

## Chapter 10B Floating Rate Conversion

10B01. Without prejudice to any other provisions contained in these Clearing Rules, from time to time, OTC Clear may amend the floating rate and calculation of the floating amounts under any Contract which are determined by reference to any Interbank Offered Rate, regardless of any fallbacks that may otherwise apply in relation to the floating rate or calculation of the floating amounts pursuant to the Contract Terms of such Contract (a “**Floating Rate Conversion**”) in accordance with the terms of a Floating Rate Conversion Supplement.

10B02. In furtherance of effecting the Floating Rate Conversion, OTC Clear may, among other things:

- (1) modify and/or supplement the Contract Terms of each Affected Derivatives Contract registered with OTC Clear, as specified by OTC Clear;
- (2) create certain operational bookings in order to facilitate and/or reflect the legal amendments made to each Affected Derivatives Contract;
- (3) create new payment obligations to reflect the change in the net present value of one or more Affected Derivatives Contracts; and
- (4) create and register new Contract(s) to reflect amendments made to each Affected Derivatives Contract,

in accordance with the relevant Floating Rate Conversion Supplement.

10B03. Prior to a Floating Rate Conversion taking effect, OTC Clear shall deliver the relevant Floating Rate Conversion Notice to the Clearing Members, which will set out amongst other things:

- (1) the Existing Floating Rate Option subject to the Floating Rate Conversion;
- (2) the New Floating Rate Option as a result of the Floating Rate Conversion;
- (3) the Floating Rate Conversion Date;
- (4) the Affected Derivatives;
- (5) the Floating Rate Conversion Supplement that shall apply in relation to the change of the Floating Rate Option referred to above and any dates or information required to be communicated pursuant to such Floating Rate Conversion Supplement; and
- (6) any other information as may be relevant to effect the Floating Rate Conversion.

10B04. The Floating Rate Conversion Supplement shall include any other procedures or mechanisms OTC Clear determines are required to give effect to the changes referred to above, including certain operational procedures which will include the recording of certain operational bookings in OTC Clear service to operationally represent the Contracts as amended pursuant to the terms of the Floating Rate Conversion Supplement. These operational bookings are not Contracts for the purposes of the Clearing Rules and are for operational purposes only. Where OTC Clear determines appropriate, OTC Clear's internal governance and booking procedures will provide that such operational bookings and any reports generated by OTC Clear in connection therewith shall be interpreted accordingly.

10B05. OTC Clear may, from time to time, amend, modify, supplement, replace, withdraw, or override the terms of the Floating Rate Conversion Notice or Floating Rate Conversion Supplement

by issuing a Clearing Notice or such other method as OTC Clear shall determine is appropriate.

10B06. Following the publication of the Floating Rate Conversion Supplement, each Clearing Member (acting individually) hereby appoints OTC Clear, with the full power and authority of that Clearing Member, to (if applicable):

- (1) act as its agent, to enter into, in the name of, and on behalf of, that Clearing Member, one or more Contracts on terms determined by that Floating Rate Conversion Supplement;
- (2) in reliance on the deemed instructions that Clearing Member provides on behalf of it and its Clients pursuant to the terms of the Floating Rate Conversion Supplement, to register any Contracts so entered into under this Clearing Rule and the Floating Rate Conversion Supplement in the relevant Position Account held in that Clearing Member's name (as applicable); and
- (3) (A) execute in that Clearing Member's name and on that Clearing Member's behalf any document, contract, deed or other agreement, or (B) do, or cause to be done, any acts, in each case as OTC Clear determines (acting in good faith and in a commercially reasonable manner) to be lawfully necessary to give effect to the new Contracts entered into pursuant to the foregoing,

provided however that, in all cases the terms of each Contract amended and/or entered into and registered pursuant to the foregoing provisions and the accounts in which such Contracts are or shall be registered shall be determined pursuant to the methodology set out in the relevant Floating Rate Conversion Supplement pursuant to which such powers are exercised.

10B07. Each Clearing Member agrees and acknowledges that, notwithstanding anything to the contrary in these Clearing Rules or any Clearing Procedure, the terms of any Floating Rate Conversion Supplement and/or any Floating Rate Conversion Notice may amend, supplement, and/or modify the terms of any Contract to which such Floating Rate Conversion Supplement and/or any Floating Rate Conversion Notice relates, and following the publication of a Floating Rate Conversion Supplement or delivery of a Floating Rate Conversion Notice (or any subsequent date specified for such purpose by OTC Clear), the rights and obligations of OTC Clear and each Clearing Member under each such Contract shall be performed in accordance with the Contract Terms, as amended, supplemented and/or modified by the terms of that Floating Rate Conversion Supplement and/or Floating Rate Conversion Notice.

10B08. Any Contract entered into pursuant to Clearing Rule 10B06 above (if applicable) shall be deemed to satisfy any registration requirements under the Clearing Rules, including but not limited to being deemed to be registered in accordance with Clearing Rule 806.

10B09. Upon the publication of a Floating Rate Conversion Supplement, there shall arise a standing instruction to OTC Clear for itself and on behalf of the Clearing Members authorising OTC Clear to take the steps and make the changes, including without limitation the amendments to the Contracts set-out in that Floating Rate Conversion Supplement, and, if applicable under the terms of that Floating Rate Conversion Supplement, to enter into and register certain Contracts on behalf of certain Clearing Members and/or Clients pursuant to Clearing Rule 10B06 above and the Floating Rate Conversion Supplement.

10B10. The Floating Rate Conversion Supplement may give rise to one or more payment obligations being owed by OTC Clear to a Clearing Member or by a Clearing Member to OTC Clear

(each, a “**Conversion Payment**”). The calculation of each Conversion Payment and the due date for payment of such Conversion Payment in each case shall be on the terms set out in the relevant Floating Rate Conversion Supplement. Each Clearing Member and each Client shall be bound by the terms of the Floating Rate Conversion Supplement, including, without limitation, each Contract registered or recorded to the relevant Position Account, pursuant to each Floating Rate Conversion Supplement.

10B11. Each Clearing Member agrees and acknowledges that (i) the terms of each Floating Rate Conversion Supplement shall be binding as between it and each of its Clients, (ii) the amendments made to each Contract in a Client Position Account made pursuant to each Floating Rate Conversion Supplement shall result in an identical amendment to the back-to-back rights and obligations between the Clearing Member and the relevant Client on whose behalf the account or “Position Account” referred to above is held, (iii) any new Contract registered in a Client Position Account pursuant to the Floating Rate Conversion Supplement shall be replicated by back-to-back rights and obligations between the Clearing Member and the relevant Client on whose behalf the account or “Position Account” referred to above is held, and (iv) the terms of each Floating Rate Conversion Supplement shall be mandatory for the purposes of the Client Clearing Agreements between it and each of its Clients.

10B12. For the purposes of this Chapter 10B:

“**Affected Derivatives Contracts**” means Contracts relating to Affected Derivatives to which the relevant Floating Rate Conversion shall apply.

“**Affected Derivatives**” means the types of Standard Rates Derivatives and Standard Cross-currency Rates Derivatives which are specified to be in-scope for the Floating Rate Conversion in the relevant Floating Rate Conversion Notice.

“**Conversion Payment**” has the meaning given to it in Clearing Rule 10B10.

“**Floating Rate Conversion Date**” means the date as identified in the Floating Rate Conversion Notice on which the Floating Rate Conversion shall take effect.

“**Existing Floating Rate Option**” shall have the meaning specified as such in the Floating Rate Conversion Notice.

“**New Floating Rate Option**” shall have the meaning specified as such in the Floating Rate Conversion Notice.

“**Floating Rate Conversion Notice**” means a Clearing Notice delivered by OTC Clear to its Clearing Members setting out the details of the Floating Rate Conversion.

“**Floating Rate Conversion Supplement**” means the supplement identified by OTC Clear in the Floating Rate Conversion Notice as being applicable to the Floating Rate Conversion, and as may be supplemented, modified, amended, replaced or withdrawn by OTC Clear from time to time in accordance with the terms of such supplement.