

This Notice to End-users of FCM SwapClear Clearing Services is provided for information purposes only and is neither a full description of the FCM SwapClear Clearing Service nor a recommendation to FCM Clients to make use of the FCM SwapClear Clearing Service. Accordingly, FCM Clients may not rely upon the contents of this Notice to End-users of FCM SwapClear Clearing Services and should make their own decisions as to the FCM SwapClear Clearing Service based on independent advice from advisers as such FCM Client deems necessary.

Notice to End-users of FCM SwapClear Clearing Services

All defined terms used herein and not otherwise defined have the meaning ascribed to them in the “FCM Regulations” of LCH.Clearnet Limited (the “Clearing House”) as published by the Clearing House.

In connection with the provision of FCM SwapClear Clearing Services by FCM Clearing Members, FCM Clearing Members are obligated by the FCM Regulations to bind their respective FCM Clients to the applicable provisions of the FCM Regulations. In particular, FCM Regulation 30 provides that FCM Clients, by participating in FCM SwapClear Transactions and entering FCM SwapClear Contracts through their respective FCM Clearing Member(s), shall be deemed to understand, acknowledge and agree that:

- (a) the services provided by the Clearing House with regard to the FCM SwapClear Clearing Services will be subject to and governed by the FCM Rulebook between the Clearing House and the FCM Clearing Member;
- (b) the FCM Regulations shall govern the registration of FCM SwapClear Contracts and all transactions between an FCM Client or Affiliate and its FCM Clearing Member resulting in the registration of FCM SwapClear Contracts, and at the time of registration of an FCM SwapClear Contract the FCM Client or Affiliate on whose behalf it was registered will be deemed to be bound by the relevant FCM SwapClear Contract on the terms entered into between the FCM Clearing Member and the Clearing House (including, without limitation, all applicable terms of the FCM Regulations and Schedule A thereto) automatically and without any further action by such FCM Client or Affiliate or by its FCM Clearing Member, and such FCM Client or Affiliate agrees to be bound by the applicable provisions of the FCM Regulations and by the terms of the applicable FCM SwapClear Contracts in all respects;
- (c) the provisions of FCM Regulation 26 (Exclusion of Liability) shall apply to each FCM Client and Affiliate *mutatis mutandis* as though entered into by each FCM Client and Affiliate directly with the Clearing House;
- (d) the Clearing House shall be under no obligation to deal directly with any FCM Client or Affiliate, and the Clearing House may deal exclusively with the FCM Clearing Members;
- (e) upon the default of an FCM Client’s or Affiliate’s FCM Clearing Member, if the Clearing House is required to do so by any Regulatory Body or applicable laws or regulations or determines in its discretion that it is necessary for its protection, the Clearing House may close out and terminate the FCM Client’s or Affiliate’s FCM SwapClear Contracts entered into by such FCM Clearing Member, subject to applicable law, regardless of whether such FCM Client or Affiliate had itself defaulted, and in certain circumstances the Clearing House will not transfer or otherwise re-establish such positions;

- (f) the Clearing House will not hold any assets transferred to it on behalf of any individual FCM Client or an Affiliate;
- (g) where an FCM Clearing Member provides an FCM Client's or Affiliate's securities or other assets to the Clearing House as collateral, such securities and other assets shall be held by the Clearing House in accordance with the FCM Rulebook and applicable law, and FCM Clients and Affiliates shall not be entitled to assert any equitable or other claim to any such securities or assets in circumstances where the assertion of such a claim would delay or inhibit (x) the disposal by the Clearing House of such securities or assets and/or (y) the application of the proceeds of sale of such securities or assets, in each case in accordance with the provisions of the FCM Rulebook and applicable law; and
- (h) each FCM Client and Affiliate provides its respective FCM Clearing Member(s) with its unconditional consent for such FCM Clearing Member(s) to furnish or deposit to or with the Clearing House any securities or other assets of such FCM Client or Affiliate in the FCM Clearing Member's possession, and to repledge such property to the Clearing House, as cover for the purposes of clearing FCM SwapClear Contracts entered on behalf of the FCM Client or Affiliate.