

Amendments to OTC Clear's Clearing Rules

Default Management Process in respect of such Capped Liability Period in accordance with Clearing Rule 1516. If the Default Management Process(es) in respect of any DMP Event(s) relating to such Capped Liability Period has not been completed at the time of recalculation, OTC Clear shall, for the purpose of determining the Rates and FX Contribution Balance in sub-paragraph (1) above only, and only for so long as the relevant Default Management Process(es) have not been completed, treat the Rates and FX Contribution Balance prior to the end of the Capped Liability Period as having been applied in full regardless of whether such Rates and FX Contribution Balance have in fact been so applied, in whole or in part. Following completion of the relevant Default Management Process(es), OTC Clear will determine the reduction in the Rates and FX Contribution Balance with respect to each Clearing Member, and a Clearing Member may request the redelivery of Collateral in respect of any Rates and FX Contribution Excess in accordance with Clearing Rule 1546. Subject to sub-paragraph (3) below, any Rates and FX Contribution delivered by any Clearing Member following the expiry of such Capped Liability Period shall not be applied in respect of any Rates and FX Loss arising out of any DMP Event occurring prior to the expiry of such Capped Liability Period; and

- (3) notwithstanding sub-paragraph (2) above, following the expiry of a Capped Liability Period, OTC Clear may apply any Rates and FX Contribution delivered to it prior to the end of such Capped Liability Period and may demand additional Rates and FX Assessments up to the Maximum Current Liability relating to such Capped Liability Period, in each case, for application in accordance with Clearing Rule 1516 in respect of DMP Event(s) relating to such Capped Liability Period.
1509. Unless otherwise specified in Clearing Rule 1508(1)(a), each Clearing Member shall deliver additional Collateral in respect of its Rates and FX Liability as notified to it by OTC Clear within one OTC Clear Business Day following receipt of demand from OTC Clear. For the avoidance of doubt, in respect of any Rates and FX Contribution Determination Date falling after the occurrence of the DMP Event with respect to a Defaulting Clearing Member, such Defaulting Clearing Member will not be included for the purpose of recalculation of the Rates and FX Guarantee Fund and Rates and FX Assessments by OTC Clear on any such Rates and FX Contribution Determination Date, notwithstanding the fact that the Membership Termination Date of such Defaulting Clearing Member may fall on or after any such Rates and FX Contribution Determination Date.
1510. Notwithstanding the operation of Clearing Rule 1508, if OTC Clear determines that:
- (1) the Expected Uncollateralized Loss ("EUL") with respect to a Clearing Member on any two consecutive OTC Clear Clearing Days during the period between two Rates and FX Contribution Determination Dates exceeds its largest EUL within the GF Calculation Period relating to the earlier Rates and FX Contribution Determination Date by 10% or more, and the EUL for such Clearing Member exceeds 50% of the Rates and FX Guarantee Fund, where Expected Uncollateralised Loss has the meaning given to it in section 6.1.1(4) of the Clearing Procedures (and as modified

by section 6.1.1(8) of the Clearing Procedures if Client Clearing Services are provided); or

- (2) the EUL with respect to a Clearing Member on any two consecutive OTC Clear Clearing Days during a Capped Liability Period exceeds its largest EUL within the GF Calculation Period relating to the Rates and FX Contribution Determination Date immediately preceding the start of such Capped Liability Period by 10% or more, and the EUL for such Clearing Member exceeds 50% of the Rates and FX Guarantee Fund

(such excess, the “**Increased Risk**”),

then OTC Clear has the right to demand additional Collateral from such Clearing Member in an amount equal to the Increased Risk determined on the relevant second consecutive OTC Clear Clearing Day. The relevant Clearing Member shall provide additional Collateral to OTC Clear on the immediately following OTC Clear Business Day following receipt of OTC Clear’s notice. Thereafter, the requirement on additional Collateral will be determined by OTC Clear on a daily basis according to the latest calculation of Increased Risk less the amount of additional Collateral collected under this Clearing Rule 1510. Any additional Collateral provided by the relevant Clearing Member pursuant to this Clearing Rule 1510 shall be treated as part of such Clearing Member’s Additional Margin. Additional Collateral provided by a Clearing Member pursuant to a demand made by OTC Clear under this Rule 1510 one day before the later Rates and FX Contribution Determination Date will still be required by OTC Clear as Additional Margin under this Clearing Rule 1510 until the receipt of any additional Collateral demanded by OTC Clear pursuant to Clearing Rule 1505 to reflect the new CM Funded Contribution Amount of such Clearing Member as calculated on the later Rates and FX Determination Date. The Maximum Current Liability determined in respect of a Non-Defaulting Clearing Member during a Capped Liability Period pursuant to Clearing Rule 1513 will not be increased by virtue of the application of this Clearing Rule 1510.

1511. Following the occurrence of any DMP Event, and completion of the related Default Management Process, provided that there is no ongoing Default Management Process relating to other DMP Events taking place at the relevant time, OTC Clear will determine any reduction in the OTC Clear Contribution by the amount applied during the Default Management Process in accordance with Clearing Rule 1516. If prior to the completion of a Default Management Process, a subsequent DMP Event occurs, OTC Clear will only determine any reduction in the OTC Clear Contribution at the time where all relevant Default Management Processes have been completed. To the extent that the OTC Clear First Contribution and/or OTC Clear Second Contribution have been utilized as a result of the operation of the Default Management Process(es), OTC Clear will replenish each of the OTC Clear First Contribution and OTC Clear Second Contribution to its original value using its retained earnings, provided that OTC Clear will only replenish the OTC Clear Second Contribution if the OTC Clear First Contribution has first been replenished in full to its original value. In either case, OTC Clear shall only replenish if and to the extent that OTC Clear’s working capital after such replenishment shall not fall below the amount required for its continuous operation for the following 12 months (including but not limited to OTC Clear’s ability to meet all its other actual, contingent or anticipated future liabilities (taking into account for these purposes