

## Link Agreement Summary between LCH.Clearnet Ltd. and SIX x-clear AG

We summarise below the Global Master Link Agreement in place between LCH.Clearnet Limited and SIX X-Clear AG. (the parties)

**Purpose:** To enable the provision of competitive clearing for trading venues who have requested such services. The relationship between the parties may cover more than one trading venue and the Agreement is capable of extension to additional trading venues without significant effort.

**Contract formation on individual trades:** To ensure that where a transaction arises on an agreed trading venue between members of the parties and each party registers a cleared contract with its member, a balance contract automatically arises between the two CCPs on the same terms to ensure that each party retains a balanced book.

**Rejection of trades:** Each party retains its ability under its own published rules to reject trades which do not meet its eligibility criteria. Therefore, where either party rejects a trade, each member leg of the transaction and the corresponding balance contract between the parties falls away to ensure that each CCP retains a balanced position.

**Collateral and margin:** The net position of each party with the other under balance contracts should be subject to margin calls and collateralisation requirements broadly equivalent to the requirements that the calling CCP would apply to its own members.

Collateral used must be free of all encumbrances.

**Default fund:** Neither party makes a contribution to the default fund of the other.

**Default of a clearing member:** The default of a member of one party does not affect the obligation of that party to perform under corresponding balance contracts with the other party. It is for each party to manage defaults of its own members. A member's contract with its CCP therefore remain unaffected by the mere fact that the original counterparty to the trade (being the member of the other CCP) has defaulted.

**Default of a CCP:** A party can treat the other party as a defaulter in a limited but appropriate range of circumstances (including, most importantly, insolvency) and manage the defaulting party's open balance contract positions with it in accordance with the non-defaulting CCP's own default rules.

**Suspension of services:** Each party can suspend its obligation to continue clearing new trades and becoming party to new balance contracts with the other party in a defined range of emergency and other situations so as to manage its ongoing risk exposure.



**Liability:** The arrangements incorporate appropriate limitations on the scope of liability of each party to the other (other than obligations under balance contracts, which are to be performed in full) to avoid unreasonable exposures.

LCH.Clearnet Ltd

SIS X-Clear AG