

 Instruction	N°	Title
	II.2-1	AUTHORISED CLEARING OPERATORS FOR MARKETS WHICH TRANSACTIONS ARE REGISTERED IN CASH & DERIVATIVES CLEARING SYSTEM

Pursuant to the Articles 2.2.2.5 et seq of the Clearing Rule Book.

CHAPTER I - GENERAL PRINCIPLES

Article 1

Authorised Clearing Operators, on markets which Transactions are registered in Cash & Derivatives Clearing System, are intermediaries between the Clearing Member and LCH SA. They are privileged correspondents for receiving information and dispatching it to the relevant persons within their company, or for answering requests from LCH SA.

There should be at most two Authorised Clearing Operators (per Product Group Securities/Derivatives) in which the Clearing Member is active.

The Clearing Member ensures that each Authorised Clearing Operator will be available to LCH SA during business hours every Clearing Day For that purpose the Clearing Member will take all necessary arrangements in the event that an Authorised Clearing Operator is not available, in order to ensure that the Authorised Clearing Operators function is continuously fulfilled.

However, in case of a long absence and/or suspension or termination of the individuals designated as Authorised Clearing Operators (up to 12 months), it will designate a substitute and it will register the latter as soon as possible in LCH SA's database.

For each Product Group:

- one of the Authorised Clearing Operators is the manager in charge of day-to-day operations, the "operational Authorised Clearing Operator", and;
- the other one is the manager performing day-to-day risk management, the "risk Authorised Clearing Operator".

Exceptionally, and further to a request from the compliance officer or a corporate officer of the Clearing Member, LCH SA can agree that one individual may cumulate the function of risk Authorised Clearing Operator and operational Authorised Clearing Operator.

Article 2

The "operational Authorised Clearing Operator":

- Chooses and manages individuals using the Clearing Systems and therefore binding the Clearing Member;
- Has knowledge of the Clearing Rules, including technical procedures;
- Oversees the Account Structure, the Trading Members' and Clients' account maintenance, and position tracking and,
- Oversees compliance with regulatory requirements for delivery/payment systems and Clearing Systems.

The "risk Authorised Clearing Operator":

- Has knowledge of the Clearing Rules, including technical procedures;
- Oversees the Account Structure, the Trading Members' and Clients' account and controls the client's risk;
- Manages the corresponding Margin calculation and Collateral call; and
- Is responsible for compliance with the quality requirements as set out in an Instruction.

Article 3

The Clearing Member under its own responsibility, through its compliance officer or a corporate officer, provide LCH SA with the list of persons who will exercise the Authorised Clearing Operators functions under the conditions set forth by this Instruction.

Article 4

The authorisation granted by LCH SA is linked to the Clearing Member where the Authorised Clearing Operator works.

If this individual becomes employee of another Clearing Member, the latter shall request LCH SA to register in its database such individual as an Authorised Clearing Operator.

CHAPTER 2 TRAINING

Article 5

LCH SA can propose to the Authorised Clearing Operators a training to update their knowledge, notably pursuant to improvement of the Clearing System. LCH SA can also organise a knowledge assessment and define its content.

Article 6

The compliance officer or the corporate officer of the Clearing Member keeps up-to-date the list of names of the Authorised Clearing Operators within the Clearing Member.

The recording of the individuals mentioned in Article 1 in LCH SA's database is subject to Directive 95/46/EC of the European Parliament and of the Council of October 24, 1995 relating to the protection of individuals regarding the treatment of personal data and to the free circulation of such data.

Article 7

The compliance officer or the corporate officer notifies to LCH SA and the relevant Authorised Clearing Operators of the suspension or termination of the individuals designated as Authorised Clearing Operators. Such suspension or termination becomes effective as soon as LCH SA receives such notification.