

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 96 SECURITIES AND EXCHANGE COMMISSION File No.\* SR - 2018 - \* 002  
 WASHINGTON, D.C. 20549  
 Form 19b-4 Amendment No. (req. for Amendments \*)

Filing by Banque Centrale de Compensation  
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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|--|--|--|--|--|---|
| Initial *<br><input checked="" type="checkbox"/> | Amendment *<br><input type="checkbox"/>                                      | Withdrawal<br><input type="checkbox"/> | Section 19(b)(2) *<br><input type="checkbox"/> | Section 19(b)(3)(A) *<br><input checked="" type="checkbox"/> | Section 19(b)(3)(B) *<br><input type="checkbox"/> |
|  |  |  | Rule   |  |   |
| Pilot<br><input type="checkbox"/>                | Extension of Time Period for Commission Action *<br><input type="checkbox"/> | Date Expires *<br><input type="text"/> | <input type="checkbox"/> 19b-4(f)(1)           | <input checked="" type="checkbox"/> 19b-4(f)(4)              |   |
|  |  |  | <input type="checkbox"/> 19b-4(f)(2)           | <input type="checkbox"/> 19b-4(f)(5)                         |   |
|  |  |  | <input type="checkbox"/> 19b-4(f)(3)           | <input type="checkbox"/> 19b-4(f)(6)                         |   |

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| Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010<br>Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/> | Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934<br>Section 3C(b)(2) * <input type="checkbox"/> |
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Exhibit 2 Sent As Paper Document       Exhibit 3 Sent As Paper Document

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

LCH SA is proposing to amend the CDS Clearing Procedures in order to implement a new window for end of day price contribution for CDX North American indices and related USD denominated single name CDS transactions at New York close of business.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Mohamed      Last Name \* MEZIANE  
 Title \* Senior Regulatory Advisor  
 E-mail \* mohamed.meziane@lch.com  
 Telephone \* (000) 000-0000      Fax

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 03/08/2018      Chief Compliance Officer  
 By Francois FAURE     

(Name \*)

Francois FAURE, francois.faure@lch.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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Form 19b-4

Proposed Rule Change  
by

BANQUE CENTRALE DE COMPENSATION

Pursuant to Rule 19b-4 under the  
Securities Exchange Act of 1934

**Item 1. Text of Proposed Rule Change**

(a) Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), is proposing to amend Section 5 of the CDS Clearing Procedures (the “**Procedures**”) in order to implement a new window for end of day price contribution for CDX North American indices and related USD denominated single name CDS transactions at New York close of business (the “**Proposed Rule Change**”).

The text of the Proposed Rule Change has been annexed as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

**Item 2. Procedures of the Self-Regulatory Organization**

LCH SA has completed all of the required action to be taken to approve the proposed rule change. The Proposed Rule Change was approved by the LCH SA Local Management Committee on 28 February 2018. No further approval is necessary.

Questions should be addressed to François Faure, Chief Compliance Officer, at [françois.faure@lch.com](mailto:françois.faure@lch.com) or +33 1 70 37 65 96; or Mohamed Meziane, Senior Regulatory Advisor, Compliance Department, at [mohamed.meziane@lch.com](mailto:mohamed.meziane@lch.com) or +33 1 70 37 65 52.

**Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change**

A. Purpose

In connection with the clearing of CDX North American indices and related USD denominated single name CDS transactions, LCH SA proposes to modify the end of day price

contribution process by changing the following timelines for a CDS Contractual Currency<sup>1</sup> in US Dollar:

- The daily Price Requirement Files availability for download from between 14:30 and 15:00 GMT to from 14:30 New York City local time, except when the Price Contribution Day occurs on the Price Contribution Day immediately preceding 1<sup>st</sup> January, 4<sup>th</sup> July or 25<sup>th</sup> December for which the files may be available earlier as notified by LCH SA in advance;
- The daily Market Data submission by Price Contribution Participants from between 16:00 and 16:35 GMT to between 16:30 and 16:35 New York City local time, except when the Price Contribution Day occurs on the Price Contribution Day immediately preceding 1<sup>st</sup> January, 4<sup>th</sup> July or 25<sup>th</sup> December for which the files may be available earlier as notified by LCH SA in advance;
- The fallback to composite spread/prices from 17:15 GMT to 17:15 New York City local time;
- The disclosure of the occurrence of a Firm Day to Price Contribution Participants from promptly after the closure of the submission window at 16:35 GMT to promptly after the closure of the submission window at 16:35 New York City local time;
- The execution of a CDS Cross Trade by Price Contribution Participants on a Firm Day from prior to 18:30 GMT to prior to 17:30 New York City local time;

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<sup>1</sup> Capitalized terms not defined herein are defined in LCH SA's Rulebook, available at: <https://www.lch.com/resources/rules-and-regulations/sa-rulebooks>

- The notification of execution of Cross Trades on a Firm Day by a Price Contribution Participant to LCH SA from before 18:30 GMT to before 17:30 New York City local time.

LCH SA is also taking this opportunity to make the following amendments to Section 5 of the Procedures with respect to the timeline of the end of day price contribution process for a CDS with a CDS Contractual Currency in Euro and an Index Swaption:

- The daily Price Requirement Files availability for download from between 14:30 and 15:00 GMT to from 13:15 GMT, except when the Price Contribution Day occurs on the Price Contribution Day immediately preceding 1<sup>st</sup> January or 25<sup>th</sup> December for which the files may be available earlier as notified by LCH SA in advance;
- The daily Market Data submission by Price Contribution Participants from between 16:00 and 16:35 GMT to between 16:30 and 16:35 GMT, except when the Price Contribution Day occurs on the Price Contribution Day immediately preceding 1<sup>st</sup> January or 25<sup>th</sup> December for which the files may be available earlier as notified by LCH SA in advance.

The main purpose of the Proposed Rule Change is to allow LCH SA to mark to market USD denominated index and single names positions with prices contributed at the close rather than in the middle of the trading session for these instruments such that both the Initial Margin and Variation Margin to be settled at the following First Margin Run are reflecting accurately the entirety of the previous trading session and the associated market moves.

B. Statutory Basis

LCH SA believes that the Proposed Rule Change is consistent with the requirements of Section 17A of the Securities Exchange Act of 1934<sup>2</sup> (the “Act”) and regulations thereunder applicable to it, including the standards under Rule 17Ad-22.<sup>3</sup>

Specifically, Section 17A(b)(3)(F)<sup>4</sup> of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. As noted above, the Proposed Rule Change will allow LCH SA to reflect more accurately in its Initial Margin and Variation Margin calculations the entirety of the market moves for USD denominated index and single names observed in the previous trading session, and thus further strengthen the safeguarding of securities and funds under control of LCH SA.

LCH SA believes that the Proposed Rule Change satisfies the requirements of Rule 17Ad-22(b)(2), (b)(3), (e)(1), (e)(4), and (e)(6).<sup>5</sup>

Rule 17Ad-22(b)(2) requires a clearing agency acting as a central counterparty to use margin requirements to limit its credit exposures to participants under normal market conditions and to use risk-based models and parameters to set margin requirements.<sup>6</sup> Rule 17Ad-22(b)(3)<sup>7</sup> requires each clearing agency acting as a central counterparty for security-based swaps to

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<sup>2</sup> 15 U.S.C. 78q-1.

<sup>3</sup> 17 CFR 240.17Ad-22.

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>5</sup> 17 CFR 240.17Ad-22(b)(2), (b)(3), (e)(1), (e)(4), and (e)(6).

<sup>6</sup> 17 CFR 240.17Ad-22(b)(2).

<sup>7</sup> 17 CFR 240.17Ad-22(b)(3).

maintain sufficient financial resources to withstand, at a minimum, a default by the two participant families to which it has the largest exposure in extreme but plausible market conditions (the “cover two standard”). Rule 17Ad-22(e)(4)(i) requires a covered clearing agency to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing and settlement processes by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence<sup>8</sup>, and Rule 17Ad-22(e)(6) requires a covered clearing agency that provides central counterparty services to cover its credit exposures to its participants by establishing a risk-based margin system that meets certain minimum requirements.<sup>9</sup>

As described above, LCH SA proposes to amend the timeline of the end of price contribution process for USD denominated index and single name positions to reflect the market moves observed during the entirety of the previous trading session in the calculation of the Initial Margin and Variation Margin to be settled at the following First Margin Run. This implies that the margin requirements set by LCH SA and use of such margin requirements limit LCH SA’s credit exposures to participants in clearing USD denominated index and single name CDS transactions under normal market conditions, consistent with Rule 17Ad-22(b)(2).<sup>10</sup> LCH SA also believes that its current risk-based margin methodology, by relying on prices contributed at the close of the trading session, takes into account, and generates margin levels commensurate with, the risks and particular attributes of USD denominated index and single name CDS transactions at the product and portfolio levels, appropriate to the relevant market it serves,

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<sup>8</sup> 17 CFR 240.17Ad-22(e)(4)(i).

<sup>9</sup> 17 CFR 240.17Ad-22(e)(6).

<sup>10</sup> 17 CFR 240.17Ad-22(b)(2).



consistent with Rule 17Ad-22(e)(6)(i) and (v).<sup>11</sup> In addition, LCH SA believes that the margin calculation under the current CDSClear margin framework and based on prices for USD denominated index and single name positions contributed at the close of the trading session would also sufficiently account for the 5-day liquidation period for house account portfolio and 7-day liquidation period for client portfolio and therefore, is reasonably designed to cover LCH SA's potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default, consistent with Rule 17Ad-22(e)(6)(iii).<sup>12</sup>

Further, Rule 17Ad-22(b)(3) requires a clearing agency acting as a central counterparty for security-based swaps to establish policies and procedures reasonably designed to maintain the cover two standard.<sup>13</sup> Similarly, Rule 17Ad-22(e)(4)(ii) requires a covered clearing agency that provides central counterparty services for security-based swaps to maintain financial resources additional to margin to enable it to cover a wide range of foreseeable stress scenarios that include, but are not limited to, meeting the cover two standard.<sup>14</sup> LCH SA believes that its current Default Fund methodology based on prices for USD denominated index and single name positions provided at the close of the trading session will also appropriately incorporate the risk of clearing USD denominated index and single name CDS transactions, as together with the existing CDSClear margin framework, will be reasonably designed to ensure that LCH SA

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<sup>11</sup> 17 CFR 240.17Ad-22(e)(6)(i) and (v).

<sup>12</sup> 17 CFR 240.17Ad-22(e)(6)(iii).

<sup>13</sup> 17 CFR 240.17Ad-22(b)(3).

<sup>14</sup> 17 CFR 240.17Ad-22(e)(4)(ii).

maintains sufficient financial resources to meet the cover two standard, in accordance with Rule 17Ad-22(b)(3) and (e)(4)(ii).<sup>15</sup>

LCH SA also believes that the proposed rule change is consistent with Rule 17Ad-22(e)(1), which requires each covered clearing agency's policies and procedures reasonably designed to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions.<sup>16</sup> As described above, the Proposed Rule Change would make a clear distinction on the timelines associated to the end of day price contribution process for Euro and USD denominated positions. LCH SA believes that this change would provide for a clear and transparent legal basis for CDSClear clearing members' requirement to provide accurate prices on all of their open positions, consistent with Rule 17Ad-22(e)(1).<sup>17</sup>

For the reasons stated above, LCH SA believes that the Proposed Rule Change is consistent with the requirements of prompt and accurate clearance and settlement of securities transactions and derivatives agreements, contracts and transactions, and assuring the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible, in accordance with 17A(b)(3)(F) of the Act.<sup>18</sup>

**Item 4. Self-Regulatory Organization's Statement on Burden on Competition**

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.<sup>19</sup>

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<sup>15</sup> 17 CFR 240.17Ad-22(b)(3) and (e)(4)(ii).

<sup>16</sup> 17 CFR 240.17Ad-22(e)(1).

<sup>17</sup> 17 CFR 240.17Ad-22(e)(1).

<sup>18</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>19</sup> 15 U.S.C. 78q-1(b)(3)(I).

The Proposed Rule Change will apply equally to all CDSClear members and clients and does not adversely affect their ability to engage in cleared transactions or to access clearing services offered by LCH SA CDSClear.

Therefore, LCH SA does not believe that the Proposed Rule Change would have any impact, or impose any burden, on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

**Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others**

Written comments relating to the Proposed Rule Change have not been solicited or received. LCH SA will notify the Commission of any written comments received by LCH SA.

**Item 6. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

LCH SA does not consent to an extension of the time period for Commission action.

**Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)**

(a) LCH SA is filing the Proposed Rule Change for immediate effectiveness pursuant to Section 19(b)(3)(A)<sup>20</sup> of the Act and paragraph (f) of Rule 19b-4<sup>21</sup> thereunder.

(b) Pursuant to Rule 19b-4(f)(i)<sup>22</sup>, a proposed rule change may take effect upon filing with the Commission if properly designated as effecting a change in an existing service of a registered clearing agency that (i) Does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible; and (ii) Does not significantly affect the respective rights or obligations of the clearing agency or persons

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<sup>20</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>21</sup> 17 CFR 240.19b-4(f)(4).

<sup>22</sup> 17 CFR 240.19b-4(f)(4)(i).

using the service. LCH SA believes that the summary effectiveness is warranted because the Proposed Rule Change, by enabling LCH SA to reflect more accurately the market moves for USD denominated index and single name CDS instruments observed during the entirety of the previous trading session, effects a change in an existing service of a registered clearing agency that primarily strengthens the safeguarding of securities or funds in the custody of the clearing agency or for which it is responsible, within the meaning of Rule 19b-4(f)(4)(i).

(c) Not applicable.

(d) Not applicable

**Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

Not applicable.

**Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**Item 11. Exhibits**

Exhibit 1A. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5. Text of the proposed rule change: CDS Clearing Procedures.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, Banque Centrale de Compensation has caused this filing to be signed on its behalf by the undersigned hereunto duly authorized.

**BANQUE CENTRALE DE COMPENSATION**

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

**By:** \_\_\_\_\_

**Francois Faure**  
**Chief Compliance Officer**

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-LCH SA-2018-002)

[DATE]

Self-Regulatory Organizations; LCH SA; Proposed Rule Change Relating to Self-Referencing Transactions.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that on \_\_\_\_\_, 2018, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which Items have been prepared primarily by LCH SA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change**

LCH SA is proposing to amend its CDS Clearing Procedures (the “Procedures”) in order to implement a new window for end of day price contribution for CDX North American indices and related USD denominated single name CDS transactions at New York close of business (the “Proposed Rule Change”).

The text of the proposed rule change has been annexed as Exhibit 5.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

**II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, LCH SA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. LCH SA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.

A. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

1. Purpose

In connection with the clearing of CDX North American indices and related USD denominated single name CDS transactions, LCH SA proposes to modify the end of day price contribution process by changing the following timelines for a CDS Contractual Currency<sup>3</sup> in US Dollar:

- The daily Price Requirement Files availability for download from between 14:30 and 15:00 GMT to from 14:30 New York City local time except when the Price Contribution Day occurs on the Price Contribution Day immediately preceding 1<sup>st</sup> January, 4<sup>th</sup> July or 25<sup>th</sup> December for which the files may be available earlier as notified by LCH SA in advance;
- The daily Market Data submission by Price Contribution Participants from between 16:00 and 16:35 GMT to between 16:30 and 16:35 New York City local time, except when the Price Contribution Day occurs on the Price Contribution Day immediately preceding 1<sup>st</sup> January, 4<sup>th</sup> July or 25<sup>th</sup>

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<sup>3</sup> Capitalized terms not defined herein are defined in LCH SA's Rulebook, available at: <https://www.lch.com/resources/rules-and-regulations/sa-rulebooks>

December for which the files may be available earlier as notified by LCH SA in advance;

- The fallback to composite spread/prices from 17:15 GMT to 17:15 New York City local time
- The disclosure of the occurrence of a Firm Day to Price Contribution Participants from promptly after the closure of the submission window at 16:35 GMT to promptly after the closure of the submission window at 16:35 New York City local time;
- The execution of a CDS Cross Trade by Price Contribution Participants on a Firm Day from prior to 18:30 GMT to prior to 17:30 New York City local time;
- The notification of execution of Cross Trades on a Firm Day by a Price Contribution Participant to LCH SA from before 18:30 GMT to before 17:30 New York City local time.

LCH SA is also taking this opportunity to make the following amendments to Section 5 of the Procedures with respect to the timeline of the end of day price contribution process for a CDS with a CDS Contractual Currency in Euro and an Index Swaption:

- The daily Price Requirement Files availability for download from between 14:30 and 15:00 GMT to from 13:15 GMT, except when the Price Contribution Day occurs on the Price Contribution Day immediately preceding 1<sup>st</sup> January or 25<sup>th</sup> December for which the files may be available earlier as notified by LCH SA in advance;



- The daily Market Data submission by Price Contribution Participants from between 16:00 and 16:35 GMT to between 16:30 and 16:35 GMT, except when the Price Contribution Day occurs on the Price Contribution Day immediately preceding 1<sup>st</sup> January or 25<sup>th</sup> December for which the files may be available earlier as notified by LCH SA in advance.

The main purpose of the Proposed Rule Change is to allow LCH SA to mark to market USD denominated index and single names positions with prices contributed at the close rather than in the middle of the trading session for these instruments such that both the Initial Margin and Variation Margin to be settled at the following First Margin Run are reflecting accurately the entirety of the previous trading session and the associated market moves.

2. Statutory Basis.

LCH SA believes that the Proposed Rule Change is consistent with the requirements of Section 17A of the Act<sup>4</sup> and regulations thereunder applicable to it, including the standards under Rule 17Ad-22.<sup>5</sup>

Specifically, Section 17A(b)(3)(F)<sup>6</sup> of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. As noted above, the Proposed Rule Change will allow LCH SA to reflect more accurately in its Initial

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<sup>4</sup> 15 U.S.C. 78q-1

<sup>5</sup> 17 CFR 240.17Ad-22

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).

Margin and Variation Margin calculations the entirety of the market moves for USD denominated index and single names observed in the previous trading session, and thus further strengthen the safeguarding of securities and funds under control of LCH SA.

LCH SA believes that the Proposed Rule Change satisfies the requirements of Rule 17Ad-22(b)(2), (b)(3), (e)(1), (e)(4), and (e)(6).<sup>7</sup>

Rule 17Ad-22(b)(2) requires a clearing agency acting as a central counterparty to use margin requirements to limit its credit exposures to participants under normal market conditions and to use risk-based models and parameters to set margin requirements.<sup>8</sup> Rule 17Ad-22(b)(3)<sup>9</sup> requires each clearing agency acting as a central counterparty for security-based swaps to maintain sufficient financial resources to withstand, at a minimum, a default by the two participant families to which it has the largest exposure in extreme but plausible market conditions (the “cover two standard”). Rule 17Ad-22(e)(4)(i) requires a covered clearing agency to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing and settlement processes by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence<sup>10</sup>, and Rule 17Ad-22(e)(6) requires a covered clearing agency that provides central counterparty services to cover its credit exposures to its participants by establishing a risk-based margin system that meets certain minimum requirements.<sup>11</sup>

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<sup>7</sup> 17 CFR 240.17Ad-22(b)(2), (b)(3), (e)(1), (e)(4), and (e)(6).

<sup>8</sup> 17 CFR 240.17Ad-22(b)(2).

<sup>9</sup> 17 CFR 240.17Ad-22(b)(3).

<sup>10</sup> 17 CFR 240.17Ad-22(e)(4)(i).

<sup>11</sup> 17 CFR 240.17Ad-22(e)(6).

As described above, LCH SA proposes to amend the timeline of the end of price contribution process for USD denominated index and single name positions to reflect the market moves observed during the entirety of the previous trading session in the calculation of the Initial Margin and Variation Margin to be settled at the following First Margin Run. This implies that the margin requirements set by LCH SA and use of such margin requirements limit LCH SA's credit exposures to participants in clearing USD denominated index and single name CDS transactions under normal market conditions, consistent with Rule 17Ad-22(b)(2).<sup>12</sup> LCH SA also believes that its current risk-based margin methodology, by relying on prices contributed at the close of the trading session, takes into account, and generates margin levels commensurate with, the risks and particular attributes of USD denominated index and single name CDS transactions at the product and portfolio levels, appropriate to the relevant market it serves, consistent with Rule 17Ad-22(e)(6)(i) and (v).<sup>13</sup> In addition, LCH SA believes that the margin calculation under the current CDSClear margin framework and based on prices for USD denominated index and single name positions contributed at the close of the trading session would also sufficiently account for the 5-day liquidation period for house account portfolio and 7-day liquidation period for client portfolio and therefore, is reasonably designed to cover LCH SA's potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default, consistent with Rule 17Ad-22(e)(6)(iii).<sup>14</sup>

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<sup>12</sup> 17 CFR 240.17Ad-22(b)(2).

<sup>13</sup> 17 CFR 240.17Ad-22(e)(6)(i) and (v).

<sup>14</sup> 17 CFR 240.17Ad-22(e)(6)(iii).

Further, Rule 17Ad-22(b)(3) requires a clearing agency acting as a central counterparty for security-based swaps to establish policies and procedures reasonably designed to maintain the cover two standard.<sup>15</sup> Similarly, Rule 17Ad-22(e)(4)(ii) requires a covered clearing agency that provides central counterparty services for security-based swaps to maintain financial resources additional to margin to enable it to cover a wide range of foreseeable stress scenarios that include, but are not limited to, meeting the cover two standard.<sup>16</sup> LCH SA believes that its current Default Fund methodology based on prices for USD denominated index and single name positions provided at the close of the trading session will also appropriately incorporate the risk of clearing USD denominated index and single name CDS transactions, as together with the existing CDSClear margin framework, will be reasonably designed to ensure that LCH SA maintains sufficient financial resources to meet the cover two standard, in accordance with Rule 17Ad-22(b)(3) and (e)(4)(ii).<sup>17</sup>

LCH SA also believes that the proposed rule change is consistent with Rule 17Ad-22(e)(1), which requires each covered clearing agency's policies and procedures reasonably designed to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions.<sup>18</sup> As described above, the proposed rule change would make a clear distinction on the timelines associated to the end of day price contribution process for Euro and USD denominated positions. LCH SA believes that this change would provide for a clear and transparent

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<sup>15</sup> 17 CFR 240.17Ad-22(b)(3).

<sup>16</sup> 17 CFR 240.17Ad-22(e)(4)(ii).

<sup>17</sup> 17 CFR 240.17Ad-22(b)(3) and (e)(4)(ii)

<sup>18</sup> 17 CFR 240.17Ad-22(e)(1).

legal basis for CDSClear clearing members' requirement to provide accurate prices on all of their open positions, consistent with Rule 17Ad-22(e)(1).<sup>19</sup>

For the reasons stated above, LCH SA believes that the proposed rule change is consistent with the requirements of prompt and accurate clearance and settlement of securities transactions and derivatives agreements, contracts and transactions, and assuring the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible, in accordance with 17A(b)(3)(F) of the Act.<sup>20</sup>

**B. Clearing Agency's Statement on Burden on Competition.**

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.<sup>21</sup>

The Proposed Rule Change will apply equally to all CDSClear members and clients and does not adversely affect their ability to engage in cleared transactions or to access clearing services offered by LCH SA CDSClear.

Therefore, LCH SA does not believe that the Proposed Rule Change would have any impact, or impose any burden, on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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<sup>19</sup> 17 CFR 240.17Ad-22(e)(1).

<sup>20</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>21</sup> 15 U.S.C. 78q-1(b)(3)(I).

C. Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. LCH SA will notify the Commission of any written comments received by LCH SA.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>22</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>23</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-LCH SA-2018-002 on the subject line.

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<sup>22</sup> 15 U.S.C. 78s.

<sup>23</sup> 17 CFR 240.19b-4.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-LCH SA-2018-002. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of LCH SA and on LCH SA's website at <http://www.lch.com/asset-classes/cdsclear>. All comments received will be posted without change; Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-LCH SA-2018-002 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to  
delegated authority.<sup>24</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>24</sup> 17 CFR 200.30-3(a)(12).





**CDS**Clear

# **LCH SA CDS Clearing Procedures**

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## **Section 5 - CDS Clearing Operations**

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

## 5.1 THE CDS CLEARING SERVICE

### (a) Membership of Industry Organisations or Systems

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

- (i) the Approved Trade Source Systems identified in a Clearing Notice;
- (ii) ISDA; and
- (ii) TIW,

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

### (b) Business Days

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

### (c) Opening Hours

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

### (d) Clearing Days

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

## 5.2 BACKLOADING TRANSACTIONS

Unless otherwise provided herein, any email required to be sent to LCH SA under this paragraph 5.2 should be sent to the Operations Department at the following email address: [cdsclear.ops@lch.com](mailto:cdsclear.ops@lch.com).

(a) Backloading Failure

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

(i) the trade leg of every Backloading Transaction which was due to give rise to the registration of a Cleared Transaction in the Trade Account(s) of the Failed Backloading Clearing Member(s);

(ii) the corresponding trade leg(s) for each Backloading Transaction mentioned in Paragraph 5.2(a) (i) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Member other than the Failed Backloading Clearing Member(s) (the "Counterparty Clearing Member(s)"); and

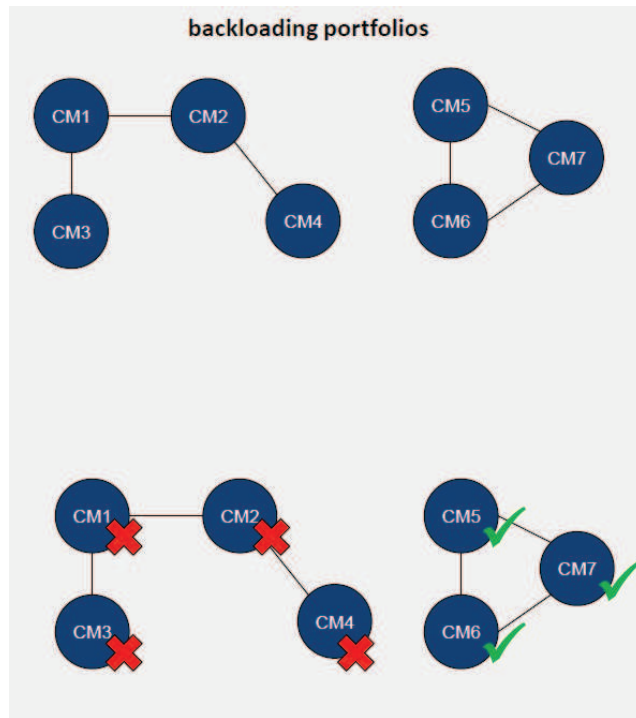
(iii) the following Backloading Transactions, which are "linked" to the Backloading Transactions referenced in Paragraph 5.2(a)(i) and (ii) above for the purposes of Article 3.1.3.1 of the CDS Clearing Rule Book, and comprise:

(a) the trade legs of any other Backloading Transactions due to give rise to the registration of a Cleared Transaction in any Trade Account of the Counterparty Clearing Member;

(b) the corresponding trade legs of each Backloading Transaction mentioned in Paragraph 5.3 (a)(iii)(a) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Members other than the Failed Backloading Clearing Member(s) and the Counterparty Clearing Member(s) (the "Indirect Counterparty Clearing Member(s)").

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

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



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

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

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

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

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

(b) Weekly Backloading Cycle

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

| <b>PROCESSING SCHEDULE OF THE WEEKLY<br/>BACKLOADING CYCLE</b> |  |   |
|--|--|---|
| <b>No.</b>   | <b>Time</b><br>(all references below are to Continental European Time) | <b>Action</b>   |
| Day 1  | Monday (the Weekly Backloading Start Day):<br><br>By 02:00             | LCH SA receives the Gold Records File from DTCC.  |
|  | Monday:<br><br>By:09:30  | On the basis of the Gold Records File, LCH SA prepares the Clearing Eligibility Report which it makes available to each Clearing Member via any reporting mechanism specified in a Clearing Notice.<br><br>The Clearing Eligibility Report contains, in respect of each Clearing Member, the Weekly Backloading Transactions which have successfully passed the Eligibility Controls.   |
| Day 2  | Tuesday:<br><br>By 17:00   | Each Clearing Member shall upload on any means of access specified in a Clearing Notice an updated Clearing Eligibility Report containing only the Weekly Backloading Transactions that such Clearing Member wishes to submit for clearing to LCH SA (the “ <b>CM Clearing Eligibility Report</b> ”). A Clearing Member may provide an amended CM Clearing Eligibility Report which will replace the previous CM Clearing Eligibility Report upon receipt by LCH SA.<br><br>If a Clearing Member does not return any CM Clearing Eligibility Report by 17:00, none of its Weekly Backloading Transactions will be included in the Weekly Backloading Cycle. |
| Day 3  | Wednesday:<br><br>By 08:00   | LCH SA shall carry out the following actions:<br><br>(i) reconcile the CM Clearing Eligibility Reports received from all Clearing Members in order to determine the Weekly Backloading  |

|       |                                |  |
|-------|--------------------------------|--|
|       |                                | <p>Transactions for which both relevant Clearing Members have designated for clearing in their respective CM Clearing Eligibility Reports. Such matching Weekly Backloading Transactions will constitute the Eligible Weekly Backloading Transactions,</p> <p>(ii) reconcile the Eligible Weekly Backloading Transactions with the latest Gold Records File to ensure that such Eligible Weekly Backloading Transactions have not been removed from the TIW,</p> <p>(iii) provide, on the basis of the results of the reconciliations set out in (i) and (ii) above, each Clearing Member with a DTCC Matching and Eligibility Report containing those of their Eligible Weekly Backloading Transactions which have not been removed from the TIW, and</p> <p>(iv) provide each Clearing Member with the Simulation Margin Requirements Result File which is (x) prepared on the basis of the End of Day Contributed Prices provided to LCH SA on Tuesday in accordance with paragraph 5.15 below and (y) contains an estimate of the House Margin Requirement that would be required if the Eligible Weekly Backloading Transactions contained in the DTCC Matching and Eligibility Report were registered as Cleared Transactions in the Clearing Member's House Account Structure at the time of such estimate.</p> |
| Day 3 | <p>Wednesday:<br/>By 11:00</p> | <p>An Eligible Weekly Backloading Transaction may be removed from the Weekly Backloading Cycle provided that (i) both relevant Clearing Members agree to such removal and (ii) each relevant Clearing Member sends an email to LCH SA which specifies the Transaction Data of the Eligible Weekly Backloading Transaction which should be removed from the Weekly Backloading Cycle.</p>   |
|       | <p>Wednesday:<br/>By 11:00</p> | <p>If it appears that an error has been made by LCH SA in a DTCC Matching and Eligibility Report and the Eligible Weekly Backloading Transactions included in such report are not the same as the Weekly Backloading Transactions of the relevant Clearing Members (save where there is a discrepancy owing to particular Weekly Backloading Transactions having been removed from the TIW between 19:30 on Tuesday and the issuance of the DTCC Matching and Eligibility Report), the relevant Clearing Member shall notify this error by email to LCH SA.</p>  |
|       | <p>Wednesday:<br/>By 12:00</p> | <p>If LCH SA confirms that an error has been made in a DTCC Matching and Eligibility Report, the Weekly Backloading Cycle will be cancelled and LCH SA shall inform each Clearing Member of such cancellation by 12:00.</p>  |

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



(c) Daily Backloading Cycle

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

| <b>PROCESSING SCHEDULE OF THE DAILY<br/>BACKLOADING PROCESS</b> |  |   |
|---|--|---|
| <b>No.</b>  | <b>Time</b><br>(all references below are to Continental European Time) | <b>Action</b>   |
| Day 1   | On any Business Day (D):<br><br>During the Real Time Session           | Upon receipt of Original Transaction Data relating to a Daily Backloading Transaction from an Approved Trade Source System, LCH SA will, in the following order, perform:<br><br>(i) the Eligibility Controls, and<br><br>(ii) in respect of Client Backloading Transactions only, the Client Transaction Checks (i.e. the process to ensure that each Nominated Clearing Member has consented to the registration of the relevant Client Trade Leg(s), in the relevant Client Trade Account(s)). |
|   | D<br><br>By 19:30  | (i) If a Daily Backloading Transaction does not satisfy the Eligibility Controls, or<br><br>(ii) in respect of a Client Backloading Transactions only, if either Nominated Clearing Member rejects, or fails to respond to, a Consent Request (as defined in paragraph 5.3(a) below) by 19:30,<br><br>the relevant Daily Backloading Transaction will become a Rejected Transaction and LCH SA will inform the relevant Approved Trade Source System and each relevant Clearing Member.           |
|   | D<br><br>Until 19:30   | A Daily Backloading Transaction, which has successfully passed the Eligibility Controls and the Client Transaction Checks (if applicable), can be removed at any time prior to 19:30 from the Daily Backloading Cycle, provided that each of the relevant Clearing Members agrees to such removal and sends an email to LCH SA which specifies the Transaction Data of the Daily Backloading Transaction which should be removed from the Daily Backloading Cycle.                                |

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

### 5.3 CLEARING OF CLIENT TRADE LEGS

(a) The Client Transaction Checks

Upon successful completion of the Eligibility Controls of:

- (i) an Intraday Transaction, other than an Intraday Transaction that is a Trading Venue Transaction, comprising one or more Client Trade Leg(s), or

- (ii) a Client Backloading Transaction,

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

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

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

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

Each Clearing Member may, in respect of each of its Clients, configure the CDS Clearing System so that Intraday Transactions, which are not Trading Venue Transactions, and/or Client Backloading Transactions:

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

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

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

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

- (i) LCH SA shall send a Consent Request to such Clearing Member, acting in its capacity as Nominated Clearing Member, for each Intraday Transaction, other than an Intraday Transaction that is a Trading Venue Transaction, or Client Backloading Transaction entered into by such Client; and
- (ii) the relevant Nominated Clearing Member must accept or reject such Consent

Request (the “**Manual Take-up Process**”). If the relevant Nominated Clearing Member has not responded to such Consent Request within the required timeframe, if any, under Applicable Law, or otherwise by the End of Real Time on the relevant Clearing Day, the Nominated Clearing Member will be deemed to have rejected the Consent Request and the related Intraday Transaction or Client Backloading Transaction will become a Rejected Transaction.

(d) Intraday Transactions and Client Backloading Transactions - Notifications

Following the Automatic Take-up Process or the Manual Take-up Process, LCH SA will notify the relevant Approved Trade Source System, Trading Venue and/or Clearing Member(s) (as applicable) whether the relevant Intraday Transaction or Client Backloading Transaction has been accepted or rejected for clearing within the required timeframe, if any, under Applicable Law.

(e) Indirect clearing

When a CCM Client providing indirect clearing services to CCM Indirect Clients submits a Client Trade Leg of a CDS or of an Index Swaption for the account of a CCM Indirect Client for clearing by LCH SA via an Approved Trade Source System, that CCM Client will indicate the specific trading code allowing for the proper identification of Client Trade Legs submitted for its CCM Indirect Client. LCH SA will then use that specific trading code, together with the Original Transaction Data, received from the Approved Trade Source System to determine the appropriate CCM Client Trade Account of the relevant CCM Indirect Client Segregated Account Structure in which to register such Client Trade Leg.

(f) Clients and CCM Indirect Clients’ branches

Each Client of a Clearing Member may opt for multi-branch management allowing such Client to allocate Client Cleared Transactions registered in the relevant Client Trade Account to one of its branches or as the case may be, CCM Indirect Clients’ branches, through which such Client, or CCM Indirect Client, operates. For this purpose, the Client will provide a specific code identifying its branch or the CCM Indirect Client’s branch for a Client Trade Leg submitted for clearing to LCH SA by the relevant ATSS Participant.

The Clearing Member may update the allocation of Client Cleared Transactions registered in a Client Trade Account of such Client between its branches or, as the case may be, between the CCM Indirect Clients’ branches, through LCH Portal, Where each branch of a Client or a CCM Indirect Client’s branch is identified in the TIW with a specific code, LCH SA will reflect each reallocation in the records of the TIW on its own behalf and on behalf of the relevant Clearing Member.

For the avoidance of doubt, identification *per* branch of a Client or a CCM Indirect Client only affects Client Cleared Transactions held in the Client Trade Account and has no effect on the net position held in the corresponding Client Margin Account. Furthermore, identification *per* branch of a Client or a CCM Indirect Client has no effect on the risk calculation which is based on the net position held in the Client Margin Account.

#### 5.4 CDS CLEARING MEMBER REPORTING

- (a) Means of access and reporting mechanisms

LCH SA will ensure that all CDS Clearing System reports and files are accessible by Clearing Members through any means of access or reporting mechanism specified in a Clearing Notice.

- (b) ClearLink gateway

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

#### 5.5 TRADE COMPRESSION

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

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

- (i) such Cleared Transactions are of the same CDS Type or Swaption Type;
- (ii) the Initial Payment Amounts or in respect of the ad-hoc compression of Index Swaption Cleared Transactions, Premiums, relating to such Cleared Transactions have been settled; and
- (iii) where a Client has opted for multi-branch management of the corresponding Client Trade Account of its Clearing Member, automatic trade compression will be processed at the level of the branches within the same Client Trade Account, subject to the election by a Clearing Member to exclude some of the branches from this process as set in Paragraph 5.5 (b) below.

In respect of the compression of Cleared Transactions that are Index Cleared Transactions or Single Name Clearing Transactions:

- (x) the Fixed Rate Payer Calculation Amount for the new Cleared Transaction will be the absolute value of the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer less the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller;
- (y) if the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is greater than the sum of Fixed Rate Payer

Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then the Clearing Member will be the CDS Buyer on the resultant Cleared Transaction. If the opposite is true then the Clearing Member will be the CDS Seller on the resultant Cleared Transaction;

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

In respect of the compression of Cleared Transactions that are Index Swaption Cleared Transactions:

- (x) the Original Notional Amount for the new Cleared Transaction will be the absolute value of the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Buyer less the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Seller;
- (y) if the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Buyer is greater than the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Seller then the Clearing Member will be the Index Swaption Buyer on the resultant Cleared Transaction. If the opposite is true then the Clearing Member will be the Index Swaption Seller on the resultant Cleared Transaction;
- (z) if the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Buyer is equal to the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Seller then no resultant trade is booked.

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

- (a) Ad-hoc compression

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

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

The Ad-Hoc Compression Order File must be received by LCH SA on any Clearing Day through any means of access specified in a Clearing Notice between 09.15 CET and 19.30 CET in order for the request to be processed and the related Cleared Transactions to be compressed on that same day (day "D"). LCH SA will include the results of the compression in the Cleared Trades Report and Compression Results File in respect of such Clearing Member. LCH SA will publish such Cleared Trades Report and Compression Results File via any reporting mechanism specified in a Clearing Notice as soon as practicable on the same Clearing Day as such Clearing Member's request for compression and following the implementation of such Clearing Member's request for compression. Where LCH SA receives such request after 19:30 CET, such request shall be deemed to not have been up-loaded and shall be of no effect.

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

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

(b) Automatic Compression

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

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

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



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

A Clearing Member may request LCH SA to change its previous election in respect of automatic compression through submitting a request via any means of access specified in a Clearing Notice at any time. Where LCH SA receives such a request by 19:30 CET via any means of access specified in a Clearing Notice on a Clearing Day (day "D"), the election will be effective from and including the following Clearing Day (day "D+1") unless and until a further request is made. Where LCH SA receives a request after 19:30 CET via any means of access specified in a Clearing Notice, such request will be effective from and including the second following Clearing Day (day "D+2") unless and until a further request is made.

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

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

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

(c) Restructuring Credit Event

Following the occurrence of a Restructuring Credit Event relating to:

- (i) a Single Name Cleared Transaction; or
- (ii) a Reference Entity referenced by an Underlying Index Transaction to which a set of Index Swaption Cleared Transactions of the same Swaption Type relates,

LCH SA will compress such Single Name Cleared Transaction or as the case may be, such Index Swaption Cleared Transactions resulting in a single position for a Trade Account, on the day determined by the industry for such purposes. If no automatic compression rules have been specified, then compression will be made per desk in respect of each Trade Account.

(d) Registration of Single Names Cleared Transaction

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



## 5.6 PRE-DEFAULT PORTABILITY

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

### (a) Partial Transfers

Where a Receiving Clearing Member wishes, pursuant to:

- (i) Article 5.3.3.1 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for a CCM Individual Segregated Account Client ;
- (ii) Article 5.3.3.2 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for an CCM Net Omnibus Client Set;
- (iii) Article 5.3.3.3 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for a CCM Gross Omnibus Multi Sub-Account Client Set;
- (iii) Article 5.3.3.4 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for a CCM Gross Omnibus Single Sub-Account Client ;
- (iv) Article 5.3.3.5 of the CDS Clearing Rule Book, to receive a transfer of a portion of the portfolio of Client Cleared Transactions registered in the CCM Client Trade Account(s) of a CCM Indirect Client Segregated Account Structure of a Carrying Clearing Member; or
- (v) Article 6.3.3.1 of the CDS Clearing Rule Book, to receive a portion of the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

it shall provide LCH SA with a Client Partial Transfer Form (see Appendix 1), signed by or on behalf of the relevant Client(s). Such form shall list all of the Client Cleared Transactions that are to be transferred to it pursuant to these Procedures. Following receipt of a Client Partial Transfer Form, LCH SA shall notify the Carrying Clearing Member that a request has been received to transfer Client Cleared Transactions. In the event that any of the conditions set forth in Article 5.3.3.1, Article 5.3.3.2, Article 5.3.3.3, Article 5.3.3.4 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH SA that certain of the conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH SA shall not proceed with the transfer of the Client Cleared Transactions and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

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

(b) Full Transfer

Where a Receiving Clearing Member wishes, pursuant to:

(i) Article 5.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in the CCM Client Trade Account of a CCM Individual Segregated Account Client of a Carrying Clearing Member;

(ii) Article 5.3.2.2 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of the CCM Net Omnibus Segregated Account Clients within a CCM Net Omnibus Client Set of a Carrying Clearing Member;

(iii) Article 5.3.2.3 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of CCM Gross Omnibus Multi Sub-Account Clients within a CCM Gross Omnibus Multi Sub-Account Client Set of a Carrying Clearing Member;

(iv) Article 5.3.2.4 of the CDS Clearing Rule Book, to receive the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in the CCM Gross Omnibus Single Sub-Account Structure of a CCM Gross Omnibus Single Sub-Account Client of a Carrying Clearing Member;

(v) Article 5.3.2.5 of the CDS Clearing Rule Book, to receive the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in the CCM Client Trade Account(s) of a CCM Indirect Client Segregated Account Structure of a Carrying Clearing Member; or

(vi) Article 6.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of all the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

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

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

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4, Article 5.3.2.5 or Article 6.3.2.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH SA that certain conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH SA shall not proceed with the transfer of the Client Cleared

Transactions or the transfer of Client Assets (where applicable) and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

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

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

(c) Transfer of Client Assets

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

With respect to the transfer of a CCM Individual Segregated Account Client, in accordance with Article 5.3.2.1, a CCM Net Omnibus Client Set, in accordance with Article 5.3.2.2, or a CCM Indirect Client Segregated Account Structure, in accordance with Article 5.3.2.5 of the CDS Clearing Rule Book, LCH SA will provide details of the relevant Client Assets to the Receiving Clearing Member and give the Receiving Clearing Member opportunity to reject a transfer of some or all of the Client Assets in accordance with the timetable below.

With respect to the transfer of a CCM Gross Omnibus Multi Sub-Account Client Set, in accordance with Article 5.3.2.3, a CCM Gross Omnibus Single Sub-Account Client, in accordance with Article 5.3.2.4, or an FCM Client, in accordance with Article 6.3.2.1, of the CDS Clearing Rule Book, the Carrying Clearing Member shall confirm to LCH SA, using the Carrying Member Response Form (see Appendix 3) which Client Assets are attributable to the CCM Gross Omnibus Gross Multi Sub-Account Client Set, CCM Gross Omnibus Single Sub-Account Client or FCM Client and the Client Cleared Transactions. In the event that the Carrying Clearing Member fails to do so in accordance with the timetable below, LCH SA shall determine (in its sole discretion) the Client Assets that are to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account in the case of a CCM Gross Omnibus Gross Multi Sub-Account Client Set or a CCM Gross Omnibus Single Sub-Account Client and FCM Client Financial Account in the case of an FCM Client. LCH SA shall notify the Carrying Clearing Member and the Receiving Clearing Member of the Client Assets that will be transferred in accordance with the timetable below. Following receipt of such notification by LCH SA, the Receiving Clearing Member may elect to reject the transfer of some or all of the relevant Client Assets in accordance with Article 5.3.4.2 or Article 6.3.4.2 of the CDS Clearing Rule Book.

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4, Article 5.3.2.5 or Article 6.3.2.1 of the CDS Clearing Rule Book, as

applicable, are not satisfied, including where the Carrying Clearing Member notifies LCH SA that certain conditions have not been satisfied using the Carrying Member Response Form (see Appendix 3), such that the Client Cleared Transactions will not be transferred, LCH SA shall not proceed with the transfer of the relevant Client Assets.

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

(d) Timetable for Client Transfers

| <b>No.</b> | <b>Time</b><br>(all references below are to Continental European Time) | <b>Partial Transfer</b>  | <b>Full Transfer (with Collateral)</b>   | <b>Full Transfer (without Collateral)</b>  |
|------------|--|--|--|--|
| 1          | Day 0: 17:00   | Deadline for receipt from Receiving Clearing Member of Client Partial Transfer Form.   | Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form and confirmation that the Client(s) wish Client Assets to be transferred.   | Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form.  |
| 2          | Day 0: 19:30   | Deadline for LCH SA to notify Carrying Clearing Member of receipt by LCH SA of Client Partial Transfer Form.   | Deadline for LCH SA to notify Carrying Clearing Member of receipt by LCH SA of Client Full Transfer Form.  | Deadline for LCH SA to notify Carrying Clearing Member of receipt by LCH SA of Client Full Transfer Form.  |
| 3          | Day 1: 10:00   | Deadline for: (i) notification by LCH SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision by LCH SA of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred. | Deadline for: (i) notification by LCH SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred. | Deadline for: (i) notification by LCH SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred. |
| 4          | Day 2: 12:00   | Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article   | Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with   | Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer   |

| <b>No.</b> | <b>Time</b><br>(all references below are to Continental European Time)                           | <b>Partial Transfer</b>   | <b>Full Transfer (with Collateral)</b>   | <b>Full Transfer (without Collateral)</b>   |
|------------|--|---|--|---|
|            |  | 5.3.3.1(v), Article 5.3.3.2(v), Article 5.3.3.3(v), Article 5.3.3.4(v) or Article 5.3.3.5(vi) of the CDS Clearing Rule Book). | Article 5.3.2.1(vi), Article 5.3.2.2(vi), Article 5.3.2.3(vi), Article 5.3.2.4(vi), or Article 5.3.2.5(vii) of the CDS Clearing Rule Book (as applicable)).  | (in accordance with Article 5.3.2.1(vi), Article 5.3.2.2(vi), Article 5.3.2.3(vi), Article 5.3.2.4(vi), or Article 5.3.2.5(vii) of the CDS Clearing Rule Book (as applicable)). |
| 5          | Day 2: 12:00 (For transfer of FCM Clients and CCM Gross Omnibus Segregated Account Clients only) | N/A   | Deadline for confirmation from Carrying Clearing Member of the Client Assets which are available to be transferred to the Receiving Clearing Member.   | N/A   |
| 6          | Day 2: 12:00 to 14:00  | N/A   | LCH SA notifies the Receiving Clearing Member of the Client Assets that would be transferred.  | N/A   |
| 7          | Day 2: 17:00   | Deadline for receipt by LCH SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member.  | Deadline for receipt by LCH SA of consent to transfer of the Client Cleared Transactions and notification of the rejection (if applicable) of some or all of the relevant Client Assets from the Receiving Clearing Member.  | Deadline for receipt by LCH SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member.  |
| 8          | Day 2: By 24:00  | N/A   | Deadline for LCH SA to instruct Euroclear to transfer some or all of the relevant Client Assets from the Client Pledged Securities Account of the Carrying Clearing Member (in accordance with Section 3 of the Procedures). | N/A   |
| 9          | Day 3: 08:00   | Target deadline for notification by LCH SA to the Carrying Clearing Member and/or the   | Target deadline for notification by LCH SA to the Receiving Clearing Member of whether an  | Target deadline for notification by LCH SA to the Receiving Clearing Member of  |

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

## 5.7 EARLY TERMINATION

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

- (i) a copy of the notice from the relevant CCM to the relevant CCM Client or from the relevant CCM Client to the relevant CCM designating the relevant early termination date or, if such early termination date has occurred automatically, evidence of the relevant event of default or termination event having occurred; and
- (ii) a copy of a notice served by the relevant CCM on the relevant CCM Client alerting that CCM Client of its intention to request LCH SA to transfer the relevant Client Cleared Transactions.

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

## 5.8 UPDATING THE TRADE INFORMATION WAREHOUSE

### (a) Process

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

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

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

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

- Novation of a Backloading Transaction:
  - Termination of the Backloading Transaction where the upfront amount has been paid;
  - Exit of the Backloading Transaction where the upfront amount has not been paid; and
  - Creation of Cleared Transactions
- Novation of an Intraday Transaction:
  - Termination of the Intraday Transaction, if applicable
  - Creation of Cleared Transactions
- Reallocation of a Client Cleared Transaction within a Client Trade Account between branches
  - Termination of the relevant Client Cleared Transaction allocated to the current branch
  - Creation of the Client Cleared Transaction resulting from the reallocation to another branch
- Trade Compression:
  - Termination of Cleared Transactions to be compressed, if applicable
  - Creation of compressed Cleared Transactions, if applicable
- Creation of Restructuring Cleared Transactions
  - Termination, if necessary, of Initial Single Name Cleared Transactions
  - Creation of the Restructuring Cleared Transactions



- Re-couponing of the Cleared Transactions
  - Termination of Cleared Transactions affected by the re-couponing
  - Creation of Cleared Transactions resulting from the re-couponing
- Completion of Physical Settlement following a Credit Event
  - Termination of Cleared Transactions
- Creation of Swaption Restructuring Cleared Transactions
  - Termination, if necessary, of original Index Swaption Cleared Transactions
  - Creation of the Swaption Restructuring Cleared Transactions
- Creation of Exercise Cleared Transactions
  - Termination of the relevant Index Swaption Cleared Transactions
  - Creation of the Exercise Cleared Transactions
- Exercise of Exercise Cleared Transactions
  - Termination of Exercise Cleared Transactions
  - Creation of Index Cleared Transactions resulting from the exercise
  - Creation of Initial Single Name Cleared Transactions and/or Restructuring Cleared Transactions, if applicable

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

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

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

In accordance with Article 2.2.1.1 (xx)(b) and Article 3.1.10.2 of the CDS Clearing Rule Book each Clearing Member authorises LCH SA to submit Cleared Transactions created in respect of Intraday Transactions to the TIW on the Clearing Member's behalf.



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

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

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

(c) Deemed Submission Authority

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

(d) TRIRename function

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

## 5.9 REGISTRATION OF SINGLE NAME CLEARED TRANSACTIONS

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

## 5.10 DIFFERENCES IN RECORDS

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

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

## 5.11 REGISTRATION OF CLEARED TRANSACTIONS

(a) Notification of registration

Following registration of the Cleared Transactions reflecting an Original Transaction, the CDS Clearing System will publish the confirmation of novation via the Cleared Trade Report available through any reporting mechanism specified in a Clearing Notice. Details of Cleared Transactions are also available through any reporting mechanism specified in a

Clearing Notice. Confirmation of novation will also be reported through the relevant Approved Trade Source System, if it has such functionality.

(b) Update of the Product Family Form

In accordance with Article 2.2.0.4, or as the case may be Article 3.1.6.8, of the CDS Clearing Rule Book, a Select Member is entitled to add or remove any Product Family indicated in its Product Family Form by sending a copy of a duly signed updated Product Family Form by email LCH SA's CDSClear Business Development & Relationship Management team at [cdsclearbusinessdevrm@lch.com](mailto:cdsclearbusinessdevrm@lch.com), provided that a Select Member may request the removal of a Product Family only if all of its Cleared Transactions registered in its House Account Structure belong to the outstanding Product Families indicated in its updated Product Family Form.

**5.12 HEDGING TRANSACTIONS**

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

**5.13 REVERSING OF TRADES**

Where a Clearing Member identifies an Original Transaction that it has cleared in error it may reverse the transaction by submitting an equal but opposite transaction via an Approved Trade Source System to LCH SA for clearing and then using compression pursuant to paragraph 5.5 of these Procedures. In such instances, for the avoidance of doubt the Clearing Member shall be solely responsible for entering into any bilateral transaction necessary to reverse the Original Transaction that was cleared in error.

**5.14 MAXIMUM NOTIONAL AMOUNT**

[This section is not used.]

**5.15 RECOUPONING**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 5.16 REPORTS

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

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

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

(a) Backloading Transaction Reports

(i) **Trade management reports**

(A) **Clearing Eligibility Report**

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

Description: sets out:

- the Gold Records received overnight by LCH SA from DTCC;
- details of the Gold Records which have successfully passed and those which have failed the Eligibility Controls performed pursuant to Article 3.1.1.2 of the CDS Clearing Rule Book.

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

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

(B) **DTCC Matching and Eligibility Report**

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

Description: sets out:

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

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

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

(C) **Simulation DTCC Matching and Eligibility Report**

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

Description: sets out:

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

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

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

(D) **Simulation Margin Requirements Result File**

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

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

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

(E) **Bilateral Trades Report**

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

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

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

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

(F) **Cleared Trades Report**

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

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

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

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

(G) **TIW Operations File**

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

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

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

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

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

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

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

LCH SA will generate a file per Clearing Member on each Business Day, but these files will not contain any data unless a DC Credit Event Announcement

relating to a Restructuring Credit Event occurs at any time, in which case, from (and including) the date when any relevant Restructuring Matched Pairs are created to (and including) the relevant movement option end date, the files will contain details of the relevant Matched Buyer and Matched Seller comprised within each relevant Restructuring Matched Pair including the identity of the other Clearing Member and the associated Restructuring Matched Pair Amounts.

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

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

(I) **Event Managements Reports**

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

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

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

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

(J) **Cleared Transaction Exercise Report**

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

Description: this file will provide Clearing Members with details of the relevant Exercise Matched Pairs created in accordance with Part C of the CDS Clearing Supplement.

Timing: published by LCH SA between 19.00 CET and 19.30 CET on each Business Day.

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

(ii) **Risk management reports**

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

(A) **Margin Requirements Results File**

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

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

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

- the Margin Result House File: containing the detailed components and the detailed calculations relating to the House Margin Requirement; and
- the Margin Result Client File: containing the detailed components and the detailed calculations relating to:
  - the Client Margin Requirement for each Client Margin Account ;
  - the hypothetical Client Margin Requirement calculated for each CCM Net Omnibus Segregated Account Client as if such client has opted for a CCM Direct Client Segregated Account Structure and for each Gross CCM Omnibus Multi Sub-Account Client as if such client has opted for a Gross CCM Omnibus Single Sub-Account Structure; and
  - the hypothetical Client Margin Requirement calculated for each branch identified as such by the relevant Client.

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

Timing: published by LCH SA on each Business Day before 08.00 CET.

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



(B) **Portfolio File**

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

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

Timing: published by LCH SA on each Business Day every hour and at the time of a Margin Call between 09.00 CET and 19.30 CET.

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

(iii) **Collateral management reports**

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

(A) **AC0103E Report**

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

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

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

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

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

The CDS Global Cash Call Document will separately set out the details:

- for the House Account Structure of a Clearing Member and for each of its Client Account Structure(s), if applicable; and
- for Euro cash flows and for USD cash flows, if applicable.

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

(B) **AC0102E Report**

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

(1) **CDS Cash Call Document**

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

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

The CDS Cash Call Document will separately document the clearing and collateral flows:

- for the House Account Structure of a Clearing Member and for each of its Client Account Structure(s), if applicable; and
- for Euro cash flows and for USD cash flows, if applicable.

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

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

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

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

Before each call for payment of the Additional Contribution Amount on any Business Day, LCH SA will send to each relevant Clearing

Member the updated CDS Default Fund Cash Call Document detailing the Additional Contribution Amount to be paid by such relevant Clearing Member in accordance with Section 6 of the Procedures.

(C) **AC0110E Report**

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

(1) Initial and Global Financial Reports

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

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

(A) **Initial Financial Report**

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

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

Timing: published by LCH SA before each TARGET2 time slot on each Business Day and upon a Clearing Member crediting LCH SA TARGET2 Account as described under Section 3.7(f). In the latter case, it will only be made available to the relevant Clearing Member.

(B) **Global Financial Report**

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

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

Timing: published by LCH SA before each TARGET2 time slot on each Business Day and upon a Clearing Member crediting LCH SA TARGET2 Account as described under Section 3.7(f). In the latter case, it will only be made available to the relevant Clearing Member.

(D) **AC0104E Report**

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

(1) **Advice Accounting Notes Report**

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

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

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

(E) **AC0111E Report**

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

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

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

(F) **AC0112E Report**

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

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

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

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

(G) **AC0113E Report**

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

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

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

(b) **Intraday Call Reports**

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

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

(i) **Trade management reports**

(A) **Bilateral Trades Report**

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

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

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

(B) **Cleared Trades Report**

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

(C) **TIW Operations File**

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

(ii) **Risk management reports**

(A) **Margin Requirements Results File**

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

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

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

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

(B) **Portfolio Files**

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

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

(iii) **Collateral management reports**

Description:

- (A) **AC0103E Report**
- (B) **AC0102E Report**
- (C) **AC0110E Report**
- (D) **AC0104E Report**

(E) **AC0111E Report**

(F) **AC0112E Report**

(G) **AC0113E Report**

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

(c) Other daily reports

(i) **Product File**

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

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

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

(ii) **Open Interest Report**

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

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

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

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

(iii) **Cross Trades Report**

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

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

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

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

(a) is not a Firm Day; or

(b) is a Firm Day but, on which, none of the prices provided by the Clearing Member in accordance with Paragraph 5.18.5 result in the creation of cross trades,

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

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

(iv) **Variation Margin Report**

Description: the Variation Margin Report is generated for each Clearing Member and sets out the detailed components of the calculation relating to the Variation Margin Requirement. The Variation Margin Report is made up of two sub-files: the Variation Margin House File with respect to the House Variation Margin Requirement and the Variation Margin Client File with respect to the Client Variation Margin Requirement for each Client Margin Account. Each of these sub-files specifies:

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

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

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



(d) Monthly reports

(i) **AC0101E Report**

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

(A) **Invoicing Cash Call Report**

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

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

(ii) **AC0106E Report**

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

(A) **Interest Report**

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

LCH SA will send the Interest Report to each Clearing Member on the third Clearing Day of each month, containing the global monthly calculation per Margin/Collateral Account and a detailed calculation of interest to be paid to LCH SA, or due from LCH SA, relating to the Collateral transferred by such Clearing Member pursuant to Section 3 of the Procedures. The sum of interest is also reported as a specific line in the CDS Global Cash Call Document.

(iii) **AC0126E Report**

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

(A) **Interest Scales Report Section**

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

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

(iv) **AC0129E Report**

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

(A) **CDS Default Fund Contribution**

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

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

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

(v) **AC0105E Report**

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

(A) **Monthly Accounting Notes Report**

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

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

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

(vi) **Billing and Invoicing Reports**

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

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

(e) **Collateral Holding Report**

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

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

Clearing Members simultaneous access to each such Collateral Holding Report via Euclid PC between 05.00 CET and 20.00 CET on each Business Day.

(f) Compression Results File

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

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

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

## 5.17 REGULATORY REPORTING

(a) Reporting obligation under EMIR

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

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

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

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

(b) Reporting obligation under CFTC Regulations Part 45

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

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

1. Creation data: any creation of a Cleared Transaction as a result of the novation process will be reported by LCH SA to DDR, upon occurrence of registration of

the Cleared Transaction in accordance with Section 3.1.10 of the CDS Clearing Rule Book;

2. Continuation data: information on lifecycle events of the Cleared Transaction, including any termination, compression, credit events will be reported by LCH SA to DDR, upon occurrence of the relevant registration of such event;
3. Valuation data: the value of each relevant Cleared Transaction will be reported on a daily basis by LCH SA to DDR.

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

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

## 5.18 END OF DAY PRICE CONTRIBUTION

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

### 5.18.1 Market Data submission

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

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

Price Contribution Participants are required to submit Market Data at the times set out in paragraph 5.18.3 below.

If a Clearing Member wishes to appoint a Price Contribution Delegate, it shall first obtain the prior approval of LCH SA. For that purpose, the relevant Clearing Member shall contact LCH SA’s CDSClear Business Development & Relationship Management team (cdsclearbusinessdevrm@lch.com, +44 (0) 203 137 4516) and shall provide such information as may be required by LCH SA. For the avoidance of doubt, LCH SA has full discretion as to the approval of a Price Contribution Delegate for any Clearing Member.

In accordance with Article 2.2.0.5 of the CDS Clearing Rule Book, a Clearing Member that is a Select Member may decide to receive, or as the case may be, stop receiving the Price Requirement Files (as defined in paragraph 5.18.3 below). For that purpose, the relevant Clearing Member shall contact LCH SA’s CDSClear Business Development & Relationship Management team (cdsclearbusinessdevrm@lch.com, +44 (0) 203 137 4516) and shall provide such information as may be required by LCH SA.

### 5.18.2 Calculation of End of Day Contributed Prices

(a) In respect of CDS

The process for the calculation of End of Day Contributed Prices in respect of CDS involves the following steps for the Index Publisher (unless otherwise specified):

- (i) Receipt of Price Contribution Participants' Market Data by the Index Publisher
- (ii) Application of bid/ask constraint by the Index Publisher. The bid/ask constraint values are defined by LCH SA and updated from time to time.
- (iii) Determination of clearing price
- (iv) Determination of any cross trades (potential)
- (v) Communication of clearing price

(b) In respect of Index Swaptions

The process for the calculation of End of Day Contributed Prices in respect of Index Swaptions involves the following steps:

- (i) Receipt of Price Contribution Participants' Market Data by the Index Publisher
- (ii) Communication of Market Data by the Index Publisher to LCH SA
- (iii) Application of bid/ask constraint by LCH SA. The bid/ask constraint values are defined by LCH SA and updated from time to time.
- (iv) Determination of clearing price by LCH SA
- (v) Determination of any cross trades (potential) by LCH SA.

### 5.18.3 Price submission procedure

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

- LCH SA will transmit to the Index Publisher, on a daily basis, the Market Data for Clearing Members with Open Positions in Cleared Transactions;
- Price Contribution Participants will receive price requirement files listing the Open Positions in respect of which they are required to submit Market Data (each a "**Price Requirement File**");
- The Price Requirement Files will be available from the Index Publisher's website for download daily:
  - in respect of a CDS with a CDS Contractual Currency in Euro: from 13.15;
  - in respect of an Index Swaption: from 13.15; or

- in respect of a CDS with a CDS Contractual Currency in US Dollar: from 14.30 New York City local time,

provided that where the Price Contribution Day occurs on the Price Contribution Day immediately preceding:

- 1 January;
- in respect of CDS with a CDS Contractual Currency in US Dollar: 4 July; or
- 25 December,

the Price Requirement Files may be available at earlier times as notified in advance by LCH SA.

- Price Contribution Participants upload Market Data submissions to the Index Publisher for the Cleared Transactions listed in the Price Requirement File;

- in respect of a CDS with a CDS Contractual Currency in Euro: between 16.30 and 16.35;

- in respect of an Index Swaption: between 16.30 and 16.35; or

- in respect of a CDS with a CDS Contractual Currency in US Dollar: between 16.30 and 16.35 New York City local time,

provided that where the Price Contribution Day occurs on the Price Contribution Day immediately preceding:

- 1 January;
- in respect of CDS with a CDS Contractual Currency in US Dollar: 4 July; or
- 25 December,

Price Contribution Participants may be required to upload Market Data submissions at earlier times as notified in advance by LCH SA.

- Market Data can be re-submitted during this time; where a Price Contribution Participant does this the latest submitted Market Data will be taken into account by the Index Publisher;
- Market Data should be supplied via a Markit spreadsheet or a Markit API;
- Price Contribution Participants' Market Data submission can either be Bid/Ask pairs or Mids;
- The Index Publisher carries out real time checks on the data submitted to take account of fat-fingering, invalid reference data, etc. A validation log will be available to Price Contribution Participants for erroneous submissions/warnings.

#### 5.18.4 Use of composite spreads/prices

To the extent LCH SA has not received End of Day Contributed Prices in respect of CDS with a CDS Contractual Currency in Euro or Market Data in respect of Index Swaptions from the

Index Publisher by 17.15 or in respect of CDS with a CDS Contractual Currency in US Dollar from the Index Published by 17.15 New York City local time, it will use:

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

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

#### 5.18.5 Trade crossing

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

For the avoidance of doubt, in respect of Price Contribution Participants that are Select Members, or as the case may be their Price Contribution Delegates, paragraph 5.18.5 shall only apply to them in respect of Market Data that they have submitted.

##### (a) Firm Days

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

- in respect of CDS with a CDS Contractual Currency in Euro: at 16.35;
- in respect of an Index Swaption: at 16.35; or
- in respect of CDS with a CDS Contractual Currency in US Dollar: at 16.35 New York City local time,

on each such Firm Day.

##### (b) Determination of cross trades

###### (i) CDS

The Index Publisher will inform LCH SA on each Price Contribution Day where prices submitted by Price Contribution Participants in accordance with this Paragraph 5.18 do not

reflect the quoted daily spread for a particular CDS. On each Firm Day, Price Contribution Participants whose price(s) do not reflect the quoted daily spread for a particular CDS on such Firm Day will be required to execute a CDS with another Price Contribution Participant on pre-determined terms, as set out in Paragraph 5.18.5(c)(i) below. CDS must be executed by a Price Contribution Participant:

- in respect of a CDS with a CDS Contractual Currency in Euro: prior to 18.30; or
- in respect of a CDS with a CDS Contractual Currency in US Dollar: prior to 17.30 New York local time,

Suppr

on the Price Contribution Day following the relevant Firm Day.

(ii) Index Swaption

On each Price Contribution Day LCH SA will identify where prices submitted by Price Contribution Participants in accordance with this Paragraph 5.18 do not reflect the quoted daily price for a particular Index Swaption. On each Firm Day, Price Contribution Participants whose price(s) do not reflect the quoted daily price for a particular Index Swaption on such Firm Day will be required to execute a “Delta Hedged Swaption Package” being an Index Swaption and a CDS referencing an eligible Index Version to hedge the Index Swaption delta, with another Price Contribution Participant on pre-determined terms, as set out in Paragraph 5.18.5(c)(ii) below. The Delta Hedged Swaption Package must be executed by a Price Contribution Participant prior to 18.30 on the Price Contribution Day following the relevant Firm Day.

(c) Terms of cross trades

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

(i) For CDS:

- Index Version or Reference Entity as applicable
- Red code
- Original Notional Amount or Floating Rate Payer Calculation Amount as applicable
- Currency
- Fixed Rate
- Fixed Rate Payer
- Floating Rate Payer
- Scheduled Termination Date
- applicable ISDA Credit Derivatives Definitions
- Initial Payment Amount
- Initial Payment Payer
- Initial Payment Receiver
- Transaction Type

(ii) For Delta Hedged Swaption Package:



- In respect of the Index Swaption:
  - Swaption Type
  - Swaption Strike
  - Expiration Date
  - Swaption Buyer
  - Swaption Seller
  - Premium
  - Index Version of the Underlying Index Transaction
  - Red Code of the Underlying Index Transaction
  - Scheduled Termination Date of the Underlying Index Transaction
  - Original Notional Amount of the Underlying Index Transaction
  - Currency of the Underlying Index Transaction
- In respect of the CDS referencing an eligible Index Version to hedge the Index Swaption delta:
  - Original Notional Amount
  - Initial Payment Amount

(d) Notification of execution

Price Contribution Participants required to execute cross trades in accordance with this Paragraph 5.18.5 must provide LCH SA with the DTCC trade reference identifiers (TRI):

- in respect of a CDS with a CDS Contractual Currency in Euro: before 18.30;
- in respect of an Index Swaption: before 18.30; or
- in respect of a CDS with a CDS Contractual Currency in US Dollar: before 17.30 New York local time,

on the Clearing Day following the relevant Firm Day by emailing this to LCH SA's Operations department at [cdsclear.ops@lch.com](mailto:cdsclear.ops@lch.com).

5.18.6 Failure to submit prices

In the event that a General Member or as the case may be its Price Contribution Delegate, does not submit prices to the Index Publisher in accordance with paragraph 5.18.3, LCH SA shall be permitted to invoke Disciplinary Proceedings in respect of the General Member, or as the case may be, the affiliated General Member for which such Price Contribution Delegate acts, in accordance with Section 8 of the Procedures.

In circumstances where a failure to provide prices in accordance with paragraph 5.18 is the only breach by that General Member, or as the case may be, the affiliated General Member for which such Price Contribution Delegate acts, of its obligations under the CDS Clearing Documentation, LCH SA shall not be permitted to declare an Event of Default in respect of that General Member, or as the case may be, the affiliated General Member for which such Price Contribution Delegate acts, pursuant to Article 4.3.1.2 of the CDS Clearing Rule Book.

#### **5.18.7 Failure to execute cross trades**

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

In circumstances where a failure to execute cross trades in accordance with paragraph 5.18 is the only breach by that Price Contribution Participant, or as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, of its obligations under the CDS Clearing Documentation, LCH SA shall not be permitted to declare an Event of Default in respect of that Price Contribution Participant, or as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, pursuant to Article 4.3.1.2 of the CDS Clearing Rule Book.

APPENDIX 1

CLIENT – PARTIAL TRANSFER FORM


|   | <p><b>CLIENT - PARTIAL TRANSFER FORM</b></p> <p style="text-align: right;">V.[ ]: [ ] 20[ ]</p> |              |                                       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|---|--------------|---------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| <p><i>Terms used in this form are as defined in LCH SA's CDS Clearing Rule Book unless defined herein</i></p> <p><b>To:</b> LCH SA</p> <p><b>From:</b> Receiving Clearing Member</p> <p><b>Date:</b></p>   |   |              |                                       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <p>We, ..... [insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from..... [insert name of transferring Client] (the "Client") to transfer (i) in the case of a Client which is either a CCM Individual Segregated Account Client or an FCM Client, part of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure; (ii) in the case of a Client which is a CCM Omnibus Segregated Account Client, part or all of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure; or (iii) in the case of a CCM Client that provides indirect clearing services to CCM Indirect Clients, part of its portfolio of Client Cleared Transactions registered in the relevant CCM Indirect Segregated Account Structure, from ....[insert name of Carrying Clearing Member] to us. We hereby request the transfer of the Client Cleared Transactions as identified below pursuant to Article 5.3.3.1, 5.3.3.2, Article 5.3.3.3, Article 5.3.3.4, Article 5.3.3.5 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book and Section 5 of the Procedures.</p> |   |              |                                       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <p>6. Please insert the LCH trade IDs of the transferring Client Cleared Transactions, using the Schedule below:</p> <p>7. <i>**Please insert the LCH trade ID and Approved Trade Source System ID of the transferring Client Cleared Transactions.</i></p> <p>8. <i>**Please append a list of additional Client Cleared Transactions to this form, if required</i></p>  |   |              |                                       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">LCH Trade ID</th> <th style="width: 50%;">Approved Trade Source System Trade ID</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>  |   | LCH Trade ID | Approved Trade Source System Trade ID |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| LCH Trade ID   | Approved Trade Source System Trade ID   |              |                                       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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Tableau n

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|  |  |

**Signatories for and on behalf of the Receiving Clearing Member:**

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

1.

|                        |      |          |      |
|------------------------|------|----------|------|
| (Authorised Signatory) | Name | Position | Date |
|------------------------|------|----------|------|

2.

|                        |      |          |      |
|------------------------|------|----------|------|
| (Authorised Signatory) | Name | Position | Date |
|------------------------|------|----------|------|

**Signatories for and on behalf of the transferring Client:**

To: Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed above;
- ii. that LCH SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iii. that, in accordance with LCH SA’s CDS Clearing Rule Book, LCH SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefor;
- iv. that the transfer detailed above may require that additional Collateral be provided to LCH SA in satisfaction of an increased Margin Requirement (and/or by us to the Receiving Clearing Member listed above and/or by us to our Carrying Clearing Member), and that LCH SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH SA’s CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- v. that in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH SA’s CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.3.1(v), 5.3.3.2(v), Article 5.3.3.3 (v), Article 5.3.3.4 (v) or Article 5.3.3.5 (vi), as applicable, of the CDS Clearing Rule Book; and
- vi. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with Section 5.3.3 or 6.3.3, as applicable, of the CDS Clearing Rule Book.

For and on behalf of the Client:

|                      |                      |
|----------------------|----------------------|
| Authorised signatory | Authorised signatory |
|----------------------|----------------------|

| Date  | Date |
|---|------|
| <p>All forms should be returned to LCH SA for the attention of the CDSClear Operations department.</p> <p>Email: <a href="mailto:CDSClear.ops@LCH.com">CDSClear.ops@LCH.com</a></p> <p>Telephone: + 33 1 70 37 42 24</p> <p>LCH SA - CDSClear Operations department<br/>18, rue du Quatre Septembre<br/>75002 Paris</p> |      |

APPENDIX 2

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

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

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

1. \_\_\_\_\_  
(Authorised Signatory) Name Position date
2. \_\_\_\_\_  
(Authorised Signatory) Name Position date

**Signatories for and on behalf of the transferring Client:**

To: Receiving Clearing Member

We acknowledge and confirm:

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

For and on behalf of the Client:

|                      |                      |
|----------------------|----------------------|
| _____                | _____                |
| Authorised signatory | Authorised signatory |
| _____                | _____                |
| Date                 | Date                 |

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

Email: [CDSClear.ops@LCH.com](mailto:CDSClear.ops@LCH.com)

Telephone: + 33 1 70 37 42 24

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



**PART B: CCM OMNIBUS SEGREGATED ACCOUNT CLIENT WITHIN A CCM NET  
OMNIBUS CLIENT SET OR A CCM GROSS OMNIBUS MULTI SUB-ACCOUNT CLIENT  
SET – FULL TRANSFER FORM**

|  |                           |  |
|--|---------------------------|--|
| <b>LCH</b>   | The Markets'<br>Partner   | <b>CCM CLIENT - FULL TRANSFER FORM</b> |
| v.[ ]: [ ] 20[ ]   |                           |  |
| <i>Terms used in this form are as defined in LCH SA's CDS Clearing Rule Book unless defined herein</i>   |                           |  |
| <b>To:</b>   | LCH SA                    |  |
| <b>From:</b>   | Receiving Clearing Member |  |
| <b>Date:</b>   |                           |  |
| <p>We, ..... [insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from..... [insert name of all the CCM Net Omnibus Segregated Account Clients within a CCM Net Omnibus Client Set or all the CCM Gross Omnibus Multi Sub-Account Clients within a CCM Gross Omnibus Multi Sub-Account Client Set] (the "Clients") to transfer their entire portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Clients pursuant to Article 5.3.2.2 or 5.3.2.3 of the CDS Clearing Rule Book (as applicable) and the Procedures.</p> |                           |  |
| <p>Please insert:</p> <p>Name of Carrying Clearing Member:<br/>.....</p> <p>in order to enable LCH SA to identify the Client Cleared Transactions that are to be transferred.</p> <p>Please tick the relevant box below to confirm whether the Clients wish to transfer the Client Assets in accordance with Article 5.3.2.2 or 5.3.2.3 of the CDS Clearing Rule Book (as applicable).</p> <p><input type="checkbox"/> The Clients wish to transfer Client Assets</p> <p><input type="checkbox"/> The Clients do NOT wish to transfer Client Assets</p>  |                           |  |
| <p><b>Signatories for and on behalf of the Receiving Clearing Member:</b></p> <p>We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member</p>  |                           |  |

1.

|                        |      |          |      |
|------------------------|------|----------|------|
| (Authorised Signatory) | Name | Position | date |
|------------------------|------|----------|------|

2.

|                        |      |          |      |
|------------------------|------|----------|------|
| (Authorised Signatory) | Name | Position | date |
|------------------------|------|----------|------|

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

To: Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH SA's CDS Clearing Rule Book, LCH SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.2(vi) or Article 5.3.2.3 (vi) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Clients:

|                      |                      |
|----------------------|----------------------|
| Authorised signatory | Authorised signatory |
| Date                 | Date                 |

|                      |                      |
|----------------------|----------------------|
| Authorised signatory | Authorised signatory |
| _____                | _____                |
| Date                 | Date                 |
| _____                | _____                |
| Authorised signatory | Authorised signatory |
| _____                | _____                |
| Date                 | Date                 |
| _____                | _____                |
| Authorised signatory | Authorised signatory |
| _____                | _____                |
| Date                 | Date                 |

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

Email: [CDSClear.ops@LCH.com](mailto:CDSClear.ops@LCH.com)

Telephone: + 33 1 70 37 42 24

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



**PART C: CCM GROSS OMNIBUS SINGLE SUB-ACCOUNT CLIENT – FULL TRANSFER  
FORM**

|  |                           |  |                        |      |          |      |
|--|---------------------------|--|------------------------|------|----------|------|
| <b>LCH</b>   | The Markets'<br>Partner   | <b>CCM CLIENT - FULL TRANSFER FORM</b> |                        |      |          |      |
| v. [ ] : [ ] 20 [ ]  |                           |  |                        |      |          |      |
| <i>Terms used in this form are as defined in LCH SA's CDS Clearing Rule Book unless defined herein</i>   |                           |  |                        |      |          |      |
| <b>To:</b>   | LCH SA                    |  |                        |      |          |      |
| <b>From:</b>   | Receiving Clearing Member |  |                        |      |          |      |
| <b>Date:</b>   |                           |  |                        |      |          |      |
| <p>We, ..... [insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from ..... [insert name of the CCM Gross Omnibus Single Sub-Account Client] (the "Client") to transfer its entire portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to Article 5.3.2.4 of the CDS Clearing Rule Book and the Procedures.</p> |                           |  |                        |      |          |      |
| <p>Please insert:</p> <p>Name of Carrying Clearing Member:<br/>.....</p> <p>in order to enable LCH SA to identify the Client Cleared Transactions that are to be transferred.</p> <p>Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with Article 5.3.2.4 of the CDS Clearing Rule Book.</p> <p><input type="checkbox"/> The Client wishes to transfer Client Assets</p> <p><input type="checkbox"/> The Client does NOT wish to transfer Client Assets</p>  |                           |  |                        |      |          |      |
| <p><b>Signatories for and on behalf of the Receiving Clearing Member:</b></p> <p>We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member</p> <p>1. _____</p> <table style="width: 100%; border: none;"><tr><td style="width: 33%; text-align: center;">(Authorised Signatory)</td><td style="width: 33%; text-align: center;">Name</td><td style="width: 33%; text-align: center;">Position</td><td style="width: 33%; text-align: center;">date</td></tr></table>  |                           |  | (Authorised Signatory) | Name | Position | date |
| (Authorised Signatory)   | Name                      | Position                               | date                   |      |          |      |

2.

|                        |      |          |      |
|------------------------|------|----------|------|
|                        |      |          |      |
| (Authorised Signatory) | Name | Position | date |

**Signatories for and on behalf of the transferring CCM Gross Omnibus Single Sub-Account Client:**

**To:** Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH SA's CDS Clearing Rule Book, LCH SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.4 (vi) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Client:

|                      |                      |
|----------------------|----------------------|
|                      |                      |
| Authorised signatory | Authorised signatory |
|                      |                      |
| Date                 | Date                 |
|                      |                      |


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

Email: [CDSClear.ops@LCH.com](mailto:CDSClear.ops@LCH.com)

Telephone: + 33 1 70 37 42 24

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

**PART D: CCM INDIRECT CLIENTS – FULL TRANSFER FORM**

|  |  |
|--|--|
|   | <p><b>CCM CLIENT - FULL TRANSFER FORM</b></p> <p>V.[ ]:[ ] 20[ ]</p> |
| <p><i>Terms used in this form are as defined in LCH SA's CDS Clearing Rule Book unless defined herein</i></p>  |  |
| <p><b>To:</b> LCH SA</p>   |  |
| <p><b>From:</b> Receiving Clearing Member</p>  |  |
| <p><b>Date:</b></p>  |  |
| <p>We, ..... [insert name of Receiving Clearing Member] (the “Receiving Clearing Member”) have received a request from ..... [insert name of transferring Client] (the “Client”) to transfer the entire portfolio of Client Cleared Transactions registered in the relevant CCM Indirect Client Segregated Account Structure from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to Article 5.3.2.5 of the CDS Clearing Rule Book (as applicable) and the Procedures.</p> |  |
| <p>Please insert:</p> <p>Name of Carrying Clearing Member:<br/>.....</p> <p>in order to enable LCH SA to identify the Client Cleared Transactions that are to be transferred.</p> <p>Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with Article 5.3.2.5 of the CDS Clearing Rule Book (as applicable).</p> <p><input type="checkbox"/> The Client wishes to transfer Client Assets</p> <p><input type="checkbox"/> The Client does NOT wish to transfer Client Assets</p>  |  |
| <p><b>Signatories for and on behalf of the Receiving Clearing Member:</b></p> <p>We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member</p> <p>1. _____<br/>(Authorised Signatory)      Name      Position      date</p> <p>2. _____<br/>(Authorised Signatory)      Name      Position      date</p>  |  |



**Signatories for and on behalf of the transferring Client:**

**To:** Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH SA's CDS Clearing Rule Book, LCH SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.5(vii) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Client:

|                               |                               |
|-------------------------------|-------------------------------|
| _____<br>Authorised signatory | _____<br>Authorised signatory |
| _____<br>Date                 | _____<br>Date                 |

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

Email: [CDSClear.ops@LCH.com](mailto:CDSClear.ops@LCH.com)

Telephone: + 33 1 70 37 42 24

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

**PART E: FCM CLIENT- FULL TRANSFER FORM**

|   |                           |  |
|---|---------------------------|--|
| <b>LCH</b>  | The Markets'<br>Partner   | <b>FCM CLIENT - FULL TRANSFER FORM</b> |
| V.[ ]: [ ] 20[ ]  |                           |  |
| <i>Terms used in this form are as defined in LCH SA's CDS Clearing Rule Book unless defined herein</i>  |                           |  |
| <b>To:</b>  | LCH SA                    |  |
| <b>From:</b>  | Receiving Clearing Member |  |
| <b>Date:</b>  |                           |  |
| <p>We, ..... [insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from..... [insert name of transferring Client] (the "Client") to transfer its entire portfolio of Client Cleared Transactions registered in the relevant FCM Client Account Structure from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to Article 6.3.2.1 of the CDS Clearing Rule Book (as applicable) and the Procedures.</p> |                           |  |
| <p>Please insert:</p> <p>Name of Carrying Clearing Member:<br/>.....</p> <p>in order to enable LCH SA to identify the Client Cleared Transactions that are to be transferred.</p> <p>Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with Article 6.3.2.1 of the CDS Clearing Rule Book (as applicable).</p> <p><input type="checkbox"/> The Client wishes to transfer Client Assets</p> <p><input type="checkbox"/> The Client does NOT wish to transfer Client Assets</p>   |                           |  |
| <p><b>Signatories for and on behalf of the Receiving Clearing Member:</b></p> <p>We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member</p> <p>1. _____<br/>(Authorised Signatory)      Name      Position      date</p> <p>2. _____<br/>(Authorised Signatory)      Name      Position      date</p>   |                           |  |

**Signatories for and on behalf of the transferring Client:**

**To:** Receiving Clearing Member

We acknowledge and confirm:

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

For and on behalf of the Client:

\_\_\_\_\_  
Authorised signatory

\_\_\_\_\_  
Authorised signatory

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

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

Email: [CDSClear.ops@LCH.com](mailto:CDSClear.ops@LCH.com)

Telephone: + 33 1 70 37 42 24

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

APPENDIX 3

PART A: CCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE  
FORM

|   |   |  |
|---|---|--|
| <b>LCH</b> The Markets'<br>Partner  | <b>CCM CLIENT TRANSFER – CARRYING<br/>CLEARING MEMBER RESPONSE FORM</b> | [M]:[ ]  |
| <i>Terms used in this form are as defined in LCH SA's CDS Clearing Rule Book unless defined herein</i>  |   |  |
| <b>To:</b>  | LCH SA  |  |
| <b>From:</b>  | Carrying Clearing Member  |  |
| <b>Date:</b>  |   |  |
| We, .....[insert name of Carrying Clearing Member] (the "Carrying Clearing Member") have received a request from LCH SA in relation to .....s [insert name of transferring Client or Clients] [(the "Client")]/[(the "Clients")]* request to transfer [[its entire]/[part of its/their]*] portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure held by us. We are writing to inform you that: |   |  |
| * Delete as appropriate   |   |  |
| <input type="checkbox"/>  | (Please tick if applicable)   | [The]/[A]* transferring Client has become insolvent and no Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.1, 5.3.2.2, 5.3.2.3, 5.3.2.4, 5.3.2.5, 5.3.3.1, 5.3.3.2, 5.3.3.3, 5.3.3.4 or 5.3.3.5 of the CDS Clearing Rule Book as applicable.   |
| <input type="checkbox"/>  | (Please tick if applicable)   | If the transferring Client requests to transfer the entire, or a part of, the portfolio of Client Cleared Transactions registered in the relevant CCM Indirect Segregated Account Structure, one or more relevant CCM Indirect Clients have become insolvent and no relevant Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.5 or 5.3.3.5 of the CDS Clearing Rule Book as applicable. |

(Please tick if applicable)

[The]/[A]\* transferring Client has, or would have as a consequence of the occurrence of the requested transfer, unsatisfied requirements which LCH SA's CDS Clearing Rule Book states must be satisfied in order for the transfer to be effected as between itself and us at the time of, or arising as a result of, such transfer, including, without limitation, outstanding obligations as described in Articles 5.3.2.1(vi), 5.3.2.2(vi), 5.3.2.3(vi), 5.3.2.4(vi), 5.3.2.5(vii), 5.3.3.1(v), 5.3.3.2(v), 5.3.3.3(v), 5.3.3.4(v) or 5.3.3.5 (vi) of the CDS Clearing Rule Book (as applicable) and therefore no Client Cleared Transactions should not be transferred.

(Please tick if applicable)

*[This paragraph below is only relevant where the CCM Client is a CCM Gross Omnibus Single Sub-Account Client and has requested the transfer of its entire portfolio of Client Clearing Transactions – if this is not the case, please delete this paragraph]*

The transferring Client has requested that Client Assets be transferred and the relevant Client Assets are described in the schedule below.

(Please tick if applicable)

*[This paragraph below is only relevant where the CCM Clients are all CCM Gross Omnibus Multi Sub-Account Clients within the same CCM Omnibus Gross Multi Sub-Account Client Set and have requested the transfer of all of their Client Cleared Transactions – if this is not the case, please delete this paragraph]*

All of the transferring Clients have requested that Client Assets be transferred and the relevant Client Assets are described in the schedule below.

\* Delete as appropriate

**[Schedule of Client Assets:]\***

(Please tick if applicable)

The Client Assets of the Client[s] consist solely of cash in the following amount and currency:

|                        |
|------------------------|
| CASH AMOUNT & CURRENCY |
|------------------------|

(Please tick if applicable)

The Client Assets of the Client[s] consist of the following cash and non-cash collateral:



**PART B : FCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE  
FORM**



**FCM CLIENT TRANSFER – CARRYING  
CLEARING MEMBER RESPONSE FORM**

[M]:[ ]

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

**To:** LCH SA

**From:** Carrying Clearing Member

**Date:**

We, .....[insert name of Carrying Clearing Member] (the “Carrying Clearing Member”) have received a request from LCH SA in relation to .....’s [insert name of transferring Client] (the “Client”) request to transfer [[its entire]/[part of its]\*] portfolio of Client Cleared Transactions registered in the relevant FCM Client Account Structure held by us. We are writing to inform you that:

\* Delete as appropriate

(Please tick if applicable) The transferring FCM Client has become insolvent and no Client Cleared Transactions should therefore be transferred in accordance with Articles 6.3.2.1 or 6.3.3.1 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable) The transferring Client has requested that Client Assets be transferred and the relevant Client Assets are described in the schedule below.

**Schedule of Client Assets:**

(Please tick if applicable) The Client Assets of the FCM Client consist solely of cash in the following amount and currency:

CASH AMOUNT & CURRENCY

(Please tick if applicable) The Client Assets of the FCM Client consist of the following cash and non-cash collateral:

|                        |
|------------------------|
| CASH AMOUNT & CURRENCY |
|------------------------|

| ISIN | Notional Value |
|------|----------------|
|      |                |
|      |                |
|      |                |
|      |                |
|      |                |
|      |                |

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

Email: [CDSClear.ops@LCH.com](mailto:CDSClear.ops@LCH.com)

Telephone: + 33 1 70 37 42 24

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

**Signatories for and on behalf of the Carrying Clearing Member:**

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

1.

|                        |      |          |      |
|------------------------|------|----------|------|
| (Authorised Signatory) | Name | Position | Date |
|------------------------|------|----------|------|

2.

|                        |      |          |      |
|------------------------|------|----------|------|
| (Authorised Signatory) | Name | Position | Date |
|------------------------|------|----------|------|