

(II) FINANCE PROCEDURES**INDEX**

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The Clearing House, as collateral taker, provides access to information on income payments, redemptions or corporate events in relation to collateral securities provided to the collateral taker.

- 3.30 The Clearing House will be the beneficial owner of all securities title to which is transferred to the Clearing House and the withholding of tax is based on the tax status of the Clearing House. We strongly recommend that the Clearing Member should withdraw or exclude the collateral which is subject to the corporate action as the Clearing House is not liable for any deviations in taxation and does not assist in the reclaiming of tax.

Default

- 3.31 The Clearing House will inform the Triparty Collateral Service Provider of an event of default of the Clearing Member according to the terms and regulations of the CSA. The Clearing House Rules regarding the liquidation of the collateral can be found in the Clearing Member Agreement.

- 3.32 At the request of an F&O Clearing Member, the Clearing House may, in its sole discretion, agree to enter into a collateral purchase agreement with a third party collateral purchaser and such F&O Clearing Member (and in the case of an Individually Segregated Margin-flow Co-mingled Account, the relevant Customer), under which the Clearing House will agree to offer for sale to the third party collateral purchaser Triparty Collateral deposited by such F&O Clearing Member for a Proprietary Account or Individually Segregated Margin-flow Co-mingled Account in respect of F&O Contracts, in the event of the F&O Clearing Member being declared a Defaulter under the Rules. Any proceeds of such sale will be included in the relevant net sum pursuant to Rules 905(b)(vii) and 906(a). The Clearing House shall have no obligation to enter into any such agreement, and the identity of any such third party collateral purchaser (and, in the case of an Individually Segregated Margin-flow Co-mingled Account, the relevant Customer) must be approved by the Clearing House pursuant to criteria established by the Clearing House. Any such collateral purchase agreement must be in the form approved by the Clearing House for such purposes from time to time.

4. ASSURED PAYMENT SYSTEM: ACCOUNTS

- 4.1 Each Clearing Member must as a minimum maintain the following accounts at one or more Approved Financial Institutions:
- (a) up to six Nominated Proprietary Bank Accounts (also known as 'house' accounts) linked to each Proprietary Account, denominated in up to one each of USD, GBP, EUR, CAD, CHF and SEK as follows, subject to paragraph 4.2:
- (i) all F&O Clearing Members and FX Clearing Members must have an account, denominated in USD;
 - (ii) all CDS Clearing Members must have an account denominated in EUR;
 - (iii) all F&O Clearing Members and FX Clearing Members must additionally have at least one further account denominated in either GBP or EUR;
 - (iv) all CDS Clearing Members must additionally have at least one further account denominated in either GBP or USD;
 - (v) a Clearing Member which has an Open Contract Position in a contract for which EUR, GBP, USD or CAD is the settlement currency must have an account denominated in such currency;

11. SETTLEMENT PROCEDURES FOR NON-CASH COLLATERAL

This paragraph 11 applies to each Sponsored Principal (or, if a Sponsor has been appointed as responsible for meeting obligations in respect of non-cash collateral on an Individually Segregated Sponsored Account, the Sponsor) in the same way as it applies to a Clearing Member, subject to Part 19 of the Rules.

11.1 Instruction Type

All transactions to deposit or withdraw from the Clearing House will be executed free of payment.

11.2 Trade and Settlement Date

- (a) The Clearing House presumes that all trade dates and contractual settlement dates are equal to the date of entry of an instruction in ECS, because all relevant settlement systems and depositories for Permitted Cover support same day settlement. Any deviation from this assumption must be notified to the Clearing House as it will result in a mismatch and non-settlement.
- (b) Settlements must take place during normal opening hours of the relevant settlement or depository system. The Clearing House will not give settlement instructions in extended settlement periods such as 'daylight' or 'Real Time Settlement' periods.

11.3 Custody and Sub-custody

- (a) Settlement of a transfer of Permitted Cover from the Clearing House to a Clearing Member may only be effected when the relevant securities to be subject to settlement are under custody of the Clearing House's custodian at the moment that settlement instructions are made.
- (b) Each settlement between the Clearing House and a Clearing Member must be effected pursuant to a transaction within the relevant settlement or depository system.

11.4 Matching of Settlement Instructions

The Clearing House will support the matching mechanism of at least one major settlement system or depository for securities acceptable as Permitted Cover. ECS requires only the minimum necessary information required by such systems and depositories in order for matching of a counterparty's instruction. The Clearing House will notify Clearing Members of the relevant account details for matching. However, it is the responsibility of the Clearing Member to ensure that instructions entered into ECS are correctly matched. The Clearing House will not be liable for any losses of Clearing Members or third parties caused by non-settlement or a delay in settlement as a result of the actions or omissions of a settlement system, a depository or the Clearing Member (save for any liability which by law may not be excluded).

The Clearing House will publish from time to time on its website applicable matching criteria per settlement system or depository (and ICE settlement details). [Settlement timing per settlement system or depository is set out below:](#)

CBF (DE)	Instruction deadline:	14:30 (GMT/BST)
	Trade date:	Entry day
	Contractual Settlement date:	Entry day

<u>EOC France (FR)</u>	<u>Instruction deadline:</u>	<u>12:30 (GMT/BST)</u>
	<u>Trade date:</u>	<u>Entry day</u>
	<u>Contractual settlement date:</u>	<u>Entry day</u>
<u>EOC GB/IE (GB)</u>	<u>Instruction deadline:</u>	<u>15:00 (GMT/BST)</u>
	<u>Trade date:</u>	<u>Entry day</u>
	<u>Contractual Settlement date:</u>	<u>Entry day</u>
<u>FED (US)</u>	<u>Instruction deadline:</u>	<u>17.00 (GMT/BST)</u>
	<u>Trade date:</u>	<u>Entry day</u>
	<u>Contractual Settlement date:</u>	<u>Entry day</u>
<u>EOC bank</u>	<u>Instruction deadline:</u>	<u>15:00 (GMT/BST)</u>
	<u>Trade date:</u>	<u>Entry day</u>
	<u>Contractual Settlement date:</u>	<u>Entry day</u>
<u>CBL (Clearstream Lux.)</u>	<u>Instruction deadline:</u>	<u>12:00 (GMT/BST)</u>
	<u>Trade date:</u>	<u>Entry day</u>
	<u>Contractual Settlement date:</u>	<u>Entry day</u>

Direct accounts of the Clearing House at settlement systems may also be notified by the Clearing House to Clearing Members from time to time and must be used instead of any of the above accounts, where the Clearing House and Clearing Member are able to do so.

11.5 Settlement cancellations and unsettled transactions

- (a) Clearing Members may only cancel settlement instructions prior to the time when the Clearing House sends settlement instructions to its custodian. After the Clearing House has sent instructions to its custodian, the Clearing House and ECS will assume that the transaction has been executed and settled.
- (b) All unsettled transactions are automatically cancelled at the end of each day in ECS. In the event that the relevant settlement system or depository does not support one-sided cancellations and the transaction settles after the contractual settlement date, relevant securities will not be taken into account as Permitted Cover. If same-day settlement does not occur but the Clearing Member still wishes to make settlement, it must cancel the instruction and re-enter that instruction.

11.6 Settlement deadlines