

VIA CFTC PORTAL

17 September 2021

Mr. Christopher Kirkpatrick  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington, DC 20581

**LCH Limited Self-Certification: Benchmark Reform – Rates Conversion**

Dear Mr. Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (“CFTC”) Regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the CFTC, is submitting for self-certification revisions to its rules related to the rates conversion for benchmark reform.

**Part I: Explanation and Analysis**

LCH is revising its rules in order to provide for the retirement of the London inter-bank offered rate (“LIBOR”) for British Pound (“GBP”), Euro (“EUR”), Swiss Franc (“CHF”), and Japanese Yen (“JPY”) and the retirement of the Euro Overnight Index Average (“EONIA”) for Euro. In order to facilitate the conversion of swaps referencing LIBOR and EONIA to alternative rates, LCH is revising its rules. These revisions are in: (i) the General Regulations of LCH and the FCM Regulations of LCH (jointly the “Regulations”); and (ii) Section 2C (SwapClear Clearing Service) of the LCH Procedures and Section 2 (SwapClear) of the LCH FCM Procedures (jointly the “Procedures”).

In most respects, LCH’s conversion processes align with and rely on the fallback methodologies published by the International Swaps and Derivatives Association (“ISDA”) through Supplement 70 to the 2006 ISDA Definitions and the equivalent provisions in the 2021 ISDA Definitions<sup>1</sup> (jointly the “ISDA Fallbacks”), which will be incorporated in all SwapClear Contracts prior to the conversion date.<sup>2</sup>

**Part II: Description of Rule Changes**

The following is a summary of the revisions to be made to the Procedures and the Regulations.

Regulations:

The Regulations have been amended to include a new section called “LIBOR and EONIA Conversion Provisions.” This new section provides LCH with the legal means to effect, through the

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<sup>1</sup> The following terms used throughout this filing are used as defined in the 2021 ISDA Definitions: Delayed Payment, Payment Date, Termination Date, Discounting, and Discount Rate.

<sup>2</sup> Subject to regulatory review.

publication of a Floating Rate Conversion Notice, the conversion of EONIA SwapClear Contracts<sup>3</sup> to the Euro Short-Term Rate ("€STR") and the conversion of LIBOR interest rates to the risk free rates stated below.

The Regulations also provide LCH with additional tools in connection with the conversion, including the power and authority to register additional SwapClear Contracts in the name of a SwapClear Clearing Member, amend existing SwapClear Contracts and make compensation payments.

The Regulations reference the recording of certain operational bookings, which are described in more detail below.

Procedures:

The Procedures contain the more detailed mechanics of how the conversions will be effected.

**EONIA SwapClear Contracts**

On the conversion date stated in the relevant Floating Rate Conversion Notice, LCH will amend all EONIA Contracts such that the floating rate reference to EONIA will instead refer to €STR and will calculate the value of the converted SwapClear Contracts both prior to and following the conversion. A compensation payment will be called or paid on an account-by-account basis (House or Client) to compensate for this change in value.

Further, SwapClear Clearing Members will be required to provide their clients with a Risk Notice, which will be published by LCH closer to the conversion date.

EONIA SwapClear Contracts will no longer be eligible for clearing from the conversion date.

**LIBOR SwapClear Contracts**

The conversion process for SwapClear Contracts referencing CHF, EUR, GBP and JPY LIBOR will align with the process for EONIA SwapClear Contracts, with a number of important differences and additions:

- i. The floating leg of the LIBOR SwapClear Contract will not be calculated by reference to the relevant Adjusted Risk Free Rate ("RFR") (as is the case for swap contracts which have adopted the ISDA Fallbacks) but instead will be calculated using market standard overnight index swap ("OIS") payment conventions as set out below.

<i>In-Scope Floating Rate Option</i>	<i>RFR</i>
CHF-LIBOR-BBA	CHF-SARON-OIS-COMPOUND
CHF-LIBOR	CHF-SARON-OIS Compound
EUR-LIBOR-BBA	EUR-EuroSTR-COMPOUND
EUR-LIBOR	EUR-EuroSTR-OIS Compound
GBP-LIBOR-BBA	GBP-SONIA-COMPOUND
GBP-LIBOR	GBP-SONIA-OIS Compound
JPY-LIBOR-BBA	JPY-TONA-OIS-COMPOUND
JPY-LIBOR	JPY-TONA-OIS Compound

<sup>3</sup> For the purposes of this filing, "SwapClear Contract" includes "FCM SwapClear Contract" and "SwapClear Clearing Member" includes "FCM Clearing Member."

- ii. The Spread Adjustment<sup>4</sup> which has been calculated and fixed pursuant to the ISDA Fallbacks and the Bloomberg IBOR Fallbacks Rate Adjustments Rulebook ("Bloomberg Fallbacks") will be added to the Floating Amount.
- iii. The Delayed Payment will be 'Applicable' in relation to each relevant contract (other than for GBP-SONIA-COMPOUND and GBP-SONIA-OIS Compound where it will be 'Not Applicable') and the number of days for such purpose will be as specified in the Procedures.
- iv. LCH and the SwapClear Clearing Members will agree that as a result of the amendments described above, each "Floating Rate" under each LIBOR SwapClear Contract will be calculated for each relevant "Calculation Period" without any shift, adjustment or "observation shift" and all provisions relating thereto in the ISDA Fallbacks and the Bloomberg Fallbacks will not apply to the calculation of the "Floating Rate" under each contract.

Furthermore, LCH will be making changes to forward rate agreements which have a Reset Date which falls after the LIBOR index cessation date. These contracts will be amended such that the Payment Date under such affected forward rate agreement will be the Termination Date and Discounting will be 'Not Applicable' and the Discount Rate will be deleted in its entirety.

In order to effect the conversion process, and due to certain systems limitations that restrict cleared contracts from having different Floating Rate Options for different periods of that contract, LCH will be required to make a number of operational bookings within the SwapClear system. These will not result in the registration of a new SwapClear Contract, unless a post conversion process, such as compression, is successfully effected with respect to those operational bookings.

Additional legal protections for LCH for the purposes of the conversion exercise, including a limitation of liability, are also included.

The changes to the rules are included as **Appendices I - IV** in black line form. The changes will be effective not earlier than October 4, 2021.

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

LCH reviewed the proposed rule changes against the requirements of the Core Principles and finds it will continue to comply with all requirements and standards set forth therein. Specifically, this rule change has potential relevance to Core Principle C (Participant and Product Eligibility) and Core Principle L (Public Information).

The changes described in this filing ensure that LCH meets the objectives of Core Principle C, including that LCH have appropriate requirements for determining the eligibility of agreements, contracts, or transactions submitted for clearing, taking into account LCH's ability to manage the risks associated with such agreements, contracts, or transactions. The changes described in this filing provide for LCH's ability to amend, maintain, and risk manage SwapClear contracts referencing LIBOR and EONIA during the benchmark reform process. Core Principle C also requires LCH to have rules providing that all swaps with the same terms and conditions established under LCH's rules are economically equivalent and may be offset with each other. These rule changes provide for the maintenance of such economic equivalence throughout the conversion.

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<sup>4</sup> For JPY LIBOR conversion, due to a difference in day count between JPY LIBOR swaps (Act/360) and TONA swaps (Act/365), LCH will adjust the ISDA/Bloomberg Spread Adjustments by a factor of 365/360.

LCH considered its product eligibility requirements, specifically those related to the maintenance of product terms and conditions, and determined that the changes discussed in this filing will not impact LCH's compliance with Core Principle C. As a result, LCH believes these changes are consistent with the requirements of Core Principle C on Participant and Product Eligibility under CFTC regulation §39.12.

The changes described in this filing also ensure that LCH meets the objectives of Core Principle L, including that, in addition to the specified requirements of §39.21, LCH make available any information that is relevant to participation in the clearing and settlement activities of LCH. LCH considered its public information requirements and believes including rules related to these contract conversions in its publicly available Regulations and Procedures maintains its compliance with Core Principle L. As a result, LCH believes these changes are consistent with the requirements of Core Principle L on Public Information under CFTC regulation §39.21.

**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: <https://www.lch.com/resources/rulebooks/proposed-rule-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 this proposal.

**Certification**

LCH hereby certifies to the CFTC, pursuant to the procedures set forth in CFTC Regulation §40.6, that the attached submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

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

Yours sincerely,



Julian Oliver  
Chief Compliance Officer  
LCH Limited

**Appendix I**  
General Regulations of LCH  
*Changed Pages*



**GENERAL REGULATIONS OF  
LCH LIMITED**

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**"Floating Rate Conversion Annex"**

means, in relation to a change in the floating rate and calculation of the floating amounts under any SwapClear Contract which are determined by reference to LIBOR or EONIA, any annex to the Procedures identified by the Clearing House in the related Floating Rate Conversion Notice as being the "Floating Rate Conversion Annex" applicable to such change

**"ForexClear AET Requirement"**

means, in respect of an FXCCM, that all of the ForexClear Contracts in the name of such FXCCM have been closed out or transferred to another Clearing Member

**"ForexClear Approved Trade Source System"**

means a system or facility, such as an exchange, a clearing house, a swap execution facility, a designated contract market, trade or affirmation system, a ForexClear Matcher or other similar venue or system, approved by the Clearing House for submitting ForexClear Transactions to the Clearing House (and excludes, for the avoidance of doubt, the ClearLink API)

**"ForexClear Business"**

means any transaction, obligation or liability arising out of any ForexClear Contract

**"ForexClear Clearing Client"**

means, in respect of ForexClear Client Clearing Business, an Individual Segregated Account Clearing Client, Indirect Gross Account Clearing Client or Omnibus Segregated Clearing Client

**"ForexClear Clearing House Business"**

means ForexClear Contracts entered into by a ForexClear Clearing Member with the Clearing House on a proprietary basis and for its own account

**"ForexClear Clearing Member (FXCCM)"**

means a Member who is designated by the Clearing House as a ForexClear Clearing Member eligible to clear ForexClear Contracts which includes, in the case of the Default Rules (including the ForexClear DMP Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM Clearing Member

**"ForexClear Client Clearing Business"**

means the provision of ForexClear Client Clearing Services by a ForexClear Clearing Member

**"ForexClear Client Clearing Services"**

means the entering into of ForexClear Contracts by a ForexClear Clearing Member in respect of its Individual Segregated Account Clearing Clients, Indirect Gross Account Clearing Clients and/or Omnibus Segregated Clearing Clients

**"ForexClear Contract"**

means a ForexClear Non-Deliverable Contract or a ForexClear Deliverable Contract

<b>"seller"</b>	means a Member (or the Clearing House where the context so requires) who is a seller under the terms of an exchange contract, a Cleared Exchange Contract, a RepoClear Transaction, a RepoClear Term £GC Transaction, a RepoClear Contract, a RepoClear Term £GC Contract, an EquityClear ATP Match, an EquityClear Novation Transaction, an EquityClear Contract, a Rates Exchange Match, or a Listed Interest Rates Novation Transaction, as the case may be
<b>"Service"</b>	means any one of the services made available by the Clearing House: (i) to an Exchange; (ii) under the SwapClear Regulations and under the FCM Regulations in respect of FCM SwapClear Contracts; (iii) under the RepoClear Regulations; (iv) under the EquityClear Regulations; (v) under the ForexClear Regulations and under the FCM Regulations in respect of FCM ForexClear Contracts; or (vi) under the Listed Interest Rates Regulations and under the FCM Regulations in respect of FCM Listed Interest Rates Contracts
<b>"settlement contract"</b>	means a contract between the Clearing House and a Member arising pursuant to Regulation 23(b) or Regulation <a href="#">99110</a> (a)
<b>"Settlement Cycle Failure"</b>	has the meaning assigned to it in Regulation 101(h)
<b>"Settlement Exposure Amount"</b>	has the meaning assigned to it in Regulation 100
<b>"Settlement Exposure Limit"</b>	means, with respect to a ForexClear Option Clearing Member and a given ForexClear Currency, the "Settlement Exposure Limit" determined in accordance with the Procedures and made available from time to time by the Clearing House to that ForexClear Option Clearing Member, being the maximum permitted net deliverable or payable value in such currency on any given day arising from all ForexClear Contracts (other than ForexClear Non-Deliverable Contracts) that have a Settlement Date falling more than two business days after such day
<b>"Settlement Exposure Limit Cap"</b>	means, with respect to a given ForexClear Option Clearing Member and a given ForexClear Currency, USD5,000,000,000 (as amended from time to time in accordance with the Regulations)
<b>"Settlement Position Amount"</b>	has the meaning assigned to it in Regulation 100



- (a) In this Regulation:

**"Calculation Period"** means, in respect of a type of Business, a period of the number of days specified in the "Combined Loss Value" calculation in relation to the Fund Amount of that type of Business and ending on the business day preceding the date on which the Clearing House determines that a Solvency Threatening Treasury Default Loss has occurred (and the terms "Business", "Combined Loss Value" and "Fund Amount" have the meanings set out in the Default Fund Rules);

**"Margin Weight"** means:

- (i) the aggregate of a Clearing Member's total margin requirement (in respect of all of its Proprietary Accounts and all of its Client Accounts) for each type of Business undertaken by the Clearing Member averaged over the relevant Calculation Period preceding a determination of a Solvency Threatening Treasury Default Loss under Regulation 46A(b) below;

divided by

- (ii) the total average margin requirement of all Clearing Members (including FCM Clearing Members) during the same period; and

**"Treasury Default"** means, in connection with the Clearing House's treasury management activities, the default of: (A) an issuer of a debt instrument underlying a treasury management contract; (B) a counterparty to a treasury management contract; and/or (C) a deposit-taking institution, as determined by the Clearing House in its sole discretion.

- (b) In the event of a Treasury Default, the Clearing House may determine in its sole discretion that a loss has been caused by or arises out of a Treasury Default. If the Clearing House so determines, it must determine the quantum of that loss by ascertaining the gross amount of the loss and reducing it by EUR 15 million. The result is referred to as a **"Solvency Threatening Treasury Default Loss"**.
- (b) The Clearing House will, in respect of each Clearing Member, determine an amount of the Solvency Threatening Treasury Default Loss to be allocated to that Clearing Member based on that Clearing Member's Margin Weight (an **"Allocated Loss"**). The day on which the Clearing House determines that a Solvency Threatening Treasury Default Loss has taken place shall be the determination day for the purposes of establishing the Calculation Period.
- (c) The maximum Allocated Loss that each Clearing Member can be allocated is equal to: (i) the total Clearing House treasury investment portfolio immediately prior to the Solvency Threatening Treasury Default Loss, reduced by EUR 15 million; multiplied by (ii) that Clearing Member's Margin Weight. For the purpose of the calculation of Margin Weight, the margin requirements for any Clearing Member who has become a defaulter at any point prior to the date of allocation, shall be disregarded.

**~~REGULATION~~REGULATION 57A SETTLEMENT OF SWAPCLEAR STM CONTRACTS AND CONVERSION TO SWAPCLEAR STM CONTRACTS**

- (a) Each SwapClear Contract registered in the name of a SwapClear Clearing Member that is established under the laws of any state of the United States or under the federal laws of the United States shall be designated a SwapClear STM Contract.
- (b) Notwithstanding anything to the contrary in Regulation 20, neither the Clearing House nor a SwapClear Clearing Member shall be obliged to make any payment by way of variation margin in respect of a SwapClear STM Contract. This Regulation 57A shall be without prejudice to the Clearing House's other rights to require Collateral to be transferred to it under Regulation 20 (including, but not limited to, its right to require Collateral to be transferred to it in respect of a SwapClear Clearing Member's initial margin obligations in respect of a SwapClear STM Contract).
- (c) The Clearing House shall, at least once per Business Day, determine (i) the change in the net present value of each SwapClear STM Contract, and (ii) the Price Alignment Amount payable on such Business Day, in each case in such manner and at such times as may be provided in the Procedures. Immediately upon the Clearing House making each such determination of the net present value of a SwapClear STM Contract, an NPV Reset shall occur with respect to that SwapClear STM Contract.
- (d) Upon the occurrence of an NPV Reset in relation to a SwapClear STM Contract:
  - (i) if the Clearing House has determined that the net present value of the SwapClear STM Contract has increased since the immediately preceding NPV Reset, an amount of cash denominated in the currency of the SwapClear STM Contract (as specified in the Economic Terms relating to that SwapClear STM Contract) equal to the amount of such increase shall immediately become due and payable by the SwapClear Clearing Member to the Clearing House under the SwapClear STM Terms;
  - (ii) if the Clearing House has determined that the net present value of the SwapClear STM Contract has decreased since the immediately preceding NPV Reset, an amount of cash denominated in the currency of the SwapClear STM Contract (as specified in the Economic Terms relating to that SwapClear STM Contract) equal to the amount of such decrease shall immediately become due and payable by the Clearing House to the SwapClear Clearing Member under the SwapClear STM Terms;
  - (iii) if the Clearing House has determined that the net present value of the SwapClear STM Contract has not changed since the immediately preceding NPV Reset, neither the Clearing House nor the SwapClear Clearing Member shall be obliged to make any payment; and
  - (iv) the net present value of the SwapClear STM Contract shall for all purposes be equal to zero.
- (e) The SwapClear Clearing Member and the Clearing House hereby agree that:

## REGULATION 60 TRANSFER; ~~BULK EVENTS~~ BULK EVENTS

- (a) Other than in the event that a SwapClear Clearing Member is a Defaulter, any Permitted Transfer of one or more Transferring SwapClear Contracts from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee (including, where relevant, the transfer of an Associated Collateral Balance), may only be done pursuant to this Regulation 60 and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement. Notwithstanding the foregoing, a SwapClear Clearing Member may transfer SwapClear Contracts pursuant to and in accordance with Section 2.1.13 of the FCM Procedures.
- (b) Further to the satisfaction of the conditions set out in the Procedures and (where applicable) any relevant Collateral Management Agreement, and **provided that** the Clearing House does not determine, in its sole discretion, that (x) a Permitted Transfer cannot be effected under these Regulations, the Procedures or otherwise under Applicable Law and/or (y) where applicable, the additional conditions as set out in Regulation 46(q) of the FCM Regulations need to be and have not been complied with, the Clearing House shall transfer the Transferring SwapClear Contract(s) into the Transfer Account of the Receiving Clearing Member as follows:
- (i) in the case of a Permitted Transfer where the Receiving Clearing Member is the same entity as the Eligible Transferor, the Transferring SwapClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the Proprietary Account of the Receiving Clearing Member;
  - (ii) in the case of a Permitted Transfer where the Carrying Clearing Member is not an FCM Clearing Member and the Receiving Clearing Member is an FCM Clearing Member, the Transferring SwapClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the relevant Transfer Account of the relevant Receiving Clearing Member and all of the SwapClear Contracts to be transferred (which are subject to the Rulebook) shall, upon transfer, be converted to FCM SwapClear Contracts subject to the FCM Regulations and the FCM Procedures but shall otherwise remain on the same contract terms;
  - (iii) in the case of a Permitted Transfer where the Carrying Clearing Member is an FCM Clearing Member and the Receiving Clearing Member is not an FCM Clearing Member, the FCM SwapClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the relevant Transfer Account of the relevant Receiving Clearing Member and all of the FCM SwapClear Contracts to be transferred (which are subject to the FCM Rulebook) shall, upon transfer, be converted to SwapClear Contracts subject to the Rulebook but shall otherwise remain on the same contract terms; or
  - (iv) in all other cases, the Transferring SwapClear Contracts (and, if applicable, the Associated Collateral Balance(s)) shall be transferred to the Transfer Account of the Receiving Clearing Member.

The Transfer of the Transferring SwapClear Contracts shall occur by novation of all of the Carrying Clearing Member's rights and obligations in respect of such

~~REGULATION 60B – CHANGES TO CERTAIN INTEREST RATES IN THE SWAPCLEAR SERVICE~~

REGULATION 60B – CHANGES TO CERTAIN INTEREST RATES IN THE SWAPCLEAR SERVICE

- (a) From time to time, the Clearing House may, subject to the terms of the Procedures, change the rate used for calculating PAI and the Price Alignment Amount in connection with SwapClear Contracts and/or the rate used to calculate the net present value of certain SwapClear Contracts. In connection with any such change the Clearing House shall deliver a Rate Change Notice. If specified as applicable in such Rate Change Notice, a Rate Change Annex (and each document incorporated therein or supplemental thereto) shall apply to set forth the terms on which such amendment to such rate shall take effect, the manner in which the economic impact of such amendment on the Clearing House, SwapClear Clearing Members and SwapClear Clearing Clients may be addressed, and any related rights and obligations of the Clearing House, the SwapClear Clearing Members and SwapClear Clearing Clients in relation thereto, including but not limited to: (i) the creation and registration of new SwapClear Contracts to reflect the change in discounting risk, (ii) the creation and registration of new SwapClear Contracts and/or payment obligations in connection with the change in the net present value of one or more SwapClear Contracts, and/or (iii) any other procedures or mechanisms the Clearing House determines is required to give effect to such interest rate change referred to above. The Clearing House may, from time to time, amend, modify, supplement, replace, withdraw, or override the terms of a Rate Change Notice in relation to a given change in the rate used for calculating PAI and the Price Alignment Amount in connection with SwapClear Contracts and/or the rate used to calculate the net present value of certain SwapClear Contracts through a member circular or such other method as the Clearing House shall determine is appropriate..
- (ba) Following the publication of a Rate Change Annex which specifies this Regulation 60(B)(b) to be applicable, each SwapClear Clearing Member (acting individually) hereby appoints the Clearing House, with the full and power and authority of that SwapClear Clearing Member, to:
- (i) act as its agent, to enter into, in the name of, and on behalf of, that SwapClear Clearing Member, one or more SwapClear Contracts on terms determined by that Rate Change Annex;
  - (ii) in reliance on the deemed instructions that SwapClear Clearing Member provides on behalf of it and its SwapClear Clearing Clients pursuant to the terms of the Rate Change Annex, to register, any SwapClear Contracts so entered into under this Regulation and the Rate Change Annex in the Proprietary Account and/or the applicable Client Account held in that SwapClear Clearing Member's name (as applicable); and
  - (iii) (A) execute in the SwapClear Clearing Member's name and on the SwapClear Clearing Member's behalf any document, contract, deed or other agreement, or (B) do, or cause to be done, any acts, in each case as the Clearing House

determines (acting reasonably) to be lawfully necessary to give effect to the SwapClear Contracts entered into pursuant to the foregoing,

*provided however that*, in all cases the terms of each SwapClear Contract entered into and registered pursuant to the foregoing provisions and the accounts in which such SwapClear Contracts shall be registered shall be determined pursuant to the methodology set out in the relevant Rate Change Annex pursuant to which such powers are exercised.

- (eb) Any SwapClear Contract entered into pursuant to paragraph (b) above shall be deemed to satisfy any registration requirements under these Regulations.
- (dc) Upon the publication of the Rate Change Annex there shall arise a standing instruction to the Clearing House for itself and on behalf of the SwapClear Clearing Members authorising the Clearing House to take the steps set-out in that Rate Change Annex, including, if applicable under the terms of that Rate Change Annex, to enter into and register certain SwapClear Contracts on behalf of certain SwapClear Members and/or SwapClear Clearing Clients pursuant to paragraph (b) above and the Rate Change Annex.
- (ed) A Rate Change Annex may give rise to one or more payment obligations being owed by the Clearing House to a SwapClear Clearing Member or by a SwapClear Clearing Member to the Clearing House (including, without limitation, under the terms of the SwapClear Contracts registered pursuant to (b) above) (each, a **Rate Change Payment**). The calculation of each Rate Change Payment and the due date for payment of the Rate Change Payment in each case shall be on the terms set out in the relevant Rate Change Annex.
- (fe) Each SwapClear Clearing Member and each SwapClear Clearing Client shall be bound by the terms of the Rate Change Annex, including, without limitation, each SwapClear Contract registered or recorded to its Proprietary Account, Individual Segregated Account and "position account" within each Omnibus Segregated Account, as applicable, pursuant to each Rate Change Annex. Each SwapClear Clearing Member agrees and acknowledges that the terms of each Rate Change Annex shall be (i) binding as between it and each of its SwapClear Clearing Clients, (ii) replicated by way of back-to-back rights and obligations between the SwapClear Clearing Member and the relevant SwapClear Client on whose behalf the account or "position account" referred to above is held, and (iii) "Mandatory CCP Provisions" for the purposes of the Clearing Agreements between it and each of its SwapClear Clearing Clients.

## REGULATION 60C – LIBOR AND EONIA CONVERSION PROVISIONS

- (a) From time to time the Clearing House may, subject to the terms of the Procedures, amend the floating rate and calculation of the floating amounts under any SwapClear Contract which are determined by reference to the London Interbank Offered Rate or the Euro Overnight Index Average, regardless of any fallbacks that may otherwise apply in relation to the floating rate or calculation of the floating amount pursuant to the SwapClear Contract Terms of such SwapClear Contract. In furtherance of effecting such change, the Clearing House may change, modify and/or supplement the SwapClear Contract Terms of any such SwapClear Contracts registered with the Clearing House, as specified by the Clearing House. In connection with such change the Clearing House shall deliver, via one or more member circulars, a written notice (a **Floating Rate Conversion Notice**) to all SwapClear Clearing Members. If specified as applicable in such Floating Rate Conversion Notice, a Floating Rate Conversion Annex (and each document incorporated therein or supplemental thereto) shall apply to set forth the terms on which such amendment to such floating rate provisions shall take effect, including but not limited to: (i) when and how any such amendment, supplement, or modification shall take effect, (ii) the type of SwapClear Contracts to which it applies, (iii) the methodology for determining any amounts payable between the Clearing House and the SwapClear Clearing Members as a result of the matters specified therein, (iv) if applicable, the creation and registration of any new SwapClear Contracts and/or payment obligations in connection with the amendment, supplement and/or modification, and (v) any other rights and obligations of the Clearing House, the SwapClear Clearing Members and SwapClear Clearing Clients in relation to the foregoing. A Floating Rate Conversion Annex shall include any other procedures or mechanisms the Clearing House determines are required to give effect to the changes referred to above, including certain operational procedures which will include the recording of certain operational bookings in the SwapClear service to operationally represent the SwapClear Contracts as amended pursuant to the terms of the Floating Rate Conversion Annex. These operational bookings shall not have any legal effect and are for operational purposes only. Where the Clearing House determines appropriate, the Clearing House's internal governance and booking procedures will provide that such operational bookings and any reports generated by the Clearing House in connection therewith shall be interpreted accordingly.
- (a) The Clearing House may, from time to time, amend, modify, supplement, replace, withdraw, or override the terms of a Floating Rate Conversion Notice or Floating Rate Conversion Annex through a member circular or such other method as the Clearing House shall determine is appropriate.
- (b) Following the publication of a Floating Rate Conversion Annex, each SwapClear Clearing Member (acting individually) hereby appoints the Clearing House, with the full and power and authority of that SwapClear Clearing Member, to:
- (i) act as its agent, to enter into, in the name of, and on behalf of, that SwapClear Clearing Member, one or more SwapClear Contracts on terms determined by that Floating Rate Conversion Annex;
- (ii) in reliance on the deemed instructions that SwapClear Clearing Member provides on behalf of it and its SwapClear Clearing Clients pursuant to the

terms of the Floating Rate Conversion Annex, to register any SwapClear Contracts so entered into under this Regulation and the Floating Rate Conversion Annex in the Proprietary Account and/or the applicable Client Account held in that SwapClear Clearing Member's name (as applicable); and

(iii) (A) execute in the SwapClear Clearing Member's name and on the SwapClear Clearing Member's behalf any document, contract, deed or other agreement, or (B) do, or cause to be done, any acts, in each case as the Clearing House determines (acting reasonably) to be lawfully necessary to give effect to the SwapClear Contracts entered into pursuant to the foregoing,

provided however that, in all cases the terms of each SwapClear Contract amended and/or entered into and registered pursuant to the foregoing provisions and the accounts in which such SwapClear Contracts are or shall be registered shall be determined pursuant to the methodology set out in the relevant Floating Rate Conversion Annex pursuant to which such powers are exercised.

(c) Each SwapClear Clearing Member agrees and acknowledges that, notwithstanding anything to the contrary in these Regulations or any Procedure, the terms of any Floating Rate Conversion Annex and/or any Floating Rate Conversion Notice may amend, supplement, and/or modify the terms of any SwapClear Contract to which such Floating Rate Conversion Annex and/or any Floating Rate Conversion Notice relates, and following the publication of a Floating Rate Conversion Annex or delivery of a Floating Rate Conversion Notice (or any subsequent date specified for such purpose by the Clearing House), the rights and obligations of the Clearing House and each SwapClear Clearing Member under each such SwapClear Contract shall be performed in accordance with the SwapClear Contract Terms, as amended, supplemented and/or modified by the terms of that Floating Rate Conversion Annex and/or Floating Rate Conversion Notice.

(d) Any SwapClear Contract entered into pursuant to paragraph (c) above shall be deemed to satisfy any registration requirements under these Regulations.

(e) Upon the publication of a Floating Rate Conversion Annex there shall arise a standing instruction to the Clearing House for itself and on behalf of the SwapClear Clearing Members authorising the Clearing House to take the steps and make the changes, including without limitation the amendments to the SwapClear Contracts set-out in that Floating Rate Conversion Annex, and, if applicable under the terms of that Floating Rate Conversion Annex, to enter into and register certain SwapClear Contracts on behalf of certain SwapClear Members and/or SwapClear Clearing Clients pursuant to paragraph (b) above and such Floating Rate Conversion Annex.

(f) A Floating Rate Conversion Annex may give rise to one or more payment obligations being owed by the Clearing House to a SwapClear Clearing Member or by a SwapClear Clearing Member to the Clearing House (each, a **Conversion Payment**). The calculation of each Conversion Payment and the due date for payment of the Conversion Payment in each case shall be on the terms set out in the relevant Floating Rate Conversion Annex. Each SwapClear Clearing Member and each SwapClear Clearing Client shall be bound by the terms of the Floating Rate Conversion Annex, including, without limitation, each SwapClear Contract registered or recorded to its Proprietary Account, Individual Segregated Account and "position account" within

each Omnibus Segregated Account, as applicable, pursuant to each Floating Rate Conversion Annex. Each SwapClear Clearing Member agrees and acknowledges that (i) the terms of each Floating Rate Conversion Annex shall be binding as between it and each of its SwapClear Clearing Clients, (ii) the amendments made to each SwapClear Contract in a Client Account made pursuant to each Floating Rate Conversion Annex shall result in an identical amendment to the back-to-back rights and obligations between the SwapClear Clearing Member and the relevant SwapClear Clearing Client on whose behalf the account or "position account" referred to above is held, (iii) any new SwapClear Contract registered in a Client Account pursuant to a Floating Rate Conversion Annex shall be replicated by back-to-back rights and obligations between the SwapClear Clearing Member and the relevant SwapClear Clearing Client on whose behalf the account or "position account" referred to above is held, and (iv) the terms of each Floating Rate Conversion Annex shall be "Mandatory CCP Provisions" for the purposes of the Clearing Agreements between it and each of its SwapClear Clearing Clients.



**Appendix II**  
FCM Regulations of LCH  
*Changed Pages*



**FCM REGULATIONS OF THE CLEARING HOUSE**

**LCH LIMITED**

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<b>Transaction"</b>	applicable messaging from the relevant FCM Trading Venue, FCM Approved Trade Source System or otherwise) as a transaction that was executed on an FCM Trading Venue.
<b>"FDICIA"</b>	means the Federal Deposit Insurance Corporation Improvement Act of 1991, as amended.
<b>"First Listed Interest Rates Clearing Member"</b>	has the meaning assigned to it in Regulation 54(c)(i).
<b><u>"Floating Rate Conversion Annex"</u></b>	<u>means, in relation to a change in the floating rate and calculation of the floating amounts under any FCM SwapClear Contract which are determined by reference to LIBOR or EONIA, any annex to the FCM Procedures identified by the Clearing House in the related Floating Rate Conversion Notice as being the "Floating Rate Conversion Annex" applicable to such change.</u>
<b>"foreign board of trade"</b>	means any board of trade, exchange or market located outside the United States, its territories or possessions, whether incorporated or unincorporated.
<b>"Foreign Futures Account Class"</b>	means the account class for foreign futures accounts (as defined in CFTC Regulation 190.01(a)(i)) for purposes of Parts 30 and 190 of the CFTC Regulations.
<b>"Foreign Futures/Options Contract"</b>	means the type of contract which is either (i) a contract for the purchase or sale of a commodity for future delivery made, or to be made, on or subject to the rules of a foreign board of trade, (ii) an option on any such contract or (iii) any similar type of contract, and which, in the case of any of the foregoing, requires an FCM to hold such contract (and maintain any related margin) pursuant to CFTC Rule 30.7 if cleared by an FCM for a 30.7 customer.
<b>"Foreign Futures Product"</b>	means a Product that constitutes a Foreign Futures/Options Contract. Such Products are: FCM Listed Interest Rates Contracts.
<b>"ForexClear 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>"ForexClear Contribution"</b>	has the meaning assigned to it in the UK General Regulations.
<b>"ForexClear Determination Date"</b>	has the meaning assigned to it in the UK General Regulations.
<b>"ForexClear DMP"</b>	has the meaning assigned to it in the ForexClear DMP

## REGULATION 48B – LIBOR AND EONIA CONVERSION PROVISIONS

- (a) From time to time the Clearing House may, subject to the terms of the FCM Procedures, amend the floating rate and calculation of the floating amounts under any FCM SwapClear Contract which are determined by reference to the London Interbank Offered Rate (LIBOR) or the Euro Overnight Index Average (EONIA), regardless of any fallbacks that may otherwise apply in relation to the floating rate or calculation of the floating amount pursuant to the FCM SwapClear Contract Terms of such FCM SwapClear Contract. In furtherance of effecting such change, the Clearing House may change, modify and/or supplement the FCM SwapClear Contract Terms of any such FCM SwapClear Contracts registered with the Clearing House, as specified by the Clearing House. In connection with such change the Clearing House shall deliver, via one or more member circulars, a written notice (a **Floating Rate Conversion Notice**) to all FCM Clearing Members. If specified as applicable in such Floating Rate Conversion Notice, a Floating Rate Conversion Annex (and each document incorporated therein or supplemental thereto) shall apply to set forth the terms on which such amendment to such floating rate provisions shall take effect, including but not limited to: (i) when and how any such amendment, supplement, or modification shall take effect, (ii) the type of FCM SwapClear Contracts to which it applies, (iii) the methodology for determining any amounts payable between the Clearing House and the FCM Clearing Members as a result of the matters specified therein, (iv) if applicable, the creation and registration of any new FCM SwapClear Contracts and/or payment obligations in connection with the amendment, supplement and/or modification, and (v) any other rights and obligations of the Clearing House, the FCM Clearing Members and FCM Clients in relation to the foregoing. A Floating Rate Conversion Annex shall include any other procedures or mechanisms the Clearing House determines are required to give effect to the changes referred to above, including certain operational procedures which will include the recording of operational bookings in the FCM SwapClear Clearing Service to operationally represent the FCM SwapClear Contracts as amended pursuant to the terms of the Floating Rate Conversion Annex. These operational bookings shall not have any legal effect and are for operational purposes only. Where the Clearing House determines appropriate, the Clearing House's internal governance and booking procedures will provide that such operational bookings and any reports generated by the Clearing House in connection therewith shall be interpreted accordingly.
- (b) The Clearing House may, from time to time, amend, modify, supplement, replace, withdraw, or override the terms of a Floating Rate Conversion Notice or Floating Rate Conversion Annex through a member circular or such other method as the Clearing House shall determine is appropriate.
- (c) Following the publication of a Floating Rate Conversion Annex, each FCM Clearing Member (acting individually) hereby appoints the Clearing House, with the full and power and authority of that FCM Clearing Member, to:
- (i) act as its agent, to enter into, in the name of, and on behalf of, that FCM Clearing Member, one or more FCM SwapClear Contracts on terms determined by that Floating Rate Conversion Annex;

(ii) in reliance on the deemed instructions that FCM Clearing Member provides on behalf of it and its FCM Clients pursuant to the terms of the Floating Rate Conversion Annex, to register any FCM SwapClear Contracts so entered into under this Regulation and the Floating Rate Conversion Annex in the Proprietary Account and/or the applicable FCM Client Sub-Account held in that FCM Clearing Member's name for the relevant FCM Client (as applicable); and

(iii) (A) execute in the FCM Clearing Member's name and on the FCM Clearing Member's behalf any document, contract, deed or other agreement, or (B) do, or cause to be done, any acts, in each case as the Clearing House determines (acting reasonably) to be lawfully necessary to give effect to the FCM SwapClear Contracts entered into pursuant to the foregoing,

provided however that, in all cases the terms of each FCM SwapClear Contract amended and/or entered into and registered pursuant to the foregoing provisions and the accounts in which such FCM SwapClear Contracts are or shall be registered shall be determined pursuant to the methodology set out in the relevant Floating Rate Conversion Annex pursuant to which such powers are exercised.

(d) Each FCM Clearing Member agrees and acknowledges that, notwithstanding anything to the contrary in these FCM Regulations or any FCM Procedures, the terms of any Floating Rate Conversion Annex and/or any Floating Rate Conversion Notice may amend, supplement, and/or modify the terms of any FCM SwapClear Contract to which such Floating Rate Conversion Annex and/or any Floating Rate Conversion Notice relates, and following the publication of a Floating Rate Conversion Annex or delivery of a Floating Rate Conversion Notice (or any subsequent date specified for such purpose by the Clearing House), the rights and obligations of the Clearing House and each FCM Clearing Member under each such FCM SwapClear Contract shall be performed in accordance with the FCM SwapClear Contract Terms, as amended, supplemented and/or modified by the terms of that Floating Rate Conversion Annex and/or Floating Rate Conversion Notice.

(e) Any FCM SwapClear Contract entered into pursuant to paragraph (c) above shall be deemed to satisfy any registration requirements under these FCM Regulations.

(f) Upon the publication of a Floating Rate Conversion Annex there shall arise a standing instruction to the Clearing House for itself and on behalf of the FCM Clearing Members authorising the Clearing House to take the steps and make the changes, including without limitation the amendments to the FCM SwapClear Contracts set-out in that Floating Rate Conversion Annex, and, if applicable under the terms of that Floating Rate Conversion Annex, to enter into and register certain FCM SwapClear Contracts on behalf of certain SwapClear Members and/or FCM Clients pursuant to paragraph (b) above and such Floating Rate Conversion Annex.

(g) A Floating Rate Conversion Annex may give rise to one or more payment obligations being owed by the Clearing House to an FCM Clearing Member or by an FCM Clearing Member to the Clearing House (each, a **Conversion Payment**). The calculation of each Conversion Payment and the due date for payment of the Conversion Payment in each case shall be on the terms set out in the relevant Floating Rate Conversion Annex. Each FCM Clearing Member and each FCM Client shall be

bound by the terms of the Floating Rate Conversion Annex, including, without limitation, each FCM SwapClear Contract registered or recorded to its Proprietary Account or FCM Client Sub-Account, as applicable, pursuant to each Floating Rate Conversion Annex. Each FCM Clearing Member agrees and acknowledges that (i) the terms of each Floating Rate Conversion Annex shall be binding as between it and each of its FCM Clients, (ii) the amendments made to each FCM SwapClear Contract in a Client Account made pursuant to each Floating Rate Conversion Annex shall result in an identical amendment to the back-to-back rights and obligations between the FCM Clearing Member and the relevant FCM Client on whose behalf the account or FCM Client Sub-Account referred to above is held, (iii) any new FCM SwapClear Contract registered in a Client Account pursuant to a Floating Rate Conversion Annex shall be replicated by back-to-back rights and obligations between the FCM Clearing Member and the relevant FCM Client on whose behalf the account or FCM Client Sub-Account referred to above is held, and (iv) the terms of each Floating Rate Conversion Annex shall be "Mandatory CCP Provisions" for the purposes of the Clearing Agreements between it and each of its FCM Clients.

**Appendix III**

Section 2C (SwapClear Clearing Service) of the LCH Procedures  
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**LCH LIMITED**

**PROCEDURES SECTION 2C**

**SWAPCLEAR CLEARING SERVICE**

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**SCHEDULE 3**  
**RATE CHANGE**  
**ANNEXES**

~~**RATE CHANGE ANNEXES**~~

**SWAPCLEAR SCM SERVICE - ~~RATE~~RATE CHANGE ANNEX – SECURED OVERNIGHT  
FINANCING RATE (SOFR)**

**1. SCOPE AND INTERPRETATION**

- (a) This Annex constitutes a “Rate Change Annex” as defined in and pursuant to the Regulations and supplements and forms part of the Rulebook.
- (b) This Annex relates to the change in the rate from the Fed Funds Rate to the Secured Overnight Financing Rate provided by the Federal Reserve Bank of New York, as administrator (or a successor administrator) (**SOFR**) for the purposes of (i) calculating PAI, (ii) calculating the Price Alignment Amount, and (iii) constituting the relevant underlying benchmark for the instruments used to construct the Clearing House’s zero coupon yield curves under 1.7.2 of Section 2C of the Procedures to calculate the net present value, each in relation to the Impacted SwapClear Contracts.
- (c) The terms of this Annex shall apply to all Impacted SwapClear Contracts (as set-out in the Rate Change Notice relating to SOFR) that are registered with the Clearing House as set out below. For the avoidance of doubt, (i) no other SwapClear Contract shall be subject to, or affected by, the terms of this Annex and each SwapClear Contract shall remain in full force and effect, and (ii) the SwapClear Contract Terms shall not be amended by the terms of this Annex.
- (d) Capitalized terms used but not otherwise defined in this Annex have the meaning given to them in the Regulations. The term "business day" has the meaning given to it in the Regulations.
- (e) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

**2. DEFINITIONS**

For the purposes of this Annex:

**Auction Adjustment per Unit** means, in relation to a Maturity Bucket, an amount in USD equal to (i) the aggregate of all Auction Winner Amounts for that Maturity Bucket divided by (ii) the total notional amount of Discounting Risk Swaps in that Maturity Bucket which have been liquidated pursuant to the Cash Settlement Schedule.

**Auction Date** means, in relation to a Rate Change Notice relating to SOFR, the date specified as such by the Clearing House in such Rate Change Notice, being the date on which the auctions referred to herein and the Cash Settlement Supplement shall be held and certain amounts payable hereunder shall be calculated.

**Auction Winner** means, in relation to the Net Auction Contract Pair in respect of a Maturity Bucket, each Cash Settlement Participant (as defined in the Cash Settlement Schedule) that has submitted the

**CASH SETTLEMENT SCHEDULE 4 — ~~CASH SETTLEMENT SCHEDULE~~**

This Cash Settlement Schedule sets forth certain provisions relating to the Discounting Risk Auctions and the Mid-Price Auctions and the cash settlement process in relation to both the SOFR Rate Change Annex for the SCM service and the SOFR Rate Change Annex for the FCM Service and may be supplemented from time to time by one or more Cash Settlement Supplements.

**1. AUCTIONED CONTRACTS**

The Clearing House shall determine a single Net Auction Contract Pair (as defined below) separately for each Maturity Bucket as follows:

- (a) first, the Clearing House shall determine the portfolio of Discounting Risk Swaps for each Maturity Bucket that would, but for the Cash Only Election Notices, have been registered in each of the Cash Only Client Position Accounts in accordance with the SOFR Rate Change Annex for the SCM service and the SOFR Rate Change Annex for the FCM service; and
- (b) second, the Clearing House shall aggregate and net all of the risks and cash flows for the above Discounting Risk Swaps for each Maturity Bucket to determine a single pair of Discounting Risk Swaps for each Maturity Bucket, and each such pair of Discounting Risk Swaps shall be the **Net Auction Contract Pair** for that Maturity Bucket.

Each Net Auction Contract Pair shall comprise (i) a Discounting Risk Swap pursuant to which, the Clearing House or the SwapClear Clearing Member (**Party X**) will receive Fed Funds and pay to the other party (**Party Y**) fixed amounts, which shall be determined by reference to the fixed rate determined by the Clearing House in accordance with its usual processes, that would be payable on the fixed leg of a SwapClear Contract at the close of business on the Swap Portfolio Calculation Date where the floating rate is the Fed Funds Rate and the maturity date corresponds to the relevant Maturity Bucket and (ii) a Discounting Risk Swap pursuant to which Party X pay SOFR and receive from Party Y a fixed amount, which shall be a fixed rate, determined by subtracting the spread equal to the Mid-Price determined pursuant to this Cash Settlement Schedule from the fixed rate referred to in (a) above, provided that if the process referred to in this Cash Settlement Schedule fails to provide the Mid-Price for the relevant Maturity Bucket, the Clearing House shall determine the spread for that Maturity Bucket using its customary methodology and applying it to observable market data points and applying linear interpolation where the Clearing House considers appropriate.

For the avoidance of doubt, the above determinations are made solely for the purposes of determining the Net Discounting Risk Swaps that shall be subject to the Discounting Risk Auctions and, prior to the registration of the Discounting Risk Swaps resulting from the from the Discounting Risk Auctions, no SwapClear Contracts shall be registered in any SwapClear Clearing Member's accounts.

For these purposes:

**Cash Settlement Participants** means those SwapClear Clearing Members and FCM Clearing Members (if any) who have notified the Clearing House via the SwapClear Portal by the cut-off time specified by the Clearing House in the Rate Change Notice related to SOFR that they shall participate in the Discounting Risk Auctions and Mid-Price Auctions. For the avoidance of doubt, only one SwapClear Clearing Member per group of affiliated SwapClear Clearing Members shall be entitled to submit pricing and such SwapClear Clearing Member shall be bound by the terms of such pricing and the terms of this Cash Settlement Schedule, the Cash Settlement Supplement and the applicable Rate Change Annex for SOFR.

## SCHEDULE 4

### SWAPCLEAR SCM SERVICE - RATE CHANGE ANNEX – EURO SHORT TERM RATE (€STR)

#### 1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Rate Change Annex” as defined in the Regulations and supplements and forms part of the Rulebook.
- (b) This Annex relates to the change in the rate from the Euro OverNight Index Average (EONIA) to the Euro Short Term Rate (€STR) for the purposes of (i) calculating PAI, (ii) calculating the Price Alignment Amount, and (iii) constituting the relevant underlying benchmark for the instruments used to construct the Clearing House’s zero coupon yield curves under 1.7.2 of Section 2C of the Procedures to calculate the net present value, each in relation to Impacted SwapClear Contracts.
- (c) The terms of this Annex shall apply to all Impacted SwapClear Contracts of the type set-out in the Rate Change Notice relating to €STR as set out below. For the avoidance of doubt, (i) no other SwapClear Contract shall be subject to, or affected by, the terms of this Annex and each SwapClear Contract shall remain in full force and effect, and (ii) the SwapClear Contract Terms shall not be amended by the terms of this Annex.
- (d) Capitalized terms used but not otherwise defined in this Annex have the meaning given to them in the Regulations. The term "business day" has the meaning given to it in the Regulations.
- (e) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

#### 2. DEFINITIONS

For the purposes of this Annex:

**Cash Compensation Amount** means, in relation to the Impacted SwapClear Contracts in a Proprietary Account, an Individual Segregated Account, or a "position account" within an Omnibus Segregated Account, the amount determined in accordance with Section 4 below.

**Cash Compensation Contract** means each contract determined by the Clearing House and registered in the relevant Proprietary Account, Individual Segregated Account or "position account" within an Omnibus Segregated Account pursuant to Section 4 below.

**EONIA Discounted Value** means, in relation to an Impacted SwapClear Contract, the net present value, as of the end of the "business day" in New York on the €STR Calculation Date, of all future cash flows under that Impacted SwapClear Contract calculated using EONIA as the discounting rate for the purpose of constructing the zero coupon yield curves under 1.7.2 of Section 2C of the Procedures (with the future cash flows calculated in the same manner as for the determination of the €STR Discounted Value). If the net present value represents an asset or positive value for the Clearing House, such EONIA Discounted Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such EONIA Discounted Value shall be a negative amount.

SCHEDULE 5SWAPCLEAR SCM SERVICE – FLOATING RATE CONVERSION ANNEX –  
EURO OVERNIGHT INDEX AVERAGE (EONIA)1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Floating Rate Conversion Annex” as defined in and pursuant to the Regulations and supplements and forms part of the Rulebook.
- (b) The terms of this Annex shall apply to all open SwapClear Contracts that (i) specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder and (ii) are registered with the Clearing House at the end of the “business day” in New York on the Conversion Cut-Off Date (each such SwapClear Contract, an **EONIA Contract**). For the avoidance of doubt, (A) no other SwapClear Contract shall be subject to, or affected by, the terms of this Annex and all SwapClear Contracts shall remain in full force and effect as amended pursuant to the Floating Rate Conversion Annexes, and (B) other than as expressly set out in this Annex, the SwapClear Contract Terms shall not be amended, supplemented or modified by the terms of this Annex.
- (c) Capitalised terms used but not otherwise defined herein have the meaning given to them in the Regulations. The term "business day" has the meaning given to it in the Regulations.
- (d) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

2. DEFINITIONS

For the purposes of this Annex:

**Amended EONIA Contract** means each EONIA Contract after giving effect to the amendments made pursuant to Section 3 of this Annex.

**Cash Compensation Amount** means, in relation to the EONIA Contracts in a Proprietary Account, an Individual Segregated Account, or a "position account" within an Omnibus Segregated Account, the amount determined in accordance with Section 5 below.

**Cash Compensation Contract** means each contract determined by the Clearing House and registered in the relevant Proprietary Account, Individual Segregated Account or "position account" within an Omnibus Segregated Account pursuant to Section 5 below.

**Conversion Cut-Off Date** means the business day immediately prior to the Conversion Date.

**Conversion Date** means October 16, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

**EONIA Contract** has the meaning given to the term in Section 1(b) hereto.

**EONIA Value** means, in relation to an EONIA Contract, the net present value, determined by the Clearing House by reference to the Clearing House's zero coupon yield curves as of the time

specified in Section 1.7.2 of these Procedures on the Conversion Date, of all future cash flows under that EONIA Contract on the basis that such EONIA Contract is an Unamended EONIA Contract. If the net present value represents an asset or positive value for the Clearing House, such EONIA Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such EONIA Value shall be a negative amount.

€STR Value means, in relation to an EONIA Contract, the net present value, determined by the Clearing House by reference to the Clearing House's zero coupon yield curves as of the time specified in Section 1.7.2 of these Procedures on the Conversion Date, of all future cash flows under that EONIA Contract on the basis that such EONIA Contract is an Amended EONIA Contract. If the net present value represents an asset or positive value for the Clearing House, such €STR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such €STR Value shall be a negative amount.

EUR-EONIA-OIS-COMPOUND has the meaning given to it in the ISDA 2000 Definitions or ISDA 2006 Definitions (as applicable)

EUR-EONIA-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

EUR-EuroSTR-COMPOUND has the meaning given to it in the ISDA 2000 Definitions or ISDA 2006 Definitions (as applicable).

EUR-EuroSTR-OIS Compound has the meaning given to it in the ISDA 2021 Definitions.

In-Scope Floating Rate Option means EUR-EONIA-OIS COMPOUND or EUR-EONIA-OIS Compound.

ISDA Definitions means the ISDA 2000 Definitions, the ISDA 2006 Definitions and the ISDA 2021 Definitions, each as published by the International Swaps and Derivatives Association, Inc.

Unamended EONIA Contract means each EONIA Contract prior to giving effect to the amendments made pursuant to Section 3 below.

### 3. AMENDMENT TO EONIA CONTRACTS

(a) Pursuant to Regulation 60C of the Regulations, with effect from, and including, the Conversion Date, each EONIA Contract shall be amended so that each reference to EONIA shall instead be deemed to be a reference to the Euro Short-Term Rate (€STR) (without any spread) and each reference to an In-Scope Floating Rate Option shall instead be a reference to EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound (as applicable), depending on the ISDA Definitions incorporated into the relevant EONIA Contract.

(b) No other term of any EONIA Contract shall be amended under this Annex.

### 4. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

Pursuant to Regulation 60C of the Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are "Conversion Payments" for purposes of Regulation 60C), and (ii) determining the terms of the Cash Compensation Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts.

## 5. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CHANGE TO €STR

- (a) On the Conversion Date the Clearing House shall calculate:
- (i) the aggregate EONIA Value and the aggregate €STR Value in relation to all EONIA Contracts registered in each Proprietary Account as of the end of the business day in New York on the Conversion Cut-Off Date; and
  - (ii) the aggregate EONIA Value and the aggregate €STR Value in relation to EONIA Contracts registered in each Individual Segregated Account as of the end of the business day in New York on the Conversion Cut-Off Date.
- (b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the EONIA Contracts in each Proprietary Account, each Individual Segregated Account, and each "position account" within each Omnibus Segregated Account as follows. If:
- (i) the aggregate €STR Value in relation to all such EONIA Contracts exceeds the aggregate EONIA Value in relation to all such EONIA Contracts then the Cash Compensation Amount in relation to such EONIA Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the SwapClear Clearing Member in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable); and
  - (ii) the aggregate €STR Value in relation to all such EONIA Contracts is less than the aggregate EONIA Value in relation to all such EONIA Contracts then the Cash Compensation Amount in relation to such EONIA Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable).
- (c) The Clearing House shall, pursuant to Regulation 60C, register a separate Cash Compensation Contract in each Proprietary Account, each Individual Segregated Account and each "position account" within an Omnibus Segregated Account in relation to the Cash Compensation Amount (to the extent such amounts are applicable to such account or "position account"). Each SwapClear Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay the Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the SwapClear Contract Terms) of EUR1, a "Termination Date" (as defined in the SwapClear Contract Terms) falling two business days after the Conversion Cut-Off Date, and an obligation on the Clearing House or the SwapClear Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the relevant Proprietary Account, Individual Segregated Account, or "position account" within the relevant Omnibus Segregated Account, in each case as determined pursuant to Section 5(b) above. However, neither the Clearing House nor a SwapClear Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.

- (d) Each SwapClear Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 5, which shall, when registered, constitute a SwapClear Contract between the Clearing House and the relevant SwapClear Clearing Member that has arisen by reason of the application of the Regulations to the EONIA Contracts.
- (e) Each SwapClear Clearing Member agrees (and in the case of (e)(iv) below, each SwapClear Clearing Member and the Clearing House agrees):
- (i) to use reasonable endeavors to provide each of its SwapClear Clearing Clients with (i) information on the change to the EONIA Contracts pursuant to the terms of Regulation 60C and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be allocated to that SwapClear Clearing Client's Individual Segregated Account, or "position account" within an Omnibus Segregated Account pursuant to the terms of this Annex, and (iii) other information (indicative or otherwise) in relation to each SwapClear Clearing Client's "position account". Such information shall be set out in 'Risk Notices' or other materials from the Clearing House in connection with this Annex (or any applicable Floating Rate Conversion Notice(s)) expressly marked for distribution to SwapClear Clearing Clients;
  - (ii) that it, and each SwapClear Clearing Client, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
  - (iii) to perform all obligations and exercise all rights under or pursuant to this Annex in accordance with Applicable Law; and
  - (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of the changes to the EONIA Contracts pursuant to this Annex.

## 6. ELIGIBILITY FROM THE CONVERSION DATE

Notwithstanding anything to the contrary in the Product Specific Contract Terms and Eligibility Criteria Manual, from and including the Conversion Date the Clearing House shall not accept for clearing or registration any SwapClear Transaction that specifies an In-Scope Floating Rate Option.

## 7. DETERMINATIONS BINDING

Subject to Section 10, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

## 8. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements.

## 9. MISCELLANEOUS

- (a) The obligations of the Clearing House to each SwapClear Clearing Member shall be to perform its obligations as principal to such SwapClear Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 10.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the Regulations and the Procedures to change the terms of any open SwapClear Contract from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook. The benefit of the performance by the Clearing House of its obligations under this Annex is conferred upon SwapClear Clearing Members only, as principal, and a person who is not a party to the Rulebook has no right under Contracts (Rights of Third Parties) Act 1999 (as amended from time to time) to enforce any term of this Annex.

## 10. LIMITATION OF LIABILITY

10.1 Without prejudice to the generality of Regulation 52, each SwapClear Clearing Member agrees:

(a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and

(b) to waive any claim against the Clearing House or any member of the LCH Group arising or that may arise in connection with:

(i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or

(ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

10.2 Without prejudice to the generality of Regulation 52 and Section 10.1 above, each SwapClear Clearing Member further agrees:

(a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other



non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and

(b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

10.3 Each SwapClear Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from a SwapClear Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any SwapClear Clearing Member or SwapClear Clearing Client in connection with this Annex or any SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), a SwapClear Clearing Member or SwapClear Clearing Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each SwapClear Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.

10.4 For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, a SwapClear Clearing Member.

## SCHEDULE 6

### SWAPCLEAR SCM SERVICE – FLOATING RATE CONVERSION ANNEX – LIBOR

#### 1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Floating Rate Conversion Annex” as defined in and pursuant to the Regulations and supplements and forms part of the Rulebook.
- (b) The terms of this Annex shall apply to all open SwapClear Contracts that (i) specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder and (ii) are registered with the Clearing House as of the end of the “business day” in New York on the Conversion Cut-Off Date (each such SwapClear Contract, a **LIBOR Contract**). For the avoidance of doubt, (A) no other SwapClear Contract shall be subject to, or affected by, the terms of this Annex and all SwapClear Contracts shall remain in full force and effect, and (B) other than as expressly set out in this Annex, the SwapClear Contract Terms shall not be amended, supplemented or modified by the terms of this Annex.
- (c) Capitalised terms used but not otherwise defined herein have the meaning given to them in the Regulations. The term “business day” has the meaning given to it in the Regulations.
- (d) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

#### 2. DEFINITIONS

For the purposes of this Annex:

**Affected Forward Rate Agreement** means each open Forward Rate Agreement that has a “Reset Date” (as defined in the ISDA Definitions) which (i) in the case of a Forward Rate Agreement for which the floating rate is GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of a Forward Rate Agreement for which the floating rate is an In-Scope Floating Rate Option other than GBP-LIBOR-BBA or GBP-LIBOR, falls on or after the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant Forward Rate Agreement.

**Amended LIBOR Contract** means each LIBOR Contract after giving effect to the amendments made pursuant to Section 3 below and, in respect of the Affected Forward Rate Agreements, the amendments made pursuant to Section 4 below.

**Basis Swap Operational Split Date** means October 2, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

**Bloomberg Spread** means, in relation to an In-Scope Floating Rate Option, the spread relating to that In-Scope Floating Rate Option for a period of the Designated Maturity (as defined in the ISDA Definitions) of that LIBOR Contract provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time).

**Cash Compensation Amount** means, in relation to all LIBOR Contracts that specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder in a Proprietary Account, an Individual Segregated Account, or a "position account" within an Omnibus Segregated Account, the amount determined in accordance with Section 8 below.

**Cash Compensation Contract** means each contract determined by the Clearing House and registered in the relevant Proprietary Account, Individual Segregated Account or "position account" within an Omnibus Segregated Account pursuant to Section 8 below.

**Conversion Cut-Off Date** means, with respect to a LIBOR Contract, the business day immediately prior to the Conversion Date applicable to such LIBOR Contract as determined in accordance with the definition of "Conversion Date" below.

**Conversion Date** means:

- (a) in relation to each LIBOR Contract (including each Affected Forward Rate Agreement) that specifies CHF-LIBOR-BBA, CHF-LIBOR, EUR-LIBOR-BBA, EUR-LIBOR, JPY-LIBOR-BBA or JPY-LIBOR as the floating rate or uses CHF-LIBOR-BBA, CHF-LIBOR, EUR-LIBOR-BBA, EUR-LIBOR, JPY-LIBOR-BBA, or JPY-LIBOR to calculate the floating amount thereunder, December 4, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate; and
- (b) in relation to each LIBOR Contract (including each Affected Forward Rate Agreement) that specifies GBP-LIBOR-BBA or GBP-LIBOR as the floating rate or uses GBP-LIBOR-BBA or GBP-LIBOR to calculate the floating amount thereunder, December 18, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

**CHF-SARON-OIS-COMPOUND** has the meaning given to it in the ISDA 2006 Definitions.

**CHF-SARON-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**EUR-EuroSTR-COMPOUND** has the meaning given to it in the ISDA 2006 Definitions.

**EUR-EuroSTR-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**Fallback RFR Value** means, in relation to a LIBOR Contract, the net present value, determined by the Clearing House as of the Conversion Date, of all future cash flows under that LIBOR Contract on the basis that such LIBOR Contract is not amended pursuant to this Annex, provided however that, for purposes of determining the Fallback RFR Value of an Affected Forward Rate Agreement, the provisions of Supplement 70 to the ISDA 2006 Definitions (and the equivalent provisions under the ISDA 2021 Definitions) shall not be taken into account. If the net present value represents an asset or positive value for the Clearing House, such Fallback RFR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such Fallback RFR Value shall be a negative amount.

**Forward Rate Agreement** means each SwapClear Contract that is recorded as a "forward rate transaction" or "forward rate agreement" in the books and records of the Clearing House and references an In-Scope Floating Rate Option.

**GBP-SONIA-COMPOUND** has the meaning given to it in the ISDA 2006 Definitions.

**GBP-SONIA-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**In-Scope Floating Rate Option** means:

- (a) CHF-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (b) CHF-LIBOR (as defined in the ISDA 2021 Definitions);
- (c) EUR-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (d) EUR-LIBOR (as defined in the ISDA 2021 Definitions);
- (e) GBP-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (f) GBP-LIBOR (as defined in the ISDA 2021 Definitions);
- (g) JPY-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);  
and
- (h) JPY-LIBOR (as defined in the ISDA 2021 Definitions).

**ISDA Definitions** means the ISDA 2000 Definitions, the ISDA 2006 Definitions and the ISDA 2021 Definitions, each as published by the International Swaps and Derivatives Association, Inc. For the avoidance of doubt unless otherwise provided herein, references to the ISDA 2006 Definitions shall mean the ISDA 2006 Definitions including Supplement 70 thereto.

**JPY-TONA-OIS-COMPOUND** has the meaning given to it in the ISDA 2006 Definitions.

**JPY-TONA-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**LIBOR Basis Swap** means each SwapClear Contract that is recorded as a “basis swap” in the books and records of the Clearing House and references an In-Scope Floating Rate Option.

**Operational Straddle Period LIBOR Booking** means an Operational Outright LIBOR Booking that reflects an In-Scope Floating Rate Option as the floating rate or uses an In-Scope Floating Rate Option to calculate the floating amount and which has a “Reset Date” (as defined in the ISDA Definitions) which:

- (a) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or prior to, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option; or
- (b) in the case of all other In-Scope Floating Rate Options, falls on, or prior to, the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option.

**Relevant Number of Business Days** means:

- (a) in relation to CHF-LIBOR-BBA or CHF-LIBOR, two London Banking Days (as defined in the ISDA Definitions);
- (b) in relation to EUR-LIBOR-BBA or EUR-LIBOR, two TARGET Settlement Days (as defined in the ISDA Definitions); and
- (c) in relation to JPY-LIBOR-BBA or JPY-LIBOR, two London Banking Days (as defined in the ISDA Definitions).

**RFR Value** means, in relation to a LIBOR Contract, the net present value, determined by the Clearing House as of the Conversion Date, of all future cash flows under that LIBOR Contract on the basis that such LIBOR Contract is an Amended LIBOR Contract. If the net present value represents an asset or positive value for the Clearing House, such RFR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such RFR Value shall be a negative amount.

**Straddle Period LIBOR Contract** means a LIBOR Contract that specifies an In-Scope Floating Rate Option as the floating rate or uses an In-Scope Floating Rate Option to calculate the floating amount thereunder and which has a “Reset Date” (as defined in the ISDA Definitions) which:

(i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or prior to, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option; or

(ii) in the case of all other In-Scope Floating Rate Options, falls on, or prior to, the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option.

### **3. AMENDMENTS TO LIBOR CONTRACTS**

- (a) Pursuant to Regulation 60C of the Regulations, with effect from, and including, the Conversion Date each LIBOR Contract other than any Affected Forward Rate Agreement shall be amended in accordance with this Section 3.

*Floating Rate Option:*

- (b) If:
  - (i) the LIBOR Contract references CHF-LIBOR-BBA or CHF-LIBOR (each a **CHF LIBOR Contract**), then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to CHF-LIBOR-BBA or CHF-LIBOR in the SwapClear Contract Terms shall be deemed to be replaced for all purposes with CHE-SARON-OIS-COMPOUND or CHE-SARON-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;

- (ii) the LIBOR Contract references GBP-LIBOR-BBA or GBP-LIBOR (each a **GBP LIBOR Contract**), then, from and including the first Reset Date falling after the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms in so far as they relate to such In-Scope Floating Rate Options, including for the avoidance of doubt, any fallbacks in the ISDA Definitions, any references to GBP-LIBOR-BBA or GBP-LIBOR in the SwapClear Contract Terms shall be replaced for all purposes with GBP-SONIA-COMPOUND or GBP-SONIA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract);
- (iii) the LIBOR Contract references EUR-LIBOR-BBA or EUR-LIBOR (each a **EUR LIBOR Contract**) then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to EUR-LIBOR-BBA or EUR-LIBOR shall be replaced for all purposes with EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract; and
- (iv) the LIBOR Contract references JPY-LIBOR-BBA or JPY-LIBOR (each a **JPY LIBOR Contract**), then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to JPY-LIBOR-BBA or JPY-LIBOR shall be replaced for all purposes with JPY-TONA-OIS-COMPOUND or JPY-TONA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract.

Bloomberg Spread:

- (c) From and including the first Reset Date which (i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of all other In-Scope Floating Rate Options, falls on or after the Relevant Number of Business Days from the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant LIBOR Contract, the "Floating Rate" under each LIBOR Contract that specifies that In-Scope Floating Rate Option as the floating rate or uses that In-Scope Floating Rate Option to calculate the floating amount thereunder will, in addition to any "Spread" (as defined in the ISDA Definitions) already existing under the terms of the LIBOR Contract, include the Bloomberg Spread applicable to that In-Scope Floating Rate Option, *provided however that*, for such purpose the Bloomberg Spread in relation to JPY-LIBOR-BBA or JPY-LIBOR (as applicable) shall be multiplied by 365 divided by 360.

Payment Date Delay:

- (d)
- (i) in respect of any CHF LIBOR Contract and JPY LIBOR Contract, in each case, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in

relation to that LIBOR Contract and the number of days specified for such purposes shall be two (2) Zurich Business Days in relation to each CHF LIBOR Contract and two (2) Tokyo Business Days in relation to each JPY LIBOR Contract. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall two (2) Zurich or Tokyo Business Days (as applicable) after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable;

(ii) in respect of any EUR LIBOR Contract, “Delayed Payment” (as defined in the ISDA Definitions) shall be “Applicable” in relation to that LIBOR Contract and the number of days specified for such purposes shall be one (1) TARGET Settlement Day (as defined in the ISDA Definitions). The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall one (1) Business Day after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable; and

(iii) in respect of any GBP LIBOR Contract, “Delayed Payment” (as defined in the ISDA Definitions) shall be “Not Applicable” in relation to that LIBOR Contract. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall on the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable.

No Observation Period Shift:

(e) For the avoidance of doubt, the Clearing House and the SwapClear Clearing Members acknowledge and agree that as a result of the amendment made in paragraph (b) above, each "Floating Rate" under each LIBOR Contract shall be calculated over the relevant "Calculation Period" without any shift, adjustment or "observation shift" and all of the provisions relating thereto in the ISDA Definitions and the IBOR Fallback Rate Adjustments Rule Book published by Bloomberg Index Services Limited shall not apply to the calculation of the "Floating Rate" under each LIBOR Contract.

Consequential Amendments:

(f) The Clearing House shall make any consequential amendments to the terms of each LIBOR Contract as it deems necessary in connection with, and to give effect to, the amendments in this Section 3.

(g) Unless expressly referenced herein, all other terms of each LIBOR Contract shall remain in full force and effect and shall continue to apply, including, but not limited to, the “Fixed Rate”, “Day Count Fraction” “Business Days” and any “Spread” (each as defined in the ISDA Definitions).

**4. AMENDMENTS TO FORWARD RATE AGREEMENTS**

(a) Pursuant to Regulation 60C of the Regulations, with effect from, and including, the relevant Conversion Date each Affected Forward Rate Agreement shall be amended so that from, and including, the relevant Conversion Date:

Payment Date:

- (i) the “Payment Date” under such Affected Forward Rate Agreement shall be amended so that the “Payment Date” is the “Termination Date” (each as defined in the ISDA Definitions);

Discounting:

- (ii) “Discounting” (as defined in the ISDA Definitions) shall be “Not Applicable” and the “Discount Rate” (as defined in the ISDA Definitions) shall be deleted in its entirety;

Floating Rate Option:

- (iii) if:

- (A) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a CHF LIBOR Contract, then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to CHF-LIBOR-BBA or CHF-LIBOR in the SwapClear Contract Terms shall be deemed to be replaced for all purposes with CHF-SARON-OIS-COMPOUND or CHF-SARON-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;
- (B) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a GBP LIBOR Contract, then, from and including the first Reset Date falling after the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms in so far as they relate to such In-Scope Floating Rate Options, including for the avoidance of doubt, any fallbacks in the ISDA Definitions, any references to GBP-LIBOR-BBA or GBP-LIBOR in the SwapClear Contract Terms shall be replaced for all purposes with GBP-SONIA-COMPOUND or GBP-SONIA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract);
- (C) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a EUR LIBOR Contract then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to EUR-LIBOR-BBA or EUR-LIBOR shall be replaced for all purposes with EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract; and
- (D) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a JPY LIBOR Contract then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation



Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to JPY-LIBOR-BBA or JPY-LIBOR shall be replaced for all purposes with JPY-TONA-OIS-COMPOUND or JPY-TONA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;

Bloomberg Spread:

(iv) from and including the first Reset Date which (i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of all other In-Scope Floating Rate Options, falls on or after the Relevant Number of Business Days from the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant LIBOR Contract, the "Floating Rate" under each LIBOR Contract that specifies that In-Scope Floating Rate Option as the floating rate or uses that In-Scope Floating Rate Option to calculate the floating amount thereunder will include the Bloomberg Spread applicable to that In-Scope Floating Rate Option, *provided however that*, for such purpose the Bloomberg Spread in relation to JPY-LIBOR-BBA or JPY-LIBOR (as applicable) shall be multiplied by 365 divided by 360;

Payment Date Delay:

(v) in respect of any CHF LIBOR Contract and JPY LIBOR Contract, in each case, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be two (2) Business Days. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall two (2) Business Days after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable;

(vi) in respect of any EUR LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be one (1) Business Day. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall one (1) Business Day after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable; and

(vii) in respect of any GBP LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Not Applicable" in relation to that LIBOR Contract. The Clearing House and the SwapClear Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall on the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable.

No Observation Period Shift:

(b) For the avoidance of doubt, the Clearing House and the SwapClear Clearing Members acknowledge and agree that as a result of the amendment made in paragraph (a)(iii) above, each "Floating Rate" under each LIBOR Contract shall be calculated over the relevant "Calculation Period" without any shift, adjustment or "observation shift" and all of the provisions relating thereto in the ISDA Definitions and the IBOR Fallback Rate Adjustments Rule Book published by Bloomberg Index Services Limited shall not apply to the calculation of the "Floating Rate" under each LIBOR Contract.

Consequential Amendments:

(c) The Clearing House shall make any consequential amendments to the terms of each LIBOR Contract as it deems necessary in connection with, and to give effect to, the amendments in this Section 4.

(d) Unless expressly referenced herein, all other terms of each LIBOR Contract shall remain in full force and effect and shall continue to apply, including, but not limited to, the "Fixed Rate", "Day Count Fraction" and "Business Days" (each as defined in the ISDA Definitions).

**5. OPERATIONAL BOOKINGS**

(a) In order to facilitate and/or reflect the legal amendments made to each SwapClear Contract pursuant to this Annex in the SwapClear service, the Clearing House shall record certain bookings in the SwapClear service (each an **Operational Booking**) in the manner described in this Section 5. Any bookings referred to in this Section 5 are solely to facilitate and/or reflect the legal amendments made to each SwapClear Contract pursuant to this Annex and the Clearing House and each SwapClear Clearing Member agree and acknowledge that they shall not result in the registration of any new SwapClear Contracts and shall have no legal effect and are for operational purposes only.

Basis Swap Operational Splitting

(b) On the Basis Swap Operational Split Date, the Clearing House will terminate each booking in relation to each LIBOR Basis Swap and will record two Operational Bookings in respect of each LIBOR Basis Swap (each an **Operational Outright LIBOR Booking**), which will have terms which are each identical to the LIBOR Basis Swap to which they relate, except that:

(i) the first Operational Outright LIBOR Booking shall have a "Floating Rate" (as defined in the ISDA Definitions) equal to the first "Floating Rate" referenced in that LIBOR Basis Swap, a "Fixed Rate" (as defined in the ISDA Definitions) determined by the Clearing House (the **Split Fixed Rate**), and the "Floating Rate Payer" or "Floating Amount Payer" (as defined in the ISDA Definitions) shall be the same as the "Floating Rate Payer" or "Floating Amount Payer" in relation to the first "Floating Rate" under the corresponding LIBOR Basis Swap; and

(ii) the second Operational Outright LIBOR Booking shall have a "Floating Rate" (as defined in the ISDA Definitions) equal to the second "Floating Rate" referenced in that LIBOR Basis Swap, a "Fixed Rate" (as defined in the ISDA Definitions) equal to the Split Fixed Rate, and the "Floating Rate Payer" or "Floating Amount Payer" (as defined in the ISDA Definitions) shall be the same as the "Floating Rate Payer" or "Floating Amount Payer" in relation to the second "Floating Rate" under the corresponding LIBOR Basis Swap.

- (c) The Clearing House shall determine the Split Fixed Rate in its sole and absolute discretion and shall make any consequential amendments to each Operational Outright LIBOR Booking that it deems necessary in connection with, and to give effect to, the foregoing.
- (d) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House will terminate each Operational Outright LIBOR Booking that has a “Floating Amount” calculated using that In-Scope Floating Rate Option and shall record an Operational Booking in accordance with (e) below.

#### Main Operational Booking

- (e) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall, in relation to each LIBOR Contract and each Operational Outright LIBOR Booking referencing that In-Scope Floating Rate Option, record an Operational Booking (each an **Operational RFR Booking**) that is on the same terms as the LIBOR Contract or Operational Outright LIBOR Booking (as applicable) to which it relates except that, from the “Effective Date” of the Operational RFR Booking (which shall be prior to the Conversion Date) any “Floating Amounts” reflected in the Operational Booking shall be calculated after giving effect to the amendments made pursuant to Section 3 or Section 4 (as applicable) of this Annex.

#### Operational Overlay Bookings

- (f) In addition to the Operational RFR Bookings referred to in (e) above, in relation to each Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking pursuant to which the SwapClear Clearing Member would be entitled to receive a “Floating Amount” calculated using an In-Scope Floating Rate Option under the Straddle Period LIBOR Contract or Operational Straddle Period LIBOR Booking (such amount, the **LIBOR Amount**), on the Conversion Date in relation to the relevant In-Scope Floating Rate Option the Clearing House shall record the following pair of Operational Bookings (each an **Operational Overlay Booking**) in the SwapClear service:
- (i) an Operational Overlay Booking pursuant to which the SwapClear Clearing Member would pay a fixed amount, determined by the Clearing House in its sole and absolute discretion (the **Overlay Fixed Amount**) and receive the LIBOR Amount it would be entitled to receive under the Straddle Period LIBOR Contract or Operational Straddle Period LIBOR Booking if it was not amended pursuant to Section 3 above; and
- (ii) an Operational Overlay Booking pursuant to which the SwapClear Clearing Member would receive the Overlay Fixed Amount and pay a “Floating Amount” equal to the “Floating Amount” it would be entitled to receive under the Operational RFR Booking.
- (g) In addition to the Operational RFR Bookings referred to in (e) above, in relation to each Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking pursuant to which the SwapClear Clearing Member is, or would be (as applicable), obliged to pay the LIBOR Amount, on the Conversion Date in relation to the relevant In-Scope Floating Rate Option the Clearing House shall record the following pair of Operational Overlay Bookings in the SwapClear service:
- (i) an Operational Overlay Booking pursuant to which the SwapClear Clearing Member would receive the Overlay Fixed Amount and pay the LIBOR Amount it would be

obliged to pay under the Straddle LIBOR Contract or Operational Straddle Period LIBOR Booking if it was not amended pursuant to Section 3 above; and

(ii) an Operational Overlay Booking pursuant to which the SwapClear Clearing Member would pay the Overlay Fixed Amount and receive a “Floating Amount” equal to the “Floating Amount” it would be obliged to pay under the Operational RFR Booking.

(h) The Operational Overlay Bookings in relation to a Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking will terminate as of the time when they are no longer required for the Clearing House’s operational purposes, which is expected to be on the first Period End Date (as defined in the ISDA Definitions) after the Index Cessation Effective Date.

## 6. SUBSEQUENT ACTIONS WITH RESPECT TO OPERATIONAL BOOKINGS

If the Clearing House receives an instruction from a SwapClear Clearing Member to take a permitted action with respect to some but not all of the rights and obligations under any Amended LIBOR Contract (including, but not limited to, compression) and such rights and obligations have been operationally reflected in one or more of the Operational Bookings booked in accordance with Section 5 and not terminated, then the Clearing House shall deem this to be an instruction to take the following steps contingent on the effectiveness or occurrence of the permitted action:

(i) pursuant to its powers under Regulation 60C, register one or more new SwapClear Contract(s) in the name of that SwapClear Clearing Member with the same terms as such Operational Booking(s); and

(ii) amend the Amended LIBOR Contract to reflect the rights and obligations remaining after giving effect to the instruction referred to above.

## 7. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

Pursuant to Regulation 60C of the Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are “Conversion Payments” for purposes of Regulation 60C), and (ii) determining the terms of the Cash Compensation Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts.

## 8. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CONVERSION

(a) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall calculate the following amounts:

(i) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option registered in each Proprietary Account as of the end of the business day in New York on the Conversion Cut-Off Date;

(ii) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option registered in each Individual Segregated Account as of the end of the business day in New York on the Conversion Cut-Off Date; and

- (iii) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option registered in each "position account" within each Omnibus Segregated Account as of the end of the business day in New York on the Conversion Cut-Off Date.
- (b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the LIBOR Contracts referencing an In-Scope Floating Rate Option in each Proprietary Account, each Individual Segregated Account, and each "position account" within each Omnibus Segregated Account as follows. If:
- (i) the aggregate RFR Value in relation to all such LIBOR Contracts exceeds the aggregate Fallback RFR Value in relation to all such LIBOR Contracts then the Cash Compensation Amount in relation to such LIBOR Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the SwapClear Clearing Member in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable); and
- (ii) the aggregate RFR Value in relation to all such LIBOR Contracts is less than the aggregate Fallback RFR Value in relation to all such LIBOR Contracts then the Cash Compensation Amount in relation to such LIBOR Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account, Individual Segregated Account, or "position account" within such Omnibus Segregated Account (as applicable).
- (c) The Clearing House shall, pursuant to Regulation 60C, register a separate Cash Compensation Contract in each Proprietary Account, each Individual Segregated Account and each "position account" within an Omnibus Segregated Account in relation to each Cash Compensation Amount (to the extent such amounts are applicable to such account or "position account"). Each SwapClear Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay each Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the SwapClear Contract Terms) of 1 unit of the relevant currency of the LIBOR Contracts to which it relates, a "Termination Date" (as defined in the SwapClear Contract Terms) falling two "business days" after the Conversion Cut-Off Date, and an obligation on the Clearing House or the SwapClear Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the LIBOR Contracts referencing an In-Scope Floating Rate Option in the relevant Proprietary Account, Individual Segregated Account, or "position account" within the relevant Omnibus Segregated Account, in each case as determined pursuant to Section 8(b) above. However, neither the Clearing House nor a SwapClear Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.
- (d) Each SwapClear Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 8, which shall, when registered, constitute a SwapClear Contract between the Clearing House and the relevant SwapClear Clearing Member that has arisen by reason of the application of the Regulations to the LIBOR Contracts.

(e) Each SwapClear Clearing Member agrees (and in the case of (e)(iv) below, each SwapClear Clearing Member and the Clearing House agrees):

- (i) to use reasonable endeavors to provide each of its SwapClear Clearing Clients with (i) information on the change to the LIBOR Contracts pursuant to the terms of Regulation 60C and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be allocated to that SwapClear Clearing Client's Individual Segregated Account, or "position account" within an Omnibus Segregated Account pursuant to the terms of this Annex, and (iii) other information (indicative or otherwise) in relation to each SwapClear Clearing Client's "position account". Such information shall be set out in 'Risk Notices' or other materials from the Clearing House in connection with this Annex (or any applicable Floating Rate Conversion Notice(s)) expressly marked for distribution to SwapClear Clearing Clients;
- (ii) that it, and each of SwapClear Clearing Client, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
- (iii) to perform all obligations and exercise all rights under or pursuant to this Annex in accordance with Applicable Law; and
- (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of certain of the changes to the LIBOR Contracts pursuant to this Annex.

## 9. DETERMINATIONS BINDING

Subject to Section 13, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

## 10. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements. Where the Clearing House determines appropriate, the Clearing House will update its books and records or governance and booking procedures to provide that all Operational Bookings booked pursuant to this Annex do not affect the rights and obligations of SwapClear Clearing Members regardless of anything to the contrary in any reports issued by the Clearing House.

## 11. ELIGIBILITY FROM THE CONVERSION DATE

Notwithstanding anything to the contrary in the Product Specific Contract Terms and Eligibility Criteria Manual, from and including the Conversion Date in relation to an In-Scope Floating Rate Option, the Clearing House shall not accept for clearing or registration any SwapClear Transaction that references that In-Scope Floating Rate Option.

## 12. MISCELLANEOUS

- (a) The obligations of the Clearing House to each SwapClear Clearing Member shall be to perform its obligations as principal to such SwapClear Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 13.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the Regulations and the Procedures to change the terms of any open SwapClear Contract from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook. The benefit of the performance by the Clearing House of its obligations under this Annex is conferred upon SwapClear Clearing Members only, as principal, and a person who is not a party to the Rulebook has no right under Contracts (Rights of Third Parties) Act 1999 (as amended from time to time) to enforce any term of this Annex.
- (d) Section 5 is provided for SwapClear Clearing Members operational convenience only and the Clearing House is under no obligation to update this Annex in relation to any changes in its operational or booking processes generally or in relation to the matters specified herein.

## 13. LIMITATION OF LIABILITY

13.1 Without prejudice to the generality of Regulation 52, each SwapClear Clearing Member agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any claim against the Clearing House or any member of the LCH Group; arising or that may arise in connection with:
- (i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or
- (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.2 Without prejudice to the generality of Regulation 52 and clause 13.1 above, each SwapClear Clearing Member further agrees:

(a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any SwapClear Clearing Member or any other person (including, without limitation, any SwapClear Clearing Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and

(b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.3 Each SwapClear Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from a SwapClear Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any SwapClear Clearing Member or SwapClear Clearing Client in connection with this Annex or any SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), a SwapClear Clearing Member or SwapClear Clearing Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each SwapClear Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.

13.4 For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, a SwapClear Clearing Member.



**Appendix IV**  
Section 2 (SwapClear) of the LCH FCM Procedures  
*Changed Pages*



**FCM PROCEDURES OF THE CLEARING HOUSE**

**LCH LIMITED**

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(k) *Day Count Fractions: ISDA 2006*

Day count fractions will be applied to deal legs independently as they are communicated via the matched format message.

Where the FCM SwapClear Transaction is submitted under the ISDA 2006 Definitions, the Clearing House will calculate Day Count Fractions in accordance with the principles specified in the FCM SwapClear Transaction submitted to the Clearing House and as set forth in the ISDA 2006 Definitions.

(l) *Floating Rate*

Subject [always to the terms of any applicable Floating Rate Conversion Annex and Floating Rate Conversion Notice\(s\) and also subject](#) to Section 2.1.8(q) and Section 2.1.8(r), the Floating Rate Options shall have the meanings given to them in the ISDA 2000 Definitions or the ISDA 2006 Definitions, as applicable, provided that where the rate for a Reset Date (i) is unavailable (including where such rate ceases, or will cease, to be provided by its administrators), (ii) is not sufficiently robust, (iii) is not fit for purpose or (iv) has materially changed, in each case as determined by the Clearing House in its sole discretion, the Clearing House will determine an alternative rate at its sole discretion. Each such rate will be provided in regular reports by the Clearing House to members.

(m) *Applying Floating Rate Options*

The Clearing House will determine the rate applicable on a Reset Date in respect of a SwapClear Contract as set out in paragraph (l) above. Such Rate will be applied to the appropriate floating legs and the coupon payments calculated.

The coupon payments will be adjusted to fall on actual Business Days according to the Calendar(s) and Business Day Convention specified.

(n) *Negative Interest Rate Method*

FCM Clearing Member should note the provisions of Section 3.2 of Part A of Schedule 1 to the FCM Product Specific Contract Terms And Eligibility Criteria Manual regarding the applicability of the Negative Interest Rate Method, to an FCM SwapClear Contract. FCM Clearing Members may, in the circumstances, wish to ensure that any trade submitted for registration follows that Negative interest Rate Method.

(o) *Calculation of Inflation Indices*

The Index level used for calculating the Floating Rate is determined according to the 2008 ISDA Definitions in respect of the following indices (or successor indices from time to time):

**SCHEDULE ~~2.1C~~****2.1C ~~RATE~~ RATE CHANGE ANNEXES****SWAPCLEAR ~~FCM~~ FCM SERVICE - ~~RATE~~ RATE CHANGE ANNEX – SECURED  
OVERNIGHT FINANCING RATE (~~SOFR~~ SOFR)****1. SCOPE AND INTERPRETATION**

- (a) This Annex constitutes a “Rate Change Annex” as defined in and pursuant to the FCM Regulations and supplements and forms part of the FCM Rulebook.
- (b) This Annex relates to the change in the rate from the Fed Funds Rate to the Secured Overnight Financing Rate provided by the Federal Reserve Bank of New York, as administrator (or a successor administrator) (**SOFR**) for the purposes of (i) calculating the Price Alignment Amount, and (ii) constituting the relevant underlying benchmark for the instruments used to construct the Clearing House’s zero coupon yield curves under 2.1.7 of the FCM Procedures to calculate the net present value, each in relation to the Impacted FCM SwapClear Contracts.
- (c) The terms of this Annex shall apply to all Impacted FCM SwapClear Contracts (as set-out in the Rate Change Notice relating to SOFR) that are registered with the Clearing House as set out below. For the avoidance of doubt, (i) no other FCM SwapClear Contract shall be subject to, or affected by, the terms of this Annex and each FCM SwapClear Contract shall remain in full force and effect, and (ii) the FCM SwapClear Contract Terms shall not be amended by the terms of this Annex.
- (d) Capitalized terms used but not otherwise defined in this Annex have the meaning given to them in the FCM Regulations.
- (e) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

**2. DEFINITIONS**

For the purposes of this Annex:

**Auction Adjustment per Unit** means, in relation to a Maturity Bucket, an amount in USD equal to (i) the aggregate of all Auction Winner Amounts for that Maturity Bucket divided by (ii) the total notional amount of Discounting Risk Swaps in that Maturity Bucket which have been liquidated pursuant to the Cash Settlement Schedule.

**Auction Date** means, in relation to a Rate Change Notice relating to SOFR, the date specified as such by the Clearing House in such Rate Change Notice, being the date on which the auctions referred to herein and the Cash Settlement Supplement shall be held and certain amounts payable hereunder shall be calculated.

**Auction Winner** means, in relation to the Net Auction Contract Pair in respect of a Maturity Bucket, each Cash Settlement Participant (as defined in the Cash Settlement Schedule) that has submitted the

**SCHEDULE 2.1D****FLOATING RATE CONVERSION ANNEXES****SWAPCLEAR FCM SERVICE – FLOATING RATE CONVERSION ANNEX – EURO  
OVERNIGHT INDEX AVERAGE (EONIA)****1. SCOPE AND INTERPRETATION**

- (a) This Annex constitutes a “Floating Rate Conversion Annex” as defined in and pursuant to the Regulations and supplements and forms part of the Rulebook.
- (b) The terms of this Annex shall apply to all open FCM SwapClear Contracts that (i) specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder and (ii) are registered with the Clearing House at the end of the “business day” in New York on the Conversion Cut-Off Date (each such FCM SwapClear Contract, an **EONIA Contract**). For the avoidance of doubt, (A) no other FCM SwapClear Contract shall be subject to, or affected by, the terms of this Annex and all FCM SwapClear Contracts shall remain in full force and effect as amended pursuant to the Floating Rate Conversion Annexes, and (B) other than as expressly set out in this Annex, the FCM SwapClear Contract Terms shall not be amended, supplemented or modified by the terms of this Annex.
- (c) Capitalised terms used but not otherwise defined herein have the meaning given to them in the Regulations. The term “business day” has the meaning given to it in the Regulations.
- (d) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

**2. DEFINITIONS**

For the purposes of this Annex:

**Amended EONIA Contract** means each EONIA Contract after giving effect to the amendments made pursuant to Section 3 of this Annex.

**Cash Compensation Amount** means, in relation to the EONIA Contracts in a Proprietary Account or an FCM Client Sub-Account, the amount determined in accordance with Section 5 below.

**Cash Compensation Contract** means each contract determined by the Clearing House and registered in the relevant Proprietary Account or FCM Client Sub-Account pursuant to Section 5 below.

**Conversion Cut-Off Date** means the business day immediately prior to the Conversion Date.

**Conversion Date** means October 16, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

**EONIA Contract** has the meaning given to the term in Section 1(b) hereto.

**EONIA Value** means, in relation to an EONIA Contract, the net present value, determined by the Clearing House by reference to the Clearing House's zero coupon yield curves as of the time specified in Section 2.1.7 of these Procedures on the Conversion Date, of all future cash flows under that EONIA Contract on the basis that such EONIA Contract is an Unamended EONIA Contract. If the net present value represents an asset or positive value for the Clearing House, such EONIA Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such EONIA Value shall be a negative amount.

**€STR Value** means, in relation to an EONIA Contract, the net present value, determined by the Clearing House by reference to the Clearing House's zero coupon yield curves as of the time specified in Section 2.1.7 of these Procedures on the Conversion Date, of all future cash flows under that EONIA Contract on the basis that such EONIA Contract is an Amended EONIA Contract. If the net present value represents an asset or positive value for the Clearing House, such €STR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such €STR Value shall be a negative amount.

**EUR-EONIA-OIS-COMPOUND** has the meaning given to it in the ISDA 2000 Definitions or ISDA 2006 Definitions (as applicable)

**EUR-EONIA-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**EUR-EuroSTR-COMPOUND** has the meaning given to it in the ISDA 2000 Definitions or ISDA 2006 Definitions (as applicable).

**EUR-EuroSTR-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**In-Scope Floating Rate Option** means EUR-EONIA-OIS COMPOUND or EUR-EONIA-OIS Compound.

**ISDA Definitions** means the ISDA 2000 Definitions, the ISDA 2006 Definitions and the ISDA 2021 Definitions, each as published by the International Swaps and Derivatives Association, Inc.

**Unamended EONIA Contract** means each EONIA Contract prior to giving effect to the amendments made pursuant to Section 3 below.

### **3. AMENDMENT TO EONIA CONTRACTS**

(a) Pursuant to Regulation 48B of the FCM Regulations, with effect from, and including, the Conversion Date, each EONIA Contract shall be amended so that each reference to EONIA shall instead be deemed to be a reference to the Euro Short-Term Rate (€STR) (without any spread) and each reference to an In-Scope Floating Rate Option shall instead be a reference to EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound (as applicable), depending on the ISDA Definitions incorporated into the relevant EONIA Contract.

(b) No other term of any EONIA Contract shall be amended under this Annex.

### **4. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS**

Pursuant to Regulation 48B of the FCM Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are "Conversion Payments" for purposes of FCM Regulation 48B), and (ii) determining the terms of the Cash Compensation

Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts.

**5. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CHANGE TO €STR**

(a) On the Conversion Date the Clearing House shall calculate:

(i) the aggregate EONIA Value and the aggregate €STR Value in relation to all EONIA Contracts registered in each Proprietary Account as of the end of the business day in New York on the Conversion Cut-Off Date;

(ii) the aggregate EONIA Value and the aggregate €STR Value in relation to EONIA Contracts registered in each FCM Client Sub-Account as of the end of the business day in New York on the Conversion Cut-Off Date; and

(iii) the aggregate EONIA Value and the aggregate €STR Value in relation to all EONIA Contracts registered in each FCM Client Sub-Account as of the end of the business day in New York on the Conversion Cut-Off Date.

(b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the EONIA Contracts in each Proprietary Account and each FCM Client Sub-Account as follows. If:

(i) the aggregate €STR Value in relation to all such EONIA Contracts exceeds the aggregate EONIA Value in relation to all such EONIA Contracts then the Cash Compensation Amount in relation to such EONIA Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the FCM SwapClear Clearing Member in relation to such Proprietary Account or FCM Client Sub-Account (as applicable); and

(ii) the aggregate €STR Value in relation to all such EONIA Contracts is less than the aggregate EONIA Value in relation to all such EONIA Contracts then the Cash Compensation Amount in relation to such EONIA Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account or FCM Client Sub-Account (as applicable).

(c) The Clearing House shall, pursuant to FCM Regulation 48B, register a separate Cash Compensation Contract in each Proprietary Account and each FCM Client Sub-Account, in relation to the Cash Compensation Amount (to the extent such amounts are applicable to such account). Each FCM Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay the Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the FCM SwapClear Contract Terms) of EUR1, a "Termination Date" (as defined in the FCM SwapClear Contract Terms) falling two business days after the Conversion Cut-Off Date, and an obligation on the Clearing House or the FCM Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the relevant Proprietary Account or FCM Client Sub-Account, in each case as determined pursuant to Section 5(b) above. However, neither the Clearing House nor an FCM Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.

- (d) Each FCM Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 5, which shall, when registered, constitute an FCM SwapClear Contract between the Clearing House and the relevant FCM Clearing Member that has arisen by reason of the application of the Regulations to the EONIA Contracts.
- (e) Each FCM Clearing Member agrees (and in the case of (e)(iv) below, each FCM Clearing Member and the Clearing House agrees):
- (i) to use reasonable endeavors to provide each of its FCM Clients with (i) information on the change to the EONIA Contracts pursuant to the terms of FCM Regulation 48B and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be allocated to that FCM Client's FCM Client Sub-Account pursuant to the terms of this Annex, and (iii) other information (indicative or otherwise) in relation to each FCM Client Sub-Account. Such information shall be set out in 'Risk Notices' or other materials from the Clearing House in connection with this Annex (or any applicable Floating Rate Conversion Notice(s)) expressly marked for distribution to FCM Clients;
  - (ii) that it, and each of its FCM Clients, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
  - (iii) to perform all obligations and exercise all rights under or pursuant to this Annex in accordance with Applicable Law; and
  - (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of the changes to the EONIA Contracts pursuant to this Annex.

## 6. ELIGIBILITY FROM THE CONVERSION DATE

Notwithstanding anything to the contrary in the Product Specific Contract Terms and Eligibility Criteria Manual, from and including the Conversion Date the Clearing House shall not accept for clearing or registration any FCM SwapClear Transaction that specifies an In-Scope Floating Rate Option.

## 7. DETERMINATIONS BINDING

Subject to Section 10, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

## 8. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements.



## 9. MISCELLANEOUS

- (a) The obligations of the Clearing House to each FCM Clearing Member shall be to perform its obligations as principal to such FCM Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 10.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the Regulations and the Procedures to change the terms of any open FCM SwapClear Contract from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook.

## 10. LIMITATION OF LIABILITY

10.1 Without prejudice to the generality of Regulation 44, each FCM Clearing Member agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any claim against the Clearing House or any member of the LCH Group arising or that may arise in connection with:
- (i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or
- (ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

10.2 Without prejudice to the generality of Regulation 44 and Section 10.1 above, each FCM Clearing Member further agrees:

- (a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and
- (b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

10.3 Each FCM Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from an FCM Clearing Member in connection with this Annex; (iii) is acting as a fiduciary for, or as an advisor to, any FCM Clearing Member or FCM Client in connection with this Annex or any FCM SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), an FCM Clearing Member or FCM Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each FCM Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.

10.4 For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, an FCM Clearing Member.

## SWAPCLEAR SCM SERVICE – FLOATING RATE CONVERSION ANNEX – LIBOR

### 1. SCOPE AND INTERPRETATION

- (a) This Annex constitutes a “Floating Rate Conversion Annex” as defined in and pursuant to the FCM Regulations and supplements and forms part of the FCM Rulebook.
- (b) The terms of this Annex shall apply to all open FCM SwapClear Contracts that (i) specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder and (ii) are registered with the Clearing House as of the end of the “business day” in New York on the Conversion Cut-Off Date (each such FCM SwapClear Contract, a **LIBOR Contract**). For the avoidance of doubt, (A) no other FCM SwapClear Contract shall be subject to, or affected by, the terms of this Annex and all FCM SwapClear Contracts shall remain in full force and effect, and (B) other than as expressly set out in this Annex, the FCM SwapClear Contract Terms shall not be amended, supplemented or modified by the terms of this Annex.
- (c) Capitalised terms used but not otherwise defined herein have the meaning given to them in the FCM Regulations. The term “business day” has the meaning given to it in the FCM Regulations.
- (d) The terms of this Annex relating to operational or procedural matters may be supplemented, modified, amended, replaced or withdrawn from time to time by the Clearing House in its sole discretion through a member circular or such other method as the Clearing House shall determine is appropriate.

### 2. DEFINITIONS

For the purposes of this Annex:

**Affected Forward Rate Agreement** means each open Forward Rate Agreement that has a “Reset Date” (as defined in the ISDA Definitions) which (i) in the case of a Forward Rate Agreement for which the floating rate is GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of a Forward Rate Agreement for which the floating rate is an In-Scope Floating Rate Option other than GBP-LIBOR-BBA or GBP-LIBOR, falls on or after the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant Forward Rate Agreement.

**Amended LIBOR Contract** means each LIBOR Contract after giving effect to the amendments made pursuant to Section 3 below and, in respect of the Affected Forward Rate Agreements, the amendments made pursuant to Section 4 below.

**Basis Swap Operational Split Date** means October 2, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

**Bloomberg Spread** means, in relation to an In-Scope Floating Rate Option, the spread relating to that In-Scope Floating Rate Option for a period of the Designated Maturity (as defined in the ISDA Definitions) of that LIBOR Contract provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time).

**Cash Compensation Amount** means, in relation to all LIBOR Contracts that specify an In-Scope Floating Rate Option as the floating rate or use an In-Scope Floating Rate Option to calculate the floating amount thereunder in a Proprietary Account or an FCM Client Sub-Account, the amount determined in accordance with Section 8 below.

**Cash Compensation Contract** means each contract determined by the Clearing House and registered in the relevant Proprietary Account or FCM Client Sub-Account pursuant to Section 8 below.

**Conversion Cut-Off Date** means, with respect to a LIBOR Contract, the business day immediately prior to the Conversion Date applicable to such LIBOR Contract as determined in accordance with the definition of “Conversion Date” below.

**Conversion Date** means:

- (a) in relation to each LIBOR Contract (including each Affected Forward Rate Agreement) that specifies CHF-LIBOR-BBA, CHF-LIBOR, EUR-LIBOR-BBA, EUR-LIBOR, JPY-LIBOR-BBA or JPY-LIBOR as the floating rate or uses CHF-LIBOR-BBA, CHF-LIBOR, EUR-LIBOR-BBA, EUR-LIBOR, JPY-LIBOR-BBA, or JPY-LIBOR to calculate the floating amount thereunder, December 4, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate; and
- (b) in relation to each LIBOR Contract (including each Affected Forward Rate Agreement) that specifies GBP-LIBOR-BBA or GBP-LIBOR as the floating rate or uses GBP-LIBOR-BBA or GBP-LIBOR to calculate the floating amount thereunder, December 18, 2021, or such other date as may be specified by the Clearing House from time to time through a member circular or such other method as the Clearing House shall determine is appropriate.

**CHF-SARON-OIS-COMPOUND** has the meaning given to it in the ISDA 2006 Definitions.

**CHF-SARON-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**EUR-EuroSTR-COMPOUND** has the meaning given to it in the ISDA 2006 Definitions.

**EUR-EuroSTR-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**Fallback RFR Value** means, in relation to a LIBOR Contract, the net present value, determined by the Clearing House as of the Conversion Date, of all future cash flows under that LIBOR Contract on the basis that such LIBOR Contract is not amended pursuant to this Annex, provided however that, for purposes of determining the Fallback RFR Value of an Affected Forward Rate Agreement, the provisions of Supplement 70 to the ISDA 2006 Definitions (and the equivalent provisions under the ISDA 2021 Definitions) shall not be taken into account. If the net present value represents an asset or positive value for the Clearing House, such Fallback RFR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such Fallback RFR Value shall be a negative amount.

**Forward Rate Agreement** means each FCM SwapClear Contract that is recorded as a “forward rate transaction” or “forward rate agreement” in the books and records of the Clearing House and references an In-Scope Floating Rate Option.

**GBP-SONIA-COMPOUND** has the meaning given to it in the ISDA 2006 Definitions.

**GBP-SONIA-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**In-Scope Floating Rate Option** means:

- (a) CHF-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (b) CHF-LIBOR (as defined in the ISDA 2021 Definitions);
- (c) EUR-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (d) EUR-LIBOR (as defined in the ISDA 2021 Definitions);
- (e) GBP-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);
- (f) GBP-LIBOR (as defined in the ISDA 2021 Definitions);
- (g) JPY-LIBOR-BBA (as defined in the ISDA 2000 Definitions and the ISDA 2006 Definitions);  
and
- (h) JPY-LIBOR (as defined in the ISDA 2021 Definitions).

**ISDA Definitions** means the ISDA 2000 Definitions, the ISDA 2006 Definitions and the ISDA 2021 Definitions, each as published by the International Swaps and Derivatives Association, Inc. For the avoidance of doubt unless otherwise provided herein, references to the ISDA 2006 Definitions shall mean the ISDA 2006 Definitions including Supplement 70 thereto.

**JPY-TONA-OIS-COMPOUND** has the meaning given to it in the ISDA 2006 Definitions.

**JPY-TONA-OIS Compound** has the meaning given to it in the ISDA 2021 Definitions.

**LIBOR Basis Swap** means each FCM SwapClear Contract that is recorded as a “basis swap” in the books and records of the Clearing House and references an In-Scope Floating Rate Option.

**Operational Straddle Period LIBOR Booking** means an Operational Outright LIBOR Booking that reflects an In-Scope Floating Rate Option as the floating rate or uses an In-Scope Floating Rate Option to calculate the floating amount and which has a “Reset Date” (as defined in the ISDA Definitions) which:

- (a) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or prior to, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option; or
- (b) in the case of all other In-Scope Floating Rate Options, falls on, or prior to, the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option.

**Relevant Number of Business Days** means:

- (a) in relation to CHF-LIBOR-BBA or CHF-LIBOR, two London Banking Days (as defined in the ISDA Definitions);
- (b) in relation to EUR-LIBOR-BBA or EUR-LIBOR, two TARGET Settlement Days (as defined in the ISDA Definitions); and
- (c) in relation to JPY-LIBOR-BBA or JPY-LIBOR, two London Banking Days (as defined in the ISDA Definitions).

**RFR Value** means, in relation to a LIBOR Contract, the net present value, determined by the Clearing House as of the Conversion Date, of all future cash flows under that LIBOR Contract on the basis that such LIBOR Contract is an Amended LIBOR Contract. If the net present value represents an asset or positive value for the Clearing House, such RFR Value shall be a positive amount and if the net present value represents a liability or negative value for the Clearing House, such RFR Value shall be a negative amount.

**Straddle Period LIBOR Contract** means a LIBOR Contract that specifies an In-Scope Floating Rate Option as the floating rate or uses an In-Scope Floating Rate Option to calculate the floating amount thereunder and which has a “Reset Date” (as defined in the ISDA Definitions) which:

(i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or prior to, the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option; or

(ii) in the case of all other In-Scope Floating Rate Options, falls on, or prior to, the Relevant Number of Business Days from the “Index Cessation Effective Date” (as defined in the ISDA Definitions) in relation to that In-Scope Floating Rate Option and relates to a Period End Date (as defined in the ISDA Definitions) that falls after the Conversion Date in relation to that In-Scope Floating Rate Option.

### **3. AMENDMENTS TO LIBOR CONTRACTS**

- (a) Pursuant to Regulation 48B of the FCM Regulations, with effect from, and including, the Conversion Date each LIBOR Contract other than any Affected Forward Rate Agreement shall be amended in accordance with this Section 3.

Floating Rate Option:

- (b) If:
  - (i) the LIBOR Contract references CHF-LIBOR-BBA or CHF-LIBOR (each a **CHF LIBOR Contract**), then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to CHF-LIBOR-BBA or CHF-LIBOR in the FCM SwapClear Contract Terms shall be deemed to be replaced for all purposes with CHF-SARON-OIS-COMPOUND or CHF-SARON-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;

- (ii) the LIBOR Contract references GBP-LIBOR-BBA or GBP-LIBOR (each a **GBP LIBOR Contract**), then, from and including the first Reset Date falling after the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms in so far as they relate to such In-Scope Floating Rate Options, including for the avoidance of doubt, any fallbacks in the ISDA Definitions, any references to GBP-LIBOR-BBA or GBP-LIBOR in the FCM SwapClear Contract Terms shall be replaced for all purposes with GBP-SONIA-COMPOUND or GBP-SONIA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract);
- (iii) the LIBOR Contract references EUR-LIBOR-BBA or EUR-LIBOR (each a **EUR LIBOR Contract**) then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to EUR-LIBOR-BBA or EUR-LIBOR shall be replaced for all purposes with EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract; and
- (iv) the LIBOR Contract references JPY-LIBOR-BBA or JPY-LIBOR (each a **JPY LIBOR Contract**), then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to JPY-LIBOR-BBA or JPY-LIBOR shall be replaced for all purposes with JPY-TONA-OIS-COMPOUND or JPY-TONA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract.

Bloomberg Spread:

- (c) From and including the first Reset Date which (i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of all other In-Scope Floating Rate Options, falls on or after the Relevant Number of Business Days from the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant LIBOR Contract, the "Floating Rate" under each LIBOR Contract that specifies that In-Scope Floating Rate Option as the floating rate or uses that In-Scope Floating Rate Option to calculate the floating amount thereunder will, in addition to any "Spread" (as defined in the ISDA Definitions) already existing under the terms of the LIBOR Contract, include the Bloomberg Spread applicable to that In-Scope Floating Rate Option, *provided however that*, for such purpose the Bloomberg Spread in relation to JPY-LIBOR-BBA or JPY-LIBOR (as applicable) shall be multiplied by 365 divided by 360.

Payment Date Delay:

- (d)

- (i) in respect of any CHF LIBOR Contract and JPY LIBOR Contract, in each case, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be two (2) Zurich Business Days in relation to each CHF LIBOR Contract and two (2) Tokyo Business Days in relation to each JPY LIBOR Contract. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall two (2) Zurich or Tokyo Business Days (as applicable) after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable;
- (ii) in respect of any EUR LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be one (1) TARGET Settlement Day (as defined in the ISDA Definitions). The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall one (1) Business Day after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable; and
- (iii) in respect of any GBP LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Not Applicable" in relation to that LIBOR Contract. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall on the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable.

No Observation Period Shift:

- (e) For the avoidance of doubt, the Clearing House and the FCM Clearing Members acknowledge and agree that as a result of the amendment made in paragraph (b) above, each "Floating Rate" under each LIBOR Contract shall be calculated over the relevant "Calculation Period" without any shift, adjustment or "observation shift" and all of the provisions relating thereto in the ISDA Definitions and the IBOR Fallback Rate Adjustments Rule Book published by Bloomberg Index Services Limited shall not apply to the calculation of the "Floating Rate" under each LIBOR Contract.

Consequential Amendments:

- (f) The Clearing House shall make any consequential amendments to the terms of each LIBOR Contract as it deems necessary in connection with, and to give effect to, the amendments in this Section 3.
- (g) Unless expressly referenced herein, all other terms of each LIBOR Contract shall remain in full force and effect and shall continue to apply, including, but not limited to, the "Fixed Rate", "Day Count Fraction" "Business Days" and any "Spread" (each as defined in the ISDA Definitions).

**4. AMENDMENTS TO FORWARD RATE AGREEMENTS**

- (a) Pursuant to Regulation 48B of the FCM Regulations, with effect from, and including, the relevant Conversion Date each Affected Forward Rate Agreement shall be amended so that from, and including, the relevant Conversion Date:



Payment Date:

- (i) the "Payment Date" under such Affected Forward Rate Agreement shall be amended so that the "Payment Date" is the "Termination Date" (each as defined in the ISDA Definitions);

Discounting:

- (ii) "Discounting" (as defined in the ISDA Definitions) shall be "Not Applicable" and the "Discount Rate" (as defined in the ISDA Definitions) shall be deleted in its entirety;

Floating Rate Option:

- (iii) if:

- (A) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a CHF LIBOR Contract, then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to CHF-LIBOR-BBA or CHF-LIBOR in the FCM SwapClear Contract Terms shall be deemed to be replaced for all purposes with CHF-SARON-OIS-COMPOUND or CHF-SARON-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;
- (B) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a GBP LIBOR Contract, then, from and including the first Reset Date falling after the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms in so far as they relate to such In-Scope Floating Rate Options, including for the avoidance of doubt, any fallbacks in the ISDA Definitions, any references to GBP-LIBOR-BBA or GBP-LIBOR in the FCM SwapClear Contract Terms shall be replaced for all purposes with GBP-SONIA-COMPOUND or GBP-SONIA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract);
- (C) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a EUR LIBOR Contract then, from and including the first Reset Date falling after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to EUR-LIBOR-BBA or EUR-LIBOR shall be replaced for all purposes with EUR-EuroSTR-COMPOUND or EUR-EuroSTR-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract; and
- (D) the Affected Forward Rate Agreement (as amended by (i) and (ii) above) is a JPY LIBOR Contract then, from and including the first Reset Date falling

after the Relevant Number of Business Days from the Index Cessation Effective Date in relation to such In-Scope Floating Rate Options, and notwithstanding anything to the contrary in the FCM SwapClear Contract Terms, including for the avoidance of doubt, any fallbacks in the ISDA Definitions in so far as they relate to such In-Scope Floating Rate Options, any references to JPY-LIBOR-BBA or JPY-LIBOR shall be replaced for all purposes with JPY-TONA-OIS-COMPOUND or JPY-TONA-OIS Compound depending on the ISDA Definitions incorporated into the relevant LIBOR Contract;

Bloomberg Spread:

(iv) from and including the first Reset Date which (i) in the case of GBP-LIBOR-BBA or GBP-LIBOR, falls on, or after, the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to those In-Scope Floating Rate Options, or (ii) in the case of all other In-Scope Floating Rate Options, falls on or after the Relevant Number of Business Days from the "Index Cessation Effective Date" (as defined in the ISDA Definitions) related to the In-Scope Floating Rate Option referenced in the relevant LIBOR Contract, the "Floating Rate" under each LIBOR Contract that specifies that In-Scope Floating Rate Option as the floating rate or uses that In-Scope Floating Rate Option to calculate the floating amount thereunder will include the Bloomberg Spread applicable to that In-Scope Floating Rate Option, *provided however that*, for such purpose the Bloomberg Spread in relation to JPY-LIBOR-BBA or JPY-LIBOR (as applicable) shall be multiplied by 365 divided by 360;

Payment Date Delay:

(v) in respect of any CHF LIBOR Contract and JPY LIBOR Contract, in each case, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be two (2) Business Days. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall two (2) Business Days after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable;

(vi) in respect of any EUR LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Applicable" in relation to that LIBOR Contract and the number of days specified for such purposes shall be one (1) Business Day. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall one (1) Business Day after the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable; and

(vii) in respect of any GBP LIBOR Contract, "Delayed Payment" (as defined in the ISDA Definitions) shall be "Not Applicable" in relation to that LIBOR Contract. The Clearing House and the FCM Clearing Members acknowledge and agree that pursuant to the ISDA Definitions such election means that each Payment Date (as defined in the ISDA Definitions) shall fall on the relevant Period End Date or the Termination Date (each as defined in the ISDA Definitions), as applicable.

No Observation Period Shift:

(b) For the avoidance of doubt, the Clearing House and the FCM Clearing Members acknowledge and agree that as a result of the amendment made in paragraph (a)(iii) above, each "Floating Rate" under each LIBOR Contract shall be calculated over the relevant "Calculation Period" without any shift, adjustment or "observation shift" and all of the provisions relating thereto in the ISDA Definitions and the IBOR Fallback Rate Adjustments Rule Book published by Bloomberg Index Services Limited shall not apply to the calculation of the "Floating Rate" under each LIBOR Contract.

Consequential Amendments:

(c) The Clearing House shall make any consequential amendments to the terms of each LIBOR Contract as it deems necessary in connection with, and to give effect to, the amendments in this Section 4.

(d) Unless expressly referenced herein, all other terms of each LIBOR Contract shall remain in full force and effect and shall continue to apply, including, but not limited to, the "Fixed Rate", "Day Count Fraction" and "Business Days" (each as defined in the ISDA Definitions).

**5. OPERATIONAL BOOKINGS**

(a) In order to facilitate and/or reflect the legal amendments made to each FCM SwapClear Contract pursuant to this Annex in the FCM SwapClear Service, the Clearing House shall record certain bookings in the FCM SwapClear Service (each an **Operational Booking**) in the manner described in this Section 5. Any bookings referred to in this Section 5 are solely to facilitate and/or reflect the legal amendments made to each FCM SwapClear Contract pursuant to this Annex and the Clearing House and each FCM Clearing Member agree and acknowledge that they shall not result in the registration of any new FCM SwapClear Contracts and shall have no legal effect and are for operational purposes only.

Basis Swap Operational Splitting

(b) On the Basis Swap Operational Split Date, the Clearing House will terminate each booking in relation to each LIBOR Basis Swap and will record two Operational Bookings in respect of each LIBOR Basis Swap (each an **Operational Outright LIBOR Booking**), which will have terms which are each identical to the LIBOR Basis Swap to which they relate, except that:

(i) the first Operational Outright LIBOR Booking shall have a "Floating Rate" (as defined in the ISDA Definitions) equal to the first "Floating Rate" referenced in that LIBOR Basis Swap, a "Fixed Rate" (as defined in the ISDA Definitions) determined by the Clearing House (the **Split Fixed Rate**), and the "Floating Rate Payer" or "Floating Amount Payer" (as defined in the ISDA Definitions) shall be the same as the "Floating Rate Payer" or "Floating Amount Payer" in relation to the first "Floating Rate" under the corresponding LIBOR Basis Swap; and

(ii) the second Operational Outright LIBOR Booking shall have a "Floating Rate" (as defined in the ISDA Definitions) equal to the second "Floating Rate" referenced in that LIBOR Basis Swap, a "Fixed Rate" (as defined in the ISDA Definitions) equal to the Split Fixed Rate, and the "Floating Rate Payer" or "Floating Amount Payer" (as defined in the ISDA Definitions) shall be the same as the "Floating Rate Payer" or "Floating Amount Payer" in relation to the second "Floating Rate" under the corresponding LIBOR Basis Swap.

- (c) The Clearing House shall determine the Split Fixed Rate in its sole and absolute discretion and shall make any consequential amendments to each Operational Outright LIBOR Booking that it deems necessary in connection with, and to give effect to, the foregoing.
- (d) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House will terminate each Operational Outright LIBOR Booking that has a "Floating Amount" calculated using that In-Scope Floating Rate Option and shall record an Operational Booking in accordance with (e) below.

#### Main Operational Booking

- (e) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall, in relation to each LIBOR Contract and each Operational Outright LIBOR Booking referencing that In-Scope Floating Rate Option, record an Operational Booking (each an **Operational RFR Booking**) that is on the same terms as the LIBOR Contract or Operational Outright LIBOR Booking (as applicable) to which it relates except that, from the "Effective Date" of the Operational RFR Booking (which shall be prior to the Conversion Date) any "Floating Amounts" reflected in the Operational Booking shall be calculated after giving effect to the amendments made pursuant to Section 3 or Section 4 (as applicable) of this Annex.

#### Operational Overlay Bookings

- (f) In addition to the Operational RFR Bookings referred to in (e) above, in relation to each Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking pursuant to which the FCM Clearing Member would be entitled to receive a "Floating Amount" calculated using an In-Scope Floating Rate Option under the Straddle Period LIBOR Contract or Operational Straddle Period LIBOR Booking (such amount, the **LIBOR Amount**), on the Conversion Date in relation to the relevant In-Scope Floating Rate Option the Clearing House shall record the following pair of Operational Bookings (each an **Operational Overlay Booking**) in the FCM SwapClear Clearing Service:
- (i) an Operational Overlay Booking pursuant to which the FCM Clearing Member would pay a fixed amount determined by the Clearing House in its sole and absolute discretion (the **Overlay Fixed Amount**) and receive the LIBOR Amount it would be entitled to receive under the Straddle Period LIBOR Contract or Operational Straddle Period LIBOR Booking if it was not amended pursuant to Section 3 above; and
- (ii) an Operational Overlay Booking pursuant to which the FCM Clearing Member would receive the Overlay Fixed Amount and pay a "Floating Amount" equal to the "Floating Amount" it would be entitled to receive under the Operational RFR Booking.
- (g) In relation to each Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking pursuant to which the FCM Clearing Member is, or would be (as applicable) obliged to pay the LIBOR Amount, on the Conversion Date in relation to the relevant In-Scope Floating Rate Option the Clearing House shall record the following pair of Operational Overlay Bookings in the FCM SwapClear Clearing Service:
- (i) an Operational Overlay Booking pursuant to which the FCM Clearing Member would receive the Overlay Fixed Amount and pay the LIBOR Amount it would be obliged to pay under the Straddle LIBOR Contract or Operational Straddle Period LIBOR Booking if it was not amended pursuant to Section 3 above; and

- (ii) an Operational Overlay Booking pursuant to which the FCM Clearing Member would pay the Overlay Fixed Amount and receive a “Floating Amount” equal to the “Floating Amount” it would be obliged to pay under the Operational RFR Booking.
- (h) The Operational Overlay Bookings in relation to a Straddle Period LIBOR Contract and Operational Straddle Period LIBOR Booking will terminate as of the time when they are no longer required for the Clearing House’s operational purposes, which is expected to be on the first Period End Date (as defined in the ISDA Definitions) after the Index Cessation Effective Date.

## 6. SUBSEQUENT ACTIONS WITH RESPECT TO OPERATIONAL BOOKINGS

If the Clearing House receives an instruction from an FCM Clearing Member to take a permitted action with respect to some but not all of the rights and obligations under any Amended LIBOR Contract (including, but not limited to, compression) and such rights and obligations have been operationally reflected in one or more of the Operational Bookings booked in accordance with Section 5 and not terminated, then the Clearing House shall deem this to be an instruction to take the following steps contingent on the effectiveness or occurrence of the permitted action:

- (i) pursuant to its powers under FCM Regulation 48B, register one or more new FCM SwapClear Contract(s) in the name of that FCM Clearing Member with the same terms as such Operational Booking(s); and
- (ii) amend the Amended LIBOR Contract to reflect the rights and obligations remaining after giving effect to the instruction referred to above.

## 7. OBLIGATIONS TO MAKE CERTAIN CALCULATIONS AND ENTER INTO CERTAIN CONTRACTS

Pursuant to Regulation 48B of the FCM Regulations, this Annex sets out the method for (i) calculating the Cash Compensation Amounts (which are “Conversion Payments” for purposes of FCM Regulation 48B), and (ii) determining the terms of the Cash Compensation Contracts which shall be registered in order to effect the payment of the Cash Compensation Amounts.

## 8. DETERMINATION OF THE CASH COMPENSATION AMOUNT AND THE CASH COMPENSATION CONTRACTS FOLLOWING THE CONVERSION

- (a) On the Conversion Date in relation to an In-Scope Floating Rate Option the Clearing House shall calculate the following amounts:
  - (i) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option registered in each Proprietary Account as of the end of the business day in New York on the Conversion Cut-Off Date; and
  - (ii) the aggregate Fallback RFR Value and the aggregate RFR Value in relation to all LIBOR Contracts that have a floating rate or floating amount calculated using that In-Scope Floating Rate Option registered in each FCM Client Sub-Account as of the end of the business day in New York on the Conversion Cut-Off Date.

- (b) The Clearing House shall determine a single Cash Compensation Amount separately in respect of all of the LIBOR Contracts referencing an In-Scope Floating Rate Option in each Proprietary Account and each FCM Client Sub-Account as follows. If:
- (i) the aggregate RFR Value in relation to all such LIBOR Contracts exceeds the aggregate Fallback RFR Value in relation to all such LIBOR Contracts then the Cash Compensation Amount in relation to such LIBOR Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the FCM Clearing Member in relation to such Proprietary Account or FCM Client Sub-Account (as applicable); and
  - (ii) the aggregate RFR Value in relation to all such LIBOR Contracts is less than the aggregate Fallback RFR Value in relation to all such LIBOR Contracts then the Cash Compensation Amount in relation to such LIBOR Contracts shall be equal to the absolute value of the excess, and shall be an amount in favor of the Clearing House in relation to such Proprietary Account or FCM Client Sub-Account (as applicable).
- (c) The Clearing House shall, pursuant to FCM Regulation 48B, register a separate Cash Compensation Contract in each Proprietary Account and each FCM Client Sub-Account in relation to each Cash Compensation Amount (to the extent such amounts are applicable to such account). Each FCM Clearing Member and the Clearing House (as applicable) irrevocably agrees that it shall be bound to pay each Cash Compensation Amount to the other pursuant to the terms of the related Cash Compensation Contract. Each Cash Compensation Contract shall be registered for the sole purpose of effecting the payment of the Cash Compensation Amount to which it relates. It shall operationally be recorded as having a "Notional Amount" (as defined in the FCM SwapClear Contract Terms) of 1 unit of the relevant currency of the LIBOR Contracts to which it relates, a "Termination Date" (as defined in the FCM SwapClear Contract Terms) falling two "business days" after the Conversion Cut-Off Date, and an obligation on the Clearing House or the FCM Clearing Member (as applicable) to pay to the other on that "Termination Date" an amount equal to the Cash Compensation Amount related to the LIBOR Contracts referencing an In-Scope Floating Rate Option in the relevant Proprietary Account or FCM Client Sub-Account, in each case as determined pursuant to Section 8(b) above. However, neither the Clearing House nor an FCM Clearing Member shall be required to pay any amounts under a Cash Compensation Contract other than the Cash Compensation Amount to which such Cash Compensation Contract relates.
- (d) Each FCM Clearing Member agrees to be bound by each Cash Compensation Contract registered pursuant to this Section 8, which shall, when registered, constitute an FCM SwapClear Contract between the Clearing House and the relevant FCM Clearing Member that has arisen by reason of the application of the Regulations to the LIBOR Contracts.
- (e) Each FCM Clearing Member agrees (and in the case of (e)(iv) below, each FCM Clearing Member and the Clearing House agrees):
- (i) to use reasonable endeavors to provide each of its FCM Clients with (i) information on the change to the LIBOR Contracts pursuant to the terms of FCM Regulation 48B and this Annex, (ii) information on the amounts payable pursuant to the terms of the Cash Compensation Contracts which may be allocated to that FCM Client's FCM Client Sub-Account pursuant to the terms of this Annex, and (iii) other information (indicative or otherwise) in relation to each FCM Client Sub-Account. Such information shall be set out in 'Risk Notices' or other materials from the Clearing

House in connection with this Annex (or any applicable Floating Rate Conversion Notice(s)) expressly marked for distribution to FCM Clients;

- (ii) that it, and each of its FCM Clients, shall be bound by the terms of any Cash Compensation Contracts registered pursuant to this Annex and all payment obligations thereunder (as determined by the Clearing House pursuant to this Annex);
- (iii) to perform all obligations and exercise all rights under or pursuant to this Annex in accordance with Applicable Law; and
- (iv) that each Cash Compensation Contract is being registered in the relevant account in connection with the matters specified in this Annex and the obligations thereunder are for the sole purpose of addressing the value impact of certain of the changes to the LIBOR Contracts pursuant to this Annex.

## 9. DETERMINATIONS BINDING

Subject to Section 13, all determinations and calculations made by the Clearing House pursuant to this Annex shall be binding and may in no circumstances (other than in the case of manifest error) be called into question by any person.

## 10. RECORDS

The Clearing House shall update its books and records to reflect the Cash Compensation Contracts and the amounts payable thereunder and the obligation to pay, or the right to receive, any such amounts may be reflected in the books and records of the Clearing House in such manner as the Clearing House determines is necessary to meet its operational requirements. Where the Clearing House determines appropriate, the Clearing House will update its books and records or governance and booking procedures to provide that all Operational Bookings booked pursuant to this Annex do not affect the rights and obligations of FCM Clearing Members regardless of anything to the contrary in any reports issued by the Clearing House.

## 11. ELIGIBILITY FROM THE CONVERSION DATE

Notwithstanding anything to the contrary in the Product Specific Contract Terms and Eligibility Criteria Manual, from and including the Conversion Date in relation to an In-Scope Floating Rate Option, the Clearing House shall not accept for clearing or registration any FCM SwapClear Transaction that references that In-Scope Floating Rate Option.

## 12. MISCELLANEOUS

- (a) The obligations of the Clearing House to each FCM Clearing Member shall be to perform its obligations as principal to such FCM Clearing Member in accordance with the Rulebook, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook and Section 13.
- (b) The terms of this Annex are without prejudice to the Clearing House's rights under the FCM Regulations and the FCM Procedures to change the terms of any open FCM SwapClear Contract from time to time and such terms shall not be relevant or binding on the Clearing House in respect of any such changes.
- (c) The performance by the Clearing House of its obligations hereunder shall always be subject to the provisions of the Rulebook.

(d) Section 5 is provided for FCM Clearing Members operational convenience only and the Clearing House is under no obligation to update this Annex in relation to any changes in its operational or booking processes generally or in relation to the matters specified herein.

### 13. LIMITATION OF LIABILITY

13.1 Without prejudice to the generality of Regulation 52, each FCM Clearing Member agrees:

(a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) whether in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and

(b) to waive any claim against the Clearing House or any member of the LCH Group; arising or that may arise in connection with:

(i) any determination, calculation, notification, registration, publication, exercise of discretion, or decision, taken or not taken by the Clearing House or any other member of the LCH Group in connection with this Annex; or

(ii) the determination or publication of any price, curve, data, quote or other information arising from, or in connection with, this Annex;

except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.2 Without prejudice to the generality of Regulation 52 and clause 8.1 above, each FCM Clearing Member further agrees:

(a) that neither the Clearing House nor any other member of the LCH Group will have any liability whatsoever to any FCM Clearing Member or any other person (including, without limitation, any FCM Client) in tort (including, without limitation, negligence), trust, as a fiduciary or under any other non-contractual cause of action, or under any implied contractual term, and whether in respect of any damages, loss or gain, cost or expense (whether direct, indirect, general, special, consequential, punitive or otherwise); and

(b) to waive any non-contractual claim or claim under any implied contractual term against the Clearing House or any member of the LCH Group;

arising or that may arise in connection with the Clearing House's performance of its contractual duties or obligations under this Annex, except in the case of fraud or wilful misconduct on the part of the Clearing House or any other member of the LCH Group.

13.3 Each FCM Clearing Member agrees that neither the Clearing House nor any other member of the LCH Group (i) owes any duty of care to any person in connection with the performance of the Clearing House's duties or obligations or exercise of its rights under this Annex, save for the express contractual duties set forth in this Annex; (ii) is under any obligation to research, investigate, supplement, or verify the veracity of, any price, data, quote or other information received from an FCM Clearing Member in connection with this Annex; (iii) is



acting as a fiduciary for, or as an advisor to, any FCM Clearing Member or FCM Client in connection with this Annex or any FCM SwapClear Contract registered as a result of the matters specified in this Annex; (iv) shall be under any requirement to consult with, or individually notify (other than as expressly set out in this Annex), an FCM Clearing Member or FCM Client in connection with making its determinations, exercising its discretions or performing its duties or obligations or exercising its rights, each under this Annex; or (v) has made any representation, express or implied, in relation to this Annex, and each FCM Clearing Member acknowledges that it has not relied on any representations made by the Clearing House or any other member of the LCH Group in relation to this Annex.

13.4 For the avoidance of doubt, notwithstanding anything to the contrary herein, neither the Clearing House nor any other member of the LCH Group shall be liable for any obligations of, or to any person who is not, an FCM Clearing Member.