

VIA CFTC PORTAL

Mr. Christopher Kirkpatrick
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington, DC 20581

16 December 2020

LCH Limited Self-Certification: Rulebook amendments related to the UK withdrawal from the EU

Dear Mr. Kirkpatrick:

Pursuant to CFTC regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification changes to its rules to reflect the legislative framework that will be in place after the end of the “implementation period” following the withdrawal of the United Kingdom (the “UK”) from the European Union (the “EU”).

Part I: Explanation and Analysis

The UK left the EU on 31 January 2020. However, under the terms of the European Union (Withdrawal Agreement) Act 2020, there was an 11-month “implementation period”, which is scheduled to end on 31 December 2020. During this period, the UK continues to be bound by EU law.

After the implementation period ends, relevant EU laws will remain effective in the UK as so-called “retained” EU law under the European Union (Withdrawal) Act 2018. The UK Government has made various UK Statutory Instruments (SIs) under powers conferred by these Acts, to modify the retained EU law where necessary (for example, to replace references to EU authorities with the UK equivalents). This is to ensure the legislation continues to operate effectively after 31 December 2020.

LCH is proposing to make the following administrative changes to its rulebook to reflect this position.

1. References to “EMIR”, “MiFID II”, “CSDR” and “The Financial Markets and Insolvency (Settlement Finality) Regulations 1999”

The pieces of legislation that the UK SIs amend, which are relevant to LCH are:

- Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (“EMIR”);

- The recast Markets in Financial Instruments Directive (Directive 2014/65/EU), Regulation (EU) No. 600/2014 of the European Parliament and the Council of 15 May 2014 and all related implementing or supplementary legislation and technical standards (“**MiFID II**”);
- Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 (“**CSDR**”)
- The Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (the “**SFD**¹”); and
- The Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (the “**Settlement Finality Regulations**”)

2. Settlement finality in Poland

LCH understands that Poland has not yet applied the provisions of the SFD to its domestic institutions participating directly in third country systems (as is permitted under Recital 7 to the SFD). Therefore, LCH must amend its rulebook to benefit from settlement finality under Polish law bankruptcy safe harbours.

These rule changes will go live on, or after, 01 January 2021.

Part II: Description of Rule Changes

References to EMIR, MiFID II, CSDR and the Settlement Finality Regulations in parts of the LCH Rulebook need to be amended to reflect the correct legislative position after the UK withdrawal from the EU.

These include revised and new definitions for “Authorised CSD”, “EMIR”, “EU CSDR”, “EU EMIR”, “EU MIFID II”, “MIFID II”, “UK CSDR”, “UK EMIR”, “UK MIFID II” in the General Regulations.

The Settlement Finality Regulations have been updated to extend UK settlement finality protections to systems not governed by UK law, after the UK’s exit from the EU. In general, these amendments have the effect of treating EEA central counterparties, EEA CSDs and EEA systems that currently fall within scope of the SFD in the same way as other third country (i.e. non-UK) central counterparties, CSDs and systems.

Section 1.6.3 has been added to Procedures Section 1 to allow LCH to benefit from Polish law bankruptcy safe harbours.

The text of the changes is attached hereto as:

- i. **Appendix I**, General Regulations
- ii. **Appendix II**, Settlement Finality Regulations
- iii. **Appendix III**, Procedures Section 1

¹ The Settlement Finality Directive (SFD) is implemented in UK law through the Settlement Finality Regulations (SFR). It protects payments and transfers of securities made by EU participants into 'designated systems' governed by the law of an EU Member State from claims in the event of the insolvency of these participants.

Part III: Core Principle Compliance

LCH has reviewed the changes against the requirements of the Core Principles and finds it 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: <https://www.lch.com/resources/rules-and-regulations/proposed-rule-changes-0>.

Part V: Opposing Views

There were no opposing views expressed by LCH's governing board or executive committee, members of LCH or market participants that were not incorporated into the change.

Certification

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

Should you have any questions please contact me.

Yours sincerely



Julian Oliver
Chief Compliance Officer
LCH Limited

Appendix I
General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

"Approved Trade Source System"	means a system or facility, such as an exchange, a clearing house, a swap execution facility, a designated contract market, trade or affirmation system or other similar venue or system, approved by the Clearing House for submitting SwapClear Transactions to the Clearing House (and excludes, for the avoidance of doubt, the ClearLink API)
"Associated Clearing House"	means the clearing house appointed from time to time by a Co-operating Exchange to act as the central counterparty to some or all transactions made on, or under the rules of the Co-operating Exchange
"Associated Collateral Balance"	means the Account Balance or Account Balances (as applicable) that may be transferred from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee pursuant to Regulation 60 or Regulation 95 of these Regulations and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement
"ATP Market Rules"	means the rules, regulations, administrative procedures, Memorandum and Articles of Association or by-laws which regulate an ATP and the market administered by it as notified from time to time to the Clearing House
"ATS Contract"	means any contract subject to the Regulations entered into by the Clearing House and a RepoClear Clearing Member or a RepoClear Dealer pursuant to Default Rule 6(m), following a course of dealing on any Automated Trading System between the Clearing House and a RepoClear Clearing Member or RepoClear Dealer
"ATS Participant"	has the meaning assigned to such term in Regulation 63(b)
"Auction Portfolio"	has the meaning assigned to it in the Default Rules
"AUD ForexClear Liquidity Fund Contribution"	means, in respect of a ForexClear Option Clearing Member, the amount (notified by the Clearing House pursuant to Regulation 102(b)) of cash denominated in Australian Dollars that is required to be paid by that ForexClear Option Clearing Member to the Clearing House
"Authorised CSD"	means a central securities depository, which is authorised or recognised under Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014, as amended from time to time <u>EU CSDR or UK CSDR</u>

“Eligible Trading Venue Transaction”

means:

- (i) in respect of a SwapClear Clearing Member, a transaction, entered into by a third party Executing Party other than a SwapClear Dealer, recorded in the Clearing House’s systems (via applicable messaging from the relevant Trading Venue, Approved Trade Source System or otherwise) as a transaction that was executed on a Trading Venue that, as at the time of such execution, was an Eligible Trading Venue in respect of such SwapClear Clearing Member; and
- (ii) in respect of an FXCCM, a transaction, entered into by a third party Executing Party other than a ForexClear Dealer, recorded in the Clearing House’s systems (via applicable messaging from the relevant Trading Venue, ForexClear Approved Trade Source System or otherwise) as a transaction that was executed on a Trading Venue that, as at the time of such execution, was an Eligible Trading Venue in respect of such FXCCM

"Eligible Transferee"

means a SwapClear Clearing Member or ForexClear Clearing Member, acting for its own account or for the account of a Clearing Client, that the Clearing House permits, in its sole and absolute discretion, and subject always to compliance with Applicable Law, to receive Transferring SwapClear Contracts or Transferring ForexClear Contracts transferred by an Eligible Transferor pursuant to Regulation 60 or Regulation 95 and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement

"Eligible Transferor"

means an SCM, acting for its own account or for the account of a SwapClear Clearing Client, that the Clearing House permits, in its sole and absolute discretion, and subject always to compliance with Applicable Law, to transfer all or part of its Transferring SwapClear Contracts to an Eligible Transferee pursuant to Regulation 60 of these Regulations and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement

"EMIR"

means ~~Regulation (EU) No 648/2012 of the European Parliament and the Council of 4 July 2012 on OTC Derivatives, Central Counterparties, and Trade Repositories~~ EU EMIR or UK EMIR

“EU CSDR”

means Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014, as amended from time to time

“EU EMIR”

means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, Central Counterparties, and Trade Repositories, as amended from time to time

“EU MiFID II”

means the recast Markets in Financial Instruments Directive (Directive 2014/65/EU), Regulation (EU) No. 600/2014 of the European Parliament and the Council of 15 May 2014 and all related implementing or supplementary legislation and technical standards

“End-of-Day Full Transfer”

means an end-of-day transfer of all (and not some) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member and which may, but is not required to, include the transfer of an Associated Collateral Balance (except that no transfer of an Associated Collateral Balance is permitted for transfers between a Proprietary Account of a Carrying Clearing Member to a Proprietary Account of a Receiving Clearing Member without the prior consent of the Clearing House)

“End-of-Day Partial Transfer”

means an end-of-day transfer of some (but not all) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member, where such transfer does not include the transfer of an Associated Collateral Balance

"EONIA "

means in relation to a RepoClear Contribution, the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page (or, if such a rate is not available, such EONIA-linked rate as may be determined in light of market conditions at such time by the Clearing House and notified by the Clearing House to Clearing Members)

"Equities Business"

means any transaction, obligation or liability arising out of any Equities Contract

"Equities Clearing Member"

means a Clearing Member which engages in Equities Business and includes an EquityClear Clearing Member

"Equities Contract"

means any cash equity contracts, EquityClear (ccCFD) Contracts and equity derivative contracts cleared by the Clearing House

"Member" or "Clearing Member"

- (a) subject to (b) means an undertaking (including a firm or company) which is entitled to be party to Contracts with the Clearing House in accordance with a Clearing Membership Agreement and the Procedures or a Co-operating Clearing House, where so agreed with the Co-operating Clearing House (as applicable). For the avoidance of doubt, the terms "**Member**" and "**Clearing Member**" for the purposes of these Regulations, Default Rules and Procedures, do not mean a shareholder of LCH Limited or of any member of LCH Group
- (b) "Clearing Member" includes or means (as the case may be) FCM Clearing Member for the purpose of the Default Rules (including the Rates Service DMP Annex and the ForexClear DMP Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time

"Member Compression Cycle"

means a Multilateral Compression Cycle requested by two or more SwapClear Clearing Members and agreed to by the Clearing House in relation to eligible SwapClear Contracts held by those requesting SwapClear Clearing Members. For the avoidance of doubt, a Member Compression Cycle will not involve any ACSP

"MER Buffer"

has the meaning assigned to it in the Procedures

"MiFID II"

means the ~~recast Markets in Financial Instruments Directive (Directive 2014/65/EU), Regulation (EU) No. 600/2014 of the European Parliament and the Council of 15 May 2014 and all related implementing or supplementary legislation and technical standards, as amended from time to time~~EU MiFID II or UK MiFID II

"Minimum ForexClear Contribution"

means USD 5,000,000

"Minimum Non-Tolerance SwapClear Contribution"

means £10,000,000 (which, for the avoidance of doubt, excludes the £3,000,000 minimum amount payable by an SCM in respect of the SwapClear Tolerance Contribution Amount);

"Minimum RepoClear Contribution"

means GBP 2,000,000 at Clearing Member level

"Minimum RepoClear Contribution Member"

means an RCM in respect of which the Preliminary RepoClear Contribution calculated under Rule R2 of the RepoClear Default Fund Supplement, is equal to or less than the Minimum RepoClear Contribution for the time being

"Treasury Account"	means any accounting process under which an amount due under a Treasury Contract from a member to the Clearing House is set off against any amount due from the Clearing House to that Member
"Treasury Contract"	means any contract, including a contract of deposit, entered into by the Clearing House with that Member for purposes of, in connection with or otherwise in the course of its treasury management activities (and excluding, for the avoidance of doubt, ATS Contracts)
<u>"UK CSDR"</u>	<u>means Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 (a) as it has become retained EU law and effective in the United Kingdom under the European Union (Withdrawal) Act 2018, and (b) as it is amended from time to time, including by the Central Securities Depository (Amendment) (EU Exit) Regulations 2018</u>
<u>"UK EMIR"</u>	<u>means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, Central Counterparties, and Trade Repositories (a) as it has become retained EU law and effective in the United Kingdom under the European Union (Withdrawal) Act 2018, and (b) as it is amended from time to time</u>
<u>"UK MiFID II"</u>	<u>means the recast Markets in Financial Instruments Directive (Directive 2014/65/EU), Regulation (EU) No. 600/2014 of the European Parliament and the Council of 15 May 2014 and all related implementing or supplementary legislation and technical standards (a) as it has become retained EU law and effective in the United Kingdom under the European Union (Withdrawal) Act 2018, and (b) as it is amended from time to time(a) as it has become retained EU law and effective in the United Kingdom under the European Union (Withdrawal) Act 2018, and (b) as it is amended from time to time</u>
"Unallocated FCM Swap Clear Contract"	has the meaning assigned to it in the FCM Regulations
"Unallocated Excess"	has the meaning assigned to it in the FCM Regulations
"Unallocated Excess Sub-Account"	has the meaning assigned to it in the FCM Regulations
"Undertaking to Pay and Deliver"	has the meaning ascribed to such term in Regulation 11(c)

Appendix II
Settlement Finality Regulations

LCH Limited

CLEARING HOUSE SETTLEMENT FINALITY REGULATIONS

Introduction

The Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (S.I. 1999 No. 2979) ~~(the "SF Regulations") implement implemented the Settlement Finality Directive (Directive 98/26/EC) of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (the "SF Directive").~~ The Financial Markets and Insolvency (Settlement Finality) Regulations 1999 have been amended, to extend United Kingdom settlement finality protections to systems not governed by the law of the United Kingdom, after the United Kingdom's exit from the European Union. In these Settlement Finality Regulations, S.I. 1999 No. 2979 (as amended) is referred to as the "SF Regulations".

The SF ~~Directive seeks~~Regulations seek to reduce the risks associated with participation in payment and securities settlement systems by minimizing the disruption caused by insolvency proceedings brought against a participant in such a system. The protection provided by the SF Regulations is given to any system which has been designated as a "designated system" by the Financial Conduct Authority or the Bank of England as the "designating authority".

In order to obtain such designation the Clearing House is required to satisfy the relevant designating authority that the requirements of the Schedule to the SF Regulations, and certain other matters, are satisfied in respect of the Clearing House.

These Settlement Finality Regulations (which form part of these Regulations) have been promulgated by the Clearing House in order to meet such of those requirements as are not addressed elsewhere in these Regulations.

1. Definitions

- 1.1 **"Concentration Bank"** means a bank or other credit institution which has a current agreement with the Clearing House to participate in the Clearing House Protected Payments System (as described in the Regulations) as a concentration bank.
- 1.2 **"Institution"** shall have the same meaning as in the SF Regulations.
- 1.3 **"The Clearing House System"** means the standardized formal arrangements, common rules, procedures as described in the Regulations, Procedures and service descriptions (each as amended from time to time) published from time to time by the Clearing House pursuant to which LCH acts as clearing service provider, and related functionality which:
 - (a) enable the Clearing House in operating its Clearing House Protected Payments System to give instructions to place at the disposal of its Members (as set out the Regulations) amounts of money on the accounts of certain banks or other credit institutions; and
 - (b) enable Members through the Clearing House Protected Payments System to give instructions to place at the disposal of the Clearing House (as set out in the Regulations) amounts of money on the accounts of certain banks or other credit institutions; and
 - (c) enable Members to give instructions to place amounts of money at the disposal of the Clearing House through crediting a nominated cash account provided by a Settlement Service Provider to the Clearing House; and

- (a) takes effect and enters the Clearing House System on any business day (the "**Settlement Day**"); and
- (b) results in an amount of money being credited to a nominated cash account provided by a Settlement Service Provider to the Clearing House,

shall be complete only at the earlier of (i) the settlement of all Payment Transfer Orders given by the Clearing House to that Settlement Service Provider together having the effect on that Settlement Day of reducing the balance on such nominated cash account provided by the Settlement Service Provider to zero, and (ii) the end of the business day, where the relevant "business day" for these purposes only shall begin at the start of the relevant calendar day and shall end at the latest time at which the Clearing House actually ceases settlement operations for that Settlement Day.

3. Prohibition of Revocation of Transfer Orders

A Transfer Order shall not be revoked or purport to be revoked by a Participant (or by any liquidator or other insolvency office-holder appointed with regard to any undertaking operated by a Participant) after the time specified in section 2 above as being the time when such instruction becomes irrevocable.

4. Provision of information

- 4.1 A Participant shall, within 14 days of being requested to do so by any person ("the applicant") and upon being paid such reasonable charge as the Participant may require, provide to the applicant the following information:
 - (a) details of the systems which are designated for the purposes of the Settlement Finality Directive in which the Participant, as the case may be, participates; and
 - (b) information about the main rules governing the functioning of those systems.
- 4.2 Nothing in this section 4 shall require the Participant to provide any of the above information to an applicant where, or to the extent that, such request is frivolous or vexatious.
- 4.3 Each Participant shall promptly supply to the Clearing House such information as the Clearing House may require from time to time in order for LCH to meet its obligations as the operator of a system designated under the ~~Financial Markets and Insolvency (Settlement Finality) Regulations 1999~~SF Regulations.

5. Notification of certain insolvency events

- 5.1 Subject to section 5.2 below a Participant shall ~~forthwith~~immediately notify the Clearing House, the Financial Conduct Authority and the Bank of England if:-
 - (a) a resolution is passed for the voluntary winding up of the Participant;~~or~~
 - (b) a trust deed granted by the Participant (as the case may be) becomes a protected trust deed;or
 - ~~(b)~~(c) the relevant judicial or administrative authority hands down a decision marking the commencement of insolvency proceedings against the Participant (in the United Kingdom, if the appointment of an administrator under paragraph 14 or paragraph 22 of Schedule B1 to the Insolvency Act 1986 takes effect).

Appendix III
Procedures Section 1



LCH LIMITED

PROCEDURES SECTION 1

**CLEARING MEMBER, NON-MEMBER MARKET
PARTICIPANT AND DEALER STATUS**

- (vi) prior to the date on which the Clearing Member is designated as a ForexClear Option Clearing Member, the Clearing Member shall pay to the Clearing House the ForexClear Option Service Default Fund Contribution;
- (vii) the Clearing Member must at all times either:
 - (A) have access to, and have all necessary documentation (if any) in place with, a third party provider approved by the Clearing House as being responsible for communicating, matching and facilitating the exercise and/or expiry of each ForexClear Option Contract to which it is a party; and
 - (B) have direct access to the ClearLink API, or similar direct communication methods as offered under the ForexClear Service, for the purpose of communicating directly with the Clearing House regarding exercise and/or expiry of each ForexClear Option Contract to which it is a party,
- (viii) the Clearing Member must enter into, deliver, and maintain, any agreement, deed, form or other document that is required by the Clearing House from time to time in connection with the ForexClear Option Service;
- (ix) the Clearing Member must not be a Defaulting Clearing Member;
- (x) the Clearing Member must participate in testing and trialling as requested by the Clearing House from time to time in connection with the ForexClear Option Service;
- (xi) the Clearing Member must be an “institution” or a “participant” within the meaning of The Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (S.I. 1999 No. 2979), ~~as amended and Settlement Finality Directive (Directive 98/26/EC) of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems~~; and
- (xii) the Clearing Member must satisfy all other requirements and eligibility criteria that may be applicable to it from time to time under the Regulations, the Procedures and/or the Clearing Membership Agreement.

A Clearing Member’s status as a ForexClear Option Clearing Member is, at all times, subject to the condition precedent that it satisfies, in a manner satisfactory to the Clearing House, the ForexClear Option Service Membership Requirements in effect at the applicable time.

The Clearing House may, from time to time, publish a list of Clearing Members who are eligible to use the ForexClear Option Service.

1.3.5 *Supplementary Criteria Applicable to ForexClear Applicants*

three months ahead of the proposed termination date. By the close of business on the proposed termination date, the Retiring Member shall ensure that all Contracts registered in the Retiring Member's name have been closed-out or transferred so as to ensure that there are no open Contracts to which the Retiring Member is a party at the proposed termination date. Once all such Contracts have been closed-out or transferred, such Retiring Member shall be entitled to request that the Clearing House releases and returns to it any Collateral held by the Clearing House for such Retiring Member. Retiring Members will need to give the Clearing House notice of termination in respect of all such Dealer agreements in accordance with the terms of those agreements and the relevant Section of the Rulebook. For further information on the retirement process, Clearing Members should contact the Clearing House's Membership team.

- 1.6.2 If a Clearing Member has not been active on any exchange or market for a continuous period of three months, they will be asked to confirm that they intend to utilise their Clearing Member status and failing a satisfactory response, they will be asked to retire from Clearing Member status.

1.6.3 If a bankruptcy petition under the Polish Bankruptcy Law (ustawa z dnia 28 lutego 2003 roku Prawo upadłościowe) or a restructuring petition under the Polish Restructuring Law (ustawa z dnia 15 maja 2015 r. Prawo restrukturyzacyjne) is presented or a bankruptcy order under the Polish Bankruptcy Law or a restructuring order under the Polish Restructuring Law is made, the Clearing House may in its absolute discretion terminate with respect to the affected Polish Clearing Member the Clearing Membership Agreement by notice. Any such termination by notice will take effect on the expiry of the period specified in the notice. During the termination period specified in the notice, the Clearing House may take the steps listed in Rules 6 of the Default Rules, it deems appropriate in the circumstances: (a) to discharge all the Polish Clearing Member's rights and liabilities under or in respect of all Contracts to which it is party or upon which it is or may be liable; and (b) to complete the process set out in Rule 8. Any Contracts of the Defaulter which have not been closed out or transferred by the termination date set in the notice shall be closed-out on the close of business on the termination date. Termination of the Clearing Membership Agreement will result in termination of the terms of any other agreement to which the Clearing House and the Polish Clearing Member are party which relates to the provision of central counterparty and other services by the Clearing House, the terms of, and applicable to, each and every registered Contract, the Rulebook and all amendments to any of the foregoing.

~~1.6.3~~1.6.4 The Clearing Membership Agreement, the terms of any other agreement to which the Clearing House and the Polish Clearing Member are party which relates to the provision of central counterparty and other services by the Clearing House, the terms of, and applicable to, each and every registered Contract, the Rulebook and all amendments to any of the foregoing shall together constitute a master agreement (umowa ramowa) in the meaning of the Polish Bankruptcy Law (ustawa z dnia 28 lutego 2003 roku Prawo upadłościowe) and Polish Restructuring Law (ustawa z dnia 15 maja 2015 r. Prawo restrukturyzacyjne) between the Clearing House and the Polish Clearing Member and both parties acknowledge that all registered Contracts are entered

into in performance of that master agreement. If that master agreement is terminated by the Polish Clearing Member or by the relevant bankruptcy or restructuring representative and such termination is enforceable under the relevant laws, this does not prejudice the Clearing House's rights under Rule 3 of the Default Rules.

1.7 Net Capital Requirements

1.7.1 Categories of Clearing Member Status

There are ten categories of Clearing Member status currently in use. These are as follows:

Category B

Rates Exchange - Clearing Member (clearing own business)

FCM Listed Interest Rates
Clearing Member

Category C

Rates Exchange - (clearing own business and/or the business of NCPs and/or Listed Interest Rates Client Clearing Business)

Category D

Category no longer in use.

Category E

Category no longer in use.

Category F

RepoClear Clearing Member in respect of RepoClear Clearing House Business.

5.2 If a Participant is required to give notice of any of the events set out in sections 5.1(a) and 5.1(b) above by any other provisions of the Regulations, then nothing in this section shall be taken to require the giving of a further notice to the Clearing House of the same event, providing always that such notice as is given under such other provision of the Regulations is given in writing and addressed to the person identified in section 5.3 below.

5.3 Any notice to be given to the Clearing House under this provision shall be given in writing, addressed to the General Counsel, and shall be sent by first class pre-paid post or hand delivered to the following address:

LCH Limited
Aldgate House
33 Aldgate High Street
London EC3N 1EA

or sent electronically (followed by postal confirmation) to the following email address:

Legal?London@lch.com

~~by fax (followed by postal confirmation) to the following fax number:~~

~~+44 (0)20 7426 7210.~~

5.4 Any notice given to the Bank of England under this provision shall be sent by first class pre-paid post or hand delivered to:

The Senior Manager
CCP Supervision
Financial Market Infrastructure Directorate
Bank of England
20 Moorgate
London EC2R 6DA

or sent electronically (followed by postal confirmation) to the following email address:

LCHTeam@bankofengland.co.uk

~~[•]by fax (followed by postal confirmation) to the following fax number:~~

~~+44 (0)20 7601 3217.~~

~~5.5 — and a copy to:~~

~~The Senior Manager
Payment Systems Oversight
Market Infrastructure Division, HO-3
Bank of England
Threadneedle Street
London EC2R 8AH~~

~~or sent by fax (followed by postal confirmation) to the following fax number:~~

~~+44 (0)20 7601 3561.~~