

VIA CFTC PORTAL

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

19 February 2020

LCH Limited Self-Certification: ForexClear Portfolio Transfers

Dear Mr Kirkpatrick

Pursuant to CFTC regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification amendments to its rules in respect of business as usual (“BAU”) portfolio transfers within the ForexClear clearing service.

Part I: Explanation and Analysis

Portfolio transfers are used to transfer the positions and the associated collateral of a client to another Clearing Member, and may occur during the course of ordinary business or in the event of a Clearing Member’s default.

The proposed rule changes concern BAU portfolio transfers and are being made to ensure that the rules reflect the current ForexClear operational processes. The rules also provide clarity as to the rights and obligations of eligible transferors and transferees involved in such transfers.

The rule changes will go live on, or after, 5 March, 2020.

Part II: Description of Rule Changes

General Regulations and FCM Regulations

The General Regulations and the FCM Regulations have been amended to clarify the relevant existing definitions, such that they apply to both SwapClear and ForexClear Contracts, and include new definitions. In addition, both Regulations include updates to cross references.

The General Regulations and the FCM Regulations have been amended in Regulations 95 and 49, respectively, with a new section noting that LCH will affect any permissible portfolio transfers (“Permitted Transfers”) in accordance with such Regulations and related Procedures of the

Rulebook. The rules also clarify the processes associated with the Permitted Transfers, as described in the Procedures Section 2I and FCM Procedures. Lastly, the amendments note that where a ForexClear Clearing Member defaults and Clients' Contracts are transferred to another ForexClear Clearing Member, such transfer is effected by LCH in line with its Default Rules and the applicable regulatory obligations.

Procedures Section 2I and FCM Procedures

The majority of the changes are included in the Procedures Section 2I ("ForexClear Clearing Service") and FCM Procedures.

Section 1.3.11 of the Procedures Section 2I has been renamed as "Portfolio Transfers (BAU)" and sets out the Permitted Transfers, as follows:

- Paragraph a): a transfer between two Client accounts, where the respective Clearing Members (whether a FCM or a non-FCM) are different legal entities;
- Paragraph b): a transfer between two Client accounts, where the respective Clearing Member (whether a FCM or a non-FCM) is the same legal entity;
- Paragraphs c) and d): a transfer from a Client account to the Proprietary account of a Clearing Member, and vice versa. The Clearing Members carrying or receiving the Contracts are separate legal entities
- Paragraphs e) and f): a transfer from a Client account to the Proprietary account of a Clearing Member, and vice versa. The Clearing Member carrying or receiving the Contracts is the same legal entity.
- Paragraph g): any transfer that LCH may approve in its discretion.

Further, this Section notes the obligations of all ForexClear Clearing Members in order for LCH to enable the portfolio transfers. These include the requirement of the relevant Clearing Members to meet all the pre-conditions to a transfer, such as i) submitting a "Transfer Request" to LCH in line with the required modalities; ii) providing evidence of authorisation of the Permitted Transfer; and iii) not being in default; and iv) providing all necessary additional collateral to support the transfer.

Finally, this Section details provisions regarding the following topics:

- i. *The LCH right to call collateral:* LCH may call additional initial or variation margin that must be reserved specifically to support the requested portfolio transfer.
- ii. *The transfer of Associated Collateral Balance:* LCH will transfer any collateral, or Associated Collateral Balance, that has been identified in connection with the transferring ForexClear Contracts. In the event LCH is unable to transfer such collateral it will not proceed with the transfer. The rules ensure that the ownership of the Associated Collateral Balance (whether cash or non-cash) is transferred from the transferor to the

transferee Clearing Member, taking into account whether the latter is a FCM or a non-FCM Clearing Member.

- iii. *Verification and reliance:* LCH shall be authorised to rely solely on the instructions of the receiving or carrying Clearing Members in relation to the portfolio transfers. In addition, LCH will ensure that the transferring ForexClear Contracts identified to it by the relevant Receiving Clearing Member match the Contracts that, in accordance with its records, are registered in the relevant Transfer Account of the Carrying Clearing Member on behalf of the eligible transferor. No transfer will be allowed until any discrepancy is solved.
- iv. *Intra-Clearing Member Transfers:* LCH may allow transfers between accounts belonging to the same Clearing Member, subject to a number of conditions detailed in this sub-section.
- v. *Fees:* any Permitted Transfer executed by LCH are subject to fees as established by LCH.

Equivalent changes to those above have been made to the revised section 2.2.19 of the FCM Procedures (“Portfolio Transfers (BAU)”), as applicable. Some provisions in this section have been deleted as they are now redundant, including the timetable for FCM Client Transfer.

The text of the changes are attached hereto as:

- **Appendix I: General Regulations**
- **Appendix II: Procedures Section 2I**
- **Appendix III: FCM Regulations**
- **Appendix IV: FCM Procedures**

Part III: Core Principle Compliance

LCH has reviewed the changes against the requirements of the Core Principles and finds it will continue to comply with all the requirements and standards therein.

Part IV: Public Information

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

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

Part V: Opposing Views

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

Certification

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

Should you have any questions please contact me at charlotte.woodwards@lch.com.

Yours sincerely



Charlotte Woodward
Senior Regulatory Advisor, Compliance
LCH Limited

Appendix I
General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

"Approved Trade Source System"	means a system or facility, such as an exchange, a clearing house, a swap execution facility, a designated contract market, trade or affirmation system or other similar venue or system, approved by the Clearing House for submitting SwapClear Transactions to the Clearing House (and excludes, for the avoidance of doubt, the ClearLink API)
"Approved LSE Derivatives Markets Settlement Provider"	means the securities depository or securities settlement system (or an operator thereof) approved by the Clearing House from time to time for the provision of settlement services in connection with the LSE Derivatives Markets Service
"Associated Clearing House"	means the clearing house appointed from time to time by a Co-operating Exchange to act as the central counterparty to some or all transactions made on, or under the rules of the Co-operating Exchange
"Associated Collateral Balance"	means the Account Balance or Account Balances (as applicable) that may be transferred from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee pursuant to Regulation 60 <u>or Regulation 95</u> of these Regulations and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement
"ATP Market Rules"	means the rules, regulations, administrative procedures, Memorandum and Articles of Association or by-laws which regulate an ATP and the market administered by it as notified from time to time to the Clearing House
"ATS Contract"	means any contract subject to the Regulations entered into by the Clearing House and a RepoClear Clearing Member or a RepoClear Dealer pursuant to Default Rule 6(m), following a course of dealing on any Automated Trading System between the Clearing House and a RepoClear Clearing Member or RepoClear Dealer
"ATS Participant"	has the meaning assigned to such term in Regulation 63(b)
"Auction Portfolio"	has the meaning assigned to it in the Default Rules
"AUD ForexClear Liquidity Fund Contribution"	means, in respect of a ForexClear Option Clearing Member, the amount (notified by the Clearing House pursuant to Regulation 102(b)) of cash denominated in Australian Dollars that is required to be paid by that ForexClear Option Clearing Member to the Clearing House

"Carrying Clearing Member"	means (a) a SwapClear Clearing Member <u>or ForexClear Clearing Member, as the case may be,</u> that carries a Transfer Account from which Transferring SwapClear Contracts <u>or Transferring ForexClear Contracts</u> and the relevant Associated Collateral Balance(s) may be transferred to the Transfer Account of a Receiving Clearing Member pursuant to Regulation 60 <u>or Regulation 95, as applicable, of these Regulations</u> and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement, or (b) in respect of a transfer as described in subparagraph (ii) of the definition of "Receiving Clearing Member", an FCM Clearing Member (and, for the avoidance of doubt, a Carrying Clearing Member may be a Receiving Clearing Member, and vice versa)
"CEA"	has the meaning assigned to it in the Default Rules
"CFTC"	has the meaning assigned to it in the Default Rules
"CFTC Regulations"	has the meaning assigned to it in the FCM Regulations
"CHF ForexClear Liquidity Fund Contribution"	means, in respect of a ForexClear Option Clearing Member, the amount (notified by the Clearing House pursuant to Regulation 102(b)) of cash denominated in Swiss Francs that is required to be paid by that ForexClear Option Clearing Member to the Clearing House
"Charged Cash Collateral"	has the meaning assigned to it in Regulation 20(s)(iii)
"Cleared Exchange Contract"	means a Contract entered into by the Clearing House on the terms of an exchange contract
"Clearing Agreement"	means in relation to Client Clearing Business entered into by a Clearing Member in respect of any Service, suitable contractual arrangements between the Clearing Member and its Clearing Client in relation to the relevant Client Clearing Service
"Clearing Client"	means any RepoClear Clearing Client, SwapClear Clearing Client, EquityClear Clearing Client, LSE Derivatives Market Clearing Client, ForexClear Clearing Client or Listed Interest Rates Clearing Client.
"Clearing House"	means LCH Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom

"Eligible Transferee"	means an SCM <u>or a ForexClear Clearing Member</u> , acting for its own account or for the account of a SwapClear -Clearing Client, that the Clearing House permits, in its sole and absolute discretion, and subject always to compliance with Applicable Law, to receive Transferring SwapClear Contracts <u>or Transferring ForexClear Contracts</u> transferred by an Eligible Transferor pursuant to Regulation 60 <u>or Regulation 95 of these Regulations</u> and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement
"Eligible Transferor"	means an SCM <u>or a ForexClear Clearing Member</u> , acting for its own account or for the account of a SwapClear -Clearing Client, that the Clearing House permits, in its sole and absolute discretion, and subject always to compliance with Applicable Law, to transfer all or part of its Transferring SwapClear Contracts <u>or Transferring ForexClear Contracts</u> to an Eligible Transferee pursuant to Regulation 60 <u>or Regulation 95 of these Regulations</u> and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement
"EMIR"	means Regulation (EU) No 648/2012 of the European Parliament and the Council of 4 July 2012 on OTC Derivatives, Central Counterparties, and Trade Repositories
"End-of-Day Full Transfer"	means an end-of-day transfer of all (and not some) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member and which may, but is not required to, include the transfer of an Associated Collateral Balance (except that no transfer of an Associated Collateral Balance is permitted for transfers between a Proprietary Account of a Carrying Clearing Member to a Proprietary Account of a Receiving Clearing Member without the prior consent of the Clearing House)
"End-of-Day Partial Transfer"	means an end-of-day transfer of some (but not all) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member, where such transfer does not include the transfer of an Associated Collateral Balance

"Own Resources Provision"	means Article 35 of Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties or any law, regulation, rule, official directive or guideline (having the force of law) which replaces, supplements, modifies, amends or varies such provision
"Permitted Transfers"	has the meaning ascribed to it in Section 2C <u>or Section 2I</u> of the Procedures, <u>as applicable</u>
"Portfolio Margined Contracts"	means any Listed Interest Rates Contracts recorded in an account of a Portfolio Margining Clearing Member related to SwapClear Business following the operation by the Clearing House of the Portfolio Margining Arrangements
"Portfolio Margining Arrangements"	means the operational provisions in respect of the Portfolio Margining Service as set out in Section 2.1 of the Rates Service DMP Annex
"Portfolio Margining Clearing Member"	means a Joint Rates Service Clearing Member who has opted in to the Portfolio Margining Service in accordance with Section 2C of the Procedures
"Portfolio Margining Client"	means, in respect of a Portfolio Margining Clearing Member, an Individual Segregated Account Clearing Client, a Custodial Segregated Client or an Omnibus Segregated Clearing Client which has been opted in to the Portfolio Margining Service in accordance with Section 2C of the Procedures
"Portfolio Margining Service"	means the portfolio margining service offered by the Clearing House pursuant to Regulation 59 and as more fully described at Section 2C of the Procedures
"Portfolios"	has the meaning assigned to it in the Default Rules
"Porting Window"	has the meaning assigned to it in the Client Clearing Annex to the Default Rules
"Porting Window Reduction"	has the meaning assigned to it in the Client Clearing Annex to the Default Rules
"Post-Compression Contracts"	means the Post-Multilateral Compression Contracts and/or any replacement SwapClear Contracts referred to in Regulation 56
"Post-Multilateral Compression Contracts"	means, in relation to a Compression Proposal, the SwapClear Contracts registered as a result of Multilateral Compression in accordance with such Compression Proposal

"Receiving Clearing Member"	means a SwapClear Clearing Member, <u>ForexClear Clearing Member</u> or an FCM Clearing Member that carries the Transfer Account that will receive the transfer of Transferring SwapClear Contracts <u>or Transferring ForexClear Contracts</u> and, where applicable, the relevant Associated Collateral Balance(s) held in respect of the Eligible Transferor from a Carrying Clearing Member pursuant to Regulation 60 <u>or Regulation 95 of these Regulations</u> —and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement. For the avoidance of doubt, (i) an entity that is a SwapClear Clearing Client may also be a Receiving Clearing Member (other than a Receiving Clearing Member that is an FCM Clearing Member), (ii) a Receiving Clearing Member that is not an FCM Clearing Member may be nominated to receive a transfer of FCM SwapClear Contracts <u>or FCM ForexClear Contracts</u> and associated Collateral from a Carrying Clearing Member that is an FCM Clearing Member pursuant to Regulation 46(p) <u>or Regulation 49(r)</u> of the FCM Regulations (capitalised terms used in this sub-paragraph (ii) having the meanings set out in the FCM Regulations), and (iii) a Receiving Clearing Member may be a Carrying Clearing Member, and vice versa
"Reference Currency Buyer"	means in relation to ForexClear NDF Contract, the party specified as the 'Reference Currency Buyer' in the Economic Terms
"Reference Currency Seller"	means in relation to ForexClear NDF Contract, the party specified as the 'Reference Currency Seller' in the Economic Terms
"Reference Price"	means a price (howsoever called) by reference to which a Contract is settled to market, marked to market, settled or valued in accordance with the Regulations and Procedures
"Register of ForexClear Dealers"	means the register which lists ForexClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as ForexClear Contracts by the Clearing House
"Register of RepoClear Dealers"	means the register which lists RepoClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as RepoClear Contracts or RepoClear GC Contracts by the Clearing House or to deal through one or more Automated Trading Systems specified by the Clearing House in respect of each such RepoClear Dealer pursuant to which the Clearing House becomes a party to RepoClear Contracts or RepoClear GC Contracts, as the case may be, in accordance with the terms of the RepoClear Dealer Clearing Agreement and Regulation 19

"Trading Platform Particulars"

means the order or trade particulars, in respect of EquityClear Eligible Equities or EquityClear Eligible ccCFD(s), submitted to an ATP in accordance with the relevant ATP Market Rules by, or on behalf of, an EquityClear Clearing Member or a member of a relevant Co-operating Clearing House

"Trading Venue"

means: (i) a swap execution facility or designated contract market registered as such with the CFTC; (ii) a regulated market, multilateral trading facility or organised trading facility operated in accordance with MiFID II; or (iii) any other electronic trading facility, in each case which the Clearing House has approved for the purposes of having transactions executed thereon presented to the Clearing House for registration. For the avoidance of doubt, a Trading Venue need not be an Approved Trade Source System

"Trading Venue Transaction"

means, in respect of a Clearing Member, a transaction recorded in the Clearing House's systems (via applicable messaging from the relevant Trading Venue, Approved Trade Source System or otherwise) as a transaction that was executed on a Trading Venue

"Transfer Account"

means: (i) in respect of a Receiving Clearing Member, the account in which Transferring SwapClear Contracts or Transferring ForexClear Contracts -are to be registered on behalf of an Eligible Transferee following a transfer pursuant to Regulation 60 or Regulation 95 of these Regulations and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement (which, for the avoidance of doubt, may be a Client Account or a Proprietary Account of the Receiving Clearing Member); and (ii) in respect of a Carrying Clearing Member, the account in which Transferring SwapClear Contracts or Transferring ForexClear Contracts are to be transferred from an Eligible Transferor following a transfer pursuant to Regulation 60 or Regulation 95 of these Regulations and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement (which, for the avoidance of doubt, may be a Client Account or a Proprietary Account of the Carrying Clearing Member)

"Transferring ForexClear Contracts"

means those ForexClear Contracts registered in the Transfer Account of a Carrying Clearing Member that are subject to a request to be transferred to the Transfer Account of a Receiving Clearing Member and includes, in the case of a transfer as described in sub-paragraph (ii) of the definition of "Receiving Clearing Member", FCM ForexClear Contracts

"Transferring SwapClear Contracts"	means those SwapClear Contracts registered in the Transfer Account of a Carrying Clearing Member that are subject to a request to be transferred to the Transfer Account of a Receiving Clearing Member and includes, in the case of a transfer as described in sub-paragraph (ii) of the definition of "Receiving Clearing Member", FCM SwapClear Contracts
"Treasury Account"	means any accounting process under which an amount due under a Treasury Contract from a member to the Clearing House is set off against any amount due from the Clearing House to that Member
"Treasury Contract"	means any contract, including a contract of deposit, entered into by the Clearing House with that Member for purposes of, in connection with or otherwise in the course of its treasury management activities (and excluding, for the avoidance of doubt, ATS Contracts)
"Unallocated FCM SwapClear Contract"	has the meaning assigned to it in the FCM Regulations
"Unallocated Excess"	has the meaning assigned to it in the FCM Regulations
"Unallocated Excess Sub-Account"	has the meaning assigned to it in the FCM Regulations
"Undertaking to Pay and Deliver"	has the meaning ascribed to such term in Regulation 11(c)
"Unfunded Contribution"	means the unfunded Contribution of a Clearing Member referable to a specific Service provided by the Clearing House
"US FXCCM"	means a ForexClear Clearing Member incorporated under the laws of any state of the United States or under the federal laws of the United States
"variation margin"	means an amount determined by the Clearing House in accordance with these Regulations and/or the Procedures in respect of original contracts or open contracts (as the case may be)

For the purpose of a ballot under clause 9.4(c) of the Clearing Membership Agreement, **"Quarter Day"** shall be construed as referring to a Determination Date.

REGULATION 60 TRANSFER; BULK EVENTS

- (a) Other than in the event that a SwapClear Clearing Member is a Defaulter, any Permitted Transfer of one or more Transferring SwapClear Contracts from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee (including, where relevant, the transfer of an Associated Collateral Balance), may only be done pursuant to this Regulation 60 and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement. Notwithstanding the foregoing, a SwapClear Clearing Member may transfer SwapClear Contracts pursuant to and in accordance with Section 2.1.13 of the FCM Procedures.
- (b) Further to the satisfaction of the conditions set out in the Procedures and (where applicable) any relevant Collateral Management Agreement, and **provided that** the Clearing House does not determine, in its sole discretion, that (x) a Permitted Transfer cannot be effected under these Regulations, the Procedures or otherwise under Applicable Law and/or (y) where applicable, the additional conditions as set out in Regulation 46~~(q)~~~~(p)~~ of the FCM Regulations need to be and have not been complied with, the Clearing House shall transfer the Transferring SwapClear Contract(s) into the Transfer Account of the Receiving Clearing Member as follows:
- (i) in the case of a Permitted Transfer where the Receiving Clearing Member is the same entity as the Eligible Transferor, the Transferring SwapClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the Proprietary Account of the Receiving Clearing Member;
 - (ii) in the case of a Permitted Transfer where the Carrying Clearing Member is not an FCM Clearing Member and the Receiving Clearing Member is an FCM Clearing Member, the Transferring SwapClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the relevant Transfer Account of the relevant Receiving Clearing Member and all of the SwapClear Contracts to be transferred (which are subject to the Rulebook) shall, upon transfer, be converted to FCM SwapClear Contracts subject to the FCM Regulations and the FCM Procedures but shall otherwise remain on the same contract terms;
 - (iii) in the case of a Permitted Transfer where the Carrying Clearing Member is an FCM Clearing Member and the Receiving Clearing Member is not an FCM Clearing Member, the FCM SwapClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the relevant Transfer Account of the relevant Receiving Clearing Member and all of the FCM SwapClear Contracts to be transferred (which are subject to the FCM Rulebook) shall, upon transfer, be converted to SwapClear Contracts subject to the Rulebook but shall otherwise remain on the same contract terms; or
 - (iv) in all other cases, the Transferring SwapClear Contracts (and, if applicable, the Associated Collateral Balance(s)) shall be transferred to the Transfer Account of the Receiving Clearing Member.

The Transfer of the Transferring SwapClear Contracts shall occur by novation of all of the Carrying Clearing Member's rights and obligations in respect of such Transferring

- (m) Upon the exercise of a ForexClear Option Contract by or on behalf of a ForexClear Clearing Member or, as the case may be, by the Clearing House or upon the deemed exercise of such option pursuant to these Regulations or the Procedures, the ForexClear Option Contract shall immediately terminate and in its place a ForexClear Spot Transaction or a ForexClear Deliverable Forward Transaction shall automatically and immediately come into existence, and the related ForexClear Spot Contracts and ForexClear Deliverable Forward Contracts shall immediately be deemed to be registered by the Clearing House, on the terms specified in the applicable ForexClear Option Contract Terms, these Regulations and/or the Procedures. Notwithstanding the foregoing and in accordance with the Procedures, the Clearing House may, in its sole discretion, postpone or delay the registration of a ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction resulting from the exercise of a ForexClear Option Contract in the event of an administrative, system or processing delay that affects the Clearing House's ability to register such ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction. For the avoidance of doubt, a postponement or delay pursuant to this Regulation 91(m) shall not (a) impact a ForexClear Option Clearing Member's ability to exercise a ForexClear Option Contract (or the deemed exercise of such ForexClear Option Contract pursuant to these Regulations or the Procedures), which exercise shall be irrevocable or (b) prevent the related ForexClear Spot Contracts or ForexClear Deliverable Forward Contracts, as applicable, from coming into existence. Where the Clearing House postpones or delays registration pursuant to this Regulation 91(m) with respect to a ForexClear Option Clearing Member, such ForexClear Option Clearing Member cannot be considered a Defaulter, and a Liquidity Event cannot be considered to have occurred with respect to such ForexClear Option Clearing Member, as a result of a failure by such ForexClear Option Clearing Member to make a payment under an unregistered ForexClear Spot Contract or ForexClear Deliverable Forward Contract, as applicable. The Clearing House shall, upon registration of a postponed or delayed ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction, as applicable, request such payments from the ForexClear Option Clearing Member, or make such payments to the ForexClear Option Clearing Member, in each case as are necessary to put the Clearing House and such ForexClear Option Clearing Member in the position they would have been if the ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction, as applicable, had been registered immediately upon exercise (or deemed exercise) of the related ForexClear Option Contract.
- (n) Where a transfer of an open contract (the "**Original Contract**") which is a ForexClear Contract takes place pursuant to Regulation 12(b) and Regulation 95, the Clearing House may, subject to any conditions stipulated by it, register the new open contract (i) if the ForexClear Clearing Member in whose name the new open contract is to be registered is a US FXCCM, as a ForexClear STM Contract or (ii) if the ForexClear Clearing Member in whose name the new open contract is to be registered is not a US FXCCM, on or after the occurrence of a ForexClear STM Conversion Date in respect of that ForexClear Clearing Member, as a ForexClear STM Contract, or, if no such date has occurred, as a ForexClear CTM Contract, in each case notwithstanding that the Original Contract was registered as a ForexClear STM Contract or a ForexClear CTM Contract (as applicable). For the avoidance of doubt, the transfer of an Original Contract (including a transfer that is made pursuant to the Default Rules) shall be effected by that Original Contract being closed-out and a new ForexClear Contract being

REGULATION 95 COMPRESSION; TRANSFERS

Compression

- (a) ~~Nothing in this Regulation shall apply to ForexClear Contracts which are not ForexClear NDF Contracts~~Paragraphs (b) through (d) below shall only apply to ForexClear NDF Contracts.
- (b) Notwithstanding any other provision of these Regulations, but subject to paragraph ~~0(a)~~ above, if:
- (i) one or more ForexClear Contracts registered by a ForexClear Clearing Member in accordance with the Rulebook has substantially the same Economic Terms as one or more other ForexClear Contracts registered for the account of such ForexClear Clearing Member, and
 - (ii) all such ForexClear Contracts are either (a) registered on the ForexClear Clearing Member's own behalf or (b) registered on behalf of the same ForexClear Clearing Client and in the same Client Account,

then, to the extent permitted in the Procedures and this Regulation 95, the ForexClear Clearing Member may request that the Clearing House compress and combine all such ForexClear Contracts by terminating the relevant existing ForexClear Contracts and compressing them so that there results in either (1) no replacement ForexClear Contract, or (2) one or more replacement ForexClear Contracts having a net future cash flow equal to the net future cash flow of such original ForexClear Contracts (including, for the purposes of determining the net future cash flow of a ForexClear STM Contract, the payment obligations of the ForexClear Clearing Member and the Clearing House under the ForexClear STM Terms applicable to such ForexClear STM Contract). For the avoidance of doubt, in no circumstances can a ForexClear Contract registered in the Proprietary Account of a ForexClear Clearing Member be compressed pursuant to this Regulation 95 with a ForexClear Contract registered in the Client Account of that ForexClear Clearing Member.

- (c) For the purposes of paragraph (b) above, two or more ForexClear Contracts may be deemed by the Clearing House to have "substantially the same Economic Terms" if they are based on the same underlying currencies and the Clearing House considers them, in its sole discretion, to have substantially the same Valuation Date (as defined in schedule 6 of the Product Specific Contract Terms and Eligibility Criteria Manual) and Settlement Date (as defined in schedule 6 of the Product Specific Contract Terms and Eligibility Criteria Manual). For the avoidance of doubt, the Clearing House may determine that two or more ForexClear Contracts have "substantially the same Economic Terms" even if they have differing Forward Rates (as defined in schedule 6 of the Product Specific Contract Terms and Eligibility Criteria Manual). The Clearing House shall determine (in its sole discretion) whether ForexClear Contracts that are the subject of a request for compression from the ForexClear Clearing Member may be compressed and, if such ForexClear Contracts are compressed, the Clearing House shall determine (in its sole discretion) whether any replacement ForexClear Contract(s) shall replace the compressed ForexClear Contracts and, if so, the resulting terms of such ForexClear Contract(s), and such determinations shall be binding on the ForexClear Clearing Member, absent manifest error. It is a condition for compression of ForexClear

Contracts that the amount of Collateral that the Clearing House requires in respect of the original ForexClear Contracts is equal to that which is required by the Clearing House in respect of the replacement ForexClear Contract(s).

- (d) If:
- (i) the ForexClear Contracts that are the subject of a ForexClear Clearing Member's compression request pursuant to (b) above comprise only ForexClear CTM Contracts, then the one or more ForexClear Contracts that come into existence immediately following, and as a result of, the compression shall all be ForexClear CTM Contracts; and
 - (ii) the ForexClear Contracts that are the subject of a ForexClear Clearing Member's compression request pursuant to (b) above comprise only ForexClear STM Contracts, then the one or more ForexClear Contracts that come into existence immediately following, and as a result of, the compression shall all be ForexClear STM Contracts.

Portfolio Transfers

- (e) Other than in the event that a ForexClear Clearing Member is a Defaulter, any Permitted Transfer of one or more Transferring ForexClear Contracts from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee (including, where relevant, the transfer of an Associated Collateral Balance), may only be done pursuant to this Regulation 95 and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement. Notwithstanding the foregoing, a ForexClear Clearing Member may transfer ForexClear Contracts pursuant to and in accordance with Section 2.2.19 of the FCM Procedures.
- (f) Further to the satisfaction of the conditions set out in the Procedures and (where applicable) any relevant Collateral Management Agreement, and provided that the Clearing House does not determine, in its sole discretion, that (x) a Permitted Transfer cannot be effected under these Regulations, the Procedures or otherwise under Applicable Law and/or (y) where applicable, the additional conditions as set out in Regulation 49(r) of the FCM Regulations need to be and have not been complied with, the Clearing House shall transfer the Transferring ForexClear Contract(s) into the Transfer Account of the Receiving Clearing Member as follows:
- (i) in the case of a Permitted Transfer where the Receiving Clearing Member is the same entity as the Eligible Transferor, the Transferring ForexClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the Proprietary Account of the Receiving Clearing Member;
 - (ii) in the case of a Permitted Transfer where the Carrying Clearing Member is not an FCM Clearing Member and the Receiving Clearing Member is an FCM Clearing Member, the Transferring ForexClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the relevant Transfer Account of the relevant Receiving Clearing Member and all of the ForexClear Contracts to be transferred (which are subject to the Rulebook) shall, upon transfer, be converted to FCM ForexClear Contracts subject to the FCM

Regulations and the FCM Procedures but shall otherwise remain on the same contract terms;

(iii) in the case of a Permitted Transfer where the Carrying Clearing Member is an FCM Clearing Member and the Receiving Clearing Member is not an FCM Clearing Member, the FCM ForexClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the relevant Transfer Account of the relevant Receiving Clearing Member and all of the FCM ForexClear Contracts to be transferred (which are subject to the FCM Rulebook) shall, upon transfer, be converted to ForexClear Contracts subject to the Rulebook but shall otherwise remain on the same contract terms; or

(ii)(iv) in all other cases, the Transferring ForexClear Contracts (and, if applicable, the Associated Collateral Balance(s)) shall be transferred to the Transfer Account of the Receiving Clearing Member.

The transfer of the Transferring ForexClear Contracts shall occur by novation of all of the Carrying Clearing Member's rights and obligations in respect of such Transferring ForexClear Contracts to the Receiving Clearing Member as provided in Regulation 12(b). Notwithstanding anything in this Regulation 95 or the Procedures to the contrary, but subject to Applicable Law, the Clearing House reserves the right to reject any transfer pursuant to this Regulation 95 in its sole discretion.

(g) A ForexClear Clearing Member may only assign the rights under, or transfer, a ForexClear Contract entered into by such ForexClear Clearing Member in respect of ForexClear Client Clearing Business, in accordance with the Rulebook and (where applicable) any relevant Collateral Management Agreement or with the prior written consent of the Clearing House. Any purported assignment, or any purported transfer, of a ForexClear Contract entered into by a ForexClear Clearing Member in respect of ForexClear Client Clearing Business that is not in compliance with the foregoing shall be void.

(h) If a ForexClear Clearing Member is a Defaulter, the Clearing House shall take such actions, subject to and in accordance with the Default Rules in relation to ForexClear Contracts carried by such ForexClear Clearing Member on behalf of ForexClear Clearing Clients, provided always that the Clearing House shall take such actions as are required to meet the Clearing House's continuing regulatory obligations, including those applicable to it as a Recognised Clearing House and a Derivatives Clearing Organization.

(e)(i) The Carrying Clearing Member agrees to indemnify the Clearing House in respect of all liabilities, costs, loss, fees, damages or expenses suffered or incurred by the Clearing House (howsoever arising or occurring) by reason of a proposed transfer being rejected by the Carrying Clearing Member other than in compliance with the grounds set out in the Procedures.

REGULATION 96 SETTLEMENT OF FOREXCLEAR OPTION CONTRACTS

- (a) A ForexClear Option Contract that has been exercised, or deemed to be exercised, pursuant to Regulation 94 shall only be settled in accordance with this Regulation 96 and the Procedures.
- (b) Immediately upon the exercise or deemed exercise of a ForexClear Option Contract pursuant to Regulation 94:
 - (i) if the ForexClear Option Contract is a Spot Settled ForexClear Option Contract, a ForexClear Spot Contract (between the same parties as the relevant ForexClear Option Contract) shall immediately arise pursuant to Regulation 91(j); and
 - (ii) if the ForexClear Option Contract is a Deliverable Forward Settled ForexClear Option Contract, a ForexClear Deliverable Forward Contract (between the same parties as the relevant ForexClear Option Contract) shall immediately arise pursuant to Regulation 91(j).
- (c) The ForexClear Spot Contract or ForexClear Deliverable Forward Contract (as applicable) that arises pursuant to this Regulation 96 shall be on the ForexClear Spot Contract Terms or ForexClear Deliverable Forward Contract Terms (as applicable), such that on the Settlement Date specified in the ForexClear Option Contract Terms relating to the relevant ForexClear Option Contract:
 - (i) the party that was the ForexClear Option Buyer under the relevant ForexClear Option Contract shall be obliged to pay an amount equal to (and in the same currency as) the Put Currency Amount to the Clearing House; and
 - (ii) the party that was the ForexClear Option Seller under the relevant ForexClear Option Contract shall be obliged to pay an amount equal to (and in the same currency as) the Call Currency Amount to the Clearing House.
- (d) Any ForexClear Deliverable Forward Contract or ForexClear Spot Contract that arises pursuant to this Regulation 96 shall be registered as a ForexClear Deliverable Forward STM Contract or a ForexClear Spot STM Contract (as applicable) if the ForexClear Option Contract to which it relates was registered as ForexClear Option STM Contract at the point immediately prior to exercise (or deemed exercise). Any ForexClear Deliverable Forward Contract or ForexClear Spot Contract that arises pursuant to this Regulation 96 shall be registered as a ForexClear CTM Contract if the ForexClear Option Contract to which it relates was registered as ForexClear CTM Contract at the point immediately prior to exercise (or deemed exercise).

Appendix II
Procedures Section 2I



LCH LIMITED

PROCEDURES SECTION 2I

FOREXCLEAR CLEARING SERVICE

Clearing House nets the Settlement Currency Amount against the aggregate net variation margin or aggregate NPV Payments (as applicable) which have been paid/received through the term of the ForexClear NDF Contract, the result of which is a Net Settlement Amount ("NSA"), which will be reflected in the FXCCMs' cash accounts with the Clearing House on the Settlement Date. As such, with respect to each ForexClear NDF Contract, the transfer to the Clearing House of either (i) all the Collateral in respect of the variation margin in respect that ForexClear NDF Contract, or (ii) all the NPV Payments required pursuant to the ForexClear NDF STM Terms of that ForexClear NDF Contract shall satisfy the relevant party's obligation to pay the Settlement Currency Amount on the Settlement Date of such ForexClear NDF Contract. For the purpose of providing Nostro reconciliations, to the relevant parties, the Clearing House will provide Reporting (as defined in Section 1.7 (*ForexClear Reporting*)) which will reflect an entry for the "**Settlement Currency Amount**" and a separate entry for the reversal of the aggregate net variation margin or NPV Payments which have been paid/received through the term of the ForexClear NDF Contract. This paragraph applies even if the Settlement Date has been adjusted in accordance with the ForexClear NDF Contract Terms.

- 1.3.11 ~~*Portfolio Management*~~ **Portfolio Transfers (BAU)**: The Clearing House ~~allows~~ permits the transfer of one or more Transferring ForexClear Contracts ~~portfolios of ForexClear Contracts to be transferred between FXCCMs (e.g., in the event of merger, or where agreed between the relevant FXPs)~~ between the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee, including, where relevant, the transfer of an Associated Collateral Balance. For the avoidance of doubt, and subject to the requirements of FCM Regulation 49(r), an FXCCM acting for its own account or for the account of an FCM Client, may be an Eligible Transferor or an Eligible Transferee

~~For transfers other than Permitted Transfers (as defined below), please contact the Clearing House's Risk Management Department.~~

Permitted Transfers

~~Any transfer that meets the criteria in any of (a) through (g) below shall be a "Permitted Transfer" for purposes of Regulation 95 and this Section 1.3.11. In certain circumstances, a Permitted Transfer may be effected for all or part of the notional amount associated with the Transferring ForexClear Contracts. Notwithstanding the foregoing, but subject to Applicable Law, the Clearing House may reject any Permitted Transfers in its sole discretion.~~

- ~~(a) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities;~~
- ~~(b) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and~~

- (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity;
- (c) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Proprietary Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities;
- (d) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Proprietary Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities;
- (e) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Proprietary Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity;
- (f) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Proprietary Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity; and
- (g) any transfer that the Clearing House otherwise approves in its sole discretion.

Transfer Requests

Each transfer request (“**Transfer Request**”) pursuant to Regulation 95, this Section 1.3.11 and (where applicable) any relevant Collateral Management Agreement may only be made in respect of a Permitted Transfer and must be prepared and submitted in the form and manner prescribed by the Clearing House from time to time. Following receipt of a Transfer Request, the Clearing House shall notify the Carrying Clearing Member that it received a Transfer Request to transfer Transferring ForexClear Contracts.

In respect of any Permitted Transfer that involves the transfer of all (and not some) of the ForexClear Contracts from the Transfer Account of an Eligible Transferor (with or without the transfer of an Associated Collateral Balance), once the Carrying Clearing Member receives notice that a Transfer Request has been received, the Carrying Clearing Member shall not be permitted to submit additional ForexClear Contracts in the Transfer Account of the Eligible Transferor whose ForexClear Contracts are to be subject to transfer until the time at which the relevant transfer (including the transfer of any relevant Associated Collateral Balance, if applicable) is effected, fails or is rejected in accordance with Regulation 95, these Procedures and (where applicable) any relevant Collateral Management Agreement.

Transfer Notice Period

The timing for Transfer Requests will be as prescribed by the Clearing House by way of a member circular.

Conditions Precedent to Permitted Transfer

It is a condition precedent to any transfer pursuant to Regulation 95 and this Section 1.3.11 that:

- (a) the transfer is a Permitted Transfer;
- (b) the Receiving Clearing Member has provided the Clearing House with:
 - (i) a Transfer Request in the form and manner prescribed by the Clearing House, which may be submitted by a Clearing Client (including an FCM Client) on its behalf; and
 - (ii) such evidence of the authorisation of the Permitted Transfer by the Eligible Transferor, Eligible Transferee and the ForexClear Clearing Client, as applicable, as the Clearing House may require in its sole discretion;
- (c) neither the Eligible Transferor, the Eligible Transferee nor the ForexClear Clearing Client, as applicable, has become insolvent (each Eligible Transferor, Eligible Transferee and ForexClear Clearing Client, as the case may be, will be presumed to be solvent by the Clearing House unless evidenced to the contrary by the Carrying Clearing Member in the manner reasonably determined by the Clearing House);
- (d) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulter;
- (e) such transfer would not violate or result in the violation of Applicable Law, including:
 - (i) the authorisation, registration or other regulatory requirements, if any, that may apply to the Receiving Clearing Member as a consequence of the transfer; and
 - (ii) where the transfer leads to a change in beneficial ownership, the requirements, if any, that may apply to the method of execution by which the Eligible Transferor has sold the Transferring ForexClear Contracts to the Eligible Transferee;
- (f) the Eligible Transferor, Eligible Transferee, the Receiving Clearing Member, the Carrying Clearing Member and ForexClear Clearing Client, as applicable, have each executed all documents necessary or required by the Clearing House in order to effect such transfer (including, where applicable, a Security Deed, Deed of Charge, Client Charge, Collateral

Management Agreement, Clearing Membership Agreement and/or a Clearing Agreement);

- (g) the Receiving Clearing Member has consented to the transfer of the Transferring ForexClear Contracts and, where relevant, the Associated Collateral Balance;
- (h) the Receiving Clearing Member has transferred (or has made available) sufficient Collateral to the Clearing House in respect of its current ForexClear Contracts and the Transferring ForexClear Contracts;
- (i) the Carrying Clearing Member has not rejected such transfer in accordance with this Section 1.3.11 (it being presumed that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in accordance with this Section 1.3.11 or as otherwise reasonably determined by the Clearing House);
- (j) in the event that the transfer will lead to a requirement for the Carrying Clearing Member to transfer (or make available) additional Collateral or any other payment to the Clearing House, the Carrying Clearing Member transfers sufficient Collateral or makes such payment to the Clearing House; and
- (k) in relation to a Custodial Segregated Account, any additional conditions that have been agreed between the Clearing House, the Carrying Clearing Member, the Receiving Clearing Member and/or any Custodial Segregated Client have been satisfied.

In the event that any of the conditions set forth above are not satisfied, including where the Carrying Clearing Member notifies the Clearing House that certain conditions have not been satisfied in a manner reasonably acceptable to the Clearing House, the Clearing House shall not proceed with the transfer of the Transferring ForexClear Contracts or, if applicable, the transfer of any Associated Collateral Balance, and shall promptly notify the Receiving Clearing Member of such outcome. If the Receiving Clearing Member wishes to proceed with such transfer or any other transfer of Transferring ForexClear Contracts of the Eligible Transferor(s), it shall be required to submit a new Transfer Request in accordance with these Procedures.

By requesting a transfer of the Transferring ForexClear Contracts from the Transfer Account of an Eligible Transferor and, if applicable, the associated Collateral pursuant to Regulation 95, this Section 1.3.11 and (where applicable) any relevant Collateral Management Agreement, including a request submitted by a Clearing Client (including an FCM Client) on its behalf, the Receiving Clearing Member shall be deemed to have represented to the Clearing House that all of the conditions to such transfer set forth herein have been satisfied.

Rejection of Transfer Request

The Carrying Clearing Member may be entitled to reject a particular Transfer Request by notifying the Clearing House (in either electronic or written form as prescribed by the Clearing House) only if:

- (a) the Eligible Transferor has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member and/or its Affiliates, including any requirement for additional collateral that may result from the proposed transfer, where, with the respect to obligations owed to Affiliates of the Carrying Clearing Member by an Eligible Transferor, “obligations” shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the Transferring ForexClear Contracts of that Eligible Transferor that are being transferred or that Eligible Transferor’s related collateral;
- (b) the transfer of the Transferring ForexClear Contracts of that Eligible Transferor would result in the Eligible Transferor breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member and/or its Affiliates; or
- (c) such rejection is in accordance with terms agreed as between the Carrying Clearing Member and the relevant Eligible Transferor.

Right to Call Collateral

Permitted Transfers will only be effected once adequate Collateral is available (which may be as a consequence of margin forbearance or the transfer of Associated Collateral Balance) in respect of both Transfer Accounts affected by the transfer. In connection with any Permitted Transfer, the Clearing House may call for Collateral in respect of initial and/or variation margin to be deposited in such amounts and at such times as the Clearing House, in its sole discretion, requires. Any Collateral so called and deposited shall be reserved and made available solely in connection with the Permitted Transfer.

Transfer of Associated Collateral Balance

Where a Receiving Clearing Member notifies the Clearing House of a proposal to transfer an Associated Collateral Balance in connection with a Permitted Transfer, the Clearing House shall notify the Carrying Clearing Member of such request. Following such notification and upon request from the Clearing House, the Carrying Clearing Member shall confirm to the Clearing House the specific collateral that should comprise such Associated Collateral Balance(s). In the event that the Carrying Clearing Member fails to notify the Clearing House of the specific collateral that should comprise the Associated Collateral Balance(s), the Clearing House shall identify and select the Collateral it deems appropriate to comprise the Associated Collateral Balance(s) attributable to the Transferring ForexClear Contracts, in its sole discretion. Any Collateral so identified shall be reserved and made available solely in connection with the Permitted Transfer. Once the relevant Associated Collateral Balance(s) of the transfer have been notified by the Clearing House to the Receiving Clearing Member, the Receiving Clearing Member may elect to reject the transfer of some or all of such Associated Collateral Balance(s).

Any such election will not, of itself, prevent the transfer of the Transferring ForexClear Contracts of the Eligible Transferor and any Associated Collateral Balance that has been accepted by the Receiving Clearing Member, provided that the conditions set out above are satisfied in relation to such transfer. The Clearing House shall transfer the Associated Collateral Balance that has been identified and consented to by the Receiving Clearing Member. In the event that, for whatever reason, the Clearing House is unable to transfer such Associated Collateral Balance, the Clearing House will not proceed with the transfer of the Transferring ForexClear Contracts. In such circumstances, the Clearing House will notify the Receiving Clearing Member that the Associated Collateral Balance will not be transferred and, in order to proceed with the transfer of the associated Transferring ForexClear Contracts, the Receiving Clearing Member will have to furnish to the Clearing House sufficient collateral in respect of the Transferring ForexClear Contracts.

In the case where a transfer of Transferring ForexClear Contracts pursuant to this Section 1.3.11 will include the transfer of Associated Collateral Balance(s) to the Transfer Account of the Eligible Transferee:

- (a) in respect of Associated Collateral Balance that is subject to a Deed of Charge entered into between the Carrying Clearing Member and the Clearing House, such transfer shall be effected as follows:
 - (i) the Carrying Clearing Member shall relinquish all rights to such Associated Collateral Balance (including, for the avoidance of doubt, any beneficial interest and/or equity of redemption in respect thereof);
 - (ii) such Associated Collateral Balance shall immediately upon such relinquishment be held by the Clearing House on behalf of the Receiving Clearing Member;
 - (iii) where the Receiving Clearing Member is not an FCM Clearing Member, its rights to such Associated Collateral Balance arising as described in sub-paragraph (a)(ii) above shall become, in respect of the Transferring ForexClear Contracts, subject to the relevant Deed of Charge entered into between the Receiving Clearing Member and the Clearing House (such rights thereby becoming Charged Property within the meaning of that Deed of Charge); and
 - (iv) where the Receiving Clearing Member is an FCM Clearing Member, the Associated Collateral Balance shall be deemed to have been delivered by the Receiving Clearing Member to the Clearing House by way of a first-priority security interest granted by the Receiving Clearing Member to the Clearing House under the FCM Regulations and the FCM Clearing Membership Agreement between the Receiving Clearing Member and the Clearing House.
- (b) In respect of any part of an Associated Collateral Balance that is not subject to a Client Charge or the Deed of Charge entered into between

the Carrying Clearing Member and the Clearing House, such transfer shall be by novation of the Carrying Clearing Member's rights and obligations in respect of such part of the Associated Collateral Balance to the Receiving Clearing Member.

- (c) In respect of any part of an Associated Collateral Balance that is subject to the Client Charge entered into between a Custodial Segregated Client, the Clearing House and the Carrying Clearing Member, such transfer shall be effected as set out in and in accordance with: (i) the relevant Collateral Management Agreement entered into between such Custodial Segregated Client, the Clearing House and the Carrying Clearing Member, and (ii) the relevant Collateral Management Agreement entered into between such Custodial Segregated Client, the Clearing House and the Receiving Clearing Member.
- (d) For the avoidance of doubt, the Carrying Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to, the transferred Associated Collateral Balance.
- (e) The transfer of the Transferring ForexClear Contracts and Associated Collateral Balance shall be deemed to occur simultaneously, and the transfer of the Transferring ForexClear Contracts shall be conditioned on the transfer of the Associated Collateral Balance, and vice versa.
- (f) If the transfer of the Transferring ForexClear Contracts and Associated Collateral Balance is not completed for any reason, then any actual transfer of any part of the Associated Collateral Balance or Transferring ForexClear Contracts that has occurred, as the case may be, shall be deemed not to have occurred, and any actual transfer of any part of the Associated Collateral Balance or Transferring ForexClear Contracts that has occurred shall be immediately unwound.
- (g) That portion (if any) of:
- (i) the Clearing House Current Collateral Balance in respect of the Carrying Clearing Member which is attributable to the Transferring ForexClear Contracts (the "Relevant Portion") shall be reduced to zero; and
 - (ii) the Clearing House Current Collateral Balance in respect of the Receiving Clearing Member shall be increased by an amount equal to the value of the Relevant Portion immediately prior to the reduction referred to in (i) immediately above.

Verification and Reliance

Subject to the following paragraph, but otherwise notwithstanding anything to the contrary in the Regulations or these Procedures, in making any Transfer Request in accordance with Regulation 95 and this Section 1.3.11 and (where applicable) any relevant Collateral Management Agreement, the Clearing House shall be authorised and entitled to rely conclusively on the instructions

of, and information provided by, the Receiving Clearing Member and the Carrying Clearing Member, which shall be solely responsible for all such instructions and information.

The Clearing House shall verify that the Transferring ForexClear Contracts identified to it by a Receiving Clearing Member as being the subject of such Transfer Request correspond to ForexClear Contracts that, according to its records, are registered in the Transfer Account of the Carrying Clearing Member on behalf of the Eligible Transferor. In the event that the Clearing House identifies a discrepancy, it will notify the Receiving Clearing Member and the Carrying Clearing Member and no transfer will occur until such time as the Transferring ForexClear Contracts identified to the Clearing House can be verified to the Clearing House.

Intra-Clearing Member Transfers

In connection with any Permitted Transfer of Transferring ForexClear Contracts where the Transfer Account of the Eligible Transferor and the Transfer Account of the Eligible Transferee are held by the same FXCCM (i.e., where the same FXCCM serves as both the Carrying Clearing Member and the Receiving Clearing Member), such FXCCM shall be deemed to make the following agreements, acknowledgements and representations:

- (a) the contractual terms of the Transferring ForexClear Contracts will not change solely as a result of the Clearing House effecting the Permitted Transfer;
- (b) the FXCCM will remain liable to the Clearing House for all obligations under the Transferring ForexClear Contracts prior to, during and after the Permitted Transfer;
- (c) the Clearing House may require that certain changes be made to the books and records of one of more Approved Trade Source Systems in order to reflect the Permitted Transfer;
- (d) the Clearing House is acting solely upon the FXCCM's instructions as detailed to the Clearing House in writing and in reliance on the FXCCM's agreements and representations (including as set out in this Section 1.3.11) in connection therewith;
- (e) the Permitted Transfer is permissible under Applicable Law and is not in violation of Applicable Law, and the FXCCM has obtained any and all necessary and appropriate consents, authorisations and approvals, and has taken any other actions required under Applicable Law in connection with the Permitted Transfer; and
- (f) the Clearing House shall not be liable for any costs, expenses, damages or losses, whether direct or indirect, suffered by any of the parties hereto, or by the Eligible Transferor or Eligible Transferee, as a result of any

actions taken by the Clearing House in connection with the Permitted Transfer.

Fees

Any Permitted Transfer effected pursuant to Regulation 95 and in accordance with these Procedures and (where applicable) any relevant Collateral Management Agreement will be subject to such fees as are established by the Clearing House from time to time in its sole and absolute discretion, and notified to FXCCMs via a member circular.

~~The portfolio transfer capability allows the transfer of:~~

- ~~(a) — A single ForexClear Contract.~~
- ~~(b) — Part of an FXCCM's portfolio (which includes the ability to transfer ForexClear Contracts to various other FXCCMs, e.g. Bank A to Bank B for USD/RUB, Bank A to Bank C for USD/KRW and Bank A to Bank D for USD/BRL).~~
- ~~(c) — Portfolio transfer (i.e. the transfer of all or just one of the portfolios belonging to an FXCCM).~~
- ~~(d) — Multiple portfolio transfers (i.e. the transfer of several portfolios of an FXCCM).~~

~~The Clearing House will carry out the portfolio transfer. For transfers under (b), (c) and (d), this can be on either (i) a ForexClear Contract by ForexClear Contract basis, or (ii) in respect of ForexClear NDF Contracts, on a Currency Pair basis.~~

~~Before the completion of a portfolio transfer, the Clearing House will perform a margin impact analysis of the transfer to the source and destination portfolios. The Clearing House will advise the relevant FXCCM regarding any additional Collateral that may be required in order to complete the portfolio transfer.~~

- ~~(e) — *Legal Documentation:* The transfer of ForexClear Contracts will be documented in accordance with the standard legal documentation for the transfer of ForexClear Contracts provided by the Clearing House to FXPs. Any such transfer must be authorised by all relevant parties and executed by individuals with appropriate signing authority.~~

1.3.12 *Reference Data*

- (a) *Holiday Event Calendar:*

The ForexClear Service uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, INC.) (“**SwapsMonitor Financial Calendar**”) in order to determine holidays. This requires all ForexClear Participants to be licensees of the SwapsMonitor Financial Calendar.

Appendix III
FCM Regulations



FCM REGULATIONS OF THE CLEARING HOUSE

LCH LIMITED

to CFTC Regulation 43.6 for the interest rate asset class and in effect as of the date of submission of such trade to the Clearing House for registration.

“Bulk Event”	has the meaning assigned to it in FCM Regulation 46(f).
“Bulk Event Cycle”	has the meaning assigned to it in FCM Regulation 46(f).
“Business Category of FCM Contract”	means a category of one or more Products which the Clearing House treats as separate from other Products for purposes of calculating the amount of Margin required to be furnished by an FCM Clearing Member (as set forth in the FCM Procedures) in respect of the FCM Contracts in each such category and, except to the extent otherwise set forth in the FCM Procedures, such separate margin categories consist of: (1) FCM SwapClear Contracts (referred to in the FCM Rulebook as the “SwapClear Business Category”), (2) FCM ForexClear Contracts (referred to in the FCM Rulebook as the “ForexClear Business Category”); and (3) FCM Listed Interest Rates Contracts (referred to in the FCM Rulebook as the “Listed Interest Rates Business Category”).
“Business Day”	means, in respect of an FCM Contract (except where specified otherwise in the relevant FCM SwapClear Contract Terms, FCM ForexClear Contract Terms or FCM Listed Interest Rates Terms, as applicable), a day on which the Clearing House is open for business as set forth in the FCM Procedures.
“Buyer”	means an FCM Clearing Member (or the Clearing House where the context so requires) who is a buyer under the terms of, as applicable, an FCM Option Contract, a Physically-Settled FCM Contract or an FCM Contract Subject to Delivery Notice.
“Carrying Clearing Member”	Means <u>means</u> (i) an FCM Clearing Member that carries a Transfer Account from which Transferring SwapClear Contracts <u>or Transferring ForexClear Contracts</u> and the relevant <u>associated</u> Associated Collateral Balance(s) <u>Collateral</u> may be transferred to the Transfer Account of a Receiving Clearing Member (capitalized terms used in this sub-paragraph (i) having the meanings set out in the UK General Regulations, as modified by FCM Regulation 46(p)) or (ii) in respect of a transfer as described in sub-paragraph (b) of the definition of “Receiving Clearing Member”, a Clearing Member (as defined in the UK General Regulations, and being an entity other than an FCM Clearing Member) <u>(and, for the avoidance of doubt, a Carrying Clearing Member may be a Receiving Clearing</u>

Physically-Settled FCM Contract.

“Depository”	means a collateral agent, custodian, central securities depository, securities settlement system or other similar entity
“designated contract market”	means a board of trade designated as such by the CFTC pursuant to Section 5 and 6(a) of the CEA.
“Designated FCM Listed Interest Rates Contract”	has the meaning ascribed to it in FCM Regulation 57(b).
“Designated Rates Exchange”	has the meaning ascribed to it in FCM Regulation 57(a).
“Economic Terms”	means that part of the FCM SwapClear Contract Terms, the FCM ForexClear Contract Terms, or the FCM Listed Interest Rates Contract Terms designated as Economic Terms by the Clearing House from time to time.
<u>“Eligible Transferee”</u>	<u>means an FCM Clearing Member that the Clearing House permits, in its sole and absolute discretion, and subject always to compliance with Applicable Law, to receive Transferring SwapClear Contracts or Transferring ForexClear Contracts transferred by an Eligible Transferor pursuant to FCM Regulation 46(q) or FCM Regulation 49(r) and in accordance with the FCM Procedures</u>
<u>“Eligible Transferor”</u>	<u>means an FCM Clearing Member that the Clearing House permits, in its sole and absolute discretion, and subject always to compliance with Applicable Law, to transfer all or part of its Transferring SwapClear Contracts or Transferring ForexClear Contracts to an Eligible Transferee pursuant to FCM Regulation 46(q) or FCM Regulation 49(r) and in accordance with the FCM Procedures</u>
“EMIR Client Clearing”	means the provision of Client Clearing Services on an Individual Segregated Account or Omnibus Segregated Account basis as set out in the Regulation 10 and Regulation 11 of the UK General Regulations (capitalized terms used and not otherwise defined herein bearing the same meanings set out in the UK General Regulations).
“Encumbered FCM Buffer”	has the meaning assigned to it in FCM Regulation 15(c)(ii).
“Exchange”	means an organization (whether an exchange, association, company, corporation, limited partnership or otherwise), including a designated contract market and a foreign board of trade (whether registered as such with the CFTC), responsible for administering a futures, options, or stock market (in its capacity as the administrator of such a market), to which the Clearing House provides FCM

	Closing-out Contract.
“Option”	means a right (but not the obligation) pursuant to an FCM Option Contract, to enter into a Cash-Settled FCM Contract or a Physically-Settled FCM Contract.
“Other Currency”	has the meaning assigned to such term in FCM Regulation 37(d)(ix).
“Other Specific Regulations”	means the Clearing House's Default Rules, Default Fund Rules, Settlement Finality Regulations and related Definitions and provisions relating to construction as published and amended by the Clearing House from time to time.
“Permitted Depository”	means (i) with respect to FCM Swaps Client Funds or Collateral held in connection with Swap Products, “Permitted Depository” as such term is defined in CFTC Regulations 22.1 and 22.4, (ii) with respect to FCM Futures Client Funds or Collateral held in connection with Futures Products, a depository qualified to hold customer funds in accordance with CFTC Regulation 1.49; and (iii) with respect to FCM Foreign Futures Client Funds or Collateral held in connection with Foreign Futures Products, a depository qualified to hold customer funds in accordance with CFTC Regulations 30.7(b) and (d).
<u>“Permitted Transfers”</u>	<u>has the meaning ascribed to it in the FCM Procedures.</u>
“Physically-Settled FCM Contract”	means an FCM Exchange Contract or an FCM Listed Interest Rates Contract between the Clearing House and an FCM Clearing Member: (i) for the sale and purchase of a commodity that is the result of the exercise of an Option pursuant to these FCM Regulations; or (ii) for the sale and purchase of a commodity for delivery on the date specified in the FCM Exchange Contract or the FCM Listed Interest Rates Contract or on the date agreed between the parties.
“Portfolios”	has the meaning assigned to it in either (i) the Rates Service DMP Annex of the Default Rules or (ii) the ForexClear DMP Annex of the Default Rules, as applicable.
“Porting Collateral”	has the meaning assigned to it in FCM Regulation 13(a)
“Porting Contracts”	has the meaning assigned to it in FCM Regulation 13(a)
“Post-Allocation Clearing Member”	means the FCM Clearing Member or Clearing Member associated with a Client Account, FCM Client Sub-Account or Proprietary Account to which part or all of an Unallocated FCM SwapClear Contract or Unallocated FCM ForexClear Contract, as the case may be, is to be allocated

obligations of the other party to the first party.

“Rates Exchange”

means any trading platform approved as such from time to time by the Clearing House in respect of the FCM Listed Interest Rates Clearing Service.

“Rates Exchange Rules”

means the rules, regulations, administrative procedures, Memorandum and Articles of Association or by-laws which regulate a Rates Exchange and the market administered by it as notified from time to time to the Clearing House.

“Rates Exchange Match”

means, in respect of a Rates Exchange, a match on such Rates Exchange of Rates Exchange Particulars submitted by, or on behalf of, two FCM Listed Interest Rates Clearing Members, or an FCM Listed Interest Rates Clearing Member and a Listed Interest Rates Clearing Member, which is made either:

(i) other than through an order book of the Rates Exchange; or

(ii) through an order book of the Rates Exchange, and

in each case:

(a) which the Clearing House and the Rates Exchange have agreed will be cleared in accordance with, and subject to, the Rates Exchange Rules and the FCM Rulebook via the FCM Listed Interest Rates Open Offer clearing mechanism (and not via novation under FCM Regulation 54); and

(b) regardless of whether such match is described or characterised as a trade, transaction or agreement in the relevant Rates Exchange Rules.

“Rates Exchange Particulars”

means the order or trade particulars, in respect of an FCM Listed Interest Rates Eligible Product, submitted to a Rates Exchange in accordance with the relevant Rates Exchange Rules by, or on behalf of, an FCM Listed Interest Rates Clearing Member or a Listed Interest Rates Clearing Member.

“Rates Service DMP”

has the meaning assigned to it in the Rates Service DMP Annex of the Default Rules.

“Receiving Clearing Member”

means (i) an FCM Clearing Member or (ii) ~~where the Transferring SwapClear Contracts are FCM SwapClear Contracts,~~ a Clearing Member (as defined in the UK General Regulations, and being an entity other than an FCM Clearing Member) ~~in each case~~ that carries the Transfer Account that will receive the transfer of Transferring

SwapClear Contracts or Transferring ForexClear Contracts and, where applicable, ~~Associated Collateral Balance(s)~~ associated Collateral held in respect of the Eligible Transferor from a Carrying Clearing Member pursuant to FCM Regulation 46(q) or FCM Regulation 49(r). For the avoidance of doubt, where the Transferring SwapClear Contracts or Transferring ForexClear Contracts are FCM SwapClear Contracts or FCM ForexClear Contracts, respectively: (a) an entity that is an FCM Client may also be a Receiving Clearing Member, and (b) a Receiving Clearing Member that is an FCM Clearing Member may be nominated to receive the transfer of Transferring SwapClear Contracts or Transferring ForexClear Contracts and Associated Collateral Balance from a Carrying Clearing Member that is not an FCM Clearing Member pursuant to Regulation 60 or Regulation 95 of the UK General Regulations (and, for the avoidance of doubt, a Carrying Clearing Member may be a Receiving Clearing Member, and vice versa).

Capitalized terms used in this definition having the meanings set out in the UK General Regulations as modified by FCM Regulation 46~~(q)~~ or FCM Regulation 49(r).

“Reference Currency Buyer” has the meaning assigned to it in the Clearing House's **“General Regulations”**.

“Reference Currency Seller” has the meaning assigned to it in the Clearing House's **“General Regulations”**.

“Reference Price” means a price (howsoever called) by reference to which an FCM Contract is marked to market or valued in accordance with the FCM Regulations and FCM Procedures.

“Registration Time” means, in respect of an FCM Contract, the applicable time at which the Clearing House registers such FCM Contract, as prescribed in the FCM Procedures.

“Regulatory Body” means the Secretary of State, The Financial Services Authority or professional body designated under Part 20 of the Financial Services and Markets Act 2000 or other body given regulatory powers under that Act, the Bank of England, the CFTC or any department, agency, office, court or tribunal of a nation, state, province or any other body or authority which exercises a regulatory or supervisory function under the laws of the United Kingdom or under any foreign law.

“Rejecting Compression Clearing Member” has the meaning assigned to it in Regulation 46(n).

“SwapClear CTM Contract”	has the meaning assigned to it in the General Regulations.
“SwapClear Determination Date”	has the meaning assigned to it in the UK General Regulations.
“SwapClear DMP”	has the meaning assigned to it in the SwapClear DMP Annex of the Default Rules.
“SwapClear Tolerance”	has the meaning assigned to it in Section 2.1.3(c) of the FCM Procedures.
"Terminating FCM SwapClear Contracts"	means, in relation to any Compression Proposal, the FCM SwapClear Contracts that will be terminated and replaced with Post-Multilateral Compression Contracts in accordance with Regulation 46(n).
“Termination Amount”	has the meaning assigned to such term in FCM Regulation 37(d)(iv).

“Transfer Account” means: (i) in respect of a Receiving Clearing Member, the account in which Transferring SwapClear Contracts or Transferring ForexClear Contracts, as the case may be, are to be registered on behalf of an Eligible Transferee following a transfer pursuant to FCM Regulation 46(q) or FCM Regulation 49(r) and in accordance with the FCM Procedures (which, for the avoidance of doubt, may be a Client Account or a Proprietary Account of the Receiving Clearing Member); and (ii) in respect of a Carrying Clearing Member, the account in which Transferring SwapClear Contracts or Transferring ForexClear Contracts, as the case may be, are to be transferred from an Eligible Transferor following a transfer pursuant to Regulation 46(q) or Regulation 49(r) and in accordance with the FCM Procedures (which, for the avoidance of doubt, may be a Client Account or a Proprietary Account of the Carrying Clearing Member)

"Transferring ForexClear Contracts" means those FCM ForexClear Contracts registered in the Transfer Account of a Carrying Clearing Member that are subject to a request to be transferred to the Transfer Account of a Receiving Clearing Member and includes, in the case of a transfer as described in sub-paragraph (ii) of the definition of "Receiving Clearing Member", ForexClear Contracts

"Transferring SwapClear Contracts" means those FCM SwapClear Contracts registered in the Transfer Account of a Carrying Clearing Member that are subject to a request to be transferred to the Transfer Account of a Receiving Clearing Member and includes, in the case of a transfer as described in sub-paragraph (ii) of the definition of "Receiving Clearing Member", SwapClear Contracts

REGULATION 13 TRANSFER

Except as otherwise expressly provided herein, the provisions of FCM Regulation 13(a), (b), (c), (d), (f), (j) and (k) do not apply in respect of transfers of FCM SwapClear Contracts or FCM ForexClear Contracts.

- (a) **Transfer of FCM Client Contracts and Collateral from Carrying Clearing Members to Receiving Clearing Members.** A Receiving FCM Clearing Member may, upon the instruction or at the request of an FCM Client, request (in the manner set out in the FCM Procedures) that the Clearing House transfer to the Receiving Clearing Member some or all of an FCM Client's FCM Contracts registered to its FCM Client Sub-Account, an FCM Omnibus Futures Client Account with LCH, or to an FCM Omnibus Foreign Futures Client Account with LCH with a Carrying Clearing Member (such FCM Contracts subject to transfer, the "**Porting Contracts**"). Where the Porting Contracts constitute the entire portfolio of an FCM Client's FCM Contracts registered with the Carrying Clearing Member (and only in such case), the Receiving FCM Clearing Member may also request in connection with such transfer the transfer of the applicable Collateral attributable to such FCM Client (such Collateral, the "**Porting Collateral**"). It is a condition precedent to any transfer described in this paragraph that:
- (i) the FCM Client has not become insolvent (such FCM Client to be presumed to be solvent by the Clearing House unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the FCM Procedures or as otherwise reasonably determined by the Clearing House);
 - (ii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulter;
 - (iii) the Receiving FCM Clearing Member has consented to the transfer of the Porting Contracts and, if applicable, the Porting Collateral;
 - (iv) the Clearing House determines that, following the transfer, the Receiving FCM Clearing Member shall have satisfied the Required Margin in respect of the Porting Contracts;
 - (v) in the event that the transfer would lead to an increase in Required Margin due from the Carrying Clearing Member to the Clearing House, the Carrying Clearing Member provides sufficient Margin to the Clearing House to satisfy such requirement; and
 - (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by the Clearing House that the Carrying Clearing Member has not rejected the transfer unless it has rejected it in the manner set forth in the FCM Procedures or as otherwise reasonably determined by the Clearing House).

For purposes of clause (vi) above, the Carrying Clearing Member will be entitled to reject the transfer only if (A) the applicable FCM Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member and its affiliates, including any increased Margin due and payable that may result from the proposed transfer (for this purpose, "obligations" shall consist only of those

obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the Porting Contracts of the FCM Client which are being transferred, or the FCM Client's related Collateral), (B) the transfer of the Porting Contracts would result in the FCM Client breaching exposure limits with, and/or other risk parameters set by the Carrying CM Clearing Member and/or its affiliates, or (C) such rejection is otherwise in accordance with terms agreed as between the Carrying FCM Clearing Member and the relevant FCM Client.

- (b) **Additional Provisions Relating to the Transfer of Collateral.** In order to facilitate a transfer pursuant to paragraph (a) above that includes the transfer of Porting Collateral, the Carrying Clearing Member shall notify the Clearing House of the specific Collateral which should constitute the Porting Collateral. The Receiving FCM Clearing Member shall take such actions and provide such information in connection with the transfer as may be required under the FCM Procedures. In the event that the Carrying Clearing Member fails to notify the Clearing House of the specific Collateral which should constitute the Porting Collateral, the Clearing House shall identify and select (in the manner set out in the FCM Procedures) the Collateral it deems appropriate.

Once the Porting Collateral has been identified as set out in the above paragraph, the Receiving FCM Clearing Member may elect to reject the transfer of some or all of the Porting Collateral. Any such rejection in and of itself shall not prevent the transfer of the Porting Contracts, **provided, that** the conditions set out in clauses (i) through (vi) of FCM Regulation 13(a) are satisfied in relation to such transfer. Following an acceptance by the Receiving FCM Clearing Member to receive a transfer of the Porting Collateral, the Clearing House shall transfer the Porting Collateral that has been identified to and consented by the Receiving FCM Clearing Member. In the event that, for whatever reason, the Clearing House is unable to transfer the Porting Collateral that has been accepted by the Receiving FCM Clearing Member, the Clearing House will not proceed with the transfer of the Porting Contracts.

- (c) **Additional Provisions Relating to Transfers of Client Positions from Carrying Clearing Members to Receiving Clearing Members.**

- (i) Further to the satisfaction of the conditions set out in FCM Regulation 13(a) and FCM Regulation 13(b), and provided that the Clearing House does not determine, in its sole discretion, that (x) a transfer pursuant to FCM Regulation 13(a) cannot be effected under the Rulebook or otherwise under Applicable Law or (y) where the transfer is as described in paragraph (b) of the definition of "Receiving Clearing Member", additional conditions as set out in Regulation 60 or Regulation 95 of the UK General Regulations need to be complied with, the Clearing House shall transfer the Porting Contracts into the name of the Receiving Clearing Member as follows: (A) where the Receiving Clearing Member is the same entity as the FCM Client, the Porting Contracts (and associated Porting Collateral, if applicable) shall be transferred to the Proprietary Account of the Receiving Clearing Member; (B) in all other cases, the Porting Contracts (and associated Porting Collateral, if applicable) shall be transferred to the relevant FCM Client Sub-Account, FCM Omnibus Futures Client Account with LCH or FCM Omnibus Foreign Futures Client Account with LCH of the Receiving Clearing Member (where the Receiving Clearing Member is an FCM Clearing Member) or otherwise to the relevant

FCM Regulations

- (ii) any Permitted Transfer of FCM SwapClear Contracts shall occur by novation as provided in FCM Regulation 13(c)(i);
- (iii) in respect of any Permitted Transfer where an FCM Clearing Member is the Carrying Clearing Member and that involves the transfer of an Associated Collateral Balance, the provisions of FCM Regulation 13(c)(ii) shall apply to the exclusion of Section 1.15.8(a)-(f) of UK SwapClear Procedure 2C;
- (iv) in respect of any Permitted Transfer from one FCM Client Sub-Account to another FCM Client Sub-Account of the same FCM Clearing Member, the FCM Clearing Member acknowledges and agrees that the Clearing House may debit or credit the FCM Clearing Member's accounts at the Clearing House with any obligations, liabilities or otherwise as appropriate and permissible under Applicable Law;
- (v) other than pursuant to FCM Regulation 13(d), an FCM Clearing Member, acting for its own account or for the account of an FCM Client, may not effect Permitted Transfers in accordance with paragraphs (d) ~~of~~ (e) of Section 1.15.2 of UK SwapClear Procedure 2C;
- (vi) for the avoidance of doubt:
 - (A) any Permitted Transfers effected pursuant to this paragraph (p) remain subject to the provisions of: (I) FCM Regulation 13(g), (h) and (i); and (II) the CEA, the FCM Procedures and the CFTC Regulations regarding segregation of assets; and
 - (B) any Permitted Transfer from the Proprietary Account of a Carrying Clearing Member that is an FCM Clearing Member to the Proprietary Account of a Receiving Clearing Member that is an FCM Clearing Member may only occur where both FCM Clearing Members are Affiliates of each other.
- (vii) Where the Receiving Clearing Member is an FCM Clearing Member and the Permitted Transfer involves one or more SwapClear CTM Contracts, it shall be a condition precedent to the Permitted Transfer that the Carrying Clearing Member has paid to the Clearing House, or the Clearing House has paid to the Carrying Clearing Member (as applicable), any cash settlement amount that the Clearing House determines (in its sole and absolute discretion) must be paid to ensure that the net present value of the SwapClear CTM Contract shall be equal to zero immediately prior to the completion of the Permitted Transfer. Such amounts shall be determined and paid by the relevant party in accordance with the FCM Procedures. The Clearing House may, in its sole and absolute discretion, apply any Collateral (as defined in the UK General Regulations) held by it in respect of a SwapClear CTM Contract to satisfy (in whole or in part) the Carrying Clearing Member's obligation to pay the amount (if any) required under this FCM Regulation 46(q)(vii) in relation to that SwapClear CTM Contract. Any Collateral (as defined in the UK General Regulations) held by the Carrying Clearing Member in respect of such a SwapClear CTM Contract shall be applied to satisfy (in whole or in part) the

CHAPTER XIII - FCM FOREXCLEAR REGULATIONS

REGULATION 49 REGISTRATION OF FCM FOREXCLEAR CONTRACTS; COMPRESSION; FOREXCLEAR ACCOUNTS; TRANSFERS

- (a) In order for an FCM to register an FCM ForexClear Contract in respect of the registration of an FCM ForexClear Transaction, the FCM must be currently approved as an FCM Clearing Member pursuant to these FCM Regulations. The Executing Parties to such FCM ForexClear Transaction shall be responsible for any give-up or other agreement mutually agreed to among the parties with respect to such transactions, as applicable. An FCM Clearing Member must present the particulars of an FCM ForexClear Transaction for registration as an FCM ForexClear Contract in accordance with the FCM Rulebook. Each FCM ForexClear Transaction involving an FCM Client shall be presented to the Clearing House for registration on behalf of such FCM Client by its FCM Clearing Member. It is a condition for registration as an FCM ForexClear Contract that both sides of the underlying FCM ForexClear Transaction be presented for clearing (as one FCM ForexClear Contract and one Non-FCM ForexClear Contract, or as two FCM ForexClear Contracts, as the case may be).
- (b) Once an FCM ForexClear Transaction has been presented to the Clearing House, the Clearing House shall (where applicable in accordance with paragraph (c) below and Section 2.2.8 of the FCM Procedures) request the consent of the relevant FCM Clearing Member with whom an FCM ForexClear Contract shall be registered as a result thereof to such registration. Upon the FCM Clearing Member providing its consent, such FCM ForexClear Transaction shall be deemed to have been submitted (as such term is defined in the FCM Procedures) by such FCM Clearing Member to the Clearing House for registration. Any such consent shall be provided in accordance with the FCM Procedures.
- (c) An FCM Clearing Member which has been nominated to clear the FCM Contract arising from the registration of an FCM ForexClear Transaction on behalf of a third party Executing Party will (only where such FCM ForexClear Transaction is not an FCM Trading Venue Transaction) be notified by the Clearing House of such FCM ForexClear Transaction and shall choose whether to grant or refuse consent to the registration of such FCM ForexClear Transaction and the FCM ForexClear Contract resulting from such FCM ForexClear Transaction. Where:
- (i) an FCM Clearing Member is an Executing Party to an FCM ForexClear Transaction and is to clear an FCM ForexClear Contract resulting from such FCM ForexClear Transaction; or
 - (ii) an FCM ForexClear Transaction is an FCM Eligible Trading Venue Transaction in respect of an FCM Clearing Member, and a third party Executing Party has nominated such FCM Clearing Member to clear an FCM ForexClear Contract resulting from such FCM ForexClear Transaction,

the consent of that FCM Clearing Member to the registration of the relevant FCM ForexClear Contract will occur automatically and without the need for any further action by such FCM Clearing Member.

submitted under this paragraph (vii) may take the Clearing House up to five (5) Business Days. An FCM Clearing Member, through requesting such transfer, shall be deemed to represent that such transfer is in accordance with Applicable Law and the FCM Clearing Member's contractual rights against the Pre-Allocation Executing Party or, if applicable, the Pre-Allocation Executing Party's underlying customer(s).

(viii) Where applicable, an FCM Clearing Member may request that all FCM ForexClear Contracts entered into in respect of a given FCM ForexClear Suspension Sub-Account be considered for compression by the Clearing House in accordance with the FCM Procedures.

(ix) Each Pre-Allocation FCM Clearing Member and Post-Allocation FCM Clearing Member must comply with all Applicable Law, and shall be responsible for ensuring that Pre-Allocation Executing Parties clearing through it are in compliance with CFTC Regulation 1.35(b)(5), where applicable.

(r) **Portfolio Transfers.** Other than in the event that an FCM Clearing Member is a Defaulter, any Permitted Transfer of one or more Transferring ForexClear Contracts from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee (including, where relevant, the transfer of associated Collateral), may only be done pursuant to this Regulation 49(r) and in accordance with the FCM Procedures.

(i) Further to the satisfaction of the conditions set out in the FCM Procedures, and provided that the Clearing House does not determine, in its sole discretion, that (x) a Permitted Transfer cannot be effected under these FCM Regulations, the FCM Procedures or otherwise under Applicable Law and/or (y) where applicable, the additional conditions as set out in Regulation 60 of the UK General Regulations need to be and have not been complied with, the Clearing House shall transfer the Transferring ForexClear Contract(s) into the Transfer Account of the Receiving Clearing Member as follows:

(A) in the case of a Permitted Transfer where the Receiving Clearing Member is the same entity as the Eligible Transferor, the Transferring ForexClear Contracts (and, if applicable, the associated Collateral) shall be transferred to the Proprietary Account of the Receiving Clearing Member;

(B) in the case of a Permitted Transfer where the Receiving Clearing Member is not an FCM Clearing Member, the Transferring ForexClear Contracts (and, if applicable, the associated Collateral) shall be transferred to the Transfer Account of the Receiving Clearing Member and all of the FCM ForexClear Contracts to be transferred (which are subject to the FCM Rulebook) shall, upon transfer, be converted to ForexClear Contracts subject to the UK General Regulations and the UK Procedures but shall otherwise remain on the same contract terms;

(C) in the case of a Permitted Transfer where the Carrying Clearing Member is not an FCM Clearing Member and the Receiving Clearing

- Member is an FCM Clearing Member, the ForexClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the Transfer Account of the Receiving Clearing Member and all of the ForexClear Contracts to be transferred (which are subject to the UK General Regulations) shall, upon transfer, be converted to FCM ForexClear Contracts subject to the FCM Rulebook but shall otherwise remain on the same contract terms; or
- (D) in all other cases, the Transferring ForexClear Contracts (and, if applicable, the associated Collateral) shall be transferred to the Transfer Account of the Receiving Clearing Member.
- (ii) The transfer of the Transferring ForexClear Contracts shall occur by novation of all of the Carrying Clearing Member's rights and obligations in respect of such Transferring ForexClear Contracts to the Receiving Clearing Member as provided in Regulation 13(c)(i). Notwithstanding anything in this Regulation 49(r) or the FCM Procedures to the contrary, but subject to Applicable Law, the Clearing House reserves the right to reject any transfer pursuant to this Regulation 49(r) in its sole discretion.
- (iii) An FCM Clearing Member may only assign the rights under, or transfer, an FCM ForexClear Contract entered into by such FCM Clearing Member in respect of Client Clearing Services, in accordance with the these FCM Regulations, the FCM Procedures or with the prior written consent of the Clearing House. Any purported assignment, or any purported transfer, of an FCM ForexClear Contract entered into by an FCM Clearing Member in respect of Client Clearing Services that is not in compliance with this Regulation 49(r) shall be void.
- (iv) If an FCM Clearing Member is a Defaulter, the Clearing House shall take such actions, subject to and in accordance with the Default Rules in relation to FCM ForexClear Contracts carried by such FCM Clearing Member on behalf of FCM Clients, provided always that the Clearing House shall take such actions as are required to meet the Clearing House's continuing regulatory obligations, including those applicable to it as a Recognised Clearing House and a Derivatives Clearing Organization.
- (v) In respect of any Permitted Transfer from one FCM Client Sub-Account to another FCM Client Sub-Account of the same FCM Clearing Member, the FCM Clearing Member acknowledges and agrees that the Clearing House may debit or credit the FCM Clearing Member's accounts at the Clearing House with any obligations, liabilities or otherwise as appropriate and permissible under Applicable Law.
- (vi) For the avoidance of doubt:
- (A) any Permitted Transfers effected pursuant to this FCM Regulation 49(r) remain subject to the provisions of: (I) FCM Regulation 13(g), (h) and (i); and (II) the CEA, the FCM Procedures and the CFTC Regulations regarding segregation of assets; and

(B) any Permitted Transfer from the Proprietary Account of a Carrying Clearing Member that is an FCM Clearing Member to the Proprietary Account of a Receiving Clearing Member that is an FCM Clearing Member may only occur where both FCM Clearing Members are Affiliates of each other.

(vii) The Carrying Clearing Member agrees to indemnify the Clearing House in respect of all liabilities, costs, loss, fees, damages or expenses suffered or incurred by the Clearing House (howsoever arising or occurring) by reason of a proposed transfer being rejected by the Carrying Clearing Member other than in compliance with the grounds set out in the FCM Procedures.

~~(A) —~~

Appendix IV
FCM Procedures



FCM PROCEDURES OF THE CLEARING HOUSE

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subsequent days regardless of whether compression has occurred.

- (b) In order to compress an FCM ForexClear Contract, an FCM Clearing Member must follow the process for compression as set out above and must, at the time of compression, have in its applicable FCM Client Sub-Account (or FCM ForexClear Suspension Sub-Account, if applicable) or Proprietary Account two or more FCM ForexClear Contracts with the same compression identifier (being an identifier applied by the Clearing House which indicates that such FCM ForexClear Contracts are eligible for compression).
- (c) In respect of each compression, the Clearing House will notify Clearing Members of the cut-off time by which the Clearing House must be notified of the relevant FCM ForexClear Contracts and/or Resulting FCM ForexClear Contracts to be compressed in order for such FCM ForexClear Contracts and/or Resulting FCM ForexClear Contracts to be included in the relevant compression run. The Clearing House shall process the compression of all FCM ForexClear Contracts and Resulting FCM ForexClear Contracts notified to it prior to such cut-off time and shall notify the applicable FCM Clearing Member after the applicable compression run of the result of such compression procedure. A notification received after the relevant cut-off time shall be treated as if such notification was submitted on the following day.
- (d) the compression process described above and as further set out in FCM Regulation 49(1) (*Registration of FCM ForexClear Contracts; Compression; ForexClear Accounts*), the applicable FCM Clearing Member shall promptly notify the Clearing House if it believes that any errors have occurred in the compression process or if its books and records do not reconcile with those of the Clearing House in respect of the compressed FCM ForexClear Contracts as notified to the FCM Clearing Member by the Clearing House.

2.2.19 ~~*Transfer of FCM Clients*~~*Portfolio Transfers; Defaulting FCM Clients (BAU)*

The Clearing House permits the transfer of one or more Transferring ForexClear Contracts between the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee, including, where relevant, the transfer of associated Collateral.

For transfers other than Permitted Transfers (as defined below), please contact the Clearing House's Risk Management Department.

Permitted Transfers

Any transfer that meets the criteria in any of (a) through (g) below shall be a "Permitted Transfer" for purposes of Regulation 49(r) and this Section 2.2.19. In certain circumstances, a Permitted Transfer may be effected for all or part of the notional amount associated with the Transferring ForexClear Contracts. Notwithstanding the foregoing, but subject to Applicable Law, the Clearing House may reject any Permitted Transfers in its sole discretion.

- (a) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities;
- (b) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity;
- (c) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Proprietary Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities;
- (d) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Proprietary Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities;
- (e) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Proprietary Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity;
- (f) a transfer of one or more Transferring ForexClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Proprietary Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity; and
- (g) any transfer that the Clearing House otherwise approves in its sole discretion.

Other than pursuant to FCM Regulation 13(d), an FCM Clearing Member, acting for its own account or for the account of an FCM Client, may not effect Permitted Transfers in accordance with paragraphs (d) or (e) above.

Transfer Requests

Each transfer request (“**Transfer Request**”) pursuant to Regulation 49(r) and this Section 2.2.19 may only be made in respect of a Permitted Transfer and must be prepared and submitted in the form and manner prescribed by the Clearing House from time to time. Following receipt of a Transfer Request, the Clearing House shall notify the Carrying Clearing Member that it received a Transfer Request to transfer Transferring ForexClear Contracts.

In respect of any Permitted Transfer that involves the transfer of all (and not some) of the FCM ForexClear Contracts from the Transfer Account of an Eligible Transferor (with or without the transfer of associated Collateral), once the Carrying Clearing Member receives notice that a Transfer Request has been received, the Carrying Clearing Member shall not be permitted to submit additional FCM ForexClear Contracts in the Transfer Account of the Eligible Transferor whose FCM ForexClear Contracts are to be subject to transfer until the time at which the relevant transfer (including the transfer of any relevant associated Collateral, if applicable) is effected, fails or is rejected in accordance with Regulation 49(r) and these FCM Procedures.

Transfer Notice Period

The timing for Transfer Requests pursuant to Regulation 49(r) and this Section 2.2.19 will be as prescribed by the Clearing House by way of a member circular.

Conditions Precedent to Permitted Transfer

It is a condition precedent to any transfer from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee pursuant to Regulation 49(r) and this Section 2.2.19 that:

- (a) the transfer is a Permitted Transfer;
- (b) the Receiving Clearing Member has provided the Clearing House with:
 - (i) a Transfer Request in the form and manner prescribed by the Clearing House, which may be submitted by an FCM Client on its behalf; and
 - (ii) such evidence of the authorization of the Permitted Transfer by the Eligible Transferor, Eligible Transferee and the FCM Client, as applicable, as the Clearing House may require in its sole discretion;
- (c) neither the Eligible Transferor, the Eligible Transferee nor the FCM Client, as applicable, has become insolvent (each Eligible Transferor, Eligible Transferee and FCM Client, as the case may be, will be presumed to be solvent by the Clearing House unless evidenced to the contrary by the Carrying Clearing Member in the manner reasonably determined by the Clearing House);
- (d) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulter;
- (e) such transfer would not violate or result in the violation of Applicable Law or regulation, including:
 - (i) the authorization, registration or other regulatory requirements, if any, that may apply to the Receiving Clearing Member as a consequence of the transfer; and

- (ii) where the transfer leads to a change in beneficial ownership, the requirements, if any, that may apply to the method of execution by which the Eligible Transferor has sold the Transferring ForexClear Contracts to the Eligible Transferee;
- (f) the Eligible Transferor, Eligible Transferee, the Receiving Clearing Member, the Carrying Clearing Member and FCM Client, as applicable, have each executed all documents necessary or required by the Clearing House in order to effect such transfer (including, where applicable, a Security Deed, Deed of Charge, Client Charge, Collateral Management Agreement, Clearing Membership Agreement and/or a Clearing Agreement);
- (g) the Receiving Clearing Member has consented to the transfer of the Transferring ForexClear Contracts and, where relevant, the associated Collateral;
- (h) the Receiving Clearing Member has transferred (or has made available) Required Margin to the Clearing House in respect of its current FCM ForexClear Contracts and the Transferring ForexClear Contracts;
- (i) the Carrying Clearing Member has not rejected such transfer in accordance with this Section 2.2.19 (it being presumed that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in accordance with this Section 2.2.19 or as otherwise reasonably determined by the Clearing House); and
- (j) in the event that the transfer will lead to a requirement for the Carrying Clearing Member to transfer (or make available) additional Collateral or any other payment to the Clearing House, the Carrying Clearing Member transfers sufficient Collateral or makes such payment to the Clearing House.

In the event that any of the conditions set forth above are not satisfied, including where the Carrying Clearing Member notifies the Clearing House that certain conditions have not been satisfied in a manner reasonably acceptable to the Clearing House, the Clearing House shall not proceed with the transfer of the Transferring ForexClear Contracts or, if applicable, the transfer of any associated Collateral, and shall promptly notify the Receiving Clearing Member of such outcome. If the Receiving Clearing Member wishes to proceed with such transfer or any other transfer of Transferring ForexClear Contracts of the Eligible Transferor(s), it shall be required to submit a new Transfer Request in accordance with these FCM Procedures.

By requesting a transfer of the Transferring ForexClear Contracts from the Transfer Account of an Eligible Transferor and, if applicable, the associated Collateral pursuant to Regulation 49(r) and this Section 2.2.19, including a request submitted by an FCM Client on its behalf, the Receiving Clearing Member shall be deemed to have represented to the Clearing House that all of the conditions to such transfer set forth herein have been satisfied.

Rejection of Transfer Request

The Carrying Clearing Member may be entitled to reject a particular Transfer Request by notifying the Clearing House (in either electronic or written form as prescribed by the Clearing House) only if:

- (a) the Eligible Transferor has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member and/or its Affiliates, including any requirement for additional collateral that may result from the proposed transfer, where, with the respect to obligations owed to Affiliates of the Carrying Clearing Member by an Eligible Transferor, "obligations" shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the Transferring ForexClear Contracts of that Eligible Transferor that are being transferred or that Eligible Transferor's related collateral;
- (b) the transfer of the Transferring ForexClear Contracts of that Eligible Transferor would result in the Eligible Transferor breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member and/or its Affiliates; or
- (c) such rejection is in accordance with terms agreed as between the Carrying Clearing Member and the relevant Eligible Transferor.

Right to Call Collateral

Permitted Transfers will only be effected once adequate Collateral is available (which may be as a consequence of margin forbearance or the transfer of associated Collateral) in respect of both Transfer Accounts affected by the transfer. In connection with any Permitted Transfer, the Clearing House may call for Collateral in respect of initial and/or variation margin to be deposited in such amounts and at such times as the Clearing House, in its sole discretion, requires. Any Collateral so called and deposited shall be reserved and made available solely in connection with the Permitted Transfer.

Transfer of Associated Collateral Balance

In the case where a transfer of Transferring ForexClear Contracts pursuant to this Section 2.2.19 will include the transfer of associated Collateral to the Transfer Account of the Eligible Transferee:

- (a) upon completion of the transfer, (x) the Clearing House shall have satisfied and discharged all of its obligations under the FCM Clearing Membership Agreement and the FCM Rulebook to repay or return to the Carrying Clearing Member any amounts in respect of such associated Collateral and (y) the associated Collateral furnished to the Clearing House by the Carrying Clearing Member and held by the Clearing House in respect of the Transferring ForexClear Contracts shall be deemed to have been delivered by the Receiving Clearing Member to the Clearing House (aa) where the Receiving Clearing Member is not an FCM Clearing Member, in the case of cash

Collateral, by way of title transfer and, in the case of non-cash Collateral, shall be held by the Clearing House on behalf of the Receiving Clearing Member and such Receiving Clearing Member's rights in such non-cash Collateral shall become subject to the relevant Deed of Charge of the Receiving Clearing Member, or (bb) where the Receiving Clearing Member is an FCM Clearing Member, by way of a first-priority security interest granted by the Receiving Clearing Member to the Clearing House under the FCM Clearing Membership Agreement and the FCM Rulebook; furthermore, and for the avoidance of doubt, the Carrying Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to, the associated Collateral transferred;

- (b) where all or a portion of the associated Collateral has been accepted by the Receiving Clearing Member, the transfer of the Transferring ForexClear Contracts and the accepted associated Collateral shall be deemed to occur simultaneously, and the transfer of the Transferring ForexClear Contracts shall be conditioned on the transfer of the accepted associated Collateral, and vice versa; and
- (c) if the transfer of all Transferring ForexClear Contracts and (if applicable) all accepted associated Collateral is not completed for any reason, then any actual transfer of associated Collateral or Transferring ForexClear Contracts that has occurred, as the case may be, shall be deemed not to have occurred, and any actual transfer of associated Collateral or Transferring ForexClear Contracts that has occurred shall be immediately unwound.

Verification and Reliance

Subject to the following paragraph, but otherwise notwithstanding anything to the contrary in the FCM Regulations or these FCM Procedures, in making any Transfer Request in accordance with Regulation 49(r) and this Section 2.2.19, the Clearing House shall be authorized and entitled to rely conclusively on the instructions of, and information provided by, the Receiving Clearing Member and the Carrying Clearing Member, which shall be solely responsible for all such instructions and information.

The Clearing House shall verify that the Transferring ForexClear Contracts identified to it by a Receiving Clearing Member as being the subject of such Transfer Request correspond to FCM ForexClear Contracts that, according to its records, are registered in the Transfer Account of the Carrying Clearing Member on behalf of the Eligible Transferor. In the event that the Clearing House identifies a discrepancy, it will notify the Receiving Clearing Member and the Carrying Clearing Member and no transfer will occur until such time as the Transferring ForexClear Contracts identified to the Clearing House can be verified to the Clearing House.

Fees

Any Permitted Transfer effected pursuant to Regulation 49(r) and in accordance with these FCM Procedures will be subject to such fees as are established by the Clearing House from time to time in its sole and absolute discretion, and notified to FXCCMs via a member circular.

~~In certain circumstances the Clearing House will transfer FCM ForexClear Contracts from one FCM Clearing Member to another FCM Clearing Member, pursuant to and in accordance with FCM Regulation 13 (*Transfer*) and these FCM Procedures:~~

~~(a) — *Partial Transfers of FCM Clients*~~

~~Where a Receiving Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of a portion of such FCM Client's portfolio of FCM ForexClear Contracts held with a Carrying Clearing Member, it shall provide the Clearing House with an FCM Client Partial Transfer Form (see Schedule 2.2A), signed on behalf of the relevant FCM Client. Such form shall list all of the FCM ForexClear Contracts that are to be transferred pursuant to this procedure. Following receipt of an FCM Client Partial Transfer Form, the Clearing House shall notify the Carrying Clearing Member that a request has been received to transfer FCM ForexClear Contracts. All partial transfers shall take place in accordance with the timing and notice requirements set out in Section 2.2.19(d).~~

~~In the event that any of the applicable conditions set forth in FCM Regulation 13 (*Transfer*) are not satisfied, and the Carrying Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM ForexClear Contracts.~~

~~(b) — *Full Transfers of FCM Clients*~~

~~Where a Receiving Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of such FCM Client's entire portfolio of FCM ForexClear Contracts held with a Carrying Clearing Member, it shall provide the Clearing House with an FCM Client Full Transfer Form (see Schedule 2.2B), signed on behalf of the relevant FCM Client. Such form shall confirm that all FCM ForexClear Contracts attributable to the applicable FCM Client shall be transferred pursuant to this procedure. Where a Receiving Clearing Member submits an FCM Client Full Transfer Form, it must confirm whether or not the FCM Client also wishes to transfer the Collateral held by the Clearing House in respect of the transferring FCM ForexClear Contracts. Following receipt of an FCM Client Full Transfer Form, the Clearing House shall notify the Carrying Clearing Member that a request has been received to transfer FCM ForexClear Contracts. All full transfers shall take place in accordance with the timing and notice requirements set out in Section 2.2.19(d).~~

~~In the event that any of the applicable conditions set forth in FCM Regulation 13 (*Transfer*) are not satisfied, and the Carrying Clearing Member notifies the Clearing House that they have not been satisfied using the Carrying Member Response Form (see Schedule 2.2C) the Clearing House shall not proceed with the transfer of the FCM ForexClear Contracts or the transfer of Collateral (when applicable).~~

~~Following receipt of a Full Transfer Form, the Carrying Clearing Member shall not be permitted to register additional FCM ForexClear Contracts on behalf of the FCM Client whose FCM ForexClear Contracts are subject to transfer, until such transfer (and the transfer of the related Collateral, if applicable) is actually effected or is rejected.~~

~~(c) *Collateral Transfers*~~

~~Where a Receiving Clearing Member notifies the Clearing House that an FCM Client wishes to transfer Collateral from a Carrying Clearing Member to a Receiving Clearing Member, the Clearing House shall notify the Carrying Clearing Member of such transfer in accordance with the timetable below.~~

~~Following such notification and upon request from the Clearing House, the Carrying Clearing Member shall confirm to the Clearing House (using the Carrying Member Response Form at Schedule 2.2C) which Collateral is attributable to the transferring FCM Client and the associated FCM ForexClear Contracts. In the event that the Carrying Clearing Member fails to do so in accordance with the timetable below, the Clearing House shall transfer sufficient cash or non-cash Collateral attributed to the FCM Clearing Member's FCM Omnibus ForexClear Client Account with LCH (such Collateral as selected in the Clearing House's sole discretion) to enable the transfer. Following the Clearing House's determination of the Collateral that is to be transferred, it shall notify the Carrying Clearing Member and the Receiving Clearing Member of the Collateral that will be transferred in accordance with the timetable below.~~

~~In the event that any of the applicable conditions set forth in FCM Regulation 13 (*Transfer*) are not satisfied, and the Carrying Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the related Collateral. In such circumstances, the Clearing House will notify the Receiving FCM Clearing Member that the associated Collateral will not be transferred and, in order to proceed with the transfer of the associated FCM ForexClear Contracts, the Receiving FCM Clearing Member will have to provide the Clearing House with sufficient Margin in respect of the transferring FCM ForexClear Contracts.~~

~~In the event that the Clearing House transfers Collateral pursuant to these FCM Procedures and the FCM Regulations, it will also transfer the aggregate Variation Settlement and next day Variation Settlement~~

~~and Net Settlement Amount associated with the transferring FCM ForexClear Contracts.~~

~~(d) — Timetable for FCM Client Transfer~~

Time (all references below are to New York time, unless stated otherwise)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
Day 0: 15:00	Deadline for receipt from Receiving Clearing Member of FCM Client Partial Transfer Form.	Deadline for receipt from Receiving Clearing Member of FCM Full Transfer Form and confirmation that Collateral is to be transferred.	Deadline for receipt from Receiving Clearing Member of FCM Full Transfer Form.
Day 1: 16:00	Deadline for notification by the Clearing House to the Carrying Clearing Member and the Receiving Clearing Member that it intends to transfer certain FCM ForexClear Contracts pursuant to a request from the Receiving Clearing Member.	Deadline for notification by the Clearing House to the Carrying Clearing Member and the Receiving Clearing Member that it intends to transfer FCM ForexClear Contracts pursuant to a request from the Receiving Clearing Member.	Deadline for notification by the Clearing House to the Carrying Clearing Member and the Receiving Clearing Member that it intends to transfer FCM ForexClear Contracts pursuant to a request from the Receiving Clearing Member.
Day 2: 18:00	Deadline for notification (if any) from Carrying Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying Clearing Member (in accordance with	Deadline for notification (if any) from Carrying Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying Clearing Member (in accordance with	Deadline for notification (if any) from Carrying Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying Clearing Member (in accordance with

Time (all references below are to New York time, unless stated otherwise)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
	<p>FCM Regulation 13 (Transfer)) and that the Carrying Clearing Member is therefore objecting to the transfer.</p> <p>If consent is received by 18:00 on Day 0, transfer is accepted and trades will be transferred before 13:00 Risk Run on Day 1. If consent is not received, carrying member has until 18:00 on the following day, after which trades will be transferred the following day on Day 2, in accordance with Day 1 timings</p>	<p>FCM Regulation 13 (Transfer)) and that the Carrying Clearing Member is therefore objecting to the transfer.</p> <p>Deadline for confirmation from Carrying Clearing Member of the collateral which is to be ported to the Receiving Clearing Member.</p> <p>If consent is received by 18:00 on Day 0, transfer is accepted and trades will be transferred before 13:00 Risk Run on Day 1. If consent is not received, carrying member has until 18:00 on the following day, after which trades will be transferred the following day on Day 2, in accordance with Day 1 timings</p>	<p>FCM Regulation 13 (Transfer)) and that the Carrying Clearing Member is therefore objecting to the transfer.</p> <p>If consent is received by 18:00 on Day 0, transfer is accepted and trades will be transferred before 13:00 Risk Run on Day 1. If consent is not received, carrying member has until 18:00 on the following day, after which trades will be transferred the following day on Day 2, in accordance with Day 1 timings</p>
Day 2: 06:00		LCH notifies the Receiving Clearing Member of the Collateral that will be transferred or that	

Time (all references below are to New York time, unless stated otherwise)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
		<p>Collateral will not be transferred.</p> <p>Where Collateral will not be transferred, transfer is treated as a full transfer (without Collateral).</p>	
<p>Day 3: 11:00</p>	<p>Target deadline for notification by Clearing House to the Carrying Clearing Member or the Receiving Clearing Member of whether any additional Collateral is required to enable the transfer.</p>	<p>Target deadline for notification by Clearing House to the Carrying Clearing Member or the Receiving Clearing Member of whether any additional Collateral is required to enable the transfer.</p>	<p>Target deadline for notification by Clearing House to the Carrying Clearing Member or the Receiving Clearing Member of whether any additional Collateral is required to enable the transfer.</p>
<p>Day 3: 12:00</p>	<p>Deadline for receipt by Clearing House of any additional Collateral from the Carrying Clearing Member or the Receiving Clearing Member required to enable the transfer.</p>	<p>Deadline for receipt by Clearing House of any additional Collateral from the Carrying Clearing Member or the Receiving Clearing Member required to enable the transfer.</p>	<p>Deadline for receipt by Clearing House of any additional Collateral from the Carrying Clearing Member or the Receiving Clearing Member required to enable the transfer.</p>
<p>Day 3: 12:15</p>	<p>Clearing House performs the transfer process of certain FCM ForexClear Contract(s) to be included within the 14:00 (London time)</p>	<p>Clearing House performs the transfer process of certain FCM ForexClear Contract(s) to be included within the 14:00 (London time)</p>	<p>Clearing House performs the transfer process of certain FCM ForexClear Contract(s) to be included within the 14:00 (London time)</p>

Time (all references below are to New York time, unless stated otherwise)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
	Risk Run, providing both FCM are sufficiently collateralized to enable the transfer.	14:00 (London time) Risk Run, providing both FCM are sufficiently collateralized to enable the transfer.	Risk Run, providing both FCM are sufficiently collateralized to enable the transfer.
Day 3: 13:00	Clearing House transfers FCM ForexClear Contracts.	Clearing House transfers FCM ForexClear Contracts and associated Collateral.	Clearing House transfers FCM ForexClear Contracts.
Day 3: 14:00	Clearing House will publish to the Carrying Clearing Member and the Receiving Clearing Member the relevant transfer reporting in relation to the transferred FCM ForexClear Contracts.	Clearing House will publish to the Carrying Clearing Member and the Receiving Clearing Member the relevant transfer reporting in relation to the transferred FCM ForexClear Contracts.	Clearing House will publish to the Carrying Clearing Member and the Receiving Clearing Member the relevant transfer reporting in relation to the transferred FCM ForexClear Contracts.

The timings and processes listed in the table above may be amended from time to time by the Clearing House in its full discretion via member circular.

2.2.20 Proprietary Account Position Transfers

The FCM ForexClear Clearing System provides functionality for the transfer of positions from an FCM Clearing Member's Proprietary Account. Any such transfer may only occur if the Receiving Clearing Member is an affiliate of the Carrying Clearing Member.

Before the completion of a portfolio transfer, the Clearing House will perform a margin impact analysis of the transfer to the source and destination

~~portfolios. The Clearing House will advise the relevant FX FCM regarding any additional collateral that may be required in order to complete the portfolio transfer. An FCM Clearing Member who wishes to effect a position transfer to another FCM Clearing Member should contact the Clearing House's Risk Management Department. Transfers will only be effected once adequate cover has been provided by both parties to the transfer.~~

~~2.2.21~~ ***FCM Clearing Member's Client Fund Transfer***

~~The FCM ForexClear Clearing System provides functionality for the transfer of FCM ForexClear Contract whereby an FCM Client has incorrectly booked the FCM ForexClear Contract to a fund, and wishes to re-locate the FCM ForexClear Contract to an alternative fund within the accounts of the same FCM Clearing Member.~~

~~Transfers can only occur based upon the below rules:~~

- ~~(a) A valid request has been received by the Clearing House from the applicable FCM Clearing Member on behalf of the FCM Client, as per Schedule 2.2B.~~
- ~~(b) The FCM ForexClear Contract is registered by the Clearing House, and sufficient Margin has been furnished to cover the FCM ForexClear Contract.~~
- ~~(c) Transfers are only handled within the accounts of a single FCM Clearing Member (i.e., not a transfer between two FCM Clearing Members).~~

~~Transfer requests received by ForexClear Operations prior to 15:00 London time will be managed and included in the 18:00 London time margin run. The transfer of the FCM ForexClear Contract will occur **provided that** sufficient Margin is held for the FCM Clearing Member and outstanding payments of Variation Settlement and other obligations have been made as necessary.~~

2.2.22 ***2.20 ForexClear Reporting***

For purposes of reporting obligations to the CFTC, FXCCMs may only report details of FCM ForexClear Contracts, including terminations and modifications to an FCM ForexClear Contract, to an Approved LCH SDR. A list of Approved LCH SDRs is available on the Clearing House's website. In the event an FXCCM wishes to report details of FCM ForexClear Contracts to a swap data repository that is not an Approved LCH SDR, the FXCCM must provide the Clearing House with reasonable prior notice of the date on which it wishes to report to such swap data repository.

FXCCMs must inform their respective FCM Clients of the list of Approved LCH SDRs, and inform such FCM Clients that the Clearing House is only able to report details of an FCM ForexClear Contract to an Approved LCH SDR.