

VIA CFTC PORTAL

10 March 2017

Mr Christopher Kirkpatrick  
Commodity Futures Trading Commission  
115 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

**LCH Limited Self-Certification: Updates to post trade synchronization facility with Approved Trade Source Systems (ATSS)**

Dear Mr Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (the "CFTC") Regulation §40.6(a), LCH Limited ("LCH"), a derivatives clearing organization registered with the CFTC, is submitting for self-certification changes to its rules to offer updated post trade synchronization facility with ATSS.

**Part I: Explanation and Analysis**

Currently, the facility to synchronise the LCH cleared trade records with ATSS, is available to members only and covers compression messages. The updates allow for synchronisation of additional post trade activity (portfolio transfer) with ATSS and extending the same to clients. In addition, the post trade activity messages could be synchronised with multiple ATSS's.

The facility will be available to both SCMs (SwapClear Clearing Members) and FCMs (Futures Commission Merchants).

The changes will go live on, or after, March 27, 2017.

**Part II: Description of Rule Changes**

A new section to address the changes has been added to the Procedures sections of the LCH rulebooks. Section 1.31 has been added to the Procedures section 2C and Section 2.1.13 has been added to the FCM Procedures. These rule changes cover the process for submitting and receiving post trade messages using ATSS, the process to confirm and approve the submission or receipt of messages via ATSS and providing LCH the ability to use the messages received as is without being liable for any errors introduced in the process.

The texts of the changes are attached hereto as:

- **Appendix I** – Procedures Section 2C of the SwapClear Clearing Service
- **Appendix II** – FCM Procedures of the Clearing House

### **Part III: Core Principles Compliance**

LCH has reviewed the changes to its rules against the Core Principles and finds that these will continue to comply with all the requirements and standards therein.

### **Part IV: Public Information**

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

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

### **Part V: Opposing Views**

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

### **Certification**

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in 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 [julian.oliver@lch.com](mailto:julian.oliver@lch.com).

Yours sincerely



Julian Oliver  
Chief Compliance Officer  
LCH.Clearnet Limited

**Appendix I**  
**Procedures Section 2C of the SwapClear Clearing Service**



**LCH.CLEARNET LIMITED**

**PROCEDURES SECTION 2C**

**SWAPCLEAR CLEARING SERVICE**

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Subject to Regulation 11 (*Client Clearing Business*) of the General Regulations and Section 1.21 below, a SwapClear Clearing Member may request that the Clearing House opens, in respect of its Client Clearing Business, one or more:

- (i) Individual Segregated Accounts;
  - (ii) Non-Identified Client Omnibus Net Segregated Accounts;
  - (iii) Identified Client Omnibus Net Segregated Accounts;
  - (iv) Affiliated Client Omnibus Net Segregated Accounts; and/or
  - (v) Omnibus Gross Segregated Accounts.
- (b) Each Client Account will map to two sub-accounts:
- (i) a position account; and
  - (ii) a collateral account.

## 1.5 Position Accounts

### 1.5.1 *SCM Accounts*

For identification purposes each SCM is assigned a unique three-character mnemonic. An SCM's position and financial information are further identified by a single character code: C for SwapClear Client Clearing Business; and H for SwapClear Clearing House Business. The H account is obligatory, the C account will be used in respect of any SCM which engages in SwapClear Client Clearing Business.

### 1.5.2 *Position-Keeping Accounts*

(a) *Clearing Member Accounts*

The account types are: H for SwapClear Clearing House Business; and C for SwapClear Client Clearing Business.

An SCM's SwapClear positions are also recorded within the SwapClear clearing system in SwapClear Accounts.

(b) *SwapClear Accounts*

The SwapClear clearing system will provide position-keeping accounts for SCMs. A SwapClear Account will be assigned a code identical to the Bank Identifier Code ("**BIC**") of the SCM. Each SwapClear Account must map to a Clearing Member account.

All registered SwapClear Contracts will be identifiable to SCMs [and SwapClear Clearing Clients, as applicable](#), via SwapClear Clearing Member reporting (see Section 1.1.3). Each SwapClear Contract will

also be assigned a unique trade identifier by the Clearing House. The SwapClear Clearing Member reporting functionality also allows SCMs [and SwapClear Clearing Clients](#) to identify all SwapClear Contracts, registered in their name, and, if submitted by an SD, the submitting SD. At the request of an SCM [or SwapClear Clearing Client, as applicable](#), the Clearing House may permit the SCM [or SwapClear Clearing Client, as applicable](#), and/or its [respective](#) agent or designee (that has previously been approved by the Clearing House for such purpose) to assign or amend a trade identifier to a SwapClear Contract in its accounts, provided that no such assignment or amendment shall in any way affect the Clearing House trade identifiers in respect of each such SwapClear Contract. By making such request, such SCM, [either on its own behalf or on behalf of a SwapClear Clearing Client](#), acknowledges that the Clearing House shall have no liability for any direct or indirect consequence of the use or assignment of such additional trade identifiers.

Notwithstanding anything in this Section 1.5.2 of the Procedures, the Clearing House trade identifiers and records in relation to SwapClear Contracts shall be the definitive version for all purposes involving the Clearing House or any service or product offered by it, and shall prevail over any versions otherwise maintained by or on behalf of any SCM.

Any request for the Clearing House to approve an agent or designee for the purposes of this Section 1.5.2 must be made in writing and using the Clearing House's standard documentation. Through making a request, an SCM, [either on its own behalf or on behalf of a SwapClear Clearing Client](#), is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

## 1.6 Collateral Accounts

Clearing Member position accounts have collateral accounts associated with them. These are, *inter alia*, used to record cash balances and securities. Information contained within a position-keeping account is consolidated with the associated collateral account, as follows:

### 1.6.1 Relationship with Position-Keeping Accounts and Collateral Accounts

<b>Position-keeping Account</b>	<b>Collateral Account</b>	
H	Proprietary	H
C	Client	C

Each client "C" position-keeping account and the client "C" collateral account of an SCM may hold any number of segregated sub-accounts. Each Individual Segregated Account of the SCM will map onto one such segregated sub-account in the client "C" position-keeping account and one such segregated sub-account in the client "C" collateral account and each Omnibus Segregated

SwapClear Clearing Client is acting on behalf of Indirect Clearing Clients comprising an Indirect Omnibus Segregated Account.

### 1.15 Position Transfers

The SwapClear Clearing System provides functionality for transfer of positions between SCMs and from an SCM to an FCM Clearing Member. Other than transfers conducted pursuant to Regulation 60 (*Transfer*) and Section 1.22.4, an SCM who wishes to effect a position transfer to another SCM should contact the Clearing House Risk Management Department.

SwapClear Dealers who wish to change their SCM will be required to execute a new SwapClear Dealer Clearing Agreement with their intended new SCM. The Clearing House will, if all parties are in agreement, effect a transfer of positions from one SCM to the other.

Other than in respect of a transfer to a Backup Clearing Member following a default of their existing SwapClear Clearing Member, transfers will only be effected once adequate Collateral (which, in the case of transfers conducted pursuant to Regulation 60(b) (*Transfer*), may include an Associated Collateral Balance) has been transferred to the Clearing House by both parties to the transfer.

#### 1.15.1 *Legal Documentation*

The Clearing House will provide standard legal documentation for the transfer of positions. The transfer must be authorised by both parties and by individuals with appropriate signing authority.

#### 1.15.2 *Position Transfer Notice Period*

The Clearing House will usually require five business days notice ahead of an intended transfer.

### 1.16 Compression

A SwapClear Clearing Member may compress existing SwapClear Contracts in accordance with Regulation 56. There are two options available to a SwapClear Clearing Member that wishes to compress existing SwapClear Contracts:

- (a) a SwapClear Clearing Member can request that all SwapClear Contracts entered into on behalf of a designated SwapClear Clearing Client or on such SwapClear Clearing Member's own behalf be considered for compression by the Clearing House. Such a request shall be reconsidered by the Clearing House automatically each day (and the results notified to the SwapClear Clearing Member after the applicable scheduled compression run) until the SwapClear Clearing Member notifies the Clearing House to discontinue such compression of SwapClear Contracts. SwapClear Clearing Members should contact the Clearing House's Membership Department to request such a compression of SwapClear Contracts; or

- (b) a SwapClear Clearing Member may notify the Clearing House directly through the ClearLink API specifying which SwapClear Contracts should be compressed. Additionally, a SwapClear Clearing Member may provide such notice to the Clearing House through any Approved Trade Source System previously approved for this purpose by the Clearing House, but only where the compression is by way of netting in respect of one or more pairs of SwapClear Contracts that have substantially the same Economic Terms and fixed rate but for which the position of the SwapClear Clearing Member (on its own behalf or on behalf of the relevant SwapClear Clearing Client) is (x) in the opposite direction on each leg of such pair (i.e., obligations to make payment netted against rights to receive payment), such that the SwapClear Contract that replaces such pair of SwapClear Contracts to be compressed shall have a notional amount equal to the net notional amount of the original pair of SwapClear Contracts or (y) in the same direction on each leg of such pair (i.e., obligations to make payment aggregated and rights to receive payment aggregated), such that the SwapClear Contract that replaces the compressed SwapClear Contracts shall have a notional amount equal to the total notional amount of the original pair of SwapClear Contracts. The SwapClear Clearing Member will be notified after the applicable scheduled compression run whether compression has occurred and the Clearing House will not automatically reconsider such compression request on subsequent days regardless of whether compression has occurred.

In order to compress a SwapClear Contract, a SwapClear Clearing Member must have in its applicable Client Account or Proprietary Account SwapClear Contracts with the same compression identifier (being an identifier applied by the Clearing House which indicates that such SwapClear Contracts are eligible for compression) and shall then follow the process for compression as set out above.

In respect of each compression, the Clearing House will notify SwapClear Clearing Members of the cut-off time by which the Clearing House must be notified of the relevant SwapClear Contracts to be compressed in order for such SwapClear Contracts to be included in the relevant compression run. The Clearing House shall process the compression of all SwapClear Contracts notified to it prior to such cut-off time. A notification received after the relevant cut-off time shall be treated as if such notification was submitted on the following day. The Clearing House shall notify the applicable SwapClear Clearing Member after the applicable compression run of the result of such compression procedure. A SwapClear Clearing Member may, with the prior approval of the Clearing House [and pursuant to Section 1.31](#), elect to receive such notification via any Approved Trade Source System previously approved by the Clearing House for such purpose.

A SwapClear Clearing Member that elects to provide notices or reports to the Clearing House through any Approved Trade Source System specifying which SwapClear Contracts should be compressed, have been compressed or any other information in relation to compressions ~~or to receive any notices or reports from the Clearing House in connection with compressions via an Approved Trade Source System~~ acknowledges and agrees that (i) the Clearing House makes no warranty (and



will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Trade Source System or the timeliness or otherwise of the delivery of any compression-related details by that Approved Trade Source System to the Clearing House of the SwapClear Clearing Member, (ii) the Clearing House will process and use any compression-related information provided to it via an Approved Trade Source System on an “as is” basis (with no obligation to verify any details), (iii) the Clearing House accepts no liability for any error within or corruption of any data sent by an Approved Trade Source System to the Clearing House or to the SwapClear Clearing Member or any delay in or failure of the transmission of such data to the Clearing House or the SwapClear Clearing Member. In the event that the Clearing House terminates, registers or otherwise effects an action in connection with a compression relating to any SwapClear Contract on the basis of incorrect or corrupted data sent to it by an Approved Trade Source System, the SwapClear Clearing Member concerned shall be bound by the results of such actions. Such matters form part of the relationship between the SwapClear Clearing Member and the relevant Approved Trade Source System. Notwithstanding anything in this Section 1.16 of the Procedures, the Clearing House records in relation to any compression and the status of any SwapClear Contract prior to, during or following a compression run shall be the definitive record in connection therewith and shall prevail over any such records maintained by any Approved Trade Source System.

~~Any request for the Clearing House to approve an Approved Trade Source System for the purposes of this Section 1.16 must be made in writing and using the Clearing House’s standard documentation. Through making a request, an SCM is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.~~

Following the compression process described above and as further set out in Regulation 56, the applicable SwapClear Clearing Member shall promptly notify the Clearing House if it believes that any errors have occurred in the compression process or if its books and records do not reconcile with those of the Clearing House in respect of the compressed SwapClear Contracts as notified to the SwapClear Clearing Member by the Clearing House.

### 1.17 Duo Compression

Subject to completion of the Clearing House’s standard form documentation and in response to a request from two SwapClear Clearing Members, the Clearing House may identify compression opportunities for those SwapClear Clearing Members. SwapClear Clearing Members should contact [swapclear.clientservices@lchclearnet.com](mailto:swapclear.clientservices@lchclearnet.com) for further information.

### 1.18 Cleared Trade Removal Agreement

SwapClear Contracts may be transferred from a Client Account to the relevant SCM’s Proprietary Account in accordance with Section 1.13. In the event that an SCM wishes to remove a SwapClear Contract submitted through the SWIFT trade source it should complete a Cleared Trade Removal Agreement as set out in Schedule 3 of Procedure 4 (*Margin and Collateral*) and a corresponding Cleared Trade Removal

The fixed coupon in respect of a Crossing Transaction will be determined as the mid-point between the Key Tenor Market Data submitted by the Inflation Clearing Group that is required to enter into the Crossing Transaction and the SwapClear End of Day Price in respect of the relevant tenor and Index on the relevant Inflation Swap Business Day, with a cap of 15bps from the SwapClear End of Day Price being the maximum distance between the price of the Crossing Transaction and the SwapClear End of Day Price. The notional amount of the Crossing Transaction will be denominated in the same currency as the relevant Index and, for Indices denominated in USD, GBP or EUR, will be a number of currency units equal to the number given for the relevant tenor published in the Inflation Swaps Operational Specifications. Where the Inflation Clearing Group that is required to enter into a Crossing Transaction submitted Key Tenor Market Data that is lower than the SwapClear End of Day Price, its Designated Clearing Member will be required to receive a fixed price under the Crossing Transaction whilst an Inflation Clearing Group that submits Key Tenor Market Data that is higher than the SwapClear End of Day Price will be required to pay a fixed price as determined by the formula published in the Inflation Swaps Operational Specifications.

In the case of a Designated Clearing Member engaging in a Crossing Transaction as a result of its Inflation Clearing Group receiving 2 Non-performance Notices or a Market Deviation Notice as a result of providing Corrupted Data, the price in respect of its Crossing Transaction will be the mid-point between the value ascribed to the Designated Clearing Member for the purposes of a Non-performance Notice Crossing Transaction (in accordance with the Inflation Swaps Operational Specifications) and the SwapClear End of Day Price.

### 1.31 Notifications via Approved Trade Source Systems

1.31.1 With prior approval of the Clearing House, SwapClear Clearing Members and SwapClear Clearing Clients may elect to submit and receive certain post-trade messages via any Approved Trade Source System previously approved by the Clearing House for the results of compression procedures, Permitted Transfers and economic and non-economic amendments of SwapClear Contracts.

1.31.2 A SwapClear Clearing Member, either on its own account or with respect to a SwapClear Clearing Client (where applicable), acknowledges and agrees, with respect to an election to receive messages and/or notifications under this Section 1.31 from the Clearing House via an Approved Trade Source System, that (i) the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Trade Source System or the timeliness or otherwise of the delivery of any notices, reports or details by that Approved Trade Source System to the Clearing House of the SwapClear Clearing Member or SwapClear Clearing Client, as applicable, (ii) the Clearing House will process and use any information provided to it under this Section 1.31 via an Approved Trade Source System on an "as is" basis (with no obligation to verify any details), (iii) the Clearing House accepts no liability for (A) any error within or corruption of any data sent by an Approved Trade Source

System to the Clearing House, the SwapClear Clearing Member or any SwapClear Clearing Client or (B) any delay in or failure of the transmission of such data to the Clearing House, the SwapClear Clearing Member or any SwapClear Clearing Client.

1.31.3 Any request for the Clearing House to approve the submission and receipt of post-trade messages via any Approved Trade Source System must be made in writing and using the Clearing House's standard documentation. Through making a request, a SwapClear Clearing Member, either on their own account or with respect to a SwapClear Clearing Client, is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

## 2. PORTFOLIO MARGINING SERVICE

### 2.1 Introduction

The Portfolio Margining Service is an optional service which provides Joint Rates Service Clearing Members portfolio-margining functionality in respect of pairs of accounts which are held in the SwapClear and Listed Interest Rates Services by transferring Eligible Listed Interest Rates Contracts between accounts in each Service.

A Joint Rates Service Clearing Member must opt-in to the Portfolio Margining Service in accordance with the procedure set out in paragraph 2.2 below and meet the PM Eligibility Criteria (as defined below) in order to benefit from the portfolio-

**Appendix II**  
**FCM Procedures of the Clearing House**



**FCM PROCEDURES OF  
THE CLEARING HOUSE**

**LCH.CLEARNET LIMITED**

Where a constituent FCM SwapClear Transaction of a Package Transaction is an FCM US Trading Venue Transaction, it is a condition of registration that all of the constituent FCM SwapClear Transactions of such Package Transaction be FCM US Trading Venue Transactions; where such condition is not met, all constituent FCM SwapClear Transactions of the Package Transaction will be rejected. In respect of a Package Transaction comprising FCM SwapClear Transactions that are not executed on any FCM US Trading Venue, the Clearing House will send an FCM Notification to the relevant FCM Clearing Member(s) for the acceptance of each such constituent FCM SwapClear Transaction.

In respect of a Package Transaction submitted in an FCM Clearing Member's name, such FCM Clearing Member's Margin requirement will be assessed based on the net Margin call for all of the constituent FCM SwapClear Transactions of such Package Transaction. Where one or more of the constituent FCM SwapClear Transactions in a Package Transaction is not a Sub-Block US Trading Venue Transaction then the relevant FCM Clearing Member is required to provide the Clearing House with sufficient Collateral prior to registration of the entire Package Transaction as a condition thereto (taking into account available SwapClear Tolerance, if any).

The Clearing House may limit the number of FCM SwapClear Transactions that may be included in a Package Transaction by way of member circular.

#### 2.1.4 *Allocation Notices*

In respect of an Allocation Notice, the Clearing House will notify the relevant Pre-Allocation FCM Clearing Member and Post-Allocation FCM Clearing Member via member reports, the ClearLink API or otherwise, that an Allocation Notice has been submitted to allocate some or all of notional value of an Unallocated FCM SwapClear Contract from the FCM SwapClear Suspension Sub-Account of that Pre-Allocation FCM Clearing Member to the Client Segregated Sub-Account or Proprietary Account of the Post Allocation FCM Clearing Member.

Following receipt of this notification, a Pre-Allocation FCM Clearing Member or Post-Allocation FCM Clearing Member may choose to accept or refuse to register the Allocation Notice as if such Allocation Notice were a new FCM SwapClear Transaction, as described above.

#### 2.1.5 *Position Accounts*

##### (a) *FCM Accounts*

For identification purposes each FCM Clearing Member is assigned a unique three-character mnemonic with respect to its accounts relating to FCM SwapClear Contracts. An FCM Clearing Member's position

and financial information are further identified by a single character code: C for client business; and H for house business.

(b) *Position-Keeping Accounts*

FCM Clearing Member Accounts

The account types are: H for house business (Proprietary Account); and C for segregated client business (an FCM Omnibus SwapClear Client Account with LCH). An FCM Clearing Member's FCM SwapClear Contract positions are also recorded within the FCM SwapClear clearing system in SwapClear accounts.

All registered FCM SwapClear Contracts will be identifiable to FCM Clearing Members [and FCM Clients, as applicable](#), via SwapClear FCM Clearing Member Reporting (see Section 2.1.1(c)). All registered FCM SwapClear Contracts will be maintained only in SwapClear accounts (identified as such by a unique three letter mnemonic). Each FCM SwapClear Contract will also be assigned a unique trade identifier by the Clearing House. The SwapClear FCM Clearing Member Reporting functionality also allows each FCM Clearing Member [and FCM Client](#) to identify all FCM SwapClear Contracts registered in its name.

At the request of an FCM Clearing Member [or FCM Client, as applicable](#), the Clearing House may permit the FCM Clearing Member [or FCM Client, as applicable](#), and/or its [respective](#) agent or designee (that has previously been approved by the Clearing House for such purpose) to assign or amend a trade identifier to an FCM SwapClear Contract in its accounts, provided that no such assignment or amendment shall in any way affect the Clearing House trade identifiers in respect of each such FCM SwapClear Contract. By making such request, such FCM Clearing Member, [either on its own behalf or on behalf of an FCM Client](#), acknowledges that the Clearing House shall have no liability for any direct or indirect consequence of the use or assignment of such additional trade identifiers.

Any request for the Clearing House to approve an agent or designee for the purposes of this Section 2.1.5 must be made in writing and using the Clearing House's standard documentation. Through making a request, an FCM Clearing Member, [either on its own behalf or on behalf of an FCM Client](#), is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

Notwithstanding anything in this Section 2.1.5 of the FCM Procedures, the Clearing House trade identifiers and records in relation to FCM SwapClear Contracts shall be the definitive version for all purposes involving the Clearing House or any service or product offered by it, and shall prevail over any versions otherwise maintained by or on behalf of any FCM Clearing Member.

economic details of the IMMES Trades, and their respective identities and contact details.

- (iv) The FCM SwapClear Clearing Members may but are not required to enter into the IMMES Trades. Any IMMES Trades entered into must be submitted to the Clearing House for registration.

(f) *Collateral for Stress Loss Exposure*

- (i) In response to a request from an FCM Clearing Member, the Clearing House may, in its sole discretion, require additional Collateral to cover such FCM Clearing Member's stress loss exposure with respect to an FCM Client Sub-Account.

2.1.10 ***Intra-Day Margin Call: Collateral Management***

(a) *General – Intra-day Margining*

Following an intra-day margin call and unless notified otherwise by an FCM Clearing Member at the time of an intra-day margin call the Clearing House will deduct cash, in the appropriate currency, directly from the relevant FCM Clearing Member's PPS account to cover the Margin needed to meet that intra-day margin call.

Cash payments in respect of intra-day Margin requirements are accepted only in USD by the Clearing House.

It is the responsibility of the FCM to ensure that they have sufficient cash funds in place with their PPS bank(s) in order to avoid any intra-day liquidity issues.

2.1.11 ***Compression***

- (a) Pursuant to FCM Regulation 46(m) (*Registration of FCM SwapClear Contracts; Novation and Post-Novation Compression; SwapClear Accounts*), an FCM Clearing Member may compress existing FCM SwapClear Contracts in accordance with that FCM Regulation. There are two options available to an FCM Clearing Member that wishes to compress existing FCM SwapClear Contracts:

- (i) an FCM Clearing Member can request that all FCM SwapClear Contracts entered into (i) on behalf of a designated FCM Client or (ii) in such FCM Clearing Member's Proprietary Account be considered for compression by the Clearing House. Such a request shall be reconsidered by the Clearing House automatically each day (and the results notified to the FCM Clearing Member after the applicable scheduled compression run) until the FCM Clearing Member notifies the Clearing House to discontinue such compression of FCM SwapClear Contracts. FCM Clearing Members should contact the



Clearing House's Membership Department to request such a compression of FCM SwapClear Contracts; or

- (ii) an FCM Clearing Member may notify the Clearing House directly through the ClearLink API, specifying which FCM SwapClear Contracts should be compressed. Additionally, an FCM Clearing Member may provide such notice to the Clearing House through any FCM Approved Trade Source System previously approved for this purpose by the Clearing House, but only where the compression is by way of netting in respect of one or more pairs of FCM SwapClear Contracts that have substantially the same Economic Terms and fixed rate but for which the position of the FCM Clearing Member (on its own behalf or on behalf of the relevant FCM Client) is (x) in the opposite direction on each leg of such pair (i.e., obligations to make payment netted against rights to receive payment), such that the FCM SwapClear Contract that replaces such pair of FCM SwapClear Contracts to be compressed shall have a notional amount equal to the net notional amount of the original pair of FCM SwapClear Contracts or (y) in the same direction on each leg of such pair (i.e., obligations to make payment aggregated and rights to receive payment aggregated), such that the FCM SwapClear Contract that replaces the compressed FCM SwapClear Contracts shall have a notional amount equal to the total notional amount of the original pair of FCM SwapClear Contracts. The FCM Clearing Member will be notified after the applicable scheduled compression run whether compression has occurred and the Clearing House will not automatically reconsider such compression request on subsequent days regardless of whether compression has occurred.

Any request for the Clearing House to approve an FCM Approved Trade Source System for the purposes of this Section 2.1.11(a) must be made in writing and using the Clearing House's standard documentation. Through making a request, an FCM Clearing Member is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

- (b) In order to compress an FCM SwapClear Contract, an FCM Clearing Member must have in its applicable FCM Client Sub-Account or Proprietary Account two or more FCM SwapClear Contracts with the same compression identifier (being an identifier applied by the Clearing House which indicates that such FCM SwapClear Contracts are eligible for compression) and shall then follow the process for compression as set out above.
- (c) In respect of each compression, the Clearing House will notify Clearing Members of the cut-off time by which the Clearing House must be notified of the relevant FCM SwapClear Contracts to be compressed in order for such FCM SwapClear Contracts to be included

in the relevant compression run. The Clearing House shall process the compression of all FCM SwapClear Contracts notified to it prior such cut-off time. A notification received after the relevant cut-off time shall be treated as if such notification was submitted on the following day. The Clearing House shall notify the applicable FCM Clearing Member after the applicable compression run of the result of such compression procedure. An FCM Clearing Member may, with the prior approval of the Clearing House [and pursuant to the Procedures](#), elect to receive such notification via any FCM Approved Trade Source System previously approved by the Clearing House for such purpose.

Any request for the Clearing House to approve an FCM Approved Trade Source System for the purposes of this Section 2.1.11(c) must be made in writing and using the Clearing House's standard documentation. Through making a request, an FCM Clearing Member is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

- (d) An FCM Clearing Member that elects to provide notices or reports to the Clearing House through any FCM Approved Trade Source System specifying which FCM SwapClear Contracts should be compressed, have been compressed or any other information in relation to compressions, ~~or to receive any notices or reports from the Clearing House in connection with compressions via an FCM Approved Trade Source System~~ acknowledges and agrees that (i) the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or otherwise of the delivery of any compression-related details by that FCM Approved Trade Source System to the Clearing House of the FCM Clearing Member, (ii) the Clearing House will process and use any compression-related information provided to it via an FCM Approved Trade Source System on an "as is" basis (with no obligation to verify any details), (iii) the Clearing House accepts no liability for any error within or corruption of any data sent by an FCM Approved Trade Source System to the Clearing House or to the FCM Clearing Member or any delay in or failure of the transmission of such data to the Clearing House or the FCM Clearing Member. In the event that the Clearing House terminates, registers or otherwise effects an action in connection with a compression relating to any FCM SwapClear Contract on the basis of incorrect or corrupted data sent to it by an FCM Approved Trade Source System, the FCM Clearing Member concerned shall be bound by the results of such actions. Such matters form part of the relationship between the FCM Clearing Member and the relevant FCM Approved Trade Source System. Notwithstanding anything in this Section 2.1.11 of the FCM Procedures, the Clearing House records in relation to any compression and the status of any FCM SwapClear Contract prior to, during or following a compression run shall be the definitive record in connection therewith and shall

prevail over any such records maintained by any FCM Approved Trade Source System.

~~Any election from an FCM Clearing Member to provide notices or reports to the Clearing House through an FCM Approved Trade Source System must be made in writing and using the Clearing House's standard documentation. Through making an election, an FCM Clearing Member is deemed to represent and warrant that the individual making the election is appropriately authorized to do so.~~

- (e) Following the compression process described above and as further set out in FCM Regulation 46(m) (*Registration of FCM SwapClear Contracts; Novation and Post-Novation Compression; SwapClear Accounts*), the applicable FCM Clearing Member shall promptly notify the Clearing House if it believes that any errors have occurred in the compression process or if its books and records do not reconcile with those of the Clearing House in respect of the compressed FCM SwapClear Contracts as notified to the FCM Clearing Member by the Clearing House.

#### 2.1.12 *Portfolio Transfers (BAU)*

FCM Clearing Members may, acting for their own account or for the account of an FCM Client, effect Permitted Transfers in accordance with the provisions of FCM Regulation 46(m).

#### 2.1.13 ~~Reserved~~ Notifications via FCM Approved Trade Source Systems

With prior approval of the Clearing House, FCM Clearing Members and FCM Clients may elect to submit and receive certain post-trade messages via any FCM Approved Trade Source System previously approved by the Clearing House for the results of compression procedures, Permitted Transfers and economic and non-economic amendments of FCM SwapClear Contracts.

An FCM Clearing Member, either on its own behalf or on behalf of an FCM Client, as applicable, acknowledges and agrees, with respect to an election to receive messages and/or notifications under this Section 2.1.13 from the Clearing House via an FCM Approved Trade Source System, that (i) the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or otherwise of the delivery of any notices, reports or details by that FCM Approved Trade Source System to the Clearing House of the FCM Clearing Member or FCM Client, as applicable, (ii) the Clearing House will process and use any information provided to it under this Section 2.1.13 via an FCM Approved Trade Source System on an "as is" basis (with no obligation to verify any details), (iii) the Clearing House accepts no liability for (A) any error within or corruption of any data sent by an FCM Approved Trade Source System to the Clearing House, the FCM Clearing Member or any FCM Client or (B) any delay in or failure of the transmission of such data to the Clearing House, the FCM Clearing Member or any FCM Client.

2.1.13 Any request for the Clearing House to approve the submission and receipt of post-trade messages via any FCM Approved Trade Source System must be made in writing and using the Clearing House's standard documentation. Through making a request, an FCM Clearing Member, either on its own behalf or on behalf of an or FCM Client, is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

#### 2.1.14 *Amendment of Trade References*

Sometimes FCM Clearing Members wish to change their own trade reference numbers/codes by which they identify trades registered in the FCM SwapClear Service. Subject to any such FCM Clearing Member meeting all the Clearing House's requirements including under these FCM Procedures, the Clearing House will, as part of its service to FCM Clearing Members, amend its records in order to reflect any such change. Such change has no effect whatsoever on the terms of any registered FCM SwapClear Contract or any other obligations of the FCM Clearing Member party to such contract.

##### (a) *Trade Reference Amendment Request Form*

The Clearing House requires a completed Trade Amendment Request Form (in the form prescribed by the Clearing House) to be submitted by any FCM Clearing Member wishing to amend a trade reference. The form must be signed by two persons from within the FCM Clearing Member with appropriate signing authority and must set out the required full details of each registered trade in respect of which the FCM Clearing Member wishes to change its trade reference. Evidence of such signing authority may be required by the Clearing House. All parts of the form must be properly and fully completed, including the requested date for trade reference amendment, and, in respect of each trade identified therein, details of the current trade reference and the new trade reference and the Clearing House trade reference number.

The requested date for trade reference amendment must be no earlier than two Business Days (the "**Trade Reference Amendment Notice Period**") after the date upon which the form is received by the Clearing House. While the Clearing House will do what it reasonably can to meet the requested date for the amendment it is under no obligation to do so. The date for the amendment in the Clearing House's records and FCM SwapClear clearing system is a matter entirely within the discretion of the Clearing House and the FCM Clearing Member will be advised in due course of the date set by the Clearing House.

##### (b) *Multi-trade Amendments*

If an FCM Clearing Member requests amendment to several trades it must (in addition to providing the hard copy Trade Reference Amendment Request Form) provide to the Clearing House an electronic text file containing all the relevant details required by the