



## Instruction IV.4-1 Collateral, Variation Margin and Cash Payments

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***For any information regarding the calculation of Margins requirements, please refer to Instruction IV.2-1 (Margin requirements).***

### **Article 1**

For the purposes of this Instruction:

- (i) **"Ancillary System Interface"** means the technical device allowing an ancillary system to TARGET2 to use a range of special, predefined services for the submission and settlement and ancillary systems payment instructions.
- (ii) **"GBP"** means the British pound sterling.

### **Article 2**

Pursuant to Article 2.2.1.1(x) of the Digital Asset Derivatives Clearing Rule Book, the Clearing Member must hold, either directly or through a Payment Agent, at least one TARGET2 Account with one of the central banks listed in a Notice and one cash account in US Dollar with one of the commercial banks listed in a Notice.

Where using a Payment Agent, the Clearing Member enters into an agreement with such Payment Agent whereby the Payment Agent undertakes to pay to, or receive from, LCH SA the amounts in Euro, on behalf of the Clearing Member.

Pursuant to Article 2.2.1.1(x) of the Digital Asset Derivatives Clearing Rule Book, the Clearing Member or the Payment Agent, as relevant, shall evidence that a Power of Attorney has been issued in favour of LCH SA to allow the debiting or crediting of the TARGET2 Account and/or the cash account in US Dollar for the provision of cash Collateral and/or for the purpose of Cash Payments, as the case may be.

The Clearing Member or, as applicable, its Payment Agent, holding a TARGET2 Account shall provide LCH SA with a dully fulfilled TARGET2 form.

If the Clearing Member is represented by a Payment Agent with respect to a TARGET2 Account and/or a cash account in US Dollar, such Clearing Member shall provide LCH SA with a Declaration of Compliance covering its arrangement with its Payment Agent.

***Pursuant to Chapter 4 of Title III and Chapter 4 of Title IV of the Digital Asset Derivatives Clearing Rule Book.***

## Chapter 1 Preliminary provisions relating to Collateral

### Article 3

The amount of Collateral to be provided by a Clearing Member to LCH SA corresponds to the Margin (other than Variation Margin) requirements applicable to such Clearing Member, which are calculated according to the Clearing Member's Open Positions and the evaluation of the Collateral which has already been provided (*i.e.* once the relevant haircuts have been applied).

The Margin (other than Variation Margin) requirements are sent, on a daily basis, to each Clearing Member by LCH SA. In addition, LCH SA shall send the Intra-day Margin requirements once or several times each Clearing Day, pursuant to the terms and conditions described in a Notice.

Clearing Members shall provide LCH SA with Collateral within the time limits set out in a Notice.

### Article 4

The Collateral posted by a Clearing Member to LCH SA is allocated or registered in the relevant Collateral Account held by LCH SA in the name of that Clearing Member exclusively in accordance with the instruction of the Clearing Member. Any Collateral that remains unallocated after a timeline specified in a Notice will be returned to the Clearing Member.

Collateral posted to cover Client Open Positions of a Clearing Member shall aim at securing the Open Positions registered in the Clearing Member's Client Position Accounts only. Such Collateral shall not secure the Open Positions registered in the Clearing Member's House Position Account.

### Article 5

Collateral provided to satisfy Margins (other than Variation Margin) requirements may be provided in Securities and Currencies, including Euro.

The deposits of Collateral in Securities, non-Euro cash and Euro cash are not mutually exclusive.

LCH SA, when calculating the amount of Margin already available within the Clearing Member's Collateral Accounts, shall take the following assets into account according to the following priority rule: (i) first, Securities; (ii) then non-Euro cash; and (iii) last of all, Euro cash.

### Article 6

The arrangements entered into by Clearing Members in order to meet their Margin obligations towards LCH SA related to their Open Positions on any Approved Trade Source System shall be notified in writing to LCH SA.

These arrangements shall also apply, where possible regarding the technical constraints, to the Clearing Member's contribution to the Digital Asset Derivatives Default Fund.

## Article 7

Pursuant to the "Settlement Finality Directive"<sup>1</sup> and the "Collateral Directive"<sup>2</sup>, any matters arising in relation to book entry securities Collateral (*i.e.* the legal nature, proprietary effects and validity and enforceability of such securities collateral) shall be governed by the law of the country in which the relevant account is maintained.

As a principle, the Collateral that LCH SA is provided with in order to secure the Clearing Members' financial obligations shall be transferred in full ownership, including when the triparty Collateral solution set out in Chapter 4 of this Instruction is used. Clearing Members may also provide Securities as Collateral by way of a Belgian law security interest pursuant to and in accordance with Chapter 3 of this Instruction.

## Article 8

If it experiences liquidity constraints, LCH SA may, at any time, impose, by way of a Notice which will come into force at a date to be specified in such Notice, any additional limits, restrictions or increase haircuts in relation to the posting by Clearing Members of Collateral in non-Euro cash or Securities to cover Margin (other than Variation Margin) requirements.

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- 1 Article 9(2) of Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement system provides that "*where securities, including rights in securities, are provided as collateral security to participants, system operators or to central banks of the Member States or the European central bank as described in paragraph 1, and their right or that of any nominee, agent or third party acting on their behalf with respect to the securities is legally recorded on a register, account or centralised deposit system located in a Member State, the determination of the rights of such entities as holders of collateral security in relation to those securities shall be governed by the law of that Member State*". This article was implemented into French law in article L. 330-2, IV of the French Monetary and Financial Code.
  - 2 Article 9 of Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements provides that "*any question with respect to any of the matters specified in paragraph 2 arising in relation to book entry securities collateral shall be governed by the law of the country in which the relevant account is maintained*". This article was notably implemented into French law in article L. 211-39 of the French Monetary and Financial Code.
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## Chapter 2 Deposits of Cash and Securities as Collateral by Clearing Members to LCH SA

As set out above, Clearing Members can transfer Collateral to LCH SA in cash or Securities in order to meet their Margin (other than Variation Margin) requirements.

### Section 1 Transfer of cash

#### A. Eligible Currencies as Collateral

##### Article 9

A Clearing Member can provide LCH SA with cash Collateral in one of the Currencies set out on LCH SA's website to meet its Margin (other than Variation Margin) requirements.

The transfer in full ownership of cash transferred as Collateral to LCH SA occurs when the relevant LCH SA's accounts are credited.

##### Article 10

Payments in Euro are performed through LCH SA's access to the Ancillary System Interface of TARGET2 for final payment in TARGET2 and credited on a TARGET2 Account opened in the name of LCH SA in the books of Banque de France, within the time limits set out in a Notice.

For this purpose, pursuant to the Power of Attorney granted to LCH SA by the Clearing Member in accordance with Article 2.2.1.1(x) of the Digital Asset Derivatives Clearing Rule Book, LCH SA shall debit and credit the relevant TARGET2 Account held by the Clearing Member (or its Payment Agent) with one of the central banks listed in a Notice.

##### Article 11

LCH SA pays/debits interest on/from cash contributions. The enforceable interest rates are published on LCH SA's website.

##### Article 12

Payments in Currencies other than Euro are credited on accounts opened in the name of LCH SA with the relevant CSD, securities settlement systems, national central banks or commercial banks described in a Notice, in compliance with the time limits set out in a Notice, on the day of issuance of the situation report.

As for payments in Currencies other than Euro, LCH SA applies a haircut on the equivalent amount in Euro converted on the basis of the currency exchange rate, as published by the relevant financial data provider and provided to the Clearing Members in files downloaded the evening preceding the making of the deposit. The applicable haircut is published in a Notice.

## **Article 13**

The cash transferred as Collateral by Clearing Members to LCH SA is invested in cash or highly liquid financial instruments in accordance with EMIR.

### **B. Re-use of the cash by LCH SA**

## **Article 14**

For the sake of clarity, as Collateral provided in cash is transferred by Clearing Members in full ownership to LCH SA, the latter shall benefit from all the prerogatives attached to such transfer of ownership, and notably the right to use such cash and to offset it with all related claims.

Notwithstanding the above, the re-use of deposited cash Collateral is applicable within the limits of LCH SA's relevant internal policies and all applicable legal and regulatory provisions governing Collateral provided to LCH SA acting as a clearing house and a securities settlement system.

### **C. Realisation of the cash Collateral upon an Event of Default of a Clearing Member**

## **Article 15**

Upon an Event of Default of a Clearing Member, LCH SA, as the owner of the cash Collateral, shall apply such Collateral towards the fulfilment of the Clearing Member's remaining obligations set out in the Digital Asset Derivatives Clearing Rule Book.

## **Section 2 Transfer of Securities**

### **A. Nature of the Securities transferred to LCH SA**

## **Article 16**

A Clearing Member can provide LCH SA with the Securities listed on LCH SA's website as Collateral (additional eligibility criteria per category of Security may be set out in a Notice). However, shares and certain Securities mentioned in a Notice will not be eligible as Collateral provided: (i) by way of a Belgian law security interest, pursuant to and in accordance with Chapter 3 of this Instruction; and (ii) using the triparty Collateral solution set out in Chapter 4 of this Instruction.

For risk management purposes, LCH SA does not accept the deposit of "self-issued Securities" as Collateral, *i.e.* a Clearing Member's own Securities.

Securities Collateral provided by a Clearing Member shall, in cases mentioned in a Notice, be taken into account to satisfy the Margin (other than Variation Margin) requirements of such Clearing Member up to a cap set out by LCH SA in a Notice. For the avoidance of doubt, the relevant Securities Collateral provided in excess of such cap shall be ignored for the purposes of determining whether the Margin (other than Variation Margin) requirements of such Clearing Member are satisfied in accordance with the provisions of a Notice.

## Article 17

Except with respect to Securities provided as Collateral by way of a Belgian law security interest pursuant to and in accordance with Chapter 3 of this Instruction, the Securities shall be credited on accounts opened in the name of LCH SA with the relevant CSD, securities settlement systems, national central banks or commercial banks described in a Notice or with the triparty agents mentioned in Chapter 4 of this Instruction with respect to Securities provided as Collateral using the triparty Collateral solution, on the day when the situation report has been issued and within the time limits set out in a Notice.

The transfer in full ownership of Securities as Collateral to LCH SA occurs when the relevant accounts are credited, in accordance with:

- (i) Articles L. 211-38, L. 330-2, L. 440-7 and L. 440-8 of the French Monetary and Financial Code;
- (ii) Article 261 n°4 of the Portuguese Securities Code; or
- (iii) Article 12 of the Belgian law dated 15 December 2004 "*relative aux sûretés financières et portant des dispositions fiscales diverses en matière de conventions constitutives de sûreté et de prêts portant sur des instruments financiers*".

## Article 18

In order to calculate the Margin (other than Variation Margin) requirements, LCH SA re-evaluates, on a daily basis, Securities Collateral in the light of their market value, as published by the relevant financial data provider, and shared with the Clearing Members via files which can be downloaded prior to the Margins call.

The above principle also applies to Intra-day Margin requirements. The revaluation rules are set out in a Notice.

## Article 19

A discount rate ("*haircut*"), as published on LCH SA's website, shall be applied to Securities posted as Collateral according to the estimated risk incurred on such Securities.

## Article 20

Clearing Members must inform LCH SA, through their collateral management system, of each deposit or return of Collateral in Securities and specify the relevant allocation of such Collateral among their Margin accounts.

Notifications of movements for value on day D must be received by LCH SA within the time limits set out in a Notice.

Consequently, and at the Clearing Member's request, the available balance can be modified and a new situation report can be issued.

The Securities posted as Collateral shall be taken into account by LCH SA and revaluated at their real time price at the Intra-day calculation session, if they are credited:

- (i) on an LCH SA's account held at the relevant CSD;

- (ii) with respect to Securities provided as Collateral using the triparty Collateral solution set out in Chapter 4 of this Instruction, on an LCH SA's account held at the triparty agent; or
- (iii) with respect to Securities provided as Collateral by way of a Belgian law security interest pursuant to and in accordance with Chapter 3 of this Instruction, on the special pledged accounts opened in Euroclear Bank's books,

within the time limits set out in a Notice.

#### **Article 21**

Upon request, LCH SA shall return Collateral in Securities to the Clearing Member, provided that such Clearing Member has previously deposited other Collateral to fulfil its Margin (other than Variation Margin) requirements and/or has fulfilled all its payment obligations towards LCH SA.

#### **Article 22**

With regards to any corporate events on shares provided to LCH SA as Collateral, the Clearing Member can elect between one of the following options for the payment of dividends:

- (i) dividends in shares are credited free of charges, less any relevant withholding tax, to the Clearing Member's account held by the relevant depository;
- (ii) dividends in cash are credited, less any relevant withholding tax, on the Clearing Member's TARGET2 Account, as soon as LCH SA's relevant account has been credited with such dividends in cash;
- (iii) the shares are credited cum dividend, less any relevant withholding tax.

#### **Article 23**

Save as otherwise agreed between LCH SA and the Clearing Member, with respect to:

- (i) Securities provided as Collateral by way of a Belgian law security interest pursuant to and in accordance with Chapter 3 of this Instruction; and/or
- (ii) Securities provided as Collateral using the triparty Collateral solution as set out in Chapter 4 of this Instruction,

a subscription or allotment right which can be detached from a Security provided as Collateral will be remitted to the Clearing Member's account held with the relevant depository or triparty agent as soon as LCH SA's account has been credited with the relevant right.

#### **Article 24**

In the case of a lengthy suspension of a Security, the Clearing Member shall deposit, in replacement of such Security, any other Collateral accepted by LCH SA.

In this case, LCH SA shall then return the suspended Security.

## **Article 25**

Securities provided as Collateral are automatically returned by LCH SA to the Clearing Member in the case of a take-over bid, public exchange offer, split or reverse split with respect to the issuer of the relevant Securities.

## **Article 26**

When debt Securities reach, or are about to reach, the minimum term to maturity, as specified in the list of Securities that may be provided as Collateral published on LCH SA's website, Clearing Members shall remove such debt Securities which no longer comply with Collateral eligibility criteria from Collateral provided to LCH SA. Such Collateral movements shall be performed within time limits set for Collateral deposits and returns as defined in a Notice.

## **Article 27**

In order to ensure that Securities held as Collateral by LCH SA remain sufficiently liquid and sufficiently diversified at all times, LCH SA monitors the credit quality, market liquidity and price volatility of each such Security.

For this purpose, with regards to specific Securities and/or issuers, LCH SA is entitled to take specific measures which may apply to all Clearing Members or one of them, such as:

- (i) modify the discount rate ("*haircut*");
- (ii) add concentration limits; and/or
- (iii) exclude and/or limit the eligibility of certain Securities as Collateral, notably, but not only, if such Securities are issued by a company belonging to the same Financial Group of a relevant Clearing Member.

### **B. Re-use of the Securities by LCH SA**

## **Article 28**

For the sake of clarity, and except with respect to Securities provided as Collateral by way of a Belgian law security interest pursuant to and in accordance with Chapter 3 of this Instruction, since the Securities are transferred in full ownership to LCH SA, including when the triparty Collateral solution as set out in Chapter 4 of this Instruction is used, LCH SA shall benefit from all the prerogatives attached to such transfer of ownership, and notably the right to use/(re)sale such Securities and to offset it with all related claims.

LCH SA shall return such Securities, or equivalent Securities, to the Clearing Member when its Margin (other than Variation Margin) requirements have been fulfilled, or set off such Securities with any related claim of the Clearing Member.

Notwithstanding the above, the re-use of deposited Collateral is applicable within the limits of LCH SA's relevant internal policies and all applicable legal and regulatory provisions governing Collateral provided to LCH SA acting as a clearing house and a securities settlement system.

## **C. Realisation of the Securities Collateral upon an Event of Default of a Clearing Member**

### **Article 29**

Upon an Event of Default of a Clearing Member, and except with respect to Securities provided as Collateral by way of a Belgian law security interest by a Clearing Member pursuant to and in accordance with Chapter 3 of this Instruction for which the realisation upon an Event of Default of a Clearing Member is set out in another Instruction, LCH SA, as the owner of the Securities Collateral, including when the triparty Collateral solution as set out in Chapter 4 of this Instruction is used, shall sell such Securities off to fulfil the Clearing Member's remaining obligations set out in the Digital Asset Derivatives Clearing Rule Book.

## **Chapter 3 Collateral provided by the Clearing Members via a Pledge Agreement**

### **Article 30**

Subject to any terms and conditions in connection therewith, a Clearing Member may post the Securities listed on LCH SA's website as Collateral to satisfy the Margin (other than Variation Margin) requirements by way of a Belgian law security interest with no title transfer pursuant to the terms of a pledge agreement to be entered into between LCH SA and the Clearing Member ("**Pledge Agreement**") and in accordance with the provisions of this Instruction.

Collateral provided by a Clearing Member via the Pledge Agreement shall be taken into account to satisfy the Margin (other than Variation Margin) requirements of such Clearing Member up to a cap set out by LCH SA in a Notice. For the avoidance of doubt, Collateral provided via the Pledge Agreement in excess of such cap shall be ignored for the purposes of determining whether the Margin (other than Variation Margin) requirements of such Clearing Member are satisfied.

### **Article 31**

The Pledge Agreement shall be governed by and construed in accordance with Belgian law.

In the event of any conflict between the terms of, on the one hand, the Pledge Agreement and, on the other hand, the Digital Asset Derivatives Clearing Rule Book, this Instruction and any related Notices, the terms of the Pledge Agreement shall prevail to the extent permitted by law.

### **Article 32**

A Clearing Member wishing to post Collateral by way of a Belgian law security interest will be required to enter into a Pledge Agreement with LCH SA which is governed by Belgian law (in particular the Belgian Royal Decree n° 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated in 2004) and the Law of 15 December 2004 on financial collateral implementing the Directive 2002/47/EC on financial collateral arrangements as amended from time to time).

Additionally, LCH SA and the Clearing Member will be required to enter into standard form documentation with Euroclear Bank, taking the form of the Single Pledgor Pledged Account Terms and Conditions ("**SPPA**").

Under the SPPA, Euroclear Bank agrees to act as pledge holder in accordance with the terms set out in the SPPA.

### **Article 33**

LCH SA and each Clearing Member posting Collateral pursuant to the Pledge Agreement will open a separate special pledged account in Euroclear Bank's books in respect of each House Collateral Account (the "**House Pledged Account(s)**") and/or Client Collateral Account (the "**Client Pledged Account(s)**") for which the Clearing Member wishes to post Collateral using such solution.

The House Pledged Account(s) and the Client Pledged Account(s) shall be referred to together as the "**Pledged Accounts**" and individually as a "**Pledged Account**".

The Pledged Account(s) shall be held in the name of LCH SA as pledgee. However, the title in the pledged Collateral shall not be transferred to LCH SA (see Article 2 in fine and Article 13 of the Royal Decree 62 – the pledgee only acts as a "custodian" and does not become the owner of the Securities (ownership stays with the pledgor)).

### **Article 34**

Clearing Members may post Securities eligible pursuant to this Instruction as Collateral in accordance with the terms set forth in the Pledge Agreement, the SPPA and the Terms and Conditions Governing Use of Euroclear to fulfil its Margin (other than Variation Margin) obligations, and pursuant to the terms and conditions described in a Notice.

Where Collateral is recorded in a Clearing Member's Pledged Account, LCH SA shall use information and data provided or made available to LCH SA by Euroclear Bank to determine what Collateral recorded in such Clearing Member's Pledged Account should be taken into account for the purposes of calculating the Margin balance in respect of a particular Account Structure.

### **Article 35**

For the avoidance of doubt, when entering into a Pledge Agreement with LCH SA and posting Collateral by way of a Belgian law security interest, the relevant Clearing Member shall accept to comply with the performance of its obligations pursuant to the Pledge Agreement as part of its continuing membership requirements, and the circumstances where the Clearing Member fails to comply with any of its obligations under the Pledge Agreement, or is likely to become unable to comply with any of its obligations under the Pledge Agreement, shall constitute a Contractual Event of Default.

### **Article 36**

LCH SA shall be prevented from using for any purpose, re-hypothecating or transferring Collateral delivered by any Clearing Member and pledged to LCH SA pursuant to the collateral arrangement described in this Chapter 3, without prejudice to the rights of LCH SA upon the occurrence of an Event of Default affecting this Clearing Member.

#### **Article 37**

Save as otherwise stipulated in, or inconsistent with the terms of, this Chapter 3 of this Instruction, the provisions of Chapter 1 and Chapter 2 of this Instruction shall also apply to Securities provided as Collateral under the Pledge Agreement.

### **Chapter 4 Collateral provided by Clearing Members using the Triparty Collateral Solution**

#### **Article 38**

Subject to any terms and conditions in connection therewith, a Clearing Member may post the Securities listed on LCH SA's website as Collateral to satisfy the Margin (other than Variation Margin) requirements (or a portion thereof) using the triparty Collateral solution with a transfer in full ownership of such Securities to LCH SA in accordance with the provisions of this Instruction.

#### **Article 39**

In order for a Clearing Member to transfer eligible Securities as Collateral to LCH SA using triparty collateral transactions pursuant to a triparty arrangement, such Clearing Member, the relevant triparty agent (Euroclear Bank or Euroclear France) and LCH SA must have completed and signed the relevant triparty documentation, made available by the triparty agent and LCH SA to such Clearing Member (the "**Triparty Documentation**").

Under the Triparty Documentation, the relevant triparty agent will be authorised by LCH SA and the Clearing Member to enter settlement instructions on their behalf into the relevant securities settlement system to perform transfer in full ownership of Securities as Collateral between LCH SA and the Clearing Member.

#### **Article 40**

Eligibility criteria, besides those listed on LCH SA's website and including, without limitation, Securities eligible for posting of Collateral using the triparty Collateral solution, applicable haircuts and concentration limits, are set out on LCH SA's website, in a Notice and in the Triparty Documentation.

Such eligibility criteria may be amended unilaterally by LCH SA from time to time, subject to the prior consent of the relevant triparty agent.

#### **Article 41**

Corporate events related to Securities provided as Collateral using the triparty Collateral solution shall be managed by the relevant triparty agent in accordance with the Triparty Documentation.

#### **Article 42**

For the avoidance of doubt, when entering into the Triparty Documentation with LCH SA and the triparty agent, and posting Collateral by way of the triparty Collateral solution, the relevant Clearing Member shall accept to comply with the performance of its obligations pursuant to the Triparty Documentation as part of its continuing membership requirements, and the circumstances where the Clearing Member

fails to comply with any of its obligations under the Triparty Documentation, or is likely to become unable to comply with any of its obligations under the Triparty Documentation, shall constitute a Contractual Event of Default.

#### **Article 43**

Save as otherwise stipulated in, or inconsistent with the terms of, Chapter 4 of this Instruction, the provisions of the Chapter 1 and Chapter 2 of this Instruction shall also apply to Securities provided as Collateral by way of the triparty Collateral solution.

## **Chapter 5 Preliminary provisions relating to Cash Payments, including Variation Margin**

#### **Article 44**

The provisions of Chapter 5 to Chapter 7 of this Instruction apply to all Cash Payments to be performed within the framework of the Digital Asset Derivatives Clearing Services.

#### **Article 45**

The term "*Cash Payment*" shall amount to any payment due by a Clearing Member to LCH SA, or to be received by a Clearing Member from LCH SA, resulting from:

- (i) exercise or expiry of respectively option or futures contracts relating to Digital Asset Derivatives;
- (ii) Variation Margin;
- (iii) Option Premiums;
- (iv) financial corrections;
- (v) any fees due to LCH SA; and
- (vi) any other cash amounts (other than Collateral contributions).

#### **Article 46**

Cash Payments shall be made by Clearing Members within the time limits set out on LCH SA's website.

## **Chapter 6 Arrangements related to Cash Payments in Euro**

### **Section 1 Common provisions**

#### **Article 47**

The provisions of this Chapter 6 are applicable to any Cash Payment made in Euro under the Digital Asset Derivatives Clearing Rules.

#### **Article 48**

Cash Payments in Euro are made in the conditions set forth in Article 10 above.

#### **Article 49**

Cash Payments made on a same Clearing Day shall be netted per call.

### **Section 2    Transfer of excess of cash**

#### **Article 50**

If the Clearing Member wishes to avoid the daily payment through LCH SA access to Ancillary System Interface, it should transfer excess cash in Euro to the TARGET2 Account of LCH SA held with the *Banque de France*.

#### **Article 51**

The Clearing Member shall transfer the funds to LCH SA (Treasury Operations) via TARGET2 Account at the latest before 10.00 a.m. CET for value date D.

#### **Article 52**

This excess cash in Euro shall be registered in an account held in the name of the Clearing Member in the books of LCH SA.

#### **Article 53**

In the event of any amount due to LCH SA, the excess cash will be debited from the corresponding amounts.

If the amount due to LCH SA exceeds the available excess cash transferred by the Clearing Member to LCH SA, LCH SA shall call for payment, as relevant, the Clearing Member (or its Payment Agent) on its TARGET2 Account.

In the event of any amount due by LCH SA to the Clearing Member, the excess cash will be increased by the corresponding amount.

#### **Article 54**

The excess cash is transferred by the Clearing Member to LCH SA outright under the terms set forth in Article L. 211-38 of the French Monetary and Financial Code.

#### **Article 55**

LCH SA will apply interest on this excess cash according to the conditions set out in its fee grid.

## Chapter 7 Arrangements related to Cash Payments in US Dollar

### Article 56

A Clearing Member clearing Digital Asset Derivatives Transactions denominated in US Dollar shall carry out its Cash Payments on any day that is a day on which commercial banks in New York City are open for business by crediting directly or indirectly accounts opened by LCH SA in the books of one of the eligible banks listed in a Notice.

For this purpose, pursuant to the Power of Attorney granted to LCH SA by the Clearing Member in accordance with Article 2.2.1.1(x) of the Digital Asset Derivatives Clearing Rule Book, LCH SA shall debit and credit the relevant cash account in US Dollar held by the Clearing Member (or its Payment Agent) with one of the eligible banks listed in a Notice.

Where Powers of Attorney are not accepted under the rules of an eligible bank listed in a Notice, the Clearing Member shall be obliged to credit directly, at the beginning of each Clearing Day, within one hour following LCH SA's request to do so and based on information provided by LCH SA, the account(s) opened by LCH SA in the books of the same bank.

Without prejudice to the above, in any circumstance preventing the Cash Payments from being performed in US Dollar, LCH SA shall be entitled, and inform the Clearing Members of its intention, to convert, using a reasonable rate of exchange, any amount denominated in US Dollar in Euro. As a consequence, the Cash Payments shall be performed in Euro, in accordance with the provisions of Chapter 6 of this Instruction.

### Article 57

Clearing Members may allow their Clients or Trading Members to fulfil their Cash Payments obligations/requirements in a Currency different from the Currency of the Digital Asset Derivatives, provided that daily adjustments are made to reflect exchange-rate fluctuations.