



LCH.CLEARNET LIMITED
PROCEDURES SECTION 2B
REPOCLEAR CLEARING SERVICE

CONTENTS

Section	Page
1. Repoclear Clearing Service	1
1.1 General Information	1
1.2 Operating Times	8
1.3 Registration	9
1.4 Netting Process and Settlement	13
1.5 Proprietary Accounts and Client Accounts	28
1.6 Position Accounts	28
1.7 Collateral Accounts	29
1.8 Margin and Collateral	30
1.9 Notifications to the Clearing House regarding activities of Repoclear Dealers..	32
1.10 RepoClear Term £GC Product	35
1.11 RepoClear Euro General Collateral Product	36
1.12 Default Management	37
1.13 RepoClear Client Clearing	38
1.14 Indirect Clearing	41
1.15 Regulatory notification: information statement on the risks and consequences of concluding a RepoClear Contract or a RepoClear GC Contract	42
Schedule 1 Settlement Timetable – Repoclear Contract	47
Schedule 2 Settlement Timetable – Repoclear Contracts	51
Schedule 3 Settlement Timetable – Repoclear Contracts	52
Schedule 4 Settlement Timetable – Repoclear €GC Contracts	54
Schedule 5 Settlement Timetable – Repoclear TERM £GC Contracts	55

1. REPOCLEAR CLEARING SERVICE

1.1 General Information

The RepoClear system processes and stores trades eligible for clearing that are received from any trade matching system approved for such purposes by the Clearing House ("**Approved Trade Matching System**" or "**ATMS**"), as referred to in Regulation 62 (*Submission of details of RepoClear transactions and RepoClear GC transactions through an Approved Trade Matching System*) and from any Automated Trading System ("**ATS**"), as referred to in Regulation 63 (*RepoClear transactions entered into through an Automated Trading System*) and approved by the Clearing House for such purpose.

1.1.1 *Terminology*: The following terms are defined in the "**Definitions**" Section of the Rulebook and are used in the Regulations to refer to bi-lateral trades that are registered with the Clearing House through an ATMS:

"RepoClear Transaction"

"RepoClear Term £GC Transaction"

"RepoClear €GC Transaction"

The defined terms "**Repo Trade**", "**Bond Trade**", "**Term £GC Trade**", "**€GC Trade**" and "**GC Trade**" are used in the Regulations to refer to trades transacted through Automated Trading Systems. See the Definitions section of the Rulebook for full definitions.

"**Term £GC**" is the term used in these Procedures to refer to term sterling general collateral trades settled in EUI, as described in this Rulebook

"**€GC**" is the term used in these Procedures to refer to Euro general collateral trades, as described in this Rulebook.

For the sake of simplicity, in these Procedures we use the terms "**Eligible Repo/Bond Trades**" to refer to all repo or bond trades which are transactions eligible for clearing, whether they are received from an ATMS or ATS. Thus the term "**Eligible Repo/Bond Trades**" in these Procedures is used (for the purposes only of these Procedures) to refer to RepoClear Transactions, Repo Trades and Bond Trades as those terms are used in the Regulations.

The term "**Eligible Term £GC Trade**" is used in these Procedures to refer to all Term £GC Trades that are eligible for clearing, whether they are received from an ATMS or ATS. Thus the term "**Eligible Term £GC Trades**" in these Procedures is used to refer to RepoClear Term £GC Transactions and Term £GC Trades, as those terms are used in the Regulations.

Furthermore, the term "**Eligible €GC Trade**" is used in these Procedures to refer to all €GC trades that are eligible for clearing, whether they are received from an ATMS or ATS. Thus the term "**Eligible €GC Trades**" in these Procedures is used to refer to RepoClear €GC Transactions and €GC Trades, as those terms are used in the Regulations.

The term "**Eligible GC Trade**" is used in these Procedures to refer to Eligible Term £GC Trades and Eligible €GC Trades.

The term "**EUI**" is used in these procedures to refer to Euroclear UK and Ireland.

Clearing Members should note that the following terms are defined in the "Definitions" section of the Rulebook:

- "**RepoClear Contract**"
- "**RepoClear Term £GC Contract**"
- "**RepoClear €GC Contract**"
- "**RepoClear GC Contract**"

1.1.2 *RepoClear Functions*: The following functions are performed within the RepoClear system:

- calculation of delivery obligations;
- calculation of settlement amounts for delivery versus payment;
- calculation of initial, variation and delivery margin requirements;
- calculation of price alignment interest;
- payment and reporting of coupons; and
- reporting of RepoClear Contracts and RepoClear GC Contracts and trade status.

Eligible Repo/Bond Trades and/or Eligible GC Trades submitted via an ATMS or ATS (see Section 1.3.1 (*Approved Trade Matching Systems (ATMS's) and Automated Trading Systems (ATS's)*)) will be processed and stored within the RepoClear system. Information regarding RepoClear Contracts and RepoClear GC Contracts and margin are disseminated via Clearing Member Reporting (see Section 1.3.1 (*Approved Trade Matching Systems (ATMS's) and Automated Trading Systems (ATS's)*)).

1.1.3 *Clearing House System Requirements*: In order to submit Eligible Repo/Bond Trades and/or Eligible GC Trades to the Clearing House, a RepoClear Participant must be a user of at least one approved ATMS or ATS (as the case may be).

A RepoClear Clearing Member ("**RCM**") (or RepoClear Dealer acting as transferor/ transferee – see Section 1.1.8 below) must hold, or have access to (for example via a settlement agent), both cash and securities settlement accounts with an Approved Depository/Settlement System ("**ADS**") for each eligible RepoClear category of bonds they intend to register for clearing (see Section 1.4.1 (*Approved Depository/Settlement Systems ("ADS")*)). For

example, at one of Euroclear Bank ("EOC"), Clearstream Luxemburg ("CBL") or Clearstream Frankfurt ("CBF") for German Government Debt Securities. The Clearing House will publish details of further ADSs via Clearing Member bulletin.

Some ADSs additionally act as triparty agents for the settlement of Eligible €GC Trades. Where an RCM (or RepoClear Dealer acting as transferor/transferee – see Section 1.1.8 below) wishes to register Eligible €GC Trades, they must have the appropriate account structures in place at one or more ADS which allows them to both make and receive triparty deliveries of collateral at each of their chosen Approved Triparty Agents ("ATAs").

RCMs and RDs must have a system to access RepoClear Member Reporting through a connection to the Clearing House's Clearing Member portal.

- 1.1.4 *Clearing Member Reporting:* A user reporting tool is provided to RCMs. All RepoClear reports will be disseminated via the Clearing House's secure password access Clearing Member portal. There will be no printed report distribution by the Clearing House.

RCMs will be able to produce reports either to print locally or to download in machine readable data-file format. Detailed VAR outputs will also be available to RCMs on a daily basis. VAR is described in Section 1.8.6(b) (*Initial Margin*).

Queries about the Clearing Member portal should be directed to the Clearing House Service Desk on +44 (0)20 7426 7200 or servicedesk@lchclearnet.com.

- 1.1.5 *Power of Attorney:* The Clearing House operates a Power of Attorney facility in respect of some depository systems and requires RCMs (and RepoClear Dealers acting as transferors/transferees) to provide a Power of Attorney in respect of each depository system where it is available (see Section 1.4.1 (*Approved Depository/Settlement Systems ("ADS")*)).

Under a Power of Attorney, the Clearing House sends matching settlement instructions to an ADS, on the RCM's behalf (or on the RepoClear Dealer's behalf when a RepoClear Dealer acts as transferor/transferee). The use of a Power of Attorney, where it is available, facilitates the matching of settlement instructions at the relevant depository, and helps to eradicate settlement failure arising as a consequence of unmatched settlements.

For Belgian Government Debt Securities, the Clearing House sends trade notifications to the RCM (or to RepoClear Dealer acting as transferor/transferee or an agent of the RCM if so requested by the RCM).

For settlement of UK Government Debt Securities and RepoClear Term £GC, the Clearing House sends settlement instructions to EUI using their "**Direct Input**" facility. The Direct Input facility options recorded by EUI against the EUI Member Account of the RCM (or RepoClear Dealer acting as transferor/transferee or an agent of the RCM if so requested by the RCM)

must be set to "Gross trades will be created". This allows EUI to create matched settlement instructions automatically so that participants do not need to instruct EUI for settlement of their obligations with the Clearing House.

Participation in the Direct Input facility (with the automatic matching facility enabled) is compulsory for settlement of UK Government Debt Securities and RepoClear Term £GC Contracts.

For contingency purposes, participants using Direct Input must have the capability to manually match the Clearing House's settlement instructions at EUI.

1.1.6 *RepoClear Eligible Securities, Eligible Term £GC Baskets and Eligible €GC Baskets:*

"RepoClear Eligible Securities" are those in respect of which Eligible Repo/Bond Trades may be registered.

"Eligible Term £GC Baskets" are those baskets in respect of which Eligible Term £GC Trades may be registered.

"Eligible €GC Baskets" are those baskets in respect of which Eligible €GC Trades may be registered.

The term **"GC Baskets"** includes Eligible €GC Baskets and Eligible Term £GC Baskets.

The Clearing House will determine from time to time which securities will be RepoClear Eligible Securities and those baskets which will be Eligible Term £GC Baskets and Eligible €GC Baskets.

A list of RepoClear Eligible Securities, Eligible Term £GC Baskets and Eligible €GC Baskets may be viewed on the Clearing House Clearing Member portal.

Where access to the Clearing House Clearing Member portal is not available to a RepoClear Dealer, then the RepoClear Dealer's RCM must ensure that the RepoClear Dealer is provided with particulars of RepoClear Eligible Securities, Eligible Term £GC Baskets and Eligible €GC Baskets at all times. Please note that if a RepoClear Dealer is authorised to trade in any one or more Term £GC Baskets or €GC baskets, then the obligation upon the relevant RCM extends to ensuring that the RepoClear Dealer is provided at all times with details of all Eligible Securities (as such term is used in the Term £GC Contract Terms and the RepoClear €GC Contract Terms) that are constituents of each particular Eligible Term £GC Basket and Eligible €GC Basket in respect of which that RepoClear Dealer is authorised.

1.1.7 *Fees:* Fees arising from the provision of the RepoClear Service will be collected from RCMs monthly in arrears through the Clearing House's Protected Payments System ("**PPS**"). Such fees will include fees charged by the Clearing House in respect of any trades entered into by a RepoClear Dealer and submitted for registration by a RepoClear Dealer in the name of

that RCM. Fees, rates and other applicable charges will be communicated to each RCM by means of reports posted for that Clearing Member on the Clearing House Clearing Member portal. Changes to tariffs will be notified to RCMs by means of Clearing Member circulars.

- 1.1.8 *RepoClear Dealers acting as transferors/transferees for settlement/ delivery purposes and allocations/notifications:* An RCM (referred to as "**the RepoClear Dealer's RCM**"), who is party to a RepoClear Dealer Clearing Agreement with a RepoClear Dealer and the Clearing House, may notify the Clearing House in writing (addressed to RepoClear Operations) that such RepoClear Dealer is authorised by that RepoClear Dealer's RCM to act as transferor/transferee to fulfil settlement obligations in respect of all RepoClear Contracts (including RepoClear GC Contracts) entered into by that RepoClear Dealer and registered in the name of that RepoClear Dealer's RCM, pursuant to the provisions of Regulation 16 (*Registration*) or Regulation 63 (*RepoClear transactions entered into through an Automated Trading System*) until further written notice from such RepoClear Dealer's RCM. In such circumstances, providing that the RepoClear Dealer meets all applicable requirements set out in the Regulations (as applicable to it) and these Procedures (as applicable to it) and the relevant RepoClear Dealer Clearing Agreement, the Clearing House will use all reasonable endeavours to settle with that RepoClear Dealer as requested. However, notwithstanding such notification, the RepoClear Dealer's RCM shall remain responsible with regard to such RepoClear Contracts (including RepoClear GC Contracts) for meeting all obligations to the Clearing House under the Regulations (including these Procedures) and any other applicable agreements, and the Clearing House's obligations to the RepoClear Dealer in such circumstances shall be as set out in the relevant RepoClear Dealer Clearing Agreement and the Regulations.

Subject to the above, any reference in these Procedures to any act relating to settlement or delivery to be done by a "**RepoClear Participant**" in respect of any RepoClear Contract or RepoClear GC Contract may be carried out by that RepoClear Dealer on behalf of the RepoClear Dealer's RCM, where the Clearing House has been notified as set out above.

Please note that any authorisation given to a RepoClear Dealer pursuant to this Section 1.1.8 may only be made in respect of all RepoClear Contracts and all RepoClear GC Contracts arising as set out above – it is not possible to select only some types of RepoClear Contracts and/or some types of RepoClear GC Contracts (e.g. those arising from Eligible Repo/Bond Trade initiated by that RepoClear Dealer but not those arising from Eligible Term £GC Trades).

- 1.1.9 *Information flows for RepoClear Dealers:* A RepoClear Dealer's RCM may grant access to its RepoClear Dealer to the Clearing House Clearing Member portal (including Clearing Member Reporting) by agreement with the Clearing House. However, where such access is not granted to a RepoClear Dealer or where information regarding any aspect of the RepoClear service is provided by the Clearing House to RCMs by means of Clearing Member circular or a form of communication other than the Clearing Member portal, it is the responsibility of a RepoClear Dealer's RCM to ensure that all relevant

information, including Clearing House requirements as set out to the Regulations and these Procedures or otherwise, is promptly conveyed to the RepoClear Dealer.

- 1.1.10 *Calculation of Price Differential:* The day basis for the calculation of the price differential for RepoClear Contracts involving repos is as follows:

UK Government Debt Securities and Eligible Term £GC Trades:	<u>Actual</u> 365
All other eligible securities and Eligible €GC Trades:	<u>Actual</u> 360

- 1.1.11 *Withholding and Other Taxes: Miscellaneous Requirements*

- (a) *US Withholding Tax Requirements:* US tax laws generally impose a 30% withholding tax on payments of US source interest unless an exemption or reduced rate applies either through the application of US domestic tax legislation or by the operation of a Double Taxation Agreement between the US and the territory in which the payee is resident for tax purposes. This requirement also applies to the payment of "manufactured coupons" which are deemed to be interest under US tax legislation.

In order to reduce or eliminate US withholding tax, the appropriate tax documentation must be provided to the payor by each beneficial owner prior to the payment of interest/"manufactured coupons". RCMs are therefore required to provide one of the relevant Department of the Treasury Internal Revenue Service ("IRS") forms to the Clearing House. A current form must be provided by each Member and replaced by the Clearing Member at the end of its period of validity.

The relevant forms will normally be one of:

- (i) Form W-8BEN ("*Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*"). It applies to foreign (i.e. non-US) persons (which includes, inter alia, non-resident alien individuals and foreign corporations) and is valid for a period of three years.
- (ii) Form W-9 ("*Request for Taxpayer Identification Number and Certification*"). It applies to US persons and is valid indefinitely.

RCMs may obtain copies of these forms from the IRS website at:-

Form W-8BEN: <http://www.irs.gov/pub/irs-pdf/fw8ben.pdf>

Instructions for Form W-8BEN: <http://www.irs.gov/pub/irs-pdf/iw8ben.pdf>

Form W-9: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>

Any queries in relation to these forms or their completion should be referred to a Clearing Member's professional advisers.

Completed forms (which must be originals) should be submitted to the Clearing House's Relationship Management team (FixedIncomeMembershipSales@lchclearnet.com).

RCMs will only be eligible to enter into RepoClear Contracts in US dollar denominated bonds if a completed form has been provided to the Clearing House which enables gross payment of interest/"manufactured coupons" without the deduction of US withholding tax.

If a completed form is submitted which enables the Clearing House to pay interest/"manufactured coupons" after deduction of US withholding tax (whether at standard or reduced rate), or if no relevant IRS form is submitted to the Clearing House, the Clearing Member will not be eligible to enter into RepoClear Contracts in US dollar denominated bonds.

If a subsequent change in circumstances makes any information (on the form previously submitted) incorrect, then the Clearing Member must notify the Clearing House within thirty days of such change taking place and provide the Clearing House with an appropriate replacement form (if applicable).

The Clearing House will provide a completed Form W-8BEN to each RCM clearing US dollar denominated bonds. It is the responsibility of every Clearing Member to ensure that it is in possession of one of these completed forms so that payments of "manufactured coupons" can be made to the Clearing House without the deduction of any US withholding tax.

RCMs may wish to forward a copy of these Procedures to their taxation department.

- (b) *Miscellaneous Provisions:* The operators of some ADSs and ATAs require participants holding settlement accounts to comply with certain requirements laid down by those operators with regard to the exemption from payment of withholding or other tax for certain debt securities held within those systems.

Some such operators require participants in their systems to complete and deliver to them certificates and/or provide other documentation to them in order to obtain exemption from any relevant tax.

In the event that such certificates or other documentation is required from a RepoClear Participant by the operator of any ADS or an ATA in respect of any bonds which are held within that system (and which are RepoClear Eligible Securities or Eligible Securities (as such term is used in the RepoClear €GC Contract Terms), the RepoClear

Participant, prior to using the RepoClear service in respect of those bonds, must:

- (i) provide such certificate or other documentation to the operator of the relevant ADS or ATA in accordance with the requirements of that person;
- (ii) obtain confirmation from that person that payments will be made without deduction of withholding tax; and
- (iii) confirm to the Clearing House that exemption from payment of withholding tax has been obtained.

If, after providing any such certificate and procuring the confirmation referred to in (b) above,

- the circumstances of the RepoClear Participant change such as to render any statement in that certificate untrue or incomplete, or
- where annual renewal of such documentation is required by the operator of the relevant ADS or ATA and this renewal is not obtained

the RepoClear Participant must immediately notify Relationship Management on +44 (0)20 7426 8167.

In the unlikely event that the Clearing House incurs any cost, charge, fine, penalty or other expense as a result of the failure or omission of any RCM or RepoClear Dealer to comply with the provisions of this Section 1.1.11 or in respect of any withholding tax or other tax or duty in respect of any RepoClear Contract or the underlying RepoClear Eligible Securities thereof, or RepoClear Term £GC Contract or the underlying Eligible Securities (as such term is used in the RepoClear Term £GC contract terms) thereof, or RepoClear €GC Contract or the underlying Eligible Securities (as such term is used in the RepoClear €GC contract terms) thereof, the RCM (or the RepoClear Dealer's RCM, as applicable) shall reimburse the Clearing House in respect of such cost, fine, penalty or other expense. The Clearing House shall be entitled to collect such reimbursement through the PPS system.

1.2 Operating Times

1.2.1 *RepoClear Opening Days:* The Clearing House will publish, by Clearing Member circular, details of intended opening days for RepoClear ("**RepoClear Opening Days**").

1.2.2 *Opening Hours:* RepoClear will be operational during the following hours on RepoClear Opening Days:

06:45 to 19:00 London time

- 1.2.3 *Trade Acceptance Hours:* RepoClear Trade Acceptance Hours are constrained by the operating hours of the ATMS's and ATS's. See Schedule 1, Schedule 2, Schedule 3, Schedule 4 and Schedule 5 for the Settlement Timetables.

1.3 Registration

- 1.3.1 *Approved Trade Matching Systems (ATMS's) and Automated Trading Systems (ATS's):* The Clearing House will only accept Eligible Repo/Bond Trades and Eligible GC Trades submitted from an ATMS or ATS approved by the Clearing House in accordance with 1.1 (*General Information*) and in an acceptable message format.

Each RepoClear Participant must be fully conversant with the operating procedures and deadlines of the ATMS or ATS which it uses and has entered into such contractual and other arrangements with such ATMS or ATS as that ATMS or ATS may require.

A list of ATMSs and ATSs, as approved by the Clearing House, (with their respective Trade Acceptance Hours) is available on the Clearing House's website. RCMs will be informed of the Clearing House's approval of additional ATMSs and ATSs by Clearing Member circular. In certain exceptional circumstances, the Clearing House may designate any additional trade matching system to be an ATMS for a limited period of time. RCMs will, in such circumstances, be notified of such designation and the terms of such designation by means of Clearing Member circular.

A RepoClear Dealer wishing to enter into Eligible Repo/Bond Trades and/or Eligible €GC Trades through an ATMS or ATS for registration by the Clearing House, may only do so providing the Clearing House shall first have received written authorisation from that RepoClear Dealer's RCM for such activity in respect of that particular ATMS or ATS and only for so long as that authorisation is not terminated or suspended in accordance with these Procedures.

Any RCM or RepoClear Dealer wishing to submit for clearing Eligible Term £GC Trades or Eligible €GC Trades (whether submitted through an ATMS or ATS) in any Term £GC Basket or €GC Basket, must first obtain the authorisation of the Clearing House (and in the case of a RepoClear Dealer, that RepoClear Dealer's RCM) to submit trades in respect of that basket – see Section 1.9.5 (*Request from an RCM or RepoClear Dealer to trade GC Baskets*).

- 1.3.2 *Submission for Registration:* RepoClear Participants who wish a trade to be registered by the Clearing House, must either include the Clearing House identifier code in the appropriate field within the message format, or, in the case of a trade executed through an ATS, elect to have that trade forwarded to the Clearing House for registration.

Where the Euroclear Trade Capture and Matching System ("**ETCMS**") is used, RepoClear Participants must send their trade details to the EOC Operator

either by means of SWIFT MT515, Euclid PC, Euclid Server or HSS/X25 File Transfer. The Clearing House will then receive from the EOC Operator trade details using matched format messages. Any trade that does not match in ETCMS will not be sent to the Clearing House for registration and may consequently not be registered by the Clearing House.

Eligible Repo/Bond Trades must be registered with the Clearing House ahead of the cut-off time for the type of debt involved in the trade or transaction.

Eligible Term £GC Trades and Eligible €GC Trades must be registered with the Clearing House ahead of the cut-off times for the respective parts of the service.

The cut-off time is necessary in order to deliver settlement instructions to ADSs and ATAs by prescribed times. Cut-off times for each type of debt are included in Schedule 1 to Schedule 5. Changes to these times will be published via Clearing Member circular from time to time.

The Clearing House is not responsible for the performance by an operator of any ATMS or ATS of its obligations to any RepoClear Participant under any service provision agreement which that RepoClear Participant may have with that ATMS operator or ATS operator for the provision of any trade capture, validation and matching services (including, but not limited to, those services provided by the EOC operator in respect of its ETCMS service) or trading services, as the case may be.

Without prejudice to Regulation 52(e) (*Exclusion of Liability*), the Clearing House is not liable for any losses that a RepoClear Participant may suffer arising out of or in connection with any failure or omission by an ATMS operator or ATS operator to comply with any term of any such service provision agreement (including, but not limited to, the failure or omission of that ATMS operator or ATS operator to send any trade details to the Clearing House), or any inaccurate or incomplete trade details or other data sent to or received by the Clearing House from that ATMS operator or ATS operator.

- 1.3.3 *Intra-day Registration*: The Clearing House will seek to register all Eligible Repo/Bond Trades and Eligible GC Trades intra-day. The RepoClear system will promptly respond after processing, by notifying RCMs via Clearing Member Reporting, as to the status (registration, pending or rejection) of the trade.

The Clearing House may require an RCM in whose name such trades are to be registered, to transfer Collateral in respect of initial and variation margin obligations to the Clearing House prior to registration.

- 1.3.4 *Rejected Trades*: Trades submitted for registration which:
- (a) do not meet the Product eligibility criteria as set out in the Product Specific Contract Terms and Eligibility Criteria Manual and published on the Clearing House's website from time to time; or

- (b) contain invalid or incomplete message data; or
- (c) for any other reason are not eligible for registration

will be rejected by the Clearing House. If at any time the Clearing House does not register a trade presented for registration, the RepoClear system will notify the contracting parties, via Clearing Member Reporting, indicating that the trade has been rejected and the reason for rejection.

The Clearing House will also reject a trade if:

- (i) it has been originated by a RepoClear Dealer through an ATS in respect of which that RepoClear Dealer is not authorised by the Clearing House; or
- (ii) if such trade is in respect of an Eligible Term £GC Basket or Eligible €GC Basket and the RepoClear Participant initiating such trade is not authorised by the Clearing House to submit trades in respect of that basket.

RCMs should note that when a trade is rejected by the Clearing House no RepoClear Contracts (or RepoClear GC Contracts, as the case may be) arise between the Clearing House and the RCMs concerned and (subject to Regulation 52(e) (*Exclusion of Liability*)) the Clearing House (that is, LCH.Clearnet Limited, and each other undertaking which is a member of the LCH.Clearnet Group, their officers, employees and agents) has no liability in respect thereof.

- 1.3.5 *Amendment, Cancellation and Deletion of Registered Trades:* Once a trade has been registered in the RepoClear Service for clearing as a RepoClear Contract, RepoClear Term £GC Contract or RepoClear €GC Contract, as the case may be, it cannot be cancelled or deleted.

RepoClear Participants may, however, wish to agree bi-laterally to submit an equal but opposite transaction to that which gave rise to any RepoClear Contract, RepoClear Term £GC Contract or RepoClear €GC Contract, as the case may be.

The contract terms on which a trade is registered with the Clearing House are set out in the Clearing House Rulebook and, in particular, in the Product Specific Contract Terms and Eligibility Criteria Manual. It should be noted that no amendment or modification or addition to these contract terms is permitted. Such prohibition includes both economic and standard terms.

The Clearing House is aware that parties to the original "trade" may include additional or other terms in their dealings. For example, parties sometimes "trade" on the basis of estimated coupon rates for index linked bonds and then adjust the cash value of the trade once the exact coupon rate is known. RepoClear Participants should be aware that once a trade is submitted for clearing and is registered in the RepoClear service as a RepoClear Contract, RepoClear Term £GC Contract or RepoClear €GC Contract, as the case may

be, any such terms between the original trading parties fall away and do not form part of the contract registered with the Clearing House.

- 1.3.6 *Substitution – Eligible Repo/Bond Trades only:* To effect a substitution of securities through RepoClear with regard to RepoClear Contracts arising pursuant to Regulation 16 (*Registration*), RepoClear Participants can contact their original counterparty and submit new RepoClear Transactions in accordance with the Rulebook.

With regard to RepoClear Contracts arising pursuant to Regulation 63 (*RepoClear transactions entered into through an Automated Trading system*) (that is, through an ATS), RepoClear Participants must contact the relevant ATS, and substitution may only be effected in accordance with the rules of the relevant ATS and if the rules so permit.

- 1.3.7 *Substitution – Term £GC Contracts only*

In relation to the Term £GC Contracts specifically, substitution transactions may be automatically generated by EUI to support the return of the correct securities to the original giver. Where these transactions fail the Clearing House may hold securities until the required substitution takes place and the correct securities can be returned. Securities which are allocated to participants as a result of the settlement of Term £GC trades must be available for substitution using standard CREST Term DBV functionality. Any costs incurred by the Clearing House as a result of substitution failure due to unavailability of securities may be charged to the Clearing Member of the participant who fails to support the requested substitution. The Clearing House will deduct such costs, charges and expenses via that Clearing Member's PPS account.

- 1.3.8 *Trading in "when issued" securities ("**grey market**")*

- (a) In certain circumstances the Clearing House will register eligible trades in "when issued" securities. Details of such securities will appear from time to time on the list of eligible securities which may be viewed on the Clearing Member portal.

In the event that a "when issued" security is added to the list of RepoClear Eligible Securities, but the issue does not go ahead as planned, the Clearing House shall be entitled to reject any transaction in that security submitted for registration, and any contract already registered by the Clearing House in respect of that security shall be deemed void from the point of entry into those contracts (void ab initio) by the Clearing House. Subject to 1.3.7(b) below, the Clearing House will return any Collateral transferred to it in respect of any such contract. The Clearing House (that is, LCH.Clearnet Limited, and each other undertaking which is a member of the LCH.Clearnet Group, their officers, employees and agents) will have no other liability in respect of those contracts.

- (b) Where any contract in such a "when issued" security has arisen and the issue does not go ahead as planned, the RepoClear Participants party to it must ensure that an equal and opposite trade in that security is submitted for registration by the Clearing House. As soon as such trade is received and registered, the Clearing House will return any Collateral transferred to it in respect of the initial trade. RCMs should note that the Clearing House will not return such Collateral until such equal and opposite trade is received and registered by the Clearing House.

For transactions submitted through an ATMS, the RepoClear Participants will normally have to input such equal and opposite trades themselves. In trades arising through an ATS, RepoClear Participants should familiarise themselves with the applicable rules of that ATS in order to ensure that this requirement is met. RCMs should note that it may be the case that the ATS itself will generate such equal and opposite trade without the need for any intervention by the RepoClear Participants. Whichever route is applicable, it remains an obligation upon the respective RCMs to ensure that an equal and opposite trade is sent – otherwise margin obligations will continue to apply for the rest of the life of the initial "when issued" trade.

- (c) RCMs should note that tap issues for United Kingdom Government Debt Securities will not be eligible on a "when issued" basis.

This provision is not applicable to RepoClear GC Contracts and no trading in "when issued" securities is permissible as part of these products.

1.4 Netting Process and Settlement

Each day the RepoClear system will run netting processes to determine the delivery obligations for same day or future settlement through ADSs. The netting processes will take place after each of the registration deadlines, as defined in Schedule 1 to Schedule 5.

- 1.4.1 *Approved Depository/Settlement Systems ("ADS")*: The Clearing House will only allow settlement through the following Approved Depository/Settlement Systems (using the Clearing House's specified settlement account numbers):

Category	Clearing House RepoClear Agent	ADS	Account Number	Power of Attorney
Austrian, Dutch, Irish, Finnish, Portuguese, Slovenian, Slovakian	N/A	Clearstream Luxembourg (CBL)	85068	Yes
	N/A	Euroclear (EOC)	20920	Yes

Category	Clearing House RepoClear Agent	ADS	Account Number	Power of Attorney
and Spanish Government Debt Securities				
German Government Debt Securities and German Jumbo Pfandbrief Bonds	N/A Deutsche Bank N/A	Clearstream Luxembourg (CBL) Clearstream Frankfurt (CBF) Euroclear (EOC)	85068 7665 20920	Yes Yes Yes
International Bonds (including US \$ International Bonds)	N/A N/A	Clearstream Luxembourg (CBL) Euroclear (EOC)	85068 20920	Yes Yes
Belgian Government Debt Securities	Euroclear (EOC)	National Bank of Belgium Cash Securities	7003 18029	Yes Yes
United Kingdom Government Debt Securities (other than RepoClear Term £GC Contracts)	N/A	EUI	GIKAV	No (but see note below)
	Note: settlement of UK Government Debt Securities uses the EUI Direct Input facility. This provides an effect similar to that of a Power of Attorney agreement, such that an instruction sent by the Clearing House to EUI simultaneously generates a counterparty settlement instruction without the need for a separate matching instruction to be sent by the counterparty itself			
Term £GC Baskets for RepoClear Term £GC	N/A	EUI	LCSGC (Member Account TERMSGC)	No (but see note below)

Category	Clearing House RepoClear Agent	ADS	Account Number	Power of Attorney
Contracts	Note: settlement of UK Government Debt Securities uses the EUI Direct Input facility. This provides an effect similar to that of a Power of Attorney agreement, such that an instruction sent by the Clearing House to EUI simultaneously generates a counterparty settlement instruction without the need for a separate matching instruction to be sent by the counterparty itself.			
€GC Baskets for RepoClear €GC Contracts	N/A	Euroclear (EOC)		Yes
		Main account	14463	
		AAA Basket A/C	18237	Yes
			18240	
		AA Basket A/C	18251	
		A Basket A/C	29110	
		A/C for all Single Issuer Baskets	29166	
		Excluding German Sub-10)	11844	
		German Sub-10		
		Clearstream Luxembourg	11826	
		Main account	11830	
		AAA Basket A/C	11841	
		AA Basket A/C	14492	
		A Basket A/C		
		A/C for all	14718	

Category	Clearing House RepoClear Agent	ADS	Account Number	Power of Attorney
		Single Issuer Baskets (Excluding German Sub-10) German Sub-10		

An RCM must inform the Clearing House of its full settlement account details for settlements resulting from RepoClear Contracts and RepoClear GC Contracts, including cash payment details for currencies supported by RepoClear. Any RepoClear Dealer's RCM who notifies the Clearing House that such RepoClear Dealer may act as transferor/transferee in accordance with Section 1.1.8 above, must ensure that such RepoClear Dealer informs the Clearing House of its settlement account details.

RepoClear Participants must be fully conversant with the operating procedures and deadlines of their selected ADS(s) for each of the above categories for which it wishes to register trades.

1.4.2 *Netting Processes:* RepoClear Contracts only

All RepoClear Contracts arising from Eligible Repo/Bond Trades (that is, those contracts arising from registration of RepoClear Transactions, Repo Trades or Bond Trades) will be netted by RepoClear at the Participant, securities issue, and ADS level.

UK Government Debt Securities

One netting process will be executed every business day and will include all RepoClear Contracts for settlement on that business day.

All other Eligible Securities

All RepoClear Contracts which:

- (a) are for settlement on the business day following the current business day ("**Next Business Day**"); and,
- (b) which have been registered prior to the 15.00 registration deadline time on the current business day

will be entered into a daily netting process following the 15.00 registration deadline.

RepoClear Contracts which are:

- (a) for settlement on the Next Business Day and are registered after the 15.00 registration deadline time (see Schedule 1 and Schedule 2 for the applicability of this registration deadline); or,
- (b) for settlement on the current business day and are registered prior to the relevant 10.30 or 11.00 registration deadline, will be entered into the next netting process immediately following the relevant 10.30 or 11.00 registration deadline on the current business day.

The settlement timetable for Austrian, Dutch, Irish, Finnish, German, Portuguese, Slovenian, Slovakian and Spanish Government Debt Securities, together with German Jumbo Pfandbrief and International Bonds is given in Schedule 1 and the settlement timetable for Belgium Government Debt is given in Schedule 2.

For the avoidance of doubt, it should be noted that the use of two netting runs for the same security for the same value date, may result in an increase in settlement obligations for a given value date than may have been the case if just one netting process was to be used.

In such netting process no distinction will be made between securities forming part of RepoClear Contracts arising from RepoClear Repo Transactions, Repo Trades or Bond Trades. The results of netting are subject to settlement shaping. The settlement shape is subject to a maximum size shown in the table below. The shaping size and times below may change from time to time and such changes will be notified to RCMs by Clearing Member circular. The Netting Process will produce delivery/receipt obligations for securities and for cash, for each RCM (and for each RepoClear Dealer who has been appointed as transferor/transferee), securities issue and ADS combination.

RepoClear Term £GC Contracts only

RepoClear Term £GC contracts will be netted by RepoClear at the Participant level, as specified in the contract terms. The results of netting are subject to settlement shaping. The netting process will commence at a predetermined London time and RepoClear Participants will be informed of results via Clearing Member Reporting. The shaping size, process and report times are shown in the table below, any changes to these will be notified to RCMs by Clearing Member circular. The Netting Process will produce delivery/receipt obligations for securities and for cash, for each RCM and for each RepoClear Dealer who has been appointed as transferor/transferee.

Participants should be aware that settlement instructions provided by the Clearing House to EUI in relation to netted obligations are provided in advance of the due date of such obligations and the settlement operations of the CREST Term DBV system may, in accordance with the rules of EUI,

result in delivery or receipt of cash or securities prior to the date on which legal obligations in respect of such cash or securities falls due.

RepoClear €GC Contracts only

RepoClear €GC Contracts will be netted on each day upon which the RepoClear €GC service operates. They will be netted by RepoClear at the Participant and Eligible €GC Basket level, as specified in the contract terms. The results of netting will not be subject to settlement shaping. The netting process will commence at a predetermined London time and RepoClear Participants will be informed of results via Clearing Member reporting. The processing and report times are shown in the table below, any changes to these will be notified to RCMs by Clearing Member circular. The netting process will produce delivery/receipt obligations for Eligible €GC Baskets and for cash, for each RCM, and for each RepoClear Dealer who has been appointed as transferor/transferee.

Category	Shape size	Start Netting Process	RepoClear Participants Informed by
Austrian, Dutch, Irish, Finnish, Portuguese, Slovenian, Slovakian and Spanish Government Debt Securities	EUR 50mn	Same Day Settlement: 11:00 Overnight Settlement: 15:00	Same Day Settlement: 12:00 Overnight Settlement: 16:30
German Government Debt Securities and German Jumbo Pfandbrief Bonds	EUR 50mn	Same Day Settlement: 10:30 Overnight Settlement: 15:00	Same Day Settlement: 11:30 Overnight Settlement: 16:30
International Bonds US \$ International Bonds	EUR 50mn US \$ 50mn	Same Day Settlement: 11:00 Overnight Settlement 15:00	Same Day Settlement: 12:00 Overnight Settlement: 16:30
Belgian Government Debt Securities	EUR 50mn	Same Day Settlement: 11:00 Overnight Settlement:	Same Day Settlement: 12:00 Overnight Settlement: 16:30

Category	Shape size	Start Netting Process	RepoClear Participants Informed by
		15:00	
United Kingdom Government Debt Securities	£50mn	11:30	12:30
Term £GC Baskets	£250mn	14:30	15:00
€GC Baskets	None	11:00	11:30

A worked example of the netting process can be found in the RepoClear Service Description.

RCMs (and those RepoClear Dealers who have been granted access to Clearing Member reporting) will be informed of their same day or future (as the case may be) settlement obligations following the completion of the netting process. Notification will be via Clearing Member reporting. At this time, RCMs (and those RepoClear Dealers who have been granted access to Clearing Member reporting) will be informed as to whether they will be required to make a cross-border delivery or not.

- 1.4.3 *Settlement:* Each RCM must ensure that sufficient securities are available on intended settlement dates in order to meet their settlement obligations and that all applicable requirements of the relevant ADS or ATA are met at all relevant times.

The Clearing House will send its settlement instructions to each of the ADSs or ATAs. Where a Power of Attorney arrangement is in place, the Clearing House will send the relevant instructions on behalf of the RepoClear Participant to its settlement account at the relevant ADS or ATA. For settlement of UK Government Debt Securities and RepoClear Term £GC Contracts, the Direct Input facility of EUI must be used. Where a Power of Attorney arrangement or a Direct Input facility is not in place, RepoClear Participants must upon receipt of their settlement obligations, match the settlement instruction in the ADS in a timely manner such as to enable settlement to occur in the standard cycle on the intended settlement date.

Failure to ensure compliance with the requirements of these Procedures and the requirements of the relevant ADS with regard to matching and settlement can cause delays for other RCMs and may result in costs being incurred by the Clearing House which will be charged back to the relevant RCM (see in particular Section 1.4.4 (*Failed and Partial Settlement*)).

In order to give RCMs the full benefit of the automated settlement cycles at relevant ADSs, the RepoClear Service will take full deliveries from CBL or

CBF Members into its EOC account in the daytime bridge which is in place between EOC and CBL or CBF – provided that these deliveries are handled within the timeframe and guidelines defined by EOC, CBL and CBF.

The Clearing House monitors performance in respect of all RepoClear delivery obligations. If an RCM does not fully comply with its delivery obligations, the Clearing House will regard this as an incident of poor settlement performance. Contact will be made with the RCM concerned and the Clearing House shall be entitled to require immediate remedial action.

A RepoClear Participant shall ensure that:

- settlement obligations relating to RepoClear Contracts which are instructed by the Clearing House on the day prior to settlement value i.e. S-1, settle in the overnight cycles at
 - Clearstream Frankfurt (CBF)
 - Clearstream Luxemburg (CBL)
 - Euroclear (EOC)
- settlement relating to all other RepoClear Contracts and RepoClear GC Contracts occurs in the first available daytime settlement cycle following instruction.
- it has sufficient cash and/or credit facilities in place in respect of its nominated accounts held at each ADS to allow RepoClear Contracts, RepoClear €GC Contracts and RepoClear Term £GC Contracts to settle on their intended settlement dates in the settle cycles specified above.

Section 1.4.4 (*Failed and Partial Settlement*) describes the procedures for the settlement of failed and partial settlement.

To reduce the occurrence of settlement fails it is compulsory for RepoClear Participants to participate in securities borrowing programs in good faith where these are provided by the ADSs. The extent of the borrowing facility should be commensurate with the value of obligations due to the Clearing House. RepoClear Participants should not amend any ADS Power of Attorney instructions issued over their account.

The settlement timetable for United Kingdom Government Debt Securities is given in Schedule 3.

The settlement timetable for RepoClear €GC Contracts (i.e. €GC Baskets) is given in Schedule 4.

The settlement timetable for RepoClear Term £GC Contracts (i.e. Term £GC Baskets) is given in Schedule 5.

RCMs will be informed of changes to these timetables via Clearing Member circular.

All securities delivered to the Clearing House, whether forming part of RepoClear Contracts or RepoClear GC Contracts, shall form one fungible pool which the Clearing House may use in its absolute discretion in order to meet its obligations arising under this Rulebook.

1.4.4 *Failed and Partial Settlement*

- (a) Provided that the Clearing House has the facility to borrow securities, it may seek to ensure settlement by borrowing securities in a case where a RepoClear Participant fails to deliver securities to the Clearing House.

Costs, charges and expenses incurred by the Clearing House in connection with a failure to deliver securities may be charged back by the Clearing House to any RCM who fails or omits to deliver or procure delivery as required by this Rulebook, or, where a RepoClear Dealer fails or omits to deliver or procure delivery, to the RepoClear Dealer's RCM. The Clearing House will deduct such costs, charges and expenses via that Clearing Member's PPS account.

Notification of failed settlements will be made via Clearing Member reporting.

Where, for whatever reason, an RCM fails to take delivery of a RepoClear Eligible Security or Eligible Securities (as such term is used in the RepoClear Term £GC Contract Terms and RepoClear €GC Contract Terms, as the case may be) from the Clearing House, all costs, charges and expenses incurred by the Clearing House in connection with such failures may be charged by the Clearing House to the RCM who fails to accept delivery as required by the Regulations and these Procedures. Equally, any costs, charges and expenses incurred by the Clearing House as a result of the action of an RCM to prevent a partial settlement, will be notified and charged to that RCM. When possible, the Clearing House will seek to minimise these costs, charges and expenses.

In the event the Clearing House is unlikely to receive sufficient securities to ensure settlement on the required settlement date, the buying RepoClear Participant may be required by the Clearing House to accept a partial settlement. Details of any partial settlement will be provided subsequently through Clearing Member reporting.

Austrian, Dutch, Irish, Finnish, German, Portuguese, Slovenian and Slovakian Government Debt Securities, German Jumbo Pfandbrief Bonds and International Bonds (including US Dollar International Bonds) (as described in the Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time).

Where an automated settlement cycle is in place at an ADS, the Clearing House will use this settlement cycle to recycle automatically any unsettled instructions. Fails and partials will be identified at the end of each automated settlement cycle of the ADS.

Any previously instructed settlement obligation which does not settle prior to the Clearing House's 15.00 registration deadline will usually be cancelled and re-entered into the netting process immediately following that registration deadline.

Unsettled settlement instructions will not generally be re-entered into the 10.30 or 11.00 netting processes.

Where the buying RepoClear Participant has been required to accept partial settlement, the remaining portion of the partial settlement will be entered into the next day's netting process immediately following the 15:00 registration deadline. Notification of any partial settlement will be made through Clearing Member Reporting.

Belgian and Spanish Government Debt Securities (as described in the Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time).

A failed settlement or a settlement where a RepoClear Participant has been required to accept partial settlement will not be re-entered into the next day's Netting Process.

United Kingdom Government Debt Securities - RepoClear Contracts only

A failed settlement or a settlement where a RepoClear Participant has been required to accept partial settlement with regard to a RepoClear Contract will not be re-entered into the next day's netting process.

Where the transfer of securities from the Clearing House to an RCM or a RepoClear Dealer acting as transferee, fails during the EUI DVP settlement process, the Clearing House may in its discretion, use one or more EUI "free of payment" transactions to transfer the appropriate securities in order to satisfy its delivery obligations in respect of any RepoClear Contract.

Where delivery is to be made in this way to an account operated by or on behalf of an RCM or RepoClear Dealer (acting as transferee), the Clearing House will obtain payment by means of the PPS system for securities so delivered. The Clearing House will obtain the funds via the PPS system and notify the RCM accordingly. Such payment will be called prior to the execution of the transaction in EUI.

RepoClear Participants are not permitted to force partial settlement on to the Clearing House. The Clearing House reserves the right to

introduce charges in the event an RCM forces partial settlement onto the Clearing House. RCMs will be advised of the introduction of these charges via a Clearing Member circular.

Where an RCM is unable to receive securities against payment by the ADS settlement deadline, the Clearing House may, with the consent of that RCM, instruct payment, partially or in full, for the Clearing Member's settlement obligations via their Sterling PPS account.

Term £GC Baskets – RepoClear Term £GC Contracts

Where the buying RepoClear Participant is required to accept partial settlement, the partial instructions created by the Clearing House will be created using the EUI Direct Input facility and therefore will not require matching on the EUI system by the RCM (or their agent) or RepoClear Dealer (acting as transferee) or their agent.

Where an RCM is unable to receive securities against payment by the ADS settlement deadline, the Clearing House may, with the consent of that RCM, instruct payment, partially or in full, for the Clearing Member's settlement obligations via their Sterling PPS account. Failed settlements will be re-input into netting unless the trade is due to mature on the next business day.

€GC Baskets – RepoClear €GC Contracts

A failed settlement or a settlement where a RepoClear Participant has been required to accept partial settlement will not be re-entered into the next day's Netting Process.

- (b) Where the Clearing House gives settlement instructions under a Power of Attorney or using the EUI Direct Input facility and, as a result of an error made by the Clearing House in carrying out such action, a RepoClear Participant suffers a loss of interest, that RCM (or if such loss is suffered by a RepoClear Dealer, the RepoClear Dealer's RCM) may submit to RepoClear Operations details of any claim the RCM, on its own behalf or on behalf of the RepoClear Dealer, as the case may be, wishes to make for reimbursement of such loss of interest.
 - (i) *Partial Delivery and Default:* In the event that a Default Notice is issued by the Clearing House in respect of an RCM ("**the Defaulting Clearing Member**") and:-
 - (A) the Defaulting Clearing Member has (either by itself or by its transferor/s), at the time of the issue of that Default Notice, delivered to the Clearing House some but not all securities necessary to satisfy its delivery and settlement obligations to the Clearing House in respect of all RepoClear Contracts and RepoClear GC Contracts, to which it is party and which are due for settlement prior to the issue of such Default Notice; or

- (B) the Clearing House has, at the time of the issue of that Default Notice, delivered to the Defaulting Clearing Member or any one of more of its nominated transferees, some but not all securities due to be delivered by the Clearing House in respect of all RepoClear Contracts and RepoClear GC Contracts to which it is a party and which are due for settlement prior to the issue of that Default Notice, because any one or more RCMs (or any one or more of their transferors) has not delivered in a timely fashion such full amount to the Clearing House as those RCMs are required to make in accordance with their obligations to the Clearing House,

the Clearing House shall allocate such securities as are delivered to the Clearing House by the Defaulting Clearing Member or its transferors in the circumstances set out in (A), or as are delivered by the Clearing House to the Defaulting Clearing Member or any one or more of its transferees in the circumstances set out in (B) above, as the case may be to each of those RepoClear Contracts or RepoClear GC Contracts in accordance with the following provisions. For the purpose of this Section, "delivered" means that relevant securities have successfully completed the settlement process in the relevant ADS.

Delivered securities will be allocated by the Clearing House to each such registered RepoClear Contract or RepoClear GC Contract, as the case may be, pro rata as explained in the examples set out below.

For example, if the Defaulting Clearing Member has been advised that a net amount of 5,000 is due from it but only delivers 2,500 (by itself or by any one or more of its nominated transferors), then such delivery will be deemed by the Clearing House to satisfy only 50% settlement in respect of each such registered RepoClear Contract or RepoClear GC Contract. Similarly, if the Defaulting Clearing Member has been advised that a net amount of 5,000 is due to be delivered to it by the Clearing House, but only 2,500 can be delivered, as described above, then such delivery will be deemed by the Clearing House to satisfy only 50% settlement in respect of each such registered RepoClear Contract.

Where the Defaulting Clearing Member has one or more RepoClear Dealers, then such pro rata allocations will be made in respect of the net amount of securities due to or from the Defaulting Clearing Member as the case may be in respect of RepoClear Contracts or RepoClear GC Contracts arising from its own trading activities ("**the RCM Trading Activities**") and separate pro rata allocations will be made in respect of each net amount of securities due in respect of RepoClear Contracts or RepoClear GC Contracts arising from the trading activities of each of its RepoClear Dealers ("**the RepoClear Dealer Trading Activities**"). For example, if a net amount of 4,000 is due from that RCM in respect of the RCM Trading Activities, and a net amount of 2,000 from RepoClear Dealer "A" and 1,000 in respect

of RepoClear Dealer "B's" respective RepoClear Dealer Trading Activities, (making a total due of 7,000) and the RCM delivers 2,000, RepoClear Dealer A delivers 2,000, and RepoClear Dealer B delivers 500, (making a total of 4,500 delivered) then the following pro rata allocation will be made by the Clearing House: each of the RepoClear Contracts arising from the RCM Trading Activities will be deemed to have been settled to the extent of 50%; each RepoClear Contract arising from RepoClear Dealer A Trading Activities will be deemed fully settled; and each RepoClear Contract arising from RepoClear Dealer B's Trading Activities, will be deemed to have been settled to the extent of 50%.

Such allocations are without prejudice to the Clearing House's powers under the Default Rules and the Clearing House may use any of its powers and take such steps as it deems fit under the Default Rules in respect of the Defaulting Clearing Member.

- (c) *Failed cash settlements:* For cash only transfer messages where the Clearing House holds a power of attorney or where the EUI Direct Input facility is used by the Clearing House, the Clearing House will send a SWIFT message to the relevant ADS requesting a debit to the relevant cash account of the RCM (or RepoClear Dealer where it is acting as a transferor/transferee). Where the Clearing House does not hold a power of attorney or Direct Input facility is not used by the Clearing House, the RCM is responsible for ensuring that the appropriate cash movement occurs.

Where the Clearing House does not hold a power of attorney and requires an RCM (or RepoClear Dealer where it is acting as a transferor/transferee) to effect a cash movement, and such transfer does not occur at the required or appropriate time, the Clearing House shall be entitled to reimbursement by the RCM (or the RepoClear Dealer's RCM) in respect of any charges, losses, costs and expenses incurred by the Clearing House as a result of such failed cash settlement. Such charges, losses, costs and expenses shall be deducted by the Clearing House via that RCM's PPS account.

- 1.4.5 *Cancellation of Original Settlement Obligations:* For RepoClear Eligible Securities other than UK Government Debt Securities (and, where specified, Belgian and Spanish Government Debt Securities), the settlement instructions will be cancelled:

- (a) where a partial settlement has been imposed in relation to a RepoClear Contract or a RepoClear Term £GC; or
- (b) where a RepoClear Contract remains unsettled in respect of all EUR dominated eligible securities (other than Belgian and Spanish Government Debt Securities) such contracts are eligible for reintroduction to the netting process for the following settlement day.

Where a Power of Attorney is in place, the RepoClear Participant's settlement instruction will be cancelled by the Clearing House. Where the Direct Input facility is operative, the RepoClear Participants' settlement instructions will have to be cancelled by both the Clearing House and the RepoClear Dealer.

1.4.6 *Coupon Transfer and Reporting:* Repo Trades and RepoClear Repo Transactions

Where a coupon is payable on a bond, it is paid by the issuer, via the ADS, to the current holder (buyer) of the security. However, in a classic repo transaction, the coupon amount is due to the original seller and should be received on the date the coupon is paid. Therefore, the Clearing House will claim the amount from the Buying Clearing Member in respect of the security, and, subject to payment to the Clearing House by that Buying Clearing Member, the Clearing House will pay the coupon amounts to the Selling Clearing Member.

Some depositories acting on behalf of the bond issuer levy charges for the payment of coupons. In these circumstances, for classic repo transactions the Clearing House will claim the gross coupon from the Buying Clearing Member receiving the coupon payment from the depository, and, subject to payment to the Clearing House by that Buying Clearing Member, the Clearing House will then pay the gross coupon amount to the Selling Clearing Member.

Thus, the RCM receiving the coupon payment from the depository will bear the cost of any fees charged by the depository in relation to that coupon payment.

The Clearing House will pay or call coupon payment amounts via RCMs' PPS accounts on the day the coupon is due. Details of these amounts will be available in Clearing Member reporting.

All coupon payments in respect of RepoClear Contracts arising from RepoClear Repo Transactions or Repo Trades entered into by a RepoClear Dealer will be paid or called by the Clearing House via the PPS account of the RCM of that RepoClear Dealer.

Bond Trades and RepoClear Bond Transactions

Where:

- the record date of the bond is one day prior to payment date; or,
- the bond has an early record date and trades on a negative accrued interest basis up to the payment date,

the Clearing House will not handle coupon payments of cash trades, as they will be factored into the closing cash amounts.

However, when the bond has an early record date and continues to trade positive accrued interest up to payment date, the Clearing House will handle coupon payments. For a Bond Trade or RepoClear Bond Transaction

registered with a value date between the record date and coupon pay date, or where a coupon payment for a Bond Trade or RepoClear Bond Transaction occurs during a failed settlement period, the Clearing House will claim the coupon payment from the selling RCM (or from the RepoClear Dealer's RCM) and pay any moneys so received to the buying RCM (or RepoClear Dealer's RCM, as the case may be).

€GC Trades and Term £GC Trades

No coupon realignment will be performed by the Clearing House in respect of €GC contracts or, Term £GC contracts.

- 1.4.7 *Insolvency or other default of an issuer:* RCMs (and RepoClear Dealers insofar as these Regulations and Procedures apply to them) are advised that their obligations, set out in this Rulebook and any other relevant agreements with the Clearing House including but not limited to obligations regarding settlement and delivery of RepoClear Eligible Securities, or Eligible Securities (as such term is used in the RepoClear Term £GC Contract Terms and RepoClear €GC Contract Terms) as the case may be, shall endure notwithstanding any suspension of trading in such securities (including trading on any trading platform) and notwithstanding that the issuer of such securities passes a resolution or a court makes an order for the winding up of the issuer or a receiver, administrative receiver, administrator, trustee or similar officer is appointed in respect of all or any part of its undertaking, or the issuer enters into a composition or voluntary arrangement with or for the benefit of its creditors or any other event of a similar nature occurs.

Where for any reason (including but not limited to the making of any court, regulatory or administrative order in respect of an issuer or the making of an administration or winding up order or similar order in respect of an issuer) settlement of any RepoClear Eligible Securities or Eligible Securities (as such term is used in the RepoClear Term £GC Contract Terms and RepoClear €GC Contract Terms) as the case may be is suspended by any ADS or ATA, the Clearing House may, in its discretion, cash settle any RepoClear Contract or RepoClear GC Contract in such terms between the relevant RCMs (as Buyer and Seller) as it deems appropriate in the circumstances.

1.4.8 *US Dollar International Bonds*

- (a) *Settlement:* RCMs should avoid in-putting or otherwise giving settlement instructions which would result in settlement taking place on a day which is not a "business day" according to the US Federal business calendar. If any such instructions are given or, for any other reason, settlement takes place on any such day, the RCM party to that RepoClear Contract shall be obliged to reimburse the Clearing House (via its PPS account) for any additional costs, charges and expenses incurred by the Clearing House as a result thereof.
- (b) *US Dollar PPS account:* Any RCM wishing to be party to any RepoClear Contract for US Dollar International Bonds must ensure that, prior to registration of any such Contract, it has notified the

Clearing House of an appropriate US dollar PPS bank account in London at a PPS Bank through which to receive or make US dollar payments, and has provided the Clearing House with all necessary documentation in respect thereof (including a signed PPS Mandate in the prescribed form – see Section 1.3 (*Protected Payments Systems*) of Procedure 3 (*Financial Transactions*) of these Procedures).

1.5 Proprietary Accounts and Client Accounts

1.5.1 Proprietary Accounts

A RCM may request that the Clearing House opens one or more Proprietary Accounts in respect of its House Clearing Business.

Each Proprietary Account will map to two sub-accounts

- (a) a position account; and
- (b) a collateral account

1.5.2 Client Accounts

(a) Types of Client Account

Subject to Regulation 11 (*Client Clearing Business*) of the General Regulations and Section 1.13 (*RepoClear Client Clearing*) below, a RCM may request that the Clearing House opens, in respect of its Client Clearing Business, one or more:

- (i) Individual Segregated Accounts;
- (ii) Identified Client Omnibus Net Segregated Accounts; and/or
- (iii) Affiliated Client Omnibus Net Segregated Accounts.

(b) Each Client Account will map to two or more sub-accounts:

- (i) one or more position accounts; and
- (ii) a collateral account.

1.6 Position Accounts

1.6.1 *Position-Keeping Accounts:* No distinction will be made in either Clearing Member Accounts or RepoClear Accounts between securities forming part of RepoClear Contracts arising from RepoClear Repo Transactions, RepoClear Bond Transactions, Bond Trades or Repo Trades and no distinguishing markers will be available in the RepoClear system to distinguish between such securities.

1.6.2 *Identification:* For identification purposes each RCM is assigned a unique three-character mnemonic. An RCM's position and financial information are

further identified by a single character code: H for RepoClear Clearing House Business and C for RepoClear Client Clearing Business. The H account is obligatory, the C account will be used in respect of any RCM which engages in RepoClear Client Clearing Business. An RCM's RepoClear positions are also recorded within the RepoClear system in RepoClear Accounts.

- 1.6.3 *RepoClear Accounts:* The RepoClear system will provide position keeping accounts for RCMs. Each RepoClear Account must map to either a RCM's Proprietary Account or a Client Account.

A registered RepoClear Contract or RepoClear GC Contract will be identifiable through Clearing Member Reporting by the code entered on the trade confirmation by the RepoClear Participant or by the ATS, where applicable. Each RepoClear Contract or RepoClear GC Contract will also be assigned a unique trade identifier by the Clearing House. Clearing Member Reporting will allow RCMs to identify all RepoClear Contracts and RepoClear GC Contracts registered in their name, and the submitting RepoClear Dealer, where applicable.

1.7 Collateral Accounts

Clearing Member Accounts and Client Accounts have collateral accounts within them. These are, inter alia, used to record cash balances and securities/documentary credits. Information contained within a position-keeping account is consolidated with the associated collateral account, as follows:

1.7.1 *Relationship with Position-Keeping Accounts*

Position-Keeping Account	Collateral Account
H House	H
C Client	C

Each client "C" position-keeping account and the client "C" collateral account of a RCM may hold any number of segregated sub-accounts. Each Individual Segregated Account of the RCM will map onto one such segregated sub-account in the client "C" position-keeping account and one such segregated sub-account in the client "C" collateral account and each Omnibus Segregated Account will map onto one such segregated sub-account in the client "C" position-keeping account and one such segregated sub-account in the client "C" collateral account.

- 1.7.2 *Other Accounts:* At the Clearing House's discretion, further accounts may be opened as follows:

Code	
Buffer account (House), used for holding House Excess	B
Buffer account (House), used for holding Client Excess	E

Coupons payable in relation to Proprietary positions O

Coupons payable in relation to Client positions C

1.7.3 *Default Fund (DF) Account:* Each RCM's Default Fund Contribution is held on a separate account. In accordance with the Default Rules this account attracts a rate of interest as determined from time to time by the Clearing House. The Default Fund account code is F.

1.8 Margin and Collateral

Margin and Collateral requirements in respect of RepoClear positions are made up of three basic components:

1.8.1 Variation margin

1.8.2 Delivery margin

1.8.3 Initial margin

These three components are described below. Further detail on the margin and Collateral requirements in respect of RepoClear positions is available in the RepoClear Service Description. Technical questions should be directed to the Clearing House Risk Department at repoclearfirstline@lchclearnet.com.

1.8.4 *Variation Margin:* Variation margin represents the change in the net present value (NPV) of a RepoClear Contract or RepoClear GC Contract over a one day period (last RepoClear Opening Day minus current RepoClear Opening Day). All RepoClear Contracts and RepoClear GC Contracts will be marked to market at least daily, in accordance with Regulation 24 (*Settlement and Revaluation: Clearing Process System*). Changes in the NPV of RepoClear Contracts and RepoClear GC Contracts, based on the mark to market calculation, will be paid or received in cash, in the relevant currency of the Contract, on an assumed settlement basis.

With respect to RepoClear GC Contracts, variation margin based on the mark to market calculation, will be calculated for the repo interest only, and Collateral in respect of the variation margin obligations will be transferred to or from the Clearing House in cash on a daily basis in the currency of the relevant RepoClear GC Contract on an assumed settlement basis.

Separate variation margin calculations are performed for a Clearing Member's Proprietary Account and for each "C" Client Account which is a sub account of a RCM's Client Account. No offset between the "C" and the "H" accounts is allowed and, except pursuant to a Cross-ISA Client Excess Deduction, no offset is allowed between any Client Accounts.

(a) *Price Alignment Interest:* The payment of Collateral in respect of variation margin (the change in NPV) on a daily basis would potentially distort the pricing mechanisms for RepoClear Contracts and RepoClear GC Contracts cleared through the Clearing House. In order to minimise the impact of the variation margin obligation, the Clearing

House will, for each RCM, either charge interest on cumulative amounts received by the RCM in respect of variation margin obligations or pay interest on cumulative amounts paid.

- 1.8.5 *Delivery Margin – RepoClear Contracts only:* Delivery margin is designed to protect the Clearing House against the possible losses caused by the different timings of the payments of variation margin and the settlement of positions in the event of an RCM failing to deliver bonds or in the event of an RCM default.

Delivery margin will be calculated based on cumulative variation margin by delivery. If an RCM is long cumulative variation margin on a net settlement position in a security for settlement on day 's', it will be called for delivery margin equal to the cumulative variation margin on s-2.

If on the other hand, an RCM is short cumulative variation margin on a net settlement position in a security for settlement on day 's', it will be called for delivery margin equal to the cumulative variation margin on s-1. Delivery margin will not be called in respect of RepoClear GC Contracts.

- 1.8.6 *Initial Margin:* The Clearing House requires RCMs to transfer Collateral in respect of the initial margin obligation to the Clearing House. Value At Risk ("**VAR**") will be used to calculate initial margin requirements for RepoClear Contracts and RepoClear Term £GC Contracts.

Separate initial margin calculations are performed for a Clearing Member's Proprietary Account and for each "C" Client Account which is a sub account of a RCM's Client Account. No offset between the "C" and the "H" accounts is allowed and, except pursuant to a Cross-ISA Client Excess Deduction, no offset is allowed between any Client Accounts.

- (a) *Margin Parameters:* RCMs will be notified by the Clearing House of alterations to margin parameters no later than the RepoClear Opening Day before calls are made based on the new parameters.
- (b) *Value at Risk:* General information on VAR - including the Clearing House's Margin Advisor and RepoCalc may be obtained by phoning +44 (0)20 7426 6338. Technical questions should be directed to the Clearing House Risk Department at repoclearfirstline@lchclearnet.com.

- 1.8.7 *Intra-day Margin Calls:* In accordance with the Regulations, the Clearing House is entitled to make additional margin calls for payment the same day (intra-day margin calls) where it is considered necessary. To the extent that additional Collateral may be required, intra-day margin calls result in a request for cash Collateral via the PPS.

With regard to RepoClear Term £GC Contracts, where RCMs successfully cover before 7.30am London time, all collateral obligations arising from the latest CREST Term £GC mark to market revaluation, any Term £GC margin held in excess of that required to cover the CREST revaluation will be eligible

for immediate (same-day) return via PPS, providing the Clearing House receive a specific member request by 09:30am London time in CMS and in accordance with Section 3 of these Procedures. Any excess margin not requested by the RCM will be held on account and used to cover subsequent member liabilities.

1.9 Notifications to the Clearing House regarding activities of RepoClear Dealers

- 1.9.1 *Notification of transferor/transferee capacity:* Any notification by an RCM authorising a RepoClear Dealer to act as transferor/transferee as set out above in Section 1.1.8 must be made in writing addressed to the Head of RepoClear Operations, and delivered to the Clearing House in accordance with Section 1.9.6 (*Requirements for giving Notice*) below. Such notification must contain the name of the RCM, the name of the RepoClear Dealer (as it appears on the relevant RepoClear Dealer Clearing Agreement) and the date upon which such RepoClear Dealer may commence to act as transferor/transferee ("**the commencement date**"). It must be received by the Clearing House no less than 20 business days before the commencement date. The RepoClear Dealer's RCM must ensure that the Clearing House is advised of all relevant details regarding cash and securities accounts held by that RepoClear Dealer at relevant ADSs.
- 1.9.2 *Termination or suspension of transferor/transferee capacity:* An RCM may terminate or suspend such notification at any time, providing that it gives no less than 20 business days' written notice of such termination or suspension to the Clearing House in accordance with 1.9.6 below. Any such notice must contain the name of the RCM, the name of the RepoClear Dealer (as it appears on the relevant RepoClear Dealer Clearing Agreement) and the date upon which termination or suspension is to become effective. Where any such notice is one requesting suspension it shall identify the period of time for which such suspension is sought.
- 1.9.3 *Authorisation of a RepoClear Dealer to trade on an approved Automated Trading System:* Any RCM wishing to authorise a RepoClear Dealer (with whom it has entered into a RepoClear Dealer Clearing Agreement with the Clearing House) to trade on any one or more approved ATSS (see Section 1.3.1 (*Approved Trade Matching Systems (ATMS's) and Automated Trading Systems (ATS's)*)) above must do so in writing addressed to the Head of RepoClear Operations. Such written authorisation must be delivered to the Clearing House in accordance with Section 1.9.6 (*Requirements for giving notice*) below and received by the Clearing House no less than 2 business days before the earliest date referred to in paragraph (e) of Section 1.9.3 (*Authorisation of a RepoClear Dealer to trade on an approved Automated Trading System*) below and must contain the following particulars:
- (a) Name of the RCM.
 - (b) Name of the RepoClear Dealer as it appears on the relevant RepoClear Dealer Clearing Agreement.

- (c) Fax number or email address of the RepoClear Dealer to which confirmation of receipt of any notice of termination (see 1.9.4 below) is to be given by the Clearing House.
- (d) Name of each ATS on which the RepoClear Dealer is authorised to trade.
- (e) Date upon which the RepoClear Dealer may commence to trade on each identified ATS.
- (f) Settlement account and cash account details for the RepoClear Dealer for ADSs, including agent details if appropriate.

Such authorisation shall remain valid and in effect until such time as the RepoClear Dealer's RCM gives notice of termination in accordance with Section 1.9.4 (*Termination of authorisation to trade on an approved Automated Trading System*) below.

1.9.4 *Termination of authorisation to trade on an approved Automated Trading System:* An authorisation given in accordance with Section 1.9.3 (*Authorisation of a RepoClear Dealer to trade on an approved Automated Trading System*) above may be terminated by the RCM in accordance with the following procedural and other requirements:

- (a) A notice of termination may be given at any time but must be given in writing addressed to the Head of RepoClear Operations, at the Clearing House, in accordance with Section 1.9.6 (*Requirements for giving notice*) below.
- (b) Such notice of termination must contain the name of the requesting RCM, the name of the RepoClear Dealer as it appears on the relevant RepoClear Dealer Clearing Agreement, the name of each ATS in respect of which authorisation is being terminated, a fax or email address to which confirmation of receipt of such notice may be sent by the Clearing House to the RCM and must be signed by a person authorised by the RCM to give such notice.
- (c) Any such notice given to the Clearing House on a business day for the RepoClear service shall be effective one hour after confirmation of receipt of such notice has been given by the Director, Business Operations, to the RCM at the fax number or email address specified in the notice, and to the RepoClear Dealer at the fax or email notified to the Clearing House by the RCM for such purpose in accordance with Section 1.9.3 (*Authorisation of a RepoClear Dealer to trade on an approved Automated Trading System*).
- (d) Any such notice to terminate given to the Clearing House on a day which is not a business day for the RepoClear service shall become effective one hour after the commencement of the RepoClear service on the next following business day.

- (e) The Clearing House may rely on any such written notice to terminate which reasonably appears to the Clearing House to be given by an RCM without the need for the Clearing House to make any checks or carry out any verification regarding the origin or authenticity of such a request. The Clearing House shall be under no obligation to inquire into the authority of the signatory of any such written notice or to inquire into the reasons for giving any such notice.
- (f) Following receipt of any such notice the Clearing House will notify all RepoClear Dealers and RCMs that the RepoClear Dealer identified in such notice is no longer able to submit RepoClear eligible trades to the Clearing House for registration. Any failure by the Clearing House to give such notice shall not invalidate the termination.

1.9.5 *Request from an RCM or RepoClear Dealer to trade GC Baskets:* Any RCM wishing to trade in any Eligible GC Basket must first obtain the Clearing House's permission. Any RepoClear Dealer wishing to trade in any Eligible GC Basket must also obtain the Clearing House's prior permission and such request for permission must be submitted to the Clearing House by that RepoClear Dealer's RCM. Such request must, in either instance, be addressed to the Director, RepoClear and delivered to the Clearing House in accordance with Section 1.9.6 (*Requirements for giving notice*) below.

A request for permission must be received by the Clearing House no less than 20 Business Days before the earliest date referred to in paragraph (c) of Section 1.9.5 (*Request from an RCM or RepoClear Dealer to trade GC Baskets*) below and must contain the following particulars:

- (a) Name of the RCM or RepoClear Dealer, as the case may be, as it appears on the relevant RepoClear Dealer Clearing Agreement.
- (b) Fax number or email address of the RCM or RepoClear Dealer to which confirmation of receipt of any notice of termination (see Section 1.9.6 (*Requirements for giving notice*) below) is to be given by the Clearing House.
- (c) Date upon which the RCM or RepoClear Dealer wishes to commence to trade in the relevant Eligible Term £GC Basket or Eligible €GC Basket, as the case may be.
- (d) Name of each basket for which permission is sought.
- (e) Confirmation of applicable settlement arrangements in respect of each Eligible Term £GC Basket or Eligible €GC Basket, as the case may be, for which permission is sought.

The Clearing House will give such permission in respect of each GC Basket requested, providing that it is satisfied that appropriate settlement arrangements, meeting the Clearing House's requirements, can be put in place in respect of the settlement of all securities eligible for allocation in each such

GC Basket. Such authorisation shall remain in place until terminated by the Clearing House.

Any trade in a GC Basket which would otherwise be eligible for registration by the Clearing House will be rejected by the Clearing House if either of the RepoClear Participants participating in such trade has not previously been authorised by the Clearing House in respect of that GC Basket or if such an authorisation has been withdrawn by the Clearing House or by a RepoClear Dealer's RCM.

- 1.9.6 *Requirements for giving notice:* Where any notification, authorisation or notice is to be given by an RCM under this Section 1.9 or is to be given by an RCM in order to terminate any RepoClear Dealer Clearing Agreement, such notice shall be given in writing and may be delivered by hand or sent by first class mail to the relevant addressee at the Clearing House, Aldgate House, 33 Aldgate High Street, London EC3N 1EA, or sent by fax to +44 (0)207 426 7001.

1.10 RepoClear Term £GC Product

- 1.10.1 *Introduction:* This Section sets out additional provisions which apply to Eligible Term £GC Trades submitted either through an ATMS ("**RepoClear Term £GC Transaction**") or through an ATS ("**RepoClear Term £GC Trade**").
- 1.10.2 *Registration of Eligible Term £GC Trades:* Details of the Term £GC Baskets are set out in the Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time.
- 1.10.3 *Netting and Allocation Process:* Following the registration deadline time on each Term £GC business day, the Clearing House instructs EUI of:
- The net cash position with respect to repo interest due for settlement on the next Term £GC business day for each RepoClear Participant in respect of all relevant Term £GC Basket trades to be settled.
 - The net position due for settlement on the current business day for each RepoClear Participant in respect of each Term £GC Basket to be settled. Details of the instructions are made available to the RepoClear Participant via the Clearing Member portal.
 - Allocation of specific securities occurs automatically by means of the Term DBV process operated by EUI pursuant to its rules and procedures. Securities are allocated by EUI and the Clearing House has no responsibility for such allocation. In order to ensure the smooth return of collateral, the RepoClear Participant who receives the allocated securities should not on-deliver securities received through settlement of Term £GC Basket positions outside of the EUI Term DBV service.)
- 1.10.4 *Eligibility of Bonds for allocation to Eligible Term £GC Trades:* Securities eligible for allocation to trades in the Term £GC Basket ISIN are defined on

the Clearing Member-only website. Definition is by reference to a EUI UBG Class. However, if new securities are added to the EUI UBG Class that do not fit the risk profile desired by the Clearing House of the Term £GC Basket, the Clearing House may exclude such securities from the Term £GC Basket definition.

Where the Clearing House excludes any such securities, details will be posted on the Clearing House member only website.

1.11 RepoClear Euro General Collateral Product

1.11.1 *Introduction:* This section sets out additional provisions which apply to Eligible €GC Trades submitted either through an ATMS ("**RepoClear €GC Transaction**") or through an ATS ("**RepoClear €GC Trade**").

1.11.2 *Registration of Eligible €GC Trades:* Details of the €GC Baskets are set out in the Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time.

Upon registration with the Clearing House, an Eligible €GC Trade is managed as a series of linked overnight (with respect to days on which the RepoClear €GC service operates) repos plus a final interest payment – see the Product Specific Contract Terms and Eligibility Criteria Manual for details of the contract terms applicable.

1.11.3 *Process for update of contents of baskets:* Whilst the criteria which define each of the Eligible €GC Baskets will remain fixed, the countries' debt meeting the defined criteria for inclusion in each basket may change from time to time.

Where a new country falls within the definition of Euro Zone Countries, the Clearing House will include that country's debt in the relevant Eligible €GC Baskets based on the eligibility criteria for each Eligible €GC Basket and the Combined Credit Rating for the country.

Where a country ceases to fall within the definition of Euro Zone Countries the Clearing House will remove that country's debt from the Eligible €GC baskets of which it was a constituent.

Where the Combined Credit Rating of a country that falls within the definition of Euro Zone Countries changes the Clearing House will add or remove that country's debt from each of the relevant Eligible €GC Baskets based on the new Combined Credit Rating of that country.

Individual issues of securities (where that issue does not meet the Clearing House's requirements for risk management purposes) may be excluded from Eligible €GC Baskets. Details of these excluded securities will be published on the Clearing House member only website.

1.11.4 *Netting and Allocation Process:* Following the registration deadline on each day on which the RepoClear €GC service operates, the Clearing House instructs for each RepoClear Participant:

- The cash position(s) with respect to repo interest due for settlement on the subsequent day upon which the RepoClear €GC service operates. These net cash positions are instructed separately for €GC Baskets which settle at different ATAs.
- The net position due for settlement on the next day on which the RepoClear €GC service operates in respect of each €GC Basket to be settled.

Details of the instructions are made available to the participant via the Clearing House member only website.

Allocation of specific securities occurs automatically by means of the Triparty processes operated by the ATAs pursuant to their rules and procedures. Securities are allocated by the ATAs and the Clearing House has no responsibility for such allocation. Equivalent securities to those allocated on the previous €GC business day are returned on the next day on which the RepoClear €GC service operates.

1.12 Default Management

- 1.12.1 *Default Fund: RepoClear Contributions:* RepoClear Contributions may be payable in either Euros or Pounds Sterling subject to the terms of this Section 1.12. Where a RepoClear Clearing Member has RepoClear Contracts with RepoClear 30% or more of which (determined by value) are denominated in Pounds Sterling, such RepoClear Clearing Member may choose to pay the entirety of their RepoClear Contributions in Pounds Sterling. In all other circumstances the entirety of a RepoClear Clearing Member's RepoClear Contributions must be paid in Euros. All further payments of RepoClear Contributions must be in the same currency as selected by a RepoClear Clearing Member for their first payment of a RepoClear Contribution made by such RepoClear Clearing Member. A RepoClear Clearing Member may not change the currency of their RepoClear Contributions except with the permission of the Clearing House (in its absolute discretion) and in any case with no less than 10 working days (and working days for the purposes of this Section 1.12 shall mean a banking business day for the relevant currency) notice of such request to the Clearing House's Membership Department to the address below:

onboarding@lchclearnet.com

The Clearing House may (in its absolute discretion) require a change in the currency of a RepoClear Clearing Member's RepoClear Contribution and such change shall be notified with no less than three working days notice.

The Clearing House shall, in making calculations or determining contributions or making payments, apply an available exchange rate between Euros and Pounds Sterling as it selects at its absolute discretion.

- 1.12.2 *Default Fund: Further Payments of RepoClear Contributions:* RepoClear Contributions will be called via PPS on the fourth working day of each month or more frequently pursuant to a determination of the RepoClear Contribution under R8 of the Default Rules (each a "**RepoClear Reset Day**"). RepoClear Contribution requirements will be notified to RepoClear Clearing Members at least two working days prior to each RepoClear Reset Day.

Excess RepoClear Contribution amounts due to RepoClear Clearing Members following the adjustment to the RepoClear Contribution will be repaid to RepoClear Clearing Members PPS accounts on the RepoClear Reset Day immediately following the adjustment to the RepoClear Contribution.

Interest on RepoClear Contributions will be paid to RepoClear Clearing Members' PPS accounts on the first working day after the RepoClear Reset Day following the end of the relevant "interest accrual period". Interest is calculated in respect of each "interest accrual period", which commences on (and includes) a RepoClear Reset Day and ends on (and includes) the calendar day immediately before the next RepoClear Reset Day.

- 1.12.3 *Loss Distribution Charges:* Loss Distribution Charges called under R9(b) of the Default Rules shall also be subject to the terms of Section 1.12.2 above. All payments of Loss Distribution Charges shall be in the same currency as a RepoClear Clearing Member's RepoClear Contributions.

The Clearing House shall, in making calculations or determining contributions or making payments, apply an available exchange rate between Euros and Pounds Sterling as it selects at its absolute discretion.

1.13 **RepoClear Client Clearing**

1.13.1 *RepoClear Client Clearing – Ancillary Documentation*

- (a) *Security Deed:* Unless specified otherwise by the Clearing House, a RepoClear Clearing Member must enter into a Security Deed in respect of its Clearing Clients in relation to amounts due to it from the Clearing House pursuant to the Client Clearing Annex. Further information in relation to such Security Deed is prescribed by the Clearing House from time to time and published on the Clearing House's website.
- (b) *Prescribed Language and End-User Notice:* Pursuant to the Clearing House's General Regulations, each RepoClear Clearing Member is required to ensure that it includes certain language in its agreement with its RepoClear Clearing Client (the "**Clearing House Prescribed Language**"). The Clearing House Prescribed Language is shown at Schedule 2 of Procedure 4 (*Margin and Collateral*).

1.13.2 *Transfer of RepoClear Contracts and RepoClear GC Contracts between Client Accounts and Proprietary Accounts*

- (a) If at any time an early termination date (howsoever described) occurs in respect of one or more of the transactions between a RepoClear Clearing Member and a RepoClear Clearing Client in respect of which such RepoClear Clearing Member is a party to Related RepoClear Contracts or RepoClear GC Contract and, at the time of such early termination date, the relevant RepoClear Clearing Member is not a Defaulter, the relevant RepoClear Clearing Member may instruct the Clearing House to transfer the relevant Related RepoClear Contracts or Related RepoClear GC Contracts from its Client Account to its Proprietary Account.
- (b) For the purposes of this Section 1.12.2 a "**Related RepoClear Contract**" means, in respect of a transaction between a RepoClear Clearing Member and a RepoClear Clearing Client which has been terminated on an early termination date, the open position represented by the RepoClear Contract entered into with the Clearing House by such RepoClear Clearing Member on behalf of the relevant RepoClear Clearing Client on equal and opposite terms to such transaction.

For the purposes of this Section 1.12.2 a "**Related RepoClear GC Contract**" means, in respect of a transaction between a RepoClear Clearing Member and a RepoClear Clearing Client which has been terminated on an early termination date, the open position represented by the RepoClear GC Contract entered into with the Clearing House by such RepoClear Clearing Member on behalf of the relevant RepoClear Clearing Client on equal and opposite terms to such transaction.

- (c) A transfer pursuant to this Section 1.12.2 will be subject to receipt by the Clearing House of the following:
- (i) a copy of the notice from the relevant RepoClear Clearing Member to the relevant RepoClear Clearing Client designating the relevant early termination date or, if such early termination date has occurred automatically, evidence of the relevant event of default or termination event;
- (ii) a copy of a notice served by the relevant RepoClear Clearing Member on the relevant RepoClear Clearing Client alerting that RepoClear Clearing Client of its intention to request a transfer of the relevant Related RepoClear Contracts or Relevant RepoClear GC Contracts pursuant to this Section 1.13.2; and
- (iii) an indemnity from the relevant RepoClear Clearing Member in a form suitable to the Clearing House
- (d) The Clearing House will usually arrange a transfer of Related RepoClear Contracts or RepoClear GC Contracts within 24 hours of receipt (to the extent applicable) of the documents listed in paragraphs

- (a) to (c) above, unless such transfer is contested by the relevant RepoClear Clearing Client.
- (e) In any other circumstance not covered by 1.13.2, a RepoClear Clearing Member may only instruct the Clearing House to transfer a RepoClear Contract or RepoClear GC Contracts from its Client Account to its Proprietary Account in circumstances where the Clearing House has received from the RepoClear Clearing Member:
- (i) evidence of the relevant RepoClear Clearing Client's consent to such transfer in a form suitable to the Clearing House; and
 - (ii) an indemnity in a form suitable to the Clearing House.

The Clearing House will usually arrange a transfer of any RepoClear Contract or RepoClear GC Contracts to be transferred pursuant to this Section 1.13.2 (e) within 24 hours of receipt (to the extent applicable) of the documents listed in sub-Sections (i) and (ii) above, unless such transfer is contested by the relevant RepoClear Clearing Client.

- 1.13.3 *Cleared Trade Removal Agreement:* RepoClear Contracts and RepoClear GC Contracts may be transferred from a Client Account to the relevant Clearing Member's Proprietary Account in accordance with Section 1.13.2. In the event that a RepoClear Clearing Member wishes to remove a RepoClear Contract or RepoClear GC Contract submitted through the SWIFT trade source it should complete a Cleared Trade Removal Agreement as set out in Schedule 3 of Section 4 (*Margin and Collateral*) of the Procedures and a corresponding Cleared Trade Removal Agreement should also be submitted to the Clearing House by the Counterparty Clearing Member (as defined in the Agreement).
- 1.13.4 *Backup Clearing Members:* A RepoClear Clearing Client may appoint a Backup Clearing Member for the purposes of the porting of the RepoClear Contracts or RepoClear GC Contracts entered into by a RepoClear Clearing Member on its behalf, in accordance with the Client Clearing Annex.

Where, following the Default of a RepoClear Clearing Member, the Clearing House is notified of the existence of such a Backup Clearing Member in respect of a RepoClear Clearing Client, the Clearing House is entitled, in accordance with the Client Clearing Annex, to immediately and without notice to any person, send details of the Relevant Contracts and Relevant GC Contracts and Account Balances to that appointed Backup Clearing Member. The Clearing House shall not require consent from any person in advance of sending these details.

Note: The appointment by a RepoClear Clearing Client of a Backup Clearing Member and the notification of a Backup Clearing Member to the Clearing House does not mean that RepoClear Contracts and RepoClear GC Contracts will always be transferred to that Backup Clearing Member. Porting of RepoClear Contracts, following a RepoClear Clearing Member's Default is always subject to the Clearing House's receipt of consent from the relevant Backup Clearing Member.

1.14 Indirect Clearing

1.14.1 In circumstances where an early termination date (howsoever described) occurs in respect of all of the transactions between a RepoClear Clearing Member and a RepoClear Clearing Client acting on behalf of Indirect Clearing Clients comprising an Indirect Omnibus Segregated Account in respect of which such RepoClear Clearing Member (i) is a party to Related RepoClear Contracts or RepoClear GC Contracts and (ii) at the time of such early termination date, is not a Defaulting RCM, that RepoClear Clearing Member may instruct the Clearing House to take one of the following steps:

- (a) in circumstances where (i) the RepoClear Clearing Member notifies a single Backup Client in respect of all of the relevant Indirect Clients and (ii) within such time as the Clearing House may determine of the receipt of the relevant instructions from the RepoClear Clearing Member, the Clearing House has received confirmation in writing from the Backup Client of its agreement to act as Backup Client in relation to the arrangement described in this paragraph (a) (in such form as the Clearing House may require at the relevant time), transfer to the appointed Backup Client all of the open Related RepoClear Contracts and Related RepoClear GC Contracts and the balance of the Collateral recorded by the Clearing House as being credited to the relevant Indirect Omnibus Segregated Account (a "**Client to Client Porting**");
- (b) transfer the relevant Related RepoClear Contracts and Related RepoClear GC Contracts from the relevant Indirect Omnibus Segregated Account to a new Omnibus Segregated Account opened within the Clearing House by the relevant RepoClear Clearing Member directly on behalf of the relevant clients (a "**Direct Account Opening**"); or
- (c) transfer the relevant Related RepoClear Contracts and Related RepoClear GC Contracts from the relevant Indirect Omnibus Segregated Account to the RCM's Proprietary Account (an "**Initial Transfer**").

The Clearing House will determine whether a Client to Client Porting or a Direct Account Opening is possible within the period of time considered by the Clearing House (in its sole discretion) to be appropriate in the relevant circumstances and published on its website in relation to the relevant RepoClear Clearing Client. In the event of a determination by the Clearing House that the relevant step is impossible (an "**Impossibility Determination**"), the Clearing House will arrange a transfer of the Related RepoClear Contracts to the RepoClear Clearing Member's Proprietary Account (a "**Fallback Transfer**").

1.14.2 Each of the steps referred to in paragraphs 1.14.1 (a), (b) and (c) above and any Fallback Transfer will be subject to receipt by the Clearing House of the following:

- (a) a copy of the notice from the relevant RepoClear Clearing Member to the relevant RepoClear Clearing Client or from the relevant RepoClear Clearing Client to the relevant RepoClear Clearing Member, copied to each of the relevant Indirect Clearing Clients, designating the relevant early termination date or, if such early termination date has occurred automatically, evidence of the relevant event of default or termination event;
- (b) a copy of a notice served by the relevant RepoClear Clearing Member on the relevant RepoClear Clearing Client and copied to each of the relevant Indirect Clearing Clients, alerting that RepoClear Clearing Client and those Indirect Clearing Clients (i) of its intention to request a Client to Client Porting, a Direct Account Opening or an Initial Transfer (as applicable) in respect of the relevant Related RepoClear Contracts; and (ii) that, in the event of an Impossibility Determination in respect of a request for Porting or a Direct Account Opening, a Fallback Transfer is likely to occur; and
- (c) an indemnity from the relevant RepoClear Clearing Member in a form suitable to the Clearing House.

Unless contested by the relevant RepoClear Clearing Client, the Clearing House will usually arrange a transfer of Related RepoClear Contracts and RepoClear GC Contracts: (i) in the case of an Initial Transfer, within 24 hours of receipt (to the extent applicable) of the documents listed in paragraphs (a), (b) and (c) of this 1.14.2; and (ii) in the case of a Fallback Transfer, within 24 hours of the relevant Impossibility Determination.

For the purposes of this Section 1.14.2 a "**Related RepoClear Contract**" has the same meaning as ascribed to such term in Section 1.13.2 save that, in this Section 1.14.2 the RepoClear Clearing Client is a RepoClear Clearing Client acting on behalf of Indirect Clearing Clients comprising an Indirect Omnibus Segregated Account.

For the purposes of this Section 1.14.2 a "**Related RepoClear GC Contract**" has the same meaning as ascribed to such term in Section 1.13.2 save that, in this Section 1.14.2 the RepoClear Clearing Client is a RepoClear Clearing Client acting on behalf of Indirect Clearing Clients comprising an Indirect Omnibus Segregated Account.

1.15 **Regulatory notification: information statement on the risks and consequences of concluding a RepoClear Contract or a RepoClear GC Contract**

1.15.1 *Interpretation*

In this paragraph 1.15:

"Repurchase Agreement" means a RepoClear Contract or a RepoClear GC Contract.

"Securities Financing Transactions Regulation" means Regulation (EU) 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

1.15.2 *Background and status*

Under the Securities Financing Transactions Regulation, the Clearing House is required to inform an RCM in writing of the general risks and consequences that may be involved in concluding a Repurchase Agreement (the "**Risks and Consequences**").

The information statement in paragraph 1.15.3 below (the "**Information Statement**") has been prepared to comply with the requirements under Article 15 of the Securities Financing Transaction Regulation and;

- (a) is made by the Clearing House to RCMs in connection with the RepoClear Clearing House Business and the RepoClear Client Clearing Business and relates only to the Risks and Consequences;
- (b) is provided for information only, does not purport to be comprehensive and is not intended to amount to advice of any kind whatsoever on which an RCM, a RepoClear Clearing Client or any other party should rely. Without prejudice to the generality of Regulation 52, although the Clearing House has used its reasonable efforts to provide information which is accurate and complete in all material respects, the Clearing House makes no representations, warranties, whether express or implied, that the Information Statement is accurate, complete, or up-to-date;
- (c) does not amend or supersede the Rulebook, the express terms of any RepoClear Transaction, RepoClear Contract or any rights or obligations that an RCM or RepoClear Clearing Client may have under applicable law, create any rights or obligations or otherwise affect the liability and obligations of the Clearing House, RCM or RepoClear Clearing Client;
- (d) may be read in conjunction with the Clearing House disclosure for the purposes of Article 39(7) of Regulation (EU) No 648/2012 of the European Parliament and the Council of 4 July 2012 on OTC Derivatives, Central Counterparties and Trade Repositories ("**EMIR**") which is available here:
<http://www.lch.com/documents/731485/762693/Legal+Implications+Article+39.7/e1ca463b-0498-4179-920d-7416a49d360f>

1.15.3 *Information Statement*

Where an RCM provides securities to the Clearing House under a Repurchase Agreement, the Clearing House draws the RCM's attention to the following Risks and Consequences:

Clearing House insolvency or default

- (e) the Clearing House is subject to certain protections against insolvency proceedings which protect, amongst other things, Collateral and close out arrangements such that the default management provisions of the Rulebook shall apply to enable the Clearing House to effectively manage a Default;
- (f) the Clearing House may be subject to the Special Resolution Regime under Part 1 of the Banking Act 2009 if the Bank of England is satisfied that the Clearing House is failing or is likely to fail to satisfy its recognition requirements or it is not reasonably likely that other action(s) will be taken by or in respect of the Clearing House which would enable the Clearing House to maintain the critical clearing services it provides;
- (g) fungible assets posted as Collateral are not held by the Clearing House separately from assets in the beneficial ownership of the Clearing House, there is a risk on the insolvency of the Clearing House that the property rights of the RCM may be lost;
- (h) in the event of the Clearing House's insolvency or default under the Repurchase Agreement, the RCM's claim against the Clearing House for delivery of equivalent securities will not be secured and will be subject to the terms of the relevant Repurchase Agreement and applicable law and accordingly, an RCM may not receive such equivalent securities or recover the full value of the securities (although an RCM's exposure may be reduced to the extent that the RCM has liabilities to the Clearing House which can be set off or netted against or discharged by reference to the Clearing House's obligation to deliver equivalent securities to the RCM);

RCM Default

- (i) in a respect of a Defaulting RCM, the Clearing House may exercise its discretion to decline to register a contract in the name of the RCM, effect a closing-out in respect of an open contract of the Defaulter and to settle such contracts, or to effect the transfer or termination, close-out and cash settlement of an open contract of the Defaulting RCM by applying a price determined by the Clearing House in its discretion;
- (j) Omnibus Segregated Clearing Clients may face mutualised losses following an RCM Default. In the event of an RCM default, the Clearing House will seek to port the position and the associated assets (or cash value in respect of those assets) recorded in the relevant Omnibus Segregated Account or Individual Segregated Account to a Backup Clearing Member. Porting will only be possible where each relevant Backup Clearing Member accepts the contracts to be ported to it and in the case of an ISA, the Clearing Client consents to the port. If porting is not desired or cannot be achieved, the Clearing House will close out the relevant positions and liquidate the Collateral and

calculate the Clearing Client's entitlement to Collateral and amounts in respect of the close-out of the contracts;

- (k) RCM's are subject to certain risk-sharing requirements which may impose more stringent obligations on the RCM than repo market requirements in respect of transactions which are not cleared through a central clearing counterparty. RCMs are required to contribute to the Clearing House's capital buffers for example through the transfer of Collateral in respect of the RCM's variation, delivery and initial margin obligations. RCM's are also required to make a Default Fund Contribution and have contingent obligations to help bail out the Clearing House should a default by one or more Clearing Members exhaust the Clearing House's margins and default fund;

General risks

- (l) the RCM's rights, including any proprietary rights that it may have had, in those securities will be replaced by an unsecured contractual claim for delivery of equivalent securities subject to the terms and conditions of the relevant Repurchase Agreement;
- (m) all securities delivered to the Clearing House, whether forming part of RepoClear Contracts or RepoClear GC Contracts, shall form one fungible pool which the Clearing House may use in its absolute discretion in order to meet its obligations under the Rulebook;
- (n) where the RCM provides securities to the Clearing House as Collateral, the relevant RepoClear Clearing Client will not be entitled to assert any equitable or other claim to any such securities in circumstances where the assertion of such claim would delay or inhibit the disposal by the Clearing House of such securities and/or the application of the proceeds of sale of such Securities in accordance with the Rulebook;
- (o) the obligations of RCMs to the Clearing House in respect of the settlement and delivery of securities shall endure notwithstanding that the issuer of such securities passes a resolution or a court makes an order for the winding up of the issuer or a receiver, administrative receiver, administrator, trustee or similar officer is appointed in respect of all or any part of its undertaking, or the issuer enters into a composition or voluntary arrangement with or for the benefit of its creditors or any other event of a similar nature occurs;
- (p) those securities will not be held by the Clearing House in accordance with client asset rules, and, if they had benefited from any client asset protection rights, those protection rights will not apply (for example, the securities will not be segregated from our assets and will not be held subject to a trust);
- (q) as a result of an RCM ceasing to have a proprietary interest in those securities, such RCM will not be entitled to exercise any voting,

consent or similar rights attached to the securities, and even if the Clearing House has agreed to exercise voting, consent or similar rights attached to any equivalent securities in accordance with instructions received from an RCM or the relevant Repurchase Agreement entitles such RCM to notify the Clearing House that the equivalent securities to be delivered by the Clearing House to the RCM should reflect the RCM's instructions with respect to the subject matter of such vote, consent or exercise of rights, in the event that the Clearing House does not hold and is not able to readily obtain equivalent securities, the Clearing House may not be able to comply (subject to any other arrangements made between the parties);

- (r) in the event that the Clearing House is not able to readily obtain equivalent securities to deliver to an RCM at the relevant time, such RCM may be unable to fulfil its settlement obligations under a hedging or other transaction that it has entered into in relation to those securities; a counterparty, exchange or other person may exercise a right to buy-in the relevant securities; and you may be unable to exercise rights or take other action in relation to those securities;

Dividends, coupons and corporate events

- (s) unless otherwise agreed, the Clearing House is not required to inform an RCM of any corporate events or actions in relation to those securities;
- (t) any Collateral which is comprised of securities may be subject to corporate actions, the exercise of voting rights or other events relating to the issuer of securities which may affect the value of, or the ability to hold or transfer the securities concerned while in the possession or under the control of the Clearing House;
- (u) an RCM will not be entitled to receive any dividends, coupon or other payments, interests or rights (including securities or property accruing or offered at any time) payable in relation to those securities, although the express written terms of the relevant Repurchase Agreement may provide for the RCM to receive or be credited with a payment by reference to such dividend, coupon or other payment (a "**manufactured payment**");

Tax

- (v) entering into a Repurchase Agreement may give rise to tax consequences that differ from the tax consequences that would have otherwise applied in relation to the holding by an RCM or the Clearing House for the account of an RCM of those securities;
- (w) where an RCM receives or is credited with a manufactured payment, the tax treatment may differ from the tax treatment in respect of the original dividend, coupon or other payment in relation to those securities.

SCHEDULE 1
SETTLEMENT TIMETABLE – REPOCLEAR CONTRACT

Austrian, Dutch, Irish, Finnish, German, Portuguese, Slovenian, Slovakian and Spanish Government Debt Securities, Jumbo Pfandbrief Bonds and International Bonds (including US Dollar International Bonds)

This table shows the settlement timetable (London time) for RepoClear Contracts where Austrian, Dutch, Irish, Finnish, German, Portuguese, Slovenian, Slovakian and Spanish Government Debt Securities, German Jumbo Pfandbrief Bonds and International Bonds (including US \$ International Bonds) are to be delivered. RCMs will be informed of changes to these timetables via Clearing Member circular.

▲* This table applies to RepoClear Dealers where they have been authorised as transferor/transferee by their RCM – see Section 1.1.8.

CLEARSTREAM*		
Time	RCM or RepoClear Dealer ▲*	Clearing House
06:45	ETCMS gateway opens ATS gateway opens	
07:45	Check Fails Report (RREP0011)	RREP0011 updated intraday, with last report at 18:00
10:30	Registration deadline for trades for same day settlement for German market	LCH.Clearnet Limited Netting process begins for same day settlement for German market
11:00	Check German Same Day Settlement Detailed Obligations (RREP0008g) and German Same Day Settlement Tickets (RREP0009g) reports	Send settlement instructions for same business day settlement for German market
11:00	Registration deadline for trades for same day Settlement for all other EUR markets	LCH.Clearnet Limited Netting Process begins for same day settlement for all other EUR and US\$ markets
11:30	Check Euro Same Day Settlement Detailed Settlement Obligations (RREP0008h) and Euro Same Day Settlement Tickets (RREP0009h) for all other EUR markets	Send settlement instructions for same business day settlement for all other EUR markets

CLEARSTREAM*		
Time	RCM or RepoClear Dealer ▲*	Clearing House
15:00	Registration deadline for trades registration for next business day settlement where settlement is to be instructed on the current business day	Cancellation of unsettled settlement instructions generated in previous netting runs. This process is not applied to Spanish Government Debt Securities LCH.Clearnet Limited Netting process begins for overnight settlement
15:30 onwards	Check Partial Report (RREP0013)	Confirmation of actions via Partial Report (RREP0013)
By 16:00	Ensure all daylight settlement instructions are settled	
By 16:30		Results of the Netting Process available
16:30	Check RREP0008A German Next Day Detailed Settlement Obligations and Next Day Delivery Settlement Tickets (RREP0009)	Send settlement instructions for next business day settlement
Up to 17:30		Partialling process for Spanish Government Debt Securities finishes
By 18:00	Ensure all settlement instructions are matched for next business day settlement	
18:00	ATS gateway closes, ETCMS Matching System closes	
18:45	Settlement matching instructions closes	
By 19:00		End of Day processing commences

*For details of the settlement timetable in Clearstream Frankfurt (CBF), please refer to Clearing House Operations.

All times shown are London time:

EUROCLEAR BANK		
Time	RCM or RepoClear Dealer ▲*	Clearing House
06:45	ETCMS gateway opens ATS gateway opens	
07:45	Check Fails Report (RREP0011)	RREP0011 updated intraday, with last report at 18:00
10:30	Registration deadline for trades for same day Settlement for German market	LCH.Clearnet Limited Netting process begins for same day settlement for German market
11:00	Check same day German Same Day Settlement Detailed Settlement Obligations and same day German Same Day Settlement Tickets for German market	Send settlement instructions for same business day settlement for German market
11:00	Registration deadline for trades for same day settlement for all other EUR markets	LCH.Clearnet Limited Netting process begins for same day settlement for all other EUR and US\$ markets
11:30	Check same day Euro Same Day Settlement Detailed Settlement Obligations and Euro Same Day Delivery Settlement Tickets for all other EUR markets	Send settlement instructions for same business day settlement for all other EUR markets
15:00	Registration deadline for trades for next business day settlement where settlement is to be instructed on the current business day	Cancellation of unsettled settlement instructions generated in previous netting runs - this process is not applied to Spanish Government Debt Securities LCH.Clearnet Limited Netting process begins for overnight settlement
15:30 onwards	Check Partial Report (RREP0013)	Confirmation of actions via Partial Report (RREP0013)
By 16:00	Ensure all real-time settlement instructions are settled	
16:00		Confirmation of action on fails and partials
By 16:30		Results of the Netting Process available

EUROCLEAR BANK		
Time	RCM or RepoClear Dealer ▲*	Clearing House
16:30	Check German Next Day Detailed Settlement Obligations (RREP0008A) and Next Day Delivery Settlement Tickets (RREP0009)	Send settlement instructions for next business day settlement
Up to 17:30		Partialing process for Spanish Government Debt Securities finishes
By 18:00	Ensure all settlement instructions are matched for next business day settlement	
18:00	ATS gateway closes, ETCMS Matching System closes	
18:45	Settlement matching instructions closes	
By 20:00		End of Day processing commences

Members should note that settlement of US Dollar International Bonds should not occur on a day which is not a "business day" in the US Federal Business Day Calendar – see Section 1.4.8 (*US Dollar International Bonds*).

SCHEDULE 2
SETTLEMENT TIMETABLE – REPOCLEAR CONTRACTS

Belgian Government Debt Securities

This table shows the settlement timetable (London time) for RepoClear Contracts where Belgian Government Debt Securities are to be delivered. RCMs will be informed of changes to this timetable via Clearing Member circular.

* This table applies to RepoClear Dealers where they have been authorised as transferor/transferee by their RCMs – see Section 1.1.8.

EUROCLEAR BANK/NATIONAL BANK OF BELGIUM		
Time	RCM or RepoClear Dealer ▲*	Clearing House
06:45	ETCMS gateway opens ATS gateway opens	
From 06:30	First National Bank of Belgium settlement cycle	
10:30	Review fails report (RREP0011)	Confirmation of unsettled 1st cycle settlement obligations
11:00	Registration deadline for trades for same day settlement for the Belgian market	LCH.Clearnet Limited Netting process begins for same day settlement for Belgian market
11:30	Check Euro Same Day Settlement Detailed Settlement Obligations and Euro Same Day Tickets	Send Settlement instructions for same business day settlement for Belgian markets
15:00	Registration deadline for trade registration for next business day settlement where settlement is to be instructed on the current business day (" Overnight Cut Off Time ")	
By 16:30		Results of the Netting Process available
16:30	Check Belgian Next Day Detailed Settlement Obligations (RREP0008b) and Next Day Delivery Settlement Tickets	
16:30	Final National Bank of Belgium settlement cycle	
16:30	Review fails report (RREP0011) Settlement pre-matching deadline at National Bank of Belgium closes	
18:00	ATS gateway closes, ETCMS Matching System closes	
By 20:00		End of Day processing commences

SCHEDULE 3
SETTLEMENT TIMETABLE – REPOCLEAR CONTRACTS

United Kingdom Government Debt Securities

This table shows the settlement timetable (London time) for RepoClear Contracts where United Kingdom Government Debt Securities are to be delivered. RCMs will be informed of changes to this timetable via Clearing Member circular.

* This table applies to RepoClear Dealers where they have been authorised as transferor/transferee by their RCMs – see Section 1.1.8.

Euroclear UK & Ireland*		
Time	RCM or RepoClear Dealer *	Clearing House
06.45	ETCMS gateway opens ATS gateway opens	
11:30	ATS and ETCMS deadline for trade registration for same business day settlement	
11:30		LCH.Clearnet Limited Gilt Netting process begins
By 12:30	Check reports RREP0009d Todays Detailed Settlement Obligations and RREP0009d Same Day Delivery Settlement Tickets (Gifts)	
From 13:30		Where necessary, process partial settlement of instructions in CREST
14:55	Gilt DVP – end of settlement window	
From 14:55 to 16:40	Match free of payment transactions (as advised by LCH.Clearnet Limited)	Advise participants of free of payment transactions. Call payment for Free of Payment transactions via PPS accounts. Create free of payment settlement instructions
16:00 to 16:50	Free of payment instructions settle	
18:00	ATS gateway closes, ETCMS matching system closes	

Euroclear UK & Ireland*		
Time	RCM or RepoClear Dealer *	Clearing House
by 20:00		End of Day processing commences

SCHEDULE 4
SETTLEMENT TIMETABLE – REPOCLEAR €GC CONTRACTS

€GC

This table shows the settlement timetable (London time) for RepoClear €GC Contracts which are settled using the Triparty services of ATAs. RCMs will be informed of changes to this timetable via Clearing Member circular.

* This table applies to RepoClear Dealers where they have been authorised as transferor/transferee by their RCMs – see Section 1.1.8.

Triparty Agents		
Time	RCM or RepoClear Dealer *	Clearing House
06.45	ETCMS gateway opens ATS gateway opens	
11:00	ATS and ETCMS deadline for trade registration for same business day settlement	
From 11:15	Review RREP0008f EuroGC Detailed Settlement Obligations and RREP0009f EuroGC Detailed Settlement Tickets	Send triparty settlement instructions to ATAs for Settlement. Send cash only settlement instructions to ATAs for next day settlement (cash-only transactions relating to repo interest payments).
From 11:30	Triparty settlement of instructions by ATAs commences	
18:00	ATS gateway closes, ETCMS gateway closes	
18:00	Allocation processes at Triparty agents complete for current day settlement value	
by 20:00		End of Day processing commences
21:00	Intra-day margin calls based on allocated collateral (may be made against US based US\$ PPS accounts) completed	

SCHEDULE 5
SETTLEMENT TIMETABLE – REPOCLEAR TERM £GC CONTRACTS

Term £GC

This table shows the settlement timetable (London time) for RepoClear Term £GC Contracts which are settled using the EUI Term DBV service. RCMs will be informed of changes to this timetable via Clearing Member circular.

* This table applies to RepoClear Dealers where they have been authorised as transferor/transferee by their RCMs – see Section 1.1.8.

Euroclear UK & Ireland		
Time	RCM or RepoClear Dealer *	Clearing House
06.45	ETCMS gateway opens ATS gateway opens	
From 06:00 to 17:30	Term DBV Returns settle Term £GC interest-only instructions settle (cash-only DELs)	
14:30	ATS and ETCMS deadline for trade registration for same business day settlement	
From 14:45		Send Term DBV settlement instructions to EUI for same business day settlement Send interest-only settlement instructions to EUI for action next business day (cash-only DELs)
From 15:00	Review RREP0008j Term £GC Detailed Settlement Obligations and RREP0009j Term £GC Detailed Settlement Tickets	
From 15:00 to 17:30	Term DBV instructions settle	
By 16:02		Where necessary, process partial settlement instructions.
18:00	ATS gateway closes, ETCMS matching system closes	
By 20:00		End of Day processing commences