

VIA CFTC PORTAL SUBMISSION

27 April 2018

Mr. Christopher Kirkpatrick
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Mr. Kirkpatrick:

LCH Limited (“LCH”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification, pursuant to CFTC regulation §40.6(a), Rulebook changes and fees applicable in respect of the ForexClear service clearing of FX Options. These changes will take effect on or after May 14, 2018.

Part I: Explanation and Analysis

As set out in the LCH §40.6(a) submission dated March 15, 2018 that self-certifies the LCH Rulebook changes in support of the launch of clearing for FX Options, this initiative is scheduled to commence as of May 14, 2018. As such, this submission sets out a) clarification amendments to the Rulebook and b) the fees for the FX Options service.

a) Rulebook Amendments:

- ***Exercise and Expiry:*** (1) in the event LCH postpones or delays the registration of a contract resulting from the exercise of an FX Option (*e.g.*, for system or processing delays), a member cannot be considered a defaulter or a liquidity event (*i.e.*, the failure of a member to pay in required sums to a settlement session) cannot be considered to have occurred with respect to a member as a result of LCH’s failure to register those resulting contracts and (2) upon registration of those resulting contracts, LCH will call/pay for such payments to put the member in the position they would have been in but for the delay in registration; and
- ***Rollover of a Settlement Session:*** in the event LCH cannot, for whatever reason, close a daily settlement, LCH may roll all required member pay-ins and pay-outs to the next day via swap contracts it will enter into on behalf of FX Option members. This change removes a previous restriction providing LCH could only enter into such mandatory swap contracts to up to an aggregate swap limit or predefined exposure amount.

b) Fees for the FX Options service are as follows:

Clearing and Settlement Fees

- FX Option clearing and settlement fees, charged at member group level, cover the trade registration and processing of all eligible FX Option trades and FX Option hedges across all offered currency pairs.

- For institutions that have completed an early commitment letter to join the service and are subsequently accepted as members within 3 months of the launch date, the annual clearing and settlement fees will be: €1,275,000 to the end of the first calendar year.
- For institutions joining 3 months after the initial launch date, the annual clearing and settlement fee will be €1,425,000.

Settlement Reduction Fees

- LCH will impose a fee element as part of the automated settlement reduction process, levied against members who are in breach of relevant settlement limits at end of day on SD-2. This fee will take the form of a 'per unit of notional' charge against settlement amounts in excess of relevant currency settlement limits applied in respect of the excess of member's Settlement Position Amount over the Settlement Position Limit as per table below:

	AUD	CHF	EUR	GBP	JPY
Bps on notional	0.15	0.3	0.15	0.25	0.2

Part II: Description of Rule Changes

The changes as described in Part I, paragraph a) above are found in General Regulations – Regulation 91(k) and Regulation 101(h). A marked-up version of the General Regulations is attached to this letter as Appendix A.

Part III: Core Principle Compliance

LCH has concluded that compliance with the Core Principles will not be adversely impacted by this initiative, which complies with all Core Principles.

Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of this submission on the LCH website at <http://www.lch.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 this change.

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 regarding this submission please contact me at julian.oliver@lch.com

Yours sincerely,



Julian Oliver
Chief Compliance Officer

LCH Rule Submission

Appendix A

General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

"LSE Derivatives Markets Service"	the service provided by the Clearing House under the LSE Derivatives Markets Regulations
"Mandatory ForexClear Swap Contract"	means a ForexClear Swap Contract that is entered into for and on behalf of an Affected and/or Non-Affected ForexClear Option Clearing Member by the Clearing House acting pursuant to Regulation 101(d)(v) or 101(h) and Regulation 105
"Mandatory ForexClear Swap Limit"	means, in respect of a given day, a given ForexClear Currency and a given ForexClear Option Clearing Member, the maximum amount of Mandatory ForexClear Swap Transactions denominated in that ForexClear Currency that the Clearing House shall be entitled to enter into on that day on behalf of that ForexClear Option Clearing Member in accordance with Regulation 101, as determined in accordance with the Procedures
"Mandatory ForexClear Swap Limit Cap"	means, in respect of a ForexClear Currency and all ForexClear Option Clearing Members, USD1,000,000,000 (or the equivalent denominated in the relevant ForexClear Currency) (as amended from time to time in accordance with the Regulations)
"Mandatory Settlement ForexClear Swap Contract"	means a ForexClear Swap Contract that is entered into for and on behalf of an Impacted and/or Non-Impacted ForexClear Option Clearing Member by the Clearing House acting pursuant to Regulation 100(k) and Regulation 105
"margin"	means initial margin, variation margin and/or any other amounts required to be transferred and maintained under Regulation 20(a) (<i>Margin and Collateral</i>)
"Margin Cover"	has the meaning ascribed to such term in Default Rule 15(a)
"market"	means a futures, options, forward, stock or other market, administered by an Exchange, or an OTC market in respect of which the Clearing House has agreed with such Exchange or, in respect of an OTC market, with certain Participants in that market, to provide clearing services on the terms of these Regulations and the Procedures
"Market Data"	has the meaning assigned to it in Chapter XIV(f)(i)
"market day"	means in respect of a commodity, a day on which the market on which that commodity is dealt in is open for trading
"Market Deviation Notice"	has the meaning assigned to it in Chapter XIV(l)

"Related Contract"	means: (i) in relation to the SwapClear Service, a Related SwapClear Contract (as such term is defined in the Procedures); (ii) in relation to the RepoClear Service, a Related RepoClear Contract (as such term is defined in the Procedures); (iii) in relation to the ForexClear Service, a Related ForexClear Contract (as such term is defined in the Procedures); (iv) in relation to the EquityClear Service, a Related EquityClear Contract (as such term is defined in the Procedures); (v) in relation to the LCH EnClear Service, a Related LCH EnClear Contract (as such term is defined in the Procedures); (vi) in relation to the LSE Derivatives Markets Service, a Related LSE Derivatives Markets Cleared Exchange Contract (as such term is defined in the Procedures); (vii) in relation to the Nodal Service, a Related Nodal Contract (as such term is defined in the Procedures); and (viii) in relation to the Listed Interest Rates Service, a Related Listed Interest Rates Contract (as such term is defined in the Procedures)
"Relevant Auction Contract"	has the meaning given to the term in the Client Clearing Annex
"Relevant Business"	has the meaning as described in Default Rule 15(c)
"Relevant Client Clearing Business"	means the Client Clearing Business conducted by a particular Clearing Member in a particular Service
"Relevant Contract"	has the meaning assigned to it in the Client Clearing Annex
"Relevant Default"	has the meaning ascribed to it in Rule S1 of Part A of the Rates Service Default Fund Supplement - SwapClear, Rule F2 of the ForexClear Default Fund Supplement or Rule R2 of the RepoClear Default Fund Supplement, as applicable
<u>"Relevant FX Amounts"</u>	<u>means, in respect of a ForexClear Option Clearing Member and a day, all amounts that are due to be received by such ForexClear Option Clearing Member on such day under a ForexClear Option Contract, ForexClear Swap Contract, ForexClear Deliverable Forward Contract and/or ForexClear Spot Contract in any ForexClear Currency</u>
"Relevant FX Liability"	has the meaning assigned to it in Regulation 101
"re-opening contract"	means a contract arising pursuant to Regulation 30(b) or 30(c)

"seller"	means a Member (or the Clearing House where the context so requires) who is a seller under the terms of an exchange contract, a Cleared Exchange Contract, an LSE Derivatives Markets Cleared Exchange Contract, a RepoClear Transaction, a RepoClear GC Transaction, a RepoClear Contract, a RepoClear GC Contract, an EquityClear ATP Match, an EquityClear Novation Transaction, an EquityClear Contract, an LCH EnClear Contract, a Rates Exchange Match, or a Listed Interest Rates Novation Transaction, as the case may be
"Service"	means any one of the services made available by the Clearing House: (i) to an Exchange; (ii) under the SwapClear Regulations and under the FCM Regulations in respect of FCM SwapClear Contracts; (iii) under the RepoClear Regulations; (iv) under the EquityClear Regulations; (v) under the LCH EnClear Regulations and under the FCM Regulations in respect of FCM EnClear Contracts; (vi) under the LSE Derivatives Markets Regulations; (vii) under the Nodal Regulations; (viii) under the ForexClear Regulations and under the FCM Regulations in respect of FCM ForexClear Contracts; or (ix) under the Listed Interest Rates Regulations
"settlement contract"	means a contract between the Clearing House and a Member arising pursuant to Regulation 23(b), Regulation 76(b) Regulation 75(b) or Regulation 99(a)
<u>"Settlement Cycle Failure"</u>	has the meaning assigned to it in Regulation 101(h)
"Settlement Exposure Amount"	has the meaning assigned to it in Regulation 100
"Settlement Exposure Limit"	means, with respect to a ForexClear Option Clearing Member and a given ForexClear Currency, the "Settlement Exposure Limit" determined in accordance with the Procedures and made available from time to time by the Clearing House to that ForexClear Option Clearing Member, being the maximum permitted net deliverable or payable value in such currency on any given day arising from all ForexClear Contracts (other than ForexClear NDF Contracts) that have a Settlement Date falling more than two days after such day
"Settlement Exposure Limit Cap"	means, with respect to all ForexClear Option Clearing Members and all ForexClear Currencies, USD5,000,000,000 (as amended from time to time in accordance with the Regulations)
"Settlement Position Amount"	has the meaning assigned to it in Regulation 100

REGULATION 91 REGISTRATION OF FOREXCLEAR CONTRACTS

- (a) A ForexClear Transaction may be presented for registration as two ForexClear Contracts, or one ForexClear Contract and one FCM ForexClear Contract, in accordance with the provisions of the Rulebook.
- (b) Once a ForexClear Transaction has been presented to the Clearing House, the Clearing House shall (where applicable in accordance with paragraph (c) below and Procedure 2I (ForexClear Clearing Service)) request the consent of the relevant ForexClear Clearing Member with whom a ForexClear Contract shall be registered as a result thereof to such registration. Upon the ForexClear Clearing Member providing its consent, such ForexClear Transaction shall be deemed to have been submitted (as such term is defined in the Procedures) by such ForexClear Clearing Member to the Clearing House for registration. Any such consent shall be provided in accordance with the Procedures.
- (c) A ForexClear Clearing Member which has been nominated to clear the ForexClear Contract arising from the registration of a ForexClear Transaction on behalf of a third party Executing Party other than a ForexClear Dealer will (only where such ForexClear Transaction is not a Trading Venue Transaction) be notified by the Clearing House of the relevant ForexClear Transaction and shall choose whether to grant or refuse consent to the registration of such ForexClear Transaction and the ForexClear Contract resulting from such ForexClear Transaction. Where:
 - (i) a ForexClear Clearing Member is an Executing Party to a ForexClear Transaction and is to clear a ForexClear Contract resulting from such ForexClear Transaction;
 - (ii) a ForexClear Dealer approved to clear ForexClear Transactions through a ForexClear Clearing Member is an Executing Party to a ForexClear Transaction and such ForexClear Clearing Member is to clear a ForexClear Contract resulting from such ForexClear Transaction; or
 - (iii) a ForexClear Transaction is an Eligible Trading Venue Transaction in respect of a ForexClear Clearing Member, and a third party Executing Party (other than a ForexClear Dealer) to such ForexClear Transaction has nominated such ForexClear Clearing Member to clear a ForexClear Contract resulting from such ForexClear Transaction,the consent of that ForexClear Clearing Member to the registration of the relevant ForexClear Contract will occur automatically and without the need for any further action by such ForexClear Clearing Member.
- (d) The Clearing House shall register or reject the registration of a ForexClear Contract in respect of a ForexClear Transaction presented for registration subject to, and in accordance with, these Regulations, the Procedures and all Applicable Law
- (e) Subject to [Regulation 1\(g\)](#)~~Regulation 91(k)~~, if at any time falling after the registration of any ForexClear Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration:

- (i) did not, at the Registration Time, meet the ForexClear Eligibility Criteria applicable to that ForexClear Transaction in existence at the Registration Time;
- (ii) in the case of a ForexClear Deliverable Forward Transaction or ForexClear Spot Transaction, was not, at the Registration Time, entered into in accordance with Regulation 98(a); or
- (iii) in the case of a ForexClear Swap Transaction, was not, at the Registration Time, entered into in accordance with Regulation 100 or Regulation 101, each an “**Ineligible Transaction**”,

the Clearing House shall, as soon as practicable thereafter, set aside both ForexClear Contracts arising from such Ineligible Transaction in accordance with [Regulation 1\(f\)](#)~~Regulation 91(e)~~ below.

- (f) Upon a ForexClear Contract being set aside under Regulation 91(i) (an “**Ineligible ForexClear Contract**”), the Clearing House will notify the FXCCM party to such Ineligible ForexClear Contract via the ForexClear Approved Trade Source System that such Ineligible ForexClear Contract has been set aside. The following shall take effect immediately upon the delivery of such notice: (i) such Ineligible ForexClear Contract shall be deemed to be terminated at the time of the notification and shall thereafter have no force or effect; (ii) all collateral in respect of variation margin obligations (if any) provided by the Clearing House or by an FXCCM in respect of such Ineligible ForexClear Contract shall be retained by the receiving party upon termination; (iii) where there is a difference between the value of the Ineligible ForexClear Contract as at the last margin run and the value (as determined by the Clearing House) of that Ineligible ForexClear Contract at the time of the next official settlement rate for that currency pair, then a payment shall be made between the FXCCMs to the original Ineligible Transaction equal to such difference; and (iv) these payments shall be deemed to satisfy in full the relevant party’s obligations under the Ineligible ForexClear Contract and shall be retained by the receiving party upon termination as a termination payment.
- (g) The Clearing House may not determine a ForexClear NDF Transaction to be an Ineligible Transaction after the Valuation Date (as defined in the Procedures) in respect of the ForexClear NDF Contracts arising from the registration of such a ForexClear NDF Transaction has occurred.
- (h) The Clearing House shall provide no less than 10 business days’ prior notice (including by email) to ForexClear Clearing Members of an amendment to the ForexClear Eligibility Criteria.
- (i) Where a ForexClear Contract relates to an FCM ForexClear Transaction, it is a condition for registration as a ForexClear Contract that the FCM ForexClear Transaction to which the ForexClear Contract relates be presented for clearing: (i) by an executing party (in its capacity as an FCM Clearing Member or ForexClear Clearing Member or through its designated FCM Clearing Member or ForexClear Clearing Member) as a ForexClear Contract or FCM ForexClear Contract (as the case may be); and (ii) by an FCM Clearing Member on behalf of its FCM Client as an FCM ForexClear Contract. In the event that the Clearing House registers a

ForexClear Contract and, for whatever reason, the corresponding FCM ForexClear Contract has not also been registered, the ForexClear Contract shall be deemed not to be registered as a ForexClear Contract until such time as such corresponding FCM ForexClear Contract has been registered.

- (j) In relation to an FCM ForexClear Transaction, if either the executing party (in its capacity as an FCM Clearing Member or ForexClear Clearing Member or through its designated FCM Clearing Member or ForexClear Clearing Member) or the FCM Clearing Member (as the case may be) does not present an FCM ForexClear Transaction for clearing, the Clearing House shall set aside any FCM ForexClear Contract or ForexClear Contract that has been registered (if any) and the particulars of the corresponding FCM ForexClear Transaction in question shall at the Clearing House's discretion be either: (i) deemed never to have been submitted to the Clearing House; or (ii) rejected until such time as the Executing Party (in its capacity as an FCM Clearing Member or ForexClear Clearing Member or through its designated FCM Clearing Member or ForexClear Clearing Member) or the FCM Clearing Member have presented the relevant contract to the Clearing House. In addition, any payment made under, or in respect of, any FCM ForexClear Contract set aside or deemed not cleared under this paragraph shall be repayable to the person who made the payment. Without prejudice to FCM Regulation 44 and its obligations under this Regulation 91 and under FCM Regulation 49, the Clearing House (and each other member of the LCH Group Holdings Limited and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of an FCM ForexClear Contract.
- (k) Upon the exercise of a ForexClear Option Contract by or on behalf of a ForexClear Clearing Member or, as the case may be, by the Clearing House or upon the deemed exercise of such option pursuant to these Regulations or the Procedures, the ForexClear Option Contract shall immediately terminate and in its place a ForexClear Spot Transaction or a ForexClear Deliverable Forward Transaction shall automatically and immediately come into existence, and the related ForexClear Spot Contracts and ForexClear Deliverable Forward Contracts shall immediately be deemed to be registered by the Clearing House, on the terms specified in the applicable ForexClear Option Contract Terms, these Regulations and/or the Procedures. Notwithstanding the foregoing and in accordance with the Procedures, the Clearing House may, in its sole discretion, postpone or delay the registration of a ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction resulting from the exercise of a ForexClear Option Contract in the event of an administrative, system or processing delay that affects the Clearing House's ability to register such ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction. For the avoidance of doubt, a postponement or delay pursuant to this Regulation 91(h) shall not (a) impact a ForexClear [Option](#) Clearing Member's ability to exercise a ForexClear Option Contract (or the deemed exercise of such ForexClear Option Contract pursuant to these Regulations or the Procedures), which exercise shall be irrevocable or (b) prevent the related ForexClear Spot Contracts or ForexClear Deliverable Forward Contracts, as applicable, from coming into existence. Where the Clearing House postpones or delays registration pursuant to this Regulation 91(k) with respect to a ForexClear [Option](#) Clearing Member, such [ForexClear Option Clearing Member cannot be considered a Defaulter, and a Liquidity Event cannot be considered to have occurred with respect to such](#)

ForexClear Option Clearing Member, as a result of a failure by such ForexClear Option Clearing Member to make a payment under an unregistered ForexClear Spot Contract or ForexClear Deliverable Forward Contract, as applicable. The Clearing House shall, upon registration of a postponed or delayed ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction, as applicable, request such payments from the ForexClear Option Clearing Member, or make such payments to the ForexClear Option Clearing Member, in each case as are necessary to put the Clearing House and such ForexClear Option Clearing Member in the position they would have been if the ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction, as applicable, had been registered immediately upon exercise (or deemed exercise) of the related ForexClear Option Contract.

REGULATION 101 FOREXCLEAR OPTION SERVICE – LIQUIDITY EVENT

- (a) A “**ForexClear Liquidity Event**” shall occur immediately with respect to a ForexClear Option Clearing Member if that ForexClear Option Clearing Member does not pay, in the manner specified by the Procedures, all Relevant FX Liabilities by 8:00 AM Central European Time on the day on which such amounts are due.
- (b) Upon the occurrence of a ForexClear Liquidity Event with respect to a ForexClear Option Clearing Member (such ForexClear Option Clearing Member, the “**Affected ForexClear Option Clearing Member**”), there shall arise an instruction by the Clearing House for itself and on behalf of the Affected ForexClear Option Clearing Member authorising the Clearing House to take such of the steps listed in (d) below it deems appropriate in the circumstances:
- (i) to satisfy and/or discharge all the Affected ForexClear Option Clearing Member’s liabilities in any ForexClear Currency:
- (A) that are due and payable by it on that day to the Clearing House under a ForexClear Option Contract, ForexClear Swap Contract, ForexClear Deliverable Forward Contract and/or ForexClear Spot Contract; and
- (B) which the Procedures provide are to be paid by it for the Clearing House’s account at the Settlement Service Provider (the “**Relevant FX Liabilities**”) and
- (ii) with a view to completing the settlement cycle for all payments arising under the ForexClear Option Service in all currencies on that day.
- (c) The Clearing House shall, immediately upon the occurrence of a ForexClear Liquidity Event, give notice in writing (which may be given by electronic messaging system or email) to:
- (i) the Affected ForexClear Option Clearing Member; and
- (ii) the Non-Affected ForexClear Option Clearing Members,
- specifying that a ForexClear Liquidity Event that has occurred. A failure by the Clearing House to deliver, or any delay in the delivery of, any of the notices required by this paragraph (c) shall not affect the Clearing House’s ability to exercise any of its rights under this Regulation 101.
- (d) The steps which may be taken by the Clearing House under (a) above are:

Liquidity Fund Contributions

- (i) to utilise any of the ForexClear Liquidity Fund Contributions in respect of any ForexClear Option Clearing Member in support of the Clearing House’s obligations to make payments to other ForexClear Option Clearing Members under ForexClear Option Contracts, ForexClear Swap Contracts, ForexClear Deliverable Forward Contracts and/or ForexClear Spot Contracts to which it is a party and which correspond to Relevant FX Liabilities of an Affected ForexClear Option Clearing Member;

- (ii) to satisfy and deem performed the payment obligation of the Affected ForexClear Option Clearing Member to the Clearing House under some or all of the Relevant FX Liabilities, subject always to a corresponding reimbursement obligation arising between the Affected ForexClear Option Clearing Member and the Clearing House pursuant to Regulation 102(i);
- (iii) to charge to the Affected ForexClear Option Clearing Member's account the amount (or, if the amount is not finally known, the estimated amount) of any expenses, liabilities, costs, or reimbursement obligations incurred by the Clearing House with regard to or in consequence of the circumstances in (a) or the steps which are or may be taken under this Regulation 101;
- (iv) to immediately suspend the performance of any payment obligation (denominated in any ForexClear Currency) that it owes to the Affected ForexClear Option Clearing Member on the day of the ForexClear Liquidity Event under any ForexClear Option Contract, ForexClear Swap Contract, ForexClear Deliverable Forward Contract and/or ForexClear Spot Contract, where such payment obligation is owed on the day of the ForexClear Liquidity Event, to the extent that, and for so long as, such Affected ForexClear Option Clearing Member has not paid the amount owed to the Clearing House under Regulation 102(i). If the Affected ForexClear Option Clearing Member does not pay the amount owed to the Clearing House under Regulation 102(i) when due, the Clearing House shall have the right to apply any amounts (denominated in any ForexClear Currency) that it would have owed to the Affected ForexClear Option Clearing Member but for the suspension referred to above, to the extent necessary to fully discharge that Affected ForexClear Option Clearing Member's obligation to the Clearing House under Regulation 102(i) and the Clearing House shall be entitled, pursuant to Regulation 101(d)(iii) above, to charge the Affected Clearing Member for any costs it incurs in converting any amounts pursuant to this paragraph (iv); and/or

Mandatory ForexClear Swap Contracts

- (v) to conclude, and bind the Affected ForexClear Option Clearing Member or another ForexClear Option Clearing Member on the one hand, and the Clearing House on the other hand to, one or more Mandatory ForexClear Swap Contracts on such terms as the Clearing House may determine in its sole and absolute discretion, provided always that:
 - (A) any Mandatory ForexClear Swap Contract shall be concluded only with a view to either, once registered with the Clearing House, (A) reducing or extinguishing some or all of the Relevant FX Liabilities of the Affected ForexClear Option Clearing Member in any ForexClear Currency on that day, or (B) creating corresponding positions for the Clearing House vis a vis the other ForexClear Option Clearing Member(s);
 - (B) no Mandatory ForexClear Swap Contract shall be concluded with a Non-Affected ForexClear Option Clearing Member which would (i) have the effect, immediately upon registration, that the relevant Settlement Position Limit applicable to the relevant ForexClear

Currency and that Non-Affected ForexClear Option Clearing Member would be exceeded by the Settlement Position Amount applicable to the relevant ForexClear Currency and that Non-Affected ForexClear Option Clearing Member, or (ii) exceed the Mandatory ForexClear Swap Limit applicable to that Non-Affected ForexClear Option Clearing Member and the relevant ForexClear Currency;

- (C) the Initial Exchange Date (as defined in the ForexClear Swap Contract Terms) for the Mandatory ForexClear Swap Contract shall be the date on which the ForexClear Liquidity Event has occurred;
 - (D) the Final Exchange Date (as defined in the ForexClear Swap Contract Terms) for the Mandatory ForexClear Swap Contract may be any date from (but excluding) the date on which the ForexClear Liquidity Event has occurred to (and including) the date that is fourteen days after the date on which the ForexClear Liquidity Event has occurred;
 - (E) the Mandatory ForexClear Swap Contract must otherwise meet the conditions that the Clearing House, in its sole and absolute discretion, deems necessary from time to time;
 - (F) the Mandatory ForexClear Swap Contract shall be concluded on terms that it is subject to immediate registration with the Clearing House in the name of the relevant ForexClear Option Clearing Member; and
 - (G) the Mandatory ForexClear Swap Contracts arising between the Clearing House and the ForexClear Option Clearing Members other than the Affected ForexClear Option Clearing Member shall be allocated by the Clearing House in accordance with the applicable allocation provisions in Regulation 103.
- (e) At the time and in the manner specified in the Procedures, the Clearing House shall notify each Non-Affected ForexClear Option Clearing Member and the Affected ForexClear Option Clearing Member of the Mandatory ForexClear Swap Contracts (if any) that it has entered into for and on its behalf.
 - (f) Each ForexClear Option Clearing Member agrees and acknowledges that the Mandatory ForexClear Swap Contracts entered into on its behalf by the Clearing House shall constitute part of that ForexClear Clearing Member's ForexClear Clearing House Business and shall be recorded in that ForexClear Clearing Member's Proprietary Account. In no circumstance shall a Mandatory ForexClear Swap Contract be recorded in a ForexClear Clearing Member's Client Account.
 - (g) Nothing in this Regulation 101 requires the Clearing House to take any of the steps described, or to take any of those steps in any particular priority, order or amount except as expressly set out in these Regulations.
 - (h) In the event that the Clearing House determines, in its sole and absolute discretion, that, for any reason whatsoever, the daily settlement cycle will not complete, or is not reasonably likely to complete, before the Daily CLS Cut-Off Time specified in the Procedures [\(a "Settlement Cycle Failure"\)](#), the Clearing House may conclude, and

bind one or more ForexClear Option Clearing Members on the one hand, and the Clearing House on the other hand, to one or more Mandatory ForexClear Swap Contracts on such terms as the Clearing House may determine in its sole and absolute discretion, provided always that:

- (A) any Mandatory ForexClear Swap Contract shall be concluded only with a view to, once registered with the Clearing House, (I) reducing or extinguishing the ~~liabilities~~ Relevant FX Liabilities or Relevant FX Amounts of some or all of the ForexClear Option Clearing Members on that day or (II) creating corresponding positions for the Clearing House vis-à-vis other ForexClear Option Clearing Member(s);
 - ~~(B) no Mandatory ForexClear Swap Contract shall be concluded with a ForexClear Option Clearing Member which would (i) have the effect, immediately upon registration, that the relevant Settlement Position Limit applicable to the relevant ForexClear Currency and that ForexClear Option Clearing Member would be exceeded by the Settlement Position Amount applicable to the relevant ForexClear Currency and that ForexClear Option Clearing Member, or (ii) exceed the Mandatory ForexClear Swap Limit applicable to that ForexClear Option Clearing Member and the relevant ForexClear Currency;~~
 - ~~(C)~~(B) the Initial Exchange Date (as defined in the ForexClear Swap Contract Terms) for the Mandatory ForexClear Swap Contract shall be the date on which the ~~ForexClear Liquidity Event~~Settlement Cycle Failure has occurred;
 - ~~(D)~~(C) the Final Exchange Date (as defined in the ForexClear Swap Contract Terms) for the Mandatory ForexClear Swap Contract shall be the business day (for the applicable Currency Pair (as defined in the ForexClear Swap Contract Terms)) immediately following the date on which the Settlement Cycle Failure ~~ForexClear Liquidity Event~~ has occurred;
 - ~~(E)~~(D) the Mandatory ForexClear Swap Contract must otherwise meet the conditions that the Clearing House, in its sole and absolute discretion, deems necessary from time to time; and
 - ~~(F)~~(E) the Mandatory ForexClear Swap Contract shall be concluded on terms that it is subject to immediate registration with the Clearing House in the name of the relevant ForexClear Option Clearing Member.
- (i) This Regulation 101 is without prejudice to the Clearing House's rights and obligations under the Default Rules and nothing in this Regulation 101 shall require the Clearing House to take any action contemplated herein prior to taking action under the Default Rules.

REGULATION 105 FOREXCLEAR OPTION SERVICE – AUTHORITY TO BIND FOREXCLEAR OPTION CLEARING MEMBERS

- (a) Each ForexClear Option Clearing Member (acting individually) hereby appoints the Clearing House, with full and power and authority of that ForexClear Option Clearing Member, to act as its agent for the following purposes only:
- (i) at any time following the occurrence of a ForexClear Liquidity Event or Settlement Cycle Failure (and where such ForexClear Liquidity Event or Settlement Cycle Failure, as applicable, is continuing), to enter into, in the name of, and on behalf of, the ForexClear Option Clearing Member, one or more Mandatory ForexClear Swap Contracts on such terms as the Clearing House shall in its sole and absolute discretion determine, *provided however that*:
 - (A) ~~if~~ the ForexClear Option Clearing Member is a Non-Affected ForexClear Option Clearing Member in respect of that ForexClear Liquidity Event, the Clearing House shall not have the authority to enter into any Mandatory ForexClear Swap Contract that would, (i) upon its registration by and with the Clearing House, cause the Net Settlement Amount in relation to the ForexClear Option Clearing Member on the relevant day and in relevant ForexClear Currency to exceed the Settlement Position Limit applicable to the ForexClear Option Clearing Member and the relevant ForexClear Currency on such day, or (ii) exceed the Mandatory ForexClear Swap Limit applicable to that Non-Affected ForexClear Option Clearing Member and the relevant ForexClear Currency; and
 - (B) the terms of the Mandatory ForexClear Swap Contract shall be subject to Regulation 101;
 - (ii) at the time permitted by Regulation 100(k) in respect of a ForexClear Settlement Event, to enter into, in the name of, and on behalf of, the relevant ForexClear Option Clearing Member, one or more Mandatory Settlement ForexClear Swap Contracts on such terms as the Clearing House shall in its sole and absolute discretion determine, provided however that:
 - (A) if the ForexClear Option Clearing Member is a Non-Impacted ForexClear Option Clearing Member in respect of that ForexClear Settlement Event, the Clearing House shall not have the authority to enter into any Mandatory Settlement ForexClear Swap Contract that would, upon its registration by and with the Clearing House, cause the Net Settlement Amount in relation to the ForexClear Option Clearing Member on the relevant day and in relevant ForexClear Currency to exceed the Settlement Position Amount applicable to the ForexClear Option Clearing Member and the relevant ForexClear Currency on such day; and

- (B) the terms of the Mandatory Settlement ForexClear Swap Contracts shall be subject to Regulation 100;
- (iii) to register any Mandatory ForexClear Swap Contracts or Mandatory Settlement ForexClear Swap Contracts entered into under this Regulation in the ForexClear Option Clearing Member's Proprietary Account; and
- (iv) to (A) execute in the ForexClear Option Clearing Member's name and on the ForexClear Option Clearing Member's behalf any document, contract, deed or other agreement, or (B) do, or cause to be done, any acts, in each case as the Clearing House determines (acting reasonably) to be lawfully necessary to give effect to the Mandatory ForexClear Swap Contracts and/or Mandatory Settlement ForexClear Swap Contracts entered into with such ForexClear Option Clearing Member.