the source codes of the Settlement Rate Options to be used as per the relevant EMTA Template:

Currency Pair	Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)
USD-BRL	BRL PTAX (BRL09)
USD-CLP	CLP DÓLAR OBS (CLP10)
USD-CNY	CNY SAEC (CNY01)
USD-COP	COP TRM (COP2)
USD-IDR	IDR <del>ABS</del> <u>IVWAP</u> (IDR <del>04</del> <u>03</u> )
USD-INR	INR RBIB (INR01)
USD-KRW	KRW KFTC18 (KRW02)
USD-MYR	MYR <del>ABS</del> <u>PCKM</u> (MYR <del>04</del> <u>03</u> )
USD-PHP	PHP PDSPEO (PHP06)
USD-RUB	RUB CME-EMTA (RUB03)
USD-TWD	TWD TAIFX1 (TWD03)

The Clearing House applies the Settlement Rate to all relevant ForexClear Contracts at a predefined time (see Section 4.3 below) following its publication.

The Clearing House calculates the Settlement Currency Amount in the Settlement Currency per ForexClear Contract. FXCCMs can retrieve the Settlement Rate and Settlement Currency Amount in the Settlement Currency via ForexClear Reporting (as defined in Section 7) on the ForexClear Service Portal and on MemWeb, which are internet services onto which information is loaded and can be accessed by FXCCMs.

#### 2K.3.6.2 Process Flow Description

- (a) After the Registration Time for a ForexClear Contract, the ForexClear Service links a Settlement Rate Option to it in accordance with the relevant EMTA Template for the Currency Pair.

- (ii) Frequency - at each SwapClear margin run.
- (e) Country Credit Spreads:
  - (i) Source - Bloomberg.
  - (ii) Frequency - when published.
- (f) USD LIBOR Curve:
  - (i) Source - SwapClear.
  - (ii) Frequency - at each SwapClear margin run.
- (g) PAI rates:
  - (i) Source - LCH Treasury.
  - (ii) Frequency - Daily.

#### 2K.4.3 Market Data

Reference Currency	Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)	Settlement Rate Publication Local Time (or as per the relevant EMTA Template as amended from time to time)
BRL	BRL PTAX (BRL09)	13:15 (São Paulo)
CLP	CLP DÓLAR OBS (CLP10)	10:30 (Santiago)
CNY	CNY SAEC (CNY01)	09:15 (Beijing)
COP	COP TRM (COP02)	10.30 (Bogota)
IDR	IDR <a href="#">ABSIVWAP</a> (IDR0403)	11:30 (Singapore)
INR	INR RBIB (INR01)	12:30 (Mumbai)
KRW	KRW KFTC18 (KRW02)	15:30 (Seoul)
MYR	MYR <a href="#">ABSPPKM</a> (MYR0403)	11:130 ( <a href="#">Kuala Lumpur Singapore</a> )
PHP	PHP PDSPESO (PHP06)	11:30 (Manila)
RUB	RUB CME-EMTA (RUB03)	13:30 (Moscow)
TWD	TWD TAIFX1 (TWD03)	11:00 – 12:00 (Taipei)

#### 2K.4.4 Market Data Provision to FXCCMs

Market Data used in a Margin Run is made available to FXCCMs via ForexClear Reporting (as defined in Section 7).

#### 2K.4.5 Curve Building in ForexClear

##### 2K.4.5.1 FX Curve (Zero Coupon/Market Rate Curve)

The Clearing House builds for each Currency Pair an FX curve (zero coupon/market rate curve) using the FX Spot Rates, FX Swap Points and the USD LIBOR Curve based on

Exhibit B

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## **2B FOREXCLEAR**

### **2B.1 Introduction and Interpretation**

This Section 2B of the FCM Procedures governs the FCM ForexClear Service and must be read in conjunction with the other parts of the FCM Rulebook.

A reference to an “**FXCCM**” is generic and encompasses both ForexClear Clearing Members (as defined in the UK General Regulations) and FCM ForexClear Clearing Members.

Unless otherwise specified, all times are in local London time.

### **2B.2 Users of FCM ForexClear**

The FCM ForexClear Service is an interface that processes and stores all FCM ForexClear Transactions. Those authorized by the Clearing House to submit trades (as defined below) for clearing in the FCM ForexClear Service fall into three categories – FCM Clearing Members approved by the Clearing House to clear in the FCM ForexClear Service (“**FX FCMs**”), FCM Clients of FX FCMs and Affiliates of FX FCMs. FX FCMs, FCM Clients of FX FCMs and Affiliates of FX FCMs are collectively known as ForexClear Participants (“**FXPs**”). For membership procedures, please see Section 1 of the FCM Procedures. At least one party to each FCM ForexClear Transaction submitted to the Clearing House will be an FX FCM, acting through a client or house account; the other party may be another FX FCM or may be a ForexClear Clearing Member.

For identification purposes each FX FCM is assigned a unique three-character mnemonic for purposes of the FCM ForexClear Service.

### **2B.3 Termination of FX FCM Status**

Clearing Members should contact the Clearing House Membership Department (+44 (0)207 426 7891/7627/7063; membership@lchclearnet.com) for details of how to resign from the FCM ForexClear Service.

### **2B.4 Service Scope**

#### **2B.4.1 Eligibility**

Non-Deliverable FX Transactions as defined in Part A of Schedule B to the FCM Regulations (“**NDFs**”) may be submitted for clearing through the ForexClear Service. To be eligible to be registered as a ForexClear Contract, a trade must meet the ForexClear Eligibility Criteria (as set out in Part B of Schedule B to the FCM Regulations).

#### **2B.4.2 Service Operating Hours**

*Opening Days:*

The FCM ForexClear Service will be open each day, except weekends, Christmas Day and New Year’s Day.

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## 2B.7.2 **ForexClear FCM Approved Trade Source Systems**

Currently the FCM Approved Trade Source System designated by the Clearing House for ForexClear is MarkitSERV. Where the Clearing House approves additional FCM Approved Trade Source Systems, it will notify FCM Clearing Members via member circular.

FCM ForexClear Transactions submitted through an FCM Approved Trade Source System must be in an acceptable message format, as prescribed by the Clearing House.

Notwithstanding the designation by the Clearing House of any system as an FCM Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or otherwise of the delivery of any FCM ForexClear Transaction details by that FCM Approved Trade Source System to the Clearing House. Such matters form part of the relationship between the FCM Clearing Members and that FCM Approved Trade Source System and the terms of such relationship may entitle the FCM Approved Trade Source System to suspend the ability of an FX FCM to make submissions from time to time.

FX FCMs must not submit instructions to the Clearing House for trades which will not meet the FCM ForexClear Eligibility Criteria. The Clearing House will process any FCM ForexClear Transaction reported to it by an FCM Approved Trade Source System on an "as is" basis, and subject to the FCM Regulations and these FCM Procedures, will register any such FCM ForexClear Transaction on the basis of the data provided to it by the FCM Approved Trade Source System and approved by the relevant FCM Clearing Member. The Clearing House has no obligation to verify that the details received, properly reflect the trade entered into by the relevant Executing Parties.

The Clearing House accepts no liability for any error within or corruption of any data sent by an FCM Approved Trade Source System to the Clearing House or to an FCM Clearing Member or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any FCM ForexClear Contract on the basis of incorrect or corrupted data sent to it by an FCM Approved Trade Source System and accepted by an FCM Clearing Member, the FCM Clearing Member concerned shall be bound by the terms of such FCM ForexClear Contract, unless the FCM ForexClear Contract is subsequently cancelled in accordance with FCM Regulation 41.

FCM Clearing Members shall ensure that transaction details accepted for registration are accepted by appropriately authorized personnel. Apart from the foregoing acceptance, the Clearing House is not able to, and will not, verify the authorization of the source of any details of any transaction reported to it for registration by any FCM Approved Trade Source System. The Clearing House shall have no liability in the event that any FCM Clearing Member suffers any loss through the unauthorized acceptance of an FCM Notification.

## 2B.8 **Trade Validation and Registration**

### 2B.8.1 **Process flow description**

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The Clearing House performs a validation check on each trade submitted by FXPs to ensure that each such trade meets the FCM ForexClear Eligibility Criteria and the Counterparty Technical Validation Check (as defined below) and Incremental Risk Checks (as defined in Section 2B.8.2) required for FCM ForexClear Transactions (together the “**Validation Checks**”).

The fields checked are as follows:

- **Counterparties:** (a) are both parties submitting trade particulars FXPs and (b) has each FXCCM in whose name the FCM ForexClear Contract is to be registered not been declared a defaulter by the Clearing House? (together, the “**Counterparty Technical Validation Check**”);
- **Trade type:** is the instrument type an NDF?
- **Economic Terms:** does the trade include all the Economic Terms (as defined in Part A of Schedule B to the FCM Regulations)?
- **Currency Pairs:** are the Reference Currency and the Settlement Currency a Currency Pair (as defined in Schedule B to the FCM Regulations)?
- **Settlement Currency:** is the Settlement Currency USD?
- **Trade tenor eligibility:** does the scheduled Settlement Date fall on a date: (a) not earlier than three business days immediately following the date on which the trade is submitted to the Clearing House for registration (the “**Submission Date**”) and (b) not later than the date falling two calendar years plus two business days immediately following the Submission Date? If the FCM ForexClear Transaction arrives after the ForexClear date roll (22.00 hours, London time), the Submission Date is defined as the next good business day.

- Valuation Date and Settlement Date:** do the Valuation Date and Settlement Date for the FCM ForexClear Transaction fall on a valid Business Day for the Currency Pair to which the FCM ForexClear Transaction relates? Does the Settlement Date fall on a Business Day after the Valuation Date? The table below shows the relevant Business days for determining the Valuation Date and Settlement Date:<sup>1</sup>

Currency Pair	Business Days for Valuation Date	Relevant City/Cities for Business Day for Valuation Date	Business Days for Settlement Date	Relevant City for Business Day for Settlement Date
USD-BRL	BRS & USD	Any of Rio de Janeiro, Brasília or São Paulo and New York City	USD	New York City
USD-CLP	USD & CLP	New York and Santiago	USD	New York City
USD-CNY	CNY	Beijing	USD	New York City
USD-COP	USD & COP	New York and Bogata	USD	New York City
USD-IDR	IDR & SGD	Jakarta <del>and Singapore and Singapore</del>	USD	New York City
USD-INR	INR	Mumbai	USD	New York City
USD-KRW	KRW	Seoul	USD	New York City
USD-MYR	MYR <del>&amp; SGD</del>	Kuala Lumpur <del>and Singapore</del>	USD	New York City
USD-PHP	PHP	Manila	USD	New York City
USD-RUB	USD & RUB	New York and Moscow	USD	New York City
USD-TWD	TWD	Taipei	USD	New York City

Trades that pass the Validation Checks are accepted and two trade records are created for the FCM ForexClear Transaction: one for the FCM ForexClear Contract between the Clearing House and the first FX FCM to the FCM ForexClear Transaction and the other for the FCM ForexClear Contract between the Clearing

<sup>1</sup> As amended from time to time as per the relevant EMTA Template.

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Where a trade has already been rejected (as a result of having failed a Counterparty Technical Validation Check), the FCM ForexClear Service sends a “CANCEL REJECTED” message to the FCM Approved Trade Source System for the relevant FXPs.

All trade cancellation instructions must pass the Incremental Risk Check. If any FX FCM does not have sufficient cover for its Liabilities or estimated Liabilities (taking into account any MER Buffer and MCE provided by the Clearing House, if any) at the time of the relevant Incremental Risk Check, then any ForexClear trade cancellation instruction to which it is a party will be rejected immediately. However, any ForexClear trade cancellation instruction that is risk reducing (i.e. results in a reduction of that FX FCM's Liabilities) will always pass the Incremental Risk Check, even if the FX FCM does not have sufficient cover for its Liabilities.

#### **2B.8.7 Trade Amendment**

No amendment of the financial terms of an FCM ForexClear Transaction or FCM ForexClear Contract is permitted. FX FCMs who wish to change the FCM Client information on a ForexClear Transaction should contact ForexClear Business Operations at 0207 426 3729 for further information.

#### **2B.8.8 Valuation Date Event Management**

The Clearing House is the Calculation Agent and will store and apply the Settlement Rate Option and the Valuation Date for each FCM ForexClear Contract.

On the Valuation Date with respect to each FCM ForexClear Contract, the Settlement Rate will be retrieved from the Settlement Rate Option per Currency Pair in accordance with the relevant EMTA Templates (as referenced in Schedule B to the FCM Regulations). The Market Data provider for Settlement Rates is Reuters.

The FCM ForexClear Service applies the relevant Settlement Rate to FCM ForexClear Contracts using the following criteria:

- Settlement Rate Option source code (as below)
- Valuation Date



The table below gives the source codes of the Settlement Rate Options to be used as per the relevant EMTA Template:

<b>Currency Pair</b>	<b>Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)</b>
USD-BRL	BRL PTAX (BRL09)
USD-CLP	CLP DÓLAR OBS (CLP10)
USD-CNY	CNY SAEC (CNY01)
USD-COP	COP TRM (COP2)
USD-IDR	IDR <a href="#">ABS</a> <a href="#">IVWAP</a> (IDR <del>04</del> <a href="#">03</a> )
USD-INR	INR RBIB (INR01)
USD-KRW	KRW KFTC18 (KRW02)
USD-MYR	MYR <a href="#">ABS</a> <a href="#">PPKM</a> (MYR <del>04</del> <a href="#">03</a> )
USD-PHP	PHP PDSPESO (PHP06)
USD-RUB	RUB CME-EMTA (RUB03)
USD-TWD	TWD TAIFX1 (TWD03)

The Clearing House applies the Settlement Rate to all relevant FCM ForexClear Contracts at a predefined time (see Section 2B.8.8 below) following its publication.

The Clearing House calculates the Settlement Currency Amount in the Settlement Currency per FCM ForexClear Contract. FX FCMs can retrieve the Settlement Rate and Settlement Currency Amount in the Settlement Currency via ForexClear Reporting on the ForexClear Service Portal and on MemWeb, which are internet services onto which information is loaded and can be accessed by FX FCMs.

#### 2B.8.9 Valuation Date Event Management: Process flow description

After the Registration Time for an FCM ForexClear Contract, the FCM ForexClear Service links a Settlement Rate Option to it in accordance with the relevant EMTA Template for the Currency Pair.

On the Valuation Date, the Clearing House uses the Settlement Rate for the Currency Pair for the FCM ForexClear Contract when it is published by Reuters, and calculates the Settlement Currency Amount for each FCM ForexClear Contract in the Settlement Currency by applying the relevant Settlement Rate Option as published.

If the Settlement Rate Option set out in the relevant EMTA Template is unavailable at the relevant time, Disruption Fallback alternatives for the determination of the Settlement Rate will apply as set out in the relevant EMTA Template.

#### 2B.8.10 Settlement

With respect to each FCM ForexClear Contract, the Settlement Currency Amount is calculated by the application of the Settlement Rate to the Notional Amount in

24 months

*Settlement Rate Options:*

- Source - Reuters.
- Frequency - when published (at the times shown in the table in Section 2B.9.3 below).

*Interest Rate Curves:*

- Source - internal Clearing House
- Frequency - at each SwapClear margin run.

*Country Credit Spreads:*

- Source - Bloomberg.
- Frequency - when published.

*USD LIBOR Curve:*

- Source - SwapClear.
- Frequency - at each SwapClear margin run.

*PAI rates:*

- Source - LCH Treasury.
- Frequency - Daily.

**2B.9.3 Market Data**

<b>Reference Currency</b>	<b>Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)</b>	<b>Settlement Rate Publication Local Time (or as per the relevant EMTA Template as amended from time to time)</b>
BRL	BRL PTAX (BRL09)	13:15 (São Paulo)
CLP	CLP DÓLAR OBS (CLP10)	10:30 (Santiago)
CNY	CNY SAEC (CNY01)	09:15 (Beijing)
COP	COP TRM (COP02)	10:30 (Bogota)
IDR	IDR <del>ABS</del> <u>IVWAP</u> (IDR <del>01</del> <u>03</u> )	11:30 (Singapore)
INR	INR RBIB (INR01)	12:30 (Mumbai)
KRW	KRW KFTC18 (KRW02)	15:30 (Seoul)
MYR	MYR <del>ABS</del> <u>PPKM</u> (MYR <del>01</del> <u>03</u> )	11: <del>13</del> <u>30</u> ( <a href="#">Kuala Lumpur</a> <a href="#">Singapore</a> )
PHP	PHP PDSPESO (PHP06)	11:30 (Manila)
RUB	RUB CME-EMTA (RUB03)	13:30 (Moscow)

TWD	TWD TAIFX1 (TWD03)	11:00 – 12:00 (Taipei)
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#### 2B.9.4 **Market Data Provision to FX FCMs**

Market Data used in a Margin Run is made available to FX FCMs via ForexClear Reporting (as defined in Section 2B.21).

#### 2B.9.5 **Curve Building in ForexClear**

FX Curve (Zero Coupon/Market Rate Curve):

The Clearing House builds for each Currency Pair an FX curve (zero coupon/market rate curve) using the FX Spot Rates, FX Swap Points and the USD LIBOR Curve based on interpolation techniques agreed through the ForexClear Risk & Trading Working Group (a group comprising the Clearing House's and FXCCM's (including FX FCM) risk and trading representatives) ("**RTWG**"). The USD LIBOR Curve is used for discounting; the FX curve is used for capitalization of forward cash flows.

*Interest Rate Curve:*

The Clearing House applies the linear interpolation method to build the Interest Rate Curve. Linear interpolation is applied on zero coupon curves.

*Curve Use:*

End of day is defined as 22.00 hours, London time ("**EOD**"). The following EOD data is used in the calculation of risk analytics for an EOD Margin Run (as defined in Section 2B.16.2):

- FX Spot Rates; and
- FX Swap Points.

#### 2B.9.6 **Country Credit Spreads**

The Clearing House takes country credit spreads (in relation to Brazil, Russia, India, China, Chile, South Korea, Colombia, Indonesia, Malaysia, Philippines and Taiwan) from Bloomberg for use in risk multiplier calculations.

### 2B.10 **FCM ForexClear Contract Valuation**

#### 2B.10.1 **Net Present Value ("NPV")**

From (and including) the Registration Time to the EOD Margin Run on the business day preceding the Valuation Date, each FCM ForexClear Contract is valued in USD using the current market rates and discounted from the future Settlement Date to its present value (being valued using the data submitted by FXCCMs, in accordance with Sections 2B.9.2).

On the Valuation Date, the Settlement Rate is used to value the FCM ForexClear Contract.

If Valuation Postponement applies, the FCM ForexClear Contract is valued using the current forward price (based on the data submitted by FXCCMs in accordance