



19 November 2014

Mrs. Parisa Abadi
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Mrs. Abadi,

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet SA ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification two Clearing Notices linked to management systems change and related amendments to the CDS Clearing Rules ("The Rules").

The clearing notices and the submission changes made to the Rules (procedures only) are attached hereto as appendices.

Part I: Explanation and Analysis

The CDS Clearing Rules, more precisely the CDS Clearing Procedures, have been amended to take into account:

- (i) The new means of access for clearing members to instruct their collateral movements electronically, the Collateral Management System ("CMS");
- (ii) The migration of eCCW functionalities onto CDS Portal to harmonize member access to CDS tools

To comply with its obligations toward its Clearing Members, LCH.Clearnet will publish clearing notices to inform Clearing Members that:

- (i) they will be able to use Collateral management System for their collateral instructions
- (ii) they will have access to the CDS Portal to access functionalities currently available in eCCW

The new features are described below:

- (i) CMS Collateral Services enhancement

LCH.Clearnet SA. Clearing members usually deposit and withdraw, cash & non cash collateral, via fax forms.

In order to secure Clearing Members instructions and to allow a better tracking of clearing members collateral movements, CDSClear has deployed the CMS web tool: an online collateral management tool providing several functionalities among which: cash collateral deposit and withdrawal; securities collateral deposit, transfer and withdrawal; and access to members' collateral accounts and balances.

Clearing members will therefore have access to the CMS web tool from December 8th, 2014.

(ii) eCCW functionalities migration to Portal

In order to harmonize the member access for all 3 OTC business lines and facilitate its clearing members operations with a single entry point for CDS services (including Collateral Management System CMS), CDSClear will migrate all current CDS eCCW functionalities onto the Portal (Portal is a web-based point of access to services offered to Members by LCH.Clearnet Group).

The main functionalities to be migrated to Portal are the following:

- Graphic interface to view eligible & cleared trades (list & details)
- Access to CDSClear member reports,
- Trade compression configuration,
- Upload files for compression,
- Download and upload files for backloading.

Replacement of e-CCW technology thus enhancing security, capability and maintenance will be effective beginning of 2015. Portal will be available for Clearing members from December 2014 in parallel with eCCW.

(iii) Other minor amendments

The Business Continuity contacts have been modified.

Part II: Description of Rule Changes

(i) CMS Collateral Services enhancement

There is no amendment of the CDS Clearing Rulebook and the CDS Clearing Procedures. Sections 3 of the CDS Clearing procedures already specifies that Clearing Members may notify their collateral instructions “by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at +33 1 70 37 65 06 or treasury.ops.fr@lchclearnet.com or (ii) any other means as specified in a Clearing Notice”.

Such Clearing Notice will therefore be published to enable notification of collateral instructions via the CMS web tool.

(ii) eCCW functionalities migration to Portal

The following rules have been amended:

- CDS Procedures Section 2 paragraph 2.1 and 2.6
- CDS Procedures Section 5 paragraph 5.2 b); 5.4 a); 5.5 a) and b); 5.11
- CDS Procedures Section 6 paragraph 6.6
- Creation of a Clearing Notice “Means of Access and Reporting mechanism” listing the three means of access that are made available to CDS clearing members.

(iii) Other minor amendments

- CDS Procedures Section 7 paragraph 7.4; 7.6 a) amending the contact details of the Business Continuity team.

Part III: Core Principle Compliance

LCH.Clearnet will continue to comply with all Core Principles following the introduction of these changes and has concluded that its compliance with the Core Principles would not be adversely affected by these changes.

Part IV: Public Information

LCH.Clearnet has posted a notice of pending certifications with the CFTC and a copy of the submission on LCH.Clearnet's website at:

<http://www.lchclearnet.com/rules-regulations/proposed-rules-changes>

Part V: Opposing Views

There were no opposing views expressed to LCH.Clearnet by governing board or committee members, members of LCH.Clearnet that were not incorporated into the rule.

Certification

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

Should you have any questions please contact me at: françois.faure@lchclearnet.com.

A handwritten signature in blue ink, appearing to read 'Faure', written over a horizontal line.

Francois Faure
Chief Compliance Officer
+33 1 70 37 65 96

APPENDICES

The clearing notices and the submission changes made to the CDS Procedures are attached hereto as appendices

- Appendix A – “Clearing Notice_CMS”
- Appendix B – “Clearing Notice_Access_means”

- Appendix C - “Compare_Section 2_Procedures_against published version 14.11.14”
- Appendix D - “Compare_Section 5_Procedures_against published version 14.11.14”
- Appendix E - “Compare_Section 6_Procedures_against published version 14.11.14”
- Appendix F – “Compare_CDSClear_Section_7_Procedures_against_published_version”

2014/ [Number to be added]


 2014**CDSClear - Collateral requests**

Pursuant to Section 3 of the Procedures, this Clearing Notice specifies that a Clearing Member may also use “Collateral Management Services” which is a tool available on the LCH.Clearnet Portal accessible over the internet, for the purpose of transferring Collateral requests to LCH.Clearnet SA.

Any amendments or modifications to this Clearing Notice will be published by LCH.Clearnet SA in an updated Clearing Notice.

LCH.Clearnet SA

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Email: lchclearnetsa.Legal@LCHClearnet.com
Website: www.lchclearnet.com

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2014/ [Number to be added]

 2014

CDSClear - Means of access and reporting mechanism

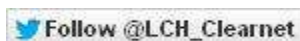
Pursuant to the CDS Clearing Rules, this Clearing Notice specifies the following means of access that are available to the Clearing Members for the purpose of having access to the CDS Clearing System reports and files:

- LCAP which is a virtual ftp server, available over a private connection accessible over the GMA ftp pipe to LCH.Clearnet SA. Clearing reports are provided through LCAP in a predefined format. End-users cannot generate bespoke reports, have access to and upload Clearing Eligibility Reports, have access to details of Cleared Transactions or submit a request for the purpose of changing their previous election in respect of automatic compression, via LCAP ;
- eCCW which is available over the internet and is secured by RSA SecurID technology. It allows visualisation of Original and Cleared Transactions, provides analytical capabilities and allows end-users to generate bespoke reports. Clearing Members can filter trade data and download the results to their workstations in a machine readable format; and
- LCH.Clearnet Portal which is a single sign-on solution for various LCH.Clearnet applications, available on the internet and secured by login and password. Through the LCH.Clearnet Portal, end-users have access to clearing reports in a [pre-defined format], are provided with real time information on their trade portfolios and may extract data [through .csv files].

Any amendments or modifications to the current list of means of access will be published by LCH.Clearnet SA in an updated Clearing Notice.

LCH.Clearnet SA

CDSClear | LCH.Clearnet |
Email: lchclearnetsa_legal@lchclearnet.com
Website: www.lchclearnet.com





LCH.Clearnet SA
CDS Clearing Procedures
Section 2 – Margin and Price Alignment Interest
23.12.2013



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Capitalised terms used in this Margin and Price Alignment Interest Procedure and not otherwise defined herein shall have the meaning given pursuant to the remainder of the CDS Clearing Documentation, as such term is defined in the document entitled "CDS Clearing Rule Book" published by LCH.Clearnet SA, as amended from time to time.

2.1 Overview

All Clearing Members are required to pay Margin to LCH.Clearnet SA.

Further information about the Margin components and the calculation methodology in respect of each such component set out in this Section 2 is available to Clearing Members on the secure section of the Website and ~~the LCAP~~[through any reporting mechanism specified in a Clearing Notice](#) and/or upon request from LCH.Clearnet SA's Risk Management Department on +33 1 70 37 10 43 or Lchclearnetsa_CDS_Risk@lchclearnet.com. Such information will be updated and/or re-issued following consultation with the Risk Committee.

Section 3 of the Procedures provides further detail of how Collateral should be transferred, and Cash Payments made, by Clearing Members to LCH.Clearnet SA.

2.2 Margin

(a) Margin Requirement

For each Margin Account of each Clearing Member, the Margin Requirement consists of the following components:

- (i) Initial Margin;
- (ii) Short Charge Margin;
- (iii) Recovery Risk Margin;
- (iv) Self-Referencing Protection Margin;
- (v) Interest Rate Risk Margin;
- (vi) Liquidity and Concentration Risk Margin;
- (vii) Accrued Fixed Amount Liquidation Risk Margin;
- (viii) Credit Event Margin;
- (ix) Additional Margin;
- (x) in respect of the House Margin Requirement only: Credit Quality Margin; and
- (xi) Contingency Variation Margin.

Details of each of these components are set out below.

(b) Timing for calculation of the Margin Requirement

LCH.Clearnet SA will calculate the Margin Requirement for each Margin Account of each Clearing Member on each Business Day:

- (i) by no later than 04:00 CET, which will be the Margin Requirement for the Morning Call; and
- (ii) whenever a position corresponding to the relevant trade leg of an Eligible Intraday Transaction is pre-registered in the relevant Clearing Member's Account Structure, in accordance with Section 3.1.7 of the CDS Clearing Rule Book, and the Intraday Novation Margin Requirement is calculated. The most recently calculated Margin Requirement for each Margin Account will be the Margin Requirement used for each of the First Intraday Call and the Second Intraday Call.

LCH.Clearnet SA will notify each Clearing Member of the Margin Requirement for each of its Margin Accounts through the relevant Margin Requirements Results File(s), in each case in accordance with, subject to and at the times set out in Section 5 of the Procedures.

(c) Variation Margin Requirement

Each Clearing Member is required to pay to LCH.Clearnet SA (or is entitled to receive from LCH.Clearnet SA, as applicable) Variation Margin to cover its Total Client Variation Margin Requirement and/or its House Variation Margin Requirement, as detailed in Paragraph 2.13 below and in Section 3 of the Procedures, provided that in any case, if an FCM Clearing Member is required to make Cash Payments in respect of its Total Client Variation Margin Requirement for the purposes of a Collateral Call, such payment will always occur five minutes later than the time slot used to transfer the Collateral to satisfy the Required Collateral Amount, in accordance with Chapter 2 of Title IV of the CDS Clearing Rule Book and Section 3 of the Procedures, or such later time as is permitted by the CDS Clearing Rule Book.

(d) Aggregate Margin for Cleared Transactions which reference a single Reference Entity

Notwithstanding anything to the contrary in the CDS Clearing Documentation, the sum of the aggregate Variation Margin, Initial Margin and the Credit Event Margin that can be called from a Clearing Member that is a CDS Seller in respect of a Cleared Transaction referencing a single Reference Entity may not exceed the Floating Rate Payer Calculation Amount in respect of such Cleared Transaction.

(e) Additional Collateral in respect of Client Cleared Transactions of a "non-hedging nature" of an FCM Clearing Member

Each FCM Clearing Member shall ensure that with respect to a Client Cleared Transaction registered in its FCM Client Trade Account(s) that is of a "non-hedging nature" (as such term is used in Part 39 of the CFTC Regulations), it shall collect additional Collateral from the relevant FCM Client in respect of such Client Cleared Transaction at a level of 10% above the FCM Client Margin Requirement that LCH.Clearnet SA would normally require for such Client Cleared Transaction.

In connection with article 6.2.6.1 of the CDS Clearing Rule Book and this Paragraph 2.2 (e), FCM Clearing Members are not required to lodge such additional Collateral with LCH.Clearnet SA which is in excess of the relevant FCM Client Margin Requirement.

- (f) Determination of the Legally Segregated Value ascribed to each FCM Client Financial Account

In accordance with Section 3.2 of the Procedures, LCH.Clearnet SA will calculate the FCM Margin Balance with respect to each FCM Client Margin Account of an FCM Clearing Member by determining the Legally Segregated Value recorded in the relevant FCM Client Financial Account.

LCH.Clearnet SA will determine the Legally Segregated Value of each FCM Clearing Member at the following times:

- (i) after the FCM Clearing Member's satisfaction of the Morning Call to reflect any increase or decrease in the relevant FCM Client Margin Requirement calculated for the purpose of the Morning Call in accordance with Article 6.2.5.1 (ii) of the CDS Clearing Rule Book;
- (ii) after the FCM Clearing Member's satisfaction of any Collateral Call (other than the Morning Call) to reflect only any increase in the relevant FCM Client Margin Requirement calculated for the purpose of such Collateral Call; and
- (iii) after each determination of the value of Collateral recorded in the FCM Client Collateral Account provided that (x) there is a decrease in the value resulting from this determination; and (y) such decrease will reduce the Legally Segregated Value in accordance with Article 6.2.4.3 (ii) of the CDS Clearing Rule Book.

LCH.Clearnet SA will record the amended Legally Segregated Value resulting from such determination in the relevant FCM Client Financial Account.

- (g) Calculation of Margin following a Payment Failure or the issuance of a Default Notice in respect of a Clearing Member

Pursuant to Article 1.2.9.2 and Article 4.3.2.3 of the CDS Clearing Rule Book, LCH.Clearnet SA may withhold payments it would otherwise be obliged to make to a Clearing Member under the CDS Clearing Documentation.

Where LCH.Clearnet SA withholds the payment (or repayment or reimbursement) of Margin due in respect of a Client Margin Account of the Clearing Member, LCH.Clearnet SA shall nevertheless continue to calculate the Margin that is due, in accordance with the CDS Clearing Rules, and update the records which are attributable to the relevant Client Collateral Account. As appropriate, any Margin which is calculated to be due in respect of the relevant Client Margin Account shall be an "accrual", forming part of the Client Assets which will either be:

- (i) ported in accordance with Clause 4.3.1(ii) of the CDS Default Management Process;
- (ii) taken into account when calculating the Client Clearing Entitlement pursuant to Clause 4.4.3 of the CDS Default Management Process; or

- (iii) transferred to a Receiving Clearing Member pursuant to TITLE V, Chapter 3 for CCMs and TITLE VI, Chapter 3 for FCM Clearing Members.

2.3 **Excess Collateral and the Client Collateral Buffer**

(a) House Excess Collateral

A Clearing Member is entitled (but not obliged) to maintain Collateral over and above that which is needed to satisfy its House Margin Requirement. Such House Excess Collateral will be maintained in its House Collateral Account, in which case it will be used for the novation of House Trade Legs and taken into account by LCH.Clearnet SA when it calculates the amount of Collateral which is needed for the House Margin Account, as part of the Notional and Collateral Check (as set out in Paragraph 2.5(b) (i) below).

(b) Client Excess Collateral

A CCM is entitled to maintain Collateral over and above that which is needed to satisfy the CCM Client Margin Requirement in respect of any of its CCM Client Margin Accounts. Such CCM Client Excess Collateral will be maintained in a CCM Client Collateral Account, in which case it will be used for the novation of Client Trade Legs and taken into account by LCH.Clearnet SA when it calculates the amount of Collateral which is needed for the relevant CCM Client Margin Account, as part of the Notional and Collateral Check (as set out in Paragraph 2.5(b)(i) below).

An FCM Clearing Member is not authorised to post additional Collateral over and above that which is needed to satisfy the FCM Client Margin Requirement in respect of any of its FCM Client Margin Accounts. Any FCM Client Excess Collateral recorded in any of its FCM Client Financial Accounts and resulting from any decrease of the Initial Margin in relation to the attached FCM Client Margin Account during a Clearing Day will be used for the novation of Client Trade Legs and taken into account by LCH.Clearnet SA when it calculates the amount of Collateral which is needed for the relevant FCM Client Margin Account, as part of the Notional and Collateral Check, until the next Morning Call.

(c) Client Collateral Buffer

A Clearing Member is entitled (but not obliged) to maintain:

- (i) in the case of a CCM, Collateral in its Buffer Collateral Account; and
- (ii) in the case of an FCM Clearing Member, an amount of Collateral recorded in its FCM Buffer Financial Account,

specifically for the purpose of assisting Clients to satisfy the Notional and Collateral Check performed by LCH.Clearnet SA prior to novation of a Client Trade Leg of an Eligible Intraday Transaction.

Where a Clearing Member holds:

- (i) in the case of a CCM, Collateral in its Buffer Collateral Account; and
- (ii) in the case of an FCM Clearing Member, an amount of Collateral recorded in its FCM Buffer Financial Account,

the Available Client Collateral Buffer (or portion thereof) will be allocated to its Client Margin Account(s) on an automatic 'first in time' basis, meaning that whenever a Client Trade Leg of an Eligible Intraday Transaction is received by LCH.Clearnet SA and the Eligibility Controls and Client Transaction Checks have been successfully completed pursuant to Article 3.1.4.3, LCH.Clearnet SA will allocate the Available Client Collateral Buffer (or portion thereof) to the relevant Client Margin Account where the relevant Client Excess Collateral is otherwise insufficient to satisfy the Notional and Collateral Check. For the avoidance of doubt, a Clearing Member has no discretion or ability to instruct LCH.Clearnet SA as to which Client Margin Account(s) the Available Client Collateral Buffer should be allocated to.

LCH.Clearnet SA shall reflect how the Client Collateral Buffer has been allocated between the Client Margin Account(s) of a Clearing Member in its books and records but the Collateral comprising the Client Collateral Buffer shall, at all times (save where the relevant Clearing Member is a Defaulting Clearing Member or, in respect of a CCM, following an LCH Default), remain, in the case of a CCM, in the Buffer Collateral Account, and in the case of an FCM Clearing Member, the amount of such Collateral recorded in the FCM Buffer Financial Account.

Where:

- (i) Client Collateral Buffer has been allocated to a Client Margin Account of a Clearing Member; and
- (ii) there is a decrease in the Client Margin Requirement calculated in respect of such Client Margin Account following the novation of the Client Trade Leg of an Eligible Intraday Transaction,

the amount of the Client Collateral Buffer allocated to such Client Margin Account will be reduced by an amount equal to the decrease in such Client Margin Requirement and such amount will then become Available Client Collateral Buffer.

Following the occurrence of an Event of Default or, in respect of a CCM, an LCH Default, an amount of Collateral equal to the Allocated Client Collateral Buffer for the relevant Client Margin Account will be transferred:

- (i) in the case of a CCM, from the Buffer Collateral Account of the Defaulting Clearing Member to the relevant CCM Client Collateral Account; or
- (ii) in the case of an FCM Clearing Member, from the FCM Buffer Financial Account of the Defaulting Clearing Member to the relevant FCM Client Financial Account,

in accordance with Article 1.3.1.3(iv) of the CDS Clearing Rule Book or clause 4.2 of the CDS Default Management Process, as applicable.

(d) The House Excess Collateral Threshold and Client Collateral Buffer Threshold

Where a Clearing Member wishes to transfer additional Collateral to LCH.Clearnet SA with a view to maintaining House Excess Collateral and/or Client Buffer Collateral as described in Paragraphs 2.3(a) and (c) above, it must notify LCH.Clearnet SA of its:

- (i) House Excess Collateral Threshold; and/or
- (ii) Client Collateral Buffer Threshold.

To set its House Excess Collateral Threshold and/or Client Collateral Buffer Threshold for a Business Day (D), a Clearing Member must notify LCH.Clearnet SA by submitting the form (which is available on the Website) by email at the email address specified in Paragraph 2.1. The form must be received by LCH.Clearnet SA by no later than 12.00 CET on D-1. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant form. Accordingly, the Clearing Member should confirm its request no later than 12:00 CET by a phone call to LCH.Clearnet SA's Risk Management Department on +33 1 70 37 10 43, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

Once a Clearing Member has notified LCH.Clearnet SA of its House Excess Collateral Threshold and/or Client Collateral Buffer Threshold, LCH.Clearnet SA will apply this in the context of each successive Collateral Call, until such time as the relevant Clearing Member notifies LCH.Clearnet SA of an amended House Excess Collateral Threshold and/or Client Collateral Buffer Threshold.

2.4 Collateral and Cash Payments

(a) Types of Collateral and currencies for Cash Payments

Section 3 of the Procedures sets out the Collateral types which a Clearing Member can transfer, and currencies in which Cash Payments can be made, to LCH.Clearnet SA to satisfy its obligations in respect of each of the Margin components listed in Paragraph 2.2 above and for the purposes of maintaining Excess Collateral and/or Client Collateral Buffer.

(b) Transferring Collateral and making Cash Payments

Further details on the process for:

- (i) transferring Collateral to satisfy the Required Collateral Amount;
- (ii) transferring additional Collateral to LCH.Clearnet SA with a view to maintaining Excess Collateral in one or more Collateral Account(s), if applicable or substituting for another type of Collateral; and
- (ii) making Cash Payments, to satisfy the Total Client Variation Margin Requirement and/or House Variation Margin Requirement of each Clearing Member;

are set out in Section 3 of the Procedures.

(c) Repayment of Collateral

References, in this Section 2 of the Procedures, to the "repayment" or "reimbursement" of Margin shall mean that:

- (i) the amount called from a Clearing Member in respect of the relevant Margin component shall, from such point, be reduced to zero in respect of the relevant Open Positions; and
- (ii) the value of any Collateral that has been transferred to LCH.Clearnet SA in respect of such Margin component shall be taken into account by LCH.Clearnet SA in calculating the relevant Clearing Member's Margin Balance in accordance with Section 3 of the Procedures.

2.5 Payment of the Margin Requirement, Variation Margin and provision of Excess Collateral and Client Collateral Buffer

(a) Morning Call

(i) Scheduled Margin Calculation Time

The Margin Requirement and Variation Margin Requirement for each Margin Account of a Clearing Member is calculated on each Business Day by 07.45 CET.

The relevant Margin Requirement Results File, provided as part of the Backloading Transaction Reports, will notify each Clearing Member of its:

- (A) Margin Requirement for the Morning Call (and each component thereof);
- (B) Margin Balance;
- (C) Excess Collateral or Margin Shortfall (as the case may be);
- (D) Variation Margin Requirement, and
- (E) House Excess Collateral Threshold and Client Collateral Buffer Threshold,

for the relevant Margin Accounts in accordance with and subject to Section 5 of the Procedures.

Each Clearing Member is required to:

- (x) transfer Collateral to satisfy the Required Collateral Amount, and
- (y) make Cash Payments in respect of its House Variation Margin Requirement and in the case of a CCM only, its Total Client Variation Margin Requirement,

between 08.30 CET and 08.55 CET in accordance with Section 4.2.3 of the CDS Clearing Rule Book and Section 3 of the Procedures, or such later time as is permitted by the CDS Clearing Rule Book.

In addition, each FCM Clearing Member is required to make Cash Payments in respect of its Total Client Variation Margin Requirement between 9.00 CET and 9.05 CET in accordance with Section 4.2.3 of the CDS Clearing Rule Book and Section 3 of the Procedures, or such later time as is permitted by the CDS Clearing Rule Book

Following such transfer of Collateral and/or Cash Payments by an FCM Clearing Member, any FCM Client Excess Collateral recorded in any of its FCM Client Financial Accounts will be moved into the FCM Unallocated Client Collateral Financial Account and recorded as FCM Unallocated Client Excess Collateral.

If a Backloading Failure occurs, LCH.Clearnet SA will issue Intraday Call Reports, in accordance with and subject to Section 5 of the Procedures, to all Clearing Members, setting out in respect of each Margin Account of each Clearing Member:

- (A) Margin Requirement (and each component thereof);
- (B) Margin Balance;
- (C) Excess Collateral or Margin Shortfall (as the case may be);
- (D) Variation Margin Requirement; and
- (E) House Excess Collateral Threshold and Client Collateral Buffer Threshold.

(b) Margin calculations during the Real Time Session

(i) Intraday Novation Margin Requirement

As part of the Notional and Collateral Checks performed by LCH.Clearnet SA, in order to clear Intraday Transactions on a 'trade by trade' basis, LCH.Clearnet SA will calculate the Intraday Novation Margin Requirement.

LCH.Clearnet SA will calculate the Intraday Novation Margin Requirement in respect of the relevant Clearing Member's Margin Account when LCH.Clearnet SA pre-registers a position corresponding to the relevant trade leg of an Eligible Intraday Transaction in accordance with Section 3.1.7 of the CDS Clearing Rule Book. The calculation identifies the additional, or reduced, risk exposure (as applicable) which would be attributable to the relevant Margin Account following the novation of such pre-registered positions, and accordingly the Intraday Novation Margin Requirement may either be a positive or negative figure.

Following the calculation of such Intraday Novation Margin Requirement, LCH.Clearnet SA will recalculate the Available Client Collateral Buffer and, in respect of the relevant Margin Account, the Margin Requirement and the Excess Collateral for such Margin Account. These calculations will be undertaken on the assumption that the relevant Eligible Intraday Transactions, accounted for in the calculation of the Intraday Novation Margin Requirement, will be novated as contemplated. If the relevant Eligible Intraday Transactions are not novated for any reason, LCH.Clearnet SA will refresh its calculations to

determine the Available Client Collateral Buffer plus the Margin Requirement and Excess Collateral for the relevant Margin Account.

LCH.Clearnet SA shall only calculate the Intraday Novation Margin Requirement for a Margin Account during the Real Time Session. Where the relevant Business Day is a Clearing Day and the Real Time Session does not take place, no calculation of the Intraday Novation Margin Requirement will be performed by LCH.Clearnet SA on such Business Day.

In the event LCH.Clearnet SA determines that there is a positive Intraday Novation Margin Requirement for a Margin Account and there is insufficient:

- (A) House Excess Collateral; or
- (B) Client Excess Collateral and/or Available Client Collateral Buffer which can be allocated to the relevant Client Margin Account,

as applicable, to satisfy such Intraday Novation Margin Requirement, the relevant Eligible Intraday Transaction will become a Rejected Transaction.

For the avoidance of doubt, in the event LCH.Clearnet SA determines that there is a neutral or negative Intraday Novation Margin Requirement (due to the pre-registered position corresponding to the relevant trade leg of an Eligible Intraday Transaction being set off against Open Positions registered in the relevant Margin Account), none of the House Excess Collateral, Client Excess Collateral and/or Available Client Collateral, as applicable, will be used or applied for the purpose of satisfying the Notional and Collateral Check.

LCH.Clearnet SA will perform a reporting update in respect of each Clearing Member's Margin Account ten times per Business Day (by 10.00 CET, 10.55 CET, 12.30 CET, 13.30 CET, 14.15 CET, 14:55 CET, 16.15 CET, 17.00 CET, 18.00 CET and 19.00 CET) in order to inform such Clearing Member of the updated Margin Requirement for each Margin Account, level of Excess Collateral and/or Client Collateral Buffer recorded in, or allocated to, the relevant Collateral Accounts.

(ii) Intraday Call

LCH.Clearnet SA will perform an Intraday Call twice per Business Day (by 11.25 CET (the "**First Intraday Call**") and 15.25 CET (the "**Second Intraday Call**") in order, if necessary, to transfer Collateral to satisfy the Required Collateral Amount and to make Cash Payments.

Where the relevant Business Day is a Clearing Day, the First Intraday Call and the Second Intraday Call will not be performed to the extent there is no Real Time Session, on that Clearing Day.

The Margin Requirement in respect of each Margin Account of a Clearing Member for an Intraday Call will be the latest Margin Requirement calculated on that Clearing Day.

First Intraday Call:

During the First Intraday Call, LCH.Clearnet SA will issue to each Clearing Member the relevant risk management and collateral management reports (as set out in Section 5 of the Procedures), which will notify each such Clearing Member of its House Excess Collateral Threshold and Client Collateral Buffer Threshold and, in respect of each Margin Account, the:

- (A) Margin Requirement for the First Intraday Call (and each component thereof);
- (B) Excess Collateral or Margin Shortfall (as the case may be);
- (C) Margin Balance; and
- (D) Variation Margin Requirement (only in respect of Backloading Transactions novated following the Morning Call on the relevant Clearing Day);

in accordance with and subject to Section 5 of the Procedures.

Second Intraday Call:

During the Second Intraday Call, LCH.Clearnet SA will issue to each Clearing Member the relevant risk management and collateral management reports (as set out in Section 5 of the Procedures), which will notify each such Clearing Member of its House Excess Collateral Threshold and Client Collateral Buffer Threshold and, in respect of each Margin Account, the:

- (A) Margin Requirement for the Second Intraday Call (and each component thereof);
- (B) Excess Collateral or Margin Shortfall (as the case may be); and
- (C) Margin Balance;

in accordance with and subject to Section 5 of the Procedures.

Each Clearing Member is required to transfer Collateral to satisfy its Required Collateral Amount and to make Cash Payments in respect of its Variation Margin Requirement, in respect of each Margin Account, as set out in Section 3 of the Procedures.

2.6 Reports

All files and reports, mentioned in this Section 2 of the Procedures, will be available to Clearing Members through the ~~eCCW website and the LCAP reporting mechanism~~. If the ~~eCCW website and the LCAP reporting mechanisms~~ are, for any reason unavailable, LCH.Clearnet SA will otherwise make such reports available to Clearing Members at the requisite time.

Please see Section 5 of the Procedures for further details about the relevant files and reports.

2.7 Initial Margin, Short Charge Margin, Self-Referencing Protection Margin, Recovery Risk Margin and Interest Rate Risk Margin

Initial Margin, Short Charge Margin, Self-Referencing Protection Margin, Recovery Risk Margin and Interest Rate Risk Margin cover the potential costs caused by a Defaulting Clearing Member and/or a double Event of Default, i.e. a combined Credit Event of a Reference Entity and a Clearing Member Event of Default (in which the Clearing Member is a CDS Seller).

(a) Initial Margin

The Initial Margin is calculated using the Value-at-Risk (VaR) model which is based on the following principles: at the Margin Account level, a distribution of potential losses is built from simulated scenarios based on the joint credit spread variations observed in the past. LCH.Clearnet SA then determines the Initial Margin based on a quantile of the worst losses that the Margin Account could bear in the case of unfavourable credit spread fluctuations.

The Initial Margin calculated in respect of the House Margin Account covers the potential costs of liquidating House Cleared Transactions of the Defaulting Clearing Member whilst the Initial Margin calculated in respect of each Client Margin Account covers the potential costs of liquidating any Non-Ported Cleared Transactions attributable to such Client Margin Account. It covers the potential future credit spread fluctuations in case of unfavourable market movements under normal circumstances.

With respect to each Margin Account of each Clearing Member:

- (i) Cleared Transactions for which the relevant Clearing Member acts as CDS Buyer are treated as assets with positive liquidation value; and
- (ii) Cleared Transactions for which the relevant Clearing Member acts as CDS Seller are treated as liabilities with negative liquidation value.

(b) Initial Margin Floor

LCH.Clearnet SA may, by Clearing Notice, specify an Initial Margin Floor applicable to a particular CDS Type approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee.

Where the calculation of Initial Margin would result in the Initial Margin for any Margin Account of a Clearing Member being less than the Initial Margin Floor, the Initial Margin requirement for such Margin Account shall be equal to the Initial Margin Floor.

(c) Short Charge Margin

Where a Clearing Member is acting as a CDS Seller, Short Charge Margin will be required to cover the risk that the Clearing Member is subject to an Event of Default at the same time as a Credit Event occurs with respect to a Reference Entity.

The Short Charge Margin is calculated using an algorithm, approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee, based on the Open Positions registered in the relevant Margin Account of the Clearing Member.

(d) Self-Referencing Protection Margin

Where a Clearing Member is acting as a CDS Seller in respect of a Cleared Transaction for which such Clearing Member is, or becomes, the Reference Entity, Self-Referencing Protection Margin will be required to cover the protection that would have to be paid by LCH.Clearnet SA with respect to this Clearing Member should the Clearing Member be subject to an Event of Default.

The Self-Referencing Protection Margin is calculated using an algorithm, approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee, based on the Open Positions registered in the relevant Margin Account of the Clearing Member.

(e) Recovery Risk Margin

Recovery Risk Margin covers the risk of future price fluctuations in case of unfavourable recovery rate movements under normal circumstances and when liquidating a Defaulting Clearing Member's portfolio of House Cleared Transactions or Non-Ported Cleared Transactions.

The Recovery Risk Margin is calculated using an algorithm, approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee, based on the Open Positions registered in the relevant Margin Account of the Clearing Member.

(f) Interest Rate Risk Margin

Interest Rate Risk Margin covers the risk of future price fluctuations in case of unfavourable interest rate movements under normal circumstances and when liquidating a Defaulting Clearing Member's portfolio of House Cleared Transactions or Non-Ported Cleared Transactions.

The Interest Rate Risk Margin is calculated using an algorithm, approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee, based on the Open Positions registered in the relevant Margin Account of the Clearing Member.

2.8 Liquidity and Concentration Risk Margin

Liquidity and Concentration Risk Margin is required to cover the bid-ask spread incurred when liquidating the House Cleared Transactions or the Non-Ported Cleared Transactions of a Defaulting Clearing Member. The size of this bid-ask spread will increase if the positions exceed predetermined thresholds in respect of the relevant credit default swap index or Reference Entity. Further details of the thresholds are available on a Clearing Notice published on the Website and/or upon request from LCH.Clearnet SA's Risk Management Department on +33 1 70 37 10 43 or Lchclearnetsa_CDS_Risk@lchclearnet.com.

Liquidity and Concentration Risk Margin is calculated:

- (a) in respect of the House Margin Account of a Clearing Member to cover the potential costs of hedging or liquidating the House Cleared Transactions in case an Event of Default occurs in respect of such Clearing Member; and

- (b) in respect of a Client Margin Account of a Clearing Member to cover the potential costs of hedging or liquidating the Non-Ported Cleared Transactions attributable to such Client Margin Account in case an Event of Default occurs in respect of such Clearing Member.

The Liquidity and Concentration Risk Margin is calculated using an algorithm (including thresholds) approved by the board of directors of LCH.Clearnet SA following consultation with the Risk Committee.

2.9 Accrued Fixed Amount Liquidation Risk Margin

Each Clearing Member acting as a CDS Buyer is required to pay Accrued Fixed Amount Liquidation Risk Margin in respect of the relevant Cleared Transactions to cover the risk that it is subject to an Event of Default and accrued Fixed Amounts are due during the period that the relevant House Cleared Transactions or Non-Ported Cleared Transactions, as applicable, are liquidated pursuant to the CDS Default Management Process.

The Accrued Fixed Amount Liquidation Risk Margin is calculated daily for each Margin Account of each Clearing Member and corresponds to the aggregate amount of daily Fixed Amounts for such CDS Buyer pursuant to its Cleared Transactions during a rolling forward-looking period of 5 Business Days.

2.10 Credit Event Margin

Each Clearing Member acting as a CDS Seller is required to pay Credit Event Margin in respect of the relevant Cleared Transactions to cover the risk of non-payment by the CDS Seller where a Credit Event occurs with respect to the Reference Entity which is the subject of the Cleared Transaction(s).

Credit Event Margin will be calculated by LCH.Clearnet SA for each Margin Account of each Clearing Member, on each Business Day from the date of the relevant DC Credit Event Announcement until the settlement process in respect of such Cleared Transaction has been completed (including Physical Settlement as set out in the CDS Clearing Supplement, or Auction Settlement, as applicable) or any disputes in relation thereto have been finally resolved. The calculation of the Credit Event Margin is based on an estimated recovery rate of the Affected Cleared Transaction or the Restructuring Cleared Transaction, as the case may be, and the exposure of LCH.Clearnet SA by reference to the notional amount of the Clearing Member's Cleared Transaction(s) affected by the Credit Event.

Credit Event Margin will be reimbursed to the CDS Seller on the Business Day following completion or resolution of the settlement process (including Physical Settlement, or Auction Settlement and/or index re-versioning, as applicable) or the day on which settlement can no longer occur in respect of such Credit Event (including without limitation because no relevant Credit Event Notice or Notice of Physical Settlement is delivered within the required timeframes).

In the event that a DC Credit Event Announcement made in relation to a Credit Event is reversed then LCH.Clearnet SA shall reimburse each Clearing Member with the amount of any Credit Event Margin on the next following Business Day in accordance with Section 3 of the Procedures.

2.11 Additional Margin

A Clearing Member will be required to pay Additional Margin for each Margin Account in respect of which the Margin Account Uncovered Risk is greater than x% of the current value of the CDS Default Fund.

Additional Margin will be equal to the difference between x% of the current value of the CDS Default Fund and the relevant Margin Account Uncovered Risk on such Business Day.

The number x will depend on the internal credit score that LCH.Clearnet SA attributes to each Clearing Member and will be the same for each Margin Account of the Clearing Member. Any change to the number x will be communicated to the Clearing Member.

When Additional Margin is required to be paid to LCH.Clearnet SA, or the amount of Additional Margin payable is increased due to a change in the relevant Margin Account Uncovered Risk, LCH.Clearnet SA will notify the Clearing Member in the Margin Requirements Results File pursuant to Section 5 of the Procedures.

2.12 Variation Margin

Variation Margin is an amount exchanged on each Business Day between the Clearing Member and LCH.Clearnet SA to account for the potential profit or loss on a Cleared Transaction due to the variation of the market value of a CDS.

It covers price fluctuations which have occurred since the registration of each Cleared Transaction. LCH.Clearnet SA will calculate the Variation Margin payable in respect of each Margin Account of each Clearing Member as the difference between:

- (a) the net position value of the relevant Open Positions registered at the time of calculation in the relevant Margin Account on the current Business Day; and
- (b) the net position value of the Open Positions registered in the relevant Margin Account on the immediately preceding Business Day.

In respect of a Margin Account of a Clearing Member, the Variation Margin Requirement is determined:

- (a) at the Morning Call: in respect of Open Positions already registered in a Margin Account; and
- (b) at the First Intraday Call: in respect of Backloading Transactions novated further to the Morning Call.

The net position value of an Open Position is equal to:

- (a) the End of Day Contributed Prices provided to LCH.Clearnet SA in accordance with Article 4.2.9.1 of the CDS Clearing Rule Book and Section 5 of the Procedures (or, where such End of Day Contributed Prices are not available to LCH.Clearnet SA, the prices/spreads as set out in Article 4.2.9.1 of the CDS Clearing Rule Book and Section 5 of the Procedures); *plus*
- (b) accrued coupon payments, *minus*

- (c) an amount equal to the Initial Payment Amount where the Clearing Member is required to pay the Initial Payment Amount, in accordance with Section 3 of the CDS Clearing Supplement, but has not made such payment as at the relevant Business Day (if applicable); *plus*
- (d) an amount equal to the Initial Payment Amount where the Clearing Member is entitled to receive the Initial Payment Amount, in accordance with Section 3 of the CDS Clearing Supplement, but has not received such payment as at the relevant Business Day (if applicable).

Where the difference between the net position values of a Clearing Member's Margin Account is:

- (a) a negative amount: such Clearing Member owes Variation Margin to LCH.Clearnet SA (and will be considered a Variation Margin debtor in relation to such Margin Account); or
- (b) a positive amount: LCH.Clearnet SA owes Variation Margin to such Clearing Member.

On the basis of these calculations, LCH.Clearnet SA will determine the Total Client Variation Margin Requirement and/or the House Variation Margin Requirement which will trigger Cash Payment(s) to be made by the Clearing Member and/or LCH.Clearnet SA in accordance with Section 3 of the Procedures.

The amount of Variation Margin paid or received by LCH.Clearnet SA to or from a Clearing Member may be adjusted in accordance with Clause 7 of the CDS Default Management Process.

2.13 Contingency Variation Margin

Contingency Variation Margin is calculated in respect of Backloading Transactions and new Cleared Transactions arising from the novation of Eligible Intraday Transactions. It is intended to cover the risk that the Clearing Member fails to make Cash Payment(s) to meet the Variation Margin Requirement in respect of each of its Margin Accounts at the next relevant Collateral Call.

Contingency Variation Margin is called from a Clearing Member in place of the Variation Margin which LCH.Clearnet SA determines would have been owed by such Clearing Member had such Clearing Member been required to make a Cash Payment to satisfy the Variation Margin Requirement in relation to the relevant Margin Account at that point in time (being the time of the Morning Call, the First Intraday Call or the Second Intraday Call, as described below).

Contingency Variation Margin is called (as applicable) in relation to each Margin Account of a Clearing Member:

- (a) in respect of Backloading Transactions: during the Morning Call.

Contingency Variation Margin paid by a Clearing Member during the Morning Call is repaid to such Clearing Member at the First Intraday Call if the required Variation Margin has been paid by such Clearing Member at the First Intraday Call in accordance with Paragraph 2.13 above.

- (b) in respect of Eligible Intraday Transactions: during the First Intraday Call and/or the Second Intraday Call.

Contingency Variation Margin paid by a Clearing Member during the First Intraday Call and/or the Second Intraday Call is repaid to such Clearing Member at the Morning Call on the following Business Day if the required Variation Margin has been paid by such Clearing Member at the relevant Morning Call in accordance with Paragraph 2.13 above.

2.14 Price Alignment Interest

Each Clearing Member that receives Variation Margin payments from LCH.Clearnet SA is required to pay Price Alignment Interest. LCH.Clearnet SA shall pay Price Alignment Interest to each Clearing Member that pays Variation Margin in accordance with Paragraph 2.13 above. The A0102E Report published in accordance with and subject to Section 5 of the Procedures and received by each Clearing Member on each Business Day shall indicate the amount of Price Alignment Interest paid or received by a Clearing Member.

These payments are made in order to minimise distortion of pricing for Original Transactions cleared through LCH.Clearnet SA as a result of daily Variation Margin payments and changes in the net present value of Open Positions.

Price Alignment Interest is calculated for each Clearing Member by LCH.Clearnet SA using the interest rate prevailing on that Business Day, as published by LCH.Clearnet SA on the Website, on the basis of the net position value of the Open Positions registered in the Margin Accounts of the Clearing Member on the immediately preceding Business Day.

2.15 Credit Quality Margin

LCH.Clearnet SA may require a Clearing member to provide Credit Quality Margin when LCH.Clearnet SA determines that the credit quality of such Clearing Member has deteriorated, depending on the internal credit score that LCH.Clearnet SA attributes to the relevant Clearing Member: (i) following monitoring carried out in accordance with Article 2.3.2.1 of the CDS Clearing Rule Book; and/or (ii) in the circumstances set out in Article 4.2.1.2 of the CDS Clearing Rule Book.

On each Business Day, Credit Quality Margin will be equal to the higher of the amounts calculated as follows:

- (a) $(Y-1)*MR$ where Y stands for the credit multiplier applied to the Clearing Member's Margin Requirements and MR stands for the Clearing Member's Margin Requirements; or
- (b) $X*(Stress\ Risk - MR)$ where X stands for the stress risk percentage and (Stress Risk – MR) stands for the Clearing Member's Member Uncovered Risk.

Credit multipliers and stress risk percentage are determined in accordance with the methodology established by LCH.Clearnet SA. Credit multipliers which can be applied range from 1 to 1.4, meaning that the additional liability for any Clearing Member is capped at 40% of the relevant Clearing Member's Margin Requirement. The stress risk percentage ranges between 0% and 100% of the Member Uncovered

Risk, meaning that the additional liability for any Clearing Member is capped at 100% of the relevant Clearing Member's Member Uncovered Risk.

LCH.Clearnet SA assesses the amount of the Credit Quality Margin across each of the Margin Accounts of a Clearing Member. Credit Quality Margin will only be called in relation to a Clearing Member's House Margin Account.

LCH.Clearnet SA may update a Clearing Member's credit multiplier or the stress risk percentage that should apply: (i) following monitoring carried out in accordance with Article 2.3.2.1 of the CDS Clearing Rule Book; and/or (ii) in the circumstances set out in Article 4.2.1.2 of the CDS Clearing Rule Book. LCH.Clearnet SA will notify a Clearing Member of the Credit Quality Margin that has been called in the Margin Requirements Results File in accordance with Section 5 of the Procedures.

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**LCH.Clearnet SA
CDS Clearing Procedures
Section 5 - CDS Clearing Operations
~~22.09.2014~~**



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Capitalised terms used in this CDS Clearing Operations Procedure and not otherwise defined herein shall have the meaning given pursuant to the remainder of the CDS Clearing Documentation, as such term is defined in the document entitled "CDS Clearing Rule Book" published by LCH.Clearnet SA, as amended from time to time.

5.1 THE CDS CLEARING SERVICE

(a) Membership of Industry Organisations or Systems

Pursuant to Article 2.2.6.1 of the CDS Clearing Rule Book, LCH.Clearnet SA designates:

- (i) the Approved Matching Providers identified in a Clearing Notice; and
- (ii) ISDA, TIW and the Approved Matching Providers,

as the industry organisations of which all Clearing Members must be a member (provided that, with respect to AMP membership, a Clearing Member must be a member of at least one (but is not required to be a member of each identified) Approved Matching Provider). LCH.Clearnet SA may, from time to time, and where it is reasonable for it to do so or is otherwise necessary for a Clearing Member to utilise the CDS Clearing Service, designate other industry organisations or systems, and will issue a Clearing Notice where this is the case.

(b) Business Days

A "Business Day" is defined in the CDS Clearing Rule Book. It is every day, except days on which TARGET2 is closed, irrespective of public holidays in France or elsewhere.

(c) Opening Hours

LCH.Clearnet SA is open from 08.00 CET until 19.30 CET on all Business Days. During the Opening Hours the operations team of LCH.Clearnet SA is available. The operations team handles all questions relating to trade management. The customer technical helpdesk is open from 07.00 CET until 22.00 CET for any problem concerning accessing files.

(d) Clearing Days

A "Clearing Day" is defined in the CDS Clearing Rule Book. It is a day on which the CDS Clearing System is open for business. For the avoidance of doubt, all Clearing Days will be Business Days, but not all Business Days will be Clearing Days.

5.2 BACKLOADING TRANSACTIONS

Unless otherwise provided herein, any email required to be sent to LCH.Clearnet SA under this paragraph 5.2 should be sent to the Operations Department at the following email address: lchclearnetsa_do_CDS@lchclearnet.com.

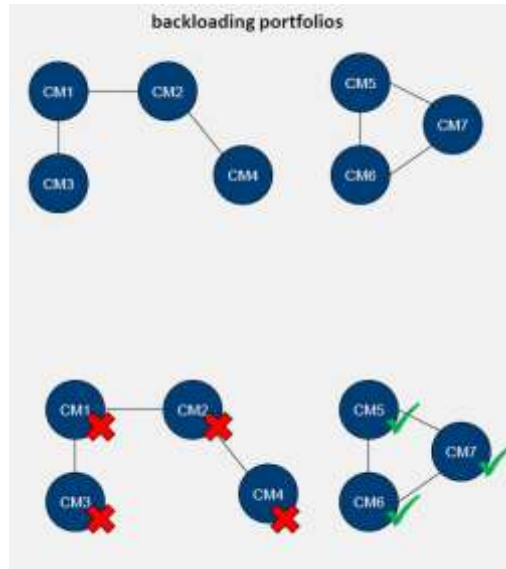
(a) Backloading Failure

Pursuant to Article 3.1.3.1 of the CDS Clearing Rule Book, if a Backloading Failure occurs in respect of one or more Clearing Member(s), the following will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle:

- (i) the trade leg of every Backloading Transaction which was due to give rise to the registration of a Cleared Transaction in the Trade Account(s) of the Failed Backloading Clearing Member(s);
- (ii) the corresponding trade leg(s) for each Backloading Transaction mentioned in Paragraph 5.2(a) (i) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Member other than the Failed Backloading Clearing Member(s) (the "**Counterparty Clearing Member(s)**"); and
- (iii) the following Backloading Transactions, which are "linked" to the Backloading Transactions referenced in Paragraph 5.2(a)(i) and (ii) above for the purposes of Article 3.1.3.1 of the CDS Clearing Rule Book, and comprise:
 - (a) the trade legs of any other Backloading Transactions due to give rise to the registration of a Cleared Transaction in any Trade Account of the Counterparty Clearing Member;
 - (b) the corresponding trade legs of each Backloading Transaction mentioned in Paragraph 5.3 (a)(iii)(a) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Members other than the Failed Backloading Clearing Member(s) and the Counterparty Clearing Member(s) (the "**Indirect Counterparty Clearing Member(s)**").

The provisions of Paragraph 5.3(a)(iii) shall apply *mutatis mutandis* to the Backloading Transactions to which the Indirect Counterparty Clearing Member(s) are party; accordingly, any Backloading Transaction which is "linked" to a Backloading Transaction entered into by an Indirect Counterparty Clearing Member will also be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle.

The following diagram illustrates the Backloading Transactions which will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle.



In this diagram, Backloading Transactions entered into between seven Clearing Members have been considered:

- CM1 has entered into Backloading Transactions with CM2 and CM3;
- CM2 has entered into Backloading Transactions with CM1 and CM4;
- CM3 has entered into Backloading Transactions with CM1;
- CM4 has entered into Backloading Transactions with CM2; and
- CM5, CM6 and CM7 have entered into Backloading Transactions with each other.

Assuming CM1 is a Failed Backloading Clearing Member, the following Backloading Transactions will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle and shall become Rejected Transactions:

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- Backloading Transactions entered into by CM1;
- Backloading Transactions entered into by CM2 and CM3, including any Backloading Transaction which has not been entered into with CM1; and
- Backloading Transactions entered into by CM4 (for the avoidance of doubt, which would also include any Backloading Transaction which was not entered into with CM2 but with other Clearing Members, should it be the case).

Only the Backloading Transactions entered into by CM5, CM6 and CM7 will be novated.

(b) **Weekly Backloading Cycle**

Pursuant to Section 3.1.1 of the CDS Clearing Rule Book, LCH.Clearnet SA operates a Weekly Backloading Cycle in accordance with the timetable set out below. For the avoidance of doubt, only CDS with two House Trade Legs can be submitted for clearing through the Weekly Backloading Cycle.

PROCESSING SCHEDULE OF THE WEEKLY BACKLOADING CYCLE		
No.	Time <small>(all references below are to Continental European Time)</small>	Action
Day 1	Monday (the Weekly Backloading Start Day): By 02:00	LCH.Clearnet SA receives the Gold Records File from DTCC.
	Monday: By:09:30	On the basis of the Gold Records File, LCH.Clearnet SA prepares the Clearing Eligibility Report which it makes available to each Clearing Member via eCCW-any reporting mechanism specified in a Clearing Notice. The Clearing Eligibility Report contains, in respect of each Clearing Member, the Weekly Backloading Transactions which have successfully passed the Eligibility Controls.
Day 2	Tuesday: By 17:00	Each Clearing Member shall upload on eCCW any means of access specified in a Clearing Notice , an updated Clearing Eligibility Report containing only the Weekly Backloading Transactions that such Clearing Member wishes to submit for clearing to LCH.Clearnet SA (the " CM Clearing Eligibility Report "). A Clearing Member may provide an amended CM Clearing Eligibility Report which will replace the previous CM Clearing Eligibility Report upon receipt by LCH.Clearnet SA. If a Clearing Member does not return any CM Clearing Eligibility Report by 17:00, none of its Weekly Backloading Transactions will be included in the Weekly Backloading Cycle.
Day 3	Wednesday:	LCH.Clearnet SA shall carry out the following actions:

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Mis en forme : Couleur de police : Automatique

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	By 08:00	<p>(i) reconcile the CM Clearing Eligibility Reports received from all Clearing Members in order to determine the Weekly Backloading Transactions for which both relevant Clearing Members have designated for clearing in their respective CM Clearing Eligibility Reports. Such matching Weekly Backloading Transactions will constitute the Eligible Weekly Backloading Transactions,</p> <p>(ii) reconcile the Eligible Weekly Backloading Transactions with the latest Gold Records File to ensure that such Eligible Weekly Backloading Transactions have not been removed from the TIW,</p> <p>(iii) provide, on the basis of the results of the reconciliations set out in (i) and (ii) above, each Clearing Member with a DTCC Matching and Eligibility Report containing those of their Eligible Weekly Backloading Transactions which have not been removed from the TIW, and</p> <p>(iv) provide each Clearing Member with the Simulation Margin Requirements Result File which is (x) prepared on the basis of the End of Day Contributed Prices provided to LCH.Clearnet SA on Tuesday in accordance with paragraph 5.15 below and (y) contains an estimate of the House Margin Requirement that would be required if the Eligible Weekly Backloading Transactions contained in the DTCC Matching and Eligibility Report were registered as Cleared Transactions in the Clearing Member's House Account Structure at the time of such estimate.</p>
Day 3	Wednesday: By 11:00	An Eligible Weekly Backloading Transaction may be removed from the Weekly Backloading Cycle provided that (i) both relevant Clearing Members agree to such removal and (ii) each relevant Clearing Member sends an email to LCH.Clearnet SA which specifies the Transaction Data of the Eligible Weekly Backloading Transaction which should be removed from the Weekly Backloading Cycle.
	Wednesday: By 11:00	If it appears that an error has been made by LCH.Clearnet SA in a DTCC Matching and Eligibility Report and the Eligible Weekly Backloading Transactions included in such report are not the same as the Weekly Backloading Transactions of the relevant Clearing Members (save where there is a discrepancy owing to particular Weekly Backloading Transactions having been removed from the TIW between 19:30 on Tuesday and the issuance of the DTCC Matching and Eligibility Report), the relevant Clearing Member shall notify this error by email to LCH.Clearnet SA.

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	<p>Wednesday: By 12:00</p>	<p>If LCH.Clearnet SA confirms that an error has been made in a DTCC Matching and Eligibility Report, the Weekly Backloading Cycle will be cancelled and LCH.Clearnet SA shall inform each Clearing Member of such cancellation by 12:00.</p>
	<p>Wednesday: By 12:00</p>	<p>LCH.Clearnet SA will confirm to each Clearing Member whether the Weekly Backloading Cycle will proceed or not. Upon such confirmation, all Eligible Weekly Backloading Transactions (excluding any Weekly Backloading Transactions that have become Rejected Transactions) shall become Irrevocable Weekly Backloading Transactions.</p>
Day 4	<p>Thursday: (the Weekly Backloading Novation Day) 02:00 – 04:00</p>	<p>Irrevocable Weekly Backloading Transactions will be pre-registered in the House Account Structure of each relevant Clearing Member save:</p> <ul style="list-style-type: none"> (i) Irrevocable Weekly Backloading Transactions which have been removed from the TIW, if any, and/or (ii) Irrevocable Weekly Backloading Transactions which no longer meet all the Eligibility Requirements, if any. <p>Where an Irrevocable Weekly Backloading Transaction is not pre-registered in a Clearing Member's House Account Structure in accordance with this Section 5 of the Procedures, such Irrevocable Weekly Backloading Transaction shall become a Rejected Transaction.</p>
	<p>Thursday: (the Weekly Backloading Novation Day) As soon as technologically practicable after the Morning Call</p>	<p>Novation of the pre-registered Irrevocable Weekly Backloading Transactions which have not become Rejected Transactions will be undertaken by LCH.Clearnet SA.</p>

(c) **Daily Backloading Cycle**

Pursuant to Section 3.1.2 of the CDS Clearing Rule Book, LCH.Clearnet operates the Daily Backloading Cycle in accordance with the timetable set out below. For the avoidance of doubt, CDS having either House Trade Legs or Client Trade Legs can be submitted for clearing through the Daily Backloading Cycle.

PROCESSING SCHEDULE OF THE DAILY BACKLOADING PROCESS		
No.	Time (all references below are to Continental European Time)	Action
Day 1	On any Business Day (D): During the Real Time Session	<p>Upon receipt of Original Transaction Data relating to a Daily Backloading Transaction from an Approved Matching Provider, LCH.Clearnet SA will, in the following order, perform:</p> <ul style="list-style-type: none"> (i) the Eligibility Controls, and (ii) in respect of Client Backloading Transactions only, the Client Transaction Checks (i.e. the process to ensure that each Nominated Clearing Member has consented to the registration of the relevant Client Trade Leg(s), in the relevant Client Trade Account(s)).
	D By 19:30	<ul style="list-style-type: none"> (i) If a Daily Backloading Transaction does not satisfy the Eligibility Controls, or (ii) in respect of a Client Backloading Transactions only, if either Nominated Clearing Member rejects, or fails to respond to, a Consent Request (as defined in paragraph 5.3(a) below) by 19:30, <p>the relevant Daily Backloading Transaction will become a Rejected Transaction and LCH.Clearnet SA will inform the relevant Approved Matching Provider and each relevant Clearing Member.</p>
	D Until 19:30	<p>A Daily Backloading Transaction, which has successfully passed the Eligibility Controls and the Client Transaction Checks (if applicable), can be removed at any time prior to 19:30 from the Daily Backloading Cycle, provided that each of the relevant Clearing Members agrees to such removal and sends an email to LCH.Clearnet SA which specifies the Transaction Data of the Daily Backloading Transaction which should be removed from the Daily Backloading Cycle.</p>

	D By 19:30	<p>All Daily Backloading Transactions which:</p> <ul style="list-style-type: none"> (i) have successfully passed the Eligibility Controls and Client Transaction Checks (if applicable), and (ii) have not been removed from the relevant Daily Backloading Cycle by 19:30 by the relevant Clearing Members, <p>will become Irrevocable Daily Backloading Transactions.</p>
Day 2	D+1 (provided that it is a Clearing Day): 02:00 – 04:00	<p>Irrevocable Daily Backloading Transactions will be pre-registered in the relevant Client Account Structures of each Clearing Member save:</p> <ul style="list-style-type: none"> (i) Irrevocable Daily Backloading Transactions which have been removed from the TIW (where LCH.Clearnet SA is able to ascertain such fact), if any, and/or (ii) Irrevocable Daily Backloading Transactions which no longer meet all the Eligibility Requirements, if any. <p>It is anticipated that LCH.Clearnet SA will be able to ascertain the fact mentioned in (i) above only in respect of House Trade Legs because it is unlikely that Clients will authorise DTCC to provide LCH.Clearnet SA with the details of their entire CDS portfolio.</p> <p>Where an Irrevocable Daily Backloading Transaction is not pre-registered in a Clearing Member's Client Account Structure in accordance with this Section 5 of the Procedures, such Irrevocable Daily Backloading Transaction shall become a Rejected Transaction.</p>
	D+1 (provided that it is a Clearing Day): As soon as technologically practicable after the Morning Call	<p>Novation of the pre-registered Irrevocable Daily Backloading Transactions which have not become Rejected Transactions shall be undertaken by LCH.Clearnet SA.</p>

5.3 CLEARING OF CLIENT TRADE LEGS

(a) The Client Transaction Checks

Upon successful completion of the Eligibility Controls of:

- (i) an Intraday Transaction comprising one or more Client Trade Leg(s), or

- (ii) a Client Backloading Transaction,

LCH.Clearnet SA will request the consent (the “**Consent Request**”) of the Nominated Clearing Member(s) by carrying out the following process:

- (i) If such Intraday Transaction or Client Backloading Transaction has two Client Trade Legs and the relevant Clients do not have the same Nominated Clearing Member: LCH.Clearnet SA will send a Consent Request to each Nominated Clearing Member.
- (ii) If such Intraday Transaction or Client Backloading Transaction has two Client Trade Legs and the relevant Clients have the same Nominated Clearing Member, LCH.Clearnet SA will send two separate Consent Requests, in relation to the relevant Intraday Transaction or Client Backloading Transaction, to such Nominated Clearing Member.
- (iii) If such Intraday Transaction or Client Backloading Transaction has only one Client Trade Leg, LCH.Clearnet SA will send (x) a Consent Request to the Nominated Clearing Member and (y) an automated message to the Clearing Member holding the House Trade Leg confirming the submission for clearing to LCH.Clearnet SA of such Intraday Transaction or Client Backloading Transaction.

A Consent Request shall be processed in accordance with either paragraph 5.3(a) or paragraph 5.3(b).

- (b) **Intraday Transactions and Client Backloading Transactions – Automatic Clearing Member take-up process**

Each Clearing Member may, in respect of each of its Clients, configure the CDS Clearing System so that Intraday Transactions and/or Client Backloading Transactions:

- (i) which are entered into by any such Clients, and
- (ii) in respect of which it is a Nominated Clearing Member,

are deemed to be automatically accepted for clearing upon the sending of the relevant Consent Request(s) to such Nominated Clearing Member (the “**Automatic Take-up Process**”). For the avoidance of doubt, such Nominated Clearing Member shall not be requested to respond to the relevant Consent Request(s).

- (c) **Intraday Transactions and Client Backloading Transactions – Manual Clearing Member take-up process**

For each Client in respect of which no Automatic Take-up Process has been set up by its Clearing Member:

- (i) LCH.Clearnet SA shall send a Consent Request to such Clearing Member, acting in its capacity as Nominated Clearing Member, for each Intraday Transaction or Client Backloading Transaction entered into by such Client; and

- (ii) the relevant Nominated Clearing Member must accept or reject such Consent Request (the **"Manual Take-up Process"**). If the relevant Nominated Clearing Member has not responded to such Consent Request by the End of Real Time on the relevant Clearing Day, the Nominated Clearing Member will be deemed to have rejected the Consent Request and the related Intraday Transaction or Client Backloading Transaction will become a Rejected Transaction.
- (d) **Intraday Transactions and Client Backloading Transactions - Notifications**

Following the Automatic Take-up Process or the Manual Take-up Process, LCH.Clearnet SA will notify the relevant Approved Matching Provider and Clearing Member(s) whether the relevant Intraday Transaction or Client Backloading Transaction has been accepted for clearing.

- (e) **Indirect clearing**

When a CCM Individual Segregated Account Client providing indirect clearing services to CCM Indirect Clients submits a Client Trade Leg of a CDS for the account of a CCM Indirect Client for clearing by LCH.Clearnet SA via an Approved Matching Provider, that CCM Individual Segregated Account Client will indicate the specific trading code allowing for the proper identification of Client Trade Legs submitted for all its CCM Indirect Clients. LCH.Clearnet SA will then use that specific trading code, together with the Original Transaction Data, received from the Approved Matching Provider to determine whether such Client Trade Leg shall be registered in the relevant CCM Indirect Client Segregated Account Structure or CCM Direct Client Segregated Account Structure.

5.4 CDS CLEARING MEMBER REPORTING

- ~~(a) **LCAP and eCCW**~~

- ~~(a) **Means of access and reporting mechanisms**~~

~~LCH.Clearnet SA will ensure that all CDS clearingClearing System reports and files are accessible by Clearing Members through both the Logical Access Point ("LCAP") and the eCCW website.~~

~~The LCAP is a virtual ftp server, available over a private connection accessible over the GMA ftp pipe to LCH.Clearnet SA. Clearing reports are provided through LCAP any means of access or reporting mechanism specified in a predefined format. End users cannot generate bespoke reports via LCAP.~~

~~The eCCW is available over the internet and is secured by RSA SecurID technology. It allows visualisation of Original and Cleared Transactions, provides analytical capabilities and allows end users to generate bespoke reports. Clearing Members can filter trade data and download the results to their workstations in a machine readable format Notice.~~

(b) **Clearlink gateway**

Messages relating to the acceptance or rejection of Consent Requests, the novation and registration of Original Transactions and the various reports related to Cleared Transactions will be sent and received by LCH.Clearnet SA, the Clearing Members, the Approved Matching Providers using the ClearLink gateway.

5.5 TRADE COMPRESSION

LCH.Clearnet SA will provide trade compression services to Clearing Members on an ad hoc and on an automatic basis to allow Clearing Members to reduce the number of Cleared Transactions they hold in their House Trade Account and in each of their Client Trade Accounts. This allows, among other things, Clearing Members to reduce the administration associated with their portfolio of Cleared Transactions. For the avoidance of doubt, LCH.Clearnet SA will provide trade compression to Clearing Members on both an ad hoc and automatic basis on any Clearing Day.

Each Clearing Member may elect to compress any or all of its Cleared Transactions in any of its Trade Accounts provided that:

- (i) such Cleared Transactions are of the same CDS Type, and
- (ii) the Initial Payment Amounts relating to such Cleared Transactions have been settled.

The Fixed Rate Payer Calculation Amount for the new Cleared Transaction will be the absolute value of the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer less the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller.

If the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is greater than the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then the Clearing Member will be the CDS Buyer on the resultant Cleared Transaction. If the opposite is true then the Clearing Member will be the CDS Seller on the resultant Cleared Transaction.

If the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is equal to the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then no resultant trade is booked.

For the avoidance of doubt, compression only affects Cleared Transactions held in the Trade Account and has no effect on the net position held in the Margin Account. Furthermore, compression has no effect on the risk calculation which is based on the net position held in the Margin Account.

(a) **Ad-hoc compression**

A Clearing Member may request ad-hoc compression in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book by up-loading an Ad-Hoc Compression Order File. The Ad-Hoc Compression Order File lists the Cleared Transactions that are to be compressed and also defines the resulting Cleared Transaction. The Ad-Hoc Compression Order File should be up-loaded by the Clearing Member ~~via eCCW or LCAP~~ [on any means of access specified in a Clearing Notice](#).

Clearing Members may only request ad-hoc compression in relation to Index Cleared Transactions and/or Single Name Cleared Transactions which have already been registered in the TIW, in accordance with Article 3.3.1.1(i) ~~of~~ the CDS Clearing Rule Book.

The Ad-Hoc Compression Order File must be received by LCH.Clearnet SA on any Clearing Day ~~via eCCW or LCAP~~ [through any means of access specified in a Clearing Notice](#) between 09.15 CET and 19.00 CET in order for the request to be processed and the related Cleared Transactions to be compressed on that same day (day "D"). LCH.Clearnet SA will include the results of the compression in the Cleared Trades Report and Compression Results File in respect of such Clearing Member. LCH.Clearnet SA will publish such Cleared Trades Report and Compression Results File ~~via the eCCW and LCAP~~ [any reporting mechanism specified in a Clearing Notice](#) as soon as practicable on the same Clearing Day as such Clearing Member's request for compression and following the implementation of such Clearing Member's request for compression. Where LCH.Clearnet SA receives such request after 19:00 CET, such request shall be deemed to not have been up-loaded and shall be of no effect.

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As a contingency solution in case of disruption of ~~eCCW or LCAP~~ [any means of access or reporting mechanism specified in a Clearing Notice](#), the Clearing Member should send the request to the Operations Department by email (lchclearnetsa_do_CDS@lchclearnet.com) by 17:00 CET. Where LCH.Clearnet SA receives such contingency request by 17:00 CET the request will be processed and the related Cleared Transactions will be compressed on the same day (day "D"). Where LCH.Clearnet SA receives such contingency request after 17:00 CET, LCH.Clearnet SA may, in its sole discretion, process such request and compress the related Cleared Transactions on the same day (day "D") provided that if LCH.Clearnet SA does not, in its sole discretion, process such a request and compress the related Cleared Transactions on the same day, LCH.Clearnet SA will process such request and the related Cleared Transaction will be compressed on the next Clearing Day (day "D+1") unless the relevant Clearing Member instructs the Operations Department to withdraw such request.

A Clearing Member may request ad hoc compression in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book and this paragraph 5.5(a) in respect of Cleared Transactions notwithstanding that such Clearing Member has also requested automatic compression in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book and paragraph 5.5(b) below.

(b) Automatic Compression

Automatic Compression as described under this paragraph 5.5(b) can be set up by a Clearing Member in respect of:

- (i) Cleared Transactions which have been novated as part of the Daily Backloading Cycle and/or Weekly Backloading Cycle but have not been yet registered in the TIW; such Cleared Transactions may be compressed either with:(x) other Cleared Transactions which have been novated as part of the same Daily Backloading Cycle or Weekly Backloading Cycle, as applicable, and/or (y) other Cleared Transactions which have been already registered in the TIW (each a "**Backloading Compression**"); and/or
- (ii) Cleared Transactions which are already registered in the TIW.

A Clearing Member may configure the CDS Clearing System to perform automatic compression in respect of any Trade Account in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book. Such a configuration allows the relevant Clearing Member to make the following elections:

- (i) whether the automatic trade compression is processed at the level of (x) the relevant Trade Account or (y) different desks within the same Trade Account,
- (ii) in respect of an automatic compression (other than a Backloading Compression), whether it shall occur on a daily or weekly basis, and
- (iii) whether a list of desks shall be excluded for the purposes of automatic trade compression.

A Clearing Member may request LCH.Clearnet SA to change its previous election in respect of automatic compression through submitting a request via [eCCWany means of access specified in a Clearing Notice](#) at any time. Where LCH.Clearnet SA receives such a request by 19:00 CET via [eCCWany means of access specified in a Clearing Notice](#) on a Clearing Day (day "D"), the election will be effective from and including the following Clearing Day (day "D+1") unless and until a further request is made. Where LCH.Clearnet SA receives a request after 19:00 CET via [eCCWany means of access specified in a Clearing Notice](#), such request will be effective from and including the second following Clearing Day (day "D+2") unless and until a further request is made.

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Compression (other than a Backloading Compression) on a daily basis is performed on each Clearing Day as part of the morning batch process before 09.15 CET and after the registration in TIW has occurred.

Compression (other than a Backloading Compression) on a weekly basis is performed as part of the morning batch process before 09.15 CET on Wednesdays (or, if such Wednesday is not a Clearing Day, the next following Wednesday that is a Clearing Day) and after the registration in TIW has occurred.

Backloading Compression is performed as part of the Daily and/or Weekly Backloading Cycle and in any case before the registration in TIW has occurred.

(c) **Restructuring Credit Event**

Upon the occurrence of a Restructuring Credit Event relating to a Single Name Cleared Transaction, LCH.Clearnet SA will compress such Single Name Cleared Transaction resulting in a single position for a Trade Account, on the day determined by the industry for such purposes. If no automatic compression rules have been specified, then compression will be made per desk in respect of each Trade Account.

(d) **Registration of Single Names Cleared Transaction**

Single Name Cleared Transactions resulting from any compression as described under this paragraph 5.5 will be registered in the Clearing System under the CDSClear Preferred Reference Obligation as defined under Section 4 of the Procedures.

5.6 **PRE-DEFAULT PORTABILITY**

In certain circumstances, LCH.Clearnet SA will transfer Client Cleared Transactions from a Carrying Clearing Member to a Receiving Clearing Member, pursuant to Title V Chapter 3 and Title VI Chapter 3 of the CDS Clearing Rule Book. Any actions required to be taken by a Clearing Member or LCH.Clearnet SA, in order to effect such transfer of Client Cleared Transactions, shall be effected in accordance with the timetable set out in paragraph 5.6 (d) of these Procedures. In the event that the relevant timing and notice requirements are not complied with, unless agreed otherwise between LCH.Clearnet SA and the relevant Clearing Members, the relevant transfer shall not take effect.

(a) **Partial Transfers**

Where a Receiving Clearing Member wishes, pursuant to:

- (i) Article 5.3.3.1 of the CDS Clearing Rule Book, to receive a transfer of:
- (x) a portion of the portfolio of Client Cleared Transactions registered in the CCM Direct Segregated Account Structure of a CCM Individual Segregated Account Client; and/or
- (y) a portion of the portfolio of the Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client

held with a Carrying Clearing Member;

- (ii) Article 5.3.3.2 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for an Omnibus Client Set; or
- (iii) Article 6.3.3.1 of the CDS Clearing Rule Book, to receive a portion of the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

it shall provide LCH.Clearnet SA with a Client Partial Transfer Form (see Appendix 1), signed by or on behalf of the relevant Client(s). Such form shall list all of the Client Cleared Transactions that are to be transferred to it pursuant to these Procedures. Following receipt of a Client Partial Transfer Form, LCH.Clearnet SA shall notify the Carrying Clearing Member that a request has been received to transfer Client Cleared Transactions. In the event that any of the conditions set forth in Article 5.3.3.1, Article 5.3.3.2 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain of the conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH.Clearnet SA shall not proceed with the transfer of the Client Cleared Transactions and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

If the Receiving Clearing Member wishes to proceed with such transfer, it shall be required to submit a new Client Partial Transfer Form in accordance with these Procedures.

(b) **Full Transfer**

Where a Receiving Clearing Member wishes, pursuant to:

- (i) Article 5.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of the entire portfolio (and not less than an entire portfolio) of:
 - (x) the Client Cleared Transactions registered in the CCM Direct Segregated Account Structure of a CCM Individual Segregated Account Client Individual Segregated Account Client; and/or
 - (y) Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client registered in the CCM Client Trade Account(s) of the relevant CCM Individual Segregated Account Structure of a Carrying Clearing Member;
- (ii) Article 5.3.2.2 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of the CCM Omnibus Segregated Account Clients within a CCM Omnibus Client Set of a Carrying Clearing Member; or
- (iii) Article 6.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of all the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

such Receiving Clearing Member shall provide LCH.Clearnet SA with a Client Full Transfer Form (see Appendix 2), in respect of (and signed by or on behalf of) each Client on behalf of whom the relevant transfer would be made. Each such form shall confirm that all Client Cleared Transactions registered in the Client Trade Account(s) shall be transferred pursuant to these Procedures.

Where a Receiving Clearing Member submits a Client Full Transfer Form, it must confirm whether or not the Client(s) also wishes to transfer Client Assets. Following receipt of a Client Full Transfer Form, LCH.Clearnet SA shall notify the Carrying

Clearing Member that a request has been received to transfer Client Cleared Transactions.

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2 or Article 6.3.2.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH.Clearnet SA shall not proceed with the transfer of the Client Cleared Transactions or the transfer of Client Assets (where applicable) and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

If the Receiving Clearing Member wishes to proceed with such transfer or any other transfer of the Client Cleared Transactions, it shall be required to submit a new Client Full Transfer Form or a new Client Partial Transfer Form (see Appendix 1) in accordance with these Procedures.

Once a Carrying Clearing Member has been informed that a Client Full Transfer Form has been received, the Carrying Clearing Member shall not be permitted to submit additional Original Transactions, having Client Trade Leg(s) attributable to the relevant Client(s), for clearing. Such restriction will apply for the period commencing at the End of Real Time on the Business Day on which the relevant Clearing Member receives such notice from LCH.Clearnet SA and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected, fails or is rejected in accordance with Section 5.3.2 or Section 6.3.2, as applicable, of the CDS Clearing Rule Book and these Procedures.

(c) Transfer of Client Assets

Where a Receiving Clearing Member notifies LCH.Clearnet SA that a Client wishes to transfer Client Assets from the Carrying Clearing Member to the Receiving Clearing Member, LCH.Clearnet SA shall notify the Carrying Clearing Member of such request.

With respect to the transfer of a CCM Individual Segregated Account Client, in accordance with Article 5.3.2.1 of the CDS Clearing Rule Book, or a CCM Omnibus Client Set, in accordance with Article 5.3.2.2, LCH.Clearnet SA will provide details of the relevant Client Assets to the Receiving Clearing Member and give the Receiving Clearing Member opportunity to reject a transfer of some or all of the Client Assets in accordance with the timetable below.

With respect to the transfer of an FCM Client, in accordance with Article 6.3.2.1 of the CDS Clearing Rule Book, the Carrying Clearing Member shall confirm to LCH.Clearnet SA, using the Carrying Member Response Form (see Appendix 3) which Client Assets are attributable to the FCM Client and the Client Cleared Transactions. In the event that the Carrying Clearing Member fails to do so in accordance with the timetable below, LCH.Clearnet SA shall determine (in its sole discretion) the Client Assets that are to be transferred from the Carrying Clearing Member's Client Financial Account. LCH.Clearnet SA shall notify the Carrying Clearing Member and the Receiving Clearing Member of the Client Assets that will be transferred in accordance with the timetable below. Following receipt of such notification by LCH.Clearnet SA, the Receiving Clearing Member may elect to reject the transfer of some or all of the

relevant Client Assets in accordance with Article 6.3.4.2 of the CDS Clearing Rule Book.

In the event that any of the conditions set forth in Articles 5.3.3.1 or Article 5.3.3.2 of the CDS Clearing Rule Book, as applicable, are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain conditions have not been satisfied using the Carrying Member Response Form (see Appendix 3), such that the Client Cleared Transactions will not be transferred, LCH.Clearnet SA shall not proceed with the transfer of the relevant Client Assets.

In the event that LCH.Clearnet SA transfers Client Assets pursuant to these Procedures and the CDS Clearing Rule Book, it will also transfer the aggregate Variation Margin and next day settlement coupons and fees associated with the transferring Client Cleared Transactions.

(d) Timetable for Client Transfers

No.	Time <small>(all references below are to Continental European Time)</small>	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
1	Day 0: 17:00	Deadline for receipt from Receiving Clearing Member of Client Partial Transfer Form.	Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form and confirmation that the Client(s) wish Client Assets to be transferred.	Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form.
2	Day 0: 19:00	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Partial Transfer Form.	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Full Transfer Form.	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Full Transfer Form.
3	Day 1: 10:00	Deadline for: (i) notification by LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii)	Deadline for: (i) notification by LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii)	Deadline for: (i) notification by LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member;

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CDS Clearing Procedures

CDS Clearing Operations

No.	Time (all references below are to Continental European Time)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
		provision by LCH.Clearnet SA of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.	provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.	and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.
4	Day 2: 12:00	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.3.1(vi) or Article 5.3.3.2(v) of the CDS Clearing Rule Book).	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vii) or Article 5.3.2.2(vi) of the CDS Clearing Rule Book (as applicable)).	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vii) or 5.3.2.2(vi) of the CDS Clearing Rule Book (as applicable)).
5	Day 2: 12:00 (For transfer of FCM Clients only)	N/A	Deadline for confirmation from Carrying Clearing Member of the Client Assets which are available to be transferred to the Receiving Clearing Member.	N/A
6	Day 2: 12:00 to 14:00	N/A	LCH.Clearnet SA notifies the Receiving Clearing Member of the Client Assets that would be transferred.	N/A
7	Day 2: 17:00	Deadline for receipt by LCH.Clearnet SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member.	Deadline for receipt by LCH.Clearnet SA of consent to transfer of the Client Cleared Transactions and notification of the rejection (if applicable) of some or all of the relevant Client Assets from the Receiving Clearing Member.	Deadline for receipt by LCH.Clearnet SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member.
8	Day 2: By 24:00	N/A	Deadline for LCH.Clearnet SA to instruct Euroclear to	N/A

No.	Time (all references below are to Continental European Time)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
			transfer some or all of the relevant Client Assets from the Client Pledged Securities Account of the Carrying Clearing Member (in accordance with Section 3 of the Procedures).	
9	Day 3: 08:00	Target deadline for notification by LCH.Clearnet SA to the Carrying Clearing Member and/or the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement is required to be satisfied effect the transfer.	Target deadline for notification by LCH.Clearnet SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement is required to be satisfied to effect the transfer.	Target deadline for notification by LCH.Clearnet SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement is required to be satisfied to effect the transfer.
10	Day 3: 08:30 - 09:00 Or in the case of an FCM Clearing Member (for the purposes of Cash Payments): 09.00 – 09.05	The Carrying Clearing Member and/or the Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer.	The Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer.	The Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer.
11	Day 3: 09:05	LCH.Clearnet SA transfers the Client Cleared Transactions to the Receiving Clearing Member.	LCH.Clearnet SA transfers the Client Cleared Transactions and (if applicable) some or all of the Client Assets to the Receiving Clearing Member.	LCH.Clearnet SA transfers the Client Cleared Transactions to the Receiving Clearing Member.

5.7 EARLY TERMINATION

A transfer pursuant to Article 5.4.1.1, Article 5.4.1.2 or Article 5.4.1.3 of the CDS Clearing Rule Book will be subject to the receipt by LCH.Clearnet SA of the following:

- (i) a copy of the notice from the relevant CCM to the relevant CCM Client or from the relevant CCM Client to the relevant CCM designating the relevant early

termination date or, if such early termination date has occurred automatically, evidence of the relevant event of default or termination event having occurred; and

- (ii) a copy of a notice served by the relevant CCM on the relevant CCM Client alerting that CCM Client of its intention to request LCH.Clearnet SA to transfer the relevant Client Cleared Transactions.

Subject to the receipt of the documents listed in paragraphs 5.7 (i) to (ii) above, LCH.Clearnet SA will arrange a transfer of the relevant Client Cleared Transactions as soon as reasonably practicable (and usually within 24 hours of receipt of the documents).

5.8 UPDATING THE TRADE INFORMATION WAREHOUSE

(a) **Process**

LCH.Clearnet SA will ensure that all Cleared Transactions are stored in the CDS Clearing System and replicated in the TIW.

There are two operations involved in the TIW update process, one or both of which will be relevant depending on the event leading to the update:

- the termination of old trades; and
- the creation of new trades.

The following events will require trades in the TIW to be updated by LCH.Clearnet SA:

- Novation of a Backloading Transaction:
 - Termination of the Backloading Transaction where the upfront amount has been paid;
 - Exit of the Backloading Transaction where the upfront amount has not been paid; and
 - Creation of Cleared Transactions
- Novation of an Intraday Transaction:
 - Creation of Cleared Transactions
- Trade Compression:
 - Termination of Cleared Transactions to be compressed, if applicable
 - Creation of compressed Cleared Transactions, if applicable
- Creation of Restructuring Cleared Transactions

- Termination, if necessary, of Initial Single Name Cleared Transactions
- Creation of the Restructuring Cleared Transactions
- Re-couponing of the Cleared Transactions
 - Termination of Cleared Transactions affected by the re-couponing
 - Creation of Cleared Transactions resulting from the re-couponing
- Completion of Physical Settlement following a Credit Event
 - Termination of Cleared Transactions

LCH.Clearnet SA will make all relevant registrations in a timely fashion subject to receiving valid data from the relevant Clearing Members and DTCC being active and ensure that the registration is accurate and correct based on the information available to it.

In respect of sub-paragraphs (a) and (b) below, neither LCH.Clearnet SA nor a Clearing Member shall:

- (i) actively do anything that alters the trade confirmation or will prevent DTCC correctly calculating payments; or
- (ii) make any changes to trades in the TIW which prevent the automated DTCC process being correctly executed on that trade unless authorised by LCH.Clearnet SA. For the avoidance of doubt, the failure by a Clearing Member to match a trade in the TIW will not affect the validity and enforceability of the Cleared Transactions registered within the CDS Clearing System and the related obligations of the relevant Clearing Member.

(b) Cleared Transactions

In accordance with Article 2.2.1.1 (xix)(b) and Article 3.1.10.1 of the CDS Clearing Rule Book each Clearing Member authorises LCH.Clearnet SA to submit Cleared Transactions created in respect of Intraday Transactions to the TIW on the Clearing Member's behalf.

For all Cleared Transactions, LCH.Clearnet SA will book both trade legs in the TIW.

LCH.Clearnet SA will make all relevant registrations in a timely fashion subject to receiving valid data from the relevant Clearing Members and DTCC being active and ensure that the registration is accurate and correct based on the information available to it.

After a Cleared Transaction is booked in the TIW, the Clearing Member which is a party to such Cleared Transaction may modify the Trade Reference Identifier or workflow data (to the exclusion, for the avoidance of doubt, of any Transaction Data) registered in the TIW. LCH.Clearnet SA will ensure its own records are consistent with

such modifications as soon as it receives the relevant TIW notification of such modifications.

(c) **Deemed Submission Authority**

A Clearing Member is deemed to have authorised LCH.Clearnet SA to book a trade on behalf of the Clearing Member in accordance with Section 3.1.10 of the CDS Clearing Rule Book and LCH.Clearnet SA will make all relevant registrations in a timely fashion, subject to receiving valid data from the relevant Clearing Members and DTCC being active, and ensure that the registration is accurate and correct based on the information available to it.

(d) **TRIRename function**

After a Clearing Member modifies its Trade Reference Identifier in respect of a Cleared Transaction in the TIW, the TRIRename function will allow the CDS Clearing System to be automatically updated with the new Trade Reference Identifier.

5.9 REGISTRATION OF SINGLE NAME CLEARED TRANSACTIONS

Single Name Cleared Transactions will be registered in the Clearing System under the CDSClear Preferred Reference Obligation as defined under Section 4 of the Procedures.

5.10 DIFFERENCES IN RECORDS

Any differences noticed by Clearing Members between the record held by the CDS Clearing System and the TIW should be reported to LCH.Clearnet SA as soon as reasonably practicable.

To the extent that the terms of a Cleared Transaction either in the TIW or in the relevant report provided to the Clearing Member do not reflect, subject to and in accordance with the provisions of the CDS Clearing Rules and the CDS Clearing Supplement Documents, the Original Transaction that was submitted or the terms of the Restructuring Cleared Transaction, LCH.Clearnet SA will amend the records and/or reissue the relevant report, as applicable, to correct the differences as appropriate, to the extent it is authorised to do so.

5.11 NOTIFICATION OF REGISTRATION

Following registration of the Cleared Transactions reflecting an Original Transaction, the CDS Clearing System will publish the confirmation of novation via the Cleared Trade Report available ~~on both the LCAP and eCCW~~ [through any reporting mechanism specified in a Clearing Notice](#). Details of Cleared Transactions are also available ~~on the eCCW~~ [through any reporting mechanism specified in a Clearing Notice](#). Confirmation of novation will also be reported through the relevant Approved Matching Provider, if it has such functionality.

5.12 HEDGING TRANSACTIONS

LCH.Clearnet SA may enter into a CDS with a Clearing Member for hedging purposes (a "Hedging Transaction") pursuant to Clause 2.1.1 of the CDS Default Management Process. A Hedging Transaction will be executed as an OTC transaction by a Clearing Member on day D and will be cleared in the same manner as a Daily Backloading Transaction on D+1 save that it will be between LCH.Clearnet SA and a Clearing Member.

5.13 REVERSING OF TRADES

Where Clearing Members identify an Original Transaction that they have both cleared in error they may reverse the transaction by submitting an equal but opposite transaction via an AMP to LCH.Clearnet SA for clearing and then using compression pursuant to paragraph 5.5 of these Procedures. In such instances, for the avoidance of doubt the Clearing Members shall be solely responsible for entering into any bilateral transaction necessary to reverse the Original Transaction that was cleared in error.

5.14 MAXIMUM NOTIONAL AMOUNT

[This section is not used.]

5.15 RECOUPONING

In accordance with the CDS Clearing Supplement, LCH.Clearnet SA may, with the prior consent of all relevant Clearing Members, perform a re-couponing on any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice is not delivered during the relevant CEN Triggering Period if the Fixed Rate of such Restructuring Cleared Transaction is not an Eligible Fixed Rate.

In the case of a re-couponing, the Restructuring Cleared Transaction will be terminated and replaced by two new Cleared Transactions: the "First Resulting Transaction" and the "Second Resulting Transaction".

The terms of the resulting Cleared Transactions will be identical to those of the Restructuring Cleared Transaction except that:

the Fixed Rate applicable for the First Resulting Transaction ("C1") will be the highest Eligible Fixed Rate that is inferior to the Fixed Rate of the Restructuring Cleared Transaction ("C");

the Fixed Rate applicable for the Second Resulting Transaction ("C2") will be the lowest Eligible Fixed Rate that is superior to the Fixed Rate of the Restructuring Cleared Transaction ("C");

The Floating Rate Payer Calculation Amount of the First Resulting Transaction ("N1") will be calculated as per below:

$$N1 = N \times \frac{(C - C2)}{(C1 - C2)}$$

Where N is the Floating Rate Payer Calculation Amount of the Restructuring Cleared Transaction.

The Floating Rate Payer Calculation Amount of the Second Resulting Transaction ("N2") will be calculated as per below:

$$N2 = N \times \frac{(C - C1)}{(C2 - C1)}$$

Where N is the Floating Rate Payer Calculation Amount of the Restructuring Cleared Transaction.

The Trade Date for the First Resulting Transaction and the Second Resulting Transaction will be the date on which the re-couponsing is performed;

The Transaction Type for the First Resulting Transaction and the Second Resulting Transaction will be Standard European Corporate.

Single Name Cleared Transactions resulting from a re-couponsing will be registered in the Clearing System under the CDSClear Preferred Reference Obligation as defined under Section 4 of the Procedures.

5.16 REPORTS

The reports set out at paragraph 5.16(a)-(e) will be made available by LCH.Clearnet SA to Clearing Members on each Business Day at the times specified in paragraph 5.16(a)-(e).

The reports set out at paragraph 5.16(f) will be made available by LCH.Clearnet SA to Clearing Members on a monthly basis, on the dates and at the times specified in Section 5.16(f).

The reports set out at paragraph 5.16 (g) and (h) will be made available by LCH.Clearnet SA to Clearing Members on an ad hoc basis.

(a) **Backloading Transaction Reports**

(i) **Trade management reports**

(A) **Clearing Eligibility Report**

"**Clearing Eligibility Report** " means the report described in this paragraph.

Description: sets out:

- the Gold Records received overnight by LCH.Clearnet SA from DTCC;

- details of the Gold Records which have successfully passed and those which have failed the Eligibility Controls performed pursuant to Article 3.1.1.2 of the CDS Clearing Rule Book.

Timing: published by LCH.Clearnet SA by 09:30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Clearing Eligibility Report will be published.

(B) DTCC Matching and Eligibility Report

"**DTCC Matching and Eligibility Report**" means the report described in this paragraph.

Description: sets out:

- the Gold Records of the Eligible Weekly Backloading Transactions and Irrevocable Weekly Backloading Transactions which have not been removed from the TIW; and
- the Gold Records of the Eligible Weekly Backloading Transactions and Irrevocable Weekly Backloading Transactions which have been removed from the TIW.

Timing: published by LCH.Clearnet SA between 02:00 and 04:00 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant DTCC Matching and Eligibility Report will be published.

(C) Simulation DTCC Matching and Eligibility Report

"**Simulation DTCC Matching and Eligibility Report**" means the report described in this paragraph.

Description: sets out:

- the Gold Records of the Eligible Weekly Backloading Transactions or Irrevocable Weekly Backloading Transactions (as applicable) which have not been removed from the TIW; and
- the Gold Records of the Eligible Weekly Backloading Transactions or Irrevocable Weekly Backloading Transactions (as applicable) which have been removed from the TIW.

Timing: published by LCH.Clearnet SA between 02.00 CET and 04.00 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Simulation DTCC Matching and Eligibility Report will be published.

(D) Simulation Margin Requirements Result File

Description: sets out the detailed components of the estimated calculation relating to the Margin Requirements that would be required to be posted if the relevant Eligible Weekly Backloading Transactions or Irrevocable Weekly Backloading Transactions (as applicable) were registered as Cleared Transactions in the Clearing Member's House Account Structure at the time of the estimate.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Simulation Margin Requirements Result File will be published.

(E) Bilateral Trades Report

"**Bilateral Trades Report**" means the report described in this paragraph.

Description: contains all Original Transactions for the current Business Day including details of those that have successfully passed and those which have failed the Eligibility Controls performed pursuant to Article 3.1.1.3, Article 3.1.2.2 or Article 3.1.2.3 of the CDS Clearing Rule Book.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Bilateral Trades Report will be published but will not contain any data.

(F) Cleared Trades Report

"**Cleared Trades Report**" means the report described in this paragraph.

Description: this report will contain the private data relating to the Cleared Transactions of each individual Clearing Member in the CDS Clearing System, including:

- the financial value of each Cleared Transaction as at the date and time of publication of such Cleared Trades Report;
- the clearing time stamp confirming the time at which a Cleared Transaction is registered in the Trade Account of the relevant Clearing Member; and
- the total stock of Cleared Transactions relating to the relevant Clearing Member as at the date and time of publication of such Cleared Trades Report.

Timing: published by LCH.Clearnet SA by no later than 09.30 CET on each Business Day. For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Cleared Trades Report will be published.

(G) **TIW Operations File**

"**TIW Operations File**" means the file described in this paragraph.

Description: sets out, for each Clearing Member, the Original Transactions novated and the Cleared Transactions created as a result of compression since the previous TIW Operations File was generated.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day,.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant TIW Operations File will be published.

(H) **Clearing Member Restructuring Pair File**

"**Clearing Member Restructuring Pair File**" means the file described in this paragraph.

Description: in respect of a DC Credit Event Announcement relating to a Restructuring Credit Event, this file will provide Clearing Members with details of the relevant Restructuring Matched Pairs created in accordance with the CDS Clearing Supplement.

LCH.Clearnet SA will generate a file per Clearing Member on each Business Day, but these files will not contain any data unless a DC Credit Event Announcement relating to a Restructuring Credit Event occurs at any time, in which case, from (and including) the date when any relevant Restructuring Matched Pairs are created to (and including) the relevant movement option end date, the files will contain details of the relevant Matched Buyer and Matched Seller comprised within each relevant Restructuring Matched Pair including the identity of the other

Clearing Member and the associated Restructuring Matched Pair Amounts.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day..

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Clearing Member Restructuring Pair File will be published.

(I) **Event Managements Reports**

"**Event Reports**" means the reports described in this paragraph.

Description: The event reports cover the following reports made to Clearing Members: "Restructuring Credit Event report", "Bankruptcy/Failure to Pay/Governmental Intervention Credit Event Report", "Rename Event Report" and "Succession Event Report". In respect of the DC Credit Event Announcements relating to Restructuring, Bankruptcy, Failure to Pay, Governmental Intervention and Succession Events, or of the market decisions for Rename Events, these reports will provide Clearing Members with the description of the ongoing events.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Event reports will be published.

(ii) **Risk management reports**

The risk management reports are dedicated to providing Clearing Members with risk/margin calculations and reporting the resulting cash call calculations to Clearing Members.

(A) **Margin Requirements Results File**

"**Margin Requirements Results File**" means the file described in this paragraph.

Description: the Margin Requirements Results File is generated for each Clearing Member with an Open Position in respect of any of its Margin Accounts, and sets out the detailed components of the calculation relating to the Margin required to be transferred in relation to each related Margin Account, including the Credit Quality Margin applied to the Margin Account of such Clearing Member, if any. The file also specifies the Additional Margin that LCH.Clearnet SA is entitled to call from a Clearing Member on that Business Day.

The Margin Requirements Results File is made up of two sub-files:

- the Margin Result House File: containing the detailed components and the detailed calculations relating to the House Margin Requirement; and
- the Margin Result Client File: containing the detailed components and the detailed calculations relating to the Client Margin Requirement for each Client Margin Account of the Clearing Member).

For the avoidance of doubt, the Margin Requirements Results File generated at the above time will contain details of the Open Positions (including positions pre-registered in the Account Structure of the relevant Clearing Member in accordance with Section 3.1.7 of the CDS Clearing Rule Book).

Timing: published by LCH.Clearnet SA on each Business Day every hour and at the time of a Margin Call between 09.00 CET and 19.00 CET.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, the relevant Margin Requirements Results File will be published.

(B) Portfolio File

"**Portfolio File**" means the file described in this paragraph.

Description: the Portfolio File specifies, for each Margin Account, all the Open Positions of the Clearing Member that have been entered for the purpose of calculating the Margin which is required to be posted in relation to such Margin Account.

Timing: published by LCH.Clearnet SA on each Business Day every hour and at the time of a Margin Call between 09.00 CET and 19.00 CET.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Portfolio File will be published.

(iii) Collateral management reports

Timing: collateral management reports and files are sent to Clearing Members in two formats (XML and/or plain text). The following reports and files are published by LCH.Clearnet SA on each Business Day between 05.15 CET and 05.45 CET (and, with respect to the AC0102E Report, AC0103E Report and AC0113E Report, before each call for payment of the Additional Contribution Amount as the case may be)

(A) **AC0103E Report**

"**AC0103E Report**" means the report described in this paragraph.

(1) **CDS Global Cash Call Document**

"**CDS Global Cash Call Document**" means the section of the AC0103E Report described in this paragraph.

Description: the CDS Global Cash Call Document contains details for each Clearing Member on:

- the daily activity (including the cash available to such Clearing Member from the previous Business Day and cash flows associated with Cleared Transactions of such Clearing Member); and
- the monthly activity (including the statement of account and invoicing fees flow) of cash flows relating to such Clearing Member in the CDS Clearing System.

The CDS Global Cash Call Document will separately set out the details for the House Account Structure of a Clearing Member and for each of its Client Account Structure(s), if applicable.

Before each call for payment of the Additional Contribution Amount on any Business Day, LCH.Clearnet SA will send to each relevant Clearing Member the updated CDS Global Cash Call Document.

(B) **AC0102E Report**

"**AC0102E Report**" means the section of the AC0102E Report described in this paragraph.

(1) **CDS Cash Call Document**

"**CDS Cash Call Document**" means the Report described in this paragraph.

Description: the CDS Cash Call Document contains the global amount of clearing flows (including Fixed Amounts in relation to Cleared Transactions of the relevant Clearing Member), credit event flow (including Cash Settlement Amounts and Fixed Amount rebates in relation to Cleared Transactions of the relevant Clearing Member) and collateral flows (including initial margin, short charge margin, recovery risk margin, self-referencing protection margin, interest rate margin, coupon, credit event margin, increase coverage, contingency variation margin and liquidity charge), which is calculated for value day "D" and compared to the amount of Collateral (bonds and shares,

non-Euro and Euro cash) allocated from the previous Business Day for the relevant Clearing Member.

The CDS Cash Call Document will separately document the clearing and collateral flows for the House Account Structure of a Clearing Member and for each of its Client Account Structure(s), if applicable.

The sum of all these cash flows is reported at the end of the CDS Cash Call Document and, also, as a specific line, in the CDS Global Cash Call Document.

(2) **CDS Default Fund Cash Call Document**

"**CDS Default Fund Cash Call Document**" means the section of the AC0102E Report described in this paragraph.

Description: the CDS Default Fund Cash Call Document details the global amount of a Clearing Member's contribution to the CDS Default Fund which is compared to the amount of Collateral allocated from the previous Business Day.

Before each call for payment of the Additional Contribution Amount on any Business Day, LCH.Clearnet SA will send to each relevant Clearing Member the updated CDS Default Fund Cash Call Document detailing the Additional Contribution Amount to be paid by such relevant Clearing Member in accordance with Section 6 of the Procedures.

(C) **AC0110E Report**

"**AC0110E Report**" means the report described in this paragraph.

(1) Initial and Global Financial Reports

"**Initial and Global Financial Reports**" means the Initial Financial Report and Global Financial Report sections of the AC0110E Report.

Description: LCH.Clearnet SA will send the Initial and Global Financial Reports to each Clearing Member using Euro, non-Euro currencies, Bonds and shares, as Collateral.

(A) **Initial Financial Report**

"**Initial Financial Report**" means the section of the AC0110E Report described in this paragraph.

The Initial Financial Report contains the detail of available and allocated cash, bonds and shares and non Euro currencies, per market and per sub-account.

Timing: published by LCH.Clearnet SA before each Collateral Call on each Business Day.

(B) **Global Financial Report**

"**Global Financial Report**" means the section of the AC0110E Report described in this paragraph.

The Global Financial Report contains details of the type of Eligible Collateral (ISIN code or code of non euro currency), and the related quotations, its value calculated in Euro, the applied haircut rate and its allocated and available amounts.

Timing: published by LCH.Clearnet SA before each Collateral Call on each Business Day

(D) **AC0104E Report**

"**AC0104E Report**" means the report described in this paragraph.

(1) **Advice Accounting Notes Report**

"**Advice Accounting Notes Report**" means the section of the AC0104E Report described in this paragraph.

Description: the Advice Accounting Notes Report details all accounting operations recorded in LCH.Clearnet SA's books for each Clearing Member on the previous Business Day in accordance with its profile (market, sub-account, collateral, etc).

The Advice Accounting Notes Report is sent with the CDS Global Cash Call Document.

(E) **AC0111E Report**

"**AC0111E Report**" means the report described in this paragraph.

(1) **History of withdrawal/deposit requests and collateral balance after settlement**

Description: this report contains the recap of all the deposit and withdrawal demands of collateral (cash or securities) accepted or rejected, from the last report sent. This report contains also the total excess collateral. For each Collateral Account a balance after settlement is calculated with the global amount, the allocated amount and the available amount for each authorised type of collateral and such for each Collateral Account of the relevant Clearing Member.

(F) **AC0112E Report**

"AC0112E Report" means the report described in this paragraph.

(1) **Details of Regularisation of Cash Flow Operations**

"Details of Regularisation of Cash Flow Operations" means the section of the AC0112E Report described in this paragraph.

Description: the Details of Regularisation of Cash Flow Operations is published only if LCH.Clearnet SA operates any manual regularisation. The AC0112E Report will be sent with the CDS Default Fund Cash Call Document.

(G) **AC0113E Report**

"AC0113E Report" means the report described in this paragraph.

(1) **Net Payment Position of Cash Flow Operations**

Description: this report contains the sum of all the balances set out in the CDS Cash Call Document and the CDS Default Fund Cash Call Document, that are due by the Clearing Member to LCH.Clearnet SA. This report will separately identify the amounts due in respect of the House Account Structure of a Clearing Member and each of its Client Account Structure(s), if applicable

(b) **Intraday Call Reports**

"Intraday Call Reports" means the reports listed in this paragraph 5.16(b) (the descriptions of which are as set out in paragraph 5.16 (a), above unless otherwise noted below) published by LCH.Clearnet SA on each Business Day on or around each Intraday Call and at the End of Day, as specified below.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the Intraday Call Reports will still be published.

(i) **Trade management reports**

(A) **Bilateral Trades Report**

Description: contains all details of the Intraday Transactions which have been novated on the current Business Day as well as details of those that have become Rejected Transactions in accordance with the CDS Clearing Rule Book.

Timing: published by LCH.Clearnet SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 15.55 CET and 16.25 CET (in respect of the Second Intraday Call) and by 20.00 CET (in respect of End of Day).

On a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Bilateral Trades Reports will not contain any data.

(B) Cleared Trades Report

Timing: published by LCH.Clearnet SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 15.55 CET and 16.25 CET (in respect of the Second Intraday Call) and by 20.00 CET (in respect of End of Day).

(C) TIW Operations File

Timing: published by LCH.Clearnet SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 15.55 CET and 16.25 CET (in respect of the Second Intraday Call) and by 20.00 CET (in respect of End of Day).

(ii) Risk management reports

(A) Margin Requirements Results File

Timing: published by LCH.Clearnet SA on each Business Day between 10.55 CET and 11.25 CET (in respect of the First Intraday Call), between 14.55 CET and 15.25 CET (in respect of the Second Intraday Call), and by 20.00 CET (in respect of End of Day).

At these times, LCH.Clearnet SA will provide two Margin Requirements Results Files to each relevant Clearing Member:

- (i) the first Margin Requirements Results File will contain details of the calculation relating to the Margin required to be posted in relation to the Portfolio File described in paragraph 5.16(c)(ii)(B) below in respect of the Open Positions recorded in the House Margin Account, on the basis of the relevant Clearing Member's Open Positions between 11:00 and 12:00 CET on that Business Day;
- (ii) the second Margin Requirements Results File will contain details of the calculation relating to the Margin required to be posted in relation to the Portfolio File described in paragraph 5.16(c)(ii)(B) below in respect of the Open Positions registered in each Client Margin Account which is calculated based on the Clearing Member's Open Positions at about 11.30 CET on that Business Day.

and in each case an indicator of whether such Margin Requirement Results File has been used for the purposes of the applicable Intraday Call.

(B) Portfolio Files

Description: the Portfolio File specifies, for each Margin Account, all the Open Positions of the Clearing Member and the positions corresponding to Eligible Transactions pre-registered in the Account Structure of the relevant Clearing Member that have been entered for the purpose of calculating the Margin which is required to be posted in relation to such Margin Account.

Timing: published by LCH.Clearnet SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 14.55 CET and 15.25 CET (in respect of the Second Intraday Call), and by 20.00 CET (in respect of End of Day).

(iii) Collateral management reports

Description:

- (A) **AC0103E Report**
- (B) **AC0102E Report**
- (C) **AC0110E Report**
- (D) **AC0104E Report**
- (E) **AC0111E Report**
- (F) **AC0112E Report**
- (G) **AC0113E Report**

Timing: the above mentioned reports and files are published by LCH.Clearnet SA on each Business Day between 11.05 CET and 11.20 CET (in respect of the First Intraday Call), and between 15.05 CET and 15.20 CET (in respect of the Second Intraday Call) (the descriptions of the following reports are as set out in Section 5.16(a)(iii), above).

(c) Other daily reports

(i) Product File

"**Product File**" means the file described in this paragraph.

Description: the Product File contains the details of all the types of CDS then eligible for clearing in the CDS Clearing System and all the types of CDS which have ceased to be eligible for clearing within the period commencing 60 Clearing Days prior to the date of publication of the relevant Product File and ending on the date of publication of such Product File.

Timing: published by LCH.Clearnet SA on each Business Day by 21.00 CET. For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Product File will be published.

(ii) **Open Interest Report**

"**Open Interest Report**" means the report described in this paragraph.

Description: the Open Interest Report is a public report which contains the open interest per CDS Type registered in the CDS Clearing System. The open interest is calculated to be the sum of the net notional amounts for all Clearing Members who are net CDS Buyers for each CDS Type.

Timing: published by LCH.Clearnet SA (i) between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Open Interest Report will be published.

(iii) **Cross Trades Report**

"**Cross Trades Report**" means the report described in this paragraph.

Description: the Cross Trades Report contains details of those cross trades which are required to be executed by a Clearing Member in accordance with Paragraph 5.18.5.

Timing: published by LCH.Clearnet SA by 18.30 CET on each Clearing Day.

Where a Cross Trade Report is published on a Clearing Day that:

- (a) is not a Firm Day; or
- (b) is a Firm Day but, on which, none of the prices provided by the Clearing Member in accordance with Paragraph 5.18.5 result in the creation of cross trades,

then the Cross Trades Report will be published but will not contain any data.

For the avoidance of doubt, on a day that is a Clearing Day on which there is no Real Time Session, the relevant Cross Trades Report will be published.

(iv) **Variation Margin Report**

Description: the Variation Margin Report is generated for each Clearing Member and sets out the detailed components of the calculation relating to the Variation Margin Requirement. The file specifies:

- with respect to each Cleared Transaction registered in the Account Structure of the relevant Clearing Member, the Variation Margin which shall be paid to LCH.Clearnet SA or, as applicable, received from LCH.Clearnet SA at the same time as the following Morning Call; and
- with respect to each Irrevocable Backloading Transaction pre-registered in the Account Structure of the relevant Clearing Member, the Variation Margin which shall be paid to LCH.Clearnet SA or, as applicable, received from LCH.Clearnet SA at the same time as the following First Intraday Call, provided that such Irrevocable Backloading Transaction is novated following the Morning Call on the relevant Clearing Day.

Timing: published by LCH.Clearnet SA between 02:00 CET and 04:00 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Variation Margin Report will be published.

(d) **Monthly reports**

(i) **AC0101E Report**

"**AC0101E Report**" means the report described in this paragraph.

(A) **Invoicing Cash Call Report**

"**Invoicing Cash Call Report**" means the section of the AC0101E Report described in this paragraph.

LCH.Clearnet SA will send the Invoicing Cash Call Report to each Clearing Member on the tenth Clearing Day of the month, listing the references and amounts of the invoices relating to the CDS Clearing System. Once available, this information is also set out as a specific line item in the CDS Global Cash Call Document.

(ii) **AC0106E Report**

"**AC0106E Report**" means the report described in this paragraph.

(A) **Interest Report**

"**Interest Report**" means the section of the AC0106E Report described in this paragraph.

LCH.Clearnet SA will send the Interest Report to each Clearing Member on the third Clearing Day of each month, containing the global monthly calculation per Margin/Collateral Account and a detailed calculation of interest to be paid to LCH.Clearnet SA, or due from

LCH.Clearnet SA, relating to the Collateral transferred by such Clearing Member pursuant to Section 3 of the Procedures. The sum of interest is also reported as a specific line in the CDS Global Cash Call Document.

(iii) **AC0126E Report**

"**AC0126E Report**" means the report described in this paragraph.

(A) **Interest Scales Report Section**

"**Interest Scales Report**" means the section of the AC0126E Report described in this paragraph.

LCH.Clearnet SA will send the Interest Scales Report to each Clearing Member on the third Clearing Day of each month, containing the detail of the daily calculation of interest and fees for each Margin Account, including for each date, the amount of allocated collateral and applied daily rate.

(iv) **AC0129E Report**

"**AC0129E Report**" means the report described in this paragraph.

(A) **CDS Default Fund Contribution**

"**CDS Default Fund Contribution**" means the section of the AC0129E Report described in this paragraph.

LCH.Clearnet SA will send the CDS Default Fund Contribution to each Clearing Member on the fourth Business Day of the month, setting out the new calculation of such Clearing Member's monthly contribution to the CDS Default Fund for the next period.

This new contribution is also reported in the CDS Default Fund Cash Call Document.

(v) **AC0105E Report**

"**AC0105E Report**" means the report described in this paragraph.

(A) **Monthly Accounting Notes Report**

"**Monthly Accounting Notes Report**" means the section of the AC0105E Report described in this paragraph.

LCH.Clearnet SA will send the Monthly Accounting Notes Report to each Clearing Member on the first Clearing Day of each month detailing all accounting operations recorded in LCH.Clearnet SA's book for the relevant Clearing Member during the month in accordance with its profile (market, sub-account, collateral, etc).

Each AC0105E Report is sent with the CDS Global Cash Call Document.

(vi) **Billing and Invoicing Reports**

"**Billing and Invoicing Report**" means the report described in this paragraph.

LCH.Clearnet SA will send to each Clearing Member a CDS Billing and Invoicing Report on a monthly basis.

(e) **Collateral Holding Report**

"**Collateral Holding Report**" means the report described in this paragraph.

Euroclear Bank SA/NV will provide LCH.Clearnet SA and each Clearing Member with a Collateral Holding Report via SWIFT each time there is a movement on the pledged securities account contemplated by paragraph 3.13 of Section 3 of the Procedures (the "Pledged Account") on a Business Day. Such report will include: (i) details of the Eligible Collateral held in the Pledged Account; (ii) the ISIN code(s) of the relevant Eligible Collateral, if applicable; and (iii) the outstanding principal amount of the relevant Eligible Collateral. LCH.Clearnet SA shall grant Clearing Members simultaneous access to each such Collateral Holding Report via Euclid PC between 05.00 CET and 20.00 CET on each Business Day.

(f) **Compression Results File**

"**Compression Results File**" means the report described in this paragraph.

Description: A Compression Results File will contain confirmation of the details of the resultant compressed trades that have been created following the submission of an ad-hoc compression request by a Clearing Member.

Timing: Shortly after a Clearing Member submits an ad-hoc compression request in accordance with Section 5.5(a) above, LCH.Clearnet SA will publish a Compression Results File in respect of such request.

5.17 **REGULATORY REPORTING**

(a) **Reporting obligation under EMIR**

Pursuant to EMIR, LCH.Clearnet SA will report the details of any Cleared Transaction subject to the reporting obligation in accordance with EMIR Article 9.1 to a trade repository duly registered or recognised in accordance with EMIR. For this purpose, LCH.Clearnet SA will be using UnaVista Ltd as a trade repository ("**UnaVista**").

LCH.Clearnet SA will not report the details of any Cleared Transaction on behalf of the relevant Clearing Member and/or its Clients.

The details of any Cleared Transaction and any modification (including any correction of errors or inconsistencies contained in a report) or termination of such Cleared Transaction shall be reported to UnaVista no later than the Business Day following the day of occurrence of the event triggering the obligation to report pursuant to EMIR.

For the purpose of the above reporting, LCH.Clearnet SA will generate a Unique Trade ID (“**UTI**”) to identify a Cleared Transaction and will communicate such UTI to the relevant Clearing Members in due time. Such UTI will be used from the creation of the Cleared Transaction until its termination.

(b) **Reporting obligation under CFTC Regulations Part 45**

Pursuant to CFTC Regulations Part 45, LCH.Clearnet SA will send reports to a Swap Data Repository (“**SDR**”). For this purpose LCH.Clearnet SA will be using DTCC Data Repository (U.S.) LLC (“**DDR**”) as an SDR.

The reporting to DDR will include creation data, continuation data and valuation data on any relevant Cleared Transaction as described below and according to the below timing:

1. Creation data: any creation of a Cleared Transaction as a result of the novation process will be reported by LCH.Clearnet SA to DDR, upon occurrence of registration of the Cleared Transaction in accordance with Section 3.1.10 of the CDS Clearing Rule Book;
2. Continuation data: information on lifecycle events of the Cleared Transaction, including any termination, compression, credit events will be reported by LCH.Clearnet SA to DDR, upon occurrence of the relevant registration of such event;
3. Valuation data: the value of each relevant Cleared Transaction will be reported on a daily basis by LCH.Clearnet SA to DDR.

For the purpose of the above reporting, LCH.Clearnet SA will use:

- (i) a Unique Swap Identifier (“**USI**”) to identify a Cleared Transaction and such USI will be used from the creation of the Transaction until its termination;
- (ii) the CFTC Interim Compliant Identifier (“**CICI**”) of each Party to the Transaction.

5.18 END OF DAY PRICE CONTRIBUTION

References to times and deadlines in this paragraph 5.18 are to London local time (being Greenwich Mean Time (GMT) or British Summer Time (BST) as applicable).

5.18.1 Market Data submission obligation

LCH.Clearnet SA has appointed the Index Publisher to be a Third Party Data Aggregator for the purposes of the CDS Admission Agreement.

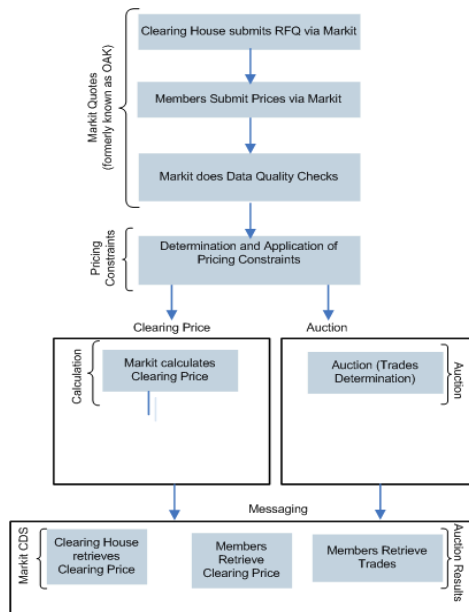
On each Clearing Day, LCH.Clearnet SA will request the Index Publisher to obtain Market Data from each Price Contribution Participant for CDS in respect of which they have Open Positions.

Price Contribution Participants are required to submit Market Data between 16.30 and 16.35 on each Clearing Day.

If a Clearing Member wishes to appoint a Price Contribution Delegate, it shall first obtain the prior approval of LCH.Clearnet SA. For that purpose, the relevant Clearing Member shall contact LCH.Clearnet SA's CDSClear Client Services & Relationship Management department (cdsclear_clientservices@lchclearnet.com, +33 1 70376776) and shall provide such information as may be required by LCH.Clearnet SA. For the avoidance of doubt, LCH.Clearnet SA has full discretion as to the approval of a Price Contribution Delegate for any Clearing Member.

5.18.2 Calculation of End of Day Contributed Prices

The following diagram illustrates the procedures and flows for the calculation of the End of Day Contributed Prices.



At a high level, for the Index Publisher, there are effectively 5 steps in the proposed process.

- (a) Receipt of Price Contribution Participants' Market Data
- (b) Application of bid/ask constraint
 - Selection of Benchmark Instruments
 - Index: iTraxx Main, HiVol and Cross Over "On the Run" 5yr
 - Single Name: 5 Year Standard Coupon and Currency
 - Observe "High Quality" Dealer Quoted Bid/Ask Spread
 - Observation Window: 14.00 to 16.00
 - Definition of Unique Quote: 2 minutes since last seen identical quote
 - Quote Markit Quality Score of 8 or higher
 - Minimum Quoting Dealers: To be set out in a risk notice
 - Quoting Dealers: Only Quotes from LCH.Clearnet SA Price Contribution Participants used
 - Minimum Unique Quotes: 20 for Indices/10 for Single Name
 - Non-Observed Process: 10 day rolling average
 - If the 10 day moving average is used for more than 1 day, the Risk Committee should be notified.
 - Fixed Initial Bid/Ask Spread: Used if no 10 Day rolling average available.
- (c) Determination of clearing price
- (d) Determination of any trades (potential)
- (e) Communication of clearing price

5.18.3 Price submission procedure

Price Contribution Participants should submit Market Data in accordance with the following procedure:

- LCH.Clearnet SA will transmit to the Index Publisher, on a daily basis, the Market Data for Clearing Members with Open Positions in Cleared Transactions;
- Price Contribution Participants will receive price requirement files listing the Open Positions in respect of which they are required to submit Market Data;

- The price requirement files will be available from the Index Publisher's website for download daily between 14.30 and 15.00;
- Price Contribution Participants upload Market Data submissions to the Index Publisher for the Cleared Transactions listed in the price requirement file between 16.00 and 16.35;
- Market Data can be re-submitted during this time; where a Price Contribution Participant does this the latest submitted Market Data will be taken into account by the Index Publisher;
- Market Data should be supplied via a Markit spreadsheet or a Markit API;
- Price Contribution Participants' Market Data submission can either be Bid/Ask pairs or Mids;
- The Index Publisher carries out real time checks on the data submitted to take account of fat-fingering, invalid reference data, etc. A validation log will be available to Price Contribution Participants for erroneous submissions/warnings.

5.18.4 Use of composite spreads/prices

To the extent LCH.Clearnet SA has not received End of Day Contributed Prices from the Index Publisher by 17:15 it will use:

- (a) With respect to Index Cleared Transactions, composite prices/spreads for the purposes of calculating the Variation Margin Requirement for each Margin Account of a Clearing Member on the next following Business Day;
- (b) With respect to Single Names Cleared Transactions, a computation of end of day contributed spreads and composite spreads for the purpose of calculating the Variation Margin Requirement for each Margin Account of a Clearing Member on the next following Business Day;

in accordance with Article 4.2.7.1 of the CDS Clearing Rule Book.

5.18.5 Trade crossing

In order to validate the Market Data submitted by Price Contribution Participants in accordance with this Paragraph 5.18, LCH.Clearnet SA shall require Price Contribution Participants to undertake trade crossing in accordance with Article 4.2.7.7 of the CDS Clearing Rule Book.

(a) Firm Days

LCH.Clearnet SA shall determine a number of "Firm Days" being the last Clearing Day of each quarter and 30 other Clearing Days in any calendar year chosen at LCH.Clearnet SA's sole discretion, and shall communicate such Firm Days to Price Contribution Participants promptly after the closure of the submission window at 16:35 on each such Firm Day.

(b) Determination of cross trades

The Index Publisher will inform LCH.Clearnet SA on each Business Day where prices submitted by Price Contribution Participants in accordance with this Paragraph 5.18 do not reflect the quoted daily spread for a particular CDS. On each Firm Day, Price Contribution Participants whose price(s) do not reflect the quoted daily spread for a particular CDS on such Firm Day will be required to execute a CDS with another Price Contribution Participant on pre-determined terms, as set out in Paragraph 5.18.5(c) below. CDS must be executed by a Price Contribution Participant prior to End of Day on the Clearing Day following the relevant Firm Day.

(c) Terms of cross trades

LCH.Clearnet SA shall notify the relevant Price Contribution Participant of the following required CDS terms by issuing a Cross Trade Report in accordance with Paragraph 5.16(c)(iii) above:

- trade reference identifier;
- CDS Type;
- Notional Amount;
- Initial Payment Amount;
- transaction date; and
- Price Contribution Participant counterparty.

(d) Notification of execution

Price Contribution Participants required to execute cross trades in accordance with this Paragraph 5.18.5 must provide LCH.Clearnet SA with the DTCC trade reference identifier (TRI) before End of Day on the Clearing Day following the relevant Firm Day by emailing this to LCH.Clearnet SA's Operations department at lchclearnetsa_do_cds@lchclearnet.com.

5.18.6 Failure to submit prices

In the event that a Price Contribution Participant does not submit prices to the Index Publisher in accordance with Section 5.18.3, or execute cross trades in accordance with Section 5.18.5, of these Procedures, LCH.Clearnet SA shall be permitted to invoke Disciplinary Proceedings in respect of the Price Contribution Participant, and as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, in accordance with Section 8 of these Procedures.

In circumstances where a failure to provide prices or execute cross trades in accordance with Section 5.18 of these Procedures is the only breach by that Price Contribution Participant, and as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, of its obligations under the CDS

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Clearing Documentation, LCH.Clearnet SA shall not be permitted to declare an Event of Default in respect of that Price Contribution Participant, and as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, pursuant to Article 4.3.1.2 of the CDS Clearing Rule Book.

APPENDIX 1

CLIENT – PARTIAL TRANSFER FORM

	CLIENT - PARTIAL TRANSFER FORM
V.[]: [] 20[]	
<i>Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein</i>	
To:	LCH.Clearnet SA
From:	Receiving Clearing Member
Date:	
<p>We,[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from [insert name of transferring Client] (the "Client") to transfer (i) in the case of a Client which is either a CCM Individual Segregated Account Client or an FCM Client, part of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure; and (ii) the case of a Client which is a CCM Omnibus Segregated Account Client, part or all of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure, from ...[insert name of Carrying Clearing Member] to us. We hereby request the transfer of the Client Cleared Transactions as identified below pursuant to Article 5.3.3.1, 5.3.3.2 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book and Section 5 of the Procedures.</p>	
<p>Please insert the LCH trade IDs of the transferring Client Cleared Transactions, using the Schedule below:</p> <p>**Please insert the LCH trade ID and Approved Matching Provider (AMP) ID of the transferring Client Cleared Transactions.</p> <p>**Please append a list of additional Client Cleared Transactions to this form, if required</p>	
LCH Trade ID	AMP Trade ID

Signatories for and on behalf of the Receiving Clearing Member:			
We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member			
1.	_____	_____	_____
	(Authorised Signatory)	Name	Position Date
2.	_____	_____	_____
	(Authorised Signatory)	Name	Position Date
Signatories for and on behalf of the transferring Client:			
To: Receiving Clearing Member			
We acknowledge and confirm:			
i.	the request to transfer as detailed above;		
ii.	that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;		
iii.	that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefor;		
iv.	that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA in satisfaction of an increased Margin Requirement (and/or by us to the Receiving Clearing Member listed above and/or by us to our Carrying Clearing Member), and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;		
v.	that in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.3.1(vi) or 5.3.3.2(v), as applicable, of the CDS Clearing Rule Book; and		
vi.	that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with Section 5.3.3 or 6.3.3, as applicable, of the CDS Clearing Rule Book.		
For and on behalf of the Client:			

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CDS Clearing Procedures

CDS Clearing Operations

Authorised signatory	Authorised signatory
Date	Date
<p>All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.</p> <p>Email: CDSClear.ops@LCHClearnet.com</p> <p>Telephone: + 33 1 70 37 42 24</p> <p>LCH.Clearnet SA - CDSClear Operations department 18, rue du Quatre Septembre 75002 Paris</p>	

APPENDIX 2

PART A: CCM INDIVIDUAL SEGREGATED ACCOUNT CLIENT – FULL TRANSFER FORM

	CCM CLIENT - FULL TRANSFER FORM
V.[: [] 20[]	
<i>Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein</i>	
To:	LCH.Clearnet SA
From:	Receiving Clearing Member
Date:	
<p>We, [insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from [insert name of transferring Client] (the "Client") to transfer its entire portfolio of Client Cleared Transactions registered in the relevant [[insert [CCM Direct Client Segregated Account Structure] [and/or]* [CCM Indirect Client Segregated Account Structure]*] from [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to Articles 5.3.2.1 or 5.3.2.2 of the CDS Clearing Rule Book (as applicable) and the Procedures.</p> <p style="text-align: right;">* Delete as appropriate</p>	
<p>Please insert:</p> <p>Name of Carrying Clearing Member:</p> <p>.....</p> <p>in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.</p> <p>Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with Articles 5.3.2.1 or 5.3.2.2 of the CDS Clearing Rule Book (as applicable).</p> <p><input type="checkbox"/> The Client wishes to transfer Client Assets</p> <p><input type="checkbox"/> The Client does NOT wish to transfer Client Assets</p>	
<p>Signatories for and on behalf of the Receiving Clearing Member:</p> <p>We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing</p>	

Member

1. _____
(Authorised Signatory) Name Position date
2. _____
(Authorised Signatory) Name Position date

Signatories for and on behalf of the transferring Client:

To: Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.1(vii) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Client:

Authorised signatory

Authorised signatory

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CDS Clearing Procedures

CDS Clearing Operations

Date

Date


All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: CDSClear.ops@LCHClearnet.com

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations
department
18, rue du Quatre Septembre
75002 Paris

PART B: CCM OMNIBUS SEGREGATED ACCOUNT CLIENT – FULL TRANSFER FORM

	CCM CLIENT - FULL TRANSFER FORM		
V.[]: [] 20[]			
<i>Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein</i>			
To:	LCH.Clearnet SA		
From:	Receiving Clearing Member		
Date:			
<p>We,[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from [insert name of all the CCM Omnibus Segregated Account Clients within a CCM Omnibus Client Set] (the "Clients") to transfer their entire portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure from [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Clients pursuant to Articles 5.3.2.1 or 5.3.2.2 of the CDS Clearing Rule Book (as applicable) and the Procedures.</p>			
Please insert:			
Name of Carrying Clearing Member:			
.....			
in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.			
Please tick the relevant box below to confirm whether the Clients wish to transfer the Client Assets in accordance with Articles 5.3.2.1 or 5.3.2.2 of the CDS Clearing Rule Book (as applicable).			
<input type="checkbox"/> The Clients wish to transfer Client Assets			
<input type="checkbox"/> The Clients do NOT wish to transfer Client Assets			
Signatories for and on behalf of the Receiving Clearing Member:			
We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member			
1.			
_____	_____	_____	_____
(Authorised Signatory)	Name	Position	date

2.

<u>(Authorised Signatory)</u>	<u>Name</u>	<u>Position</u>	<u>date</u>
-------------------------------	-------------	-----------------	-------------

Signatories for and on behalf of the transferring CCM Omnibus Segregated Account Clients:

To: Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.2(vi) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Clients:

Authorised signatory

Authorised signatory

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CDS Clearing Procedures

CDS Clearing Operations

Date	Date
_____ Authorised signatory	_____ Authorised signatory
_____ Date	_____ Date
_____ Authorised signatory	_____ Authorised signatory
_____ Date	_____ Date
_____ Authorised signatory	_____ Authorised signatory
_____ Date	_____ Date

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: CDSClear.ops@LCHClearnet.com

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CDS Clearing Procedures

CDS Clearing Operations

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations
department
18, rue du Quatre Septembre
75002 Paris

PART C : FCM CLIENT- FULL TRANSFER FORM



FCM CLIENT - FULL TRANSFER FORM

V.[]: [] 20[]

Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein

To: LCH.Clearnet SA

From: Receiving Clearing Member

Date:

We,[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from [insert name of transferring Client] (the "Client") to transfer its entire portfolio of Client Cleared Transactions registered in the relevant FCM Client Account Structure from [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to Article 6.3.2.1 of the CDS Clearing Rule Book (as applicable) and the Procedures.

Please insert:

Name of Carrying Clearing Member:

.....

in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.

Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with Article 6.3.2.1 of the CDS Clearing Rule Book (as applicable).

- The Client wishes to transfer Client Assets
- The Client does NOT wish to transfer Client Assets

Signatories for and on behalf of the Receiving Clearing Member:

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member

1. _____
(Authorised Signatory) Name Position date

2. _____
(Authorised Signatory) Name Position date

Signatories for and on behalf of the transferring Client:

To: Receiving Clearing Member

We acknowledge and confirm:

- viii. the request to transfer as detailed herein;
- ix. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a FCM Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- x. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- xi. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- xii. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- xiii. that, where we have requested the transfer of Client Assets, (x) we should contact our Carrying Clearing Member to ensure that they contact LCH.Clearnet SA to identify the correct Client Assets available for transfer, and (y) where our Carrying Clearing Member does not so identify the correct Client Assets available for transfer, LCH.Clearnet SA is permitted to transfer alternative Collateral as it deems appropriate in accordance with LCH.Clearnet SA's CDS Clearing Rule Book;
- xiv. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 6.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Client:

_____ Authorised signatory	_____ Authorised signatory
_____ Date	_____ Date

All forms should be returned to LCH.Clearnet SA for the attention of CDSClear Operations department.

Email: CDSClear.ops@LCHClearnet.com

[DRAFT FOR DISCUSSION PURPOSE ONLY - 14.11.2014](#)

CDS Clearing Procedures

CDS Clearing Operations

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations
department
18, rue du Quatre Septembre
75002 Paris

APPENDIX 3

CCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM



CCM CLIENT TRANSFER – CARRYING
CLEARING MEMBER RESPONSE FORM

[V]: []

Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein

To: LCH.Clearnet SA

From: Carrying Clearing Member

Date:

We,[insert name of Carrying Clearing Member] (the "Carrying Clearing Member") have received a request from LCH.Clearnet SA in relation tos [insert name of transferring Client or Clients] [(the "Client")]/[(the "Clients")]* request to transfer [(its entire)/[part of its/their]*] portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure held by us. We are writing to inform you that:

* Delete as appropriate

(Please tick if applicable)

[The]/[A]* transferring Client has become insolvent and no Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.1, 5.3.2.2, 5.3.3.1 or 5.3.3.2 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable)

If the transferring Client requests to transfer the entire, or a part of, the portfolio of Client Cleared Transactions registered in the relevant CCM Indirect Segregated Account Structure, one or more relevant CCM Indirect Clients have become insolvent and no relevant Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.1 or 5.3.3.1 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable)

[The]/[A]* transferring Client has, or would have as a consequence of the occurrence of the requested transfer, unsatisfied requirements which LCH.Clearnet SA's CDS Clearing Rule Book states must be satisfied in order for the transfer to be effected as between itself and us at the time of, or arising as a result of, such transfer, including, without limitation, outstanding obligations as described in Articles 5.3.2.1(vii), 5.3.2.2(vi), 5.3.3.1(vi) or 5.3.3.2(v) of the CDS Clearing Rule Book (as applicable) and therefore no Client Cleared Transactions should not be transferred.

* Delete as appropriate

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CDS Clearing Procedures

CDS Clearing Operations

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: CDSClear.ops@LCHClearnet.com

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations
department
18, rue du Quatre Septembre
75002 Paris

Signatories for and on behalf of the Carrying Clearing Member:

We acknowledge and confirm the above and that we are authorised to sign for and on behalf of the Carrying Clearing Member:


1.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	Date

2.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	Date

APPENDIX 4: FCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM

	FCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM
	[V]: []
<i>Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein</i>	
To:	LCH.Clearnet SA
From:	Carrying Clearing Member
Date:	
We,[insert name of Carrying Clearing Member] (the "Carrying Clearing Member") have received a request from LCH.Clearnet SA in relation tos [insert name of transferring Client] (the "Client") request to transfer [[its entire]/[part of its]*] portfolio of Client Cleared Transactions registered in the relevant FCM Client Account Structure held by us. We are writing to inform you that:	
<small>* Delete as appropriate</small>	
<input type="checkbox"/> <small>(Please tick if applicable)</small>	The transferring FCM Client has become insolvent and no Client Cleared Transactions should therefore be transferred in accordance with Articles 6.3.2.1 or 6.3.3.1 of the CDS Clearing Rule Book as applicable.
<input type="checkbox"/> <small>(Please tick if applicable)</small>	The transferring Client has asked that Client Assets be transferred and the relevant Client Assets are described in the schedule below.
Schedule of Client Assets:	
<input type="checkbox"/>	The Client Assets of the FCM Client consist solely of cash in the following amount and currency:
	<input type="text" value="CASH AMOUNT & CURRENCY"/>
<input type="checkbox"/>	The Client Assets of the FCM Client consist of the following cash and non-cash collateral:
	<input type="text" value="CASH AMOUNT & CURRENCY"/>

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CDS Clearing Procedures

CDS Clearing Operations

ISIN	Notional Value

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: CDSClear.ops@LCHClearnet.com

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations
department
18, rue du Quatre Septembre
75002 Paris

Signatories for and on behalf of the Carrying Clearing Member:

We acknowledge and confirm the above and that we are authorised to sign for and on behalf of the Carrying Clearing Member:

1.

(Authorised Signatory) Name Position Date

2.

(Authorised Signatory) Name Position Date

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CDS Clearing Procedures

CDS Clearing Operations

CDSClear

**LCH.Clearnet SA
CDS Clearing Procedures
Section 6 – CDS Default Fund
09.12.2013**



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6.1 SCOPE

This Section 6 of the Procedures sets out the method for calculating the size of the CDS Default Fund and certain related matters.

6.2 COLLATERAL PAYMENT ARRANGEMENT

A Clearing Member's Contribution must be made by way of Cash Collateral.

For further details about the transfer of Cash Collateral, please refer to Section 3 of the Procedures.

6.3 ELIGIBLE CURRENCIES

Cash Collateral transferred to satisfy a Clearing Member's Contribution Requirement must be made in an Eligible Currency.

For a list of Eligible Currencies please refer to Section 3 of the Procedures.

6.4 CALCULATION OF THE CDS DEFAULT FUND AMOUNT

The size of the CDS Default Fund is equal to the Combined Unmargined Risk.

Default Fund size

= 1.1

$$* \text{Max}_{60 \text{ days}} \left(\text{Max}_{\text{Scenarios}} \left(\text{Max}_{\text{Member}} (\text{UR}) + 2\text{ndMax}_{\text{Member}} (\text{UR}) \right) \right)$$

where UR stands for the Member Uncovered Risk.

The Member Uncovered Risk covers the Margin Account Uncovered Risks with respect to the Clearing Member's Margin Accounts. It is computed on a daily basis for each stress-test scenario.

The Margin Account Uncovered Risk and the Member Uncovered Risk are calculated in accordance with the methodology established by LCH.Clearnet SA after consultation with the Risk Committee. The parameters used to calculate the Member Uncovered Risk and the Margin Account Uncovered Risk and the funded contributions are set out in a Clearing Notice and published on the Website.

6.5 CALCULATION OF A CLEARING MEMBER'S CONTRIBUTION

Article 4.4.1.3 of the CDS Clearing Rule Book sets out the method by which a Clearing Member's Contribution shall be calculated.

6.6 ADDITIONAL CONTRIBUTION AMOUNT

This Paragraph 6.6 applies if, in accordance with Article 4.4.1.4 of the CDS Clearing Rule Book, LCH.Clearnet SA calls on Clearing Members to make an Additional Contribution Amount.

Each Clearing Member shall pay the Additional Contribution Amount with Euro-denominated Cash Collateral.

If notified on or before 14:00, each Clearing Member shall pay the Additional Contribution Amount to LCH.Clearnet SA by 09:00 on the next TARGET2 open day.

However, if Competitive Bidding has been conducted in accordance with the CDS Default Management Process and LCH.Clearnet SA is due to register Transfer Positions on the following calendar day, then LCH.Clearnet SA may, through TARGET2, request that each Clearing Member pay its Additional Contribution Amount:

- (a) where the request for an Additional Contribution Amount was sent by LCH.Clearnet SA on or before 14:00 – by 15:55 on the same day; or
- (b) where the request for an Additional Contribution Amount was sent by LCH.Clearnet SA after 14:00 – by 09:00 on the next TARGET2 open day.

LCH.Clearnet SA will provide Clearing Members with as much notice as is reasonably practicable of its intention to call for payment of the Additional Contribution Amount. Notice will be given by publication of the AC0102E and AC0103E Treasury Reports ~~on the eCCW website~~ [through any reporting mechanism specified in a Clearing Notice](#) and by telephone call to the telephone number notified to LCH.Clearnet SA as part of the relevant Clearing Member's admission application.

6.7 CDS DEFAULT FUND FLOOR

The floor to the CDS Default Fund is EUR 100 million.

6.8 CAPPING OF THE CDS DEFAULT FUND

The CDS Default Fund is not capped at a specific amount.

6.9 RETURN OF CASH COLLATERAL

For the conditions and timetable for the return of Cash Collateral by LCH.Clearnet SA please refer to Section 3 of the Procedures.

DRAFT FOR DISCUSSION PURPOSE ONLY

6.11.2014



CDS Clear

LCH.Clearnet SA CDS Clearing Procedures Section 7 – Business Continuity

09.12.2013 [●]



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7.1 INTRODUCTION

The Procedures set out in this section are intended to provide Clearing Members with a guide to the possible steps that can be taken in the event of a Force Majeure Event affecting LCH.Clearnet SA or a Clearing Member, for the avoidance of doubt, subject always to Article 1.2.11.2 of the CDS Clearing Rule Book.

Due to the unpredictable nature of a Force Majeure Event, LCH.Clearnet SA reserves the right at its sole discretion and without consulting with the Clearing Members to depart from this Section 7 of the Procedures to meet the requirements of the specific situation, provided that, for the avoidance of doubt, LCH.Clearnet SA shall, in all cases, act in accordance with Article 1.2.11.2 of the CDS Clearing Rule Book.

7.2 SCOPE

The scope of this Section 7 of the Procedures covers:

- (a) Force Majeure Event affecting a Clearing Member:
 - (i) during office hours; and
 - (ii) outside office hours.
- (b) Force Majeure Event affecting LCH.Clearnet SA where the:
 - (i) headquarters (“**HQ**”) is unavailable or inaccessible; and
 - (ii) primary data centre fails.

7.3 LIMITS

Where a Clearing Member is affected by a Force Majeure Event, LCH.Clearnet SA will provide assistance purely on a “reasonable endeavours” basis and will be under no obligation to assist in anyway it considers being detrimental to its business or the CDS Clearing Service.

7.4 BUSINESS CONTINUITY EVENTS AFFECTING A CLEARING MEMBER

- (a) During office hours (07:00-20:00 CET)

In case of a Force Majeure Event affecting the continuity of its activities, a Clearing Member should contact LCH.Clearnet SA as soon as reasonably practicable:

Initial Contact

Customer technical helpdesk (“**CTH**”) +33 1 70 37 66 00

Lchclearnetsa_CTH@lchclearnet.com

Additional contacts

Account manager	firstname.name@Lchclearnet.com
Operations team (“ OPS ”)	LCHClearnetSA_DO_CDS@Lchclearnet.com
Business continuity team (“ BCS ”)	ALL_SA_BCS@Lchclearnet.com

The Clearing Member must provide LCH.Clearnet SA with the following information:

Clearing Member identification

- (i) company name;
- (ii) Clearing Member code;
- (iii) location (HQ or data centre and country);
- (iv) caller name; and
- (v) caller email address.

Clearing Member issue description

- (i) details of the nature of the Force Majeure Event;
- (ii) expected time to resolve or mitigate the Force Majeure Event; and
- (iii) whether any assistance is requested from LCH.Clearnet SA.

Process

As soon as the Clearing Member informs LCH.Clearnet SA about a Force Majeure Event, LCH.Clearnet SA will organise the following assistance if it deems it appropriate:

- (i) CTH will reply to the Clearing Member; and
- (ii) CTH, depending of the nature of the Force Majeure Event will organise a conference call with:
 - (A) Clearing Member representatives;
 - (B) LCH.Clearnet SA operational departments (OPS, Risk and Treasury); and
 - (C) depending on the type of problem other relevant LCH.Clearnet SA departments, for example, IT.

Resolution

As soon as the Force Majeure Event has been resolved, the Clearing Member must inform LCH.Clearnet SA through the CTH.

(b) Outside office hours

In case of a Force Majeure Event affecting the continuity of its activities, the Clearing Member should contact LCH.Clearnet SA as soon as reasonably practicable:

Initial contact

Business continuity team (“BCS”)

~~+33 1 70 37 66 62 +33 6 12 72 85 54~~
~~(Alexandre Fasani)~~

~~Alexandre.fasani@lchclearnet.com~~

or

~~+33 6 79 87 27 64 (Guillaume Tual)~~

~~Guillaume.tual@lchclearnet.com~~

~~ALL_SA_BCS@Lchclearnet.com~~

Mis en forme : Police : (Par défaut)
Arial, Couleur de police : Texte 1,
Français (France)

Code de champ modifié

Code de champ modifié

Code de champ modifié

The Clearing Member must provide LCH.Clearnet SA with the following information:

Clearing Member identification

- (i) company name;
- (ii) Clearing Member code;
- (iii) location (HQ or data centre and country);
- (iv) caller name; and
- (v) caller email address.

Clearing Member issue description

- (i) details of the nature of the Force Majeure Event;
- (ii) expected time to resolve or mitigate the Force Majeure Event; and
- (iii) whether any assistance is requested from LCH.Clearnet SA.

Process

As soon as the Clearing Member informs LCH.Clearnet SA about a Force Majeure Event, LCH.Clearnet SA will organise the following assistance if it deems it appropriate:

- (i) BCS will depending of the nature of the Force Majeure Event organise a conference call with:
 - (A) Clearing Member representatives; and
 - (B) depending on the type of problem the relevant LCH.Clearnet SA departments, for example, OPS, Risk and Treasury.
- (ii) BCS will notify relevant information to the CTH.

Resolution

As soon as the Force Majeure Event has been resolved, the Clearing Member must inform LCH.Clearnet SA through the CTH.

7.5 FORCE MAJEURE EVENT AFFECTING LCH.CLEARNET SA – HQ ISSUE (INACCESSIBILITY/EVACUATION AND RELOCATION)

- (a) Business continuity plan principles

LCH.Clearnet SA has organised a dedicated secondary office to be used where the LCH.Clearnet SA HQ is unavailable. The agreement between LCH.Clearnet SA and the secondary office provider stipulates that dedicated work areas will be available immediately.

If LCH.Clearnet SA has to relocate to the secondary office, the secondary office will be fully operational within four hours of the decision to move to it.

If, due to the nature of the Force Majeure Event, LCH.Clearnet SA is required to interrupt the CDS Clearing Service such interruption should not be for longer than one hour.

LCH.Clearnet SA can, depending on the type of Force Majeure Event, run the CDS Clearing Service jointly from both HQ and the secondary office or just from the secondary office.

- (b) Communication

LCH.Clearnet SA will notify Clearing Members of the following:

- (i) the decision to relocate;
- (ii) the change to any telephone or fax numbers;

- (iii) confirmation of whether all operations will be continuing during the relocation or not; and
- (iv) if required, any: amendments to delivery procedures; extensions to deadlines for the use of options, registration of contracts and/or delivery of reports; and/or amendments or suspension of certain Treasury processes,

by the following methods:

- (A) Website;
 - (B) email to each Clearing Member at the email address previously notified to LCH.Clearnet SA; and
 - (C) telephone calls to each Clearing Member at the telephone number previously notified to LCH.Clearnet SA.
- (c) Resolution

As soon as the Force Majeure Event has been resolved, LCH.Clearnet SA will inform all Clearing Members through the Website and by email to the email address notified by the relevant Clearing Member as part of their admission application. This may include notification that the address, telephone numbers and fax numbers have permanently changed.

7.6 FORCE MAJEURE EVENT AFFECTING LCH.CLEARNET SA – PRIMARY DATA CENTRE FAILURE

- (a) Data replication principles

LCH.Clearnet SA has in place a fully synchronised primary and secondary data centre. This means that data is stored at data centres immediately on a real time basis. The two data centres are run independently of each other. Accordingly the failure of one data centre should not impact the other.

The maximum time to switch from the primary to the secondary data centre is two hours. During the switch from the primary to the secondary data centre the CDS Clearing Service will not be operational.

Due to the fully synchronised nature of the primary and secondary data centres there will be no impact on the Website, access to any mean specified in a Clearing NoticeeCCW and LCAP, and no data will be lost.

- (b) Communication

LCH.Clearnet SA will notify Clearing Members that the decision has been made to switch to the secondary data centre and what the impacts will be in relation to:

- (i) if required, any: amendments to delivery procedures; extensions to deadlines for the use of options, registration of contracts and/or delivery of reports; and/or amendments or suspension of certain Treasury processes;
- (ii) the expected time resumption of the normal CDS Clearing Service will be; and
- (iii) the order in which the CDS Clearing Service systems will be transferred to the secondary data centre and available to be used by a Clearing Member,

by the following methods:

- (A) Website;
 - (B) email to each Clearing Member at the email address previously notified to LCH.Clearnet SA; and
 - (C) telephone calls to each Clearing Member at the telephone number previously notified to LCH.Clearnet SA.
- (c) Resolution

As soon as the Force Majeure Event has been resolved, LCH.Clearnet SA will inform all Clearing Members through the Website and by email to the email address notified by the relevant Clearing Member as part of their admission application.