



**OPERATING RULES
FOR
TRANSACTIONS ON BLUENEXT DERIVATIVES®**

**SUPPLEMENTING THE ADMISSION AGREEMENT FOR
DERIVATIVES TRANSACTIONS**

Enforceable on August 19th, 2008

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TITLE 1 – DEFINITIONS AND GENERAL PROVISIONS

Chapter 1 – Definitions

For the purpose of the Terms of Business the following capitalised terms shall, unless specified otherwise, have the respective meanings set out below:

Account Structure means all accounts registered in the Clearing System in the name of one Clearer relying on the house and Client segregation for administrative, risk and settlement purposes.

Admission Agreement means the written agreement entered into between LCH.Clearnet SA and a Clearer whereby the latter applies for acting as Clearer on Bluenext Derivatives and agrees inter alia to abide by Title 2 and admitted by LCH.Clearnet SA to clear Transactions traded on any market cleared through the Clearing System (including Transactions) either under the conditions set-up in the Terms of Business in other legal documentation issued by LCH.Clearnet SA. Clearers are, among others, admitted these Operating Rules, as amended from time to time.

Admitted Person means a person that fulfils membership criteria identical to those set-out under Chapter 1 of Persons.

Agreement means the written agreement to be entered into between the Clearer and each of the Market Member(s) for the account of which the Clearer is acting as principal vis-à-vis LCH.Clearnet SA, in accordance with the provisions of Article 2.2.2.1 et seq. of these Operating Rules.

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.

Applicant means a legal person that wishes to be admitted as a Clearer.

Bluenext Derivatives means the multilateral trading facility organised by Bluenext S.A., licensed as an investment firm, on which orders to purchase or sell Products are executed between Market Members pursuant to the Market Rules, and then resulting in Transactions.

Bluenext Futures EUA mean futures traded on Bluenext Derivatives, which are financial instruments within the meaning of Article D. 211-1 A I 8° of the French Monetary and Financial Code, providing for the physical delivery of European Union Allowance (or EUA).

Bluenext Futures CER mean futures traded on Bluenext Derivatives, which are financial instruments within the meaning of Article D. 211-1 A I 8° of the French Monetary and Financial Code, providing for the physical delivery of Certified Emission Reduction (or CER).

Capital means shareholders' equity determined by LCH.Clearnet SA on the basis of the Capital Adequacy Directive, comprised of core capital (tier 1) and supplementary capital (tier 2).

Capital Adequacy Directive means the Directive 2006/49/EC of June 14th, 2006 on the capital adequacy of investment firms and credit institutions.

CDC means *Caisse des Dépôts et Consignations*, in its capacity as manager of the French Greenhouse Gas Emissions Registry (SERINGAS).

CDC Allowances Account means an account opened, in the name of the Clearer or LCH.Clearnet SA, as the case may be, with CDC in order to register EUA or CER as the case may be.

CDC Allowances Account Agreement means the agreement entered into between the Clearer and CDC regarding the opening and operation of the CDC Allowances Account.

Change in Circumstances means any event specified as such in Article 2.2.1.2-2 of these Operating Rules.

Clearer means a legal entity that has signed the Admission Agreement and acts as an Individual Clearer or a General Clearer.

Clearing Day means a day on which the banks are open to clear interbank Transactions and determine market references in the financial centre in question, and during which the TARGET2 system and the Clearing System are open.

Clearing Fees mean the fees collected by LCH.Clearnet SA from the Clearer in accordance with the provisions, as indicated on the LCH.Clearnet SA Treasury Fee Grid available on the LCH.Clearnet SA website, in connection with services provided by LCH.Clearnet SA to the Clearer under these Operating Rules.

Clearing Fund means the collective system of collateralisation of commitments for Admitted Persons as set out in a Notice of these Operating Rules.

Clearing System means Clearing 21®, the relevant IT system managed by LCH.Clearnet SA and giving a technical access to the services provided by LCH.Clearnet SA under these Operating Rules.

Client means any person, other than a Market Member, which has opened accounts with respect to the trading of Products in the books of the Clearer.

Collateral means cash denominated in Euro or in Eligible Currencies, and securities meeting the conditions set out in Title 4 - Chapter 4 of these Operating Rules.

Competent Authority means any authority recognised by its home member state as such under the terms of Capital Adequacy Directive or Markets in Financial Instruments Directive.

Delivery Initial Margin means a supplemental Margin that covers the price variation on the spot market during the delivery period.

Eligible Currencies mean the currencies listed in Article 4.4.2.1-3 of these Operating Rules (excluding Euro).

Financial Group means two companies belonging to the same Financial Group where one exercises a "control" over the other. Such control exists when one such company:

- directly or indirectly holds a fraction of the share capital that confers it the majority of voting rights in the other company's shareholders' meetings.
- holds the majority of the voting rights in the other company, pursuant to an agreement with the other company's other shareholders and partners.
- in practice, takes the decisions of the other company in its shareholders' meetings, by virtue of the voting rights that it holds.

The parent company is presumed to exercise a control over the other when it directly or indirectly holds more than 40 % of the voting rights and no other shareholder holds more.

General Clearer means a Clearer acting pursuant to these Operating Rules with respect to Transactions which have been dealt for its own account or have been concluded for the account of Client(s) or Market Member(s).

Give-Up means an intra-day process by which a Trade Leg or a part of it is transferred:

- by a Clearer ("the allocator") to another one ("the allocatee") after the explicit agreement of the allocatee, or;
- by a Clearer within its Account Structure from a Position Account to another, the two relevant Position Accounts must belong to two different Market Members (the Clearer possibly being a Market Member itself).

This can be done upon the request of a Market Member which Transactions are cleared by a General Clearer.

Individual Clearer means a Clearer acting pursuant to these Operating Rules with respect to Transactions which have been dealt for its own account or have been concluded for the account of Client(s).

Initial Margin means the amount calculated by LCH.Clearnet SA to cover the liquidation risk and resulting from the Open Positions as a result of Transactions being registered in the name of the Clearer by LCH.Clearnet SA, pursuant to the provisions of Articles 4.1.2.1 et seq. of these Operating Rules.

ITL (International Transaction Log) means the international registry as mentioned in Article 7 of the regulation 2216/2007.

Legacy Trade means the registration of historical Transactions on Products outside the Order Book as described in the Market Rules.

Letter of Credit means a letter of credit issued by a bank (*garantie à première demande*) in the form of the model issued by LCH.Clearnet SA.

Margin means the Initial Margin, the Variation Margin, the Intra-day Margin and any Margin related to delivery and any other additional margins calculated by LCH.Clearnet SA pursuant to Title 4 - Chapter 2 of these Operating Rules.

Margin Account means the account opened by LCH.Clearnet SA in its books in the name of the Clearer, prior to the signature of the Admission Agreement. This account is intended to record cash and securities provided by the Clearer as Collateral, which are thus transferred in full ownership to LCH.Clearnet SA in accordance with the provisions of Article L 431-7-3 of the French Monetary and Financial Code.

Margin Call means a call for Margin.

Markets in Financial Instruments Directive means the Directive 2004/39/EC of April 21st, 2004 on markets in financial instruments.

Market Member means a legal entity that has signed a Bluenext Derivatives membership agreement, and whose membership in Bluenext Derivatives is subject to the signature of an Agreement with a Clearer or the signature of the Admission Agreement if the Market Member is the Clearer. The Clearer must have the status of Market Member, subject, if need be, to the sole reservation that the Admission Agreement is signed.

Market Rules mean the set of the document entitled "Bluenext Derivatives Market Rules" produced by Bluenext S.A. and applicable to Bluenext Derivatives, all related notices and instructions, including subsequent amendments thereto.

Material Reason means any event specified in Article 4.6.0.1 of these Operating Rules.

Maturity Date means the date when the Products can no longer be traded on the Bluenext markets.

Notice means any document issued as such by LCH.Clearnet SA, as amended from time to time, informing Clearers of specific matters pertaining to the activities governed by the Terms of Business and which is binding upon the Clearers. Unless stated otherwise, Notices may only implement the main principles laid down in these Operating Rules.

Open Position means the net sum of the Trade Legs.

Operating Rules mean the rules set in this document as interpreted, completed by Notices.

Order Book means the centralisation by the trading system of Bluenext Derivatives of buy and sell orders on Products.

OTC Trades mean the registration as described in the Market Rules of Transactions on Products outside the Order Book.

Payment Module Account (PM Account) means an account held by a TARGET2 participant in TARGET2 payment module with a Eurosystem Central Bank which is necessary for such TARGET2 participant to: (a) submit payment orders or receive payments via TARGET2; and (b) settle such payments with such Eurosystem Central Bank.

Payment Participant means a third party holding a PM Account that the Clearer can use to fulfil its obligations toward LCH.Clearnet SA under the Terms of Business.

Performance Bond Account means an account opened by LCH.Clearnet SA in the name of the Clearer within the Account Structure in the Clearing System for risk management purposes, on which Open Positions are netted in order to calculate the Margin requirements of such Clearer.

Position Account means an account opened by LCH.Clearnet SA at the request and in the name of the Clearer within the Account Structure in the Clearing System in order to register all Trade Legs.

Posting means the process whereby a Clearer registers a Trade Leg or part of it on a Position Account within its Account Structure according to the parameterisation in the Clearing System or the clearing information entered in the trading system.

Power of Attorney means the authority given either by the Clearer (when it has the status of Direct Participant in the LCH.Clearnet SA access to Ancillary System Interface) or its Payment Participant (when the Clearer has designated a Payment Participant) to LCH.Clearnet SA to allow the latter to act in the name of the Clearer or its Payment Participant.

Products mean the Bluenext Futures EUA and the Bluenext Futures CER.

Quotation Provider means a liquidity provider as defined in the Market Rules who has undertaken and been authorised by BlueNext Derivatives to enhance the market liquidity of Products in accordance with the Market Rules.

Secondary Delivery Registry means the back up registry in case SERINGAS is unavailable for more than 5 days. The Secondary Delivery Registry is defined in a Notice.

Settlement Price means a benchmark price provided by Bluenext S.A. and used daily for the calculation of the Variation Margins and for the valuation of the Open Positions. The method of calculation of the Settlement Price is set out in the Market Rules.

Specified Indebtedness means any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

Systems and Operations mean all parts and components of the technical system of the Clearer, including hardware and software that is operated and maintained by or on behalf of a Clearer to act as a Clearer pursuant to these Operating Rules together with the procedures that are in place to operate such system, including risk management provisions.

TARGET2 means Trans European Automated Real Time Gross Settlement Express Transfer. It is the interbank payment system for the real-time processing of cross-border transfers throughout the European Union.

Termination Date has the meaning specified in the Admission Agreement.

Terms of Business means the Admission Agreement, these Operating Rules and Notices published by LCH.Clearnet SA as amended from time to time.

Trade Leg means either a payment obligation (including, for the avoidance of doubt, the obligation to pay the Trading Price) or a delivery obligation vis-à-vis LCH.Clearnet SA resulting from a Transaction

registered by LCH.Clearnet SA, in the name of the Clearer, executed for the latter's own account or for the account of a third party.

Trading Day means the day during which, in accordance with Market Rules, the execution of an order results in the conclusion, registration and validation of one or more Transactions by Bluenext S.A.

Trading Member means a legal entity (other than a Clearer) that: (i) has been admitted to the membership in a market (other than those operated by a Bluenext) and (ii) that has signed an agreement with a legal entity that has been admitted to LCH.Clearnet SA membership for the clearing of the transactions traded on the relevant market and pursuant to the relevant market rules and (iii) that is defined as such in the appropriate legal documentation issued by LCH.Clearnet SA.

Trading Price means, with respect to a given Transaction, the amount in Euro for which a Product has been purchased on Bluenext Derivatives.

Transactions means the sale or purchase of Products carried out on Bluenext Derivatives.

Transfer of Open Positions means the process by which a Clearer transfers:

- either the Open Positions registered in one of its Position Accounts, to another Position Account within its own Account Structure,
- or the Open Positions registered in one or several Position Accounts to the Account Structure of another Clearer.

Underlying means Certified Emission Reduction (CER) or European Union Allowance (EUA) as defined in the contracts specifications in the Market Rules.

Variation Margin means the amount calculated by LCH.Clearnet SA to cover the negotiation risk and resulting from the daily revaluation of the Settlement Price of Clearer's Open Position, pursuant to Article 4.2.3.1 et seq. of these Operating Rules.

Chapter 2 – General Provisions

Section 1 – Operating Rules Modification

1.2.1.1 These Operating Rules may be modified from time to time by decision adopted by LCH.Clearnet SA. Clearers will be informed with reasonable prior notice of each change by any mean as may be specified by LCH.Clearnet SA.

Section 2 – Publication and Effectiveness

1.2.2.1 LCH.Clearnet SA shall ensure publication of the Terms of Business as amended from time to time to all the Clearers or to the relevant category of Clearer through dissemination via posting on its website, or individual notification as appropriate.

1.2.2.2 Amendments to these Operating Rules shall become effective and binding on all Clearers at the earliest upon the tenth Clearing Day following the day of publication or at a later date as specified in such publication.

1.2.2.3 Notices and/or their amendments shall become effective and binding on all Clearers at the earliest upon the Clearing Day following the day of publication or at a later date as specified in such publication.

Section 3 – Other Contractual Documents

1.2.3.1 In addition to the Terms of Business, the documents listed below shall be contractually binding on the Parties to the Admission Agreement, who may invoke the provisions of these documents to their benefit, as well as any violation by either Party of the commitments it has undertaken pursuant to these documents.

1.2.3.2 These documents include:

- Market Rules;
- If applicable, the agreement between the Clearer and a Payment Participant;
- If applicable, the Agreement(s);
- The CDC Allowances Account Agreement; and
- The Power of Attorney.

1.2.3.3 All documents submitted for information purposes and/or validation purposes to LCH.Clearnet SA must be submitted in French, in English or sworn translated in French or in English.

1.2.3.4 These documents could be amended from time to time.

Section 4 – Time Reference

1.2.4.1 Except as otherwise provided herein, references to time shall be to Central European Time (CET).

TITLE 2 – ADMISSION REQUIREMENTS

Chapter 1 – Admission Requirements

Section 1 – Status

2.1.1.1 The following entities are eligible to become Clearer:

1. Credit Institutions having their head office in a European Community (EC) member state or in another state party to the agreement on the European economic area (EEA).
2. Investment firms having their head office in a European Community (EC) member state or in another state party to the agreement on the European economic area (EEA).
3. Any other entity having their head office neither in a European Community member state, nor in a State party to the Agreement on the European economic area but having a comparable status of entities mentioned under 1 and/or 2 above.

Section 2 – Financial Requirements

2.1.2.1 Individual Clearers are required to maintain, at any time, Capital of at least EURO 10 million.

2.1.2.2 General Clearers are required to maintain, at any time, Capital of at least EURO 25 million.

If the Clearer is not able to fulfil this requirement, a Letter of Credit may be accepted in the conditions set forth below to cover the shortfall.

An Individual Clearer with Capital between EUR 5 and EUR 10 million, and a General Clearer with Capital below the amounts stipulated above but in excess of EUR 15 million, must provide a Letter of Credit in favour of LCH.Clearnet SA to cover the shortfall.

In such case the identity of the issuer must be satisfactory to LCH.Clearnet SA.

2.1.2.3 The required Capital for General Clearers depends on the number of Market Member/Trading Member for the account of which the General Clearer is contemplating to act as principal vis-à-vis LCH.Clearnet SA, and is determined as follows:

- EURO 30 million from the tenth Market Member/Trading Member,
- EURO 33.75 million from the fifteenth Market Member/Trading Member,
- EURO 37.5 million from the twentieth Market Member/Trading Member.

2.1.2.4 Any letters of credit that have been issued by a Clearer in favour of LCH.Clearnet SA shall reduce the Clearer's Capital pro tanto.

2.1.2.5 Any Clearer whose Capital at any point falls below the required amount is obliged to immediately ensure it is brought back up to the minimum requirement, without prejudice to the powers of LCH.Clearnet SA specified in the Admission Agreement and Article 4.6.0.1 and 4.6.0.2 of these Operating Rules.

Section 3 – Application Procedure

2.1.3.1 The Admission Agreement is concluded on the basis of the identity of the relevant Clearer and so cannot be assigned or transferred without LCH.Clearnet SA's prior written approval.

2.1.3.2 Any applicant wishing to be admitted as a Clearer by LCH.Clearnet SA must satisfy the following conditions:

- a) be validly incorporated,

- b) undertake to accept the Terms of Business by executing the Admission Agreement,
- c) be the subject of supervision by its Competent Authorities, or of comparable local supervision,
- d) meet the financial requirements as determined by LCH.Clearnet SA from time to time and specified in Section 2 above, and also meet any further requirements as to liquidity and/or solvency as may be set by LCH.Clearnet SA,
- e) meet the quality requirement as specified by LCH.Clearnet SA,
- f) satisfy LCH.Clearnet SA that it has sufficient expertise in relation to clearing activities, that its technical systems and related organisational structure are operationally reliable and that its risk management policy is adequate,
- g) ensure that the persons competent to take decisions will be accessible to LCH.Clearnet SA during working hours of every Clearing Day,
- h) submit details of duly existing accounts for the purposes of payment of cash amounts and deliveries of Underlying, as well as evidence that a Power of Attorney has been issued in favour of LCH.Clearnet SA to allow the debiting or crediting of such accounts for the settlement of Open Positions cleared by LCH.Clearnet SA,
- i) irrevocably authorise such persons as may be specified by LCH.Clearnet SA under the conditions set out in Article 2.2.1.3-1 et seq. below, to inspect its facilities, interview its staff, audit its Systems and Operations, check the proposed procedures (as recorded in writing) and inspect its books, papers and other data, for the purpose of determining whether these Operating Rules are being properly complied with,
- j) have at its disposal the technical environment to be connected to the relevant Clearing System managed by LCH.Clearnet SA,
- k) where it is incorporated outside the EEA, satisfy LCH.Clearnet SA, by providing a legal opinion from a local counsel, that its domestic law system will not inhibit the ability of LCH.Clearnet SA to act effectively under these Operating Rules; LCH.Clearnet SA can at its discretion request the same legal opinion to any applicant which is incorporated inside the EEA,
- l) satisfy such other requirements as may be imposed by LCH.Clearnet SA generally or for a category of Clearers,
- m) notify to LCH.Clearnet SA the details of the CDC Allowances Account opened in its name, and
- n) provide LCH.Clearnet SA with a copy of the CDC Allowances Account Agreement once it has been signed by CDC and the Clearer,
- o) provide LCH.Clearnet with an executed copy of the document entitled "Declaration of Compliance of the Agreement" contained in the application for admission, and
- p) provide LCH.Clearnet with an executed copy of the document entitled "Declaration of Compliance of the Paying Agent Agreement" contained in the application for admission.

2.1.3.3 Applicants that are not established under the law of France or any other country that may be specified by LCH.Clearnet SA, shall provide LCH.Clearnet SA, before they can become Clearer, with all relevant information on rules and regulations that are in force in their home State, which deal with clearing activities especially those concerning the supervision of Clearers, the rules and regulations on settlement finality and those rules and regulations that concern the registration of Transactions and the resolution of delivery fails between the Clearer and its Clients.

2.1.3.4 LCH.Clearnet SA shall examine the information in the admission application and inform the applicant of its admission decision by ordinary mail within one month following the date of receipt of all documents to be included in the application. Should the information contained in the application be incomplete or unsatisfactory, LCH.Clearnet SA shall have the right to require additional information from the applicant. The period within which the applicant must be informed of the decision of LCH.Clearnet SA shall run from the receipt of the complete admission application, including any additional information required by LCH.Clearnet SA.

2.1.3.5 In the case of the approval of an application, LCH.Clearnet SA may impose conditions or limitations on the exercise of certain rights under these Operating Rules provided that such conditions or limitations are imposed without discrimination.

2.1.3.6 Whilst the application is pending, the applicant must notify LCH.Clearnet SA in advance in writing of every change in the data supplied with the application and of facts and circumstances concerning the applicant which may be of importance in the context of the application or of the ability of the applicant to perform its obligations under the Operating Rules and the orderly conduct of its activities as a Clearer.

2.1.3.7 If LCH.Clearnet SA has not made a decision on a particular application within one month following the date on which the complete application was filed with LCH.Clearnet SA, LCH.Clearnet SA shall be deemed to have rejected the application.

2.1.3.8 LCH.Clearnet SA may refuse an admission if it considers that such admission may adversely affect the operation of the Clearing System, or when the applicant does not comply with its obligations resulting from its admission to a clearing house or central securities depository.

On the request of the applicant that was not admitted, LCH.Clearnet SA shall duly motivate its decision within one month after the request.

2.1.3.9 If the applicant has been approved as a Clearer, it shall, before commencing operations, return the signed Admission Agreement to LCH.Clearnet SA signifying thereby its acceptance of the Terms of Business as a contracting party.

2.1.3.10 A Clearer must commence operations within six months after admission, unless LCH.Clearnet SA grants an extension. Failing this, the admission decision shall be automatically revoked and any new admission will require compliance with the provisions of this Section.

2.1.3.11 If the applicant is already under an agreement with LCH.Clearnet SA, the latest will only require information or update of information that it does not hold at the date of the application.

Chapter 2 – Continuous Obligations of Clearers

Section 1 – Information Obligation

2.2.1.1 LCH.Clearnet SA shall ensure that the Clearer, at any time during the term of the Admission Agreement, complies with all of its obligations, including, but not limited to, the representations mentioned in the Admission Agreement.

Sub-Section 1 - Information to be provided on LCH.Clearnet SA's Request

2.2.1.1-1 LCH.Clearnet SA may request the Clearer to disclose to LCH.Clearnet SA any and all information which LCH.Clearnet SA in a reasonable manner deems necessary concerning but not limited to the procedures for implementation of these Terms of Business by the Clearer, as well as the management by the Clearer of any risks incurred by it in relation with its operations on Bluenext Derivatives, without prejudice to other information obligation under these Operating Rules.

2.2.1.1-2 LCH.Clearnet SA may also request the Clearer to disclose to LCH.Clearnet SA any and all information that LCH.Clearnet SA in a reasonable manner, deems necessary concerning each Market Member or Client for the account of which the Clearer acts pursuant to these Operating Rules, without prejudice to other information obligation under these Operating Rules. The Clearer can decline to provide the required information to LCH.Clearnet SA but only if it is strictly prevented to do so by a mandatory provision of laws or regulations applicable to it.

Sub-Section 2 - Mandatory Notification

2.2.1.2-1 Information necessary for the purposes of allowing LCH.Clearnet SA to check whether financial requirements are met by the Clearer must be submitted by the Clearer to LCH.Clearnet SA. LCH.Clearnet SA periodically determines whether the Clearer comply with the financial requirements submitted by the Clearer. For this purpose the Clearer is required to send information to LCH.Clearnet SA. This information is based on standard reporting forms and if applicable on rules imposed by the local authority of the home country of the Clearer, and it consists of annual information, interval information and other information as detailed below:

- Annual information:
 - a) financial statements (balance sheet, profit and loss account, and notes to the annual financial statements); and
 - b) audited consolidated financial statements (balance sheet, profit and loss account, and notes to the financial statements).
- Interval information:
 - a) This following information has to be sent to LCH.Clearnet SA at the intervals required by the rules and regulations of the home country of the Clearer, if applicable.
 - b) interim balance sheet;
 - c) profit and loss account; and
 - d) statements concerning core capital (Tier 1) and supplementary capital (Tier 2).
- Other information:
 - a) any event occurring between reporting dates that would significantly reduce the Clearer's Capital;
 - b) a copy of all injunctions, formal notices or sanctions imposed on the Clearer by the competent supervisory body;
 - c) the minutes of all general or special meetings of shareholders that have discussed changes in the financial or corporate situation of the Clearer.
 - d) As mentioned in Article 2.2.1.1-1 et seq. above, Clearers furthermore are obliged to respond to all requests for information from LCH.Clearnet SA concerning their activities on Bluenext Derivatives and exposure to general and financial risks (Transactions, Open Positions, Clearer's Client(s), Market Member(s) for the account of which the Clearer acts pursuant to these Operating Rules etc.). Clearers are also required to keep all data relating to their activity (and the activity of their Client(s) and Market Member(s) for the account of which the Clearer acts pursuant to these Operating Rules, if any) under the Terms of Business for, at least, five years and must make these documents available to LCH.Clearnet SA at any time during this mandatory holding period.

2.2.1.2-2 Without prejudice to any other obligation for the Clearer to inform LCH.Clearnet SA or submit documents to LCH.Clearnet SA under these Operating Rules, the Clearer must first notify LCH.Clearnet SA of any change in the elements taken into consideration for the signature of the

Admission Agreement, and of any significant event that may have an impact on the performance of its commitments and the proper conduct of its activities under the Terms of Business. This notification obligation takes effect when the Clearer becomes aware of the event or when it should have reasonably become aware of it, and may include, in particular:

- a) any event that results in the inability for the Clearer to comply with any of its obligations under the Terms of Business; and notably upon entry into force of a new law or regulation, the amendment of any law or any other provision of mandatory effect or any change in the judicial or administrative interpretation of any such provision which results in any obligation of the Clearer under the Terms of Business being illegal for the Clearer, or which results in a deduction or withholding on account of tax on an amount receivable from LCH.Clearnet SA under such obligation. This event constitutes a Change in Circumstances for which the Open Positions affected by such Change in Circumstances shall have to be determined;
- b) any change which has a material impact on its financial position, its reliability, or its activities under the Terms of Business (including any event that would materially reduce the Clearer's capital);
- c) any change in its structure or legal status, including a change of address, location or purpose as defined in its bylaws;
- d) any change in the control of the Clearer, in the composition of its management or executive bodies, in its accounting system or organisation, or any change either in the equity interests held by the Clearer or in the joint-ventures or alliances in which it is a partner, which could materially prejudice the performance of its undertakings and the proper conduct of its activities under the Terms of Business. The merger or demerger affecting the Clearer or any transfer of assets effected by the latter which results in a substantial deterioration in its business, its assets or its financial position constitutes a Change in Circumstances for which all Open Positions shall be considered to be affected by such Change in Circumstances;
- e) the minutes of all general or special meetings of shareholders that have discussed changes in the financial or corporate situation of the Clearer which could materially prejudice the performance of its undertakings and the proper conduct of its activities under the Terms of Business; or
- f) any similar change affecting any of its Client or Market Member for the account of which the Clearer acts pursuant to these Operating Rules, which could materially prejudice on the performance of the commitments of the Clearer and the proper conduct of its activities under the Terms of Business, or the performance of the commitments and the proper conduct of the activities of either the Clearer or any of its Client or Market Member for the account of which the Clearer acts pursuant to these Operating Rules, under the Agreement.
- g) The Clearer shall send LCH.Clearnet SA a copy of any injunction, official notice, or sanctions if any, issued against it or against any of its Client or Market Member for the account of which the Clearer acts pursuant to these Operating Rules, by any authority recognised as competent by the State in which the said authority is located, which could materially prejudice the performance of its obligations and the proper conduct of its activities under The Terms of Business or the Agreement, or the performance of the obligations of this Client or Market Member and the proper conduct of the Client's or Market Member's activities under the Agreement.

Sub-Section 3 - Audits

2.2.1.3-1 The Clearer authorises LCH.Clearnet SA, or any person or entity that has been duly designated, to make an audit of its activities carried out under or in connection with these Operating Rules, including an audit of its Systems and Operations related thereto, at the initiative of LCH.Clearnet SA or on the request of a Competent Authority. Further, the Clearer undertakes to provide all information needed to complete such an audit. LCH.Clearnet SA reserves the right, upon completion of the audit, to require any modifications that may prove necessary. The Clearer hereby agrees to implement such modifications as soon as possible.

2.2.1.3-2 For the purpose of such audits, LCH.Clearnet SA may delegate its investigation powers to any appropriate and professional body, which it shall see fit. Where there is any such delegation, LCH.Clearnet SA will ensure the confidentiality of any information provided by the Clearer.

2.2.1.3-3 The Clearer shall have the possibility to deny the attendance of certain LCH.Clearnet SA representatives, experts or other persons, if the Clearer is able to prove that they are affected by conflicts of interest.

2.2.1.3-4 For the purpose of such audits, the Clearer shall be available during clearing hours.

Section 2 – Agreement to be entered into by the General Clearer with Market Member(s)

2.2.2.1 Pursuant to the provisions of the Admission Agreement, an Agreement must be entered into between the General Clearer and each of the Market Member(s) for the account of which the Clearer acts pursuant to these Operating Rules.

2.2.2.2 Upon request from LCH.Clearnet SA, the Clearer undertakes to provide immediately LCH.Clearnet SA with a copy of the Agreement and any amendment thereto.

2.2.2.3 The said Agreement must comply with the requirements set-up in the document entitled "Declaration of Compliance of Clearing Agreement" contained in the application for admission.

Section 3 – Agreement between the Clearer and its Payment Participant

2.2.3.1 Pursuant to the provisions of the Admission Agreement, when the PM Account is opened in the name of a Payment Participant for the account of the Clearer, an agreement must be entered into between the Clearer and such Payment Participant.

2.2.3.2 Upon request from LCH.Clearnet SA, the Clearer undertakes to provide immediately LCH.Clearnet SA with a copy of this agreement and any amendment thereto.

2.2.3.3 The said agreement must comply with the requirements set-up in the document entitled "Declaration Compliance of Paying Agent/Participant Agreement" contained in the application for admission.

2.2.3.4 The Clearer or the Payment Participant shall notify LCH.Clearnet SA in case of suspension or termination of this agreement. In this event, LCH.Clearnet SA will send to the Payment Participant payment instructions, corresponding to the Clearer's Open Positions to be settled by the end of the Clearing Day of such notification. Any Open Positions which are due to be settled on the Clearing Days following the date of such notification shall be settled by the Clearer.

Section 4 – Power of Attorney

2.2.4.1 The Clearer shall submit details of duly existing accounts for the purposes of payment of the financial balance, as well as evidence that a Power of Attorney has been issued in favour of LCH.Clearnet SA to allow the debiting or crediting of such accounts for the payment of the financial balance.

Section 5 – Authorised Persons

2.2.5.1 By entering into the Admission Agreement, the Clearer gives to LCH.Clearnet SA the power to designate, in the name and on behalf of the Clearer, one of the two "Authorised Persons" for the purposes of operating the CDC Allowances Account in the name and on behalf of the Clearer.

**TITLE 3 – REGISTRATION AND SETTLEMENT OF
TRANSACTIONS**

Chapter 1 – Registration of Transactions

Section 1 – General Provisions

3.1.1.1 Each Clearing Day, LCH.Clearnet SA shall register the Transactions in the name of the Clearer as soon as Bluenext Derivatives validates trades in accordance with the Market Rules and makes the terms of the resulting Transaction available to LCH.Clearnet SA, unless a Third Party Events or an event of Force Majeure pursuant to the Admission Agreement and Section 6 of Chapter 4 of this Title below, occurs. For the avoidance of doubt the Transactions include those carried out on the Order Book, as well as OTC Trades and Legacy Trades.

3.1.1.2 Any Transaction received by LCH.Clearnet SA from a Clearer is deemed irrevocable in the as soon as it is registered in the Clearing System.

3.1.1.3 LCH.Clearnet SA will not be liable if a Transaction is not registered or is improperly registered in the Clearing System because of a Third Party's Event or force majeure.

3.1.1.4 LCH.Clearnet SA guarantees that the Transaction will be registered in the Clearing System forthwith from the matching, unless otherwise provided in a Notice.

3.1.1.5 Upon registration novation occurs. As a result of novation, LCH.Clearnet SA becomes counterparty to the Clearer and becomes therefore subject to the rights and subject to the obligations arising from the Transaction registered in the name of such Clearer. Novation takes place on a gross basis with respect to the original Transactions. By signing the Admission Agreement, each Party irrevocably consents to such novation.

3.1.1.6 LCH.Clearnet SA may determine that certain Transactions which are to be registered in the Clearing System will not give rise to novation. A Notice will detail the Products or Transactions concerned. Any such decision will come into effect at least one Clearing Day after LCH.Clearnet SA issues the Notice.

3.1.1.7 Upon registration in the Clearing System, Trade Legs and netting shall be legally enforceable and shall be binding on third parties.

3.1.1.8 Upon registration LCH.Clearnet SA undertakes to fulfil its obligations to deliver or to pay each Clearing Member on the basis of Open Positions registered in its name, per Financial Instrument.

3.1.1.9 The fulfilment of such obligations is conditioned by the timely performance by such Clearing Member of its own obligations.

Section 2 – Posting

3.1.2.1 The Posting of a Trade Leg is the process by which the Clearer requests LCH.Clearnet SA to register Trade Legs, or a part of it, either for its own account or for a third party account, on one of the Position Accounts opened in the Clearer's name in the Clearing System.

Posting is suspended in case of any unavailability of the Clearing System.

3.1.2.2 One type of Posting is possible:

- Manual: Posting is directly initiated by the Clearer by sending a command to the Clearing System. The registration of the Trade Legs referred to in Article 3.1.2.1 must be carried out immediately.

3.1.2.3 LCH.Clearnet SA acknowledges receipt of Postings sent by the Clearers in the Clearing System in real time.

3.1.2.4 The registration of Trade Legs in the Clearer's book shall be identical to the Posting performed in its Position Accounts in the Clearing System.

A Posting can be modified until the end of the Clearing Day on which the Transaction has been registered.

Chapter 2 – Account Structure

Section 1 – Position Accounts

3.2.1.1 LCH.Clearnet SA opens at least:

- one house Position Account and if necessary one client Position Account per Clearer,
- one house Position Account for each Market Member cleared by a General Clearer.

The Clearer registers each Trade Leg in one of such accounts.

3.2.1.2 For all Transactions executed for the Clearer's own account, the corresponding Trade Legs are registered in its house Position Account.

For all Transactions executed for a Market Member's own account, the corresponding Trade Legs are registered by the General Clearer in such Market Member's house Position Account within the Account Structure of the General Clearer.

3.2.1.3 For all Transactions executed for a Market Member's client account, the corresponding Trade Legs are registered by the General Clearer in such Market Member's client Position Account within the Account Structure of the General Clearer.

3.2.1.4 Transactions other than those stipulated in Articles 3.2.1.2 and 3.2.1.3 above are registered in the Clearer's client Position Account(s).

3.2.1.5 Notwithstanding the above principles the Clearer can request to have opened as many Position Accounts as it needs. Such additional Position Accounts are opened at the Clearer's sole discretion.

All the Trade Legs registered in the Positions Account by the Clearer are deemed to have been posted as stipulated in 3.2.1.2 and 3.2.1.3 above.

Such correct Posting is under the liability of the Clearer.

3.2.1.6 The house Position Accounts opened by LCH.Clearnet SA in the name of the Clearer are managed on a gross or a net basis.

The client Position Accounts opened by LCH.Clearnet SA in the name of the Clearer are managed on a gross basis.

The Quotation Provider Position Accounts opened by LCH.Clearnet SA in the name of the Clearer are managed on a net basis.

Section 2 – Performance Bond Account

3.2.2.1 LCH.Clearnet SA nets, per Product, the Trade Legs contained in all the Position Accounts into the Clearer's Performance Bond Account(s).

3.2.2.2 LCH.Clearnet SA registers the following in Clearer's house Performance Bond Accounts:

- the part of the Open Positions traded for their own account,
- the part of the Open Positions traded by Market Members for their own account and belonging to the same Financial Group as the Clearer.

3.2.2.3 LCH.Clearnet SA also registers in the Clearer's house Performance Bond account the Positions of Clients that belong to the same Financial Group as the said Clearer.

3.2.2.4 The Clearer shall inform Clients and Market Members mentioned in Articles 3.2.2.2 and 3.2.2.3 above that their Positions have been registered in its house Performance Bond Account and shall also inform them that such account assignment subjects these Clients or Market Members to the provisions governing liquidation procedures.

3.2.2.5 LCH.Clearnet SA registers in Clearer's Client Performance Bond Account(s):

- the part of the Open Positions of Clients of the Clearer not belonging to the same Financial Group as this Clearer,
- the part of the Open Positions of Market Members not belonging to the same Financial Group of the Clearer, either traded for their own account or for their clients' account,
- the part of the Open Positions of Market Members belonging to the same Financial Group as the Clearer, traded for their clients' account,
- any other part of the Open Positions other than those stipulated in Articles 3.2.2.2 and 3.2.2.3 above.

3.2.2.6 Notwithstanding the above principles, the Clearer can request to have opened as many Performance Bond Account(s) as it needs. Such additional Performance Bond Account(s) is (are) opened at the Clearer's sole discretion.

Chapter 3 – Clearing operations

Section 1 – Give up

3.3.1.1 Give-Up to another Clearer is only permitted, after LCH.Clearnet SA's prior technical verification, for Trade Legs executed with "client origin".

Give-Up is performed by use of the specific functions available to Clearers in the Clearing System.

3.3.1.2 Give-Up function can involve a sending Clearer ("the allocator") and a receiving Clearer ("the allocatee").

In this case, the receiving Clearer must accept, by a take-up, the Give-Up. It must confirm the recording of the Transaction in its books by the appropriate Posting.

3.3.1.3 The Clearer can give up, i.e. become an allocator, if it has been admitted as such by LCH.Clearnet SA, pursuant to a technical test period of one calendar month.

Such agreement is subject to the results of prior technical assessments and to the operational parameters of the Clearer (criteria of volume, applicant status).

3.3.1.4 LCH.Clearnet SA acknowledges receipt of all Give-Up requests sent by allocator Clearers, as well as all Give-Up approvals sent by allocatee Clearers, when they are different entities.

3.3.1.5 No Give-Up can be granted for Transactions carried out for one's own account.

3.3.1.6 Give-Up acceptance implies the transfer of all rights and obligations linked to the Trade Leg of the allocator Clearer to the allocatee Clearer, when they are different entities.

Give-Up can only be performed on an intra Clearing Day basis during the clearing hours defined in a Notice.

3.3.1.7 One type of Give-Ups is possible:

- Manual: the Give-Up is directly transferred by the allocator Clearer and accepted by the allocatee Clearer in the Clearing System (“take up”).

Section 2 – Transfer of Open Positions

3.3.2.1 The Transfer of Open Positions shall have no consequences on the segregation principles set out in Chapter 2 of this Title.

The Transfer of Open Positions can be carried out till the Expiry Date of the relevant Open Positions.

The Transfer of Open Position is performed by LCH.Clearnet SA on the explicit request of the Clearers.

3.3.2.2 Internal Transfer of Open Positions is performed by the Clearer, until the Expiry Date of the relevant Open Positions.

Internal Transfer of Open Positions is carried out between the Clearers’ Positions Accounts within its Account Structure.

3.3.2.3 The Clearer performing the internal Transfer of Open Positions may cancel this process at any time until the time when LCH.Clearnet SA has approved the Transfer of Open Positions.

3.3.2.4 The external Transfer of Open Positions is initiated by an “initiating” Clearer to another “receiving” Clearer, until the expiry of the relevant Open Positions.

3.3.2.5 A Clearer that initiates an external Transfer of Open Positions may cancel this process at any time until the time the receiving Clearer has accepted the Transfer of the Open Positions.

An external Transfer of Open Positions is submitted LCH.Clearnet SA’s approval once the receiving Clearer has accepted it.

3.3.2.6 The Clearer shall send a reasoned request to LCH.Clearnet SA in a written document bearing a certified signature. Such request should not be in conflict with the segregation rules unless otherwise decided by LCH.Clearnet SA.

3.3.2.7 The internal or external Transfer of Open Positions executed by LCH.Clearnet SA is taken into account on the basis of Open Positions valued at the Settlement Price of the day preceding the day of the Transfer of the Open Positions.

3.3.2.8 The time limit for LCH.Clearnet SA to acknowledge the Transfer of Open Positions is 6.15 p.m. CET, without prejudice to any earlier deadline that the receiving Clearer can impose for external Transfer of Open Positions submitted to it. At the Expiry Date of the Product, LCH.Clearnet SA’s limit is extended till the end of the Clearing Day.

LCH.Clearnet SA approves/refuses the Transfer of Open Positions in the Clearing System on the Clearing Day following the Transfer of Open Positions request. As soon as LCH.Clearnet SA gives its approval, either the relevant Open Positions are transferred in real-time, or they are transferred at the end of the Clearing Day (“batch Transfer of Open Positions”).

Section 3 – Corrections

3.3.3.1 A Correction on a Trade Leg is performed by the Clearer, till the fifth Clearing Day following the day of registration of the relevant Trade Leg.

A Correction initiated on the first and the second Clearing Days following the Clearing Day of the relevant Trade Leg, is not submitted to LCH.Clearnet SA for approval.

A Correction, if initiated between the third and the fifth Clearing Days following the Clearing Day of the relevant Trade Leg, is submitted to LCH.Clearnet SA for approval.

3.3.3.2 The Clearer shall send a reasoned request to LCH.Clearnet SA in a written document bearing a certified signature.

LCH.Clearnet SA approves/refuses the Correction in the Clearing System on the same Clearing Day as the Correction request.

3.3.3.3 The initiating Clearer of an external Correction may cancel this process at any time until LCH.Clearnet SA has approved the external Correction

Section 4 – Transaction Cancellation

3.3.4.1 The cancellation of a Transaction is possible only on the request of Bluenext S.A. as specified in its Market Rules.

3.3.4.2 Such request implies that LCH.Clearnet SA cancels the two corresponding Trade Legs. Therefore the obligation of delivery and the corresponding obligation of payment are revoked, and parties are put back in the situation as if the relevant Clearer obligations had never existed.

Chapter 4 – Settlement of Transactions

3.4.0.1 The purpose of this Chapter is to provide a general overview of the delivery process. The details are set-up in Annex 1.

Section 1 – General Principles

3.4.1.1 Upon registration, and as a consequence of the novation described in Article 3.1.1.5 above, LCH.Clearnet SA undertakes to fulfil its obligations to deliver the Underlying or to pay each Clearer on the basis of the Open Positions registered in its name, per Product and per Settlement Date.

3.4.1.2 The fulfilment of such obligations is conditioned by the timely performance by such Clearer of its own obligations vis-à-vis LCH.Clearnet SA.

3.4.1.3 Settlement occurs on net basis, per Clearer's Performance Bond Account, pursuant to the segregation rules (house / client).

3.4.1.4 On Maturity Date + 1, LCH.Clearnet SA assures the reconciliation between the Open Positions and the positions recorded on the CDC Allowances Accounts.

Section 2 – Normal Settlement (Maturity Date +1 / Maturity Date +2)

3.4.2.1 If the positions recorded on the CDC Allowances Accounts are at least equal to the Open Positions within the Clearing System, normal settlement will occur.

3.4.2.2 The settlement process consists in assigning the highest selling position(s) to the highest buying position until the latter is fully covered:

- If the highest selling position is superior to the highest buying position the out-standing selling position is assigned the second highest buying position, and so on.

- If the highest selling position is inferior to the highest buying position, the second highest selling position is assigned until the first buying position is covered, and so on.

3.4.2.3 For Clearers whose Open Positions are buying positions, LCH.Clearnet SA sends to the relevant central bank instructions to debit the cash account of the Clearers for the benefit of LCH.Clearnet SA's account opened with the central bank.

3.4.2.4 For Clearers whose Open Positions are selling positions, LCH.Clearnet SA sends to CDC instructions to debit the CDC Allowances Account of the Clearers for the benefit of the LCH.Clearnet SA's CDC Allowances Account.

3.4.2.5 Once LCH.Clearnet SA's CDC Allowances Account is credited, LCH.Clearnet SA sends:

- instructions to credit the CDC Allowances Account of the buying Clearer,
- instructions to credit the cash account of the selling Clearer.

Section 3 – Delayed Normal Settlement (Maturity Date + 3)

3.4.3.1 Once reconciliation is made either on Maturity Date + 1 or Maturity Date + 2, if the positions recorded on the CDC Allowances Accounts are below the Open Positions within the Clearing System, delayed settlement will occur.

3.4.3.2 LCH.Clearnet SA will charge penalties to the Clearer responsible for such delay as set-up on LCH.Clearnet SA website:

<http://www.lchclearnet.com/>

Section 4 – Fails – Cash Settlement (Maturity Date +4)

3.4.4.1 Open Positions, for which Products remain undelivered on Maturity Date + 4 are settled by cash compensation.

3.4.4.2 The defaulting Clearer pays the cash compensation to LCH.Clearnet SA, on Maturity Date + 4, LCH.Clearnet SA passes on the entire amount to the Clearer(s) suffering from the failure to deliver on the pro rata basis of their Open Positions.

3.4.4.3 The cash compensation is calculated as described in a Notice.

3.4.4.4 LCH.Clearnet SA will charge penalties to the Clearer responsible for payment or delivery failure as set-up on LCH.Clearnet SA website:

<http://www.lchclearnet.com/>

Section 5 – Workaround Settlement Solutions

3.4.5.1 In case of unavailability of SERINGAS for more than 5 Clearing Days the Clearers whose open positions are selling positions will have to credit LCH.Clearnet SA's accounts held in the books of the Secondary Delivery Registry as described in a Notice.

Section 6 – Force Majeure / Third Party Events and Liability Mitigation

3.4.6.1 In the framework of the application of Article 10.1 and 10.2 of the Admission Agreement LCH.Clearnet SA shall not be liable for any delay or failure to fulfill its obligations hereunder and no

default shall be caused by any delay or failure to perform any obligations, which in whole or in part is caused notably but not only by the occurrence of the following situations:

A – Temporary suspension of obligations:

- a) The International Transaction Log (ITL) or the Community Independent Transaction Log (CITL) are not available;
- b) Breach of the Commitment Period Reserve (CPR as defined in the Marrakech Agreement) where the Primary Delivery Registry is located;
- c) Eligibility compliance suspension of France;
- d) SERINGAS is unavailable during less than 5 days;
- e) SERINGAS is unavailable during more than 5 days.

In case of event mentioned in a), delivery obligations are suspended until 10 business days after the event is cured.

In case of event mentioned in d), delivery obligations are suspended until the event is cured.

In case of event mentioned in b), c) and e), Members agree that the delivery will be performed on the Secondary Delivery Registry as described in a Notice.

B- LCH.Clearnet SA and the Clearers hereby agree that in addition to any event of force majeure as defined by French courts the following events are also constitutive of force majeure:

- a) the provisions of the Kyoto Protocol or the European trading scheme being suspended;
- b) the absence or default of ITL/CITL connection could not be cured before the first business day of December 2012;
- c) France or the state of the Secondary Delivery Registry is not or not anymore eligible on December 1st, 2012 or the following first business day;
- d) France or the State of Secondary Delivery Registry has breached the Commitment Period Reserve (CPR as defined in the Marrakech Agreement) on December 1st, 2012 or the following first business day.

TITLE 4 – RISK AND DEFAULT MANAGEMENT

Chapter 1 – General

4.1.0.1 In order to perform its obligations pursuant to its guarantee, LCH.Clearnet SA will make use of the resources available to it in the following order:

1. any Collateral, deposited by the defaulting Admitted Person,
2. the individual contribution to the Clearing Fund of the defaulting Admitted Person,
3. if applicable any other Collateral or Letter of Credit,
4. the available Collateral deposited by the other Admitted Person to contribute to the relevant Clearing Fund, or the available Collateral deposited as a replenishment to the relevant Clearing Fund,
5. LCH.Clearnet SA's own capital.

Chapter 2 – Margins Requirements

Section 1 – General

4.2.1.1 Variation and Initial Margins are debited or credited by LCH.Clearnet SA on a daily basis.

4.2.1.2 Intra-day Margins are called and debited in case of exceptional circumstances.

4.2.1.3 In addition to Margins LCH.Clearnet SA shall at all times and at any time during the day have the right to impose upon the Clearer additional margins as it reasonably deems useful or necessary, either on an individual basis or based on the nature of the Products to which the relevant Open Position relates. Any decision made on the basis of these provisions will be duly notified to the Clearer.

Unless otherwise indicated by LCH.Clearnet SA the Clearer shall be obliged to ensure that the amount of Collateral corresponding to such additional margin is transferred at the latest within one hour of it having been informed thereof.

4.2.1.4 The Clearer shall call Initial Margins and Variation Margins from its Client(s) and Market Member(s) for the account of which the Clearer acts pursuant to these Operating Rules for an amount based on the same parameters and methodology as the LCH.Clearnet SA Initial Margins and Variation Margins.

LCH.Clearnet SA can authorise the use of other methods and parameters after having checked that they are adequate and that they offer the same level of security in relation to the risks it assumes. To this end, the Clearer must submit the details of the method it proposes to LCH.Clearnet SA for prior approval. Submitted methods will be assessed by LCH.Clearnet SA on a case-by-case basis.

As far as Intra-day Margins are concerned the Clearer has no obligation to call for Intra-day Margins from its Client(s) and Market Member(s) for the account of which the Clearer acts pursuant to these Operating Rules for an amount based on the same parameters and methodology as the LCH.Clearnet SA Intra-day Margin.

Section 2 – Initial Margin

4.2.2.1 Initial Margin covers the potential future price fluctuations in case of unfavourable markets movements.

4.2.2.2 Initial Margins are calculated using SPAN ® algorithm. The detailed methodology is available on [LCH.Clearnet SA website: http://www.lchclearnet.com/risk_management/sa/margining_methodology/methods/derivatives.asp](http://www.lchclearnet.com/risk_management/sa/margining_methodology/methods/derivatives.asp)

4.2.2.3 The Initial Margins required are equal to the results obtained through SPAN® algorithm with the parameters defined by LCH.Clearnet SA for the relevant Products and communicated to Clearers by Notices.

4.2.2.4 LCH.Clearnet SA may allow a reduction of the Initial Margin to take account of offsetting Open Positions in different maturities in the same Product.

4.2.2.5 If the Initial Margin requirement is greater than the value of the Collateral deposited, a call for additional Margin is made.

4.2.2.6 If the Initial Margin requirement is less than the value of the Collateral deposited, refunds are made according to the conditions and timetable set forth by LCH.Clearnet SA.

4.2.2.7 The Initial Margin amount is determined by LCH.Clearnet SA according to the risk level against which LCH.Clearnet SA intends to protect itself.

4.2.2.8 The Initial Margin amount and the future price fluctuation range from which it is determined are published in a Notice.

Section 3 – Variation Margins

4.2.3.1 Variation Margin covers price fluctuations based on the historical data.

4.2.3.2 Variation Margin is calculated on a daily “marked to market” basis for each Performance Bond Account, Products and expiry.

4.2.3.3 The prices used for the calculation are as follows:

- The previous day's Open Position is valued at the previous day's Settlement Price;
- The day's Transactions are valued at the recorded trade prices.

4.2.3.4 The end of the day Open Position is marked to market at the day's Settlement Price (i.e. long Open Positions are hypothetically "sold out" and short Open Positions are bought in").

4.2.3.5 Variation Margins must be paid in the currency of quotation of the Product.

Section 4 – Intra-day Margin

Sub-Section 1 - General

4.2.4.1-1 Intra-day Margins calculations are performed several times per Clearing Day in the course of Intra-day Margin calculation sessions and consist in revaluing Clearers Open Positions and Margins on the basis of real-time prices and Open Positions. This calculation process may result in an Intra-day Margin call in the conditions described below and related Notices.

4.2.4.1-2 Intra-day Margins are calculated using SPAN® algorithm.

Sub-Section 2 - Revaluation Scope

4.2.4.2-1 The revaluation process dealt with in this Section and described in a Notice, applies to the prices of the Products, and to the prices of their related underlying instruments.

4.2.4.2-2 The revaluation process also applies to all assets posted as Collateral.

Sub-Section 3 - Intra-day Margin Calls Conditions

4.2.4.3-1 Each Intra-day Margin calculation session is qualified as either “With cover call” or “Without cover call” as set-up in a Notice.

4.2.4.3-2 By default and as described in a Notice, there is one “With cover call” intra-day session per Clearing Day. However in the course of the Clearing Day as described in the related Notice, LCH.Clearnet SA can, as it deems necessary, re-qualify any “Without cover call” sessions into “With cover call” sessions and vice versa.

4.2.4.3-3 A “With cover call” session implies that for each Clearer LCH.Clearnet SA compares the amount of Intra-day Margin requirement to the amount of the latest cover call.

4.2.4.3-4 LCH.Clearnet SA shall then perform the following process:

- For each Clearer for which:

$$\begin{array}{ccc} \text{Latest cover call} & & \\ + & & \\ \text{threshold amount} & < & \text{Intra-day Margins requirements} \\ \text{(defined in Sub-Section 4 below)} & & \text{(as described in a Notice)} \end{array}$$

LCH.Clearnet SA re-evaluates the amount of existing Collateral and compares such amount to the amount of Intra-day Margin requirement.

And then,

- For each Clearer for which as a result of such comparison it appears that:

$$\text{existing revaluated Collateral} < \text{Intra-day Margin requirement}$$

LCH.Clearnet SA actually performs an Intra-day Margin call.

Sub-Section 4 - Thresholds Calculation Methodology

4.2.4.4-1 The thresholds mentioned in Article 4.2.4.3-4 above are defined in correlation with the level of Initial Margin deposited by the Clearer in the morning of D as described below.

- Case 1: A threshold to ensure that immaterial amounts are not called, even if the percentage-threshold above is exceeded. This threshold is defined as a fixed amount (parameter A).
- Case 2: A threshold to ensure that Intra-day Margin calls are only executed under exceptional circumstances implying significant price change or Position movements. This threshold is defined as a percentage of the Initial Margin previously deposited (parameter B%).
- Case 3: A threshold to ensure that exceptionally large amounts are always called, even if the percentage-threshold is not exceeded (parameter C).

4.2.4.4-2 In case of unforeseen events or circumstances, the threshold level can be amended by LCH.Clearnet SA on an ad hoc basis with immediate effect. The relevant Clearer will be notified of these amendments.

4.2.4.4-3 The following thresholds’ parameters (X, Y, A, B and C) are defined and will be assessed with a regular frequency (e.g. monthly or quarterly basis) as any other parameters by LCH.Clearnet SA in the Notice dedicated to Margins Parameters issued by LCH.Clearnet SA.

Possible situation	Conditions	Determined Threshold (amount in €)
Case 1	IM =< X	A
Case 2	X < IM < Y	B%*IM

Case 3	IM \geq Y	C
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With IM = Initial Margin requirement of morning D corresponding to D-1 business day

Section 5 – Margins related to Delivery

4.2.5.1 In addition to Initial and Variation Margins, LCH.Clearnet SA calls for spot month charge starting 10 Clearing Days preceding the Maturity Date until the proper performance of the settlement. The amount of the spot month charge is stated in a Notice.

4.2.5.2 LCH.Clearnet SA calls for payment of a supplemental Delivery Initial Margin from the Clearers, as from the first day following the Maturity Date until the proper performance of the settlement period. The amount of the Delivery Initial Margin is stated in a Notice.

4.2.5.3 The spot month charge and the Delivery Initial Margin are refunded the fourth Clearing Day following the Maturity Date subject to the proper performance of the settlement.

Chapter 3 – Clearing Fund

4.3.0.1 The Clearing Fund is a mutualised system of risks coverage available to LCH.Clearnet SA when further to a default by an Admitted Person and use of the Collateral losses remain.

4.3.0.2 A Clearer is obliged to contribute to the Clearing Fund according to the terms and conditions laid down below.

4.3.0.3 The respective contributions must be provided to LCH.Clearnet SA in their entirety at first demand to restore the Clearing Fund to the required level.

4.3.0.4 Non-payment by a Clearer of a call to contribute constitutes a default of the Clearer according to Title 4 Chapter 6.

4.3.0.5 LCH.Clearnet SA will promptly report to the Clearers on and account for any withdrawals made from the Clearing Fund.

Section 1 – Contribution to the Clearing Fund

Sub-Section 1 - Calculation of the Uncovered Risk

4.3.1.1-1 The Clearing Fund is intended to be sufficient in size to cover a default of the largest Admitted Entity. The “largest Admitted Person” is defined as the Admitted Person that is responsible for the highest uncovered risks.

The size of the Clearing Fund is therefore based on the highest uncovered risk of an Admitted Person.

4.3.1.1-2 The size of the Clearing Fund is floored and capped, as stated in a Notice, with each Admitted Person contributing pro rata its uncovered risk.

4.3.1.1-3 For a Clearer and on a given day (D), the uncovered risk is defined as the difference between a stress-testing type calculation and Initial Margin and Variation Margin required.

4.3.1.1-4 For each Clearer, the relative weight of its uncovered risk in relation to the total sum of the uncovered risks of all Admitted Persons, determines the size of its contribution to the Clearing Fund.

4.3.1.1-5 The uncovered risk is calculated for each Admitted Person at the segregation type level: client and house accounts (if applicable). A total uncovered risk, taking into account all accounts (client and house accounts), is also calculated. The maximum of house and total uncovered risk is taken in consideration for each Admitted Person.

The timeframe and the parameters regarding calculation of the uncovered risk are set out in a Notice.

4.3.1.1-6 Uncovered risk on a given day (D) is given by the following formula:

Stress risk_D - Initial Margin_{D-1} - Variation Margin_D
--

Total uncovered risks are defined as follows:

Total uncovered risk = Σ (uncovered risk M_i)_{Admitted Persons}
--

Where: M_i stands for Admitted Person i

Sub-Section 2 - Contributions Amount

4.3.1.2-1 Admitted Person contributes pro rata to their respective uncovered risk once a month. The monthly distribution of the contribution is stopped in the evening of the fourth Clearing Day of the month.

4.3.1.2-2 The contribution of each Admitted Person is calculated according to the following formula:

Contribution M_i = Max uncovered risk x uncovered risk M_i / total uncovered risk
--

Sub-Section 3 Contribution Timing

4.3.1.3-1 The contribution calculation and participation occurs on a monthly basis as set up in a Notice.

4.3.1.3-2 Admitted Persons will transfer on a daily basis additional Collateral to the Clearing Fund if the value of their contribution falls below the level of the required individual contribution.

Section 2 – Replenishment of Contribution

Sub-Section 1- Call for Replenishment

4.3.2.1-1 If a draw has been made on the Clearing Fund further to a default of an Admitted Person, each Admitted Person shall be required to replenish its contribution to the Clearing Fund in order to raise such Clearing Fund to the required level and in such time as notified by LCH.Clearnet SA.

Following that, LCH.Clearnet SA shall not be allowed to make further calls on the Clearing Fund in respect of the same default.

4.3.2.1-2 Within any period of 90 calendar days (inclusive), LCH.Clearnet SA may only call in aggregate, for replenishment of the Clearing Fund, the same amount as the last Clearing Fund amount called.

Sub-Section 2 - Replenishment and Termination of Membership

4.3.2.2-1 After a Clearer has given notice to terminate the Admission Agreement and within the ten Clearing Days which precede the effective membership termination day, LCH.Clearnet SA can only require the Clearer to replenish its contribution to the Clearing Fund once, no matter how many times the Clearing Fund is drawn on within that period provided that no positions remain for the Clearer.

4.3.2.2-2 Obligation of a Clearer to contribute to the Clearing Fund ceases on the effective Termination Date of its membership and LCH.Clearnet SA shall repay to such ex-Clearer any of its contributions, which has not been used.

Section 3 – Clearing Fund Withdrawal Conditions

4.3.3.1 Following the default of an Admitted Person, LCH.Clearnet SA will draw amounts from the Clearing Fund as follows:

- defaulting Admitted Person share in the Clearing Funds shall be used in the first instance, and, if a need remains,
- the shares of the other Admitted Persons in the Clearing Fund shall be used pro rata to their respective contributions for that monthly period. The Admitted Persons' contribution thus calculated shall not exceed the total Clearing Fund contribution set for that monthly period.

4.3.3.2 If LCH.Clearnet SA draws upon the Clearing Fund, it shall use the sums provided to perform its obligations pursuant to its guarantee under these Operating Rules and to cover the repayment of any related loans, expenses, damages, interest charges and other expenditure

Section 4 – Collateral Accepted

4.3.4.1 The Collateral accepted to contribute to the Clearing Fund is as mentioned in Chapter 4 below.

Chapter 4 – Collateral

Section 1 – General Provisions

4.4.1.1 The provision of Collateral by the Clearer to LCH.Clearnet SA in order to satisfy Margin requirements shall be made under the Initial Margin pursuant to Section 2 - Chapter 2 of this Title, the Variation Margin pursuant to Section 3 Chapter 2 of this Title and possibly the Intra-day Margin pursuant to Section 4 Chapter 2 of this Title, as well as under the Clearing Fund pursuant to Chapter 3 of this Title. The provision of Collateral by the Clearer to LCH.Clearnet SA shall be made according to the Transactions on Products inside and outside the Order Book and considered fungible at the discretion of LCH.Clearnet SA.

4.4.1.2 The provisions of this Chapter also apply for the contribution to the Clearing Fund.

4.4.1.3 In order to guarantee its obligations under these Terms of Business, the Clearer agrees to provide LCH.Clearnet SA with Collateral, in full ownership, under the terms set forth in Article L 431-7-3 of the French Monetary and Financial Code except for central bank guarantee.

Section 2 – Accepted Collateral

Sub-section 1 – Collateral in Cash

4.4.2.1-1 In order for cash in EURO to be posted on the situation report on D and to become Collateral, it must be credited of LCH.Clearnet SA's PM account held at the Banque de France in compliance with the time limits set-up in a Notice.

4.4.2.1-2 Cash in EURO posted as Collateral shall be taken into account by LCH.Clearnet SA for Intra-day calculation session, if it is credited on LCH.Clearnet SA's account held at the central bank depository in compliance with the time limits set-up in a Notice.

A- Eligible Currencies

4.4.2.1-3 In order to guarantee its obligations under these Terms of Business, the Clearer can provide LCH.Clearnet SA with Cash denominated in Euro, or in Eligible Currencies (except for Variation Margins); on the basis of the exchange rates as set out in B below. The cash provided as Collateral and denominated in Eligible Currencies shall be valued on the date when it has been transferred and re-valued daily in Euro for the purposes of calculating the amount of the Collateral to be provided, and on the Termination Date for termination purposes if need be. If, for any reason, these exchange rates cannot be established or published, then LCH.Clearnet SA shall determine the applicable exchange rates.

B- Applicable Haircut

4.4.2.1-4 LCH.Clearnet SA applies a discount rate on deposits in USD and on deposits in GBP of the equivalent in EURO, calculated from the currency exchange rate.

The applicable haircut is available on LCH.Clearnet SA website:
http://www.lchclearnet.com/tariffs/sa/treasury_fees.asp

C- Remuneration

4.4.2.1-5 Cash provided as Collateral shall be remunerated as set-up on the LCH.Clearnet SA Treasury Fee Grid available on LCH.Clearnet SA website:
http://www.lchclearnet.com/tariffs/sa/treasury_fees.asp

These interests shall be credited, on the 3rd Clearing Day of each calendar month, to the PM Account.

D- Transfer of Excess of Cash

4.4.2.1-6 If the Clearer wishes to avoid the daily payment through the LCH.Clearnet SA access to Ancillary System Interface, it should transfer excess cash in Euro to the Payment Module Account of LCH.Clearnet SA with the Banque de France.

However, the Clearer will have to inform LCH.Clearnet SA (Treasury Department) at latest before 10am for value date D and transfer the funds via TARGET 2: SWIFT Code: [BACPFRPPTG2]

4.4.2.1-7 This excess cash in Euro shall be registered in an account held in the name of the Clearer in the books of LCH.Clearnet SA.

4.4.2.1-8 In the event of any amount due to LCH.Clearnet SA, the excess cash will be debited the corresponding amounts.

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

4.4.2.1-9 The excess cash is transferred by the Clearer to LCH.Clearnet SA outright under the terms set forth in Article L 431-7-3 of the French Monetary and Financial Code.

4.4.2.1-10 LCH.Clearnet SA will pay interest on this excess cash according to the conditions set out below in Article 4.4.2.1-3 above.

Sub- Section 2 - Collateral in Securities

A- Eligible Securities

4.4.2.2-1 Type of securities that may be provided as Collateral to cover Initial Margin, Intra-day Margin and to contribute to the Clearing Fund:

- Debt securities issued by the French Treasury: Treasury bills (BTFs) issued for 13, 26 or 52 weeks with a minimum nominal value of EURO 100,000; Annual fixed interest rate Treasury notes (BTANs) with a minimum nominal value of EURO 100,000; Fungible Treasury Bonds (OATs) for a minimum nominal value of EURO 100,000;
- US Treasury Bills: debt Securities issued by the American state (US) with a minimum nominal value of USD 250,000
- Bunds: German debt securities (issued by the Federal state or by the Treuhandanstalt) with a minimal nominal value of EURO 100,000;
- Gilts: debt securities issued by the British state for a minimum nominal value of GBP 100,000;
- Belgian Treasury Certificates for a minimum nominal value of EURO 100,000;
- Belgian Linear bonds (OLOs) for a minimum nominal value of EURO 100,000;
- Debt securities issued by the Dutch state for a minimum nominal value of EURO 100,000;
- Dutch Treasury certificates (DTCs) for a minimum nominal value of EURO 100,000;
- Debt securities issued by the Italian state: Treasury bills (BOTs and BTPs) with a minimum nominal value of EURO 100,000; Certificates of Treasury (CCTs) with a minimum nominal value of EURO 100,000;
- Debt securities issued by the Portuguese state for a minimum nominal value of EURO 100,000.

4.4.2.2-2 Type of securities that may be provided as Collateral to cover Initial Margin, Intra-day Margin exclusively (excluding Clearing Fund contribution and/or replenishment):

- Shares incorporated in index PSI-20 within the limits set out by LCH.Clearnet SA ¹;
- Shares incorporated in index CAC 40 within the limits set out by LCH.Clearnet SA ¹;
- Shares incorporated in index BEL 20 within the limits set out by LCH.Clearnet SA ¹;
- Shares incorporated in index AEX within the limits set out by LCH.Clearnet SA ¹;
- Shares incorporated European index EURONEXT 100 within the limits set out by LCH.Clearnet SA ¹;
- Shares incorporated European index DJ EURO STOXX 50 within the limits set out by LCH.Clearnet SA ¹;
- Shares incorporated index DJ STOXX 50 within the limits set out by LCH.Clearnet SA ¹;

¹ Each Clearer must ensure that the securities provided as Collateral to LCH.Clearnet SA are not submitted to withholding tax. If they are, the Clearer must withdraw its securities from LCH.Clearnet SA account at the latest three Clearing Days before the maturity date and replace them by securities that are not submitted to withholding tax.

- Underlying shares of options listed on Euronext markets within the limits set out by LCH.Clearnet SA¹;

Zero coupons and strips debt securities will not be accepted as Collateral.

B- Maturity and Haircut

4.4.2.2-3 LCH.Clearnet SA daily revaluates Collateral in Government bonds at their current market value. A discount rate ("haircut"), determined by LCH.Clearnet SA as follows, is applied according to the estimated price risk incurred on Government bonds used as Collateral.

Maturity	Class I	Class II
Less than 1 year	1 %	2 %
> = 1 and < 5 years	1.5 %	3 %
> = 5 and < 7 years	2 %	4 %
> = 7 and < 10 years	3 %	5 %
From 10 years	5 %	6 %

- Class I: the EURO denominated government bonds (debt Securities issued by the French Treasury, German debt securities issued by the Federal state or by the Treuhandanstalt, Belgian Treasury Certificates, Belgian Linear bonds, debt securities issued by the Dutch state, debt securities issued by the Italian state, debt securities issued by the Portuguese state).
- Class II: the Non-EURO denominated Government bonds (US Treasury Bills, Gilts). For those Government bonds the haircuts on the corresponding currencies are set out in the LCH.Clearnet SA Treasury Fee Grid available on LCH.Clearnet SA website: http://www.lchclearnet.com/tariffs/sa/treasury_fees.asp

A discount rate ("haircut") of 35 % will be applied on shares.

C- Fees

4.4.2.2-4 Fees for the securities provided as Collateral shall be debited from the PM Account as follows:

- Account fees (to be debited on the 3rd Clearing Day of each calendar month) are set-up on the LCH.Clearnet SA Treasury Fee Grid available on LCH.Clearnet SA website: http://www.lchclearnet.com/tariffs/sa/treasury_fees.asp
- Movement fees (to be debited on the 10th Clearing Day of each calendar quarter) before taxes and per delivery or withdrawal are set-up on the LCH.Clearnet SA Treasury Fee Grid available on LCH.Clearnet SA website: http://www.lchclearnet.com/tariffs/sa/treasury_fees.asp

Sub-Section 3 – Central Bank Guarantee

4.4.2.3-1 A Clearer established in Belgium which can obtain credit with NBB, can fulfil its Margin obligations by having its cash account debited by NBB or by providing NBB with enough securities qualified as eligible for collateral by NBB for it to issue a guarantee in favour of LCH.Clearnet SA.

To cause NBB to issue a guarantee in favour of LCH.Clearnet SA to fulfil its Margin obligations, the Clearer must enter into appropriate arrangements.

Those Clearers which can not obtain credit with NBB but wish anyway to fulfil their Margin obligations by using the NBB offer, must enter into a contractual relation with a Credit Institution which can obtain

credit with NBB. The contractual arrangement must provide that the latter, who has an account in NBB, will be responsible for providing NBB with sufficient collateral security for NBB to deliver its guarantee to LCH.Clearnet SA regarding the first Clearer's Margin obligations and this under the same conditions as those described herein above. In this case, the Clearer using a Credit Institution to fulfil its Margin obligations will be referred to as allied member. The provisions of this paragraph are compulsory for Clearers that are not established in Belgium.

In order for NBB guarantee to be posted on the situation report on D day and to become Collateral covering Initial and Variation Margin requirements, LCH.Clearnet SA must receive from NBB, a confirmation that the latter guarantees the amount corresponding to those Margin requirements in compliance with the time limits set-up in a Notice.

The amount guaranteed by NBB is reviewed every time LCH.Clearnet SA sends new Margin requirements to it.

These arrangements will last until the membership of the Clearer terminates or until the Clearer notifies its will to change such arrangements and such a change is implemented.

4.4.2.3-2 Every Clearer established in the Netherlands which has an account with DNB, can fulfil its Margin obligations by having its cash account debited by DNB or by providing DNB with enough securities qualified as eligible for collateral by DNB for the latter to issue a guarantee in favour of LCH.Clearnet SA.

To cause DNB to issue a guarantee in favour of LCH.Clearnet SA to fulfil its Margin obligation, the Clearer and DNB must enter into appropriate arrangements providing that:

- the Clearer's credit capacity (i.e. the amount of credit that it may draw in cash at DNB), is determined according to the cash Collateral that it has deposited in an account held by DNB and the Securities Collateral that it has transferred via Euroclear Netherlands. These Securities, which must be qualified by DNB as eligible for collateral are, by the book entry deposit pledged to DNB as provided in Article 42 of the "*Securities Giro Act*" dated 1977.
- the Clearer will have its credit capacity partly frozen or the Clearer's account will be debited by DNB at least daily for the observance of its obligations towards DNB.

Those Clearers which do not have an account with DNB but wish anyway to fulfil their Margin obligations by using the DNB offer must enter into a contractual relation with another Credit Institution. The contractual arrangement must provide that the latter, who has an account in DNB, will be responsible for providing DNB with sufficient collateral security for DNB to deliver its guarantee to LCH.Clearnet SA regarding the first Clearer's Margin obligations and this under the same conditions as those described herein above.

In this case the Clearer using another Credit Institution to fulfil its Margin obligations will be referred to as allied member.

The provisions of this paragraph are compulsory for Clearers that are not incorporated in the Netherlands.

In order for DNB guarantee to be posted on the situation report on D day and to become Collateral covering Initial and Variation Margin requirements, LCH.Clearnet SA must receive from DNB, a confirmation that the latter guarantees the amount corresponding to those Margin requirements in compliance with the time limits set-up in a Notice.

The amount guaranteed by DNB is reviewed every time LCH.Clearnet SA sends new Margin requirements to it.

These arrangements will last until the membership of the Clearer terminates or until the Clearer notifies its will to change such arrangements and such a change is implemented.

Chapter 5 – Cash Payment in Euro

4.5.0.1 The term “Cash Payment” shall refer to amount to the aggregated sum due by the Clearers to LCH.Clearnet SA or to be received by the Clearer from LCH.Clearnet SA, of amongst others: Variation Margin, Intra-day Margin, Delivery Margin, financial corrections (e.g. additional Margin, fee completion), any fees due to LCH.Clearnet SA

The “Cash Payment” is calculated by LCH.Clearnet SA and sent to the Clearer daily.

4.5.0.2 The payments in EURO are performed through LCH.Clearnet SA access to the Ancillary System Interface of TARGET2 for final payment in TARGET2.

The Clearer must therefore hold a PM account with one of the central banks listed in a Notice, or be represented by a Payment Agent holding a PM account with one of these central banks.

In the latter case the Clearer enters into an agreement with a Payment Agent whereby the Payment Agent undertakes to pay to LCH.Clearnet SA or receive from LCH.Clearnet SA the amounts in EURO, on behalf of the Clearer.

4.5.0.3 The Clearer or the Paying Agent, as relevant, shall provide LCH.Clearnet SA with the appropriate Power of Attorney or another arrangement to the latter's benefit.

Chapter 6 – Default Management

4.6.0.1 Each of the following events shall constitute a Material Reason in respect of the Clearer:

- a) a failure to make any payment pursuant to the Terms of Business;
- b) any breach by the Clearer of the conditions required to fully benefit from such CDC Allowances Account, or the termination or suspension for any reason of the power granted by the Clearer to LCH.Clearnet SA;
- c) the suspension or termination of the agreement between the Clearer and its Payment Participant;
- d) a failure by the Clearer to perform any other material obligation pursuant to the Terms of Business, including when the Clearer does not disclose the information requested by LCH.Clearnet SA without justifying this refusal either by a mandatory provision of law or national regulation or by duly documented proof of its incapacity, despite its diligence, to obtain such documentation from its Client(s) or Market Member(s) for the account of which the Clearer acts pursuant to these Operating Rules;
- e) any representation made by the Clearer under the Admission Agreement proves to have been incorrect at the time it was made or reiterated, or ceases to be correct in any material respect, it being understood, without limitation, that the loss of the status of Market Member and/or Direct Participant in the LCH.Clearnet SA access to Ancillary System Interface shall be considered as a material aspect of the representations made under the Admission Agreement;
- f) any formal declaration by an authorized representative of the Clearer that it cannot or refuses to pay all or any substantial part of its debts or to perform all or any substantial part of its obligations, any declaration of a governmental or judicial moratorium, a voluntary arrangement with creditors, any appointment of an administrator, upon the request of regulatory authorities or the courts, any prohibition by any regulatory authority from entering into Transactions on Bluenext Derivatives or acting for the account of a Client or Market Member in accordance with the Agreement and the Terms of Business, as well as any other equivalent procedures;

- g) any cessation of activity, commencement of a voluntary winding up procedure or any other equivalent procedures;
- h) subject to applicable law, commencement of rehabilitation proceedings or any equivalent proceedings relating to the head office or any branch of the Clearer;
- i) the commencement of liquidation proceedings or any other equivalent proceedings affecting the head office or one of the branches of the Clearer;
- j) a failure to perform any payment obligation with respect to LCH.Clearnet SA, other than those resulting from the Terms of Business payment is subject to a serious substantive dispute; or
- k) a default in making one or more payments on the due date under one or more agreements or instruments relating to Specified Indebtedness (after giving effect to any applicable notice requirement or grace period); or
- l) any event, which results in any Margin, provided for the benefit, except in the event of a manifest error, or unless such of LCH.Clearnet SA becoming void, unenforceable or ceasing to exist.

4.6.0.2 In addition to the rights of LCH.Clearnet SA pursuant to the Admission Agreement in the case of the termination of the Terms of Business, LCH.Clearnet SA reserves the right, subject to applicable law (notably the law governing insolvency proceedings initiated against the Clearer):

- to transfer the client's Open Position(s) to another Clearer, subject to prior approval of the client and the approval of the newly designated Clearer; this transfer shall be effected on the basis of the Settlement Price of the client's Open Position(s) the day before the transfer; and
- to liquidate the Clearer's Open Position(s) (and the client's Open Position(s) if the Client or the newly designated Clearer disagrees with the transfer mentioned above) through buy-in and sell-out procedures effected by LCH.Clearnet SA (through a broker) on Bluenext Derivatives.

ANNEXE 1 – DELIVERY PROCESS

PERIOD	DAY	TIMING (CET)	SELLING CLEARER	LCH.CLEARNET SA	BUYING CLEARER
LAST TRADING DAY	D	05:00 PM	Maturity Date	Maturity Date	Maturity Date
		Around 05:30 PM	Logs OTC Trades		Logs OTC Trades
Normal settlement process	D+1	09:00 AM	<p>Can check its Open Positions through e-CCW.</p> <ul style="list-style-type: none"> Provides LCH.Clearnet SA with Collateral for its Delivery Initial Margins (settlement period between 08:00 AM and 08:30 AM). 	<ul style="list-style-type: none"> Calls for Delivery Initial Margins on the Clearers (information period between 08:00 AM and 08:30 AM). Calls for payment of the buying Open Positions (information period between 08:00 AM and 08:30 AM). 	<p>Can check its Open Positions through e-CCW</p> <ul style="list-style-type: none"> Provides LCH.Clearnet SA with Collateral for its Delivery Initial Margins (settlement period between 08:00 AM and 08:30 AM). Pays for the buying Open Positions (settlement period between 08:30 AM and 09:00 AM).
		12:30 AM		<p>Operates the transfers of EUAs and CERs:</p> <ol style="list-style-type: none"> 1. by descending order into the Open Positions files. 2. by checking: <ul style="list-style-type: none"> if the buying Clearer has performed its payment obligation (through the confirmation file provided by LCH.Clearnet SA), EUAs or CERs held by the selling Clearer's CDC Allowances Account. <p>Transfers automatically the underlying:</p> <ul style="list-style-type: none"> From the selling Clearer CDC Allowances Account to LCH.Clearnet SA CDC Allowances Account ¹; From LCH.Clearnet SA CDC Allowances Account to the buying Clearer CDC Allowances Account. 	
		05:30 PM			<ol style="list-style-type: none"> 1. Updates the position in the Clearing System. 2. For Clearers which have completed the delivery process, it sends instruction in order to: <ul style="list-style-type: none"> credit the central bank cash account of the selling Clearer on D+2 09:00 AM (CET), pay back the Collateral posted for the Delivery Initial Margin to the Clearers on D+2 09:00 AM (CET)

PERIOD	DAY	TIMING (CET)	SELLING CLEARER	LCH.CLEARNET SA	BUYING CLEARER
DELIVERY Normal settlement process	D+2	09:00 AM	<p>Can check its Open Positions through e-CCW.</p> <p>On condition that the delivery process has been completed, LCH.Clearnet SA sends instruction to credit the selling Clearer's account in central bank.</p> <p>On condition that the delivery process has been completed, the selling Clearer recovers the Delivery Initial Margin deposit.</p>	<ul style="list-style-type: none"> • Subject that the completion of the delivery process is confirmed by Bluenext, LCH.Clearnet SA sends payment instruction to credit the central bank cash account of the selling Clearer. • Pays back the Collateral posted for the Delivery Initial Margin to the Clearers. 	<p>Can check its Open Positions through e-CCW.</p> <p>On condition that the delivery process has been completed, the selling Clearer recovers the Delivery Initial Margin deposit.</p>
		12:30 AM		Operates the delivery process as described on D+1.	Subject that it has performed its payment obligation, its CDC Allowances Account is credited.
		05:30 PM	<p>Clearers which did not perform their delivery obligation will go through the delayed settlement process and fined accordingly.</p>	<ol style="list-style-type: none"> 1. Updates the position in the Clearing System. 2. For Clearers which have completed the delivery process, it sends instruction in order to: <ul style="list-style-type: none"> • credit the central bank cash account of the selling Clearer on D+3 09:00 AM (CET), • pay back the Collateral posted for the Delivery Initial Margin to the Clearers on D+3 09:00 AM (CET). 	<p>Clearers which did not perform their payment obligation will go through the delayed settlement process and fined accordingly.</p>

¹ Both Clearers and LCH.Clearnet SA CDC Allowances Accounts are open in the French Registry SERINGAS

PERIOD	DAY	TIMING (CET)	SELLING CLEARER	LCH.CLEARNET SA	BUYING CLEARER
DELATED Normal settlement process	D+3	09:00 AM	In case of default to perform delivery obligation in D+2 at 05:30 PM, late delivery penalty and late interests are due.		In case of default to perform payment obligation in D+2 at 05:30 PM, late payment penalty is due.
		12:30 AM		Operates the delivery process as described on D+1.	Subject that it has performed its payment obligation, its CDC Allowances Account is credited.
		05:30 PM	Clearers which did not perform their delivery obligation are in default.	3. Updates the position in its system. 4. For Clearers which have completed the delivery process, it sends instruction in order to: <ul style="list-style-type: none"> credit the central bank cash account of the selling Clearer on D+4 09:00 AM (CET), pay back the Collateral posted for the Delivery Initial Margin to the Clearers on D+4 09:00 AM (CET). 	Clearers which did not perform their payment obligation are in default.
Fails Cash settlement	D+4	09:00 AM	In case of default to perform its delivery obligation on D+ 3 05:30 PM, the selling Clearer is deemed to be in default. This triggers its obligation to pay LCH.Clearnet SA : <ul style="list-style-type: none"> the cash compensation, penalty for failure to deliver. 	Calculation of the cash compensation. Calculation of the penalties for failure to pay / failure to deliver. Starts the process consisting in sending the relevant credit or debit instructions to the central banks.	Defaulting buying Clearer: in case of default to perform payment obligation in D+3 at 05:30 PM, the buying Clearer is deemed to be in default. This triggers its obligation to pay LCH.Clearnet SA the penalty for failure to pay. The buying Clearer suffering from the delivery failure is entitled to the cash settlement amount.