

Chapter 21L Default Management Process

Default Management Process

21L01. The “**Default Management Process (SHCH)**” means the provisions set out in this Chapter 21L, or the process described therein, as applicable, which shall be carried out by OTC Clear, after consultation with, and with the assistance of, the Default Management Group. With respect to the Special Clearing House Participant, the Default Management Process shall commence immediately following the delivery of a notice to the Special Clearing House Participant declaring the occurrence of an SHCH Event of Default pursuant to Clearing Rule 21J02, which shall be a DMP Event.

21L02. Upon the occurrence of a DMP Event with respect to the Special Clearing House Participant pursuant to Clearing Rule 21L01, OTC Clear will arrange for the following to occur in the order set out below:

- (1) to convene the Default Management Group; and
- (2) to terminate all Contracts registered in the name of the Special Clearing House Participant, and all Contracts which have equal but opposite terms to such Contracts registered in the name of the Special Clearing House Participant, and the Contract Termination Net Payment will be calculated by OTC Clear.

General Provisions relating to the Special Clearing House Participant

21L03. The Special Clearing House Participant shall not participate in the Default Management Process with respect to one or more Clearing Members. Notwithstanding the immediately foregoing, the Special Clearing House Participant shall provide all reasonable assistance to OTC Clear in connection with the Auction process in relation to such Default Management Process.