

VIA CFTC PORTAL

July 17, 2023

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

LCH Limited Self-Certification: SwapClear Service Opening – 24x5

Dear Mr. Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (“CFTC”) Regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the CFTC, is submitting for self-certification revisions to its rules (“LCH Rules”) related to the extension of the opening hours of the SwapClear service for twenty-four hours a day, five days a week (“24x5”).

Part I: Explanation and Analysis

LCH’s SwapClear Service is currently operational for twenty-two hours each business day, five days a week (“22x5”). Beginning April 2022, LCH’s SwapClear Service has been running a code base that provides for operations 24x5, with a 2-hour scheduled maintenance period between 02:00-04:00 (London time) (the “Maintenance Period”). During the Maintenance Period, trade registration is paused. The proposed change will codify in the LCH Rules the Maintenance Period and establish that the SwapClear Service will remain operational and continue to register trades during the Maintenance Period, unless LCH notifies Clearing Members that the SwapClear Service is scheduled for closure during the Maintenance Period.¹ The LCH Rules will be amended to include revisions to the General Regulations, Default Rules, Procedures, FCM Regulations and FCM Procedures to effect this change.

Part II: Description of Rule Changes

These changes to the LCH Rules extend the SwapClear Service operating hours on each business day as follows:

- a) Monday - 09:00 (Sydney time) to 02:00 (London time) on Tuesday (except if such Tuesday is not a business day, in which case the SwapClear Service will close at 19:00 (New York time) on Monday);

¹ Note: LCH will still reserve the right to notify SwapClear Clearing Members if the SwapClear Service is scheduled for closure for operational or other reasons (including compression runs).

An LSEG Business

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LCH Group Holdings Limited | LCH Limited | Banque Centrale de Compensation | LCH.Clearnet LLC

LCH Limited. Registered in England No. 25932 Registered Office: 10 Paternoster Square, London, EC4M 7LS

- b) Tuesday to Thursday - 04:00 (London time) to 02:00 (London time) on the following day (except if such following day is not a business day, in which case the SwapClear Service will close on the preceding business day at 19:00 (New York time)); and
- c) Friday - 04:00 (London time) to 19:00 (New York time).

In addition, LCH may open the SwapClear Service at the earlier time of:

- a) 02:00 (London time) on a business day that is not a Monday (which effectively creates a 24x5 hour week); or
- b) 09:00 (Sydney time) on a business day following a day that is not a business day.

The remaining changes to the LCH Rules are to replace references to 'close of business' and 'end of the business day' (and other conforming changes to the time), as applicable and determined by LCH.² In addition, Rule CS1(c), Schedule 6 of the Default Rules has been amended to align with the existing, parallel provisions under Rule S1(a), Part A and Rule L2(a), Part B.

The changes to the LCH Rules are included as **Appendices I - VI** in black line form. The changes will be effective not earlier than August 7, 2023.

Part III: Core Principle Compliance

LCH reviewed the proposed changes to the LCH Rules against the requirements of the Core Principles and finds it will continue to comply with all requirements and standards set forth therein. Specifically, this change to the LCH Rules has potential relevance to Core Principle L (§39.21) (Public Information) under the CFTC regulations.

The changes described in this filing ensure that LCH meets the objectives of Core Principle L, including that, in addition to the applicable provisions of §39.21, LCH makes available any information that is relevant to participation in the clearing and settlement activities of LCH. LCH considered its regulatory requirements with respect to disclosure of public information and believes the inclusion of rules related to the SwapClear Service operating hours in its publicly available rulebook reflects its compliance with Core Principle L and CFTC regulation §39.21. As a result, LCH believes these changes are consistent with the requirements of Core Principle L on Public Information under CFTC regulation §39.21.

Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at: <https://www.lch.com/resources/rulebooks/proposed-rule-changes>.

Part V: Opposing Views

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

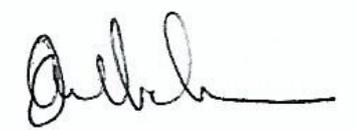
² Note: These changes have also been made for the ForexClear Service, given that the ForexClear Service already has a 24x5 operating model.

Certification

LCH hereby certifies to the CFTC, pursuant to the procedures set forth in CFTC Regulation §40.6, that the attached submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Should you have any questions please contact me at lavannyan.mahalinam@lseg.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Lavannyan Mahalingam', is written over a light green rectangular background.

Lavannyan Mahalingam
Regulatory Advisor
LCH Limited

Appendix I
LCH General Regulations
Changed Pages



**GENERAL REGULATIONS OF
LCH LIMITED**

CHAPTER XI – NETTING AND DISTRIBUTION

REGULATION 45 NETTING

- (a) If at any time the Clearing House fails to make a payment or a delivery of an asset to a Member, other than a Defaulter, under a Contract for a period of 30 days from the date when the obligation to pay or deliver fell due then that Member may exercise its rights under paragraph (c) below.
- (b) If at any time the Clearing House commences a voluntary case or other procedure seeking or proposing liquidation, administration, receivership, voluntary arrangement or a scheme of arrangement, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law, or if any of the foregoing cases or procedures is commenced in relation to the Clearing House by any other person which results in liquidation or winding up of the Clearing House, or if the Clearing House takes corporate action to authorise any of the foregoing, in any such case other than for the purposes of corporate restructuring (including any consolidation, amalgamation or merger), then a Member, other than a Defaulter, may exercise the right given to it under paragraph (c) below.
- (c) A Member entitled to exercise rights under this paragraph may, at any time whilst any of the circumstances referred to in paragraph (a) or (b) giving rise to such rights continue, by notice in writing to the Clearing House, specify a Termination Date for the termination and liquidation of all Contracts to which it is a party in accordance with paragraph (d) below.
- (d) Upon the occurrence of a Termination Date:
 - (i) neither the Clearing House nor the Member shall be obliged to make any further payments or deliveries under any Contract between them which would, but for this Regulation 45, have fallen due for performance on or after the Termination Date, and any obligations to make further such payments or deliveries which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount;
 - (ii) the Member shall (on, or as soon as reasonably practicable after, the Termination Date) determine (discounting if appropriate) in respect of each Contract its total loss or, as the case may be, gain, in each case expressed in the lawful currency of the United Kingdom (the "**Base Currency**"), (and, if appropriate, including any loss of bargain, cost of funding or, without duplication, loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position), as a result of the termination, pursuant to this agreement, of each payment or delivery which would otherwise have been required to be made under such Contract (assuming satisfaction of each applicable condition precedent and having due regard to, if appropriate, such market quotations published on, or official settlement prices set by, a relevant exchange or clearing organisation, as may be available on, or immediately preceding, the date of calculation);

- (iii) any cash Collateral balance held by the Clearing House and/or the Member in respect of the other party's initial margin and/or variation margin obligations shall (to the extent not already due and payable) be accelerated so as to become immediately due and payable to the Member or Clearing House who provided such cash Collateral, and the Member shall (on, or as soon as reasonably practicable after, the Termination Date) determine the Base Currency Equivalent of such amount(s). For the purposes of this Regulation 45, the "**Base Currency Equivalent**" means, in respect of any amount denominated in the Base Currency, such Base Currency amount and, in respect of any amount denominated in a currency other than the Base Currency (the "**Other Currency**"), the amount in the Base Currency determined by the Member as being required to purchase such amount of such Other Currency as at the relevant Termination Date, with the Base Currency; and
- (iv) the Member shall treat each loss to it determined under paragraph (ii) above and the Base Currency Equivalent of any amount of cash Collateral due and payable to it as a positive amount and each gain by it determined under paragraph (ii) above and the Base Currency Equivalent of any amount of cash Collateral due and payable by it as a negative amount and, subject to paragraph (v), shall aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the "**Termination Amount**").
- (v) Where a Member has a Proprietary Account and one or more Client Accounts:
 - (A) the Member shall determine one or more net amounts under paragraph (iv): a separate net amount in respect of gains and losses arising on Contracts registered in each of its Client Accounts and any corresponding cash Collateral balances held by that Member or the Clearing House; and a further separate net amount in respect of gains and losses arising on all Contracts registered in such Member's Proprietary Account (or Proprietary Accounts as combined) and any corresponding cash Collateral balances held by that Member or the Clearing House; and
 - (B) each of the net amounts determined under paragraph (A) shall constitute Termination Amounts.
- (vi) If a Termination Amount determined pursuant to paragraph (v) above is a positive amount, the Clearing House shall pay it to the Member and if any such Termination Amount is a negative amount, the Member shall pay it to the Clearing House, in either case in accordance with paragraph (vii). The Member shall notify the Clearing House of each such Termination Amount, and by which party it is payable, immediately after the calculation thereof.
- (vii) A Termination Amount shall, subject to Regulation 46, be paid in the Base Currency ~~by the close of business~~ on the business day following notification pursuant to paragraph (vi) above (converted as required by Applicable Law into any other currency, any costs of such conversion to be borne by, and (if applicable) deducted from any payment to, the Clearing House). Any Termination Amount which is not paid on such day shall bear interest, at the average rate at which overnight deposits in the currency of such payment are

offered by major banks in the London interbank market as of 11:00 hours (London time) (or, if no such rate is available, at such reasonable rate as the Member may select) plus 1 per cent. per annum, for each day for which any such sum remains unpaid.

- (viii) For the purposes of any calculation required to be made under this Regulation, the Member may convert amounts denominated in any other currency into the Base Currency at such rate prevailing at the time of the calculation as it shall reasonably select.

The Member's rights under this Regulation 45 shall be in addition to, and not in limitation or exclusion of, any other rights which the Member may have (whether by agreement, operation of law or otherwise, including its rights under Regulation 10(i)).

- (e) If a Member is a Defaulter and either:
 - (i) no default management process has been commenced by the Clearing House in respect of such Member within 3 business days following a Default Notice being issued in respect of that Member; or
 - (ii) such default management process has been commenced within such period but that Member determines (acting reasonably) that the relevant default management process is unlikely to be completed,

then, provided that an event or circumstance as described in paragraph (a) (ignoring, for this purpose, the words "other than a Defaulter" in that paragraph) or (b) above has also occurred, the relevant Member shall be entitled to exercise the rights provided under paragraph (c) above, notwithstanding that it is a Defaulter.

- (f) Interpretation in Relation to FDICIA. The Clearing House and each Clearing Member intend that certain provisions of the General Regulations and the Procedures (including this Regulation 45) be interpreted in relation to certain terms that are defined in FDICIA, as follows:
 - (i) The Clearing House is a "clearing organization".
 - (ii) An obligation of a Clearing Member to make a payment to the Clearing House, or of the Clearing House to make a payment to a Clearing Member, subject to a netting contract, is a "covered clearing obligation" and a "covered contractual payment obligation".
 - (iii) An entitlement of a Clearing Member to receive a payment from the Clearing House, or of the Clearing House to receive a payment from a Clearing Member, subject to a netting contract, is a "covered contractual payment entitlement".
 - (iv) The Clearing House is a "member", and each Clearing Member is a "member".
 - (v) The amount by which the covered contractual payment entitlements of a Clearing Member or the Clearing House exceed the covered contractual payment obligations of such Clearing Member or the Clearing House after netting under a netting contract is its "net entitlement".

- (vi) The amount by which the covered contractual payment obligations of a Clearing Member or the Clearing House exceed the covered contractual payment entitlements of such Clearing Member or the Clearing House after netting under a netting contract is its “net obligation”.
- (vii) The General Regulations and the Procedures, including this Regulation 45 constitute a “netting contract”.
- (viii) The provisions of the Rulebook (including the Default Rules) and the Procedures providing for the use and liquidation of Collateral each constitute a “security agreement of arrangement or other credit enhancement related to one or more netting contracts between any 2 members of a clearing organization”.
- (ix) For purposes of this Regulation 45, the term “payment” means “a payment of United States dollars, another currency, or a composite currency, and a noncash delivery, including a payment or delivery to liquidate an unmatured obligation”.

REGULATION 94 EXERCISE OF FOREXCLEAR OPTION CONTRACTS

- (a) Subject to (b) and (c) below, a ForexClear Option Buyer may exercise the right or rights granted to it pursuant to a ForexClear Option Contract only by giving an irrevocable notice in the manner and at the time specified by the Procedures.
- (b) Subject to (c) below, a ForexClear Option Contract has not been exercised in the manner and by the time specified in the Procedures, then it will, subject to the satisfaction of any conditions set forth in the Procedures, be deemed exercised in the manner and at the time specified by the Procedures.
- (c) In the event (i) a ForexClear Option Contract (to the extent capable of exercise) has not been exercised by the time, as determined by the Clearing House, on end of the business day immediately preceding the relevant Expiration Date for such ForexClear Option Contract, (the “Automatic Expiry Point”), (ii) the ForexClear Option Clearing Member party to ~~each~~ such ForexClear Option Contract has not opted out of the Clearing House’s “automatic expiry” service in accordance with the Procedures, and (iii) such ForexClear Option Contract is “equal and offsetting” with another ForexClear Option Contract, as determined by the Clearing House in accordance with the Procedures, the Clearing House shall automatically expire such ForexClear Option Contracts at the time, as determined by the Clearing House, on start of the such given Expiration Date. Upon the automatic expiry of a ForexClear Option Contract pursuant to this paragraph, such ForexClear Option Contract shall immediately terminate. For the avoidance of doubt, a ForexClear Option Contract subject to automatic expiry on ~~its a given~~ Expiration Date shall automatically expire and terminate notwithstanding the Clearing House’s receipt of an instruction to exercise such ForexClear Option Contract after the Automatic Expiry Point for such ForexClear Option Contract, on the Expiration Date
- (d) If a ForexClear Option Contract has not been (i) exercised, (ii) deemed to have been exercised or (iii) automatically exercised pursuant to this Regulation 94, the right or rights granted pursuant to that ForexClear Option Contract will immediately expire and become void and of no effect.
- (e) For the avoidance of doubt, a ForexClear Option Contract may be exercised (or deemed to be exercised) in partial or in whole.

Appendix II
LCH FCM Regulations
Changed Pages



FCM REGULATIONS OF THE CLEARING HOUSE

LCH LIMITED

CHAPTER X - NETTING AND DISTRIBUTION

REGULATION 37 NETTING

- (a) If at any time the Clearing House fails to make a payment to an FCM Clearing Member, other than a Defaulter, under an FCM Contract for a period of 30 days from the date when the obligation to pay fell due, then that FCM Clearing Member may exercise its rights under paragraph (c) below.
- (b) If at any time the Clearing House commences a voluntary case or other procedure seeking or proposing liquidation, administration, receivership, voluntary arrangement or a scheme of arrangement, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law, or if any of the foregoing cases or procedures is commenced in relation to the Clearing House by any other person which results in liquidation or winding up of the Clearing House, or if the Clearing House takes corporate action to authorize any of the foregoing, in any such case other than for the purposes of corporate restructuring (including any consolidation, amalgamation or merger), then an FCM Clearing Member, other than a Defaulter, may exercise the right given to it under paragraph (c) below.
- (c) An FCM Clearing Member entitled to exercise rights under this paragraph may, at any time while any of the circumstances referred to in paragraph (a) or (b) above giving rise to such rights continue, by notice in writing to the Clearing House, specify a Termination Date for the termination and liquidation of all FCM Contracts to which it is a party in accordance with paragraph (d) below.
- (d) Upon the occurrence of a Termination Date:
 - (i) neither the Clearing House nor the FCM Clearing Member shall be obliged to make any further payments under any FCM Contract between them which would, but for this FCM Regulation 37, have fallen due for performance on or after the Termination Date, and any obligations to make further payments which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount;
 - (ii) the FCM Clearing Member shall (on, or as soon as reasonably practicable after, the Termination Date) determine (discounting if appropriate) in respect of each FCM Contract its total loss or, as the case may be, gain, in each case expressed in the lawful currency of the United States or the currency of the relevant FCM Contract where agreed by the Clearing House and the FCM Clearing Member (the “**Base Currency**”), (and, if appropriate, including any loss of bargain, cost of funding or, without duplication, loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position), as a result of the termination, pursuant to this agreement, of each payment which would otherwise have been required to be made under such FCM Contract;
 - (iii) the FCM Clearing Member shall (on, or as soon as reasonably practicable after, the Termination Date) determine the amount of its Collateral held by the Clearing House, which amount shall be treated as a loss for purposes of this FCM Regulation 37(d), and the amount of any Collateral required to be

delivered by the FCM Clearing Member to the Clearing House and not yet so delivered, which amount shall be treated as a gain for purposes of this FCM Regulation 37(d); and

- (iv) the FCM Clearing Member shall treat each loss to it, determined as above, as a positive amount and each gain by it, so determined, as a negative amount and, subject to paragraph (v) below, shall aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the “**Termination Amount**”).
- (v) Where an FCM Clearing Member has a Proprietary Account and one or more FCM Omnibus Client Accounts with LCH:
 - (A) the FCM Clearing Member shall determine a number of net amounts under paragraph (d)(iv) as applicable: (1) separate net amounts in respect of gains and losses arising on FCM Contracts registered to each FCM Client Sub-Account carried by such FCM Clearing Member (*i.e.*, on an FCM Client by FCM Client basis with respect to Swaps Products); (2) one net amount in respect of gains and losses arising on FCM Contracts registered in the FCM Clearing Member's FCM Omnibus Futures Client Accounts with LCH on a combined basis; (3) one net amount in respect of gains and losses arising on FCM Contracts registered in the FCM Clearing Member's FCM Omnibus Foreign Futures Client Accounts with LCH on a combined basis; and (4) one net amount in respect of gains and losses arising on FCM Contracts registered in the FCM Clearing Member's Proprietary Accounts on a combined basis; and
 - (B) each of the net amounts determined under paragraph (v)(A) above shall constitute Termination Amounts.
- (vi) If a Termination Amount determined pursuant to paragraph (d)(v) above is a positive amount, the Clearing House shall pay it to the FCM Clearing Member and if any such Termination Amount is a negative amount, the FCM Clearing Member shall pay it to the Clearing House, in either case in accordance with paragraph (v). The FCM Clearing Member shall notify the Clearing House of each such Termination Amount, and by which party it is payable, immediately after the calculation thereof.
- (vii) A Termination Amount shall, subject to FCM Regulation 38, be paid in the Base Currency ~~by the close of business~~ on the Business Day following notification pursuant to paragraph (vi) above (converted as required by Applicable Law into any other currency, any costs of such conversion to be borne by, and (if applicable) deducted from any payment to, the Clearing House). Any Termination Amount which is not paid on such day shall bear interest, at the average rate at which overnight deposits in the currency of such payment are offered by major banks in the London interbank market as of 11:00 hours (London time) (or, if no such rate is available, at such reasonable rate as the FCM Clearing Member may select) plus 1% per annum, for each day for which any such sum remains unpaid.

Member's Proprietary Account, or (y) except in accordance with an instruction (provided in accordance with the FCM Rulebook) by the applicable FCM Clearing Member, apply Unallocated Excess to an FCM Client Sub-Account or to the FCM Buffer Sub-Account.

- (iv) Upon the request of an FCM Clearing Member (including as a result of a standing instruction of an FCM Clearing Member) in accordance with the FCM Procedures, the Clearing House will return Unallocated Excess to an FCM Clearing Member. The FCM Clearing Member shall be deemed to represent to the Clearing House, upon making any such request, that any such request complies with the CFTC Regulations and that the returned Unallocated Excess will remain segregated as required under the CFTC Regulations and the FCM Rulebook.
 - (v) Upon the default of an FCM Clearing Member, any Unallocated Excess in such FCM Clearing Member's Unallocated Excess Sub-Accounts shall be held by the Clearing House for the benefit of the applicable FCM Clients in accordance with Part 190 of the CFTC Regulations and Applicable Law, and the Clearing House shall not be permitted to apply any such Unallocated Excess to the obligations of the FCM Clearing Member to the Clearing House (on behalf of its FCM Clients or otherwise) except to the extent required by Applicable Law and/or directed by the applicable bankruptcy trustee or Regulatory Body in accordance with Applicable Law.
 - (vi) Certain additional procedures relating to Unallocated Excess differ based on whether the FCM Omnibus Swaps Client Accounts with LCH to which such Unallocated Excess corresponds is subject to the Without Client Excess Model or the With Client Excess Model, as such models are described in FCM Regulation 15(c) and FCM Regulation 15(d) (and in other applicable provisions of the FCM Rulebook).
- (c) **Without Client Excess Model.** The provisions of this FCM Regulation 15(c) describe certain components of the Clearing House's model for margining, in accordance with Part 22 of the CFTC Regulations, FCM Omnibus Swaps Client Accounts with LCH in a manner which prohibits the maintenance of Excess Margin in FCM Client Sub-Accounts on a day-to-day basis (such model is referred to in the FCM Rulebook as the "**Without Client Excess Model**"). An alternative model which permits such Excess Margin to be maintained (the With Client Excess Model) is described in FCM Regulation 15(d). The Without Client Excess Model is the default model that shall apply to an FCM Clearing Member's FCM Omnibus Swaps Client Accounts with LCH, and such model shall apply to all such accounts except where an FCM Clearing Member, to the extent permitted by the FCM Procedures, applies to and is approved by the Clearing House to have one or more of its FCM Omnibus Swaps Client Accounts with LCH treated in accordance with the alternative model (the With Client Excess Model described in FCM Regulation 15(d)).

The provisions of this FCM Regulation 15(c) apply only to FCM Omnibus Swaps Client Accounts with LCH that are subject to the Without Client Excess Model.

- (i) **Restriction on Excess Margin in FCM Client Sub-Accounts on a Day-to-Day Basis.** Excess Margin is not permitted to be maintained in any FCM Client

Sub-Account on a day-to-day basis. However, an FCM Client's FCM Client Sub-Account is permitted to maintain Excess Margin on an intraday basis. Any Excess Margin attributable to an FCM Client Sub-Account of an FCM Client that exists in such sub-account following the time, as determined by the Clearing House, on a Business Day a daily close of the FCM Clearing Services shall be transferred by the Clearing House into the corresponding Unallocated Excess Sub-Account on the morning of the following Business Day (and as such, such Excess Margin shall become Unallocated Excess); **provided, that** all sums due from the relevant FCM Clearing Member at such time in respect of the applicable FCM Omnibus Swaps Client Account with LCH have been paid to the Clearing House. If at any time an FCM Clearing Member furnishes Margin to the Clearing House on behalf of an FCM Client in an amount which would cause such FCM Client's FCM Client Sub-Account to contain Excess Margin, the Clearing House shall be permitted to reject the deposit of any such Excess Margin or to immediately transfer any such Excess Margin back to the FCM Clearing Member.

(ii) **Application of FCM Buffer.**

- (A) The Clearing House shall be permitted to apply any portion of an FCM Clearing Member's FCM Buffer (any portion of FCM Buffer when applied, "**Encumbered FCM Buffer**") to any FCM Client Sub-Account held by such FCM Clearing Member in the same FCM Omnibus Swaps Client Account with LCH (in which such FCM Buffer is held) which is in or would become in default.
- (B) At no time shall the Clearing House apply FCM Buffer in an amount that, in respect of an FCM Client, would cause the sum of the FCM Client's FCM Client Sub-Account Balance and the Encumbered FCM Buffer applicable to such FCM Client's FCM Client Sub-Account at such time (if any) to exceed the amount of Required Margin applicable to such FCM Client Sub-Account. In the event that any such excess exists (*e.g.*, due to a decrease in Required Margin, the crediting of additional Margin attributable to such FCM Client, or other reasons) with respect to an FCM Client Sub-Account, the Clearing House shall reduce the amount of Encumbered FCM Buffer applicable to such FCM Client in an amount sufficient to remove any such excess, and any such reduced portion of Encumbered FCM Buffer shall again constitute only FCM Buffer (and shall no longer be considered Encumbered FCM Buffer).
- (C) Other than any Encumbered FCM Buffer applied to an FCM SwapClear Suspension Account, any Encumbered FCM Buffer that is applied to an FCM Client Sub-Account on a Business Day and remains applied to such sub-account at the opening of the relevant FCM Clearing Service on the following Business Day (as necessary to satisfy the applicable Required Margin) shall, at such time, be deemed to become part of such FCM Client's FCM Client Sub-Account Balance and shall thereafter no longer constitute Encumbered FCM Buffer or FCM Buffer.

Appendix III

Section 2C (SwapClear Clearing Service) of the LCH Procedures
Changed Pages



LCH LIMITED

PROCEDURES SECTION 2C

SWAPCLEAR CLEARING SERVICE

1.2 Operating Times and Calendars

1.2.1 Opening Days

The SwapClear Service will be open every day, except weekends, Christmas Day, New Year's Day and Good Friday¹.

1.2.2 Opening Hours

Unless notified otherwise, the SwapClear Service will be operational on each business day that is:

- (a) a Monday from ~~09:00~~ (London-Sydney time) to ~~2:00~~ (London time) on Tuesday (except if such Tuesday is not a business day, in which case the SwapClear service will close at 19:00 (New York time) on Monday);
- (b) a Friday from ~~04:00~~ (London time) to 19:00 (New York time); and
- (c) not a Monday or Friday from ~~04:00~~ (London time) to ~~02:00~~ (London time)⁵ on the following day (except if such following day is not a business day, in which case the SwapClear service will close on the preceding business day at 19:00 (New York time)).²³

The Clearing House will notify SwapClear Clearing Members if the SwapClear Service is scheduled for closure for operational or other reasons (including compression runs).

1.2.3 SwapClear Clearing System Calendars

The SwapClear clearing system uses the SwapsMonitor Financial Calendar for its processing. This will require all SwapClear Clearing Members to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the SwapClear clearing system, will be available online for inspection and for file download from the SwapClear Clearing Member reporting system (see Section 1.1.3).

With respect to SwapClear Contracts that are denominated in Israeli Shekel, the Clearing House will not recognise Sunday as a Business Day for the purposes of the SwapClear Contract Terms.

¹ While the SwapClear Service is generally closed on Good Friday, the Clearing House may, by prior written notice to SCMs, open the SwapClear Service on such day, in which case it will be a business day.

² However, the Clearing House will continue to accept Necessary Consents until one minute after closure of the SwapClear Service.

³ The SwapClear Service may, in the Clearing House's absolute discretion, be operational beginning (a) ~~09:00~~ (London-Sydney time) on a business day following a day that is not a business day, that is a Monday, or (b) ~~02:00~~ (London time) on a business day that is not a Monday.

- (o) The failure of an SCM to satisfy any call for Collateral in respect of utilised SwapClear Tolerance may give rise to a Default by such SCM.

Standing Order Amount

- (p) An SCM may elect to maintain a minimum level of Client Excess, in respect of its Primary Client Account, or House Excess ~~at the start of on each-a~~ business day (each such amount, a “**Standing Order Amount**”). The Clearing House may approve such election in its sole discretion. Upon the effectiveness of such election, if, at the ~~time on end-of-a~~ business day, which time is as determined by the Clearing House, the amount of the SCM’s Client Excess, in respect of its Primary Client Account, or House Excess is less than the applicable Standing Order Amount, the Clearing House will call the SCM for an amount of cash Collateral equal to the difference. Any amount so called and received by the Clearing House pursuant to this section shall constitute Collateral, in respect of the SCM’s Primary Client Account, or Collateral, in respect of the SCM’s Proprietary Account, as applicable, of the SCM.
- (q) The form and manner of an election by an SCM pursuant to paragraph (p) above shall be determined by the Clearing House in its sole discretion (a “**Standing Order Request**”). In the event an SCM wishes to rescind or modify its Standing Order Request, it must contact the Clearing House’s Client Services Department (ratesclientservices@lch.com). The Clearing House may reduce the Standing Order Amount or terminate a Standing Order Request in its sole discretion.
- (r) Through submitting a Standing Order Request, an SCM warrants that the individual making the request on behalf of the SCM is appropriately authorised to do so.

1.3.4 *Approved Trade Source Systems and Trading Venues*

(a) Approved Trade Source Systems

Application for approved trade source system status shall be made in accordance with the policies published from time to time on the Clearing House's website. A list of Approved Trade Source Systems currently approved by the Clearing House is available on the Clearing House's website. Where the Clearing House approves additional Approved Trade Source Systems, it will notify SwapClear Clearing Members via a member circular.

SwapClear Transactions presented through an Approved Trade Source System must be in an acceptable message format, as prescribed by the Clearing House.

Notwithstanding the designation by the Clearing House of any system as an Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Trade Source System or the timeliness or otherwise of the delivery of any SwapClear Transaction details by that Approved Trade Source System to the Clearing House. Such matters

The Clearing House provides access to Approved Trade Source Systems and Trading Venues on an open and non-discriminatory basis.

1.3.6 *Backloading of Existing Trades*

A SwapClear Transaction that has a Trade Date of greater than ten calendar days prior to the date of presentation of such SwapClear Transaction to the Clearing House for clearing is considered a backloaded trade by the Clearing House (a "**Backloaded Trade**"). Due to the nature of Backloaded Trades, SwapClear Clearing Members should note that a relatively large amount of Collateral is required to register such trades. The Clearing House provides the facility for SwapClear Clearing Members to load such eligible existing SwapClear Transactions, through an Approved Trade Source System. Where the Clearing House approves additional Approved Trade Source Systems for these purposes, it will notify SwapClear Clearing Members via a member circular. Backloading requires bilateral agreement between the relevant Executing Parties and acceptance by the SwapClear Clearing Member(s) or the SwapClear Clearing Member and the FCM Clearing Member (as the case may be) of the full particulars required by the Clearing House for each such SwapClear Transaction.

At least once every Business Day, the Clearing House will carry out a process (each a "**Backload Registration Cycle**") for the registration of Backloaded Trades which have been presented for clearing or with respect to which the Clearing House has received one or more Necessary Consents, if any. Following each Backload Registration Cycle, the Clearing House will calculate the increase in Collateral required to register the Backloaded Trade(s) and will notify each relevant SwapClear Clearing Member (the "**Backload Margin Call**").

The Backload Margin Call will be for the entire amount of additional Collateral required in connection with the Backloaded Trade(s), and the Backload Margin Call cannot be satisfied by and will not take into account SwapClear Tolerance (i.e. SwapClear Tolerance is not available for this purpose) or any available Client Buffer (other than that which has been expressly allocated for that purpose, as described in the paragraph below). In connection with a Backload Margin Call, following the time that a SwapClear Clearing Member is required to deliver to the Clearing House the Collateral associated with such Backload Margin Call (the "**Backload Margin Call Deadline**"), the Clearing House will issue such SwapClear Clearing Member with a subsequent margin call to deliver Collateral in respect of any increase in SwapClear Tolerance utilisation as of the time of the Backload Margin Call Deadline (if any).

Where an individual SwapClear Clearing Member determines that the Backloaded Trade(s) that it is submitting for registration will lead to an aggregate change (be it either an increase or decrease) in the net present value of its portfolio of SwapClear Contracts in excess of a threshold amount (the "**Individual Backload Value Threshold**") as published by the Clearing House from time to time, it shall notify the Clearing House ~~before the end of on~~ the ~~b~~Business ~~d~~Day preceding the relevant Backload Registration Cycle. ~~In the event that~~If the Clearing House does not receive such notification and the

change in net present value of the SwapClear Clearing Member's portfolio of SwapClear Contracts is in excess of the Individual Backload Value Threshold the Clearing House may, in its sole discretion, exclude that SwapClear Clearing Member from the Backload Registration Cycle or postpone or cancel the entire Backload Registration Cycle.

Where a SwapClear Clearing Member notifies the Clearing House of a change in net present value in excess of the Individual Backload Value Threshold, the Clearing House shall inform the SwapClear Clearing Member whether it will be required to pre-fund the Backload Margin Call and, if so, how Collateral should be delivered such that it will be made available for a Backload Registration Cycle.

In the event that the aggregate Backload Margin Call required from all SwapClear Clearing Members participating in a Backload Registration Cycle is in excess of a pre-determined threshold amount (the "**Aggregate Backload Margin Threshold**") as published by the Clearing House from time to time, the Clearing House may postpone or cancel the relevant Backload Registration Cycle.

Where the Clearing House postpones or cancels a Backload Registration Cycle it shall notify those SwapClear Clearing Members that were intending to participate in the Backload Registration Cycle.

Backloaded Trades received by the Clearing House in advance of a Backload Registration Cycle will be 'parked' until the next Backload Registration Cycle (whether that Backload Registration Cycle is on the same Business Day or the following Business Day).

In order for the registration of the Backloaded Trades included in a Backload Registration Cycle to complete, each SwapClear Clearing Member (and each FCM Clearing Member, if applicable) which is party to a Backloaded Trade within that Backload Registration Cycle must provide sufficient Collateral as required to the Clearing House in advance.

A Backloaded Trade which has been presented for clearing (or with respect to which the Clearing House has received the one or more Necessary Consents, if any) shall be deemed to have been submitted by the SwapClear Clearing Member(s) or the SwapClear Clearing Member and the FCM Clearing Member (as the case may be) for registration by the Clearing House at such time that the Clearing House determines that sufficient Collateral has been provided to register that Backloaded Trade.

For any SwapClear Transaction which is a Backloaded Trade, where one leg is to be registered as an FCM SwapClear Contract, the FCM Rulebook will apply with respect to such registration of an FCM SwapClear Contract.

The Clearing House shall publish the following via member circular:

- (i) times of Backload Registration Cycles;

TWD	8:20, 13:15 and 19:05
USD LIBOR; SOFR & OIS	20:00
ZAR	16:30
EURO OIS	18:00
GBP OIS	18:00

Zero coupon yield curves used for daily marking to market or settlement-to-market (as applicable) will be published on the Clearing House's member reporting website at intervals during the day as ~~the prices and rates are captured~~[determined by the Clearing House](#).

1.7.3 *Net Present Value and Cumulative Net Present Value*

The Clearing House will calculate the net present value ("NPV") of each eligible SwapClear Contract using the Clearing House's zero coupon yield curves.

On the basis of, amongst other things, the net present value so calculated in relation to a relevant SwapClear Contract, the Clearing House shall calculate the Cumulative Net Present Value of that SwapClear Contract.

It is a condition of registration that sufficient Collateral, as determined by the Clearing House, is held with the Clearing House to cover the variation margin, initial margin and/or NPV Payment obligations (as applicable) in respect of each SwapClear Transaction (taking into account, for these purposes, any SwapClear Tolerance, if any), except that such Collateral shall not be required to be provided prior to registration as a condition thereto if such SwapClear Transaction is a Sub-Block Trading Venue Transaction.

1.7.4 *Price Alignment Interest*

The transfer of Collateral in respect of variation margin on a daily basis without adjustment would distort the pricing for SwapClear Transactions cleared through the Clearing House. In order to minimise the impact of variation margin, the Clearing House will for each SCM either charge interest on cumulative amounts received by the SCM in respect of variation margin obligations, or pay interest on cumulative amounts paid by the SCM in respect of variation margin obligations. In a negative interest rate environment where the applicable PAI Rate is negative, the Clearing House will for each SCM either pay interest on cumulative amounts received by the SCM in respect of

right at its discretion to vary the rates for the whole market or for a specific SCM's Proprietary Account and/or Client Accounts.

1.9.2 *Counterparty Risk Multiplier*

The Clearing House reserves the right to require additional amounts of Collateral from a specific SCM or from all SCMs in accordance with Regulation 20 (*Margin and Collateral*).

1.9.3 *Liquidity Multiplier*

Risk Management apply a liquidity multiplier based on scenario values exceeding certain thresholds on the SCM's whole portfolio and individual currencies. The threshold amounts and multipliers are reviewed on an ongoing basis.

1.9.4 *Intra-day Margin Calls*

In accordance with the Regulations, the Clearing House is entitled, where considered necessary, to demand that a Clearing Member transfer additional Collateral to the Clearing House the same day (intra-day margin calls). Intra-day margin calls can be made at any time (~~between 08:30 and 21:00 (London time)~~ ~~on~~throughout the a business day). Intra-day margin calls will usually be made via the protected payments system (see Section 1.11).

In certain circumstances the Clearing House may require a Clearing Member to transfer additional cash Collateral to the Clearing House after the closure of London PPS facilities at 16:00 hours London time. In this event the Clearing House will require payment of additional cash Collateral through PPS facilities in the USA (see Section 1.3 of Procedure 3 (*Financial Transactions*)). **Members must ensure, in these circumstances, that they are in a position to comply with such demands through their nominated US PPS account within one hour of the demand.**

1.9.5 Calculation of Initial Margin

Portfolio Approach to Interest Rate Scenarios (PAIRS)

PAIRS is a historical model which takes historical events that occurred within the look-back period and from these calculates initial margin in line with the Clearing House's risk policies (which also take into account regulatory requirements). All positions in each currency are revalued under a series of scaled historical market moves and initial margin is calculated as the Expected Shortfall (ES) of the portfolio. Further details of this method are available upon request and are detailed in the PAIRS TIP document. The PAIRS document and further information relating to initial margin calculations can be obtained from SwapClear Risk on +44 (0)20 7 426 7549.

1.9.6 *Default Fund Additional Margin*

The Clearing House may from time to time require an SCM to transfer Collateral to the Clearing House to meet the default fund additional margin requirement as

the Member Compression Cycle as set forth in Regulation 56 in its sole and absolute discretion.

SwapClear Clearing Members should contact swapclear.clientservices@lch.com for further information.

1.18 **Amendment of Trade References**

A SwapClear Clearing Member may wish to change its own trade references numbers/codes by which it identifies trades registered in the SwapClear Service. Subject to that SwapClear Clearing Member meeting all the Clearing House's requirements and these Procedures (including those set forth in Section 1.19), the Clearing House will, as part of its service to SwapClear Clearing Members, amend its records in order to reflect this change. Such change has no effect whatsoever on the terms of any registered SwapClear Contract or any other obligations of the SCMs party to those contracts.

1.19 **Trade Reference Amendment Request Form**

SwapClear Clearing Members may submit a request to the Clearing House to amend a trade reference (either on behalf of the given SwapClear Clearing Member or a Clearing Client) (a "**Trade Amendment Request**"). Trade Amendment Requests must be submitted in the form and manner prescribed by the Clearing House from time to time, and may be approved by the Clearing House in its sole discretion. Upon approval by the Clearing House, Trade Amendment Requests will typically be processed within two business days. In the event the Clearing House is unable, or determines it will be unable, to process an approved Trade Amendment Request within two business days, it shall attempt to notify the given SwapClear Clearing Member as soon as reasonably practicable.

1.19.1 *Processing*

The Clearing House shall reject a Trade Amendment Request in the event that:

- (a) it is not made in accordance with these Procedures;
- (b) any trade reference submitted in the Trade Amendment Request does not (i) match the SwapClear Clearing Member's trade reference in the Clearing House's books and records or (ii) refer to a trade registered in the SwapClear clearing system;
- (c) any trade reference submitted in the Trade Amendment Request is not recorded by the Clearing House against the BIC code of the SwapClear Clearing Member requesting the amendment; or
- (d) it determines it advisable, in its sole discretion, for risk, legal, technical, cost or similar considerations.

Upon processing a Trade Amendment Request, the Clearing House will notify the given SwapClear Clearing Member and will produce a report setting out details of the time and date that it has amended its records in accordance with the request, details of the old and new SwapClear Clearing Member trade

references and the status of the amendment in respect of each trade set out in the Trade Reference Amendment Request. All records of the Clearing House and data held in the SwapClear clearing system will then be updated overnight following the ~~close of the~~ given business day.

1.20 Custodial Segregated Accounts

A Custodial Segregated Account allows a Custodial Segregated Client to provide Collateral directly to the Clearing House to meet certain obligations of the relevant SwapClear Clearing Member, in respect of such Custodial Segregated Account, in accordance with the terms of the relevant Collateral Management Agreement and Client Charge.

A SwapClear Clearing Member may request that the Clearing House opens a Custodial Segregated Account in respect of a Clearing Client and must execute, and procure that the Clearing Client executes, such documentation as the Clearing House specifies.

1.21 SwapClear STM Contracts and SwapClear CTM Contracts – Elections and Conversions

If a SwapClear Clearing Member wishes to make an election pursuant to Regulation 55(c) or a conversion pursuant to Regulation 57A(n) it must complete and deliver to the Clearing House such documentation as the Clearing House shall make available for such purposes from time to time. A SwapClear Clearing Member wishing to make such an election or conversion should contact swapclearclientservices@lch.com. SwapClear Clearing Members agree that Clearing Clients (including FCM Clients) may submit an election pursuant to Regulation 55(c) or conversion pursuant to Regulation 57A(n) on their behalf via the SwapClear Portal.

1.22 SwapClear Client Clearing

As part of the SwapClear Service, a SwapClear Clearing Member is able to provide certain clearing services to SwapClear Clearing Clients.

1.22.1 *Security Deed*

Unless specified otherwise by the Clearing House, a SwapClear Clearing Member must enter into a Security Deed in respect of its Clearing Clients in relation to amounts due to it from the Clearing House pursuant to the Client Clearing Annex. Further information in relation to such Security Deed is prescribed by the Clearing House from time to time and published on the Clearing House's website.

1.22.2 *Prescribed Language*

Pursuant to the Clearing House's Regulations, each SwapClear Clearing Member is required to ensure that it includes certain language in its agreement with its SwapClear Clearing Client (the "**Clearing House Prescribed Language**"). The Clearing House Prescribed Language is shown at Schedule 1 of Section 1 of the Procedures.

Where an SCM successfully appoints an LCH Approved Outsourcing Agent, that SCMs may be subject to increased Collateral requirements to cater for the additional time required to invoke an outsourcing process in the event of a default.

SCMs should note that LCH Approved Outsourcing Agents may be subject to a more rigorous driving test and fire-drill than SCMs (i.e. required to demonstrate an ability to price and bid a greater number of trades at tighter pricing tolerances and within more onerous timeframes). In addition, the Clearing House may require an SCM that has appointed an LCH Approved Outsourcing Agent, to participate in an ad-hoc fire-drill or driving test with such notice as the Clearing House deems appropriate in its sole discretion.

The Clearing House reserves the right to revoke an entity's status as an LCH Approved Outsourcing Agent, in its sole discretion and without notice. In the event of such a revocation, the relevant SCM shall be required to assume those responsibilities that were previously outsourced. Such revocation may occur where the Clearing House considers that there is an insufficient number of third party entities that are providing outsourced default management services (usually a minimum of five providers at any one time).

Other than in exceptional circumstances and in the Clearing House's sole discretion, an LCH Approved Outsourcing Agent may not act on behalf of more than three clearing members.

The appointment of an LCH Approved Outsourcing Agent does not relieve a SwapClear Clearing Member of its obligations in relation to a Rates Service DMP (including its obligation to participate in an Auction) and an LCH Approved Outsourcing Agent's participation in the Rates Service DMP on behalf of an SCM, in the event of a default, shall not extend beyond the provision of operational and other ancillary support to that SCM.

1.28.8 *Rates Service DMG*

The necessary involvement of SCMs and the Rates Service DMG in the Rates Service DMP entails the assessment and dissemination of information that could give rise to conflicts of interest. To ensure that such potential conflicts are demonstrably contained, Schedule 1 establishes binding obligations of confidentiality, anonymity and the extent of dissemination of information on SCMs (and their executives or directors who participate from time to time in the Rates Service DMG) and on the Clearing House.

Each SCM who makes available a representative to serve on the Rates Service DMG agrees, and shall procure that, to the extent applicable, its representatives agree to be bound by and to ensure that it and any of its executives or directors serving on the Rates Service DMG complies with Schedule 1 covering confidentiality, non-disclosure and other terms.

1.28.9 *Default Management Accounts*

- (a) For the purposes of this Section 1.28.9, the following definitions will apply:

“**Affected Non-Porting Client Account**” means, in respect of an Initial DMA or a Final DMA (as applicable) and the Rates Service Contracts that (at any time) comprise such Initial DMA or Final DMA (as applicable), each Non-Porting Client Account from which any such Rates Service Contract originated.

“**Auction**” has the meaning assigned to it in the Rates Service DMP Annex.

“**Auction Date**” means, in respect of an Auction Portfolio, the business day on which such Auction Portfolio is sold.

“**Auction Result**” means, in respect of an Auction Portfolio, the amount equal to:

- (i) the gains or losses of the Clearing House arising from the sale of such Auction Portfolio, where a gain is a positive amount and a loss is a negative amount;
- (ii) plus the Auction Portfolio NPV Gain for such Auction Portfolio (if any);
- (iii) minus the Auction Portfolio NPV Loss for such Auction Portfolio (if any).

“**Auction Portfolio**” means a Basis Portfolio or an OTC Auction Portfolio, as applicable.

“**Auction Portfolio Calculation Period**” means, in respect of an Auction Portfolio and its Auction Date, the period commencing immediately after the Daily Calculation Period for the business day preceding such Auction Date and ending at the point at which such Auction Portfolio is sold.

“**Auction Portfolio NPV Change**” means, in respect of an Auction Portfolio and its Auction Portfolio Calculation Period, the amount (if any) by which the aggregate net present value of the Rates Service Contracts within such Auction Portfolio has changed during such Auction Portfolio Calculation Period, and

- (i) where such change is in favour of the Defaulter, is the “**Auction Portfolio NPV Gain**”; and
- (ii) where such change is in favour of the Clearing House, is the “**Auction Portfolio NPV Loss**”.

“**Basis Portfolio**” has the meaning assigned to it in the Rates Service DMP Annex.

“**Daily Amount**” means, in respect of a DMA and a Daily Calculation Period, the Daily Gain or Daily Loss for such DMA and Daily Calculation Period.

“**Daily Calculation Period**” means, in respect of a business day, the period, in respect of which the Clearing House determines the end of day margin and settlement payments for Rates Service Contracts for such business day.

“**Daily Gain**” means, in respect of a DMA and a Daily Calculation Period, the amount (if any) by which the Daily NPV Gain exceeds the Daily Hedge Costs (in each case) for such DMA and Daily Calculation Period.

“**Daily Hedge Costs**” means, in respect of a DMA and a Daily Calculation Period, all costs incurred by the Clearing House in connection with hedging the exposure of one or more Rates Service Contracts within such DMA in accordance with the Risk Neutralisation process under Rule 2.2 of the Rates Service DMP Annex.

“**Daily Loss**” means, in respect of a DMA and a Daily Calculation Period, either: (i) where the DMA experiences a Daily NPV Loss in respect of such Daily Calculation Period, the aggregate of such Daily NPV Loss and the Daily Hedge Costs for such DMA and Daily Calculation Period; or (ii) where the DMA experiences a Daily NPV Gain in respect of such Daily Calculation Period, the amount by which the Daily Hedge Costs for such DMA and Daily Calculation Period exceed such Daily NPV Gain.

“**Daily NPV Change**” means, in respect of a DMA and a Daily Calculation Period, the amount (if any) by which the aggregate net present value of the Remaining Contracts within such DMA has changed during such Daily Calculation Period, and:

- (i) where such change is in favour of the Defaulter, is the “**Daily NPV Gain**”; and
- (ii) where such change is in favour of the Clearing House, is the “**Daily NPV Loss**”.

“**DMA**” means an Initial DMA or a Merged DMA, as applicable.

“**DMA Creation Date**” means, in respect of an Initial DMA, the business day on which such Initial DMA is established by the Clearing House.

“**DMA Merger Date**” means, in respect of a Merged DMA, the business day on which two or more DMAs are combined to form such Merged DMA.

“**Final DMA**” means, in respect of an Auction Portfolio that is auctioned and sold, the most recently established DMA from which such Auction Portfolio was formed.

“**Initial DMA**” means a default management account established by the Clearing House, acting in its sole discretion, to which one or more Sets of Non-Porting Contracts are transferred (by book-entry) on the DMA Creation Date for such default management account.

“**Latest DMA**” means, in respect of a Daily Calculation Period, a DMA that exists at the end of such Daily Calculation Period, but which has not itself been combined with another DMA to form a separate Merged DMA.

“**Merged DMA**” means a default management account established by the Clearing House, acting in its sole discretion, which results from the combination of two or more DMAs.

“**Non-Porting Client Account**” means, in respect of a Defaulter, the Individual Segregated Account, Custodial Segregated Account, Omnibus Gross Segregated Sub-Account, Indirect Net Account, Indirect Gross Sub-Account, Non-Identified Client Omnibus Net Segregated Account, Affiliated Client Omnibus Net Segregated Account, Identified Client Omnibus Net Segregated Account or FCM Client Sub-Account (as applicable) of such Defaulter, to which the Rates Service Contracts that the Clearing House has determined will not be ported in accordance with the Client Clearing Annex or the FCM Rulebook are, or were, registered at the point of the Default of the Defaulter.

“**OTC Auction Portfolio**” has the meaning assigned to it in the Rates Service DMP Annex.

“**Pre-Default TMR**” means, in respect of an Affected Non-Porting Client Account of a Defaulter, the TMR for such Affected Non-Porting Client Account as at the [time on end of day margin and settlement call](#) ~~for~~ the business day before the day of Default of such Defaulter, [which time is as determined by the Clearing House](#).

“**Pre-Default TMR Ratio**” means

- (i) in respect of an Initial DMA and an Affected Non-Porting Client Account referable to it, the ratio that the Pre-Default TMR of such Affected Non-Porting Client Account bears to the aggregate Pre-Default TMR of all Affected Non-Porting Client Accounts referable to such Initial DMA; or
- (ii) in respect of a Final DMA and an Affected Non-Porting Client Account referable to it, the ratio that the Pre-Default TMR of such Affected Non-Porting Client Account bears to the aggregate Pre-Default TMR of all Affected Non-Porting Client Accounts referable to such Final DMA.

“**Pre-Merger TMR**” means, in respect of a DMA that was combined with one or more other DMA(s) to form a Merged DMA, the TMR for such DMA as at the time on end-of-day margin and settlement call for the business day before the DMA Merger Date of such Merged DMA, which time is as determined by the Clearing House.

“**Pre-Merger TMR Ratio**” means, in respect of a DMA that was combined with one or more other DMA(s) to form a Merged DMA, the ratio that such DMA’s Pre-Merger TMR bears to the aggregate Pre-Merger TMR of all DMAs that were combined to form such Merged DMA.

“**Prior Merged DMA**” means, in respect of a Merged DMA, an existing Merged DMA that has been combined with one or more other DMA(s) to form such Merged DMA.

“**Remaining Contracts**” means, in respect of a DMA and a Daily Calculation Period, all of the Rates Service Contracts within such DMA during such Daily Calculation Period, excluding those Rates Service Contracts that the Clearing House has auctioned and sold at any point within such Daily Calculation Period.

“**Set of Non-Porting Contracts**” means, in respect of a Non-Porting Client Account, the Rates Service Contracts that are transferred by the Clearing House from such Non-Porting Client Account to an Initial DMA.

“**TMR**” means (i) in respect of an Affected Non-Porting Client Account, the total margin requirement as determined by the Clearing House for such Affected Non-Porting Client Account, or (ii) in respect of a DMA, the total margin requirement as determined by the Clearing House for such DMA, in each case excluding: (x) variation margin; (y) Stress Loss Margin as defined in Section 1.9.7 above; and (z) counterparty risk multiplier margin as described in Section 1.9.2 above.

(b) *Initial DMAs*

- (i) After a Default, the Clearing House may, in its sole discretion:
 - (A) determine that the Rates Service Contracts registered to a Non-Porting Client Account will not port in accordance with the Client Clearing Annex or the FCM Rulebook (as applicable); and
 - (B) transfer the resulting Set of Non-Porting Contracts in respect of such Non-Porting Client Account to an Initial DMA on the business day on which the Clearing House makes such determination.

- (ii) The Clearing House may in its sole discretion create more than one Initial DMA for the purposes of subparagraph (i)(B) above on the same business day.
 - (iii) No Contracts other than Rates Service Contracts will be transferred into an Initial DMA.
 - (iv) Any outstanding and owing, but unsettled, variation margin or settlement amounts in respect of Rates Service Contracts as at the end of the Daily Calculation Period for the business day prior to the transfer of such Rates Service Contracts in accordance with subparagraph (i) above shall be discharged by the Clearing House debiting or crediting (as applicable) the Non-Porting Client Account from which such Rates Service Contracts were transferred.
- (c) *Merged DMAs*
- (i) On any business day following the creation of two or more Initial DMAs pursuant to paragraph (b) above, the Clearing House may create a Merged DMA by combining:
 - (A) multiple Initial DMAs;
 - (B) one or more Initial DMAs and one or more Prior Merged DMAs; or
 - (C) multiple Prior Merged DMAs.
 - (ii) The Clearing House may in its sole discretion create more than one Merged DMA on the same business day.
- (d) *Auctions*
- (i) The Clearing House shall conduct Auctions in respect of Auction Portfolios referable to DMAs in accordance with the provisions of the Rates Service DMP Annex.
 - (ii) More than one Auction Portfolio may be referable to a single DMA, in which case:
 - (A) the Clearing House will conduct one or more Auctions of each Auction Portfolio referable to such DMA; and
 - (B) on and from the date of the first Auction in respect of the DMA, the Clearing House may no longer combine such DMA into a Merged DMA.
 - (iii) Following the sale of an Auction Portfolio, the Rates Service Contracts within such Auction Portfolio shall no longer form part of the DMA from which the Auction Portfolio was created.

(e) *Attribution of Daily Amounts*

- (i) The Clearing House shall, following each Daily Calculation Period, determine the Daily Amount for each Latest DMA in respect of such Daily Calculation Period.
- (ii) The Clearing House shall attribute the Daily Amount of a Latest DMA that is:
 - (A) an Initial DMA, to each Affected Non-Porting Client Account referable to such Initial DMA, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting Client Account; and
 - (B) a Merged DMA, to each DMA that was combined to form such Merged DMA, pro rata according to the Pre-Merger TMR Ratio of each such DMA (where the amount attributed to each such DMA is an “**Interim Amount**”).
- (iii) If the Clearing House attributes an Interim Amount to a DMA under subparagraph (ii)(B) above, then it will further attribute such Interim Amount as follows:
 - (A) Where the DMA to which the Interim Amount was attributed is an Initial DMA, the Clearing House will further attribute such amount to each Affected Non-Porting Client Account referable to such Initial DMA, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting Client Account; and
 - (B) Where the DMA to which the Interim Amount was attributed is a Merged DMA, the Clearing House will further attribute such amount to each DMA that was combined to form such Merged DMA, pro rata according to the Pre-Merger TMR Ratio of each such DMA.
- (iv) If the Clearing House attributes an amount to a DMA under subparagraph (iii)(B) above, then it will further attribute such amount according to the method specified in subparagraph (iii) (treating such amount as an Interim Amount for the purposes of subparagraph (iii)) until all amounts are attributed to Non-Porting Client Accounts.

(f) *Attribution of Auction Results*

The Clearing House shall attribute the Auction Result, in respect of the sale of an Auction Portfolio, to each Affected Non-Porting Client Account referable to the Final DMA from which such Auction Portfolio was formed, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting Client Account.

SCHEDULE 2 RATE CHANGE ANNEXES**SWAPCLEAR SCM SERVICE - RATE CHANGE ANNEX – SECURED
OVERNIGHT FINANCING RATE (SOFR)****1. SCOPE AND INTERPRETATION**

- (a) This Annex constitutes a “Rate Change Annex” as defined in and pursuant to the Regulations and supplements and forms part of the Rulebook.
- (b) This Annex relates to the change in the rate from the Fed Funds Rate to the Secured Overnight Financing Rate provided by the Federal Reserve Bank of New York, as administrator (or a successor administrator) (**SOFR**) for the purposes of (i) calculating PAI, (ii) calculating the Price Alignment Amount, and (iii) constituting the relevant underlying benchmark for the instruments used to construct the Clearing House’s zero coupon yield curves under 1.7.2 of Section 2C of the Procedures to calculate the net present value, each in relation to the Impacted SwapClear Contracts.
- (c) The terms of this Annex shall apply to all Impacted SwapClear Contracts (as set-out in the Rate Change Notice relating to SOFR) that are registered with the Clearing House as set out below. For the avoidance of doubt, (i) no other SwapClear Contract shall be subject to, or affected by, the terms of this Annex and each SwapClear Contract shall remain in full force and effect, and (ii) the SwapClear Contract Terms shall not be amended by the terms of this Annex.
- (d) Capitalized terms used but not otherwise defined in this Annex have the meaning given to them in the Regulations. The term "business day" has the meaning given to it in the Regulations.
- (e) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

2. DEFINITIONS

For the purposes of this Annex:

Auction Adjustment per Unit means, in relation to a Maturity Bucket, an amount in USD equal to (i) the aggregate of all Auction Winner Amounts for that Maturity Bucket divided by (ii) the total notional amount of Discounting Risk Swaps in that Maturity Bucket which have been liquidated pursuant to the Cash Settlement Schedule.

Auction Date means, in relation to a Rate Change Notice relating to SOFR, the date specified as such by the Clearing House in such Rate Change Notice, being the date on which the auctions referred to herein and the Cash Settlement Supplement shall be held and certain amounts payable hereunder shall be calculated.

Auction Winner means, in relation to the Net Auction Contract Pair in respect of a Maturity Bucket, each Cash Settlement Participant (as defined in the Cash Settlement Schedule) that has submitted the winning price for such Net Auction Contract Pair, as determined by the Clearing House in accordance with the Cash Settlement Supplement.

Auction Winner Amount means, in relation to the Net Auction Contract Pair for a Maturity Bucket and an Auction Winner, an amount in USD equal to the product of: (i) that Auction Winner's Winning Bid Quantity; (ii) the difference between that Auction Winner's Winning Bid Price and the Mid-Price; and (iii) the SOFR Basis Point Cash Value per Million, each for that Maturity Bucket. If the Auction Winner's Winning Bid Price is a price that by reference to the Mid-Price is (a) in favor of the Clearing House, the Auction Winner Amount shall be a negative amount or (b) in favor of the Auction Winner, the Auction Winner Amount shall be a positive amount.

Cash Compensation Contract means each contract determined by the Clearing House and registered in the relevant Proprietary Account, Individual Segregated Account or "position account" within an Omnibus Segregated Account pursuant to Section 8 below.

Cash Only Client means a SwapClear Clearing Client that has its positions recorded in a Cash Only Client Position Account.

Cash Only Client Position Account means:

(i) each Individual Segregated Account registered in the name of a SwapClear Clearing Client that is identified as a Cash Only Client Position Account in a Cash Only Election Notice; and

(ii) each "position account" within an Omnibus Segregated Account that is identified as a Cash Only Client Position Account in a Cash Only Election Notice, provided that, each "position account" in a net Omnibus Segregated Account shall be a Cash Only Client Position Account if the Clearing House has received a Cash Only Election Notice in relation to at least one "position account" in such net Omnibus Segregated Account. The phrase Omnibus Segregated Account includes both a "net" Omnibus Segregated Account and a "gross" Omnibus Segregated Account.

Cash Only Client Position Account Auction Adjustment means, in relation to a Cash Only Client Position Account and a Maturity Bucket, an amount in USD in favor of the Clearing House or a SwapClear Clearing Member (as applicable) equal to the product of (i) the notional amount of Discounting Risk Swaps for that Maturity Bucket that would, but for the delivery of the Cash Only Election Notice, have been registered in that Cash Only Client Position Account and which have been liquidated pursuant to the Cash Settlement Schedule, and (ii) the Auction Adjustment per Unit for that Maturity Bucket.

Cash Only Election Cut-Off Date is the date specified as such by the Clearing House in a Rate Change Notice relating to SOFR, being the date by which SwapClear Clearing Members must deliver any Cash Only Election Notices to the Clearing House.

Cash Only Election Notice means a written notice delivered by a SwapClear Clearing Member to the Clearing House in accordance with this Annex identifying each Individual Segregated Account and/or each "position account" within each Omnibus Segregated Account held by that SwapClear Clearing Member in respect of which there has been an election to be treated as a Cash Only Client Position Account(s) in accordance with Section 4 of this Annex.

Cash Settlement Schedule means the schedule hereto which sets out the terms on which the Clearing House shall conduct one or more auctions for purposes of determining certain amounts, curves and spreads and related information relevant to this Annex, as supplemented

by any Cash Settlement Supplement published by the Clearing House from time to time. The Cash Settlement Schedule supplements, and forms part of, this Annex.

Cash Settlement Supplement means any document identified as such by the Clearing House which supplements and forms part of the Cash Settlement Schedule and sets out further terms in relation to the auctions.

Cash Valuation Change Amount (MXN) means each amount denominated in MXN and determined in accordance with Section 7.5 of this Annex.

Cash Valuation Change Amount (USD) means each amount denominated in USD and determined in accordance with Section 7.1, Section 7.2 or Section 7.3 of this Annex.

De Minimis Participant Account means, in relation to a Maturity Bucket, any Proprietary Account, Individual Segregated Account, or "position account" within an Omnibus Segregated Account that, as of the Swap Portfolio Calculation Date, would have an allocation of Discounting Risk Swaps in a given Maturity Bucket with a notional amount that is closer to zero than to the integral number set out in the table in paragraph 5.1(c) in relation to that Maturity Bucket.

Discounting Risk Auction has the meaning given to it in the Cash Settlement Schedule.

Discounting Risk Swaps means the SwapClear Contracts determined, identified and notified by the Clearing House in accordance with Section 5 this Annex and entered into and registered between the Clearing House and a SwapClear Clearing Member pursuant to Regulation 60B.

FedFunds Discounted Value means, in relation to an Impacted SwapClear Contract, the net present value, as of the ~~time end of the "business day" in New York~~ on the Auction Date determined by the Clearing House, of all future cash flows under that Impacted SwapClear Contract calculated using the Fed Funds Rate as the discounting rate for the purposes of constructing the zero coupon yield curves under 1.7.2 of Section 2C of the Procedures (with the future cash flows calculated in the same manner as for the determination of the SOFR Discounted Value). If the net present value represents an asset or positive value for the Clearing House, such FedFunds Discounted Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such FedFunds Discounted Value shall be a negative amount.

Maturity Bucket means, in relation to the Impacted SwapClear Contracts, Discounting Risk Swaps and Net Auction Contract Pairs, a group of such contracts which all have the same maturity, being either two years, five years, ten years, fifteen years, twenty years or thirty years from the date of registration.

Mid-Price has, in relation to the Net Auction Contract Pair for a Maturity Bucket, the meaning given to it in the Cash Settlement Schedule, and shall be expressed in basis points.

Mid-Price Auction has the meaning given to it in the Cash Settlement Schedule.

MXN Impacted SwapClear Contracts has the meaning given to it in Section 7 of this Annex.

Net Auction Contract Pair has the meaning given to it in the Cash Settlement Schedule.

SOFR Basis Point Cash Value per Million means, in relation to the Net Auction Contract Pair for a Maturity Bucket, an amount in USD equal to the change (expressed as a positive if a gain and a negative if a loss) in value of such Net Auction Contract Pair with a notional amount of USD one million as a result of adding a one basis point spread to the SOFR leg, as determined by the Clearing House in its sole discretion.

SOFR Discounted Value means, in relation to an Impacted SwapClear Contract, the net present value, as of the ~~time end of the "business day" in New York~~ on the Auction Date determined by the Clearing House, of all future cash flows under that Impacted SwapClear Contract using the SOFR Discounting Curve for the purposes of such calculation (with the future cash flows calculated in the same manner as for the determination of the FedFunds Discounted Value). If the net present value represents an asset or positive value for the Clearing House, such SOFR Discounted Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such SOFR Discounted Value shall be a negative amount.

SOFR Discounting Curve means the SOFR pricing curve constructed by the Clearing House in accordance with Section 4 of the Cash Settlement Schedule.

Swap Portfolio Calculation Date means, in relation to a Rate Change Notice relating to SOFR, the date specified as such by the Clearing House in such Rate Change Notice relating to SOFR, being the date on which the Clearing House shall determine the portfolios of Discounting Risk Swaps in relation to all Impacted SwapClear Contracts registered with the Clearing House on such date.

Winning Bid Price means, in relation to the Net Auction Contract Pair for a Maturity Bucket and an Auction Winner, the price payable to, or by, that Auction Winner to the Clearing House, expressed as a positive or negative spread in basis points on the SOFR leg of the Net Auction Contract Pair for that Maturity Bucket and determined through a modified Dutch auction as further set-out in the Cash Settlement Supplement(s). For the avoidance of doubt: (a) if the Clearing House is the receiver of SOFR under the Net Auction Contract Pair, and (1) the spread is a positive amount, the Winning Bid Price shall be a positive amount; or (2) the spread is a negative amount, the Winning Bid Price shall be a negative amount; and (b) if the Clearing House is the receiver of the Fed Funds Rate under the Net Auction Contract Pair, and (1) the spread is a positive amount, the Winning Bid Price shall be a negative amount; or (2) the spread is a negative amount, the Winning Bid Price shall be a positive amount.

Winning Bid Quantity means, in relation to an Auction Winner and a Net Auction Contract Pair for a Maturity Bucket, the notional amount (expressed in units of USD one million) of the Discounting Risk Swap related to such Net Auction Contract Pair (or the part thereof) which will be determined by the Clearing House pursuant to the Cash Settlement Supplement and registered in the Proprietary Account of the Auction Winner.

3. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

- (a) In connection with the change from the Fed Funds Rate to SOFR described in Section 1(b) above, pursuant to and in accordance with the Clearing House's powers under Regulation 60B of the Regulations, this Annex sets out the method by which the Clearing House will:

Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN) and Cash Compensation Contracts

(i) for each Proprietary Account, each Individual Segregated Account and each "position account" within each Omnibus Segregated Account, calculate the following amounts, in each case, if any:

(A) Cash Valuation Change Amount (USD); and

(B) Cash Valuation Change Amount (MXN),

each of which are "Rate Change Payments" for the purpose of Regulation 60B.

(ii) determine and register, pursuant to Regulation 60B, certain Cash Compensation Contracts in each Proprietary Account, Individual Segregated Account and each "position account" within each Omnibus Segregated Account in accordance with Section 8 of this Annex in order to effect the payment of each Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN), Cash Only Client Position Auction Adjustment, and Auction Winner Amount, in each case, if any;

Discounting Risk Swaps and Auction Winner Amounts

(iii) subject to (b) below, for (x) each Proprietary Account and (y) each Individual Segregated Account, and each "position account" within each Omnibus Segregated Account which is not a Cash Only Client Position Account, determine how certain Discounting Risk Swaps shall be identified in accordance with Section 5, registered and entered into between the Clearing House and each SwapClear Clearing Member pursuant to Regulation 60B and the terms of those Discounting Risk Swaps;

(iv) subject to (b) below, for each Cash Only Client Position Account, calculate the related Cash Only Client Position Account Auction Adjustments (which shall also each be a "Rate Change Payment" for the purpose of Regulation 60B); and

(v) for each Auction Winner, calculate the Auction Winner Amount (which shall also be a "Rate Change Payment" for the purpose of Regulation 60B).

(b) Any account that is a De Minimis Participant Account in relation to a Maturity Bucket shall not have any Discounting Risk Swaps in that Maturity Bucket determined or registered in its name and shall not be obliged to pay, or entitled to receive, any Cash Only Client Position Account Auction Adjustments. Any Cash Only Election Notice received in relation to an Individual Segregated Account or "position account" within an Omnibus Segregated Account that is a De Minimis Participant Account as of the Auction Date shall be invalid and shall have no effect whatsoever (and, for the avoidance of doubt, the Discounting Risk Swaps that would otherwise be registered in any De Minimis Participant Account shall not count towards the Net Auction Contract Pair for any Maturity Bucket).

4. CLEARING MEMBER DEALINGS WITH CLIENTS AND CLIENT CASH ONLY ELECTIONS

Client Cash Only Elections

- (a) In relation to its SwapClear Client Clearing Business, a SwapClear Clearing Member shall provide each SwapClear Clearing Client with an election not to have Discounting Risk Swaps registered on that SwapClear Clearing Client's behalf in relation to Impacted SwapClear Contracts registered in the relevant Individual Segregated Account, or "position account" within the relevant Omnibus Segregated Account, and instead, subject to Section 4(d) below, to assume a right, or an obligation to pay or be paid an amount equal to the Cash Only Client Position Account Auction Adjustment in respect of the relevant Individual Segregated Account or "position account", as determined pursuant to this Annex (except in the circumstances provided for in the Cash Settlement Schedule, where the election not to have Discounting Risk Swaps registered may be overridden).
- (b) A SwapClear Clearing Member shall be entitled to deliver Cash Only Election Notices to the Clearing House at any time up to, and including, the Cash Only Election Cut-Off Date. All Cash Only Election Notices must be delivered to the Clearing House via the SwapClear Portal.
- (c) No SwapClear Clearing Member shall be entitled to deliver a Cash Only Election Notice in respect of its Proprietary Accounts and any such notice shall be invalid and shall have no effect whatsoever.
- (d) The Clearing House reserves the right to reject any Cash Only Election Notice received by the Clearing House after the ~~time end of the "business day" in New York~~ on the Cash Only Election Cut-Off Date determined by the Clearing House. A SwapClear Clearing Member shall only be entitled to deliver a Cash Only Election Notice in respect of all, but not some only, of the SwapClear Contracts registered in the name of a SwapClear Clearing Client in a single Individual Segregated Account or a single "position account" within an Omnibus Segregated Account. In relation to an Omnibus Segregated Account, the SwapClear Clearing Member shall be entitled to deliver a separate Cash Only Election Notice in relation to each "position account" within that Omnibus Segregated Account, provided however that, in relation to a net Omnibus Account, if the SwapClear Clearing Member has delivered a Cash Only Election Notice in respect of any "position account", all "position accounts" therein shall be Cash Only Client Position Accounts.
- (e) The delivery by a SwapClear Clearing Member of a Cash Only Election Notice shall be deemed, as of the ~~time end of the "business day" in New York~~ on the Cash Only Election Cut-Off Date determined by the Clearing House, to be an irrevocable instruction of that SwapClear Clearing Member (for itself and acting on behalf of the relevant SwapClear Clearing Client(s) for whom the Individual Segregated Account or any "position account" within an Omnibus Segregated Account which such Cash Only Election Notice affects is held) to the Clearing House to determine the Cash Valuation Change Amount (USD), the Cash Valuation Change Amount (MXN) and each Cash Only Client Position Account Auction Adjustment in accordance with Section 7.3, Section 7.4 and Section 7.5 of this Annex and to register the related Cash Compensation

Contracts in the relevant Individual Segregated Account or "position account" within an Omnibus Segregated Account in accordance with this Annex.

- (f) If a SwapClear Clearing Member does not deliver a Cash Only Election Notice in respect of an Individual Segregated Account or "position account" within an Omnibus Segregated Account held for a SwapClear Clearing Client then that shall be deemed, as of the time end of the "business day" in New York on the Cash Only Election Cut-Off Date determined by the Clearing House, to be an irrevocable instruction of that SwapClear Clearing Member (for itself and acting on behalf of that SwapClear Clearing Client) to the Clearing House to (i) determine the Cash Valuation Change Amount (USD) and the Cash Valuation Change Amount (MXN) in accordance with Section 7.2 and Section 7.5 of this Annex and to register the related Cash Compensation Contract in the relevant Individual Segregated Account or "position account" within an Omnibus Segregated Account in accordance with this Annex, and (ii) determine the Discounting Risk Swaps to be allocated to such Individual Account or "position account" within an Omnibus Segregated Account in accordance with this Annex and to register such Discounting Risk Swaps in such account.
- (g) By not delivering a Cash Only Election Notice, in relation to an Individual Segregated Account or "position account" within an Omnibus Segregated Account, each SwapClear Clearing Member represents and warrants to the Clearing House on the Cash Only Election Cut-Off Date that (i) it has used reasonable endeavors to obtain instructions from each SwapClear Clearing Client in relation to the exercise of an election not to receive Discounting Risk Swaps in relation to such account or "position account" and (ii) it has not received instructions from any SwapClear Clearing Client to deliver a Cash Only Election Notice in respect of such account or "position account".

Clearing Member Obligations

- (h) Each SwapClear Clearing Member (and in the case of (h)(vi) below, each SwapClear Clearing Member and the Clearing House):
- (i) agrees to use reasonable endeavors to provide its SwapClear Clearing Clients with (i) information on the change in the rate from the Fed Funds Rate to SOFR pursuant to the terms of Regulation 60B and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be registered in that SwapClear Clearing Client's Individual Segregated Account or "position account" within an Omnibus Segregated Account pursuant to the terms of this Annex, (iii) information on the Discounting Risk Swaps which may be allocated to that SwapClear Clearing Client's Individual Segregated Account or "position account" within an Omnibus Segregated Account pursuant to the terms of this Annex, and (iv) other information (indicative or otherwise) in relation to each SwapClear Clearing Client's "position account" that the Clearing House has notified Clearing Members must be provided to SwapClear Clearing Clients.. Such information shall include the terms of this Annex and any information which it has received from, or is made available by, the Clearing House in connection with this Annex, including any risk disclosure statements relating to the matters herein;
- (ii) agrees that it, and each applicable SwapClear Clearing Client, shall be bound by the terms of any Cash Compensation Contracts and Discounting Risk Swaps

registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);

- (iii) represents and warrants to the Clearing House as at the Cash Only Election Cut-off Date that each Cash Only Client in relation to which it has delivered a Cash Only Election Notice (A) has instructed the SwapClear Clearing Member to deliver the Cash Only Election Notice on its behalf, and (B) has expressly agreed (i) that by electing for its Individual Segregated Account or "position account" within an Omnibus Segregated Account to be a Cash Only Client Position Account under this Annex it shall not, other than if (X) the Cash Settlement Schedule provides that one or more Discounting Risk Auctions have failed, or (Y) some of the Discounting Risk Swaps are not successfully auctioned and liquidated in accordance with the Cash Settlement Schedule, be party to any Discounting Risk Swaps (ii) that it shall be obliged to pay or entitled to receive the Cash Valuation Change Amount (USD), the Cash Valuation Change Amount (MXN) and, provided the Cash Only Client Position Account is not a De Minimis Participant Account, each Cash Only Client Position Account Auction Adjustment determined in accordance with Section 7.3, Section 7.4 and Section 7.5 of this Annex, and (iii) that the Cash Only Client Position Account Auction Adjustment may not be economically equivalent to being party to any such Discounting Risk Swaps or liquidating, closing-out, selling or replacing the Discounting Risk Swaps in the relevant market;
- (iv) acknowledges that the Cash Valuation Change Amounts, the Auction Winner Amounts, each Cash Only Client Position Account Auction Adjustment, and the spread in relation to the Discounting Risk Swaps shall be determined by reference to the Discounting Risk Auctions and the Mid-Price Auctions, and agrees to be bound by the results of such auctions and the terms of the Cash Settlement Schedule and the Cash Settlement Supplement;
- (v) agrees to perform all obligations and exercise all rights under this Annex, the Cash Settlement Schedule, the Cash Settlement Supplement, the Cash Compensation Contracts and the Discounting Risk Swaps in accordance with Applicable Law; and
- (vi) agrees (in the case of the Clearing House) and acknowledges (in the case of the SwapClear Clearing Member) that each Cash Compensation Contract and Discounting Risk Swap is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value and discounting risk impact of the change from the Fed Funds Rate to SOFR and effecting the payment of amounts owed to, or payable by, the Auction Winner.

5. DETERMINING THE PORTFOLIO OF DISCOUNTING RISK SWAPS

- 5.1 On the Swap Portfolio Calculation Date, the Clearing House shall allocate Impacted SwapClear Contracts into different Maturity Buckets based on the tenor of the discounting risk associated with such Impacted SwapClear Contracts. Any Impacted SwapClear Contract that has discounting risk with a tenor that falls between two different Maturity Buckets shall be allocated to the nearest two Maturity Buckets in the Clearing House's sole and absolute discretion. Separately in respect of the Impacted

SwapClear Contracts allocated to each Maturity Bucket in each Proprietary Account, Individual Segregated Account and "position account" within each Omnibus Segregated Account, the Clearing House shall determine a portfolio of Discounting Risk Swaps which is designed to, in the Clearing House's sole and absolute discretion and to the extent practicable, replicate the Fed Funds Rate discounting risk profile in relation to such SwapClear Contracts as of the Swap Portfolio Calculation Date. For the avoidance of doubt, the determination by the Clearing House pursuant to this paragraph may be different from a SwapClear Clearing Member's or SwapClear Clearing Client's models or methodologies. Each pair of Discounting Risk Swaps will:

- (a) have a maturity of two years, five years, ten years, fifteen years, twenty years or thirty years from the date of registration;
- (b) when registered, comprise a pair of SwapClear Contracts whereby:
 - ~~(i)~~ (i) under the first SwapClear Contract, the Clearing House or the SwapClear Clearing Member (**Party X**) will receive Fed Funds and pay to the other party (**Party Y**) fixed amounts, which shall be determined by reference to the fixed rate ~~(, determined by the Clearing House in accordance with its usual processes)~~, that would be payable on the fixed leg of a SwapClear Contract at the ~~time close of business~~ on the Swap Portfolio Calculation Date determined by the Clearing House, where the floating rate is the Fed Funds Rate and the maturity date corresponds to the applicable maturity referred to in (a) above; and
 - (i)
 - (ii) under the second SwapClear Contract, Party X will pay SOFR and receive from Party Y a fixed amount, which shall be a fixed rate, determined by subtracting the spread equal to the Mid-Price determined pursuant to the Cash Settlement Schedule from the fixed rate referred to in (i) above, provided that if the process referred to in the Cash Settlement Schedule fails to provide the Mid-Price for the relevant Maturity Bucket, the Clearing House shall determine the spread for that Maturity Bucket using its customary methodology and applying it to observable market data points and applying linear interpolation where the Clearing House considers appropriate; and
- (c) have a notional amount that is determined by the Clearing House, in its sole and absolute discretion, where such notional amount shall be rounded to the nearest integral number set out in the following table:

Maturity Bucket	2Y	5Y	10Y	15Y	20Y	30Y
Amount in USD to which the	5,000,000	2,500,000	1,250,000	500,000	500,000	500,000

notional amount will be rounded to						
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- 5.2 The Clearing House shall separately determine the portfolio of Discounting Risk Swaps in respect of each of the following (excluding, in relation to a Maturity Bucket, any De Minimis Participant Accounts in relation to that Maturity Bucket) as of the Swap Portfolio Calculation Date:
- (a) the Impacted SwapClear Contracts then registered in each SwapClear Clearing Member’s Proprietary Account;
 - (b) the Impacted SwapClear Contracts then registered in each Individual Segregated Account held for any SwapClear Clearing Client; and
 - (c) the Impacted SwapClear Contracts then registered in a "position account" in the name of each SwapClear Clearing Client within each Omnibus Segregated Account
- 5.3 The Clearing House shall promptly notify each SwapClear Clearing Member of each portfolio of Discounting Risk Swaps it has determined pursuant to this Section 5 in respect of each account or "position account" held by each SwapClear Clearing Member as set out above.
- 5.4 Without prejudice to the above, at any time prior to the Swap Portfolio Calculation Date, the Clearing House may publish indicative portfolios of the Discounting Risk Swaps in relation to the Impacted SwapClear Contracts then registered in the name of a SwapClear Clearing Member for information only.

6. THE AUCTIONS

- 6.1 On the Auction Date the Clearing House shall conduct one or more Discounting Risk Auctions and Mid-Price Auctions and each such auction shall be conducted in respect of both LCH's SCM service and LCH's FCM service. The initial terms of the Discounting Risk Auctions and the Mid-Price Auctions shall be as set out in the Cash Settlement Schedule and the Clearing House shall supplement such terms to provide further detail on the operation of the auctions through publication of one or more Cash Settlement Supplements, provided however that, the Clearing House shall not be entitled to materially alter the nature of the obligations of any SwapClear Clearing Member under this Rate Change Annex via any Cash Settlement Supplement. Each Cash Settlement Supplement shall be deemed to supplement, and form part of, the Cash Settlement Schedule and the Clearing House shall be entitled to supplement, modify, amend, replace or withdraw the Cash Settlement Schedule or Cash Settlement Supplements (in whole or in part) from time to time in its sole discretion through such method as the Clearing House shall determine is appropriate.
- 6.2 Each SwapClear Clearing Member that is an Expected Cash Settlement Participant (as defined in the Cash Settlement Schedule) agrees that it shall use all reasonable efforts

to submit pricing in accordance with the Cash Settlement Schedule for the Net Auction Contract Pair in each Maturity Bucket.

7. THE CASH VALUATION CHANGE AMOUNTS AND THE CASH ONLY CLIENT POSITION ACCOUNT AUCTION ADJUSTMENTS

All Impacted SwapClear Contracts other than TIE Interest Rate Swaps denominated in MXN

The following provisions are applicable in relation to all Impacted SwapClear Contracts other than Impacted SwapClear Contracts that are TIE interest rate swaps denominated in MXN. With respect to the calculations to be performed under Section 7.1 to 7.3 (inclusive) below, for the purposes of determining the Cash Valuation Change Amount (USD) in relation to non-deliverable interest rate swaps the Clearing House shall first convert into USD the value of the discounted future cash flows which are not denominated in USD by applying the relevant rate of exchange as determined by the Clearing House in accordance with its usual procedures. Each of the calculations performed under Sections 7.1 to 7.3 (inclusive) below shall include any non-deliverable interest rate swaps registered in the relevant account or "position account" as of the time end of the "business day" in New York on the Auction Date determined by the Clearing House.

Proprietary Accounts

- 7.1 Immediately following the conclusion of the Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date, the Clearing House shall calculate the Cash Valuation Change Amount (USD) in respect of each Proprietary Account as follows:
- (a) the Clearing House shall calculate the aggregate FedFunds Discounted Value and the aggregate SOFR Discounted Value in relation to each Impacted SwapClear Contract registered in each Proprietary Account as of the time end of the "business day" in New York on the Auction Date determined by the Clearing House;
 - (b) if the aggregate SOFR Discounted Value in relation to all Impacted SwapClear Contracts registered in a Proprietary Account exceeds the aggregate FedFunds Discounted Value in relation to all such Impacted SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the Clearing House in relation to such Proprietary Account; and
 - (c) if the aggregate SOFR Discounted Value in relation to all Impacted SwapClear Contracts registered in a Proprietary Account is less than the aggregate FedFunds Discounted Value in relation to all such Impacted SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the SwapClear Clearing Member in relation to such Proprietary Account.

Client Accounts (excluding Cash Only Client Position Accounts)

- 7.2 The following only applies in relation to each Individual Segregated Account or "position account" within each Omnibus Segregated Account that is not a Cash Only Client Position Account. Immediately following the conclusion of the Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date the Clearing House shall determine the Cash Valuation Change Amount (USD) in respect of the Impacted SwapClear Contracts registered in each Individual Segregated Account or "position account" within each Omnibus Segregated Account that is not a Cash Only Client Position Account as follows:
- (a) the Clearing House shall calculate the aggregate FedFunds Discounted Value and the aggregate SOFR Discounted Value in relation to all Impacted SwapClear Contracts registered in such account as of the ~~time end of the "business day" in New York~~ on the Auction Date determined by the Clearing House;
 - (b) if the aggregate SOFR Discounted Value in relation to all Impacted SwapClear Contracts registered in such account exceeds the aggregate FedFunds Discounted Value in relation to all such Impacted SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the excess and shall be an amount in favor of the Clearing House in relation to such account; and
 - (c) if the aggregate SOFR Discounted Value in relation to all Impacted SwapClear Contracts registered in such account is less than the aggregate FedFunds Discounted Value in relation to all such Impacted SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the SwapClear Clearing Member in relation to such account.

Cash Only Client Position Accounts

- 7.3 The following applies only in relation to Cash Only Client Position Accounts. Immediately following the conclusion of the Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date the Clearing House shall determine the Cash Valuation Change Amount (USD) in respect of the Impacted SwapClear Contracts registered in a Cash Only Client Position Account as follows:
- (a) the Clearing House shall calculate the aggregate FedFunds Discounted Value and the aggregate SOFR Discounted Value in relation to all Impacted SwapClear Contracts registered in such account as of the ~~time end of the "business day" in New York~~ on the Auction Date determined by the Clearing House;
 - (b) if the aggregate SOFR Discounted Value in relation to all Impacted SwapClear Contracts registered in such account exceeds the aggregate FedFunds Discounted Value in relation to all such Impacted SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the Clearing House in relation to such account;

- (c) if the aggregate SOFR Discounted Value in relation to all Impacted SwapClear Contracts registered in such account is less than the aggregate FedFunds Discounted Value in relation to all such Impacted SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the SwapClear Clearing Member in whose name such Cash Only Client Position Account is held; and

7.4 Immediately following the conclusion of the Discounting Risk Auctions on the Auction Date, provided that the Discounting Risk Auction for the relevant Maturity Bucket occurs in accordance with the Cash Settlement Schedule, the Clearing House shall calculate, in respect of each Cash Only Client Position Account the aggregate Cash Only Client Position Account Auction Adjustment in relation to each Maturity Bucket.

Impacted SwapClear Contracts which are TIIE Interest Rate Swaps denominated in MXN

7.5 Immediately following the conclusion of the Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date the Clearing House shall determine the Cash Valuation Change Amount (MXN) separately in respect of each Impacted SwapClear Contracts that is a TIIE interest rate swap denominated in MXN (**MXN Impacted SwapClear Contracts**) registered in each Proprietary Account, Individual Segregated Account and "position account" within an Omnibus Segregated Account, as follows:

- (a) first, for the purposes of determining the Cash Valuation Change Amount (MXN) in relation to the MXN Impacted SwapClear Contracts, the value of the discounted future cash flows thereunder shall be multiplied by the relevant USD/MXN rates of exchange determined by the Clearing House in accordance with the Clearing House's usual procedures;
- (b) second, the Clearing House shall calculate the aggregate FedFunds Discounted Value and the aggregate SOFR Discounted Value in relation to all MXN Impacted SwapClear Contracts registered in such account as of the time end of the "business day" in New York on the Auction Date determined by the Clearing House;
- (c) if the aggregate SOFR Discounted Value in relation to all such MXN Impacted SwapClear Contracts registered in such account exceeds the aggregate FedFunds Discounted Value in relation to all such MXN Impacted SwapClear Contracts then the Cash Valuation Change Amount (MXN) shall be an amount in MXN equal to the absolute value of the difference and shall be an amount in favor of the Clearing House in relation to such account; and
- (d) if the aggregate SOFR Discounted Value in relation to all MXN Impacted SwapClear Contracts registered in such account is less than the aggregate FedFunds Discounted Value in relation to all such MXN Impacted SwapClear Contracts then the Cash Valuation Change Amount (MXN) shall be an amount in MXN equal to the absolute value of the difference and shall be an amount in favor of the SwapClear Clearing Member in whose name such Cash Only Client Position Account is held.

8. REGISTRATION OF CASH COMPENSATION CONTRACTS

- 8.1 On the basis of the calculations set forth in Section 7 above, the Clearing House shall determine, as applicable, the Cash Valuation Change Amount (USD), the Cash Valuation Change Amount (MXN), the Cash Only Client Position Account Auction Adjustments and the Auction Winner Amount in respect of each Proprietary Account, each Individual Segregated Account and each "position account" within an Omnibus Segregated Account and each SwapClear Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay such amounts to the other pursuant to the terms of the related Cash Compensation Contracts.
- 8.2 The Clearing House shall, pursuant to Regulation 60B, register a separate Cash Compensation Contract in each Proprietary Account, each Individual Segregated Account and each "position account" within an Omnibus Segregated Account in relation to each of the following amounts (to the extent such amounts are applicable to such account or "position account"):
- (a) Cash Valuation Change Amounts (USD);
 - (b) Cash Valuation Change Amounts (MXN);
 - (c) Cash Only Client Position Account Auction Adjustments; and
 - (d) Auction Winner Amounts.
- 8.3 Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN), Cash Only Client Position Account Auction Adjustments or Auction Winner Amount (as applicable) to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the SwapClear Contract Terms) of USD1 (or, in the case of the Cash Compensation Swap relating to the Cash Valuation Change Amount (MXN), MXN1), a "Termination Date" (as defined in the SwapClear Contract Terms) falling two "business days" after the Auction Date, and an obligation on the Clearing House or the SwapClear Clearing Member (as applicable) to pay to the other an amount equal to the Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN), Cash Only Client Position Account Auction Adjustments or Auction Winner Amount (as applicable) in relation to the relevant account or "position account", with such amounts determined in accordance with Section 7 of this Annex. However, neither the Clearing House nor a SwapClear Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN), Cash Only Client Position Account Auction Adjustment or Auction Winner Amount (as applicable) to which such Cash Compensation Contract relates.
- 8.4 Each SwapClear Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 8, which shall, when registered, constitute a SwapClear Contract between the Clearing House and the relevant SwapClear Clearing Member that has arisen by reason of the application of the Regulations to the Impacted SwapClear Contracts.

9. REGISTRATION OF DISCOUNTING RISK SWAPS

- 9.1 Immediately following the conclusion of the Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date the Clearing House shall notify all SwapClear Clearing Members of the Discounting Risk Swaps that will be registered in the accounts in accordance with this Annex. If the Clearing House exercises its powers pursuant to Section 4(b) of the Cash Settlement Schedule, then, as soon as practicable following such exercise, it shall notify all SwapClear Clearing Members of the Discounting Risk Swaps that will be registered in their Proprietary Accounts, Individual Segregated Accounts and "position accounts" within each Omnibus Segregated Account and it shall register such Discounting Risk Swaps in such accounts without regard to any Cash Only Election Notice.
- 9.2 Except as provided in Section 9.3 below, on the first "business day" immediately following the Auction Date the Clearing House shall:
- (a) in relation to each Auction Winner, register the related Discounting Risk Swaps (or portion thereof) in the Proprietary Account of the Auction Winner and each Auction Winner and the Clearing House shall become party to such Discounting Risk Swaps;
 - (b) in relation to each Proprietary Account other than De Minimis Participant Accounts, register the Discounting Risk Swaps determined pursuant to Section 5.2(a) in each SwapClear Clearing Member's Proprietary Account; and
 - (c) in relation to each Individual Segregated Account and "position account" within each Omnibus Segregated Account other than Cash Only Client Position Accounts and De Minimis Participant Accounts, register the Discounting Risk Swaps determined pursuant to Section 5.2(b), and (c) in relation to such SwapClear Clearing Client in the relevant account.
- 9.3 Each SwapClear Clearing Member agrees to be bound by each Discounting Risk Swap registered pursuant to this Section 9, which shall, when registered, constitute SwapClear Contracts between the Clearing House and the relevant SwapClear Clearing Member that have arisen by reason of the application of the Regulations to the Impacted SwapClear Contracts.

10. DETERMINATIONS BINDING

Subject to Section 13, all determinations and calculations made by the Clearing House pursuant to this Annex and the Cash Settlement Schedule shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

11. RECORDS

The Clearing House shall update its books and records to reflect the Discounting Risk Swaps, Cash Compensation Contracts, Cash Valuation Change Amounts (USD), Cash Valuation Change Amounts (MXN), Auction Winner Amounts and Cash Only Client Position Account Auction Adjustments resulting from the operation of this Annex and the Cash Settlement Schedule. The obligation to pay, or the right to receive, any

amounts determined under this Annex may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements.

12. MISCELLANEOUS

- (a) The obligations of the Clearing House to each SwapClear Clearing Member shall be to perform its obligations as principal to such SwapClear Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 13.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the Procedures to change the rate used for the purposes of (i) calculating PAI, (ii) calculating the Price Alignment Amount, and (iii) constructing the Clearing House's zero coupon yield curves under 1.7.2 of Section 2C of the Procedures from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook. The benefit of the performance by the Clearing House of its obligations under this Annex is conferred upon SwapClear Clearing Members only, as principal, and a person who is not a party to the Rulebook has no right under Contracts (Rights of Third Parties) Act 1999 (as amended from time to time) to enforce any term of this Annex.

13. LIMITATION OF LIABILITY

13.1 Without prejudice to the generality of Regulation 52, each SwapClear Clearing Member agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any claim against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with:

- (i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or
- (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.2 Without prejudice to the generality of Regulation 52 and clause 14.1 above, each SwapClear Clearing Member further agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.3 Each SwapClear Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from a SwapClear Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any SwapClear Clearing Member or SwapClear Clearing Client in connection with this Annex or any SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), a SwapClear Clearing Member or SwapClear Clearing Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each SwapClear Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.

13.4 For the avoidance of doubt, notwithstanding anything herein or in the Cash Settlement Supplement or Cash Settlement Schedule, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, a SwapClear Clearing Member.

CASH SETTLEMENT SCHEDULE

This Cash Settlement Schedule sets forth certain provisions relating to the Discounting Risk Auctions and the Mid-Price Auctions and the cash settlement process in relation to both the SOFR Rate Change Annex for the SCM service and the SOFR Rate Change Annex for the FCM Service and may be supplemented from time to time by one or more Cash Settlement Supplements.

1. AUCTIONED CONTRACTS

The Clearing House shall determine a single Net Auction Contract Pair (as defined below) separately for each Maturity Bucket as follows:

- (a) first, the Clearing House shall determine the portfolio of Discounting Risk Swaps for each Maturity Bucket that would, but for the Cash Only Election Notices, have been registered in each of the Cash Only Client Position Accounts in accordance with the SOFR Rate Change Annex for the SCM service and the SOFR Rate Change Annex for the FCM service; and
- (b) second, the Clearing House shall aggregate and net all of the risks and cash flows for the above Discounting Risk Swaps for each Maturity Bucket to determine a single pair of Discounting Risk Swaps for each Maturity Bucket, and each such pair of Discounting Risk Swaps shall be the **Net Auction Contract Pair** for that Maturity Bucket.

Each Net Auction Contract Pair shall comprise (i) a Discounting Risk Swap pursuant to which, the Clearing House or the SwapClear Clearing Member (**Party X**) will receive Fed Funds and pay to the other party (**Party Y**) fixed amounts, which shall be determined by reference to the fixed rate (determined by the Clearing House in accordance with its usual processes); that would be payable on the fixed leg of a SwapClear Contract at the ~~time close of business~~ on the Swap Portfolio Calculation Date determined by the Clearing House, where the floating rate is the Fed Funds Rate and the maturity date corresponds to the relevant Maturity Bucket, and (ii) a Discounting Risk Swap pursuant to which Party X pay SOFR and receive from Party Y a fixed amount, which shall be a fixed rate, determined by subtracting the spread equal to the Mid-Price determined pursuant to this Cash Settlement Schedule from the fixed rate referred to in (a) above, provided that if the process referred to in this Cash Settlement Schedule fails to provide the Mid-Price for the relevant Maturity Bucket, the Clearing House shall determine the spread for that Maturity Bucket using its customary methodology and applying it to observable market data points and applying linear interpolation where the Clearing House considers appropriate.

For the avoidance of doubt, the above determinations are made solely for the purposes of determining the Net Discounting Risk Swaps that shall be subject to the Discounting Risk Auctions and, prior to the registration of the Discounting Risk Swaps resulting from the from the Discounting Risk Auctions, no SwapClear Contracts shall be registered in any SwapClear Clearing Member's accounts.

For these purposes:

Cash Settlement Participants means those SwapClear Clearing Members and FCM Clearing Members (if any) who have notified the Clearing House via the SwapClear Portal by the cut-off time specified by the Clearing House in the Rate Change Notice related to SOFR that they

shall participate in the Discounting Risk Auctions and Mid-Price Auctions. For the avoidance of doubt, only one SwapClear Clearing Member per group of affiliated SwapClear Clearing Members shall be entitled to submit pricing and such SwapClear Clearing Member shall be bound by the terms of such pricing and the terms of this Cash Settlement Schedule, the Cash Settlement Supplement and the applicable Rate Change Annex for SOFR.

Discounting Risk Auction means each auction that is not a Mid-Price Auction and that is held by the Clearing House for the purposes of liquidating certain Discounting Risk Swaps described in Section 1 of this Schedule and determining certain spreads, curves, amounts and related information.

Expected Cash Settlement Participant means each SwapClear Clearing Member and FCM Clearing Member (if any) that belongs to a group which, during January, February and March 2020, had more than USD1 trillion in gross notional amount of new SwapClear Contracts and/or FCM SwapClear Contracts that are Impacted SwapClear Contracts or Impacted FCM SwapClear Contracts registered in the Proprietary Accounts of all SwapClear Clearing Members or FCM Clearing Members in that group.

Mid-Price Auction means each auction that is not a Discounting Risk Auction and that is held by the Clearing House for the purpose of determining the Mid-Price in relation to a Maturity Bucket pursuant to Section 3 of this Schedule.

2. PRICE SUBMISSIONS

- (a) The manner in which each Cash Settlement Participant must submit pricing in relation to each Discounting Risk Auction and each Mid-Price Auction shall be further set out by the Clearing House in a Cash Settlement Supplement.
- (b) Each time a Cash Settlement Participant submits pricing in relation to each Discounting Risk Auction and each Mid-Price Auction (as applicable) it shall be deemed to represent and warrant that it has all necessary internal approvals and risk permissions in place to submit such pricing, and pay any amounts and be bound to any Crossed Mid-Price Setting Transactions (as defined below) in connection with such Mid-Price Auction and any SwapClear Contracts and/or SwapClear FCM Contracts registered in its Proprietary Account in connection with such Discounting Risk Auction.
- (c) Each price submitted by a Cash Settlement Participant in connection with a Discounting Risk Auction constitutes an offer to the Clearing House to enter into the Net Auction Contract Pair related to that Discounting Risk Auction and shall be treated for all purposes as an irrevocable firm, executable price. Each price submitted by a Cash Settlement Participant in connection with a Mid-Price Auction constitutes an offer to the other Cash Settlement Participants to enter into a Mid-Price Setting Transaction (as defined below) related to that Mid-Price Auction and shall be treated for all purposes as an irrevocable firm, executable price.
- (d) Subject to paragraph (e) below, the Clearing House may only reject a bid or offer submitted in a Discounting Risk Auction or Mid-Price Auction if it considers, in its sole and absolute discretion, that such bid or offer has been submitted as a result of a manifest error. If the Clearing House makes such a determination it shall first contact the Cash Settlement Participant who submitted such pricing and provide such Cash Settlement Participant with the opportunity to withdraw and/or correct such manifest

error before the relevant Discounting Risk Auction or Mid-Price Auction (as applicable) is concluded. If such pricing is not corrected or withdrawn the Clearing House shall disregard such pricing for all purposes.

- (e) For the purposes of the Discounting Risk Auctions, the Clearing House shall not take into account any bid or offer that is submitted for a Maturity Bucket if the number of basis points between such bid or offer, on the one hand, and the Mid-Price, on the other hand, is greater than the Bid/Offer Limit for that Maturity Bucket. The **Bid/Offer Limit** shall be expressed as a number of basis points and shall be published by the Clearing House prior to the Auction Date. The Bid/Offer Limit shall be within a range published by the Clearing House prior to the Cash Only Election Cut-Off Date.

3. DETERMINING THE MID-PRICE AND CONSTRUCTING THE SOFR PRICING CURVE

- (a) For the purpose of determining the Mid-Price in relation to a Maturity Bucket, on the Auction Date and prior to the commencement of the Discounting Risk Auctions, the Clearing House shall require, and each Cash Settlement Participant shall, in respect of each Maturity Bucket provide to the Clearing House, two-way pricing (bids and offers) to enter into a Fed Funds Rate – SOFR basis swap with a maturity equal to the maturity for that Maturity Bucket and a notional amount to be determined by the Clearing House in its sole and absolute discretion and notified to the Cash Settlement Participants on, or prior to, the Auction Date (the "**Mid-Price Setting Transaction**"). For the avoidance of doubt, no Discounting Risk Swaps or Net Auction Contract Pairs in relation to a Maturity Bucket shall be auctioned, liquidated or sold pursuant to this process and no SwapClear Contract or FCM SwapClear Contract shall be registered as a direct result of any prices submitted by a Cash Settlement Participant pursuant to this Section 3.
- (b) Each SwapClear Clearing Member that is an Expected Cash Settlement Participant agrees that it shall use all reasonable efforts to submit pricing in accordance with this Cash Settlement Schedule for the Mid-Price Setting Transaction in each Maturity Bucket.
- (c) Solely for the purposes of determining the Mid-Price in relation to a Maturity Bucket the Clearing House shall take the following steps separately in relation to all bids and offers submitted for the Mid-Price Setting Transaction for that Maturity Bucket:
 - (i) first, it shall order the bid prices in descending order (i.e. starting with the highest bid) and order the offer prices in ascending order (i.e. starting with the lowest offer);
 - (ii) second, it shall remove any crossing bids and offers (i.e. if any ranked, ordered, individual bid price exceeds any ranked, ordered, individual offer price (a "**Crossed Bid**" and a "**Crossed Offer**," respectively) both such bid and offer prices shall be removed);
 - (iii) third, it shall determine the top quartile of the bid prices and the top quartile of the offer prices (rounding up to determine a quarter) and remove the remaining bid and offer prices;

- (iv) fourth, it shall calculate the average of the remaining bid prices and the average of the remaining offer prices; and
- (v) fifth, it shall sum the averages determined under step (iv) and divide the result by two, and the result shall be the "**Mid-Price**" for that Maturity Bucket.

If the process referred to immediately above fails to provide the Mid-Price for the relevant Maturity Bucket, the Clearing House shall determine the Mid-Price for that Maturity Bucket using its customary methodology and applying it to observable market data points and applying linear interpolation where the Clearing House considers appropriate, and this shall be the "Mid-Price" for that Maturity Bucket. For the avoidance of doubt, the above steps shall not apply to determine the identity of the Auction Winner in relation to a Maturity Bucket and shall only be applicable to determine the Mid-Price in relation to that Maturity Bucket

- (d) Once the above steps have been completed, the Clearing House shall construct a SOFR curve by (i) in relation to tenors for which there is a corresponding Maturity Bucket, adding each Mid-Price calculated with respect to that Maturity Bucket in accordance with the foregoing methodology to the corresponding tenor on the Clearing House's zero coupon yield curve for the Fed Funds Rate as of the Auction Date, and (ii) in relation to tenors for which there is not a corresponding Maturity Bucket (or for which the process referred to in this Section 3 fails to provide the Mid-Price), using observable market data points and applying linear interpolation where the Clearing House considers appropriate.
- (e) On the Auction Date the Clearing House shall notify each Cash Settlement Participant that has submitted a Crossed Bid or Crossed Offer. A Cash Settlement Participant that has submitted a Crossed Bid shall be obliged to enter into a Mid-Price Setting Transaction with another Cash Settlement Participant that has submitted a Crossed Offer and a Cash Settlement Participant that has submitted a Crossed Offer shall be obliged to enter into a Mid-Price Setting Transaction with another Cash Settlement Participant that has submitted a Crossed Bid (each, a "**Crossed Mid-Price Setting Transaction**"), in each case no later than ~~time close of business in New York~~ on the Auction Date determined by the Clearing House. The Clearing House shall determine the spread in relation to each Crossed Mid-Price Setting Transaction by taking the average of all of the Crossed Bids and Crossed Offers. The process for determining the parties to each Crossed Mid-Price Setting Transaction and the spread in relation to each Crossed Mid-Price Setting Transaction shall be further defined in the Cash Settlement Supplement. Upon the Clearing House's request, each Cash Settlement Participant that is required to enter into a Crossed Mid-Price Setting Transaction pursuant to this paragraph (e) shall provide evidence that it has entered into such Crossed Mid-Price Setting Transaction (and such evidence may include the Cash Settlement Participant identifying a transaction cleared with the Clearing House that corresponds to such Crossed Mid-Price Setting Transaction).

4. FURTHER POWERS AND INFORMATION

- (a) In the event that no prices are received in relation to a Discounting Risk Auction for a Maturity Bucket by the end of the relevant bidding window identified in the Cash Settlement Supplement, or the Clearing House otherwise determines, in its sole and absolute discretion, that it would be appropriate to do so, the Clearing House may:

- (i) hold one or more further auctions on the Auction Date or subsequent days;
 - (ii) split the portfolio of Net Auction Contract Pairs into different groups or notional amounts; and/or
 - (iii) take any other steps that it considers appropriate in order to obtain bids or offers in relation to the Net Auction Contract Pairs in such Maturity Bucket,
- (b) and it shall make any consequential adjustments to the terms of the Rate Change Notice(s) relating to SOFR as it considers appropriate, and the terms of this Annex (including the "**Auction Date**") shall be construed accordingly.
- (c) If, having taken the steps above in connection with a Discounting Risk Auction, where applicable, no prices are received in relation to one or more of the Maturity Buckets then the Clearing House will determine that no further auctions shall take place with respect to the relevant Maturity Bucket(s) and all Cash Only Clients shall have Discounting Risk Swaps for such relevant Maturity Bucket(s) registered in the relevant Individual Segregated Account, "position account" within an Omnibus Segregated Account or FCM Client Sub-Accounts (as applicable) notwithstanding any Cash Only Election Notices previously delivered in respect of such SwapClear Clearing Clients or FCM Clients.
- (d) If, in relation to a Maturity Bucket, the Clearing House is unable to auction and liquidate the full notional amount of the Discounting Risk Swaps that are the subject of the auction for that Maturity Bucket (including, without limitation, because the aggregate notional amount for which bids are received in relation to that Maturity Bucket is less than the entire notional amount of such Discounting Risk Swaps) (the **Non-Auctioned Swaps**), the Clearing House shall, notwithstanding any Cash Only Election Notices previously delivered, allocate the Non-Auctioned Swaps to each Cash Only Client Position Account, with each Cash Only Client Position Account being allocated a share of the Non-Auctioned Swaps pro rata to that Cash Only Client Position Account's share of the total notional amount of Discounting Risk Swaps for that Maturity Bucket that would, but for the delivery of the Cash Only Election Notices, have been registered in each of the Cash Only Client Position Accounts.

5. LIMITATION OF LIABILITY

- 5.1 Without prejudice to the generality of Regulation 52, each SwapClear Clearing Member agrees:
- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
 - (b) to waive any claim against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with:

- (i) any determination, calculation, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with the Cash Settlement Schedule; or
- (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, the Cash Settlement Schedule;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

5.2 Without prejudice to the generality of Regulation 52 and clause 5.1 above, each SwapClear Clearing Member further agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under the Cash Settlement Schedule, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

5.3 Each SwapClear Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under the Cash Settlement Schedule, save for the express contractual duties set forth in the Cash Settlement Schedule; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from a SwapClear Clearing Member in connection with the Cash Settlement Schedule; (iii) is acting as a fiduciary for, or as an advisor to, any SwapClear Clearing Member or SwapClear Clearing Client in connection with the Cash Settlement Schedule or any SwapClear Contract registered as a result of the matters specified in the Cash Settlement Schedule; (iv) shall be under any requirement to consult with, or individually notify, a SwapClear Clearing Member or SwapClear Clearing Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under the Cash Settlement Schedule; or (v) has made any representation, express or implied, in relation to the Cash Settlement Schedule, and each SwapClear Clearing Member acknowledges that it has

not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to the Cash Settlement Schedule.

- 5.4 For the avoidance of doubt, notwithstanding anything herein, in the applicable Rate Change Annex for SOFR or Cash Settlement Supplement, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, a SwapClear Clearing Member.

SWAPCLEAR SCM SERVICE - RATE CHANGE ANNEX – EURO SHORT TERM RATE (€STR)

1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Rate Change Annex” as defined in the Regulations and supplements and forms part of the Rulebook.
- (b) This Annex relates to the change in the rate from the Euro OverNight Index Average (**EONIA**) to the Euro Short Term Rate (**€STR**) for the purposes of (i) calculating PAI, (ii) calculating the Price Alignment Amount, and (iii) constituting the relevant underlying benchmark for the instruments used to construct the Clearing House’s zero coupon yield curves under 1.7.2 of Section 2C of the Procedures to calculate the net present value, each in relation to Impacted SwapClear Contracts.
- (c) The terms of this Annex shall apply to all Impacted SwapClear Contracts of the type set-out in the Rate Change Notice relating to €STR as set out below. For the avoidance of doubt, (i) no other SwapClear Contract shall be subject to, or affected by, the terms of this Annex and each SwapClear Contract shall remain in full force and effect, and (ii) the SwapClear Contract Terms shall not be amended by the terms of this Annex.
- (d) Capitalized terms used but not otherwise defined in this Annex have the meaning given to them in the Regulations. The term "business day" has the meaning given to it in the Regulations.
- (e) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

2. DEFINITIONS

For the purposes of this Annex:

Cash Compensation Amount means, in relation to the Impacted SwapClear Contracts in a Proprietary Account, an Individual Segregated Account, or a "position account" within an Omnibus Segregated Account, the amount determined in accordance with Section 4 below.

Cash Compensation Contract means each contract determined by the Clearing House and registered in the relevant Proprietary Account, Individual Segregated Account or "position account" within an Omnibus Segregated Account pursuant to Section 4 below.

EONIA Discounted Value means, in relation to an Impacted SwapClear Contract, the net present value, as of the time end of the "business day" in New York on the €STR Calculation Date determined by the Clearing House, of all future cash flows under that Impacted SwapClear Contract calculated using EONIA as the discounting rate for the purpose of constructing the zero coupon yield curves under 1.7.2 of Section 2C of the Procedures (with the future cash flows calculated in the same manner as for the determination of the €STR Discounted Value). If the net present value represents an asset or positive value for the Clearing House, such

EONIA Discounted Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such EONIA Discounted Value shall be a negative amount.

€STR Calculation Date means in relation to a Rate Change Notice relating to €STR the date specified as such by the Clearing House and specified in the Rate Change Notice relating to €STR, being the date on which the Clearing House shall calculate the amounts and values specified in Section 4 below.

€STR Discounted Value means, in relation to an Impacted SwapClear Contract, the net present value, as of the ~~time end of the "business day" in New York~~ on the €STR Calculation Date ~~determined by the Clearing House~~, of all future cash flows under that Impacted SwapClear Contract calculated using €STR as the discounting rate for the purpose of constructing the zero coupon yield curves under 1.7.2 of Section 2C of the Procedures (with the future cash flows calculated in the same manner as for the determination of the EONIA Discounted Value). If the net present value represents an asset or positive value for the Clearing House, such €STR Discounted Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such €STR Discounted Value shall be a negative amount.

3. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

Pursuant to Regulation 60B of the Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are "Rate Change Payments" for purposes of Regulation 60B), and (ii) determining the terms of the Cash Compensation Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts. .

4. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CHANGE TO €STR

- (a) Immediately following the €STR Calculation Date the Clearing House shall calculate:
- (i) the aggregate EONIA Discounted Value and the aggregate €STR Discounted Value in relation to all Impacted SwapClear Contracts registered in each Proprietary Account as of the ~~time end of the "business day" in New York~~ on the €STR Calculation Date ~~determined by the Clearing House~~;
 - (ii) the aggregate EONIA Discounted Value and the aggregate €STR Discounted Value in relation to all Impacted SwapClear Contracts registered in each Individual Segregated Account as of the ~~time end of the "business day" in New York~~ on the €STR Calculation Date ~~determined by the Clearing House~~; and
 - (iii) the aggregate EONIA Discounted Value and the aggregate €STR Discounted Value in relation to all Impacted SwapClear Contracts registered in each "position account" within each Omnibus Segregated Account as of the ~~time end of the "business day" in New York~~ on the €STR Calculation Date ~~determined by the Clearing House~~.

- (b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the Impacted SwapClear Contracts in each Proprietary Account, each Individual Segregated Account, and each "position account" within each Omnibus Segregated Account as follows. If:
- (i) the aggregate €STR Discounted Value in relation to all such Impacted SwapClear Contracts exceeds the aggregate EONIA Discounted Value in relation to all such Impacted SwapClear Contracts then the Cash Compensation Amount in relation to such Impacted SwapClear Contracts shall be equal to the absolute value of the difference, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable); and
 - (ii) the aggregate €STR Discounted Value in relation to all such Impacted SwapClear Contracts is less than the aggregate EONIA Discounted Value in relation to all such Impacted SwapClear Contracts then the Cash Compensation Amount in relation to such Impacted SwapClear Contracts shall be equal to the absolute value of the difference, and shall be an amount in favor of the SwapClear Clearing Member in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable).
- (c) The Clearing House shall, pursuant to Regulation 60B, register a separate Cash Compensation Contract in each Proprietary Account, each Individual Segregated Account and each "position account" within an Omnibus Segregated Account in relation to the Cash Compensation Amount (to the extent such amounts are applicable to such account or "position account"). Each SwapClear Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay the Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the SwapClear Contract Terms) of EUR1, a "Termination Date" (as defined in the SwapClear Contract Terms) falling two "business days" after the €STR Calculation Date, and an obligation on the Clearing House or the SwapClear Clearing Member (as applicable) to pay to the other an amount equal to the Cash Compensation Amount related to the relevant Proprietary Account, Individual Segregated Account, or "position account" within the relevant Omnibus Segregated Account, in each case as determined pursuant to Section 4(b) above, with a positive Cash Compensation Amount representing an amount payable by the Clearing House to the SwapClear Clearing Member and a negative Cash Compensation Amount representing an amount payable to the Clearing House by the SwapClear Clearing Member. However, Neither the Clearing House nor a SwapClear Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.
- (d) Each SwapClear Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 4, which shall, when registered, constitute a SwapClear Contract between the Clearing House and the relevant SwapClear Clearing

Member that has arisen by reason of the application of the Regulations to the Impacted SwapClear Contracts.

- (e) Each SwapClear Clearing Member agrees (and in the case of (e)(iv) below, each SwapClear Clearing Member and the Clearing House agrees):
- (i) to use reasonable endeavors to provide each of its SwapClear Clearing Clients with (i) information on the change in the rate from EONIA to €STR pursuant to the terms of Regulation 60B and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be allocated to that SwapClear Clearing Client's Individual Segregated Account, or "position account" within such Omnibus Segregated Account pursuant to the terms of this Annex, and (iii) other information (indicative or otherwise) in relation to each SwapClear Clearing Client's "position account. Such information shall include the terms of this Annex and any information which it has received from, or is made available by, the Clearing House in connection with this Annex;
 - (ii) that it, and each of SwapClear Clearing Client, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
 - (iii) to perform all obligations and exercise all rights under this Annex in accordance with Applicable Law; and
 - (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of the change from EONIA to €STR.

5. DETERMINATIONS BINDING

Subject to Section 8, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

6. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements.

7. MISCELLANEOUS

- (a) The obligations of the Clearing House to each SwapClear Clearing Member shall be to perform its obligations as principal to such SwapClear Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 8.

- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the Procedures to change the rate used for the purposes of (i) calculating PAI, (ii) calculating the Price Alignment Amount, and (iii) constructing the Clearing House's zero coupon yield curves under 1.7.2 of Section 2C of the Procedures from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook. The benefit of the performance by the Clearing House of its obligations under this Annex is conferred upon SwapClear Members only, as principal, and a person who is not a party to the Rulebook has no right under Contracts (Rights of Third Parties) Act 1999 (as amended from time to time) to enforce any term of this Annex.

8. LIMITATION OF LIABILITY

8.1 Without prejudice to the generality of Regulation 52, each SwapClear Clearing Member agrees:

(a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and

(b) to waive any claim against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with:

(i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or

(ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

8.2 Without prejudice to the generality of Regulation 52 and clause 8.1 above, each SwapClear Clearing Member further agrees:

(a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and

- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

- 8.3 Each SwapClear Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from a SwapClear Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any SwapClear Clearing Member or SwapClear Clearing Client in connection with this Annex or any SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), a SwapClear Clearing Member or SwapClear Clearing Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each SwapClear Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.
- 8.4 For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, a SwapClear Clearing Member.

SCHEDULE 3
SWAPCLEAR SCM SERVICE – FLOATING RATE CONVERSION ANNEX –
EURO OVERNIGHT INDEX AVERAGE (EONIA)

1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Floating Rate Conversion Annex” as defined in and pursuant to the Regulations and supplements and forms part of the Rulebook.
- (b) The terms of this Annex shall apply to all open SwapClear Contracts that (i) specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder, and (ii) are registered with the Clearing House at the ~~time end of the “business day” in New York~~ on the Conversion Cut-Off Date determined by the Clearing House (each such SwapClear Contract, an **EONIA Contract**). For the avoidance of doubt, (A) no other SwapClear Contract shall be subject to, or affected by, the terms of this Annex and all SwapClear Contracts shall remain in full force and effect as amended pursuant to the Floating Rate Conversion Annexes, and (B) other than as expressly set out in this Annex, the SwapClear Contract Terms shall not be amended, supplemented or modified by the terms of this Annex.
- (c) Capitalised terms used but not otherwise defined herein have the meaning given to them in the Regulations. The term "business day" has the meaning given to it in the Regulations.
- (d) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

2. DEFINITIONS

2.1 For the purposes of this Annex:

Amended EONIA Contract means each EONIA Contract after giving effect to the amendments made pursuant to Section 3 of this Annex.

Cash Compensation Amount means, in relation to the EONIA Contracts in a Proprietary Account, an Individual Segregated Account, or a "position account" within an Omnibus Segregated Account, the amount determined in accordance with Section 5 below.

Cash Compensation Contract means each contract determined by the Clearing House and registered in the relevant Proprietary Account, Individual Segregated Account or "position account" within an Omnibus Segregated Account pursuant to Section 5 below.

Conversion Cut-Off Date means the business day immediately prior to the Conversion Date.

Conversion Date means October 16, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

EONIA Contract has the meaning given to the term in Section 1(b) hereto.

EONIA Value means, in relation to an EONIA Contract, the net present value, determined by the Clearing House by reference to the Clearing House's zero coupon yield curves as of the time specified in Section 1.7.2 of these Procedures on the Conversion Date, of all future cash flows under that EONIA Contract on the basis that such EONIA Contract is an Unamended EONIA Contract. If the net present value represents an asset or positive value for the Clearing House, such EONIA Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such EONIA Value shall be a negative amount.

€STR Value means, in relation to an EONIA Contract, the net present value, determined by the Clearing House by reference to the Clearing House's zero coupon yield curves as of the time specified in Section 1.7.2 of these Procedures on the Conversion Date, of all future cash flows under that EONIA Contract on the basis that such EONIA Contract is an Amended EONIA Contract. If the net present value represents an asset or positive value for the Clearing House, such €STR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such €STR Value shall be a negative amount.

EUR-EONIA-OIS-COMPOUND has the meaning given to it in the ISDA 2000 Definitions or ISDA 2006 Definitions (as applicable)

EUR-EONIA-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

EUR-EuroSTR-COMPOUND has the meaning given to it in the ISDA 2000 Definitions or ISDA 2006 Definitions (as applicable).

EUR-EuroSTR-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

In-Scope Floating Rate Option means EUR-EONIA-OIS COMPOUND or EUR-EONIA-OIS Compound.

ISDA Definitions means the ISDA 2000 Definitions, the ISDA 2006 Definitions and the ISDA 2021 Definitions, each as published by the International Swaps and Derivatives Association, Inc.

Unamended EONIA Contract means each EONIA Contract prior to giving effect to the amendments made pursuant to Section 3 below.

3. AMENDMENT TO EONIA CONTRACTS

3.1

- (a) Pursuant to Regulation 60C of the Regulations, with effect from, and including, the Conversion Date, each EONIA Contract shall be amended so that each reference to EONIA shall instead be deemed to be a reference to the Euro Short-Term Rate (**€STR**) (without any spread) and each reference to an In-Scope Floating Rate Option shall instead be a reference to EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound (as applicable), depending on the ISDA Definitions incorporated into the relevant EONIA Contract.
- (b) No other term of any EONIA Contract shall be amended under this Annex.

4. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

- (a) Pursuant to Regulation 60C of the Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are “Conversion Payments” for purposes of Regulation 60C), and (ii) determining the terms of the Cash Compensation Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts.

5. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CHANGE TO €STR

- (a) On the Conversion Date the Clearing House shall calculate:
- (i) the aggregate EONIA Value and the aggregate €STR Value in relation to all EONIA Contracts registered in each Proprietary Account as of the ~~time end of the business day in New York~~ on the Conversion Cut-Off Date determined by the Clearing House; and
- (ii) the aggregate EONIA Value and the aggregate €STR Value in relation to EONIA Contracts registered in each Individual Segregated Account as of the ~~time end of the business day in New York~~ on the Conversion Cut-Off Date determined by the Clearing House.
- (b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the EONIA Contracts in each Proprietary Account, each Individual Segregated Account, and each "position account" within each Omnibus Segregated Account as follows. If:
- (i) the aggregate €STR Value in relation to all such EONIA Contracts exceeds the aggregate EONIA Value in relation to all such EONIA Contracts then the Cash Compensation Amount in relation to such EONIA Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the SwapClear Clearing Member in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable); and
- (ii) the aggregate €STR Value in relation to all such EONIA Contracts is less than the aggregate EONIA Value in relation to all such EONIA Contracts then the Cash Compensation Amount in relation to such EONIA Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable).
- (c) The Clearing House shall, pursuant to Regulation 60C, register a separate Cash Compensation Contract in each Proprietary Account, each Individual Segregated Account and each "position account" within an Omnibus Segregated Account in relation to the Cash Compensation Amount (to the extent such

amounts are applicable to such account or "position account"). Each SwapClear Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay the Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the SwapClear Contract Terms) of EUR1, a "Termination Date" (as defined in the SwapClear Contract Terms) falling two business days after the Conversion Cut-Off Date, and an obligation on the Clearing House or the SwapClear Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the relevant Proprietary Account, Individual Segregated Account, or "position account" within the relevant Omnibus Segregated Account, in each case as determined pursuant to Section 5(b) above. However, neither the Clearing House nor a SwapClear Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.

- (d) Each SwapClear Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 5, which shall, when registered, constitute a SwapClear Contract between the Clearing House and the relevant SwapClear Clearing Member that has arisen by reason of the application of the Regulations to the EONIA Contracts.
- (e) Each SwapClear Clearing Member agrees (and in the case of (e)(iv) below, each SwapClear Clearing Member and the Clearing House agrees):
 - (i) to use reasonable endeavors to provide each of its SwapClear Clearing Clients with (i) information on the change to the EONIA Contracts pursuant to the terms of Regulation 60C and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be allocated to that SwapClear Clearing Client's Individual Segregated Account, or "position account" within an Omnibus Segregated Account pursuant to the terms of this Annex, and (iii) other information (indicative or otherwise) in relation to each SwapClear Clearing Client's "position account". Such information shall be set out in 'Risk Notices' or other materials from the Clearing House in connection with this Annex (or any applicable Floating Rate Conversion Notice(s)) expressly marked for distribution to SwapClear Clearing Clients;
 - (ii) that it, and each SwapClear Clearing Client, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
 - (iii) to perform all obligations and exercise all rights under or pursuant to this Annex in accordance with Applicable Law; and

- (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of the changes to the EONIA Contracts pursuant to this Annex.

6. ELIGIBILITY FROM THE CONVERSION DATE

Notwithstanding anything to the contrary in the Product Specific Contract Terms and Eligibility Criteria Manual, from and including the Conversion Date the Clearing House shall not accept for clearing or registration any SwapClear Transaction that specifies an In-Scope Floating Rate Option.

7. DETERMINATIONS BINDING

Subject to Section 10, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

8. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements.

9. MISCELLANEOUS

- (a) The obligations of the Clearing House to each SwapClear Clearing Member shall be to perform its obligations as principal to such SwapClear Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 10.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the Regulations and the Procedures to change the terms of any open SwapClear Contract from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook. The benefit of the performance by the Clearing House of its obligations under this Annex is conferred upon SwapClear Clearing Members only, as principal, and a person who is not a party to the Rulebook has no right under Contracts (Rights of Third Parties) Act 1999 (as amended from time to time) to enforce any term of this Annex.

10. LIMITATION OF LIABILITY

- 10.1 Without prejudice to the generality of Regulation 52, each SwapClear Clearing Member agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any claim against the Clearing House or any member of the LCH Group; arising or that may arise in connection with:
 - (i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or
 - (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex; except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

10.2 Without prejudice to the generality of Regulation 52 and Section 10.1 above, each SwapClear Clearing Member further agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group; arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

10.3 Each SwapClear Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from a SwapClear Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any SwapClear Clearing Member or SwapClear Clearing Client in connection with this Annex or any SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), a SwapClear Clearing Member or SwapClear Clearing Client in connection with making its determinations, exercising its

discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each SwapClear Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.

For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, a SwapClear Clearing Member.

SCHEDULE 4
SWAPCLEAR SCM SERVICE –
FLOATING RATE CONVERSION ANNEX – LIBOR

1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Floating Rate Conversion Annex” as defined in and pursuant to the Regulations and supplements and forms part of the Rulebook.
- (b) The terms of this Annex shall apply to all open SwapClear Contracts that (i) specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder, and (ii) are registered with the Clearing House as of the ~~time end of the “business day” in New York~~ on the Conversion Cut-Off Date determined by the Clearing House (each such SwapClear Contract, a **LIBOR Contract**). For the avoidance of doubt, (A) no other SwapClear Contract shall be subject to, or affected by, the terms of this Annex and all SwapClear Contracts shall remain in full force and effect, and (B) other than as expressly set out in this Annex, the SwapClear Contract Terms shall not be amended, supplemented or modified by the terms of this Annex.
- (c) Capitalised terms used but not otherwise defined herein have the meaning given to them in the Regulations. The term “business day” has the meaning given to it in the Regulations.
- (d) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

2. DEFINITIONS

For the purposes of this Annex:

Affected Forward Rate Agreement means each open Forward Rate Agreement that has a “Reset Date” (as defined in the ISDA Definitions) which (i) in the case of a Forward Rate Agreement for which the floating rate is GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of a Forward Rate Agreement for which the floating rate is an In-Scope Floating Rate Option other than GBP-LIBOR-BBA or GBP-LIBOR, falls on or after the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant Forward Rate Agreement.

Amended LIBOR Contract means each LIBOR Contract after giving effect to the amendments made pursuant to Section 3 below and, in respect of the Affected Forward Rate Agreements, the amendments made pursuant to Section 4 below.

Basis Swap Operational Split Date means October 2, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

Bloomberg Spread means, in relation to an In-Scope Floating Rate Option, the spread relating to that In-Scope Floating Rate Option for a period of the Designated Maturity (as defined in the ISDA Definitions) of that LIBOR Contract provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time).

Cash Compensation Amount means, in relation to all LIBOR Contracts that specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder in a Proprietary Account, an Individual Segregated Account, or a "position account" within an Omnibus Segregated Account, the amount determined in accordance with Section 8 below, or, in relation to Legacy LIBOR Transactions, the amount determined in accordance with Section 11 below.

Cash Compensation Contract means each contract determined by the Clearing House and registered in the relevant Proprietary Account, Individual Segregated Account or "position account" within an Omnibus Segregated Account pursuant to Section 8 or Section 11 (as applicable) below.

Conversion Cut-Off Date means, with respect to a LIBOR Contract, the business day immediately prior to the Conversion Date applicable to such LIBOR Contract as determined in accordance with the definition of "Conversion Date" below.

Conversion Date means:

- (a) in relation to each LIBOR Contract (including each Affected Forward Rate Agreement) that specifies CHF-LIBOR-BBA, CHF-LIBOR, EUR-LIBOR-BBA, EUR-LIBOR, JPY-LIBOR-BBA or JPY-LIBOR as the floating rate or uses CHF-LIBOR-BBA, CHF-LIBOR, EUR-LIBOR-BBA, EUR-LIBOR, JPY-LIBOR-BBA, or JPY-LIBOR to calculate the floating amount thereunder, December 4, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate; and
- (b) in relation to each LIBOR Contract (including each Affected Forward Rate Agreement) that specifies GBP-LIBOR-BBA or GBP-LIBOR as the floating rate or uses GBP-LIBOR-BBA or GBP-LIBOR to calculate the floating amount thereunder, December 18, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

CHF-SARON-OIS-COMPOUND has the meaning given to it in the ISDA 2006 Definitions.

CHF-SARON-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

EUR-EuroSTR-COMPOUND has the meaning given to it in the ISDA 2006 Definitions.

EUR-EuroSTR-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

Fallback RFR Value means, in relation to a LIBOR Contract, the net present value, determined by the Clearing House as of the Conversion Date, of all future cash flows under that LIBOR Contract on the basis that such LIBOR Contract is not amended pursuant to this Annex, provided however that, for purposes of determining the Fallback RFR Value of an Affected Forward Rate Agreement, the provisions of Supplement 70 to the ISDA 2006 Definitions (and the equivalent provisions under the ISDA 2021 Definitions) shall not be taken

into account. If the net present value represents an asset or positive value for the Clearing House, such Fallback RFR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such Fallback RFR Value shall be a negative amount.

Forward Rate Agreement means each SwapClear Contract that is recorded as a “forward rate transaction” or “forward rate agreement” in the books and records of the Clearing House and references an In-Scope Floating Rate Option.

GBP-SONIA-COMPOUND has the meaning given to it in the ISDA 2006 Definitions.

GBP-SONIA-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

In-Scope Floating Rate Option means:

- (a) CHF-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (b) CHF-LIBOR (as defined in the ISDA 2021 Definitions);
- (c) EUR-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (d) EUR-LIBOR (as defined in the ISDA 2021 Definitions);
- (e) GBP-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (f) GBP-LIBOR (as defined in the ISDA 2021 Definitions);
- (g) JPY-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions); and
- (h) JPY-LIBOR (as defined in the ISDA 2021 Definitions).

ISDA Definitions means the ISDA 2000 Definitions, the ISDA 2006 Definitions and the ISDA 2021 Definitions, each as published by the International Swaps and Derivatives Association, Inc. For the avoidance of doubt unless otherwise provided herein, references to the ISDA 2006 Definitions shall mean the ISDA 2006 Definitions including Supplement 70 thereto.

JPY-TONA-OIS-COMPOUND has the meaning given to it in the ISDA 2006 Definitions.

JPY-TONA-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

Legacy LIBOR Cut-Off Date means September 21, 2021.

Legacy LIBOR End Date means December 31, 2024, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

Legacy LIBOR Transaction means a SwapClear Transaction (other than a “forward rate agreement” or “forward rate transaction”) that meets the following conditions:

- (a) it is eligible under the Product Specific Contract Terms and Eligibility Criteria Manual in effect from time to time;
- (b) it specifies an In-Scope Floating Rate Option other than EUR-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions) or EUR-LIBOR (as defined in the ISDA 2021 Definitions) as the floating rate or uses an In-Scope Floating Rate Option other than EUR-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions) or EUR-LIBOR (as defined in the ISDA 2021 Definitions) to calculate the floating amount thereunder;
- (c) it is presented to the Clearing House after the Conversion Date applicable to the In-Scope Floating Rate Option specified in the terms of that SwapClear Transaction; and
- (d) if it is presented to the Clearing House after December 31, 2021 either (i) in the case of SwapClear Transactions other than those referred to in (ii) below, the SwapClear Transaction was entered into prior to the Legacy LIBOR Cut-Off Date, or (ii) in the case of a SwapClear Transaction resulting from the exercise of a physically settled swaption, that swaption was entered into prior to the Legacy LIBOR Cut-Off Date.

LIBOR Basis Swap means each SwapClear Contract that is recorded as a “basis swap” in the books and records of the Clearing House and references an In-Scope Floating Rate Option.

Operational Straddle Period LIBOR Booking means an Operational Outright LIBOR Booking that reflects an In-Scope Floating Rate Option as the floating rate or uses an In-Scope Floating Rate Option to calculate the floating amount and which has a “Reset Date” (as defined in the ISDA Definitions) which:

- (a) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or prior to, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option; or
- (b) in the case of all other In-Scope Floating Rate Options, falls on, or prior to, the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option.

Relevant Number of Business Days means:

- (a) in relation to CHF-LIBOR-BBA or CHF-LIBOR, two London Banking Days (as defined in the ISDA Definitions);
- (b) in relation to EUR-LIBOR-BBA or EUR-LIBOR, two TARGET Settlement Days (as defined in the ISDA Definitions); and
- (c) in relation to JPY-LIBOR-BBA or JPY-LIBOR, two London Banking Days (as defined in the ISDA Definitions).

RFR Value means, in relation to a LIBOR Contract, the net present value, determined by the Clearing House as of the Conversion Date, of all future cash flows under that LIBOR Contract

on the basis that such LIBOR Contract is an Amended LIBOR Contract. If the net present value represents an asset or positive value for the Clearing House, such RFR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such RFR Value shall be a negative amount.

Straddle Period LIBOR Contract means a LIBOR Contract that specifies an In-Scope Floating Rate Option as the floating rate or uses an In-Scope Floating Rate Option to calculate the floating amount thereunder and which has a “Reset Date” (as defined in the ISDA Definitions) which:

(i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or prior to, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option; or

(ii) in the case of all other In-Scope Floating Rate Options, falls on, or prior to, the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option.

3. AMENDMENTS TO LIBOR CONTRACTS

(a) Pursuant to Regulation 60C of the Regulations, with effect from, and including, the Conversion Date each LIBOR Contract other than any Affected Forward Rate Agreement shall be amended in accordance with this Section 3.

Floating Rate Option:

(b) If:

(i) the LIBOR Contract references CHF-LIBOR-BBA or CHF-LIBOR (each a **CHF LIBOR Contract**), then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to CHF-LIBOR-BBA or CHF-LIBOR in the SwapClear Contract Terms shall be deemed to be replaced for all purposes with CHF-SARON-OIS-COMPOUND or CHF-SARON-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;

(ii) the LIBOR Contract references GBP-LIBOR-BBA or GBP-LIBOR (each a **GBP LIBOR Contract**), then, from and including the first Reset Date falling after the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms in so far as they relate to such In-Scope Floating Rate Options, including for the avoidance of doubt, any fallbacks in the ISDA Definitions, any references to GBP-LIBOR-BBA or GBP-LIBOR in the SwapClear Contract Terms shall be replaced for all purposes with GBP-SONIA-COMPOUND or

GBP-SONIA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract);

- (iii) the LIBOR Contract references EUR-LIBOR-BBA or EUR-LIBOR (each a **EUR LIBOR Contract**) then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to EUR-LIBOR-BBA or EUR-LIBOR shall be replaced for all purposes with EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract; and
- (iv) the LIBOR Contract references JPY-LIBOR-BBA or JPY-LIBOR (each a **JPY LIBOR Contract**), then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to JPY-LIBOR-BBA or JPY-LIBOR shall be replaced for all purposes with JPY-TONA-OIS-COMPOUND or JPY-TONA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract.

Bloomberg Spread:

- (c) From and including the first Reset Date which (i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of all other In-Scope Floating Rate Options, falls on or after the Relevant Number of Business Days from the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant LIBOR Contract, the "Floating Rate" under each LIBOR Contract that specifies that In-Scope Floating Rate Option as the floating rate or uses that In-Scope Floating Rate Option to calculate the floating amount thereunder will, in addition to any "Spread" (as defined in the ISDA Definitions) already existing under the terms of the LIBOR Contract, include the Bloomberg Spread applicable to that In-Scope Floating Rate Option, *provided however that*, for such purpose the Bloomberg Spread in relation to JPY-LIBOR-BBA or JPY-LIBOR (as applicable) shall be multiplied by 365 divided by 360.

Payment Date Delay:

- (d)
 - (i) in respect of any CHF LIBOR Contract and JPY LIBOR Contract, in each case, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be two (2) Zurich Business Days in relation to each CHF LIBOR Contract and two (2) Tokyo Business Days in relation to each JPY LIBOR

Contract. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall two (2) Zurich or Tokyo Business Days (as applicable) after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable;

- (ii) in respect of any EUR LIBOR Contract, “Delayed Payment” (as defined in the ISDA Definitions) shall be “Applicable” in relation to that LIBOR Contract and the number of days specified for such purposes shall be one (1) TARGET Settlement Day (as defined in the ISDA Definitions). The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall one (1) Business Day after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable; and
- (iii) in respect of any GBP LIBOR Contract, “Delayed Payment” (as defined in the ISDA Definitions) shall be “Not Applicable” in relation to that LIBOR Contract. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall on the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable.

No Observation Period Shift:

- (e) For the avoidance of doubt, the Clearing House and the SwapClear Clearing Members acknowledge and agree that as a result of the amendment made in paragraph (b) above, each "Floating Rate" under each LIBOR Contract shall be calculated over the relevant "Calculation Period" without any shift, adjustment or "observation shift" and all of the provisions relating thereto in the ISDA Definitions and the IBOR Fallback Rate Adjustments Rule Book published by Bloomberg Index Services Limited shall not apply to the calculation of the "Floating Rate" under each LIBOR Contract.

Consequential Amendments:

- (f) The Clearing House shall make any consequential amendments to the terms of each LIBOR Contract as it deems necessary in connection with, and to give effect to, the amendments in this Section 3.
- (g) Unless expressly referenced herein, all other terms of each LIBOR Contract shall remain in full force and effect and shall continue to apply, including, but not limited to, the “Fixed Rate”, “Day Count Fraction” “Business Days” and any “Spread” (each as defined in the ISDA Definitions).

4. AMENDMENTS TO FORWARD RATE AGREEMENTS

- (a) Pursuant to Regulation 60C of the Regulations, with effect from, and including, the relevant Conversion Date each Affected Forward Rate Agreement shall be amended so that from, and including, the relevant Conversion Date:

Payment Date:

- (i) the “Payment Date” under such Affected Forward Rate Agreement shall be amended so that the “Payment Date” is the “Termination Date” (each as defined in the ISDA Definitions);

Discounting:

- (ii) “Discounting” (as defined in the ISDA Definitions) shall be “Not Applicable” and the “Discount Rate” (as defined in the ISDA Definitions) shall be deleted in its entirety;

Floating Rate Option:

- (iii) if:
 - (A) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a CHF LIBOR Contract, then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to CHF-LIBOR-BBA or CHF-LIBOR in the SwapClear Contract Terms shall be deemed to be replaced for all purposes with CHF-SARON-OIS-COMPOUND or CHF-SARON-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;
 - (B) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a GBP LIBOR Contract, then, from and including the first Reset Date falling after the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms in so far as they relate to such In-Scope Floating Rate Options, including for the avoidance of doubt, any fallbacks in the ISDA Definitions, any references to GBP-LIBOR-BBA or GBP-LIBOR in the SwapClear Contract Terms shall be replaced for all purposes with GBP-SONIA-COMPOUND or GBP-SONIA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract);
 - (C) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a EUR LIBOR Contract then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to EUR-LIBOR-BBA or EUR-LIBOR shall be replaced for all purposes with EUR-EuroSTR-COMPOUND or

EUR-EuroSTR-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract; and

- (D) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a JPY LIBOR Contract then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to JPY-LIBOR-BBA or JPY-LIBOR shall be replaced for all purposes with JPY-TONA-OIS-COMPOUND or JPY-TONA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;

Bloomberg Spread:

- (iv) from and including the first Reset Date which (i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of all other In-Scope Floating Rate Options, falls on or after the Relevant Number of Business Days from the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant LIBOR Contract, the "Floating Rate" under each LIBOR Contract that specifies that In-Scope Floating Rate Option as the floating rate or uses that In-Scope Floating Rate Option to calculate the floating amount thereunder will include the Bloomberg Spread applicable to that In-Scope Floating Rate Option, *provided however that*, for such purpose the Bloomberg Spread in relation to JPY-LIBOR-BBA or JPY-LIBOR (as applicable) shall be multiplied by 365 divided by 360;

Payment Date Delay:

- (v) in respect of any CHF LIBOR Contract and JPY LIBOR Contract, in each case, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be two (2) Business Days. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall two (2) Business Days after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable;
- (vi) in respect of any EUR LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be one (1) Business Day. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall one (1) Business Day after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable; and

- (vii) in respect of any GBP LIBOR Contract, “Delayed Payment” (as defined in the ISDA Definitions) shall be “Not Applicable” in relation to that LIBOR Contract. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall on the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable.

No Observation Period Shift:

- (b) For the avoidance of doubt, the Clearing House and the SwapClear Clearing Members acknowledge and agree that as a result of the amendment made in paragraph (a)(iii) above, each "Floating Rate" under each LIBOR Contract shall be calculated over the relevant "Calculation Period" without any shift, adjustment or "observation shift" and all of the provisions relating thereto in the ISDA Definitions and the IBOR Fallback Rate Adjustments Rule Book published by Bloomberg Index Services Limited shall not apply to the calculation of the "Floating Rate" under each LIBOR Contract.

Consequential Amendments:

- (c) The Clearing House shall make any consequential amendments to the terms of each LIBOR Contract as it deems necessary in connection with, and to give effect to, the amendments in this Section 4.
- (d) Unless expressly referenced herein, all other terms of each LIBOR Contract shall remain in full force and effect and shall continue to apply, including, but not limited to, the “Fixed Rate”, “Day Count Fraction” and “Business Days” (each as defined in the ISDA Definitions).

5. OPERATIONAL BOOKINGS

- (a) In order to facilitate and/or reflect the legal amendments made to each SwapClear Contract pursuant to this Annex in the SwapClear service, the Clearing House shall record certain bookings in the SwapClear service (each an **Operational Booking**) in the manner described in this Section 5. Any bookings referred to in this Section 5 are solely to facilitate and/or reflect the legal amendments made to each SwapClear Contract pursuant to this Annex and the Clearing House and each SwapClear Clearing Member agree and acknowledge that they shall not result in the registration of any new SwapClear Contracts and shall have no legal effect and are for operational purposes only.

Basis Swap Operational Splitting

- (b) On the Basis Swap Operational Split Date, the Clearing House will terminate each booking in relation to each LIBOR Basis Swap and will record two Operational Bookings in respect of each LIBOR Basis Swap (each an **Operational Outright LIBOR Booking**), which will have terms which are each identical to the LIBOR Basis Swap to which they relate, except that:
 - (i) the first Operational Outright LIBOR Booking shall have a “Floating Rate” (as defined in the ISDA Definitions) equal to the first “Floating Rate” referenced

in that LIBOR Basis Swap, a “Fixed Rate” (as defined in the ISDA Definitions) determined by the Clearing House (the **Split Fixed Rate**), and the "Floating Rate Payer" or “Floating Amount Payer” (as defined in the ISDA Definitions) shall be the same as the "Floating Rate Payer" or "Floating Amount Payer" in relation to the first "Floating Rate" under the corresponding LIBOR Basis Swap; and

- (ii) the second Operational Outright LIBOR Booking shall have a “Floating Rate” (as defined in the ISDA Definitions) equal to the second “Floating Rate” referenced in that LIBOR Basis Swap, a “Fixed Rate” (as defined in the ISDA Definitions) equal to the Split Fixed Rate, and the "Floating Rate Payer" or "Floating Amount Payer” (as defined in the ISDA Definitions) shall be the same as the "Floating Rate Payer" or "Floating Amount Payer" in relation to the second "Floating Rate" under the corresponding LIBOR Basis Swap.
- (c) The Clearing House shall determine the Split Fixed Rate in its sole and absolute discretion and shall make any consequential amendments to each Operational Outright LIBOR Booking that it deems necessary in connection with, and to give effect to, the foregoing.
- (d) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House will terminate each Operational Outright LIBOR Booking that has a “Floating Amount” calculated using that In-Scope Floating Rate Option and shall record an Operational Booking in accordance with (e) below.

Main Operational Booking

- (e) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall, in relation to each LIBOR Contract and each Operational Outright LIBOR Booking referencing that In-Scope Floating Rate Option, record an Operational Booking (each an **Operational RFR Booking**) that is on the same terms as the LIBOR Contract or Operational Outright LIBOR Booking (as applicable) to which it relates except that, from the “Effective Date” of the Operational RFR Booking (which shall be prior to the Conversion Date) any “Floating Amounts” reflected in the Operational RFR Booking shall be calculated after giving effect to the amendments made pursuant to Section 3 or Section 4 (as applicable) of this Annex. On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall, in relation to each LIBOR Contract referencing that In-Scope Floating Rate Option, terminate the operational booking relating to that LIBOR Contract that was recorded in the SwapClear service immediately prior to the Conversion Date.

Operational Overlay Bookings

- (f) In addition to the Operational RFR Bookings referred to in (e) above, with respect to each Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking in relation to which the SwapClear Clearing Member would receive a “Floating Amount” calculated using an In-Scope Floating Rate Option under the Straddle Period LIBOR Contract or Operational Straddle Period LIBOR Booking (such amount, the **LIBOR Amount**), on the Conversion Date in relation to the relevant In-Scope Floating Rate Option the Clearing House shall record the following Operational Bookings (each an **Operational Overlay Booking**) in the SwapClear service:

- (i) in relation to a Straddle Period LIBOR Contract or any Operational Straddle Period LIBOR Booking that is not of the type specified in (ii) below:
 - (A) an Operational Overlay Booking reflecting (X) a fixed amount that would be payable by the SwapClear Clearing Member, such amount determined by the Clearing House in its sole and absolute discretion (the **Overlay Fixed Amount**) and (Y) an amount that would be payable to the SwapClear Clearing Member equal to the LIBOR Amount it would be entitled to receive under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking); and
 - (B) an Operational Overlay Booking reflecting (X) the Overlay Fixed Amount that would be payable to the SwapClear Clearing Member and (Y) a “Floating Amount” that would be payable by the SwapClear Clearing Member equal to the “Floating Amount” the SwapClear Clearing Member would be entitled to receive as reflected under the related Operational RFR Booking,
- (ii) in relation to a Straddle Period LIBOR Contract that is recorded in a Proprietary Account (or any Operational Straddle Period LIBOR Booking that would be recorded in a Proprietary Account) and is either:
 - (A) a JPY LIBOR Contract or a GBP LIBOR Contract in each case with a fixed notional amount and no “Spread” (as defined under the ISDA Definitions) on the floating leg, an Operational Overlay Booking reflecting (X) a “Floating Amount” that would be payable by the SwapClear Clearing Member equal to the “Floating Amount” it would be entitled to receive as reflected under the Operational RFR Booking and (Y) an amount that would be payable to the SwapClear Clearing Member equal to the LIBOR Amount it would be entitled to receive under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking); or
 - (B) a GBP LIBOR Contract with a fixed notional amount and a non-zero “Spread” (as defined under the ISDA Definitions) on the floating leg, an Operational Overlay Booking reflecting (X) a “Floating Amount” that would be payable by the SwapClear Clearing Member equal to the “Floating Amount” it would be entitled to receive as reflected under the Operational RFR Booking if the “Spread” applicable to that Operational RFR Booking were equal to zero and (Y) an amount that would be payable to the SwapClear Clearing Member equal to the LIBOR Amount it would be entitled to receive under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking).
- (g) In addition to the Operational RFR Bookings referred to in (e) above, with respect to each Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking in relation to which the SwapClear Clearing Member would pay the LIBOR

Amount, on the Conversion Date in relation to the relevant In-Scope Floating Rate Option the Clearing House shall record the following Operational Overlay Bookings in the SwapClear service:

- (i) in relation to a Straddle Period LIBOR Contract or any Operational Straddle Period LIBOR Booking that is not of the type specified in (ii) below:
 - (A) an Operational Overlay Booking reflecting (X) the Overlay Fixed Amount that would be payable to the SwapClear Clearing Member and (Y) an amount that would be payable by the SwapClear Clearing Member equal to the LIBOR Amount it would be obliged to pay under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking); and
 - (B) an Operational Overlay Booking reflecting (X) the Overlay Fixed Amount that would be payable by the SwapClear Clearing Member and (Y) a “Floating Amount” that would be payable to the SwapClear Clearing Member equal to the “Floating Amount” that would be payable by the SwapClear Clearing as reflected under the related Operational RFR Booking,
- (ii) in relation to a Straddle Period LIBOR Contract that is recorded in a Proprietary Account (or any Operational Straddle Period LIBOR Booking that would be recorded in a Proprietary Account) and is either:
 - (A) a JPY LIBOR Contract or a GBP LIBOR Contract in each case with a fixed notional amount and no “Spread” (as defined under the ISDA Definitions) on the floating leg, an Operational Overlay Booking reflecting (X) an amount payable by the SwapClear Clearing Member equal to the LIBOR Amount the SwapClear Clearing Member would be obliged to pay under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking) and (Y) a “Floating Amount” payable to the SwapClear Clearing Member equal to the “Floating Amount” the SwapClear Clearing Member would be obliged to pay as reflected under the related Operational RFR Booking; or
 - (B) a GBP LIBOR Contract with a fixed notional amount and a non-zero “Spread” (as defined under the ISDA Definitions) on the floating leg, an Operational Overlay Booking reflecting (X) an amount payable by the SwapClear Clearing Member equal to the LIBOR Amount the SwapClear Clearing Member would be obliged to pay under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking) and (Y) a “Floating Amount” payable to the SwapClear Clearing Member equal to the “Floating Amount” the SwapClear Clearing Member would be obliged to pay as reflected under the related Operational RFR Booking if the “Spread” applicable to that Operational RFR Booking were equal to zero.

- (h) The Operational Overlay Bookings in relation to a Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking will terminate as of the time when they are no longer required for the Clearing House's operational purposes, which is expected to be on the first Period End Date (as defined in the ISDA Definitions) after the Index Cessation Effective Date.

6. SUBSEQUENT ACTIONS WITH RESPECT TO OPERATIONAL BOOKINGS

If the Clearing House receives an instruction from a SwapClear Clearing Member to take a permitted action with respect to some but not all of the rights and obligations under any Amended LIBOR Contract (including, but not limited to, compression) and such rights and obligations have been operationally reflected in one or more of the Operational Bookings booked in accordance with Section 5 and not terminated, then the Clearing House shall deem this to be an instruction to take the following steps contingent on the effectiveness or occurrence of the permitted action:

- (i) pursuant to its powers under Regulation 60C, register one or more new SwapClear Contract(s) in the name of that SwapClear Clearing Member with the same terms as such Operational Booking(s); and
- (ii) amend the Amended LIBOR Contract to reflect the rights and obligations remaining after giving effect to the instruction referred to above.

7. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

Pursuant to Regulation 60C of the Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are "Conversion Payments" for purposes of Regulation 60C), and (ii) determining the terms of the Cash Compensation Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts.

8. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CONVERSION

- (a) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall calculate the following amounts:
- (i) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option registered in each Proprietary Account as of the ~~time end of the business day in New York~~ on the Conversion Cut-Off Date determined by the Clearing House;
- (ii) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option registered in each Individual Segregated Account as of the ~~time end of the business day in New York~~ on the Conversion Cut-Off Date determined by the Clearing House; and
- (iii) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated

using that In-Scope Floating Rate Option registered in each "position account" within each Omnibus Segregated Account as of the ~~time end of the business day in New York~~ on the Conversion Cut-Off Date determined by the Clearing House.

- (b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the LIBOR Contracts referencing an In-Scope Floating Rate Option in each Proprietary Account, each Individual Segregated Account, and each "position account" within each Omnibus Segregated Account as follows. If:
- (i) the aggregate RFR Value in relation to all such LIBOR Contracts exceeds the aggregate Fallback RFR Value in relation to all such LIBOR Contracts then the Cash Compensation Amount in relation to such LIBOR Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the SwapClear Clearing Member in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable); and
 - (ii) the aggregate RFR Value in relation to all such LIBOR Contracts is less than the aggregate Fallback RFR Value in relation to all such LIBOR Contracts then the Cash Compensation Amount in relation to such LIBOR Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable).
- (c) The Clearing House shall, pursuant to Regulation 60C, register a separate Cash Compensation Contract in each Proprietary Account, each Individual Segregated Account and each "position account" within an Omnibus Segregated Account in relation to each Cash Compensation Amount (to the extent such amounts are applicable to such account or "position account"). Each SwapClear Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay each Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the SwapClear Contract Terms) of 1 unit of the relevant currency of the LIBOR Contracts to which it relates, a "Termination Date" (as defined in the SwapClear Contract Terms) falling two "business days" after the Conversion Cut-Off Date, and an obligation on the Clearing House or the SwapClear Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the LIBOR Contracts referencing an In-Scope Floating Rate Option in the relevant Proprietary Account, Individual Segregated Account, or "position account" within the relevant Omnibus Segregated Account, in each case as determined pursuant to Section 8(b) above. However, neither the Clearing House nor a SwapClear Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.
- (d) Each SwapClear Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 8, which shall, when registered, constitute

a SwapClear Contract between the Clearing House and the relevant SwapClear Clearing Member that has arisen by reason of the application of the Regulations to the LIBOR Contracts.

- (e) Each SwapClear Clearing Member agrees (and in the case of (e)(iv) below, each SwapClear Clearing Member and the Clearing House agrees):
- (i) to use reasonable endeavors to provide each of its SwapClear Clearing Clients with (i) information on the change to the LIBOR Contracts pursuant to the terms of Regulation 60C and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be allocated to that SwapClear Clearing Client's Individual Segregated Account, or "position account" within an Omnibus Segregated Account pursuant to the terms of this Annex, and (iii) other information (indicative or otherwise) in relation to each SwapClear Clearing Client's "position account". Such information shall be set out in 'Risk Notices' or other materials from the Clearing House in connection with this Annex (or any applicable Floating Rate Conversion Notice(s)) expressly marked for distribution to SwapClear Clearing Clients;
 - (ii) that it, and each of SwapClear Clearing Client, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
 - (iii) to perform all obligations and exercise all rights under or pursuant to this Annex in accordance with Applicable Law;
 - (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of certain of the changes to the LIBOR Contracts pursuant to this Annex; and
 - (v) that it will take reasonable steps to ensure that any SwapClear Transaction referencing an In-Scope Floating Rate Option and submitted after December 31, 2021 meets the conditions in the definition of Legacy LIBOR Transaction.

9. DETERMINATIONS BINDING

Subject to Section 13, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

10. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements. Where the Clearing House determines appropriate, the Clearing House will update its books and records or governance and booking

procedures to provide that all Operational Bookings booked pursuant to this Annex do not affect the rights and obligations of SwapClear Clearing Members regardless of anything to the contrary in any reports issued by the Clearing House.

11. LEGACY LIBOR TRANSACTIONS

- (a) Notwithstanding anything to the contrary in the Product Specific Contract Terms and Eligibility Criteria Manual, from and including the Conversion Date in relation to an In-Scope Floating Rate Option, the Clearing House shall not accept for clearing or registration any SwapClear Transaction that references that In-Scope Floating Rate Option and is not a Legacy LIBOR Transaction.
- (b) A SwapClear Clearing Member may present Legacy LIBOR Transactions for registration at the Clearing House from, and including, the Conversion Date up to, and including, the Legacy LIBOR End Date. No Legacy LIBOR Transactions will be eligible for clearing after the Legacy LIBOR End Date and no SwapClear Clearing Member shall present a Legacy LIBOR Transaction for registration after the Legacy LIBOR End Date.
- (c) If a SwapClear Clearing Member presents a Legacy LIBOR Transaction to the Clearing House after December 31, 2021, that SwapClear Clearing Member shall be deemed to represent and warrant to the Clearing House on the day it presents that Legacy LIBOR Transaction to the Clearing House that:
 - (i) either (a) the Legacy LIBOR Transaction was entered into prior to the Legacy LIBOR Cut-Off Date, or (b) in the case of a Legacy LIBOR Transaction which results from the exercise of a physically settled swaption, that swaption was entered into prior to the Legacy LIBOR Cut-Off Date; and
 - (ii) the SwapClear Transaction incorporates either the Fallbacks Supplement pursuant to the ISDA 2020 IBOR Fallbacks Protocol, Supplement 70 to the ISDA 2006 Definitions or the equivalent provisions under the ISDA 2021 Definitions, in each case prior to it being presented to the Clearing House.

The SwapClear Clearing Member shall immediately notify the Clearing House if it becomes aware that any of the foregoing representations are incorrect, untrue or misleading.

- (d) A Legacy LIBOR Transaction will only be registered by the Clearing House on a business day if it is presented to the Clearing House prior to 4 p.m. London time on such business day (or such other cut-off time as may be separately communicated by the Clearing House to the SwapClear Clearing Members). If a Legacy LIBOR Transaction is presented after this time, the Clearing House may decline to register the Legacy LIBOR Transaction.
- (e) When a Legacy LIBOR Transaction is presented to the Clearing House by a SwapClear Clearing Member the presentation of such Legacy LIBOR Transaction shall constitute an irrevocable instruction from that SwapClear Clearing Member to the Clearing House to (i) register the Legacy LIBOR Transaction (subject to any other rights of the Clearing House, or obligations of the SwapClear Clearing Members in relation to the presentation or submission of SwapClear Transactions and registration of SwapClear

Contracts generally pursuant to the Rulebook or the Product Specific Contract Terms and Eligibility Criteria Manual) and (ii) immediately at the point of, and as part of, registration amend the Legacy LIBOR Transaction in accordance with Section 3(b)-(e) (inclusive) as if such provisions applied to Legacy LIBOR Transactions, *provided however that*, notwithstanding anything to the contrary in Section 3, in relation to Legacy LIBOR Transactions only, the amendments in Section 3(b)-(e) shall be made at the point of, and as part of, registration of the Legacy LIBOR Transaction at the Clearing House and any reference in Section 3 to such amendments being made on any other date (including on any future Reset Date or number of days before a future Reset Date) shall be disregarded and shall not apply to Legacy LIBOR Transactions and Section 3 shall be read accordingly in relation to Legacy LIBOR Transactions.

- (f) The SwapClear Clearing Member agrees that the Legacy LIBOR Transaction will be amended pursuant to (e) above at the point of, and as part of, registration at the Clearing House and, for the avoidance of doubt, there shall be no Operational Overlay Bookings in relation to Legacy LIBOR Transactions. The Clearing House shall have the right to make any consequential amendments to the terms of each Legacy LIBOR Transaction as it deems necessary in connection with, and to give effect to, the amendments in this Section 11. Unless expressly referenced herein, all other terms of each Legacy LIBOR Transaction shall remain in full force and effect and shall continue to apply, including, but not limited to, the “Fixed Rate”, “Day Count Fraction” “Business Days” and any “Spread” (each as defined in the ISDA Definitions).
- (g) ~~At close of business in New York~~ On each business day on which one or more Legacy LIBOR Transactions are presented to the Clearing House and accepted by the Clearing House, the Clearing House shall, at the time on such business day determined by the Clearing House, calculate the following amounts in relation to those Legacy LIBOR Transactions that were registered by the Clearing House on that business day:
- (i) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all Legacy LIBOR Transactions that were registered by the Clearing House on that business day, that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option and are registered in each Proprietary Account as of the time on such ~~end of the~~ business day determined by the Clearing House in New York;
 - (ii) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all Legacy LIBOR Transactions that were registered by the Clearing House on that business day, that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option, and are registered in each Individual Segregated Account as of the time on such ~~end of the~~ business day determined by the Clearing House in New York; and
 - (iii) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all Legacy LIBOR Transactions that were registered by the Clearing House on that business day, that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option, and are registered in each "position account" within each Omnibus Segregated Account as of the time on such ~~end of the~~ business day determined by the Clearing House in New York.

- (h) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the Legacy LIBOR Transactions registered with the Clearing House on that business day referencing an In-Scope Floating Rate Option separately with respect to each Proprietary Account, each Individual Segregated Account, and each "position account" within each Omnibus Segregated Account as follows. If:
- (i) the aggregate RFR Value in relation to all such Legacy LIBOR Transactions that were registered with the Clearing House on that business day exceeds the aggregate Fallback RFR Value in relation to all such Legacy LIBOR Transactions then the Cash Compensation Amount in relation to such Legacy LIBOR Transactions shall be equal to the absolute value of the excess, and shall be an amount in favor of the SwapClear Clearing Member in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable); and
 - (ii) the aggregate RFR Value in relation to all such Legacy LIBOR Transactions that were registered with the Clearing House on that business day is less than the aggregate Fallback RFR Value in relation to all such Legacy LIBOR Transactions then the Cash Compensation Amount in relation to such Legacy LIBOR Transactions shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable).
- (i) The Clearing House shall, pursuant to Regulation 60C, register a separate Cash Compensation Contract in each Proprietary Account, each Individual Segregated Account and each "position account" within an Omnibus Segregated Account in relation to each Cash Compensation Amount calculated under (g) above (to the extent such amounts are applicable to such account or "position account"). Each SwapClear Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay each Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the SwapClear Contract Terms) of 1 unit of the relevant currency of the LIBOR Contracts to which it relates, a "Termination Date" (as defined in the SwapClear Contract Terms) falling two "business days" after the date it is registered, and an obligation on the Clearing House or the SwapClear Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the Legacy LIBOR Transactions referencing an In-Scope Floating Rate Option in the relevant Proprietary Account, Individual Segregated Account, or "position account" within the relevant Omnibus Segregated Account, in each case as determined pursuant to (g) above. However, neither the Clearing House nor a SwapClear Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.
- (j) Each SwapClear Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 11 which shall, when registered, constitute a SwapClear Contract between the Clearing House and the relevant SwapClear Clearing

Member that has arisen by reason of the application of the Regulations to the Legacy LIBOR Transactions.

- (k) This Section 11 is without prejudice to any other rights of the Clearing House, or obligations of the SwapClear Clearing Members, in relation to the presentation of SwapClear Transactions and registration of SwapClear Contracts generally pursuant to the Rulebook or the Product Specific Contract Terms and Eligibility Criteria Manual.

12. MISCELLANEOUS

- (a) The obligations of the Clearing House to each SwapClear Clearing Member shall be to perform its obligations as principal to such SwapClear Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 13.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the Regulations and the Procedures to change the terms of any open SwapClear Contract from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook. The benefit of the performance by the Clearing House of its obligations under this Annex is conferred upon SwapClear Clearing Members only, as principal, and a person who is not a party to the Rulebook has no right under Contracts (Rights of Third Parties) Act 1999 (as amended from time to time) to enforce any term of this Annex.
- (d) Section 5 is provided for SwapClear Clearing Members operational convenience only and the Clearing House is under no obligation to update this Annex in relation to any changes in its operational or booking processes generally or in relation to the matters specified herein.

13. LIMITATION OF LIABILITY

13.1 Without prejudice to the generality of Regulation 52, each SwapClear Clearing Member agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any claim against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with:

- (i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex;
- (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;
- (iii) any of the operational bookings made pursuant to Section 5 of this Annex; or
- (iv) the registration of any Legacy LIBOR Transaction or whether a SwapClear Transaction is eligible to be registered as a Legacy LIBOR Transaction,

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.2 Without prejudice to the generality of Regulation 52 and clause 13.1 above, each SwapClear Clearing Member further agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.3 Each SwapClear Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from a SwapClear Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any SwapClear Clearing Member or SwapClear Clearing Client in connection with this Annex or any SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), a SwapClear Clearing Member or SwapClear Clearing Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each SwapClear Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.

- 13.4 For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, a SwapClear Clearing Member.

Appendix IV

Section 2I (ForexClear Clearing Service) of the LCH Procedures
Changed Pages



LCH LIMITED

PROCEDURES SECTION 2I

FOREXCLEAR CLEARING SERVICE

- (a) From time to time, as an exceptional event, it may be necessary for the Clearing House to: (i) reject a trade submitted for registration; (ii) register a ForexClear Transaction; or (iii) accept or reject a cancellation request for a ForexClear Contract or a ForexClear Transaction, in each case, manually prior to a Margin and Settlement Run (e.g. in the case of a Default, when a ForexClear Transaction needs to be registered immediately to expedite the hedging and auction process or to reject a ForexClear Transaction received from an FXCCM which is a Defaulter).
- (b) The Clearing House acknowledges the action:
 - (i) in respect of trades being manually rejected or manually registered, by notifying the relevant entities specified in Section 1.3.3(a)(iii) of such rejection or registration (as applicable); and
 - (ii) in respect of a ForexClear Contract or a ForexClear Transaction being manually cancelled, by sending a message to the ForexClear Approved Trade Source System that it is "CANCELLED".

1.3.7 Trade Cancellation

- (a) The Clearing House accepts cancellation messages from FXPs against both non-novated trades (ForexClear Transactions) and novated trades (ForexClear Contracts).
- (b) Cancellation messages may be submitted via the ForexClear Approved Trade Source System (i) with respect to any ForexClear Non-Deliverable Contract, until such ForexClear Contract is "fixed" (—i.e. when its Settlement Rate has been determined on the relevant Valuation Date), (ii) with respect to any ForexClear Option Contract, until the time end-of-day on the Business Day preceding the relevant Expiration Date, which time is as determined by the Clearing House, and (iii) with respect to any ForexClear Spot Contract, ForexClear Swap Contract or ForexClear Deliverable Forward Contract, until the time on the secondend-of-day-two Business Days immediately preceding the Settlement Date, which time is as determined by the Clearing House.
- (c) A successful cancellation message results in a "CANCELLED" status message if the ForexClear Transaction or the ForexClear Contract (as the case may be) is cancelled during the Opening Hours. The status messages are sent from the Clearing House to the FXCCM via the ForexClear Approved Trade Source System.
- (d) There is no ForexClear Contract or ForexClear Transaction amendment functionality.
- (e) *Process Flow Description*

With respect to each ForexClear Contract, the variation margin requirement or NPV Payment (as applicable) is calculated every business day from (and including) the Registration Time to (and including) the EOD on the business day immediately preceding the Settlement Date.

For the avoidance of doubt, “variation margin” and “NPV Payment” as used herein shall include variation margin and NPV Payments in respect of both the and premium owed under a ForexClear Deliverable Contract and all other obligations under the terms of that ForexClear Deliverable Contract.

Any NPV Payment made by an FXCCM to the Clearing House under a ForexClear STM Contract, or by the Clearing House to an FXCCM under a ForexClear STM Contract, shall be for the purpose of settlement of the applicable party’s obligation to pay the required NPV Payment pursuant to the terms of that ForexClear STM Contract and not for the purpose of collateralising any obligations of either party under that ForexClear STM Contract.

1.5.3 *Reporting Breakdown*: ForexClear margin reports show the portfolio of open ForexClear Non-Deliverable Contracts of each FXCCM and of each FXD by Currency Pairs and in the Settlement Currency (i.e., USD). ForexClear margin reports also show the portfolio of open ForexClear Deliverable of each FXCCM and of each FXD by ForexClear Currency Pair.

1.5.4 *Price Alignment Interest ("PAI")*: The effect of daily transfers of cash Collateral in respect of variation margin on ForexClear CTM Contracts results in the need for PAI. Without this adjustment, the pricing of ForexClear CTM Contracts would differ from identical uncleared trades, as cash earned from favourable daily price moves would be priced into the product.

(a) *PAI Calculation Methodology*: PAI is calculated at EOD on each business day from (and including) the first business day after the Trade Date to (and including) the business day immediately preceding the Settlement Date, and the currency in which the PAI payment is denominated for a given ForexClear CTM Contract shall be the ForexClear Margin or Settlement Currency of that ForexClear CTM Contract.

In this Section 1.5.4 (*Price Alignment Interest*), "T" means any given business day; "T-1" means the business day immediately preceding T; "T+1" means the business day immediately following T; and "MTM" means the total value (expressed in the relevant currency) of an FXCCM's portfolio ~~open~~ of open ForexClear CTM Contracts, after valuation in accordance with Section 1.5.2 (*Variation Margin and NPV Payments*), at the time close of business on any business day, which time is as determined by the Clearing House. The Clearing House calculates PAI in USD once a day at EOD.

(i) Principles:

(A) MTM is calculated at EOD on T-1.

- (B) Change in MTM (net variation margin obligations in respect of an FXCCM's portfolio of open ForexClear CTM Contracts) is paid/ received on the morning of T.
 - (C) PAI Rate for T to be applied is known at EOD T.
 - (D) PAI is calculated on the night of T, for MTM of T-1 for ForexClear CTM Contracts up to the business day before their Settlement Date.
 - (E) PAI is paid / received on morning of T+1 via PPS.
- (ii) Components:
- (A) PAI Rate (annualised interest applied to an FXCCM's MTM).
 - (B) MTM.
 - (C) Accrual Factor (factor used to convert the PAI Rate from an annual rate to a daily rate, on a basis of a year of 360 days).
- (iii) So:
- (A) $PAI\ T = PAI\ Rate \times MTM_{T-1} \times Accrual\ Factor.$

The Clearing House uses the PAI Rate from the relevant EOD overnight index swap curves, which is sourced from the Clearing House.

- (b) *Variation Margin/PAI Adjustment:* With respect to each FXCCM, the Clearing House makes the following adjustment to the EOD variation margin:
- (i) if, with respect to its portfolio of open ForexClear CTM Contracts, such FXCCM has (to but excluding the relevant EOD) paid an amount of Collateral in respect of variation margin greater than the amount of Collateral in respect of variation margin it has received, such FXCCM will receive PAI; and
 - (ii) if, with respect to its portfolio of open ForexClear CTM Contracts, such FXCCM has (to but excluding the relevant EOD) received an amount of Collateral in respect of variation margin greater than the amount of Collateral in respect of variation margin it has provided, such FXCCM will pay PAI.

1.5.5 *Price Alignment Amount ("PAA"):* The payment of NPV Payments by the applicable party on a daily basis would, without adjustment, distort the pricing for certain ForexClear STM Contracts cleared through the Clearing House. In order to minimise the impact of such NPV Payments, the Clearing House will,

for an FXCCM, either (i) charge a Price Alignment Amount if that FXCCM has, on a cumulative net basis, received NPV Payments from the Clearing House, or (ii) pay a Price Alignment Amount if that FXCCM has, on a cumulative net basis, paid NPV Payments to the Clearing House. In a negative interest rate environment where the applicable Price Alignment Amount is negative, the Clearing House will, for an FXCCM either (i) pay a Price Alignment Amount if that FXCCM has, on a cumulative net basis, received NPV Payments from the Clearing House, or (ii) charge a Price Alignment Amount if that FXCCM has, on a cumulative net basis, paid NPV Payments to the Clearing House.

- (a) *PAA Calculation Methodology*: PAA is calculated at EOD on each business day from (and including) the first business day after the Trade Date to (and including) the business day immediately preceding the Settlement Date, and the currency in which the PAA payment is denominated for a given ForexClear STM Contract shall be the ForexClear Margin or Settlement Currency of that ForexClear STM Contract.

In this Section 1.5.5 (*Price Alignment Amount*), "T" means any given business day; "T-1" means the business day immediately preceding T; "T+1" means the business day immediately following T; and "MTM" means the total value (expressed in the relevant currency) of an FXCCM's portfolio ~~open~~ of open ForexClear STM Contracts, after valuation in accordance with Section 1.5.2 (*Variation Margin and NPV Payments*), at the time close of business on any business day, which time is as determined by the Clearing House. The Clearing House calculates PAA once a day at EOD.

- (i) Principles:
- (A) MTM is calculated at EOD on T-1.
 - (B) Change in MTM (net NPV Payment obligations in respect of an FXCCM's portfolio of open ForexClear STM Contracts) is paid/ received on the morning of T.
 - (C) PAA Rate for T to be applied is known at EOD T.
 - (D) PAA is calculated on the night of T, for MTM of T-1 for ForexClear Contracts up to the business day before their Settlement Date.
 - (E) PAA is paid / received on morning of T+1 via PPS.
- (ii) Components:
- (A) PAA Rate (annualised interest applied to an FXCCM's MTM).
 - (B) MTM.

(C) Accrual Factor (factor used to convert the PAA Rate from an annual rate to a daily rate, on a basis of a year of 360 days).

(iii) So:

(A) $PAA\ T = PAAT\ Rate \times MTMT-1 \times Accrual\ Factor.$

The Clearing House uses the PAA Rate from the relevant EOD overnight index swap curves, which is sourced from the Clearing House.

1.5.6 *Initial Margin:* The Clearing House will require FXCCMs to transfer Collateral to the Clearing House in respect of initial margin. Each FXCCM's initial margin obligation will comprise the aggregate of the initial margin obligations separately calculated in relation to (i) the ForexClear Non-Deliverable Service and (ii) the ForexClear Deliverable Service.

(a) *Calculation of Initial Margin:* Separate initial margin calculations are performed for an FXCCM's Proprietary Account, each Client Account (other than an Indirect Gross Account) and each Indirect Gross Sub-Account within an Indirect Gross Account. No offset between the Proprietary Accounts and the Client Accounts is allowed (except pursuant to Rule 8(d) of the Default Rules or any Insufficient Resources Determination Rule) and no offset between any Client Accounts is allowed (except pursuant to Rule 15(a)(ii) of the Default Rules, a Cross-ISA Client Excess Deduction or any Insufficient Resources Determination Rule).

The initial margin obligation is calculated on a real-time (or near real-time) basis throughout each day. With respect to each FXCCM, it is calculated for the portfolio of open ForexClear Contracts and ForexClear Transactions using ForexClear's Portfolio Analysis and Risk ("**FxPAR**") margining model. FxPAR is based on a modified historical simulation expected shortfall methodology. All open ForexClear Contracts and ForexClear Transactions in each Currency Pair are re-valued under a series of FX rate and yield curve scenarios to estimate the potential portfolio profit and loss and therefore the initial margin requirement.

The adequacy of the initial margin calculation is reviewed daily. ForexClear Clearing Members will usually be notified by the Clearing House of alterations to margin model parameters no later than the day before calls are made based on the new parameters. Further details of this method are available upon request from the ForexClear Risk team.

FxPAR uses the market data submitted by FXCCMs pursuant to paragraph 1.5.1(a) (*Product Valuation*).

test with such notice as the Clearing House deems appropriate in its sole discretion.

The Clearing House reserves the right to revoke an entity's status as an LCH Approved Outsourcing Agent, in its sole discretion and without notice. In the event of such a revocation, the relevant FXCCM shall be required to assume those responsibilities that were previously outsourced. Such revocation may occur where the Clearing House considers that there is an insufficient number of third party entities that are providing outsourced default management services (usually a minimum of five providers at any one time).

Other than in exceptional circumstances and in the Clearing House's sole discretion, an LCH Approved Outsourcing Agent may not act on behalf of more than three clearing members.

The appointment of an LCH Approved Outsourcing Agent does not absolve an FXCCM of its obligations under the ForexClear DMP (including its obligation to participate in an Auction) and an LCH Approved Outsourcing Agent's participation in the ForexClear DMP on behalf of an FXCCM, in the event of a default, shall not extend beyond the provision of operational and other ancillary support to that FXCCM.

- 1.10.7 *ForexClear DMG*: The necessary involvement of FXCCMs and the ForexClear DMG in the ForexClear DMP entails the assessment and dissemination of information that could give rise to conflicts of interest. To ensure that such potential conflicts are demonstrably contained, Schedule 1 (*Confidentiality, non-disclosure and participation in the ForexClear Default Management Group*) establishes binding obligations of confidentiality, anonymity and the extent of dissemination of information on FXCCMs (and their executives or directors who participate from time to time in the ForexClear DMG) and on the Clearing House.

Each FXCCM who makes available a representative to serve on the ForexClear DMG agrees, and shall procure that, to the extent applicable, its representatives agree to be bound by and to ensure that it and any of its executives or directors serving on the ForexClear DMG complies with Schedule 1 (*Confidentiality, non-disclosure and participation in the ForexClear Default Management Group*) covering confidentiality, non-disclosure and other terms.

- 1.10.8 *Default Management Accounts*

- (a) For the purposes of this Section 1.10.8, the following definitions will apply:

“Affected Non-Porting Client Account” means, in respect of an Initial DMA or a Final DMA (as applicable) and the ForexClear Contracts that (at any time) comprise such Initial DMA or Final DMA (as applicable), each Non-Porting Client Account from which any such ForexClear Contract originated.

“**Auction**” has the meaning assigned to it in the ForexClear DMP Annex.

“**Auction Date**” means, in respect of an Auction Portfolio, the business day on which such Auction Portfolio is sold.

“**Auction Result**” means, in respect of an Auction Portfolio, the amount equal to:

- (i) the gains or losses of the Clearing House arising from the sale of such Auction Portfolio, where a gain is a positive amount and a loss is a negative amount;
- (ii) plus the Auction Portfolio NPV Gain for such Auction Portfolio (if any);
- (iii) minus the Auction Portfolio NPV Loss for such Auction Portfolio (if any).

“**Auction Portfolio**” means a ForexClear Auction Portfolio.

“**Auction Portfolio Calculation Period**” means, in respect of an Auction Portfolio and its Auction Date, the period commencing immediately after the Daily Calculation Period for the business day preceding such Auction Date and ending at the point at which such Auction Portfolio is sold.

“**Auction Portfolio NPV Change**” means, in respect of an Auction Portfolio and its Auction Portfolio Calculation Period, the amount (if any) by which the aggregate net present value of the ForexClear Contracts within such Auction Portfolio has changed during such Auction Portfolio Calculation Period, and

- (i) where such change is in favour of the Defaulter, is the “**Auction Portfolio NPV Gain**”; and
- (ii) where such change is in favour of the Clearing House, is the “**Auction Portfolio NPV Loss**”.

“**Daily Amount**” means, in respect of a DMA and a Daily Calculation Period, the Daily Gain or Daily Loss for such DMA and Daily Calculation Period.

“**Daily Calculation Period**” means, in respect of a business day, the period, in respect of which the Clearing House determines the end of day margin and settlement payments for ForexClear Contracts for such business day.

“**Daily Gain**” means, in respect of a DMA and a Daily Calculation Period, the amount (if any) by which the Daily NPV Gain exceeds the Daily Hedge Costs (in each case) for such DMA and Daily Calculation Period.

“**Daily Hedge Costs**” means, in respect of a DMA and a Daily Calculation Period, all costs incurred by the Clearing House in connection with hedging the exposure of one or more ForexClear Contracts within such DMA in accordance with the Risk Neutralisation process under Rule 2.2 of the ForexClear DMP Annex.

“**Daily Loss**” means, in respect of a DMA and a Daily Calculation Period, either: (i) where the DMA experiences a Daily NPV Loss in respect of such Daily Calculation Period, the aggregate of such Daily NPV Loss and the Daily Hedge Costs for such DMA and Daily Calculation Period; or (ii) where the DMA experiences a Daily NPV Gain in respect of such Daily Calculation Period, the amount by which the Daily Hedge Costs for such DMA and Daily Calculation Period exceed such Daily NPV Gain.

“**Daily NPV Change**” means, in respect of a DMA and a Daily Calculation Period, the amount (if any) by which the aggregate net present value of the Remaining Contracts within such DMA has changed during such Daily Calculation Period, and:

- (i) where such change is in favour of the Defaulter, is the “**Daily NPV Gain**”; and
- (ii) where such change is in favour of the Clearing House, is the “**Daily NPV Loss**”.

“**DMA**” means an Initial DMA or a Merged DMA, as applicable.

“**DMA Creation Date**” means, in respect of an Initial DMA, the business day on which such Initial DMA is established by the Clearing House.

“**DMA Merger Date**” means, in respect of a Merged DMA, the business day on which two or more DMAs are combined to form such Merged DMA.

“**Final DMA**” means, in respect of an Auction Portfolio that is auctioned and sold, the most recently established DMA from which such Auction Portfolio was formed.

“**ForexClear Auction Portfolio**” means an “Auction Portfolio” as defined in the ForexClear DMP Annex.

“**Initial DMA**” means a default management account established by the Clearing House, acting in its sole discretion, to which one or more Sets of Non-Porting Contracts are transferred (by book-entry) on the DMA Creation Date for such default management account.

“**Latest DMA**” means, in respect of a Daily Calculation Period, a DMA that exists at the end of such Daily Calculation Period, but which has not itself been combined with another DMA to form a separate Merged DMA.

“**Merged DMA**” means a default management account established by the Clearing House, acting in its sole discretion, which results from the combination of two or more DMAs.

“**Non-Porting Client Account**” means, in respect of a Defaulter, the Individual Segregated Account, Indirect Gross Account, or Omnibus Segregated Account or FCM Client Sub-Account (as applicable) of such Defaulter, to which the ForexClear Contracts that the Clearing House has determined will not be ported in accordance with the Client Clearing Annex or the FCM Rulebook are, or were, registered at the point of the Default of the Defaulter.

“**Pre-Default TMR**” means, in respect of an Affected Non-Porting Client Account of a Defaulter, the TMR for such Affected Non-Porting Client Account as at ~~the end of day margin and settlement call for~~time on the business day before the day of Default of such Defaulter, which time is as determined by the Clearing House.

“**Pre-Default TMR Ratio**” means

- (i) in respect of an Initial DMA and an Affected Non-Porting Client Account referable to it, the ratio that the Pre-Default TMR of such Affected Non-Porting Client Account bears to the aggregate Pre-Default TMR of all Affected Non-Porting Client Accounts referable to such Initial DMA; or
- (ii) in respect of a Final DMA and an Affected Non-Porting Client Account referable to it, the ratio that the Pre-Default TMR of such Affected Non-Porting Client Account bears to the aggregate Pre-Default TMR of all Affected Non-Porting Client Accounts referable to such Final DMA.

“**Pre-Merger TMR**” means, in respect of a DMA that was combined with one or more other DMA(s) to form a Merged DMA, the TMR for such DMA as at the ~~time on end of day margin and settlement call for~~the business day before the DMA Merger Date of such Merged DMA, which time is as determined by the Clearing House.

“**Pre-Merger TMR Ratio**” means, in respect of a DMA that was combined with one or more other DMA(s) to form a Merged DMA, the ratio that such DMA’s Pre-Merger TMR bears to the aggregate Pre-Merger TMR of all DMAs that were combined to form such Merged DMA.

“**Prior Merged DMA**” means, in respect of a Merged DMA, an existing Merged DMA that has been combined with one or more other DMA(s) to form such Merged DMA.

“**Remaining Contracts**” means, in respect of a DMA and a Daily Calculation Period, all of the ForexClear Contracts within such DMA during such Daily Calculation Period, excluding those ForexClear

Contracts that the Clearing House has auctioned and sold at any point within such Daily Calculation Period.

“**Set of Non-Porting Contracts**” means, in respect of a Non-Porting Client Account, the ForexClear Contracts that are transferred by the Clearing House from such Non-Porting Client Account to an Initial DMA.

“**TMR**” means (i) in respect of an Affected Non-Porting Client Account, the total margin requirement as determined by the Clearing House for such Affected Non-Porting Client Account, or (ii) in respect of a DMA, the total margin requirement as determined by the Clearing House for such DMA, in each case, excluding variation margin.

(b) *Initial DMAs*

- (i) After a Default, the Clearing House may, in its sole discretion:
 - (A) determine that the ForexClear Contracts registered to a Non-Porting Client Account will not port in accordance with the Client Clearing Annex or the FCM Rulebook (as applicable); and
 - (B) transfer the resulting Set of Non-Porting Contracts in respect of such Non-Porting Client Account to an Initial DMA on the business day on which the Clearing House makes such determination.
- (ii) The Clearing House may in its sole discretion create more than one Initial DMA for the purposes of subparagraph (i)(B) above on the same business day.
- (iii) No Contracts other than ForexClear Contracts will be transferred into an Initial DMA.
- (iv) Any outstanding and owing, but unsettled, variation margin or settlement amounts in respect of ForexClear Contracts as at the end of the Daily Calculation Period for the business day prior to the transfer of such ForexClear Contracts in accordance with subparagraph (i) above shall be discharged by the Clearing House debiting or crediting (as applicable) the Non-Porting Client Account from which such ForexClear Contracts were transferred.

(c) *Merged DMAs*

- (i) On any business day following the creation of two or more Initial DMAs pursuant to paragraph (b) above, the Clearing House may create a Merged DMA by combining:
 - (A) multiple Initial DMAs;

- (B) one or more Initial DMAs and one or more Prior Merged DMAs; or
 - (C) multiple Prior Merged DMAs.
 - (ii) The Clearing House may in its sole discretion create more than one Merged DMA on the same business day.
- (d) *Auctions*
 - (i) The Clearing House shall conduct Auctions in respect of Auction Portfolios referable to DMAs in accordance with the provisions of the ForexClear DMP Annex.
 - (ii) More than one Auction Portfolio may be referable to a single DMA, in which case:
 - (A) the Clearing House will conduct one or more Auctions of each Auction Portfolio referable to such DMA; and
 - (B) on and from the date of the first Auction in respect of the DMA, the Clearing House may no longer combine such DMA into a Merged DMA.
 - (iii) Following the sale of an Auction Portfolio, the ForexClear Contacts within such Auction Portfolio shall no longer form part of the DMA from which the Auction Portfolio was created.
- (e) *Attribution of Daily Amounts*
 - (i) The Clearing House shall, following each Daily Calculation Period, determine the Daily Amount for each Latest DMA in respect of such Daily Calculation Period.
 - (ii) The Clearing House shall attribute the Daily Amount of a Latest DMA that is:
 - (A) an Initial DMA, to each Affected Non-Porting Client Account referable to such Initial DMA, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting Client Account; and
 - (B) a Merged DMA, to each DMA that was combined to form such Merged DMA, pro rata according to the Pre-Merger TMR Ratio of each such DMA (where the amount attributed to each such DMA is an “**Interim Amount**”).
 - (iii) If the Clearing House attributes an Interim Amount to a DMA under subparagraph (ii)(B) above, then it will further attribute such Interim Amount as follows:

- (A) Where the DMA to which the Interim Amount was attributed is an Initial DMA, the Clearing House will further attribute such amount to each Affected Non-Porting Client Account referable to such Initial DMA, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting Client Account; and
 - (B) Where the DMA to which the Interim Amount was attributed is a Merged DMA, the Clearing House will further attribute such amount to each DMA that was combined to form such Merged DMA, pro rata according to the Pre-Merger TMR Ratio of each such DMA.
- (iv) If the Clearing House attributes an amount to a DMA under subparagraph (iii)(B) above, then it will further attribute such amount according to the method specified in subparagraph (iii) (treating such amount as an Interim Amount for the purposes of subparagraph (iii)) until all amounts are attributed to Non-Porting Client Accounts.
- (f) *Attribution of Auction Results*

The Clearing House shall attribute the Auction Result, in respect of the sale of an Auction Portfolio, to each Affected Non-Porting Client Account referable to the Final DMA from which such Auction Portfolio was formed, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting Client Account.

- (g) *Collateral*

The Clearing House shall hold the relevant Collateral in respect of each Non-Porting Client Account in its applicable Client Account until the process described in this Section 1.10.8 has been completed

1.10.9 *Calculation Period*

Notwithstanding the definition of "Auction Losses Calculation Period" in Rule 1.4 of Schedule 3 of the Default Rules, on and from the date determined by the Clearing House, the following definition will apply for the purposes of the ForexClear DMP Annex:

"Auction Losses Calculation Period" means, in respect of an Auction Portfolio and the business day on which the Clearing House auctions and sells such portfolio, the period:

- (a) commencing immediately after the Daily Calculation Period for the previous business day; and
- (b) ending at the point at which the Clearing House sells such portfolio;

- 1.16.2 In the event that an exercise and expiry agent is not able to facilitate or communicate the exercise of (or intent to exercise) a ForexClear Option Contract for any reason whatsoever, and the Clearing House becomes aware of such failure to facilitate or communicate, the Clearing House will notify the relevant ForexClear Clearing Members of such failure and may provide details of one or more alternative exercise methods.
- 1.16.3 Exercise and expiry agents may be designated by the Clearing House from time to time and such agents shall be published on the Clearing House's website.
- 1.16.4 Neither the Clearing House nor any other member of the LCH Group shall have any liability whatsoever to any ForexClear Clearing Member or any other person, including any Clearing Client, in contract, tort (including negligence), trust, as a fiduciary or under any other cause of action in respect of any liabilities, damages, losses, costs or expenses of whatsoever nature suffered or incurred by a ForexClear Clearing Member or any other person, including any Clearing Client, as a result of (a) any failure by the Clearing House to provide notice pursuant to Section 1.16.2 or (b) any failure of an exercise and expiry agent to communicate the exercise of (or intent to exercise) a ForexClear Option Contract to the Clearing House.

1.17 Automatic Exercise of ForexClear Contracts

- 1.17.1 Subject to Section 1.17.5, if, at the Expiration Time on the Expiration Date, the In-the-Money Amount of a ForexClear NDO Contract or ForexClear Option Contract at equals or exceeds the product of:
- (a) the number of basis points as published by the Clearing House from time to time as being applicable to the ForexClear Currency Pair referenced in that ForexClear NDO Contract or ForexClear Option Contract, as the case may be; and
 - (b) the Call Currency Amount or the Put Currency Amount, as appropriate,

in each case as calculated at or immediately prior to the Expiration Time on the Expiration Date of the given ForexClear Contract, such ForexClear NDO Contract or ForexClear Option Contract shall be deemed exercised as of such time, **provided that**, in the case of a ForexClear Option Contract, such ForexClear Option Contract had not been exercised by the relevant ForexClear Clearing Member or the Clearing House.

- 1.17.2 For the purposes of Section 1.17.1, the Clearing House may change the number of basis point applicable to any ForexClear Currency Pair by giving three Business Days' prior notice to affected FXCCMs (or such shorter notice period as determined by the Clearing House following consultation with the affected FXCCMs).
- 1.17.3 Subject to Section 1.17.5, the Clearing House receives an instruction from a ForexClear Clearing Member, including via any third party intent agent or

middleware provider, before the applicable Expiration Time on the Expiration Date such instruction will in all circumstances be acted upon notwithstanding any administrative, systems or processing delays that may affect the Clearing House immediately taking the action required upon receipt of such instruction. If the Clearing House receives an instruction from a ForexClear Option Clearing Member at or after the applicable Expiration Time on the Expiration Date then Section 1.17.1 shall in all circumstances apply and the Clearing House shall have no regard to such instruction.

- 1.17.4 The "**In-the-Money Amount**" in relation to a ForexClear NDO Contract or ForexClear Option Contract shall, in respect of the Exercise Date, be equal to:
- (a) in the case of a Call, the excess of the FX Spot Reference Price over the Strike Price, multiplied by the Call Currency Amount, where both the Strike Price and the Settlement Rate are quoted in terms of the amount of Put Currency to be paid per one unit of Call Currency; and
 - (b) in the case of a Put, the excess of the Strike Price over the FX Spot Reference Price, multiplied by the Put Currency Amount, where both the Strike Price and the Settlement Rate are quoted in terms of the amount of Call Currency to be paid per one unit of Put Currency.
- 1.17.5 In order to facilitate the expiry of offsetting ForexClear Option Contracts, the Clearing House will automatically expire ForexClear Option Contracts that are "equal and offsetting". ForexClear Clearing Members may opt out of such automatic expiry of their ForexClear Option Contracts by providing notice to the Clearing House (the form and manner of such notice shall be prescribed by the Clearing House from time to time), and such opt out shall become effective at such time as notified by the Clearing House to the given ForexClear Clearing Member.
- 1.17.6 Two ForexClear Option Contracts shall be deemed "equal and offsetting" to each other where:
- (a) the Buyer of one ForexClear Option Contract and the Seller of the other ForexClear Option Contract is the same ForexClear Option Clearing Member; and
 - (b) the ForexClear Option Contracts have the equivalent or equal (1) Call Currency and Put Currency, (2) Call Currency Amount and Put Currency Amount, (3) Strike Price, (4) Expiration Date and (5) Settlement Date.
- 1.17.7 Except where a ForexClear Clearing Member has opted out of the automatic expiry of their ForexClear Option Contracts in accordance with Section 1.17.5, at the time, as determined by the Clearing House, on the start of a given Expiration Date for a pair of equal and offsetting ForexClear Option Contracts of a ForexClear Option Clearing Member, the Clearing House shall automatically expire and therefore terminate such all equal and offsetting pairs of ForexClear Option Contracts of each ForexClear Option Clearing Member.

- 1.17.8 In the event the Clearing House receives an instruction from a ForexClear Option Clearing Member, including via any third party exercise and expiry agent or middleware provider, with respect to any ForexClear Option Contract that is subject to automatic expiry on ~~a given~~its Expiration Date, the Clearing House shall disregard such instruction and in all circumstances such ForexClear Option Contract shall be expired on ~~its the given~~ Expiration Date.
- 1.17.9 Capitalised terms used in this Section 1.17 and not otherwise defined shall have the meanings specified for such terms in (i) the ForexClear Option Contract Terms applicable to that ForexClear Option Contract, and, if not defined therein, (ii) the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Trade Association and The Foreign Exchange Committee.

1.18 CLS Payment Procedures

- 1.18.1 In connection with ForexClear Deliverable Contracts, where applicable, FXCCMs are required to meet the following requirements with respect to CLS:

Time	Action or Requirement
00:00 CET	Clearing House to provide FXCCMs expected CLS funding requirements.
01:30 – 02:00 CET	Clearing House to provide FXCCMs final CLS funding requirements. FXCCMs required to make such payments by 09:00 CET (the “Daily CLS Cut-Off Time”).
06:00 – 09:00 CET	FXCCMs required to make payments to cover all short positions in all currencies.
08:00 CET	CLS to issue payments to FXCCMs per settlement instructions for each relevant FXCCM.
09:00 – 10:00 CET	Clearing House to initiate and complete liquidity provisions.

- 1.18.1 In connection with ForexClear Deliverable Contracts, where applicable, the following Relevant FX Liabilities are payable to CLS by FXCCMs in accordance with instructions from the Clearing House:
- (a) Initial Exchange Amounts, Final Exchange Amounts and amounts owed under the Economic Terms of ForexClear Spot Contracts and ForexClear Deliverable Forward Contracts; and
 - (b) Premiums under ForexClear Option Contracts,

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FCM PROCEDURES OF THE CLEARING HOUSE

LCH LIMITED

- (A) an FCM Client for whom the FCM Clearing Member conducts FCM SwapClear Clearing Services in respect of Inflation FCM SwapClear Contracts referencing the relevant Index and/or their third party service providers, provided that the FCM Clearing Member shall procure that such FCM Client and/or its service providers (as applicable) shall only use the Inflation Derived Data for the purposes of the FCM Client's internal risk management and settlement activities in respect of Inflation FCM SwapClear Contracts which the FCM Clearing Member clears or intends to clear on the FCM Client's behalf in respect of the relevant Index and may not further disclose the Inflation Derived Data to any other person or use the Inflation Derived Data for any other purpose;
- (B) third parties providing the FCM Clearing Member with risk management or settlement services, provided that the FCM Clearing Member shall procure that such third parties shall only use the Inflation Derived Data for the purposes of the FCM Clearing Member's internal risk management and settlement activities in relation to FCM Inflation SwapClear Contracts that reference the relevant Index and that the third party may not further disclose the Inflation Derived Data to any other person or use the Inflation Derived Data for any other purpose; and
- (C) competent regulatory authorities when required to do so by Applicable Law or regulation;

2.1.2 *Operating Times and Calendars*

(a) *Opening Days*

The FCM SwapClear service will be open every day, except weekends, Christmas Day, New Year's Day and Good Friday¹.

(b) *Opening Hours*

Unless notified otherwise, the FCM SwapClear service will be operational on each Business Day that is:

- (A) a Monday from 09:00 (~~Sydney London~~ time) to 2:00 (London time) on Tuesday (except if such Tuesday is not a Business Day, in which case the SwapClear service will close at 19:00 (New York time) on Monday);
- (B) a Friday from 04:00 (London time) to 19:00 (New York time); and

¹ While the FCM SwapClear service is generally closed on Good Friday, the Clearing House may, by prior written notice to FCM Clearing Members within such service, open the FCM SwapClear service on such day, in which case it will be a Business Day.

- (C) not a Monday or a Friday from 04:00am (London time) to 02:00~~5~~ (London time) on the following day (except if such following day is not a Business Day, in which case the SwapClear service will close on the preceding Business Day at 19:00 (New York time)).²³

The Clearing House will notify FCM Clearing Members if the FCM SwapClear service is scheduled for closure for operational or other reasons (including compression runs).

(c) FCM SwapClear Clearing System Calendars

The FCM SwapClear clearing system uses the SwapsMonitor Financial Calendar for its processing. This will require all FCM Clearing Members to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the FCM SwapClear clearing system, will be available online for inspection and for file download from FCM Clearing Member Reporting (see Section 2.1.1(c)).

With respect to FCM SwapClear Contracts that are denominated in Israeli Shekel, the Clearing House will not recognize Sunday as a Business Day for the purposes of the FCM SwapClear Contract Terms.

2.1.3 **Registration**

(a) *Submission for Registration*

Prior to and as a precondition to the registration of an eligible FCM SwapClear Transaction, the relevant FCM Clearing Member must provide notice to and receive approval from the Clearing House (or have previously provided such notice and received such approval), in such form as determined by the Clearing House in its sole discretion, with respect to each type of FCM SwapClear Transaction to be presented for registration (be it with respect to tenor, currency or other eligibility criteria). Notwithstanding anything herein to the contrary, if (i) notification pursuant to this paragraph is not received by the Clearing House, (ii) the relevant FCM Clearing Member does not receive approval from the Clearing House pursuant to this paragraph, or (iii) approval granted pursuant to this paragraph has been rescinded by the Clearing House, the Clearing House may, in its sole discretion, reject the registration of any relevant FCM SwapClear Transaction.

² However, the Clearing House will continue to accept FCM Acceptances until one minute after closure of the FCM SwapClear service.

³ The FCM SwapClear service may, in the Clearing House's absolute discretion, be operational beginning (a) 09:00 (Sydney London-time) on a Business Day following a day that is not a Business Day that is a Monday, or (b) 024:00 (London time) on a Business Day that is not a Monday.

Standing Order Amount:

To facilitate the registration of SwapClear Transactions, an FCM Clearing Member may elect to maintain a minimum level of Available FCM Buffer with the Clearing House ~~at the start of on each a~~ Business Day (such amount, the “**Standing Order Amount**”). The Clearing House may approve such election in its sole discretion. Upon the effectiveness of such election, if, at the ~~time on end of a~~ Business Day, which time is as determined by the Clearing House, the amount of a given FCM Clearing Member’s Available FCM Buffer is less than the Standing Order Amount, the Clearing House will call the FCM Clearing Member for an amount of cash Collateral equal to the difference. Any amount so called and received by the Clearing House pursuant to this section shall constitute FCM Buffer of the given FCM Clearing Member.

The form and manner of an election by an FCM Clearing Member pursuant to this section shall be determined by the Clearing House in its sole discretion (a “**Standing Order Request**”). In the event an FCM Clearing Member wishes to rescind or modify its Standing Order Request, it must contact the Clearing House’s Client Services Department (ratesclientservices@lch.com). The Clearing House may reduce the Standing Order Amount or terminate a Standing Order Request in its sole discretion

Through submitting a Standing Order Request, an FCM Clearing Member warrants that the individual making the request on behalf of the FCM Clearing Member is appropriately authorized to do so.

- (d) *SwapClear FCM Approved Trade Source Systems and FCM Trading Venues*
 - (i) FCM Approved Trade Source Systems

Application for FCM Approved Trade Source System status shall be made in accordance with the policies published from time to time on the Clearing House's website. A list of FCM Approved Trade Source Systems currently approved by the Clearing House is available on the Clearing House's website. Where the Clearing House approves additional FCM Approved Trade Source Systems, it will notify FCM Clearing Members via member circular.

FCM SwapClear Transactions presented through an FCM Approved Trade Source System must be in an acceptable message format, as prescribed by the Clearing House.

Notwithstanding the designation by the Clearing House of any system as an FCM Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or

Amounts associated with such Backload Call (the “**Backload Call Deadline**”), the Clearing House will issue such FCM Clearing Member with a subsequent margin call to furnish Margin and any other Required Registration Amounts in respect of any SwapClear Tolerance utilisation as of the time of the Backload Call Deadline (if any).

Where an individual FCM Clearing Member determines that the Backloaded Trade(s) that it is presented for registration will lead to an aggregate change in the net present value of its portfolio of FCM SwapClear Contracts in excess of a threshold amount (the "**Individual Backload Value Threshold**") as published by the Clearing House from time to time, it shall notify the Clearing House ~~before the end of~~ ~~on~~ the Business Day preceding the Backload Registration Cycle. ~~In the event that~~ ~~If~~ the Clearing House does not receive such notification and the change in net present value of the FCM Clearing Member’s portfolio of FCM SwapClear Contracts is in excess of the Individual Backload Value Threshold the Clearing House may, in its sole discretion, exclude that FCM Clearing Member from the Backload Registration Cycle or postpone or cancel the entire Backload Registration Cycle.

Where an FCM Clearing Member notifies the Clearing House of a change in net present value in excess of the Individual Backload Value Threshold, the Clearing House shall inform the FCM Clearing Member whether it will be required to pre-fund the Backload Call and, if so, how it should be delivered such that it will be made available for a Backload Registration Cycle.

In the event that the aggregate Backload Call required from all FCM Clearing Members participating in a Backload Registration Cycle is in excess of a pre-determined threshold amount (the "**Aggregate Backload Threshold**") as published by the Clearing House from time to time, the Clearing House may postpone or cancel the relevant Backload Registration Cycle.

Where the Clearing House postpones or cancels a Backload Registration Cycle it shall notify those FCM Clearing Members that were intending to participate in the Backload Registration Cycle.

Backloaded Trades received by the Clearing House in advance of a Backload Registration Cycle will be ‘parked’ until the next Backload Registration Cycle (whether that Backload Registration Cycle is on the same Business Day or the following Business Day).

In order for the registration of the Backloaded Trades included in a Backload Registration Cycle to complete, Collateral and any other Required Registration Amounts from each FCM Clearing Member (and each SwapClear Clearing Member, if applicable) which is party to a Backloaded Trade within that Backload Registration Cycle must be furnished as required to the Clearing House in advance.

JPY LIBOR & OIS	12:00
KRW	8:20, 13:15 and 19:05
MXN	20:00
NOK	16:15
NKD	12:00
PLN	16:15
SEK	16:15
SGD	12:00
THB	8:20, 13:15 and 19:05
TWD	8:20, 13:15 and 19:05
USD	
LIBOR, SOFR & OIS	20:00
ZAR	16:15
EURO OIS	18:15
GBP OIS	17:15

Zero coupon yield curves used for daily marking to market will be published on the Clearing House's Member Reporting website at intervals during the day as determined by the Clearing House~~after the end of each Business Day~~.

(d) *Variation Settlement*

On the date of registration, the Net Present Value of an FCM SwapClear Contract will be calculated in accordance with Section 2.1.7(a).

On all subsequent days, the change in the Net Present Value from one Business Day to the next will be calculated by the Clearing House.

The Clearing House will require FCM Clearing Members to furnish it with Initial Margin. This amount will be determined by the prevailing market conditions and the expected time to close out the portfolio. The Portfolio Approach to Interest Rate Scenarios (PAIRS) will be used to calculate Initial Margin requirements for FCM SwapClear Contracts.

Separate Initial Margin calculations are performed for an FCM Clearing Member's house "H" and client "C" accounts and, within a "C" account, separately in respect of each FCM Client Sub-Account therein. No offset between the "C" and "H" accounts is permitted.

The Clearing House reserves the right to require additional amounts of Margin from a specific FCM Clearing Member or from all FCM Clearing Members in accordance with FCM Regulation 14 (*Margin and Collateral*).

(a) *Liquidity Multiplier*

Risk Management applies a liquidity multiplier based on Worst Case Loss (WCL) exceeding certain thresholds on the FCM Clearing Member's whole portfolio and individual currencies. The threshold amounts and multipliers are reviewed on an on-going basis. FCM Client accounts are treated as independent accounts for purposes of liquidity and will be called only in the event that the individual account exceeds the relevant threshold.

(b) *Intra-day Margin Calls*

In accordance with the Clearing House's FCM Regulations, the Clearing House is entitled to make additional margin calls for payment the same day (intra-day margin calls) where it is considered necessary. Intra-day margin calls can be ~~called-made~~ at any time throughout the Business Day. Intra-day margin calls will usually be made via the ~~p~~Protected ~~p~~Payments ~~s~~System (~~PPS~~) (see Section 2.1.10).

In certain circumstances, the Clearing House may wish to make a call for additional funds after the UK PPS cut-off time of 08:00 New York time. In this event, the Clearing House will require payment of additional funds through PPS facilities in the USA (see Section 3.2.1). Members must ensure, in these circumstances, that they are in a position to fund such calls through their nominated US PPS account within one hour of the call.

(c) *Calculation of Initial Margin*

Portfolio Approach to Interest Rate Scenarios (PAIRS)

The PAIRS calculation is a VAR based approach based on filtered historical simulations. All positions in each currency are re-valued under a series of cross portfolio yield curve scenarios to estimate the highest forecast loss and therefore the Initial Margin requirement. Further details of this method are available upon request and are

House's requirements, including those set forth in paragraph (a) below and under these FCM Procedures, the Clearing House will, as part of its service to FCM Clearing Members, amend its records in order to reflect any such change. Such change has no effect whatsoever on the terms of any registered FCM SwapClear Contract or any other obligations of the FCM Clearing Member party to such contract.

(a) *Trade Reference Amendment Request Form*

FCM Clearing Members may submit a request to the Clearing House to amend a trade reference (either on behalf of the given FCM Clearing Member or an FCM Client) (a “**Trade Amendment Request**”). Trade Amendment Requests must be submitted in the form and manner prescribed by the Clearing House from time to time, and may be approved by the Clearing House in its sole discretion. Upon approval by the Clearing House, Trade Amendment Requests will typically be processed within two Business Days. In the event the Clearing House is unable, or determines it will be unable, to process an approved Trade Amendment Request within two business days, it shall attempt to notify the given FCM Clearing Member as soon as reasonably practicable.

(b) *Processing*

The Clearing House shall reject a Trade Amendment Request in the event that:

- (A) it is not made in accordance with these FCM Procedures;
- (B) any trade reference submitted in the Trade Amendment Request does not (a) match the FCM Clearing Member's trade reference in the Clearing House's books and records or (b) refer to a trade registered in the FCM SwapClear clearing system;
- (C) any trade reference submitted in the Trade Amendment Request is not recorded by the Clearing House against the BIC code of the FCM Clearing Member requesting the amendment; or
- (D) it determines it advisable, in its sole discretion, for risk, legal, technical, cost or similar considerations.

Upon processing a Trade Amendment Request, the Clearing House will notify the given FCM Clearing Member and will produce a report setting out details of the time and date that it has amended its records in accordance with the request, details of the old and new FCM Clearing Member trade references and the status of the amendment in respect of each trade set out in the Trade Reference Amendment Request. All records of the Clearing House and data held in the FCM SwapClear clearing system will then be updated overnight following the ~~close of the~~ given Business Day.

2.1.17 *Default Management*

(a) *Portfolio Splitting:*

As part of the Rates Service DMP, the Clearing House may divide an Auction portfolio into two or more individual Auction Portfolios. In circumstances where such portfolio splitting is adopted, the Clearing house will, in consultation with the Rates Service DMG (which, as defined in the Default Rules, refers to the advisory Default Management Group established by the Clearing House pursuant to the terms of the Rates Service DMP Annex to the Default Rules), seek to create:

- (A) one or more individual Sub-portfolios which have comparatively greater levels of risk associated with them, thereby isolating such Sub portfolios from those which are more risk neutral; and
- (B) one or more individual Sub portfolios which are more risk neutral.

(b) *Acceptance of Bids*

In deciding whether to accept a bid, the Clearing House will generally accept the best bid in respect of any individual Auction. However, the Clearing House is entitled to reject a bid in the event that it considers, in its reasonable discretion that accepting the bid may:

- (A) cause the Clearing House to breach Applicable Law by virtue of its being a Recognised Clearing House or a Derivatives Clearing Organization;
- (B) cause the Clearing House or its membership any reputational harm;
- (C) cause legal action or proceedings to be taken against the Clearing House;
- (D) endanger the Clearing House, any of its clearing members or the financial markets in which the Clearing House operates.

(f) *Default Management Accounts*

(A) For the purposes of this paragraph (f), the following definitions will apply:

“Affected Non-Porting FCM Client Sub-Account” means, in respect of an Initial DMA or a Final DMA (as applicable) and the FCM Rates Contracts that (at any time) comprise such Initial DMA or Final DMA (as applicable), each Non-Porting FCM Client Sub-Account from which any such FCM Rates Contract originated.

“Auction” has the meaning assigned to it in the Rates Service DMP Annex.

“Auction Date” means, in respect of an Auction Portfolio, the business day on which such Auction Portfolio is sold.

“Auction Result” means, in respect of an Auction Portfolio, the amount equal to:

- (i) the gains or losses of the Clearing House arising from the sale of such Auction Portfolio, where a gain is a positive amount and a loss is a negative amount;
- (ii) plus the Auction Portfolio NPV Gain for such Auction Portfolio (if any);
- (iii) minus the Auction Portfolio NPV Loss for such Auction Portfolio (if any).

“Auction Portfolio” means a Basis Portfolio or an OTC Auction Portfolio, as applicable.

“Auction Portfolio Calculation Period” means, in respect of an Auction Portfolio and its Auction Date, the period commencing immediately after the Daily Calculation Period for the business day preceding such Auction Date and ending at the point at which such Auction Portfolio is sold.

“Auction Portfolio NPV Change” means, in respect of an Auction Portfolio and its Auction Portfolio Calculation Period, the amount (if any) by which the aggregate net present value of the FCM Rates Contracts within such Auction Portfolio has changed during such Auction Portfolio Calculation Period, and

- (i) where such change is in favour of the Defaulter, is the **“Auction Portfolio NPV Gain”**; and
- (ii) where such change is in favour of the Clearing House, is the **“Auction Portfolio NPV Loss”**.

“**Basis Portfolio**” has the meaning assigned to it in the Rates Service DMP Annex.

“**Daily Amount**” means, in respect of a DMA and a Daily Calculation Period, the Daily Gain or Daily Loss for such DMA and Daily Calculation Period.

“**Daily Calculation Period**” means, in respect of a business day, the period in respect of which the Clearing House determines the end of day margin and settlement payments for FCM Rates Contracts for such business day.

“**Daily Gain**” means, in respect of a DMA and a Daily Calculation Period, the amount (if any) by which the Daily NPV Gain exceeds the Daily Hedge Costs (in each case) for such DMA and Daily Calculation Period.

“**Daily Hedge Costs**” means, in respect of a DMA and a Daily Calculation Period, all costs incurred by the Clearing House in connection with hedging the exposure of one or more FCM Rates Contracts within such DMA in accordance with the Risk Neutralisation process under Rule 2.2 of the Rates Service DMP Annex.

“**Daily Loss**” means, in respect of a DMA and a Daily Calculation Period, either: (i) where the DMA experiences a Daily NPV Loss in respect of such Daily Calculation Period, the aggregate of such Daily NPV Loss and the Daily Hedge Costs for such DMA and Daily Calculation Period; or (ii) where the DMA experiences a Daily NPV Gain in respect of such Daily Calculation Period, the amount by which the Daily Hedge Costs for such DMA and Daily Calculation Period exceed such Daily NPV Gain.

“**Daily NPV Change**” means, in respect of a DMA and a Daily Calculation Period, the amount (if any) by which the aggregate net present value of the Remaining Contracts within such DMA has changed during such Daily Calculation Period, and:

- (i) where such change is in favour of the Defaulter, is the “**Daily NPV Gain**”; and
- (ii) where such change is in favour of the Clearing House, is the “**Daily NPV Loss**”.

“**DMA**” means an Initial DMA or a Merged DMA, as applicable.

“**DMA Creation Date**” means, in respect of an Initial DMA, the business day on which such Initial DMA is established by the Clearing House.

“**DMA Merger Date**” means, in respect of a Merged DMA, the business day on which two or more DMAs are combined to form such Merged DMA.

“**Final DMA**” means, in respect of an Auction Portfolio that is auctioned and sold, the most recently established DMA from which such Auction Portfolio was formed.

“**Initial DMA**” means a default management account established by the Clearing House, acting in its sole discretion, to which one or more Sets of Non-Porting Contracts are transferred (by book-entry) on the DMA Creation Date for such default management account.

“**Latest DMA**” means, in respect of a Daily Calculation Period, a DMA that exists at the end of such Daily Calculation Period, but which has not itself been combined with another DMA to form a separate Merged DMA.

“**Merged DMA**” means a default management account established by the Clearing House, acting in its sole discretion, which results from the combination of two or more DMAs.

“**Non-Porting FCM Client Sub-Account**” means, in respect of a Defaulter, the FCM Client Sub-Account of such Defaulter, to which the FCM Rates Contracts that the Clearing House has determined will not be ported in accordance with the FCM Rulebook are, or were, registered at the point of the Default of the Defaulter.

“**OTC Auction Portfolio**” has the meaning assigned to it in the Rates Service DMP Annex.

“**Pre-Default TMR**” means, in respect of an Affected Non-Porting FCM Client Sub-Account of a Defaulter, the TMR for such Affected Non-Porting FCM Client Sub-Account as at the ~~time on end-of-day margin and settlement call for~~ the business day before the day of Default of such Defaulter, which time is as determined by the Clearing House.

“**Pre-Default TMR Ratio**” means

- (i) in respect of an Initial DMA and an Affected Non-Porting FCM Client Sub-Account referable to it, the ratio that the Pre-Default TMR of such Affected Non-Porting FCM Client Sub-Account bears to the aggregate Pre-Default TMR of all Affected Non-Porting FCM Client Sub-Accounts referable to such Initial DMA; or
- (ii) in respect of a Final DMA and an Affected Non-Porting FCM Client Sub-Account referable to it, the ratio that

the Pre-Default TMR of such Affected Non-Porting FCM Client Sub-Account bears to the aggregate Pre-Default TMR of all Affected Non-Porting FCM Client Sub-Accounts referable to such Final DMA.

“Pre-Merger TMR” means, in respect of a DMA that was combined with one or more other DMA(s) to form a Merged DMA, the TMR for such DMA as at the time on end-of-day margin and settlement call for the business day before the DMA Merger Date of such Merged DMA, which time is as determined by the Clearing House.

“Pre-Merger TMR Ratio” means, in respect of a DMA that was combined with one or more other DMA(s) to form a Merged DMA, the ratio that such DMA’s Pre-Merger TMR bears to the aggregate Pre-Merger TMR of all DMAs that were combined to form such Merged DMA.

“Prior Merged DMA” means, in respect of a Merged DMA, an existing Merged DMA that has been combined with one or more other DMA(s) to form such Merged DMA.

“Remaining Contracts” means, in respect of a DMA and a Daily Calculation Period, all of the FCM Rates Contracts within such DMA during such Daily Calculation Period, excluding those FCM Rates Contracts that the Clearing House has auctioned and sold at any point within such Daily Calculation Period.

“Set of Non-Porting Contracts” means, in respect of a Non-Porting FCM Client Sub-Account, the FCM Rates Contracts that are transferred by the Clearing House from such Non-Porting FCM Client Sub-Account to an Initial DMA.

“TMR” means (i) in respect of an Affected Non-Porting FCM Client Sub-Account, the total margin requirement as determined by the Clearing House for such Affected Non-Porting FCM Client Sub-Account, or (ii) in respect of a DMA, the total margin requirement as determined by the Clearing House for such DMA, in each case excluding: (x) variation margin; (y) Stress Loss Margin as defined in Section 2.1.9 above; and (z) counterparty risk multiplier margin.

(B) *Initial DMAs*

(A) After a Default, the Clearing House may, in its sole discretion:

- (1) determine that the FCM Rates Contracts registered to a Non-Porting FCM Client Sub-

Account will not port in accordance with the FCM Rulebook; and

- (2) transfer the resulting Set of Non-Porting Contracts in respect of such Non-Porting FCM Client Sub-Account to an Initial DMA on the business day on which the Clearing House makes such determination.
- (B) The Clearing House may in its sole discretion create more than one Initial DMA for the purposes of subparagraph (A)(2) above on the same business day.
- (C) No Contracts other than FCM Rates Contracts will be transferred into an Initial DMA.
- (D) Any outstanding and owing, but unsettled, variation margin or settlement amounts in respect of FCM Rates Contracts as at the end of the Daily Calculation Period for the business day prior to the transfer of such FCM Rates Contracts in accordance with subparagraph (A) above shall be discharged by the Clearing House debiting or crediting (as applicable) the Non-Porting FCM Client Sub-Account from which such FCM Rates Contracts were transferred.

(C) *Merged DMAs*

- (A) On any business day following the creation of two or more Initial DMAs pursuant to paragraph (B) above, the Clearing House may create a Merged DMA by combining:
 - (1) multiple Initial DMAs;
 - (2) one or more Initial DMAs and one or more Prior Merged DMAs; or
 - (3) multiple Prior Merged DMAs.
- (B) The Clearing House may in its sole discretion create more than one Merged DMA on the same business day.

(D) *Auctions*

- (A) The Clearing House shall conduct Auctions in respect of Auction Portfolios referable to DMAs in accordance with the provisions of the Rates Service DMP Annex.
- (B) More than one Auction Portfolio may be referable to a single DMA, in which case:

- (1) the Clearing House will conduct one or more Auctions of each Auction Portfolio referable to such DMA; and
 - (2) on and from the date of the first Auction in respect of the DMA, the Clearing House may no longer combine such DMA into a Merged DMA.
- (C) Following the sale of an Auction Portfolio, the Rates Service Contacts within such Auction Portfolio shall no longer form part of the DMA from which the Auction Portfolio was created.
- (E) *Attribution of Daily Amounts*
- (A) The Clearing House shall, following each Daily Calculation Period, determine the Daily Amount for each Latest DMA in respect of such Daily Calculation Period.
 - (B) The Clearing House shall attribute the Daily Amount of a Latest DMA that is:
 - (1) an Initial DMA, to each Affected Non-Porting FCM Client Sub-Account referable to such Initial DMA, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting FCM Client Sub-Account; and
 - (2) a Merged DMA, to each DMA that was combined to form such Merged DMA, pro rata according to the Pre-Merger TMR Ratio of each such DMA (where the amount attributed to each such DMA is an “**Interim Amount**”).
 - (C) If the Clearing House attributes an Interim Amount to a DMA under subparagraph (B)(2) above, then it will further attribute such Interim Amount as follows:
 - (1) Where the DMA to which the Interim Amount was attributed is an Initial DMA, the Clearing House will further attribute such amount to each Affected Non-Porting FCM Client Sub-Account referable to such Initial DMA, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting FCM Client Sub-Account; and
 - (2) Where the DMA to which the Interim Amount was attributed is a Merged DMA, the Clearing House will further attribute such amount to each

DMA that was combined to form such Merged DMA, pro rata according to the Pre-Merger TMR Ratio of each such DMA.

- (D) If the Clearing House attributes an amount to a DMA under subparagraph (C)(2) above, then it will further attribute such amount according to the method specified in subparagraph (C) (treating such amount as an Interim Amount for the purposes of subparagraph (C)) until all amounts are attributed to Non-Porting FCM Client Sub-Accounts.

(F) *Attribution of Auction Results*

The Clearing House shall attribute the Auction Result, in respect of the sale of an Auction Portfolio, to each Affected Non-Porting FCM Client Sub-Account referable to the Final DMA from which such Auction Portfolio was formed, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting FCM Client Sub-Account.

(G) *CFTC Regulations*

The Clearing House shall hold the relevant Collateral in respect of Non-Porting FCM Client Sub-Accounts (segregated as belonging to each such applicable Non-Porting FCM Client Sub-Account in accordance with the CFTC Regulations and Part 22 thereof) in its applicable FCM Omnibus SwapClear Client Account with LCH until the process described in this paragraph (f) has been completed. For the avoidance of doubt, the Clearing House may only take such actions pursuant to this paragraph as permitted by the FCM Rulebook, the CEA and the CFTC Regulations or as directed by an applicable Regulatory Body.

(g) *FCM Rates Service Default Management Disclosure Notice*

Each FCM Rates Service Clearing Member must ensure that each FCM Client to which it offers FCM SwapClear Clearing Services is provided with, or is directed to a copy of, the FCM Rates Service Default Management Disclosure Notice, and further must provide confirmation, in the form and manner reasonably required by the Clearing House, that it has discharged this obligation in respect of each such FCM Client.

(h) *Contact Information*

Each FCM Rates Clearing Member is required to provide the Clearing House with contact details for those persons that the Clearing House should contact in the event of a Clearing Member Default. FCM Rates

**SCHEDULE 2.1B
RATE CHANGE ANNEXES**

**SWAPCLEAR FCM SERVICE - RATE CHANGE ANNEX – SECURED
OVERNIGHT FINANCING RATE (SOFR)**

1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Rate Change Annex” as defined in and pursuant to the FCM Regulations and supplements and forms part of the FCM Rulebook.
- (b) This Annex relates to the change in the rate from the Fed Funds Rate to the Secured Overnight Financing Rate provided by the Federal Reserve Bank of New York, as administrator (or a successor administrator) (**SOFR**) for the purposes of (i) calculating the Price Alignment Amount, and (ii) constituting the relevant underlying benchmark for the instruments used to construct the Clearing House’s zero coupon yield curves under 2.1.7 of the FCM Procedures to calculate the net present value, each in relation to the Impacted FCM SwapClear Contracts.
- (c) The terms of this Annex shall apply to all Impacted FCM SwapClear Contracts (as set-out in the Rate Change Notice relating to SOFR) that are registered with the Clearing House as set out below. For the avoidance of doubt, (i) no other FCM SwapClear Contract shall be subject to, or affected by, the terms of this Annex and each FCM SwapClear Contract shall remain in full force and effect, and (ii) the FCM SwapClear Contract Terms shall not be amended by the terms of this Annex.
- (d) Capitalized terms used but not otherwise defined in this Annex have the meaning given to them in the FCM Regulations.
- (e) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

2. DEFINITIONS

For the purposes of this Annex:

Auction Adjustment per Unit means, in relation to a Maturity Bucket, an amount in USD equal to (i) the aggregate of all Auction Winner Amounts for that Maturity Bucket divided by (ii) the total notional amount of Discounting Risk Swaps in that Maturity Bucket which have been liquidated pursuant to the Cash Settlement Schedule.

Auction Date means, in relation to a Rate Change Notice relating to SOFR, the date specified as such by the Clearing House in such Rate Change Notice, being the date on which the auctions referred to herein and the Cash Settlement Supplement shall be held and certain amounts payable hereunder shall be calculated.

Auction Winner means, in relation to the Net Auction Contract Pair in respect of a Maturity Bucket, each Cash Settlement Participant (as defined in the Cash Settlement Schedule) that has submitted the winning price for such Net Auction Contract Pair, as determined by the Clearing House in accordance with the Cash Settlement Supplement.

Auction Winner Amount means, in relation to the Net Auction Contract Pair for Maturity Bucket and an Auction Winner, an amount in USD equal to the product of: (i) that Auction Winner's Winning Bid Quantity; (ii) the difference between that Auction Winner's Winning Bid Price and the Mid-Price; and (iii) the SOFR Basis Point Cash Value per Million, each for that Maturity Bucket. If the Auction Winner's Winning Bid Price is a price that by reference to the Mid-Price is (a) in favor of the Clearing House, the Auction Winner Amount shall be a negative amount or (b) in favor of the Auction Winner, the Auction Winner Amount shall be a positive amount.

Cash Compensation Contract means each contract determined by the Clearing House and registered in the relevant Proprietary Account, or an FCM Client Sub-Account pursuant to Section 8 below.

Cash Only Client means an FCM Client that has its positions recorded in a Cash Only Client Position Account.

Cash Only Client Position Account means each FCM Client Sub-Account registered in the name of an FCM Client that is identified as a Cash Only Client Position Account in a Cash Only Election Notice.

Cash Only Client Position Account Auction Adjustment means, in relation to a Cash Only Client Position Account and a Maturity Bucket, an amount in USD in favor of the Clearing House or an FCM Clearing Member (as applicable) equal to the product of (i) the notional amount of Discounting Risk Swaps for that Maturity Bucket that would, but for the delivery of the Cash Only Election Notice, have been registered in that Cash Only Client Position Account and which have been liquidated pursuant to the Cash Settlement Schedule, and (ii) the Auction Adjustment per Unit for that Maturity Bucket.

Cash Only Election Cut-Off Date is the date specified as such by the Clearing House in a Rate Change Notice relating to SOFR, being the date by which FCM Clearing Members must deliver any Cash Only Election Notices to the Clearing House.

Cash Only Election Notice means a written notice delivered by an FCM Clearing Member to the Clearing House in accordance with this Annex identifying those FCM Clients and the related FCM Client Sub-Accounts which have elected to be Cash Only Client Position Account(s) in accordance with Section 4 of this Annex.

Cash Settlement Schedule means the schedule to the SCM SOFR Rate Change Annex which sets-out the terms on which the Clearing House shall conduct one or more auctions for purposes of determining certain amounts, curves and spreads and related information relevant to this Annex, as supplemented by any Cash Settlement Supplement published by the Clearing House from time to time. The Cash Settlement Schedule supplements, and forms part of, this Annex.

Cash Settlement Supplement means any document identified as such by the Clearing House which supplements and forms part of the Cash Settlement Schedule and sets out further terms in relation to the auctions.

Cash Valuation Change Amount (MXN) means each amount denominated in MXN and determined in accordance with Section 7.5 of this Annex.

Cash Valuation Change Amount (USD) means each amount denominated in USD and determined in accordance with Section 7.1, Section 7.2 or Section 7.3 of this Annex.

De Minimis Participant Account means, in relation to a Maturity Bucket, any Proprietary Account, or any FCM Client Sub-Account that, as of the Swap Portfolio Calculation Date, would have an allocation of Discounting Risk Swaps in a given Maturity Bucket with a notional amount that is closer to zero than to the integral number set out in the table in paragraph 5.1(c) in relation to that Maturity Bucket.

Discounting Risk Auction has the meaning given to it in the Cash Settlement Schedule.

Discounting Risk Swaps means the FCM SwapClear Contracts determined, identified and notified by the Clearing House in accordance with Section 5 of this Annex and entered into and registered between the Clearing House and an FCM Clearing Member pursuant to Regulation 48A.

FedFunds Discounted Value means, in relation to an Impacted FCM SwapClear Contract, the net present value, as of the ~~time end of the Business Day in New York~~ on the Auction Date determined by the Clearing House, of all future cash flows under that Impacted FCM SwapClear Contract calculated using the Fed Funds Rate as the discounting rate for the purposes of constructing the zero coupon yield curves under 2.1.7 of the FCM Procedures (with the future cash flows calculated in the same manner as for the determination of the SOFR Discounted Value). If the net present value represents an asset or positive value for the Clearing House, such FedFunds Discounted Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such FedFunds Discounted Value shall be a negative amount.

Maturity Bucket means, in relation to the Impacted FCM SwapClear Contracts, Discounting Risk Swaps and Net Auction Contract Pairs, a group of such contracts which all have the same maturity, being either two years, five years, ten years, fifteen years, twenty years or thirty years from the date of registration.

Mid-Price has, in relation to the Net Auction Contract Pair for a Maturity Bucket, the meaning given to it in the Cash Settlement Schedule, and shall be expressed in basis points.

Mid-Price Auction has the meaning given to it in the Cash Settlement Schedule.

MXN Impacted SwapClear Contracts has the meaning given to it in Section 7 of this Annex.

Net Auction Contract Pair has the meaning given to it in the Cash Settlement Schedule.

SCM SOFR Rate Change Annex means the rate change annex published by the Clearing House in relation to SOFR under Regulation 60B of the UK General Regulations.

SOFR Basis Point Cash Value per Million means, in relation to the Net Auction Contract Pair for a Maturity Bucket, an amount in USD equal to the change (expressed as a positive if a gain and a negative if a loss) in value of such Net Auction Contract Pair with a notional amount of USD one million as a result of adding a one basis point spread to the SOFR leg, as determined by the Clearing House in its sole discretion.

SOFR Discounted Value means, in relation to an Impacted FCM SwapClear Contract, the net present value, as of the ~~time end of the Business Day in New York~~ on the Auction Date determined by the Clearing House, of all future cash flows under that Impacted FCM SwapClear Contract using the SOFR Discounting Curve for the purposes of such calculation (with the future cash flows calculated in the same manner as for the determination of the FedFunds Discounted Value). If the net present value represents an asset or positive value for the Clearing House, such SOFR Discounted Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such SOFR Discounted Value shall be a negative amount.

SOFR Discounting Curve means the SOFR pricing curve constructed by the Clearing House in accordance with Section 4 of the Cash Settlement Schedule.

Swap Portfolio Calculation Date means, in relation to a Rate Change Notice relating to SOFR the date specified as such by the Clearing House in such Rate Change Notice relating to SOFR, being the date on which the Clearing House shall determine the portfolios of Discounting Risk Swaps in relation to all Impacted FCM SwapClear Contracts registered with the Clearing House on such date.

Winning Bid Price means, in relation to the Net Auction Contract Pair for a Maturity Bucket and an Auction Winner, the price payable to, or by, that Auction Winner to the Clearing House, expressed as a positive or negative spread in basis points on the SOFR leg of the Net Auction Contract Pair for that Maturity Bucket and determined through a modified Dutch auction as further set-out in the Cash Settlement Supplement(s). For the avoidance of doubt: (a) if the Clearing House is the receiver of SOFR under the Net Auction Contract Pair, and (1) the spread is a positive amount, the Winning Bid Price shall be a positive amount; or (2) the spread is a negative amount, the Winning Bid Price shall be a negative amount; and (b) if the Clearing House is the receiver of the Fed Funds Rate under the Net Auction Contract Pair, and (1) the spread is a positive amount, the Winning Bid Price shall be a negative amount; or (2) the spread is a negative amount, the Winning Bid Price shall be a positive amount.

Winning Bid Quantity means, in relation to an Auction Winner and a Net Auction Contract Pair for a Maturity Bucket, the notional amount (expressed in units of USD one million) of the Discounting Risk Swap related to such Net Auction Contract Pair (or the part thereof) which will be determined by the Clearing House pursuant to the Cash Settlement Supplement and registered in the Proprietary Account of the Auction Winner.

3. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

- (a) In connection with the change from the Fed Funds Rate to SOFR described in Section 1(b) above, pursuant to and in accordance with the Clearing House's powers under Regulation 48A of the FCM Regulations, this Annex sets out the method by which the Clearing House will:

Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN) and Cash Compensation Contracts

- (i) for each Proprietary Account and each FCM Client Sub-Account, calculate the following amounts, in each case, if any:

- (A) Cash Valuation Change Amount (USD); and
- (B) Cash Valuation Change Amount (MXN),

each of which are "Rate Change Payments" for the purpose of Regulation 48A.

- (ii) determine and register, pursuant to Regulation 48A, certain Cash Compensation Contracts in each Proprietary Account and FCM Client Sub-Account in accordance with Section 8 of this Annex in order to effect the payment of each Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN), Cash Only Client Position Account Auction Adjustment, and Auction Winner Amount, in each case, if any;

Discounting Risk Swaps and Auction Winner Amounts

- (iii) subject to (b) below, for (x) each Proprietary Account and (y) each FCM Client Sub-Account which is not a Cash Only Client Position Account, determine how certain Discounting Risk Swaps shall be identified in accordance with Section 5, registered and entered into between the Clearing House and each FCM Clearing Member pursuant to Regulation 48A and the terms of those Discounting Risk Swaps;
 - (iv) subject to (b) below, for each Cash Only Client Position Account, calculate the related Cash Only Client Position Account Auction Adjustments (which shall also each be a "Rate Change Payment" for the purpose of Regulation 48A); and
 - (v) for each Auction Winner, calculate the Auction Winner Amount (which shall also be a "Rate Change Payment" for the purpose of Regulation 48A).
- (b) Any account that is a De Minimis Participant Account in relation to a Maturity Bucket shall not have any Discounting Risk Swaps in that Maturity Bucket determined or registered in its name and shall not be obliged to pay, or entitled to receive, any Cash Only Client Position Account Auction Adjustments. Any Cash Only Election Notice received in relation to an FCM Client Sub-Account that is a De Minimis Participant Account as of the Auction Date shall be invalid and shall have no effect whatsoever (and, for the avoidance of doubt, the Discounting Risk Swaps that would otherwise be registered in any De Minimis Participant Account shall not count towards the Net Auction Contract Pair for any Maturity Bucket).

4. CLEARING MEMBER DEALINGS WITH FCM CLIENTS AND CLIENT CASH ONLY ELECTIONS

Client Cash Only Elections

- (a) In relation to its SwapClear Client Clearing Business, an FCM Clearing Member shall provide each FCM Client with an election not to have Discounting Risk Swaps registered on that FCM Client's behalf in relation to Impacted FCM SwapClear Contracts registered in the relevant FCM Client Sub-Account and instead, subject to Section 4(d) below, to assume a right, or an obligation to pay or be paid an amount equal to the Cash Only Client Position Account Auction Adjustment in respect of

- each FCM Client Sub-Account, as determined pursuant to this Annex (except in the circumstances provided for in the Cash Settlement Schedule, where the election not to have Discounting Risk Swaps registered may be overridden).
- (b) An FCM Clearing Member shall be entitled to deliver Cash Only Election Notices to the Clearing House at any time up to, and including, the Cash Only Election Cut-Off Date. All Cash Only Election Notices must be delivered to the Clearing House via the SwapClear Portal.
 - (c) No FCM Clearing Member shall be entitled to deliver a Cash Only Election Notice in respect of its Proprietary Accounts and any such notice shall be invalid and shall have no effect whatsoever.
 - (d) The Clearing House reserves the right to reject any Cash Only Election Notice received by the Clearing House after the ~~time end of the Business Day in New York~~ on the Cash Only Election Cut-Off Date determined by the Clearing House. An FCM Clearing Member shall only be entitled to deliver a Cash Only Election Notice in respect of all, but not some only, of the FCM SwapClear Contracts registered in the name of an FCM Client in a single FCM Client Sub-Account.
 - (e) The delivery by an FCM Clearing Member of a Cash Only Election Notice shall be deemed, as of the ~~time end of the Business Day in New York~~ on the Cash Only Election Cut-Off Date determined by the Clearing House, to be an irrevocable instruction of that FCM Clearing Member (for itself and acting on behalf of the relevant FCM Client(s) for whom the FCM Client Sub-Account which such Cash Only Election Notice affects is held) to the Clearing House to determine the Cash Valuation Change Amount (USD), the Cash Valuation Change Amount (MXN) and each Cash Only Client Position Account Auction Adjustment payable to or by that FCM Clearing Member in accordance with Section 7.3, Section 7.4 and Section 7.5 of this Annex and to register the related Cash Compensation Contracts in the relevant FCM Client Sub-Account in accordance with this Annex.
 - (f) If an FCM Clearing Member does not deliver a Cash Only Election Notice in respect of an FCM Client Sub-Account held for an FCM Client then that shall be deemed, as of the ~~time end of the Business Day in New York~~ on the Cash Only Election Cut-Off Date determined by the Clearing House, to be an irrevocable instruction of that FCM Clearing Member (for itself and acting on behalf of that FCM Client) to the Clearing House to (i) determine the Cash Valuation Change Amount (USD) and the Cash Valuation Change Amount (MXN) in accordance with Section 7.2 and Section 7.5 of this Annex and to register the related Cash Compensation Contract in the relevant FCM Client Sub-Account in accordance with this Annex, and (ii) determine the Discounting Risk Swaps to be allocated to such FCM Client's FCM Client Sub-Account in accordance with this Annex and to register such Discounting Risk Swaps in such account.
 - (g) By not delivering a Cash Only Election Notice, in relation to an FCM Client Sub-Account, each FCM Clearing Member represents and warrants to the Clearing House on the Cash Only Election Cut-Off Date that (i) it has used reasonable endeavors to obtain instructions from the FCM Client in relation to the exercise of an election not to receive Discounting Risk Swaps in relation to such account and (ii) it has not

received instructions from any FCM Client to deliver a Cash Only Election Notice in respect of such account.

Clearing Member Obligations

- (h) Each FCM Clearing Member (and in the case of (h)(vi) below, each FCM Clearing Member and the Clearing House):
- (i) agrees to use reasonable endeavors to provide its FCM Clients with information on (i) the change in the rate from the Fed Funds Rate to SOFR pursuant to the terms of Regulation 48A and this Annex, (ii) the amounts payable pursuant to the terms the Cash Compensation Contracts which may be registered in that FCM Client's FCM Client Sub-Account pursuant to the terms of this Annex, (iii) the Discounting Risk Swaps which may be allocated to that FCM Client's FCM Client Sub-Account pursuant to the terms of this Annex, and (iv) other information (indicative or otherwise) in relation to each FCM Client's FCM Client Sub-Account that the Clearing House has notified FCM Clearing Members must be provided to FCM Clients.. Such information shall include the terms of this Annex and any information which it has received from, or is made available by, the Clearing House in connection with this Annex, including any risk disclosure statements relating to the matters herein;
 - (ii) agrees that it, and each applicable FCM Client, shall be bound by the terms of any Cash Compensation Contracts and Discounting Risk Swaps registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
 - (iii) represents and warrants to the Clearing House as at the Cash Only Election Cut-off Date that each Cash Only Client in relation to which it has delivered a Cash Only Election Notice (A) has instructed the FCM Clearing Member to deliver the Cash Only Election Notice on its behalf, and (B) has expressly agreed (i) that by electing for its FCM Client Sub-Account to be a Cash Only Client Position Account under this Annex it shall not, other than if (X) the Cash Settlement Schedule provides that one or more Discounting Risk Auctions have failed, or (Y) some of the Discounting Risk Swaps are not successfully auctioned and liquidated in accordance with the Cash Settlement Schedule, be party to any Discounting Risk Swaps (ii) that it shall be obliged to pay or entitled to receive the Cash Valuation Change Amount (USD), the Cash Valuation Change Amount (MXN) and, provided the Cash Only Client Position Account is not a De Minimis Participant Account, each Cash Only Client Position Account Auction Adjustment determined in accordance with Section 7.3, Section 7.4 and Section 7.5 of this Annex, and (iii) that the Cash Only Client Position Account Auction Adjustment may not be economically equivalent to being party to any such Discounting Risk Swaps or liquidating, closing-out, selling or replacing the Discounting Risk Swaps in the relevant market;
 - (iv) acknowledges that the Cash Valuation Change Amounts, the Auction Winner Amounts, each Cash Only Client Position Account Auction Adjustment, and

the spread in relation to the Discounting Risk Swaps shall be determined by reference to the Discounting Risk Auctions and the Mid-Price Auctions, and agrees to be bound by the results of such auctions and the terms of the Cash Settlement Schedule and the Cash Settlement Supplement;

- (v) agrees to perform all obligations and exercise all rights under this Annex, the Cash Settlement Schedule, the Cash Settlement Supplement, the Cash Compensation Contracts and the Discounting Risk Swaps in accordance with Applicable Law; and
- (vi) agrees that each Cash Compensation Contract and Discounting Risk Swap is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value and discounting risk impact of the change from the Fed Funds Rate to SOFR and effecting the payment of amounts owed to, or payable by, the Auction Winner.

5. DETERMINING THE PORTFOLIO OF DISCOUNTING RISK SWAPS

5.1 On the Swap Portfolio Calculation Date, the Clearing House shall allocate Impacted FCM SwapClear Contracts into different Maturity Buckets based on the tenor of the discounting risk associated with such Impacted FCM SwapClear Contracts. Any Impacted FCM SwapClear Contract that has discounting risk with a tenor that falls between two different Maturity Buckets shall be allocated to the nearest two Maturity Buckets in the Clearing House's sole and absolute discretion. Separately in respect of the Impacted FCM SwapClear Contracts allocated to each Maturity Bucket in each Proprietary Account and FCM Client Sub-Account, determine a portfolio of Discounting Risk Swaps which is designed to, in the Clearing House's sole and absolute discretion and to the extent practicable, replicate the Fed Funds Rate discounting risk profile in relation to such FCM SwapClear Contracts as of the Swap Portfolio Calculation Date. For the avoidance of doubt, the determination by the Clearing House pursuant to this paragraph may be different from an FCM Clearing Member's or FCM Client's models or methodologies. Each pair of Discounting Risk Swaps will:

- (a) have a maturity of two years, five years, ten years, fifteen years, twenty years or thirty years from the date of registration;
- (b) when registered, comprise a pair of FCM SwapClear Contracts whereby:
 - (i) under the first FCM SwapClear Contract, the Clearing House or the FCM Clearing Member (**Party X**) will receive Fed Funds and pay to the other party (**Party Y**) fixed amounts, which shall be determined by reference to the fixed rate, determined by the Clearing House in accordance with its usual processes, that would be payable on the fixed leg of a FCM SwapClear Contract at the close of business on the Swap Portfolio Calculation Date where the floating rate is the Fed Funds Rate and the maturity date corresponds to the applicable maturity referred to in (a) above; and

- (ii) under the second FCM SwapClear Contract, Party X will pay SOFR and receive from Party Y a fixed amount, which shall be a fixed rate, determined by subtracting the spread equal to the Mid-Price determined pursuant to the Cash Settlement Schedule from the fixed rate referred to in (i) above provided that if the process referred to in the Cash Settlement Schedule fails to provide the Mid-Price for the relevant Maturity Bucket, the Clearing House shall determine the spread for that Maturity Bucket using its customary methodology and applying it to observable market data points and applying linear interpolation where the Clearing House considers appropriate; and
- (c) have a notional amount that is determined by the Clearing House, in its sole and absolute discretion, where such notional amount shall be rounded to the nearest integral number set out in the following table:

Maturity Bucket	2Y	5Y	10Y	15Y	20Y	30Y
Amount in USD to which the notional amount will be rounded to	5,000,000	2,500,000	1,250,000	500,000	500,000	500,000

- 5.2 The Clearing House shall separately determine the portfolio of Discounting Risk Swaps in respect of each of the following (excluding, in relation to a Maturity Bucket, any De Minimis Participant Accounts in relation to that Maturity Bucket) as of the Swap Portfolio Calculation Date:
- (a) the Impacted FCM SwapClear Contracts then registered in each FCM Clearing Member's Proprietary Account; and
- (b) the Impacted FCM SwapClear Contracts then registered in each FCM Client's FCM Client Sub-Account.
- 5.3 The Clearing House shall promptly notify each FCM Clearing Member of each portfolio of Discounting Risk Swaps it has determined pursuant to this Section 5 in respect of each account held by each FCM Clearing Member as set out above.
- 5.4 Without prejudice to the above, at any time prior to the Swap Portfolio Calculation Date, the Clearing House may publish indicative portfolios of the Discounting Risk Swaps in relation to the Impacted FCM SwapClear Contracts then registered in the name of an FCM Clearing Member for information only.

6. THE AUCTIONS

- 6.1 On the Auction Date the Clearing House shall conduct one or more Discounting Risk Auctions and Mid-Price Auctions and each such auction shall be conducted in respect of both LCH's SCM service and LCH's FCM service. The initial terms of the Discounting Risk Auctions and the Mid-Price Auctions shall be as set out in the Cash Settlement Schedule and the Clearing House shall supplement such terms to provide further detail on the operation of the auctions through publication of one or more Cash Settlement Supplements, provided however that, the Clearing House shall not be entitled to materially alter the nature of the obligations of any FCM Clearing Member under this Rate Change Annex via any Cash Settlement Supplement. Each Cash Settlement Supplement shall be deemed to supplement, and form part of, the Cash Settlement Schedule and the Clearing House shall be entitled to supplement, modify, amend, replace or withdraw the Cash Settlement Schedule or Cash Settlement Supplements (in whole or in part) from time to time in its sole discretion through such method as the Clearing House shall determine is appropriate.
- 6.2 Each FCM Clearing Member that is an Expected Cash Settlement Participant (as defined in the Cash Settlement Schedule) agrees that it shall use all reasonable efforts to submit pricing in accordance with this Cash Settlement Schedule for the Net Auction Contract Pair in each Maturity Bucket.
- 6.3 If, having taken the steps in Section 4(a) of the of the Cash Settlement Schedule in connection with a Discounting Risk Auction, where applicable, no prices are received in relation to one or more of the Maturity Buckets then the Clearing House will determine that no further auctions shall take place with respect to the relevant Maturity Bucket(s) and all Cash Only Clients shall have Discounting Risk Swaps for such relevant Maturity Bucket(s) registered in the FCM Client Sub-Accounts notwithstanding any Cash Only Election Notices previously delivered in respect of such FCM Clients.
- 6.4 If, in relation to a Maturity Bucket, the Clearing House is unable to auction and liquidate the full notional amount of the Discounting Risk Swaps that are the subject of the auction for that Maturity Bucket (including, without limitation, because the aggregate notional amount for which bids are received in relation to that Maturity Bucket is less than the entire notional amount of such Discounting Risk Swaps) (the **Non-Auctioned Swaps**), then the Clearing House shall, notwithstanding any Cash Only Election Notices previously delivered, allocate the Non-Auctioned Swaps to each Cash Only Client Position Account, with each Cash Only Position Client Account being allocated a share of the Non-Auctioned Swaps pro rata to that Cash Only Client Position Account's share of the total notional amount of Discounting Risk Swaps for that Maturity Bucket that would, but for the delivery of the Cash Only Election Notices, have been registered in each of the Cash Only Client Position Accounts.

7. THE CASH VALUATION CHANGE AMOUNTS AND THE CASH ONLY CLIENT POSITION ACCOUNT AUCTION ADJUSTMENTS

All Impacted FCM SwapClear Contracts other than TIE Interest Rate Swaps denominated in MXN

The following provisions are applicable in relation to all Impacted FCM SwapClear Contracts other than Impacted FCM SwapClear Contracts that are TIE interest rate swaps denominated in MXN. With respect to the calculations to be performed under Section 7.1 to 7.3 (inclusive) below, for the purposes of determining the Cash Valuation Change Amount (USD) in relation to non-deliverable interest rate swaps the Clearing House shall first convert into USD the value of the discounted future cash flows which are not denominated in USD by applying the relevant rate of exchange as determined by the Clearing House in accordance with its usual procedures. Each of the calculations performed under Sections 7.1 to 7.3 (inclusive) below shall include any non-deliverable interest rate swaps registered in the relevant account as of the ~~time end of the Business Day in New York~~ on the Auction Date determined by the Clearing House.

Proprietary Accounts

- 7.1 Immediately following the conclusion of Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date, the Clearing House shall calculate the Cash Valuation Change Amount (USD) in respect of each Proprietary Account as follows:
- (a) the Clearing House shall calculate the aggregate FedFunds Discounted Value and the aggregate SOFR Discounted Value in relation to each Impacted FCM SwapClear Contract registered in each Proprietary Account as of the ~~end of the Business Day in New York~~time on the Auction Date determined by the Clearing House;
 - (b) if the aggregate SOFR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in a Proprietary Account exceeds the aggregate FedFunds Discounted Value in relation to all such Impacted FCM SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the Clearing House in relation to such Proprietary Account; and
 - (c) if the aggregate SOFR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in a Proprietary Account is less than the aggregate FedFunds Discounted Value in relation to all such Impacted FCM SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the FCM Clearing Member in relation to such Proprietary Account.

FCM Client Sub-Accounts (excluding Cash Only Position Client Accounts)

- 7.2 The following only applies in relation to each FCM Client Sub-Account that is not a Cash Only Client Position Account. Immediately following the conclusion of the Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date the Clearing House shall determine the Cash Valuation Change Amount (USD) in respect of the Impacted FCM SwapClear Contracts registered in each FCM Client Sub-Account that is not a Cash Only Client Position Account as follows:

- (a) the Clearing House shall calculate the aggregate FedFunds Discounted Value and the aggregate SOFR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in such account as of the ~~end of the Business Day in New York time~~ on the Auction Date determined by the Clearing House;
- (b) if the aggregate SOFR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in such account exceeds the aggregate FedFunds Discounted Value in relation to all such Impacted FCM SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the excess and shall be an amount in favor of the Clearing House in relation to such account; and
- (c) if the aggregate SOFR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in such account is less than the aggregate FedFunds Discounted Value in relation to all such Impacted FCM SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the FCM Clearing Member in relation to such account.

Cash Only Client Position Accounts

7.3 The following applies only in relation to Cash Only Client Position Accounts. Immediately following the conclusion of the Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date the Clearing House shall determine the Cash Valuation Change Amount (USD) in respect of the Impacted FCM SwapClear Contracts registered in a Cash Only Client Position Account as follows:

- (a) the Clearing House shall calculate the aggregate FedFunds Discounted Value and the aggregate SOFR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in such account as of the ~~end of the Business Day in New York time~~ on the Auction Date determined by the Clearing House;
- (b) if the aggregate SOFR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in such account exceeds the aggregate FedFunds Discounted Value in relation to all such Impacted FCM SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the Clearing House in relation to such account;
- (c) if the aggregate SOFR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in such account is less than the aggregate FedFunds Discounted Value in relation to all such Impacted FCM SwapClear Contracts then the Cash Valuation Change Amount (USD) shall be an amount equal to the absolute value of the difference and shall be an amount in favor of the FCM Clearing Member in whose name such Cash Only Client Position Account is held; and

7.4 Immediately following the conclusion of the Discounting Risk Auctions on the Auction Date, provided that the Discounting Risk Auction for the relevant Maturity

Bucket occurs in accordance with the Cash Settlement Schedule, the Clearing House shall calculate, in respect of each Cash Only Client Position Account the aggregate Cash Only Client Position Account Auction Adjustment in relation to each Maturity Bucket.

Impacted FCM SwapClear Contracts which are TIE Interest Rate Swaps denominated in MXN

- 7.5 Immediately following the conclusion of the Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date the Clearing House shall determine the Cash Valuation Change Amount (MXN) separately in respect of each Impacted FCM SwapClear Contracts that is a TIE interest rate swap denominated in MXN (**MXN Impacted SwapClear Contracts**) registered in each Proprietary Account or FCM Client Sub-Account, as follows:
- (a) first, for the purposes of determining the Cash Valuation Change Amount (MXN) in relation to the MXN Impacted FCM SwapClear Contracts, the value of the discounted future cash flows thereunder shall be multiplied by the relevant USD/MXN rates of exchange determined by the Clearing House in accordance with the Clearing House's usual procedures;
 - (b) second, the Clearing House shall calculate the aggregate FedFunds Discounted Value and the aggregate SOFR Discounted Value in relation to all MXN Impacted FCM SwapClear Contracts registered in such account as of the ~~end of the Business Day in New York time~~ on the Auction Date determined by the Clearing House;
 - (c) if the aggregate SOFR Discounted Value in relation to all such MXN Impacted FCM SwapClear Contracts registered in such account exceeds the aggregate FedFunds Discounted Value in relation to all such MXN Impacted SwapClear Contracts then the Cash Valuation Change Amount (MXN) shall be an amount in MXN equal to the absolute value of the difference and shall be an amount in favor of the Clearing House in relation to such account; and
 - (d) if the aggregate SOFR Discounted Value in relation to all MXN Impacted FCM SwapClear Contracts registered in such account is less than the aggregate FedFunds Discounted Value in relation to all such MXN Impacted FCM SwapClear Contracts then the Cash Valuation Change Amount (MXN) shall be an amount in MXN equal to the absolute value of the difference and shall be an amount in favor of the FCM Clearing Member in whose name such Cash Only Client Position Account is held.

8. REGISTRATION OF CASH COMPENSATION CONTRACTS

- 8.1 On the basis of the calculations set forth in Section 7 above, the Clearing House shall determine, as applicable, the Cash Valuation Change Amount (USD), the Cash Valuation Change Amount (MXN), the Cash Only Client Position Account Auction Adjustments and the Auction Winner Amount in respect of each Proprietary Account and each FCM Client Sub-Account and each FCM Clearing Member and the Clearing

House (as applicable) irrevocably agrees that it shall be bound to pay such amounts to the other pursuant to the terms of the related Cash Compensation Contracts.

- 8.2 The Clearing House shall, pursuant to Regulation 48A, register a separate Cash Compensation Contract in each Proprietary Account and each FCM Client Sub-Account in relation to each of the following amounts (to the extent such amounts are applicable to such account)
- (a) Cash Valuation Change Amounts (USD);
 - (b) Cash Valuation Change Amounts (MXN);
 - (c) Cash Only Client Position Account Auction Adjustments; and
 - (d) Auction Winner Amounts.
- 8.3 Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN), Cash Only Client Position Account Auction Adjustments or Auction Winner Amount (as applicable) to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the FCM SwapClear Contract Terms) of USD1 (or, in the case of the Cash Compensation Contract relating to the Cash Valuation Change Amount (MXN), MXN1), a "Termination Date" (as defined in the FCM SwapClear Contract Terms) falling two Business Days after the Auction Date, and an obligation on the Clearing House or the FCM Clearing Member (as applicable) to pay to the other an amount equal to the Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN), Cash Only Client Position Account Auction Adjustments or Auction Winner Amount (as applicable) in relation to the relevant account, with such amounts determined in accordance with Section 7 of this Annex. However, neither the Clearing House nor an FCM Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Valuation Change Amount (USD), Cash Valuation Change Amount (MXN), Cash Only Client Position Account Auction Adjustment or Auction Winner Amount (as applicable) to which such Cash Compensation Contract relates.
- 8.4 Each FCM Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 8, which shall, when registered, constitute an FCM SwapClear Contract between the Clearing House and the relevant FCM Clearing Member that has arisen by reason of the application of the Regulations to the Impacted FCM SwapClear Contracts.

9. REGISTRATION OF DISCOUNTING RISK SWAPS

- 9.1 Immediately following the conclusion of the Discounting Risk Auctions (or determination by the Clearing House that such auctions shall not occur) on the Auction Date the Clearing House shall notify all FCM Clearing Members of the Discounting Risk Swaps that will be registered in the accounts in accordance with this Annex. If the Clearing House exercises its powers pursuant to Section 4(b) of the Cash Settlement Schedule, then, as soon as practicable following such exercise, it shall notify all FCM Clearing Members of the Discounting Risk Swaps that will be registered in their Proprietary Accounts and FCM Client Sub-Accounts and it shall

register such Discounting Risk Swaps in such accounts without regard to any Cash Only Election Notice.

- 9.2 Except as provided in Section 9.3 below, on the first Business Day immediately following the Auction Date the Clearing House shall:
- (a) in relation to each Auction Winner, register the related Discounting Risk Swaps (or portion thereof) in the Proprietary Account of the Auction Winner and each Auction Winner and the Clearing House shall become party to such Discounting Risk Swaps;
 - (b) in relation to each Proprietary Account other than De Minimis Participant Accounts, register the Discounting Risk Swaps determined pursuant to Section 5.2(a) in each FCM Clearing Member's Proprietary Account; and
 - (c) in relation to each FCM Client Sub-Account other than Cash Only Client Position Accounts and De Minimis Participant Accounts, register the Discounting Risk Swaps determined pursuant to Section 5.2(b) in relation to such FCM Client in the relevant account.

- 9.3 Each FCM Clearing Member agrees to be bound by each Discounting Risk Swap registered pursuant to this Section 9, which shall, when registered, constitute FCM SwapClear Contracts between the Clearing House and the relevant FCM Clearing Member that have arisen by reason of the application of the Regulations to the Impacted FCM SwapClear Contracts.

10. DETERMINATIONS BINDING

Subject to Section 13, all determinations and calculations made by the Clearing House pursuant to this Annex and the Cash Settlement Schedule shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

11. RECORDS

The Clearing House shall update its books and records to reflect the Discounting Risk Swaps, Cash Compensation Contracts, Cash Valuation Change Amounts (USD), Cash Valuation Change Amounts (MXN), Auction Winner Amounts and Cash Only Client Position Account Auction Adjustments resulting from the operation of this Annex and the Cash Settlement Schedule. The obligation to pay, or the right to receive, any amounts determined under this Annex may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements.

12. MISCELLANEOUS

- (a) The obligations of the Clearing House to each FCM Clearing Member shall be to perform its obligations as principal to such FCM Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 13.

- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the FCM Procedures to change the rate used for the purposes of (i) calculating the Price Alignment Amount, and (ii) constructing the Clearing House's zero coupon yield curves under 2.1.7 of the FCM Procedures from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook.

13. LIMITATION OF LIABILITY

13.1 Without prejudice to the generality of Regulation 44, each FCM Clearing Member agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any claim against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with:

- (i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or
- (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.2 Without prejudice to the generality of Regulation 44 and clause 14.1 above, each FCM Clearing Member further agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

- 13.3 Each FCM Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from an FCM Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any FCM Clearing Member or FCM Client in connection with this Annex or any FCM SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), an FCM Clearing Member or FCM Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each FCM Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.
- 13.4 For the avoidance of doubt, notwithstanding anything herein or in the Cash Settlement Supplement or Cash Settlement Schedule, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, an FCM Clearing Member.

SWAPCLEAR FCM SERVICE - RATE CHANGE ANNEX – EURO SHORT TERM RATE (€STR)

1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Rate Change Annex” as defined in the FCM Regulations and supplements and forms part of the FCM Rulebook.
- (b) This Annex relates to the change in the rate from the Euro OverNight Index Average (**EONIA**) to the Euro Short Term Rate (**€STR**) for the purposes of (i) calculating the Price Alignment Amount, and (ii) constituting the relevant underlying benchmark for the instruments used to construct the Clearing House’s zero coupon yield curves under 2.1.7 of the FCM Procedures to calculate the net present value, each in relation to Impacted FCM SwapClear Contracts.
- (c) The terms of this Annex shall apply to all Impacted FCM SwapClear Contracts of the type set-out in the Rate Change Notice relating to €STR as set out below. For the avoidance of doubt, (i) no other FCM SwapClear Contract shall be subject to, or affected by, the terms of this Annex and each FCM SwapClear Contract shall remain in full force and effect, and (ii) the FCM SwapClear Contract Terms shall not be amended by the terms of this Annex.
- (d) Capitalized terms used but not otherwise defined in this Annex have the meaning given to them in the FCM Regulations.
- (e) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

2. DEFINITIONS

For the purposes of this Annex:

Cash Compensation Amount means, in relation to the Impacted FCM SwapClear Contracts in a Proprietary Account or an FCM Client Sub-Account, the amount determined in accordance with Section 4 below.

Cash Compensation Contract means each contract determined by the Clearing House and registered in the relevant Proprietary Account or an FCM Client Sub-Account pursuant to Section 4 below.

EONIA Discounted Value means, in relation to an Impacted FCM SwapClear Contract, the net present value, as of the ~~end of the Business Day in New Yorktime~~ on the €STR Calculation Date determined by the Clearing House, of all future cash flows under that Impacted FCM SwapClear Contract calculated using EONIA as the discounting rate for the purpose of constructing the zero coupon yield curves under 2.1.7 of the FCM Procedures (with the future cash flows calculated in the same manner as for the determination of the €STR Discounted Value). If the net present value represents an asset or positive value for the Clearing House, such EONIA Discounted Value shall be a positive amount and if the net

present value represents a liability or negative value for the Clearing House, such EONIA Discounted Value shall be a negative amount

€STR Calculation Date means in relation to a Rate Change Notice relating to €STR the date specified as such by the Clearing House and specified in the Rate Change Notice relating to €STR, being the date on which the Clearing House shall calculate the amounts and values specified in Section 4 below.

€STR Discounted Value means, in relation to an Impacted FCM SwapClear Contract, the net present value, as of the ~~end of the Business Day in New Yorktime~~ on the €STR Calculation Date determined by the Clearing House, of all future cash flows under that Impacted FCM SwapClear Contract using €STR as the discounting rate for the purpose of constructing the zero coupon yield curves under 2.1.7 of the FCM Procedures (with the future cash flows calculated in the same manner as for the determination of the EONIA Discounted Value). If the net present value represents an asset or positive value for the Clearing House, such €STR Discounted Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such €STR Discounted Value shall be a negative amount.

3. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

Pursuant to Regulation 48A of the Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are Rate Change Payments” for purposes of Regulation 48A), and (ii) determining the terms of the Cash Compensation Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts

4. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CHANGE TO €STR

- (a) Immediately following the €STR Calculation Date the Clearing House shall calculate:
- (i) the aggregate EONIA Discounted Value and the aggregate €STR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in each Proprietary Account as of the ~~end of the Business Day in New Yorktime~~ on the €STR Calculation Date determined by the Clearing House; and
 - (ii) the aggregate EONIA Discounted Value and the aggregate €STR Discounted Value in relation to all Impacted FCM SwapClear Contracts registered in each FCM Client Sub-Account as of the ~~end of the Business Day in New Yorktime~~ on the €STR Calculation Date determined by the Clearing House.
- (b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the Impacted FCM SwapClear Contracts in each Proprietary Account and each FCM Client Sub-Account as follows. If:
- (i) the aggregate €STR Discounted Value in relation to all such Impacted FCM SwapClear Contracts exceeds the aggregate EONIA Discounted Value in relation to all such Impacted FCM SwapClear Contracts the Cash

- Compensation Amount in relation to such Impacted FCM SwapClear Contracts shall be equal to the absolute value of the difference, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account or FCM Client Sub-Account (as applicable); and
- (ii) the aggregate €STR Discounted Value in relation to all such Impacted FCM SwapClear Contracts is less than the aggregate EONIA Discounted Value in relation to all such Impacted FCM SwapClear Contracts then the Cash Compensation Amount in relation to such Impacted FCM SwapClear Contracts shall be equal to the absolute value of the difference, and shall be an amount in favor of the FCM Clearing Member in relation to such Proprietary Account or FCM Client Sub-Account (as applicable).
- (c) The Clearing House shall, pursuant to Regulation 48A, register a separate Cash Compensation Contract in each Proprietary Account and each FCM Client Sub-Account, Cash Compensation Amount (to the extent such amounts are applicable to such account). Each FCM Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay the Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the FCM SwapClear Contract Terms) of EUR1, a "Termination Date" (as defined in the FCM SwapClear Contract Terms) falling two Business Days after the €STR Calculation Date, and an obligation on the Clearing House or the FCM Clearing Member (as applicable) to pay to the other the Cash Compensation Amount related to the relevant Proprietary Account, or FCM Client Sub-Account, in each case as determined pursuant to Section 4(b) above, with a positive Cash Compensation Amount representing an amount payable by the Clearing House to the FCM Clearing Member and a negative Cash Compensation Amount representing an amount payable to the Clearing House by the FCM Clearing Member. However, neither the Clearing House nor a FCM Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.
- (d) Each FCM Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 4, which shall, when registered, constitute an FCM SwapClear Contract between the Clearing House and the relevant FCM Clearing Member that has arisen by reason of the application of the Regulations to the Impacted FCM SwapClear Contracts.
- (e) Each FCM Clearing Member agrees (and in the case of (e)(iv) below, each FCM Clearing Member and the Clearing House agrees):
- (i) to use reasonable endeavors to provide each of its FCM Clients with information on (i) the change in the rate from EONIA to €STR pursuant to the terms of Regulation 48A and this Annex, and (ii) the amounts pursuant to the terms of the Cash Compensation Contracts which may be allocated to that FCM Clearing Client's FCM Client Sub-Account pursuant to the terms of this Annex. Such information shall include the terms of this Annex and any

information which it has received from, or is made available by, the Clearing House in connection with this Annex;

- (ii) that it, and each of its FCM Clients, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
- (iii) to perform all obligations and exercise all rights under this Annex in accordance with Applicable Law; and
- (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of the change from EONIA to €STR.

5. DETERMINATIONS BINDING

Subject to Section 8, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

6. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements.

7. MISCELLANEOUS

- (a) The obligations of the Clearing House to each FCM Clearing Member shall be to perform its obligations as principal to such FCM Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 8.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the Procedures to change the rate used for the purposes of (i) calculating the Price Alignment Amount, and (ii) constructing the Clearing House's zero coupon yield curves under 12.1.7 of the FCM Procedures from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook.

8. LIMITATION OF LIABILITY

- 8.1 Without prejudice to the generality of Regulation 44, each FCM Clearing Member agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any claim against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with:

- (i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or
- (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

8.2 Without prejudice to the generality of Regulation 44 and clause 8.1 above, each FCM Clearing Member further agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

8.3 Each FCM Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from an FCM Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any FCM Clearing Member or FCM Client in connection with this Annex or any FCM SwapClear Contract registered as a result of the matters specified in this Annex; (iv)

shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), an FCM Clearing Member or FCM Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each FCM Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.

- 8.4 For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, an FCM Clearing Member.

**SCHEDULE 2.1C
FLOATING RATE CONVERSION ANNEXES**

**SWAPCLEAR FCM SERVICE – FLOATING RATE CONVERSION ANNEX –
EURO OVERNIGHT INDEX AVERAGE (EONIA)**

1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Floating Rate Conversion Annex” as defined in and pursuant to the Regulations and supplements and forms part of the Rulebook.
- (b) The terms of this Annex shall apply to all open FCM SwapClear Contracts that (i) specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder and (ii) are registered with the Clearing House at the ~~end of the “business day” in New York time~~ on the Conversion Cut-Off Date determined by the Clearing House (each such FCM SwapClear Contract, an **EONIA Contract**). For the avoidance of doubt, (A) no other FCM SwapClear Contract shall be subject to, or affected by, the terms of this Annex and all FCM SwapClear Contracts shall remain in full force and effect as amended pursuant to the Floating Rate Conversion Annexes, and (B) other than as expressly set out in this Annex, the FCM SwapClear Contract Terms shall not be amended, supplemented or modified by the terms of this Annex.
- (c) Capitalised terms used but not otherwise defined herein have the meaning given to them in the Regulations. The term "business day" has the meaning given to it in the Regulations.
- (d) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

2. DEFINITIONS

For the purposes of this Annex:

Amended EONIA Contract means each EONIA Contract after giving effect to the amendments made pursuant to Section 3 of this Annex.

Cash Compensation Amount means, in relation to the EONIA Contracts in a Proprietary Account or an FCM Client Sub-Account, the amount determined in accordance with Section 5 below.

Cash Compensation Contract means each contract determined by the Clearing House and registered in the relevant Proprietary Account or FCM Client Sub-Account pursuant to Section 5 below.

Conversion Cut-Off Date means the business day immediately prior to the Conversion Date.

Conversion Date means October 16, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

EONIA Contract has the meaning given to the term in Section 1(b) hereto.

EONIA Value means, in relation to an EONIA Contract, the net present value, determined by the Clearing House by reference to the Clearing House's zero coupon yield curves as of the time specified in Section 2.1.7 of these Procedures on the Conversion Date, of all future cash flows under that EONIA Contract on the basis that such EONIA Contract is an Unamended EONIA Contract. If the net present value represents an asset or positive value for the Clearing House, such EONIA Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such EONIA Value shall be a negative amount.

€STR Value means, in relation to an EONIA Contract, the net present value, determined by the Clearing House by reference to the Clearing House's zero coupon yield curves as of the time specified in Section 2.1.7 of these Procedures on the Conversion Date, of all future cash flows under that EONIA Contract on the basis that such EONIA Contract is an Amended EONIA Contract. If the net present value represents an asset or positive value for the Clearing House, such €STR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such €STR Value shall be a negative amount.

EUR-EONIA-OIS-COMPOUND has the meaning given to it in the ISDA 2000 Definitions or ISDA 2006 Definitions (as applicable)

EUR-EONIA-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

EUR-EuroSTR-COMPOUND has the meaning given to it in the ISDA 2000 Definitions or ISDA 2006 Definitions (as applicable).

EUR-EuroSTR-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

In-Scope Floating Rate Option means EUR-EONIA-OIS COMPOUND or EUR-EONIA-OIS Compound.

ISDA Definitions means the ISDA 2000 Definitions, the ISDA 2006 Definitions and the ISDA 2021 Definitions, each as published by the International Swaps and Derivatives Association, Inc.

Unamended EONIA Contract means each EONIA Contract prior to giving effect to the amendments made pursuant to Section 3 below.

3. AMENDMENT TO EONIA CONTRACTS

- (a) Pursuant to Regulation 48B of the FCM Regulations, with effect from, and including, the Conversion Date, each EONIA Contract shall be amended so that each reference to EONIA shall instead be deemed to be a reference to the Euro Short-Term Rate (€STR) (without any spread) and each reference to an In-Scope Floating Rate Option shall instead be a reference to EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound (as applicable), depending on the ISDA Definitions incorporated into the relevant EONIA Contract.
- (b) No other term of any EONIA Contract shall be amended under this Annex.

4. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

Pursuant to Regulation 48B of the FCM Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are “Conversion Payments” for purposes of FCM Regulation 48B), and (ii) determining the terms of the Cash Compensation Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts.

5. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CHANGE TO €STR

- (a) On the Conversion Date the Clearing House shall calculate:
- (i) the aggregate EONIA Value and the aggregate €STR Value in relation to all EONIA Contracts registered in each Proprietary Account as of the ~~end of the business day in New York time~~ on the Conversion Cut-Off Date determined by the Clearing House;
 - (ii) the aggregate EONIA Value and the aggregate €STR Value in relation to EONIA Contracts registered in each FCM Client Sub-Account as of the ~~end of the business day in New York time~~ on the Conversion Cut-Off Date determined by the Clearing House; and
 - (iii) the aggregate EONIA Value and the aggregate €STR Value in relation to all EONIA Contracts registered in each FCM Client Sub-Account as of the ~~end of the business day in New York time~~ on the Conversion Cut-Off Date determined by the Clearing House.
- (b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the EONIA Contracts in each Proprietary Account and each FCM Client Sub-Account as follows. If:
- (i) the aggregate €STR Value in relation to all such EONIA Contracts exceeds the aggregate EONIA Value in relation to all such EONIA Contracts then the Cash Compensation Amount in relation to such EONIA Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the FCM SwapClear Clearing Member in relation to such Proprietary Account or FCM Client Sub-Account (as applicable); and
 - (ii) the aggregate €STR Value in relation to all such EONIA Contracts is less than the aggregate EONIA Value in relation to all such EONIA Contracts then the Cash Compensation Amount in relation to such EONIA Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account or FCM Client Sub-Account (as applicable).
- (c) The Clearing House shall, pursuant to FCM Regulation 48B, register a separate Cash Compensation Contract in each Proprietary Account and each FCM Client Sub-Account, in relation to the Cash Compensation Amount (to the extent such amounts

are applicable to such account). Each FCM Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay the Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the FCM SwapClear Contract Terms) of EUR1, a "Termination Date" (as defined in the FCM SwapClear Contract Terms) falling two business days after the Conversion Cut-Off Date, and an obligation on the Clearing House or the FCM Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the relevant Proprietary Account or FCM Client Sub-Account, in each case as determined pursuant to Section 5(b) above. However, neither the Clearing House nor an FCM Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.

- (d) Each FCM Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 5, which shall, when registered, constitute an FCM SwapClear Contract between the Clearing House and the relevant FCM Clearing Member that has arisen by reason of the application of the Regulations to the EONIA Contracts.
- (e) Each FCM Clearing Member agrees (and in the case of (e)(iv) below, each FCM Clearing Member and the Clearing House agrees):
 - (i) to use reasonable endeavors to provide each of its FCM Clients with (i) information on the change to the EONIA Contracts pursuant to the terms of FCM Regulation 48B and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be allocated to that FCM Client's FCM Client Sub-Account pursuant to the terms of this Annex, and (iii) other information (indicative or otherwise) in relation to each FCM Client Sub-Account. Such information shall be set out in 'Risk Notices' or other materials from the Clearing House in connection with this Annex (or any applicable Floating Rate Conversion Notice(s)) expressly marked for distribution to FCM Clients;
 - (ii) that it, and each of its FCM Clients, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
 - (iii) to perform all obligations and exercise all rights under or pursuant to this Annex in accordance with Applicable Law; and
 - (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of the changes to the EONIA Contracts pursuant to this Annex.

6. ELIGIBILITY FROM THE CONVERSION DATE

Notwithstanding anything to the contrary in the Product Specific Contract Terms and Eligibility Criteria Manual, from and including the Conversion Date the Clearing House shall not accept for clearing or registration any FCM SwapClear Transaction that specifies an In-Scope Floating Rate Option.

7. DETERMINATIONS BINDING

Subject to Section 10, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

8. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements.

9. MISCELLANEOUS

- (a) The obligations of the Clearing House to each FCM Clearing Member shall be to perform its obligations as principal to such FCM Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 10.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the Regulations and the Procedures to change the terms of any open FCM SwapClear Contract from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook.

10. LIMITATION OF LIABILITY

10.1 Without prejudice to the generality of Regulation 44, each FCM Clearing Member agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any claim against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with:

- (i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or
- (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

10.2 Without prejudice to the generality of Regulation 44 and Section 10.1 above, each FCM Clearing Member further agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

10.3 Each FCM Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from an FCM Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any FCM Clearing Member or FCM Client in connection with this Annex or any FCM SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), an FCM Clearing Member or FCM Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each FCM Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.

10.4 For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, an FCM Clearing Member.

SCHEDULE 2.1D

SWAPCLEAR FCM SERVICE – FLOATING RATE CONVERSION ANNEX – LIBOR

1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Floating Rate Conversion Annex” as defined in and pursuant to the FCM Regulations and supplements and forms part of the FCM Rulebook.
- (b) The terms of this Annex shall apply to all open FCM SwapClear Contracts that (i) specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder, and (ii) are registered with the Clearing House as of the ~~end of the “business day” in New Yorktime~~ on the Conversion Cut-Off Date determined by the Clearing House (each such FCM SwapClear Contract, a **LIBOR Contract**). For the avoidance of doubt, (A) no other FCM SwapClear Contract shall be subject to, or affected by, the terms of this Annex and all FCM SwapClear Contracts shall remain in full force and effect, and (B) other than as expressly set out in this Annex, the FCM SwapClear Contract Terms shall not be amended, supplemented or modified by the terms of this Annex.
- (c) Capitalised terms used but not otherwise defined herein have the meaning given to them in the FCM Regulations. The term “business day” has the meaning given to it in the FCM Regulations.
- (d) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

2. DEFINITIONS

For the purposes of this Annex:

Affected Forward Rate Agreement means each open Forward Rate Agreement that has a “Reset Date” (as defined in the ISDA Definitions) which (i) in the case of a Forward Rate Agreement for which the floating rate is GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of a Forward Rate Agreement for which the floating rate is an In-Scope Floating Rate Option other than GBP-LIBOR-BBA or GBP-LIBOR, falls on or after the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant Forward Rate Agreement.

Amended LIBOR Contract means each LIBOR Contract after giving effect to the amendments made pursuant to Section 3 below and, in respect of the Affected Forward Rate Agreements, the amendments made pursuant to Section 4 below.

Basis Swap Operational Split Date means October 2, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

Bloomberg Spread means, in relation to an In-Scope Floating Rate Option, the spread relating to that In-Scope Floating Rate Option for a period of the Designated Maturity (as defined in the ISDA Definitions) of that LIBOR Contract provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time).

Cash Compensation Amount means, in relation to all LIBOR Contracts that specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder in a Proprietary Account or an FCM Client Sub-Account, the amount determined in accordance with Section 8 below or, in relation to Legacy LIBOR Transactions, the amount determined in accordance with Section 11 below.

Cash Compensation Contract means each contract determined by the Clearing House and registered in the relevant Proprietary Account or FCM Client Sub-Account pursuant to Section 8 or Section 11 (as applicable) below.

Conversion Cut-Off Date means, with respect to a LIBOR Contract, the business day immediately prior to the Conversion Date applicable to such LIBOR Contract as determined in accordance with the definition of “Conversion Date” below.

Conversion Date means:

- (a) in relation to each LIBOR Contract (including each Affected Forward Rate Agreement) that specifies CHF-LIBOR-BBA, CHF-LIBOR, EUR-LIBOR-BBA, EUR-LIBOR, JPY-LIBOR-BBA or JPY-LIBOR as the floating rate or uses CHF-LIBOR-BBA, CHF-LIBOR, EUR-LIBOR-BBA, EUR-LIBOR, JPY-LIBOR-BBA, or JPY-LIBOR to calculate the floating amount thereunder, December 4, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate; and
- (b) in relation to each LIBOR Contract (including each Affected Forward Rate Agreement) that specifies GBP-LIBOR-BBA or GBP-LIBOR as the floating rate or uses GBP-LIBOR-BBA or GBP-LIBOR to calculate the floating amount thereunder, December 18, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

CHF-SARON-OIS-COMPOUND has the meaning given to it in the ISDA 2006 Definitions.

CHF-SARON-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

EUR-EuroSTR-COMPOUND has the meaning given to it in the ISDA 2006 Definitions.

EUR-EuroSTR-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

Fallback RFR Value means, in relation to a LIBOR Contract, the net present value, determined by the Clearing House as of the Conversion Date, of all future cash flows under that LIBOR Contract on the basis that such LIBOR Contract is not amended pursuant to this Annex, provided however that, for purposes of determining the Fallback RFR Value of an Affected Forward Rate Agreement, the provisions of Supplement 70 to the ISDA 2006 Definitions (and the equivalent provisions under the ISDA 2021 Definitions) shall not be taken into account. If the net present value represents an asset or positive value for the Clearing House, such Fallback RFR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such Fallback RFR Value shall be a negative amount.

Forward Rate Agreement means each FCM SwapClear Contract that is recorded as a “forward rate transaction” or “forward rate agreement” in the books and records of the Clearing House and references an In-Scope Floating Rate Option.

GBP-SONIA-COMPOUND has the meaning given to it in the ISDA 2006 Definitions.

GBP-SONIA-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

In-Scope Floating Rate Option means:

- (a) CHF-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (b) CHF-LIBOR (as defined in the ISDA 2021 Definitions);
- (c) EUR-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (d) EUR-LIBOR (as defined in the ISDA 2021 Definitions);
- (e) GBP-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (f) GBP-LIBOR (as defined in the ISDA 2021 Definitions);
- (g) JPY-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions); and
- (h) JPY-LIBOR (as defined in the ISDA 2021 Definitions).

ISDA Definitions means the ISDA 2000 Definitions, the ISDA 2006 Definitions and the ISDA 2021 Definitions, each as published by the International Swaps and Derivatives Association, Inc. For the avoidance of doubt unless otherwise provided herein, references to the ISDA 2006 Definitions shall mean the ISDA 2006 Definitions including Supplement 70 thereto.

JPY-TONA-OIS-COMPOUND has the meaning given to it in the ISDA 2006 Definitions.

JPY-TONA-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

Legacy LIBOR Cut-Off Date means September 21, 2021.

Legacy LIBOR End Date means December 31, 2024, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

Legacy LIBOR Transaction means an FCM SwapClear Transaction (other than a “forward rate agreement” or “forward rate transaction”) that meets the following conditions:

- (a) it is eligible under the Product Specific Contract Terms and Eligibility Criteria Manual in effect from time to time;
- (b) it specifies an In-Scope Floating Rate Option other than EUR-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions) or EUR-LIBOR (as defined in the ISDA 2021 Definitions) as the floating rate or uses an In-Scope Floating Rate Option other than EUR-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions) or EUR-LIBOR (as defined in the ISDA 2021 Definitions) to calculate the floating amount thereunder;
- (c) it is presented to the Clearing House after the Conversion Date applicable to the In-Scope Floating Rate Option specified in the terms of that FCM SwapClear Transaction; and
- (d) if it is presented to the Clearing House after December 31, 2021 either (i) in the case of FCM SwapClear Transactions other than those referred to in (ii) below, the FCM SwapClear Transaction was entered into prior to the Legacy LIBOR Cut-Off Date, or (ii) in the case of a FCM SwapClear Transaction resulting from the exercise of a physically settled swaption, that swaption was entered into prior to the Legacy LIBOR Cut-Off Date.

LIBOR Basis Swap means each FCM SwapClear Contract that is recorded as a “basis swap” in the books and records of the Clearing House and references an In-Scope Floating Rate Option.

Operational Straddle Period LIBOR Booking means an Operational Outright LIBOR Booking that reflects an In-Scope Floating Rate Option as the floating rate or uses an In-Scope Floating Rate Option to calculate the floating amount and which has a “Reset Date” (as defined in the ISDA Definitions) which:

- (a) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or prior to, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option; or
- (b) in the case of all other In-Scope Floating Rate Options, falls on, or prior to, the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option.

Relevant Number of Business Days means:

- (a) in relation to CHF-LIBOR-BBA or CHF-LIBOR, two London Banking Days (as defined in the ISDA Definitions);
- (b) in relation to EUR-LIBOR-BBA or EUR-LIBOR, two TARGET Settlement Days (as defined in the ISDA Definitions); and
- (c) in relation to JPY-LIBOR-BBA or JPY-LIBOR, two London Banking Days (as defined in the ISDA Definitions).

RFR Value means, in relation to a LIBOR Contract, the net present value, determined by the Clearing House as of the Conversion Date, of all future cash flows under that LIBOR Contract on the basis that such LIBOR Contract is an Amended LIBOR Contract. If the net present value represents an asset or positive value for the Clearing House, such RFR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such RFR Value shall be a negative amount.

Straddle Period LIBOR Contract means a LIBOR Contract that specifies an In-Scope Floating Rate Option as the floating rate or uses an In-Scope Floating Rate Option to calculate the floating amount thereunder and which has a “Reset Date” (as defined in the ISDA Definitions) which:

- (i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or prior to, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option; or
- (ii) in the case of all other In-Scope Floating Rate Options, falls on, or prior to, the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option.

3. AMENDMENTS TO LIBOR CONTRACTS

- (a) Pursuant to Regulation 48B of the FCM Regulations, with effect from, and including, the Conversion Date each LIBOR Contract other than any Affected Forward Rate Agreement shall be amended in accordance with this Section 3.

Floating Rate Option:

- (b) If:
 - (i) the LIBOR Contract references CHF-LIBOR-BBA or CHF-LIBOR (each a **CHF LIBOR Contract**), then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to CHF-LIBOR-BBA or CHF-LIBOR in the FCM SwapClear Contract Terms shall be deemed to be replaced for all purposes with CHF-

SARON-OIS-COMPOUND or CHF-SARON-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;

- (ii) the LIBOR Contract references GBP-LIBOR-BBA or GBP-LIBOR (each a **GBP LIBOR Contract**), then, from and including the first Reset Date falling after the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms in so far as they relate to such In-Scope Floating Rate Options, including for the avoidance of doubt, any fallbacks in the ISDA Definitions, any references to GBP-LIBOR-BBA or GBP-LIBOR in the FCM SwapClear Contract Terms shall be replaced for all purposes with GBP-SONIA-COMPOUND or GBP-SONIA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract);
- (iii) the LIBOR Contract references EUR-LIBOR-BBA or EUR-LIBOR (each a **EUR LIBOR Contract**) then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to EUR-LIBOR-BBA or EUR-LIBOR shall be replaced for all purposes with EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract; and
- (iv) the LIBOR Contract references JPY-LIBOR-BBA or JPY-LIBOR (each a **JPY LIBOR Contract**), then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to JPY-LIBOR-BBA or JPY-LIBOR shall be replaced for all purposes with JPY-TONA-OIS-COMPOUND or JPY-TONA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract.

Bloomberg Spread:

- (c) From and including the first Reset Date which (i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of all other In-Scope Floating Rate Options, falls on or after the Relevant Number of Business Days from the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant LIBOR Contract, the "Floating Rate" under each LIBOR Contract that specifies that In-Scope Floating Rate Option as the floating rate or uses that In-Scope Floating Rate Option to calculate the floating amount thereunder will, in addition to any "Spread" (as defined in the ISDA Definitions) already existing under the terms of the LIBOR Contract, include the Bloomberg Spread applicable to that In-Scope Floating Rate

Option, *provided however that*, for such purpose the Bloomberg Spread in relation to JPY-LIBOR-BBA or JPY-LIBOR (as applicable) shall be multiplied by 365 divided by 360.

Payment Date Delay:

(d)

- (i) in respect of any CHF LIBOR Contract and JPY LIBOR Contract, in each case, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be two (2) Zurich Business Days in relation to each CHF LIBOR Contract and two (2) Tokyo Business Days in relation to each JPY LIBOR Contract. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall two (2) Zurich or Tokyo Business Days (as applicable) after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable;
- (ii) in respect of any EUR LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be one (1) TARGET Settlement Day (as defined in the ISDA Definitions). The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall one (1) Business Day after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable; and
- (iii) in respect of any GBP LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Not Applicable" in relation to that LIBOR Contract. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall on the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable.

No Observation Period Shift:

- (e) For the avoidance of doubt, the Clearing House and the FCM Clearing Members acknowledge and agree that as a result of the amendment made in paragraph (b) above, each "Floating Rate" under each LIBOR Contract shall be calculated over the relevant "Calculation Period" without any shift, adjustment or "observation shift" and all of the provisions relating thereto in the ISDA Definitions and the IBOR Fallback Rate Adjustments Rule Book published by Bloomberg Index Services Limited shall not apply to the calculation of the "Floating Rate" under each LIBOR Contract.

Consequential Amendments:

- (f) The Clearing House shall make any consequential amendments to the terms of each LIBOR Contract as it deems necessary in connection with, and to give effect to, the amendments in this Section 3.
- (g) Unless expressly referenced herein, all other terms of each LIBOR Contract shall remain in full force and effect and shall continue to apply, including, but not limited to, the "Fixed Rate", "Day Count Fraction" "Business Days" and any "Spread" (each as defined in the ISDA Definitions).

4. AMENDMENTS TO FORWARD RATE AGREEMENTS

- (a) Pursuant to Regulation 48B of the FCM Regulations, with effect from, and including, the relevant Conversion Date each Affected Forward Rate Agreement shall be amended so that from, and including, the relevant Conversion Date:

Payment Date:

- (i) the "Payment Date" under such Affected Forward Rate Agreement shall be amended so that the "Payment Date" is the "Termination Date" (each as defined in the ISDA Definitions);

Discounting:

- (ii) "Discounting" (as defined in the ISDA Definitions) shall be "Not Applicable" and the "Discount Rate" (as defined in the ISDA Definitions) shall be deleted in its entirety;

Floating Rate Option:

- (iii) if:
 - (A) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a CHF LIBOR Contract, then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to CHF-LIBOR-BBA or CHF-LIBOR in the FCM SwapClear Contract Terms shall be deemed to be replaced for all purposes with CHF-SARON-OIS-COMPOUND or CHF-SARON-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;
 - (B) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a GBP LIBOR Contract, then, from and including the first Reset Date falling after the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms in so far as they relate to such In-Scope Floating Rate Options, including for the avoidance of doubt, any fallbacks in the ISDA Definitions, any references to GBP-LIBOR-BBA or GBP-LIBOR in the FCM

SwapClear Contract Terms shall be replaced for all purposes with GBP-SONIA-COMPOUND or GBP-SONIA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract);

- (C) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a EUR LIBOR Contract then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to EUR-LIBOR-BBA or EUR-LIBOR shall be replaced for all purposes with EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract; and
- (D) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a JPY LIBOR Contract then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to JPY-LIBOR-BBA or JPY-LIBOR shall be replaced for all purposes with JPY-TONA-OIS-COMPOUND or JPY-TONA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;

Bloomberg Spread:

- (iv) from and including the first Reset Date which (i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of all other In-Scope Floating Rate Options, falls on or after the Relevant Number of Business Days from the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant LIBOR Contract, the "Floating Rate" under each LIBOR Contract that specifies that In-Scope Floating Rate Option as the floating rate or uses that In-Scope Floating Rate Option to calculate the floating amount thereunder will include the Bloomberg Spread applicable to that In-Scope Floating Rate Option, *provided however that*, for such purpose the Bloomberg Spread in relation to JPY-LIBOR-BBA or JPY-LIBOR (as applicable) shall be multiplied by 365 divided by 360;

Payment Date Delay:

- (v) in respect of any CHF LIBOR Contract and JPY LIBOR Contract, in each case, "Delayed Payment" (as defined in the ISDA Definitions) shall be

"Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be two (2) Business Days. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall two (2) Business Days after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable;

- (vi) in respect of any EUR LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be one (1) Business Day. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall one (1) Business Day after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable; and
- (vii) in respect of any GBP LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Not Applicable" in relation to that LIBOR Contract. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall on the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable.

No Observation Period Shift:

- (b) For the avoidance of doubt, the Clearing House and the FCM Clearing Members acknowledge and agree that as a result of the amendment made in paragraph (a)(iii) above, each "Floating Rate" under each LIBOR Contract shall be calculated over the relevant "Calculation Period" without any shift, adjustment or "observation shift" and all of the provisions relating thereto in the ISDA Definitions and the IBOR Fallback Rate Adjustments Rule Book published by Bloomberg Index Services Limited shall not apply to the calculation of the "Floating Rate" under each LIBOR Contract.

Consequential Amendments:

- (c) The Clearing House shall make any consequential amendments to the terms of each LIBOR Contract as it deems necessary in connection with, and to give effect to, the amendments in this Section 4.
- (d) Unless expressly referenced herein, all other terms of each LIBOR Contract shall remain in full force and effect and shall continue to apply, including, but not limited to, the "Fixed Rate", "Day Count Fraction" and "Business Days" (each as defined in the ISDA Definitions).

5. OPERATIONAL BOOKINGS

- (a) In order to facilitate and/or reflect the legal amendments made to each FCM SwapClear Contract pursuant to this Annex in the FCM SwapClear Service, the Clearing House shall record certain bookings in the FCM SwapClear Service (each an

Operational Booking) in the manner described in this Section 5. Any bookings referred to in this Section 5 are solely to facilitate and/or reflect the legal amendments made to each FCM SwapClear Contract pursuant to this Annex and the Clearing House and each FCM Clearing Member agree and acknowledge that they shall not result in the registration of any new FCM SwapClear Contracts and shall have no legal effect and are for operational purposes only.

Basis Swap Operational Splitting

- (b) On the Basis Swap Operational Split Date, the Clearing House will terminate each booking in relation to each LIBOR Basis Swap and will record two Operational Bookings in respect of each LIBOR Basis Swap (each an **Operational Outright LIBOR Booking**), which will have terms which are each identical to the LIBOR Basis Swap to which they relate, except that:
- (i) the first Operational Outright LIBOR Booking shall have a "Floating Rate" (as defined in the ISDA Definitions) equal to the first "Floating Rate" referenced in that LIBOR Basis Swap, a "Fixed Rate" (as defined in the ISDA Definitions) determined by the Clearing House (the **Split Fixed Rate**), and the "Floating Rate Payer" or "Floating Amount Payer" (as defined in the ISDA Definitions) shall be the same as the "Floating Rate Payer" or "Floating Amount Payer" in relation to the first "Floating Rate" under the corresponding LIBOR Basis Swap; and
 - (ii) the second Operational Outright LIBOR Booking shall have a "Floating Rate" (as defined in the ISDA Definitions) equal to the second "Floating Rate" referenced in that LIBOR Basis Swap, a "Fixed Rate" (as defined in the ISDA Definitions) equal to the Split Fixed Rate, and the "Floating Rate Payer" or "Floating Amount Payer" (as defined in the ISDA Definitions) shall be the same as the "Floating Rate Payer" or "Floating Amount Payer" in relation to the second "Floating Rate" under the corresponding LIBOR Basis Swap.
- (c) The Clearing House shall determine the Split Fixed Rate in its sole and absolute discretion and shall make any consequential amendments to each Operational Outright LIBOR Booking that it deems necessary in connection with, and to give effect to, the foregoing.
- (d) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House will terminate each Operational Outright LIBOR Booking that has a "Floating Amount" calculated using that In-Scope Floating Rate Option and shall record an Operational Booking in accordance with (e) below.

Main Operational Booking

- (e) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall, in relation to each LIBOR Contract and each Operational Outright LIBOR Booking referencing that In-Scope Floating Rate Option, record an Operational Booking (each an **Operational RFR Booking**) that is on the same terms as the LIBOR Contract or Operational Outright LIBOR Booking (as applicable) to which it relates except that, from the "Effective Date" of the Operational RFR Booking (which shall be prior to the Conversion Date) any "Floating Amounts"

reflected in the Operational RFR Booking shall be calculated after giving effect to the amendments made pursuant to Section 3 or Section 4 (as applicable) of this Annex. On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall, in relation to each LIBOR Contract referencing that In-Scope Floating Rate Option, terminate the operational booking relating to that LIBOR Contract that was recorded in the SwapClear service immediately prior to the Conversion Date.

Operational Overlay Bookings

- (f) In addition to the Operational RFR Bookings referred to in (e) above, with respect to each Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking in relation to which the FCM Clearing Member would receive a “Floating Amount” calculated using an In-Scope Floating Rate Option under the Straddle Period LIBOR Contract or Operational Straddle Period LIBOR Booking (such amount, the **LIBOR Amount**), on the Conversion Date in relation to the relevant In-Scope Floating Rate Option the Clearing House shall record the following Operational Bookings (each an **Operational Overlay Booking**) in the SwapClear service:
- (i) in relation to a Straddle Period LIBOR Contract or any Operational Straddle Period LIBOR Booking that is not of the type specified in (ii) below:
- (A) an Operational Overlay Booking reflecting (X) a fixed amount that would be payable by the FCM Clearing Member, such amount determined by the Clearing House in its sole and absolute discretion (the **Overlay Fixed Amount**) and (Y) an amount that would be payable to the FCM Clearing Member equal to the LIBOR Amount it would be entitled to receive under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the relevant Operational Straddle Period LIBOR Booking); and
- (B) an Operational Overlay Booking reflecting (X) the Overlay Fixed Amount that would be payable to the FCM Clearing Member and (Y) a “Floating Amount” that would be payable by the FCM Clearing Member equal to the “Floating Amount” the FCM Clearing Member would be entitled to receive as reflected under the related Operational RFR Booking,
- (ii) in relation to a Straddle Period LIBOR Contract that is recorded in a Proprietary Account (or any Operational Straddle Period LIBOR Booking that would be recorded in a Proprietary Account) and is either:
- (A) a JPY LIBOR Contract or a GBP LIBOR Contract in each case with a fixed notional amount and no “Spread” (as defined under the ISDA Definitions) on the floating leg, an Operational Overlay Booking reflecting (X) a “Floating Amount” that would be payable by the FCM Clearing Member equal to the “Floating Amount” it would be entitled to receive as reflected under the Operational RFR Booking and (Y) an amount that would be payable to the FCM Clearing Member equal to the LIBOR Amount it would be entitled to receive under the Straddle

- Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking); or
- (B) a GBP LIBOR Contract with a fixed notional amount and a non-zero “Spread” (as defined under the ISDA Definitions) on the floating leg, an Operational Overlay Booking reflecting (X) a “Floating Amount” that would be payable by the FCM Clearing Member equal to the “Floating Amount” it would be entitled to receive as reflected under the Operational RFR Booking if the “Spread” applicable to that Operational RFR Booking were equal to zero and (Y) an amount that would be payable to the FCM Clearing Member equal to the LIBOR Amount it would be entitled to receive under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking).
- (g) In addition to the Operational RFR Bookings referred to in (e) above, with respect to each Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking in relation to which the FCM Clearing Member would pay the LIBOR Amount, on the Conversion Date in relation to the relevant In-Scope Floating Rate Option the Clearing House shall record the following Operational Overlay Bookings in the SwapClear service:
- (i) in relation to a Straddle Period LIBOR Contract or any Operational Straddle Period LIBOR Booking that is not of the type specified in (ii) below:
- (A) an Operational Overlay Booking reflecting (X) the Overlay Fixed Amount that would be payable to the FCM Clearing Member and (Y) an amount that would be payable by the FCM Clearing Member equal to the LIBOR Amount it would be obliged to pay under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking); and
- (B) an Operational Overlay Booking reflecting (X) the Overlay Fixed Amount that would be payable by the FCM Clearing Member and (Y) a “Floating Amount” that would be payable to the FCM Clearing Member equal to the “Floating Amount” that would be payable by the FCM SwapClear Clearing Member as reflected under the related Operational RFR Booking,
- (ii) in relation to a Straddle Period LIBOR Contract that is recorded in a Proprietary Account (or any Operational Straddle Period LIBOR Booking that would be recorded in a Proprietary Account) and is either:
- (A) a JPY LIBOR Contract or a GBP LIBOR Contract in each case with a fixed notional amount and no “Spread” (as defined under the ISDA Definitions) on the floating leg, an Operational Overlay Booking reflecting (X) an amount payable by the FCM Clearing Member equal to the LIBOR Amount the FCM Clearing Member would be obliged to

pay under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking), and (Y) a “Floating Amount” payable to the FCM Clearing Member equal to the “Floating Amount” the FCM Clearing Member would be obliged to pay as reflected under the related Operational RFR Booking; or

- (B) a GBP LIBOR Contract with a fixed notional amount and a non-zero “Spread” (as defined under the ISDA Definitions) on the floating leg, an Operational Overlay Booking reflecting (X) an amount payable by the FCM Clearing Member equal to the LIBOR Amount the FCM Clearing Member would be obliged to pay under the Straddle Period LIBOR Contract if it was not amended pursuant to Section 3 above (or, if applicable, as reflected in the Operational Straddle Period LIBOR Booking) and (Y) a “Floating Amount” payable to the FCM Clearing Member equal to the “Floating Amount” the FCM Clearing Member would be obliged to pay as reflected under the related Operational RFR Booking if the “Spread” applicable to that Operational RFR Booking were equal to zero.
- (h) The Operational Overlay Bookings in relation to a Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking will terminate as of the time when they are no longer required for the Clearing House’s operational purposes, which is expected to be on the first Period End Date (as defined in the ISDA Definitions) after the Index Cessation Effective Date.

6. SUBSEQUENT ACTIONS WITH RESPECT TO OPERATIONAL BOOKINGS

If the Clearing House receives an instruction from an FCM Clearing Member to take a permitted action with respect to some but not all of the rights and obligations under any Amended LIBOR Contract (including, but not limited to, compression) and such rights and obligations have been operationally reflected in one or more of the Operational Bookings booked in accordance with Section 5 and not terminated, then the Clearing House shall deem this to be an instruction to take the following steps contingent on the effectiveness or occurrence of the permitted action:

- (i) pursuant to its powers under FCM Regulation 48B, register one or more new FCM SwapClear Contract(s) in the name of that FCM Clearing Member with the same terms as such Operational Booking(s); and
- (ii) amend the Amended LIBOR Contract to reflect the rights and obligations remaining after giving effect to the instruction referred to above.

7. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

Pursuant to Regulation 48B of the FCM Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are “Conversion Payments” for purposes of FCM Regulation 48B), and (ii) determining the terms of the Cash Compensation Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts.

8. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CONVERSION

- (a) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall calculate the following amounts:
- (i) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option registered in each Proprietary Account as of the ~~end of the business day in New Yorktime~~ on the Conversion Cut-Off Date determined by the Clearing House; and
 - (ii) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option registered in each FCM Client Sub-Account as of the ~~end of the business day in New Yorktime~~ on the Conversion Cut-Off Date determined by the Clearing House.
- (b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the LIBOR Contracts referencing an In-Scope Floating Rate Option in each Proprietary Account and each FCM Client Sub-Account as follows. If:
- (i) the aggregate RFR Value in relation to all such LIBOR Contracts exceeds the aggregate Fallback RFR Value in relation to all such LIBOR Contracts then the Cash Compensation Amount in relation to such LIBOR Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the FCM Clearing Member in relation to such Proprietary Account or FCM Client Sub-Account (as applicable); and
 - (ii) the aggregate RFR Value in relation to all such LIBOR Contracts is less than the aggregate Fallback RFR Value in relation to all such LIBOR Contracts then the Cash Compensation Amount in relation to such LIBOR Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account or FCM Client Sub-Account (as applicable).
- (c) The Clearing House shall, pursuant to FCM Regulation 48B, register a separate Cash Compensation Contract in each Proprietary Account and each FCM Client Sub-Account in relation to each Cash Compensation Amount (to the extent such amounts are applicable to such account). Each FCM Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay each Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the FCM SwapClear Contract Terms) of 1 unit of the relevant currency of the LIBOR Contracts to which it relates, a "Termination Date" (as defined in the FCM SwapClear Contract Terms) falling two "business days" after the Conversion Cut-Off Date, and an obligation on the Clearing House or the FCM Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the LIBOR Contracts referencing an In-Scope

Floating Rate Option in the relevant Proprietary Account or FCM Client Sub-Account, in each case as determined pursuant to Section 8(b) above. However, neither the Clearing House nor an FCM Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.

- (d) Each FCM Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 8, which shall, when registered, constitute an FCM SwapClear Contract between the Clearing House and the relevant FCM Clearing Member that has arisen by reason of the application of the Regulations to the LIBOR Contracts.
- (e) Each FCM Clearing Member agrees (and in the case of (e)(iv) below, each FCM Clearing Member and the Clearing House agrees):
- (i) to use reasonable endeavors to provide each of its FCM Clients with (i) information on the change to the LIBOR Contracts pursuant to the terms of FCM Regulation 48B and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be allocated to that FCM Client's FCM Client Sub-Account pursuant to the terms of this Annex, and (iii) other information (indicative or otherwise) in relation to each FCM Client Sub-Account. Such information shall be set out in 'Risk Notices' or other materials from the Clearing House in connection with this Annex (or any applicable Floating Rate Conversion Notice(s)) expressly marked for distribution to FCM Clients;
 - (ii) that it, and each of its FCM Clients, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
 - (iii) to perform all obligations and exercise all rights under or pursuant to this Annex in accordance with Applicable Law;
 - (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of certain of the changes to the LIBOR Contracts pursuant to this Annex; and
 - (v) that it will take reasonable steps to ensure that any FCM SwapClear Transaction referencing an In-Scope Floating Rate Option and submitted after December 31, 2021 meets the conditions in the definition of Legacy LIBOR Transaction.

9. DETERMINATIONS BINDING

Subject to Section 13, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

10. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements. Where the Clearing House determines appropriate, the Clearing House will update its books and records or governance and booking procedures to provide that all Operational Bookings booked pursuant to this Annex do not affect the rights and obligations of FCM Clearing Members regardless of anything to the contrary in any reports issued by the Clearing House.

11. LEGACY LIBOR TRANSACTIONS

- (a) Notwithstanding anything to the contrary in the Product Specific Contract Terms and Eligibility Criteria Manual, from and including the Conversion Date in relation to an In-Scope Floating Rate Option, the Clearing House shall not accept for clearing or registration any FCM SwapClear Transaction that references that In-Scope Floating Rate Option and is not a Legacy LIBOR Transaction.
- (b) An FCM Clearing Member may present Legacy LIBOR Transactions for registration at the Clearing House from, and including, the Conversion Date up to, and including, the Legacy LIBOR End Date. No Legacy LIBOR Transactions will be eligible for clearing after the Legacy LIBOR End Date and no FCM Clearing Member shall present a Legacy LIBOR Transaction for registration after the Legacy LIBOR End Date.
- (c) If an FCM Clearing Member presents a Legacy LIBOR Transaction to the Clearing House after December 31, 2021, that FCM Clearing Member shall be deemed to represent and warrant to the Clearing House on the day it presents that Legacy LIBOR Transaction to the Clearing House that:
 - (i) either (a) the Legacy LIBOR Transaction was entered into prior to the Legacy LIBOR Cut-Off Date, or (b) in the case of a Legacy LIBOR Transaction which results from the exercise of a physically settled swaption, that swaption was entered into prior to the Legacy LIBOR Cut-Off Date; and
 - (ii) the FCM SwapClear Transaction incorporates either the Fallbacks Supplement pursuant to the ISDA 2020 IBOR Fallbacks Protocol, Supplement 70 to the ISDA 2006 Definitions or the equivalent provisions under the ISDA 2021 Definitions, in each case prior to it being presented to the Clearing House.

The FCM Clearing Member shall immediately notify the Clearing House if it becomes aware that any of the foregoing representations are incorrect, untrue or misleading.

- (d) A Legacy LIBOR Transaction will only be registered by the Clearing House on a business day if it is presented to the Clearing House prior to 4 p.m. London time on such business day (or such other cut-off time as may be separately communicated by the Clearing House to the FCM Clearing Members). If a Legacy LIBOR Transaction

is presented after this time, the Clearing House may decline to register the Legacy LIBOR Transaction.

- (e) When a Legacy LIBOR Transaction is presented to the Clearing House by an FCM Clearing Member the presentation of such Legacy LIBOR Transaction shall constitute an irrevocable instruction from that FCM Clearing Member to the Clearing House to (i) register the Legacy LIBOR Transaction (subject to any other rights of the Clearing House, or obligations of the FCM Clearing Members in relation to the presentation or submission of FCM SwapClear Transactions and registration of FCM SwapClear Contracts generally pursuant to the FCM Rulebook or the Product Specific Contract Terms and Eligibility Criteria Manual) and (ii) immediately at the point of, and as part of, registration amend the Legacy LIBOR Transaction in accordance with Section 3(b)-(e) (inclusive) as if such provisions applied to Legacy LIBOR Transactions, *provided however that*, notwithstanding anything to the contrary in Section 3, in relation to Legacy LIBOR Transactions only, the amendments in Section 3(b)-(e) shall be made at the point of, and as part of, registration of the Legacy LIBOR Transaction at the Clearing House and any reference in Section 3 to such amendments being made on any other date (including on any future Reset Date or number of days before a future Reset Date) shall be disregarded and shall not apply to Legacy LIBOR Transactions and Section 3 shall be read accordingly in relation to Legacy LIBOR Transactions.
- (f) The FCM Clearing Member agrees that the Legacy LIBOR Transaction will be amended pursuant to (e) above at the point of, and as part of, registration at the Clearing House and, for the avoidance of doubt, there shall be no Operational Overlay Bookings in relation to Legacy LIBOR Transactions. The Clearing House shall have the right to make any consequential amendments to the terms of each Legacy LIBOR Transaction as it deems necessary in connection with, and to give effect to, the amendments in this Section 11. Unless expressly referenced herein, all other terms of each Legacy LIBOR Transaction shall remain in full force and effect and shall continue to apply, including, but not limited to, the “Fixed Rate”, “Day Count Fraction” “Business Days” and any “Spread” (each as defined in the ISDA Definitions).
- (g) ~~At close of business in New York~~ On each business day on which one or more Legacy LIBOR Transactions are presented to the Clearing House and accepted by the Clearing House, the Clearing House shall, at the time on such business day determined by the Clearing House, calculate the following amounts in relation to those Legacy LIBOR Transactions that were registered by the Clearing House on that business day:
- (i) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all Legacy LIBOR Transactions that were registered by the Clearing House on that business day, that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option and are registered in each Proprietary Account as of the time on such end-of-the-business day determined by the Clearing House in New York; and
- (ii) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all Legacy LIBOR Transactions that were registered by the Clearing House on that business day, that have a floating rate or floating amount calculated using

that In-Scope Floating Rate Option, and are registered in each FCM Client Sub-Account (as applicable) as of the ~~end of the time on such~~ business day ~~determined by the Clearing House in New York.~~

- (h) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the Legacy LIBOR Transactions registered with the Clearing House on that business day referencing an In-Scope Floating Rate Option separately with respect to each Proprietary Account, each Individual Segregated Account, and each "position account" within each Omnibus Segregated Account as follows. If:
- (i) the aggregate RFR Value in relation to all such Legacy LIBOR Transactions that were registered with the Clearing House on that business day exceeds the aggregate Fallback RFR Value in relation to all such Legacy LIBOR Transactions then the Cash Compensation Amount in relation to such Legacy LIBOR Transactions shall be equal to the absolute value of the excess, and shall be an amount in favor of the FCM Clearing Member in relation to such Proprietary Account or FCM Client Sub-Account (as applicable); and
 - (ii) the aggregate RFR Value in relation to all such Legacy LIBOR Transactions that were registered with the Clearing House on that business day is less than the aggregate Fallback RFR Value in relation to all such Legacy LIBOR Transactions then the Cash Compensation Amount in relation to such Legacy LIBOR Transactions shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account or FCM Client Sub-Account (as applicable).
- (i) The Clearing House shall, pursuant to Regulation 48B, register a separate Cash Compensation Contract in each Proprietary Account and each FCM Client Sub-Account in relation to each Cash Compensation Amount calculated under (g) above (to the extent such amounts are applicable to such account). Each FCM Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay each Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the FCM SwapClear Contract Terms) of 1 unit of the relevant currency of the LIBOR Contracts to which it relates, a "Termination Date" (as defined in the FCM SwapClear Contract Terms) falling two "business days" after the date it is registered, and an obligation on the Clearing House or the FCM Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the Legacy LIBOR Transactions referencing an In-Scope Floating Rate Option in the Proprietary Account or each FCM Client Sub-Account, in each case as determined pursuant to (g) above. However, neither the Clearing House nor an FCM Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.
- (j) Each FCM Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 11 which shall, when registered, constitute a FCM SwapClear Contract between the Clearing House and the relevant

FCM Clearing Member that has arisen by reason of the application of the Regulations to the Legacy LIBOR Transactions.

- (k) This Section 11 is without prejudice to any other rights of the Clearing House, or obligations of the FCM Clearing Members, in relation to the presentation of FCM SwapClear Transactions and registration of FCM SwapClear Contracts generally pursuant to the FCM Rulebook or the Product Specific Contract Terms and Eligibility Criteria Manual.

12. MISCELLANEOUS

- (a) The obligations of the Clearing House to each FCM Clearing Member shall be to perform its obligations as principal to such FCM Clearing Member in accordance with the FCM Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the FCM Rulebook and Section 13.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the FCM Regulations and the FCM Procedures to change the terms of any open FCM SwapClear Contract from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the FCM Rulebook.
- (d) Section 5 is provided for FCM Clearing Members operational convenience only and the Clearing House is under no obligation to update this Annex in relation to any changes in its operational or booking processes generally or in relation to the matters specified herein.

13. LIMITATION OF LIABILITY

13.1 Without prejudice to the generality of Regulation 44, each FCM Clearing Member agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any claim against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with:

- (i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex;

- (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;
- (iii) any of the operational bookings made pursuant to Section 5 of this Annex; or
- (iv) the registration of any Legacy LIBOR Transaction or whether an FCM SwapClear Transaction is eligible to be registered as a Legacy LIBOR Transaction,

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.2 Without prejudice to the generality of Regulation 44 and clause 13.1 above, each FCM Clearing Member further agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.3 Each FCM Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from an FCM Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any FCM Clearing Member or FCM Client in connection with this Annex or any FCM SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), an FCM Clearing Member or FCM Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each FCM Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex. For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, an FCM Clearing Member.

behalf of an FCM ForexClear Clearing Member in respect of a third party Executing Party where such trade was executed on an FCM Trading Venue that was not at the time of execution of such trade an FCM Eligible Trading Venue in respect of such FCM ForexClear Clearing Member, (ii) presented by or on behalf of an FCM ForexClear Clearing Member that was executed on a trading venue or facility that had not at the time of the execution of such trade been approved by the Clearing House as an FCM Trading Venue (iii) that contains invalid or incomplete message data, or (iv) that is not a Sub-Block Trading Venue Transaction and with respect to which the Clearing House has not received sufficient Margin (taking into account MER Buffer and/or ForexClear Tolerance, if any) will, in each case, be rejected.

If an FCM ForexClear Transaction is presented to the Clearing House for registration and rejected, such FCM ForexClear Transaction may be re-presented for registration in the form of a new FCM ForexClear Transaction but with the same economic terms in accordance with, and subject to, the FCM Rulebook and Applicable Law, and such FCM ForexClear Transaction will, for the purposes of the FCM Rulebook and upon such re-presentation, constitute a new FCM ForexClear Transaction.

(g) *Manual Trade Rejection, Novation and Cancellation (Exceptional Event)*

From time to time, as an exceptional event, it may be necessary for the Clearing House to (i) reject a trade submitted for registration, (ii) register an FCM ForexClear Transaction, or (iii) accept or reject a cancellation request for an FCM ForexClear Contract or an FCM ForexClear Transaction, in each case, manually prior to a Margin Run (e.g. in the case of a Default, when an FCM ForexClear Transaction needs to be registered immediately to expedite the hedging and auction process or to reject an FCM ForexClear Transaction received from an FX FCM which is a Defaulter).

The Clearing House acknowledges the action:

- (i) in respect of trades being manually rejected or manually registered, by notifying the relevant entities specified in Section 2.2.8(a)(iii) of such rejection or registration (as applicable); and
- (ii) in respect of trades being manually cancelled, by sending a message to the FCM Approved Trade Source System that it is “CANCELLED”.

(h) *Trade Cancellation*

The Clearing House accepts cancellation messages from Executing Parties against both non-novated trades (FCM ForexClear Transactions) and novated trades (FCM ForexClear Contracts).

With respect to any FCM ForexClear Contract, cancellation messages may be submitted via the FCM Approved Trade Source System until (i) such FCM ForexClear Contract is “fixed” (i.e., when its Settlement Rate has been determined on the relevant Valuation Date), or (ii) the ~~end of the day time~~ on the Business Day preceding the relevant Expiration Date of the FCM ForexClear Contract, which time is as determined by the Clearing House, as applicable.

A successful cancellation message results in a “CANCELLED” status message if the FCM ForexClear Transaction or the FCM ForexClear Contract (as the case may be) is cancelled during the Opening Hours. The status messages are sent from the Clearing House to the FX FCM via the FCM Approved Trade Source System.

(i) *Process flow description*

The Clearing House accepts trade cancellation instructions from the FCM Approved Trade Source System for FCM ForexClear Transactions or FCM ForexClear Contracts (as the case may be) that have previously been submitted to the FCM ForexClear Service. Cancellation instructions must include the ForexClear ID.

The Clearing House checks that the cancellation instruction contains a valid ForexClear ID which relates to: (a) an FCM ForexClear Transaction or FCM ForexClear Contract (as the case may be) that has not been previously cancelled; and (b) in the case of an FCM ForexClear NDF Contract, an FCM ForexClear NDF Contract with respect to which the relevant Valuation Date has not yet occurred.

Where a trade has already been rejected (as a result of having failed a Counterparty Technical Validation Check), the FCM ForexClear Service sends a “CANCEL REJECTED” message to the FCM Approved Trade Source System for the relevant FXPs.

All trade cancellation instructions must pass the Incremental Risk Check. If an FX FCM does not have sufficient Margin for its Liabilities or estimated Liabilities (taking into account MER Buffer and/or ForexClear Tolerance, if any) at the time of the relevant Incremental Risk Check, then a ForexClear trade cancellation instruction to which it is a party will be rejected immediately. However, any ForexClear trade cancellation instruction that is risk reducing (i.e. results in a reduction of that FX FCM's Liabilities) will always pass the Incremental Risk Check, even if the FX FCM does not have sufficient Margin for its Liabilities.

(j) *Trade Amendment*

No amendment of the financial terms of an FCM ForexClear Transaction or FCM ForexClear Contract is permitted. FX FCMs who wish to change the FCM Client information on a ForexClear

Collateral to replenish the ForexClear Tolerance utilized by an FX FCM at (i) the last ITD/Ad-hoc Day Margin Run and EOD Margin Run of each Business Day and (ii) in the event an FX FCM utilizes at least 75% of its ForexClear Tolerance during a business day, at the next relevant ITD/Ad-hoc Day Margin Run. Any failure of an FX FCM to satisfy a call for Collateral relating to ForexClear Tolerance may give rise to a Default by such FX FCM.

The Clearing House will not apply ForexClear Tolerance for FCM ForexClear Contracts with a Trade Date earlier than the previous Business Day.

(d) *Completion Margin*

The Clearing House shall calculate and call each FX FCM for “**completion margin**.” Completion margin is a component of each FX FCM’s initial margin obligation, and represents potential increases in an FX FCM’s initial margin obligations due to position changes resulting from next-day fixing. Completion margin is calculated as the incremental difference between an FX FCM’s aggregate initial margin obligations on its FCM ForexClear Contracts and its initial margin obligations in relation to FCM ForexClear Contracts due to fix the next Business Day.

(e) *Intra-day Margin Calls*

In accordance with the Clearing House's FCM Regulations, the Clearing House is entitled to make additional margin calls for furnishing of Margin on the same day (intra-day margin calls) where it is considered necessary. Intra-day margin calls may be ~~called~~ made at any time throughout the business day ~~-(08:30 to 21:00 hours, London time)~~. Intra-day margin calls will usually be made via the pProtected pPayments sSystem (PPS) (see Section 2.2.25(c)2.2.25(e)).

In certain circumstances, the Clearing House may wish to make a call for additional Margin after the UK PPS cut-off time of 08:00 hours (New York time). In this event, the Clearing House will require payment of additional funds through PPS facilities in the USA (see Section 3.2). Members must ensure, in these circumstances, that they are in a position to fund such calls through their nominated US PPS account within one hour of the call.

2.2.13 *Initial Margin Management Events Service (“IMMES”)*

IMMES aims to find risk and IM reducing FCM ForexClear Contracts and ForexClear Contracts among participating FXCCMs. IMMES can be run on all Currency Pairs that are cleared through the FCM ForexClear Service, although the primary focus will be on those Currency Pairs that contribute to the largest IM requirement. IMMES is available in respect of an FX FCM's house account only.

Management Group established by the Clearing House pursuant to the terms of the ForexClear DMP Annex to the Default Rules) in the ForexClear DMP entails the assessment and dissemination of information that could give rise to conflicts of interest. To ensure that such potential conflicts are demonstrably contained, Schedule 2.2D establishes binding obligations of confidentiality, anonymity and the extent of dissemination of information on FX FCMs (and their executives or directors who participate from time to time in the ForexClear DMG) and on the Clearing House.

Each FX FCM who makes available a representative to serve on the ForexClear DMG agrees, and shall procure that, to the extent applicable, its representatives agree to be bound by and to ensure that it and any of its executives or directors serving on the ForexClear DMG complies with Schedule 2.2D covering confidentiality, non-disclosure and other terms.

(f) *Default Management Accounts*

(A) For the purposes of this paragraph (f), the following definitions will apply:

“Affected Non-Porting FCM Client Sub-Account” means, in respect of an Initial DMA or a Final DMA (as applicable) and the FCM ForexClear Contracts that (at any time) comprise such Initial DMA or a Final DMA (as applicable), each Non-Porting FCM Client Sub-Account from which any such FCM ForexClear Contract originated.

“Auction” has the meaning assigned to it in the ForexClear DMP Annex.

“Auction Date” means, in respect of an Auction Portfolio, the business day on which such Auction Portfolio is sold.

“Auction Result” means, in respect of an Auction Portfolio, the amount equal to:

- (i) the gains or losses of the Clearing House arising from the sale of such Auction Portfolio, where a gain is a positive amount and a loss is a negative amount;
- (ii) plus the Auction Portfolio NPV Gain for such Auction Portfolio (if any);
- (iii) minus the Auction Portfolio NPV Loss for such Auction Portfolio (if any).

“Auction Portfolio” means a ForexClear Auction Portfolio.

“Auction Portfolio Calculation Period” means, in respect of an Auction Portfolio and its Auction Date, the period

commencing immediately after the end of day margin and settlement call of the Clearing House for the business day preceding such Auction Date and ending at the point at which such Auction Portfolio is sold.

“**Auction Portfolio NPV Change**” means, in respect of an Auction Portfolio and its Auction Portfolio Calculation Period, the amount (if any) by which the aggregate net present value of the FCM ForexClear Contracts within such Auction Portfolio has changed during such Auction Portfolio Calculation Period, and

- (i) where such change is in favour of the Defaulter, is the “**Auction Portfolio NPV Gain**”; and
- (ii) where such change is in favour of the Clearing House, is the “**Auction Portfolio NPV Loss**”.

“**Daily Amount**” means, in respect of a DMA and a Daily Calculation Period, the Daily Gain or Daily Loss for such DMA and Daily Calculation Period.

“**Daily Calculation Period**” means, in respect of a business day, the period, in respect of which the Clearing House determines the end of day margin and settlement payments for FCM ForexClear Contracts for such business day.

“**Daily Gain**” means, in respect of a DMA and a Daily Calculation Period, the amount (if any) by which the Daily NPV Gain exceeds the Daily Hedge Costs (in each case) for such DMA and Daily Calculation Period.

“**Daily Hedge Costs**” means, in respect of a DMA and a Daily Calculation Period, all costs incurred by the Clearing House in connection with hedging the exposure of one or more FCM ForexClear Contracts within such DMA in accordance with the Risk Neutralisation process under Rule 2.2 of the ForexClear DMP Annex.

“**Daily Loss**” means, in respect of a DMA and a Daily Calculation Period, either: (i) where the DMA experiences a Daily NPV Loss in respect of such Daily Calculation Period, the aggregate of such Daily NPV Loss and the Daily Hedge Costs for such DMA and Daily Calculation Period; or (ii) where the DMA experiences a Daily NPV Gain in respect of such Daily Calculation Period, the amount by which the Daily Hedge Costs for such DMA and Daily Calculation Period exceed such Daily NPV Gain.

“**Daily NPV Change**” means, in respect of a DMA and a Daily Calculation Period, the amount (if any) by which the aggregate

net present value of the Remaining Contracts within such DMA has changed during such Daily Calculation Period, and:

- (i) where such change is in favour of the Defaulter, is the “**Daily NPV Gain**”; and
- (ii) where such change is in favour of the Clearing House, is the “**Daily NPV Loss**”.

“**DMA**” means an Initial DMA or a Merged DMA, as applicable.

“**DMA Creation Date**” means, in respect of an Initial DMA, the business day on which such Initial DMA is established by the Clearing House.

“**DMA Merger Date**” means, in respect of a Merged DMA, the business day on which two or more DMAs are combined to form such Merged DMA.

“**Final DMA**” means, in respect of an Auction Portfolio that is auctioned and sold, the most recently established DMA from which such Auction Portfolio was formed.

“**ForexClear Auction Portfolio**” means an “Auction Portfolio” as defined in the ForexClear DMP Annex.

“**Initial DMA**” means a default management account established by the Clearing House, acting in its sole discretion, to which one or more Sets of Non-Porting Contracts are transferred (by book-entry) on the DMA Creation Date for such default management account.

“**Latest DMA**” means, in respect of a Daily Calculation Period, a DMA that exists at the end of such Daily Calculation Period, but which has not itself been combined with another DMA to form a separate Merged DMA.

“**Merged DMA**” means a default management account established by the Clearing House, acting in its sole discretion, which results from the combination of two or more DMAs.

“**Non-Porting FCM Client Sub-Account**” means, in respect of a Defaulter, the FCM Client Sub-Account of such Defaulter, to which the FCM ForexClear Contracts that the Clearing House has determined will not be ported in accordance with the FCM Rulebook are, or were, registered at the point of the Default of the Defaulter.

“**Pre-Default TMR**” means, in respect of an Affected Non-Porting FCM Client Sub-Account of a Defaulter, the TMR for such Affected Non-Porting FCM Client Sub-Account as at the

~~time on end-of-day margin and settlement call for~~ the business day before the day of Default of such Defaulter, which time is as determined by the Clearing House.

“Pre-Default TMR Ratio” means

- (i) in respect of an Initial DMA and an Affected Non-Porting FCM Client Sub-Account referable to it, the ratio that the Pre-Default TMR of such Affected Non-Porting FCM Client Sub-Account bears to the aggregate Pre-Default TMR of all Affected Non-Porting FCM Client Sub-Accounts referable to such Initial DMA; or
- (ii) in respect of a Final DMA and an Affected Non-Porting FCM Client Sub-Account referable to it, the ratio that the Pre-Default TMR of such Affected Non-Porting FCM Client Sub-Account bears to the aggregate Pre-Default TMR of all Affected Non-Porting FCM Client Sub-Accounts referable to such Final DMA.

“Pre-Merger TMR” means, in respect of a DMA that was combined with one or more other DMA(s) to form a Merged DMA, the TMR for such DMA as at the ~~time on end-of-day margin and settlement call for~~ the business day before the DMA Merger Date of such Merged DMA, which time is as determined by the Clearing House.

“Pre-Merger TMR Ratio” means, in respect of a DMA that was combined with one or more other DMA(s) to form a Merged DMA, the ratio that such DMA’s Pre-Merger TMR bears to the aggregate Pre-Merger TMR of all DMAs that were combined to form such Merged DMA.

“Prior Merged DMA” means, in respect of a Merged DMA, an existing Merged DMA that has been combined with one or more other DMA(s) to form such Merged DMA.

“Remaining Contracts” means, in respect of a DMA and a Daily Calculation Period, all of the FCM ForexClear Contracts within such DMA during such Daily Calculation Period, excluding those FCM ForexClear Contracts that the Clearing House has auctioned and sold at any point within such Daily Calculation Period.

“Set of Non-Porting Contracts” means, in respect of a Non-Porting FCM Client Sub-Account, the FCM ForexClear Contracts that are transferred by the Clearing House from such Non-Porting FCM Client Sub-Account to an Initial DMA.

“**TMR**” means (i) in respect of an Affected Non-Porting FCM Client Sub-Account, the total margin requirement as determined by the Clearing House for such Affected Non-Porting FCM Client Sub-Account, or (ii) in respect of a DMA, the total margin requirement as determined by the Clearing House for such DMA, in each case, excluding variation margin.

(B) *Initial DMAs*

(A) After a Default, the Clearing House may, in its sole discretion:

- (1) determine that the FCM ForexClear Contracts registered to a Non-Porting FCM Client Sub-Account will not port in accordance with the FCM Rulebook; and
- (2) transfer the resulting Set of Non-Porting Contracts in respect of such Non-Porting FCM Client Sub-Account to an Initial DMA on the business day on which the Clearing House makes such determination.

(B) The Clearing House may in its sole discretion create more than one Initial DMA for the purposes of subparagraph (A)(2) above on the same business day.

(C) No Contracts other than FCM ForexClear Contracts will be transferred into an Initial DMA.

(D) Any outstanding and owing, but unsettled, variation margin or settlement amounts in respect of FCM ForexClear Contracts as at the end of the Daily Calculation Period for the business day prior to the transfer of such FCM ForexClear Contracts in accordance with subparagraph (A) above shall be discharged by the Clearing House debiting or crediting (as applicable) the Non-Porting FCM Client Sub-Account from which such FCM ForexClear Contracts were transferred.

(C) *Merged DMAs*

(A) On any business day following the creation of two or more Initial DMAs pursuant to paragraph (B) above, the Clearing House may create a Merged DMA by combining:

- (1) multiple Initial DMAs;
- (2) one or more Initial DMAs and one or more Prior Merged DMAs; or

- (3) multiple Prior Merged DMAs.
- (B) The Clearing House may in its sole discretion create more than one Merged DMA on the same business day.
- (D) *Auctions*
 - (A) The Clearing House shall conduct Auctions in respect of Auction Portfolios referable to DMAs in accordance with the provisions of the ForexClear DMP Annex.
 - (B) More than one Auction Portfolio may be referable to a single DMA, in which case:
 - (1) the Clearing House will conduct one or more Auctions of each Auction Portfolio referable to such DMA; and
 - (2) on and from the date of the first Auction in respect of the DMA, the Clearing House may no longer combine such DMA into a Merged DMA.
 - (C) Following the sale of an Auction Portfolio, the ForexClear Contacts within such Auction Portfolio shall no longer form part of the DMA from which the Auction Portfolio was created.
- (E) *Attribution of Daily Amounts*
 - (A) The Clearing House shall, following each Daily Calculation Period, determine the Daily Amount for each Latest DMA in respect of such Daily Calculation Period.
 - (B) The Clearing House shall attribute the Daily Amount of a Latest DMA that is:
 - (1) an Initial DMA, to each Affected Non-Porting FCM Client Sub-Account referable to such Initial DMA, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting FCM Client Sub-Account; and
 - (2) Merged DMA, to each DMA that was combined to form such Merged DMA, pro rata according to the Pre-Merger TMR Ratio of each such DMA (where the amount attributed to each such DMA is an “**Interim Amount**”).
 - (C) If the Clearing House attributes an Interim Amount to a DMA under subparagraph (B)(2) above, then it will further attribute such Interim Amount as follows:

- (1) Where the DMA to which the Interim Amount was attributed is an Initial DMA, the Clearing House will further attribute such amount to each Affected Non-Porting FCM Client Sub-Account referable to such Initial DMA, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting FCM Client Sub-Account; and
 - (2) Where the DMA to which the Interim Amount was attributed is a Merged DMA, the Clearing House will further attribute such amount to each DMA that was combined to form such Merged DMA, pro rata according to the Pre-Merger TMR Ratio of each such DMA.
- (D) If the Clearing House attributes an amount to a DMA under subparagraph (C)(2) above, then it will further attribute such amount according to the method specified in subparagraph (C) (treating such amount as an Interim Amount for the purposes of subparagraph (C)) until all amounts are attributed to Non-Porting FCM Client Sub-Accounts.

(F) *Attribution of Auction Results*

The Clearing House shall attribute the Auction Result, in respect of the sale of an Auction Portfolio, to each Affected Non-Porting FCM Client Sub-Account referable to the Final DMA from which such Auction Portfolio was formed, pro rata according to the Pre-Default TMR Ratio of each such Affected Non-Porting FCM Client Sub-Account.

(G) *CFTC Regulations*

The Clearing House shall hold the relevant Collateral in respect of Non-Porting FCM Client Sub-Accounts (segregated as belonging to each such applicable Non-Porting FCM Client Sub-Account in accordance with the CFTC Regulations and Part 22 thereof) in its applicable FCM Omnibus ForexClear Client Account with LCH until the process described in this paragraph (f) has been completed. For the avoidance of doubt, the Clearing House may only take such actions pursuant to this paragraph as permitted by the FCM Rulebook, the CEA and the CFTC Regulations or as directed by an applicable Regulatory Body.

2.2.27 *Payment of Stamp Tax*

Each FCM Clearing Member shall pay any stamp tax or duty levied or imposed upon it or in respect of its execution or performance of the FCM

Appendix VI
LCH Default Rules
Changed Pages

LCH The Markets'
Partner

**LCH LIMITED
DEFAULT RULES**

2.2 **Risk Neutralisation**

The Clearing House will, in consultation with, and with the assistance of, the Rates Service DMG, reduce the market risk associated with a Defaulting Rates Service Clearing Member's obligations to the Clearing House so far as is reasonably practicable by hedging the Clearing House's exposure in open Rates Service Contracts to which the Defaulting SCM is party, where such hedging may be achieved, without limitation, by:

- (a) the splitting of Portfolios pursuant to Rule 2.1 above;
- (b) the Clearing House, for the purpose of hedging:
 - (i) executing one or more new SwapClear Transactions and/or new FCM SwapClear Transactions (as applicable) with Non-Defaulting Rates Service Clearing Members (each, a "**Hedging Rates Service Clearing Member**") on the basis of a separate agreement between the Clearing House and the Hedging Rates Service Clearing Member; and
 - (ii) clearing each such SwapClear Transaction and/or FCM SwapClear Transaction (as applicable) in accordance with, and subject to, the Rulebook and/or the FCM Rulebook (as applicable), such that:
 - (A) the Hedging Rates Service Clearing Member's side of such transaction is registered as a SwapClear Contract between the Clearing House and the Hedging Rates Service Clearing Member; and
 - (B) the Clearing House's side of such transaction is registered as a SwapClear Contract between the Defaulting Rates Service Clearing Member and the Clearing House (pursuant to the Clearing House's rights under Default Rule 6(a)) (any such SwapClear Contract, a "**Hedging SwapClear Contract**");
- (c) the Clearing House, for the purpose of hedging:
 - (i) engaging one or more third parties (each, a "**Hedging Give Up Agent**") to execute one or more new Listed Interest Rates Novation Transactions, FCM Listed Interest Rates Novation Transactions and/or Rates Exchange Matches (as applicable), as instructed by the Clearing House; and
 - (ii) clearing each such Listed Interest Rates Novation Transaction, FCM Listed Interest Rates Novation Transactions and/or Rates Exchange Matches (as applicable) in accordance with, and subject to, the Rulebook and/or FCM Rulebook (as applicable), such that:
 - (A) the Hedging Give Up Agent's side of such transaction or match is registered as a Listed Interest Rates Contract and transferred to the Defaulting Rates Service Clearing Member, to become a Hedging Listed Interest Rates Contract between the Defaulting Rates Service Clearing Member and the Clearing House

(pursuant to the Clearing House's right under Default Rule 6(q); and

- (B) the other side of such transaction or match is registered as a Listed Interest Rates Contract between the Clearing House and the relevant Listed Interest Rates Clearing Member; and/or
- (d) the Clearing House, for the purpose of hedging, designating an existing Listed Interest Rates Contract of the Defaulting Rates Service Clearing Member as a Hedging Listed Interest Rates Contract (pursuant to the Clearing House's right under Default Rule 6(q)).

The Clearing House may transfer one or more Hedging Rates Service Contracts from one account to any other account in accordance with Default Rule 6(g) (including any Hedged Account (in the circumstances provided for in the Rulebook)).

The Clearing House may undertake Risk Neutralisation before, as part of, concurrently with and/or subsequent to the splitting of a Portfolio pursuant to Rule 2.1. Where a Hedging Rates Service Clearing Member executes a hedging SwapClear Transaction or FCM SwapClear Transaction (as applicable) with the Clearing House, it agrees to present such SwapClear Transaction or FCM SwapClear Transaction for clearing with the Clearing House in accordance with, and subject to, the Rulebook or FCM Rulebook (as applicable) and within the required timeframe under all Applicable Law (and, in any event, no later than the time, as determined by the Clearing House, the time that the SwapClear service closes on the day on which it executes such SwapClear Transaction or FCM SwapClear Transaction).

2.3 *Basis Portfolio Composition*

The Clearing House may, in consultation with, and with the assistance of, the Rates Service DMG and for each relevant currency construct a Basis Portfolio, which may include Hedging Rates Service Contracts concluded by the Clearing House through Risk Neutralisation

2.4 *Auction*

- (a) Following the completion of Risk Neutralisation, the Clearing House shall auction each OTC Auction Portfolio to Non-Defaulting SCMs and each Basis Portfolio to Non-Defaulting Joint Rates Service Clearing Members, in both such cases in order to:
 - (i) seek to re-establish with those Non-Defaulting SCMs and Non-Defaulting Joint Rates Service Clearing Members (as applicable) the positions the Clearing House had with the Defaulting SCM under the relevant Rates Service Contracts; and
 - (ii) seek to determine the net value of those Rates Service Contracts for the purposes of determining the extent of any losses to the Clearing House which are to be reduced or borne in the manner provided by Rule 15 of the Default Rules or, as the case may be, the extent of any gains to the Clearing House.

1.5 Terms used, and not defined, in this Annex shall have the meanings given to them in the Regulations or FCM Regulations.

2. ForexClear DMP

The ForexClear DMP in respect of: (a) ForexClear Clearing House Business; (b) Relevant Auction Contracts in respect of ForexClear Client Clearing Business; (c) FCM ForexClear House Business; and (d) FCM ForexClear Client Business, shall involve the stages described in this Rule 2.

Resources will be allocated based on the order and proportions described in Rules 2.4 to 2.6 of this Annex. Allocation of resources pursuant to a process or the order in which processes are carried out may reduce the resources which are available to meet the losses in respect of any subsequent process and, consequently, impact the allocation of losses amongst Non-Defaulters. For the avoidance of doubt, the Clearing House may in its sole and absolute discretion determine the order in which it constructs Auction Portfolios and auctions Auction Portfolios.

2.1 *Portfolio Splitting*

The Clearing House, in consultation with and with the assistance of the ForexClear DMG, shall determine the composition of each Auction Portfolio and shall have the discretion to divide a Portfolio into two or more individual Auction Portfolios with the aim of facilitating the efficiency of, and reducing the risk associated with, the auction process provided for in Rule 2.3 of this Annex. The overriding principle behind the portfolio splitting process is that the Clearing House will structure Auction Portfolios with the intention of ensuring a ForexClear DMP which best protects the resources of the Clearing House, subject to compliance with applicable provisions of the CEA and the CFTC Regulations regarding segregation of client assets. Therefore, nothing in this Rule 2.1 shall be deemed to imply: (a) that the Clearing House is under any obligation to split a particular Portfolio of a Defaulting FXCCM (regardless of the number of ForexClear Contracts that such Portfolio contains); or (b) any particular requirements as to the composition of an individual Auction Portfolio (including in terms of combining or separating ForexClear Contracts belonging to different ForexClear Contract Categories), except that, subject to overriding risk procedures it is broadly anticipated that the parameters of any Auction Portfolio shall not be materially different to those set out in the Clearing House's fire drill.

2.2 *Risk Neutralisation*

The Clearing House will, in consultation with and with the assistance of the ForexClear DMG, reduce the market risk and/or settlement risk associated with a Defaulting FXCCM's obligations to the Clearing House so far as is reasonably practicable by hedging the Clearing House's exposure in open ForexClear Contracts to which the Defaulting FXCCM is party, where such hedging may be achieved, without limitation, by:

- (a) the splitting of Portfolios pursuant to Rule 2.1; and/or
- (b) the Clearing House, for the purpose of hedging:

- (i) executing one or more new ForexClear Transactions and/or new FCM ForexClear Transactions (as applicable) with Non-Defaulting FXCCMs (each, a "**Hedging ForexClear Service Clearing Member**") on the basis of a separate agreement between the Clearing House and the relevant Hedging ForexClear Service Clearing Member; and
- (ii) clearing each such ForexClear Transaction and/or FCM ForexClear Transaction (as applicable) in accordance with, and subject to, the Rulebook and/or FCM Rulebook (as applicable), such that:
 - (A) the Hedging ForexClear Service Clearing Member's side of such transaction is registered as a ForexClear Contract between the Clearing House and the Hedging ForexClear Service Clearing Member; and
 - (B) the Clearing House's side of such transaction is registered as a ForexClear Contract between the Defaulting ForexClear Service Clearing Member and the Clearing House (pursuant to the Clearing House's rights under Default Rule 6(a)) (any such ForexClear Contract, a "**Hedging ForexClear Contract**").

The Clearing House may transfer one or more Hedging ForexClear Service Contracts from one account to any other account in accordance with Default Rule 6(g) (including any Hedged Account (in the circumstances provided for in the Rulebook)).

The Clearing House may undertake Risk Neutralisation before, as part of, concurrently with and/or subsequent to the splitting of a Portfolio pursuant to Rule ~~2.12.1~~. Where a Hedging ForexClear Service Clearing Member executes a hedging ForexClear Transaction or FCM ForexClear Transaction (as applicable) with the Clearing House, it agrees to present such ForexClear Transaction or FCM ForexClear Transaction for clearing with the Clearing House in accordance with, and subject to, the Rulebook or FCM Rulebook (as applicable) and within the required timeframe under all Applicable Law (and, in any event, no later than the time, as determined by the Clearing House, that the ForexClear service closes on the day on which it executes such ForexClear Transaction or FCM ForexClear Transaction).

2.3 *Auction*

- (a) Following the completion of Risk Neutralisation, the Clearing House shall auction each Auction Portfolio to Non-Defaulting FXCCMs in order to:
 - (i) seek to re-establish with those Non-Defaulting FXCCMs the positions the Clearing House had with the Defaulting FXCCM under the relevant ForexClear Contracts; and
 - (ii) seek to determine the net value of those ForexClear Contracts for the purposes of determining the extent of any losses to the Clearing House which are to be reduced or borne in the manner provided by Rule 15 of the Default Rules or, as the case may be, the extent of any gains to the Clearing House.

SCHEDULE 5
FOREXCLEAR DEFAULT FUND SUPPLEMENT

- F1. In accordance with and subject to Rule F2, the amount of each ForexClear Clearing Member's ForexClear Contributions shall be determined by the Clearing House as soon as practicable after each ForexClear Determination Date as appropriate on the basis of information available as at close of business on such ForexClear Determination Date and notified to such FXCCM as soon as practicable after such determination in accordance with the Procedures.
- F2. Each FXCCM's ForexClear Contribution (other than any ForexClear Unfunded Contribution or any Supplementary Contribution) shall be determined by the Clearing House in accordance with the following provisions:
- (a) determinations will be made by the Clearing House on the date that an FXCCM joins the ForexClear Service, ~~and at the close of business~~ on the first business day of each month and at the time on such day determined by the Clearing House, and otherwise in accordance with paragraph (f) below (each, a "**ForexClear Determination Date**")₂ provided, ~~however,~~ that following a Default, any such determinations and any such ForexClear Determination Date which might otherwise have occurred under this Rule F2 shall be suspended for the duration of the period (the "**ForexClear Default Period**") commencing on the date of such Default and terminating on the last to occur of the following datestimes:
 - (i) the time, as determined by the Clearing House, the date which is the close of business on the day falling 30 calendar days after the ForexClear Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and
 - (ii) where, prior to the end of the period referred to in (i) above (or such period as has already been extended pursuant to this paragraph (ii)), one or more subsequent Defaults (each a "**Relevant Default**") occur, the time, as determined by the Clearing House, date which is the close of business on the day falling 30 calendar days after the ForexClear Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day);
 - (b) On each business day, the Clearing House will determine a "**Combined Loss Value**" in respect of each of the 30 preceding business days. The Combined Loss Value in respect of a particular day will be the sum of the largest and the second largest stress-testing loss incurred on that day in relation to ForexClear Business (for a given scenario);
 - (c) the "**ForexClear Fund Amount**" shall equal the sum of (i) the "**ForexClear Non-Deliverable Sub-Fund Amount**" (ii) the "**ForexClear Deliverable Sub-Fund Amount**" and (iii) the "**ForexClear Tolerance Amount**". The ForexClear Non-Deliverable Sub-Fund Amount and ForexClear Deliverable Sub-Fund Amount shall be calculated in United States dollars ("**USD**") and, for

a given ForexClear Determination Date, shall be (i) in relation to the ForexClear Non-Deliverable Sub-Fund Amount, the largest of the 30 Combined Loss Values in respect of ForexClear Non-Deliverable Contracts, and (ii) in relation to the ForexClear Deliverable Sub-Fund Amount, the largest of the 30 Combined Loss Values in respect of ForexClear Contracts other than ForexClear Non-Deliverable Contracts, each as determined under paragraph (b) above plus 10 per cent. Each of the ForexClear Non-Deliverable Sub-Fund Amount and ForexClear Deliverable Sub-Fund Amount shall not be less than USD 70 million (the "**ForexClear Fund Floor**"). The "**ForexClear Tolerance Amount**" for a given ForexClear Determination Date shall equal the aggregate amount of ForexClear Tolerance provided by the Clearing House to all participating FXCCMs to facilitate the registration of ForexClear Contracts, provided that the ForexClear Tolerance Amount shall not exceed USD 500 million;

(d) the "**ForexClear Margin Weight**" means the "**ForexClear Non-Deliverable Margin Weight**" or the "**ForexClear Deliverable Margin Weight**", as applicable.

(i) an FXCCM's "**ForexClear Non-Deliverable Margin Weight**" shall be calculated by dividing (A) the Uncovered Stress Loss Metric associated with such FXCCM's ForexClear Non-Deliverable Contracts by (B) the total Uncovered Stress Loss Metric applied to all Non-Defaulting FXCCMs with respect to their ForexClear Non-Deliverable Contracts, in each case where the ForexClear Non-Deliverable Contracts are (I) entered into on the FXCCM's own behalf or with respect to a ForexClear Clearing Client or an FCM Client and (II) open and outstanding during the reference period set forth in paragraph (b) above;

(ii) an FXCCM's "**ForexClear Deliverable Margin Weight**" shall be calculated by dividing (A) the Uncovered Stress Loss Metric associated with all of such FXCCM's ForexClear Contracts other than ForexClear Non-Deliverable Contracts by (B) the total Uncovered Stress Loss Metric applied to all Non-Defaulting FXCCMs with respect to their ForexClear Contracts that are not ForexClear Non-Deliverable Contracts, in each case where the ForexClear Contracts are (I) entered into on the FXCCM's own behalf or with respect to a ForexClear Clearing Client or an FCM Client and (II) open and outstanding during the reference period set forth in paragraph (b) above;

(iii) an FXCCM's "**Uncovered Stress Loss Metric**," as determined in accordance with sub-paragraphs (i) and/or (ii) above, is a risk metric used by the Clearing House in the calculation of the FXCCM's ForexClear Contribution and shall be determined by the Clearing House (and notified to each FXCCM) from time to time by, inter alia, deducting the amount of eligible margin held by the Clearing House with respect to the relevant ForexClear Contracts from the stress loss associated with such ForexClear Contracts; **provided** that the Clearing House may, in determining the Uncovered Stress Loss Metric of an FXCCM, take into account, inter alia, the number of alternative FXCCMs that clear ForexClear Contracts with respect to that FXCCM's ForexClear

Clearing Clients or FCM Clients; for the avoidance of doubt, the largest and second largest stress-testing losses for purposes of determining a Combined Loss Value in accordance with paragraph (b) above are not the applicable Uncovered Stress Loss Metrics of the relevant FXCCMs for the purposes of this sub-paragraph (iii);

- (iv) the provisions of this sub-paragraph (d) shall not apply to New Members and, for the avoidance of doubt, New Members shall not constitute Non-Defaulting FXCCMs for the purposes of limb (B) of sub-paragraphs (i) and (ii);
- (e) each FXCCM's ForexClear Contribution comprises the "**ForexClear Non-Deliverable Contribution**," the "**ForexClear Deliverable Contribution**" and its ForexClear Tolerance, as applicable. The FXCCM's ForexClear Non-Deliverable Contribution shall be calculated by multiplying the ForexClear Non-Deliverable Sub-Fund Amount by the FXCCM's ForexClear Non-Deliverable Margin Weight, and shall be no less than the Minimum ForexClear Contribution. The FXCCM's ForexClear Deliverable Contribution shall be calculated by multiplying the ForexClear Deliverable Sub-Fund Amount by the FXCCM's ForexClear Deliverable Margin Weight, and shall be no less than the Minimum ForexClear Contribution; and
- (f) subject to a suspension pursuant to paragraph (a) above, the Clearing House may recalculate the ForexClear Fund Amount on any business day if the Combined Loss Value differs by more than 25 per cent. from the figure on which the previous ForexClear Contribution determination was based.

F3. For the purposes of the calculations under Rule F2:

- (a) references to "ForexClear Clearing Members" or "FXCCMs" do not include references to Defaulting FXCCMs (apart from any Defaulting FXCCM in respect of which the Clearing House permits the application of Rule F2) or persons which were formerly FXCCMs but are not FXCCMs at the ForexClear Determination Date at which the relevant determination is made;
- (b) contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand US dollars;
- (c) no account shall be taken, in calculating initial margin or ForexClear Margin Weight under Rule F2 of any offsets applied in calculating initial margin obligations imposed on an FXCCM in respect of ForexClear Contracts, which may otherwise be permissible under the Procedures or other arrangements applicable;
- (d) provided that the FXCCM is not a Defaulter, the amount of its ForexClear Contribution shall be calculated in accordance with and subject to Rule F2. The provisions of Rule F1, Rule F2, this Rule F3 and Rule F5 do not apply to a Defaulting FXCCM, unless the Clearing House so permits in any particular case; and

- (e) if (i) an FXCCM (other than an FCM Clearing Member) notifies the Clearing House on the ForexClear Default Management Process Completion Date or the business day occurring immediately after such date that it wishes to resign from the ForexClear Service, (ii) the ForexClear AET Requirement in respect of such proposed resignation has been satisfied by the ForexClear Determination Date occurring immediately after such ForexClear Default Management Process Completion Date, (iii) the FXCCM is not a Defaulter, and (iv) no Default has occurred from and including the ForexClear Determination Date referred to in Rule F3(e)(ii) to and including the fourth business day occurring after such ForexClear Determination Date (“**ForexClear Contribution Payment Date**”), then the FXCCM shall cease to be an FXCCM on and from such ForexClear Contribution Payment Date and the Clearing House shall repay the ForexClear Contribution that it holds for such FXCCM (to the extent it has not been applied under these Default Rules) in accordance with the Procedures and the FXCCM shall not be obliged to make any payment to the Clearing House under Rule F5(c). If an FXCCM notifies the Clearing House in accordance with Rule F3(e)(i), but the requirements under Rules F3(e)(ii), (iii) and/or (iv) are not satisfied, then such FXCCM will cease to be a Resigning Member in respect of the ForexClear Service.
- F4. Without prejudice to any other requirements which the Clearing House may impose, the amount of the ForexClear Contribution of a New Member shall be the sum of (a) the Minimum ForexClear Contribution, (b) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member and (c) as applicable, its ForexClear Tolerance. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.
- F5. Upon determination of the amount of a ForexClear Contribution in accordance with Rule F2:
- (a) if the amount of the ForexClear Contribution of an FXCCM immediately before ~~close of business~~the time at which the Clearing House determines the FXCCM’s ForexClear Contribution under Rule F2 on the relevant ForexClear Determination Date exceeds the amount of the FXCCM's ForexClear Contribution as so determined ~~under Rule F2 as at close of business on that day~~, the excess shall be paid by the Clearing House to such FXCCM in USD in accordance with the Procedures;
- (b) if the amount of the ForexClear Contribution of an FXCCM immediately before ~~close of business~~the time at which the Clearing House determines the FXCCM’s ForexClear Contribution under Rule F2 on the relevant ForexClear Determination Date is the same as the amount of the FXCCM's ForexClear Contribution as so determined ~~under Rule F2 as at close of business on that day~~, no sum shall then be payable by or to such FXCCM in respect of its Contribution; and
- (c) if the amount of the ForexClear Contribution of an FXCCM immediately before the time at which the Clearing House determines the FXCCM’s ForexClear Contribution under Rule F2 ~~close of business~~ on the relevant ForexClear Determination Date is less than the amount of the FXCCM's ForexClear

Contribution as so determined ~~under Rule F2 as at close of business on that day~~, the shortfall shall be paid by such FXCCM to the Clearing House in USD in accordance with the Procedures.

The provisions of this Rule do not apply to a Defaulting FXCCM, unless the Clearing House so permits in any particular case.

F6. On any day, interest shall accrue on the amount of each ForexClear Contribution held by the Clearing House, to the extent that it has not been applied under Rule 19 or Rule 21 of the Default Rules, at such rate as determined by the Clearing House from time to time in light of market conditions and notified by the Clearing House to FXCCMs and in such manner as provided by the Procedures, provided that the rate of interest for any particular day shall be based on a short-term interest rate of the ForexClear Contribution currency, as applicable, plus or minus a spread. Interest shall be payable in arrears and shall be paid on the date or dates specified by the Procedures. In these Default Rules, any interest which has accrued under this Rule shall not be regarded as being part of the ForexClear Contribution.

F7.

- (a) After a Default, unless and until the Clearing House has repaid a Defaulter's ForexClear Contribution (or the remaining part thereof, as applicable), the ForexClear Fund Amount shall be treated as having been reduced by the amount of the Defaulter's ForexClear Contribution (if any), regardless of whether the Clearing House has applied part or all of that ForexClear Contribution under the Default Rules.
- (b) Where, after a Default, the Clearing House has applied part or all of the ForexClear Contributions of the Non-Defaulting FXCCMs under Rule 21 of the Default Rules, the ForexClear Fund Amount shall be reduced forthwith by the deduction of (i) the amount of the Defaulter's ForexClear Contribution (if any) in accordance with paragraph (a) of this Rule F7; and (ii) the aggregate amount of the ForexClear Contributions or parts of ForexClear Contributions of the Non-Defaulting FXCCMs so applied, and the amount of the ForexClear Contribution that each Non-Defaulting FXCCM must maintain with the Clearing House shall be reduced by the amount of its ForexClear Contribution which has been so applied, in each case, until the next ForexClear Determination Date and subject to (where applicable) the requirement under paragraph (c) of this Rule F7 and Rule F8.
- (c) Following the completion of a ForexClear Default Management Process, the Clearing House will deliver a notice to the FXCCMs confirming that the relevant ForexClear Default Management Process Completion Date has occurred. If, following the issuance of such notice, the value of the ForexClear Fund Amount determined in accordance with paragraph (b) of this Rule F7 is less than the ForexClear Fund Floor, the Clearing House may notify each Non-Defaulting FXCCM that it is required to make a Supplementary Contribution, based on the proportion that the value of its ForexClear Contribution as at the last ForexClear Determination Date prior to the date when the relevant Default occurred bears to the value of the aggregate ForexClear Contributions of all Non-Defaulting FXCCMs as at such date, so as to reinstate the ForexClear Fund

Distribution Proposal, regardless of whether the trigger for such Revised Loss Distribution Proposal is (A) or (B) above.

- (i) Subject to (iv) below, the Clearing House shall be required to make a Revised Loss Distribution Proposal where either (y) it makes the determination pursuant to (A) above on the Loss Distribution Cut-Off Date or (z) : a Loss Distribution Trigger Event has occurred, in each case during a Loss Distribution Period.
- (ii) If (x) more than 50% of the Non-Defaulting FXCCMs participate in a vote concerning the Revised Loss Distribution Proposal and (y) the Requisite Non-Defaulting FXCCMs vote in favour of the Revised Loss Distribution Proposal, the Loss Distribution Cut-Off Date shall be extended and the Loss Distribution Trigger Amount shall be increased for each Non-Defaulting FXCCM in accordance with the Revised Loss Distribution Proposal and shall be applicable for the remainder of the relevant Loss Distribution Period or until further adjusted pursuant to this paragraph. If more than 50% of Non-Defaulting FXCCMs do not participate in such vote and/or if the Requisite Non-Defaulting FXCCMs do not vote in favour of the Revised Loss Distribution Proposal, the Loss Distribution Period shall not be extended and the Loss Distribution Trigger Amount shall not be increased in accordance with the Revised Loss Distribution Proposal. The Loss Distribution Cut-Off Date and Loss Distribution Trigger Amount may only be adjusted up to five times in respect of the Loss Distribution Period in accordance with the processes set forth in this paragraph.
- (iii) The Clearing House shall publish the terms of the voting process for the purposes of this paragraph (d) on or before the business day on which such vote is to be held.

(g) ***No Rebate***

The payment to the Clearing House by any FXCCM of any Cash Gainer Payment Currency Adjustment to Cash Payment shall be final and shall not give rise to any obligation of the Clearing House to repay any such amount or to pay any interest thereon.

- F10. Where, after the Default of one or more FXCCMs, the Clearing House determines in its sole discretion that, notwithstanding the availability of any resources remaining under Rules 15(a) to 15(h) of the Default Rules and the availability of the ForexClear Loss Distribution Process in accordance with the terms of Rule F9, it is clear that the Clearing House does not have sufficient resources to meet its obligations and liabilities arising in respect of those ForexClear Contracts to which it is party with Non-Defaulting FXCCMs, the Clearing House will by notice in writing (a "**ForexClear Voluntary Payment Notice**"): (i) inform all Non-Defaulting FXCCMs that it has insufficient resources and that it is likely to invoke Rule F11; and (ii) invite each Non-Defaulting FXCCM to make a payment of funds (a "**ForexClear Voluntary Payment**"), in accordance with Rule (15h) of the Default Rules, to make up for the relevant shortfall.

ForexClear Voluntary Payments will be made on the following terms:

- (a) no FXCCM shall be obliged to make a ForexClear Voluntary Payment;
- (b) any ForexClear Voluntary Payment will be made by an FXCCM ~~by the close of business~~ on the business day after receipt of the relevant ForexClear Voluntary Payment Notice;
- (c) no ForexClear Voluntary Payment may be withdrawn once made; and
- (d) the Clearing House shall have full discretion whether or not to accept a particular ForexClear Voluntary Payment.

Any failure by the Clearing House to deliver a ForexClear Voluntary Payment Notice pursuant to this Rule F10 will not invalidate any action taken by the Clearing House pursuant to Rule F11 nor give rise to any liability whatsoever on the part of the Clearing House.

Any ForexClear Voluntary Payments remaining unused at the time of the expiry of the relevant ForexClear Default Period will be accounted for rateably by the Clearing House as if they were amounts paid in respect of the ForexClear Contributions by those FXCCMs from whom ForexClear Voluntary Payments were accepted.

F11. Where, following the process for inviting ForexClear Voluntary Payments in accordance with Rule F10, the Clearing House makes a determination (an "**Insufficient Resources Determination**") that it is clear that the Clearing House does not have sufficient resources to meet its obligations and liabilities arising in respect of those ForexClear Contracts to which it is party with Non-Defaulting FXCCMs, the following provisions shall have effect:

- (a) All outstanding ForexClear Contracts shall be closed out as of the clearing day following the date the Insufficient Resources Determination was made and any further obligations to make any payments under or in respect of such ForexClear Contracts shall cease. The closing prices used shall be mid prices calculated by the Clearing House in accordance with the methodology used by it to carry out end of day margin runs in respect of the outstanding ForexClear Contracts. Where such data is not available to the Clearing House, the closing price shall be the last price used by the Clearing House to calculate the variation margin or Variation Settlement requirement for the position to be closed out.
- (b) On the basis of the close out values established for each outstanding ForexClear Contract, an account shall be taken (as at the time of close out) of what is due in respect of each FXCCM, from that FXCCM to the Clearing House and from the Clearing House to that FXCCM, as well as all other amounts owing under or in respect of ForexClear Contracts and any other amounts that may be due in respect of the ForexClear Service (including for these purposes, a proportionate share of any amounts owed generally to or from the Clearing House), and the sums due from the FXCCM shall be set off against the sums due from the Clearing House and only the balance of the account shall be payable. For the avoidance of doubt, amounts in respect of ForexClear Contracts shall include, but shall not be limited to, returns of cash Collateral provided in respect of

SCHEDULE 6
RATES SERVICE DEFAULT FUND SUPPLEMENT

CS1. Rates Service Fund Amount

- (a) The Rates Service Default Fund is denominated in GBP, and all amounts referable to it shall be denominated, calculated, called and payable in GBP.
- (b) On each business day, the Clearing House will determine a "**Combined Loss Value**" in respect of each of the 60 preceding business days. The Combined Loss Value for a particular business day will be the sum of: (1) the largest and the second largest daily stress-testing losses incurred during the preceding 60 business days in relation to the SwapClear Contracts and Eligible Listed Interest Rates Contracts of a Rates Service Clearing Member (the "**Combined Loss Value – Limb (1)**"); plus (2) the largest and the second largest daily stress-testing losses incurred during the preceding 60 business days in relation to the Non-Eligible Listed Interest Rates Contracts of a Rates Service Clearing Member (the "**Combined Loss Value - Limb (2)**"), in respect of a given scenario.
- (c) The "**Rates Service Fund Amount**" shall be determined by the Clearing House ~~at the close of business~~ on the first business day of each calendar month and at the time on such day determined by the Clearing House, and otherwise in accordance with paragraph (d) below (each a "**Rates Service Determination Date**") and shall be the sum of: (1) the largest of the 60 Combined Loss Values determined under Rule CS1(b); plus (2) an amount equal to 10 per cent of the value referred to in (1); plus (3) the SwapClear Tolerance Amount. The Rates Service Fund Amount shall not be less than £1 billion pounds (the "**Rates Service Fund Floor**") and shall not be more than £6 billion pounds. Notwithstanding the foregoing, following a Default, any determinations on a Rates Service Determination Date and any such Rates Service Determination Date which might otherwise have occurred under this Rule CS1 shall be suspended for the duration of the period (the "**Rates Service Default Period**") commencing on the date of such Default and terminating on the later to occur of the following times:
- (i) the time, as determined by the Clearing House, on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and
- (ii) where, prior to the end of the period referred to in sub-paragraph (i) above (or such period as has already been extended pursuant to this sub-paragraph (ii)) one or more subsequent Defaults (each a "**Relevant Default**") occur, the time, as determined by the Clearing House, on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day).

~~(e)~~(d) The Clearing House may recalculate the Rates Service Fund Amount on any business day if the largest of the 60 Combined Loss Values determined under paragraph (b) above on that day differs by more than 25 per cent. from the Combined Loss Value on which the previous Rates Service Contribution determination was based and, on such business day, the Clearing House shall be entitled to require those Clearing Members whose portfolios have caused the increase in the Combined Loss Value to pay an additional amount in respect of their Contributions.

CS2. Rates Service Fund Amount Allocation

On each Rates Service Determination Date, the Clearing House shall calculate:

- (a) The "**SwapClear Tolerance Amount**" which shall be the value of that portion of the Rates Service Fund Amount which relates to those default fund resources which the Clearing House determines as being required in relation to SwapClear Tolerance.
- (b) The "**Non-Tolerance Amount**" which shall be the sum of: (1) the Combined Loss Value - Limb (1); plus (2) an amount equal to 10 per cent of the Combined Loss Value - Limb (1).
- (c) The "**SwapClear Combined Loss Value**" in respect of each of the 60 preceding business days. The SwapClear Combined Loss Value in respect of a particular day will be the sum of the largest and the second largest stress-testing loss incurred on that day in relation to SwapClear Business (which includes, for the avoidance of doubt, Portfolio Margined Contracts) (for a given scenario).
- (d) The "**Listed Rate Combined Loss Value**" in respect of each of the 60 preceding business days. The Listed Interest Rates Combined Loss Value in respect of a particular day will be the sum of the STLIEOMs for the Listed Interest Rates Clearing Members which have the largest and the second largest STLIEOM on that day. For this purpose, the "STLIEOM" means, in respect of each Listed Interest Rates Clearing Member and in respect of any day, the stress-tested loss in excess of initial margin (determined for a given scenario determined by the Clearing House) which could be incurred by the Clearing House in respect of the Eligible Listed Interest Rates Contracts (excluding, for the avoidance of doubt, any Portfolio Margined Contracts) of a Listed Interest Rates Clearing Member if that Listed Interest Rates Clearing Member became a Defaulter on that day.
- (e) The "**Total Combined Loss Value**" which shall be the sum of the SwapClear Combined Loss Value and the Listed Rate Combined Loss Value.
- (f) The "**Rates Service Fund Amount - SwapClear**" which shall be calculated as follows :

$$\left(\frac{\text{SwapClear Combined Loss Value}}{\text{Total Combined Loss Value}} \times \text{Non - Tolerance Amount} \right) + \text{SwapClear Tolerance Amount}$$

- (g) The "**Rates Service Fund Amount - Listed Interest Rates**" which shall be the greater of:

- (i) the "**Weighted Rates Service Fund Amount**", which shall be the amount calculated as follows:

$$\left(\frac{\text{Listed Interest Rates Combined Loss Value}}{\text{Total Combined Loss Value}} \times \text{Non - Tolerance Amount} \right)$$

+ (1.1 x Combined Loss Value - Limb (2)); and

- (ii) ~~or~~ the Default Fund Floor (as defined in Rule L2).
- (h) The "**SwapClear Tolerance**" which shall be the aggregate amount of temporary initial margin forbearance provided by the Clearing House to SwapClear Clearing Members to enable registration of SwapClear Contracts.
- (i) In the event that the Rates Service Fund Amount - Listed Interest Rates equals the Default Fund Floor, then the Rates Service Fund Amount - SwapClear shall be reduced by the amount by which the Default Fund Floor is greater than the Weighted Rates Service Fund Amount.

CS3. **Contributions to the Rates Service Fund**

A Rates Service Clearing Member's Contributions to the Rates Service Default Fund shall be calculated in accordance with Part A of this Rates Service Fund Supplement (in respect of SwapClear Contributions) and Part B of this Rates Service Fund Supplement (in respect of Listed Interest Rates Contributions) (as applicable).

CS4. **Rates Service Loss Distribution Process**

Where, after a Default, the Clearing House determines that the Rates Service Excess Loss resulting from the Default will exceed the amounts to be applied to it under Rules 15(a) to 15(h) of the Default Rules, the Clearing House may implement the process (the "**Rates Service Loss Distribution Process**") described in this Rule CS4.

~~(a)~~(b) For the purposes of this Rule CS4 and for Rule CS5 the following definitions will apply:

"**Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment**" means, in respect of each Cash Payment and any business day, the sum of the Pre Haircut Base Currency Gains, Losses and Realised Cash Flows by Cash Payment and any Cash Gainer Base Currency Adjustment to Cash Payment or Cash Loser Base Currency Adjustment to Cash Payment.

"**Auction Portfolio**" has the meaning assigned to it in the Rates Service DMP Annex.

"**Available Resources**" means, in respect of any Loss Distribution Period, the amounts available to the Clearing House for application in meeting any loss suffered or incurred by the Clearing House in accordance with Rules 15(a) to 15(h) of the Default Rules as at the relevant Last Call Prior to Default.

"**Cash Gain**" means, in respect of any Cash Gainer and any Loss Distribution Day, the amount of positive Cumulative Pre Haircut Base Currency Gains

- (v) The Clearing House shall publish the terms of the voting process for the purposes of this paragraph (d) on or before the business day on which such vote is to be held.

~~(e)~~(f) **No Rebate**

The payment to the Clearing House by any Rates Service Clearing Member of any Cash Gainer Payment Currency Adjustment to Cash Payment shall be final and shall not give rise to any obligation of the Clearing House to repay any such amount or to pay any interest thereon.

CS5. Voluntary Payments

Where, after the Default of one or more Rates Service Clearing Members, the Clearing House determines in its sole discretion that, notwithstanding the availability of any resources remaining under Rules 15(a) to 15(h) of the Default Rules and the availability of the Rates Service Loss Distribution Process in accordance with the terms of Rule CS4, it is clear that the Clearing House does not have sufficient resources to meet its obligations and liabilities arising in respect of those Rates Service Contracts to which it is party with Non-Defaulting Rates Service Clearing Members, the Clearing House will by notice in writing (a "**Rates Service Voluntary Payment Notice**"): (i) inform all Non-Defaulting Rates Service Clearing Members that it has insufficient resources and that it is likely to invoke Rule CS5; and (ii) invite each Non-Defaulting Rates Service Clearing Member to make a payment of funds (a "**Rates Service Voluntary Payment**"), in accordance with Rule 15(h) of the Default Rules, to make up for the relevant shortfall.

Rates Service Voluntary Payments will be made on the following terms:

- (a) no Rates Service Clearing Member shall be obliged to make a Rates Service Voluntary Payment;
- (b) any Rates Service Voluntary Payment will be made by a Rates Service Clearing Member ~~by the close of business~~ on the business day after receipt of the relevant Rates Service Voluntary Payment Notice;
- (c) no Rates Service Voluntary Payment may be withdrawn once made; and
- (d) the Clearing House shall have full discretion as to whether or not to accept a particular Rates Service Voluntary Payment.

Any failure by the Clearing House to deliver a Rates Service Voluntary Payment Notice pursuant to this Rule CS5 will not invalidate any action taken by the Clearing House pursuant to Rule CS5 nor give rise to any liability whatsoever on the part of the Clearing House.

Any Rates Service Voluntary Payments remaining unused at the time of the expiry of the relevant Rates Service Default Period will be accounted for rateably by the Clearing House as if they were amounts paid in respect of the Rates Service Contributions of those Rates Service Clearing Members from which Rates Service Voluntary Payments were accepted.

PART A

RATES SERVICE DEFAULT FUND SUPPLEMENT – SWAPCLEAR

S1. SwapClear Contributions to the Rates Service Fund

Each SCM's SwapClear Contribution (other than any SwapClear Unfunded Contribution or any Supplementary Contribution) shall be determined by the Clearing House in accordance with the following provisions:

- (a) determinations will be made by the Clearing House ~~at the close of business~~ on the first business day of each month and at the time on such day determined by the Clearing House, and otherwise in accordance with paragraph (n) below (each, a "**SwapClear Determination Date**") on the basis of information available ~~as at close of business~~ on the immediately preceding business day, and notified to such Member as soon as practicable after such determination in accordance with the Procedures. In addition, the amount payable in respect of the SwapClear Contribution of an SCM which is a New Member will be determined on the date that the relevant New Member joins the SwapClear Service. Notwithstanding the foregoing, following a Default, any determinations on a SwapClear Determination Date and any such SwapClear Determination Date which might otherwise have occurred under this Rule S1 shall be suspended for the duration of the period (the "SwapClear Default Period") commencing on the date of such Default and terminating on the later to occur of the following ~~date~~times:
- (i) the time, as determined by the Clearing House, ~~date which is the close of business~~ on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and
- (ii) where, prior to the end of the period referred to in sub-paragraph (i) above (or such period as has already been extended pursuant to this sub-paragraph (ii)) one or more subsequent Defaults (each a "**Relevant Default**") occur, the time, as determined by the Clearing House, ~~date which is the close of business~~ on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day).
- (b) the "**SwapClear Tolerance Weight**" of an SCM (other than an SCM which is a New Member) shall be calculated by dividing (x) the average SwapClear Tolerance Utilisation of the relevant SCM during the 20 business day period preceding the relevant SwapClear Determination Date in respect of all SwapClear Contracts to which such SCM is a party, which average shall be calculated by adding together the peak SwapClear Tolerance Utilisation of such SCM for each relevant business day and then dividing such sum by 20, provided that for SCMs where the peak SwapClear Tolerance Utilisation does not yet exist or is otherwise unavailable in respect of a business day the Clearing House shall estimate the relevant peak SwapClear Tolerance Utilisation by reference

to the actual or expected level of clearing activity of the relevant SCM in relation to SwapClear Contracts; by (y) the total of such average SwapClear Tolerance Utilisations of all Non-Defaulting SCMs other than SCMs which are New Members;

- (c) the value of the "**SwapClear Tolerance Contribution Amount**" of: (x) an SCM (other than an SCM which is a New Member) shall be calculated by multiplying the SwapClear Tolerance Amount by the SCM's SwapClear Tolerance Weight, provided that (i) where that calculation results in a value which is less than or equal to £4 million pounds, or in the case of a New Member, the value of the relevant SCM's SwapClear Tolerance Contribution Amount shall be £4 million pounds; and (ii) where that calculation results in a value which is greater than or equal to £30 million pounds, the value of the relevant SCM's SwapClear Tolerance Contribution Amount shall be £30 million pounds; and (y) a New Member shall be £4 million pounds PROVIDED FURTHER that where, as a result of the adjustments in individual SCM SwapClear Tolerance Contribution Amounts as described in this paragraph, the aggregate of the SwapClear Tolerance Contribution Amounts is greater or less than the SwapClear Tolerance Amount the Clearing House will adjust SCMs individual SwapClear Tolerance Contribution Amounts such that the aggregate of the SwapClear Tolerance Contributions equals the SwapClear Tolerance Amount;
- (d) the "**SwapClear Non-Tolerance Amount**" shall be the value of that portion of the Rates Service Fund Amount – SwapClear after deducting the SwapClear Tolerance Amount;
- (e) the value of the "**SwapClear Non-Tolerance Contribution Amount**" for a given SCM (other than an SCM that is a New Member) shall be calculated by multiplying the SwapClear Non-Tolerance Amount by the SCM's SwapClear Non-Tolerance Weight;
- (f) the "**SwapClear Non-Tolerance Weight**" of an SCM shall be calculated by dividing (i) the Uncovered Stress Loss associated with such SCM's SwapClear Contracts by (ii) the total Uncovered Stress Loss applied to all Non-Defaulting SCMs with respect to their SwapClear Contracts, in each case where the SwapClear Contracts are (A) entered into on the SCM's own behalf or with respect to a SwapClear Clearing Client or an FCM Client and (B) open and outstanding during the 20 business day period preceding the relevant SwapClear Determination Date. An SCM's "**Uncovered Stress Loss**," as determined in accordance with the foregoing, shall be determined by the Clearing House (and notified to each SCM) from time to time by, *inter alia*, deducting the amount of eligible margin held by the Clearing House with respect to the relevant SwapClear Contracts from the stress loss associated with such SwapClear Contracts, **provided** that the Clearing House may, in determining the Uncovered Stress Loss of an SCM, take into account, *inter alia*, the number of alternative SwapClear Clearing Members that clear SwapClear Contracts with respect to that SCM's SwapClear Clearing Clients or FCM Clients. The provisions of this sub-paragraph (f) shall not apply to New Members and, for the avoidance of doubt, New Members shall not constitute Non-Defaulting SCMs for the purposes of limb (ii) of this sub-paragraph;

- (g) the “**SwapClear Contribution**” of: (x) an SCM (other than an SCM that is a New Member) shall be the sum of (i) that SCM’s SwapClear Non-Tolerance Contribution Amount adjusted, where applicable, in accordance with paragraph (h) or (m) below, and (ii) that SCM’s Tolerance Contribution Amount; and (y) an SCM that is a New Member shall be calculated in accordance with S3;
- (h) if an SCM's SwapClear Non-Tolerance Contribution Amount (calculated in accordance with paragraph (e) above) is below the Minimum Non-Tolerance SwapClear Contribution for the time being, the SCM's SwapClear Non-Tolerance Contribution Amount shall be adjusted so as to equal the Minimum Non-Tolerance SwapClear Contribution; **provided that** where, as a result of the adjustments in individual SCM SwapClear Non-Tolerance Contribution Amounts as described in this paragraph, the aggregate of the SwapClear Non-Tolerance Contribution Amounts is greater than the SwapClear Non-Tolerance Amount, the Clearing House will adjust individual SwapClear Non-Tolerance Contribution Amounts such that the aggregate of the SwapClear Non-Tolerance Contributions equals the SwapClear Non-Tolerance Amount;
- (i) the "**SwapClear Actual Total**" shall be calculated by adding together (i) the amount which is the product of the Minimum Non-Tolerance SwapClear Contribution (as defined in the General Regulations) and the number of Minimum SwapClear Contribution Members; and (ii) the aggregate SwapClear Non-Tolerance Contribution Amounts (calculated in accordance with paragraph (e) above) of those SCMs which are not Minimum SwapClear Contribution Members; (iii) the aggregate SwapClear Tolerance Contribution Amounts of all SCMs other than SCMs which are New Members; and (iv) the aggregate SwapClear Contributions of all SCMs which are New Members;
- (j) where the SwapClear Actual Total is greater than the Rates Service Fund Amount - SwapClear, the "**SwapClear Excess**" shall be the arithmetical difference between the SwapClear Actual Total and the Rates Service Fund Amount - SwapClear;
- (k) [reserved];
- (l) for each SCM other than a Minimum SwapClear Contribution Member or a New Member, the SCM's "**SwapClear Discount**" (if any) shall be such SCM's *pro rata* share of the SwapClear Excess calculated as the proportion of such SCM's SwapClear Non-Tolerance Contribution Amount relative to the aggregate SwapClear Non-Tolerance Contribution Amounts of all SCMs other than Minimum SwapClear Contribution Members and New Members;
- (m) for each SCM other than a Minimum SwapClear Contribution Member or a New Member, the SCM's SwapClear Non-Tolerance Contribution Amount shall be adjusted by the subtraction of any SwapClear Discount applicable to the SCM; **provided that** if the application of any SwapClear Discount would result in a SwapClear Non-Tolerance Contribution Amount of an SCM that is less than the Minimum Non-Tolerance SwapClear Contribution, such SCM shall pay the Minimum Non-Tolerance SwapClear Contribution in respect of the SwapClear Non-Tolerance Contribution Amount applicable to it, notwithstanding that the arithmetical sum of SwapClear Contributions paid by

all SCMs may thereby exceed the Rates Service Fund Amount - SwapClear;
and

- (n) the Clearing House may recalculate the SwapClear Contributions due from each SCM on any business day if the largest of the 60 Combined Loss Values determined under Rule CS1 on that day differs by more than 25 per cent. from the Combined Loss Value on which the previous SwapClear Contribution determination was based and, on such business day, the Clearing House shall be entitled to require those SCMs whose portfolios have caused the increase in the Combined Loss Value to pay an additional amount in respect of their SwapClear Contributions.

S2. For the purposes of the calculations under Rule CS1:

- (a) references to "SwapClear Clearing Members" or to "SCMs" do not include references to Defaulting SCMs (apart from any Defaulting SCM in respect of which the Clearing House permits the application of Rule CS1) or persons which were formerly SCMs but are not SCMs at the SwapClear Determination Date at which the relevant determination is made;
- (b) contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand pounds, notwithstanding that the arithmetical sum of SwapClear Contributions paid by all SCMs may thereby exceed the SwapClear Fund Cap;
- (c) no account shall be taken, in calculating initial margin or SwapClear Non-Tolerance Weight under Rule S1 of this part A of any offsets applied in calculating initial margin obligations imposed on an SCM in respect of SwapClear Contracts, which may otherwise be permissible under the Procedures or other arrangements applicable;
- (d) provided that the SCM is not a Defaulter, the amount of its SwapClear Contribution shall be calculated in accordance with and subject to Rule S1 of this Part A. The provisions of Rule S1 of this Part A and this Rule do not apply to a Defaulting SCM, unless the Clearing House so permits in any particular case; and
- (e) if (i) an SCM (other than an FCM Clearing Member) notifies the Clearing House on the Rates Service Default Management Process Completion Date or the business day occurring immediately after such date that it wishes to resign from the SwapClear Service, (ii) the SwapClear AET Requirement in respect of such proposed resignation has been satisfied by the SwapClear Determination Date occurring immediately after such Rates Service Default Management Process Completion Date, (iii) the SCM is not a Defaulter, and (iv) no Default has occurred from and including the SwapClear Determination Date referred to in Rule S2(e)(ii) to and including the fourth business day occurring after such SwapClear Determination Date ("**SwapClear Contribution Payment Date**"), then the SCM shall cease to be an SCM on and from such SwapClear Contribution Payment Date and the Clearing House shall repay the SwapClear Contribution that it holds for such SCM (to the extent it has not been applied under these Default Rules) in accordance with the Procedures and the SCM shall

not be obliged to make any payment to the Clearing House under Rule S4(c). If an SCM notifies the Clearing House in accordance with Rule S2(e)(i), but the requirements under Rules S2(e)(ii), (iii) and/or (iv) are not satisfied, then such SCM will cease to be a Resigning Member in respect of the SwapClear Service.

- S3. Without prejudice to any other requirements which the Clearing House may impose, the amount of the SwapClear Contribution of a New Member shall be the sum of (a) the Minimum Non-Tolerance SwapClear Contribution; (b) the SwapClear Tolerance Contribution Amount; and (c) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.
- S4. Upon determination of the amount of a SwapClear Contribution in accordance with Rule S1 of this Part A:
- (a) if the amount of the SwapClear Contribution of an SCM immediately before ~~close of business~~ the time at which the Clearing House determines the SCM's SwapClear Contribution under Rule S1 on the relevant SwapClear Determination Date exceeds the amount of the SCM's SwapClear Contribution as so determined ~~under Rule S1 as at close of business on that day~~, the excess shall be paid by the Clearing House to such SCM in accordance with the Procedures;
 - (b) if the amount of the SwapClear Contribution of an SCM immediately before the time at which the Clearing House determines the SCM's SwapClear Contribution under Rule S1 ~~close of business~~ on the relevant SwapClear Determination Date is the same as the amount of the SCM's SwapClear Contribution as so determined, no sum shall then be payable by or to such SCM in respect of its Contribution; and
 - (c) if the amount of the SwapClear Contribution of an SCM immediately before the time at which the Clearing House determines the SCM's SwapClear Contribution under Rule S1 ~~close of business~~ on the relevant SwapClear Determination Date is less than the amount of the SCM's SwapClear Contribution as so determined, the shortfall shall be paid by such SCM to the Clearing House in accordance with the Procedures.

The provisions of this Rule do not apply to a Defaulting SCM, unless the Clearing House so permits in any particular case.

- S5. On any day interest shall accrue on the amount of each SwapClear Contribution held by the Clearing House, to the extent that it has not been applied under Rules 19 or 21 of the Default Rules, in such manner as provided by the Procedures and at a SONIA-linked rate determined, in light of market conditions at such time, by the Clearing House from time to time and notified by the Clearing House to SwapClear Clearing Members. Interest shall be payable in arrear and shall be paid on the date or dates specified by the Procedures. In these Default Rules any interest which has accrued under this Rule shall not be regarded as part of the SwapClear Contribution. For the avoidance of doubt, if the rate of interest payable on SwapClear Contributions is negative, interest shall be payable by SwapClear Clearing Members to the Clearing House.

PART B

RATES SERVICE DEFAULT FUND SUPPLEMENT – LISTED INTEREST RATES

L1. In this Part B to the Rates Service Default Fund Supplement, subject to any contrary indication or where the context otherwise requires, references to:

the "**Business**" means the Listed Interest Rates Business of a Member

a "**Contract**" means a Listed Interest Rates Contract, a contract cleared pursuant to a Service and such other listed interest rate derivative contract as the Clearing House may from time to time specify by notice to the Members

a "**Contribution**" means a Listed Interest Rates Contribution

the "**Default Fund Excess**" means the amount by which the Total Fund Amount exceeds the greater of the Weighted Rates Service Fund Amount or the Default Fund Floor

the "**Default Fund Floor**" means the sum of the Minimum Contributions

a "**Determination Date**" means a Listed Interest Rates Determination Date

the "**Excess Loss**" means the Listed Interest Rates Excess Loss

the "**Listed Interest Rates AET Requirement**" means, in respect of a Member, that all of the Contracts (other than Portfolio Margined Contracts) in the name of such Member have been closed out or transferred to another Clearing Member

a "**Member**" means a Listed Interest Rates Clearing Member and a Clearing Member approved to clear a Specified Market

a "**Minimum Contribution**" means either (i) GBP 500,000 for a Listed Rates Clearing Member that is not a Joint Rates Service Clearing Member; or (ii) GBP 7,500,000 for a Joint Rates Service Clearing Member

a "**Non-Defaulting Clearing Member**" means a Member that is not a Defaulter under Rule 4 of the Default Rules

"**Service**" means the listed interest rate derivatives and listed interest rate derivatives-related services provided by the Clearing House pursuant to its rules governing the clearing of the Specified Markets and includes the Listed Interest Rates Service

"**Specified Markets**" means the Rates Exchanges and any other markets from time to time specified by the Clearing House

"**Total Fund Amount**" means the sum of all Members' Contributions

"**Weighted Contributions Amount**" means the sum of all Weighted Contributions

“**Weighted Contribution Reallocation Percentage**” means for each Weighted Contribution Member, the proportion of such Member’s Weighted Contribution to the Weighed Contributions Amount

a “**Weighted Member**” means a Member that is required to pay a Weighted Contribution pursuant to Rule L2 (c) below

and calculations of “**End of Day Margin Weight**”, “**Peak Intra-Day Margin Weight**” and “**Weight Factor**” are carried out in accordance with this Part B of the Rates Service Default Supplement only.

Capitalised terms not otherwise defined in this Part B of the Rates Service Default Fund Supplement shall have the meanings assigned to them in the General Regulations or the Default Rules, as applicable.

L2. **Listed Interest Rates Contributions to the Rates Service Fund**

(a) The amount of each Member's Contribution shall be determined by the Clearing House ~~at the close of business~~ on the first business day of each month and at the time on such day determined by the Clearing House, and otherwise in accordance with paragraph (d) below (each, a “**Listed Interest Rates Determination Date**”) on the basis of information available ~~as at close of business~~ on the immediately preceding business day and notified to such Member as soon as practicable after such determination in accordance with the Procedures. However, determinations of Contributions under the methodology of this Rule are suspended for the duration of the period (the “**Listed Interest Rates Default Period**”) commencing on the date of such Default and terminating on the later to occur of the following ~~date~~times:

(i) the time, as determined by the Clearing House, ~~date which is the close of business~~ on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and

(ii) where, prior to the end of the period referred to in sub-paragraph (i) above (or such period as has already been extended pursuant to this sub-paragraph (ii)) one or more subsequent Defaults (each a “Relevant Default”) occur, the time, as determined by the Clearing House, ~~date which is the close of business~~ on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day).

(b) A Member's Contribution shall be determined with reference to business conducted by it on the Specified Markets in Contracts as follows:

(i) the Member’s “**End of Day Margin Weight**” shall be calculated by dividing the average daily initial margin obligation at the end of each day (as calculated under the Procedures or other arrangements applicable) which has applied to the Member during the Reference

Period in respect of all Contracts by the total of such average daily obligations applied to all Members other than Defaulters;

- (ii) the Member's "**Peak Intra-Day Margin Weight**" shall be calculated by dividing the average maximum intra-day initial margin obligation arising at any point during each day during the Reference Period (as calculated under the Procedures or other arrangements applicable) which has applied to the Member in respect of all Contracts by the total of such average maximum intra-day obligations applied to all Members other than Defaulters;
 - (iii) the Member's "**Weight Factor**" shall be calculated by adding one-half of its End of Day Margin Weight to one-half of its Peak Intra-Day Margin Weight,
- (c) The Member's Contribution shall be the greater of:
- (i) the amount arrived at by multiplying the Weighted Rates Service Fund Amount by the Member's Weight Factor (the "**Weighted Contribution**"); and
 - (ii) the Member's Minimum Contribution,

provided that, if a Default Fund Excess would arise pursuant to the foregoing, then the Clearing House shall recalculate each Weighted Member's Contributions by reducing each Weighted Member's Contribution by an amount equal to each Weighted Member's Weighted Contribution Reallocation Percentage multiplied by the Default Fund Excess, provided further that, if pursuant to the foregoing any Weighted Member's Contribution would be less than their Minimum Contribution, then such Weighted Member's Contribution shall be increased to the Minimum Contribution. Where such increase gives rise to a Default Fund Excess, then the Clearing House shall iteratively carry out the process described in this paragraph, with the each Weighted Contribution and the Total Fund Amount revised accordingly until the Total Fund Amount is equal to either the Default Fund Floor or the Weighted Rates Service Fund Amount (as applicable).

For the purposes of these calculations:

- (i) "**Reference Period**" means the period of three calendar months immediately before the Determination Date;
- (ii) references to "**Members**" do not include references to Defaulters (apart from any Defaulter in respect of which the Clearing House permits the application of this Rule) or persons which were formerly Members but are not Members on the date on which the relevant calculation is made;
- (iii) Contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand pounds; and
- (iv) no account shall be taken, in calculating initial margin or Margin Weight under this paragraph (b) of any offsets applied in calculating the initial

margin obligations imposed on Members in respect of Contracts, which may otherwise be permissible under the Procedures or other arrangements applicable.

- (c) Without prejudice to any other requirements which the Clearing House may impose, the amount of the Contribution of a New Member shall be the sum of:
 - (i) the Minimum Contribution; and
 - (ii) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.
- (d) Except to the extent that the cap specified in paragraph (c) of Rule L5 would be exceeded, the Clearing House may recalculate the Contributions due from certain Members on any business day other than one falling between the date of a Default and the later of the two dates set out in paragraph (a) of this Rule L2, in the following circumstances:
 - (i) if the Combined Loss Value determined under paragraph (b) of Rule CS1 on that day deviates by more than 25 per cent. upwards or downwards from the Combined Loss Value on which the previous Contribution determination was based, on such business day, the Clearing House shall be entitled to make an adjustment upwards or downwards to the Rates Service Fund Amount - Listed Interest Rates commensurate with the deviation;
 - (ii) where the Risk Committee considers (for any reason) that a recalculation is warranted between Determination Dates.

L3. Interest on Listed Interest Rates Contributions

On each day interest shall accrue on the amount of each Contribution held by the Clearing House, to the extent that it has not been applied under Rule 26 or Rule 28 of the Default Rules, at such rate and in such manner as provided by the Procedures, provided that the rate of interest for any particular day shall be based on a market-recognised benchmark rate plus or minus a spread. Such rate and such spread shall be determined, in light of market conditions at such time, by the Clearing House from time to time and notified by the Clearing House to Members. Interest on Contributions shall be payable in arrears and shall be paid on the date or dates specified by the Procedures. Any interest which has accrued under this Rule shall not be regarded as part of a Contribution.

L4. Payment of Listed Interest Rates Contributions

- (a) Upon determination of the amount of a Contribution on a Determination Date:
 - (i) if the amount of the Contribution of a Member ~~at close of business on the business day~~ immediately before the time at which the Clearing House determines the Member's Contribution under Rule L2 on the Determination Date exceeds the amount of the Member's Contribution

as so determined ~~on the Determination Date~~, the excess shall be paid by the Clearing House to the Member in accordance with the Procedures;

- (ii) if the amount of the Contribution of a Member ~~at close of business on the business day~~ immediately before the time at which the Clearing House determines the Member's Contribution under Rule L2 on the Determination Date is the same as the amount of the Member's Contribution as so determined ~~on the Determination Date~~, no sum shall then be payable by or to the Member in respect of its Contribution; and
- (iii) if the amount of the Contribution of a Member ~~at close of business on the business day~~ immediately before the time at which the Clearing House determines the Member's Contribution under Rule L2 on the Determination Date is less than the amount of the Member's Contribution as so determined ~~on the Determination Date~~, the shortfall shall be paid by the Member to the Clearing House in accordance with the Procedures.

- (b) The provisions of this Rule do not apply to a Member which is a Defaulter, unless the Clearing House so requires in any particular case.

L5. **Unfunded Contributions**

- (a) On any business day after the occurrence of a Default, if the Clearing House determines that by reason of reduction in accordance with Rule L6 of this Part B, (i) the Rates Service Fund Amount - Listed Interest Rates (minus any Contribution of the Defaulter) has been reduced by at least 25 per cent., or (ii) by the time of issue of a Default Management Completion Notice in relation to that Default the Rates Service Fund Amount - Listed Interest Rates will have been so reduced, the Clearing House may, by notice in writing (each an "**Unfunded Contribution Notice**"), require each Non-Defaulting Clearing Member to deposit and maintain an amount (each an "**Unfunded Contribution**") in accordance with this Rule.
- (b) Unfunded Contributions will only be payable in circumstances where the relevant Unfunded Contribution Notice is delivered by the Clearing House to Members before a Default Management Completion Notice in relation to the relevant Default.
- (c) The amount of an Unfunded Contribution payable by a Member in respect of a Default shall be payable *pro rata* by reference to the proportion which that Member's Contribution bears to the aggregate of Contributions of all Non-Defaulting Clearing Members, and shall not exceed the value of the Contribution of that Member as calculated on the last Determination Date prior to the date when the relevant Default occurred.
- (d) Following the payment of an Unfunded Contribution in accordance with paragraphs (a), (b) and (c) of Rule L6 of this Part B, the Clearing House may, by the delivery of one or more further Unfunded Contribution Notices, require each Non-Defaulting Clearing Member to pay one or more further Unfunded Contributions in respect of the same Default, provided that the total value of the