

Via CFTC Portal

15 March 2019

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

LCH Limited Self-Certification: Rule changes concerning the early termination rights of LCH Clearing Members

Dear Mr Kirkpatrick

Pursuant to CFTC regulation §40.6(a), LCH Limited ("LCH"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification changes to its rules concerning the early termination rights of LCH Clearing Members.

Part I: Explanation and Analysis

Currently, the LCH Rulebook provides that after the default of a Clearing Member a non-defaulting Clearing Member may resign early from the relevant LCH clearing service/s. The early termination (also referred to as (early termination right, Accelerate Early Termination or "AET") would take place earlier than the expiry of the required 3-month notice of resignation period, provided the Clearing Member meets certain requirements. The proposed rule changes, which mainly apply to the LCH Default Rules, aim to reflect more clearly how the AET would take effect and, in particular, when a Clearing Member would effectively cease its LCH membership.

In addition, LCH proposes to clarify the dates on which LCH makes certain payments to Clearing Members and vice-versa.

The changes will go live on, or after, 1 April 2019.

Part II: Description of Rule Changes

Default Rules

The majority of the rule changes on the AET have been made to the following sections of the LCH Default Rules:

- **Schedule 5** (ForexClear Default Fund Supplement) paragraph F3 (e).
- **Schedule 6**, Part A (Rates Service Default Fund Supplement - SwapClear) paragraph S2 (e)
- **Schedule 6**, Part B (Rates Service Default Fund Supplement – Listed Interest Rates) paragraph L6 (c)

The LCH rules have been revised to clarify the way in which, following the completion of a default management process, Clearing Members would be able to exercise their early termination right, provided

certain conditions are met. The Clearing Member would have to notify LCH that it wishes to resign from its LCH membership on the “Default Management Process Completion Date”, or the business day occurring immediately after such date. After that, the contribution to the relevant default fund will be required by the Clearing Member, as well as all other Clearing Members, on the “Determination Date” (which is 30 calendar days after the Default Management Process Completion Date). On the fourth business day after this, if the Clearing Member satisfies all necessary requirements, including that it has not defaulted, and no other default has occurred, it will receive its default fund contribution from LCH. From such point the resignation of the Clearing Member will take effect.

The Default Rules also include updates to cross-references and wording, including definitions of the terms “Listed Interest Rates AET Requirement”.

LCH Procedures

The procedures of the respective LCH clearing services have been amended to clarify the dates on which:

Clearing Members are required to pay their default fund contributions, or LCH is required to pay excess contribution amount to the Clearing Members (i.e. the fourth business day of each month)

LCH pays interest to Clearing Members on their default fund contributions (i.e. the fifth business day of each month) and the period for which LCH calculates such interest (i.e. monthly).

Where relevant for a clearing service, the rules clarify that the default fund contributions of “Resigning Clearing Members” will be repaid on the given Resignation Effective Date, in accordance with the Default Rules.

Corrections to cross-references and wording have also been made.

The changes apply to the following procedures of the LCH Rulebook:

Procedures Section 2C (SwapClear clearing service), section 1.28.5 (“SwapClear Contributions”)

Procedures Section 2I (ForexClear clearing service), section 1.10.4 (“ForexClear Contributions”)

Procedures Section 2J (Listed Interest Rates clearing service), section 1.16 (“Listed Interest Rates Contributions”)

FCM Procedures - sections 3.7, 3.9 and 3.11, applicable to SwapClear, ForexClear and Listed Rates Clearing Members, respectively.

LCH Regulations

The General Regulations and FCM Regulations include updates to cross-references and definitions, including the new definitions of the terms “SwapClear AET Requirement” and “ForexClear AET Requirement”.

The texts of the rule changes are attached hereto as:

- **Appendix I**, Default Rules
- **Appendix II**, Procedures Section 2C
- **Appendix III**, Procedures Section 2I
- **Appendix IV**, Procedures Section 2J

- **Appendix V**, FCM Procedures
- **Appendix VI**, General Regulations
- **Appendix VII**, FCM Regulations

Part III: Core Principle Compliance

LCH has reviewed the changes against the requirements of the Core Principles and finds that they 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 regarding this submission, please contact me at julian.oliver@lch.com.

Yours sincerely



Julian Oliver

Chief Compliance Officer
LCH Limited

Appendix I
Default Rules

LCH The Markets'
Partner

**LCH LIMITED
DEFAULT RULES**

the Clearing House is to have recourse, in accordance with Rule 15, to the indemnities, guarantees, undertakings or monies provided by Clearing Members other than the Defaulter (or, where the Defaulter is a Sponsored Member, the Agent Members of such Sponsored Member), as soon as practicable the Clearing House shall certify by a "**Rule 19 Certificate**":

- (i) the amount of the Defaulter's Contribution applied under this Rule and the net sum (if any), or each net sum (if more than one), immediately payable by the Defaulter to the Clearing House in respect of the types of Business undertaken by the Defaulter, taking into account for this purpose the Defaulter's relevant Contributions; and
- (ii) where the Defaulter is a Sponsored Member, the amount of the Agent Member's Contribution applied under this Rule and the net sum (if any), or each net sum (if more than one), immediately payable by the Defaulter to the Clearing House in respect of the types of Business undertaken by the Defaulter, taking into account for this purpose the Defaulter's relevant Agent Member's Contributions; and
- (iii) the extent to which any sums so payable by the Defaulter or its Agent Members (as applicable) to the Clearing House (but that remain unpaid) may be claimed by the Clearing House under a policy of insurance or analogous instrument relating to losses arising upon a Default.

The Clearing House may issue more than one Rule 19 Certificate in relation to losses arising upon any Default.

Where a Rule 19 Certificate is to be issued the Clearing House may assume that no recoveries will be made in respect of obligations of the Defaulter beyond the value of its Contributions or the aggregate of the Contributions of its Agent Member.

- 20. The Clearing House may, in the exercise of the right conferred by Rule 19, set off the amount due (in accordance with Rule 16(b)) to a Defaulter in respect of the Defaulter's Contribution or to an Agent Member in respect of its Contribution or, in any case, any part in respect of each thereof against sums owing on any account whether or not it is a Client Account, and the Clearing House shall have unfettered discretion in this regard.

Application of Fund and Indemnity

- 21. By virtue of the Clearing Membership Agreement or the Agent Membership Agreement (as applicable) and this Rule, and subject to Rule 22:
 - (a) each Clearing Member other than a Sponsored Member and in the case of a Sponsored Member, each of its Agent Members (for these purposes a "**Non-Defaulting Clearing Member**") grants a separate limited recourse indemnity to the Clearing House in respect of each type of Relevant Business in which it or each of its Sponsored Members (as applicable) participates. In relation to each type of Relevant Business, the indemnity is granted in respect of each Excess Loss arising in respect of the Relevant Business upon the Default of another Clearing Member (including, in relation to an Agent Members, another Clearing Member that is not its Sponsored Member). The amount of

an indemnity is limited to an aggregate amount not exceeding the amount of the Non-Defaulting Clearing Member's Contribution (as applicable) in respect of the Relevant Business as calculated at the Determination Date immediately before the relevant Default together with the amount of any Unfunded Contribution, Loss Distribution Charge and/or Supplementary Contribution in respect of the Relevant Business that the Clearing House has called or would be entitled to call from the Non-Defaulting Clearing Member in relation to that Default;

- (b) the amount due by a Non-Defaulting Clearing Member in respect of an Excess Loss shall, save as otherwise provided under the ForexClear DMP Annex, the Rates Service DMP Annex or the RepoClear DMP Annex, be the Non-Defaulting Clearing Member's *pro rata* share of such loss arising upon the relevant Default calculated as the proportion of such Non-Defaulting Clearing Member's relevant Contribution or Agent Member's Contribution relative to the aggregate relevant Contributions and Agent Member's Contributions (if applicable) of all Clearing Members engaged in the Relevant Business other than the relevant Defaulter at the time of the relevant Default. Without prejudice to any other right of set-off or application of funds to which the Clearing House may be entitled, the Clearing House shall forthwith without notice set off any amount due in accordance with Rule 16(c) to a Clearing Member, an Agent Member in respect of its Agent Member's Contribution (as applicable) in respect of the relevant Contribution of such Clearing Member or Agent Member (as applicable) in or towards satisfaction of the amount payable by such Clearing Member under this Rule 21.

22. This Rule applies to a Defaulter (the "**First Defaulter**") and, where the First Defaulter is a Sponsored Member, each Agent Member of the First Defaulter where the Contribution of or for the account of the First Defaulter has not been repaid to the First Defaulter or its Agent Members (as applicable) or applied by the Clearing House under Rule 19, and Aggregate Excess Losses arise upon the Defaults of other Clearing Members. Where this Rule applies, Rule 21 shall have effect with the following modifications:

- (a) the balances (if any) of the First Defaulter's relevant Contributions or those of its Agent Members (as applicable) may be applied under Rule 21 in respect of such relevant Aggregate Excess Losses up to and including the date three months after the date of issue of the Default Notice in respect of the First Defaulter's Default; and
- (b) after three months after the date of issue of such Default Notice, the balances (if any) of the First Defaulter's relevant Contributions or those of its Agent Members (as applicable) may not be applied under Rule 21 in respect of such relevant Aggregate Excess Losses, but they may be retained on account of losses arising upon the First Defaulter's own Default and, for the purposes of Rule 21, they shall be disregarded.

23. The Clearing House shall give notice to each relevant Clearing Member and, where such Clearing Member is a Sponsored Member, each of its Agent Members, as soon as practicable after an amount has become due in accordance with Rule 21 and of the manner in which it has been satisfied.

24. If, in relation to a Default, the Clearing House has not yet certified in any Rule 19 Certificates issued on or before the Determination Date occurring immediately after the Default all sums which may be or become due to the Clearing House from the Defaulter or, as applicable, its Agent Members (because such sums will not or may not become liquidated or for any other reason payable until a later date), the Clearing House shall: (i) maintain a Contribution from each Clearing Member (other than the Defaulter) and (ii) an Agent Member's Contribution from each Agent Member that is as cover for the performance by such Clearing Member of its obligation to indemnify the Clearing House in relation to any Aggregate Excess Loss not yet certified. In fulfilment of this requirement the Clearing House may take any step which appears to the Clearing House to be appropriate, and the steps so taken may include any (including a combination) of the following:
- (a) postponement of the date for adjustment of Clearing Members' Contributions and Agent Member's Contributions (as applicable) under Rules ~~C5(a)~~-E5(a), F5, ~~L5L4(a)~~, ~~S5S4~~ and/or ~~R5-R4~~ as applicable in the case;
 - (b) reduction of the amounts payable to some or all Clearing Members or their Agent Members (as applicable) under Rules ~~C5(a)(i)~~-E5(a)(i), F5(a), ~~L5L4(a)(i)~~, S5(a) and/or ~~R5R4(a)~~ as applicable in the case; and
 - (c) estimation of the amount of Aggregate Excess Losses which may become certified after the relevant Determination Date as appropriate, and application of Rule 21 as if such estimated amount were already realised as an Aggregate Excess Loss.

The Clearing House shall notify relevant Clearing Members and, where such Clearing Member is a Sponsored Member, each of its Agent Members of any steps taken under this Rule.

Effect of cessation of Clearing Member status

25. Subject to Rule 26, ~~and in respect of Sponsored Members' Contracts~~ if:

~~25(a)~~ -a date for calculation of a Clearing Member's Contribution or an Agent Member's Contribution (as applicable) occurs: (i) after the giving of notice by or in respect of any Retiring Member, but prior to the relevant Retirement Effective Date; or (ii) after the giving of notice by or in respect of any Resigning Member for the purposes of resigning from a particular Service but before the relevant Resignation Effective Date; or

~~(a)(b)~~ ~~if~~ a Supplementary Contribution is called by the Clearing House in relation to one or more Services: (i) after the giving of notice by or in respect of any Retiring Member, but prior to the relevant Retirement Effective Date; or (ii) after the giving of notice by or in respect of any Resigning Member for the purposes of resigning from a particular Service but prior to the relevant Resignation Effective Date,

then the arrangements provided for in the remainder of this Rule 25 shall apply:

~~(b)~~(a) ~~if~~ ~~If~~ the Retiring Member or Resigning Member is not a Defaulter and, in respect of Agent Members, nor are its Sponsored Members Defaulters, the amount of such Retiring Member's Contribution or Retiring Agent Member's Contribution (as applicable) (including any Supplementary Contribution) or such Resigning Member's Contribution or Resigning Agent Member's Contribution (as applicable) (including any Supplementary Contribution) in respect of the relevant Service shall be determined by the Clearing House on the basis set out in the relevant Supplement without regard to the impending termination of such Retiring Member's Clearing Member status or Retiring Agent Member's Agent Member status, or Resigning Member's resignation or Resigning Agent Member's resignation (as the case may be); ~~and, in the case of Contributions other than Supplementary Contributions~~ in each case, the provisions of the relevant Supplement as to payment following adjustment of Contributions shall apply in respect of such Contribution accordingly.

~~(e)~~(b) ~~if~~ ~~If~~ the Retiring Member, Retiring Sponsored Clearing Member or Resigning Member or Resigning Sponsored Clearing Member is a Defaulter or, with respect to a Retiring Agent Member or Resigning Agent Member, it has a Sponsored Member that is a Defaulter, the balance of such Retiring Member's Contribution, Retiring Agent Member's Contribution, Resigning Member's Contribution or Resigning Agent Member's Contribution (as applicable) in respect of the relevant Service (as the case may be) after any part of it has been applied under Rule 19 or Rule 21 shall not be subject to adjustment under the relevant Supplement, and the provisions of the relevant Supplement as to payment following adjustment of Contributions shall not apply to such Retiring Member Retiring Agent Member, Resigning Member or Resigning Agent Member in respect of the relevant Service.

(c) Notwithstanding the foregoing, in such circumstances, when the amounts of the respective Contributions of all Clearing Members and Contributions of all Agent Members other than any Retiring Member or Retiring Agent Member, or any Resigning Member or Resigning Agent Member in respect of the relevant Service, are determined in accordance with the relevant Supplement, the Clearing House shall disregard any Clearing Member or Agent Member which is a Retiring Member or Retiring Agent Member or, in relation to a relevant Service, any Resigning Member or Resigning Agent Member in respect of that relevant Service and, in particular, the Clearing House shall disregard the daily margin obligations and daily number of Contracts of such Retiring Member or Retiring Agent Member or daily margin obligations and daily number of Contracts in the relevant Services of such Resigning Member or Resigning Agent Member (as applicable); and shall treat any such Retiring Member or Retiring Agent Member as no longer being a Clearing Member or Agent Member and any such Resigning Member or Resigning Agent Member as no longer being a Clearing Member or an Agent Member in respect of the relevant Service.

26. This Rule applies at any date for calculation of a Clearing Member's Contribution or an Agent Member's Contribution (as applicable) falling after a Retiring Member has given notice of the termination of its Clearing Member status or a Resigning Member has given notice of the termination of its Clearing Member status in respect of a

SCHEDULE 5
FOREXCLEAR DEFAULT FUND SUPPLEMENT

- F1. In accordance with and subject to Rule F2, the amount of each ForexClear Clearing Member's ForexClear Contributions shall be determined by the Clearing House as soon as practicable after each ForexClear Determination Date as appropriate on the basis of information available as at close of business on such ForexClear Determination Date and notified to such FXCCM as soon as practicable after such determination in accordance with the Procedures.
- F2. Each FXCCM's ForexClear Contribution (other than any ForexClear Unfunded Contribution or any Supplementary Contribution) shall be determined by the Clearing House in accordance with the following provisions:
- (a) determinations will be made by the Clearing House on the date that an FXCCM joins the ForexClear Service, and at the close of business on the first business day of each ~~subsequent~~ month, and otherwise in accordance with paragraph (f) below (each, a "**ForexClear Determination Date**") provided, however, that following a Default, any such determinations and any such ForexClear Determination Date which might otherwise have occurred under this Rule F2 shall be suspended for the duration of the period (the "**ForexClear Default Period**") commencing on the date of such Default and terminating on the last to occur of the following dates:
 - (i) the date which is the close of business on the day falling 30 calendar days after the ForexClear Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and
 - (ii) where, prior to the end of the period referred to in (i) above (or such period as has already been extended pursuant to this paragraph (ii)), one or more subsequent Defaults (each a "**Relevant Default**") occur, the date which is the close of business on the day falling 30 calendar days after the ForexClear Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day);
 - (b) On each business day, the Clearing House will determine a "**Combined Loss Value**" in respect of each of the 30 preceding business days. The Combined Loss Value in respect of a particular day will be the sum of the largest and the second largest stress-testing loss incurred on that day in relation to ForexClear Business (for a given scenario);
 - (c) the "**ForexClear Fund Amount**" comprises the "**ForexClear NDF Sub-Fund Amount**" and the "**ForexClear Non-NDF Sub-Fund Amount**". The ForexClear NDF Sub-Fund Amount and ForexClear Non-NDF Sub-Fund Amount shall be calculated in United States dollars ("**USD**") and, for a given ForexClear Determination Date, shall be (i) in relation to the ForexClear NDF Sub-Fund Amount, the largest of the 30 Combined Loss Values in respect of ForexClear NDF Contracts, and (ii) in relation to the ForexClear Non-NDF Sub-Fund Amount, the largest of the 30 Combined Loss Values in respect of

ForexClear Contracts other than ForexClear NDF Contracts, each as determined under paragraph (b) above plus 10 per cent. Each of the ForexClear NDF Sub-Fund Amount and ForexClear Non-NDF Sub-Fund Amount shall not be less than USD 70 million (the "**ForexClear Fund Floor**");

- (d) the "**ForexClear Margin Weight**" means the "**ForexClear NDF Margin Weight**" or the "**ForexClear Non-NDF Margin Weight**", as applicable. The FXCCM's ForexClear NDF Margin Weight shall be calculated by dividing the average daily initial margin obligation (as calculated under the Procedures or other arrangements applicable) which has applied to the FXCCM during the reference period in paragraph (b) above, in respect of all ForexClear NDF Contracts to which the FXCCM is a party, by the total of such average daily obligations applied to all Non-Defaulting FXCCMs. The FXCCM's ForexClear Non-NDF Margin Weight shall be calculated by dividing the average daily initial margin obligation (as calculated under the Procedures or other arrangements applicable) which has applied to the FXCCM during the reference period in paragraph (b) above, in respect of all ForexClear Contracts other than ForexClear NDF Contracts to which the FXCCM is a party, by the total of such average daily obligations applied to all Non-Defaulting FXCCMs;
- (e) each FXCCM's ForexClear Contribution comprises the "**ForexClear NDF Contribution**" and the "**ForexClear Non-NDF Contribution**". The FXCCM's ForexClear NDF Contribution shall be calculated by multiplying the ForexClear NDF Sub-Fund Amount by the FXCCM's ForexClear NDF Margin Weight, and shall be no less than the Minimum ForexClear Contribution. The FXCCM's ForexClear Non-NDF Contribution shall be calculated by multiplying the ForexClear Non-NDF Sub-Fund Amount by the FXCCM's ForexClear Non-NDF Margin Weight, and shall be no less than the Minimum ForexClear Contribution; and
- (f) subject to a suspension pursuant to paragraph (a) above, the Clearing House may recalculate the ForexClear Fund Amount on any business day if the Combined Loss Value differs by more than 25 per cent. from the figure on which the previous ForexClear Contribution determination was based.

F3. For the purposes of the calculations under Rule F2:

- (a) references to "ForexClear Clearing Members" or "FXCCMs" do not include references to Defaulting FXCCMs (apart from any Defaulting FXCCM in respect of which the Clearing House permits the application of Rule F2) or persons which were formerly FXCCMs but are not FXCCMs at the ForexClear Determination Date at which the relevant determination is made;
- (b) contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand US dollars;
- (c) no account shall be taken, in calculating initial margin or ForexClear Margin Weight under Rule F2 of any offsets applied in calculating initial margin obligations imposed on an FXCCM in respect of ForexClear Contracts, which

may otherwise be permissible under the Procedures or other arrangements applicable;

(d) provided that the FXCCM is not a Defaulter, the amount of its ForexClear Contribution shall be calculated in accordance with and subject to Rule F2. The provisions of Rule F1, Rule F2, this Rule F3 and Rule F5 do not apply to a Defaulting FXCCM, unless the Clearing House so permits in any particular case; and

(e) if (i) an FXCCM (other than an FCM Clearing Member) notifies the Clearing House on the ForexClear Default Management Process Completion Date or the business day occurring immediately after such date that it wishes to resign from the ForexClear Service, (ii) the ForexClear AET Requirement in respect of such proposed resignation has been satisfied by the ForexClear Determination Date occurring immediately after such ForexClear Default Management Process Completion Date, (iii) the FXCCM is not a Defaulter, and (iv) no Default has occurred from and including the ForexClear Determination Date referred to in Rule F3(e)(ii) to and including the fourth business day occurring after such ForexClear Determination Date (“ForexClear Contribution Payment Date”), then the FXCCM shall cease to be an FXCCM on and from such ForexClear Contribution Payment Date and the Clearing House shall repay the ForexClear Contribution that it holds for such FXCCM (to the extent it has not been applied under these Default Rules) in accordance with the Procedures and the FXCCM shall not be obliged to make any payment to the Clearing House under Rule F5(c). If an FXCCM notifies the Clearing House in accordance with Rule F3(e)(i), but the requirements under Rules F3(e)(ii), (iii) and/or (iv) are not satisfied, then such FXCCM will cease to be a Resigning Member in respect of the ForexClear Service.

~~(e) notwithstanding Rule 25 of the Default Rules, if an FXCCM notifies the Clearing House on the ForexClear Default Management Process Completion Date that it wishes to resign from the ForexClear Service, such FXCCM, assuming all other requirements for termination of membership have been satisfied by the next following ForexClear Determination Date, shall cease to be an FXCCM for the purpose of Rule F2 on and from the date upon which its ForexClear Contribution is repaid to it by the Clearing House and such payment will be made by the Clearing House following the subsequent ForexClear Determination Date in accordance with the Procedures.~~

F4. Without prejudice to any other requirements which the Clearing House may impose, the amount of the ForexClear Contribution of a New Member shall be the sum of (a) the Minimum ForexClear Contribution and (b) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.

F5. Upon determination of the amount of a ForexClear Contribution in accordance with Rule F2:

- (a) if the amount of the ForexClear Contribution of an FXCCM immediately before close of business on the relevant ForexClear Determination Date exceeds the amount of the FXCCM's ForexClear Contribution determined under Rule F2 as at close of business on that day, the excess shall be paid by the Clearing House to such FXCCM in USD in accordance with the Procedures;
- (b) if the amount of the ForexClear Contribution of an FXCCM immediately before close of business on the relevant ForexClear Determination Date is the same as the amount of the FXCCM's ForexClear Contribution as so determined under Rule F2 as at close of business on that day, no sum shall then be payable by or to such FXCCM in respect of its Contribution; and
- (c) if the amount of the ForexClear Contribution of an FXCCM immediately before close of business on the relevant ForexClear Determination Date is less than the amount of the FXCCM's ForexClear Contribution as so determined under Rule F2 as at close of business on that day, the shortfall shall be paid by such FXCCM to the Clearing House in USD in accordance with the Procedures.

The provisions of this Rule do not apply to a Defaulting FXCCM, unless the Clearing House so permits in any particular case.

F6. On any day, interest shall accrue on the amount of each ForexClear Contribution held by the Clearing House, to the extent that it has not been applied under Rule 19 or Rule 21 of the Default Rules, at such rate as determined by the Clearing House from time to time in light of market conditions and notified by the Clearing House to FXCCMs and in such manner as provided by the Procedures, provided that the rate of interest for any particular day shall be based on a short-term interest rate of the ForexClear Contribution currency, as applicable, plus or minus a spread. Interest shall be payable in arrears and shall be paid on the date or dates specified by the Procedures. In these Default Rules, any interest which has accrued under this Rule shall not be regarded as being part of the ForexClear Contribution.

F7.

- (a) After a Default, unless and until the Clearing House has repaid a Defaulter's ForexClear Contribution (or the remaining part thereof, as applicable), the ForexClear Fund Amount shall be treated as having been reduced by the amount of the Defaulter's ForexClear Contribution (if any), regardless of whether the Clearing House has applied part or all of that ForexClear Contribution under ~~Rule 28 of~~ the Default Rules.
- (b) Where, after a Default, the Clearing House has applied part or all of the ForexClear Contributions of the Non-Defaulting FXCCMs under Rule 21 of the Default Rules, the ForexClear Fund Amount shall be reduced forthwith by the deduction of (i) the amount of the Defaulter's ForexClear Contribution (if any) in accordance with paragraph (a) of this Rule F7; and (ii) the aggregate

amount of the ForexClear Contributions or parts of ForexClear Contributions of the Non-Defaulting FXCCMs so applied, and the amount of the ForexClear Contribution that each Non-Defaulting FXCCM must maintain with the Clearing House shall be reduced by the amount of its ForexClear Contribution which has been so applied, in each case, until the next ForexClear Determination Date and, subject to (where applicable) the requirement under paragraph (c) of this Rule F7 and Rule F8.

- (c) Following the completion of a ForexClear Default Management Process, the Clearing House will deliver a notice to the FXCCMs confirming that the relevant ForexClear Default Management Process Completion Date has occurred. If, following the issuance of such notice, the value of the ForexClear Fund Amount determined in accordance with paragraph (b) of this Rule F7 is less than the ForexClear Fund Floor, the Clearing House may notify each Non-Defaulting FXCCM that it is required to make a Supplementary Contribution, based on the proportion that the value of its ForexClear Contribution as at the last ForexClear Determination Date prior to the date when the relevant Default occurred bears to the value of the aggregate ForexClear Contributions of all Non-Defaulting FXCCMs as at such date, so as to reinstate the ForexClear Fund Amount to a value which is no less than the ForexClear Fund Floor. Supplementary Contributions required hereunder shall be paid within two business days after notification and in accordance with the Procedures.

F8. Where, after a Default, the Clearing House determines that (i) by reason of a reduction in accordance with Rule F7, the value of the ForexClear Fund Amount has been reduced by at least 25 per cent.; or (ii) by the time of the ForexClear Default Management Process Completion Date in relation to the relevant Default, the value of the ForexClear Fund Amount will be reduced by at least 25 per cent., the Clearing House may, by notice in writing (the "**ForexClear Unfunded Contribution Notice**"), require each Non-Defaulting FXCCM to deposit and maintain an amount (each a "**ForexClear Unfunded Contribution**") in accordance with the following provisions:

- (a) ForexClear Unfunded Contributions will only be payable in circumstances where the relevant ForexClear Unfunded Contribution Notice is delivered by the Clearing House to FXCCMs prior to the ForexClear Default Management Process Completion Date in relation to the relevant Default;
- (b) the value of the ForexClear Unfunded Contribution payable by each individual FXCCM shall be the product of (i) the percentage by which the value of the ForexClear Fund Amount has been reduced and (ii) the value of the ForexClear Contribution of such FXCCM as determined by the Clearing House at the last ForexClear Determination Date prior to the date when the relevant Default occurred;
- (c) the Clearing House may, by the delivery of one or more further ForexClear Unfunded Contribution Notices, require each Non-Defaulting FXCCM to pay one or more further ForexClear Unfunded Contributions in respect of the same Default, provided that the total value of the ForexClear Unfunded Contributions payable by an individual FXCCM in respect of a particular Default (determined in accordance with paragraph (b) above) may not exceed

PART A

RATES SERVICE DEFAULT FUND SUPPLEMENT – SWAPCLEAR

S1. SwapClear Contributions to the Rates Service Fund

Each SCM's SwapClear Contribution (other than any SwapClear Unfunded Contribution or any Supplementary Contribution) shall be determined by the Clearing House in accordance with the following provisions:

- (a) determinations will be made by the Clearing House at the close of business on the first business day of each month, and otherwise in accordance with paragraph (n) below (each a "**SwapClear Determination Date**") on the basis of information available as at close of business on the immediately preceding business day and notified to such Member as soon as practicable after such determination in accordance with the Procedures. In addition, the amount payable in respect of the SwapClear Contribution of an SCM which is a New Member will be determined on the date that the relevant New Member joins the SwapClear Service. Notwithstanding the foregoing, following a Default, any determinations on a SwapClear Determination Date and any such SwapClear Determination Date which might otherwise have occurred under this Rule S1 shall be suspended for the duration of the period (the "**SwapClear Default Period**") commencing on the date of such Default and terminating on the later to occur of the following dates:
 - (i) the date which is the close of business on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and
 - (ii) where, prior to the end of the period referred to in sub-paragraph (i) above (or such period as has already been extended pursuant to this sub-paragraph (ii)) one or more subsequent Defaults (each a "**Relevant Default**") occur, the date which is the close of business on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day).
- (b) the "**SwapClear Tolerance Weight**" of an SCM (other than an SCM which is a New Member) shall be calculated by dividing (x) the average SwapClear Tolerance Utilisation of the relevant SCM during the 20 business day period preceding the relevant SwapClear Determination Date in respect of all SwapClear Contracts to which such SCM is a party, which average shall be calculated by adding together the peak SwapClear Tolerance Utilisation of such SCM for each relevant business day and then dividing such sum by 20, provided that for SCMs where the peak SwapClear Tolerance Utilisation does not yet exist or is otherwise unavailable in respect of a business day the Clearing House shall estimate the relevant peak SwapClear Tolerance Utilisation by reference to the actual or expected level of clearing activity of the relevant SCM in relation to SwapClear Contracts; by (y) the total of such

average SwapClear Tolerance Utilisations of all Non-Defaulting SCMs other than SCMs which are New Members;

- (c) the value of the "**SwapClear Tolerance Contribution Amount**" of: (x) an SCM (other than an SCM which is a New Member) shall be calculated by multiplying the SwapClear Tolerance Amount by the SCM's SwapClear Tolerance Weight, provided that (i) where that calculation results in a value which is less than or equal to £3 million pounds, or in the case of a New Member, the value of the relevant SCM's SwapClear Tolerance Contribution Amount shall be £3 million pounds; and (ii) where that calculation results in a value which is greater than or equal to £30 million pounds, the value of the relevant SCM's SwapClear Tolerance Contribution Amount shall be £30 million pounds; and (y) a New Member shall be £3 million pounds PROVIDED FURTHER that where, as a result of the adjustments in individual SCM SwapClear Tolerance Contribution Amounts as described in this paragraph, the aggregate of the SwapClear Tolerance Contribution Amounts is greater or less than the SwapClear Tolerance Amount the Clearing House will adjust SCMs individual SwapClear Tolerance Contribution Amounts such that the aggregate of the SwapClear Tolerance Contributions equals the SwapClear Tolerance Amount;
- (d) the "**SwapClear Non-Tolerance Amount**" shall be the value of that portion of the Rates Service Fund Amount – SwapClear after deducting the SwapClear Tolerance Amount;
- (e) the "**SwapClear Non-Tolerance Weight**" of an SCM (other than an SCM which is a New Member) shall be calculated by dividing (i) the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the SCM during the 20 business day period preceding the relevant SwapClear Determination Date in respect of all SwapClear Contracts to which such SCM is a party by (ii) the total of such average daily requirements applied to all Non-Defaulting SCMs other than SCMs which are New Members;
- (f) if an SCM's SwapClear Non-Tolerance Contribution Amount (calculated in accordance with paragraph (f) above) is below the Minimum Non-Tolerance SwapClear Contribution for the time being, the SCM's SwapClear Non-Tolerance Contribution Amount shall be adjusted so as to equal the Minimum Non-Tolerance SwapClear Contribution; **provided that** where, as a result of the adjustments in individual SCM SwapClear Non-Tolerance Contribution Amounts as described in this paragraph, the aggregate of the SwapClear Non-Tolerance Contribution Amounts is greater than the SwapClear Non-Tolerance Amount, the Clearing House will adjust individual SwapClear Non-Tolerance Contribution Amounts such that the aggregate of the SwapClear Non-Tolerance Contributions equals the SwapClear Non-Tolerance Amount;
- (g) the "**SwapClear Contribution**" of: (x) an SCM (other than an SCM which is a New Member) shall be the sum of (i) that SCM's SwapClear Non-Tolerance Contribution Amount adjusted, where applicable, in accordance with paragraph (h) or (m) below; and (ii) that SCM's Tolerance Contribution

Amount; and (y) an SCM which is a New Member shall be calculated in accordance with S4;

- (h) if an SCM's SwapClear Non-Tolerance Contribution Amount (calculated in accordance with paragraph (f) above) is below the Minimum Non-Tolerance SwapClear Contribution for the time being, the SCM's SwapClear Non-Tolerance Contribution Amount shall be adjusted so as to equal the Minimum Non-Tolerance SwapClear Contribution; **provided that** where, as a result of the adjustments in individual SCM SwapClear Non-Tolerance Contribution Amounts as described in this paragraph, the aggregate of the SwapClear Non-Tolerance Contribution Amounts is greater than the SwapClear Non-Tolerance Amount, the Clearing House will adjust individual SwapClear Non-Tolerance Contribution Amounts such that the aggregate of the SwapClear Non-Tolerance Contributions equals the SwapClear Non-Tolerance Amount;
- (i) the "**SwapClear Actual Total**" shall be calculated by adding together (i) the amount which is the product of the Minimum Non-Tolerance SwapClear Contribution and the number of Minimum SwapClear Contribution Members; and (ii) the aggregate SwapClear Non-Tolerance Contribution Amounts (calculated in accordance with paragraph (f) above) of those SCMs which are not Minimum SwapClear Contribution Members; (iii) the aggregate SwapClear Tolerance Contribution Amounts of all SCMs other than SCMs which are New Members; and (iv) the aggregate SwapClear Contributions of all SCMs which are New Members;
- (j) where the SwapClear Actual Total is greater than the Rates Service Fund Amount - SwapClear, the "**SwapClear Excess**" shall be the arithmetical difference between the SwapClear Actual Total and the Rates Service Fund Amount - SwapClear;
- (k) [reserved];
- (l) for each SCM other than a Minimum SwapClear Contribution Member or a New Member, the SCM's "**SwapClear Discount**" (if any) shall be such SCM's *pro rata* share of the SwapClear Excess calculated as the proportion of such SCM's SwapClear Non-Tolerance Contribution Amount relative to the aggregate SwapClear Non-Tolerance Contribution Amounts of all SCMs other than Minimum SwapClear Contribution Members and New Members;
- (m) for each SCM other than a Minimum SwapClear Contribution Member or a New Member, the SCM's SwapClear Non-Tolerance Contribution Amount shall be adjusted by the subtraction of any SwapClear Discount applicable to the SCM; **provided that** if the application of any SwapClear Discount would result in a SwapClear Non-Tolerance Contribution Amount of an SCM that is less than the Minimum Non-Tolerance SwapClear Contribution, such SCM shall pay the Minimum Non-Tolerance SwapClear Contribution in respect of the SwapClear Non-Tolerance Contribution Amount applicable to it, notwithstanding that the arithmetical sum of SwapClear Contributions paid by all SCMs may thereby exceed the Rates Service Fund Amount - SwapClear; and

- (n) the Clearing House may recalculate the SwapClear Contributions due from each SCM on any business day if the largest of the 60 Combined Loss Values determined under Rule CS1 on that day differs by more than 25 per cent. from the Combined Loss Value on which the previous SwapClear Contribution determination was based and, on such business day, the Clearing House shall be entitled to require those SCMs whose portfolios have caused the increase in the Combined Loss Value to pay an additional amount in respect of their SwapClear Contributions.

S2. For the purposes of the calculations under Rule CS1:

- (a) references to "SwapClear Clearing Members" or to "SCMs" do not include references to Defaulting SCMs (apart from any Defaulting SCM in respect of which the Clearing House permits the application of Rule CS1) or persons which were formerly SCMs but are not SCMs at the SwapClear Determination Date at which the relevant determination is made;
- (b) contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand pounds, notwithstanding that the arithmetical sum of SwapClear Contributions paid by all SCMs may thereby exceed the SwapClear Fund Cap;
- (c) no account shall be taken, in calculating initial margin or SwapClear Non-Tolerance Weight under Rule S1 of this part A of any offsets applied in calculating initial margin obligations imposed on an SCM in respect of SwapClear Contracts, which may otherwise be permissible under the Procedures or other arrangements applicable;
- (d) provided that the SCM is not a Defaulter, the amount of its SwapClear Contribution shall be calculated in accordance with and subject to Rule S1 of this ~~part~~ Part A. The provisions of Rule S1 of this Part A and this Rule do not apply to a Defaulting SCM, unless the Clearing House so permits in any particular case; and
- (e) if (i) an SCM (other than an FCM Clearing Member) notifies the Clearing House on the Rates Service Default Management Process Completion Date or the business day occurring immediately after such date that it wishes to resign from the SwapClear Service, (ii) the SwapClear AET Requirement in respect of such proposed resignation has been satisfied by the SwapClear Determination Date occurring immediately after such Rates Service Default Management Process Completion Date, (iii) the SCM is not a Defaulter, and (iv) no Default has occurred from and including the SwapClear Determination Date referred to in Rule S2(e)(ii) to and including the fourth business day occurring after such SwapClear Determination Date (“SwapClear Contribution Payment Date”), then the SCM shall cease to be an SCM on and from such SwapClear Contribution Payment Date and the Clearing House shall repay the SwapClear Contribution that it holds for such SCM (to the extent it has not been applied under these Default Rules) in accordance with the Procedures and the SCM shall not be obliged to make any payment to the Clearing House under Rule S4(c). If an SCM notifies the Clearing House in accordance with Rule S2(e)(i), but the requirements under Rules S2(e)(ii), (iii)

~~and/or (iv) are not satisfied, then such SCM will cease to be a Resigning Member in respect of the SwapClear Service. notwithstanding Rule 25 of the Default Rules, if an SCM notifies the Clearing House on the Rates Service Default Management Process Completion Date that it wishes to resign from the SwapClear Service, such SCM, assuming all other requirements for termination of membership have been satisfied by the next following SwapClear Determination Date, shall cease to be an SCM for the purpose of Rule CS1 on and from the date upon which its SwapClear Contribution is repaid to it by the Clearing House and such payment will be made by the Clearing House following the subsequent SwapClear Determination Date in accordance with the Procedures.~~

- S3. Without prejudice to any other requirements which the Clearing House may impose, the amount of the SwapClear Contribution of a New Member shall be the sum of (a) the Minimum Non-Tolerance SwapClear Contribution; (b) the SwapClear Tolerance Contribution Amount; and (c) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.
- S4. Upon determination of the amount of a SwapClear Contribution in accordance with Rule S1 of this part A:
- (a) if the amount of the SwapClear Contribution of an SCM immediately before close of business on the relevant SwapClear Determination Date exceeds the amount of the SCM's SwapClear Contribution as determined under Rule S1 as at close of business on that day, the excess shall be paid by the Clearing House to such SCM in accordance with the Procedures;
 - (b) if the amount of the SwapClear Contribution of an SCM immediately before close of business on the relevant SwapClear Determination Date is the same as the amount of the SCM's SwapClear Contribution as so determined, no sum shall then be payable by or to such SCM in respect of its Contribution; and
 - (c) if the amount of the SwapClear Contribution of an SCM immediately before close of business on the relevant SwapClear Determination Date is less than the amount of the SCM's SwapClear Contribution as so determined, the shortfall shall be paid by such SCM to the Clearing House in accordance with the Procedures.

The provisions of this Rule do not apply to a Defaulting SCM, unless the Clearing House so permits in any particular case.

- S5. On any day interest shall accrue on the amount of each SwapClear Contribution held by the Clearing House, to the extent that it has not been applied under Rules 19 or 21 of the Default Rules, in such manner as provided by the Procedures and at a SONIA-linked rate determined, in light of market conditions at such time, by the Clearing House from time to time and notified by the Clearing House to SwapClear Clearing Members. Interest shall be payable in arrear and shall be paid on the date or dates specified by the Procedures. In these Default Rules any interest which has accrued under this Rule shall not be regarded as part of the SwapClear Contribution. For the

avoidance of doubt, if the rate of interest payable on SwapClear Contributions is negative, interest shall be payable by SwapClear Clearing Members to the Clearing House.

S6.

- (a) After a Default, unless and until the Clearing House has repaid a Defaulter's SwapClear Contribution (or the remaining part thereof, as applicable), the Rates Service Fund Amount - SwapClear shall be treated as having been reduced by the amount of the Defaulter's SwapClear Contribution (if any), regardless of whether the Clearing House has applied part or all of that SwapClear Contribution under ~~Rule 28 of~~ the Default Rules.
- (b) Where, after a Default, the Clearing House has applied part or all of the SwapClear Contributions of the Non-Defaulting SCMs under Rule 21 of the Default Rules, the Rates Service Fund Amount - SwapClear shall be reduced forthwith by the deduction of (i) the amount of the Defaulter's SwapClear Contribution (if any) in accordance with paragraph (a) of this Rule ~~S7S6~~; and (ii) the aggregate amount of the SwapClear Contributions or parts of SwapClear Contributions of the Non-Defaulting SCMs so applied, and the amount of the SwapClear Contribution that each Non-Defaulting SCM must maintain with the Clearing House shall be reduced by the amount of its SwapClear Contribution which has been so applied, in each case, until the next SwapClear Determination Date and subject to (where applicable) the requirement under ~~paragraph (e) of this~~ Rule S7 and Rule CS76.
- (c) [reserved].

S7. Where, after a Default, the Clearing House determines that (i) by reason of a reduction in accordance with Rule S6, the value of the Rates Service Fund Amount - SwapClear has been reduced by at least 25 per cent.; or (ii) by the time of the Rates Service Default Management Process Completion Date in relation to the relevant Default the value of the Rates Service Fund Amount - SwapClear will be reduced by at least 25 per cent., the Clearing House may, by notice in writing (the "**SwapClear Unfunded Contribution Notice**"), require each Non-Defaulting SCM to deposit and maintain an amount (each a "**SwapClear Unfunded Contribution**") in accordance with the following provisions:

- (a) SwapClear Unfunded Contributions will only be payable in circumstances where the relevant SwapClear Unfunded Contribution Notice is delivered by the Clearing House to SCMs prior to the Rates Service Default Management Process Completion Date in relation to the relevant Default;
- (b) the value of the SwapClear Unfunded Contribution payable by each individual SCM shall be the product of (i) the percentage by which the value of the Rates Service Fund Amount - SwapClear has been reduced and (ii) the value of the SwapClear Contribution of such SCM as at the last SwapClear Determination Date prior to the date when the relevant Default occurred;
- (c) the Clearing House may, by the delivery of one or more further SwapClear Unfunded Contribution Notices, require each Non-Defaulting SCM to pay one

or more further SwapClear Unfunded Contributions in respect of the same Default, **provided that** the total value of the SwapClear Unfunded Contributions payable by an individual SCM in respect of a particular Default (determined in accordance with paragraph (b) above) may not exceed the value of the SwapClear Contribution of such SCM as at the last SwapClear Determination Date prior to the date when the relevant Default occurred; and

- (d) following a Default in respect of which SwapClear Unfunded Contributions were paid (the "**First Default**"), the Clearing House may require the payment of further SwapClear Unfunded Contributions in respect of subsequent Defaults, (which, for the avoidance of doubt, can never be a First Default), **provided that** SwapClear Unfunded Contributions will not be payable in respect of any more than three Defaults in any six month period (commencing on the date of delivery of the first SwapClear Unfunded Contribution Notice in respect of the First Default).

SCMs will be required to deposit the full amount of their SwapClear Unfunded Contributions (without exercising any rights of set-off or counterclaim) with the Clearing House on the business day following the receipt of a SwapClear Unfunded Contribution Notice.

For the avoidance of doubt, references to "SCMs" for the purposes of this Rule include any SCM (other than a Defaulting SCM) who is: (i) a Retiring Member but whose status as a Clearing Member has not yet been terminated; and (ii) a Resigning Member whose resignation from the SwapClear Service is not yet effective.

PART B

RATES SERVICE DEFAULT FUND SUPPLEMENT – LISTED INTEREST RATES

L1. In this Part B to the Rates Service Default Fund Supplement, subject to any contrary indication or where the context otherwise requires, references to:

the "**Business**" means the Listed Interest Rates Business of a Member

a "**Contract**" means a Listed Interest Rates Contract, a contract cleared pursuant to a Service and such other listed interest rate derivative contract as the Clearing House may from time to time specify by notice to the Members

a "**Contribution**" means a Listed Interest Rates Contribution

the "**Default Fund Excess**" means the amount by which the Total Fund mount exceeds the greater of the Weighted Rates Service Fund Amount or the Default Fund Floor

the "**Default Fund Floor**" means the sum of the Minimum Contributions

a "**Determination Date**" means a Listed Interest Rates Determination Date

the "**Excess Loss**" means the Listed Interest Rates Excess Loss

the "**Listed Interest Rates AET Requirement**" means, in respect of a Member, that all of the Contracts (other than Portfolio Margined Contracts) in the name of such Member have been closed out or transferred to another Clearing Member

a "**Member**" means a Listed Interest Rates Clearing Member and a Clearing Member approved to clear a Specified Market

a "**Minimum Contribution**" means either (i) GBP 500,000 for a Listed Rates Clearing Member that is not a Joint Rates Service Clearing Member; or (ii) GBP 7,500,000 for a Joint Rates Service Clearing Member

a "**Non-Defaulting Clearing Member**" means a Member that is not a Defaulter under Rule 4 of the Default Rules

"**Service**" means the listed interest rate derivatives and listed interest rate derivatives-related services provided by the Clearing House pursuant to its rules governing the clearing of the Specified Markets and includes the Listed Interest Rates Service

"**Specified Markets**" means the Rates Exchanges and any other markets from time to time specified by the Clearing House

"**Total Fund Amount**" means the sum of all Members' Contributions

"**Weighted Contributions Amount**" means the sum of all Weighted Contributions

“Weighted Contribution Reallocation Percentage” means for each Weighted Contribution Member, the proportion of such Member’s Weighted Contribution to the Weighed Contributions Amount

a **“Weighted Member”** means a Member that is required to pay a Weighted Contribution pursuant to Rule L2 (c) below

and calculations of **"End of Day Margin Weight"**, **"Peak Intra-Day Margin Weight"** and **"Weight Factor"** are carried out in accordance with this Part B of the Rates Service Default Supplement only.

Capitalised terms not otherwise defined in this Part B of the Rates Service Default Fund Supplement shall have the meanings assigned to them in the General Regulations or the Default Rules, as applicable.

L2. **Listed Interest Rates Contributions to the Rates Service Fund**

- (a) The amount of each Member's Contribution shall be determined by the Clearing House at the close of business on the first business day of each month, and otherwise in accordance with paragraph (d) below (each a **“Listed Interest Rates Determination Date”**) on the basis of information available as at close of business on the immediately preceding business day and notified to such Member as soon as practicable after such determination in accordance with the Procedures. However, determinations of Contributions under the methodology of this Rule are suspended for the duration of the period (the **"Listed Interest Rates Default Period"**) commencing on the date of such Default and terminating on the later to occur of the following dates:
- (i) the date which is the close of business on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and
 - (ii) where, prior to the end of the period referred to in sub-paragraph (i) above (or such period as has already been extended pursuant to this sub-paragraph (ii)) one or more subsequent Defaults (each a "Relevant Default") occur, the date which is the close of business on the day falling 30 calendar days after the Rates Service Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day).
- (b) A Member's Contribution shall be determined with reference to business conducted by it on the Specified Markets in Contracts as follows:
- (i) the Member’s **"End of Day Margin Weight"** shall be calculated by dividing the average daily initial margin obligation at the end of each day (as calculated under the Procedures or other arrangements applicable) which has applied to the Member during the Reference Period in respect of all Contracts by the total of such average daily obligations applied to all Members other than Defaulters;

- (ii) the Member's "**Peak Intra-Day Margin Weight**" shall be calculated by dividing the average maximum intra-day initial margin obligation arising at any point during each day during the Reference Period (as calculated under the Procedures or other arrangements applicable) which has applied to the Member in respect of all Contracts by the total of such average maximum intra-day obligations applied to all Members other than Defaulters;
- (iii) the Member's "**Weight Factor**" shall be calculated by adding one-half of its End of Day Margin Weight to one-half of its Peak Intra-Day Margin Weight,
- (c) The Member's Contribution shall be the greater of:
 - (i) the amount arrived at by multiplying the Weighted Rates Service Fund Amount by the Member's Weight Factor (the "**Weighted Contribution**"); and
 - (ii) the Member's Minimum Contribution,

~~PROVIDED THAT~~ provided that, if a Default Fund Excess would arise pursuant to the foregoing, then the Clearing House shall recalculate each Weighted Member's Contributions by reducing each Weighted Member's Contribution by an amount equal to each Weighted Member's Weighted Contribution Reallocation Percentage multiplied by the Default Fund Excess, ~~provided further that~~ ~~PROVIDED FURTHER THAT~~, if pursuant to the foregoing any Weighted Member's Contribution would be less than their Minimum Contribution, then such Weighted Member's Contribution shall be increased to the Minimum Contribution. Where such increase gives rise to a Default Fund Excess, then the Clearing House shall iteratively carry out the process described in this paragraph, with the each Weighted Contribution and the Total Fund Amount revised accordingly until the Total Fund Amount is equal to either the Default Fund Floor or the Weighted Rates Service Fund Amount (as applicable).

For the purposes of these calculations:

- (i) "**Reference Period**" means the period of three calendar months immediately before the Determination Date;
- (ii) references to "**Members**" do not include references to Defaulters (apart from any Defaulter in respect of which the Clearing House permits the application of this Rule) or persons which were formerly Members but are not Members on the date on which the relevant calculation is made;
- (iii) Contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand pounds; and
- (iv) no account shall be taken, in calculating initial margin or Margin Weight under this paragraph (b) of any offsets applied in calculating the initial margin obligations imposed on Members in respect of

Contracts, which may otherwise be permissible under the Procedures or other arrangements applicable.

- (c) Without prejudice to any other requirements which the Clearing House may impose, the amount of the Contribution of a New Member shall be the sum of:
 - (i) the Minimum Contribution; and
 - (ii) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.
- (d) Except to the extent that the cap specified in paragraph (c) of Rule L5 would be exceeded, the Clearing House may recalculate the Contributions due from certain Members on any business day other than one falling between the date of a Default and the later of the two dates set out in paragraph (a) of this Rule L2, in the following circumstances:
 - (i) if the Combined Loss Value determined under paragraph (b) of Rule CS1 on that day deviates by more than 25 per cent. upwards or downwards from the Combined Loss Value on which the previous Contribution determination was based, on such business day, the Clearing House shall be entitled to make an adjustment upwards or downwards to the Rates Service Fund Amount - Listed Interest Rates commensurate with the deviation;
 - (ii) where the Risk Committee considers (for any reason) that a recalculation is warranted between Determination Dates.

L3. Interest on Listed Interest Rates Contributions

On each day interest shall accrue on the amount of each Contribution held by the Clearing House, to the extent that it has not been applied under Rule 26 or Rule 28 of the Default Rules, at such rate and in such manner as provided by the Procedures, provided that the rate of interest for any particular day shall be based on a market-recognised benchmark rate plus or minus a spread. Such rate and such spread shall be determined, in light of market conditions at such time, by the Clearing House from time to time and notified by the Clearing House to Members. Interest on Contributions shall be payable in arrears and shall be paid on the date or dates specified by the Procedures. Any interest which has accrued under this Rule shall not be regarded as part of a Contribution.

L4. Payment of Listed Interest Rates Contributions

- (a) Upon determination of the amount of a Contribution on a Determination Date:
 - (i) if the amount of the Contribution of a Member at close of business on the business day immediately before the Determination Date exceeds the amount of the Member's Contribution as determined on the Determination Date, the excess shall be paid by the Clearing House to the Member in accordance with the Procedures;

- (ii) if the amount of the Contribution of a Member at close of business on the business day immediately before the Determination Date is the same as the amount of the Member's Contribution as determined on the Determination Date, no sum shall then be payable by or to the Member in respect of its Contribution; and
 - (iii) if the amount of the Contribution of a Member at close of business on the business day immediately before the Determination Date is less than the amount of the Member's Contribution as determined on the Determination Date, the shortfall shall be paid by the Member to the Clearing House in accordance with the Procedures.
- (b) The provisions of this Rule do not apply to a Member which is a Defaulter, unless the Clearing House so requires in any particular case.

L5. **Unfunded Contributions**

- (a) On any business day after the occurrence of a Default, if the Clearing House determines that by reason of reduction in accordance with Rule L6 of this Part B, (i) the Rates Service Fund Amount - Listed Interest Rates (minus any Contribution of the Defaulter) has been reduced by at least 25 per cent., or (ii) by the time of issue of a Default Management Completion Notice in relation to that Default the Rates Service Fund Amount - Listed Interest Rates will have been so reduced, the Clearing House may, by notice in writing (each an "**Unfunded Contribution Notice**"), require each Non-Defaulting Clearing Member to deposit and maintain an amount (each an "**Unfunded Contribution**") in accordance with this Rule.
- (b) Unfunded Contributions will only be payable in circumstances where the relevant Unfunded Contribution Notice is delivered by the Clearing House to Members before a Default Management Completion Notice in relation to the relevant Default.
- (c) The amount of an Unfunded Contribution payable by a Member in respect of a Default shall be payable *pro rata* by reference to the proportion which that Member's Contribution bears to the aggregate of Contributions of all Non-Defaulting Clearing Members, and shall not exceed the value of the Contribution of that Member as calculated on the last Determination Date prior to the date when the relevant Default occurred.
- (d) Following the payment of an Unfunded Contribution in accordance with paragraphs (a), (b) and (c) of Rule L6 of this Part B, the Clearing House may, by the delivery of one or more further Unfunded Contribution Notices, require each Non-Defaulting Clearing Member to pay one or more further Unfunded Contributions in respect of the same Default, provided that the total value of the Unfunded Contributions payable by any Member in respect of a particular Default may not exceed the value of the Contribution of such Member as calculated on the last Determination Date prior to the date when the relevant Default occurred.

- (e) Following a Default in respect of which Unfunded Contributions were paid (the "**First Default**"), the Clearing House may require the payment of further Unfunded Contributions in respect of subsequent Defaults, (which, for the avoidance of doubt, can never be a First Default), provided that Unfunded Contributions will not be payable in respect of any more than three Defaults in any six month period (commencing on the date of delivery of the first Unfunded Contribution Notice in respect of the First Default).
- (f) Members shall deposit the full amount of each Unfunded Contribution (without exercising any rights of set-off or counterclaim) with the Clearing House on the business day following the receipt of an Unfunded Contribution Notice.

For the avoidance of doubt, references to "Members" for the purposes of this Rule include any Member (other than a Defaulter) who is: (i) a Retiring Member but whose status as a Member has not yet been terminated; and (ii) a Resigning Member whose resignation from the Service is not yet effective.

L6.

- (a) This Rule applies where, after a Default, the Clearing House has applied part or all of a Contribution under Rule 19 or Rule 21 of the Default Rules. Upon such application the Rates Service Fund Amount - Listed Interest Rates shall be reduced forthwith by the aggregate amount of the Contributions or parts of Contributions so applied, and ~~(subject to the following provisions of this Rule)~~ the amount of the Contribution that each Member must maintain with the Clearing House shall be reduced by the amount of its Contribution which has been applied pursuant to Rule 21 of the Default Rules, in each case, until the next Determination Date and subject to (where applicable) the requirements under Rule L5 and Rule CS7. Unless and until the Clearing House has repaid a Defaulter's Contribution, the Rates Service Fund Amount - Listed Interest Rates shall be treated as having been reduced by the amount of the Defaulter's Contribution (if any) regardless of whether the Clearing House has applied part or all of that Contribution under ~~Rule 19 of~~ the Default Rules.
- (b) [reserved].
- (c) if (i) a Member (other than an FCM Clearing Member) notifies the Clearing House on the Rates Service Default Management Process Completion Date or the business day occurring immediately after such date that it wishes to resign from the Listed Interest Rates Service, (ii) the Listed Interest Rates AET Requirement in respect of such proposed resignation has been satisfied by the Determination Date occurring immediately after such Rates Service Default Management Process Completion Date, (iii) the Member is not a Defaulter, and (iv) no Default has occurred from and including the Determination Date referred to in Rule L6(c) to and including the fourth business day occurring after such Determination Date ("**Listed Interest Rates Contribution Payment Date**"), then the Member shall cease to be a Listed Interest Rates Clearing Member on and from such Listed Interest Rates Contribution Payment Date and the Clearing House shall repay the Contribution that it holds for such Member (to the extent it has not been applied under these

~~Default Rules) in accordance with the Procedures and the Member shall not be obliged to make any payment to the Clearing House under Rule L4(a)(iii). If a Member notifies the Clearing House in accordance with Rule L6(c)(i), but the requirements under Rules L6(c)(ii), (iii) and/or (iv) are not satisfied, then such Member will cease to be a Resigning Member in respect of the Listed Interest Rates Service. Notwithstanding Rule 25 of the Default Rules, if a Member which is not a Defaulter notifies the Clearing House within two business days after the issue of a Default Management Completion Notice that it wishes to resign from the Service: assuming all other requirements for termination of its membership have been satisfied by the next following Listed Interest Rates Determination Date, such Member shall cease to be treated as a Member for the purpose of Rule L2 of this Part B on the next Determination Date, and its Contribution shall (unless utilised in the interim in accordance with Rule 21 of the Default Rules) be repaid by the Clearing House following that Determination Date in accordance with the Procedures. A Member which has notified its wish to resign remains liable under Rule L2 of this Part B until the effective date of its resignation.~~

Appendix II
Procedures Section 2C



LCH LIMITED

PROCEDURES SECTION 2C

SWAPCLEAR CLEARING SERVICE

1.27 Section 168, Finance Act 1994

Under section 696 Corporation Tax Act 2009 ("CTA 2009"), net payments in relation to certain derivative contracts (as defined in Section 576 CTA 2009) by any company (company "A") to a non-UK resident are denied UK tax relief unless one or more of the following conditions in section 697 CTA 2009 are met:

- 1.27.1 Company A is a bank, building society, financial trader or recognised clearing house acting as principal who has entered into the qualifying contract for the purposes of a UK trade;
- 1.27.2 The non-UK resident holds the qualifying contract (as principal) for the purposes of its UK trade;
- 1.27.3 A double tax treaty, that makes provision for interest, is in force between the UK and the country of residence of the non-UK resident (or, if different, the country of residence of the beneficial counterparty to the contract); or
- 1.27.4 The Clearing House is considered a "recognised clearing house" as defined in section 285 of FSMA 2000.

Any contract which would otherwise fall within section 696 CTA 2009 must not be submitted to the Clearing House for clearing nor should any SwapClear Clearing Member knowingly permit any such contract to be submitted. Should this occur the SwapClear Clearing Member in whose name the contract is to be or has been registered must promptly notify the Clearing House and, in any event, within 30 days of that Clearing Member becoming aware of the situation. Having investigated the circumstances, the Clearing House has an obligation to notify the HM Revenue & Customs of the event and the Clearing House may, in its absolute discretion suspend any SwapClear Dealer submitting such a contract for registration for the Register of SwapClear Dealers. The Clearing House may also, in its absolute discretion take such action in respect of the SwapClear Clearing Member as it deems fit in accordance with the Regulations. The SwapClear Clearing Member shall indemnify the Clearing House against any Corporation Tax or any other tax levied or imposed upon the Clearing House in respect of any such contract, and any other costs and expenses incurred by the Clearing House in connection therewith.

If in doubt, Clearing Members should consult their professional advisers as to the potential application of sections 696 and 697 CTA 2009 to their transaction.

1.28 Default Management

1.28.1 *Portfolio Splitting*

As part of the Rates Service DMP, the Clearing House may divide an Auction Portfolio into two or more individual Auction Portfolios. In circumstances where such portfolio splitting is adopted, the Clearing House will, in consultation with the Rates Service DMG, seek to create:

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

- (b) one or more individual sub-portfolios which are more risk neutral.

1.28.2 *Acceptance of Bids*

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

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

Where the Clearing House receives more than one bid from the same SwapClear Clearing Member and in respect of the same Auction the Clearing House is entitled to accept the last bid received by it in respect of that Auction. Where the Clearing House does not receive a bid that was made by a SwapClear Clearing Member for operational, technological or other similar reasons and as a result of which a bid does not reach the Clearing House, the Clearing House will be unable to accept a bid and shall not be liable for any failure to accept such bid.

1.28.3 *Affiliate Bidding*

SwapClear Clearing Members are entitled to bid for an Auction Portfolio on behalf of an affiliated SwapClear Clearing Member or affiliated FCM Clearing Member. Where a SwapClear Clearing Member makes a bid and that SwapClear Clearing Member has an affiliated SwapClear Clearing Member or FCM Clearing Member that does not make a bid, the Clearing House shall not (unless instructed otherwise in accordance with the paragraph below) assume that the bidding SwapClear Clearing Member has made the relevant bid on behalf of a non-bidding, affiliated SwapClear Clearing Member or affiliated FCM Clearing Member.

A SwapClear Clearing Member may notify the Clearing House, in advance of an Auction, that it wishes to bid on behalf of an affiliated SwapClear Clearing Member or affiliated FCM Clearing Member. Where it wishes to do so, the SwapClear Clearing Member should contact the Clearing House's Client Services Team (ratesclientservices@lch.com; +44 (0)207 426 7949).

1.28.4 *Backup Clearing Members*

A SwapClear Clearing Client may appoint a Backup Clearing Member for the purposes of the porting of the SwapClear Contracts entered into by a

SwapClear Clearing Member on its behalf, in accordance with the Client Clearing Annex.

Where, following the Default of a SwapClear Clearing Member, the Clearing House is notified of the existence of such a Backup Clearing Member in respect of a SwapClear Clearing Client, the Clearing House is entitled, in accordance with the Client Clearing Annex, to immediately and without notice to any person, send details of the Relevant Contracts and Account Balances to that appointed Backup Clearing Member. The Clearing House shall not require consent from any person in advance of sending these details.

Note: The appointment by a SwapClear Clearing Client of a Backup Clearing Member and the notification of a Backup Clearing Member to the Clearing House does not mean that SwapClear Contracts will always be transferred to that Backup Clearing Member. Porting of SwapClear Contracts, following a SwapClear Clearing Member's Default is always subject to the Clearing House's receipt of consent from the relevant Backup Clearing Member.

1.28.5 ~~Default Fund:~~ SwapClear Contributions

SwapClear Contributions ~~(as defined in the Default Rules)~~ will be called via PPS on the fourth ~~working business~~ day of each month or ~~more frequently otherwise~~ pursuant to a determination of ~~the a~~ SwapClear Contribution under ~~S2(p) of the Default~~ Rules ~~Rules (each a "SwapClear Reset Day")~~.

Excess SwapClear Contribution amounts due to SwapClear Clearing Members following ~~a the adjustment to the~~ SwapClear Determination Date Contribution will ~~(subject to the Default Rules)~~ be repaid to SwapClear Clearing Members' PPS accounts on the fourth business day ~~SwapClear Reset Day~~ immediately following ~~such the adjustment to the~~ SwapClear Determination Date Contribution.

If a Resignation Effective Date has occurred in respect of a Resigning Member and the SwapClear Service pursuant to Rule S(2)(e) of the Rates Service Default Fund Supplement, then the Clearing House will repay the SwapClear Contribution that it holds for such Clearing Member (to the extent it has not been applied under the Default Rules) to the Clearing Member's relevant PPS account on such Resignation Effective Date.

Interest on SwapClear Contributions will be paid to SwapClear Clearing Members' PPS accounts on the fifth business first working day of each month, in respect of the after the SwapClear Reset Day following the end of the relevant "interest accrual period" occurring immediately prior to such business day. Interest is calculated in respect of each "interest accrual period", which commences on (and includes) the fourth business day of each month (each, a "SwapClear Reset Day") and ends on (and includes) the calendar day immediately before the next SwapClear Reset Day. ~~Notwithstanding the preceding paragraphs, if the rate of interest payable on SwapClear Contributions is negative, interest shall be payable by SwapClear Clearing Members to the Clearing House.~~

Appendix III
Procedures Section 2I



LCH LIMITED

PROCEDURES SECTION 2I

FOREXCLEAR CLEARING SERVICE

Regulations and the Procedures (including any registration of a ForexClear Contract) by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located ("**Stamp Tax Jurisdiction**") or by any other jurisdiction and shall indemnify the Clearing House against any Stamp Tax or duty levied or imposed upon the Clearing House or in respect of the Clearing House's execution or performance of the Clearing Membership Agreement, the Regulations and the Procedures (including any registration of a ForexClear Contract) by any such Stamp Tax Jurisdiction or by any other jurisdiction.

1.10 Default Management

1.10.1 *Portfolio Splitting*: As part of the ForexClear Default Management Process, the Clearing House may divide an Auction Portfolio into two or more individual Auction Portfolios. In circumstances where such portfolio splitting is adopted, the Clearing House will, in consultation with the ForexClear Default Management Group, seek to create:

- (a) one or more individual Auction Portfolios which have comparatively greater levels of risk associated with them, thereby isolating such Auction Portfolios from those which are more risk neutral; and
- (b) one or more individual Auction Portfolios which are more risk neutral.

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

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

Where the Clearing House receives more than one bid from the same ForexClear Clearing Member and in respect of the same Auction the Clearing House is entitled to accept the last bid received by it in respect of that Auction. Where the Clearing House does not receive a bid that was made by a ForexClear Clearing Member for operational, technological or other similar reasons and as a result of which a bid does not reach the Clearing House, the Clearing House will be unable to accept a bid and shall not be liable for any failure to accept such bid.

1.10.3 *Affiliate Bidding*: ForexClear Clearing Members are entitled to bid for an Auction Portfolio on behalf of an affiliated ForexClear Clearing Member.

Where a ForexClear Clearing Member makes a bid and that ForexClear Clearing Member has an affiliated ForexClear Clearing Member that does not make a bid, the Clearing House shall not (unless instructed otherwise in accordance with the paragraph below) assume that the bidding ForexClear Clearing Member has made the relevant bid on behalf of a non-bidding, affiliated ForexClear Clearing Member.

A ForexClear Clearing Member may notify the Clearing House, in advance of an Auction, that it wishes to bid on behalf of an affiliated ForexClear Clearing Member. Where it wishes to do so, the ForexClear Clearing Member should contact the Clearing House's Client Services Team (membership@lchclearnet.com; +44 (0)207 426 7949).

- 1.10.4 ~~*Default Fund:–ForexClear Contributions:*~~ –ForexClear Contributions will be called via PPS on the fourth ~~working-business~~ day of each month or ~~more frequently~~~~otherwise~~ pursuant to a determination of ~~the—a~~ ForexClear Contribution under ~~Rule F2(a) of the Default~~ ~~Rules~~ ~~Rules~~ (each a "**ForexClear Reset Day**"). ~~ForexClear Contribution requirements will be notified to ForexClear Clearing Members at least two working days prior to each ForexClear Reset Day on Member Intranet Report 000032.~~

Excess ForexClear Contribution amounts due to ForexClear Clearing Members following ~~a ForexClear Determination Date~~ ~~the adjustment to the ForexClear Contribution~~ will (subject to the Default Rules) be repaid to ForexClear Clearing Members' PPS accounts on the ~~fourth business day~~ ~~ForexClear Reset Day~~ immediately following ~~such ForexClear Determination Date~~ ~~the adjustment to the ForexClear Contribution~~.

If a Resignation Effective Date has occurred in respect of a Resigning Member and the ForexClear Service pursuant to Rule F3(e) of the ForexClear Default Fund Supplement, then the Clearing House will repay the ForexClear Contribution that it holds for such Clearing Member (to the extent it has not been applied under the Default Rules) to the Clearing Member's relevant PPS account on such Resignation Effective Date.

Interest on ForexClear Contributions will be paid to ForexClear Clearing Members' PPS accounts on the ~~fifth business~~ ~~first working~~ day ~~of each month~~ ~~after the ForexClear Reset Day following the end of,~~ in respect of the relevant "interest accrual period" ~~occurring immediately prior to each such business day.~~ Interest is calculated in respect of each "interest accrual period", which commences on (and includes) ~~the fourth business day of each month (each, a~~ ~~"ForexClear Reset Day")~~ and ends on (and includes) the calendar day immediately before the next ForexClear Reset Day. ~~Notwithstanding the preceding paragraphs, if the rate of interest payable on ForexClear Contributions is negative, interest shall be payable by ForexClear Clearing Members to the Clearing House.~~

- 1.10.5 *Quantifying ForexClear Contributions:* –For the purposes of calculating the ForexClear Margin Weight under Rule F2(d) of the ForexClear Default Fund Supplement, the average daily requirement for the initial margin obligation applied to an FXCCM shall be determined by reference to the ForexClear

Appendix IV
Procedures Section 2J



LCH LIMITED

PROCEDURES SECTION 2J

LISTED INTEREST RATES CLEARING SERVICE

Initial Transfer (as applicable) in respect of the Related Listed Interest Rates Contracts; referable to such Indirect Clearing Client;

- (c) the Listed Interest Rates Clearing Member having satisfied the Total Required Margin Amount in respect of the relevant account to which the Related Listed Interest Rates Contracts are being transferred;
- (d) the Clearing House receiving an indemnity from the Listed Interest Rates Clearing Member in a form suitable to the Clearing House; and
- (e) in respect of a Client to Client Porting, the Clearing House receiving written confirmation from the Listed Interest Rates Clearing Member that the Backup Client has agreed to act as the Backup Client in relation to such Client to Client Porting.

The Clearing House will usually arrange a transfer of the Related Listed Interest Rates Contracts referable to an Indirect Clearing Client within 24 hours of receipt of the documents listed in Section 1.15.2(a) to (e).

For the purposes of this Section 1.15, a "**Related Listed Interest Rates Contract**" means in respect of a transaction between a Listed Interest Rates Clearing Member and a Listed Interest Rates Clearing Client which has been terminated on an early termination date, the open position represented by the Listed Interest Rates Contract entered into with the Clearing House by such Listed Interest Rates Clearing Member on behalf of the relevant Listed Interest Rates Clearing Client on equal and opposite terms to such transaction.

1.16 Listed Interest Rates Contributions

Listed Interest Rates Contributions will be called via PPS on the fourth business day of each month or otherwise pursuant to a determination of a Listed Interest Rates Contribution under the Default Rules.

Excess Listed Interest Rates Contribution amounts due to Listed Interest Rates Clearing Members following a Listed Interest Rates Determination Date will (subject to the Default Rules) be repaid to Listed Interest Rates Clearing Members' PPS accounts on the fourth business day immediately following such Listed Interest Rates Determination Date.

If a Resignation Effective Date has occurred in respect of a Resigning Member and the Listed Interest Rates Service pursuant to Rule L6(c) of the Rates Service Default Fund Supplement, then the Clearing House will repay the Listed Interest Rates Contribution that it holds for such Clearing Member (to the extent it has not been applied under the Default Rules) to the Clearing Member's relevant PPS account on such Resignation Effective Date.

Interest on Listed Interest Rates Contributions will be paid to Listed Interest Rates Clearing Members' PPS accounts on the fifth business day of each month, in respect of the "interest accrual period" occurring immediately prior to each such business day. Interest is calculated in respect of each "interest accrual period", which commences on (and includes) the fourth business day of each month (each, a "**Listed Interest Rates Reset Day**") and ends on (and includes) the calendar day immediately before the next

Listed Interest Rates Reset Day. Notwithstanding the preceding paragraphs, if the rate of interest payable on Listed Interest Rates Contributions is negative, interest shall be payable by Listed Interest Rates Clearing Members to the Clearing House.

Appendix V
FCM Procedures



FCM PROCEDURES OF THE CLEARING HOUSE

LCH LIMITED

3.7 ~~Default Fund;~~ SwapClear Contributions

SwapClear Contributions (~~as defined in the Default Rules~~) will be called via PPS on the fourth ~~working d~~Business Day of each month or ~~more frequently~~otherwise pursuant to a determination of ~~the a~~ SwapClear Contribution under ~~the Default Rules~~Rule S2(k) of the Rates Service Default Fund Supplement (each, a “~~SwapClear Reset Day~~”). ~~SwapClear Contribution requirements will be notified to the applicable FCM Clearing Members at least two working days prior to each SwapClear Reset Day on Member Intranet Report 000032.~~

Excess SwapClear Contribution amounts due to FCM Clearing Members following a ~~SwapClear Determination Date~~ ~~the adjustment to the SwapClear Contribution will~~ (subject to the Default Rules) be repaid to FCM Clearing Members' PPS accounts on the ~~fourth Business Day immediately following such SwapClear Determination Date~~SwapClear Reset Day immediately following the adjustment to the SwapClear Contribution.

Interest on SwapClear Contributions will be paid to FCM Clearing Members' PPS accounts on the ~~fifth Business~~ ~~first working day~~Day of each month, in respect of ~~after the SwapClear Reset Day following the end of~~ the relevant “interest accrual period” ~~occurring immediately prior to each such Business Day.~~ Interest is calculated in respect of each “interest accrual period”, which commences on (and includes) ~~the fourth Business a~~ SwapClear Reset Day of each month (each, a “~~SwapClear Reset Day~~”) and ends on (and includes) the calendar day immediately before the next SwapClear Reset Day. Notwithstanding anything else herein, if the rate of interest payable on SwapClear Contributions is negative, interest shall be payable by FCM Clearing Members to the Clearing House.

3.8 Quantifying SwapClear Contributions

For the purposes of calculating the SwapClear Margin Weight under Rule S2(c) of the Rates Service Default Fund Supplement, the average daily requirement for Initial Margin applied to an FCM Clearing Member shall be determined by reference to the FCM SwapClear Contracts comprising the SwapClear House Business of that FCM Clearing Member only. Nothing in the foregoing sentence shall prevent the Clearing House from introducing changes to the methodology used for calculating the SwapClear Margin Weight and, in particular, with effect from 28 September 2012, the average daily requirement for Initial Margin applied to an FCM Clearing Member for the purposes of such calculation shall be determined by reference to the FCM SwapClear Contracts comprising both the SwapClear House Business and the SwapClear Clearing Client Business of that FCM Clearing Member.

3.9 ~~Default Fund;~~ ForexClear Contributions

ForexClear Contributions (~~as defined in the Default Rules~~) will be called via PPS on the fourth ~~Business D~~working day of each month or ~~otherwise~~ more frequently pursuant to a determination of ~~the a~~ ForexClear Contribution under ~~the Default Rules~~Rule F2(a) of the Default Rules (each a “~~ForexClear Reset Day~~”). ~~ForexClear Contribution requirements will be notified to ForexClear Clearing Members at least two working days prior to each ForexClear Reset Day on Member Intranet Report 000032.~~

Excess ForexClear Contribution amounts due to FCM ForexClear Clearing Members following a ForexClear Determination Date ~~the adjustment to the ForexClear Contribution~~ will (subject to the Default Rules) be repaid to FCM ForexClear Clearing Members' PPS accounts on the fourth Business Day ~~ForexClear Reset Day~~ immediately following such ForexClear Determination Date ~~the adjustment to the ForexClear Contribution~~.

Interest on ForexClear Contributions will be paid to FCM ForexClear Clearing Members' PPS accounts on the fifth Business Day of each month, in respect of first working day after the ForexClear Reset Day following the end of the relevant “interest accrual period” occurring immediately prior to each such Business Day. Interest is calculated in respect of each “interest accrual period”, which commences on (and includes) the fourth Business Day of each month (each, a “ForexClear Reset Day”) and ends on (and includes) the calendar day immediately before the next ForexClear Reset Day. Notwithstanding anything else herein, if the rate of interest payable on ForexClear Contributions is negative, interest shall be payable by FCM ForexClear Clearing Members to the Clearing House.

3.10 Quantifying ForexClear Contributions

For the purposes of calculating the ForexClear Margin Weight under Rule F2(d) of the ForexClear Default Fund Supplement, the average daily requirement for Initial Margin applied to an FX FCM shall be determined by reference to the ForexClear Contracts comprising the ForexClear House and Client Business of that FX FCM only.

3.11 Listed Interest Rates Contributions ~~[Reserved.]~~

Listed Interest Rates Contributions will be called via PPS on the fourth Business Day of each month or otherwise pursuant to a determination of a Listed Interest Rates Contribution under the Default Rules.

Excess Listed Interest Rates Contribution amounts due to FCM Listed Interest Rates Clearing Members following a Listed Interest Rates Determination Date will (subject to the Default Rules) be repaid to FCM Listed Interest Rates Clearing Members' PPS accounts on the fourth Business Day immediately following such Listed Interest Rates Determination Date.

~~3.11~~ 3.11 Interest on Listed Interest Rates Contributions will be paid to FCM Listed Interest Rates Clearing Members' PPS accounts on the fifth Business Day of each month, in respect of the relevant “interest accrual period” occurring immediately prior to each such Business Day. Interest is calculated in respect of each “interest accrual period”, which commences on (and includes) the fourth Business Day of each month (each, a “Listed Interest Rates Reset Day”) and ends on (and includes) the calendar day immediately before the next Listed Interest Rates Reset Day. Notwithstanding anything else herein, if the rate of interest payable on Listed Interest Rates Contributions is negative, interest shall be payable by FCM Listed Interest Rates Clearing Members to the Clearing House.

Appendix VI
General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

"FCM ForexClear Client Clearing Services"	has the meaning assigned to it in the FCM Regulations
"FCM ForexClear Contract"	has the meaning assigned to it in the FCM Regulations
"FCM ForexClear Transaction"	has the meaning assigned to it in the FCM Regulations
"FCM Omnibus Clearing Product Client Account with LCH"	has the meaning assigned to it in the FCM Regulations
"FCM Omnibus ForexClear Client Account with LCH"	has the meaning assigned to it in the FCM Regulations
"FCM Omnibus SwapClear Client Account with LCH"	has the meaning assigned to it in the FCM Regulations
"FCM Procedures"	has the meaning assigned to it in the FCM Regulations
"FCM Regulations"	means the Clearing House's FCM Regulations
"FCM SwapClear Client Clearing Services"	has the meaning assigned to it in the FCM Regulations
"FCM SwapClear Contract"	has the meaning assigned to it in the FCM Regulations
"FCM SwapClear Suspension Sub-Account"	has the meaning assigned to it in the FCM Regulations
"FCM SwapClear Transaction"	has the meaning assigned to it in the FCM Regulations
"FCM Transaction"	has the meaning assigned to it in the FCM Regulations
"Fed Funds Rate"	means the Federal Funds Rate as published by the Federal Reserve Bank of New York (or, if such a rate is not available, such Fed Fund-linked rate as may be determined in light of market conditions at such time by the Clearing House and notified by the Clearing House to Clearing Members)
"First Defaulter"	has the meaning as described in Default Rule 22
"Fixed Income Contract"	means a RepoClear Contract or a RepoClear GC Contract
<u>"ForexClear AET Requirement"</u>	<u>means, in respect of an FXCCM, that all of the ForexClear Contracts in the name of such FXCCM have been closed out or transferred to another Clearing Member</u>

"ForexClear Amendment"	has the meaning assigned to it in Rule F12 of the ForexClear Default Fund Supplement
"ForexClear 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, a ForexClear Matcher or other similar venue or system, approved by the Clearing House for submitting ForexClear Transactions to the Clearing House (and excludes, for the avoidance of doubt, the ClearLink API)
"ForexClear Business"	means any transaction, obligation or liability arising out of any ForexClear Contract
"ForexClear Clearing Client"	means, in respect of ForexClear Client Clearing Business, an Individual Segregated Account Clearing Client, Indirect Gross Account Clearing Client or Omnibus Segregated Clearing Client
"ForexClear Clearing House Business"	means ForexClear Contracts entered into by a ForexClear Clearing Member with the Clearing House on a proprietary basis and for its own account
"ForexClear Clearing Member (FXCCM)"	means a Member who is designated by the Clearing House as a ForexClear Clearing Member eligible to clear ForexClear Contracts which includes, in the case of the Default Rules (including the ForexClear DMP Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM Clearing Member
"ForexClear Client Clearing Business"	means the provision of ForexClear Client Clearing Services by a ForexClear Clearing Member
"ForexClear Client Clearing Services"	means the entering into of ForexClear Contracts by a ForexClear Clearing Member in respect of its Individual Segregated Account Clearing Clients, Indirect Gross Account Clearing Clients and/or Omnibus Segregated Clearing Clients
"ForexClear Contract"	means a ForexClear NDF Contract, a ForexClear Spot Contract, a ForexClear Deliverable Forward Contract, a ForexClear Option Contract or a ForexClear Swap Contract
"ForexClear Contract Terms"	means the ForexClear NDF Contract Terms, the ForexClear Spot Contract Terms, the ForexClear Deliverable Forward Contract Terms, the ForexClear Option Contract Terms or the ForexClear Swap Contract Terms (as applicable)

"ForexClear Contribution"	means the amount of an FXCCM's Contribution <u>provided for under determined in accordance with</u> the ForexClear Default Fund Supplement and shall include (i) any <u>relevant</u> (i) ForexClear Unfunded Contributions <u>in respect of the FXCCM</u> , (ii) any relevant Supplementary Contribution <u>in respect of the deposited and made by the</u> FXCCM with the Clearing House , and (iii) if the Clearing Member is a ForexClear Option Clearing Member, the ForexClear Option Service Default Fund Contribution of that ForexClear Option Clearing Member. For the avoidance of doubt, the ForexClear Contribution shall not include any of the ForexClear Liquidity Fund Contributions made by a ForexClear Option Clearing Member
"ForexClear CTM Contract"	means a ForexClear Contract that is not a ForexClear STM Contract
"ForexClear Currency"	means:
	(b) USD;
	(c) JPY;
	(d) EUR;
	(e) GBP;
	(f) CHF; or
	(g) AUD
"ForexClear Dealer (FXD)"	means a person admitted by the Clearing House to the Register of ForexClear Dealers and who has not been removed from the Register of ForexClear Dealers
"ForexClear Dealer Clearing Agreement (FDC Agreement)"	means a written agreement, in the form and on the terms prescribed by the Clearing House between an FXD, an FXCCM and the Clearing House
"ForexClear Default Fund Supplement"	means the Supplement relating to ForexClear Business
"ForexClear Default Management Process"	has the meaning assigned to it in the ForexClear DMP Annex in the Default Rules
"ForexClear Default Management Process Completion Date"	has the meaning assigned to it in the ForexClear DMP Annex in the Default Rules
"ForexClear Default Period"	has the meaning ascribed to it in Rule F2 of the ForexClear Default Fund Supplement

"Listed Interest Rates Contribution"

means ~~the amount of~~ a Listed Interest Rates Clearing Member's Contribution provided for under determined in accordance with Part B of the Rates Service Default Fund Supplement – Listed Interest Rates and shall include any relevant Unfunded Contributions and any relevant Supplementary Contribution in respect of deposited and made by the Listed Interest Rates Clearing Member ~~Member with the Clearing House~~

"Listed Interest Rates Default Period"

has the meaning ascribed to it in Rule L2 of Part B of the Rates Service Default Fund Supplement – Listed Interest Rates

"Listed Interest Rates Determination Date"

has the meaning assigned to it ~~"Determination Date"~~ in Rule L2(ea) of the Rates Service Default Fund Supplement – Listed Interest Rates

"Listed Interest Rates Eligibility Criteria"

means the Listed Interest Rates Open Offer Eligibility Criteria or the Listed Interest Rates Novation Transaction Eligibility Criteria (as applicable)

"Listed Interest Rates Eligible Product"

means a product traded under the rules of a Rates Exchange which such Rates Exchange has agreed from time to time with the Clearing House to be cleared by the Clearing House pursuant to these Regulations

"Listed Interest Rates Excess Loss"

means the net sum or aggregate of net sums certified to be payable by a Defaulter by a Rule 19 Certificate in respect of Listed Interest Rates Business, less (a) the proportion of the Capped Amount applicable to Listed Interest Rates Business under Default Rule 15(c) and (b) any sums then immediately payable in respect of Listed Interest Rates Business Default Losses owed by such Defaulter by any insurer or provider of analogous services under any policy of insurance or analogous instrument written in favour of the Clearing House

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

"Supplement"	means a supplement specific to a particular Service and includes the Equities Default Fund Supplement, the ForexClear Default Fund Supplement, the Rates Service Default Fund Supplement – Listed Interest Rates, the RepoClear Default Fund Supplement and the Rates Service Default Fund Supplement – SwapClear
"Supplementary Contribution"	means a supplementary Contribution of a Clearing Member, provided for under Rule E7(b) , E7(b), F7(c), R7R6 (c) or CS7 (as applicable), and referable to the relevant Service provided by the Clearing House
<u>"SwapClear AET Requirement"</u>	<u>means, in respect of an SCM, that all of the SwapClear Contracts and Portfolio Margined Contracts in the name of such SCM have been closed out or transferred to another Clearing Member</u>
"SwapClear Amendment"	has meaning assigned to it in Rule S12 of the SwapClear Default Fund Supplement
"SwapClear Business"	means any transaction, obligation or liability arising out of any SwapClear Contract (which, for the avoidance of doubt, includes for purposes of the Rates Service DMP Annex the Portfolio Margined Contracts (if any) of a Portfolio Margining Clearing Member)
"SwapClear Clearing Client"	means, in respect of SwapClear Client Clearing Business, an Individual Segregated Account Clearing Client, an Indirect Gross Account Clearing Client, a Custodial Segregated Client or an Omnibus Segregated Clearing Client
"SwapClear Clearing House Business"	means SwapClear Contracts entered into by a SwapClear Clearing Member with the Clearing House on a proprietary basis and for its own account
"SwapClear Clearing Member" or "SCM"	means a Member who is designated by the Clearing House as a SwapClear Clearing Member eligible to clear SwapClear Contracts which includes, in the case of the Default Rules (including the Rates Service DMP Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM Clearing Member
"SwapClear Client Clearing Business"	means the provision of SwapClear Client Clearing Services by a SwapClear Clearing Member

"SwapClear Client Clearing Services"	means the entering into of SwapClear Contracts by a SwapClear Clearing Member in respect of its Individual Segregated Account Clearing Clients, Indirect Gross Account Clearing Clients, Custodial Segregated Clients and/or Omnibus Segregated Clearing Clients
"SwapClear Contract"	means a Contract entered into by the Clearing House with a SwapClear Clearing Member on the SwapClear Contract Terms which includes, in the case of the Default Rules (including the Rates Service DMP Annex but excluding, for the avoidance of doubt, the Client Clearing Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM SwapClear Contract
"SwapClear Contract Terms"	means the terms applicable to each SwapClear Contract as set out from time to time in the Product Specific Contract Terms and Eligibility Criteria Manual
"SwapClear Contribution"	means the amount of an SCM's Contribution <u>provided for under determined in accordance with</u> Part A of the Rates Service Default Fund Supplement – SwapClear and shall include any <u>relevant</u> SwapClear Unfunded Contributions and any relevant Supplementary Contribution <u>in respect of deposited and made by</u> the SCM with the Clearing House
"SwapClear CTM Contract"	means a SwapClear Contract that is not a SwapClear STM Contract
"SwapClear Dealer Clearing Agreement"	means a written agreement, in the form and on the terms prescribed by the Clearing House between a SwapClear Dealer, a SwapClear Clearing Member and the Clearing House
"SwapClear Dealer" or "SD"	means a person admitted by the Clearing House to the Register of SwapClear Dealers and who has not been removed from the Register
"SwapClear Default Fund Supplement"	means the Supplement relating to the SwapClear Business
"SwapClear Default Management Process"	has the meaning assigned to it in the SwapClear DMP Annex in the Default Rules
"SwapClear Default Management Process Completion Date"	has the meaning assigned to it in the SwapClear DMP Annex in the Default Rules
"SwapClear Default Period"	has the meaning ascribed to it in Rule S1 of Part A of the Rates Service Default Fund Supplement – SwapClear

REGULATION 5 RESIGNING AND RETIRING MEMBERS

- (a) A Clearing Member may resign from a particular Service by exercising its rights under Rules E7(e), F3(e), L6(~~ec~~), ~~R3(d)~~ or S2(e) of the Default Rules (each an "**Accelerated Termination Provision**"), or by giving no less than three months' written notice to the Clearing House by completing a Resignation Letter, a copy of which can be obtained from the Clearing House Membership Department. Resignation takes effect on the Resignation Effective Date, which is:
- (i) where the Clearing Member is exercising its rights under, and has complied with the requirements of, the Accelerated Termination Provision for the relevant Service, the date determined in accordance with that Accelerated Termination Provision; or
 - (ii) otherwise, the later of: (A) the resignation date specified in the written notice to the Clearing House in relation to the relevant Service; and (B) the date on which all Contracts registered in the Resigning Member's name on the relevant Service have been closed out or transferred so as to ensure that there are no remaining open Contracts in respect of the relevant Service to which the Resigning Member is a party.
- (b) Upon the Clearing House being satisfied that the Resigning Member is not a Defaulter and that all obligations of the Resigning Member to which the relevant Collateral is capable of being applied in accordance with the Rulebook have been irrevocably paid or discharged in full and that no such obligations are capable of arising:
- (i) the Clearing House shall: (A) in the case of cash Collateral transferred by the Resigning Member to the Clearing House for the purpose of collateralising the Resigning Member's obligations in respect of the relevant Service (other than any constituting Clearing Member Returned Collateral or Clearing Member Applied Collateral), transfer an amount of cash to the Resigning Member equal to such cash; and (B) in the case of non-cash Collateral transferred by the Resigning Member to the Clearing House for the purpose of collateralising the Resigning Member's obligations in respect of the relevant Service (other than any constituting Clearing Member Returned Collateral or Clearing Member Applied Collateral), transfer that same Collateral (or equivalent Collateral) to the Resigning Member; and
 - (ii) the Resigning Member shall, in the case of cash Collateral transferred to the Resigning Member for the purpose of collateralising the Clearing House's obligations in respect of the relevant Service (other than any constituting Clearing House Returned Collateral or Clearing House Applied Collateral), transfer an amount of cash to the Clearing House equal to such cash.
- (c) A Resigning Member other than a Defaulter who is resigning from a particular Service shall be liable in respect of Aggregate Excess Losses relating to any Default which arises in the relevant Service prior to the relevant Resignation Effective Date. In such circumstances, and as further provided in the Default Rules, the Resigning Member may be required to maintain some or all of its Contribution in connection with that Service until after the completion of the default management process related

Appendix VII
FCM Regulations



FCM REGULATIONS OF THE CLEARING HOUSE

LCH LIMITED

Class	Parts 30 and 190 of the CFTC Regulations.
“Foreign Futures/Options Contract”	means the type of contract which is either (i) a contract for the purchase or sale of a commodity for future delivery made, or to be made, on or subject to the rules of a foreign board of trade, (ii) an option on any such contract or (iii) any similar type of contract, and which, in the case of any of the foregoing, requires an FCM to hold such contract (and maintain any related margin) pursuant to CFTC Rule 30.7 if cleared by an FCM for a 30.7 customer.
“Foreign Futures Product”	means a Product that constitutes a Foreign Futures/Options Contract. Such Products are: FCM Listed Interest Rates Contracts.
“ForexClear Clearing Member”	means a person who is designated as such by the Clearing House pursuant to the UK General Regulations and who is not an FCM Clearing Member.
“ForexClear Contribution”	has the meaning assigned to it in the UK General Regulations, means, in relation to the Default Rules, the meaning assigned to it in rule 16 of the Default Rules.
<u>“ForexClear Determination Date”</u>	has the meaning assigned to it in the UK General Regulations.
“ForexClear DMP”	has the meaning assigned to it in the ForexClear DMP Annex of the Default Rules.
“Futures Account Class”	means the account class for futures accounts (as defined in CFTC Regulation 190.01(a)(i)) for purposes of Part 190 of the CFTC Regulations and Section 4d(a) of the CEA.
“Futures/Options Contract”	means the type of contract which is either (i) a contract for the purchase or sale of a commodity for future delivery that is traded on or subject to the rules of an Exchange, (ii) an option on any such contract or (iii) any similar type of contract, and which, in the case of any of the foregoing, is required to be segregated (along with any related margin) pursuant to Section 4d(a) of the CEA if cleared by an FCM for a customer.
“Futures Product”	means a Product which constitutes a Futures/Options Contract.
“Governmental Authority”	means any: (a) governmental, inter-governmental, parliamentary or supranational body, entity, agency or department; or (b) regulatory, self-regulatory or other authority, in each case, which has jurisdiction over the Clearing House

“LCH Client Depository Account”	means an LCH Foreign Futures Client Depository Account, an LCH Futures Client Segregated Depository Account or an LCH Swaps Client Segregated Depository Account.
“LCH Foreign Futures Client Depository Account”	means the account (which may consist of one or more accounts which are commingled) maintained by the Clearing House which contains, <i>inter alia</i> , the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients in connection with Foreign Futures Products cleared for such FCM Clients by such FCM Clearing Members.
“LCH Futures Client Segregated Depository Account”	means the omnibus account (which will consist of one or more accounts at one or more Permitted Depositories which are commingled for purposes of, and in accordance with, the applicable provisions of the CEA and the CFTC Regulations) maintained by the Clearing House for the benefit of FCM Clients of its FCM Clearing Members with a Permitted Depository, which is segregated in accordance with the CEA and the CFTC Regulations, which is part of the Futures Account Class and which contains the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients solely in connection with Futures Products cleared for such FCM Clients by such FCM Clearing Members.
“LCH Swaps Client Segregated Depository Account”	means the omnibus account (which will consist of one or more accounts at one or more Permitted Depositories which are commingled for purposes of, and in accordance with, the applicable provisions of the CEA and the CFTC Regulations) maintained by the Clearing House for the benefit of FCM Clients of its FCM Clearing Members with a Permitted Depository, which is segregated in accordance with the CEA and the CFTC Regulations, which is a Cleared Swaps Customer Account that is part of the Cleared Swaps Account Class and which contains the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients solely in connection with Swaps Products cleared for such FCM Clients by such FCM Clearing Members.
“LCIA Rules”	means the LCIA Arbitration Rules of The London Court of International Arbitration.
“Listed Interest Rates Clearing Member”	means a person who is designated as such by the Clearing House pursuant to the UK General Regulations and who is not an FCM Clearing Member.
<u>“Listed Interest Rates Contribution”</u>	<u>has the meaning assigned to it in the UK General Regulations.</u>
<u>“Listed Interest Rates Determination Date”</u>	<u>has the meaning assigned to it in the UK General Regulations.</u>

Transaction	having been executed on an FCM Trading Venue, the notional amount of which is below the minimum block size determined by the Clearing House in its sole and absolute discretion and published on the Clearing House's website in respect of the particular transaction and in effect as of the date of presentation of such transaction to the Clearing House for registration.
“Swap Product”	means a Product which constitutes a Cleared Swap. Such Products are: (1) FCM SwapClear Contracts and (2) FCM ForexClear Contracts.
“SwapClear Contract”	has the meaning assigned to it in the General Regulations but which shall not, unless stated otherwise, include an FCM SwapClear Contract.
“SwapClear Contribution”	has the meaning assigned to it in the UK General Regulations. means, in relation to the Default Rules, the meaning assigned to it in rule 16 of the Default Rules.
“SwapClear Clearing Member”	means a person who is designated as such by the Clearing House pursuant to the UK General Regulations and who is not an FCM Clearing Member.
“SwapClear CTM Contract”	has the meaning assigned to it in the General Regulations.
<u>“SwapClear Determination Date”</u>	<u>has the meaning assigned to it in the UK General Regulations.</u>
“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).
“UK General Regulations”	means the Clearing House's Default Rules and the Settlement Finality Regulations, and the Clearing House's General Regulations from time to time in force.
“UK General Procedures”	means the Clearing House's “Procedures” as such term is defined in the UK General Regulations, which are applicable to the UK General Regulations.