

VIA CFTC PORTAL

4 August 2016

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

**LCH.Clearnet Limited Self Certification: Multilateral compression for SwapClear clients and addition of VNS denominated in AUD, CAD and JPY as eligible products**

Dear Mr Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (the "CFTC") Regulation §40.6(a), LCH.Clearnet Limited ("LCH"), a derivatives clearing organization registered with the CFTC, is submitting the following changes for self-certification:

1. *Extension of multilateral compression services*: changes to its rules to extend its multilateral compression services to clients of SwapClear Clearing Members ("SCMs") and Futures Commission Merchants ("FCMs").
2. *Addition of AUD, CAD and JPY denominated VNS*: changes to its Product Specific Contract Terms and Eligibility Criteria manuals to add Australian Dollar (AUD), Canadian Dollar (CAD) and Japanese Yen (JPY) denominated Variable Notional Swaps ("VNS") to the products which are eligible for clearing through SwapClear.

**Part I: Explanation and Analysis**

*Extension of multilateral compression services*

LCH proposes to make rule changes which will extend the eligibility of multilateral compression services to clients of Clearing Members in the SwapClear clearing service. The multilateral compression service, which is currently only available to Clearing Members, enables two or more parties to compress trades together. Participants opting into a given multilateral compression cycle have the option of reducing the compressed trades with a smaller number of risk replacement trades.

*Addition of AUD, CAD and JPY denominated VNS*

VNS are interest rate swaps in which the notional of the trade can vary through the life of the trade, and between the two legs of the swap. The profile of the VNS is fixed at the inception of the trade. VNS are currently cleared by

SwapClear in three currencies (EUR, GBP and USD). SwapClear now intends to add the following currency-denominated VNS (both IRS and basis swaps) to its eligible product set:

- JPY LIBOR
- CAD BA-CDOR
- AUD BBR-BBSW

Both of the above changes will go live on, or after, September 12, 2016.

## **Part II: Description of Rule Changes**

### Extension of multilateral compression services

#### *General Regulations*

A number of definitions have been updated to reflect the extension of the service to clients.

Regulation 56 (*Compression*) has been amended to reflect the service being extended to clients and the role played by the Clearing Member in the context of such extension. The amendments include the provision of a participating Clearing Member being authorised to provide or receive instructions on behalf of a client; note that the Clearing Member is responsible for confirming its interest in a compression cycle and its acceptance of a compression proposal received in respect to its own account or that of a client and that the Clearing Member is also responsible for providing notifications to clients upon compression being effected; lastly the amendments provide discretion to SwapClear to prevent a Clearing Member from future participation in multilateral compression cycles in certain circumstances.

#### *FCM Regulations*

A number of definitions have been updated to reflect the extension of the service to clients.

Regulation 46 (*Registration of FCM SwapClear Contracts; Novation and Post-Novation Compression; SwapClear Accounts*)(m)(ii) to (xix) have been added to conform to the provisions which already exist in the General Regulations supporting multilateral compression as well as to add new requirements to describe the obligations of FCMs in enabling their clients to use the multilateral compression service, including documentation requirements.

The text of the changes to General Regulations is attached hereto as **Appendix I** and that of FCM Regulations is attached as **Appendix II**.

### Addition of AUD, CAD and JPY denominated VNS

Schedule 2, PART B of the SCM Product Specific Contract Terms and Eligibility Criteria Manual and Schedule 1, PART B of the FCM Product Specific Contract Terms and Eligibility Criteria Manual have been updated to note the characteristics of the VNS products in the new currencies.

The text of the changes to the SCM Product Specific Contract Terms and Eligibility Criteria Manual is attached hereto as **Appendix III** and that of the FCM Product Specific Contract Terms and Eligibility Criteria Manual is attached as **Appendix IV**.

## **Part III: Core Principle Compliance**

LCH has reviewed the extension of multilateral compression for clients against the requirements of Core Principle C and finds that the service will strengthen LCH's ability to comply with all the requirements and standards therein.

LCH has concluded that compliance with the Core Principles will not be adversely affected by these changes.

**Part IV: Public Information**

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

**Part V: Opposing Views**


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

**Certification**

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

Should you have any questions please contact me at [julian.oliver@lch.com](mailto:julian.oliver@lch.com).

Yours sincerely



Julian Oliver

Chief Compliance Officer

LCH.Clearnet Limited

**Appendix I**  
**General Regulations**



**GENERAL REGULATIONS OF  
LCH.CLEARNET LIMITED**

## REGULATION 1 DEFINITIONS

In these Regulations and the Procedures, except where the context otherwise requires, the following words and expressions shall have the following meanings:

<b>"Account Balance"</b>	means, in relation to a Relevant Client Clearing Business of a Defaulter, an Individual Segregated Account Balance or an Omnibus Segregated Account Balance
<b>"ACSP Compression Cycle"</b>	means a Multilateral Compression Cycle established by the Clearing House and facilitated by an ACSP nominated by the Clearing House, which shall be open to participation by SwapClear Clearing Members <u>either on their own account or with respect to a SwapClear Clearing Client</u> in accordance with the provisions of Regulation 56 and relevant Compression Documentation
<b>"Account Information Documents"</b>	means the documents called "LCH.Clearnet Account Structures under EMIR" and "Fees for EMIR Segregation Accounts", as published by the Clearing House on its website and made available to Clearing Members and Clearing Clients upon request
<b>"Affiliated Client Omnibus Net Segregated Account"</b>	means, in relation to a Relevant Client Clearing Business, an account opened within the Clearing House by a Clearing Member on behalf of a group of Affiliated Omnibus Segregated Clearing Clients which is designated by the Clearing House as an Affiliated Client Omnibus Net Segregated Account
<b>"Affiliated Client Omnibus Segregated Account"</b>	means, in relation to a Relevant Client Clearing Business, (i) an Affiliated Client Omnibus Net Segregated Account or (ii) an Omnibus Gross Segregated Account opened on behalf of a group of Affiliated Omnibus Segregated Clearing Clients
<b>"Affiliated Omnibus Net Segregated Clearing Clients"</b>	means Affiliated Omnibus Segregated Clearing Clients in respect of whom the relevant Clearing Member clears Contracts with the Clearing House in an Affiliated Client Omnibus Net Segregated Account

*Collateral*) of the Clearing House's Procedures

**"Client to Client Porting"**

means the transfer to the appointed Backup Client of all of the open Related Contracts and the balance of the Collateral recorded by the Clearing House as being credited to the relevant Indirect Omnibus Segregated Account

**"closing-out contract"**

means for the purposes of these Regulations, a contract effected by or on behalf of the Clearing House and registered in a Member's name, being a contract on the same terms (except as to price or premium) as an open contract in the Member's name, save that where the Clearing House is a buyer or a fixed rate payer, as the case may be, under the terms of such open contract the Clearing House shall be a seller or floating rate payer, as the case may be, under the terms of such closing-out contract and vice-versa

**"Compression Clearing Member"**

has the meaning assigned to it in Regulation 56

**"Compression Documentation"**

means such documentation as may be prescribed from time to time by the Clearing House and/or any ACSP (where applicable) in relation to a Multilateral Compression Cycle or a SwapClear Clearing Member's participation in Multilateral Compression services, including:

- (i) for a Member Compression Cycle, such agreements and documents as the Clearing House may require from all relevant SwapClear Clearing Members in relation to Multilateral Compression in accordance with the relevant Compression Proposal;
- (ii) for an ACSP Compression Cycle, such agreements and documents as may be required by the nominated ACSP and/or the Clearing House in order to allow a SwapClear Clearing Member to receive the services of the ACSP and participate in that ACSP Compression Cycle; and
- (iii) such other documentation as the Clearing House may prescribe from time to time in Procedures, user manuals or other guidance documentation regarding Multilateral Compression.

**"Compression Proposal"**

means, in relation to any Multilateral Compression Cycle, the final statement as to the proposed set of Terminating SwapClear Contracts and the proposed set of resulting Post-Multilateral Compression Contracts, and, in relation to a SwapClear Clearing Member, references to

	Tolerance SwapClear Contribution for the time being
<b>"Multilateral Compression"</b>	means the exercise in which some or all of the SwapClear Contracts submitted by two or more <u>SwapClear Compression Clearing Members either on their own account or with respect to a SwapClear Clearing Client</u> , for inclusion in a Multilateral Compression Cycle are wholly terminated and, where relevant, replaced with other SwapClear Contracts <del>whose combined notional value is less than the combined notional value of the terminated SwapClear Contracts in that Multilateral Compression Cycle</del>
<b>"Multilateral Compression Cycle"</b>	means the process of Multilateral Compression in accordance with a Compression Proposal, whether by way of an ACSP Compression Cycle or a Member Compression Cycle
<b>"Net Recovery"</b>	means any sum received by the Clearing House from or for the account of a Defaulter after the issue by the Clearing House of a Rule 19 Certificate in respect of losses arising upon the Defaulter's Default less any amount payable to any insurer or provider of analogous services in respect of any amount due from but not previously paid by the Defaulter
<b>"New Member"</b>	means, on the day as at which any Contribution is to be calculated, any Clearing Member which either has become a Clearing Member, or has commenced clearing in respect of the relevant Service, since the immediately preceding day prescribed for calculating similar Contributions
<b>"NLX"</b>	NASDAQ OMX NLX Limited of 131 Finsbury Pavement, London EC2A 1NT
<b>"NLX Clearing Client"</b>	means, in respect of NLX Client Clearing Business, an Individual Segregated Account Clearing Client or an Omnibus Segregated Clearing Client
<b>"NLX Clearing House Business"</b>	means NLX Contracts entered into by a NLX Service Clearing Member with the Clearing House on a proprietary basis and for its own account
<b>"NLX Client Clearing Business"</b>	means the provision of NLX Client Clearing Services by a NLX Service Clearing Member



Contracts, RepoClear Term £GC Contracts, EquityClear Contracts, LCH EnClear Contracts, LSE Derivatives Markets Cleared Exchange Contracts and ForexClear Contracts, shall have the meaning given in the Procedures,

in each case subject to Regulation 16(e)

**"Regulations"**

means the Clearing House's General Regulations which include the Default Rules, and Clearing House Settlement Finality Regulations, from time to time in force

**"Regulatory Body"**

means the Bank of England, the Secretary of State, the Prudential Regulation Authority, the Financial Conduct Authority or professional body designated under Part XX of the Financial Services and Markets Act 2000 or other body given regulatory powers under that Act, the Commodity Futures Trading Commission of the United States (CFTC) or any other body or authority, in each case, that has jurisdiction to exercise in relation to the provision or use of clearing services a regulatory or supervisory function over the Clearing House and/or, in respect of a Clearing Member, the relevant Clearing Member under the laws of the United Kingdom, the United States or any other applicable jurisdiction

**"Rejecting Compression Clearing Member"**

has the meaning assigned to it in Regulation 56

**"Related Contract"**

means: (i) in relation to the SwapClear Service, a Related SwapClear Contract (as such term is defined in the Procedures); (ii) in relation to the RepoClear Service, a Related RepoClear Contract (as such term is defined in the Procedures); (iii) in relation to the ForexClear Service, a Related ForexClear Contract (as such term is defined in the Procedures); (iv) in relation to the EquityClear Service, a Related EquityClear Contract (as such term is defined in the Procedures); (v) in relation to the LCH EnClear Service, a Related LCH EnClear Contract (as such term is defined in the Procedures); (vi) in relation to the LSE Derivatives Markets Service, a Related LSE Derivatives Markets Cleared Exchange Contract (as such term is defined in the Procedures); (vii) in relation to the Nodal Service, a Related Nodal Contract (as such term is defined in the Procedures); and (viii) in relation to the NLX Service, a Related NLX Contract (as such term is defined in the Procedures)

**"Relevant Auction Contract"**

has the meaning given to the term in the Client Clearing Annex

## REGULATION 56 COMPRESSION

- (a) Notwithstanding any other provision of these Regulations if:
- (i) one or more SwapClear Contracts registered by a SwapClear Clearing Member in accordance with the Rulebook has substantially the same Economic Terms as one or more other SwapClear Contracts registered for the account of such SwapClear Clearing Member, and
  - (ii) all such SwapClear Contracts are either (a) registered on the SwapClear Clearing Member's own behalf or (b) registered on behalf of the same SwapClear Clearing Client,

then, to the extent permitted in the Procedures and this Regulation 56, the SwapClear Clearing Member may request that the Clearing House compress and combine all such SwapClear Contracts by terminating the relevant existing SwapClear Contracts and in some instances, compressing them into one or more SwapClear Contracts having a net future cash flow equal to the net future cash flow of such original SwapClear Contracts (including, for the purposes of determining the net future cash flow of a SwapClear STM Contract, the payment obligations of the SwapClear Clearing Member and the Clearing House under the SwapClear STM Terms applicable to such SwapClear STM Contract). For the avoidance of doubt, in no circumstances can a SwapClear Contract registered in the Proprietary Account of a SwapClear Clearing Member be compressed pursuant to this Regulation 56 with a SwapClear Contract registered in the Client Account of that SwapClear Clearing Member.

- (b) For purposes of paragraph (a) above, two or more SwapClear Contracts may be deemed by the Clearing House to have "substantially the same Economic Terms" if they are based on the same underlying currencies and the Clearing House considers them, in its sole discretion, to have substantially the same fundamental economic attributes which influence the amount, value date and direction of all coupon cash flows. For the avoidance of doubt, the Clearing House may determine that two or more SwapClear Contracts have "substantially the same Economic Terms" even if (i) they have differing fixed rates or (ii) they include at least one each of a SwapClear CTM Contract and a SwapClear STM Contract. Two or more SwapClear Contracts that are compressed under the terms of this paragraph and paragraph (a) above shall be aggregated if the position of the SwapClear Clearing Member is in the same direction on each such SwapClear Contract (i.e., obligations to make payment aggregated and rights to receive payment aggregated), such that the SwapClear Contract that replaces the compressed SwapClear Contracts shall have a notional amount equal to the total notional amount of the compressed SwapClear Contracts. Two or more SwapClear Contracts that are compressed under the terms of this paragraph and paragraph (a) above shall be netted if the position of the SwapClear Clearing Member is in the opposite direction on two or more of each such SwapClear Contracts (i.e., obligations to make payment netted against rights to receive payment). In most such cases the SwapClear Contract (if any) that replaces the compressed SwapClear Contracts shall have a notional amount equal to the net notional amount of the compressed SwapClear Contracts, however, in some cases the replacement SwapClear Contracts will have an aggregate notional amount that is greater than the net notional amount of the compressed SwapClear Contracts **provided that** in no

event will the aggregate notional amounts of the replacement SwapClear Contracts be greater than the aggregate notional amounts of the compressed SwapClear Contracts, and **provided further** that in the event that the net notional amount and net future cash flows are equal to zero such compression shall result in no replacement SwapClear Contracts. The Clearing House shall determine (in its sole discretion) whether SwapClear Contracts that are the subject of a request for compression from the SwapClear Clearing Member may be compressed and, if such SwapClear Contracts are compressed, the Clearing House shall determine the resulting terms of the SwapClear Contract(s) (if any) that replaces the compressed SwapClear Contracts, and such determination shall be binding on the SwapClear Clearing Member, absent manifest error. It is a condition for compression of SwapClear Contracts that the amount of Collateral that the Clearing House requires in respect of the original SwapClear Contracts is equal to that which is required by the Clearing House in respect of the replacement SwapClear Contract(s).

- (c) If:
- (i) the SwapClear Contracts that are the subject of a SwapClear Clearing Member's compression request pursuant to (a) above comprise only SwapClear CTM Contracts, then the one or more SwapClear Contracts that come into existence immediately following, and as a result of, the compression shall all be SwapClear CTM Contracts;
  - (ii) the SwapClear Contracts that are the subject of a SwapClear Clearing Member's compression request pursuant to (a) above comprise only SwapClear STM Contracts, then the one or more SwapClear Contracts that come into existence immediately following, and as a result of, the compression shall all be SwapClear STM Contracts; and
  - (iii) the SwapClear Contracts that are the subject of a SwapClear Clearing Member's compression request pursuant to (a) above comprise both SwapClear CTM Contracts and SwapClear STM Contracts, then:
    - (A) the SwapClear Clearing Member's compression request pursuant to (a) above shall be deemed to be a STM Conversion Request in respect of those SwapClear Contracts that are SwapClear CTM Contracts, and accordingly Regulation 57A(m)-(p) (inclusive) shall apply; and
    - (B) it shall be a condition precedent to the occurrence of the compression requested under this Regulation 56 that the SwapClear CTM Contracts that are the subject of the SwapClear Clearing Member's compression request have been converted into SwapClear STM Contracts in accordance with Regulation 57A
- (d) In addition, the Clearing House may, from time to time in its absolute discretion, make available in accordance with this Regulation 56, Multilateral Compression on the basis of a Multilateral Compression Cycle which is either:
- (i) an ACSP Compression Cycle, available to SwapClear Clearing Members [and/or applicable FCM Clearing Members \(each a "Compression Clearing Member"\)](#); or

- (ii) a Member Compression Cycle, where so requested by two or more ~~SwapClear~~ Compression Clearing Members and agreed to by the Clearing House.
- (e) In participating in any Multilateral Compression Cycle, a Compression ~~SwapClear~~ Clearing Member:
- (i) must be party to relevant Compression Documentation with the Clearing House and/or any nominated ACSP at such time as is contemplated in the Compression Documentation and from such time up to and including the Compression Time for that Multilateral Compression Cycle and at all relevant times must be accepted by the Clearing House and/or any nominated ACSP as an entity eligible to participate in such Multilateral Compression Cycle;
  - (ii) in relation to an ACSP Compression Cycle, shall nominate those SwapClear Contracts (which may be SwapClear CTM Contracts, SwapClear STM Contracts or a combination of the same) ~~which~~ that it wishes to make available for Multilateral Compression in accordance with the relevant Compression Documentation;
  - (iii) in relation to a Member Compression Cycle, shall together with the other requesting Compression ~~SwapClear~~ Clearing Member(s) provide to the Clearing House details of the proposed Terminating SwapClear Contracts (which may be SwapClear CTM Contracts, SwapClear STM Contracts or a combination of the same) and, where the Member Compression Cycle also includes the registration of Post-Multilateral Compression Contracts, details of those SwapClear Contracts (in such form as the Clearing House may require from time to time) which shall, subject to the Clearing House's confirmation, constitute the Compression Proposal;
  - (iv) agrees and acknowledges that:
    - (A) if the Terminating SwapClear Contracts that form part of the Compression Proposal comprise both SwapClear CTM Contracts and SwapClear STM Contracts, then:
      - (1) the SwapClear Clearing Member's identification of the SwapClear Contracts that it wishes to make available for Multilateral Compression pursuant to (ii) and/or (iii) above shall be deemed to be a STM Conversion Request in respect of those SwapClear Contracts so identified that are SwapClear CTM Contracts, and accordingly Regulation 57A (m)-(p) (inclusive) shall apply; and
      - (2) it shall be a condition precedent to the occurrence of the Multilateral Compression requested under this Regulation 56 that the SwapClear CTM Contracts that are the subject of the proposed compression have been converted into SwapClear STM Contracts in accordance with Regulation 57A.
    - (B) if the Terminating SwapClear Contracts that form part of the Compression Proposal comprise only SwapClear CTM Contracts, the

Post-Multilateral Compression Contracts shall also all be SwapClear CTM Contracts; and

- (C) if the Terminating SwapClear Contracts that form part of the Compression Proposal comprise only SwapClear STM Contracts, the Post-Multilateral Compression Contracts shall also all be SwapClear STM Contracts.
- (v) warrants and represents to the Clearing House that the terms of its participation in the proposed Multilateral Compression Cycle are in compliance with Applicable Law; ~~and~~
- (vi) agrees and acknowledges that the Multilateral Compression Cycle will operate, and Multilateral Compression shall take place, in accordance with this Regulation 56, the relevant Compression Proposal as accepted by such Compression SwapClear Clearing Member, relevant Compression Documentation and such other processes and procedures as may be notified by the Clearing House from time to time; and
- ~~(vi)~~(vii) warrants and represents that, in the event that it provides or receives instructions to or from the Clearing House or to the ACSP with respect to a SwapClear Clearing Client and in connection with a Multilateral Compression Cycle, that it is authorised to provide or receive such instructions with respect to such SwapClear Clearing Client.-
- (f) Where the Clearing House intends to run an ACSP Compression Cycle, it shall nominate an ACSP to facilitate ~~that such~~ ACSP Compression Cycle and produce the Compression Proposal. Such ACSP shall notify Compression SwapClear Clearing Members meeting the criteria at (e)(i) above of the timing and procedure for such ACSP Compression Cycle and invite such Compression SwapClear Clearing Members to confirm their interest, either on their own account or with respect to a SwapClear Clearing Client (where applicable). The Compression Documentation for such Multilateral Compression Cycle shall include any documentation relevant to that ACSP. Additional information on the administrative procedures for any Multilateral Compression Cycle may be included in the Compression Documentation or other procedures published by the Clearing House or a nominated ACSP from time to time or in connection with a particular Multilateral Compression Cycle.
- (g) In any Multilateral Compression Cycle, Multilateral Compression shall only take place in accordance with the terms of a Compression Proposal which has been established and accepted by all participating Compression SwapClear Clearing Members in accordance with this Regulation 56 and/or FCM Regulation 46, as applicable. Notwithstanding the other provisions of this Regulation 56, the Clearing House shall determine (in its sole discretion) whether SwapClear Contracts proposed for inclusion in a Compression Proposal may be so included.
- (h) A Compression Proposal shall:
  - (i) in relation to an ACSP Compression Cycle, be generated by the nominated ACSP in accordance with the relevant Compression Documentation and details submitted to the ACSP by participating Compression SwapClear

Clearing Members and be communicated by the ACSP to each participating ~~Compression SwapClear~~ Clearing Member in the manner contemplated in the relevant Compression Documentation for acceptance;

- (ii) in relation to a Member Compression Cycle, be constituted by the details submitted to the Clearing House by the requesting ~~Compression SwapClear~~ Clearing Members (subject to the Clearing House's determination that such proposed details are eligible for Multilateral Compression), and shall form the basis for the subsequent acceptance by each requesting ~~Compression SwapClear~~ Clearing Member; and
  - (iii) in all cases include only those SwapClear Contracts that are eligible for Multilateral Compression in the relevant Multilateral Compression Cycle ~~and that are registered in a SwapClear Clearing Member's Proprietary Account.~~
- (i) Where it wishes to participate in a Multilateral Compression Cycle, each participating ~~Compression SwapClear~~ Clearing Member shall confirm its acceptance of a Compression Proposal in the manner and by the time specified by the Clearing House or otherwise contemplated in the relevant Compression Documentation. In relation to an ACSP Compression Cycle, each participating ~~Compression SwapClear~~ Clearing Member agrees and acknowledges that the ACSP's confirmation to the Clearing House that such ~~Compression SwapClear~~ Clearing Member has confirmed its acceptance of the Compression Proposal, either on its own account or with respect to a SwapClear Clearing Client, to the ACSP shall constitute a binding acceptance by such ~~Compression SwapClear~~ Clearing Member to the Clearing House for the purposes of this Regulation 56. Upon a ~~Compression SwapClear~~ Clearing Member's acceptance of a Compression Proposal in accordance with this paragraph, either on its own account or with respect to a SwapClear Clearing Client, such ~~Compression SwapClear~~ Clearing Member shall be irrevocably bound to the terms of that Compression Proposal and the Multilateral Compression contemplated thereunder.
- (j) The Clearing House may require margin, subsequent to a ~~Compression SwapClear~~ Clearing Member's acceptance of a Compression Proposal but prior to the Compression Time, in connection with the Multilateral Compression Cycle and the ~~Compression SwapClear~~ Clearing Member's positions thereunder.
- (k) Each ~~Compression SwapClear~~ Clearing Member that confirms its acceptance of a Compression Proposal in accordance with relevant Compression Documentation agrees and acknowledges for the benefit of the Clearing House that, by its acceptance, such ~~Compression SwapClear~~ Clearing Member:
- (i) shall be bound by and act in accordance with the terms of this Regulation 56, the Compression Documentation and any notifications made by the Clearing House or any nominated ACSP pursuant thereto;
  - (ii) shall meet any margin calls from the Clearing House made prior to the Compression Time, and shall pay to the Clearing House any amounts that have become due and payable to the Clearing House under the SwapClear STM Terms at or prior to the Compression Time, in connection with the Multilateral Compression Cycle. Any such margin will be called, and any such amounts shall be paid, in accordance with the Procedures; and

- (iii) is bound by the terms of the Compression Proposal and the terminations and, where applicable, registrations of SwapClear Contracts comprised therein.
- (l) Following acceptance of the Compression Proposal by all participating Compression SwapClear Clearing Members, the Clearing House shall effect Multilateral Compression at such time as it may determine. For the avoidance of doubt, the irrevocable acceptance of a Compression Proposal by participating Compression SwapClear Clearing Members shall not bind or require the Clearing House to proceed with a Multilateral Compression Cycle. At any time prior to the Compression Time, the Clearing House may, in its sole and absolute discretion, decide not to proceed with a Multilateral Compression Cycle.
- (m) Without prejudice to the rights of the Clearing House set out in paragraph (l) above, a Compression Proposal shall be rejected by the Clearing House if:
- (i) a Compression SwapClear Clearing Member ~~which~~ that has accepted a Compression Proposal is not eligible to participate in the relevant Multilateral Compression Cycle;
  - (ii) any of the SwapClear Contracts included as a Post-Multilateral Compression Contract or a Terminating SwapClear Contract are not eligible for such Multilateral Compression Cycle;
  - (iii) in relation to a Member Compression Cycle, the proposals submitted by the relevant Compression SwapClear Clearing Members do not match; or
  - (iv) any Compression SwapClear Clearing Member due to participate in a Multilateral Compression Cycle rejects the Compression Proposal or does not provide the margin, or make any other payments, as required by the Clearing House (a “Rejecting Compression Clearing Member”).
- (n) When the Clearing House effects a Multilateral Compression, it shall terminate all Terminating SwapClear Contracts and, where the Multilateral Compression includes the registration of Post-Multilateral Compression Contracts, simultaneously with and contingent upon the termination of ~~the such~~ Terminating SwapClear Contracts, shall register the Post-Multilateral Compression Contracts in the Proprietary Accountname of the relevant Compression SwapClear Clearing Members (either in their respective Proprietary Account or Client Account, as applicable). The Clearing House shall notify the participating Compression SwapClear Clearing Members once the Multilateral Compression has been effected. Compression Clearing Members are responsible for providing notifications to SwapClear Clearing Clients.
- (o) The Clearing House shall have no involvement in and accepts no responsibility or liability in relation to any Multilateral Compression-related balancing, termination or ancillary payments or fees that participating Compression SwapClear Clearing Members (or SwapClear Clearing Clients) may agree between themselves in accordance with relevant Compression Documentation or otherwise.
- (p) Without prejudice to any other provisions of these Regulations, in particular Regulation 45, or any Compression Documentation, neither the Clearing House, nor any other member of LCH.Clearnet Group shall have any liability whatsoever to any

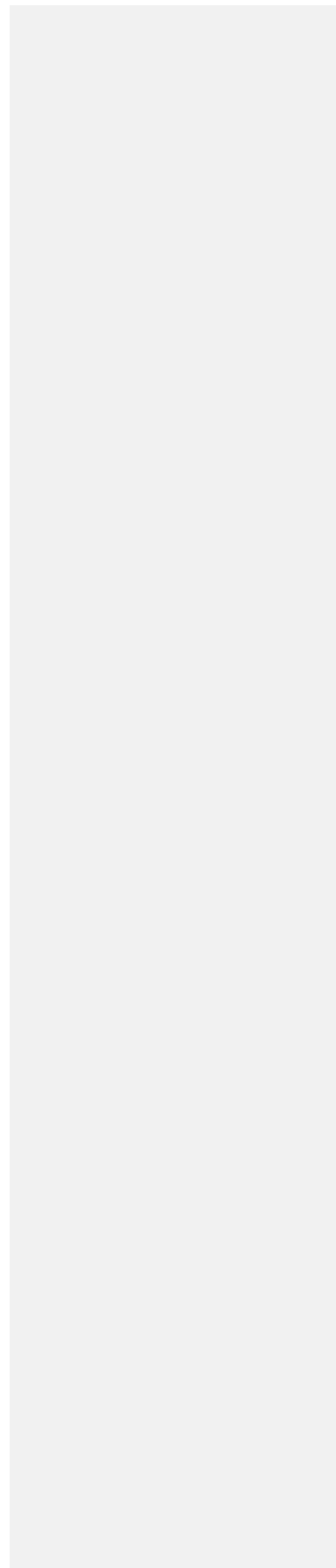
~~Compression SwapClear~~ Clearing Member or to any other person (including any SwapClear Clearing Client) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damages, losses, costs or expenses of whatsoever nature suffered or incurred by a ~~Compression SwapClear~~ Clearing Member or any other person (including any SwapClear Clearing Client), as the case may be:

- (i) as a result of any action the Clearing House takes under this Regulation 56, whether in accordance with a Compression Proposal, in reliance on information provided by ~~Compression SwapClear~~ Clearing Members or any ACSP or otherwise;
  - (ii) in relation to an ACSP Compression Cycle, as a result of any action or omission of an ACSP, including, without limitation, any error or omission in the terms of any Compression Proposal; or
  - (iii) in relation to any Multilateral Compression Cycle, as a result of any action or omission of a participating ~~Compression SwapClear~~ Clearing Member, including, without limitation, any error or omission in the terms of any Compression Proposal.
- (q) An ACSP's liability in respect of its acts or omissions is subject to the relevant terms of the applicable Compression Documentation.
- (r) Any notification or communication required in connection with a Multilateral Compression Cycle shall be made in accordance with the Compression Documentation or, if not specified in the Compression Documentation, the Procedures or such other guidance as the Clearing House may provide from time to time.
- (s) Notwithstanding any other provision of these Regulations or the terms of the SwapClear Contracts, the Clearing House may disclose details of any Compression Proposal and related details of ~~Compression SwapClear~~ Clearing Members including (with respect to their Proprietary Accounts and Client Accounts) to any ACSP or otherwise as the Clearing House considers appropriate in order to facilitate a Multilateral Compression Cycle.
- (t) Where a Clearing Member is a Rejecting Compression Clearing Member with respect to a Multilateral Compression Cycle and acting with respect to one or more of its Client Accounts, the Clearing House may, in its sole discretion, prevent such Clearing Member from participating in future Multilateral Compression Cycles with respect to its Client Account unless or until the Clearing House considers such Client Account operationally capable of doing so, in its sole discretion.



**Appendix II**  
**FCM Regulations**

**FCM REGULATIONS OF  
THE CLEARING HOUSE  
LCH.CLEARNET LIMITED**



## REGULATION 1 DEFINITIONS

In these FCM Regulations and the FCM Procedures, except where the context otherwise requires, the following words and expressions shall have the following meanings:

<b><u>“ACSP Compression Cycle”</u></b>	<u>means a Multilateral Compression Cycle established by the Clearing House and facilitated by an ACSP nominated by the Clearing House, which shall be open to participation by FCM Clearing Members and FCM Clients in accordance with the provisions of Regulation 46(m) and relevant Compression Documentation.</u>
<b>“Account Manager Executing Party”</b>	means an Executing Party that is eligible under the CEA and the CFTC Regulations to execute Unallocated FCM SwapClear Transactions.
<b>“Affected Client”</b>	means a client of an FCM Clearing Member (or potential client of an FCM Clearing Member) in respect of which the application of laws or regulations in the client’s jurisdiction of establishment or applicable in the context of activity on a relevant trading platform do not prevent or prohibit EMIR Client Clearing being provided to such client.
<b>“Aggregate Excess Loss”</b>	has the meaning assigned to it in the Clearing House’s <b>“General Regulations”</b> .
<b>“Allocation Notice”</b>	means a message delivered to the Clearing House which contains the following information: (i) details of the Client Segregated Sub-Account or the Proprietary Account of the Post-Allocation FCM Clearing Member to which an Unallocated FCM SwapClear Contract should be allocated; (ii) the amount of notional value of the Unallocated FCM SwapClear Contract to be allocated to each such Client Segregated Sub-Account or Proprietary Account of the Post-Allocation FCM Clearing Member; and (iii) confirmation of the Unallocated FCM SwapClear Contract to which the Allocation Notice relates. Any additional information contained in the Allocation Notice (including any economic details) shall be disregarded by the Clearing House.
<b><u>“Approved Compression Services Provider” or “ACSP”</u></b>	<u>means an entity other than the Clearing House which is approved by the Clearing House for the facilitation of Multilateral Compression in relation to eligible FCM SwapClear Contracts in accordance with Regulation 46 and relevant Compression Documentation</u>
<b>“Assumed Allocation”</b>	has the meaning assigned to it in FCM Regulation 15(d)(iii).

**“Auction Portfolio”**

has the meaning assigned to it in either (i) the SwapClear DMP Annex of the Default Rules or (ii) the ForexClear DMP Annex of the Default Rules, as applicable.

**“Authorised Compression Client”**

means an FCM Client that is party to relevant Compression Documentation and in respect of which the relevant Compression Clearing Member is authorised to provide and receive instructions (including the acceptance of a Compression Proposal) on behalf of such FCM Client and in respect of which the relevant ACSP notified the Clearing House that such FCM Clearing Member acts for such FCM Client.

**“Available FCM Buffer”**

means, at any given time, (i) with respect to FCM Buffer held in the FCM Buffer Sub-Account of an FCM Omnibus Swaps Client with LCH that is subject to the Without Client Excess Model, FCM Buffer credited therein that is not Encumbered FCM Buffer (as described in FCM Regulation 15(c)(ii)(A)), and (ii) with respect to FCM Buffer held in the FCM Buffer Sub-Account of an FCM Omnibus Swaps Client with LCH that is subject to the With Client Excess Model, FCM Buffer credited therein that is not being used by the Clearing House to offset Margin deficits in the relevant FCM Client Sub-Accounts (as described in FCM Regulation 15(d)(iv)).

**“Backload Registration Cycle”**

has the meaning assigned to such term in the FCM Procedures.

**“Backloaded Trade”**

has the meaning assigned to such term in the FCM Procedures.

**“Base Currency”**

has the meaning assigned to such term in FCM Regulation 37(d)(ii).

<b>“Cleared Swap”</b>	means “Cleared Swap” as such term is defined in CFTC Regulation 22.1, which term includes but is not limited to Swap Products.
<b>“Cleared Swaps Account Class”</b>	means the account class for cleared swaps accounts (as defined in CFTC Regulations 190.01(a)(i)) for purposes of Part 190 of the CFTC Regulations and Section 4d(f) of the CEA.
<b>“Cleared Swaps Customer Account”</b>	means “Cleared Swaps Customer Account” as such term is defined in CFTC Regulation 22.1.
<b>“Clearing House”</b>	means LCH.Clearnet Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom.
<b>“Closing-out Contract”</b>	means, for the purposes of these FCM Regulations, an FCM Contract effected by or on behalf of the Clearing House and registered in an FCM Clearing Member's name, being an FCM Contract on the same terms (except as to price) as an Open Contract in the FCM Clearing Member's name, save that where the Clearing House has position “X” under the terms of such open FCM Contract (where such FCM Contract consists of positions “X” and “Y”), the Clearing House shall have position “Y” under the terms of such closing-out FCM Contract, and vice-versa.
<b>“Collateral”</b>	means the cash, securities or other collateral or assets deposited with or to be deposited with (as the context may require) the Clearing House by an FCM Clearing Member or otherwise furnished to (including any proceeds therefrom) an FCM Clearing Member’s Proprietary Account or its FCM Omnibus Client Accounts with LCH for the purpose of margining, guaranteeing and/or securing (as Margin) FCM Contracts for such accounts. The Clearing House will only credit deposited securities or other non-cash collateral or assets as Collateral to the extent such securities or other non-cash collateral or assets are acceptable forms of collateral as set forth in the FCM Procedures or as otherwise explicitly permitted by the Clearing House. For the avoidance of doubt, Collateral will not include, and will not be comprised of, an FCM Clearing Member’s Contribution.
<b>“Commodity” or “commodity”</b>	means any “commodity” (as such term is defined in Section 1a(9) of the CEA and CFTC Regulation 1.3(e)) that is the subject matter of an FCM Exchange Contract.
<b><u>“Compression Clearing Member”</u></b>	<u>has the meaning assigned to it in Regulation 46(m).</u>
<b><u>“Compression</u></b>	<u>means such documentation as may be prescribed from time</u>

**Documentation**

to time by the Clearing House and/or any ACSP (where applicable) in relation to a Multilateral Compression Cycle or a Compression Clearing Member's participation in Multilateral Compression services, including:

- (i) for a Member Compression Cycle, such agreements and documents as the Clearing House may require from all relevant Compression Clearing Members in relation to Multilateral Compression in accordance with the relevant Compression Proposal;
- (ii) for an ACSP Compression Cycle, such agreements and documents as may be required by the nominated ACSP and/or the Clearing House in order to allow a Compression Clearing Member to receive the services of the ACSP and participate in that ACSP Compression Cycle; and
- (iii) such other documentation as the Clearing House may prescribe from time to time in FCM Procedures, user manuals or other guidance documentation regarding Multilateral Compression.

**“Compression Proposal”**

means, in relation to any Multilateral Compression Cycle, the final statement as to the proposed set of Terminating FCM SwapClear Contracts and the proposed set of resulting Post-Multilateral Compression Contracts, and, in relation to a Compression Clearing Member, references to Compression Proposal shall relate to such Terminating FCM SwapClear Contracts and Post-Multilateral Compression Contracts to which such Compression Clearing Member is or will become party.

**“Compression Time”**

means, on the date designated by the Clearing House for a Multilateral Compression Cycle, the time at which the Clearing House effects a Multilateral Compression by terminating the Terminating FCM SwapClear Contracts and simultaneously registering the Post-Multilateral Compression Contracts in the names of the Compression Clearing Members participating in that Multilateral Compression Cycle in accordance with the Compression Proposal.

**“Contribution”**

has the meaning assigned to it in the UK General Regulations, and as used herein refers to one or more of the Contributions of one or more FCM Clearing Members or Non-FCM Clearing Members, as the context may require.

**“cover”**

means either Collateral, Margin or both, as the context may require as used in the FCM Rulebook.

**Segregated Depository Account”**

more accounts at one or more Permitted Depositories which are commingled for purposes of, and in accordance with, the applicable provisions of the CEA and the CFTC Regulations) maintained by the Clearing House for the benefit of FCM Clients of its FCM Clearing Members with a Permitted Depository, which is segregated in accordance with the CEA and the CFTC Regulations, which is part of the Futures Account Class and which contains the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients solely in connection with Futures Products cleared for such FCM Clients by such FCM Clearing Members.

**“LCH Swaps Client Segregated Depository Account”**

means the omnibus account (which will consist of one or more accounts at one or more Permitted Depositories which are commingled for purposes of, and in accordance with, the applicable provisions of the CEA and the CFTC Regulations) maintained by the Clearing House for the benefit of FCM Clients of its FCM Clearing Members with a Permitted Depository, which is segregated in accordance with the CEA and the CFTC Regulations, which is a Cleared Swaps Customer Account that is part of the Cleared Swaps Account Class and which contains the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients solely in connection with Swaps Products cleared for such FCM Clients by such FCM Clearing Members.

**“Lot”**

means the standard unit or quantity prescribed by an Exchange, with the approval of the Clearing House, as the trading unit of an FCM Exchange Contract.

**“Margin”**

means, with respect to a particular account or accounts of an FCM Clearing Member with the Clearing House, the Collateral value that is attributable to such account or accounts as margin for the margining of FCM Contracts in such account or accounts, as determined by the Clearing House in accordance with the FCM Rulebook.

**“Member Compression Cycle”**

means a Multilateral Compression Cycle requested by two or more Compression Clearing Members and agreed to by the Clearing House in relation to eligible FCM SwapClear Contracts held by those requesting Compression Clearing Members. For the avoidance of doubt, a Member Compression Cycle will not involve any ACSP.

**“Multilateral Compression”**

means the exercise in which some or all of the FCM SwapClear Contracts or Non-FCM SwapClear Contracts, as applicable, submitted by two or more Compression Clearing Members (either on their own behalf or on behalf of an Authorised Compression Client), as applicable, for inclusion in a Multilateral Compression Cycle are wholly terminated

	<u>and, where relevant, replaced with other FCM SwapClear Contracts or Non-FCM SwapClear Contracts.</u>
<b><u>“Multilateral Compression Cycle”</u></b>	<u>means the process of Multilateral Compression in accordance with a Compression Proposal, whether by way of an ACSP Compression Cycle or a Member Compression Cycle.</u>
<b>“MCE”</b>	has the meaning assigned to it in Section 2.2.12(c) of the FCM Procedures.
<b>“MER”</b>	Has the meaning assigned to it in Section 2.1.3(c) of the FCM Procedures.
<b>“Nodal”</b>	means Nodal Exchange, LLC of 8065 Leesburg Pike, 3 <sup>rd</sup> Floor, Vienna, VA 22182, United States of America.
<b>“Nodal Eligible Derivative Product”</b>	means a derivative product prescribed from time to time by the Clearing House as eligible for the FCM Nodal Clearing Service.
<b>“Nodal’s Rules”</b>	means the rules, practices, procedures, trading protocols and arrangements of the Nodal Trading Facility as the case may be and as may be prescribed from time to time relating to Nodal Eligible Derivative Products.
<b>“Nodal Service Clearing Member”</b>	means a person who is designated as such by the Clearing House pursuant to the UK General Regulations and who is not an FCM Clearing Member.
<b>“Nodal Trading Facility”</b>	means the facility, trading system or systems operated directly or indirectly by Nodal on which Nodal Eligible Derivative Products may be traded.
<b>“Non-FCM Clearing Member”</b>	means either a SwapClear Clearing Member, a ForexClear Clearing Member or a Nodal Service Clearing Member, as applicable.
<b>“Non-FCM Contract”</b>	means either a Non-FCM SwapClear Contract, a Non-FCM ForexClear Contract or a Non-FCM Nodal Contract, as applicable.
<b>“Non-FCM ForexClear Contract”</b>	means a “ForexClear Contract” (as such term is defined in the UK General Regulations) and which is governed in accordance with the UK General Regulations.
<b>“Non-FCM Nodal Contract”</b>	means a “Nodal Contract” (as such term is defined in the UK General Regulations) and which is governed in accordance with the UK General Regulations.
<b>“Non-FCM SwapClear”</b>	means a “SwapClear Contract” (as such term is defined in the UK General Regulations) and which is governed in



	DMP Annex of the Default Rules, as applicable.
<b>“Porting Collateral”</b>	has the meaning assigned to it in FCM Regulation 13(a)
<b>“Porting Contracts”</b>	has the meaning assigned to it in FCM Regulation 13(a)
<b>“Post-Allocation FCM Clearing Member”</b>	means the FCM Clearing Member associated with a Client Segregated Sub-Account or Proprietary Account to which part of all of an Unallocated FCM SwapClear Contract is to be allocated pursuant to an Allocation Notice.
<b><u>“Post-Multilateral Compression Contracts”</u></b>	<u>means, in relation to a Compression Proposal, the FCM SwapClear Contracts or Non-FCM SwapClear Contracts, as applicable, registered as a result of Multilateral Compression in accordance with such Compression Proposal.</u>
<b>“Pre-Allocation FCM Clearing Member”</b>	has the meaning assigned to it in FCM Regulation 46(o)(i).
<b>“Pre-Allocation Executing Party” or “Account Manager Executing Party”</b>	means an Executing Party, including an Account Manager Executing Party, which is not an FCM Clearing Member and which is authorized to execute Unallocated FCM SwapClear Transactions on its own behalf or on behalf of one or more FCM Clients.
<b>“Premium”</b>	means the consideration for the selling of an Option payable by the Buyer in accordance with these FCM Regulations and the FCM Procedures.
<b>“Price”</b>	means, in the case of an FCM Contract, the price calculated by the Clearing House in accordance with the FCM Regulations and the FCM Procedures.
<b>“Product”</b>	means a Swap Product or a Futures Product, as the context may require.
<b>“Prompt Date”</b>	in respect of an FCM Exchange Contract, has the meaning ascribed to it in the Exchange Rules governing such FCM Exchange Contract.
<b>“Proprietary Account”</b>	means the house account with the Clearing House opened in the name of an FCM Clearing Member to which FCM Contracts made by the FCM Clearing Member for its own account are registered and to which monies in respect of such FCM Contracts are credited.
<b>“Rate X and Rate Y”</b>	means, in relation to an FCM SwapClear Transaction or an FCM SwapClear Contract, the outstanding payment obligations of each party to the transaction, such that Rate X comprises the outstanding payment obligations of one party to the other and Rate Y comprises the outstanding payment

obligations of the other party to the first party.

**“Receiving FCM Clearing Member”**

means (i) an FCM Clearing Member or (ii) where the Porting Contracts are FCM SwapClear Contracts, a Clearing Member (as defined in the UK General Regulations, and being an entity other than an FCM Clearing Member) in each case nominated by an FCM Client to receive the transfer of part or all of the FCM Contracts and associated Collateral attributable to such FCM Client from the Carrying Clearing Member that previously carried such account, pursuant to FCM Regulation 13 and in accordance with the FCM Procedures. For the avoidance of doubt, where the Porting Contracts are FCM SwapClear Contracts: (a) an entity that is an FCM Client may also be a Receiving Clearing Member, and (b) a Receiving Clearing Member that is an FCM Clearing Member may be nominated to receive the transfer of Relevant SwapClear Contracts and Associated Collateral Balance from a Carrying Clearing Member that is not an FCM Clearing Member pursuant to Regulation 60 of the UK General Regulations (capitalized terms used in this sub-paragraph (b) having the meanings set out in the UK General Regulations).

**“Reference Currency Buyer”**

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

**“Reference Currency Seller”**

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

**“Reference Price”**

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

**“Registration Time”**

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

**“Regulatory Body”**

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

**“Rejecting Compression Clearing Member”**

has the meaning assigned to it in Regulation 46(m)

<b>“Second Nodal Clearing Member”</b>	has the meaning assigned to it in FCM Regulation 56(a)(ii).
<b>“Seller”</b>	means an FCM Clearing Member (or the Clearing House where the context so requires) who is a seller under the terms of an FCM Exchange Contract.
<b>“Settlement Finality Regulations”</b>	means the Clearing House's Settlement Finality Regulations from time to time in force.
<b>“Settlement Price”</b>	means, in relation to an FCM Contract, one or more prices determined in accordance with the FCM Regulations or the FCM Procedures.
<b>“Standard Terms”</b>	means those parts of the FCM Contract Terms designated as Standard Terms by the Clearing House from time to time.
<b>“Strike Price”</b>	means the price specified in an FCM Option Contract which becomes the price of the commodity under an FCM Exchange Contract, upon the exercise of the FCM Option Contract, in accordance with the relevant Exchange Rules, and the FCM Regulations and FCM Procedures.
<b>“Swap Product”</b>	means a Product which constitutes a Cleared Swap. Such Products are: (1) FCM SwapClear Contracts and (2) FCM ForexClear Contracts.
<b>“SwapClear Contribution”</b>	means, in relation to the Default Rules, the meaning assigned to it in rule 16 of the Default Rules.
<b>“SwapClear Clearing Member”</b>	means a person who is designated as such by the Clearing House pursuant to the UK General Regulations and who is not an FCM Clearing Member.
<b>“SwapClear DMP”</b>	has the meaning assigned to it in the SwapClear DMP Annex of the Default Rules.
<b>“SwapClear Tolerance”</b>	has the meaning assigned to it in Section 2.1.3(c) of the FCM Procedures.
<b><u>“Terminating FCM SwapClear Contracts”</u></b>	<u>means, in relation to any Compression Proposal, the FCM SwapClear Contracts that will be terminated and replaced with Post-Multilateral Compression Contracts in accordance with Regulation 46(m).</u>
<b>“Termination Amount”</b>	has the meaning assigned to such term in FCM Regulation 37(d)(iii).
<b>“UK General Regulations”</b>	means the Clearing House's Default Rules and the Settlement Finality Regulations, and the Clearing House's General Regulations from time to time in force.

obligations arising from the Economic Terms of the corresponding FCM SwapClear Transaction (it being assumed, for this purpose, that such FCM SwapClear Transaction was a legal, valid, binding and enforceable obligation of the parties thereto and that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them, and subject to any change thereto as a result of the operation of the Standard Terms.

- (k) If an FCM SwapClear Transaction is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any FCM SwapClear Contract arising under this FCM Regulation 46 or any other applicable provision of the FCM Rulebook.
- (l) In the case of an FCM SwapClear Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this FCM Regulation 46 shall take effect.

**(m) Compression.**

(i) Notwithstanding any other provision of these FCM Regulations, if one or more FCM SwapClear Contracts registered by an FCM Clearing Member in accordance with these FCM Regulations and the FCM Procedures has substantially the same Economic Terms as one or more other FCM SwapClear Contracts previously registered for the account of such FCM Clearing Member, and all such FCM SwapClear Contracts are either (i) registered on the FCM Clearing Member's own behalf or (ii) registered on behalf of the same FCM Client, the FCM Clearing Member may request that the Clearing House compress and combine all such FCM SwapClear Contracts by terminating the relevant existing FCM SwapClear Contracts and, in some instances, compressing them into one or more FCM SwapClear Contracts having a net future cash flow equal to the net future cash flow of the original FCM SwapClear Contracts. For purposes of this FCM ~~Regulation 46(m)~~Regulation 45(m), two or more FCM SwapClear Contracts may be deemed by the Clearing House to have "substantially the same Economic Terms" if they are based on the same underlying currencies and the Clearing House considers them, in its sole discretion, to have substantially the same fundamental economic attributes which influence the amount, value date and direction of all coupon cash flows. For the avoidance of doubt, the Clearing House may determine that two or more FCM SwapClear Contracts have "substantially the same Economic Terms" even if they have differing fixed rates. Two or more FCM SwapClear Contracts that are compressed under the terms of this FCM ~~Regulation 46(m)~~Regulation 45(m) shall be aggregated if the position of the FCM Clearing Member (on its own behalf) or the relevant FCM Client is in the same direction on each such FCM SwapClear Contract (i.e., obligations to make payment aggregated and rights to receive payment aggregated), such that the FCM SwapClear Contract that replaces the compressed FCM SwapClear Contracts shall have a notional amount equal to the total notional amount of the compressed FCM SwapClear Contracts. Two or more FCM SwapClear Contracts that are compressed under the terms of this ~~Regulation 46(m)~~Regulation 45(m) shall be netted if the position of the

FCM Clearing Member (on its own behalf) or the relevant FCM Client is in the opposite direction on two or more of each such FCM SwapClear Contracts (i.e., obligations to make payment netted against rights to receive payment). In most such cases, the FCM SwapClear Contract (if any) that replaces the compressed FCM SwapClear Contracts shall have a notional amount equal to the net notional amount of the compressed FCM SwapClear Contracts, however, in some cases the replacement FCM SwapClear Contracts will have an aggregate notional amount that is greater than the net notional amount of the compressed FCM SwapClear Contracts **provided that** in no event will the aggregate notional amounts of the replacement FCM SwapClear Contracts be greater than the aggregate notional amounts of the compressed FCM SwapClear Contracts, and provided further that in the event that the net notional amount and net future cash flows are equal to zero such compression shall result in no replacement FCM SwapClear Contracts. The Clearing House shall determine (in its sole discretion) whether FCM SwapClear Contracts that are the subject of a request for compression from the FCM Clearing Member may be compressed and, if such FCM SwapClear Contracts are compressed, the Clearing House shall determine the resulting terms of the FCM SwapClear Contract(s) (if any) that replaces the compressed FCM SwapClear Contracts, and such determination shall be binding on the FCM Clearing Member, absent manifest error. It is a condition for compression of FCM SwapClear Contracts that the amount of Margin that the Clearing House requires in respect of the original FCM SwapClear Contracts is equal to that which is required by the Clearing House in respect of the replacement FCM SwapClear Contract(s).

(ii) In addition to the foregoing, the Clearing House may, from time to time in its absolute discretion, make available in accordance with this FCM Regulation 46 Multilateral Compression on the basis of a Multilateral Compression Cycle which is either:

(A) an ACSP Compression Cycle, available to FCM Clearing Members and/or applicable non-FCM Clearing Members (each a “**Compression Clearing Member**”, and either on their own behalf or on behalf of an Authorised Compression Client); or

(B) a Member Compression Cycle, where so requested by two or more Compression Clearing Members and agreed to by the Clearing House.

(iii) In participating in any Multilateral Compression Cycle, a Compression Clearing Member:

(A) must be party to relevant Compression Documentation with the Clearing House and/or any nominated ACSP at such time as is contemplated in the Compression Documentation and from such time up to and including the Compression Time for that Multilateral Compression Cycle and at all relevant times must be accepted by the Clearing House and/or any nominated ACSP as an entity eligible to participate in such Multilateral Compression Cycle;

- (B) in relation to an ACSP Compression Cycle, shall nominate those FCM SwapClear Contracts that it wishes to make available for Multilateral Compression in accordance with the relevant Compression Documentation;
- (C) in relation to a Member Compression Cycle, shall together with the other requesting Compression Clearing Members, provide to the Clearing House details of the proposed Terminating FCM SwapClear Contracts and, where the Member Compression Cycle also includes the registration of Post-Multilateral Compression Contracts, details of those FCM SwapClear Contracts (in such form as the Clearing House may require from time to time) which shall, subject to the Clearing House's confirmation, constitute the Compression Proposal;
- (D) warrants and represents to the Clearing House that the terms of its participation in the proposed Multilateral Compression Cycle are in compliance with Applicable Law;
- (E) agrees and acknowledges that the Multilateral Compression Cycle will operate, and Multilateral Compression shall take place, in accordance with this FCM Regulation 46, the relevant Compression Proposal as accepted by such Compression Clearing Member, relevant Compression Documentation and such other processes and procedures as may be notified by the Clearing House from time to time; and
- (F) warrants and represents that, in the event that it provides or receives instructions to or from the Clearing House or to the ACSP on behalf of an Authorised Compression Client and in connection with a Multilateral Compression Cycle, that it is authorised to provide or receive such instructions on behalf of such Authorised Compression Client.
- (iv) Multilateral Compression for an Authorised Compression Client is subject to such Authorised Compression Client providing the Clearing House all such documents as required by the Clearing House in its sole discretion.
- (v) Where the Clearing House intends to run an ACSP Compression Cycle, it shall nominate an ACSP to facilitate such ACSP Compression Cycle and produce the Compression Proposal. Such ACSP shall notify Compression Clearing Members meeting the criteria at (iii)(A) above of the timing and procedure for such ACSP Compression Cycle and invite such Compression Clearing Members to confirm their interest, either on their own behalf or on behalf of an Authorised Compression Client (where applicable). The Compression Documentation for such Multilateral Compression Cycle shall include any documentation relevant to that ACSP. Additional information on the administrative procedures for any Multilateral Compression Cycle may be included in the Compression Documentation or other procedures published by the Clearing House or a nominated ACSP from time to time or in connection with a particular Multilateral Compression Cycle.

- (vi) In any Multilateral Compression Cycle, Multilateral Compression shall only take place in accordance with the terms of a Compression Proposal which has been established and accepted by all participating Compression Clearing Members, in accordance with this FCM Regulation 46 and/or Regulation 56 of the UK General Regulations, as applicable (either on their own behalf or on behalf of an Authorised Compression Client, where applicable). Notwithstanding the other provisions of this FCM Regulation 46, the Clearing House shall determine (in its sole discretion) whether FCM SwapClear Contracts proposed for inclusion in a Compression Proposal may be so included.
- (vii) A Compression Proposal shall:
- (A) in relation to an ACSP Compression Cycle, be generated by the nominated ACSP in accordance with the relevant Compression Documentation and details submitted to the ACSP by participating Compression Clearing Members (either on its own behalf or on behalf of an Authorised Compression Client) and be communicated by the ACSP to each participating Compression Clearing Member (either on its own behalf or on behalf of an Authorised Compression Client) in the manner contemplated in the relevant Compression Documentation for acceptance;
- (B) in relation to a Member Compression Cycle, be constituted by the details submitted to the Clearing House by the requesting Compression Clearing Members (subject to the Clearing House's determination that such proposed details are eligible for Multilateral Compression), and shall form the basis for the subsequent acceptance by each requesting Compression Clearing Member; and
- (C) in all cases include only those FCM SwapClear Contracts that are eligible for Multilateral Compression in the relevant Multilateral Compression Cycle.
- (viii) Where it wishes to participate in a Multilateral Compression Cycle, each participating Compression Clearing Member shall confirm its acceptance of a Compression Proposal in the manner and by the time specified by the Clearing House or otherwise contemplated in the relevant Compression Documentation. In relation to an ACSP Compression Cycle, each participating Compression Clearing Member agrees and acknowledges that the ACSP's confirmation to the Clearing House that such Compression Clearing Member has confirmed its acceptance of the Compression Proposal, either on its own behalf or on behalf of an Authorised Compression Client, to the ACSP shall constitute a binding acceptance by such Compression Clearing Member to the Clearing House for the purposes of this FCM Regulation 46. Upon a Compression Clearing Member's acceptance of a Compression Proposal in accordance with this paragraph, either on its own behalf or on behalf of an Authorised Compression Client, such Compression Clearing Member shall be irrevocably bound to the terms of that Compression Proposal and the Multilateral Compression contemplated thereunder.

- (ix) The Clearing House may require margin, subsequent to a Compression Clearing Member's acceptance of a Compression Proposal but prior to the Compression Time, in connection with the Multilateral Compression Cycle and the Compression Clearing Member's positions thereunder.
- (x) Each Compression Clearing Member that confirms its acceptance of a Compression Proposal in accordance with relevant Compression Documentation agrees and acknowledges for the benefit of the Clearing House that, by its acceptance, such Compression Clearing Member:
- (A) shall be bound by and act in accordance with the terms of this FCM Regulation 46, the Compression Documentation and any notifications made by the Clearing House or any nominated ACSP pursuant thereto;
- (B) shall meet any margin calls from the Clearing House made prior to the Compression Time, and shall pay to the Clearing House any amounts that have become due and payable to the Clearing House at or prior to the Compression Time, in connection with the Multilateral Compression Cycle. Any such margin will be called, and any such amounts shall be paid, in accordance with the FCM Procedures; and
- (C) is bound by the terms of the Compression Proposal and the terminations and, where applicable, registrations of FCM SwapClear Contracts comprised therein.
- (xi) Following acceptance of the Compression Proposal by all participating Compression Clearing Members, the Clearing House shall effect such Multilateral Compression at such time as it may determine. For the avoidance of doubt, the irrevocable acceptance of a Compression Proposal by participating Compression Clearing Members shall not bind or require the Clearing House to proceed with a Multilateral Compression Cycle. At any time prior to the Compression Time, the Clearing House may, in its sole and absolute discretion, decide not to proceed with a Multilateral Compression Cycle.
- (xii) Without prejudice to the rights of the Clearing House set out in paragraph (xi) above, a Compression Proposal shall be rejected by the Clearing House if:
- (A) a Compression Clearing Member that has accepted a Compression Proposal is not eligible to participate in the relevant Multilateral Compression Cycle;
- (B) any of the FCM SwapClear Contracts included as a Post-Multilateral Compression Contract or a Terminating SwapClear Contract are not eligible for such Multilateral Compression Cycle;
- (C) in relation to a Member Compression Cycle, the proposals submitted by the relevant Compression Clearing Members do not match;
- (D) any Compression Clearing Member due to participate in a Multilateral Compression Cycle rejects the Compression Proposal or does not



provide the margin, or make any other payments, as required by the Clearing House (a “Rejecting Compression Clearing Member”); or

(E) a Compression Clearing Member has provided or accepted instruction in respect of an FCM Client that is not an Authorised Compression Client.

(xiii) When the Clearing House effects a Multilateral Compression, it shall terminate all Terminating FCM SwapClear Contracts and, where the Multilateral Compression includes the registration of Post-Multilateral Compression Contracts, simultaneously with and contingent upon the termination of such Terminating FCM SwapClear Contracts, shall register the Post-Multilateral Compression Contracts in the name of the relevant Compression Clearing Members (either in their respective Proprietary Account or FCM Client Sub-Account, as applicable). The Clearing House shall notify the participating Compression Clearing Members once the Multilateral Compression has been effected. Compression Clearing Members are responsible for providing notifications to Authorised Compression Clients.

(xiv) The Clearing House shall have no involvement in and accepts no responsibility or liability in relation to any Multilateral Compression-related balancing, termination or ancillary payments or fees that participating Compression Clearing Members (or Authorised Compression Clients) may agree between themselves in accordance with relevant Compression Documentation or otherwise.

(xv) Without prejudice to any other provisions of these FCM Regulations, in particular FCM Regulation 37, or any Compression Documentation, neither the Clearing House nor any other member of LCH.Clearnet Group shall have any liability whatsoever to any Compression Clearing Member or to any other person (including any FCM Client) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damages, losses, costs or expenses of whatsoever nature suffered or incurred by a Compression Clearing Member or any other person (including any FCM Client), as the case may be:

(A) as a result of any action the Clearing House takes under this Regulation 46, whether in accordance with a Compression Proposal, in reliance on information provided by Compression Clearing Member or any ACSP or otherwise;

(B) in relation to an ACSP Compression Cycle, as a result of any action or omission of an ACSP, including, without limitation, any error or omission in the terms of any Compression Proposal; or

(C) in relation to any Multilateral Compression Cycle, as a result of any action or omission of a participating Compression Clearing Member, including, without limitation, any error or omission in the terms of any Compression Proposal.

(xvi) An ACSP's liability in respect of its acts or omissions is subject to the relevant terms of the applicable Compression Documentation.

(xvii) Any notification or communication required in connection with a Multilateral Compression Cycle shall be made in accordance with the Compression Documentation or, if not specified in the Compression Documentation, the FCM Procedures or such other guidance as the Clearing House may provide from time to time.

(xviii) Notwithstanding any other provision of these Regulations or the terms of the FCM SwapClear Contracts, the Clearing House may disclose details of any Compression Proposal and related details of Compression Clearing Members and Authorised Compression Clients to any ACSP or otherwise as the Clearing House considers appropriate in order to facilitate a Multilateral Compression Cycle.

(xix) Where an FCM Clearing Member is a Rejecting Compression Clearing Member with respect to a Multilateral Compression Cycle on behalf of one or more of its Authorised Compression Clients, the Clearing House may, in its sole discretion, prevent such FCM Clearing Member from participating in future Multilateral Compression Cycles with respect to its FCM Client Sub-Account unless or until the Clearing House considers such FCM Client Sub-Account operationally capable of doing so, in its sole discretion.

~~(i)~~ —

~~(m)~~(n) **SwapClear Accounts.** All FCM Omnibus SwapClear Client Accounts with LCH shall not be permitted to contain any FCM Contracts other than FCM SwapClear Contracts or to reflect any Margin other than in connection with FCM SwapClear Contracts.

~~(n)~~(o) **Unallocated FCM SwapClear Transactions.** In accordance with all other applicable provisions of the FCM Rulebook, an FCM Clearing Member may register an FCM SwapClear Contract subject to post-registration allocation on behalf of a Pre-Allocation Executing Party in accordance with the following provisions:

- (i) In order for a FCM SwapClear Transaction executed by a Pre-Allocation Executing Party and to be subject to post-registration allocation (such transaction, an “**Unallocated FCM SwapClear Transaction**”), the FCM Clearing Member that will be registering the Unallocated FCM SwapClear Transaction (such FCM Clearing Member, a “**Pre-Allocation FCM Clearing Member**”) must have notified the Clearing House that it wishes to establish a FCM SwapClear Suspension Sub-Account with respect to that Pre-Allocation Executing Party and the Clearing House shall have opened such FCM SwapClear Suspension Sub-Account for the FCM Clearing Member.
- (ii) The FCM SwapClear Contract registered on behalf of a Pre-Allocation Executing Party that results from an Unallocated FCM SwapClear Transaction (an “**Unallocated FCM SwapClear Contract**”) shall be registered in FCM SwapClear Suspension Sub-Account. The beneficial owner of the Unallocated

**Appendix III**  
**Product Specific Contract Terms and Eligibility Criteria Manual**

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

## PART B PRODUCT ELIGIBILITY CRITERIA FOR REGISTRATION OF A SWAPCLEAR CONTRACT

### 1. SwapClear Transaction

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

- (a) the transaction meets the eligibility criteria, set out in paragraphs 1.2(a), ~~(b)(b)~~ or ~~(c)(e)~~ and 1.3, below for a SwapClear Transaction; and
- (b) each party to the transaction is either a SwapClear Dealer or a SwapClear Clearing Member (including an SCM Branch),

and the requirements of (a) and (b) continue to be satisfied at Registration Time.

### 1.2 SwapClear Product Eligibility Criteria for a SwapClear Transaction

- (a) Vanilla interest rate swaps with constant notional principal having the characteristics set out in the table below:

Instrument	Acceptable Currencies	Acceptable Indices <sup>6</sup>	Types		Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)
Vanilla interest rate swaps with constant notional principal	Sterling (GBP)	GBP-LIBOR-BBA	Fixed vs. Floating	Single currency	18,675 days	0.01-99,999,999,999.99
		See Article 7.1w(vii) for definition	Floating vs. Floating			
		GBP-WMBA-SONIA-COMPOUND	Fixed vs. Floating	Single Currency	11,375 days	
	US Dollar (USD)	USD-LIBOR-BBA	Fixed vs. Floating	Single currency	18,675 days	0.01-99,999,999,999.99
		See Article 7.1(ab)(xxii) for definition	Floating vs. Floating			
		USD-Federal Funds H.15-OIS-COMPOUND	Fixed vs. Floating	Single currency	11,375 days	

<sup>6</sup> References in this column are to the 2006 ISDA Definitions

<sup>7</sup> If Floating vs Floating where one leg Index is the GBP-WMBA-SONIA-COMPOUND, the Index on the other leg must be GBP-LIBOR-BBA

Instrument	Acceptable Currencies	Acceptable Indices <sup>6</sup>	Types		Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)
		See article 7.1(ab)(xxxix) for definition				
		USD-Federal Funds H.15-LIBOR-BBA	Floating vs. Floating <sup>8</sup>	Single Currency	11,375 days	
	Euro (EUR)	See article 7.1 (ab)(xxvii) for definition EUR-LIBOR-BBA	Fixed vs. Floating	Single currency	18,675 days	0.01-99,999,999,999.99-
		See Article 7.1(f)(vii) for definition EUR-EURIBOR-Telerate	Floating vs. Floating			
		See article 7.1(f)(ii) for definition EUR-EONIA-OIS-COMPOUND	Fixed vs. Floating	Single currency	11,375 days	
	Australian Dollar (AUD)	See Article 7.1(f)(viii) for definition AUD-BBR-BBSW	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(a)(iv) for definition	Floating vs. Floating			
	Australian Dollar (AUD)	AUD-AONIA-OIS-COMPOUND	Fixed vs. Floating	Single Currency	2,025 days	0.01-99,999,999,999.99
		See Article 7.1(a)(i) for definition	Floating vs. Floating			
Vanilla interest rate swaps with constant notional principal	Canadian Dollar (CAD)	CAD-BA-CDOR	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(b)(ii) for definition	Floating vs. Floating			
		CAD-CORRA-OIS-COMPOUND	Fixed vs. Floating	Single currency	850 days	
		See Article 7.1(b)(xii) for definition				

<sup>8</sup> If Floating vs Floating where one leg Index is the USD-Federal Funds H.15-LIBOR-BBA, the Index on the other leg must be USD-LIBOR-BBA

Instrument	Acceptable Currencies	Acceptable Indices <sup>6</sup>	Types		Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)
	Czech Koruna (CZK)	CZK-PRIBOR-PRBO	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	Danish Krone (DKK)	DKK-CIBOR-DKNA13	Fixed vs. Floating	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(e)(i) for definition	Floating vs. Floating			
		DKK-CIBOR2-DKNA13				
		See Article 7.1(e)(ii) for definition				
	Hong Kong Dollar (HKD)	HKD-HIBOR-HIBOR=	Fixed vs. Floating	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(g)(ii) for definition	Floating vs. Floating			
		HKD-HIBOR-HKAB				
		See Article 7.1(g)(iii) for definition				
		HKD-HIBOR-ISDC				
		See Article 7.1(g)(i) for definition				
	Hungarian Forint (HUF)	HUF - BUBOR-Reuters	FIXED vs. FLOAT	Single currency	3,850 days	1-10,000,000,000,000
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	Japanese Yen (JPY)	JPY-LIBOR-BBA	Fixed vs. Floating	Single currency	15,025 days	1-10,000,000,000,000
		See Article 7.1(l)(iv) for definition	Floating vs. Floating			
		JPY-TONA-OIS-COMPOUND	Fixed vs. Floating	Single currency	11,375 days	1-10,000,000,000,000
		See Article 7.1(l)(xix) for definition				
	New Zealand Dollar (NZD)	NZD-BBR-Telerate	Fixed vs. Floating	Single currency	5,700 days	0.01-99,999,999,999.99
		See Article 7.1(l)(iii) for definition	Floating vs. Floating			
		NZD-BBR-FRA	Fixed vs. Floating	Single currency	5,700 days	

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Instrument	Acceptable Currencies	Acceptable Indices <sup>6</sup>	Types		Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)
		See Article 7.1(p)(iii) for definition	Floating vs. Floating			
	Norwegian Krone (NOK)	NOK-NIBOR-NIBR	Fixed vs. Floating	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(q)(i) for definition	Floating vs. Floating			
	Singapore Dollar (SGD)	SGD-SOR-Reuters	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Procedure 2C.1.8.12.(a)(xxi) for definition	Floating vs. Floating			
		SGD-SOR-VWAP	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(t)(iii) for definition	Floating vs. Floating			
	Swedish Krona (SEK)	SEK-STIBOR-SIDE	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(x)(i) for definition	Floating vs. Floating			
	Swiss Franc (CHF)	CHF-LIBOR-BBA	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(y)(ii) for definition	Floating vs. Floating			
		CHF-TOIS_OIS_CO MPOUND	Fixed vs. Floating	Single currency	850 days	
		See Article 7.1(y)(iv) for definition				
	Polish Zloty (PLN)	PLN	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		WIBOR-WIBO				
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	South African Rand (ZAR)	ZAR	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		JIBAR-SAFEX				
		See Article 7.1v(i) for definition	FLOAT vs. FLOAT			



- (b) Variable notional interest rate swaps having the characteristics set out in the table below:

<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Rate Options (as further set out in Article 7.1 of the 2006 ISDA Definitions and Article 7.1 of the 2000 ISDA Definitions)</b>	<b>Types</b>	<b>Single currency</b>	<b>Maximum Residual Term</b>	<b>Notional Amount (Min - Max of the relevant currency unit)</b>
Variable Notional Swap	USD	USD-LIBOR-BBA	Interest Rate Swap	Single currency	18,675 Days	
Variable Notional Swap	USD	USD-LIBOR-BBA	Basis Swap	Single currency	18,675 Days	
Variable Notional Swap	EUR	EUR-LIBOR-BBA	Interest Rate Swap	Single currency	18,675 Days	
Variable Notional Swap	EUR	EUR-LIBOR-BBA	Basis Swap	Single currency	18,675 Days	
Variable Notional Swap	EUR	EUR-EURIBOR-REUTERS	Interest Rate Swap	Single currency	18,675 Days	
Variable Notional Swap	EUR	EUR-EURIBOR-REUTERS	Basis Swap	Single currency	18,675 Days	
Variable Notional Swap	GBP	GBP-LIBOR-BBA	Interest Rate Swap	Single currency	18,675 Days	
Variable Notional Swap	GBP	GBP-LIBOR-BBA	Basis Swap	Single currency	18,675 Days	
<a href="#">Variable Notional Swap</a>	<a href="#">AUD</a>	<a href="#">AUD-BBR-BBSW</a>	<a href="#">Interest Rate Swap</a>	<a href="#">Single currency</a>	<a href="#">11,375 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">AUD</a>	<a href="#">AUD-BBR-BBSW</a>	<a href="#">Basis Swap</a>	<a href="#">Single currency</a>	<a href="#">11,375 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">CAD</a>	<a href="#">CAD-CDOR-BA</a>	<a href="#">Interest Rate Swap</a>	<a href="#">Single currency</a>	<a href="#">18,675 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">CAD</a>	<a href="#">CAD-CDOR-BA</a>	<a href="#">Basis Swap</a>	<a href="#">Single currency</a>	<a href="#">18,675 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">JPY</a>	<a href="#">JPY-LIBOR-BBA</a>	<a href="#">Interest Rate Swap</a>	<a href="#">Single currency</a>	<a href="#">18,675 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">JPY</a>	<a href="#">JPY-LIBOR-BBA</a>	<a href="#">Basis Swap</a>	<a href="#">Single currency</a>	<a href="#">18,675 Days</a>	

**Appendix IV**  
**FCM Product Specific Contract Terms and Eligibility Criteria Manual**

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FCM PRODUCT SPECIFIC CONTRACT TERMS AND  
ELIGIBILITY CRITERIA MANUAL

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**PART B**  
**PRODUCT ELIGIBILITY CRITERIA FOR REGISTRATION OF AN FCM**  
**SWAPCLEAR CONTRACT**

**1. FCM SwapClear Transaction**

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

- (a) the transaction meets the FCM SwapClear Product Eligibility Criteria for registration as an FCM SwapClear Transaction; and
- (b) each party to the transaction is an Executing Party;

and the requirements of (a) and (b) continue to be satisfied at Registration Time.

**1.1 FCM SwapClear Product Eligibility Criteria for an FCM SwapClear Transaction**

- (a) Vanilla interest rate swaps with constant notional principal having the characteristics set out in the table below;

<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Indices<sup>5</sup></b>	<b>Types</b>		<b>Maximum Residual Term</b>	<b>Notional Amount (Min-Max of the relevant currency unit)</b>
Vanilla interest rate swaps with constant notional principal	Sterling (GBP)	GBP-LIBOR-BBA	Fixed vs. Floating	Single currency	18,675 days	0.01-99,999,999,999.99
		See Article 7.1w(i) for definition	Floating vs. Floating			
		GBP-WMBA-SONIA-COMPOUND	Fixed vs. Floating	Single currency	11,375 days	
		See Article 7.1w(vii) for definition	Floating vs. Floating <sup>6</sup>		11,375 days	

<sup>5</sup> References in this column are to the 2006 ISDA Definitions.

<sup>6</sup> If Floating vs Floating where one leg Index is the GBP-WMBA-SONIA-COMPOUND, the Index on the other leg must be GBP-LIBOR-BBA

<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Indices<sup>5</sup></b>	<b>Types</b>		<b>Maximum Residual Term</b>	<b>Notional Amount (Min-Max of the relevant currency unit)</b>
	US Dollar (USD)	USD-LIBOR-BBA	Fixed vs. Floating	Single currency	18,675days	0.01-
		See Article 7.1(ab) (xxii) for definition	Floating vs. Floating			99,999,999, 999.99
		USD-Federal Funds H.15-OIS-COMPOUND	Fixed vs. Floating	Single currency	11,375 days	
		See Article 7.1(ab)(xxxix) for definition				
		USD-Federal Funds H.15-LIBOR-BBA	Floating vs. Floating <sup>7</sup>	Single currency	11,375	
		See Article 7.1(ab)(xvii) for definition				
	Euro (EUR)	EUR-LIBOR-BBA	Fixed vs. Floating	Single currency	18,675 days	0.01-
		See Article 7.1(f)(vii) for definition	Floating vs. Floating			99,999,999, 999.99
		EUR-EURIBOR-Telerate				
		See Article 7.1 (f)(ii) for definition				
		EUR-EONIA-OIS-	Fixed vs.		11,375	

<sup>7</sup> If Floating vs Floating where one leg Index is the USD-Federal Funds H.15-LIBOR-BBA, the index on the other leg must be USD-LIBOR-BBA

<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Indices<sup>5</sup></b>	<b>Types</b>		<b>Maximum Residual Term</b>	<b>Notional Amount (Min-Max of the relevant currency unit)</b>
		COMPOUND	Floating		days	
		See Article 7.1(f) (viii) for definition				
	Australian Dollar (AUD)	AUD-BBR-BBSW	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(a) (iv) for definition	Floating vs. Floating			
	Australian Dollar (AUD)	AUD-AONIA-OIS-COMPOUND	Fixed vs. Floating	Single currency	2025 days	0.01-99,999,999,999.99
		See Article 7.1(a)(i) for definition	Floating vs. Floating			
Vanilla interest rate swaps with constant notional principal		AUD-LIBOR-BBA				
		See Article 7.1(a) (viii) for definition				
	Canadian Dollar (CAD)	CAD-BA-CDOR	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(b) (ii) for definition	Floating vs. Floating			
		CAD-LIBOR-BBA				

<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Indices<sup>5</sup></b>	<b>Types</b>		<b>Maximum Residual Term</b>	<b>Notional Amount (Min-Max of the relevant currency unit)</b>
		See Article 7.1(b) (viii) for definition				
		CAD-CORRA-OIS-COMPOUND	Floating vs. Floating	Single currency	850 days	0.01–99,999,999,999.99
		See Article 7.1(b) (xii) for definition				
	Czech Koruna (CZK)	CZK-PRIBOR-PRBO	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	Danish Krone (DKK)	DKK-CIBOR-DKNA13	Fixed vs. Floating	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(e) (i) for definition	Floating vs. Floating			
		DKK-CIBOR2-DKNA13				
		See Article 7.1(e) (ii) for definition				
	Hong Kong Dollar (HKD)	HKD-HIBOR-HIBOR=	Fixed vs. Floating	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(g) (ii) for definition	Floating vs. Floating			

<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Indices<sup>5</sup></b>	<b>Types</b>		<b>Maximum Residual Term</b>	<b>Notional Amount (Min-Max of the relevant currency unit)</b>
		HKD-HIBOR-HKAB				
		See Article 7.1(g) (iii) for definition				
		HKD-HIBOR-ISDC				
		See Article 7.1(g) (i) for definition				
	Hungarian Forint (HUF)	HUF-BUBOR-Reuters	FIXED vs. FLOAT	Single currency	3,850 days	1-10,000,000,000,000
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	Japanese Yen (JPY)	JPY-LIBOR-BBA	Fixed vs. Floating	Single currency	15,025 days	1-10,000,000,000,000
		See Article 7.1(l) (iv) for definition	Floating vs. Floating			
		JPY-TONA-OIS-COMPOUND	Fixed vs. Floating	Single currency	11,375 days	1-10,000,000,000,000
		See Article 7.1(l)(xix) for definition				
	New Zealand Dollar (NZD)	NZD-BBR-Telerate	Fixed vs. Floating	Single currency	5,700 days	0.01-99,999,999,999.99



<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Indices<sup>5</sup></b>	<b>Types</b>		<b>Maximum Residual Term</b>	<b>Notional Amount (Min-Max of the relevant currency unit)</b>
		See Article 7.1(p) (iii) for definition	Floating vs. Floating			
	New Zealand Dollar (NZD)	NZD-BBR-FRA	Fixed vs. Floating	Single currency	5,700 days	0.01-99,999,999,999.99
		See Article 7.1(p) (iii) for definition	Floating vs. Floating			
	Norwegian Krone (NOK)	NOK-NIBOR-NIBR	Fixed vs. Floating	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(q) (i) for definition	Floating vs. Floating			
	Singapore Dollar (SGD)	SGD-SOR-Reuters	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(t) (iii) for definition	Floating vs. Floating			
		SGD-SOR-VWAP	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See FCM Procedure 2A.7.12(v) for definition	Floating vs. Floating			
	Swedish Krona (SEK)	SEK-STIBOR-SIDE	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(x) (i) for definition	Floating vs. Floating			

<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Indices<sup>5</sup></b>	<b>Types</b>		<b>Maximum Residual Term</b>	<b>Notional Amount (Min-Max of the relevant currency unit)</b>
	Swiss Franc (CHF)	CHF-LIBOR-BBA	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(y) (ii) for definition				
		CHF-TOIS_OIS_COMPOUND	Fixed vs. Floating	Single currency	850 days	
		See Article 7.1(y) (iv) for definition	Floating vs. Floating			
	Polish Zloty(PLN)	PLN	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		WIBOR-WIBO				
		See Article 7.1r (i) for definition	FLOAT vs. FLOAT			
	South African Rand (ZAR)	ZAR	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		JIBAR-SAFEX				
		See Article 7.1v (i) for definition	FLOAT vs. FLOAT			

- (b) Variable notional interest rate swaps having the characteristics set out in the table below;

<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Rate Options (as further set out in Article 7.1 of the 2000 ISDA Definitions and Article 7.1 of the 2006 ISDA Definitions)</b>	<b>Types</b>	<b>Single currency</b>	<b>Maximum Residual Term</b>	<b>Notional Amount (Min - Max of the relevant currency unit)</b>
Variable Notional Swap	USD	USD-LIBOR-BBA	Interest Rate Swap	Single currency	18,675Days	
Variable Notional Swap	USD	USD-LIBOR-BBA	Basis Swap	Single currency	18,675 Days	
Variable Notional Swap	USD	USD-LIBOR-BBA	Zero Coupon Swap	Single currency	18,675 Days	
Variable Notional Swap	EUR	EUR-LIBOR-BBA	Interest Rate Swap	Single currency	18,675Days	
Variable Notional Swap	EUR	EUR-LIBOR-BBA	Basis Swap	Single currency	18,675 Days	
Variable Notional Swap	EUR	EUR-LIBOR-BBA	Zero Coupon Swap	Single currency	18,675 Days	
Variable Notional Swap	EUR	EUR-EURIBOR-REUTERS	Interest Rate Swap	Single currency	18,675 Days	
Variable Notional Swap	EUR	EUR-EURIBOR-REUTERS	Basis Swap	Single currency	18,675 Days	
Variable Notional Swap	EUR	EUR-EURIBOR-REUTERS	Zero Coupon Swap	Single currency	18,675 Days	
Variable Notional Swap	GBP	GBP-LIBOR-BBA	Interest Rate Swap	Single currency	18,675 Days	

<b>Instrument</b>	<b>Acceptable Currencies</b>	<b>Acceptable Rate Options (as further set out in Article 7.1 of the 2000 ISDA Definitions and Article 7.1 of the 2006 ISDA Definitions)</b>	<b>Types</b>	<b>Single currency</b>	<b>Maximum Residual Term</b>	<b>Notional Amount (Min - Max of the relevant currency unit)</b>
Variable Notional Swap	GBP	GBP-LIBOR-BBA	Basis Swap	Single currency	18,675 Days	
Variable Notional Swap	GBP	GBP-LIBOR-BBA	Zero Coupon Swap	Single currency	18,675 Days	
<a href="#">Variable Notional Swap</a>	<a href="#">AUD</a>	<a href="#">AUD-BBR-BBSW</a>	<a href="#">Interest Rate Swap</a>	<a href="#">Single currency</a>	<a href="#">11,375 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">AUD</a>	<a href="#">AUD-BBR-BBSW</a>	<a href="#">Basis Swap</a>	<a href="#">Single currency</a>	<a href="#">11,375 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">CAD</a>	<a href="#">CAD-CDOR-BA</a>	<a href="#">Interest Rate Swap</a>	<a href="#">Single currency</a>	<a href="#">18,675 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">CAD</a>	<a href="#">CAD-CDOR-BA</a>	<a href="#">Basis Swap</a>	<a href="#">Single currency</a>	<a href="#">18,675 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">JPY</a>	<a href="#">JPY-LIBOR-BBA</a>	<a href="#">Interest Rate Swap</a>	<a href="#">Single currency</a>	<a href="#">18,675 Days</a>	
<a href="#">Variable Notional Swap</a>	<a href="#">JPY</a>	<a href="#">JPY-LIBOR-BBA</a>	<a href="#">Basis Swap</a>	<a href="#">Single currency</a>	<a href="#">18,675 Days</a>	