
**GUARANTEED SPONSORED CLEARING
REGULATIONS OF
LCH LIMITED**

CONTENTS

Guaranteed Regulation	Sponsored	Clearing	Page
Regulation 1	Definitions		1
Chapter I – SCOPE			26
Regulation 2	Obligations of the Clearing House to each Guaranteed Sponsored Member and Guaranteeing Agent Member.....		26
Regulation 3	Performance by the Clearing House of its Obligations under the Terms of an Open Contract		27
Chapter II – STATUS			28
Regulation 4	Guaranteed Sponsored Member Status of the Clearing House		28
Regulation 4A	Dormant Guaranteed Sponsored Member Status of the Clearing House		30
Regulation 5	Guaranteeing Agent Member status of the Clearing House		31
Regulation 6	Agent Services		33
Regulation 7	Resigning and Retiring Members		38
Regulation 8	Clearing Service Withdrawal.....		50
Regulation 9	Guaranteeing Agent Member Default		51
Chapter III – ACCOUNTS			58
Regulation 10	Accounts		58
Chapter IV – CONTRACT FORMATION AND REGISTRATION.....			61
Regulation 11	Novation		61
Regulation 12	Registration.....		62
Regulation 13	Trading Information		65
Regulation 14	Transactions entered into through a Trading System		66
Chapter V – COLLATERAL AND VALUATIONS			67
Regulation 15	Margin and Collateral.....		67
Regulation 16	Agent Buffer		75
Regulation 17	Credit Risk Resource		78
Regulation 18	Other Modes of Settlement and Revaluation.....		80
Regulation 19	Market Disorders, Impossibility of Performance, Trade Emergency.....		81
Regulation 20	Force Majeure.....		82
Chapter VI – INVOICING BACK AND CURRENCY CONVERSION			83
Regulation 21	Invoicing Back.....		83
Regulation 22	Currency Conversion.....		84
Chapter VII – DISCLOSURE, FEES, RECORDS AND AMENDMENTS			85
Regulation 23	Disclosure and Reporting		85
Regulation 24	Fees and Other Charges		86

Regulation 25	Records	87
Regulation 26	Alteration of GSC Regulations and the GSC Procedures.....	88
Chapter VIII – NETTING AND DISTRIBUTION		89
Regulation 27	Netting	89
Regulation 28	Distribution of Assets	94
Regulation 29	Solvency Threatening Treasury Default Loss	95
Chapter IX – MISCELLANEOUS		97
Regulation 30	GSC Procedures.....	97
Regulation 31	Interpretation of these GSC Regulations	98
Regulation 32	Waiver	99
Regulation 33	Validity of GSC Regulations and Action	100
Regulation 34	Governing Law and Jurisdiction	101
Regulation 35	Exclusion of Liability	102
Chapter X – Intentionally left blank		104
Regulation 36	Intentionally left blank.....	104
Chapter XI – GSC REPOCLEAR REGULATIONS.....		105
Regulation 37	RepoClear Transactions entered into through a Trading System.....	106
Regulation 38	Disputes	109
Regulation 39	Daily Margining of RepoClear Contracts and RepoClear Term £GC Contracts.....	110
Chapter XII – Intentionally left blank.....		111
Regulation 40	<i>[Intentionally Left Blank]</i>	111

Scope

Save where expressly stated to the contrary in these GSC Regulations or the GSC Procedures, these GSC Regulations govern the clearing of Contracts by Guaranteed Sponsored Members through LCH Limited. They do not govern any other clearing services provided by LCH Limited, LCH SA or any other affiliates of the LCH Group each of which is governed by a separate set of rules.

For the purposes of these GSC Regulations, LCH Limited is referred to as the "**the Clearing House**". The term "**Guaranteed Sponsored Member**" is used to refer to an undertaking which is entitled to receive clearing services from LCH Limited (and includes a Dormant Guaranteed Sponsored Member, where the context so permits) and the term "**Guaranteeing Agent Member**" is used to refer to an undertaking that facilitates the Guaranteed Sponsored Member's access to such clearing services by performing the "**Guaranteeing Agent Member Services**". Neither Guaranteed Sponsored Member nor Guaranteeing Agent Member status confers any rights as a "shareholder" or similar status of LCH Limited or of any other undertaking in the LCH Group.

Any GSC Regulation or group of GSC Regulations expressly stated not to apply to a category, or categories of Contract, shall not apply to such category, or categories of Contract.

REGULATION 1 DEFINITIONS

In these GSC Regulations and the GSC Procedures, except where the context otherwise requires, the following words and expressions shall have the following meanings:

“Acceptance Notification”	means a notification in writing (including by facsimile and e-mail) by a Replacement Guaranteeing Agent Member confirming that such Replacement Guaranteeing Agent Member agrees to perform the Guaranteeing Agent Member Services with respect to (i) the Affected (Fast-track Resignation) Portfolios of an Affected (Fast-track Resignation) Guaranteed Sponsored Member or (ii) the Affected Portfolios of an Affected Guaranteed Sponsored Member (as applicable)
"Affected Contract"	means an open contract registered in the name of a Guaranteed Sponsored Member and attributed to an Affected Guaranteeing Agent Member
"Affected (Fast-track Resignation) Contracts"	means an open contract registered in the name of a Guaranteed Sponsored Member and attributed to a Resigning (Fast-track Resignation) Guaranteeing Agent Member
"Affected (Fast-track Resignation) Portfolios "	means, in respect of each Affected (Fast-track Resignation) Guaranteed Sponsored Member, all of such Affected (Fast-track Resignation) Guaranteed Sponsored Member's Affected (Fast-track Resignation) Contracts attributed to the same Resigning (Fast-track Resignation) Guaranteeing Agent Member
"Affected (Fast-track Resignation) Guaranteed Sponsored Member"	means a Guaranteed Sponsored Member that has open contracts registered in its name and attributed to a Resigning (Fast-track Resignation) Guaranteeing Agent Member
"Affected Guaranteed Sponsored Member"	means a Guaranteed Sponsored Member that has open contracts registered in its name and attributed to an Affected Guaranteeing Agent Member
"Affected Guaranteeing Agent Member"	means a Guaranteeing Agent Member in respect of whom the Clearing House has issued an Agent Default Notice
“affected Members”	has the meaning assigned to it in GSC Regulation 8
"Affected Portfolio Acceptance Window"	means the period of time commencing on the date of the relevant Agent Default Notice and expiring at close of business on the day falling 4 business days

after the Agent Default Notice is issued by the Clearing House, or such other period of time determined by the Clearing House, as specified by the Clearing House in such Agent Default Notice

"Affected Portfolios"

means, in respect of each Affected Guaranteed Sponsored Member, all of such Affected Guaranteed Sponsored Member's Affected Contracts attributed to the same Affected Guaranteeing Agent Member

"Agent Buffer"

means Collateral required to be transferred by a Guaranteeing Agent Member to an Agent Buffer Account for the benefit of each of its Guaranteed Sponsored Members and applied by the Clearing House to satisfy any call for margin or Contributions made with respect to its Guaranteed Sponsored Member(s) which the Guaranteeing Agent Member has not paid when due

"Agent Buffer Account"

means an account maintained on the books of the Clearing House in which all Agent Buffer will be reflected on the books of the Clearing House

"Agent Buffer Collateral Balance"

means, in respect of an account of a Guaranteeing Agent Member: (A) the sum of: (i) all Collateral which has been transferred by that Guaranteeing Agent Member to the Clearing House (or which would, but for the application of a payment netting provision applying in the ordinary course of business, have been transferred by that Guaranteeing Agent Member to the Clearing House) on account of any type of that Guaranteeing Agent Member's margin obligations relating to the relevant account pursuant to the GSC Rulebook; (ii) the cash proceeds of any non-cash Collateral relating to the relevant account which has been sold or otherwise disposed of by the Clearing House pursuant to an exercise of its powers under a Deed of Charge, the Default Rules or otherwise, to the extent that those proceeds have not been applied in or towards discharge of an obligation owed by the Guaranteeing Agent Member to the Clearing House; and (iii) any Applied Collateral Excess Proceeds credited to the relevant account; less (B) any Guaranteeing Agent Member Applied Collateral and any Guaranteeing Agent Member Returned Collateral in relation to that account

"Agent Default Event"

means the issue, in respect of a Guaranteeing Agent Member, of an Agent Default Notice as provided for by GSC Regulation 9

"Agent Default MP"	means the processes of the Clearing House outlined in GSC Regulation 9
"Agent Default MP End Date"	means the date which is the close of business on the day falling 5 business days after the Agent Default Notice is issued by the Clearing House
"Agent Default MP Start Date"	means the date which is the close of business on the day on which an Agent Default Notice is given
"Agent Default MP Window"	means the period commencing on the Agent Default MP Start Date and ending on the Agent Default MP End Date
"Agent Default Notice"	means a notice from the Clearing House that an Agent Default Event has occurred
"Agent Member"	has the meaning assigned to it in the SC Regulations
"Agent Resource Contribution"	has the meaning assigned to it in the SC Regulations
"Aggregate Excess Loss"	means, in relation to a Default, the aggregate amount of all Excess Losses attributable to all types of Relevant Business in which the Defaulter was engaged
"Allocated Loss"	has the meaning assigned to it in GSC Regulation 29
"Applied Collateral Excess Proceeds"	means, where the Clearing House has sold, disposed of or appropriated all or any part of the non-cash Collateral held by a Guaranteed Sponsored Member and/or a Guaranteeing Agent Member (as applicable) with the Clearing House in an exercise of its powers under the Deed of Charge entered into with the relevant Guaranteed Sponsored Member and/or a Guaranteeing Agent Member (as applicable), the amount (if any) of realisation proceeds from such sale or disposal remaining after the Clearing House has applied the same in or towards discharge of the Guaranteed Sponsored Member's and/or a Guaranteeing Agent Member's obligations (as applicable) to the Clearing House or, in the case of an appropriation, an amount of such non-cash Collateral (or, where the amount in question is less than the minimum denomination of the relevant non-cash Collateral which can be delivered, cash) having a value equal to the excess (if any) of the value of the appropriated non-cash Collateral (as determined by the Clearing House in accordance with the relevant Deed of Charge) over the Guaranteed Sponsored Member's and/or a Guaranteeing Agent Member's

	obligations (as applicable) to the Clearing House which have been discharged by that appropriation
"Authorised CSD"	means a central securities depository, which is authorised or recognised under EU CSDR or UK CSDR
"Automated Trading System"	means an automated trading system in respect of which the Clearing House has an agreement with the operator thereof and in respect of which the Clearing House has notified RepoClear Participants in accordance with the GSC Procedures
"Bond Trade"	means a trading activity in which a Guaranteed Sponsored Member offers to sell RepoClear Eligible Securities, and another RepoClear Clearing Member offers to purchase those RepoClear Eligible Securities, and a trade subsequently ensues
"business day"	means a day on which the Clearing House is open for business
"Business"	means any transactions, liabilities or obligations arising out of any contract and includes, in relation to the relevant Clearing Services, RepoClear Business
"buyer"	means a Clearing Member (or the Clearing House where the context so requires) who is a buyer under the terms of a RepoClear Transaction, a RepoClear Contract, a RepoClear Term £GC Transaction or a RepoClear Term £GC Contract as the case may be
"Capped Amount"	has the meaning as described in Rule 15 of the Default Rules
"CFTC Regulations"	means the Rules and regulations promulgated by the CFTC
"CFTC"	has the meaning assigned to it in the Default Rules
"Clearing House Applied Collateral"	means, in respect of an account of a Guaranteed Sponsored Member and/or a Guaranteeing Agent Member (as applicable), any cash Collateral provided by the Clearing House in respect of which the Guaranteed Sponsored Member's and/or a Guaranteeing Agent Member's obligation (as applicable) to return such Collateral has been discharged pursuant to the GSC Rulebook by means of that return obligation having been set-off against an obligation owed by the Clearing House to that Guaranteed Sponsored Member and/or a

	Guaranteeing Agent Member (as applicable), as contemplated by GSC Regulation 15(w)
"Clearing House Business"	means, in respect of RepoClear, RepoClear Business and in respect of any other Clearing Service, Contracts entered into by a Guaranteed Sponsored Member with the Clearing House on a proprietary basis and for its own account
"Clearing House Current Collateral Balance"	means, in respect of an account of a Guaranteed Sponsored Member or of its Guaranteeing Agent Member, all cash Collateral which has been transferred by the Clearing House to that Guaranteed Sponsored Member or its Guaranteeing Agent Member (or which would, but for the application of a payment netting provision applying in the ordinary course of business, have been transferred by the Clearing House to that Guaranteed Sponsored Member or its Guaranteeing Agent Member) on account of the Clearing House's variation margin obligations relating to the relevant account pursuant to the GSC Rulebook, less any Clearing House Applied Collateral and any Clearing House Returned Collateral in relation to that account
"Clearing House Returned Collateral"	means, in respect of an account of a Guaranteed Sponsored Member and/or a Guaranteeing Agent Member (as applicable), any cash Collateral: (i) which a Guaranteed Sponsored Member and/or a Guaranteeing Agent Member (as applicable) has returned to the Clearing House; or (ii) in respect of which the obligation to return such Collateral has been discharged as a result of the operation of a payment netting provision applying in the ordinary course of business
"Clearing House"	means LCH Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom
"Clearing Services"	means any one of the clearing services made available by the Clearing House
"ClearLink API"	means the Clearing House's proprietary messaging standard used by market participants to interact with the Clearing House's clearing services
"CMS"	means the Clearing House's collateral management system

"Collateral"

means cash and/or securities which are denominated in currencies and of a description acceptable to the Clearing House as prescribed by these GSC Regulations and the GSC Procedures and which have been transferred, or are to be transferred, to or by the Clearing House in or towards discharge of margin obligations or anticipated margin obligations or otherwise as contemplated by the GSC Rulebook. Where the context so permits, references to **"Collateral"** held by, or transferred to, the Clearing House shall include any cash proceeds resulting from the sale or disposal by the Clearing House of any non-cash Collateral pursuant to an exercise of its powers under a Deed of Charge, and such proceeds shall be considered cash Collateral

"Contract"

means a contract subject to the GSC Regulations or the GSC Procedures entered into by the Clearing House with a Guaranteed Sponsored Member for the purposes of or in connection with the provision of clearing services including an open contract

"Contribution"

means the contribution of a Guaranteeing Agent Member to a default fund of the Clearing House in connection with one of its Guaranteed Sponsored Members (including, for the avoidance of doubt, a Dormant Guaranteed Sponsored Member) and includes a RepoClear Contribution and Other Mutualised Contributions

"Credit Risk Resource"

means Collateral required to be transferred to the Clearing House by a Guaranteeing Agent Member to provide a financial resource that can be used by the Clearing House to cover losses arising from the default of any of its Guaranteed Sponsored Members with respect to Contracts for which it is the Guaranteeing Agent Member as set out under GSC Regulation 17

"CRR Account"

means an account maintained on the books of the Clearing House in which a Guaranteeing Agent Member's Credit Risk Resource will be reflected on the books of the Clearing House

"Deed of Charge"

means a deed of charge entered into between: (i) a Guaranteed Sponsored Member and the Clearing House; and/or (ii) a Guaranteeing Agent Member and the Clearing House, in respect of all non-cash Collateral transferred to the Clearing House for the account of that Guaranteed Sponsored Member

	and/or Guaranteeing Agent Member (as applicable)
"Default Loss"	has the meaning assigned to it in Rule 16(b) of the Default Rules
"Default Notice"	has the meaning assigned to it in Rule 3 of the Default Rules
"Default Rules"	means the Clearing House's Default Rules including the Supplements from time to time in force pursuant to Part IV of The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 which, for the avoidance of doubt, form a part of these GSC Regulations
"Default"	means the issue, in respect of a Guaranteed Sponsored Member, of a Default Notice as provided for by Rule 3 of the Default Rules
"Defaulter"	has the meaning assigned to it in Rule 4 of the Default Rules
"Defaulting Guaranteed Sponsored Member"	means a Guaranteed Sponsored Member who is a Defaulter
"delivery margin"	means an amount determined by the Clearing House by reference to variation margin in accordance with the GSC Procedures in respect of original contracts or open contracts (as the case may be)
"Depository"	means a collateral agent, depository or custodian or other service
"Determination Date"	means the date for calculation of a Contribution other than an Unfunded Contribution or a Supplementary Contribution, as provided for in the RepoClear Default Fund Supplement to the Default Rules, and includes a RepoClear Determination Date
"Dormant Guaranteed Sponsored Member"	means a Guaranteed Sponsored Member approved by the Clearing House as a Dormant Guaranteed Sponsored Member and subject to the restrictions set out in GSC Regulation 4A
"Economic Terms"	means that part of the RepoClear Contract Terms, RepoClear Term £GC Contract Terms, as the case may require, designated as Economic Terms by the Clearing House from time to time
"EMIR"	means EU EMIR or UK EMIR

"EU CSDR"	means Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014, as amended from time to time
"EU EMIR"	means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, Central Counterparties, and Trade Repositories, as amended from time to time
"Excess Loss"	means in relation to any Relevant Business and any Default, the net sum or aggregate of net sums certified to be payable by the Defaulter by a Rule 19 Certificate in respect of the Relevant Business, less: (a) the proportion of the Capped Amount applicable to the Relevant Business under Rule 15 of the Default Rules; and (b) any sums then immediately payable in respect of Default Losses for that Relevant Business by any insurer or provider of analogous services under any policy of insurance or analogous instrument written in favour of the Clearing House, and includes, in relation to the relevant Clearing Services, a RepoClear Excess Loss
"Fast-track Guaranteeing Agent Member Resignation"	has the meaning assigned to it in GSC Regulation 7
"Fast-track Guaranteeing Agent Member Resignation Effective Time"	has the meaning assigned to it in GSC Regulation 7(p)
"Fast-track Guaranteeing Agent Member Resignation MP"	means the processes of the Clearing House outlined in GSC Regulation 7(y) and GSC Regulation 7(z)
"Fast-track Guaranteeing Agent Member Resignation MP End Date"	means the date which is the close of business on the day falling 48 hours after the Fast-track Guaranteeing Agent Member Resignation Effective Time (or, if such day is not a business day, the next succeeding business day)
"Fast-track Guaranteeing Agent Member Resignation MP Window"	means the period commencing on the Fast-track Guaranteeing Agent Member Resignation Effective Time and ending on the Fast-track Guaranteeing Agent Member Resignation MP End Date
"Fast-track Resignation Notice"	has the meaning assigned to it in GSC Regulation 7
"FCM Regulations"	means the Clearing House's FCM Regulations

“FIDICIA”	means the Federal Deposit Insurance Corporation Improvement Act of 1991, as amended from time to time
"Fixed Income Contract"	means a RepoClear Contract or a RepoClear Term £GC Contract
"Fund Amount"	means the RepoClear Segregated Fund Amount
"Funded Agent Resources"	has the meaning assigned to it in GSC Regulation 16(c)(i)
"Funding Limit"	has the meaning assigned to it in GSC Regulation 16(c)(i)
"General Clearing Member"	means a “Member” as defined in the General Regulations
"General Procedures"	means the "Procedures" as defined in the General Regulations
"General Regulations"	means the Clearing House's General Regulations which include the Default Rules, and Clearing House Settlement Finality Regulations, from time to time in force
"General RepoClear Procedures"	means Section 2B (<i>RepoClear Service</i>) and Sections 3 (<i>Financial Transactions</i>) to 8 (<i>Complaints</i>) of the General Rulebook
"General Rulebook"	means the General Regulations, Default Rules, General Procedures and other such rules of the Clearing House, as published and amended from time to time
"General Securities Collateral"	means “Collateral” as defined in the General Regulations that is in the form of securities
"GSC Procedures" or "Guaranteed Sponsored Clearing Procedures"	means the document containing the working practices and administrative or other requirements of the Clearing House for the purposes of implementing or supplementing these GSC Regulations, or the procedures for application for and regulation of membership of the Clearing House. For the avoidance of doubt, a reference to "GSC Procedures" is not intended to refer to procedures provided for or required by any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or

	organisation
"GSC Regulations" or "Guaranteed Sponsored Clearing Regulations"	means these GSC Regulations which include the Default Rules and Clearing House Settlement Finality Regulations, from time to time in force
"GSC RepoClear Regulations"	means these GSC Regulations as they apply to Fixed Income Contracts
"GSC Rulebook" or "Guaranteed Sponsored Clearing Rulebook"	means these GSC Regulations, Default Rules, Clearing House Settlement Finality Regulations, GSC Procedures, and such other rules of the Clearing House, as published and amended from time to time
"GSM/GAM Account"	means an account opened within the Clearing House by a Guaranteed Sponsored Member in respect of Clearing House Business and associated with a Guaranteeing Agent Member of such Guaranteed Sponsored Member
"GSM/GAM Current Collateral Balance"	means, in respect of an account of a Guaranteed Sponsored Member: (A) the sum of: (i) all Collateral which has been transferred by or on behalf of that Guaranteed Sponsored Member or by the Guaranteed Sponsored Member's Guaranteeing Agent Member to the Clearing House (or which would, but for the application of a payment netting provision applying in the ordinary course of business, have been transferred by that Guaranteed Sponsored Member or its Guaranteeing Agent Member to the Clearing House) on account of any type of that Guaranteed Sponsored Member's margin obligations relating to the relevant account pursuant to the GSC Rulebook; (ii) the cash proceeds of any non-cash Collateral relating to the relevant account which has been sold or otherwise disposed of by the Clearing House pursuant to an exercise of its powers under a Deed of Charge, the Default Rules or otherwise, to the extent that those proceeds have not been applied in or towards discharge of an obligation owed by the Guaranteed Sponsored Member to the Clearing House; and (iii) any Applied Collateral Excess Proceeds credited to the relevant account; less (B) any Guaranteed Sponsored Member Applied Collateral and any Guaranteed Sponsored Member Returned Collateral in relation to that account
"GSM/GAM Default Fund Account"	means an account maintained on the books of the Clearing House in which all Contributions by a Guaranteeing Agent Member for the account of a Guaranteed Sponsored Member will be reflected on

	the books of the Clearing House
“Guarantee Services”	has the meaning assigned to it in GSC Regulation 6
“Guaranteed Default Amount”	means, in relation to a Defaulter who is a Guaranteed Sponsored Member and each of its Guaranteeing Agent Members, the amount payable by the Defaulter to the Clearing House following: (a) the application of Margin Cover (including the Defaulter’s Agent Buffer transferred to the Clearing House by the Defaulter’s Guaranteeing Agent Members) under Rule 15(a) of the Default Rules; (b) the exercise by the Clearing House of its rights of recourse under Rule 15(b) of the Default Rules; and (c) the exercise by the Clearing House of its rights of recourse to Agent Buffer provided by the Defaulter’s Guaranteeing Agent Members and the indemnities in respect of all available Credit Risk Resource given by each Guaranteeing Agent Member of the Defaulter under Rule 15(c) of the Default Rules
“Guaranteed Sponsored Member Secured Liabilities”	means the Guaranteed Sponsored Member’s liabilities and obligations under GSC Regulation 6(a)(4)(i)
“Guaranteed Sponsored Member Security Interest”	means the security interest created by GSC Regulation 6(a)(4)(ii)
"Guaranteed Sponsored Member Applied Collateral"	means, in respect of an account of a Guaranteed Sponsored Member: (i) any cash Collateral in respect of which the Clearing House's obligation to return such Collateral to that Guaranteed Sponsored Member has been discharged pursuant to the GSC Rulebook by means of that return obligation having been set-off against an obligation owed by that Guaranteed Sponsored Member to the Clearing House, as contemplated by GSC Regulation 15(v); (ii) any non-cash Collateral (including in the form of securities) that has been appropriated and retained by the Clearing House pursuant to an exercise of its powers under a Deed of Charge and applied in or towards discharge of the Guaranteed Sponsored Member's obligations to the Clearing House; and (iii) any non-cash Collateral that has been sold or

otherwise disposed of by the Clearing House pursuant to an exercise of its powers under a Deed of Charge

"Guaranteed Sponsored Member Returned Collateral"

means, in respect of an account of a Guaranteed Sponsored Member, any Collateral: (i) which the Clearing House has returned to a Guaranteed Sponsored Member and/or Guaranteeing Agent Member (as applicable) (provided that the Clearing House shall only be treated as having returned any non-cash Collateral to a Guaranteed Sponsored Member and/or Guaranteeing Agent Member (as applicable) if the security in respect of that Guaranteed Sponsored Member's and/or Guaranteeing Agent Member's interest in that non-cash Collateral pursuant to the relevant Deed of Charge has been released); or (ii) in respect of which the obligation to return such Collateral has been discharged as a result of the operation of a payment netting provision applying in the ordinary course of business

"Guaranteed Sponsored Member"

means an undertaking that has been approved by the Clearing House for the clearing of RepoClear Contracts with the Clearing House in accordance with a Guaranteed Sponsored Membership Agreement and the GSC Procedures and pursuant to these GSC Regulations and that has appointed a Guaranteeing Agent Member to provide Guaranteeing Agent Member Services.

If the Guaranteed Sponsored Member is an Irish Money Market Fund organised as a standalone (i.e. "non-umbrella" fund), "Guaranteed Sponsored Member" also includes the fund related to the Guaranteed Sponsored Member.

If the Guaranteed Sponsored Member is an Irish Money Market Fund, organised as an "umbrella" fund, "Guaranteed Sponsored Member" also includes the applicable sub-fund of that umbrella fund.

If the Guaranteed Sponsored Member is an Irish Pension Fund, "Guaranteed Sponsored Member" also includes the applicable trust, fund or scheme (howsoever described)

If the Guaranteed Sponsored Member is a fund, sub-fund, scheme, trust, or other similar structure, either self-managed or acting through a separate manager, then the "Guaranteed Sponsored Member" is the

	fund, sub-fund, scheme, trust or other similar structure
"Guaranteed Sponsored Membership Agreement"	means the agreement so designated under which, <i>inter alia</i> , the Clearing House agrees to make available to a Guaranteed Sponsored Member clearing services in respect of Contracts together with any extension letter or other agreement
"Guaranteeing Agent Member Applied Collateral"	means, in respect of an account of a Guaranteeing Agent Member: (i) any cash Collateral in respect of which the Clearing House's obligation to return such Collateral has been discharged pursuant to the GSC Rulebook by means of that return obligation having been set-off against an obligation owed by that Guaranteeing Agent Member to the Clearing House, as contemplated by these GSC Regulations; (ii) any non-cash Collateral (including in the form of securities) that has been appropriated and retained by the Clearing House pursuant to an exercise of its powers under a Deed of Charge and applied in or towards discharge of the Guaranteeing Agent Member's obligations to the Clearing House; and (iii) any non-cash Collateral that has been sold or otherwise disposed of by the Clearing House pursuant to an exercise of its powers under a Deed of Charge
"Guaranteeing Agent Member Returned Collateral"	means, in respect of an account of a Guaranteeing Agent Member, any Collateral: (i) which the Clearing House has returned to a Guaranteeing Agent Member (provided that the Clearing House shall only be treated as having returned any non-cash Collateral to a Guaranteeing Agent Member if the security in respect of that Guaranteeing Agent Member's interest in that non-cash Collateral pursuant to the relevant Deed of Charge has been released); or (ii) in respect of which the obligation to return such Collateral has been discharged as a result of the operation of a payment netting provision applying in the ordinary course of business
"Guaranteeing Agent Member Services"	means those services set out in GSC Regulation 6 to be performed by a Guaranteeing Agent Member
"Guaranteeing Agent Member"	means an undertaking that has been approved by the Clearing House and appointed by and on behalf of a Guaranteed Sponsored Member in accordance with both a Guaranteeing Agent Member status application form and Guaranteed Sponsored Member status application form and the GSC Procedures and

	pursuant to these GSC Regulations to provide the Guaranteeing Agent Member Services
"Guaranteeing Agent Membership Agreement"	means the agreement so designated under which, <i>inter alia</i> , the Clearing House agrees to make available to a Guaranteeing Agent Member, services in connection with such Guaranteeing Agent Member's performance of its obligations arising under or in connection with the Contracts registered in the name of its relevant Guaranteed Sponsored Member (pursuant to the GSC Rulebook), together with any extension letter or other agreement
"House Clearing Business"	means, in respect of any Clearing Service, contracts entered into by a Clearing Member with the Clearing House on a proprietary basis and for its own account
"Indemnified Guaranteed Sponsored Member Obligations"	has the meaning assigned to it in GSC Regulation 15(u)
"Individual CSD-Level Segregation"	means, in respect of an Authorised CSD and an account which the Clearing House has opened with such Authorised CSD, that the Clearing House holds Securities Collateral for one Clearing Member only (and no other person) in such account together with General Securities Collateral (if any) that the Clearing House holds for the same Clearing Member in its capacity as a General Clearing Member
"initial margin"	means an amount determined and published from time to time by the Clearing House with regard to each category of contract, in respect of which Guaranteed Sponsored Members or their corresponding Guaranteeing Agent Members may be required to transfer (or procure transfer) to the Clearing House, Collateral in accordance with these GSC Regulations and the GSC Procedures as a condition of registration of a contract by the Clearing House and otherwise in respect of all Contracts registered with the Clearing House, as prescribed by these GSC Regulations and the GSC Procedures
"Irish Money Market Fund"	means a money market fund (as defined in the Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds) established in Ireland as either: a) an authorised Irish Collective Asset-management Vehicle for the purposes of the Irish Collective Asset-management Vehicles Act 2015;

b) a company formed and registered under the Irish Companies Act 2014 or the prior Companies Acts (as defined in section 2 of the Irish Companies Act 2014); or

c) a unit trust established under Irish law, the sole trustee of which is a company formed and registered under the Irish Companies Act 2014 or the prior Companies Acts (as defined in section 2 of the Irish Companies Act 2014),

which, in either case, is authorised by the Central Bank of Ireland under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 or the European Union (Alternative Investment Fund Managers) Regulations 2013

“Irish Pension Fund”

means an occupational pension scheme established as a trust under Irish law, which is exempt approved by the Irish Office of the Revenue Commissioners and the sole trustee of which is a company formed and registered under the Irish Companies Act 2014 or the prior Companies Acts (as defined in section 2 of the Irish Companies Act 2014)

"LCH Group"

means the group of undertakings consisting of LCH Limited, LCH Group Holdings Limited, LCH (Luxembourg) S.a.r.l, LCH Service Company Limited and Banque Centrale de Compensation S.A. trading as LCH SA. (any references to a **"member"** of the LCH Group within these GSC Regulations is to be construed accordingly)

"Margin Cover"

has the meaning ascribed to such term in Rule 15(a) of the Default Rules

"margin"

means initial margin and/or variation and/or delivery margin and any amounts required to be transferred and maintained under GSC Regulation 15

“Margin Return Right”

means the right of a Guaranteed Sponsored Member to the return of any Collateral transferred to or deposited with the Clearing House in respect of the Guaranteed Sponsored Member’s initial, variation and delivery margin obligations

"market"

means an OTC market in respect of which the Clearing House has agreed with certain participants in that market, to provide clearing services on the terms of these GSC Regulations and the GSC

Procedures

"Matching System"

means a matching system in respect of which the Clearing House has an agreement with the operator thereof and in respect of which the Clearing House has notified to Guaranteeing Agent Members and Guaranteed Sponsored Members in accordance with the GSC Procedures

"Member or Clearing Member"

(a) means an undertaking (including a firm or company) which is entitled to be party to Contracts with the Clearing House in accordance with a clearing membership agreement and the General Procedures. For the avoidance of doubt, the term "Member" and "Clearing Member" for the purposes of the GSC Regulations, Default Rules and GSC Procedures, do not mean shareholder of LCH Limited or of any other undertaking in the LCH Group

(b) "Member" or "Clearing Member" includes or means a Guaranteed Sponsored Member and/or a Guaranteeing Agent Member

"Minimum RepoClear Contribution"

means GBP 2,000,000 at Clearing Member level, except in the case of Dormant Guaranteed Sponsored Members, in which case it shall be GBP 250,000

"Non-Affected Guaranteeing Agent Member"

means an Affected Guaranteed Sponsored Member's corresponding Guaranteeing Agent Member which is not an Affected Guaranteeing Agent Member

"Omnibus CSD-Level Segregation"

means, in respect of an Authorised CSD and an omnibus account which the Clearing House has opened with such Authorised CSD, that the Clearing House holds Securities Collateral for a Clearing Member in such account together with (a) other Securities Collateral that the Clearing House holds for other Clearing Members, and/or (b) General Securities Collateral that the Clearing House holds for General Clearing Members

"Open Contract or open contract"

means a Contract made with a Member on the terms (subject to variation of such terms as provided in these GSC Regulations) of an original contract or a Contract made with a Member on the terms set out in the GSC Regulations and/or any agreement entered into with the Member, which, in either case, has not been closed-out, settled or invoiced back in accordance with the GSC Regulations and the GSC

Procedures

"original contract"	means an OTC Transaction other than a Repo Trade, Bond Trade or Term £GC Trade
"OTC Clearing Service"	means a service provided by the Clearing House for the clearing of a category of OTC Contract
"OTC Contract"	means a Contract entered into by the Clearing House with a Guaranteed Sponsored Member on the relevant OTC Contract Terms, as prescribed by the Clearing House from time to time, in accordance with the GSC Regulations and the GSC Procedures and/or any agreement entered into with the Guaranteed Sponsored Member
"OTC Contract Terms"	means the RepoClear Contract Terms in respect of RepoClear Contracts and the RepoClear Term £GC Contract Terms in respect of RepoClear Term £GC Contracts
"OTC market"	means any dealings in an investment (as defined in section 22(1) and Schedule 2 Part II of the Financial Services and Markets Act 2000) which are entered into otherwise than on or subject to the rules of an exchange (meaning an organisation (whether an exchange, association, company or otherwise) responsible for administering a futures, options, stock or other market)
"OTC Transaction"	means a transaction being a RepoClear Transaction, RepoClear Term £GC Transaction, Repo Trade, Bond Trade or Term £GC Trade made between a Guaranteed Sponsored Member and a Clearing Member (including another Guaranteed Sponsored Member)
"Other Mutualised Contributions"	means a RepoClear Unfunded Contribution and Supplementary Contribution
"Payment Services"	has the meaning assigned to it in GSC Regulation 6
"Portfolios"	has the meaning assigned to it in the Default Rules
"PPS"	has the meaning assigned to it in the GSC Procedures
"Pre-Notification of Fast-track Guaranteeing Agent Member Resignation"	has the meaning assigned to it in GSC Regulation 7
"Price"	means the price calculated by the Clearing House in accordance with the GSC Regulations and the GSC

Procedures

"Product Specific Contract Terms and Eligibility Criteria Manual"

means the Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time

"Proprietary Account"

means an account opened within the Clearing House by a Clearing Member in respect of such Clearing Member's House Clearing Business

"Reference Price"

means a price (howsoever called) by reference to which a Contract is settled to market, marked to market, settled or valued in accordance with the GSC Regulations and GSC Procedures

"Registration Time"

in respect of a Contract, shall have the meaning given in the GSC Procedures, in each case, subject to GSC Regulation 12(d)

"Regulatory Body"

means the Bank of England, the Secretary of State, the Prudential Regulation Authority, the Financial Conduct Authority or any other professional body designated under Part XX of the Financial Services and Markets Act 2000 or other body given regulatory powers under that Act, the CFTC or any department, agency, office or tribunal of a nation or state or any other body or authority which exercises a regulatory or supervisory function under the laws of the United Kingdom or under any foreign law

"Relevant Business"

has the meaning as described in Rule 15 of the Default Rules

"Relevant Withdrawal Date"

has the meaning assigned to it in GSC Regulation 8

"Replacement Guaranteeing Agent Member"

means a Guaranteeing Agent Member appointed by a Guaranteed Sponsored Member pursuant to a Fast-track Guaranteeing Agent Member Resignation in accordance with GSC Regulation 7(u) to GSC Regulation 7(w) or pursuant to an Agent Default Event in accordance with GSC Regulation 9(e) which has agreed to provide the Guaranteeing Agent Member Services upon its appointment

"Repo Trade"

means a trading activity in which a Guaranteed Sponsored Member or RepoClear Participant ("**the First Participant**") offers to sell (or buy) RepoClear Eligible Securities, and another Guaranteed Sponsored Member or RepoClear Participant ("**the Second Participant**") offers to buy (or sell, as the case may be) those securities, on condition that, at the

	end of a specified period of time, the Second Participant sells (or buys, as the case may be) equivalent securities and the First Participant buys (or sells, as the case may be) those equivalent securities, and a trade subsequently ensues and provided that either the First Participant or the Second Participant is a Guaranteed Sponsored Member
"RepoClear Business"	means any transaction, obligation or liability arising out of any Fixed Income Contract entered into by a Guaranteed Sponsored Member with the Clearing House on a proprietary basis and for its own account
"RepoClear Clearing Member"	means a Member who is designated by the Clearing House as a RepoClear Clearing Member participating in any part of the RepoClear Service in accordance with the GSC Rulebook and/or the General Rulebook and includes or means a Guaranteed Sponsored Member
"RepoClear Contract Terms"	means the terms applicable to each RepoClear Contract as set out from time to time in the Product Specific Contract Terms and Eligibility Criteria Manual
"RepoClear Contract"	means a Contract entered into by the Clearing House with a Guaranteed Sponsored Member on the RepoClear Contract Terms
"RepoClear Contribution"	means the amount of a Guaranteeing Agent Member's Contribution with respect to one of its Guaranteed Sponsored Members or Dormant Guaranteed Sponsored Members provided for under the RepoClear Default Fund Supplement and shall include any relevant RepoClear Unfunded Contributions and any relevant Supplementary Contribution in respect of the Guaranteeing Agent Member
"RepoClear Default Fund Supplement"	means the supplement relating to the RepoClear Business
"RepoClear Determination Date"	has the meaning assigned to it in Rule R2 of the RepoClear Default Fund Supplement
"RepoClear Eligibility Criteria"	means with regard to RepoClear Transactions, the product criteria set out in the Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time

"RepoClear Eligible Securities"	means with regard to RepoClear Transactions, Bond Trades and Repo Trades securities of a type described in the Product Specific Contract Terms and Eligibility Criteria Manual
"RepoClear Excess Loss"	means the net sum or aggregate of net sums certified to be payable by a Defaulter by a Rule 19 Certificate in respect of RepoClear Business less: (a) the proportion of the Capped Amount applicable to RepoClear Business under Rule 15 of the Default Rules; and (b) any sums then immediately payable in respect of RepoClear Business Default Losses owed by such Defaulter by any insurer or provider of analogous services under any policy of insurance or analogous instrument written in favour of the Clearing House
"RepoClear Participants"	means RepoClear Clearing Members as defined in these GSC Regulations and in the General Regulations, RepoClear Dealers as defined in the General Regulations and Guaranteeing Agent Members as defined in these GSC Regulations and "RepoClear Participant" means any of them
"RepoClear Segregated Fund Amount"	means the amount as determined in accordance with Rule R2 and R3 of the RepoClear Default Fund Supplement
"RepoClear Service"	the service provided by the Clearing House under the GSC RepoClear Regulations
"RepoClear Term £GC Contract"	means a Contract entered into by the Clearing House with a Guaranteed Sponsored Member on the RepoClear Term £GC Contract Terms
"RepoClear Term £GC Transaction"	means a Contract, meeting the requirements of the GSC Regulations and GSC Procedures for registration as a RepoClear Term £GC Contract, details of which are presented to the Clearing House for registration in the name of Guaranteed Sponsored Members in accordance with the GSC Regulations, GSC Procedures and the terms of any agreement entered into between the Clearing House and each such Guaranteed Sponsored Member and their relevant Guaranteeing Agent Member
"RepoClear Transaction"	means a Contract, meeting the requirements of the GSC Regulations and GSC Procedures for registration as a RepoClear Contract, details of which are presented to the Clearing House for registration in the name of Guaranteed Sponsored Members in

	accordance with the GSC Regulations, GSC Procedures and the terms of any agreement entered into between the Clearing House and each such Guaranteed Sponsored Member and their relevant Guaranteeing Agent Member
"RepoClear Unfunded Contribution"	has the meaning assigned to it in Rule R8 of the RepoClear Default Fund Supplement
"Required Margin Amount"	means in respect of any type of margin and any GSM/GAM Account, the most recent amount of each type of margin which the Clearing House requires in respect of the relevant GSM/GAM Account as determined by the most recent Collateral balances and valuations shown on the CMS and notified to the relevant Guaranteed Sponsored Member and its corresponding Guaranteeing Agent Member
"Resignation Effective Date"	means the date on which the termination of a Resigning Guaranteed Sponsored Member's or Resigning Guaranteeing Agent Member's Guaranteed Sponsored Member or Guaranteeing Agent Member status (as applicable) in respect of a specific Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship becomes effective, as specified in GSC Regulation 7(a)
"Resigning (Fast-track Resignation) Guaranteeing Agent Member"	has the meaning assigned to it in GSC Regulation 7
"Resigning Guaranteed Sponsored Member"	means at any time any Guaranteed Sponsored Member: (i) who has given notice to the Clearing House for the purposes of resigning from a particular Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship; or (ii) in respect of whom the Clearing House has given notice for the purposes of requiring such Guaranteed Sponsored Member to resign from a particular Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship
"Resigning Guaranteeing Agent Member"	means at any time any Guaranteeing Agent Member: (i) who has given notice to the Clearing House in accordance with GSC Regulation 7(a) for the purposes of resigning from a particular Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship; or (ii) in respect of whom the Clearing House has given notice for the purposes of requiring such

Guaranteeing Agent Member to resign from a particular Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship

"Retirement Effective Date"

means the date on which the termination of a Retiring Guaranteed Sponsored Member's or Retiring Guaranteeing Agent Member's Guaranteed Sponsored Member or Guaranteeing Agent Member status (as applicable) becomes effective, as specified in GSC Regulation 7

"Retiring Guaranteed Sponsored Member"

means at any time any Guaranteed Sponsored Member or, as the context may require, any former Guaranteed Sponsored Member: (i) who has given notice to terminate its Guaranteed Sponsored Member status to the Clearing House; or (ii) in respect of whom the Clearing House has terminated or given notice to terminate its Guaranteed Sponsored Member status

"Retiring Guaranteeing Agent Member"

means at any time any Guaranteeing Agent Member or, as the context may require, any former Guaranteeing Agent Member: (i) who has given notice to terminate its Guaranteeing Agent Member status to the Clearing House; or (ii) in respect of whom the Clearing House has terminated or given notice to terminate its Guaranteeing Agent Member status

"Rule 19 Certificate"

has the meaning assigned to it in Rule 19 of the Default Rules

"Rules Change Committee"

means the decision-making body that will oversee and implement all material alterations, amendments or extensions to the GSC Rulebook, the Guaranteed Sponsored Membership Agreement and the Guaranteeing Agent Membership Agreement in accordance with its terms of reference

"SC Regulations"

means the Sponsored Clearing Regulations of the Clearing House

"Securities Collateral"

means Collateral that is in the form of securities

"seller"

means a Clearing Member (or the Clearing House where the context so requires) who is a seller under the terms of a RepoClear Transaction, a RepoClear Term £GC Transaction, a RepoClear Contract, or a RepoClear Term £GC Contract, as the case may be

"settlement price"	one or more prices determined in accordance with the GSC Regulations or the GSC Procedures
"Solvency Threatening Treasury Default Loss"	has the meaning assigned to it in GSC Regulation 29
"SONIA"	means the overnight rate as calculated by the Wholesale Market Broker's Association and appearing on the Reuters Screen SONIA Page (or, if such a rate is not available, such SONIA-linked rate as may be determined in light of market conditions at such time by the Clearing House and notified by the Clearing House to Guaranteed Sponsored Members)
"Sponsored Member"	has the meaning assigned to it in the SC Regulations
"Standard Terms"	means that part of the RepoClear Contract Terms designated as Standard Terms by the Clearing House from time to time
"Supplementary Contribution"	means a supplementary Contribution of a Guaranteeing Agent Member, provided for under Rule C7(b), E7(b), F7(c), R7(c) or CS7 of the Default Rules (as applicable), and referable to the relevant Clearing Service provided by the Clearing House
"Termination Amount"	has the meaning assigned to such term in GSC Regulation 27
"Termination Date"	has the meaning assigned to such term in GSC Regulation 27
"Term £GC Trade"	means a trading activity in which a Guaranteed Sponsored Member or RepoClear Participant ("the First Participant") offers to sell (or buy) an agreed value of securities comprised in a Term £GC Basket (as defined in the GSC Procedures or, if applicable, the General Procedures), to be allocated in accordance with the GSC Procedures or, if applicable, the General RepoClear Procedures applicable to RepoClear Term £GC Contracts, and another Guaranteed Sponsored Member or RepoClear Participant ("the Second Participant") offers to buy (or sell, as the case may be) the securities so allocated, on the conditions that: (a) at the end of a specified period of time, the Second Participant sells (or buys, as the case may be) Equivalent Securities (as such term is used in the RepoClear Term £GC Contract Terms) and the First Participant buys (or sells,

as the case may be) those Equivalent Securities;

- (b) the understanding of the parties is that their obligations during the term of the transaction will be effected through the CREST delivery by value (DBV) functionality of Euroclear UK and Ireland, as contemplated by the rules of Euroclear UK and Ireland and the GSC Procedures or, if applicable, General RepoClear Procedures applicable to RepoClear Term £GC Contracts; and
- (c) either the First Participant or the Second Participant is a Guaranteed Sponsored Member,

and a trade subsequently ensues

“Title Transfer Contract”

means a contract entered into between a Guaranteed Sponsored Member and the Clearing House, under which the Guaranteed Sponsored Member transfers to the Clearing House full right, title and interest in non-cash Collateral on terms that, when the Guaranteed Sponsored Member discharges the Covered Obligations (as defined in such deed) to the Clearing House, the Clearing House will transfer title to equivalent non-cash Collateral to the Guaranteed Sponsored Member

"Total Calculated Agent Resources"

has the meaning assigned to it in GSC Regulation 16(c)(i)

"Total Required Margin Amount"

means the aggregate of the Required Margin Amount for all types of margin relating to a GSM/GAM Account as notified to the relevant Guaranteed Sponsored Member and its corresponding Guaranteeing Agent Member

"Trading System"

means an Automated Trading System or a Matching System

"Trading System Participant"

has the meaning assigned to such term in GSC Regulation 37(b)

"Treasury Contract"

means any contract, including a contract of deposit, entered into by the Clearing House with that GSC Member for purposes of, in connection with or otherwise in the course of its treasury management activities

"UK CSDR"

means Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 (a) as it has become retained EU law and effective in the United Kingdom under the European Union (Withdrawal) Act 2018, and (b) as it is amended from time to time, including by the Central Securities Depository (Amendment) (EU Exit) Regulations 2018

"UK EMIR"

means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, Central Counterparties, and Trade Repositories (a) as it has become retained EU law and effective in the United Kingdom under the European Union (Withdrawal) Act 2018, and (b) as it is amended from time to time

"Unfunded Contribution"

means the unfunded Contribution of a Guaranteeing Agent Member with respect to one of its Guaranteed Sponsored Members referable to a specific Clearing Service provided by the Clearing House

"variation margin"

means an amount determined by the Clearing House in accordance with the GSC Procedures in respect of original contracts or open contracts (as the case may be)

Any reference in these GSC Regulations or the GSC Procedures to statutes or statutory instruments or provisions thereof shall be to such statutes or statutory instruments or provisions thereof as amended, modified or replaced from time to time.

Reference to writing contained in these GSC Regulations or the GSC Procedures shall include typing, printing, lithography, photography or any other mode of representing or reproducing words in a visible form.

Words importing the singular shall, where the context permits, include the plural and vice-versa.

Any reference to time contained in these GSC Regulations or the GSC Procedures shall, unless otherwise stated, be to London time. Times are shown using the twenty four hour clock.

Any reference in these GSC Regulations to a person or a party (howsoever described) shall include its successors.

CHAPTER I – SCOPE

REGULATION 2 OBLIGATIONS OF THE CLEARING HOUSE TO EACH GUARANTEED SPONSORED MEMBER AND GUARANTEEING AGENT MEMBER

- (a) The Clearing House shall perform the obligations referred to in paragraphs (b) and (c) below so as to ensure the performance of all open contracts in accordance with these GSC Regulations. Each Guaranteed Sponsored Member is fully liable to the Clearing House for the performance of its obligations arising in connection with Contracts registered to it and each Guaranteeing Agent Member is fully liable to the Clearing House for the performance of its obligations arising in connection with the Guaranteeing Agent Member Services in respect of such Guaranteeing Agent Member's corresponding Guaranteed Sponsored Member.
- (b) The obligations of the Clearing House to each Guaranteed Sponsored Member shall be, as a counterparty to an open contract registered in the name of a Guaranteed Sponsored Member in accordance with these GSC Regulations and the GSC Procedures, to perform its obligations under the terms of such open contract as principal to such Guaranteed Sponsored Member in accordance with the provisions of these GSC Regulations and the GSC Procedures, but subject to the restrictions on the Clearing House's obligations and liabilities contained in these GSC Regulations.
- (c) The obligations of the Clearing House to each Guaranteeing Agent Member shall be to perform its obligations under the provisions of these GSC Regulations and the GSC Procedures as they relate to the Guaranteeing Agent Member Services, but subject to the restrictions on the Clearing House's obligations and liabilities contained in these GSC Regulations.
- (d) The performance by the Clearing House of its obligations referred to in this GSC Regulation 2 shall always be subject to the provisions of these GSC Regulations. The benefit of the performance by the Clearing House of such obligations is conferred upon all Guaranteed Sponsored Members and Guaranteeing Agent Members and upon no other persons whatsoever. It is not the intention of the Clearing House or its members to confer any benefit on or give any right to enforce any provisions of this GSC Regulation or any of the other GSC Regulations to any person who is not a Guaranteed Sponsored Member or Guaranteeing Agent Member. Rights of third parties to enforce any provision of any of these GSC Regulations pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

REGULATION 3 PERFORMANCE BY THE CLEARING HOUSE OF ITS OBLIGATIONS UNDER THE TERMS OF AN OPEN CONTRACT

The Clearing House's obligations under the terms of an open contract shall be performed in the manner and form and by such day and time as may be prescribed in these GSC Regulations or the GSC Procedures, save that where the Economic Terms of an OTC Contract specify a time by which a party thereto shall perform its obligations, the Clearing House shall be deemed to have complied with the Economic Terms if it performs its obligations promptly after such time.

CHAPTER II – STATUS

REGULATION 4 GUARANTEED SPONSORED MEMBER STATUS OF THE CLEARING HOUSE

- (a) Application for Guaranteed Sponsored Member status of the Clearing House shall be made in accordance with the GSC Procedures and Guaranteed Sponsored Members must be approved as such. A Guaranteed Sponsored Member's status of the Clearing House shall be governed by these GSC Regulations, the GSC Procedures and any Guaranteed Sponsored Membership Agreement to which it is for the time being party. Guaranteed Sponsored Member status does not provide or entitle a Guaranteed Sponsored Member to any other Clearing Member status with the Clearing House or to any shareholding membership of LCH Limited or any shareholding or other membership of any other member of the LCH Group or any entitlement to membership of or participation in LCH SA, each of which has separate and distinct membership requirements.
- (b) The Clearing House shall determine which categories of Contract a Guaranteed Sponsored Member is eligible to have registered in its name from time to time. If, in its absolute discretion, the Clearing House determines that a Guaranteed Sponsored Member no longer meets the relevant eligibility criteria for a particular category or categories of Contract, the Clearing House may rescind that Guaranteed Sponsored Member's eligibility to have Contracts of such category or categories registered in its name, but without prejudice to its right to have registered in its name, subject to the GSC Regulations, the categories of Contracts in respect of which the Guaranteed Sponsored Member does meet the eligibility criteria. The Clearing House may from time to time publish a list of Guaranteed Sponsored Members identifying the category or categories of Contracts which each Guaranteed Sponsored Member is eligible to have registered in its name.
- (c) The Clearing House requires, prior to a Guaranteed Sponsored Member being able to register a Contract in its name, that such Guaranteed Sponsored Member: (1) is not a Dormant Guaranteed Sponsored Member; and (2) has appointed and maintains at least one Guaranteeing Agent Member to perform the Guaranteeing Agent Member Services.
- (d) Where a Guaranteeing Agent Member performing the Guaranteeing Agent Member Services ceases to have Guaranteeing Agent Member status of the Clearing House, whether due to an Agent Default Event or where the Clearing House has revoked Guaranteeing Agent Member status, the Affected Guaranteed Sponsored Member must appoint a new Guaranteeing Agent Member in respect of such Guaranteed Sponsored Member's Contracts attributed to the relevant Guaranteeing Agent Member to perform the Guaranteeing Agent Member Services by the close of business on the fifth Business Day after the date of default or revocation, as applicable.
- (e) A Guaranteed Sponsored Member shall be a principal to and not an agent in respect of any Contract registered in its name with the Clearing House. In performing its obligations and exercising its rights under these GSC Regulations, the Clearing House shall take no account of any right or interest which any person other than: (i) a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member may have in any Collateral transferred by such Guaranteed Sponsored Member or its

corresponding Guaranteeing Agent Member in satisfaction of such Guaranteed Sponsored Member's or Guaranteeing Agent Member's obligations to the Clearing House and in accordance with these GSC Regulations and the GSC Procedures; and (ii) a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member may have in any Contributions it has made for such Guaranteed Sponsored Member.

- (f) The Guaranteed Sponsored Member joins the Clearing House as a Clearing Member as described in Article 2.14 of EMIR and as such is responsible for discharging the obligations that arise from its participation in the Clearing House. The Guaranteed Sponsored Member is required to discharge the obligations that arise from its participation as a Clearing Member of the Clearing House, including nominating a Guaranteeing Agent Member that will provide the services set out in GSC Regulation 6(a). A Guaranteed Sponsored Member that does not meet its Guaranteed Sponsored Member obligations pursuant to the GSC Rulebook (including when its Guaranteeing Agent Member is in default ("**Agent Default**")) is at risk of being declared in default by the Clearing House.

**REGULATION 4A DORMANT GUARANTEED SPONSORED MEMBER
STATUS OF THE CLEARING HOUSE**

- (a) A request by a Guaranteed Sponsored Member for Dormant Guaranteed Sponsored Member status of the Clearing House shall be made in accordance with the GSC Procedures and Dormant Guaranteed Sponsored Members must be approved as such by the Clearing House. A Dormant Guaranteed Sponsored Member's status of the Clearing House shall be governed by these GSC Regulations, the GSC Procedures and any Guaranteed Sponsored Membership Agreement to which it is for the time being party.
- (b) Notwithstanding Regulation 4, a Dormant Guaranteed Sponsored Member shall not be eligible to have registered in its name any categories of Contract for so long as the Dormant Guaranteed Sponsored Member remains a Dormant Guaranteed Sponsored Member.
- (c) Following Dormant Guaranteed Sponsored Member status becoming effective, the Clearing House shall return an amount equal to the difference between the RepoClear Contribution for that Dormant Guaranteed Sponsored Member and the Minimum RepoClear Contribution for Dormant Guaranteed Sponsored Members.
- (d) A Dormant Guaranteed Sponsored Member shall retain the information provided, and infrastructure put in place around, their Guaranteed Sponsored Member status with the Clearing House for so long as it remains a Dormant Guaranteed Sponsored Member.
- (e) A Dormant Guaranteed Sponsored Member may resume Guaranteed Sponsored Member status by request to the Clearing House, which shall be made in accordance with these GSC Regulations, the GSC Procedures and any Guaranteed Sponsored Membership Agreement to which it is for the time being a party.

REGULATION 5 GUARANTEEING AGENT MEMBER STATUS OF THE CLEARING HOUSE

- (a) Application for Guaranteeing Agent Member status of the Clearing House shall be made in accordance with the GSC Procedures and Guaranteeing Agent Members must be approved as such. A Guaranteeing Agent Member's status of the Clearing House shall be governed by these GSC Regulations, the GSC Procedures and any Guaranteeing Agent Membership Agreement to which it is for the time being party. Guaranteeing Agent Member status does not provide or entitle a Guaranteeing Agent Member to any other member status with the Clearing House or to any shareholding membership of LCH Limited or any shareholding or other membership of any other member of the LCH Group or any entitlement to membership of or participation in LCH SA, each of which has separate and distinct membership requirements.
- (b) A Guaranteeing Agent Member shall act as a Guaranteeing Agent Member providing the Guaranteeing Agent Member Services to its corresponding Guaranteed Sponsored Member(s).
- (c) A Guaranteeing Agent Member shall act and provide the Guaranteeing Agent Member Services only with respect to Contracts entered into by a corresponding Guaranteed Sponsored Member that its corresponding Guaranteed Sponsored Member is eligible to have registered in its name from time to time and attributed to such Guaranteeing Agent Member.
- (d) The Clearing House shall determine whether an application for Guaranteeing Agent Member status of the Clearing House is approved. If, in its absolute discretion, the Clearing House determines that a Guaranteeing Agent Member no longer meets the relevant eligibility criteria for acting as a Guaranteeing Agent Member, including where an Agent Default Event has occurred, the Clearing House may rescind that Guaranteeing Agent Member's eligibility to act as a Guaranteeing Agent Member. If a Guaranteed Sponsored Member has its eligibility to have Contracts of certain categories registered in its name rescinded by the Clearing House, the eligibility of the Guaranteeing Agent Member to act on such Guaranteed Sponsored Member's behalf in respect of such categories of Contracts shall also be deemed to be rescinded, but without prejudice to the Guaranteeing Agent Member's right to, subject to the GSC Regulations, act on behalf of the Guaranteed Sponsored Member with respect to the categories of Contracts in respect of which the Guaranteed Sponsored Member does meet the eligibility criteria.
- (e) A Guaranteeing Agent Member acts for each of its corresponding Guaranteed Sponsored Member(s) in respect of any Contract registered in the name of such Guaranteed Sponsored Member(s) with the Clearing House and attributed to the Guaranteeing Agent Member, but shall be fully liable for all obligations to the Clearing House that it has under these GSC Regulations in connection with such Contracts and the Guaranteeing Agent Member Services. In performing its obligations and exercising its rights under these GSC Regulations, the Clearing House shall take no account of any right or interest which any person other than: (i) a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member may have in any Collateral transferred by such Guaranteeing Agent Member to the Clearing House; and (ii) a Guaranteed Sponsored Member or its corresponding Guaranteeing

Agent Member may have in any Contributions such Guaranteeing Agent Member has made for such Guaranteed Sponsored Member.

REGULATION 6 AGENT SERVICES

(a) Guaranteeing Agent Member Services

1. Each Guaranteed Sponsored Member, in order to discharge the financial obligations that arise out of its participation as a Clearing Member of the Clearing House, shall nominate a Guaranteeing Agent Member who shall perform those obligations set out in these GSC Regulations, the GSC Procedures and the Default Rules, as applicable, including but not limited to the following:
 - (i) provide payment services by facilitating the payment of Guaranteed Sponsored Members' margin by satisfying any calls for margin made by the Clearing House to each of such Guaranteeing Agent Member's Guaranteed Sponsored Members in respect of Open Contracts registered in the name of corresponding Guaranteed Sponsored Member(s) and attributed to such Guaranteeing Agent Member ("**Payment Services**");
 - (ii) provide Contributions to the Clearing House; and
 - (iii) on a determination by the Clearing House of a Solvency Threatening Treasury Default Loss in accordance with GSC Regulation 29, provide any Allocated Loss amounts to the Clearing House.
2. Each Guaranteeing Agent Member must provide Agent Buffer and Credit Risk Resource to the Clearing House in respect of each Guaranteed Sponsored Member.
3. *Joint and several liability:*
 - (i) A Guaranteeing Agent Member shall be jointly and severally liable with the Guaranteed Sponsored Member for the obligations of the Guaranteed Sponsored Member to the Clearing House under the GSC Regulations to transfer Collateral to the Clearing House in respect of the Guaranteed Sponsored Member's initial, variation and delivery margin obligations which arise in relation to the Guaranteed Sponsored Member's Contracts attributed to the Guaranteeing Agent Member. Where a Guaranteed Sponsored Member has appointed more than one Guaranteeing Agent Member, each such Guaranteeing Agent Member shall be jointly and severally liable with the Guaranteed Sponsored Member for such obligations as referred to in this GSC Regulation 6(a)(3)(i) which arise in relation to the Guaranteed Sponsored Member's Contracts attributed to that Guaranteeing Agent Member (but not in relation to Guaranteed Sponsored Member's Contracts attributed to any other Guaranteeing Agent Member). Such services referred to in this GSC Regulation 6(a)(3)(i) shall be deemed to be "**Guarantee Services**".
 - (ii) The Clearing House may in accordance with the GSC Procedures require a Guaranteeing Agent Member to perform any obligation specified in GSC Regulation 6(a)(3)(i).

- (iii) The terms “guarantee”, “guaranteed” and “guaranteeing” are used in this GSC Regulation for convenience only and the obligations of the Guaranteeing Agent Member are principal obligations.
4. *Guaranteed Sponsored Member indemnity and security:*
- (i) Without prejudice to any other GSC Regulation, each Guaranteed Sponsored Member agrees to indemnify and hold harmless each Guaranteeing Agent Member for any liability, damage, loss, cost, claim or expense (excluding any consequential, special, indirect, incidental or punitive damages, or any liability, damage, loss, cost, claim or expense arising from the fraud, wilful misconduct, negligence or bad faith of the Guaranteeing Agent Member) suffered or incurred by the Guaranteeing Agent Member under or arising out of the performance of the Guaranteeing Agent Member’s obligations to the Clearing House under GSC Regulation 6(a)(3) and GSC Regulation 6(a)(5).
 - (ii) As continuing security for the Guaranteed Sponsored Member Secured Liabilities, each Guaranteed Sponsored Member hereby charges and assigns absolutely to its Guaranteeing Agent Member (and where the Guaranteed Sponsored Member has appointed more than one Guaranteeing Agent Member, to all such Guaranteeing Agent Members), with full title guarantee and free from any adverse interest whatsoever, all of its rights, title or interest in, to its Margin Return Right.
 - (iii) Without prejudice to GSC Regulation 15(n), unless its Guaranteeing Agent Member agrees in writing, a Guaranteed Sponsored Member may not assign or otherwise transfer its Margin Return Right.
 - (iv) The Guaranteed Sponsored Member Security Interest shall be a continuing security notwithstanding any intermediate payment or settlement of account and, without prejudice to the generality of the foregoing, shall continue in full force and effect until the Guaranteeing Agent Member executes a formal release of such security. The Guaranteed Sponsored Member Security Interest shall be in addition to and shall not prejudice any other security, guarantee, indemnity, right or remedy of whatever nature which a Guaranteeing Agent Member may at any time have in respect of any of the Guaranteed Sponsored Member Secured Liabilities.
 - (v) The Guaranteed Sponsored Member gives notice of the assignment and security it has given pursuant to this GSC Regulation 6(a)(4), and the Clearing House acknowledges that it has been so notified.
 - (vi) The Guaranteed Sponsored Member Security Interest shall become enforceable immediately upon the failure by the Guaranteed Sponsored Member to pay when due any of the Guaranteed Sponsored Member Secured Liabilities.
 - (vii) At any time after the Guaranteed Sponsored Member Security Interest has become enforceable, the Guaranteeing Agent Member may enforce the Guaranteed Sponsored Member Security Interest by giving written notice to the Guaranteed Sponsored Member and the Clearing House. Following receipt of such notice, if and to the extent that the Clearing House would otherwise be

required to return Collateral to the Guaranteed Sponsored Member, it shall transfer or deliver such Collateral to the Guaranteeing Agent Member. Where the Guaranteed Sponsored Member has appointed more than one Guaranteeing Agent Member, the Clearing House shall transfer or deliver such Collateral to the Guaranteeing Agent Member that performed its obligations to the Clearing House under GSC Regulation 6(a)(3) or GSC Regulation 6(a)(5). Where more than one Guaranteeing Agent Member performed its obligations to the Clearing House under GSC Regulation 6(a)(3) or GSC Regulation 6(a)(5), the Clearing House shall transfer or deliver such Collateral to each Guaranteeing Agent Member in the same proportions as those in which the Guaranteeing Agent Members performed their obligations to the Clearing House. For the avoidance of doubt, nothing under this GSC Regulation 6(a)(4)(vii) shall require the Clearing House to transfer or deliver Collateral to the Guaranteeing Agent Member if it would not otherwise have been required to return Collateral to the Guaranteed Sponsored Member. A transfer or delivery of Collateral to the Guaranteeing Agent Member under this GSC Regulation 6(a)(4)(vii) shall discharge in full the obligation of the Clearing House to return Collateral to the Guaranteed Sponsored Member whereupon the Guaranteed Sponsored Member's Margin Return Right in respect of Collateral so transferred or delivered shall be extinguished.

- (viii) Following the delivery or transfer of Collateral to the Guaranteeing Agent Member under GSC Regulation 6(a)(4)(vii), the Guaranteeing Agent Member shall account to the Guaranteed Sponsored Member in respect of such Collateral subject to and in accordance with this GSC Regulation 6(a)(4)(viii).
 - a. The Guaranteeing Agent Member shall determine the value of Collateral in accordance with GSC Regulation 6(a)(4)(ix) and shall be required to pay to the Guaranteed Sponsored Member an amount equal to that value.
 - b. The Guaranteeing Agent Member shall set off the amount payable by it to the Guaranteed Sponsored Member under sub-paragraph (a) against the amount of the Guaranteed Sponsored Member Secured Liabilities outstanding and only the balance of account shall be payable by the party having the claim valued at the lower amount pursuant to the foregoing.
 - c. The Guaranteeing Agent Member shall notify the Guaranteed Sponsored Member of its determination under this GSC Regulation 6(a)(4)(viii). Such notice shall be provided in accordance with the provisions of any agreement between the Guaranteeing Agent Member and the Guaranteed Sponsored Member in relation to the Guaranteeing Agent Member Services or as otherwise agreed between them.
 - d. Any amount payable by one party to the other under sub-paragraph (b) shall be payable by the end of the second business day following the day on which the Guaranteed Sponsored Member received the notification under sub-paragraph (c).
- (ix) For the purposes of GSC Regulation 6(a)(4)(viii), the Guaranteeing Agent Member shall determine the value of Collateral as follows:

- a. the Guaranteeing Agent Member shall convert any cash Collateral not denominated in the base currency determined by the Guaranteeing Agent Member into that base currency at the then prevailing spot market rate of exchange as determined by the Guaranteeing Agent Member, acting in good faith and in a commercially reasonable manner;
- b. if and to the extent that the Guaranteeing Agent Member has sold non-cash Collateral the net proceeds of such sale (and the Guaranteeing Agent Member may sell non-cash Collateral at such time or times, over such period and by such method as it thinks fit, and for this purpose may take into account the size, amount, liquidity and such other factors in respect of the non-cash Collateral that the Guaranteeing Agent Member acting in good faith considers appropriate); and
- c. if and to the extent that the Guaranteeing Agent Member has not sold non-cash Collateral, the Guaranteeing Agent Member shall determine the value of the non-cash Collateral as the amount which is its estimate, acting in good faith and in a commercially reasonable manner, of the net proceeds that would be realised on a sale of the non-cash Collateral.

5. *Default:*

- (i) Without limiting GSC Regulation 6(a)(3)(i), a Guaranteeing Agent Member shall be jointly and severally liable with the Guaranteed Sponsored Member to pay the Guaranteed Default Amount on demand by the Clearing House. Where a Guaranteed Sponsored Member has appointed more than one Guaranteeing Agent Member, each such Guaranteeing Agent Member shall be jointly and severally liable with the Guaranteed Sponsored Member to pay on demand by the Clearing House the Guaranteed Default Amount which shall be calculated in relation to the Guaranteed Sponsored Member's Contracts attributed to such Guaranteeing Agent Member (but not in relation to the Guaranteed Sponsored Member's Contracts attributed to any other Guaranteeing Agent Member of that Guaranteed Sponsored Member).
- (ii) For the avoidance of doubt, references in the Default Rules to a Clearing Member shall include a Guaranteeing Agent Member and the Default Rules shall apply to any Guaranteeing Agent Member Services for which the Guaranteeing Agent Member is jointly and severally liable in accordance with GSC Regulation 6(a)(3).
- (iii) The Clearing House may in its absolute discretion, in relation to any Auction (as defined in the Default Rules) which is held in accordance with the Default Rules in relation to Portfolios of a Guaranteed Sponsored Member who is a Defaulter, make changes to the auction process so as to allow the relevant Guaranteed Sponsored Member's corresponding Guaranteeing Agent Member(s) to purchase such Guaranteed Sponsored Member's Portfolios other than through the auction process provided for by the Default Rules including, without limitation by the Clearing House giving the Guaranteeing Agent Member(s) the option to purchase the relevant Portfolios at a price determined by the Clearing House before any Auction is held.

(b) Replacement Guaranteeing Agent Member Services

Where a Guaranteeing Agent Member has been appointed as a Replacement Guaranteeing Agent Member (i) in respect of Affected (Fast-track Resignation) Portfolios of an Affected (Fast-track Resignation) Guaranteed Sponsored Member in accordance with GSC Regulation 7(u) to GSC Regulation 7(w) or (ii) in respect of Affected Portfolios of an Affected Guaranteed Sponsored Member in accordance with GSC Regulation 9(e), the Replacement Guaranteeing Agent Member shall be required to perform the Guaranteeing Agent Member Services and shall be subject to all obligations of a Guaranteeing Agent Member set out in these GSC Regulations and the GSC Procedures in respect of such relevant portfolios.

Such Replacement Guaranteeing Agent Member shall only be required to perform the Guaranteeing Agent Member Services and undertake such obligations as are set out in this paragraph where it has provided an Acceptance Notification to the Clearing House in accordance with GSC Regulation 7(w) or GSC Regulation 9(e), as applicable.

REGULATION 7 RESIGNING AND RETIRING MEMBERS

Resignation by a Guaranteed Sponsored Member or Guaranteeing Agent Member

- (a) A Guaranteed Sponsored Member (including, for the avoidance of doubt, a Dormant Guaranteed Sponsored Member) or Guaranteeing Agent Member may resign from a particular Clearing Service or in respect of its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship upon giving no less than three months' written notice to the Clearing House and its corresponding Guaranteeing Agent Member or Guaranteed Sponsored Member (as applicable), by completing a Resignation Letter, a copy of which can be obtained from the Clearing House's Onboarding Team, provided that the Clearing House may, at its discretion, agree with a Resigning Guaranteed Sponsored Member or Resigning Guaranteeing Agent Member a notice period of less than three months. Such resignation takes effect on the Resignation Effective Date, which is the later of:
 - (i) the resignation date as confirmed by the Clearing House, following receipt of written notice to the Clearing House in relation to the relevant Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship; and
 - (ii)
 - (A) with respect to a Guaranteed Sponsored Member, the date on which all Contracts registered in the Resigning Guaranteed Sponsored Member's name on the relevant Clearing Service or all Contracts registered in respect of its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship have been closed-out, so as to ensure that there are no remaining open Contracts in respect of the relevant Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship to which the Resigning Guaranteed Sponsored Member is a party, provided that the Clearing House may require the Resigning Guaranteed Sponsored Member by prior written notice to complete such close-out of its Contracts by the date specified in such written notice; and
 - (B) with respect to a Guaranteeing Agent Member performing the Guaranteeing Agent Member Services for its Guaranteed Sponsored Member(s), the date on which all Contracts registered in the name of such Resigning Guaranteeing Agent Member's corresponding Guaranteed Sponsored Member on the relevant Clearing Service or all Contracts registered in respect of its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship and in each case, attributable to such Resigning Guaranteeing Agent Member have been closed-out so as to ensure that there are no remaining open Contracts attributable to the Resigning Guaranteeing Agent Member, in respect of the relevant Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship to which the Resigning Guaranteeing Agent Member's corresponding Guaranteed Sponsored Member(s) is a party.

- (b) Where a Guaranteeing Agent Member has delivered a Resignation Letter to the Clearing House under paragraph (a) above, the Clearing House will not: (i) accept any new Contracts for the account of any Guaranteed Sponsored Member of such Resigning Guaranteeing Agent Member and attributable to such Resigning Guaranteeing Agent Member (where such resignation is in respect of a particular Clearing Service); or (ii) accept any new Contracts for the account of a Guaranteed Sponsored Member of such Resigning Guaranteeing Agent Member and attributable to such Resigning Guaranteeing Agent Member (where such resignation is in respect of a specific Guaranteed Sponsored Member/Guaranteeing Agent Member relationship), other than Contracts which facilitate the reduction of the relevant Guaranteed Sponsored Member's risk with the Clearing House.
- (c) Upon the Clearing House being satisfied that the Resigning Guaranteed Sponsored Member or Resigning Guaranteeing Agent Member is not a Defaulter or an Affected Guaranteeing Agent Member (as applicable), and that all obligations of the Resigning Guaranteeing Agent Member or Guaranteed Sponsored Member to which the relevant Collateral is capable of being applied in accordance with the GSC Rulebook have been irrevocably paid or discharged in full and that no such obligations are capable of arising, the Clearing House shall return or release any Collateral provided to the Clearing House for the purpose of collateralizing the Resigning Guaranteed Sponsored Member or Resigning Guaranteeing Agent Member's obligations (as applicable) in respect of the relevant Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship.
- (d) Provided a Resigning Guaranteed Sponsored Member who is resigning from a particular Clearing Service or from a particular Guaranteeing Agent Member is not a Defaulter, such Resigning Guaranteed Sponsored Member's corresponding Guaranteeing Agent Member shall be liable in respect of Aggregate Excess Losses relating to any Default which arises in the relevant Clearing Service prior to the relevant Resignation Effective Date. In such circumstances, and as further provided in the Default Rules, the Guaranteeing Agent Member may be required to maintain some or all of its Contribution in connection with that Clearing Service until after the completion of the default management process related to the relevant Default, notwithstanding that the relevant Resignation Effective Date might occur prior to such time. Such Resigning Guaranteed Sponsored Member's corresponding Guaranteeing Agent Member shall be liable in respect of the Guaranteed Default Amount until the completion of the default management process related to the relevant Default.
- (e) A Resigning Guaranteeing Agent Member other than an Affected Guaranteeing Agent Member who is resigning from a particular Clearing Service or from a particular Guaranteed Sponsored Member shall be liable in respect of Aggregate Excess Losses relating to any Default which arises in the relevant Clearing Service or Guaranteed Sponsored Member/Guaranteeing Agent Member relationship prior to the relevant Resignation Effective Date. In such circumstances, and as further provided in the Default Rules, the Resigning Guaranteeing Agent Member shall be liable in respect of Aggregate Excess Losses relating to Contributions that such Resigning Guaranteeing Agent Member has made to the default funds of their Guaranteed Sponsored Members who are not Defaulters. Such Resigning Guaranteeing Agent Member shall be liable in respect of the Guaranteed Default Amount until the completion of the default management process related to the relevant Default.

- (f) A Guaranteed Sponsored Member and a Guaranteeing Agent Member must at all times be approved as a Guaranteed Sponsored Member or a Guaranteeing Agent Member in respect of at least one Clearing Service, and a Guaranteed Sponsored Member or Guaranteeing Agent Member may not utilize the resignation process set out above so as to resign from all (or all remaining) Clearing Services in respect of which it is a Guaranteed Sponsored Member or Guaranteeing Agent Member. Where a Guaranteed Sponsored Member or Guaranteeing Agent Member wishes to cease being a Guaranteed Sponsored Member or Guaranteeing Agent Member in respect of all (or all remaining) Clearing Services, the retirement process set out in paragraphs (g) to (k) below should be used.

Retirement of a Guaranteed Sponsored Member or Guaranteeing Agent Member

- (g) A Guaranteed Sponsored Member or Guaranteeing Agent Member may, in accordance with the Guaranteed Sponsored Membership Agreement or Guaranteeing Agent Membership Agreement (as applicable) and as further described in the GSC Procedures, retire from Guaranteed Sponsored Member or Guaranteeing Agent Member status altogether upon giving no less than three months' written notice to the Clearing House, provided that the Clearing House may, at its discretion, agree with a Retiring Guaranteed Sponsored Member or Retiring Guaranteeing Agent Member a notice period of less than three months. Retirement takes effect on the Retirement Effective Date, which is the later of:
- (i) the retirement date as confirmed by the Clearing House following receipt of written notice to the Clearing House; and
 - (ii)
 - (A) with respect to a Guaranteed Sponsored Member, the date on which all Contracts registered in the Retiring Guaranteed Sponsored Member's name have been closed-out, so as to ensure that there are no remaining open Contracts to which the Retiring Guaranteed Sponsored Member is a party, provided that the Clearing House may require the Retiring Guaranteed Sponsored Member by prior written notice to complete a close-out of its Contracts by the date specified in such written notice; and
 - (B) with respect to a Guaranteeing Agent Member performing the Guaranteeing Agent Member Services, the date on which all Contracts registered in the name of the such Retiring Guaranteeing Agent Member's corresponding Guaranteed Sponsored Member(s) and attributable to such Retiring Guaranteeing Agent Member have been closed-out, so as to ensure that there are no remaining open Contracts to which such Retiring Guaranteeing Agent Member's corresponding Guaranteed Sponsored Member(s) are party.
- (h) Where a Guaranteeing Agent Member has delivered a written notice to the Clearing House under paragraph (g) above, the Clearing House will not accept any new Contracts for the account of any Guaranteed Sponsored Member of such Retiring Guaranteeing Agent Member other than Contracts which facilitate the reduction of the relevant Guaranteed Sponsored Member's risk with the Clearing House.

- (i) Upon the Clearing House being satisfied that the Retiring Guaranteed Sponsored Member or Retiring Guaranteeing Agent Member is not a Defaulter or an Affected Guaranteeing Agent Member, and that all obligations of the Retiring Guaranteed Sponsored Member or Retiring Guaranteeing Agent Member (as applicable) to which the relevant Collateral is capable of being applied in accordance with the GSC Rulebook have been irrevocably paid or discharged in full and that no such obligations are capable of arising, the Clearing House shall return or release any Collateral provided to the Clearing House for the purpose of collateralizing the Retiring Guaranteed Sponsored Member or Retiring Guaranteeing Agent Member's obligations.
- (j) Provided a Retiring Guaranteed Sponsored Member is not a Defaulter, such Retiring Guaranteed Sponsored Member's Guaranteeing Agent Member shall be liable in respect of Aggregate Excess Losses relating to any Default which arises prior to the relevant Retirement Effective Date. In such circumstances, and as further provided in the Default Rules, the Guaranteeing Agent Member may be required to maintain some or all of its Contribution until after the completion of the default management process related to the relevant Default, notwithstanding that the Retirement Effective Date might occur prior to such time. Such Retiring Guaranteed Sponsored Member's corresponding Guaranteeing Agent Member shall be liable in respect of the Guaranteed Default Amount until the completion of the default management process related to the relevant Default.
- (k) A Retiring Guaranteeing Agent Member other than an Affected Guaranteeing Agent Member shall be liable in respect of Aggregate Excess Losses relating to any Default which arises in the relevant Clearing Service prior to the relevant Resignation Effective Date. In such circumstances, and as further provided in the Default Rules, the Retiring Guaranteeing Agent Member shall be liable in respect of Aggregate Excess Losses relating to Contributions that such Retiring Guaranteeing Agent Member has made to the default funds of their Guaranteed Sponsored Members who are not Defaulters. Such Retiring Guaranteeing Agent Member shall be liable in respect of the Guaranteed Default Amount until the completion of the default management process related to the relevant Default.
- (l) Guaranteed Sponsored Members and Guaranteeing Agent Members should contact the Clearing House for further details on how to retire from Guaranteed Sponsored Member or Guaranteeing Agent Member status or how to resign from a particular Clearing Service.
- (m) The Clearing House may also, by giving no less than three months' written notice, require a Guaranteed Sponsored Member or Guaranteeing Agent Member to retire from Guaranteed Sponsored Member or Guaranteeing Agent Member status or to resign from one or more specific Clearing Services. Following the service of such a notice, the relevant Guaranteed Sponsored Member or Guaranteeing Agent Member will become a Retiring Guaranteed Sponsored Member or Retiring Guaranteeing Agent Member or a Resigning Guaranteed Sponsored Member or Resigning Guaranteeing Agent Member (as the case may be) and such Retiring Guaranteed Sponsored Member or Resigning Guaranteed Sponsored Member (as applicable), will be required to close-out all Contracts registered in its name or all Contracts registered in its name in connection with the specified Clearing Service or Clearing Services, respectively, by the date specified in the relevant notice.

- (n) On the occurrence of an Agent Default Event, the Clearing House may require an Affected Guaranteeing Agent Member to retire from Guaranteeing Agent Member status or to resign from one or more specific Clearing Services. Such retirement or resignation shall become effective upon the latter of: (i) completion of the relevant Agent Default MP in accordance with GSC Regulation 9; and (ii) when the conditions in paragraphs (a) to (l) above (as applicable) have been satisfied.

Resignation by or retirement of a Guaranteed Sponsored Member who is a Defaulter

- (o) The arrangements for a Guaranteed Sponsored Member who is a Defaulter to resign from a particular Clearing Service or retire from Guaranteed Sponsored Member status and for the return or release of the cover and the Contributions provided by such Defaulter's Guaranteeing Agent Member to the Clearing House are as set out in the Default Rules, including, in particular, Rules 15 and 25 of the Default Rules.

Fast-track resignation by a Guaranteeing Agent Member

- (p) A Guaranteeing Agent Member may subject to the provisions of this paragraph, upon immediate notice to the Clearing House, resign its position as a Guaranteeing Agent Member in respect of a Guaranteed Sponsored Member/Guaranteeing Agent Member relationship with a Guaranteed Sponsored Member (such Guaranteeing Agent Member shall hereafter be deemed to be a **“Resigning (Fast-track Resignation) Guaranteeing Agent Member”** and such resignation shall be deemed a **“Fast-track Guaranteeing Agent Member Resignation”**), provided such Resigning (Fast-track Resignation) Guaranteeing Agent Member:

- (A) provides the Clearing House with at least 5 hours' prior-notice (during a business day) regarding such Fast-track Guaranteeing Agent Member Resignation; provided that if such prior-notice is given less than 5 hours before the end of a business day, the remaining period of time required in order to satisfy this pre-notice requirement will continue on the following business day (**“Pre-Notification of Fast-track Guaranteeing Agent Member Resignation”**); and
- (B) provides the Clearing House with a notice stating that the Resigning (Fast-track Resignation) Guaranteeing Agent Member has exercised default or termination rights (however expressed) in respect of the Affected (Fast-track Resignation) Guaranteed Sponsored Member in accordance with the terms of the bilateral relationship between the Resigning (Fast-track Resignation) Guaranteeing Agent Member and such Affected (Fast-track Resignation) Guaranteed Sponsored Member and detailing the reasons why the Resigning (Fast-track Resignation) Guaranteeing Agent Member has taken such step and (if different) the reasons for its Fast-track Guaranteeing Agent Member Resignation in respect of the relevant corresponding Affected (Fast-track Resignation) Guaranteed Sponsored Member (a **“Fast-track Resignation Notice”**), in a form satisfactory to the Clearing House.

A Resigning (Fast-track Resignation) Guaranteeing Agent Member's Fast-track Guaranteeing Agent Member Resignation in accordance with this paragraph shall take effect from receipt by the Clearing House of the Fast-track

Resignation Notice, provided that the 5 hours prior-notice requirement referred to in sub-paragraph (A) above is satisfied (the “**Fast-track Guaranteeing Agent Member Resignation Effective Time**”).

Until the Fast-track Guaranteeing Agent Member Resignation Effective Time, the Resigning (Fast-track Resignation) Guaranteeing Agent Member continues to be subject to the same obligations as it was before it took any step under this paragraph (p).

- (q) A Guaranteeing Agent Member and a Guaranteed Sponsored Member may pre-agree, at any time before the provision of a Pre-Notification of Fast-track Guaranteeing Agent Member Resignation by the Guaranteeing Agent Member as Resigning (Fast-track Resignation) Guaranteeing Agent Member to the Clearing House, that in the event of a Fast-track Guaranteeing Agent Member Resignation, if the Guaranteeing Agent Member as Resigning (Fast-track Resignation) Guaranteeing Agent Member makes an election in accordance with paragraph (r), the Guaranteed Sponsored Member as Affected (Fast-track Resignation) Guaranteed Sponsored Member shall transfer the Contracts contained in the Affected (Fast-track Resignation) Portfolios to the Proprietary Account of the Resigning (Fast-track Resignation) Guaranteeing Agent Member upon the Fast-track Guaranteeing Agent Member Resignation Effective Time in exchange for a payment by the Resigning (Fast-track Resignation) Guaranteeing Agent Member to the Affected (Fast-track Resignation) Guaranteed Sponsored Member of market value of the relevant Contracts at the time of the transfer.
- (r) Where a Resigning (Fast-track Resignation) Guaranteeing Agent Member wishes to make an election for the transfer of Contracts under a pre-agreement with a Guaranteed Sponsored Member made in accordance with paragraph (q), it shall take the following steps:
 - (i) The Pre-Notification of Fast-track Guaranteeing Agent Member Resignation provided by the Resigning (Fast-track Resignation) Guaranteeing Agent Member to the Clearing House in accordance with paragraph (p)(A) shall state that the Resigning (Fast-track) Guaranteeing Agent Member makes such election; and
 - (ii) The Resigning (Fast-track Resignation) Guaranteeing Agent Member shall notify the Affected (Fast-track Resignation) Guaranteed Sponsored Member of such election at the same time as it provides to the Clearing House the Pre-Notification of Fast-track Guaranteeing Agent Member Resignation and shall specify in its notification to the Affected (Fast-track Resignation) Guaranteed Sponsored Member the Fast-track Guaranteeing Agent Member Resignation Effective Time.
- (s) Following receipt of a Pre-Notification of Fast-track Guaranteeing Agent Member Resignation, the Clearing House shall be entitled to apply the Agent Buffer (as sized by the Clearing House as at the Fast-track Guaranteeing Agent Member Resignation Effective Time) in respect of unpaid margin required by the Clearing House for the account of an Affected (Fast-track Resignation) Guaranteed Sponsored Member.

- (t) Any margin obligations that arise following a Guaranteeing Agent Member's Fast-track Guaranteeing Agent Member Resignation will be allocated and discharged in accordance with the GSC Procedures. The Resigning (Fast-track Resignation) Guaranteeing Agent Member will remain liable to meet the next margin call following the Fast-track Guaranteeing Agent Resignation Effective Time, but it will thereafter cease to be subject to any obligations to provide Collateral under GSC Regulation 6(a)(3)(i) in respect of the Affected (Fast-track Resignation) Portfolios.
- (u) The Affected (Fast-track Resignation) Guaranteed Sponsored Member may, during the Fast-track Guaranteeing Agent Member Resignation MP Window, nominate an undertaking approved by the Clearing House as a Guaranteeing Agent Member which will provide the Guaranteeing Agent Member Services with respect to the Affected (Fast-track Resignation) Portfolios of the Affected (Fast-track Resignation) Guaranteed Sponsored Member upon its appointment as a Replacement Guaranteeing Agent Member.
- (v) The Affected (Fast-track Resignation) Guaranteed Sponsored Member shall notify the Clearing House of such appointment before the expiry of the Fast-track Guaranteeing Agent Member Resignation MP Window and shall comply with all requirements imposed in relation to the appointment of a Guaranteeing Agent Member under the GSC Rulebook.
- (w) The relevant Replacement Guaranteeing Agent Member shall, before the expiry of the Fast-track Guaranteeing Agent Member Resignation MP Window, send an Acceptance Notification to the Clearing House, confirming that such Replacement Guaranteeing Agent Member agrees to perform the Guaranteeing Agent Member Services with respect to the Affected (Fast-track Resignation) Portfolios of the Affected (Fast-track Resignation) Guaranteed Sponsored Member. Any references in this GSC Regulation 7 to an Acceptance Notification shall refer to an Acceptance Notification given in accordance with this paragraph.
- (x) In the event that an Affected (Fast-track Resignation) Guaranteed Sponsored Member does not appoint a Replacement Guaranteeing Agent Member in respect of the Affected (Fast-track Resignation) Portfolios, in accordance with paragraphs (u) to (w) above, the Clearing House will be entitled in its sole discretion to deem such Guaranteed Sponsored Member a Defaulting Guaranteed Sponsored Member in accordance with these GSC Regulations. Where the Clearing House deems such Guaranteed Sponsored Member a Defaulting Guaranteed Sponsored Member during the Fast-track Guaranteeing Agent Member Resignation MP Window or within the period of 24 hours following the expiry of the Fast-track Guaranteeing Agent Member Resignation MP Window, the Resigning (Fast-track Resignation) Guaranteeing Agent Member will be liable for the Guaranteed Default Amount in accordance with GSC Regulation 6(a)(5) until the end of that 24 hour period or, if later, the time at which any default management process has been completed.
- (y) **Clearing House Steps**

The Clearing House has established a Fast-track Guaranteeing Agent Member Resignation MP for the resignation management process that will apply to Affected (Fast-track Resignation) Contracts from the Fast-track Guaranteeing Agent Member Resignation Effective Time. The fundamental principles of the Fast-track

Guaranteeing Agent Member Resignation MP are elaborated to the fullest extent possible in this GSC Regulation 7.

Each Guaranteed Sponsored Member and each Guaranteeing Agent Member to whom this GSC Regulation 7 applies shall take all steps and execute all documents necessary or required by the Clearing House to comply with its obligations arising out of this GSC Regulation 7.

The provisions of this GSC Regulation 7 are at all times and for all purposes without prejudice to the rights of the Clearing House under the Default Rules.

- (i) During the Fast-track Guaranteeing Agent Member Resignation MP Window, the Clearing House may take any or all of the following steps with respect to the Affected (Fast-track Resignation) Portfolios:
 - (A) to refuse to accept any new Contracts for the account of any Affected (Fast-track Resignation) Guaranteed Sponsored Member of such Resigning (Fast-track Resignation) Guaranteeing Agent Member and attributable to such Resigning (Fast-track Resignation) Guaranteeing Agent Member, other than Contracts which facilitate the reduction of the relevant Affected (Fast-track Resignation) Guaranteed Sponsored Member's risk with the Clearing House;
 - (B) to apply any available Agent Buffer to meet in full or in part any unpaid liabilities in respect of the GSM/GAM Accounts of an Affected (Fast-track Resignation) Guaranteed Sponsored Member associated with the Resigning (Fast-track Resignation) Guaranteeing Agent Member and to satisfy any liabilities of an Affected (Fast-track Resignation) Guaranteed Sponsored Member to the Clearing House;
 - (C) to apply any Credit Risk Resource in accordance with Rule 19 of the Default Rules;
 - (D) in respect of Affected (Fast-track Resignation) Contracts attributed to the Resigning (Fast-track Resignation) Guaranteeing Agent Member, to charge to its account the amount (or, if the amount is not finally known, the estimated amount) of any expenses incurred by the Clearing House with regard to the steps which are or may be taken under this paragraph and any expenses incurred with regard thereto;
 - (E) to call from the Replacement Guaranteeing Agent Member additional margin in an amount determined by the Clearing House, if applicable;
 - (F) to take any other step calculated by the Clearing House to complete the Fast-track Guaranteeing Agent Member Resignation MP; and
 - (G) to obtain such advice or assistance, whether legal or otherwise, as the Clearing House may deem necessary and at the expense of the Resigning (Fast-track Resignation) Guaranteeing Agent Member, as applicable, for any matter arising out of or in connection with the default,

provided that, during the Fast-track Guaranteeing Agent Member Resignation MP Window and the period of 24 hours following the expiry of the Fast-track Guaranteeing Agent Member Resignation MP Window, subject to the following sentence, the Clearing House may exercise its rights under the Default Rules, including its right to issue a Default Notice with respect to the Affected (Fast-track Resignation) Guaranteed Sponsored Member where the Fast-track Guaranteeing Agent Member Resignation MP has not been completed, including (for the avoidance of doubt and without affecting or limiting any rights of the Clearing House under the Default Rules) where, upon the expiry of the Fast-track Guaranteeing Agent Member Resignation MP Window, there are Affected (Fast-track Resignation) Portfolios (i) in respect of which the Affected (Fast-track Resignation) Guaranteed Sponsored Member has not appointed a Replacement Guaranteeing Agent Member; (ii) the Contracts comprised in which have not been transferred by the Affected (Fast-track Resignation) Guaranteed Sponsored Member to the Proprietary Account of the Resigning (Fast-track Resignation) Guaranteeing Agent Member or any other Clearing Member which meets the eligibility criteria specified by the Clearing House to have the relevant Contracts registered in its name; and (iii) which have not been closed-out. Without prejudice to its other rights, the Clearing House may not exercise its rights under the Default Rules in accordance with the preceding sentence before the Fast-track Guaranteeing Agent Member Resignation MP End Date solely on the basis that the Affected (Fast-track Resignation) Guaranteed Sponsored Member has failed to enter into trades or taken other steps to reduce risk in relation to the Affected (Fast-track Resignation) Portfolios to a level satisfactory to the Clearing House.

- (ii) Where the Clearing House has not received an Acceptance Notification in accordance with paragraph (w) above, all margin obligations in respect of such portfolios that have arisen after the Fast-track Guaranteeing Agent Member Resignation Effective Time will be discharged by the Affected (Fast-track Resignation) Guaranteed Sponsored Member, who will be required to discharge its margin obligations through the PPS or via its contingency payment arrangements (as more particularly described in the GSC Procedures).
- (iii) Where the Clearing House has received an Acceptance Notification in accordance with paragraph (w) above, the Clearing House shall update the payment and account details in respect of the Affected (Fast-track Resignation) Guaranteed Sponsored Member to include the payment and account details of the relevant Replacement Guaranteeing Agent Member.

(z) Determination of Amount Payable

- (i) Where the Clearing House has deemed the Affected (Fast-track Resignation) Guaranteed Sponsored Member to be a Defaulting Guaranteed Sponsored Member, the following shall apply:

Upon the determination of the outstanding rights and liabilities of the Resigning (Fast-track Resignation) Guaranteeing Agent Member, in respect of all Affected (Fast-track Resignation) Contracts attributed to it, in accordance with paragraph (y) above, the following Fast-track Guaranteeing Agent Member Resignation MP shall be completed by the Clearing House in order to determine any net

amounts which remain payable between the Resigning (Fast-track Resignation) Guaranteeing Agent Member and the Clearing House, in respect of each GSM/GAM Account of such Resigning (Fast-track Resignation) Guaranteeing Agent Member's corresponding Affected (Fast-track Resignation) Guaranteed Sponsored Members:

- (A) there shall be brought into account all Contributions, Agent Buffer, Credit Risk Resources and any Allocated Loss amounts (as applicable), payable by or to the Resigning (Fast-track Resignation) Guaranteeing Agent Member;
 - (B) the sums so payable shall be aggregated or set off so as to produce a net sum with respect to each of the following accounts related to the Resigning (Fast-track Resignation) Guaranteeing Agent Member: (i) each GSM/GAM Account; (ii) its Agent Buffer Account; and (iii) its CRR Account; and
 - (C) where there is inadequate Collateral (on an GSM/GAM Account) to satisfy an Affected (Fast-track Resignation) Guaranteed Sponsored Member's margin obligations to the Clearing House, the Clearing House shall have the sole discretion with respect to the allocation of any available Agent Buffer of the Resigning (Fast-track Resignation) Guaranteeing Agent Member to satisfy the margin obligations of the Affected (Fast-track Resignation) Guaranteed Sponsored Member under Affected (Fast-track Resignation) Contracts. In addition, upon termination or maturity of Affected (Fast-track Resignation) Contracts with a related Guaranteed Sponsored Member, a net sum shall be calculated in respect of such GSM/GAM Account and with regards to any amount due to the Clearing House from such Guaranteed Sponsored Member in respect of net sums attributable to such GSM/GAM Account where there is inadequate Collateral (on a sub-account by sub-account basis) to fully set off such amount payable, the Clearing House shall have sole discretion with respect to the allocation of any available Agent Buffer of the relevant Resigning (Fast-track Resignation) Guaranteeing Agent Member in setting off any such amounts payable to the Clearing House. In addition, amounts on the CRR Account can be set-off against liabilities of the Resigning (Fast-track Resignation) Guaranteeing Agent Member with respect to the relevant Affected (Fast-track Resignation) Guaranteed Sponsored Member and any excess returned to the Resigning (Fast-track Resignation) Guaranteeing Agent Member, provided that such amounts are not required with respect to any default management process that is ongoing at the time.
- (ii) Where the Affected (Fast-track Resignation) Guaranteed Sponsored Member has appointed a Replacement Guaranteeing Agent Member in respect of the Affected (Fast-track Resignation) Portfolios in accordance with paragraphs (u) to (w) above, the following shall apply:
- (A) the Replacement Guaranteeing Agent Member shall provide to the Clearing House sums equal to: (i) any Collateral attributed to the GSM/GAM Accounts of the Affected (Fast-track Resignation)

Guaranteed Sponsored Member that was provided by the Resigning (Fast-track Resignation) Guaranteeing Agent Member (except to the extent that the Affected (Fast-track Resignation) Guaranteed Sponsored Member has provided part or all of such Collateral itself); (ii) any Collateral attributed to the Resigning (Fast-track Resignation) Guaranteeing Agent Member's Agent Buffer Account in respect of its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship with the Affected (Fast-track Resignation) Guaranteed Sponsored Member; (iii) any financial resources attributed to the Resigning (Fast-track Resignation) Guaranteeing Agent Member's CRR Account in respect of its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship with the Affected (Fast-track Resignation) Guaranteed Sponsored Member; and (iv) any Contributions provided by the Resigning (Fast-track Resignation) Guaranteeing Agent Member for the account of the Affected (Fast-track Resignation) Guaranteed Sponsored Member. Such sums provided by the Replacement Guaranteeing Agent Member shall be attributed to the corresponding account, in each case, of the Replacement Guaranteeing Agent Member in respect of its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship with the Affected (Fast-track Resignation) Guaranteed Sponsored Member; and

(B) following full payment by the Replacement Guaranteeing Agent Member under sub-paragraph (A) above, the Resigning (Fast-track Resignation) Guaranteeing Agent Member shall be entitled to request that the Clearing House releases and returns to it: (i) any Collateral attributed to the GSM/GAM Accounts of the Affected (Fast-track Resignation) Guaranteed Sponsored Member that was provided by such Guaranteeing Agent Member; (ii) any Collateral attributed to its Agent Buffer Account in respect of its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship with the Affected (Fast-track Resignation) Guaranteed Sponsored Member; (iii) any financial resources attributed to its CRR Account in respect of its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship with the Affected (Fast-track Resignation) Guaranteed Sponsored Member; and (iv) any Contributions provided by the Resigning (Fast-track Resignation) Guaranteeing Agent Member for the account of the Affected (Fast-track Resignation) Guaranteed Sponsored Member.

(iii) Where the Affected (Fast-track Resignation) Guaranteed Sponsored Member has transferred the Contracts comprised in the Affected (Fast-track Resignation) Portfolios to the Proprietary Account of the Resigning (Fast-track Resignation) Guaranteeing Agent Member or any other Clearing Member which meets the eligibility criteria specified by the Clearing House to have the relevant Contracts registered in its name, the following shall apply:

(A) the Resigning (Fast-track Resignation) Guaranteeing Agent Member shall be entitled to request that the Clearing House releases and returns to it: (i) any Collateral attributed to the GSM/GAM Accounts of the

Affected (Fast-track Resignation) Guaranteed Sponsored Member that was provided by such Guaranteeing Agent Member; (ii) any Collateral attributed to its Agent Buffer Account attributable to its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship with the Affected (Fast-track Resignation) Guaranteed Sponsored Member; (iii) any financial resources attributed to its CRR Account attributable to its Guaranteed Sponsored Member/Guaranteeing Agent Member relationship with the Affected (Fast-track Resignation) Guaranteed Sponsored Member; and (iv) any Contributions for the account of the Affected (Fast-track Resignation) Guaranteed Sponsored Member.

REGULATION 8 CLEARING SERVICE WITHDRAWAL

- (a) If at any time the Clearing House decides to withdraw part or the whole of a Clearing Service it shall give not less than six months' notice to all Guaranteed Sponsored Members and Guaranteeing Agent Members participating in that Clearing Service (for the purposes of this GSC Regulation 8, the "**affected Members**") of the date on which the service will be withdrawn (the "**Relevant Withdrawal Date**"). The accidental omission by the Clearing House to give notice under this GSC Regulation 8 to, or the non-receipt of notice under this GSC Regulation 8 by, one or more affected Members or Guaranteeing Agent Members shall not invalidate the Relevant Withdrawal Date. Where only a part of a Clearing Service is being withdrawn, notice need only be given to those Guaranteed Sponsored Members or Guaranteeing Agent Members authorised or approved to participate in that part of the relevant Clearing Service. If the Clearing House becomes aware that it has omitted to give notice under this GSC Regulation 8 to any affected Member prior to the Relevant Withdrawal Date, it will immediately notify the affected Member of the Relevant Withdrawal Date in accordance with the applicable notice provisions.
- (b) Without prejudice to its rights under the Default Rules, any notice given under paragraph (a) above shall specify the nature of the service which the Clearing House will provide until the Relevant Withdrawal Date. Unless otherwise specified in the notice, and without prejudice to its rights under the Default Rules, the Clearing House will not, other than pursuant to action under the Default Rules, register a Contract in respect of the relevant Clearing Service, other than a closing-out contract, after notice to withdraw the service has been given under paragraph (a) above.
- (c) If at the Relevant Withdrawal Date an affected Member (that is a Guaranteed Sponsored Member) has not closed-out all open Contracts in respect of the relevant Clearing Service registered in its name or, in the case of an affected Member (that is a Guaranteeing Agent Member), registered in the name of its corresponding Guaranteed Sponsored Member, the Clearing House shall at its sole discretion, be entitled to:
 - (i) liquidate any or all of such Contracts and require such contracts to be cash settled at a price determined by the Clearing House; and/or
 - (ii) postpone the Relevant Withdrawal Date until such time as the Clearing House determines.

REGULATION 9 GUARANTEEING AGENT MEMBER DEFAULT

(a) Scope and Interpretation

The Clearing House has established an Agent Default MP which will apply in determining whether an Agent Default Event has occurred, and the close-out management process that will apply to Contracts on the occurrence of an Agent Default Event and in respect of which, for the avoidance of doubt, the Clearing House will have no recourse to the process of invoicing-back. The fundamental principles of the Agent Default MP are elaborated to the fullest extent possible in this GSC Regulation 9. Where exhaustive detail cannot be laid out in the provisions of this GSC Regulation 9, the Agent Default MP will be undertaken on the basis of the principles contained herein.

The Clearing House has an obligation to ensure the on-going integrity of the services made available to Guaranteed Sponsored Members and Guaranteeing Agent Members. Each Guaranteed Sponsored Member and each Guaranteeing Agent Member to whom this GSC Regulation 9 applies shall take all steps and execute all documents necessary or required by the Clearing House to comply with its obligations arising out of this GSC Regulation 9.

The provisions of this GSC Regulation 9 are at all times and for all purposes without prejudice to the rights of the Clearing House under the Default Rules.

(b) Guaranteeing Agent Member Default

In the event of a Guaranteeing Agent Member appearing to the Clearing House to be unable, or to be likely to become unable, to meet its obligations in respect of one or more Contracts attributed to such Guaranteeing Agent Member, the Clearing House may take the steps listed in paragraph (f) below, if it deems it appropriate in the circumstances:

- (i) to discharge all of the Guaranteeing Agent Member's rights and liabilities under or in connection with all Contracts of its Guaranteed Sponsored Members that are attributed to that Guaranteeing Agent Member; and
- (ii) to complete the process set out in paragraph (f) below.

(c) Agent Default Triggers

Without prejudice to the generality of paragraph (b) above, the Clearing House may take any or all of the events under sub-paragraphs (i) to (xvii) below, to show that a Guaranteeing Agent Member is or is likely to become unable to meet its obligations in respect of one or more Contracts attributed to it:

- (i) the Guaranteeing Agent Member fails duly to perform its obligations under or is otherwise in breach of the GSC Regulations, the GSC Procedures, or any of the terms of any agreement, understanding or arrangement with the Clearing House;
- (ii) the Guaranteeing Agent Member is in breach of the terms of membership of, or is declared to be in default by, or is suspended or expelled from membership of, any recognised, designated or overseas investment exchange or clearing house;

- (iii) the Guaranteeing Agent Member is in breach of the rules of any recognised, designated or overseas investment exchange or clearing house;
- (iv) the Guaranteeing Agent Member is in breach of the terms of membership of, or is refused an application for or is suspended or expelled from membership of, a Regulatory Body or is in breach of the rules of a Regulatory Body to which it is subject or its authorisation by a Regulatory Body is suspended or withdrawn;
- (v) a Regulatory Body takes or threatens to take action against or in respect of the Guaranteeing Agent Member under any statutory provision or process of law;
- (vi) the Guaranteeing Agent Member is in default in the payment of any sum whatsoever due and payable to the Clearing House;
- (vii) the Guaranteeing Agent Member fails to pay any sum due and payable, or is otherwise in default under the terms of any agreement or threatens to suspend payment or to default under the terms of any agreement;
- (viii) the Guaranteeing Agent Member fails to transfer, when called by the Clearing House, Collateral to maintain the Agent Buffer, any Contributions and any Credit Risk Resource or is in default in the payment of any such Agent Buffer, any Contributions and Credit Risk Resource;
- (ix) in respect of the Guaranteeing Agent Member, a bankruptcy petition is presented or a bankruptcy order is made or a voluntary arrangement is approved;
- (x) in respect of the Guaranteeing Agent Member, a receiver, manager or administrative receiver is appointed or a composition or scheme of arrangement is approved by the court;
- (xi) an assignment or composition is made by the Guaranteeing Agent Member for the benefit of creditors or any of them;
- (xii) a petition is presented for the winding up of the Guaranteeing Agent Member;
- (xiii) an order is made for the winding up of the Guaranteeing Agent Member, or a resolution is passed for the winding up of the Guaranteeing Agent Member (save for the purpose of its amalgamation or reconstruction);
- (xiv) in respect of the Guaranteeing Agent Member, a petition is presented or an order made for the appointment of an administrator;
- (xv) the Guaranteeing Agent Member, being a partnership, is dissolved, or being a registered company, is dissolved or suffers its name to be struck off the register of companies;
- (xvi) any step analogous to those mentioned in the sub-paragraphs above is taken in respect of the Guaranteeing Agent Member in any jurisdiction; or
- (xvii) any distress, execution or other process is levied or enforced or served upon or against any property of the Guaranteeing Agent Member.

(d) **Determination of Agent Default Event**

On or as soon as practicable after the Clearing House has elected to take any of the steps listed in paragraph (f) below in relation to a Guaranteeing Agent Member, the Clearing House:

- (i) shall suspend the Affected Guaranteeing Agent Member's ability to affirm the registration of any Contracts for any of its Guaranteed Sponsored Members;
- (ii) shall send an Agent Default Notice to each Affected Guaranteed Sponsored Member and publish a copy of such Agent Default Notice on its website;
- (iii) shall specify the expiration time of the Affected Portfolio Acceptance Window with respect to the Agent Default Event by which Acceptance Notifications must be received;
- (iv) shall specify the expiration time of the Agent Default MP Window;
- (v) shall determine the GSM/GAM Current Collateral Balance of each GSM/GAM Account associated with the Affected Guaranteeing Agent Member;
- (vi) shall send details of the Affected Portfolio and GSM/GAM Current Collateral Balance (the "**Default GAM Portfolio Information**") of each Affected Guaranteed Sponsored Member to such Guaranteed Sponsored Member;
- (vii) may isolate all resources of the Affected Guaranteeing Agent Member (including any Agent Buffer, Credit Risk Resources and Contributions) and of its Affected Guaranteed Sponsored Members (including any margin) in respect of the Affected Portfolios until: (i) the Contracts comprised in the relevant Affected Portfolios have been closed-out or have reached their maturity; (ii) a Replacement Guaranteeing Agent Member has been appointed in respect of the Affected Portfolios; (iii) the Contracts comprised in the relevant Affected Portfolios have been transferred by the Affected Guaranteed Sponsored Member to the Proprietary Account of any Clearing Member which meets the eligibility criteria specified by the Clearing House to have the relevant Contracts registered in its name; or (iv) for as long as the Clearing House deems necessary; and
- (viii) may apply any available Agent Buffer to meet in full or in part any unpaid liabilities in respect of the GSM/GAM Accounts of an Affected Guaranteed Sponsored Member associated with the Affected Guaranteeing Agent Member and to satisfy any liabilities of an Affected Guaranteed Sponsored Member to the Clearing House.

(e) **Appointment of Replacement Guaranteeing Agent Member**

The Affected Guaranteed Sponsored Member may, during the Agent Default MP Window, nominate an undertaking approved by the Clearing House as a Guaranteeing Agent Member which will provide the Guaranteeing Agent Member Services with respect to the Affected Portfolios of the Affected Guaranteed Sponsored Member upon its appointment as a Replacement Guaranteeing Agent Member.

The Affected Guaranteed Sponsored Member shall notify the Clearing House of such appointment before the expiry of the Agent Default MP Window and shall comply with all requirements imposed in relation to the appointment of a Guaranteeing Agent Member under the GSC Rulebook.

The relevant Replacement Guaranteeing Agent Member shall, prior to the expiry of the Affected Portfolio Acceptance Window, send an Acceptance Notification to the Clearing House, confirming that such Replacement Guaranteeing Agent Member agrees to perform the Guaranteeing Agent Member Services with respect to the Affected Portfolios of the Affected Guaranteed Sponsored Member. Any references in this GSC Regulation 9 to an Acceptance Notification shall refer to an Acceptance Notification given in accordance with this paragraph.

(f) Clearing House Steps

- (i) During the Agent Default MP Window, the Clearing House may take any or all of the following steps in its sole discretion with respect to the Affected Portfolios (including in the case where the Clearing House has not received an Acceptance Notification prior to the expiry of the Affected Portfolio Acceptance Window):
 - (A) to require that the relevant Affected Guaranteed Sponsored Member undertake risk-reducing trades, in order to close-out the Affected Portfolios;
 - (B) to refuse to accept trades from the Affected Guaranteed Sponsored Member which the Clearing House deems risk-increasing;
 - (C) to apply any available Agent Buffer to meet in full or in part any unpaid liabilities in respect of the GSM/GAM Accounts of an Affected Guaranteed Sponsored Member associated with the Affected Guaranteeing Agent Member and to satisfy any liabilities of an Affected Guaranteed Sponsored Member to the Clearing House;
 - (D) to apply any Credit Risk Resource in accordance with Rule 19 of the Default Rules;
 - (E) in respect of Affected Contracts attributed to the Affected Guaranteeing Agent Member, to charge to its account the amount (or, if the amount is not finally known, the estimated amount) of any expenses incurred by the Clearing House with regard to or in consequence of the circumstances mentioned in paragraph (b) above or the steps which are or may be taken under this paragraph and any expenses incurred with regard thereto;
 - (F) to increase the rate or amount of margin in respect of any Affected Contract;
 - (G) to call from the Replacement Guaranteeing Agent Member additional margin in an amount determined by the Clearing House, if applicable;

- (H) any other step calculated by the Clearing House to complete the Agent Default MP; and
- (I) to obtain such advice or assistance, whether legal or otherwise, as the Clearing House may deem necessary and at the expense of the Affected Guaranteeing Agent Member, as applicable, for any matter arising out of or in connection with the default,

provided that, following the expiry of the Agent Default MP Window, the Clearing House may:

- (A) exercise its rights under the Default Rules, including its right to issue a Default Notice with respect to the Affected Guaranteed Sponsored Member, where the Agent Default MP has not been completed, including (for the avoidance of doubt and without affecting or limiting any rights of the Clearing House under the Default Rules) where, upon the expiry of the Agent Default MP Window, there are Affected Portfolios (i) in respect of which the Affected Guaranteed Sponsored Member has not appointed a Replacement Guaranteeing Agent Member; (ii) the Contracts comprised in which have not been transferred by the Affected Guaranteed Sponsored Member to the Proprietary Account of any Clearing Member which meets the eligibility criteria specified by the Clearing House to have the relevant Contracts registered in its name; and (iii) which have not been closed-out.
- (ii) Where the Clearing House has received an Acceptance Notification prior to the expiry of the Affected Portfolio Acceptance Window pursuant to paragraph (e) above, during the Agent Default MP Window:
- (A) the Clearing House:
 - (A) may call from the Replacement Guaranteeing Agent Member any margin required in respect of any shortfall relating to the relevant Affected Guaranteed Sponsored Member's Contracts; and
 - (B) may take any other step calculated by the Clearing House to complete the Agent Default MP, including the steps set out at sub-paragraph (i) above; and
 - (B) the Replacement Guaranteeing Agent Member:
 - (A) will perform the Guaranteeing Agent Member Services with respect to the Affected Portfolios, in accordance with GSC Regulation 6; and
 - (B) may take such steps as may be permitted to preserve as far as possible the position of any Affected Guaranteed Sponsored Member.

- (iii) Where the Clearing House has not received an Acceptance Notification in relation to the Affected Portfolios in accordance with paragraph (e) above, all margin obligations that have arisen following the issuance of an Agent Default Notice will be discharged by the Affected Guaranteed Sponsored Member who will be required to discharge its margin obligations through the PPS or via its contingency payment arrangements (as more particularly described in the GSC Procedures). The Clearing House may call from the Affected Guaranteed Sponsored Member additional margin in an amount determined by the Clearing House. Any Agent Buffer and Credit Risk Resource provided by the Guaranteeing Agent Member may be used to discharge such obligations under this paragraph.
- (iv) Where the Clearing House has received an Acceptance Notification in accordance with paragraph (e) above, confirming the appointment of a Replacement Guaranteeing Agent Member, the Clearing House shall update the payment and account details in respect of the Affected Guaranteed Sponsored Member to include the payment and account details of the relevant Replacement Guaranteeing Agent Member and shall, following the expiry of the Agent Default MP Window, treat the Agent Default MP as having been completed.

(g) Determination of Amount Payable

Upon the determination of the outstanding rights and liabilities of the Affected Guaranteeing Agent Member, in respect of all Affected Contracts attributed to it, in accordance with paragraph (f) above, the following Agent Default MP shall be completed by the Clearing House in order to determine any net amounts which remain payable between the Affected Guaranteeing Agent Member and the Clearing House, in respect of each GSM/GAM Account of such Affected Guaranteeing Agent Member's corresponding Affected Guaranteed Sponsored Members:

- (i) there shall be brought into account all Contributions, Agent Buffer, Credit Risk Resources and any Allocated Loss amounts (as applicable), payable by or to the Affected Guaranteeing Agent Member;
- (ii) the sums so payable shall be aggregated or set off so as to produce a net sum with respect to each of the following accounts related to the Affected Guaranteeing Agent Member: (i) each GSM/GAM Account; (ii) its Agent Buffer Account; and (iii) its CRR Account; and
- (iii) any loss resulting from the closing-out and termination of open contracts comprising the Affected Portfolios may be covered by the application of Collateral on any GSM/GAM Account of the relevant Affected Guaranteed Sponsored Member. Where there is inadequate Collateral (on an GSM/GAM Account) to satisfy an Affected Guaranteed Sponsored Member's margin obligations to the Clearing House, the Clearing House shall have the sole discretion with respect to the allocation of any available Agent Buffer of the Affected Guaranteeing Agent Member to satisfy the margin obligations of the Affected Guaranteed Sponsored Member under Affected Contracts. In addition, upon termination or maturity of Affected Contracts with a related Guaranteed Sponsored Member, a net sum shall be calculated in respect of such GSM/GAM Account and with regards to any amount due to the Clearing House

from such Guaranteed Sponsored Member in respect of net sums attributable to such GSM/GAM Account where there is inadequate Collateral (on a sub-account by sub-account basis) to fully set off such amount payable, the Clearing House shall have sole discretion with respect to the allocation of any available Agent Buffer of the relevant Affected Guaranteeing Agent Member in setting off any such amounts payable to the Clearing House. In addition, amounts on the CRR Account can be set-off against liabilities of the Affected Guaranteeing Agent Member with respect to the relevant Affected Guaranteed Sponsored Member and any excess returned to the Affected Guaranteeing Agent Member, provided that such amounts are not required with respect to any default management process that is ongoing at the time.

CHAPTER III – ACCOUNTS

REGULATION 10 ACCOUNTS¹

- (a) Accounts shall be opened between each Guaranteed Sponsored Member and the Clearing House and each Guaranteeing Agent Member and the Clearing House in accordance with the GSC Procedures. The Clearing House shall offer segregated accounts: (i) by maintaining separate records enabling it to distinguish in accounts the positions and assets held for the account of one Guaranteed Sponsored Member from the positions and assets held for the account of any other Guaranteed Sponsored Member; and (ii) by maintaining separate records allowing it to distinguish in accounts the positions of a Guaranteeing Agent Member's corresponding Guaranteed Sponsored Member and the assets attributable to or held for the account of that Guaranteeing Agent Member from the positions of another Guaranteeing Agent Member's corresponding Guaranteed Sponsored Member and the assets attributable to or held for the account of any other Guaranteeing Agent Member. For the avoidance of doubt, each Guaranteed Sponsored Member or Guaranteeing Agent Member shall be responsible for all obligations owed to the Clearing House in respect of every account opened in respect of such Guaranteed Sponsored Member or Guaranteeing Agent Member.
- (b) In the event that more than one GSM/GAM Account is opened in respect of a Guaranteed Sponsored Member, the Clearing House shall have the right to combine or consolidate the balances on any or all of the GSM/GAM Accounts of that Guaranteed Sponsored Member associated with the same Guaranteeing Agent Member, and to set off any amount or amounts standing from time to time to the credit of any one or more of such accounts in or towards payment or satisfaction of all or any of the Guaranteed Sponsored Member's liabilities to the Clearing House on any one or more of such accounts associated with the same Guaranteeing Agent Member. Further detail in respect of the composition and operation of GSM/GAM Accounts is set out in Section 3 of the GSC Procedures.
- (c) This paragraph applies to a Guaranteeing Agent Member's Agent Buffer Account. The Clearing House shall not combine or consolidate the balances on or positions recorded in a Guaranteeing Agent Member's Agent Buffer Account or set off any amount or amounts standing to the credit of any such Agent Buffer Account, in or towards payment or satisfaction of another Guaranteeing Agent Member's liabilities to the Clearing House on any other such Guaranteeing Agent Member's Agent Buffer Account or on any GSM/GAM Account, save as stated in GSC Regulation 16.
- (d) Amounts standing to the credit of a GSM/GAM Account of a Guaranteed Sponsored Member may be applied by the Clearing House towards the payment of any sum whatsoever due by that Guaranteed Sponsored Member to the Clearing House whether or not arising under these GSC Regulations, save that, with respect to Guaranteeing Agent Members and subject to Rule 8(d) of the Default Rules, no amounts standing to the credit of such accounts (other than to the extent not already included in the relevant GSM/GAM Current Collateral Balance, Agent Buffer or Credit Risk

¹ If it is decided that accounts should contain separate sub-ledgers in respect of amounts contributed by the Guaranteeing Agent Member and the Guaranteed Sponsored Member, respectively, this provision should be amended accordingly.

Resource, as applicable) shall be applied in or towards payment or satisfaction of all or any of the Guaranteed Sponsored Member's liabilities to the Clearing House. Amounts standing to the credit of a GSM/GAM Default Fund Account relating to Contributions made under the Default Rules may be applied as provided for in the Default Rules.

- (e) Any rights of set-off, combination of accounts or appropriation which the Clearing House may have under these GSC Regulations or otherwise, shall apply whether or not accounts are denominated in the same currency.
- (f) Interest calculated on a basis determined from time to time by the Clearing House in accordance with the GSC Procedures, may at the Clearing House's discretion (but subject to the provisions of the Default Rules and GSC Regulation 39(d) be paid, or, in the case of negative interest rates, be charged, on amounts standing to the credit of any GSM/GAM Account and/or Agent Buffer Account and/or CRR Account (as applicable).
- (g) Debit balances due to the Clearing House on any account opened in respect of a Guaranteed Sponsored Member or Guaranteeing Agent Member are payable by such Guaranteed Sponsored Member or Guaranteeing Agent Member on demand and interest may at the Clearing House's discretion be charged on debit balances remaining unpaid (whether or not demand for payment is made), on a basis and at a rate determined from time to time by the Clearing House in accordance with the GSC Procedures.
- (h) Subject to the provisions of the Default Rules, the Clearing House may at its absolute discretion alter the basis of calculating interest rates and such alteration shall be effective in respect of all current and future business on the date notified to Guaranteed Sponsored Members and Guaranteeing Agent Members, as applicable in accordance with the GSC Procedures.
- (i) If a Guaranteed Sponsored Member specifies a Termination Date under GSC Regulation 27, the Guaranteed Sponsored Member shall be entitled to set off any or all amounts (whether present or future, liquidated or unliquidated, actual or contingent; but excluding any claims in respect of the outstanding balance of a Guaranteeing Agent Member's Contribution under Rule 16 of the Default Rules) due as between the Clearing House and the Guaranteed Sponsored Member, provided, however, that a Termination Amount or other sum payable in respect of an amount recorded in or referable to a kind of account may not be combined or set-off against any other amount, unless such other amount is recorded in or referable to the same kind of account. For the purposes of this paragraph, the GSM/GAM Accounts of a Guaranteed Sponsored Member associated with the same Guaranteeing Agent Member shall together constitute a single "kind of account".
- (j) Where a payment has been made to the Clearing House by a Guaranteeing Agent Member through the PPS, that payment will only be credited to the account of such Guaranteeing Agent Member or its corresponding Guaranteed Sponsored Member if it: (i) is paid into an account of the Clearing House with an institution which is solvent; (ii) that institution has performed its concentration function (being the transfer of net funds from the institution to a central account in the name of the Clearing House); and

(iii) the institution has made the relevant payments to other Members on the date when the payment was due to be received by the Clearing House.

CHAPTER IV – CONTRACT FORMATION AND REGISTRATION

REGULATION 11 NOVATION

Upon registration of an original contract by the Clearing House, such contract shall be replaced by novation by two open contracts, one between the seller and the Clearing House as buyer, as principals to such contract, and one between the buyer and the Clearing House as seller, as principals to such contract. Following such novation, the original contract shall be extinguished. Each open contract shall be subject to the GSC Regulations including the restrictions on the Clearing House's obligations and liabilities set out in the GSC Regulations (including, without limit, GSC Regulation 35), and otherwise on the same terms as the original contract replaced by such open contracts.

REGULATION 12 REGISTRATION

- (a) Where the GSC Procedures so provide, the Clearing House may require the Guaranteed Sponsored Members in whose names one or more contracts are to be registered or each Guaranteed Sponsored Member's corresponding Guaranteeing Agent Member to transfer (or procure the transfer of) Collateral to the Clearing House in respect of their initial and variation margin obligations, as a condition of registration of such contract or contracts, and such Collateral shall be transferred to the Clearing House in accordance with GSC Regulation 15 and, if applicable, the GSC RepoClear Regulations.
- (b) The Clearing House will only register a Contract in the name of a Guaranteed Sponsored Member where it meets the RepoClear Trade Registration Eligibility Criteria.
- (c) The Clearing House may decline to register a contract in the name of a Guaranteed Sponsored Member where it considers such action advisable for its own protection or the protection of the relevant market. The Clearing House may, without assigning any reason, make the registration of any contract subject to any conditions stipulated by the Clearing House including, without limitation, the transfer of sufficient Collateral by or for the account of the Guaranteed Sponsored Member in whose name any such contract is to be registered or its Guaranteeing Agent Member.
- (d) The Clearing House shall be deemed to register in the name of a Guaranteed Sponsored Member a RepoClear Contract at the Registration Time in respect of such Contract, provided that, in the case of a Contract registered by the Clearing House pursuant to Rule 6 of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this GSC Regulation 12 shall take effect.
- (e) Without prejudice to the Clearing House's rights under paragraph (f) below, a Guaranteed Sponsored Member shall be bound by a Contract registered in its name pursuant to the presentation of particulars of a RepoClear Transaction or RepoClear Term £GC Transaction by the Guaranteed Sponsored Member.
- (f) For the avoidance of doubt, any transaction of which details have been submitted by a Guaranteed Sponsored Member for registration as a Contract, which is not so registered, shall remain in effect between the original parties to that transaction or be terminated, as the case may be, according to any terms agreed between the parties thereto and the Clearing House (and each other member of the LCH Group and their respective officers, employees and agents) shall have no obligations or liability in relation thereto.
- (g) Without prejudice to the Clearing House's rights under paragraph (h) below, OTC Transactions submitted for registration must, in order that it be registered as the relevant type of Contract, meet the eligibility criteria and other requirements as prescribed on the Clearing House's website for the relevant type of Contract, at the time when the details (as prescribed from time to time by the Clearing House) of the OTC Transaction are presented to the Clearing House, and at all times thereafter up to and including the Registration Time. A Guaranteed Sponsored Member may not revoke or cancel an OTC Transaction that has been submitted for registration unless

permitted (as applicable) by the relevant GSC Regulations or the relevant GSC Procedures or with the consent of the Clearing House. A Guaranteed Sponsored Member may not transfer an OTC Transaction. A Guaranteed Sponsored Member shall not allow the submission for registration of a transaction which is not a relevant OTC Transaction.

- (h) If at any time after registration of a Contract, the Clearing House determines that the corresponding transaction, of which details were submitted for registration, did not at the Registration Time meet the eligibility criteria for registration as a Contract, the Clearing House shall, as soon as practicable thereafter, set aside each such Contract. Upon the purported Contract being set aside under this GSC Regulation 12, the particulars of the transaction in question shall be deemed never to have been submitted to the Clearing House (and such transaction shall remain in effect between the original parties thereto or be terminated, as the case may be, in accordance with any terms agreed between them). Any payment made under, or in respect of, a Contract set aside under this paragraph shall be repayable to the person who made the payment and any securities delivered under such Contract shall be re-delivered to the person who made the delivery of such securities. Without prejudice to GSC Regulation 35 and its obligations under this GSC Regulation 12, the Clearing House (and each other member of the LCH Group and their respective officers, employees and agents), shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of a contract as a Contract in respect of a transaction which did not meet the eligibility criteria at the Registration Time to enable it to be registered as the relevant type of Contract.
- (i) An OTC Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as two Contracts, one between the First Member as the seller and the Clearing House as the buyer, as principals to such contract, and the other between the Clearing House as the seller and the Second Member as the buyer, as principals to such contract. For the purposes of this GSC Regulation 12:
 - (i) "First Member" is a Clearing Member who was, before registration of the Contract, party to the corresponding OTC Transaction as the seller; and
 - (ii) "Second Member" is a Clearing Member who was, before registration of the Contract, party to the corresponding OTC Transaction as the buyer,provided that at least one of the First Member and the Second Member is a Guaranteed Sponsored Member.
- (j) With effect from registration of an OTC Transaction as two Contracts under paragraph (i) above:
 - (i) the parties to the corresponding OTC Transaction shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time;
 - (ii) a Contract registered in the name of a Guaranteed Sponsored Member under paragraph (i) above of this GSC Regulation 12 shall be governed by the relevant

Contract Terms applicable to that Contract and the GSC Regulations and GSC Procedures;

- (iii) subject always to sub-paragraph (ii) above, the First Member shall have the same rights against, and owe the same obligations to, the Clearing House under the respective Contract to which it is a party as the seller and owed in respect of its counterparty under the corresponding OTC Transaction; and
- (iv) subject always to sub-paragraph (ii) above, the Second Member shall have the same rights against, and owe the same obligations to, the Clearing House under the respective Contract to which it is a party as the buyer and owed in respect of its counterparty under the corresponding OTC Transaction.

In sub-paragraphs (iii) and (iv) above, a reference to the "same" rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the Economic Terms of the corresponding OTC Transaction (it being assumed, for this purpose, that such OTC Transaction was a legal, valid, binding and enforceable obligation of the parties thereto and, in the case of an OTC Transaction, that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them and subject to any changes thereto as a result of the operation of the Standard Terms.

- (k) If an OTC Transaction is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration, that revocation, avoidance or invalidity shall not affect any Contract, unless otherwise determined by the Clearing House.
- (l) In the case of a RepoClear Transaction, the Clearing House may, with the agreement of the relevant Guaranteed Sponsored Member and the other Guaranteed Sponsored Member or the RepoClear Clearing Member party to corresponding RepoClear Contracts or RepoClear Term £GC Contracts, set aside or take such other steps with respect to such Contracts on such terms as may be agreed if either or both such parties consider that they have entered into a Contract in error or have agreed to certain terms of the Contract in error.

REGULATION 13 TRADING INFORMATION

The Clearing House shall make available to a Guaranteed Sponsored Member and the corresponding Guaranteeing Agent Member, in the manner and by the time prescribed by the GSC Procedures, such details of original contracts presented for registration in the name of that Guaranteed Sponsored Member, open contracts registered in that Guaranteed Sponsored Member's name, and Collateral transferred to the relevant GSM/GAM Account(s) of the Clearing House associated with that Guaranteed Sponsored Member/Guaranteeing Agent Member relationship as may be prescribed in the GSC Procedures.

REGULATION 14 TRANSACTIONS ENTERED INTO THROUGH A TRADING SYSTEM

- (a) This GSC Regulation 14 applies in respect of RepoClear Contracts or RepoClear Term £GC Contracts entered into by the Clearing House under GSC Regulation 37(d).
- (b) Any Contract to which this GSC Regulation applies which is entered into by the Clearing House with Guaranteed Sponsored Members shall be registered in the name of each relevant Guaranteed Sponsored Member, following receipt of the details required by the Clearing House of such Contracts from the operator of the relevant Trading System (in accordance with the arrangements made between the Clearing House and such Trading System from time to time), as applicable.
- (c) If the details required by the Clearing House in respect of a Contract to which this GSC Regulation 14 applies are not provided to the Clearing House by the operator of the relevant Trading System, in accordance with the Clearing House's requirements, by the time prescribed by the Clearing House from time to time, or the Clearing House is not able to access such details, the Clearing House may decree that neither the Clearing House nor the Guaranteed Sponsored Member party thereto shall be obliged to perform their respective obligations under the Contracts in question. If the Clearing House so decrees, such Contracts shall be performed in accordance with any directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected Contract. Any directions given by the Clearing House under this paragraph shall be binding on all affected Guaranteed Sponsored Members and the corresponding Guaranteeing Agent Members.
- (d) Without prejudice to GSC Regulation 35, the Clearing House (and each other member of the LCH Group and their respective officers, employees and agents) shall not be liable to any Guaranteed Sponsored Member or anyone else for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any Contract to which this GSC Regulation 14 applies, if the Clearing House does not receive the relevant details referred to in paragraph (c) above by the time referred to in paragraph (c) above in respect of such Contract.
- (e) If the Clearing House receives details of a trade from a Trading System specified by a Trading System Participant by notice given under GSC Regulation 37(b) and the details of the trade purportedly meet the RepoClear Trade Registration Eligibility Criteria set out in GSC Regulation 37(c), the Matching System Participant or the Guaranteed Sponsored Member of the relevant Trading System Participant (as the case may be) shall be bound by any RepoClear Contract or RepoClear Term £GC Contract registered in its name in respect of such trade or match and the terms of such registered Contract shall be as set out in GSC Regulation 37(b).
- (f) Without prejudice to paragraph (e) above, the Clearing House may, with the agreement of the Members party to corresponding RepoClear Contracts or RepoClear Term £GC Contracts, set aside or take such other steps with respect to such contracts on such terms as may be agreed, if either or both Members consider that they have entered into a contract in error or that certain terms of the contract have been agreed by them or their respective Trading System Participants in error.

CHAPTER V – COLLATERAL AND VALUATIONS

REGULATION 15 MARGIN AND COLLATERAL

- (a) Subject to paragraph (b) below, the Clearing House may in accordance with the GSC Procedures require a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member to transfer (or procure the transfer of) Collateral to the Clearing House, and to maintain a GSM/GAM Current Collateral Balance, in an amount or of a value determined by the Clearing House, as security for the performance by such Guaranteed Sponsored Member of its obligations to the Clearing House in respect of all contracts from time to time to be registered in its name as open contracts pursuant to these GSC Regulations. The obligation upon a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member to transfer (or procure the transfer of) Collateral to the Clearing House pursuant to this paragraph shall be in addition to any other obligation of the Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member to transfer (or procure the transfer of) Collateral or make any other payment to the Clearing House pursuant to these GSC Regulations or any OTC Contract Terms.
- (b) The Clearing House may in accordance with the GSC Procedures require a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member to transfer (or procure the transfer of) Collateral to the Clearing House in respect of any margin in circumstances prescribed by the GSC Regulations and the GSC Procedures in respect of any open contract registered in the Guaranteed Sponsored Member's name. Collateral shall be transferred by the Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member in such form and manner and by such time or times as may be prescribed by the GSC Procedures.
- (c) If insufficient Collateral is standing to the credit of a Guaranteed Sponsored Member's account, or if any assets or monies transferred by or for the account of a Guaranteed Sponsored Member to the Clearing House as Collateral are determined by the Clearing House in accordance with the GSC Procedures to be insufficient, such Collateral as the Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member is required to transfer (or procure the transfer of) to the Clearing House pursuant to paragraph (a) above or GSC Regulation 12 or the GSC RepoClear Regulations, as applicable, shall be transferred to the Clearing House by the Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member. Where a Guaranteed Sponsored Member is required to make such transfer and has failed to make such transfer in such form and manner and by such time or times as may be prescribed by the GSC Procedures, such Collateral shall be transferred to the Clearing House by the Guaranteed Sponsored Member's corresponding Guaranteeing Agent Member.
- (d)
 - (i) The Clearing House shall be entitled to assume that all securities and other assets transferred by or for the account of a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member to the Clearing House as Collateral, pursuant to these GSC Regulations or under the terms of any agreement made with the Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member(s), are the sole legal and beneficial property of the Guaranteed Sponsored Member or the corresponding Guaranteeing Agent

Member (as applicable) or are transferred for the purposes of these GSC Regulations with the legal and beneficial owner's unconditional consent and free of such owner's interest. Neither the Guaranteed Sponsored Member nor its corresponding Guaranteeing Agent Member may transfer securities or other assets to the Clearing House as Collateral otherwise than in conformity with this paragraph. It shall be accepted by every person dealing on the terms of these GSC Regulations that a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member (as applicable) has such person's unconditional consent to transfer to the Clearing House as Collateral, for the purposes of these GSC Regulations, any securities or other assets of such person in the Guaranteed Sponsored Member's or its corresponding Guaranteeing Agent Member's possession free of such person's interest.

- (ii) Each Guaranteed Sponsored Member and each corresponding Guaranteeing Agent Member represents and warrants to the Clearing House as at each date on which such Guaranteed Sponsored Member or corresponding Guaranteeing Agent Member (as applicable) transfers securities or other assets to the Clearing House as Collateral pursuant to these GSC Regulations: (a) that such Guaranteed Sponsored Member or corresponding Guaranteeing Agent Member (as applicable) is the sole legal and beneficial owner of those securities or other assets or, as the case may be, those securities or other assets are so transferred with the legal and beneficial owner's unconditional consent and free of such owner's interest; and (b) that the provision to the Clearing House of such securities or other assets pursuant to these GSC Regulations will not constitute or result in a breach of any trust, agreement or undertaking whatsoever.
- (iii) The Clearing House may, in its absolute discretion and at any time require a Guaranteed Sponsored Member to transfer (or procure the transfer of) and/or require a Guaranteeing Agent Member to transfer, other securities or assets to the Clearing House in substitution of any securities or assets transferred to the Clearing House pursuant to this GSC Regulation 15.
- (e) The rate of initial margin in respect of each category of OTC Contract shall be determined from time to time by the Clearing House, and such rate shall be published from time to time by the Clearing House.
- (f) Notwithstanding paragraph (e) above, the Clearing House shall be entitled at its absolute discretion, without assigning any reason and without prior notice to a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member, to modify the rate of initial margin applicable to an OTC Contract or to demand larger or additional amounts of Collateral in respect of the initial margin obligations of a Guaranteed Sponsored Member, either before registration of a contract or at any time after registration. Any Collateral demanded by the Clearing House pursuant to this paragraph shall be transferred by the Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member to the Clearing House on demand and in such form as the Clearing House may require.
- (g) The Clearing House shall be entitled at any time to demand a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member transfer (or procure the transfer of) Collateral immediately in respect of that Guaranteed Sponsored Member's margin obligations, in an amount deemed necessary by the Clearing House, without

reference to official quotations or Reference Prices in respect of any open contract in the Guaranteed Sponsored Member's name, if, in the opinion of the Clearing House, the transfer to the Clearing House of such Collateral by or for the account of the Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member is necessary in the circumstances then prevailing, which may be affecting or may in the Clearing House's opinion be likely to affect market conditions or the Guaranteed Sponsored Member's performance of its obligations under the terms of such contracts or under the terms of any original or confirmed contract to which the Guaranteed Sponsored Member is party.

- (h) The Clearing House shall be entitled to make an accommodation charge at a rate determined by the Clearing House and published on the Clearing House's website in respect of any non-cash Collateral (other than Guaranteed Sponsored Member Returned Collateral or Guaranteed Sponsored Member Applied Collateral) transferred to the Clearing House. Any alteration in the basis of calculating the rates of accommodation charge shall become effective in respect of all current and future business by the time as published on the Clearing House's website.
- (i) Without prejudice to the requirements of paragraph (e) above, the Clearing House may at its absolute discretion accept Collateral to an agreed amount in a form other than those specified in the GSC Procedures, subject always to the Clearing House's prior assessment as to the appropriateness of such form of Collateral, in accordance with its standard risk management procedures and to any special arrangements which the Clearing House may prescribe in each case (including as to valuation and haircut). The Clearing House may at its discretion make an accommodation charge at a special rate.
- (j) If, in the opinion of the Clearing House, any asset which has been transferred to it by a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member as Collateral pursuant to these GSC Regulations is no longer either of sufficient value or otherwise acceptable to the Clearing House, the Clearing House shall be entitled to demand further Collateral be transferred by a Guaranteed Sponsored Member or Guaranteeing Agent Member for the account of such Guaranteed Sponsored Member or be transferred by such Guaranteeing Agent Member for the Guaranteeing Agent Members' own account. Such Collateral shall be transferred by such Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member to the Clearing House on demand in a form prescribed by the GSC Procedures, provided that at any time the Clearing House shall be entitled to require the Guaranteed Sponsored Member to transfer (or procure the transfer of) or require such Guaranteeing Agent Member to transfer Collateral to the Clearing House in a specified form and to demand that the Guaranteed Sponsored Member replace (or procure the replacement of) or that such Guaranteeing Agent Member replace the whole or part of any asset transferred to the Clearing House by that Guaranteed Sponsored Member or such Guaranteeing Agent Member pursuant to these GSC Regulations with Collateral in the form of cash.
- (k) Any request by a Guaranteed Sponsored Member or a Guaranteeing Agent Member (including, for the avoidance of doubt, a Resigning Guaranteed Sponsored Member, Resigning Guaranteeing Agent Member, Retiring Guaranteed Sponsored Member or Retiring Guaranteeing Agent Member) for the release or return of excess Collateral shall be dealt with in accordance with the GSC Procedures.

- (l) If the Clearing House takes any step or steps under the Default Rules in relation to a Guaranteed Sponsored Member, any sum (including without limitation the price due to be paid by the Clearing House in respect of the delivery of any property or currency by or on behalf of the Guaranteed Sponsored Member) standing to the credit of any of the Guaranteed Sponsored Member's accounts shall be treated as Collateral.
- (m) If the Clearing House takes any step or steps under the Default Rules in relation to a Guaranteeing Agent Member, any sum (including without limitation the price due to be paid by the Clearing House in respect of the delivery of any property or currency by or on behalf of the Guaranteed Sponsored Member and/or Guaranteeing Agent Member (as applicable)) standing to the credit of any of the Guaranteeing Agent Member's Agent Buffer Accounts may be treated as Collateral.
- (n) Unless the Clearing House otherwise agrees in writing or as expressly contemplated by the GSC Rulebook, neither a Guaranteed Sponsored Member nor its corresponding Guaranteeing Agent Member may assign or otherwise transfer its right to the return of any Collateral transferred to the Clearing House in the form of cash. Any such purported assignment or transfer by a Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member (whether by way of security or otherwise) shall be void. Neither a Guaranteed Sponsored Member nor a Guaranteeing Agent Member shall otherwise encumber (or seek to encumber) its right to the return of any cash Collateral transferred by it or for its account to the Clearing House.
- (o) Any references in the GSC Rulebook to: (i) Collateral deposited or held by or with the Clearing House, a Guaranteed Sponsored Member or a Guaranteeing Agent Member or in an account maintained by the Clearing House, a Guaranteed Sponsored Member or a Guaranteeing Agent Member; (ii) balances of Collateral with the Clearing House, a Guaranteed Sponsored Member, or a Guaranteeing Agent Member or in an account maintained by the Clearing House, a Guaranteed Sponsored Member or a Guaranteeing Agent Member; and (iii) Collateral credited to an account maintained by the Clearing House, a Guaranteed Sponsored Member or a Guaranteeing Agent Member (and any phrases describing similar concepts), shall be construed as including:
 - (i) all Collateral transferred to the Clearing House by that Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member or for the account of that Guaranteed Sponsored Member (as applicable);
 - (ii) all Collateral transferred to that Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member (as applicable) by the Clearing House; and
 - (iii) any Applied Collateral Excess Proceeds credited to that Guaranteed Sponsored Member's and/or its corresponding Guaranteeing Agent Member's account by the Clearing House, but as excluding any relevant Guaranteed Sponsored Member Returned Collateral, Guaranteed Sponsored Member Applied Collateral, Guaranteeing Agent Member Returned Collateral, Guaranteeing Agent Member Applied Collateral, Clearing House Returned Collateral and/or Clearing House Applied Collateral (as applicable).

- (p) Expressions in the GSC Rulebook such as "furnish", "provide", "deposit" and "post" (and similar expressions) are used to describe the act of transferring Collateral to or, as the case may be, from, the Clearing House and, when used in conjunction with such expressions, expressions in the GSC Rulebook such as "margin", "cover for margin" and "collateral" (and similar expressions) are used to describe the collateral which is transferred to or, as the case may be, from, the Clearing House. Where the context so permits, references to Collateral being held in an account means that the Collateral is recorded in the books and records of the Clearing House as being attributable to a particular Guaranteed Sponsored Member and, where applicable, its corresponding Guaranteeing Agent Member. Where the GSC Rulebook so provides, references to Collateral being "transferred" from the Clearing House to the Guaranteed Sponsored Member may include the Clearing House recording in its books and records such Collateral as being attributable to the Guaranteed Sponsored Member and held in an account of the Guaranteed Sponsored Member and, where applicable, its corresponding Guaranteeing Agent Member with the Clearing House.
- (q) The GSC Rulebook shall be construed such that:
- (i) save as stated in sub-paragraph (ii) below, all transfers of Collateral to or, as the case may be, from the Clearing House are effected on an outright title-transfer basis (with there being no intention to create any form of *in rem* security interest in such collateral, and despite any references to such collateral being held by the Clearing House, a Guaranteed Sponsored Member or a Guaranteeing Agent Member or in an account maintained by the Clearing House, a Guaranteed Sponsored Member or a Guaranteeing Agent Member or to such collateral being credited to an account maintained by the Clearing House, a Guaranteed Sponsored Member or a Guaranteeing Agent Member (or to similar concepts));
 - (ii) wherever a Guaranteed Sponsored Member or Guaranteeing Agent Member transfers non-cash Collateral to the Clearing House under a Deed of Charge, the Clearing House holds the Collateral as custodian for the Guaranteed Sponsored Member or Guaranteeing Agent Member which transferred it (or for whose account it was transferred), on and subject to the terms of the Deed of Charge between the Clearing House and that Guaranteed Sponsored Member or between the Clearing House and the Guaranteeing Agent Member;
 - (iii) wherever a Guaranteed Sponsored Member transfers non-cash Collateral to the Clearing House under a Title Transfer Contract, the Guaranteed Sponsored Member transfers legal and beneficial title in that Collateral to the Clearing House on and subject to the terms of the Title Transfer Contract between the Clearing House and the Guaranteed Sponsored Member;
 - (iv) wherever the Clearing House is required to return cash Collateral or Applied Collateral Excess Proceeds to a Guaranteed Sponsored Member or a Guaranteeing Agent Member (as applicable) or a Guaranteed Sponsored Member and/or a Guaranteeing Agent Member is required to return cash Collateral to the Clearing House, that requirement is to pay an amount of cash equal to the amount expressed to be so required to be returned; and
 - (v) wherever the Clearing House is required to return non-cash Collateral to a Guaranteed Sponsored Member and/or a Guaranteeing Agent Member (as

applicable), that requirement is to return (unless otherwise provided in the GSC Procedures) the same non-cash Collateral (or equivalent non-cash Collateral) as was transferred to the Clearing House by the Guaranteed Sponsored Member or Guaranteeing Agent Member (as applicable) and to release the same from the security created by the relevant Deed of Charge.

- (r) In determining the amount of Collateral which the Clearing House requires to be transferred to or from the Clearing House pursuant to the GSC Rulebook, the Clearing House shall take into account the amount of any Collateral which has previously been determined as being required to be transferred to or from the Clearing House but which, at the time of that determination, has not been so transferred.
- (s) Upon the Clearing House being satisfied (acting in good faith) that all obligations of a Guaranteed Sponsored Member or a Guaranteeing Agent Member pursuant to the GSC Rulebook have been irrevocably paid or discharged in full and that no such obligations are capable of arising:
 - (i) the Clearing House shall: (A) in the case of cash Collateral transferred to the Clearing House for the purpose of collateralising that Guaranteed Sponsored Member's obligations (other than any constituting Guaranteed Sponsored Member Returned Collateral or Guaranteed Sponsored Member Applied Collateral), pay an amount of cash to that Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member equal to such cash; and (B) in the case of non-cash Collateral transferred to the Clearing House for the purpose of collateralising that Guaranteed Sponsored Member's obligations (other than any constituting Guaranteed Sponsored Member Returned Collateral or Guaranteed Sponsored Member Applied Collateral), transfer that same Collateral (or equivalent Collateral) to that Guaranteed Sponsored Member or its corresponding Guaranteeing Agent Member (as applicable);
 - (ii) the Clearing House shall: (A) in the case of cash Collateral transferred to the Clearing House for the purpose of collateralising that Guaranteeing Agent Member's obligations (other than any constituting Guaranteeing Agent Member Returned Collateral or Guaranteeing Agent Member Applied Collateral), pay an amount of cash to that Guaranteeing Agent Member equal to such cash; and (B) in the case of non-cash Collateral transferred to the Clearing House for the purpose of collateralising that Guaranteeing Agent Member's obligations (other than any constituting Guaranteeing Agent Member Returned Collateral or Guaranteeing Agent Member Applied Collateral), transfer that same Collateral (or equivalent Collateral) to that Guaranteeing Agent Member (as applicable); and
 - (iii) the Guaranteed Sponsored Member or the Guaranteeing Agent Member shall, in the case of cash Collateral transferred to the Guaranteed Sponsored Member or Guaranteeing Agent Member for the purpose of collateralising the Clearing House's obligations (other than any constituting Clearing House Returned Collateral or Clearing House Applied Collateral), transfer (or procure the transfer of) an amount of cash to the Clearing House equal to such cash.

- (t) Wherever this GSC Rulebook contemplates the transfer of Collateral to or for the account of a Guaranteed Sponsored Member or a return of Collateral to or for the account of a Guaranteed Sponsored Member:
- (i) a transfer of Collateral by the corresponding Guaranteeing Agent Member of a Guaranteed Sponsored Member in accordance with this GSC Rulebook shall satisfy and discharge in full the obligation of a Guaranteed Sponsored Member to transfer such Collateral to the Clearing House under this GSC Rulebook; and
 - (ii) a transfer of Collateral by the Clearing House to the corresponding Guaranteeing Agent Member of a Guaranteed Sponsored Member in accordance with this GSC Rulebook shall satisfy and discharge in full the obligation of the Clearing House to transfer such Collateral to the Guaranteed Sponsored Member under this GSC Rulebook.
- (u) By virtue of the Guaranteeing Agent Membership Agreement, each Guaranteeing Agent Member grants a separate limited recourse indemnity to the Clearing House in respect of the portion of each of its Guaranteed Sponsored Member's obligations collateralised by Collateral transferred by such Guaranteeing Agent Member for the account of each such Guaranteed Sponsored Member (other than any constituting Guaranteed Sponsored Member Returned Collateral or Guaranteed Sponsored Member Applied Collateral) (the "**Indemnified Guaranteed Sponsored Member Obligations**"). The amount of each such indemnity is limited to an amount equal to the relevant Indemnified Guaranteed Sponsored Member Obligations.
- (v) Wherever the GSC Rulebook contemplates an obligation of a Guaranteed Sponsored Member and/or Guaranteeing Agent Member (as applicable) being discharged by the Clearing House using, or otherwise applying, cash Collateral transferred to the Clearing House for the purpose of collateralising that Guaranteed Sponsored Member's and/or Guaranteeing Agent Member's obligations (as applicable) to the Clearing House (including any Applied Collateral Excess Proceeds), the manner in which such discharge shall occur is by, as applicable:
- (i) the acceleration of the Clearing House's obligation to return that cash Collateral or Applied Collateral Excess Proceeds (or a portion of either) to that Guaranteed Sponsored Member (but only in an amount which does not exceed the obligation of that Guaranteed Sponsored Member which is to be so discharged) and the set-off of that transfer obligation against that Guaranteed Sponsored Member's obligation which is to be so discharged; or
 - (ii) the acceleration of the Clearing House's obligation to return that cash Collateral or Applied Collateral Excess Proceeds (or a portion of either) to one or more corresponding Guaranteeing Agent Members (but only in an amount which does not exceed the Indemnified Guaranteed Sponsored Member Obligations which are to be so discharged) and the set-off of that transfer obligation against that Guaranteeing Agent Member's obligation to indemnify the Clearing House for the Indemnified Guaranteed Sponsored Member Obligations under paragraph (u) above.
- (w) Wherever the GSC Rulebook contemplates an obligation of the Clearing House being discharged by a Guaranteed Sponsored Member or a Guaranteeing Agent Member (as

applicable) using, or otherwise applying, cash Collateral transferred to that Guaranteed Sponsored Member or a Guaranteeing Agent Member for the purpose of collateralising the Clearing House's obligations to that Guaranteed Sponsored Member or Guaranteeing Agent Member (as applicable), the manner in which such discharge shall occur is by the acceleration of that Guaranteed Sponsored Member's and/or Guaranteeing Agent Member's obligation to return that cash Collateral to the Clearing House (but only in an amount which does not exceed the obligation of the Clearing House which is to be so discharged) and the set-off of that transfer obligation against the Clearing House's obligation which is to be so discharged.

- (x) If a Guaranteeing Agent Member ceases to be a Guaranteeing Agent Member for a Guaranteed Sponsored Member (whether through resignation or termination of the appointment) and that Guaranteeing Agent Member has provided Collateral to the Clearing House in the performance of its obligation under GSC Regulation 6(a)(3) which has not been returned to the Guaranteed Sponsored Member, the Guaranteed Sponsored Member authorises and instructs the Clearing House to return the Collateral to the Guaranteeing Agent Member and undertakes to provide alternative Collateral to the Clearing House. The Clearing House shall deliver or transfer Collateral to the Guaranteeing Agent Member on receipt of alternative Collateral from the Guaranteed Sponsored Member.

REGULATION 16 AGENT BUFFER

- (a) A Guaranteeing Agent Member is required to transfer Collateral to the Clearing House in accordance with this GSC Regulation 16 in order to cover any shortfall in margin or Contributions (as required) in connection with Contracts of its Guaranteed Sponsored Members for which it is the Guaranteeing Agent Member. The value of such Collateral shall be determined by the Clearing House on the basis of the positions of the open Contracts of Guaranteed Sponsored Members attributed to such Guaranteeing Agent Member in accordance with the GSC Procedures (the "**Agent Buffer**") and the Guaranteeing Agent Member shall be required to transfer Collateral in respect of the Agent Buffer to the Clearing House in accordance with paragraphs (b) and (c) below. The value of such Collateral transfers shall be recorded by the Clearing House as attributable to such Guaranteeing Agent Member and shall be attributed to its Agent Buffer Account with the Clearing House.
- (b) In the event that a Guaranteeing Agent Member's internal credit score, as determined by the Clearing House on the basis of information available to it, is above the minimum internal credit score set by the Clearing House, the Guaranteeing Agent Member will be required to fund the Agent Buffer in full immediately upon request by the Clearing House.
- (c) In the event that a Guaranteeing Agent Member's internal credit score, as determined by the Clearing House on the basis of information available to it, is at or below the minimum internal credit score set by the Clearing House, the Guaranteeing Agent Member will be required to fund the Agent Buffer immediately upon request by the Clearing House in the following circumstances:
 - (i) Where for a Guaranteeing Agent Member, the sum of Agent Buffer and Credit Risk Resource in relation to its services as Guaranteeing Agent Member and, where applicable, Agent Buffer and Agent Resource Contribution in respect of its services as Agent Member, calculated in respect of (i) all Guaranteed Sponsored Members in relation to which the Guaranteeing Agent Member acts as Guaranteeing Agent Member and (ii) where applicable, all Sponsored Members in relation to which the Guaranteeing Agent Member acts as Agent Member, as calculated by the Clearing House (the "**Total Calculated Agent Resources**") exceeds an amount determined by the Clearing House from time to time (the "**Funding Limit**"), the Guaranteeing Agent Member will be required to fund the difference between the Total Calculated Agent Resources and the Funding Limit (the "**Funded Agent Resources**") immediately upon request by the Clearing House;
 - (ii) In the event that a Fast-track Guaranteeing Agent Member Resignation in accordance with GSC Regulation 7 has occurred, the relevant Guaranteeing Agent Member will, following the receipt by the Clearing House of the Guaranteeing Agent Member's Fast-track Resignation Notice, be required to fund the Agent Buffer in full immediately upon request by the Clearing House;
 - (iii) In the event that a Default by any of a Guaranteeing Agent Member's Guaranteed Sponsored Members has occurred, the relevant Guaranteeing Agent Member will, once the Guaranteed Sponsored Member has become a Defaulting

Guaranteed Sponsored Member, be required to fund the Agent Buffer in full immediately upon request by the Clearing House; and

- (iv) In the event that a Guaranteed Sponsored Member no longer has contingency payment arrangements (as more particularly described in the GSC Procedures) in place, or that the testing of the effectiveness of such arrangements by the Clearing House finds deficiencies in the Guaranteed Sponsored Member's contingency payment arrangements, the Guaranteeing Agent Member of such Guaranteed Sponsored Member will be required to fund the Agent Buffer in full immediately upon request by the Clearing House.
- (d) Where the Clearing House makes a request for Funded Agent Resources under the SC Regulations or the GSC Regulations, the amounts paid by the Guaranteeing Agent Member in compliance with such request shall be allocated as Collateral in the following order:
 - (i) Firstly, to the Agent Buffer, *pro rata* in respect of the Guaranteeing Agent Member's services as Agent Member and the Guaranteeing Agent Member's services as Guaranteeing Agent Member, as applicable; and
 - (ii) Secondly, following the allocation under paragraph (i), any remaining amounts shall be allocated *pro rata* to the Agent Resource Contribution and the Credit Risk Resource, as applicable.
- (e) A Guaranteeing Agent Member's Agent Buffer may be applied by the Clearing House towards the payment of:
 - (i) margin required by the Clearing House for the account of a Guaranteed Sponsored Member of such Guaranteeing Agent Member, with respect to Contracts of one or more of its Guaranteed Sponsored Members; and
 - (ii) Contributions required from such Guaranteeing Agent Member to the Clearing House, with respect to Contracts of one or more of its Guaranteed Sponsored Members,where such amounts have or would not been paid when due, in whole or in part, by such Guaranteed Sponsored Member or such Guaranteeing Agent Member for the account of such Guaranteed Sponsored Member (as applicable).
- (f) In the event of simultaneous shortfalls in relation to margin due from a Guaranteed Sponsored Member and Contributions for the account of the same Guaranteed Sponsored Member, in each case with respect to the Contracts attributed to a corresponding Guaranteeing Agent Member, the Clearing House will use such Guaranteeing Agent Member's Agent Buffer in order to meet any such shortfall.
- (g) The Clearing House shall be entitled to apply the Agent Buffer to cover margin obligations that have been called by the Clearing House prior to a Guaranteed Sponsored Member's default but which have not been paid by its corresponding Guaranteeing Agent Member. A Guaranteeing Agent Member's Agent Buffer may be applied by the Clearing House following the Default of one of its Guaranteed Sponsored

Members towards the reduction of losses in accordance with Rule 15 of the Default Rules.

- (h) Any Agent Buffer that is applied by the Clearing House to cover:
 - (i) required margin, will form a part of the corresponding GSM/GAM Current Collateral Balance upon being recorded in the relevant GSM/GAM Account and/or upon the Clearing House in its sole discretion determining that there are insufficient funds standing to the account of the Guaranteed Sponsored Member in the relevant GSM/GAM Account; and
 - (ii) required Contributions, will form a part of the corresponding Guaranteed Sponsored Member's default fund upon being recorded in the relevant GSM/GAM Default Fund Account or applied in accordance with Rule 15 of the Default Rules, as applicable.
- (i) If there is a shortfall in the Agent Buffer as a result of the Clearing House applying the Agent Buffer in accordance with this GSC Regulation 16 or a shortfall in the GSM/GAM Account resulting in a requirement to use Agent Buffer to cover the liabilities on the GSM/GAM Account, the Clearing House will call Collateral (as determined by the Clearing House acting in its discretion) from the Guaranteeing Agent Member to restore the Agent Buffer at the level required by the Clearing House in accordance with the GSC Procedures.
- (j) In the event of a Fast-track Guaranteeing Agent Member Resignation, the Clearing House shall be entitled to apply a Resigning (Fast-track Resignation) Guaranteeing Agent Member's Agent Buffer in accordance with GSC Regulation 7(s) and the GSC Procedures.

REGULATION 17 CREDIT RISK RESOURCE

- (a) A Guaranteeing Agent Member is required to transfer Collateral to the Clearing House in accordance with this GSC Regulation 17 in order to provide financial resources to cover losses arising from the Default of its Guaranteed Sponsored Members and any another Clearing Member (in accordance with paragraph (g) below. The value of such financial resources shall be determined by the Clearing House on the basis of the Contributions of the Guaranteeing Agent Member in respect of the Open Contracts of Guaranteed Sponsored Members attributed to such Guaranteeing Agent Member in accordance with the GSC Procedures (the “**Credit Risk Resource**”) and the Guaranteeing Agent Member shall be required to transfer Collateral in respect of the Credit Risk Resource to the Clearing House in accordance with paragraphs (b) and (c). The value of such Collateral transfers shall be recorded by the Clearing House as attributable to such Guaranteeing Agent Member and shall be attributed to its CRR Account with the Clearing House.
- (b) In the event that a Guaranteeing Agent Member’s internal credit score, as determined by the Clearing House on the basis of information available to it, is above the minimum internal credit score set by the Clearing House, the Guaranteeing Agent Member will be required to fund the Credit Risk Resource in full immediately upon request by the Clearing House.
- (c) In the event that a Guaranteeing Agent Member’s internal credit score, as determined by the Clearing House on the basis of information available to it, is at or below the minimum internal credit score set by the Clearing House, the Guaranteeing Agent Member will be required to fund the Credit Risk Resource immediately upon request by the Clearing House in the following circumstances:
 - (i) Where for a Guaranteeing Agent Member, the Total Calculated Agent Resources exceed the Funding Limit, the Guaranteeing Agent Member will be required to fund the Funded Agent Resources immediately upon request by the Clearing House;
 - (ii) In the event that a Fast-track Guaranteeing Agent Member Resignation in accordance with GSC Regulation 7 has occurred, the relevant Guaranteeing Agent Member will, following the receipt by the Clearing House of the Guaranteeing Agent Member’s Fast-track Resignation Notice, be required to fund the Credit Risk Resource in full immediately upon request by the Clearing House; and
 - (iii) In the event that a Default by any of a Guaranteeing Agent Member’s Guaranteed Sponsored Members has occurred, the relevant Guaranteeing Agent Member will, once the Guaranteed Sponsored Member has become a Defaulter, be required to fund the Credit Risk Resource in full immediately upon request by the Clearing House.
- (d) Where the Clearing House makes a request for Funded Agent Resources under the SC Regulations or the GSC Regulations, the amounts paid by the Guaranteeing Agent Member in compliance with such request shall be allocated as Collateral in the following order:

- (i) Firstly, to the Agent Buffer, *pro rata* in respect of the Guaranteeing Agent Member's services as Agent Member and the Guaranteeing Agent Member's services as Guaranteeing Agent Member, as applicable; and
 - (ii) Secondly, following the allocation under paragraph (i), any remaining amounts shall be allocated *pro rata* to the Agent Resource Contribution and the Credit Risk Resource, as applicable.
- (e) A Guaranteeing Agent Member's Credit Risk Resource may be applied by the Clearing House following the Default of one of its Guaranteed Sponsored Members towards the reduction of losses in accordance with Rule 15 of the Default Rules.
- (f) Any Credit Risk Resource that is applied by the Clearing House towards the reduction of losses in accordance with Rule 15 of the Default Rules will no longer constitute Credit Risk Resource.
- (g) An Affected Guaranteeing Agent Member's Credit Risk Resource may be applied by the Clearing House following the default of another Clearing Member in accordance with the provisions of Rule 15 of the Default Rules.
- (h) If there is a shortfall in the Credit Risk Resource as a result of the Clearing House applying the Credit Risk Resource in accordance with this GSC Regulation 17, the Clearing House will call additional resources from the Guaranteeing Agent Member to restore the Credit Risk Resource at the level required by the Clearing House in accordance with the GSC Procedures provided that Credit Risk Resource cannot be applied more than once by the Clearing House with respect to the Default of a Guaranteed Sponsored Member.

REGULATION 18 OTHER MODES OF SETTLEMENT AND REVALUATION

Settlement, revaluation and collateralisation procedures may be prescribed, in respect of open contracts which are OTC Contracts, in the GSC Procedures. The relevant settlement, revaluation and collateralisation procedures (as applicable) may be effected by the Clearing House in accordance with such provisions.

REGULATION 19 MARKET DISORDERS, IMPOSSIBILITY OF PERFORMANCE, TRADE EMERGENCY

- (a) If the Clearing House, in relation to OTC Contracts, determines that one of the following conditions is satisfied, namely:
- (i) a state of war exists or is imminent or threatened or civil unrest or terrorist or other criminal action has occurred or is imminent or threatened, and is likely to affect or has affected the normal course of business, including, but not limited to, performance under a Contract;
 - (ii) the government of any nation, state or territory or any institution or agency thereof has proclaimed or given notice of its intention to exercise, vary or revoke controls which appear likely to affect the normal course of business, including, but not limited to, performance under a Contract; or
 - (iii) the EU or any international organisation, or any institution or agency thereof, has introduced, varied, terminated or allowed to lapse any provision so as to be likely to affect the normal course of business, including, but not limited to, performance under a Contract; or has given notice of its intention to do so or appears to be about to do so,

then:

- (iv) in respect of such open contracts which are OTC Contracts as specified by the Clearing House, and notified to the affected Members, the Clearing House shall be entitled to invoice back such contracts in accordance with GSC Regulation 21 and the GSC Procedures at a price determined by the Clearing House or to require such Members to comply with any directions issued by the Clearing House regarding the performance of, or any other direction in respect of, such contracts.

Accounts shall be made up by the Clearing House in accordance with the GSC Procedures for each Guaranteed Sponsored Member who is a party to open contracts invoiced back pursuant to this paragraph. Settlement of such accounts shall be due immediately and settlement thereof shall be made forthwith in discharge of such contracts invoiced back notwithstanding any further change of circumstances.

- (b) If, in the opinion of the Clearing House after consultation with the relevant Board, a seller's complete performance of an open contract becomes impossible for any reason whatsoever (except in such circumstances as are set out in paragraph (a) above), the affected contract may at the Clearing House's option thereupon be closed by invoicing back at a price determined by the Board, and such price shall be binding on all affected parties. Accounts shall be made up by the Clearing House in accordance with the GSC Procedures.

Any formal announcement made under this GSC Regulation shall be made by notice posted by the Clearing House (or by other means as determined by the Clearing House) or as prescribed by the GSC Procedures.

REGULATION 20 FORCE MAJEURE

- (a) Neither the Clearing House (nor any other member of the LCH Group) nor a Guaranteed Sponsored Member or Guaranteeing Agent Member shall be liable for any failure, hindrance or delay in performance in whole or in part of its obligations under the terms of these GSC Regulations or of any Contract if such failure, hindrance or delay arises out of events or circumstances beyond its control. Such events or circumstances may include, but are not limited to, acts of God or the public enemy, acts of a civil or military authority other than the acts referred to in GSC Regulation 19(a)(i), (ii) or (iii) above, terrorist or other criminal action, civil unrest, embargoes, fire, flood, labour dispute, unavailability or restriction of computer or data processing facilities, energy supplies, settlement systems or of bank transfer systems or wires, and any other causes beyond the parties reasonable control.
- (b) On the happening of any one or more of the events or circumstances referred to in paragraph (a) above, which shall immediately be notified by the party prevented, hindered or delayed from performing any of the obligations referred to in paragraph (a) above to the other, in respect of affected OTC Contracts, the Clearing House shall be entitled to require any of the affected Contracts to be performed in accordance with directions issued by the Clearing House or invoiced back in accordance with GSC Regulation 21, or shall be entitled to require the Guaranteed Sponsored Member or Guaranteeing Agent Member to take such action as the Clearing House may direct in respect of such Contracts.

CHAPTER VI – INVOICING BACK AND CURRENCY CONVERSION

REGULATION 21 INVOICING BACK

- (a) Invoicing back of a Guaranteed Sponsored Member's Contracts pursuant to GSC Regulation 19 or 20 or otherwise shall be carried out by the Clearing House effecting and registering pursuant to the GSC Procedures, opposite contracts between itself and the Guaranteed Sponsored Member at the price referred to in the relevant GSC Regulation or, where applicable, in paragraph (c) below, and thereupon settling such Contracts against such opposite contracts.
- (b) Where open contracts are invoiced back pursuant to GSC Regulation 19(a) or GSC Regulation 19(b), the Clearing House shall credit or debit (as the case may be) the Guaranteed Sponsored Member's accounts affected by such invoicing back in accordance with GSC Regulation 19(a) or GSC Regulation 19(b), as applicable.
- (c) Opposite contracts effected and registered by the Clearing House pursuant to:
 - (i) paragraph (a) above, other than where done pursuant to the Default Rules, shall, subject to GSC Regulation 19(a) or GSC Regulation 19(b), be at a price or, in the case of OTC Contracts, at a price determined by the Clearing House, and shall be binding as a final settlement upon the parties affected by invoicing back; and
 - (ii) paragraph (a) above, pursuant to the Default Rules, shall be at a price determined by the Clearing House and shall be binding as a final settlement upon the parties affected by invoicing back, except that this paragraph shall be without prejudice to any further liability of the defaulting Guaranteed Sponsored Member to the Clearing House or to any additional rights which the Clearing House may have against the defaulting Guaranteed Sponsored Member, whether under these GSC Regulations, at law or otherwise.
- (d) In this GSC Regulation:
 - (i) **"net position"** means, in respect of RepoClear Contracts, one or more of such RepoClear Contracts against which the Guaranteed Sponsored Member, in whose name they are registered, has no matching RepoClear Contracts on the same Economic Terms; and
 - (ii) **"opposite contract"** means a contract on the same terms (except as to price or premium) as the Contract to be invoiced back in accordance with this GSC Regulation, but where a Guaranteed Sponsored Member is a seller, in respect of the RepoClear Contract to be invoiced back, such Guaranteed Sponsored Member shall be a buyer in respect of the opposite contract and vice versa.

REGULATION 22 CURRENCY CONVERSION

The Clearing House shall be entitled in its discretion to convert monies standing to the debit or credit of a Guaranteed Sponsored Member's accounts or Guaranteeing Agent Member's accounts into such other currency or currencies as it thinks fit, such conversion to be effected at such reasonable rate or rates of exchange as the Clearing House may determine in accordance with the GSC Procedures.

CHAPTER VII – DISCLOSURE, FEES, RECORDS AND AMENDMENTS

REGULATION 23 DISCLOSURE AND REPORTING

- (a) The Clearing House shall have authority to supply any information whatsoever concerning a Guaranteed Sponsored Member or Guaranteeing Agent Member and its trading to: (a) any Regulatory Body which is entitled to receive or request any such details or information; (b) a member of the LCH Group; (c) any other person or body to which the Clearing House is, in its reasonable opinion, legally required to disclose the same; (d) any other person or body to which the Clearing House has agreed to provide such information; (e) a trade or data repository or similar body on an ongoing basis in the ordinary course of business; or (f) any securities depository or securities settlement system on an ongoing basis in the ordinary course of business.
- (b) The Clearing House shall also be entitled to supply any information whatsoever concerning a Guaranteed Sponsored Member or Guaranteeing Agent Member to any person who has provided or may be contemplating entering into arrangements to provide the Clearing House directly or indirectly with stand-by or other finance, insurance cover, guarantee or other financial backing, which the Clearing House has been requested or is legally required to disclose, to assist such person in relation to the provision of, or continued provision of, such finance, insurance cover, guarantee or financial backing.
- (c) The Clearing House shall have authority: (a) to obtain and make use of information from securities depositories and/or any other trade repositories relating to a Guaranteed Sponsored Member or Guaranteeing Agent Member; and (b) to disclose such information to any Regulatory Body which is entitled to receive or request any such information.

REGULATION 24 FEES AND OTHER CHARGES

- (a) The Clearing House shall be entitled to levy fees in respect of such matters and at such rates as may from time to time be prescribed. Such fees shall be payable by such Guaranteed Sponsored Members or such Guaranteeing Agent Members, by such times, and in such manner as may be prescribed by the GSC Procedures.
- (b) Accommodation charges made by the Clearing House pursuant to GSC Regulation 15 shall be payable to the Clearing House by such Guaranteed Sponsored Members or such Guaranteeing Agent Members, in such manner and by such times as may be prescribed by the GSC Procedures.
- (c) Any changes to be made to the fees and charges payable pursuant to paragraphs (a) and (b) above shall take effect as prescribed by the GSC Procedures.

REGULATION 25 RECORDS

A Guaranteed Sponsored Member or Guaranteeing Agent Member shall not be entitled to the return of any particulars, notices or any other documentation presented to the Clearing House pursuant to GSC Regulations 11 and GSC Regulation 18.

Notwithstanding any provision in the relevant Guaranteed Sponsored Membership Agreement or Guaranteeing Agent Membership Agreement, GSC Rulebook or any other agreement or contract to which the Clearing House may be a party, the Clearing House shall maintain all records and information on all contracts it has processed for a period of at least ten years.

REGULATION 26 ALTERATION OF GSC REGULATIONS AND THE GSC PROCEDURES

- (a) Unless the relevant Guaranteed Sponsored Membership Agreement or Guaranteeing Agent Membership Agreement or these GSC Regulations or the GSC Procedures otherwise specifically provide in relation to any proposed alterations, amendment or extension, the Rules Change Committee (acting in accordance with its terms of reference) may from time to time, by notice delivered to such Sponsored or Guaranteeing Agent Members, alter, amend or extend these GSC Regulations and/or the GSC Procedures.
- (b) Any such alterations, amendments or extensions may be made with immediate effect or with such deferred effect as the Rules Change Committee shall determine. Any alterations, amendments or extensions to these GSC Regulations and/or GSC Procedures may take effect so as to apply to Contracts registered in a Guaranteed Sponsored Member's name at the time such alterations, amendments or extensions come into effect if the Rules Change Committee so determines.
- (c) The accidental omission to give notice under this GSC Regulation to, or the non-receipt of notice under this GSC Regulation by, any Guaranteed Sponsored Member or Guaranteeing Agent Member shall not invalidate the amendment or extension with which the notice is concerned.

CHAPTER VIII – NETTING AND DISTRIBUTION

REGULATION 27 NETTING

- (a) If at any time the Clearing House fails to make a payment or a delivery of an asset to a Guaranteed Sponsored Member, other than a Defaulter, or any of its corresponding Guaranteeing Agent Members, other than an Affected Guaranteeing Agent Member (as applicable), under a Contract for a period of 30 days from the date when the obligation to pay or deliver fell due, then that Guaranteed Sponsored Member may exercise its rights under paragraph (c) below.
- (b) If at any time the Clearing House commences a voluntary case or other procedure seeking or proposing liquidation, administration, receivership, voluntary arrangement or a scheme of arrangement, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law, or if any of the foregoing cases or procedures is commenced in relation to the Clearing House by any other person which results in liquidation or winding up of the Clearing House, or if the Clearing House takes corporate action to authorise any of the foregoing, in any such case other than for the purposes of corporate restructuring (including any consolidation, amalgamation or merger), then a Guaranteed Sponsored Member, other than a Defaulter, may exercise the right given to it under paragraph (c) below.
- (c) A Guaranteed Sponsored Member entitled to exercise rights under this paragraph may, at any time whilst any of the circumstances referred to in paragraphs (a) or (b) above giving rise to such rights continue, by notice in writing to the Clearing House, specify a termination date ("**Termination Date**") (or Termination Dates, as applicable) for the termination and liquidation of all Contracts attributed to such Guaranteed Sponsored Member in respect of each Guaranteed Sponsored Member/Guaranteeing Agent Member relationship (as identified by their unique mnemonic, a "**GSM/GAM Netting Set**") to which such Guaranteed Sponsored Member is a party and in accordance with paragraph (d) below.
- (d) Upon the occurrence of a Termination Date, with respect to the relevant GSM/GAM Netting Set:
 - (i) none of the Clearing House, the Guaranteed Sponsored Member or its Guaranteeing Agent Members (as applicable) shall be obliged to make any further payments or deliveries under any Contract between them which would, but for this GSC Regulation 27, have fallen due for performance on or after the Termination Date, and any obligations to make further such payments or deliveries which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount;
 - (ii) on, or as soon as reasonably practicable after, the Termination Date the Guaranteed Sponsored Member shall (or shall nominate one of its Guaranteeing Agent Members to) determine (discounting if appropriate) in respect of each Contract its total loss or, as the case may be, gain, in each case expressed in the lawful currency of the United Kingdom (the "**Base Currency**"), (and, if appropriate, including any loss of bargain, cost of funding or, without duplication, loss or, as the case may be, gain as a result of the termination,

liquidation, obtaining, performing or re-establishing of any hedge or related trading position), as a result of the termination, pursuant to this agreement, of each payment or delivery which would otherwise have been required to be made under such Contract (assuming satisfaction of each applicable condition precedent and having due regard to, if appropriate, such market quotations published on, or official settlement prices set by, a relevant exchange or clearing organisation, as may be available on, or immediately preceding, the date of calculation);

- (iii) any cash Collateral balance: (A) provided by the Guaranteed Sponsored Member and held by the Clearing House; and/or (B) provided by the Clearing House and held by the Guaranteed Sponsored Member's Guaranteeing Agent Member, in respect of the Guaranteed Sponsored Member's or the Clearing House's (as applicable) initial margin and/or variation and/or delivery margin obligations, as applicable, shall (to the extent not already due and payable) be accelerated so as to become immediately due and payable to the party who provided such cash Collateral, and on, or as soon as reasonably practicable after, the Termination Date the Guaranteed Sponsored Member shall (or shall nominate one of its Guaranteeing Agent Members to) determine the Base Currency Equivalent of such amount(s). For the purposes of this GSC Regulation 27, the "**Base Currency Equivalent**" means, in respect of any amount denominated in the Base Currency, such Base Currency amount and, in respect of any amount denominated in a currency other than the Base Currency (the "**Other Currency**"), the amount in the Base Currency determined by the Guaranteed Sponsored Member as being required to purchase such amount of such Other Currency as at the relevant Termination Date, with the Base Currency;
- (iv) the Guaranteed Sponsored Member shall treat each loss to it determined under sub-paragraph (ii) above and the Base Currency Equivalent of any amount of cash Collateral due and payable to it as a positive amount, and each gain by it determined under sub-paragraph (ii) above and the Base Currency Equivalent of any amount of cash Collateral due and payable by it as a negative amount, and, subject to sub-paragraph (v) below, shall aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the "**GSM Termination Amount**");
- (v) if a GSM Termination Amount determined pursuant to sub-paragraph (iv) above is a positive amount, the Clearing House shall pay it to the Guaranteed Sponsored Member (through its Guaranteeing Agent Member) and if any such GSM Termination Amount is a negative amount, the Guaranteed Sponsored Member shall (through its Guaranteeing Agent Member) pay it to the Clearing House, in either case in accordance with sub-paragraph (ix) below. The Guaranteed Sponsored Member shall notify the Clearing House of each such GSM Termination Amount, and by which party it is payable, immediately after the calculation thereof;
- (vi) with respect to Guaranteeing Agent Members of the Guaranteed Sponsored Member other than Affected Guaranteeing Agent Members, any cash Collateral balance provided by such a Guaranteeing Agent Member and Agent Buffer held by the Clearing House in respect of the obligations of such a Guaranteeing

Agent Member shall (to the extent not already due and payable) be accelerated so as to become immediately due and payable to the Guaranteeing Agent Member who provided such cash Collateral and Agent Buffer, and on, or as soon as reasonably practicable after, the Termination Date the Guaranteeing Agent Member shall determine the Base Currency Equivalent of such amount(s) as well as any amounts owing by the Guaranteeing Agent Member to the Clearing House, with respect to its activities regarding the related Guaranteed Sponsored Member but remaining unpaid;

- (vii) the Guaranteeing Agent Member shall treat the Base Currency Equivalent of any amount of cash Collateral and Agent Buffer due and payable to it as a positive amount and each amount due and payable by it to the Clearing House as a negative amount and, subject to sub-paragraph (viii) below, shall aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the "**GAM Termination Amount**" and, together with a GSM Termination Amount, each a "**Termination Amount**");
- (viii) if an GAM Termination Amount determined pursuant to sub-paragraph (vii) above is a positive amount, the Clearing House shall pay it to the Guaranteeing Agent Member and if any such GAM Termination Amount is a negative amount, the Guaranteeing Agent Member shall pay it to the Clearing House, in either case in accordance with sub-paragraph (ix) below. The Guaranteeing Agent Member shall notify the Clearing House of each such GAM Termination Amount, and by which party it is payable, immediately after the calculation thereof;
- (ix) a Termination Amount shall, subject to GSC Regulation 28, be paid in the Base Currency by the close of business on the business day following notification pursuant to sub-paragraphs (v) or (viii) above (converted as required by applicable law into any other currency, any costs of such conversion to be borne by, and (if applicable) deducted from any payment to, the Clearing House). Any Termination Amount which is not paid on such day shall bear interest, at the average rate at which overnight deposits in the currency of such payment are offered by major banks in the London interbank market as of 11:00 hours (London time) (or, if no such rate is available, at such reasonable rate as the Guaranteed Sponsored Member or, as applicable, the relevant Guaranteeing Agent Member may select) plus 1 per cent. per annum, for each day for which any such sum remains unpaid; and
- (x) for the purposes of any calculation required to be made under this GSC Regulation, the Guaranteed Sponsored Member or, as applicable, the relevant Guaranteeing Agent Member may convert amounts denominated in any other currency into the Base Currency at such rate prevailing at the time of the calculation as it shall reasonably select.

The Guaranteed Sponsored Member's and each of its Guaranteeing Agent Member's rights under this GSC Regulation 27 shall be in addition to, and not in limitation or exclusion of, any other rights which the Guaranteed Sponsored Member or, as applicable, each of its Guaranteeing Agent Members may have (whether by agreement, operation of law or otherwise, including its rights under GSC Regulation 10(i)).

- (e) If a Guaranteed Sponsored Member is a Defaulter and either:
- (i) no default management process has been commenced by the Clearing House in respect of such Guaranteed Sponsored Member within 3 business days following a Default Notice being issued in respect of that Guaranteed Sponsored Member; or
 - (ii) such default management process has been commenced within such period but that Guaranteed Sponsored Member determines (acting reasonably) that the relevant default management process is unlikely to be completed,

then, provided that an event or circumstance as described in paragraph (a) above (ignoring, for this purpose, the words "other than a defaulter" in that paragraph) or (b) above has also occurred, the relevant Guaranteed Sponsored Member shall be entitled to exercise the rights provided under paragraph (c) above, notwithstanding that it is a Defaulter.

- (f) The Clearing House, each Guaranteed Sponsored Member and each Guaranteeing Agent Member intend that certain provisions of the GSC Regulations and the GSC Procedures (including this GSC Regulation 27) be interpreted in relation to certain terms that are defined in FDICIA as follows:
- (i) The Clearing House is a "clearing organization";
 - (ii) An obligation of a Guaranteed Sponsored Member or a Guaranteeing Agent Member to make a payment to the Clearing House, or of the Clearing House to make a payment to a Guaranteed Sponsored Member or a Guaranteeing Agent Member, subject to a netting contract, is a "covered clearing obligation" and a "covered contractual payment obligation";
 - (iii) An entitlement of a Guaranteed Sponsored Member or a Guaranteeing Agent Member to receive a payment from the Clearing House, or of the Clearing House to receive a payment from a Guaranteed Sponsored Member or a Guaranteeing Agent Member, subject to a netting contract, is a "covered contractual payment entitlement";
 - (iv) The Clearing House is a "member", each Guaranteed Sponsored Member is a "member" and each Guaranteeing Agent Member is a "member";
 - (v) The amount by which the covered contractual payment entitlements of a Guaranteed Sponsored Member, a Guaranteeing Agent Member or the Clearing House exceed the covered contractual payment obligations of such Guaranteed Sponsored Member, such Guaranteeing Agent Member or the Clearing House after netting under a netting contract is its "net entitlement";
 - (vi) The amount by which the covered contractual payment obligations of a Guaranteed Sponsored Member, a Guaranteeing Agent Member or the Clearing House exceed the covered contractual payment entitlements of such Guaranteed Sponsored Member, such Guaranteeing Agent Member or the Clearing House after netting under a netting contract is its "net obligation";

- (vii) The GSC Regulations and the GSC Procedures, including this GSC Regulation 27, constitute a "netting contract";
- (viii) The provisions of the GSC Rulebook (including the Default Rules) and the GSC Procedures providing for the use and liquidation of Collateral each constitute a "security agreement of arrangement or other credit enhancement related to one or more netting contracts between any 2 members of a clearing organization"; and
- (ix) For purposes of this GSC Regulation 27, the term "payment" means "a payment of United States dollars, another currency, or a composite currency, and a noncash delivery, including a payment or delivery to liquidate an unmatured obligation".

REGULATION 28 DISTRIBUTION OF ASSETS

- (a) Where (after any netting and set-off provided for in GSC Regulation 27, GSC Regulation 10(i), or otherwise) the Clearing House has insufficient assets available to it to pay all claims of the Clearing Members (determined under GSC Regulation 27, Regulation 45 of the General Rulebook and Regulation 37 of the FCM Regulations) in full (including, for the avoidance of doubt, any claims in respect of outstanding Contributions under Rule 16(a)(i) of the Default Rules), such claims shall be met first in an amount equal to the sum of the outstanding Contributions of each Clearing Member or, in the case of a Guaranteed Sponsored Member, each of its Guaranteeing Agent Members and, thereafter, *pro rata* to each Clearing Member's (including each Guaranteed Sponsored Member's and each Guaranteeing Agent Member's) remaining claim, taking into account any amounts already received.
- (b) To the extent the Clearing House does not have sufficient assets available to it to pay each Clearing Member (including each Guaranteeing Agent Member) the amount equal to the sum of its outstanding Contributions, the Clearing House shall distribute the assets available to it to Clearing Members (including Guaranteeing Agent Members) in respect of their claims relating to outstanding Contributions in priority to other Clearing Members (including Guaranteed Sponsored Member and Guaranteeing Agent Member) claims, in each case in an amount equal to the proportion that the outstanding Contributions of the relevant Clearing Member (including a Guaranteeing Agent Member) bear to the aggregate of all outstanding Contributions of all Clearing Members (including Guaranteeing Agent Members).

REGULATION 29 SOLVENCY THREATENING TREASURY DEFAULT LOSS

- (a) In this GSC Regulation:

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

"Clearing Member" shall mean a Clearing Member as defined in these GSC Regulations;

"Margin Weight" means:

- (i) the aggregate of the total margin requirement of a Guaranteeing Agent Member's Guaranteed Sponsored Members (in respect of all such Guaranteed Sponsored Members' GSM/GAM Accounts) for each type of Business undertaken by the Guaranteeing Agent Member's Guaranteed Sponsored Members, averaged over the relevant Calculation Period preceding a determination of a Solvency Threatening Treasury Default Loss under GSC Regulation 29(b) below,

divided by

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

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

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

by (ii) that Clearing Member's Margin Weight. For the purpose of the calculation of Margin Weight, the margin requirements for any Clearing Member who has become a Defaulter or, in the case of Guaranteeing Agent Members, any of such Guaranteeing Agent Member's Guaranteed Sponsored Members who has become a Defaulter, at any point prior to the date of allocation, shall be disregarded.

- (e) Each Clearing Member shall pay to the Clearing House within an hour of demand a cash amount equal to its Allocated Loss. The Clearing House shall be entitled to debit such cash amount from the PPS account associated with that Clearing Member's Proprietary Account (or in the case of a Guaranteeing Agent Member, such Guaranteeing Agent Member's PPS account).
- (f) Any determination made by the Clearing House, and any action taken by the Clearing House, pursuant to this GSC Regulation is binding on a Clearing Member and may in no circumstances be challenged or called into question.
- (g) If, after exercising its rights under this GSC Regulation, the Clearing House makes a recovery in respect of the Treasury Default, the Clearing House will (after deducting its own expenses) distribute the net proceeds of such recovery pro rata to the amount of the Allocated Loss paid by each Clearing Member in respect of that Treasury Default by crediting the relevant Clearing Member's Proprietary Account or, in the case of a Guaranteeing Agent Member, such Guaranteeing Agent Member's PPS Account. Nothing in this GSC Regulation 29(g) obliges the Clearing House to pursue any litigation or take other action in order to recover the amounts contemplated hereby.

CHAPTER IX – MISCELLANEOUS

REGULATION 30 GSC PROCEDURES

The GSC Procedures shall take effect and shall be binding on Guaranteed Sponsored Members and Guaranteeing Agent Members as if they formed part of these GSC Regulations save that, in the event of any conflict between the provisions of these GSC Regulations and the GSC Procedures, the provisions of these GSC Regulations shall prevail.

REGULATION 31 INTERPRETATION OF THESE GSC REGULATIONS

- (a) In the event of inconsistency between the provisions of these GSC Regulations or between these GSC Regulations and other documents making up the GSC Rulebook or regulations or other contractual provisions of any trading platform or other undertaking, the provisions of these GSC Regulations shall prevail.
- (b) The headings to these GSC Regulations are for convenience only and shall not affect their interpretation.
- (c) All references to “Sponsored Members” and “Agent Members” in the GSC Rulebook, other than in these GSC Regulations, the GSC Procedures and the Default Rules, shall include “Guaranteed Sponsored Members” and “Guaranteeing Agent Members”, respectively.

REGULATION 32 WAIVER

No failure by the Clearing House to exercise, nor any delay on its part in exercising, any of its rights (in whole or in part) under these GSC Regulations shall operate as a waiver of the Clearing House's rights or remedies upon that or any subsequent occasion, nor shall any single or partial exercise of any right or remedy prevent any further exercise thereof or any other right or remedy.

REGULATION 33 VALIDITY OF GSC REGULATIONS AND ACTION

If at any time any provision of these GSC Regulations becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of these GSC Regulations nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

REGULATION 34 GOVERNING LAW AND JURISDICTION

- (a) These GSC Regulations and the GSC Procedures, an OTC Contract, and all non-contractual or other obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.
- (b) The Clearing House and every Guaranteed Sponsored Member and Guaranteeing Agent Member hereby irrevocably agree for the benefit of the Clearing House that the courts of England shall have exclusive jurisdiction to hear and determine any claim or matter arising from or in relation to any Contract or in relation to these GSC Regulations which does not fall to be referred to arbitration, or to be dealt with under the Trading System Rules (as defined in GSC Regulation 37(a)) pursuant to the provisions of GSC Regulation 38 and each Guaranteed Sponsored Member and Guaranteeing Agent Member irrevocably submits to such jurisdiction and to waive any objection which it might otherwise have to such courts being a convenient and appropriate forum, save that this submission to the exclusive jurisdiction of the English courts shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the taking of action in any other jurisdiction, whether concurrently or not.
- (c) Each Guaranteed Sponsored Member and Guaranteeing Agent Member irrevocably waives, with respect to itself and its revenues and assets, all immunity on the grounds of sovereignty or other similar grounds from suit, jurisdiction of any court, relief by way of injunction, order for specific performance or for recovery of property, attachment of its assets (whether before or after judgement) and execution or enforcement of any judgement to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction and irrevocably agrees that it will not claim any such immunity in any proceedings.

REGULATION 35 EXCLUSION OF LIABILITY

- (a) Without prejudice to the provisions of GSC Regulation 2 and paragraph (e) below, neither the Clearing House nor any other member of the LCH Group shall have any liability whatsoever to any Guaranteed Sponsored Member or Guaranteeing Agent Member or to any other person in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Guaranteed Sponsored Member or Guaranteeing Agent Member or any other person, as the case may be, as a result of: (i) the failure of any systems, communication facilities or technology supplied, operated or used by the Clearing House; or (ii) any event which is outside the control of the Clearing House; any act or omission of the Clearing House.
- (b) Neither the Clearing House nor any other member of the LCH Group shall have any liability to a Guaranteed Sponsored Member or Guaranteeing Agent Member or any other person in respect of any dispute arising from or in relation to any OTC Transaction, including, but not limited to, any dispute as to the validity or otherwise of such OTC Transaction, the terms of such OTC Transaction, or whether any alleged agreement or arrangement constitutes an OTC Transaction.
- (c) Without prejudice to the provisions of GSC Regulation 2 and paragraph (e) below, neither the Clearing House nor any other member of the LCH Group shall have any liability whatsoever to any Guaranteed Sponsored Member or Guaranteeing Agent Member, or to any other person in contract, tort (including without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred as a result of: any suspension of an OTC Clearing Service (or any part thereof), whether for a temporary period or otherwise, a step taken by the Clearing House under GSC Regulation 12(h), GSC Regulation 19, GSC Regulation 20, or any failure or malfunction of any systems, communication lines or facilities, software or technology supplied, operated or used by the Clearing House; the occurrence of any event which is outside the control of the Clearing House; or any exercise by the Clearing House of its discretion under the GSC Regulations, or any decision by the Clearing House not to exercise any such discretion.
- (d) Without prejudice to paragraph (c) above and paragraph (e) below, unless otherwise expressly provided in the GSC Regulations or in any other agreement to which the Clearing House is party, neither the Clearing House nor any other member of the LCH Group shall have any liability under any circumstances (including, without limitation, as a result of any negligence by the Clearing House, or any other member of the LCH Group, or their respective officers, employees, agents or representatives), to any Guaranteed Sponsored Member or Guaranteeing Agent Member, for any indirect or consequential loss or damage, or loss of anticipated profit (whether direct or indirect) or loss of bargain, suffered or incurred by any such Guaranteed Sponsored Member or Guaranteeing Agent Member, and shall not in any circumstances be liable for any loss, cost, damage or expense suffered or incurred by any person as a result of any negligence on the part of the Clearing House, or any other member of the LCH Group, or their respective officers, employees, agents or representatives.

- (e) Nothing in this GSC Regulation 35 shall be construed as an attempt by the Clearing House to exclude any liability for any fraud, fraudulent misrepresentation or wilful default on the part of the Clearing House. The Clearing House accepts liability for any personal injury or death caused by the negligence of the Clearing House and for any fraud or wilful default on the part of the Clearing House.
- (f) For the purposes of the Contracts (Rights of Third Parties) Act 1999, save as is expressly set out herein, these GSC Regulations, Default Rules and GSC Procedures do not create any rights in any person(s) who is or are not Guaranteed Sponsored Members or Guaranteeing Agent Members.
- (g) Without prejudice to GSC Regulation 2 and paragraph (e) above, neither the Clearing House, nor any other member of the LCH Group, shall have any liability whatsoever to any Guaranteed Sponsored Member or Guaranteeing Agent Member or to any other person in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Guaranteed Sponsored Member or Guaranteeing Agent Member or any other person as the case may be, as a result of any service failure, whether complete or partial, of any payment or securities services provider, including (without limitation) any Securities System Operator (as defined in the Clearing House Settlement Finality Regulations), custodian, settlement agent, securities depository, securities settlement system, settlement facility or central bank.

CHAPTER X – INTENTIONALLY LEFT BLANK

REGULATION 36 INTENTIONALLY LEFT BLANK

CHAPTER XI – GSC REPOCLEAR REGULATIONS

REGULATION 37 REPOCLEAR TRANSACTIONS ENTERED INTO THROUGH A TRADING SYSTEM

- (a) This GSC Regulation 37 applies to Repo Trades, Bond Trades and Term £GC Trades made by Guaranteed Sponsored Members and sent to the Clearing House via a Trading System which such Guaranteed Sponsored Members are authorised by the Clearing House to use under the GSC Procedures. In the event of any inconsistency between the GSC Regulations (including any applicable terms of any other agreement entered into between the Guaranteed Sponsored Member or Guaranteeing Agent Member and the Clearing House), and the Rules, practices, procedures and arrangements of the Trading System ("**Trading System Rules**"), the GSC Regulations shall prevail.
- (b) If a "**Trading System Participant**" (defined for these purposes as a Guaranteed Sponsored Member who is a direct or indirect participant in a Trading System) has given notice to the Clearing House, in accordance with the GSC Procedures, that it intends to carry out Repo Trades and/or Bond Trades and/or Term £GC Trades through a Trading System specified in its notice and has not withdrawn such notice in accordance with the GSC Procedures, the Clearing House will enter into RepoClear Contracts or RepoClear Term £GC Contracts, as the case may be, with the Trading System Participant pursuant to such dealings in accordance with and subject to the following provisions of this GSC Regulation. The terms of a registered RepoClear Contract or RepoClear Term £GC Contract shall be as notified to the Clearing House by the Trading System and otherwise subject to the GSC Regulations (and the Clearing House and the Guaranteed Sponsored Member party to the registered RepoClear Contract or RepoClear Term £GC Contract, as the case may be, shall be obliged to perform their obligations thereunder in accordance with such terms).
- (c) The Clearing House shall, in relation to a Trading System Participant enter into a RepoClear Contract in respect of any Repo Trade or any Bond Trade or to enter into a RepoClear Term £GC Contract in respect of any Term £GC Trade, in accordance with paragraph (d) below, as applicable, pursuant to the Trading System Participant's dealings via any Trading System referred to in paragraph (b) above, provided that the following requirements ("**the RepoClear Trade Registration Eligibility Criteria**") shall have been complied with:
 - (i) the relevant Guaranteed Sponsored Membership Agreement to which the Trading System Participant is party has not been terminated in accordance with its terms;
 - (ii) the Guaranteed Sponsored Member's Guaranteeing Agent Member is party to a valid Guaranteeing Agent Membership Agreement;
 - (iii) the Trading System Participant has not had its authorisation to participate in the Clearing Service removed by the Clearing House;
 - (iv) a Default Notice has not been issued in respect of the Trading System Participant under Rule 3 of the Default Rules (without prejudice to the Clearing House's rights to register new Contracts (including RepoClear Contracts and RepoClear Term £GC Contracts, whether closing out contracts or otherwise) in

the Guaranteed Sponsored Member's name under the Default Rules in connection with the Clearing House's default proceedings); or

- (v) such dealings satisfy the terms and conditions stated in the GSC Regulations and the GSC Procedures with respect to such dealings (together the "**RepoClear Eligibility Criteria for RepoClear Contracts and RepoClear Term £GC Contracts**") and the offers made in this GSC Regulation 37, including the terms of any Contract which would arise under paragraph (d) below and all necessary details as required by the Clearing House, shall have been provided to the Clearing House;
 - (vi) the relevant Guaranteeing Agent Member has provided its consent to the registration of the RepoClear Contract in accordance with the relevant provisions of the GSC Procedures and within the time period permitted for such consent to be provided;
 - (vii) the dealings are recognised by the relevant Trading System as satisfying the RepoClear Eligibility Criteria for a RepoClear Contract or RepoClear Term £GC Contract and as dealings which the parties thereto have identified are to be registered by the Clearing House as RepoClear Contracts or RepoClear Term £GC Contracts, as applicable;
 - (viii) the Trading System Participant has executed such agreements or documents as may be required by the Clearing House from time to time in connection herewith; and
 - (ix) all or any conditions imposed by the Clearing House have been satisfied.
- (d) If particulars with respect to: (i) a Repo Trade; (ii) a Bond Trade; or (iii) a Term £GC Trade which:
- (i) satisfy the relevant RepoClear Trade Registration Eligibility Criteria;
 - (ii) have been input into the relevant Trading System by or on behalf of a Trading System Participant as seller (or buyer);
 - (iii) have been matched by, or in accordance with the Trading System Rules with particulars with respect to a Repo Trade, Bond Trade or Term £GC Trade, on such terms input into such Trading System by another Trading System Participant (who may, in this case, be either a Trading System Participant as defined herein or a Trading System Participant as defined in the General Regulations) as buyer (or seller); and
 - (iv) the Clearing House has registered on its system such Repo Trade, Bond Trade or Term £GC Trade (as the case may be),

then two RepoClear Contracts or RepoClear Term £GC Contracts, as the case may be, shall arise. The Clearing House shall be the buyer (or seller) under one RepoClear Contract or RepoClear Term £GC Contract (as the case may be) to the selling (or buying) Trading System Participant, and the seller (or buyer) under the second RepoClear Contract or relevant RepoClear Term £GC

Contract, as the case may be to the buying (or selling) Trading System Participant.

REGULATION 38 DISPUTES

- (a) In the event of a dispute arising out of, or in respect of, the existence of a trade, or whether it was identified to the Trading System by the Trading System Participants (as defined above) as a trade to be registered by the Clearing House as a RepoClear Contract or RepoClear Term £GC Contract, such dispute shall be settled as provided for in the Trading System Rules, without recourse to the Clearing House. In respect of a dispute arising out of, or in respect of, a registered RepoClear Contract or RepoClear Term £GC Contract, other than a dispute in respect of a matter referred to above as a dispute to be settled as provided for in the Trading System Rules, such dispute shall be settled as provided in the GSC Regulations.

REGULATION 39 DAILY MARGINING OF REPOCLEAR CONTRACTS AND REPOCLEAR TERM £GC CONTRACTS

- (a) This GSC Regulation 39 shall be without prejudice to the Clearing House's rights to require Collateral to be transferred to it under GSC Regulation 15.
- (b) The net present value of each RepoClear Contract and each RepoClear Term £GC Contract shall be calculated by the Clearing House in such manner and at such times as may be provided in the GSC Procedures. Except as prescribed in the GSC Procedures, the net present value calculated by the Clearing House may in no circumstances be challenged.
- (c) Subject to paragraph (d) below, the Clearing House shall require transfer, in accordance with the GSC Procedures, at least daily of cash Collateral to the Clearing House in respect of variation margin from or for the account of a Guaranteed Sponsored Member or its Guaranteeing Agent Member, or will be required to transfer cash collateral in respect of variation margin to such Guaranteed Sponsored Member (through its Guaranteeing Agent Member) or its Guaranteeing Agent Member, representing the change in the net present value of all RepoClear Contracts and RepoClear Term £GC Contracts registered in the Guaranteed Sponsored Member's name for a particular currency from the preceding RepoClear Opening Day (as defined in the GSC Procedures), in an amount calculated in accordance with the GSC Procedures. Transfer of cash collateral shall be made in accordance with and by the time or times stated in the GSC Procedures.
- (d) Interest shall be paid by the Clearing House on cash Collateral (other than Guaranteed Sponsored Member Returned Collateral) transferred to the Clearing House by or for the account of such Guaranteed Sponsored Member and shall be calculated on the basis set out in the GSC Procedures. A Guaranteed Sponsored Member shall pay interest to the Clearing House on cash collateral (other than returned cash collateral) transferred by the Clearing House to the Guaranteed Sponsored Member in respect of variation margin as calculated by the Clearing House on the basis set out in the GSC Procedures.

CHAPTER XII – INTENTIONALLY LEFT BLANK

REGULATION 40 *[INTENTIONALLY LEFT BLANK]*