

1. Text of the Proposed Rule Change

(a) The Text of the proposed change has been annexed as Exhibit 5 and consists of certain technical and operational rule changes that have been agreed to by ICE Clear Europe Limited (“ICE Clear Europe”) and its Clearing Members (as defined in the ICE Clear Europe Rules). The principal purpose of the proposed change is to implement operational changes relating to (i) CDS Contracts (as defined at ICE Clear Europe Rule 101) that arise under its rules on an occasional basis as part of the end-of-day price submission process by Clearing Members, and (ii) the harmonization of settlement and coupon payments under CDS Contracts, which will, under the rule changes, take place solely through ICE Clear Europe’s payment banking network used for other cleared products, and no longer through either of such network or through third-party systems.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) ICE Clear Europe carried out a public consultation process in respect of all proposed rule changes, as it was required to do under applicable U.K. law. ICE Clear Europe also consulted, and agreed to the proposed changes with, its Clearing Members. ICE Clear Europe’s Risk Committee approved the proposed rule changes on November 25, 2011.

(b) Please refer questions and comments on the proposed rule change to Patrick Davis, Head of Legal and Company Secretary, ICE Clear Europe Limited, 5th Floor, Milton Gate, 60 Chiswell Street, London, EC1Y 4SA, United Kingdom, +44 20 7065 7600.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The proposed rule changes that are designed to implement technical operational improvements that have been discussed with and approved by the Clearing Members of ICE Clear Europe. In each case, the principal purpose of the proposed rule changes is to update procedural provisions to reflect such improvements, in particular relating to (i) processing of CDS Contracts arising following the submission of end-of-day prices by a Clearing Member and to (ii) the harmonization of settlement and coupon payments under CDS Contracts, which will, under the rule changes, take place solely through ICE Clear Europe's payment banking network used for other cleared products, and no longer through either such network or through third-party systems.

ICE Clear Europe has engaged in extensive private consultation with its CDS Clearing Members involving both operational and legal consultation groups and has presented the changes to its CDS risk committee, which approved the changes. ICE Clear Europe has also engaged in a public consultation process in relation to all the changes, as required under U.K. legislation. ICE Clear Europe has received no opposing views from its clearing members in relation to the proposed rule amendments and received no responses to its public consultations during the consultation period.

(b) Statutory Basis

The proposed rule amendments incorporate changes that seek to improve drafting and cross-references within the ICE Clear Europe Rules and CDS Procedures, and to clarify the timing and operation of various clearing processes, for existing clearing activities. The proposed rule changes are improvements in the services of ICE Clear Europe that are administrative in nature. In particular, the changes relating to CDS Contracts arising following end-of-day pricing are being implemented to provide a more efficient mechanism for the clearing of CDS

Contracts already agreed to by the applicable parties, and do not relate to the safeguarding of funds or securities or to the rights or obligations of ICE Clear Europe or its Clearing Members in relation to such CDS Contracts. The timing improvements arising from the faster processing of such agreed-to CDS Contracts does not impact the consistency of the services of ICE Clear Europe with applicable requirements and standards under the Act. Similarly, the harmonization of payment systems for settlement and coupon payments does not impact the custody of securities or funds, nor does it impact the rights or obligations of ICE Clear Europe or its Clearing Members or the consistency of the payment systems with statutory requirements and standards. This is particularly so since the harmonized system is already operative and eligible for use under ICE Clear Europe Rules and CDS Procedures. Further, the changes do not change the substantial provisions of the Rules or CDS Procedures, or the rights and obligations of ICE Clear Europe Clearing Members, in relation to the underlying CDS Contracts, nor do they impact the guarantee fund or custody functions of ICE Clear Europe.

4. Self-Regulatory Organization's Statement on Burden on Competition

ICE Clear Europe does not believe the proposed rule change, being administrative in nature, would have any impact, or impose any burden, on competition.

5. Self-Regulatory Organization's statement on Comments on the Proposed Rule Change Received from Members, participants, or Others

Written comments relating to the proposed rule changes have been solicited. ICE Clear Europe will notify the Commission of any written comments received by ICE Clear Europe.

6. Extension of Time Period for Commission Action

ICE Clear Europe does not consent to the extension of the time period listed in Section 19(b)(2) of the Securities Exchange Act of 1934 for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) This filing is made pursuant to Section 19(b)(1) of the Act and shall become effective upon approval by the Commission. ICE Clear Europe believes there is good cause to grant this filing on an accelerated basis. ICE Clear Europe believes this for three reasons. First, the rule changes are effecting a change in an existing service of the clearing agency that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency, or for which it is responsible. In particular, the changes relating to CDS Contracts arising following end-of-day pricing provide a more efficient and faster mechanism for the clearing of CDS Contracts already agreed to, and do not relate to the safeguarding of funds or securities or to the rights or obligations of ICE Clear Europe or its Clearing Members in relation to such CDS Contracts. Similarly, the harmonization of payment systems for settlement and coupon payments does not impact the custody of securities or funds, nor does it impact the rights or obligations of ICE Clear Europe or its Clearing Members. This is particularly so since the harmonized system is already operative and eligible for use under ICE Clear Europe Rules and CDS Procedures. Second, the proposed changes are non-controversial, having been discussed with and agreed to by the Clearing Members. Third, the proposed changes have already been subject to a public consultation process in accordance with U.K. law, during which process no comments were received. The public consultation process included the publication of these proposed changes on a publicly accessible portion of the Internet website of ICE Clear Europe.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or the Commission

The proposed rule changes are not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

List of exhibits to be filed, as specified in Instructions C and D:

- | | |
|-------------------|---|
| <u>Exhibit 1.</u> | Notice of proposed rule change for publication in the <u>Federal Register</u> |
| <u>Exhibit 2.</u> | Not applicable |
| <u>Exhibit 3.</u> | Not applicable |
| <u>Exhibit 4.</u> | Not applicable |
| <u>Exhibit 5.</u> | Text of proposed rule changes |

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-_____; File No. SR-ICEEU-2012-01]

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by ICE Clear Europe Limited to Revise Rules and Procedures
Related to Certain Technical and Operational Changes Relating to Credit Default Swap
(CDS) Contracts

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, 2012, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule changes described in Items I, II and III below, which Items have been prepared by ICE Clear Europe. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

ICE Clear Europe is in regular communication with representatives of its Clearing Members, as that term is defined in the Rules of ICE Clear Europe³ (the “Rules”), in relation to the operation of clearing processes and arrangements. ICE Clear Europe has published these proposed technical rule and procedural changes, has carried out a public

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See ICE Clear Europe Rule 101. The Rules of ICE Clear Europe are available on-line at: <https://www.theice.com/Rulebook.shtml?clearEuropeRulebook=>.

consultation process in respect of all of the changes described below, and has presented and agreed to the changes described below with its Clearing Members. These changes seek to improve drafting and cross-references within the ICE Clear Europe Rules and CDS Procedures, and to clarify the timing and operation of various clearing processes, for existing clearing activities. ICE Clear Europe takes the view that the proposed rule changes are improvements in operational services that are administrative in nature.

The proposed changes were set out in revisions to the Rules and CDS Procedures that were published in circular no. C11/170 published on November 25, 2011 (available on the Internet website of ICE Clear Europe at:

https://www.theice.com/publicdocs/clear_europe/circulars/C11170_att1.pdf and

https://www.theice.com/publicdocs/clear_europe/circulars/C11170_att2.pdf). ICE Clear

Europe makes these rule changes for the purpose of specifying technical operational changes relating to CDS Contracts (as defined at ICE Clear Europe Rule 101), principally those that arise under its rules on an occasional basis as part of the end-of-day price submission process by Clearing Members.

Specifically, these changes can be grouped into three categories:

First, under the current Rules, CDS Contracts that arise following the end-of-day pricing process give rise to non-cleared transactions that may later be submitted for clearing. However, since the applicable CDS Contract is intended to be cleared between the parties, and since trades that arise following end-of-day pricing arise at the direction of the clearing house, it is more efficient and reduces risk for such CDS Contract to arise upon notice by ICE Clear Europe, rather than to require the applicable parties to submit the CDS Contract later. Once ICE Clear Europe has notified the two affected clearing

members of a contract under Rule 401(a)(xi), the contract will stand, unless it is voidable under Rule 404 (for example due to illegality or manifest error). The first change therefore establishes Rule 401(a)(xi) to permit ICE Clear Europe to specify the time and terms of entry into a CDS Contract arising following the submission of end-of-day prices by a Clearing Member. This change gives rise to the majority of the proposed rule changes in the text of the ICE Clear Europe Rules and the CDS Procedures. As a practical matter, this change operationalizes a technical service by which the terms of a CDS Contract entered into following submission of end-of-day prices can be promptly cleared by ICE Clear Europe. It does not change the substantive provisions of the Rules or CDS Procedures, or the rights and obligations of ICE Clear Europe Clearing Members, in relation to the underlying CDS Contracts, nor does it impact the guarantee fund or custody functions of ICE Clear Europe. In order to operationalize this change, certain conforming changes are required. For example, various Rules establishing procedures for other automatically effective CDS Contracts are amended to include new Rule 401(a)(xi). Also, a corresponding technical amendment amends Rule 602 to provide for Rule 602(c), which deems Clearing Members not to be in violation of Position Limits (as defined in the Rules) as a result of CDS Contracts that arise by notice of ICE Clear Europe. During consultations with Clearing Members, it was pointed out that such CDS Contracts could otherwise cause a technical breach of position limits, if any are in place (which they currently are not). Section 602(c) provides a procedure under which the Clearing Member can close out such a position within five business days of the applicable position limit adoption or determination date. In this manner, both the policy of ensuring the pricing process through automatically effective trades and the policy of

ensuring position limits are respected. ICE Clear Europe notes that these provisions relating to accommodation of Clearing Members in respect of position limits that may be applicable to CDS Contracts that are automatically effective applies not only to Rule 401(a)(xi), but also to Rules 401(a)(v), (vi), and (x). In the case of Rule 401(a)(v), it is transactions generated by ICE Futures Europe or the ICE OTC Operator as a result of the operation of their contra trade, error trade, invalid trade, cancelled trade, error correction or similar policies and rules and procedures relating thereto or otherwise, upon notice of the final terms of the transaction being received by ICE Clear Europe. In the case of Rule 401(a)(vi), it is a contract that is formed as a result of another contract being invoiced back by ICE Clear Europe, immediately upon notice of the existence and final terms of the new contract being given by ICE Clear Europe to the Clearing Members affected. Finally, in the case of Rule 401(a)(x), CDS Contract arising under Rule 903(a)(xii), at the time specified by ICE Clear Europe for the entry into of the relevant CDS Contract, provided that ICE Clear Europe has given notice to the relevant Clearing Member of the particulars of the CDS Contract involved and the price or initial payment at which such CDS Contract will be recorded on ICE Clear Europe's books and records.

Second, settlement and coupon payments under CDS Contracts will, under the Rule changes, take place through the ICE Clear Europe's payment banking network used for other cleared products, and not through the CLS Bank International ("CLS") system. At present, Section 8.9 of the CDS Procedures permits settlement and coupon payments to be made through CLS. However, following consultation with Clearing Members, ICE Clear Europe has determined it is more efficient if settlement and coupon payments are effected through ICE Clear Europe's current payment system (which is also permitted by

the current CDS Procedures). ICE Clear Europe has determined to harmonize the system described at Section 8.9 of the CDS Procedures into a single payment system. This is achieved through the deletion of Section 8.9 of the CDS Procedures. It should be noted that this proposed change also serves to further harmonize the ICE Clear Europe Rules and CDS Procedures with those of ICE Clear Credit LLC, the U.S.-based clearing agency affiliate of ICE Clear Europe.

Third, various immaterial other cross-reference and typographical amendments to the processes for submission of CDS Contracts are made. The typographical changes are as follows: (i) Section 4.2 of the CDS Procedures, the words “Bilateral CDS Contract” are change to “Bilateral CDS Transaction”, and (ii) Section 8.4 of the CDS Procedures, the words “submission of” are added. These changes are made solely to correct typographical and cross-reference drafting in the text of the Rules and make no substantive changes to the Rules.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICE Clear Europe included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. ICE Clear Europe has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

As noted above, the proposed rule changes consist of technical rule changes that are designed to implement operational improvements that have been published for public consultation by ICE Clear Europe and discussed with and approved by the Clearing Members of ICE Clear Europe. In each case, the principal purpose of the proposed rule change is for the rule or procedural provisions to be updated to reflect such improvements, in particular relating to (i) CDS Contracts that arise as a result of the end-of-day pricing process and (ii) to settlement and to coupon payments under CDS Contracts that will, under the rule changes, take place solely through ICE Clear Europe's payment banking network used for other cleared products, not through either such payment network or through third-party systems.

As regards the changes relating to CDS contracts, ICE Clear Europe has engaged in extensive private consultation with its CDS Clearing Members involving both operational and legal consultation groups and has presented the changes to its CDS Risk Committee, which approved the changes. ICE Clear Europe has also engaged in a public consultation process in relation to all the changes, pursuant to the Circulars referred to above, and as required under applicable U.K. legislation. This public consultation involved the publication of such Circulars on a publicly accessible portion of the Internet website of ICE Clear Europe. ICE Clear Europe has received no opposing views from its Clearing Members in relation to the proposed rule amendments and received no responses to its public consultations during the consultation period.

(B) Self-Regulatory Organization's Statement on Burden on Competition

ICE Clear Europe does not believe the proposed rule change would have any impact, or impose any burden, on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments relating to the proposed rule change have been solicited by ICE Clear Europe pursuant to public consultation processes in the Circular referred to above. No comments have been received. The time period for the public consultation required by U.K. law has closed, and ICE Clear Europe does not expect to receive any further written comments as a result of this process.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form

(<http://www.sec.gov/rules/sro.shtml>) or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ICEEU-2012-01 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ICEEU-2012-01. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549, on official business days between the hours of 10:00 a.m. and 3:00 pm. Copies of such filings will also be available for inspection and copying at the principal office of ICE Clear Europe. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ICEEU-2012-01 and should be submitted on or before [Commission to insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and markets, pursuant to
delegated authority.⁴

Elizabeth M. Murphy

Secretary

⁴ 17 CFR 200.30-3(a)(12)

Exhibit 5

Underlined text indicates additions.

~~Strikethrough~~ text] indicates deletions



ICE Clear Europesm

Clearing Rules

~~16 July~~23 November 2011

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No Changes to Parts 1, 2 and 3.**Part 4 Clearing Mechanism***Rule 401* Formation of Contracts

- (a) Subject to Rule 403 and Rule 404, two Contracts shall arise automatically, one between the Selling Clearing Member and the Clearing House and the other between the Clearing House and the Buying Clearing Member (or a single Contract shall arise between the Clearing House and a Clearing Member where applicable in the case of Rule 401(a)(vi) or (x)), at the moment that:
- (i) in the case of any ICE Futures Europe Matched Transaction, the relevant orders are matched on ICE Futures Europe;
 - (ii) in the case of any ICE OTC Matched Transaction, the relevant orders are matched on ICE OTC in an instance in which, in accordance with relevant ICE OTC Participant Agreements, any relevant ICE OTC Broker Agreement and the Procedures, the Transaction is to proceed to clearing;
 - (iii) in the case of any ICE Futures Europe Block Transaction, ICE Futures Europe receives and has recorded on its system complete data in respect of the Transaction;
 - (iv) in the case of any ICE OTC Block Transaction, the ICE OTC Operator receives complete data in respect of the Transaction in an instance in which, in accordance with relevant ICE OTC Participant Agreements, any relevant ICE OTC Broker Agreement and the Procedures, the Transaction is to proceed to clearing;
 - (v) in the case of Transactions generated by ICE Futures Europe or the ICE OTC Operator as a result of the operation of their contra trade, error trade, invalid trade, cancelled trade, error correction or similar policies and rules and procedures relating thereto or otherwise, upon notice of the final terms of the Transaction being received by the Clearing House;
 - (vi) in the case of a Contract that is formed as a result of another Contract being Invoiced Back by the Clearing House, immediately upon notice of the existence and final terms of the new Contract being given by the Clearing House to the Clearing Members affected;
 - (vii) in the case of a Contract that forms as a result of an Option being exercised in accordance with Part 8, immediately upon such exercise taking effect pursuant to Part 8;
 - (viii) in the case of an Energy Contract that is allocated by one Clearing Member to another Clearing Member by agreement of both Clearing Members subsequent to that Energy Contract arising but on the same day as that on which such Contract

arose, upon both such Clearing Members having recorded their agreement to such allocation on the Clearing House's systems;

- (ix) in the case of a CDS Contract (other than a CDS Contract arising pursuant to Rule 401(a)(x)), the time specified pursuant to the Procedures occurs for the acceptance of CDS Contracts on any day, provided that no such CDS Contract shall arise unless the Clearing House has provided an acceptance notice to the Buying Clearing Member and Selling Clearing Member in accordance with the Procedures in relation to the CDS Contract;~~{and}~~
 - (x) in the case of a CDS Contract arising under Rule 903(a)(xii), at the time specified by the Clearing House for the entry into of the relevant CDS Contract, provided that the Clearing House has given notice to the relevant CDS Clearing Member of the particulars of the CDS [~~Contracts~~]Contract involved and the price or Initial Payment at which such CDS [~~Contracts~~]Contract will be recorded on the Clearing House's books and records;~~;~~ and
 - (xi) in the case of a CDS Contract arising following the submission of end-of-day prices by a Clearing Member pursuant to Rule 503(g), at the time specified by the Clearing House for the entry into of the relevant CDS Contract, provided that (A) the Clearing House has given notice to the relevant CDS Clearing Member of the particulars of the CDS Contract involved and the price or Initial Payment at which such CDS Contract will be recorded on the Clearing House's books and records in accordance with the Procedures; and (B) no such CDS Contract shall arise unless the Clearing House has provided an acceptance notice to the Buying Clearing Member and Selling Clearing Member in accordance with the Procedures in relation to the CDS Contract.
- (b) For Energy Contracts only, a contract or contracts shall arise between the Clearing House and the Buyer and/or the Clearing House and the Seller at the moment that an alternative delivery is agreed in respect of a Contract where, pursuant to the Procedures, a new collateral contract arises as a result of the alternative delivery being agreed, at the time and subject to the conditions and effects on existing Contracts specified in the Procedures.
 - (c) Other than as specifically set out in the Procedures, the Clearing House shall be entitled to rely conclusively on the accuracy and authenticity of any and all information and data regarding any Transaction or Contract submitted to the Clearing House by or on behalf of a Market, Deriv/SERV or other data entry facility for CDS Contracts, any Clearing Member or Customer of a Clearing Member, whether or not a Clearing Member or Customer in fact authorised the submission of such information or the details so submitted.
 - (d) In the case of a new Contract that forms as a result of another Contract being Invoiced Back pursuant to Rule 401(a)(vi), the new Contract shall be on the same terms as the original Contract, except that the roles of Buying Clearing Member and the Clearing House or, as the case may be, the Selling Clearing Member and the Clearing House shall

be reversed and the Clearing House shall be entitled, at its discretion, to determine the price or Initial Payment at which the Contract was bought or sold and any delivery or settlement price.

- (e) In the case of a Contract that forms as a result of another Contract being subject to allocation pursuant to Rule 401(a)(viii), the new Contract shall be on the same terms as the original Contract, except that the identity of the Clearing Member shall be different, in accordance with the allocation instructions received by the Clearing House. The Clearing Member that was party to the original Contract and the Clearing House shall each automatically and immediately be released and discharged from all their rights, liabilities and obligations in respect of the original Contract upon formation of the new Contract.
- (f) Upon request by the Clearing House, a Clearing Member shall promptly confirm or otherwise notify the details of any Contract or Transaction to the Clearing House in such form and manner as the Clearing House requests. Any such confirmation or notification shall not of itself affect the status or terms of any Contract.
- (g) Clearing Members shall designate each Contract as related to one of its Proprietary Accounts or Customer Accounts (if any).
- (h) Where a Clearing Member has appointed a Disclosed Principal Member, the Disclosed Principal Member shall be the Buying Clearing Member or the Selling Clearing Member (as applicable) instead of the relevant Clearing Member in respect of all Contracts arising under this Rule 401 to which that Clearing Member would, but for the requirements of this Rule 401(h), otherwise be party. All provisions of these Rules relating to Contracts shall be construed accordingly.
- (i) In order for a Contract to arise pursuant to:
 - (i) Rule 401(a)(i), (ii), (iii), (iv), (v), (vii) or (viii); or
 - (ii) Rule 401(a)(vi) in relation to an Energy Contract,
 the Clearing Member in question must be an Energy Clearing Member.
- (j) In order for a Contract to arise pursuant to:
 - (i) Rule 401(a)(ix), (x) or ~~(x)~~(xi); or
 - (ii) Rule 401(a)(vi) in relation to a CDS Contract,
 the Clearing Member in question must be a CDS Clearing Member.
- (k) On each occasion that the Clearing House gives notice in relation to a CDS Contract pursuant to Rule 401(a)(ix), (x) or ~~Rule 401(a)(x)~~(xi), each affected Clearing Member and/or the Clearing House, as applicable, must submit, in accordance with the Procedures, the terms of the actual or proposed CDS Contract to Deriv/SERV or another

service specified by the Clearing House with identical terms as the original submission for clearing or the CDS Contract arising under Rule 401(a)(x) or (xi), as applicable, adjusted to take into account netting and aggregation of CDS Contracts pursuant to Rule 406.

- (l) Where an Energy Contract arises pursuant to Rule 401 as a result of trading, submission of trade data or other action by a Customer of a Clearing Member, an opposite corresponding contract shall arise between the Customer and that Clearing Member (and may be void or voided) and further corresponding contracts may arise between Customers in the manner specified by and in accordance with:
 - (i) in the case of Energy Contracts arising as a result of ICE Futures Europe Transactions, the ICE Futures Europe Rules; or
 - (ii) in the case of Energy Contracts arising as a result of ICE OTC Transactions, the Procedures.
- (m) Nothing in this Rule 403 of itself is intended to result in any Transaction or Transaction Rights or Obligations being void or voided as between the original parties thereto.

Rule 405 Representations and Warranties on Contract Formation

- (n) In relation to each Contract, the Clearing House will, and will be entitled to, rely on representations and warranties, deemed automatically to arise pursuant to these Rules from each Clearing Member proposing to become party to any Contract, that the Clearing Member is:
 - (i) acting as principal and not as agent; and
 - (ii) in full compliance with the Rules.
- (o) In relation to each Contract (other than a Contract arising pursuant to Rule 401(a)(v), ~~Rule 401(a)(vi)~~, ~~Rule 401(a)(x) or (xi)~~ or Rule 401(b)), the Clearing House will, and will be entitled to, rely on representations and warranties, deemed automatically to arise pursuant to these Rules from each Clearing Member proposing to become party to any Contract, that:
 - (i) the data submitted by the Clearing Member or its Customer to the Exchange (if applicable) or the Clearing House has been authorised by the Clearing Member and is complete and correct in all respects; and
 - (ii) Market Rules (if applicable) and all Applicable Laws have been complied with by the Clearing Member and any relevant Customer in respect of the Transaction.
- (p) In relation to each Contract that arises pursuant to Rule 401(a)(iii), Rule 401(a)(iv), Rule 401(a)(viii) and Rule 401(a)(ix), the Clearing House will, and will be entitled to, rely on representations and warranties deemed automatically to arise pursuant to these Rules from each Clearing Member proposing to become party to any Contract, that:

- (i) all and any previously subsisting contracts, rights, obligations or liabilities in connection with the subject matter of the Transaction or proposed Contract are on equal terms to that of the relevant Contract Terms (save as to the parties) and, in the case of rights, free from all Encumbrances (excluding liabilities and obligations arising pursuant to the Contract Terms);
- (ii) any Person other than the Clearing Member to whom any contracts, rights, obligations or liabilities referred to in Rule 405(c)(i) pertain has agreed with the Clearing Member, or such other Person as is relevant, to be released from all of its rights, obligations and liabilities as a result of Contracts arising pursuant to Rule 401(a) (save for any contracts, rights, obligations or liabilities as between the Clearing Member and its Customers and any Customer and its customers and so on in relation to the subject matter of the Contract); and

Rule 503 Margin Calls and Return of Excess Margin

- (g) The "**Mark-to-Market Price**" for CDS Contracts of a Set at any time is the price, expressed as a percentage of the Floating Rate Payer Calculation Amount for such a CDS Contract, determined by the Clearing House in accordance with the Procedures, such price being the amount that would be payable up front as an Initial Payment by the Buyer or Seller in order to enter into a CDS Contract of such a Set with a particular Floating Rate Payer Calculation Amount as at such time, divided by such Floating Rate Payer Calculation Amount. When such Initial Payment would be payable by a Buyer, the Mark-to-Market Price will be a negative percentage and when such Initial Payment would be payable by a Seller, the Mark-to-Market Price will be a positive percentage. When deemed at the Clearing House's discretion to be necessary in order to protect the interests of the Clearing House and Clearing Members, the Clearing House may set the Mark-to-Market Price for CDS Contracts of any Set at a price determined by the Clearing House at its discretion. When the Clearing House so uses its discretion so to set a Mark-to-Market Price, the reasons for doing so and the basis for the establishment of the Mark-to-Market Price in such circumstances shall be recorded by the Clearing House. To aid in the establishment of Mark-to-Market Prices, Clearing Members are required to submit end-of-day prices relating to Sets of CDS Contracts in accordance with the Procedures. In connection with the Clearing services provided by the Clearing House and as detailed in the Procedures, the submission of end-of-day prices relating to CDS Contracts may on the day of price submission only, result in ~~[Bilateral CDS Transactions being entered into between CDS Clearing Members (and consequentially if such Bilateral CDS Transactions are submitted to the Clearing House for Clearing, CDS Contracts)]~~ a CDS Contract arising pursuant to Rule 401(a)(~~[x]~~).

Part 6 **Position Limits**

Rule 602 Breach of Position Limit

- (a) If a Clearing Member exceeds its Position Limit, the Clearing House may, at its discretion:

- (i) require a Clearing Member to provide information to the Clearing House in respect of its positions;
 - (ii) require a Clearing Member to allocate, transfer or liquidate such Contracts or close out its Open Contract Position to the extent necessary to reduce its Open Contract Position so as to meet its Position Limit within such time as the Clearing House may prescribe;
 - (iii) make an additional call for such Margin as the Clearing House in its discretion determines; and/or
 - (iv) impose such additional Capital requirements on the Clearing Member as the Clearing House in its discretion determines.
- (b) If the Clearing Member fails to comply with any requirement imposed on it pursuant to Rule 602(a), the Clearing Member shall be in breach of these Rules and, without limitation, the Clearing House may, at its discretion, in respect of the Clearing Member concerned:
- (i) declare an Event of Default;
 - (ii) terminate or suspend membership of the Clearing Member;
 - (iii) liquidate such Contracts as the Clearing House at its discretion selects on behalf of the Clearing Member;
 - (iv) instigate an investigation or disciplinary proceedings under Part 10 of the Rules; and/or
 - (v) impose such other requirements on the Clearing Member as it sees fit.
- (c)
- (iii) A Clearing Member shall be deemed not to have exceeded a Position Limit (for purposes of Rules 602(a)(ii) and (iv) and Rule 204(a)(ii) only) to the extent that such Position Limit is exceeded as a result of it being party to any Contract arising pursuant to any of Rule 401(a)(v), (vi), (x) or (xi) which was entered into: (A) 5 or fewer Business Days prior to the date of determination by the Clearing House that a Position Limit has been exceeded; or (B) 5 or fewer Business Days prior to the relevant Set becoming ineligible for Clearing (or, in either case, as a result of any Open Contract Position or Contract reflecting any such Contract). Consequently, where a Clearing Member is party to any such Contract, the existence of the Contract will be disregarded in calculating the position of the Clearing Member that is used for purposes of determining the availability of the Clearing House's powers under Rule 602(a)(ii) or (iv) or the applicability of a notification requirement under Rule 204(a)(ii) and instead the position of the Clearing Member excluding each disregarded Contract will be used for the purposes of such determinations.

- (iv) A Clearing Member shall be deemed not to have breached a requirement imposed on it pursuant to Rule 602(a)(ii) to the extent that such a requirement is breached as a result of it being party to any Contract arising pursuant to any of Rule 401(a)(v), (vi), (x) or (xi) which was entered into: (A) at any time after the requirement was imposed; (B) 5 or fewer Business Days prior to the requirement being imposed; or (C) 5 or fewer Business Days prior to the Set becoming ineligible for Clearing (or, in any such case, as a result of any Open Contract Position or Contract reflecting any such Contract). Consequently, where a Clearing Member is party to any such Contract, the existence of the Contract will be disregarded for purposes of determining any breach of a requirement under Rule 602(a)(ii) and instead the position of the Clearing Member excluding each disregarded Contract will be used for the purposes of any such determination.
- (v) Nothing in Rule 602(c) shall restrict the taking by the Clearing House of any action under Rule 602(a)(i) or (iii), which it may do without regard to the nature of Contracts making up any Open Contract Position.

No Changes to Parts 7 to 14.

Rule 1502 Incorporation of ISDA Master Agreement and Initial Payments

- (a) The terms of each CDS Contract shall be as follows:
- (i) those of the ISDA 2002 Master Agreement, as published by ISDA (as amended) between the Clearing House and the relevant Clearing Member ("**Master Agreement**");
 - (ii) in relation to a CDS Contract other than a Restructuring CDS Contract, such quantity, notional and other economic terms (as determined pursuant to the Procedures) as were applicable to the Bilateral CDS Transaction (or portion thereof) that gave rise to the CDS Contract and in relation to a Restructuring CDS Contract, such quantity, notional and other economic terms as result from the operation of these Rules and the Procedures, subject to the provisions of Rule 401(a)(~~ix~~)vi, (ix), (x) or (xi), as applicable; and
 - (iii) the applicable terms set out in the Rules (including, without limitation, the CDS Procedures and the Credit Derivatives Definitions).
- (b) No CDS Contract arising pursuant to Weekly Clearing shall contain any rights or obligations in respect of any Initial Payment. If any Bilateral CDS Transaction submitted for Clearing contains any obligation for payment or performance falling due before a CDS Contract arises pursuant to Rule 401(a)(ix), the obligation for such payment or performance shall remain a direct obligation of the relevant CDS Buyer or CDS Seller (as applicable) to the other party to the relevant Bilateral CDS Transaction. The Clearing House shall have no obligation to make or guarantee any Initial Payment in respect of a Bilateral CDS Transaction~~[- other than]~~ (but this shall not affect the Clearing House's obligations under CDS Contracts, including any obligation to make an Initial Payment under a CDS Contract arising from Trade Date Clearing~~[- of any such Bilateral CDS~~

~~Transaction,])~~ or to make or guarantee any payment or performance reflecting any payment or performance in respect of a Bilateral CDS Transaction falling due for payment or performance before a CDS Contract arises pursuant to Rule 401(a)(ix). For the avoidance of doubt: (i) each CDS Contract arising from Trade Date Clearing will include an obligation to pay an Initial Payment constituting a payment obligation of the relevant party thereto reflecting the Initial Payment, if any, that would have been due under the Bilateral CDS Transaction submitted for Trade Date Clearing; and (ii) CDS Contracts arising in other circumstances (other than pursuant to Weekly Clearing, but including, without limitation, CDS Contracts arising pursuant to Rule 401(a)(vi), (x) or (xi)) may include an obligation to pay an Initial Payment constituting a payment obligation of the relevant party thereto.

No Changes to Part 16.

(VIII) CDS PROCEDURES**INDEX**

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1. **ADDITIONAL DEFINITIONS**

1.1 The terms "2005 Matrix Supplement", "Accreted Amount", "Accreting Obligation", "Auction Cancellation Date", "Auction Final Price Determination Date", "Bankruptcy", "Calculation Agent", "Credit Event", "Credit Derivatives Determinations Committees", "Confirmation", "Credit Event Backstop Date", "Credit Event Notice", "Credit Event Resolution Request Date", "Dealer", "Deliverable Obligation", "Deliverable Obligation Characteristics", "Delivery", "Delivery Date", "Event Determination Date", "Exercise Cut-Off Date", "Extension Date", "Failure to Pay", "Fallback Settlement Method", "Final List", "Final Price", "Floating Rate Payer Calculation Amount", "Highest", "Indicative Quotation", "Loan", "Movement Option Cut-off Date", "NOPS Amendment Notice", "Not Contingent", "Notice Delivery Period", "No Auction Announcement Date", "Notice of Physical Settlement", "Notice of Publicly Available Information", "Notice to Exercise Movement Option", "Notifying Party", "Obligation", "Physical Settlement Amount", "Physical Settlement Date", "Potential Repudiation/Moratorium", "Publicly Available Information", "Quotation", "Reference Entity", "Reference Obligation", "Repudiation/Moratorium", "Repudiation/Moratorium Extension Condition", "Repudiation/Moratorium Extension Notice", "Restructuring", "Substitute Reference Obligation", "Succession Event", "Succession Event Backstop Date", "Succession Event Notice", "Succession Event Resolution Request Date", "Successor", "Trade Date", "Transaction Auction Settlement Terms", "Transaction Type", "Valuation Date" and "Weighted Average Quotation" each have the meanings given to those terms in the Credit Derivatives Definitions. The terms "DC Secretary", "External Reviewer", "Initial List" and "Website" each have the meanings given to those terms in the DC Rules.

1.2 The term "Acceptance Notice" means a Weekly Acceptance Notice or a TD Acceptance Notice, as the case may be.

1.3 The term "Acceptance Time" has the meaning set out in paragraph 4.5.

1.4 The term "Acceleration Supermajority" has the meaning set out in paragraph 6.3(d)(iv).

1.5 The term "Administrative Meeting" has the meaning set out in paragraph 6.8(j)(ii)

1.6 The term "Advocates" has the meaning set out in paragraph 6.8(k).

1.7 The term "Affected CDS Clearing Member" has the meaning set out in paragraph 11.4.

1.8 [The term "ANT Process" means the process \(if any\) provided or to be provided by DTCC \(currently known as the "Automated New Trade" process\) permitting the Clearing House alone to input to Deriv/SERV all relevant information in relation to a CDS Contract in order to establish, match and make "certain" the record of such CDS Contract in the relevant DTCC Account\(s\).](#)

1.9 ~~1.8~~ The term "Bilateral CDS Transaction Trade Date" has the meaning set out in the definition of Trade Date Clearing.

1.10 ~~1.9~~ The term "Brief" has the meaning set out in paragraph 6.8(o)(i).

1.11 ~~1.10~~ The term "CDS Committee-Eligible Clearing Member" means a Clearing Member that has been approved by the Clearing House, following consultation with the CDS Risk Committee, for participation in one or more Regional CDS Committees under paragraph 5 and in the CDS Default Committee. The Clearing House may revoke (or reinstate) its approval of any Clearing Member as a CDS Committee-Eligible Clearing Member from time to time based on its determination as to whether a particular Clearing Member has been in compliance with the Rules.

1.12 ~~1.11~~ The term "CDS Committee Procedures" means paragraph 6 of these Procedures.

1.13 ~~1.12~~ The term "CDS Default Committee" means a committee established pursuant to paragraph 5.1.

- 1.14 ~~[1.13]~~ The term "**CDS Default Committee Member**" has the meaning set out in paragraph 5.1.
- 1.15 ~~[1.14]~~ The term "**CDS Default Committee Participant**" has the meaning set out in paragraph 5.1.
- 1.16 ~~[1.15]~~ The term "**CDS Default Committee Participant List**" has the meaning set out in paragraph 5.2.
- 1.17 ~~[1.16]~~ The term "**CDS Master Agreement**" means, in relation to any CDS Contract between a CDS Clearing Member and the Clearing House, the Master Agreement between that CDS Clearing Member and the Clearing House.
- 1.18 ~~[1.17]~~ The term "**CDS Region**" means a region for which CDS Contracts are cleared by the Clearing House, as determined by the Clearing House.
- 1.19 ~~[1.18]~~ The term "**CDS Regional Business Day**" means, with respect to a CDS Region, any day determined in accordance with the location and other parameters designated by the Clearing House as a day on which the business of clearing CDS Contracts may occur in the particular CDS Region.
- 1.20 ~~[1.19]~~ The term "**CDS Risk Committee**" means the committee of that name established by the board of the Clearing House.
- 1.21 ~~[1.20]~~ The term "**CEN Triggering Period**" means, in relation to any CDS Contracts of a Set in respect of which a Restructuring Credit Event has occurred, the period during which, in accordance with the Contract Terms, a CDS Buyer or CDS Seller may deliver a Restructuring Credit Event Notice in relation to all or part of such CDS Contract, such period starting on the earliest of any of the following:
- (a) with respect to a Set of CDS Contracts for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, on the earlier of:
 - (i) the Business Day following publication of the Final List; and
 - (ii) the tenth calendar day following the No Auction Announcement Date;
 - (b) with respect to a Set of Sovereign Contracts or other Set of CDS Contracts for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, on the earlier of:
 - (i) the Business Day following publication of the Final List; and
 - (ii) the tenth calendar day following the No Auction Announcement Date; or
 - (c) where a Regional CDS Committee Credit Event Announcement has occurred, the tenth calendar day following the date of the actual decision by the relevant Regional CDS Committee to Resolve that a Restructuring Credit Event has occurred for which there is Publicly Available Information, as described in paragraph 6.2(a)(iii),
- and such period ending, in any case, on the Exercise Cut-off Date.
- 1.22 ~~[1.21]~~ The term "**Chairperson**" has the meaning set out in paragraph 6.1(d).
- 1.23 ~~[1.22]~~ The term "**Clearing House DTCC Account**" means the account of the Clearing House at Deriv/SERV which is used by the Clearing House to hold records of all CDS Contracts between the Clearing House and CDS Clearing Members in the Production Accounts.

~~[1.23] The term "CLS" means CLS Bank International or any successor thereto.]~~

- [1.24](#) [\[Not used\]](#)
- [1.25](#) ~~[1.24]~~ The term "**CM1**" has the meaning set out in paragraph 4.1.
- [1.26](#) ~~[1.25]~~ The term "**CM2**" has the meaning set out in paragraph 4.1.
- [1.27](#) ~~[1.26]~~ The term "**Committee Member**" has the meaning set out in paragraph 6.1(b).
- [1.28](#) ~~[1.27]~~ The term "**Confidential Material**" has the meanings set out in paragraphs 5.8 and 6.12(a)(i).
- [1.29](#) ~~1.28~~ The term "**Convened DC Voting Member**" has the meaning given to such term in the DC Rules as published by ISDA from time to time.
- [1.30](#) ~~[1.29]~~ The term "**Covered Party**" has the meanings set out in paragraphs 5.8 and 6.12(a).
- [1.31](#) ~~[1.30]~~ The term "**Customer Integration Date**" means the first date on which the restrictions in the Rules on the Clearing of Bilateral CDS Transactions and CDS Contracts for Customers cease to apply.
- [1.32](#) ~~[1.31]~~ The term "**DC Rules**" means the Credit Derivatives Determinations Committees Rules, as defined as the "Rules" in Section 1.22 of the Credit Derivatives Definitions. For the avoidance of doubt, the term "Rules" as defined in the Rules shall not replace, or otherwise affect the interpretation of, the term "Rules" in the Credit Derivatives Definitions.
- [1.33](#) ~~[1.32]~~ The term "**Dispute Resolution Panel**" has the meaning set out in paragraph 6.5(a).
- [1.34](#) ~~[1.33]~~ The term "**Dispute Resolver**" has the meaning set out in paragraph 6.5(b).
- [1.35](#) ~~[1.34]~~ The term "**DTCC**" means The Depository Trust and Clearing Corporation or any successor thereto.
- [1.36](#) The term "**DTCC Accounts**" means the accounts in Deriv/SERV for the recording of transaction data in relation to CDS Contracts.
- [1.37](#) ~~[1.35]~~ The term "**DTCC Failure**" means any circumstances in which DTCC is unable to process all or substantially all Restructuring Credit Event Notices relating to a particular Restructuring Credit Event in the Triggering Accounts in a timely manner, where such failure affects all or substantially all CDS Clearing Members or the Clearing House.
- [1.38](#) ~~[1.36]~~ The term "**Effectiveness Convention**" has the meaning set out in paragraph 6.3(g).
- [1.39](#) ~~[1.37]~~ The term "**Effectiveness Supermajority**" has the meaning set out in paragraph 6.3(d)(v).
- [1.40](#) ~~[1.38]~~ The term "**Electronic Notice Process**" means the process for the delivery and receipt of Restructuring Credit Event Notices and Notices to Exercise Movement Option pursuant to paragraph 8.4(e)(vi) and (vii).
- [1.41](#) ~~[1.39]~~ The term "**Eligible Employee**" has the meaning set out in paragraph 5.1.
- [1.42](#) ~~[1.40]~~ The term "**Exhibits**" has the meaning set out in paragraph 6.8(o)(ii).
- [1.43](#) ~~[1.41]~~ The term "**Existing Supplements**" has the meaning set out in paragraph 10.1(c).
- [1.44](#) ~~[1.42]~~ The term "**External RMP**" means all Matched Pairs matched and notified by the Clearing House pursuant to Rule 1508 other than Internal RMPs.
- [1.45](#) ~~[1.43]~~ The term "**Fitch**" has the meaning set out in paragraph 2.2(b).

- [1.46](#) ~~[1.44]~~ The term "**Fungibility Date**" has the meaning set out in paragraph 11.5(a).
- [1.47](#) ~~[1.45]~~ The term "**Internal RMP**" means a Matched Pair matched and notified by the Clearing House pursuant to Rule 1508 in which the same CDS Clearing Member is matched with itself, as a result of one CDS Sub-Account of a CDS Clearing Member being matched with another CDS Sub-Account of the same CDS Clearing Member.
- [1.48](#) ~~[1.46]~~ The term "**Issue**" has the meaning set out in paragraph 6.7(a).
- [1.49](#) ~~[1.47]~~ The term "**Mandatory Voting Member**" has the meaning set out in paragraph 6.4(a).
- [1.50](#) ~~[1.48]~~ The term "**Manual CDS Clearing Member**" has the meaning set out in paragraph 8.4(e)(ix).
- [1.51](#) ~~[1.49]~~ The term "**Manual MP Notice**" has the meaning set out in paragraph 8.4(f)(ii).
- [1.52](#) ~~[1.50]~~ The term "**Manual Notice Process**" means the process for the delivery, receipt and copying to the Clearing House of notices pursuant to paragraph 8.4(f).
- [1.53](#) ~~[1.51]~~ The term "**MCA/STS Changeover Time**" means midnight on 29 November 2010.
- [1.54](#) ~~[1.52]~~ The term "**Moody's**" has the meaning set out in paragraph 2.2(b).
- [1.55](#) ~~[1.53]~~ The term "**NEMO Triggering Period**" means, in relation to any CDS Contracts of a Set in respect of which a Restructuring Credit Event has occurred and for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, the period starting at 9 a.m. on the day falling one Business Day prior to the relevant Movement Option Cut-off Date for the Set of CDS Contracts and ending on the Movement Option Cut-off Date.
- [1.56](#) ~~[1.54]~~ The term "**New Trade**" has the meaning set out in paragraph 11.3(c)(i)(L).
- [1.57](#) ~~[1.55]~~ The term "**Notification Cut-Off Time**" means
- (a) with respect to delivery of a Restructuring Credit Event Notice in relation to a CDS Contract of a Set for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable and where:
 - (i) a No Auction Announcement Date has occurred which is applicable to such CDS Contracts pursuant to Section 12.12(b) of the Credit Derivatives Definitions on or prior to the Exercise Cut-off Date, 4:30 p.m. on the Business Day immediately following the Exercise Cut-off Date;
 - (ii) otherwise, 4:30 p.m. on the third Business Day immediately following the Exercise Cut-off Date;
 - (b) with respect to delivery of a Restructuring Credit Event Notice in relation to a Sovereign Contracts or other CDS Contracts of a Set for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, 4:30 p.m. on the Business Day immediately following the Exercise Cut-off Date
 - (c) with respect to delivery of a Notice to Exercise Movement Option, 4:30 p.m. on the Business Day following the Movement Option Cut-off Date; and
 - (d) with respect to delivery of a Notice of Physical Settlement or a NOPS Amendment Notice in relation to a Set of CDS Contracts, 4:30 p.m. on the second Business Day after the last date on

which a Notice of Physical Settlement or a NOPS Amendment Notice, as applicable, may be served in respect of the Credit Event in question, pursuant to Section 3.2(c) of the Credit Derivatives Definitions.

- [1.58](#) ~~1.56~~ The term "**Old Index**" has the meaning set out in paragraph 4.12.
- [1.59](#) ~~1.57~~ The term "**Oral Argument**" has the meaning set out in paragraph 6.8(q).
- [1.60](#) ~~1.58~~ The term "**Original Notional Amount**", in relation to any CDS Contract, has the meaning given to that term in the Contract Terms.
- [1.61](#) ~~1.59~~ The term "**Panel Member**" has the meaning set out in paragraph 6.5(b).
- [1.62](#) ~~1.60~~ The term "**Permissible Deliverable Obligation**" means a Deliverable Obligation that satisfies Section 2.32(a) or 2.33(a) of the Credit Derivatives Definitions, if applicable.
- [1.63](#) ~~1.61~~ The terms "**Presented Position**" and "**Presented Positions**" have the meaning set out in paragraph 6.8(b).
- [1.64](#) ~~1.62~~ The term "**Primary Panel Member**" has the meaning set out in paragraph 6.6(b)(i).
- [1.65](#) ~~1.63~~ The term "**Production Accounts**" means the accounts in Deriv/SERV for the recording of transaction data in relation to CDS Contracts but excluding the Triggering Accounts or accounts in the Deriv/SERV test environment.
- [1.66](#) ~~1.64~~ The term "**Provider**" has the meaning set out in paragraph 6.12(b).
- [1.67](#) ~~1.65~~ The term "**Quorum Majority**" has the meaning set out in paragraph 6.3(d)(i).
- [1.68](#) ~~1.66~~ The term "**Quorum Stage 2 Supermajority**" has the meaning set out in paragraph 6.3(d)(iii).
- [1.69](#) ~~1.67~~ The term "**Quorum Supermajority**" has the meaning set out in paragraph 6.3(d)(ii).
- [1.70](#) ~~1.68~~ The term "**Regional CDS Clearing Member**" means a CDS Clearing Member that is party to CDS Contracts relevant to a CDS Region.
- [1.71](#) ~~1.69~~ The term "**Regional CDS Committee**" has the meaning set out in paragraph 6.1(a).
- [1.72](#) ~~1.70~~ The term "**Regional CDS Committee Credit Event Announcement**" means with respect to a Reference Entity, an announcement by the Clearing House in a Circular that the relevant Regional CDS Committee has determined that an event that constitutes a Credit Event with respect to a CDS Contract and a Reference Entity (or an Obligation thereof) has occurred in accordance with paragraph 6.2(a)(iii) and has made the other determinations envisaged by that paragraph.
- [1.73](#) ~~1.71~~ The term "**Reimbursement Amount**" has the meaning set out in paragraph 6.8(l).
- [1.74](#) ~~1.72~~ The term "**Relevant CDS Default Committee Period**" has the meaning set out in paragraph 5.3.
- [1.75](#) ~~1.73~~ The term "**Relevant Period**" has the meaning set out in paragraph 6.6(b)(iii).
- [1.76](#) ~~1.74~~ The terms "**Resolve**", "**Resolved**" and "**Resolves**" have the meaning set out in paragraph 6.10(a) provided that in relation to a resolution of the Credit Derivatives Determinations Committee, such terms shall have the meaning given to them in the Credit Derivatives Definitions.
- [1.77](#) ~~1.75~~ The term "**Restructuring Matched Pair**" means a Matched Pair created pursuant to Rule 1508 in respect of a Restructuring Credit Event.

- [1.78](#) ~~[1.76]~~ The term "**Revocation Right**" will apply in respect of the submission of a Bilateral CDS Transaction for Clearing (a) if one of the Clearing Members for whose account the submission for Clearing is made is a Defaulter or (b) if and to the extent that either CDS Contract which would arise on Clearing would have been void under Rule 403 (if Rule 403 applied to CDS Contracts in addition to Energy Contracts) or capable of being treated as voidable under Rule 404(a) (if Rule 404(a) applied to CDS Contracts in addition to Energy Contracts and the latter being read for purposes of this definition as if the words "in relation only to Energy Contracts," were not set out in any part of Rule 404(a) and "Energy Clearing Members" were read as "CDS Clearing Members") or Rule 404(b).
- [1.79](#) ~~[1.77]~~ The term "**RMP Identifier**" means the unique alphanumeric identifier for each External RMP in the Production Accounts.
- [1.80](#) ~~[1.78]~~ The term "**S&P**" has the meaning set out in paragraph 2.2(b).
- [1.81](#) ~~[1.79]~~ The term "**Single Name Contract**" means a SNEC Contract or a Sovereign Contract, as the case may be.
- [1.82](#) ~~1.80~~ The term "**SNEC Contract**" has the meaning set out in paragraph 12.2(g).
- [1.83](#) ~~[1.81]~~ The term "**Sovereign Contract**" has the meaning set out in paragraph 13.2(g).
- [1.84](#) ~~[1.82]~~ The term "**Standard Quorum Number**" has the meaning set out in paragraph 6.3(b).
- [1.85](#) ~~[1.83]~~ The term "**Submission Deadline**" has the meaning set out in paragraph 6.8(j)(iii).
- [1.86](#) ~~[1.84]~~ The term "**Tax**" has the same meaning as that given to the term in the relevant Master Agreement.
- [1.87](#) ~~[1.85]~~ The term "**TD Acceptance Notice**" has the meaning set out in paragraph 4.4(a).
- [1.88](#) ~~[1.86]~~ The term "**Tier 1**" has the meaning given to that term in Banking Consolidation Directive.
- [1.89](#) ~~[1.87]~~ The term "**Trade Date Clearing**" means the submission of a Bilateral CDS Transaction on the date on which it is entered into (the "**Bilateral CDS Transaction Trade Date**"), provided that is a Business Day, or on the immediately following Business Day for Clearing on the day of submission.
- [1.90](#) ~~[1.88]~~ The term "**Trade Processing Platform**" means a person that has satisfied the Clearing House's requirements to act as an agent of one or more CDS Clearing Members in the submission of Bilateral CDS Transactions for Trade Date Clearing, including having entered into an agreement with the Clearing House to act as an "Approved CDS Trade Processing Platform" in relation to such submissions and, in relation to any CDS Clearing Member for which (and, as the case may be, for whose Affiliate) it acts as agent, has obtained that CDS Clearing Member's authorisation in writing to submit Bilateral CDS Transactions for Trade Date Clearing as agent for that CDS Clearing Member and accordingly, such a Trade Processing Platform will be a Representative of such CDS Clearing Member for that purpose until the expiry of not less than one Business Days' written notice to the Clearing House given by such CDS Clearing Member that such Trade Processing Platform is no longer, or is not, authorised to act as its agent and/or Representative. Where an Affiliate of a CDS Clearing Member may submit Bilateral CDS Transactions for the account of that CDS Clearing Member as referred to in paragraph 4.6, any person which, as a Trade Processing Platform, is a Representative of such CDS Clearing Member shall be deemed to be additionally a Representative of such Affiliate for these purposes.
- [1.91](#) ~~[1.89]~~ The term "**Triggering Account**" means a sub-account of the Clearing House DTCC Account, where the transactions recorded in the account are produced through copying data in a Production Account at Deriv/SERV, which sub-account is used solely for the delivery and receipt of Restructuring Credit Event Notices and Notices to Exercise Movement Option between Matched Pairs pursuant to the Electronic Notice Process.

- 1.92 ~~[1.90]~~ The term "**Triggering Period**" means the CEN Triggering Period or NEMO Triggering Period, as applicable.
- 1.93 ~~[1.91]~~ The term "**Weekly Acceptance Notice**" has the meaning set out in paragraph 4.4(b).
- 1.94 ~~[1.92]~~ The term "**Written Materials**" has the meaning set out in paragraph 6.8(o).
- 1.95 ~~[1.93]~~ The term "**Weekly Clearing**" means the submission of a Bilateral CDS Transaction for Clearing other than pursuant to Trade Date Clearing.
- 1.96 ~~[1.94]~~ Capitalised terms used in these Procedures but not defined in this paragraph 1 shall have the meaning given to such terms in the Rules, the relevant CDS Contract (including Credit Derivatives Definitions and the Master Agreement as amended) or elsewhere in these Procedures (in that order of priority in the event of any conflict).

4. SUBMISSION AND ACCEPTANCE OF CDS CONTRACTS

- 4.2 Only Clearing Members (including their duly appointed Representatives) may submit Bilateral CDS Transactions to the Clearing House provided that, where a Bilateral CDS Transaction is to be submitted for Trade Date Clearing, it must be submitted by the same Trade Processing Platform acting as duly appointed Representative on behalf of each of the Clearing Members who are party to the Bilateral CDS ~~[Contract]~~Transaction. Each Business Day, at the exact hours or during the time periods, as the case may be, from time to time fixed by the Clearing House for Weekly Clearing and Trade Date Clearing, respectively, CDS Clearing Members shall file with the Clearing House or its duly appointed Representatives confirmations, in the manner prescribed in the CDS Operational Procedures (which, in the case of electronic systems that submit matched Bilateral CDS Transactions to the Clearing House, shall be satisfied by confirmatory reports automatically generated by such system that contain the information set forth herein), covering Bilateral CDS Transactions submitted for Weekly Clearing or Trade Date Clearing, respectively, showing for each Bilateral CDS Transaction:
- (a) the identity of both Clearing Members;
 - (b) which side of the Bilateral CDS Transaction each Clearing Member has taken;
 - (c) the relevant Set involved;
 - (d) the quantity or notional and other economic terms involved;
 - (e) whether the Bilateral CDS Transaction is submitted for Trade Date Clearing, in which case it will also include the amount of the Initial Payment (if any) payable, identify the Clearing Member obliged to make such payment and specify the date on which such payment ~~is~~would be due to be made under the Bilateral CDS Transaction (were it not to give rise to a CDS Contract); and
 - (f) such other information as may reasonably be required by the Clearing House (such requirement to have been notified previously by the Clearing House) to effect the matching of Bilateral CDS Transactions between the parties.
- 4.4 In relation to any Bilateral CDS Transaction submitted for Clearing:-
- (g) ~~[Where]~~Where it is submitted for Trade Date Clearing, the Clearing House shall give notice as soon as reasonably practicable (in a final trade status report or other report identified for the purpose) in accordance with this paragraph 4.4 (a "**TD Acceptance Notice**") to the Clearing Members submitting such Bilateral CDS Transaction specifying that the Clearing House accepts such Bilateral CDS Transaction for Clearing if such Bilateral CDS Transaction is submitted in accordance with and meets the requirements established by the Rules and these CDS Procedures, provided that the Clearing House may decline to accept or may reject a

Bilateral CDS Transaction for Clearing if it determines in good faith that, based on the exercise of prudent risk management standards or in accordance with paragraph 4.4(e), it should not accept or should reject such Bilateral CDS Transaction for Clearing or if it determines that a Revocation Right would apply in respect of such submission for Clearing. Subject to Part 4 of the Rules and this paragraph 4, a TD Acceptance Notice will result in the Clearing Member and the Clearing House entering into a CDS Contract at the Acceptance Time. A Bilateral CDS Transaction may be submitted for Trade Date Clearing between 8:00 a.m. and 6:00 p.m. on its Bilateral CDS Transaction Trade Date, provided that is a Business Day, or between the same times on the immediately following Business Day and will be accepted or rejected by the Clearing House by 6:30 p.m. on the day submitted. A Bilateral CDS Transaction which has been rejected may, if eligible in accordance with the Rules and these CDS Procedures, be re-submitted for Clearing in accordance with this paragraph 4.4(a) or, following recording in Deriv/SERV, paragraph 4.4(b) below. A Bilateral CDS Transaction submitted for Trade Date Clearing after 6:00 p.m. on a Business Day or on a day that is not a Business Day shall, unless withdrawn prior to 8:00 a.m. on the following Business Day by the Trade Processing Platform which submitted it or unless otherwise notified by the Clearing House to the Clearing Member or otherwise stated in a Circular, be deemed to have been submitted for Trade Date Clearing at 8 a.m. on such following Business Day. No TD Acceptance Notice shall result in any Contract arising pursuant to Rule 401(a)(ix) or (xi) until the relevant Acceptance Time determined under paragraph 4.5. With effect as from the Acceptance Time and unless and until reissued pursuant to paragraph 4.4(f)(i), the TD Acceptance Notice shall be definitive as to any CDS Contracts entered into between the Clearing House and any Clearing Member, regardless of whether any CDS Contract is based on any Bilateral CDS Transaction and regardless of any error. Following the issuance of a TD Acceptance Notice, the Clearing House will using the ANT Process, promptly submit (for itself and for the Clearing Member which is its counterparty to the relevant CDS Contract) the terms of each new CDS Contract arising on Clearing to Deriv/SERV or another service specified by the Clearing House with identical terms as the original submission for clearing of the relevant Bilateral CDS Transaction (or the CDS Contracts specified in the TD Acceptance Notice, which shall prevail in the event of any conflict with the original submission for clearing) except for the substitution of the Clearing House as the counterparty to each of the Clearing Members and such other different terms as are set out in the Rules, these CDS Procedures and the Contract Terms. In relation to any Bilateral CDS Transaction submitted for Trade Date Clearing and only with respect to the ~~novation of such trades and the resulting creation~~ entry into of CDS Contracts resulting from a TD Acceptance Notice, each Clearing Member will suppress its own processes (and procure that its Representatives suppress their processes) for the submission of the terms of such Bilateral CDS Transaction to Deriv/SERV or another service specified by the Clearing House.

- (h) ~~Where~~ Where it is submitted for Weekly Clearing, the Clearing House shall give notice (in a final trade status report or other report identified for the purpose) from time to time in accordance with this paragraph 4.4 (a "**Weekly Acceptance Notice**") to the Clearing Members submitting such Bilateral CDS Transaction specifying that the Clearing House proposes to accept a Bilateral CDS Transaction for Clearing if such Bilateral CDS Transaction is submitted in accordance with and meets the requirements established by the Rules and these CDS Procedures, provided that the Clearing House may decline to accept a Bilateral CDS Transaction for Clearing if it determines in good faith that, based on the exercise of prudent risk management standards, it should not accept such Bilateral CDS Transaction for Clearing or if it determines that a Revocation Right would apply in respect of such submission for Clearing. Subject to Part 4 of the Rules and this paragraph 4, a Weekly Acceptance Notice will result in the Clearing Member and the Clearing House entering into a CDS Contract at the Acceptance Time. A Weekly Acceptance Notice delivered after 4:00 p.m. on a Business Day or delivered on a day that is not a Business Day shall, unless otherwise notified by the Clearing House to the Clearing Member or otherwise stated in a Circular, be deemed to have been issued on the following Business Day. No Weekly Acceptance Notice shall result in any Contract arising pursuant to Rule 401(a)(ix) until the relevant Acceptance Time determined under paragraph 4.5. Each Clearing Member shall check each Weekly Acceptance Notice that concerns CDS

Contracts that it is proposed to enter into at the Acceptance Time and shall promptly notify the Clearing House of any error of which it is aware such that the Weekly Acceptance Notice can be corrected and re-issued prior to the Acceptance Time. With effect as from the Acceptance Time and unless and until reissued pursuant to paragraph 4.4(f)(i), the Weekly Acceptance Notice shall be definitive as to any CDS Contracts entered into between the Clearing House and any Clearing Member, regardless of whether any CDS Contract is based on any Bilateral CDS Transaction and regardless of any error. Any Weekly Acceptance Notice may be revoked by the Clearing House (and not any third party) at the Clearing House's discretion at any time prior to the Acceptance Time but only if a Revocation Rights applies in respect of the related submission for Clearing. Following the issuance of a Weekly Acceptance Notice, ~~each~~ the Clearing ~~Member must~~ House will, using the ANT Process, promptly submit ~~(for itself and for the Clearing Member which is its counterparty to the relevant CDS Contract)~~ the terms of each new CDS Contract arising on Clearing to Deriv/SERV or another service specified by the Clearing House with identical terms as the original submission for clearing of the relevant Bilateral CDS Transaction (or the CDS Contracts specified in the Weekly Acceptance Notice, which shall prevail in the event of any conflict with the original submission for clearing) except for the substitution of the Clearing House as the ~~Clearing Member's~~ counterparty to each of the Clearing Members and such other different terms as are set out in the Rules, these CDS Procedures and the Contract Terms, adjusted to take into account netting, aggregation, terminations and replacements of CDS Contracts pursuant to Rule 406. In relation to any Bilateral CDS Transaction submitted for Weekly Clearing and only with respect to the termination of Bilateral CDS Transactions and entry into of CDS Contracts resulting from a Weekly Acceptance Notice, each Clearing Member will suppress its own processes (and procure that its Representatives suppress their processes) for the submission of the terms of CDS Contracts to Deriv/SERV or another service specified by the Clearing House.

- (g) This paragraph 4.4(g) applies only to CDS Contracts arising pursuant to Rule 401(a)(xi). The Clearing House will provide affected Clearing Members with information relating to proposed CDS Contracts arising pursuant to Rule 401(a)(xi) on the Business Day of price submission. Such information will include the price, Set, the identity of the other Clearing Member that the Clearing Member was matched with and such other economic terms as are referred to in paragraphs 11.2(c)(iii), 12.5(d) or 13.5(d) (as applicable), but excludes for the avoidance of doubt, data in respect of the price data submitted by any other Clearing Member to the Clearing House. Provided that the Clearing House is not notified of any error or dispute relating to the data, it will be used for the purposes of the Clearing House booking new CDS Contracts. A TD Acceptance Notice will be deemed to have been issued by the Clearing House at the time (which will be deemed to be the Acceptance Time) when the Clearing House gives notice to the Clearing Member in the relevant report specified for this purpose that it has recorded the new CDS Contract in its systems. The following provisions of this paragraph 4 shall apply to CDS Contracts arising pursuant to Rule 401(a)(xi) in the same way as they apply to Trade Date Clearing, mutatis mutandis: paragraphs 4.1 (penultimate sentence only), 4.4(a) (second sentence and the final four sentences only), 4.4(c), 4.4(e), 4.4(f), 4.5 (first sentence only), 4.11 (excluding the second sentence), 4.12, 4.13, 4.15 (last two sentences only) and 4.18. For such purposes, (i) the term "Bilateral CDS Transaction" shall be construed as relating to the data relating to proposed CDS Contracts referred to in the second sentence of this paragraph; (ii) references to "submission to Clearing" shall be construed as referring to the Clearing House processing the data that it created and notified to the relevant Clearing Member; and (iii) paragraph 4.4(f)(i) will apply in addition to the circumstances set out therein in any situation in which either: (A) the price of the CDS Contract was incorrect (with reference to the process set out in the CDS Operational Procedures); (B) the Set of the CDS Contract which was entered into is not the same as that in respect of which the relevant end-of-day price data were requested by the Clearing House; or (C) such "Bilateral CDS Transaction" was ineligible for submission to Clearing as a result of paragraphs 4.12 or 4.13. The Clearing House may decline to take any step that would result in the issuance of an Acceptance Notice in respect of a CDS Contract that would otherwise arise pursuant to Rule 401(a)(xi) if it determines in good faith that, based on the exercise of prudent risk management standards or in accordance with paragraph 4.4(e), it

should not become party to a CDS Contract or if it determines that a Revocation Right would apply. No provision of the Rules or these CDS Procedures shall have the effect of binding any Clearing Member contractually to a Bilateral CDS Transaction in connection with any CDS Contract arising or proposed to arise under Rule 401(a)(xi), including without limitation, in any situation in which, prior to the Acceptance Time, such a proposed CDS Contract is rejected for Clearing.

- 4.5 ~~[Rule]~~Rules 401(a)(ix)~~[-refers]~~, (x) and (xi) refer to a time to be specified pursuant to the Procedures for the acceptance of CDS Contracts ("**Acceptance Time**"). For CDS Contracts arising pursuant to Trade Date Clearing, the Acceptance Time shall be the time on a Business Day at which the TD Acceptance Notice was given. The Clearing House will include, in each TD Acceptance Notice, the time at which such notice is given. Such TD Acceptance Notice will be given by electronic message. For CDS Contracts arising pursuant to Weekly Clearing, the Acceptance Time shall be 12:01 a.m. on the calendar day following the Business Day on which the Weekly Acceptance Notice was given or deemed to be given, unless otherwise stated in a Circular or to any Clearing Member with prior notice in writing. For CDS Contracts arising pursuant to Rule 401(a)(x), the Acceptance Time shall be the time specified by the Clearing House in the relevant acceptance notice.
- 4.7 Where, prior to the Acceptance Time, any Bilateral CDS Transaction is rejected for Clearing, or, where submitted for Weekly Clearing, the Weekly Acceptance Notice given in respect of it is revoked, the Transaction Rights or Obligations of the Clearing Members which are party thereto shall be deemed never to have been released and discharged pursuant to Rule 402(b).

5. CDS DEFAULT COMMITTEE

5.7 The CDS Default Committee shall be entitled to:

- (i) assist and advise the Clearing House in determining and executing any transactions under Rules 902 or 903 in CDS only;
- (j) assist the Clearing House in determining (and thereafter adjusting) any sale or transfer prices, target prices or minimum target prices for such CDS;
- (k) assist the Clearing House in relation to the unwinding of any CDS ~~[Transactions]~~Contracts which fall within paragraphs 4.11, 12.4 or 13.4, and otherwise as provided in the Rules and Procedures in relation thereto;
- (l) provide the Clearing House with recommendations as to how prudently to unwind the Open Contract Positions in CDS Contracts of a Defaulter that was a CDS Clearing Member and the related close-out of CDS and other hedging transactions, if any; and
- (m) without prejudice to the generality of the foregoing, assist and advise the Clearing House in determining whether or not the entry into of any hedging transactions under Rule 902(b) would achieve, or would be likely to achieve, the purpose of an orderly unwind of any Contracts to which a Defaulter is party or a reduction of the risk specified in Rule 902(b).

8. CREDIT EVENTS AND PHYSICAL SETTLEMENT

8.4 Matched Pairs

- (d) If the Clearing House is obliged to issue Matched Pair Notices pursuant to Rule 1507 or 1508, it will endeavour to do so as soon as reasonably practicable after the date of the last Acceptance Notice after the date on which new submissions of Bilateral CDS Transactions relating to the relevant Set become ineligible for Clearing under paragraph 4.12 or 4.13 (as applicable). The Clearing House shall issue Matched Pair Notices pursuant to Rule 1507 following an Applicable Credit Event other than a Restructuring Credit Event prior to 4:30 p.m. on the tenth calendar day following either the No Auction Announcement Date, Auction Cancellation Date

or the day on which a Regional CDS Committee Credit Event Announcement relevant to the Set in question occurs, as applicable. The Clearing House shall issue Matched Pair Notices pursuant to Rule 1508 following a Restructuring Credit Event prior to 4:30 p.m. on the Business Day prior to the first day of the CEN Triggering Period. Such Matched Pair Notices may in either case be delivered by the Clearing House by e-mail or fax. If the Clearing House fails to issue Matched Pair Notices by the relevant deadline specified in this paragraph 8.4(d), any Credit Event Notices delivered by Clearing Members directly to the Clearing House after that time must be made by fax or e-mail to the contact details specified in accordance with paragraph 8.3(d)..

~~8.9 — Auction Settlement and Cash Settlement~~

~~8.9 [Where a CDS Contract is to be settled in circumstances in which Rule 1514 does not apply, relevant cash payments between the Clearing House and CDS Clearing Members will take place through DTCC using CLS, unless otherwise specified by the Clearing House in a Circular prior to the date on which such cash payments are due.]~~ Not used.

10. CONTRACT TERMS FOR ALL CDS CONTRACTS

10.1 This paragraph 10 specifies additional Contract Terms applicable to all CDS Contracts cleared by the Clearing House to which the Credit Derivatives Definitions apply by virtue of the Contract Terms:

(l) Article IX of the Credit Derivatives Definitions is hereby amended by adding new Sections 9.1(e) and (f) as follows:

"(e) In respect of any ~~[Bilateral CDS Transaction which is accepted for Clearing]~~ CDS Contract, the CDS Buyer and CDS Seller shall be deemed to agree at the ~~[Acceptance Time]~~ time at which such CDS Contract arose:

11. CONTRACT TERMS FOR ITRAXX EUROPE CONTRACTS

11.1 **iTraxx Europe (CDS Contracts with Acceptance Time on or after the MCA/STS Changeover Time)**

(c) **Terms of iTraxx Contracts Governed by Standard iTraxx CDS Supplement**

(iii) The following terms will be determined from the iTraxx Confirmation which relates to the particular iTraxx Contract submitted for Clearing or, with respect to each iTraxx Contract arising pursuant to Rule 401(a)(vi), (x) or (xi), determined from the data provided by the Clearing House to the Clearing Member prior to the time at which such CDS Contract arose:

- (A) Which of the Eligible iTraxx Indices is the "Index", including its version and series number;
- (B) Which of the eligible Scheduled Termination Dates specified for the Index in the List of Eligible iTraxx Indices is the "Scheduled Termination Date";
- (C) The "Original Notional Amount";
- (D) The "Floating Rate Payer";
- (E) The "Fixed Rate Payer";
- (F) The "Annex Date";

- (G) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to Weekly Clearing; and
- (H) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to Weekly Clearing.

12. CONTRACT TERMS FOR SINGLE NAME CDS CONTRACTS

12.1 This paragraph 12 specifies the additional Contract Terms applicable to all SNEC Contracts ~~arising on Clearing by the Clearing House of Bilateral CDS Transactions~~. In the event of any inconsistency between the relevant terms of a Bilateral CDS Transaction submitted for Clearing and this paragraph 12, this paragraph 12 will govern.

12.5 Terms of the Cleared SNEC Contract.

- (d) For each SNEC Contract, the following terms will be determined according to the particular Bilateral CDS Transaction submitted for clearing, subject to paragraph 12.4 or, with respect to each SNEC Contract arising pursuant to Rule 401(a)(vi), (x) or (xi), according to the data provided by the Clearing House to the Clearing Member prior to the time at which such CDS Contract arose:
 - (ii) Which of the Eligible SNEC Reference Entities is the "Reference Entity".
 - (iii) Which of the eligible Scheduled Termination Dates specified for the Reference Entity in the List of Eligible SNEC Reference Entities is the "Scheduled Termination Date".
 - (iv) The "Floating Rate Payer Calculation Amount".
 - (v) The "Floating Rate Payer".
 - (vi) The "Fixed Rate Payer".
 - (vii) The "Fixed Rate".
 - (viii) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to Weekly Clearing; and
 - (ix) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to Weekly Clearing.

13. CONTRACT TERMS FOR SOVEREIGN CONTRACTS

13.1 This paragraph 13 specifies the additional Contract Terms applicable to all Sovereign Contracts ~~arising on Clearing by the Clearing House of Bilateral CDS Transactions~~. In the event of any inconsistency between the relevant terms of a Bilateral CDS Transaction submitted for Clearing and this paragraph 13, this paragraph 13 will govern.

13.7 Terms of the Cleared Sovereign Contract.

- (d) For each Sovereign Contract, the following terms will be determined according to the particular Bilateral CDS Transaction submitted for clearing or, with respect to each Sovereign Contracts arising pursuant to Rule 401(a)(vi), (x) or (xi), according to the data provided by the Clearing House to the Clearing Member prior to the time at which such CDS Contract arose:
 - (x) Which of the Eligible Sovereign Reference Entities is the "Reference Entity".

- (xi) Which of the eligible Scheduled Termination Dates specified for the Reference Entity in the List of Eligible Sovereign Reference Entities is the "Scheduled Termination Date".
- (xii) The "Floating Rate Payer Calculation Amount".
- (xiii) The "Floating Rate Payer".
- (xiv) The "Fixed Rate Payer".
- (xv) The "Fixed Rate".
- (xvi) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to Weekly Clearing; and
- (xvii) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to Weekly Clearing.