

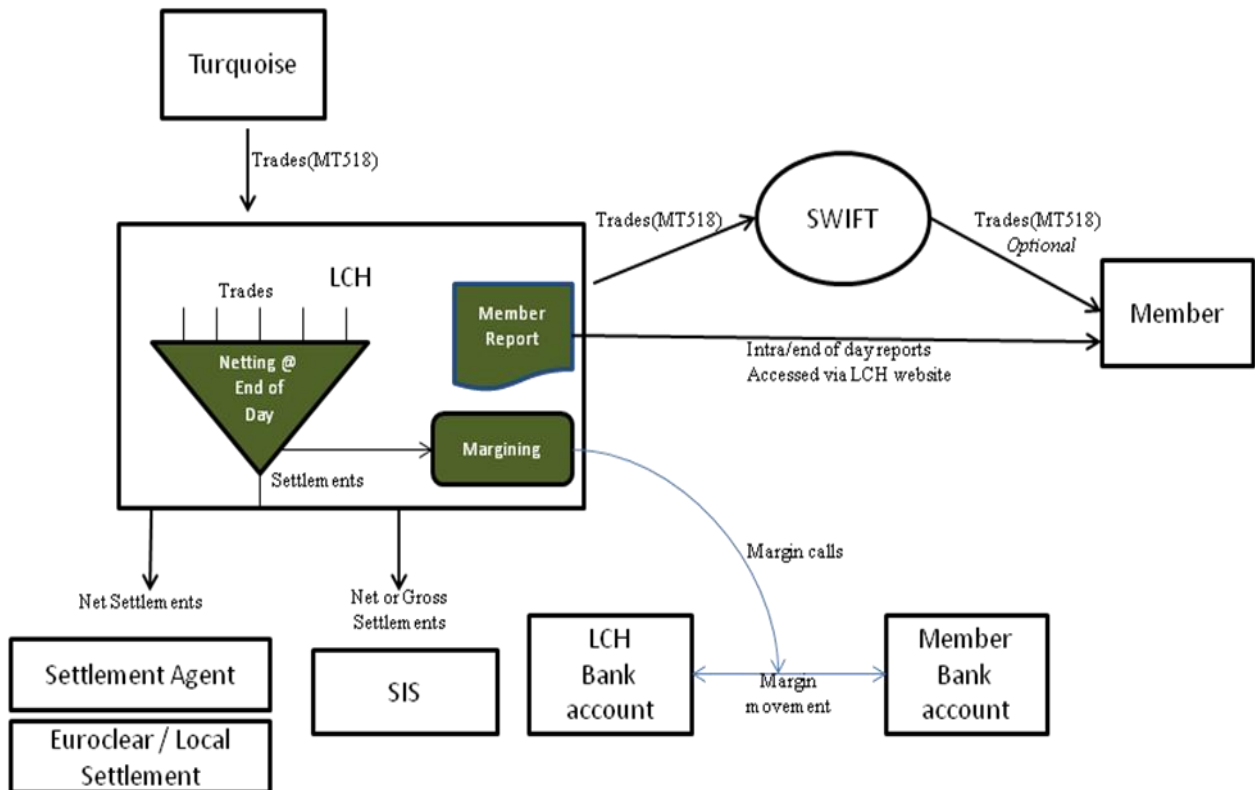
Turquoise Frequently Asked Questions

SCOPE & BACKGROUND

SB1. What is the go-live date?

Live date is expected in October 2009

SB2. What does the flow look like?



Who are my contacts?

LCH, Ian Mackenzie Tel: +44 207 426 7265

Email: ian.mackenzie@lch.com

SB3. Which securities are included?

UK, European & Swiss

SB4. Where will the trades settle?

UK securities will settle via a settlement agent in Euroclear UK & Ireland

European securities will settle via a settlement agent in the local CSD

Swiss securities will settle in SIS

SETTLEMENT

S1. Are LCH using a settlement agent?

Yes, for UK & European settlements, LCH will use Citibank.

For Swiss settlements, LCH will settle directly in SIS under PoA

S2. Do settlement agents need to sign new Power of Attorney agreements?

They will need to ensure that suitable PoA arrangements are in place to allow LCH to deliver on their behalf in SIS. PoA will not be required for other settlements.

S3. What does Power of Attorney mean?

LCH will instruct both sides of either the gross or net settlement instructions. It enables LCH to ensure that all settlement instructions are matched on trade date. It allows LCH to facilitate splitting/partials, deal with corporate event outturns more efficiently and instruct with more control. It reduces the operational issues associated with controlling an orderly market.

S4. Do members need to have a separate account at SIS for their Turquoise business?

LCH does not mandate this, although the PoA will cover the whole account and as such members may want to isolate their Turquoise business in a separate account.

S5. Which settlement accounts will LCH be using?

For UK settlements in EUI, LCH will use ARMAY via its agent. Members should be aware that direct input is not available and Members or their Settlement Agents will be required to instruct settlement in EUI.

For settlements in SIS: LCH will instruct under PoA.

BPID – GB101215

Safe Custody Account – 20.289'444

Cash Account – 40.329'0047

Full European settlement details to follow, whereby Members or their Settlement Agents will be required to instruct settlement

S6. What time will settlement instructions be sent to SIS?

Gross settlement instructions will be sent intra-day, Net settlement instructions will be sent at EOD at approx 17.45-18.30.

Members should be aware that LCH makes best efforts to produce the subsequent reports, but they could be subject to delay.

S7. What time will settlement instructions be sent to Euroclear / local settlement?

Where a settlement agent is used netting is mandated for Turquoise. Net settlements will be sent at EOD at approx 17.45-18.30

Members should be aware that LCH makes best efforts to produce the subsequent reports, but they could be subject to delay.

S8. Will cross exchange settlement netting be available?

Not for UK

For non UK settlements it will be available.

RECEIVING DATA FROM LCH

R1. How will GCM's receive details of the trades done by their NCM's?

There are several ways this data can be accessed.

1. LCH produces reports on its member reporting website which are updated every 30 minutes and show the accumulation of trades that day, per GCM. These reports have existed for some time and are detailed in the document "Member Report Formats" http://www.lch.com/cash_equities/lse/technical_documents.asp
2. LCH is also introducing an optional trade confirmation service. This will be on a gross trade basis and an MT518 message will be sent per trade via Swift to GCM's. Details of this message format can be found under Technical Documents.

R2. Can anyone other than Clearing Members access the member reports?

No.

FEES & CHARGES

F1. What are the charges for receiving the trade confirmation service over SWIFT?

If the GCM opts for the service, LCH will not charge, however we will pass through the SWIFT message charges. This can be paid by LCH and billed directly to the member, or probably more likely, reverse billed (as the member's message rate at SWIFT will inevitably be lower).

F2. What clearing fees will be charged by LCH?

Turquoise volumes will be cumulative with all volumes cleared through the EquityClear Service. With increased volumes members can reduce their unit cost. The fee schedule for clearing is available on the website. http://www.lch.com/cash_equities/swx/fees.asp

F3. Will LCH require members to increase their Default Fund contribution?

No.

F4. Will LCH pass through Settlement fees?

Yes.

MARGINING & TREASURY

M1. How will margining be carried out?

Margin rates per stock will be determined by LCH's risk department and then will margin using ERA, so margining of Turquoise securities will operate in the same way as for all EquityClear business. All securities within the ERA algorithm have complete correlation.

M2. How are margin calls instructed and what currencies can be paid?

If a member is uncovered following an intra-day margin run, they will be contacted by Treasury Operations by phone and advised of the additional amount that they will be required to pay. Before 2:30pm UK time, members can elect to cover ITD margin calls in EUR, GBP or USD. After 2:30pm the only acceptable currency is USD. Debit instructions are then sent to the member's PPS bank and the margin call must be confirmed by that bank

within 1 hour. The member should check Banking REP00033 for written confirmation of the amount taken. This report is generally updated within 45 minutes of a margin call being processed.

Overnight calls are sent to the member's PPS bank during the night and must be confirmed by the bank by 9:00am. Members should review their LCH Banking reports (see Banking Reports Reference pack) to ensure that they fund their accounts correctly.

M3. What interest is paid on cash margin and Collateral charges?

On cash, we pay LDR (calculated daily by Treasury Control – overnight LIBID minus 25bps). On collateral, there is an accommodation fee of 10 bps for the utilised collateral balance. The charge is applied in the currency of the liability covered.

DOCUMENTATION

D1. Will I require a new static data form or can I use existing set-up?

EquityClear members can continue with existing relationships but will be required to complete a new Turquoise static data form.

D2. How will I provide information to LCH for opting into this service?

EquityClear members should contact LCH to confirm their interest in this service. LCH will issue a static data form which will be sent to you for completion.

D3. Will I need to fill in a form for testing?

Yes, a form will be sent to you. This needs to be completed and returned.

D4. Will there be a new NCM/GCM/LCH agreement?

No, if already in place, it will be covered by existing relationships.

D5. Will LCH require any other documentation?

Existing EquityClear members will be required to complete a service extension document. Those wishing to use LCH as a new member will be required to complete the new membership pack and associated documents.

TESTING

T1. Does LCH provide or indeed mandate member testing?

This is entirely optional and is up to the members whether they wish to utilise this.

T2. Will member testing involve LCH's settlement agent, EUI, SIS and all local CSD's?

No, testing is envisaged to demonstrate to clearing members that trades will be received by EquityClear and the relevant reports produced, thus enabling members to have sufficient information to facilitate settlement instructions in the relevant CSD's.

T3. Can the member testing window be started earlier or extended later?

It will not be possible to move the testing window.

T4. How will go live/migration be handled?

When member testing has concluded and a member wishes to migrate some or all of its business, (UK, Swiss, European or All).

- The clearing member will notify both Turquoise & LCH of its intention.
- The relevant documentation will be issued for completion.
- Static data set-up will be facilitated for a smooth migration.
- When a member moves its business from one CCP to another, it should be aware that it will be margined by its existing/current CCP for all outstanding open positions until such time as they are settled.
- All new business will be margined by LCH through ERA, and will be subject to LCH rules.

OPERATIONAL

OP1. How will splits/partials be handled?

Partials in EUI will follow the current standard auto splitting process and timings for non CCP services. Partials in SIS are also automated and will be managed by LCH under PoA. For European securities settling in the local CSD's, LCH will contact the member and manually instruct via our settlement agent, whereby members or their settlement agents will be required to re-instruct.

OP2. Can I make a partial to LCH?

For the UK settlements Members should follow the standard EUI process.

For Swiss LCH will manage in SIS

For European securities settling in the local CSD's members cannot instigate partials.

OP3. How will buy-ins be handled?

Original transaction is not cancelled. LCH will input a new transaction against the liable party to include the relevant securities, costs etc, which will then be used to settle the outstanding transaction.

LCH will also operate its own buying in rules, whereby LCH initiate buy-in on ISD + 30, then initiate Cash Settlement procedure after ISD + 60.

OP4. Confirm netting for Turquoise whilst gross settlement for other EquityClear services?

LCH will mandate netting for Turquoise where the settlement agent is used

Members may continue with gross settlement for other EquityClear services.

OP5. Is netting available, is it mandatory and how does it work?

As above, LCH will mandate netting for Turquoise, where the settlement agent is used and trade date netting (TDN) is offered. At end of day, once the gross trade reconciliation with Turquoise has completed, the day's gross trades flagged for netting will be net and instructed to either EUI, Euroclear locally or SIS.

OP6. Will buyer elections be supported?

Yes

For UK securities members will use existing infrastructures and service offered by EUI.

For Swiss securities buyers can continue to elect directly to MPA's or SIS.

For European securities members can instruct elections.

TECHNOLOGY / FILE CONTENT

TF1. What trade source/ MIC will be used?

For real time trade confirmations and member reports the trade source ID will be TRQX

TF2. Is the TradeSrcRef in EREP0006 equal to the Turquoise exchange reference?

Yes

TF3. What values will we receive in TradeType field?

All Turquoise trades will be of type TRAD

TF4. Will we be notified of Cancellations?

Contras get a reference in EREP0006, however cancellations are not included.

TF5. What trade source information can I expect to see within EREP0006?

The report includes all applicable trade sources. It will also include Equiduct, IOB, PLUS Markets & SIX Swiss Exchange. It does not include LSE Sets business.

TF6. Where can I obtain my netted transactions/positions?

The net settlements are generated at end of day are listed in Member Report "EREP0005 – Netting – Net Trades for Settlement".

This report also contains net settlements for Equiduct, IOB, PLUS Markets & SIX Swiss Exchange. It does not include LSE Sets business.

TF7. Will the settlement instruction reference appear on the MT518 message?

No, there's no settlement information on the MT518 trade confirmation.

The Trade Source reference will appear in the COMM field.

TF8. Will LCH provide the settlement instruction reference?

LCH will provide its settlement instructions in reports EREP0005.

On the instructions from LCH, it's the SEME reference

On the message back from Local CSD's, it's the RELA reference.

Please see below for MT518 Swift confirmation messages.

FILE FORMATS
Swift Format MT518 Trade confirmation

```

1:F01TESTBIC1X234000000000}{2:I518LCHLGB2EAVTXN}
3:{108:LCHECLBFG050231}}{4:
:16R:GENL
:20C::SEME//IBBBD000002
:23G:NEWM
:22F::TRTR/LCHL/TRAD
:16R:LINK
:20C::COMM//TEST7777
:16S:LINK
:16S:GENL
:16R:CONFDET
:98A::TRAD//20020421
:98A::SETT//20020424
:90B::DEAL//ACTU/EUR4,
:94B::TRAD//EXCH/CHIX
:19A::SETT//EUR8000,
:22H::BUSE//SELL
:22H::PAYM//APMT
:16R:CONFPRTY
:95R::SELL/LCHL/TESTBIC1XXX
:22F::TRCA//PRIN
:20C::PROC//TEST7777
:70C::PACO//SGCA/AAAH
:16S:CONFPRTY
:16R:CONFPRTY
:95R::BUYR/LCHL/LCHLGB2E
:22F::TRCA//PRIN
:16S:CONFPRTY
:36B::CONF//UNIT/2000,
:35B:ISIN CH0000000001
:16S:CONFDET
-}

```

Turquoise FAQ's



Settlement instructions:

Delivery type	Standard messages				Non-standard net messages				
	Deliver vs Payment	Receive vs Payment	Deliver Free of Payment	Receive Free of Payment	Pay Cash Only	Receive Cash Only	Receive Cash and Receive Stock	Pay Cash and Deliver Stock	Null Settlement
Code	DVP	RVP	DFP	RFP	PCO	RCO	RCRS	PCDS	NIL
Market									
Austria	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Belgium	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Denmark	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Finland	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
France	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Germany	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Italy	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Netherlands	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Norway	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Portugal	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Spain	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
Sweden	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent
UK & Ireland	MT543	MT541	MT542	MT540	MT202	MT210	MT210/540	MT202/542	No instructions to be sent

CSD Codes for member reporting

CSD Code	CSD DESCRIPTION
EUBE	Indirect / Eclr BE
XCVM	Indirect / Interbolsa PT
EUFR	Indirect / Eclr FR
EUNE	Indirect / Eclr NL
OEKO	Indirect / OEKO AT
MOTI	Indirect / Monte Titoli IT
APKE	Indirect / NCSD FI
VPSN	Indirect / VPS NO
DAKV	Indirect / Clearstream DE
VPDK	Indirect / VPS DK
CRES	Indirect / Crest
CRST	Direct / Crest
SCLV	Indirect / SCLV ES
VPCS	Indirect / NCSD SE
ECLR	Direct / Eclr Bank
SCOM	Direct / SIS

The settlement CSD code for UK settlements for BATS & Chi-X and any other MTF/Exchange where LCH does not use direct input will be CRES as per our reports. This is where LCH perform netting and send a net settlement instruction to our settlement agent into Crest/EUI for you to match.

The settlement CSD code for UK settlements for Equiduct or any other MTF/Exchange where direct input is used will be and is CRST, whereby gross trades are sent to Crest/EUI to perform netting.