

VIA CFTC Portal

26 May 2021

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 ForexClear service to:

- i) extend clearing eligibility to USD-HKD NDFs and
- ii) amend terminology related to NDFs and NDOs.

Dear Mr Kirkpatrick

Pursuant to CFTC regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification changes to its rules to offer clearing of Non-Deliverable Forwards (“NDFs”) in the USD/Hong Kong Dollar (HKD) currency pair. In addition, LCH is making minor terminology changes related to certain NDF and Non-Deliverable Option Contracts.

Part I: Explanation and Analysis

The ForexClear service currently clears NDFs on 25 currency pairs settled against USD¹. The service intends to expand the clearing eligibility to USD/HKD NDF Contracts with a maximum tenor of 2Y. This offering complements the product releases over the last months, which included a number of NDF currency pairs extensions, also self-certified with the CFTC².

ForexClear will apply the existing operational model, risk methodologies and procedures to the new currency pair. Initial Margin calculation, Variation Margin and settlement will all be in USD in line with the current NDF offering. ForexClear will be making updates and changes to the stress scenarios for the new currency pair, as per usual process for the extensions of product offering. Further, ForexClear will leverage the fixing functionality and workflows used for currently cleared EM currency pair; the price used for the fixing will be the relevant WM/Reuters (WMR) Benchmark FX rate. The new currency pair will be eligible for compression.

¹ <https://www.lch.com/services/forexclear/what-we-clear>

² https://www.lch.com/system/files/media_root/LCHLTD%20Self-Cert_NDF%20currencies%20and%20tenor%20extensions_JAN2021_FINAL-signed.pdf; [LCHLTD Self-Cert_NZD NDF_MAR2021_FINAL-signed.pdf](https://www.lch.com/system/files/media_root/LCHLTD_Self-Cert_NZD_NDF_MAR2021_FINAL-signed.pdf)

The initiative is mainly driven by Clearing Members' demand to benefit from the risk and operational efficiencies on a broader set of products cleared via LCH. LCH expects current ForexClear Clearing Members to start clearing the new currency pair following the go-live date. A subset of existing Clearing Members will be ready on the go live date and plan to execute a few trades. More existing Clearing Members are expected to be ready in the near future where volumes/open interest in the additional currency pair are expected to increase. Clients will also have access to this extended product offering.

As further described in Part II, the LCH Product Specific Contract Terms and Eligibility Criteria Manuals applicable to FCM Clearing Members ("FCMs Product Manuals") and non-FCM Clearing Members ("non-FCMs Product Manuals") (together the "Product Manuals") will be amended to make the USD-HKD NDF Contract eligible for clearing in ForexClear. These changes have been notified to Clearing Members.

Separately, LCH is replacing all references to 'G10' with 'Non-EMTA³' when referring to NDF and Non-Deliverable Option (NDO) currency pairs. This results from a wider breadth of new currency pairs becoming eligible for clearing in the non-deliverable service over the recent months. The new terminology already appears in the Product Manuals in respect to NDF Contracts, and it will now also be used in respect of NDOs Contracts; other relevant sections of the Rulebook are also being updated for consistency.

The rule changes will go live on, or after, 21 June 2021.

Part II: Description of Rule Changes

NDFs in USD-HKD currency pair

Under the LCH rules, the USD-HKD NDF currency pair will be considered a Non-EMTA NDF currency pair. The changes will be made in the following sections of the FCMs and non-FCMs Product Manuals:

i) *ForexClear NDF Contract Terms ("Part A" of Schedules 3 and 6, respectively)*

The Specific Standard Terms will be updated with the respective *Reference Currency* and *Settlement Currency* of the new currency pair and the General Standard Terms will be updated with the relevant WM/Reuters (WMR) Benchmark FX rate of the new currency pair to be used for the fixing.

ii) *The ForexClear Eligibility Criteria for NDF Contracts ("Part B" of Schedules 3 and 6, respectively)*

The HKD currency will be listed under the eligible reference currencies in section 3, which covers the eligibility criteria for Non-EMTA NDF Currency Pairs.

³ LCH eligible currencies whose contract templates are published by the Emerging Markets Trade Association ("EMTA") are considered EMTA currency pairs. For all other currencies, considered Non-EMTA currency pairs, LCH sets out the respective Contract Templates in its Rulebook and these are referred to as "Non-EMTA NDF Contract Templates".

iii) The Non-EMTA NDF Contract Templates (“Part C”, Schedules 3 and 6, respectively)

Part C of the respective schedules titled “LCH Non-EMTA NDF Contract Templates” will be updated with the contract template for the USD-HKD NDF currency pair.

Terminology changes

References to ‘G10’ have been replaced with ‘Non-EMTA’ in the following parts of the Rulebook:

- Procedures Section 2I (“ForexClear Clearing Service”), subsections related to Trade Management and Trade Registration Facilitation (1.3) and Market Data (1.4), and equivalent subsections of the FCM Procedures under section 2.2 (“ForexClear”).
- FCM Product Manuals (Schedule 3) and non-FCM Product Manuals (Schedule 6), respective Part D and Part L (on NDO Contract Terms), Part E and M (on NDO Eligibility Criteria), and Part F and N (on NDO Contract Templates, in the page title).

In addition, in the FCM and non-FCM Product Manuals the term ‘NDF’ has now been added to the title of respective Parts C, which now read “LCH Non-EMTA NDF Contract Templates”. IN the FCM Product Manuals Parts B and C have been correctly renamed as Part E and F, respectively.

The texts of the changes are attached hereto as:

- i. **Appendix I**, Product Specific Contract Terms and Eligibility Criteria Manual
- ii. **Appendix II**, FCM Product Specific Contract Terms and Eligibility Criteria Manual
- iii. **Appendix III**, Procedures Section 2I
- iv. **Appendix IV**, FCM Procedures

Part III: Core Principles 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. Regarding the USD-HKD NDF currency pair, particular consideration has been given to ensure continued compliance with Core Principles C (§39.12) – Participant and Product Eligibility; Core Principle D (§39.13) – Risk Management; and Core Principle G (§39.16) – Default Rules and Procedures.

LCH has assessed the appropriateness of the new contract described in this submission against the principles set out in its Contract and Market Acceptability Policy, which require consideration of certain factors, as a minimum, before accepting any new contract. This includes the number of current and prospective participants trading the product (to ensure smooth liquidation in the event of a default); the availability of reliable daily pricing; and the appropriateness of the existing margin and stress testing models. In respect of the SwapClear and ForexClear services, LCH also assesses the future potential for portfolio compression of a swap when considering new swaps for clearing; USD-HKD NDFs will be eligible for compression in ForexClear.

ForexClear submitted the proposal to clear USD-HKD NDF contract through the LCH internal governance process, as required for business changes. It successfully demonstrated that the new contract met the LCH eligibility criteria and that the existing operational model, risk methodologies and procedures of the ForexClear service are adequate. The new currency pair will be subject to the

Sovereign Risk Margin (“SRM”) add-on⁴, and the calculation of the related Likelihood of Currency Action (LCA) component will be calibrated to account for the specific risk profile of the HKD currency. Further, ForexClear will be making updates and changes to the stress scenarios relevant to the new currency pair, as per the usual process for the extensions of product offering. The ForexClear Default Management Group have the required expertise to hedge the new currency pair.

LCH engages its Clearing Members in the design and testing of new products at an early stage, through regular meetings and working groups. That has also happened in relation to the USD-HKD NDF Contracts. In addition, Clearing Members have been formally notified of the changes to the Product Manuals described in this letter.

Separately, LCH prepared a 39.5(b) submission on the new currency pair, which has been shared with the ForexClear Membership and will be submitted to the CFTC in due course, as required. The submission will include further considerations on the outstanding notional, trading liquidity and effect on competition, among others.

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: [Proposed Rule Changes | LCH Group](#).

Part V: Opposing Views

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

Certification

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

Should you have any questions please contact me.

Yours sincerely

P.P.



Julian Oliver

Chief Compliance Officer
LCH Limited

⁴ The SRM-add on is intended to cover specific risks associated with a given currency (e.g. risk of currency appreciation/depreciation due to sudden economic or political changes), which are not captured by the core Initial Margin (IM) model. A component of the SRM charge is the calculation of the LCA add-on to capture the likelihood of currency appreciation or depreciation that could be caused by a volatile external debt to FX reserves ratio.

Appendix I
Product Specific Contract Terms and Eligibility Criteria Manual



**PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA
MANUAL**

**SCHEDULE 6
THE FOREXCLEAR REGULATIONS**

**PART A
FOREXCLEAR NDF CONTRACT TERMS; FOREXCLEAR CONTRACTS ARISING
FROM FOREXCLEAR NDF TRANSACTIONS**

Where a ForexClear NDF Contract arises between the Clearing House and a ForexClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such registered ForexClear NDF Contract shall include these ForexClear NDF Contract Terms, which shall comprise:

- (1) Interpretation;
- (2) Economic Terms;
- (3) Standard Terms, being both the:
 - A. Specific Standard Terms; and
 - B. General Standard Terms; and
- (4) if the ForexClear NDF Contract is a ForexClear NDF STM Contract, the ForexClear NDF STM Terms.

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail. In the event of any inconsistency between the ForexClear NDF STM Terms (where applicable) and either or both of the Economic Terms and the Standard Terms, the ForexClear NDF STM Terms will prevail.

Subject to the Regulations and the Procedures, the Clearing House will use the ForexClear NDF Contract Terms applicable to a ForexClear NDF Contract to calculate the amounts due under the ForexClear NDF Contract to, or from, the Clearing House in accordance with the Procedures.

1. Interpretation ("Interpretation")

- 1.1 **"ISDA Definitions"** means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC and the same are incorporated by reference herein.
- 1.2 **"FXC"** means the Foreign Exchange Committee or any successor entity.
- 1.3 **"ISDA"** means International Swaps and Derivatives Association, Inc. Or any successor entity.
- 1.4 Words and expressions used in these ForexClear NDF Contract Terms which are not defined herein shall have the meanings given to them in the Regulations and the Procedures, unless expressly provided otherwise. Words and expressions used in these ForexClear Contract Terms which are not defined in the Regulations and the Procedures but which are defined in the ISDA Definitions shall have the meanings given to them in the ISDA Definitions, unless expressly provided otherwise.

- 1.5 In the event of an inconsistency, the Regulations and Procedures will prevail over the ISDA Definitions.
- 1.6 References in the ISDA Definitions to an "FX Transaction" shall be deemed to be references to a "ForexClear NDF Transaction" for the purposes of these ForexClear NDF Contract Terms.
- 1.7 Except where expressly stated otherwise, all reference to "Sections" means Sections in the ISDA Definitions.
- 1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the ForexClear Clearing Members, give directions as to whether such amendment shall apply to ForexClear NDF Contracts with immediate effect or with such deferred effect as the Clearing House shall determine (provided that in any event any such amendment shall only apply in relation to ForexClear NDF Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- 1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to ForexClear NDF Contracts going forward, these ForexClear NDF Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with ForexClear NDF Contracts registered in a ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- 1.10 The accidental omission to give notice under this provision to, or the non-receipt of notice under paragraphs 1.8 or 1.9 above by, any ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

2. Economic Terms

- 2.1 The Economic Terms of a ForexClear NDF Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding ForexClear NDF Transaction.
- 2.2 The particulars of a ForexClear NDF Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms which are not predetermined in the EMTA Templates or Non-EMTA NDF Contract Templates, where applicable:
 - (a) Trade Date (Section 1.25)
 - (b) Forward Rate (Section 2.1(a))
 - (c) Reference Currency Notional Amount (Section 1.21) or Notional Amount (Section 1.17(b)) in USD
 - (d) Reference Currency Buyer (Section 1.20)
 - (e) Reference Currency Seller (Section 1.22)
 - (f) scheduled Settlement Date (Section 1.24) (where applicable, without prejudice to the adjustments set out in the relevant EMTA Template or Non-EMTA NDF Contract Template)

- (g) scheduled Valuation Date (Section 1.16(f)) (where applicable, without prejudice to the adjustments set out in the relevant EMTA Template or Non-EMTA NDF Contract Template).

2.3 However, as set out more particularly in Regulation 90, where the ForexClear NDF Transaction specifies a ForexClear Clearing Member as the Reference Currency Seller, with the other ForexClear Member as the Reference Currency Buyer, the Clearing House, in respect of each ForexClear NDF Contract to which it is party pursuant to the corresponding ForexClear NDF Transaction, shall be (i) the Reference Currency Buyer; and (ii) the Reference Currency Seller under such ForexClear NDF Contract, respectively.

3. **Specific Standard Terms ("Specific Standard Terms")**

The following terms are designated as Specific Standard Terms of a registered ForexClear NDF Contract:

3.1 The EMTA Template or Non-EMTA NDF Contract Template, appropriate to the particular Currency Pair is incorporated by reference into these ForexClear Contract Terms, as amended herein, and governs the terms of a ForexClear NDF Contract relating to a given Currency Pair together with, and subject to, the Economic Terms set out in Part 2 above, the Specific Standard Terms set out in this Part 3, the General Standard Terms set out in Part 4 or Part 5 below, as applicable. For the avoidance of doubt, each EMTA Template shall be deemed to exclude the EMTA Template Terms for Non-Deliverable Cross-Currency FX Transactions published by EMTA on 31 May 2011.

3.2 In the format "Reference Currency – Settlement Currency", the Currency Pairs are

- (a) BRL-USD
- (b) CLP-USD
- (c) CNY-USD
- (d) INR-USD
- (e) KRW-USD
- (f) RUB-USD
- (g) COP-USD
- (h) IDR-USD
- (i) MYR-USD
- (j) PHP-USD
- (k) TWD-USD
- (l) PEN-USD
- (m) EUR-USD

- (n) GBP-USD
- (o) AUD-USD
- (p) CHF-USD
- (q) JPY-USD
- (r) DKK-USD
- (s) NOK-USD
- (t) SEK-USD
- (u) MXN-USD
- (v) CAD-USD
- (w) SGD-USD
- (x) ZAR-USD
- ~~(x)~~(y) HKD-USD

3.3 Where applicable, certain Specific Standard Terms of each ForexClear NDF Contract are not provided in the EMTA Templates, but the parties to the corresponding ForexClear NDF Transaction will be required to accept the Specific Standard Terms set out below in each ForexClear NDF Contract:

- (a) Date of Annex A (Section 4.2):

Annex A to the ISDA Definitions is incorporated as amended as at the Trade Date.

- (b) Reference Currency (Section 1.19):

To be determined by using the EMTA Template or Non-EMTA NDF Contract Template appropriate to the particular Currency Pair.

- (c) Calculation Agent (Section 1.3):

The Clearing House is the Calculation Agent.

3.4 If the terms of an EMTA Template conflict with these ForexClear NDF Contract Terms, these ForexClear NDF Contract Terms shall prevail. If the terms of an EMTA Template conflict with the ISDA Definitions, the terms of the EMTA Template shall prevail.

4. **General Standard Terms ("General Standard Terms")**

The following terms are designated as General Standard Terms of a registered ForexClear NDF Contract:

4.1 **Business Days**

For the purposes of determining the Settlement Date and the Valuation Date only, in addition to the Business Days for the Principal Financial Centers for the Currency Pair specified in the relevant Economic Terms, the Business Days specified in the Swaps Monitor Financial Calendar as published by Swaps Monitor Publications, Inc. (as further detailed in the Procedures) from time to time, will apply to a ForexClear NDF Contract, except where the Clearing House notifies FXCCMs otherwise in accordance with section 1.13.12 (*Reference Data*) of Section 2I (*ForexClear Clearing Service*) of the Procedures.

4.2 **Withholding Tax Provisions**

- (a) All payments due under a ForexClear NDF Contract shall be made by the ForexClear Clearing Member free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the ForexClear Clearing Member, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Clearing House receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.
- (b) All payments due under a ForexClear NDF Contract shall be made by the Clearing House free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the Clearing House, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the ForexClear Clearing Member receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

4.3 **Payment of Stamp Tax**

Each ForexClear Clearing Member will pay any Stamp Tax or duty levied or imposed upon it in respect of any ForexClear NDF Contract to which it is a party 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 will indemnify the Clearing House against any Stamp Tax or duty levied or imposed upon the Clearing House by any such Stamp Tax Jurisdiction or by any other jurisdiction in respect of any ForexClear NDF Contract registered by the Clearing House and to which that ForexClear Clearing Member is a party.

4.4 **Discontinuation of a Settlement Rate Option**

If:

- (a) the administrator of a benchmark that is a Settlement Rate Option has publicly announced that it will discontinue publication of the benchmark ("**Discontinued Rate**"); and

- (b) ISDA has published a “Multilateral Amendment Agreement” to amend certain transactions to use an alternative benchmark (“**Substitute Rate**”) in the lieu of the Discontinued Rate on and from a specified date (“**Effective Date**”),

then, in respect of a ForexClear NDF Contract in respect of which a Settlement Rate has not been determined as at the Effective Date and which references the Discontinued Rate (“**Affected ForexClear NDF Contract**”), the Clearing House may, by written notice to all ForexClear Clearing Members, amend the Settlement Rate Option of each Affected ForexClear NDF Contract to reference the Substitute Rate with effect on and from the Effective Date and specify such incidental amendments to the Affected ForexClear NDF Contract as may be required.

The terms “ISDA”, “Settlement Rate Option” and “Valuation Date” have the meanings given to them by the ForexClear NDF Contract Terms.

The accidental omission to give notice under this provision to, or the non-receipt of notice by, any ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

5. **General Standard Terms – Non-EMTA Currencies (“General Standard Terms – Non-EMTA Currencies”)**

The following terms are designated as General Standard Terms – Non-EMTA Currencies of a registered ForexClear NDF Contract – Non-EMTA Currencies:

5.1 ***Valuation Postponement for Price Source Disruption***

“**Valuation Postponement**” means, for purposes of obtaining a Settlement Rate, that the Settlement Rate will be determined on the Business Day first succeeding the day on which the Price Source Disruption ceases to exist, unless the Price Source Disruption continues to exist (measured from the date, that, but for the occurrence of the Price Source Disruption, would have been the Valuation Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Settlement Rate will be determined on the next Business Day after the Maximum Days of Postponement as being the applicable Fallback Reference Price.

5.2 ***Fallback Reference Price***

“**Fallback Reference Price**” means the Clearing House calculated end of day spot price for the applicable Currency Pair from the previous end of day margin run.

5.3 ***WM/Reuters Closing Spot Rate***

“**WM/Reuters Closing Spot Rate**” means, for the relevant Currency Pair, the exchange rate at the relevant time at which such rate is to be determined for foreign exchange transactions for value on the relevant Settlement Date, as calculated and published by the WM Company and Thomson Reuters, which appears on the respective Thomson Reuters screen, as follows:

- (a) Reference Currency: AUD; Settlement Currency: USD; Thomson Reuters Screen: USDAUDFIXM=WM

- (b) Reference Currency: GBP; Settlement Currency: USD; Thomson Reuters Screen: USDGBPFIXM=WM
- (c) Reference Currency: EUR; Settlement Currency: USD; Thomson Reuters Screen: USDEURFIXM=WM
- (d) Reference Currency: CHF; Settlement Currency: USD; Thomson Reuters Screen: USDCHFFIXM=WM
- (e) Reference Currency: JPY; Settlement Currency: USD; Thomson Reuters Screen: USDJPYFIXM=WM
- (f) Reference Currency: MXN; Settlement Currency: USD; Thomson Reuters Screen: USDMXNFIXM=WM
- (g) Reference Currency: DKK; Settlement Currency: USD; Thomson Reuters Screen: USDDKKFIXM=WM
- (h) Reference Currency: NOK; Settlement Currency: USD; Thomson Reuters Screen: USDNOKFIXM=WM
- (i) Reference Currency: SEK; Settlement Currency: USD; Thomson Reuters Screen: USDSEKFIXM=WM
- (j) Reference Currency: CAD; Settlement Currency: USD; Thomson Reuters Screen: USDCADFIXM=WM
- (k) Reference Currency: SGD; Settlement Currency: USD; Thomson Reuters Screen: USDSGDFIXM=WM
- (l) Reference Currency: ZAR; Settlement Currency: USD; Thomson Reuters Screen: USDZARFIXM=WM
- (m) Reference Currency: HKD; Settlement Currency: USD; Thomson Reuters Screen: USDHKDFIXM=WM

6. **Payments under a ForexClear NDF Contract**

Payments under, and in respect of, a ForexClear NDF Contract shall be calculated by the Clearing House and shall be made by, or to, the ForexClear Clearing Member in accordance with the provisions of the Procedures.

7. **Regulations**

A ForexClear NDF Contract shall be subject to the Regulations and the Procedures, which shall form a part of its terms. In the event of any inconsistency between these ForexClear NDF Contract Terms and the Regulations and the Procedures, the Regulations and the Procedures will prevail.

PART B
REGISTRATION OF A FOREXCLEAR NDF CONTRACT - PRODUCT
ELIGIBILITY CRITERIA

1. Registration of a ForexClear NDF Contract

Without prejudice to the Regulations and the Procedures, the Clearing House will only register a ForexClear NDF Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the Product Eligibility Criteria set out in paragraph 2 or 3 below, as applicable, for a ForexClear NDF Transaction;
- (b) each party to the transaction is either (i) a ForexClear Dealer or (ii) a ForexClear Clearing Member who has not been declared a defaulter by the Clearing House; and
- (c) the ForexClear Clearing Member in whose name the ForexClear NDF Contract is to be registered has not been declared a defaulter by the Clearing House.

and the requirements of paragraphs 1(a), (b) and (c) above continue to be satisfied at the Registration Time.

2. Product Eligibility Criteria for a ForexClear NDF Contract – EMTA Template Currency Pairs

Instrument	Non-Deliverable FX Transaction
Economic Terms	The transaction particulars submitted to the Clearing House specify all the Economic Terms.
Reference Currency	One of
	BRL - Brazilian Real,
	RUB - Russian Rouble,
	INR - Indian Rupee,
	CLP - Chilean Peso,
	CNY - Chinese Yuan,
	KRW - South Korean Won,
	COP – Colombian Peso,
	IDR – Indonesian Rupiah,
	MYR – Malaysian Ringgit,

	PHP – Philippine Peso,
	TWD – Taiwan Dollar, or
	PEN – Peruvian Sol
Valuation Date	A date with respect to the EMTA Template Currency Pairs to which the ForexClear NDF Transaction relates and is (i) a valid Business Day, (ii) no earlier than the Business Day (as defined in the Regulations) immediately following the Submission Date and (iii) determined as set forth in the Procedures and/or relevant EMTA Template for the Currency Pair.
Settlement Date	A date with respect to the EMTA Template Currency Pairs to which the ForexClear NDF Transaction relates and is:
	no earlier than the date immediately following the Valuation Date; and
	no later than the date falling (1) for Brazilian Real, five calendar years and (2) for all other Reference Currencies, two calendar years, in each case plus two Business Days immediately following the Submission Date, provided that in each case such date shall be: (i) a valid Business Day and (ii) determined as set forth in the Procedures and/or relevant EMTA Template for the Currency Pair.
Settlement Type	Non-Deliverable
Settlement Currency	USD
Calculation Agent	The Clearing House

3. **Product Eligibility Criteria for a ForexClear NDF Contract – Non-EMTA Currency Pairs**

Instrument	Non-Deliverable FX Transaction – Non-EMTA Currency Pairs
Economic Terms	The transaction particulars submitted to the Clearing House specify all the Economic Terms.
Reference Currency	One of
	EUR – Euro,
	GBP – British Pound,

	AUD – Australian Dollar,
	CHF – Swiss Franc,
	JPY – Japanese Yen,
	DKK – Danish Krone,
	NOK – Norwegian Krone,
	SEK – Swedish Krona,
	CAD – Canadian Dollar,
	MXN – Mexican Peso,
	SGD – Singapore Dollar,
	ZAR – South African Rand,
	NZD – New Zealand Dollar, or
	HKD – Hong Kong Dollar.
Valuation Date	A date with respect to the Non-EMTA Currency Pair to which the ForexClear NDF Transaction relates and is (i) a valid Business Day, (ii) no earlier than the business day (as defined in the Regulations) immediately following the Submission Date and (iii) determined as set forth in the Procedures and/or given Non-EMTA NDF Contract Template.
Settlement Date	A date with respect to the Non-EMTA Currency Pair to which the ForexClear NDF Transaction relates and is: A. no earlier than the date immediately following the Valuation Date; and B. no later than the date falling (1) for Euro, British Pound, Australian Dollar, Swiss Franc and Japanese Yen, five (5) calendar years and (2) for all other Non-EMTA Currencies, two (2) calendar years, in each case plus two Business Days immediately following the Submission Date, provided that in each case such date shall be: (i) a valid Business Day and (ii) determined as set out in the Procedures and/or given Non-EMTA NDF Contract Template.
Settlement Type	Non-Deliverable
Settlement Currency	USD

Settlement Rate (Option)	As set forth in the relevant Non-EMTA NDF Contract Template
Calculation Agent	The Clearing House

PART C LCH NON-EMTA NDF CONTRACT TEMPLATES

i. Specific Standard Terms for EUR/USD Non-Deliverable FX Transactions

Reference Currency:	EUR
Settlement Currency:	USD
Settlement Date:	<p>Will be valid if a business day pursuant to the New York public holiday calendar (NYB), as published by Swaps Monitor Publications, Inc., and is a day on which the Clearing House is open for business.</p> <p>Will be subject to adjustment in accordance with the Following Business Day Convention if the Valuation Date is adjusted to a date equal to or after the Settlement Date. In such cases, the Settlement Date should be adjusted to the next Business Day (which also meets the foregoing requirements) after the Valuation Date.</p>
Settlement:	Non-Deliverable
Settlement Rate (Option):	WM/Reuters Closing Spot Rate
Price Source Disruption:	Applicable
Maximum Days of Postponement:	1 day
Calculation Agent for Fallback Reference Price:	The Clearing House
Fallback Reference Price:	Calculation Agent for Fallback Reference Price
Holiday Type Determination for Valuation Date:	<p>A ‘scheduled holiday’ is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time greater than 48 hours prior to 9:00 London time on the Valuation Date.</p> <p>An ‘unscheduled holiday’ is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time less than or equal to 48 hours prior to 9:00 London time on the Valuation Date.</p>
Business Day Convention for a	Business Day Convention for a Holiday Type Determination Date for Valuation Date:

xiii. Specific Standard Terms for HKD/USD Non-Deliverable FX Transactions

<u>Reference Currency:</u>	<u>HKD</u>
<u>Settlement Currency:</u>	<u>USD</u>
<u>Settlement Date:</u>	<p><u>Will be valid if a business day pursuant to the New York public holiday calendar (NYB), as published by Swaps Monitor Publications, Inc., and is a day on which the Clearing House is open for business.</u></p> <p><u>Will be subject to adjustment in accordance with the Following Business Day Convention if the Valuation Date is adjusted to a date equal to or after the Settlement Date. In such cases, the Settlement Date should be adjusted to the next Business Day (which also meets the foregoing requirements) after the Valuation Date.</u></p>
<u>Settlement:</u>	<u>Non-Deliverable</u>
<u>Settlement Rate (Option):</u>	<u>WM/Reuters Closing Spot Rate</u>
<u>Price Source Disruption:</u>	<u>Applicable</u>
<u>Maximum Days of Postponement:</u>	<u>1 day</u>
<u>Calculation Agent for Fallback Reference Price:</u>	<u>The Clearing House</u>
<u>Fallback Reference Price:</u>	<u>Calculation Agent for Fallback Reference Price</u>
<u>Holiday Type Determination for Valuation Date:</u>	<p><u>A ‘scheduled holiday’ is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time greater than 48 hours prior to 9:00 London time on the Valuation Date.</u></p> <p><u>An ‘unscheduled holiday’ is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time less than or equal to 48 hours prior to 9:00 London time on the Valuation Date.</u></p>
<u>Convention for a Holiday Type Determination Date for Valuation Date:</u>	<p><u>Business Day Convention for a Holiday Type Determination Date for Valuation Date:</u></p> <p><u>A ‘scheduled holiday’ pursuant to Holiday Type Determination for Valuation Date with respect to the Valuation Date will adjust</u></p>

	<p><u>the Valuation Date in accordance with the Preceding Business Day Convention.</u></p> <p><u>An 'unscheduled holiday' pursuant to Holiday Type Determination for Valuation Date with respect to the Valuation Date will adjust the Valuation Date in accordance with the Following Business Day Convention.</u></p>
<p><u>Relevant Calendar for Valuation Date:</u></p>	<p><u>WMR Calendar</u></p>

PART L FOREXCLEAR NDO CONTRACT TERMS; FOREXCLEAR CONTRACTS ARISING FROM FOREXCLEAR NDO TRANSACTIONS

Where a ForexClear NDO Contract arises between the Clearing House and a ForexClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such registered ForexClear NDO Contract shall include these ForexClear NDO Contract Terms, which shall comprise:

- (1) Interpretation;
- (2) Economic Terms;
- (3) Standard Terms; and
- (4) if the ForexClear NDO Contract is a ForexClear NDO STM Contract, the ForexClear NDO STM Terms.

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail. In the event of any inconsistency between the ForexClear NDO STM Terms (where applicable) and either or both of the Economic Terms and the Standard Terms, the ForexClear NDO STM Terms will prevail.

Subject to the Regulations and the Procedures, the Clearing House will use the ForexClear NDO Contract Terms applicable to a ForexClear NDO Contract to calculate the amounts due under the ForexClear NDO Contract to, or from, the Clearing House in accordance with the Procedures.

1. Interpretation ("Interpretation")

- 1.1 "ISDA Definitions" means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC and, as applicable, are incorporated by reference herein.
- 1.2 "FXC" means the Foreign Exchange Committee or any successor entity.
- 1.3 "ISDA" means the International Swaps and Derivatives Association, Inc. or any successor entity.
- 1.4 Words and expressions used in these ForexClear NDO Contract Terms that are not defined herein shall have the meaning given to them in the Regulations or the Procedures, unless expressly provided otherwise. Words and expressions used in these ForexClear NDO Contract Terms that are not defined in the Regulations and the Procedures, but which are defined in the ISDA Definitions, EMTA Templates or LCH ~~G10-Non-EMTA~~ NDO Contract Templates, shall have the meanings given to them in the ISDA Definitions, EMTA Templates or LCH Non-EMTA ~~G10~~-NDO Contract Templates, unless expressly provided otherwise.
- 1.5 In the event of an inconsistency or conflict, the Regulations and Procedures will prevail over the ISDA Definitions.
- 1.6 References in the ISDA Definitions to a "Currency Option Transaction" shall be deemed to be references to a "ForexClear NDO Transaction" for the purposes of these ForexClear NDO Contract Terms.

- 1.7 Except where expressly stated otherwise, all reference to "Sections" means Sections in the ISDA Definitions.
- 1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the ForexClear Clearing Members, give directions as to whether such amendment shall apply to ForexClear NDO Contracts and, if so, with immediate effect or with such deferred effect as the Clearing House shall determine (provided that in any event any such amendment shall only apply in relation to ForexClear NDO Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- 1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to ForexClear NDO Contracts going forward, these ForexClear NDO Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with ForexClear NDO Contracts registered in a ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- 1.10 The omission to give notice under this provision to, or the non-receipt of notice under paragraphs 1.8 or 1.9 above by, any ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

2. **Economic Terms**

- 2.1 The Economic Terms of a ForexClear NDO Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding ForexClear NDO Transaction.
- 2.2 The particulars of a ForexClear NDO Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms that are not predetermined in the relevant EMTA Template or LCH ~~Non-EMTA G10~~ NDO Contract Template, where applicable:
 - (a) Trade Date (Section 1.25)
 - (b) Buyer (Section 3.1(a))
 - (c) Seller (Section 3.1(f))
 - (d) Call Currency (Section 3.1(b))
 - (e) Call Currency Amount (Section 3.1(c))
 - (f) Put Currency (Section 3.1(d))
 - (g) Put Currency Amount (Section 3.1(e))
 - (h) Strike Price (Section 3.1(g))
 - (i) Settlement Date (Section 1.24)
 - (j) Valuation Date (Section 1.16(f))
 - (k) Premium; Price (Section 3.4(a))

published by the WM Company and Thomson Reuters, which appears on the respective Thomson Reuters screen, as follows:

- (a) Reference Currency: AUD; Settlement Currency: USD; Thomson Reuters Screen: USDAUDFIXM=WM;
- (b) Reference Currency: GBP; Settlement Currency: USD; Thomson Reuters Screen: USDGBPFIXM=WM;
- (c) Reference Currency: EUR; Settlement Currency: USD; Thomson Reuters Screen: USDEURFIXM=WM;
- (d) Reference Currency: CHF; Settlement Currency: USD; Thomson Reuters Screen: USDCHFFIXM=WM; or
- (e) Reference Currency: JPY; Settlement Currency: USD; Thomson Reuters Screen: USDJPYFIXM=WM.

4. ForexClear NDO STM Terms

The following terms the ForexClear NDO STM Terms of a ForexClear NDO STM Contract:

4.1 *Net Present Value*

- (a) The Clearing House shall, at least once per Business Day, determine the net present value of this ForexClear NDO STM Contract in such manner and at such times as may be provided in the Procedures.
- (b) Immediately upon the Clearing House making such a determination of the net present value of this ForexClear NDO STM Contract:
 - (i) an amount (determined in accordance with Regulation 106A) of cash may become due and payable by the ForexClear Clearing Member or the Clearing House (as applicable, and as determined in accordance with Regulation 106A) under these ForexClear NDO STM Terms; and
 - (ii) the net present value of this ForexClear NDO STM Contract shall for all purposes be reset to zero.
- (c) The amount (if any) referred to in Part A10.1(b)(i) above shall immediately become due and payable by the relevant party under the ForexClear NDO STM Terms applicable to this ForexClear NDO STM Contract and shall be paid in such manner and at such times as may be provided in the Procedures.

4.2 *Price Alignment Amount*

- (a) The Clearing House shall, at least once per Business Day, determine the Price Alignment Amount in respect of this ForexClear NDO STM Contract in such manner and at such times as may be provided in the Procedures.
- (b) Immediately upon the Clearing House making such a determination of the Price Alignment Amount in respect of this ForexClear NDO STM Contract an

amount (determined in accordance with Regulation 106A) of cash may become due and payable by the ForexClear Clearing Member or the Clearing House (as applicable, and as determined in accordance with Regulation 106A) under these ForexClear NDO STM Terms.

- (c) The amount (if any) referred to in (b) above shall immediately become due and payable by the relevant party under the ForexClear NDO STM Terms applicable to this ForexClear NDO STM Contract and shall be made in such manner and at such times as may be provided in the Procedures.

- 5. If the terms of an EMTA Template or LCH ~~Non-EMTA G10~~-NDO Contract Template conflict with these ForexClear NDO Contract Terms, these ForexClear NDO Contract Terms shall prevail. If the terms of an EMTA Template conflict with the ISDA Definitions, the terms of the EMTA Template shall prevail.

PART M
REGISTRATION OF A FOREXCLEAR NDO CONTRACT - PRODUCT
ELIGIBILITY CRITERIA

1. Registration of a ForexClear NDO Contract

Without prejudice to the Regulations and the Procedures, the Clearing House will only register a ForexClear NDO Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the Product Eligibility Criteria set out in paragraph 2 below, as applicable, for a ForexClear NDO Transaction;
- (b) each party to the transaction is either (i) a ForexClear Dealer or (ii) a ForexClear Clearing Member who has not been declared a defaulter by the Clearing House; and
- (c) the ForexClear Clearing Member in whose name the ForexClear NDO Contract is to be registered has not been declared a defaulter by the Clearing House.

and the requirements of paragraphs 1(a), (b) and (c) above continue to be satisfied at the Registration Time.

2. Product Eligibility Criteria for a ForexClear NDO Contract

Instrument	Non-Deliverable Currency Option Transaction
Economic Terms	The transaction particulars submitted to the Clearing House specify all the Economic Terms.
Currency Pair	One of
	USD/BRL,
	USD/KRW,
	USD/INR,
	USD/TWD,
	AUD/USD,
	EUR/USD,
	GBP/USD,
	CHF/USD, or
	JPY/USD
Valuation Date	A date with respect to the Currency Pair to which the ForexClear NDO Transaction relates and is (i) a valid Business Day, (ii) no earlier than the business day (as

	defined in the Regulations) immediately following the Submission Date and (iii) determined as set forth in the Procedures, relevant EMTA Template or relevant LCH Non-EMTA G10 NDO Contract Template, as applicable, for the Currency Pair.
Settlement Date	A date with respect to the Currency Pair to which the ForexClear NDO Transaction relates and is:
	no earlier than the date immediately following the Valuation Date; and
	(A) with respect to ForexClear NDO Contracts where BRL is the Reference Currency, no later than the date falling five (5) calendar years plus two Business Days immediately following the Submission Date and (B) for all other ForexClear NDO Contracts, no later than the date falling two (2) calendar years plus two Business Days immediately following the Submission Date, provided that in each case such date shall be: (i) a valid Business Day and (ii) determined as set forth in the Procedures, relevant EMTA Template or relevant LCH Non-EMTA G10 NDO Contract Template, as applicable, for the Currency Pair.
Settlement Type	Non-Deliverable
Settlement Currency	USD
Settlement Rate Option	As set forth in the relevant EMTA Template or LCH Non-EMTA G10 Contract Template
Calculation Agent	The Clearing House

PART N LCH ~~G10~~-NON-EMTA NDO CONTRACT TEMPLATES

i. EUR/USD Non-Deliverable Currency Option Transactions

Reference Currency:	EUR
Settlement Currency:	USD
Settlement Date:	<p>Will be valid if a business day pursuant to the New York public holiday calendar (NYB), as published by Swaps Monitor Publications, Inc., and is a day on which the Clearing House is open for business.</p> <p>Will be subject to adjustment in accordance with the Following Business Day Convention if the Valuation Date is adjusted to a date equal to or after the Settlement Date. In such cases, the Settlement Date should be adjusted to the next Business Day (which also meets the foregoing requirements) after the Valuation Date.</p>
Settlement:	Non-Deliverable
Settlement Rate (Option):	WM/Reuters Closing Spot Rate
Expiration Date:	Valuation Date
Expiration Time:	The time at which the Spot Rate is determined
Price Source Disruption:	Applicable
Maximum Days of Postponement:	1 day
Holiday Type Determination for Valuation Date:	<p>A ‘scheduled holiday’ is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time greater than 48 hours prior to 9:00 London time on the Valuation Date.</p> <p>An ‘unscheduled holiday’ is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time less than or equal to 48 hours prior to 9:00 London time on the Valuation Date.</p>
Business Day Convention for a Holiday Type Determination Date for Valuation Date:	<p>Business Day Convention for a Holiday Type Determination Date for Valuation Date:</p> <p>A ‘scheduled holiday’ pursuant to Holiday Type Determination for Valuation Date with respect to the Valuation Date will adjust</p>

Appendix II
FCM Product Specific Contract Terms and Eligibility Criteria Manual



FCM PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA
MANUAL

**SCHEDULE 3
FCM FOREXCLEAR**

**PART A
FCM FOREXCLEAR NDF CONTRACT TERMS**

The terms of a registered FCM ForexClear NDF Contract shall include these FCM ForexClear NDF Contract Terms which shall comprise:

Interpretation;

- (1) Economic Terms; and
- (2) Standard Terms, being both the:
 - A. Specific Standard Terms; and
 - B. General Standard Terms

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.

Subject to the FCM Regulations and the FCM Procedures, the Clearing House will use the FCM ForexClear NDF Contract Terms applicable to an FCM ForexClear NDF Contract to calculate the amounts due under the FCM ForexClear NDF Contract to, or from, the Clearing House in accordance with the FCM Procedures.

1. Interpretation ("Interpretation")

- 1.1 **"ISDA Definitions"** means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC, and the same are incorporated by reference herein.
- 1.2 **"FXC"** means the Foreign Exchange Committee or any successor entity
- 1.3 **"ISDA"** means International Swaps and Derivatives Association, Inc. or any successor entity.
- 1.4 Words and expressions used in these FCM ForexClear NDF Contract NDF Terms which are not defined herein shall have the meanings given to them in the FCM Regulations and the FCM Procedures, unless expressly provided otherwise. Words and expressions used in these FCM ForexClear NDF Contract NDF Terms which are not defined in the FCM Regulations and the FCM Procedures but which are defined in the ISDA Definitions shall have the meanings given to them in the ISDA Definitions, unless expressly provided otherwise.
- 1.5 In the event of an inconsistency, the FCM Regulations and the FCM Procedures will prevail over the ISDA Definitions.
- 1.6 References in the ISDA Definitions to an **"FX Transaction"** shall be deemed to be references to an **"FCM ForexClear NDF Transaction"** for the purposes of the FCM ForexClear Service.

- 1.7 Except where expressly stated otherwise, all reference to "**Sections**" means Sections in the ISDA Definitions.
- 1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the FCM ForexClear Clearing Members, give directions as to whether such amendment shall apply to FCM ForexClear Contracts with immediate effect or with such deferred effect as the Clearing House shall determine (**provided that** in any event any such amendment shall only apply in relation to FCM ForexClear Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- 1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to FCM ForexClear Contracts going forward, these FCM ForexClear Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with FCM ForexClear Contracts registered in an FCM ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- 1.10 The accidental omission to give notice under this provision to, or the non-receipt of notice under paragraphs 1.8 or 1.9 above by, any FCM ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

2. **Economic Terms**

- 2.1 The Economic Terms of an FCM ForexClear NDF Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM ForexClear Transaction.
- 2.2 The particulars of an FCM ForexClear Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms which are not predetermined in the EMTA Templates or Non-EMTA NDF Contract Templates, where applicable:
 - (1) Trade Date (Section 1.25)
 - (2) Forward Rate (Section 2.1(a))
 - (3) Reference Currency Notional Amount (Section 1.21) or Notional Amount (Section 1.17(b)) in USD
 - (4) Reference Currency Buyer (Section 1.20)
 - (5) Reference Currency Seller (Section 1.22)
 - (6) scheduled Settlement Date (Section 1.24) (where applicable, without prejudice to the adjustments set out in the relevant EMTA Template or Non-EMTA NDF Contract Template)
 - (7) scheduled Valuation Date (Section 1.16(f)) (where applicable, without prejudice to the adjustments set out in the relevant EMTA Template or Non-EMTA NDF Contract Template).

- 2.3 However, as set out more particularly in FCM Regulation 38, where the FCM ForexClear Transaction specifies an FCM ForexClear Clearing Member as the Reference Currency Seller, with the other FCM ForexClear Member as the Reference Currency Buyer, the Clearing House, in respect of each FCM ForexClear NDF Contract to which it is party pursuant to the corresponding FCM ForexClear Transaction, shall be (i) the Reference Currency Buyer; and (ii) the Reference Currency Seller under such FCM ForexClear Contract, respectively.

3. **Specific Standard Terms ("Specific Standard Terms")**

The following terms are designated as Specific Standard Terms of a registered FCM ForexClear Contract:

- 3.1 The EMTA Template or Non-EMTA NDF Contract Template appropriate to the particular Currency Pair is incorporated by reference into these FCM ForexClear NDF Contract Terms, as amended herein, and governs the terms of an FCM ForexClear NDF Contract relating to a given Currency Pair together with, and subject to, the Economic Terms set out in Clause 2 above, and the Specific Standard Terms and the General Standard Terms set out in this Clause 3 and the General Standard Terms set out in Clause 4 or Clause 5 below, as applicable. For the avoidance of doubt, each EMTA Template shall be deemed to exclude the EMTA Template Terms for Non-Deliverable Cross-Currency FX Transactions published by EMTA on 31 May 2011.

- 3.2 In the format "Reference Currency – Settlement Currency", the Currency Pairs are

- (1) BRL-USD
- (2) CLP-USD
- (3) CNY-USD
- (4) INR-USD
- (5) KRW-USD
- (6) RUB-USD
- (7) COP-USD
- (8) IDR-USD
- (9) MYR-USD
- (10) PHP-USD
- (11) TWD-USD
- (12) PEN-USD
- (13) EUR-USD
- (14) GBP-USD

- (15) AUD-USD
- (16) CHF-USD
- (17) JPY-USD
- (18) DKK-USD
- (19) NOK-USD
- (20) SEK-USD
- (21) MXN-USD
- (22) CAD-USD
- (23) SGD-USD
- (24) ZAR-USD
- (25) HKD-USD

3.3 Where applicable, certain Specific Standard Terms of each FCM ForexClear NDF Contract are not provided in the EMTA Templates, but the parties to the corresponding FCM ForexClear Transaction will be required to accept the Specific Standard Terms set out below in each FCM ForexClear Contract:

- (1) Date of Annex A (Section 4.2):

Annex A to the ISDA Definitions is incorporated as amended as at the Trade Date.

- (2) Reference Currency (Section 1.19):

To be determined by using the EMTA Template or Non-EMTA NDF Contract Template appropriate to the particular Currency Pair.

Calculation Agent (Section 1.3):

- (3) The Clearing House is the Calculation Agent.

3.4 If the terms of an EMTA Template conflict with these FCM ForexClear NDF Contract Terms, these FCM ForexClear NDF Contract Terms shall prevail. If the terms of an EMTA Template conflict with the ISDA Definitions, the terms of the EMTA Template shall prevail.

4. **General Standard Terms ("General Standard Terms")**

The following terms are designated as General Standard Terms of a registered FCM ForexClear Contract:

4.1 ***Business Days***

For the purposes of determining the Settlement Date and the Valuation Date only, in addition to the Business Days for the Principal Financial Centers for the Currency Pair specified in the relevant Economic Terms, the Business Days specified in the Swaps Monitor Financial Calendar as published by Swaps Monitor Publications, Inc. (as further detailed in the FCM Procedures) from time to time, will apply to an FCM ForexClear Contract, except where the Clearing House notifies FXCCMs otherwise in accordance with section 2.2.8(k) (*Reference Data*) of the FCM Procedures.

4.2 *Withholding Tax Provisions*

4.2.1 All payments due under an FCM ForexClear NDF Contract shall be made by the FCM ForexClear Clearing Member free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the FCM ForexClear Clearing Member, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Clearing House receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

4.2.2 All payments due under an FCM ForexClear NDF Contract shall be made by the Clearing House free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the Clearing House, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the FCM ForexClear Clearing Member receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

4.3 *Payment of Stamp Tax*

Each FCM ForexClear Clearing Member will pay any Stamp Tax or duty levied or imposed upon it in respect of any FCM ForexClear NDF Contract to which it is a party by a jurisdiction in which it is incorporated, organized, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located or by any other jurisdiction, and will indemnify the Clearing House against any stamp tax or duty levied or imposed upon the Clearing House by any such jurisdiction in respect of any FCM ForexClear NDF Contract registered by the Clearing House and to which that FCM ForexClear Clearing Member is a party.

4.4 *Discontinuation of a Settlement Rate Option*

- (a) If:
 - (i) the administrator of a benchmark that is a Settlement Rate Option has publicly announced that it will discontinue publication of the benchmark ("**Discontinued Rate**"); and

- (ii) ISDA has published a "Multilateral Amendment Agreement" to amend certain transactions to use an alternative benchmark ("**Substitute Rate**") in the lieu of the Discontinued Rate on and from a specified date ("**Effective Date**"),

then, in respect of an FCM ForexClear NDF Contract in respect of which a settlement rate has not been determined as at the Effective Date and which references the Discontinued Rate ("**Affected FCM ForexClear Contract**"), the Clearing House may, by written notice to all FCM ForexClear Clearing Members, amend the Settlement Rate Option of each Affected FCM ForexClear NDF Contract to reference the Substitute Rate with effect on and from the Effective Date and specify such incidental amendments to the Affected FCM ForexClear NDF Contract as may be required.

The terms "ISDA", "Settlement Rate Option" and "Valuation Date" have the meanings given to them by the FCM ForexClear NDF Contract Terms.

- (b) The accidental omission to give notice under this provision to, or the non-receipt of notice by, any FCM ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

4.5 ***Payments under an FCM ForexClear Contract***

Payments under, and in respect of, an FCM ForexClear NDF Contract shall be calculated by the Clearing House and shall be made by, or to, the FCM ForexClear Clearing Member in accordance with the provisions of the FCM Procedures.

4.6 ***FCM Regulations***

An FCM ForexClear NDF Contract shall be subject to the FCM Regulations and the FCM Procedures, which shall form a part of its terms. In the event of any inconsistency between these FCM ForexClear NDF Contract Terms and the FCM Regulations and/or the FCM Procedures, the FCM Regulations and the FCM Procedures will prevail.

4.7 ***Governing Law***

Each FCM ForexClear Contract, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with the laws of the State of New York in the United States of America without regard to principles of conflicts of laws and the parties hereby irrevocably agree for the benefit of the Clearing House that (i) the courts of the State of New York, Borough of Manhattan in the United States of Americas, (ii) the United States District Court for the Southern District of New York, or (iii) the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise herefrom. The FCM ForexClear Clearing Member party hereto irrevocably submits to such jurisdiction and agrees to waive any objection it might otherwise have to such jurisdiction, save that this submission to the exclusive jurisdiction of the courts of the State of New York, Borough of Manhattan in the United States of Americas, the United states District Court for the Southern District of New York or the courts of England and Wales shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of

action in one or more jurisdictions preclude the Clearing House from taking action in any other jurisdiction, whether concurrently or not.

4.8 ***Third Party Rights***

A person who is not a party to this FCM ForexClear NDF Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of this FCM ForexClear NDF Contract are expressly excluded.

5. **General Standard Terms – Non-EMTA Currencies ("General Standard Terms – Non-EMTA Currencies")**

The following terms are designated as General Standard Terms – Non-EMTA Currency Pairs of a registered FCM ForexClear NDF Contract – Non-EMTA Template Currency Pairs:

5.1 ***Valuation Postponement for Price Source Disruption***

“**Valuation Postponement**” means, for purposes of obtaining a Settlement Rate, that the Settlement Rate will be determined on the business day first succeeding the day on which the Price Source Disruption ceases to exist, unless the Price Source Disruption continues to exist (measured from the date, that, but for the occurrence of the Price Source Disruption, would have been the Valuation Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Settlement Rate will be determined on the next business day after the Maximum Days of Postponement as being the applicable Fallback Reference Price.

5.2 ***Fallback Reference Price***

“**Fallback Reference Price**” means the Clearing House calculated end of day spot price for the applicable Currency Pair from the previous end of day margin run.

5.3 ***WM/Reuters Closing Spot Rate***

“**WM/Reuters Closing Spot Rate**” means, for the relevant Currency Pair, the exchange rate at the relevant time at which such rate is to be determined for foreign exchange transactions for value on the relevant Settlement Date, as calculated and published by the WM Company and Thomson Reuters, which appears on the respective Thomson Reuters screen, as follows:

- (a) Reference Currency: AUD; Settlement Currency: USD; Thomson Reuters Screen: USDAUDFIXM=WM
- (b) Reference Currency: GBP; Settlement Currency: USD; Thomson Reuters Screen: USDGBPFIXM=WM
- (c) Reference Currency: EUR; Settlement Currency: USD; Thomson Reuters Screen: USDEURFIXM=WM
- (d) Reference Currency: CHF; Settlement Currency: USD; Thomson Reuters Screen: USDCHFFIXM=WM

- (e) Reference Currency: JPY; Settlement Currency: USD; Thomson Reuters
USDJPYFIXM=WM
- (f) Reference Currency: MXN; Settlement Currency: USD; Thomson Reuters
USDMXNFIX=WM
- (g) Reference Currency: DKK; Settlement Currency: USD; Thomson Reuters
Screen: USDDKKFIXM=WM
- (h) Reference Currency: NOK; Settlement Currency: USD; Thomson Reuters
Screen: USDNOKFIXM=WM
- (i) Reference Currency: SEK; Settlement Currency: USD; Thomson Reuters
USDSEKFIXM=WM
- (j) Reference Currency: CAD; Settlement Currency: USD; Thomson Reuters
USDCADFIXM=WM
- (k) Reference Currency: SGD; Settlement Currency: USD; Thomson Reuters
USDSGDFIXM=WM
- (l) Reference Currency: ZAR; Settlement Currency: USD; Thomson Reuters
USDZARFIXM=WM
- (m) Reference Currency: HKD; Settlement Currency: USD; Thomson Reuters
USDHKDFIX=WM

PART B
REGISTRATION OF AN FCM FOREXCLEAR NDF CONTRACT - PRODUCT
ELIGIBILITY CRITERIA

1. Registration of an FCM ForexClear Contract

Without prejudice to the FCM Regulations and the FCM Procedures, the Clearing House will only register an FCM ForexClear NDF Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the Product Eligibility Criteria set out in paragraphs 2 or 3 below, as applicable, for an FCM ForexClear Transaction;
- (b) each party to the transaction is an Executing Party; and
- (c) the FCM ForexClear Clearing Member in whose name the FCM ForexClear NDF Contract is to be registered has not been declared a defaulter by the Clearing House.

and the requirements of paragraph 1(a), (b) and (c) above continue to be satisfied at the Registration Time.

2. FCM ForexClear Product Eligibility Criteria for an FCM ForexClear NDF Contract – EMTA Template Currency Pairs

Instrument Non-Deliverable FX Transaction

Economic Terms The transaction particulars submitted to the Clearing House specify all the Economic Terms.

Reference Currency One of:

- 1. BRL – Brazilian Real,
- 2. RUB – Russian Rouble,
- 3. INR – Indian Rupee,
- 4. CLP – Chilean Peso,
- 5. CNY – Chinese Yuan,
- 6. KRW – South Korean Won,
- 7. COP – Colombian Peso,
- 8. IDR – Indonesian Rupiah,
- 9. MYR – Malaysian Ringgit,
- 10. PHP – Philippine Peso, or

11. TWD – Taiwan Dollar.

12. PEN – Peruvian Sol

Valuation Date

A date with respect to the EMTA Template Currency Pair to which the FCM ForexClear NDF Transaction relates and is (i) a valid Business Day, (ii) no earlier than the Business Day (as defined in the FCM Regulations) immediately following the Submission Date and (iii) determined as set forth in the FCM Procedures and/or relevant EMTA Template for the EMTA Template Currency Pair.

Settlement Date

A date with respect to the EMTA Template Currency Pair to which the FCM ForexClear NDF Transaction relates and is:

- A. no earlier than the date immediately following the Valuation Date; and
- B. no later than the date falling (1) for Brazilian Real, five calendar years and (2) for all other Reference Currencies, two calendar years, in each case plus two Business Days immediately following the Submission Date, **provided that** in each case such date shall be: (i) a valid Business Day and (ii) determined as set out in the FCM Procedures and/or relevant EMTA Template.

Settlement Type Non-Deliverable

Settlement Currency USD

Calculation Agent The Clearing House

3. **FCM ForexClear Product Eligibility Criteria for an FCM ForexClear NDF Contract – Non-EMTA Currency Pairs**

Instrument Non-Deliverable FX Transaction – Non-EMTA Currency Pairs

Economic Terms The transaction particulars submitted to the Clearing House specify all the Economic Terms.

Reference Currency One of:

- 1. EUR – Euro,
- 2. GBP – British Pound,
- 3. AUD – Australian Dollar,

4. CHF – Swiss Franc,
5. JPY – Japanese Yen,
6. DKK – Danish Krone,
7. NOK – Norwegian Krone,
8. SEK – Swedish Krona,
9. CAD – Canadian Dollar,
10. SGD – Singapore Dollar,
11. ZAR – South African Rand, ~~₣~~
12. MXN – Mexican Peso,
- 13.- HKD – Hong Kong Dollar,

Valuation Date	A date with respect to the Non-EMTA Template Currency Pair to which the FCM ForexClear Transaction relates and is (i) a valid Business Day, (ii) no earlier than the Business Day (as defined in the FCM Regulations) immediately following the Submission Date and (iii) determined as set forth in the FCM Procedures and/or given Non-EMTA NDF Contract Template.
Settlement Date	<p>A date with respect to the Non-EMTA Template Currency Pair to which the FCM ForexClear Transaction relates and is:</p> <p>A. no earlier than the date immediately following the Valuation Date; and</p> <p>B. no later than the date falling (1) for Euro, British Pound, Australian Dollar, Swiss Franc and Japanese Yen, five (5) calendar years and (2) for all other Non-EMTA Currencies, two (2) calendar years, in each case plus two Business Days immediately following the Submission Date, provided that in each case such date shall be: (i) a valid Business Day and (ii) determined as set out in the FCM Procedures and/or given Non-EMTA NDF Contract Template.</p>
Settlement Type	Non-Deliverable
Settlement Currency	USD
Settlement Rate (Option)	As set forth in the relevant Non-EMTA NDF Contract Template

PART C
LCH NON-EMTA NDF CONTRACT TEMPLATES

i. Specific Standard Terms for EUR/USD Non-Deliverable FX Transactions

Reference Currency:	EUR
Settlement Currency:	USD
Settlement Date:	<p>Will be valid if a business day pursuant to the New York public holiday calendar (NYB), as published by Swaps Monitor Publications, Inc., and is a day on which the Clearing House is open for business.</p> <p>Will be subject to adjustment in accordance with the Following Business Day Convention if the Valuation Date is adjusted to a date equal to or after the Settlement Date. In such cases, the Settlement Date should be adjusted to the next Business Day (which also meets the foregoing requirements) after the Valuation Date.</p>
Settlement:	Non-Deliverable
Settlement Rate (Option):	WM/Reuters Closing Spot Rate
Price Source Disruption:	Applicable
Maximum Days of Postponement:	1 day
Calculation Agent for Fallback Reference Price:	The Clearing House
Fallback Reference Price:	Calculation Agent for Fallback Reference Price
Holiday Type Determination for Valuation Date:	<p>A 'scheduled holiday' is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time greater than 48 hours prior to 9:00 London time on the Valuation Date.</p> <p>An 'unscheduled holiday' is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time less than or equal to 48 hours prior to 9:00 London time on the Valuation Date.</p>

xiii. Specific Standard Terms for HKD/USD Non-Deliverable FX Transactions

<u>Reference Currency:</u>	<u>HKD</u>
<u>Settlement Currency:</u>	<u>USD</u>
<u>Settlement Date:</u>	<p><u>Will be valid if a business day pursuant to the New York public holiday calendar (NYB), as published by Swaps Monitor Publications, Inc., and is a day on which the Clearing House is open for business.</u></p> <p><u>Will be subject to adjustment in accordance with the Following Business Day Convention if the Valuation Date is adjusted to a date equal to or after the Settlement Date. In such cases, the Settlement Date should be adjusted to the next Business Day (which also meets the foregoing requirements) after the Valuation Date.</u></p>
<u>Settlement:</u>	<u>Non-Deliverable</u>
<u>Settlement Rate (Option):</u>	<u>WM/Reuters Closing Spot Rate</u>
<u>Price Source Disruption:</u>	<u>Applicable</u>
<u>Maximum Days of Postponement:</u>	<u>1 day</u>
<u>Calculation Agent for Fallback Reference Price:</u>	<u>The Clearing House</u>
<u>Fallback Reference Price:</u>	<u>Calculation Agent for Fallback Reference Price</u>
<u>Holiday Type Determination for Valuation Date:</u>	<p><u>A ‘scheduled holiday’ is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time greater than 48 hours prior to 9:00 London time on the Valuation Date.</u></p> <p><u>An ‘unscheduled holiday’ is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time less than or equal to 48 hours prior to 9:00 London time on the Valuation Date.</u></p>
<u>Convention for a Holiday Type Determination Date for Valuation Date:</u>	<p><u>Business Day Convention for a Holiday Type Determination Date for Valuation Date:</u></p> <p><u>A ‘scheduled holiday’ pursuant to Holiday Type Determination for Valuation Date with respect to the Valuation Date will adjust the</u></p>

	<p><u>Valuation Date in accordance with the Preceding Business Day Convention.</u></p> <p><u>An 'unscheduled holiday' pursuant to Holiday Type Determination for Valuation Date with respect to the Valuation Date will adjust the Valuation Date in accordance with the Following Business Day Convention.</u></p>
<p><u>Relevant Calendar for Valuation Date:</u></p>	<p><u>WMR Calendar</u></p>

PART D
FCM FOREXCLEAR NDO CONTRACT TERMS; FCM FOREXCLEAR CONTRACTS
ARISING FROM FCM FOREXCLEAR NDO TRANSACTIONS

Where an FCM ForexClear NDO Contract arises between the Clearing House and an FCM ForexClear Clearing Member pursuant to the FCM Regulations and the terms of any agreement entered into between them, the terms of such registered FCM ForexClear NDO Contract shall include these FCM ForexClear NDO Contract Terms, which shall comprise:

- (1) Interpretation;
- (2) Economic Terms; and
- (3) Standard Terms.

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.

Subject to the FCM Regulations and the FCM Procedures, the Clearing House will use the FCM ForexClear NDO Contract Terms applicable to an FCM ForexClear NDO Contract to calculate the amounts due under the FCM ForexClear NDO Contract to, or from, the Clearing House in accordance with the FCM Procedures.

1. Interpretation ("Interpretation")

- 1.1 **"ISDA Definitions"** means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC and, as applicable, are incorporated by reference herein.
- 1.2 **"FXC"** means the Foreign Exchange Committee or any successor entity.
- 1.3 **"ISDA"** means the International Swaps and Derivatives Association, Inc. or any successor entity.
- 1.4 Words and expressions used in these FCM ForexClear NDO Contract Terms that are not defined herein shall have the meaning given to them in the FCM Regulations or the FCM Procedures, unless expressly provided otherwise. Words and expressions used in these FCM ForexClear NDO Contract Terms that are not defined in the FCM Regulations and the FCM Procedures, but which are defined in the ISDA Definitions, EMTA Templates or LCH ~~Non-EMTA G10~~-NDO Contract Templates, shall have the meanings given to them in the ISDA Definitions, EMTA Templates or LCH ~~Non-EMTA G10~~-NDO Contract Templates, unless expressly provided otherwise.
- 1.5 In the event of an inconsistency or conflict, the FCM Regulations and FCM Procedures will prevail over the ISDA Definitions.
- 1.6 References in the ISDA Definitions to a "Currency Option Transaction" shall be deemed to be references to an "FCM ForexClear NDO Transaction" for the purposes of these FCM ForexClear NDO Contract Terms.
- 1.7 Except where expressly stated otherwise, all reference to "Sections" means Sections in the ISDA Definitions.

- 1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the FCM ForexClear Clearing Members, give directions as to whether such amendment shall apply to FCM ForexClear NDO Contracts and, if so, with immediate effect or with such deferred effect as the Clearing House shall determine (provided that in any event any such amendment shall only apply in relation to FCM ForexClear NDO Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- 1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to FCM ForexClear NDO Contracts going forward, these FCM ForexClear NDO Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with FCM ForexClear NDO Contracts registered in a FCM ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- 1.10 The omission to give notice under this provision to, or the non-receipt of notice under paragraphs 1.8 or 1.9 above by, any FCM ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

2. **Economic Terms**

- 2.1 The Economic Terms of an FCM ForexClear NDO Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM ForexClear NDO Transaction.
- 2.2 The particulars of an FCM ForexClear NDO Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms that are not predetermined in the relevant EMTA Template or LCH ~~Non-EMTA G10~~ NDO Contract Template, where applicable:
- (a) Trade Date (Section 1.25)
 - (b) Buyer (Section 3.1(a))
 - (c) Seller (Section 3.1(f))
 - (d) Call Currency (Section 3.1(b))
 - (e) Call Currency Amount (Section 3.1(c))
 - (f) Put Currency (Section 3.1(d))
 - (g) Put Currency Amount (Section 3.1(e))
 - (h) Strike Price (Section 3.1(g))
 - (i) Settlement Date (Section 1.24)
 - (j) Valuation Date (Section 1.16(f))
 - (k) Premium; Price (Section 3.4(a))
 - (l) Premium Payment Date (Section 3.4(b))

3.17 **WM/Reuters Closing Spot Rate**

The following shall only apply to an FCM ForexClear NDO Contract where EUR, GBP, AUD, CHF or JPY is the Reference Currency:

“**WM/Reuters Closing Spot Rate**” means, for the relevant Currency Pair, the exchange rate at the relevant time at which such rate is to be determined for foreign exchange transactions for value on the relevant Settlement Date, as calculated and published by the WM Company and Thomson Reuters, which appears on the respective Thomson Reuters screen, as follows:

- (a) Reference Currency: AUD; Settlement Currency: USD; Thomson Reuters Screen: USDAUDFIXM=WM;
- (b) Reference Currency: GBP; Settlement Currency: USD; Thomson Reuters Screen: USDGBPFIXM=WM;
- (c) Reference Currency: EUR; Settlement Currency: USD; Thomson Reuters Screen: USDEURFIXM=WM;
- (d) Reference Currency: CHF; Settlement Currency: USD; Thomson Reuters Screen: USDCHFFIXM=WM; or
- (e) Reference Currency: JPY; Settlement Currency: USD; Thomson Reuters Screen: USDJPYFIXM=WM.

- 4. If the terms of an EMTA Template or LCH ~~Non-EMTA G10~~ NDO Contract Template conflict with these FCM ForexClear NDO Contract Terms, these FCM ForexClear NDO Contract Terms shall prevail. If the terms of an EMTA Template conflict with the ISDA Definitions, the terms of the EMTA Template shall prevail.

Part B**PART E**

REGISTRATION OF AN FCM FOREXCLEAR NDO CONTRACT - PRODUCT ELIGIBILITY CRITERIA

1. Registration of an FCM ForexClear NDO Contract

Without prejudice to the FCM Regulations and the FCM Procedures, the Clearing House will only register an FCM ForexClear NDO Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the FCM Product Eligibility Criteria set out in paragraph 2 or 3 below, as applicable, for an FCM ForexClear NDO Transaction;
- (b) each party to the transaction is an Executing Party; and
- (c) the FCM ForexClear Clearing Member in whose name the FCM ForexClear NDO Contract is to be registered has not been declared a defaulter by the Clearing House.

and the requirements of paragraphs 1(a), (b) and (c) above continue to be satisfied at the Registration Time.

5. Product Eligibility Criteria for an FCM ForexClear NDO Contract

Instrument	Non-Deliverable Currency Option Transaction
Economic Terms	The transaction particulars submitted to the Clearing House specify all the Economic Terms.
Currency Pair	One of
	USD/BRL,
	USD/KRW,
	USD/INR,
	USD/TWD,
	AUD/USD,
	EUR/USD,
	GBP/USD,
	CHF/USD, or
	JPY/USD
Valuation Date	A date with respect to the Currency Pair to which the FCM ForexClear NDO Transaction relates and is (i) a valid Business Day, (ii) no earlier than the Business Day

	immediately following the Submission Date and (iii) determined as set forth in the FCM Procedures, relevant EMTA Template or relevant LCH Non-EMTA G10 -NDO Contract Template, as applicable, for the Currency Pair.
Settlement Date	A date with respect to the Currency Pair to which the FCM ForexClear NDO Transaction relates and is:
	no earlier than the date immediately following the Valuation Date; and
	(A) with respect to FCM ForexClear NDO Contracts where BRL is the Reference Currency, no later than the date falling five (5) calendar years plus two Business Days immediately following the Submission Date and (B) for all other FCM ForexClear NDO Contracts, no later than the date falling two (2) calendar years plus two Business Days immediately following the Submission Date, provided that in each case such date shall be: (i) a valid Business Day and (ii) determined as set forth in the FCM Procedures, relevant EMTA Template or relevant LCH Non-EMTA G10 -NDO Contract Template, as applicable, for the Currency Pair.
Settlement Type	Non-Deliverable
Settlement Currency	USD
Settlement Rate Option	As set forth in the relevant EMTA Template or LCH Non-EMTA G10 -Contract Template
Calculation Agent	The Clearing House

~~Part C~~ **PART F**
LCH-G10 ~~NON-EMTA~~ NDO CONTRACT TEMPLATES

i. EUR/USD Non-Deliverable Currency Option Transactions

Reference Currency:	EUR
Settlement Currency:	USD
Settlement Date:	<p>Will be valid if a business day pursuant to the New York public holiday calendar (NYB), as published by Swaps Monitor Publications, Inc., and is a day on which the Clearing House is open for business.</p> <p>Will be subject to adjustment in accordance with the Following Business Day Convention if the Valuation Date is adjusted to a date equal to or after the Settlement Date. In such cases, the Settlement Date should be adjusted to the next Business Day (which also meets the foregoing requirements) after the Valuation Date.</p>
Settlement:	Non-Deliverable
Settlement Rate (Option):	WM/Reuters Closing Spot Rate
Expiration Date:	Valuation Date
Expiration Time:	The time at which the Spot Rate is determined
Price Source Disruption:	Applicable
Maximum Days of Postponement:	1 day
Holiday Type Determination for Valuation Date:	<p>A 'scheduled holiday' is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time greater than 48 hours prior to 9:00 London time on the Valuation Date.</p> <p>An 'unscheduled holiday' is deemed to be such when it (i) falls on the Valuation Date and (ii) is published in the SwapsMonitor Financial Calendar (with respect to the Relevant Calendar for Valuation Date) at a time less than or equal to 48 hours prior to 9:00 London time on the Valuation Date.</p>
Business Day Convention for a Holiday Type	<p>Business Day Convention for a Holiday Type Determination Date for Valuation Date:</p> <p>A 'scheduled holiday' pursuant to Holiday Type Determination for Valuation Date with respect to the Valuation Date will adjust</p>

Appendix III
Procedures Section 2I



LCH LIMITED

PROCEDURES SECTION 2I

FOREXCLEAR CLEARING SERVICE

1. INTRODUCTION AND INTERPRETATION

These Procedures govern the ForexClear Service, form part of the Rulebook and must be read in conjunction with the other parts of the Rulebook.

Capitalised terms used in these Procedures not otherwise defined herein have the meanings ascribed to them in the Rulebook.

References to "**Sections**" shall mean sections in these Procedures.

References to "**Business Day**", "**Calculation Agent**", "**Disruption Fallback**", "**Notional Amount**", "**Reference Currency**", "**Settlement Currency**", "**Settlement Currency Amount**", "**Settlement Date**", "**Settlement Rate**", "**Settlement Rate Option**", "**Trade Date**", "**Valuation Date**", and "**Valuation Postponement**" shall carry the meanings given to them in the Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time with respect to the relevant Currency Pair.

References to "**business day**" shall carry the meaning given to it in the Rulebook.

References to "**Currency Pair**" are to the relevant currency pairs specified in the Schedule to the ForexClear Regulations.

"**EMTA**" means EMTA Inc., the trade association for the emerging markets that was formerly known as the Emerging Markets Traders Association, or any successor entity.

"**EMTA Template**" means, where applicable, the template terms for a Non-Deliverable FX Transaction or Non-Deliverable Currency Option Transaction for a particular Currency Pair that are in effect and published by EMTA on its website on the relevant Trade Date.

"**ForexClear Margin or Settlement Currency**" means

- (a) in the case of a ForexClear Non-Deliverable Contract, USD; or
- (b) in the case of a ForexClear Deliverable Contract, the ForexClear Currency or ForexClear Currencies elected as such by the FXCCM party to such ForexClear Contract at registration of such ForexClear Contract, provided that the Clearing House has permitted such currency or currencies to be chosen for such purpose.

"**LCH ~~G10-Non-EMTA~~ Contract Template**" means, where applicable, the template terms for a ForexClear Transaction for a particular Currency Pair that are set forth in the LCH ~~Non-EMTA G10~~-NDF Contract Terms or LCH ~~G10-Non-EMTA~~ NDO Contract Terms.

"**NPV Payment**" means, in respect of a business day and a ForexClear STM Contract that is settled-to-market daily in accordance with Regulation 106A, the amount or amounts paid by either the relevant FXCCM or the Clearing House to the other on such business day in respect of the change in the net present value of that ForexClear STM Contract (or the obligations thereunder) in accordance with the ForexClear STM Terms applicable to that ForexClear STM Contract.

between the FXCCM and the ForexClear Approved Trade Source System and the terms of such relationship may entitle the ForexClear Approved Trade Source System to suspend the ability of an FXCCM to make submissions from time to time.

The Clearing House accepts no liability for any error within or corruption of any data sent by the ForexClear Approved Trade Source System to the Clearing House or to an FXCCM or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any ForexClear Contract(s) on the basis of incorrect or corrupted data sent to it by a ForexClear Approved Trade Source System, the FXCCM(s) concerned shall be bound by the terms of such ForexClear Contract(s), unless the ForexClear Contract is subsequently cancelled in accordance with Regulation 92 (*Cancellation of ForexClear Contracts*).

1.3.3 Trade Validation and Registration

(a) Process Flow Description

- (i) The Clearing House performs a validation check on each trade submitted by FXPs to ensure that each such trade meets the applicable ForexClear Eligibility Criteria and the Counterparty Technical Validation Check (as defined below), Incremental Risk Checks (as defined below) required for ForexClear Transactions and, with respect to each ForexClear Deliverable Transaction, a Settlement Exposure Limit Check (as described herein) (collectively, the "**Validation Checks**").
- (ii) The Clearing House will create two trade records for a ForexClear Transaction which passes the Validation Checks and is accepted for clearing by the Clearing House: one for the ForexClear Contract between the Clearing House and the relevant FXCCM and the other for the ForexClear Contract between the Clearing House and the same or another relevant FXCCM.
- (iii) In respect of a ForexClear Transaction which is:
 - (A) a Trading Venue Transaction, the Clearing House will notify the ForexClear Clearing Members, Trading Venue and, if the originating ForexClear Approved Trade Source System is different to the Trading Venue, the originating ForexClear Approved Trade Source System of registration or rejection of the ForexClear Transaction (as applicable); or
 - (B) not a Trading Venue Transaction, the Clearing House will notify the ForexClear Clearing Members (via the originating ForexClear Approved Trade Source System or ClearLink API) of registration or rejection of the ForexClear Transaction,

in each case within the required timeframe under all Applicable Law.

- (iv) As provided in paragraph 1.2.5(d) (*Novation and Registration*), in respect of messages confirming registration, the time of dispatch of such message shall be the Registration Time of that ForexClear Contract.
 - (v) The internal sub-account (i.e. FXCCM, branch, or FXD) into which each trade record is booked is derived from the BIC code within the message from the ForexClear Approved Trade Source System. The BIC links to the FXCCM reference data.
 - (vi) Both new trade records arising out of the ForexClear Transaction have the same unique ForexClear ID (the "**ForexClear ID**"). Any further events or actions are applied on the basis of this ForexClear ID, to ensure consistency.
- (b) "**Counterparty Technical Validation Check**" The counterparties to each trade must be (a) the parties submitted in trade particulars FXPs, (b) are each a Non-Defaulting FXCCM and (c) approved by the Clearing House to clear the relevant trade type.
- (i) Valuation Date and Settlement Date: in respect of a ForexClear Non-Deliverable Transaction, (A) the Valuation Date and Settlement Date for the ForexClear Transaction must fall on a valid Business Day for the Currency Pair to which the ForexClear Transaction relates; and (B) the Settlement Date must fall on a Business Day after the Valuation Date. FXCCMs should refer to the Relevant EMTA Template or LCH Non-EMTA G10-Contract Template for further details of the relevant Business Days for determining the Valuation Date and the Settlement Date:¹

Risk and Settlement Limit Checks

- (ii) The Clearing House will apply an "**Incremental Risk Check**" to each ForexClear Transaction which is not a Sub-Block Trading Venue Transaction. The Incremental Risk Check uses a suitable approximation methodology to estimate an FXCCM's Liabilities (including the new ForexClear Transaction) against available Collateral (taking into account ForexClear Tolerance and/or MER Buffer made available by the Clearing House, if any). However, any ForexClear Transaction submitted by an FXCCM that is risk reducing (i.e. results in a reduction of that FXCCM's Liabilities) will always pass the Incremental Risk Check, even if the FXCCM has not transferred sufficient Collateral in respect of its Liabilities to the Clearing House. The Clearing House will apply a "**Settlement Exposure Limit**"

¹ As amended from time to time as per relevant EMTA Template.

(c) *Process Flow Description*

- (i) After the Registration Time for a ForexClear Non-Deliverable Contract, the ForexClear Service links a Settlement Rate Option to it in accordance with the Relevant EMTA Template or given LCH Non-EMTA G10-Contract Template, as applicable.
- (ii) On the Valuation Date, the Clearing House uses the Settlement Rate for the Currency Pair for the ForexClear Non-Deliverable Contract when it is published by Reuters, and calculates the Settlement Currency Amount for each ForexClear Non-Deliverable Contract in the Settlement Currency by applying the relevant Settlement Rate Option as referenced in the Relevant EMTA Template or given LCH Non-EMTA G10-Contract Template, as applicable.

1.3.9 If the Settlement Rate Option set out in the Relevant EMTA Template or given LCH Non-EMTA G10-Contract Template, as applicable, is unavailable at the relevant time, Disruption Fallback alternatives for the determination of the Settlement Rate will apply as set out in the Relevant EMTA Template or given LCH Non-EMTA G10-Contract Template, as applicable. Notwithstanding the foregoing, in the event the Clearing House determines (in its sole discretion) that a Settlement Rate Option is unavailable, the Clearing House will determine an alternative Settlement Rate Option.

1.3.10 *Settlement:* With respect to each ForexClear Non-Deliverable Contract, the Settlement Currency Amount is calculated by the application of the Settlement Rate to the Notional Amount in accordance with the relevant ForexClear Contract Terms.

From (and including) the Registration Time to (and including) the business day immediately preceding the Settlement Date, changes in the daily value of open ForexClear Non-Deliverable Contracts will have resulted in variation margin credits and debits or NPV Payments between the parties (as set out at Section 1.5.2 (*Variation Margin and NPV Payments*)). With respect to each ForexClear Non-Deliverable Contract, on the business day immediately preceding the Settlement Date, the Clearing House nets the Settlement Currency Amount against the aggregate net variation margin or aggregate NPV Payments (as applicable) which have been paid/received through the term of the ForexClear Non-Deliverable Contract, the result of which is a Net Settlement Amount ("NSA"), which will be reflected in the FXCCMs' cash accounts with the Clearing House on the Settlement Date. As such, with respect to each ForexClear Non-Deliverable Contract, the transfer to the Clearing House of either (i) all the Collateral in respect of the variation margin in respect that ForexClear Non-Deliverable Contract, or (ii) all the NPV Payments required pursuant to the relevant ForexClear STM Terms of that ForexClear Non-Deliverable Contract shall satisfy the relevant party's obligation to pay the Settlement Currency Amount on the Settlement Date of such ForexClear Non-Deliverable Contract. For the purpose of providing Nostro reconciliations, to the relevant parties, the Clearing House will provide Reporting (as defined in Section 1.7 (*ForexClear Reporting*)) which will reflect an entry for the

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

Fees

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

The portfolio transfer capability allows the transfer of:

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

The Clearing House will carry out the portfolio transfer. For transfers under (jj), (kk) and (ll), this can be on either (i) a ForexClear Contract by ForexClear Contract basis, or (ii) in respect of ForexClear Non-Deliverable Contracts, on a Currency Pair basis.

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

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

1.3.12 *Reference Data*

- (a) *Holiday Event Calendar:*

The ForexClear Service uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, INC.) ("**SwapsMonitor**

Financial Calendar”) in order to determine holidays. This requires all ForexClear Participants to be licensees of the SwapsMonitor Financial Calendar.

If a change is declared that affects the SwapsMonitor Financial Calendar then, subject to paragraph (b) below, a corresponding calendar adjustment will be made in the ForexClear system, unless the Clearing House notifies FXCCMs otherwise that the relevant change will not apply to ForexClear Contracts. The Clearing House may temporarily close the ForexClear Service to process a calendar adjustment in its clearing system. FXCCMs will be notified in advance of the date, time and expected duration of such closure.

(b) *Date Adjustment:*

As a result of the calendar adjustment process, (i) the Valuation Date and/or the Settlement Date of any affected ForexClear Non-Deliverable Contracts will automatically be date adjusted in accordance with the provisions of the Relevant EMTA Template or given LCH Non-EMTA G10 Contract Template, as applicable and (ii) the Settlement Date of any affected ForexClear Deliverable Contract will automatically be date adjusted in accordance with the Following Business Day Convention, as detailed in the Relevant EMTA Template.

Without limiting the foregoing, the Clearing House reserves the right to amend the Valuation Date and/or Settlement Date of a ForexClear Contract to reflect or account for a public holiday (or anticipated public holiday), in its sole discretion.

The Clearing House will notify the FXCCMs of any date adjustments made to any ForexClear Contract.

1.3.13 *ForexClear Tolerance*

In order to facilitate the registration of ForexClear Contracts by FXCCMs, the Clearing House may, in its sole discretion, provide FXCCMs with temporary “tolerance” in the form of initial margin forbearance (“**ForexClear Tolerance**”). In the event an FXCCM wishes to utilise ForexClear Tolerance, it must provide notice to the Clearing House (the form and manner of such notice shall be prescribed by the Clearing House from time to time). FXCCMs who are approved to utilise ForexClear Tolerance may choose not to utilize MER Buffer in connection with the registration of ForexClear Contracts (for the avoidance of doubt, the utilization of MER Buffer is compulsory for FXCCMs that do not opt-in to ForexClear Tolerance).

The Clearing House may apply ForexClear Tolerance between Margin and Settlement Runs in an amount equal to the value of the Collateral that would have been required to be transferred by the FXCCM to the Clearing House to cover the relevant Liabilities (or estimated Liabilities)

together, "**Market Data**".

FX Spot Rates, FX Swap Points and FX Volatility are received by the Clearing House via a live link from all eligible FXCCMs during the Opening Hours (as defined in paragraph (b) of Section 1.2.2 (*Service Operating Hours*)).

1.4.2 *Market Data Sources and Frequencies:* The Clearing House receives the following updated raw prices:

- (a) FX Spot Rates:
 - (i) Source – contributing FXCCMs.
 - (ii) Frequency - every time updated by contributing FXCCMs up to a maximum rate of once every five minutes.
- (b) FX Swap Points:
 - (i) Source - all contributing FXCCMs.
 - (ii) Frequency - every time updated by contributing FXCCMs up to a maximum rate of once every five minutes.
 - (iii) Tenors – as shown in the table below.

Tenor
O/N
T/N
S/N
1 week
1 month
2 months
3 months
6 months
9 months
12 months
24 months
36 months
48 months
60 months

- (c) FX Volatility Points:
 - (i) Source – all contributing FXCCMs.
 - (ii) Frequency – every time updated by contributing FXCCMs up to a maximum rate of once every five minutes.

- (iii) Deltas and Tenors – as shown in the tables below. All delta points should be contributed for each tenor.

Tenor
O/N
1 week
2 weeks
1 month
2 months
3 months
6 months
9 months
12 months
18 months
24 months

Deltas
ATM
25-RR
25-Fly
10-RR
10-Fly

- (d) FX Non-Deliverable Settlement Rates:
- (i) Source - Reuters.
 - (ii) Frequency - when published (as referenced in the Relevant EMTA Template or given LCH Non-EMTA G10 Contract Template, as applicable).
- (e) Interest Rate Curves:
- (i) Source - internal Clearing House.
 - (ii) Frequency - at each SwapClear Margin or Settlement Run.
- (f) PAI Rates and PAA Rates:
- (i) Source - LCH Treasury.
 - (ii) Frequency - daily.
- (g) Country Credit Spreads:
- (i) Source – Bloomberg.
 - (ii) Frequency – when published.

Appendix IV
FCM Procedures



FCM PROCEDURES OF THE CLEARING HOUSE

LCH LIMITED

2.2 FOREXCLEAR

2.2.1 *Introduction and Interpretation*

This Section 2.2 of the FCM Procedures governs the FCM ForexClear Service and must be read in conjunction with the other parts of the FCM Rulebook.

A reference to an “**FXCCM**” is generic and encompasses both ForexClear Clearing Members (as defined in the UK General Regulations) and FCM ForexClear Clearing Members.

References to “**Business Day**”, “**Calculation Agent**”, “**Currency Pair**”, “**Disruption Fallback**”, “**Notional Amount**”, “**Reference Currency**”, “**Settlement Currency**”, “**Settlement Currency Amount**”, “**Settlement Date**”, “**Settlement Rate**”, “**Settlement Rate Option**”, “**Trade Date**”, “**Valuation Date**”, and “**Valuation Postponement**” shall have the meanings given to them in the FCM ForexClear Contract Terms.

References to “**business day**” shall carry the meaning given to it in the Rulebook.

“**EMTA**” means EMTA Inc., the trade association for the emerging markets that was formerly known as the Emerging Markets Traders Association, or any successor entity.

“**EMTA Template**” means, where applicable, the template terms for a Non-Deliverable FX Transaction or Non-Deliverable Currency Option Transaction for a particular Currency Pair that are in effect and published by EMTA on its website on the relevant Trade Date.

“**LCH ~~G10-Non-EMTA~~ Contract Template**” means, where applicable, the template terms for an FCM Transaction for a particular Currency Pair that are set forth in the LCH ~~G10-Non-EMTA~~ NDF Contract Terms or LCH ~~Non-EMTA G10~~ NDO Contract Terms.

“**Relevant EMTA Template**” means, for a particular FCM ForexClear Contract, the EMTA Template that is incorporated by reference into the FCM ForexClear Contract Terms applicable to such Contract, together with any amendments thereto as set out in the FCM ForexClear Contract Terms.

“**Submission Date**” means the date on which a given trade is submitted to the Clearing House for registration.

Unless otherwise specified, all times are in local London time.

The liability of the Clearing House is as set out in Regulation 32 (*Exclusion of Liability*), which applies to these FCM Procedures in its entirety unless provided otherwise.

Transaction being submitted to the Clearing House for registration, the Clearing House will determine whether to accept or reject the FCM ForexClear Transaction within the required timeframe under all Applicable Law. Where the Clearing House determines to accept the FCM ForexClear Transaction, registration shall occur immediately and the FCM ForexClear Transaction shall be automatically replaced by two separate FCM ForexClear Contracts.

Prior and as a condition to the registration of an FCM ForexClear Contract (except where such FCM ForexClear Contract results from an FCM ForexClear Transaction that is a Sub-Block Trading Venue Transaction), the Clearing House will require the FX FCM in whose name such FCM ForexClear Contract is to be registered to provide and maintain sufficient Margin for its Liabilities (as defined in Section ~~2.2.17~~~~2.2.17~~) (or its estimated Liabilities) (taking into account any MER Buffer and/or ForexClear Tolerance, if any) as a precondition to registration(the “**Incremental Risk Check**”).

If an FX FCM has not transferred sufficient Margin for its Liabilities or estimated Liabilities (taking into account any MER Buffer and/or ForexClear Tolerance, if any) at the time of the relevant Incremental Risk Check, subject to Section 2.2.8(c), such ForexClear Transaction will be rejected.

Once an FCM ForexClear Transaction has passed the Validation Checks (as defined in Section ~~2.2.8(a)~~~~2.2.8(a)~~), and the Clearing House has determined to accept the FCM ForexClear Transaction for registration, the Clearing House will send a message confirming the registration of the FCM ForexClear Transaction as two FCM ForexClear Contracts (or one FCM ForexClear Contract and one Non-FCM ForexClear Contract, as applicable), including a date stamp, in accordance with Section 2.2.8(a)(iii). For the purpose of the FCM Regulations, the time of dispatch of such message shall be the “**Registration Time**” of such FCM ForexClear Contract(s).

The definitive report of a registered FCM ForexClear Contract will be shown on the “**All Open Contracts**” report issued by ForexClear Reporting (as defined in Section ~~2.2.24~~~~2.2.24~~).

If the Clearing House declares an FX FCM a Defaulter, the Clearing House will not register any ForexClear Contracts in the name of the Defaulter (except pursuant to the Default Rules). FCM ForexClear Transactions in respect of Non-Defaulting FX FCMs will continue to be registered in accordance with, and subject to, the FCM Rulebook.

(a) *Trade Capture*

Once the FCM Approved Trade Source System receives the trade instructions from the FXPs who are parties to the trade, the FCM Approved Trade Source System matches both instructions (a “**trade**”). The FCM Approved Trade Source System validates the trade using the applicable FCM ForexClear Product Eligibility Criteria and will, if appropriate, present a single message containing the names of the FXPs who are parties to the trade and the terms of the trade to the Clearing

House for registration and clearing (such matched trade, an “**FCM ForexClear Transaction**”).

The Clearing House will determine whether to accept or reject the FCM ForexClear Transaction within the required timeframe under Applicable Law. In respect of an FCM ForexClear Transaction which is:

- (A) an FCM Trading Venue Transaction, the Clearing House will notify the FX FCMs, the FCM Trading Venue and, if the originating FCM Approved Trade Source System is different to the FCM Trading Venue, the originating FCM Approved Trade Source System of the registration or rejection of the FCM ForexClear Transaction; or
- (B) not an FCM Trading Venue Transaction, the Clearing House will notify the FX FCMs (via the originating FCM Approved Trade Source System or ClearLink API) of registration or rejection of the FCM ForexClear Transaction,

in each case within the required timeframe under Applicable Law.

(b) *ForexClear FCM Approved Trade Source Systems*

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

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

The Clearing House is not able to, and will not, verify the authorization of the source of any details of any FCM ForexClear Transaction reported to it for registration by an FCM Approved Trade Source System. The Clearing House shall have no liability in the event that any FX FCM suffers any loss through the unauthorized input of details into a system of an FCM Approved Trade Source System.

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

relationship may entitle the FCM Approved Trade Source System to suspend the ability of an FX FCM to make submissions from time to time.

FX FCMs must not submit instructions to the Clearing House for trades which will not meet the FCM ForexClear Eligibility Criteria. The Clearing House will process any FCM ForexClear Transaction reported to it by an FCM Approved Trade Source System on an “as is” basis, and subject to the FCM Regulations and these FCM Procedures, will register any such FCM ForexClear Transaction on the basis of the data provided to it by the FCM Approved Trade Source System and approved by the relevant FCM Clearing Member. The Clearing House has no obligation to verify that the details received, properly reflect the trade entered into by the relevant Executing Parties.

The Clearing House accepts no liability for any error within or corruption of any data sent by an FCM Approved Trade Source System to the Clearing House or to an FCM Clearing Member or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any FCM ForexClear Contract on the basis of incorrect or corrupted data sent to it by an FCM Approved Trade Source System and accepted by an FCM Clearing Member, the FCM Clearing Member concerned shall be bound by the terms of such FCM ForexClear Contract, unless the FCM ForexClear Contract is subsequently cancelled in accordance with FCM Regulation 49 (*Cancellation of FCM ForexClear Contracts*).

FCM Clearing Members shall ensure that transaction details accepted for registration are accepted by appropriately authorized personnel. Apart from the foregoing acceptance, the Clearing House is not able to, and will not, verify the authorization of the source of any details of any transaction reported to it for registration by any FCM Approved Trade Source System. The Clearing House shall have no liability in the event that any FCM Clearing Member suffers any loss through the unauthorized acceptance of an FCM Notification.

2.2.8 ***Trade Validation and Registration***

(a) *Process flow description*

- (A) The Clearing House performs a validation check on each trade presented by FXPs to ensure that each such trade meets: (A) the applicable FCM ForexClear Product Eligibility Criteria and the Counterparty Technical Validation Check (as defined below); (B) where applicable, the Incremental Risk Checks (as defined below); and (C) where applicable, the Acceptance Validation Checks (as defined below), in each case, required for FCM ForexClear Transactions (collectively, the “**Validation Checks**”).

condition of registration that all of the constituent FCM ForexClear Transactions of such Package Transaction be FCM Eligible Trading Venue Transactions. Where such condition is not met, all constituent FCM ForexClear Transactions of the Package Transaction will be rejected. In respect of a Package Transaction comprising FCM ForexClear Transactions that are not executed on an FCM Trading Venue, the Clearing House will send an FCM Notification to the relevant FCM Clearing Member(s) for the acceptance of each such constituent FCM ForexClear Transaction.

In respect of an FX Package Transaction presented in an FX FCM's name, such FX FCM's Margin requirement and other Required Registration Amounts will be assessed on a net basis based on all of the constituent FCM ForexClear Transactions of such FX Package Transaction.

The Clearing House may limit the number of FCM ForexClear Transactions that may be included in an FX Package Transaction by way of member circular.

(m) *Valuation Date Event Management: Process flow description*

After the Registration Time for an FCM ForexClear Contract, the FCM ForexClear Service links a Settlement Rate Option to it in accordance with the Relevant EMTA Template or given LCH Non-EMTA G10 Contract Template, as applicable.

On the Valuation Date, the Clearing House uses the Settlement Rate for the Currency Pair for the FCM ForexClear Contract when it is published by Reuters, and calculates the Settlement Currency Amount for each FCM ForexClear Contract in the Settlement Currency by applying the relevant Settlement Rate Option as referenced in the Relevant EMTA Template or given LCH G10-Non-EMTA Contract Template, as applicable.

If the Settlement Rate Option set out in the Relevant EMTA Template or given LCH Non-EMTA G10 Contract Template, as applicable, is unavailable at the relevant time, Disruption Fallback alternatives for the determination of the Settlement Rate will apply as set out in the Relevant EMTA Template or given LCH Non-EMTA G10 Contract Template, as applicable. Notwithstanding the foregoing, in the event the Clearing House determines (in its sole discretion) that a Settlement Rate Option is unavailable, the Clearing House will determine an alternative Settlement Rate Option.

(n) *Settlement*

With respect to each FCM ForexClear Contract, the Clearing House calculates a Settlement Currency Amount by applying of the Settlement Rate to the Notional Amount in accordance with the applicable FCM ForexClear Contract.

With respect to each FCM ForexClear Contract, on the Business Day immediately preceding the Settlement Date, the Clearing House nets the Settlement Currency Amount against the Cumulative Variation Settlement of the FCM ForexClear Contract, the remainder after which is the Net Settlement Amount (“NSA”), which will be reflected in the FX FCMs' cash accounts with the Clearing House on the Settlement Date. As such, with respect to each FCM ForexClear Contract, the payment in full of all the Variation Settlement required during the term of such FCM ForexClear Contract shall satisfy the relevant party's obligation to pay the Settlement Currency Amount on the Settlement Date of such FCM ForexClear Contract. For the purpose of providing Nostro reconciliation, to the relevant parties, the Clearing House will provide Reporting (as below) which will reflect an entry for the “**Settlement Currency Amount**” and a separate entry for the Cumulative Variation Settlement of the FCM ForexClear Contract. This paragraph applies even if the Settlement Date was adjusted in accordance with the relevant FCM ForexClear Contract Terms.

(o) *Premiums*

Premiums on FCM ForexClear NDO Contracts shall be paid on the spot date or Settlement Date in an eligible currency for the given Currency Pair (such currency(ies) to be determined by the Clearing House from time to time, and notified to FX CCMs).

(p) *Reference Data*

Holiday Event Calendar:

The FCM ForexClear Service uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, Inc.) (“**SwapsMonitor Financial Calendar**”) in order to determine holidays. All FCM ForexClear Participants must be licensees of the SwapsMonitor Financial Calendar.

If a change is declared that affects the SwapsMonitor Financial Calendar that is referenced on FCM ForexClear, then a corresponding calendar adjustment will be made to the FCM ForexClear system, unless the Clearing House informs FXCCMs by notice on its website (at <https://www.lch.com/services/forexclear>, or such other web page as the Clearing House determines) that the relevant change will not apply to FCM ForexClear Contracts.

The Clearing House may temporarily close the FCM ForexClear Service to process a calendar adjustment in its clearing system. FX FCMs will

be notified in advance of the date, time and expected duration of such closure.

Date Adjustment:

As a result of the calendar adjustment process, the Valuation Date, the Settlement Date and/or Premium Payment Date of any affected FCM ForexClear Contracts will automatically be adjusted in accordance with the provisions of the Relevant EMTA Template, relevant LCH Non-EMTA G10-Contract Template or ISDA definitions as applicable.

The Clearing House will notify the FX FCMs via file download from the Clearing Member Reporting as to any FCM ForexClear Contracts affected and the date adjustments made.

2.2.9 *Market Data*

(a) *Sources used by FCM ForexClear Service*

The FCM ForexClear Service collates instrument quotes for the following from multiple market sources (as detailed in Section 2.2.9(b)) in relation to each Currency Pair:

- (A) FX spot rates (“**FX Spot Rates**”);
- (B) FX swap points (“**FX Swap Points**”);
- (C) Settlement Rate Option;
- (D) Interest rate curves and overnight index swap curves (“**Interest Rate Curves**”);
- (E) PAA rates (“**PAA Rates**”); and
- (F) Country credit spreads (see Section 2.2.9(f) below) (“**Country Credit Spreads**”),

together, “**Market Data**”.

FX Spot Rates and FX Swap Points are received by the Clearing House via a live link from all eligible FXCCMs (including FX FCMs) during the Opening Hours.

(b) *Market Data Sources and Frequencies*

The Clearing House receives the following updated raw prices:

FX Spot Rates:

- (A) Source – FXCCMs.
- (B) Frequency - every time updated by FXCCMs up to a maximum rate of once every five minutes.

FX Swap Points:

- (i) Source - all FXCCMs.
- (ii) Frequency - every time updated by FXCCMs up to a maximum rate of once every five minutes.
- (iii) Tenors – as shown in the table below.

Tenor
O/N
T/N
S/N
1 week
1 month
2 months
3 months
6 months
9 months
12 months
24 months
36 months
48 months
60 months

Settlement Rate Options:

- (i) Source - Reuters.
- (ii) Frequency - when published (as referenced in the Relevant ETMA Template or given LCH Non-EMTA G10 Contract Template, as applicable).

Interest Rate Curves:

- (i) Source - internal Clearing House
- (ii) Frequency - at each SwapClear margin run.

Country Credit Spreads:

- (i) Source - Bloomberg.
- (ii) Frequency - when published.

USD LIBOR Curve:

- (i) Source - SwapClear.
- (ii) Frequency - at each SwapClear margin run.