

x-clear General Terms and Conditions of Business
(English Law)
for Clearing of LSE Transactions

CONTENTS

CLAUSE	PAGE
1. DEFINITIONS AND INTERPRETATION	4
2. MEMBERSHIP	14
3. SUSPENSION OF MEMBERSHIP	16
4. TERMINATION OF MEMBERSHIP	17
5. RELATIONSHIP BETWEEN AN X-CLEAR GCM AND AN X-CLEAR NCM	18
6. CONDITIONS FOR CLEARING	19
7. OBLIGATIONS OF X-CLEAR MEMBERS	20
8. MAINTENANCE OF RECORDS	22
9. REPORTING REQUIREMENTS FOR X-CLEAR MEMBERS	22
10. FORMATION OF SINGLE CONTRACTS	24
11. CANCELLATION OF A SINGLE CONTRACT	24
12. TERMS OF SINGLE CONTRACTS	27
13. COLLATERAL	30
14. X-CLEAR DEFAULT FUND	31
15. PROVISIONS COMMON TO MARGIN AND CONTRIBUTIONS	33
16. X-CLEAR ACCOUNTS	34
17. ORDER OF REALISATION OF COLLATERAL	35
18. SETTLEMENT	35
19. LATE SETTLEMENT	36
20. LIABILITY	37
21. INDEMNITY	40
22. CONFIDENTIALITY AND DATA PROTECTION	41
23. MARKET DISORDER	42
24. DEFAULT BY THE X-CLEAR MEMBER	43
25. DEFAULT BY X-CLEAR	48
26. INTELLECTUAL PROPERTY RIGHTS	50

27.	SETTLEMENT FINALITY.....	50
28.	SCHEDULE OF FEES	50
29.	NOTIFICATION TO THE LSE AND OTHERS	51
30.	EXTENSION AND WAIVER OF PROVISIONS IN THE CONTRACTUAL RELATIONSHIP	51
31.	CONTRACTUAL BASIS.....	52
32.	DISPUTE RESOLUTION	52
33.	COMMUNICATIONS.....	53
34.	CLEARING MEMBERSHIP FOR CO-CCPS	54
35.	GOVERNING LAW AND JURISDICTION	54
	SCHEDULE 1 PROVISIONS FOR THE GCM-NCM AGREEMENT	55
	SCHEDULE 2 PROVISIONS APPLICABLE TO A CO-OPERATING CLEARING HOUSE.....	56

1. DEFINITIONS AND INTERPRETATION

- 1.1 In these General Terms and Conditions of Business (English Law) (the "**GTCB**"), the following words and expressions shall have the following meanings:

"Affiliate" means, with respect to any undertaking, an undertaking which is a parent undertaking or subsidiary undertaking of that undertaking or a subsidiary undertaking of any parent undertaking of that undertaking (noting that the expressions "parent undertaking" and "subsidiary undertaking" shall have the meaning given to them in section 258 of the Companies Act 1985 and the expression "undertaking" shall have the meaning given to it in section 259 of the Companies Act 1985);

"Applicable Laws" means any applicable national, federal, supranational, state, regional, provincial, local or other statute, law, ordinance, regulation, rule, code, guidance, order published practice or concession, judgment or decision of a Governmental Authority and, for the avoidance of doubt, includes all the provisions of the FSA Rules and applicable accounting standards and principles;

"Approved Settlement System" means an institution appointed by or which has contracted with the LSE to provide Settlement and other related services in respect of LSE Transactions including, without limitation, Euroclear UK;

"Business Day" means a day on which both the LSE, the provider of Transaction Routing, any Co-CCP, the Approved Settlement System and x-clear are open for business;

"Buying x-clear Member" means an x-clear ICM or x-clear GCM (whether or not acting on behalf of an x-clear NCM) that was, in respect of an LSE Transaction, the buyer of an LSE Product;

"Central Counterparty" means x-clear, a Co-CCP or other Clearing Organisation contracted to act as central counterparty by an Exchange and thereby to be interposed as the counterparty to its members on either or both the "buy" and "sell" legs of a transaction on an Exchange;

"Clearing" means the central counterparty, collateral, risk management and other related services provided in relation to LSE Transactions;

"Clearing Organisation" means any clearing house or organisation duly authorised, regulated, licensed or recognised under Applicable Laws in any jurisdiction, including any recognised clearing house, recognised overseas clearing house or similar entity;

"Clearing Terms" means the terms and conditions on, *inter alia*, Permissible Collateral, Margin and Contribution requirements, provided in the document of such name as amended from time to time;

"Close-out Netting" means the procedure described in Clause 24.5(d);

"Co-CCP" means a Central Counterparty that is party to a Link Agreement;

"Co-CCP Clearing Member" means a Co-CCP GCM or a Co-CCP ICM;

"Co-CCP Clearing Services" in relation to a particular LSE Product or category of LSE Products, means Clearing provided (or to be provided) by a Co-CCP to a Co-CCP Clearing Member for such LSE Product or category of LSE Products;

"Co-CCP GCM" means a Co-CCP Clearing Member authorised by the Co-CCP pursuant to the Co-CCP Regulations to receive Co-CCP Clearing Services in respect of own-account trades and trades by Co-CCP NCMs;

"Co-CCP ICM" means a Co-CCP Clearing Member authorised by the Co-CCP pursuant to the Co-CCP Regulations to receive Co-CCP Clearing Services in respect of own-account trades but not on behalf of Co-CCP NCMs;

"Co-CCP NCM" means an LSE Member that is not a Co-CCP Clearing Member and who benefits from the Co-CCP Clearing Services on a back-to-back basis as provided by a Co-CCP GCM;

"Co-CCP Regulations" means all the rules and regulations of a Co-CCP as from time to time in force and any arrangements, directions, procedures and provisions made there under, as the context may require, in all cases in the form published from time to time by the Co-CCP;

"Contract for Clearing Services (English Law)" means the agreement governed by English law between x-clear and the x-clear Member pursuant to which the x-clear Member agrees to be bound by the GTCB and the Rules and Regulations;

"Contract for Clearing Services (Swiss Law)" means the Swiss law-governed agreement between x-clear and the x-clear Member relating to the provision of central counterparty and other services performed by x-clear in respect of a Relevant Exchange;

"Contract Terms" means the terms and conditions of a Single Contract as provided for in Clause 12;

"Contractual Relationship" means, in relation to an x-clear Member, the Contract for Clearing Services (English Law), the GTCB, Single Contracts to which that x-clear Member is a party, the Rules and Regulations and Pledge Agreements (as amended, updated or restated from time to time) and any other documents given contractual force pursuant to the foregoing;

"Contribution" means a contribution to the Default Fund made in accordance with these GTCB;

"**Control**" means the rights and powers exercised over a Person by a Controller;

"**Controller**" has the meaning given to that term in section 422 of the FSMA;

"**Co-operating Clearing House**" has the meaning given to it in clause 34.1;

"**Crest Manual**" means the document entitled the "Crest Manual" issued by Euroclear UK as amended or updated from time to time;

"**CREST relevant system**" means the relevant system for which Euroclear UK has been approved under the Uncertificated Securities Regulations as operator;

"**Crest Rules**" means the rules and procedures contained in the Crest Manual, as amended from time to time, including rules within the meaning of the Uncertificated Securities Regulations and the FSMA, as made by Euroclear UK, and any rules made by Euroclear UK as operator of a designated system under or pursuant to Directive 98/26/EC on settlement finality in payment and securities settlement systems;

"**Crest System**" has the meaning given to that term in the Glossary section of the Crest Manual;

"**Default**" has the meaning given to it in Clauses 24.4 and/or 24.4, as the context so requires;

"**Default Fund**" means the default fund described further in Clause 14;

"**Default Notice**" shall have the meaning given to it in Clause 24.4;

"**Defaulting x-clear Member**" means an x-clear Member that has been declared to be in Default pursuant to Clause 24.4 or is regarded as being in Default pursuant to Clause 24.4;

"**Dispo Collateral Account**" shall have the meaning given to it in Clause 16.3;

"**Disputes**" shall mean any dispute, difference, controversy or claim (of any and every kind or type, whether based on contract, tort, statute, regulation, or otherwise) arising out of, in relating to, or in connection with the Contractual Relationship, including any dispute as to their collective or individual construction, validity, interpretation, enforceability or any breach of any of the documents forming part of the Contractual Relationship;

"**EEA**" means the European Economic Area;

"**Eligible Currencies**" has the meaning given to it in the Clearing Terms;

"Encumbrance" means any claim, charge, mortgage, security, lien, equity, power of sale, option or other right to purchase, usufruct, hypothecation, retention of title, right of pre-emption or other third party right or security interest of any kind or an agreement to create any of the foregoing;

"Euroclear" means Euroclear Bank S.A./N.V., whose principal place of business is at 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, a wholly-owned subsidiary of Euroclear plc;

"Euroclear UK" means Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) incorporated in England and Wales under number 2878738 whose registered office is at 33 Cannon Street, London EC4M 5SB, United Kingdom;

"Event of Default" has the meaning given to it in Clause 24.1;

"Event of Force Majeure" means any occurrence outside the control of x-clear or the relevant x-clear Member (as applicable) which hinders or prevents the performance in whole or in part of any of its obligations hereunder (other than an obligation to make any payment), including, but not limited to, fire, flood, storm, earthquake, explosion, war, hostilities, diseases, epidemics, accidents howsoever caused, riots, civil commotion, malicious damage (other than malicious damage caused by employees of the relevant party or its Affiliate), acts of third parties such as the partial or complete unusability of such third party's technical systems (including without limitation the systems operated by the LSE, any Approved Settlement System, the provider of Transaction Routing and a Co-CCP) but excluding matters caused by acts of a party and of its Sub-Contractors and, in the case of an x-clear Member, of its x-clear NCMs), strike, lockout, work to rule or other industrial dispute, lack of energy supply, the actions or omissions of settlement banks or bank transfer systems or wires, criminal action, embargoes, acts of God, acts of Governmental Authorities, delays in transportation or communications;

"Exchange" means any exchange or similar body duly authorised, regulated, licensed or recognised (to the extent necessary) under Applicable Laws in any jurisdiction, including but not limited to any recognised investment exchange, recognised overseas investment exchange, designated investment exchange, regulated market, alternative trading system, multilateral trading facility or similar entity;

"FSA" means the Financial Services Authority or any successor entity;

"FSA Rules" means all rules, requirements, directions and guidance issued by the FSA from time to time;

"FSMA" means the UK's Financial Services and Markets Act 2000;

"GCM-NCM Agreement" means the agreement between an x-clear GCM and an x-clear NCM pursuant to which, *inter alia*, the x-clear GCM agrees to act as a contractual counterparty to x-clear in respect of

Single Contracts arising from LSE Transactions to which the x-clear NCM is a party;

"Governmental Authority" means any federal, national, supranational, state, provincial, local or other government, government department, ministry, secretary of state, minister, governmental or administrative authority, agency, commission, court, tribunal, judicial body or arbitral body or any other Person exercising judicial, executive, interpretative, enforcement, investigative or legislative powers or authority anywhere in the world including any Person which exercises a regulatory or supervisory function under the Applicable Laws of any jurisdiction in relation to financial services, the financial markets, Exchanges or Clearing Organisations (including, without limitation, the FSA, any Person given powers under the FSMA, the Bank of England, HM Treasury, the Office of Fair Trading, the SNB and the SFBC);

"GTCB" means these General Terms and Conditions of Business (English Law);

"Haircut" means a percentage reduction in the value of collateral corresponding to the difference between the market value of a Security (as determined by x-clear at its discretion) and its deemed collateral value;

"Initial Margin" means the Permissible Collateral required to be provided to x-clear as security for the obligations of an x-clear Member in respect of Outstanding Contracts as further described in the Clearing Terms;

"Insolvency" shall have the meaning given to it in Clause 24.3;

"Intended Settlement Date" means the date designated for Settlement of a Single Contract by the rules of the Approved Settlement System or, if applicable, the LSE;

"Inter-CCP Contract" means the contract between x-clear and a Co-CCP that arises when an LSE Transaction involves an x-clear Member on the one side and the Co-CCP Clearing Member on the other, which reflects the same terms and conditions (save as to the parties and certain of its terms and conditions as agreed between x-clear and the Co-CCP from time to time) of the corresponding LSE Transaction and which arises pursuant to a Link Agreement;

"Irregular Pledge" means an *Irreguläres Pfandrecht*, as such term is understood under the laws of, and by Governmental Authorities in, Switzerland;

"Late Contribution" shall have the meaning given to it in Clause 14.8;

"LCH" means LCH.Clearnet Limited incorporated in England and Wales under number 00025932 whose registered office is at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom;

"Link Agreement" means an agreement between x-clear and a Co-CCP relating to the clearing link established or to be established between them in respect of the Clearing of LSE Transactions by both x-clear and the Co-CCP;

"List of Securities eligible for Clearing" means the list as published on the x-clear website from time to time designating the LSE Products that are subject to Clearing by x-clear at that time;

"LSE" means London Stock Exchange plc incorporated in England and Wales under number 2075721 whose registered office is at 10 Paternoster Square, London EC4M 7LS, United Kingdom;

"LSE Market" means a market operated by LSE under the LSE Rules including the trading system known as TradElect™ and any successor systems;

"LSE Member" means a member of LSE or other person approved by LSE who trades on the LSE Market;

"LSE Product" means any product traded on the LSE Market from time to time and designated for Clearing by x-clear in the List of Securities eligible for Clearing;

"LSE Rules" means all the rules of the LSE from time to time in force and any arrangements, directions, procedures and provisions made there under, as the context may require, as may be prescribed or published from time to time by the LSE;

"LSE Transaction" means a trade in an LSE Product made in accordance with and subject to the LSE Rules by means and by virtue of Matching;

"Margin" means Initial Margin and Variation Margin;

"Matching" means the matching of orders submitted to TradElect™ for the sale or purchase of an LSE Product that results in an "on Exchange" trade (as defined in the LSE Rules);

"Open Offer" means the offer by x-clear to an x-clear Member to act as Central Counterparty in relation to an LSE Transaction;

"Outstanding Contracts" means Single Contracts that have not settled;

"Permissible Collateral" means Securities or cash determined by x-clear to be permissible collateral for Margin or Contributions as further described in the Clearing Terms;

"Person" means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated association, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

"Pledge Agreements" means the Pledgeholder Agreement, the Pledge Agreement for Margins and the Pledge Agreement for Default Funds;

"Pledgeholder Agreement" means the Swiss-law governed agreement between x-clear, SIS and the x-clear Member in relation to the custody of the Regular Pledges granted by the x-clear Member pursuant to the Pledge Agreement for Default Funds;

"Pledge Agreement for Margins" means the Swiss-law governed agreement between SIS and the x-clear Member in relation to the collateral posted by that x-clear Member as Margin by way of an Irregular Pledge;

"Pledge Agreement for Default Funds" means the Swiss-law governed agreement between SIS and the x-clear Member in relation to that x-clear Member's posting of collateral by way of a Regular Pledge in satisfaction of the x-clear Member's obligation to contribute to the Default Fund and the separate default fund established in relation to the Relevant Exchanges;

"Regular Pledge" means a *Reguläres Pfandrecht*, as such term is understood under the laws of, and by Governmental Authorities in, Switzerland;

"Relevant Exchange" means an Exchange in relation to which x-clear, in accordance with the Contractual Relationship between x-clear and a member of x-clear (each such capitalised term for the purposes of this definition being defined in the Contract for Clearing Services (Swiss Law)), is the Central Counterparty for such member and for which the legal relationship between x-clear and the member is governed by Swiss law;

"Representative" means any Person that carries out or is responsible for any of the functions of another Person, including, without limitation, any one or more of the other Person's directors, partners, officers, executives, employees, Affiliates, contractors or agents;

"Respective" as used in conjunction with one of the agreements comprising the Contractual Relationship (as defined, for the purposes of this definition, in the Contract for Clearing Services (Swiss Law)) refers to the provisions, applicable to the specific case, that regulate the relationship between x-clear and a member of x-clear with respect to the corresponding Relevant Exchange;

"Rules and Regulations" means the following documents prepared and issued by x-clear from time to time as amended and updated:

- (a) the Clearing Terms;
- (b) the List of Securities eligible for Clearing;

- (c) the Business Partner Specifications containing the specifications of the technical infrastructure (addressing, *inter alia*, requirements relating to IT and communication); and
- (d) the Schedule of Fees;

"Schedule of Fees" means the tariff on which basis the fees and other amounts to be invoiced by x-clear in respect of the membership of an x-clear Member and services provided by x-clear to the x-clear Member are calculated, as amended and updated from time to time;

"Securities" means standardised securities that are capable of being traded on an Exchange, non-certificated rights with the same function (book-entry securities) and derivatives as defined in Art. 2(a) of the SESTA and which have an ISIN number;

"Selling x-clear Member" means the x-clear ICM or x-clear GCM (whether or not acting on behalf of an x-clear NCM) that was, in respect of an LSE Transaction, the seller of an LSE Product;

"SESTA" means the Swiss Federal Act on Stock Exchanges and Securities Trading of 24 March 1995;

"Settlement" means the processes required to effect performance of Outstanding Contracts (or of Inter-CCP Contracts, as the context so requires);

"Single Contract" means the contract between x-clear and an x-clear Member reflecting the same terms and conditions (save as to the parties) as the LSE Transaction to which it relates and which arises pursuant to these GTCB;

"SIS" means SIS SegalInterSettle AG, a company incorporated in Switzerland under number CH-249.3.003.233-8 whose registered office is at Brandschenkestrasse 47, CH-8002 Zurich, Switzerland;

"SIS Group" means the corporate group of SIS Swiss Financial Services Group AG which is an Affiliate of Swiss Financial Market Services Limited;

"SFBC" means the Swiss Federal Banking Commission;

"SNB" means the Swiss National Bank;

"Sub-Contractor" means any third party service provider or contractor appointed by a Person excluding a Co-CCP, an x-clear Member, any Approved Settlement System and any provider of Transaction Routing appointed by a Person;

"Transaction Routing" means the various services and functionality whereby data in relation to an LSE Transaction is processed and transmitted to a Central Counterparty (or Central Counterparties, as applicable);

"UK Payment Bank" means a credit institution, bank, trust company or other institution which has a current agreement with x-clear to participate in the UK Payment Bank Procedures;

"UK Payment Bank Procedures" means the payment mechanism operated by x-clear (and as further described in the Clearing Terms) to transfer funds between x-clear and the x-clear Member and by which x-clear discharges its obligations relating to cash-settled transactions and transfers Margin;

"Uncertificated Securities Regulations" means the Uncertificated Securities Regulations 2001 (as amended) and such other regulations made under Clause 207 of the Companies Act 1989 which are from time to time in force and which are applicable to Euroclear UK and/or the CREST relevant system or, if applicable, another Approved Settlement System;

"Variation Margin" means the Permissible Collateral required to be provided by each x-clear Member to x-clear as security for the obligations of such x-clear Member in respect of Outstanding Contracts by reference to the fluctuations in market prices of Securities and based on the "mark to market" values of the net position of all Outstanding Contracts for each LSE Product (as further described in the Clearing Terms) and the respective collateral provided under the Respective provisions for the Relevant Exchanges;

x-clear" means SIX x-clear AG, a company incorporated in Switzerland under number CH-020.3.024.561-6 whose registered office is at Brandschenkestrasse 47, CH-8002 Zurich;

"x-clear Collateral Account" shall have the meaning given to it in Clause 16.2;

"x-clear Exchange" means an Exchange in respect of which x-clear acts as Central Counterparty for a member of x-clear irrespective of the law governing the legal relationship between x-clear and such member;

"x-clear GCM" means an entity admitted by x-clear to clear own-account trades (including those entered into by an Affiliate that is fully consolidated, not authorised, exempt or otherwise regulated under Applicable Laws to deal in LSE Products or, if so authorised or regulated, not an LSE Member), and transactions of x-clear NCMs in accordance with these GTCB;

"x-clear ICM" means an entity admitted by x-clear only to clear own-account trades (including those entered into by an Affiliate that is fully consolidated, not authorised, exempt or otherwise regulated under the Applicable Laws to deal in LSE Products or, if so authorised or regulated, not an LSE Member) in accordance with these GTCB;

"x-clear Member" means an x-clear GCM or an x-clear ICM;

"x-clear NCM" means an LSE Member which is not an x-clear Member and which participates in the Clearing of LSE Transactions pursuant to a GCM -NCM Agreement with an x-clear GCM;

- 1.2 The terms "Respective Exchange Specific GTCB", "Respective Rules & Regulations" and "Respective Contract for Clearing Services" as used in the Pledge Agreements shall refer, in the context of Clearing, to these GTCB, the Rules and Regulations and the Contract for Clearing Services (English Law), respectively. The term "x-clear Exchange" as used in the Pledge Agreements shall, in the context of Clearing, refer to the LSE. The term "Respective Fee Schedule" as used in the Pledge Agreements shall, in the context of Clearing, refer to the Schedule of Fees.
- 1.3 Clause headings in these GTCB are for ease of reference only and shall not affect their interpretation. References in these GTCB to a Clause are to a clause of the GTCB (unless otherwise specified).
- 1.4 Any reference to a statute, statutory provision, rule or other Applicable Law shall include any notice, order, guidance, example, regulation or subordinate legislation made or provided from time to time under that statute, statutory provision, rule or other Applicable Law which is in force from time to time. Any reference to a statute, statutory provision, rule or other Applicable Law shall include such statute, provision, rule or Applicable Law as modified, re-enacted or consolidated from time to time and (so far as liability there under may exist or can arise) shall include also any past statute, statutory provision or Applicable Law (as from time to time modified, re-enacted or consolidated) which was applicable at the time of any relevant action or omission.
- 1.5 In construing these GTCB, general words whether or not introduced by the word "other" shall not be given a restricted meaning by reason of the fact that they are preceded by words indicating a particular class of act, matter or thing and general words shall not be given a restricted meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.
- 1.6 Each provision of these GTCB shall, unless the context otherwise requires, be construed as an independent provision and shall be in addition and without prejudice to any other provision of the GTCB unless otherwise stated. The invalidity, illegality or enforceability of any GTCB or part of a GTCB does not affect or impair the continuation in force of the remaining GTCB or other parts of a GTCB or the validity of such GTCB or part thereof in any other jurisdiction. The parties will use all reasonable endeavours to replace any invalid or unenforceable provision with a valid or enforceable provision, the economic result of which is as close as possible to that envisaged by the invalid or unenforceable provision.
- 1.7 Words importing one gender shall (where appropriate) include any other gender and words importing the singular shall (where appropriate) include the plural and vice versa.

- 1.8 Any matter or right stated to be in, of or at x-clear's discretion shall be subject to x-clear's sole, unfettered and absolute discretion.
- 1.9 Any reference in the GTCB to a Person's negligence, wilful default or fraud shall be construed to include the negligence, wilful default or fraud of any other Person for which such first Person is vicariously liable.
- 1.10 The Contracts (Rights of Third Parties) Act 1999 shall not apply to the GTCB and Rules and Regulations and accordingly nothing in them shall be directly or indirectly enforceable by any third party (such as any of x-clear's Sub-Contractors or x-clear NCMs), nor are they intended to confer a benefit on any third party.

2. MEMBERSHIP

- 2.1 A Person who has been admitted as an LSE Member and who falls within one of the following categories as at the date of admission may apply to x-clear to become an x-clear Member:
 - (a) a bank as defined in the Swiss Federal Act on Banks and Savings of 8 November 1934 (the "**Swiss Federal Banking Act**");
 - (b) a firm authorised by the FSA with the permissions necessary to participate in Clearing granted under Part IV of the FSMA or appropriately authorised elsewhere in the EEA with equivalent permissions (where relevant) and pass ported into the UK;
 - (c) a non-Swiss bank or a non-Swiss Securities dealer which, in the opinion of x-clear, is subject to an adequate degree of regulation and supervision equivalent to that of a bank or securities dealer, respectively, subject to regulation in Switzerland; and
 - (d) a "securities dealer" as defined in the SESTA.
- 2.2 An applicant for admission as an x-clear Member shall be required to comply with the following conditions of membership:
 - (a) the application shall be made in writing on the "Application for x-clear Membership" form and shall be accompanied by confirmation by the LSE of the applicant's membership as an LSE Member, confirmation of its admission as a participant in the Approved Settlement System and confirmation that it has a Dispo Collateral Account in its name maintained at SIS;
 - (b) the applicant shall have executed the Contract for Clearing Services (English Law), the Pledge Agreement for Margins, the Pledge Agreement for Default Funds and the Pledgeholder Agreement;
 - (c) the applicant shall demonstrate to x-clear's satisfaction that it is able to transfer to x-clear sufficient Margin and make all required Contributions that would be required pursuant to these GTCB and the Rules and Regulations upon its membership becoming approved;

- (d) the applicant shall have nominated a Person, satisfactory to x-clear, who is:
 - (i) a director, general partner, trustee or officer of the applicant (or Person occupying a similar status or performing similar functions);
 - (ii) responsible for the clearing operations of the applicant; and
 - (iii) authorised to act on behalf of the applicant in all transactions with or involving x-clear;

and the applicant shall also have nominated a second Person who meets the requirements of (i) above and is authorised to act on behalf of the applicant in the event of the death, incapacity or other inability of the first Person so to act;

- (e) the applicant must be bound either by Swiss legislation on money laundering or by non-Swiss legislation regarding money laundering deemed by x-clear to be acceptable;
- (f) the applicant shall demonstrate to x-clear's satisfaction that it is capable of complying with the technical and operational requirements as prescribed and set out in the Rules and Regulations and it has such facilities, equipment, operational capability, personnel, hardware and software systems as are capable of supporting its business as an x-clear Member, including such IT links to x-clear and software as in the judgment of x-clear are necessary or desirable for an x-clear Member to participate in the Clearing of Single Contracts;
- (g) the applicant shall not be subject to an Insolvency;
- (h) the applicant shall not be subject to any circumstances which could amount to an Event of Default were the applicant to be an x-clear Member;
- (i) the applicant shall have an address in the UK or Switzerland to which all notices, orders and other communications from x-clear may be transmitted or delivered, staffed during normal business hours necessary for its proposed activities under the direct supervision and responsibility of the Person referred to in (d) above;
- (j) the applicant shall hold an account or accounts (as necessary) at a UK Payment Bank in relation to each of which a direct debit mandate has been established in favour of x-clear; and

- (k) if Permissible Collateral in the form of Securities is to be provided as Margin, the applicant shall have executed all necessary documentation relating to the transfer of such Securities and shall not be in dispute with x-clear or any third party in relation to the ownership over or rights relating to such Securities.
- 2.3 x-clear may at its discretion attach further conditions to any application for x-clear Member status prior to such status being granted. x-clear may grant approval to an applicant conditional upon its satisfying certain requirements, provided that the applicant has expressed its intention to meet such requirements and provided evidence of its ability to do so.
- 2.4 Applicants for membership must provide, except insofar as x-clear at its discretion waives such obligation, information or documentation to x-clear evidencing compliance to x-clear's satisfaction with each of the criteria set out or required pursuant to Clauses 2.1, 2.2 and 2.3. Failure by an applicant to supply such information or documentation may result in an application being rejected.
- 2.5 All information supplied to x-clear in respect of an application for membership shall be deemed to have been provided by the x-clear Member to x-clear on the day of admission as an x-clear Member, save to the extent that such information has been amended or revoked at least two Business Days prior to such admission.
- 2.6 The x-clear Member hereby represents and warrants, on the first date of membership and on a continuous basis throughout the duration of its membership, that it meets all of the membership criteria in this Clause 2 and is in compliance with all of its obligations under these GTCB.
- 2.7 For the avoidance of doubt, the admission of the x-clear Member does not provide or entitle such x-clear Member to any shareholding or other similar interest in x-clear or any of its Affiliates or Controllers.

3. SUSPENSION OF MEMBERSHIP

- 3.1 x-clear shall be entitled to suspend the membership of an x-clear Member for such period of time as x-clear deems necessary if x-clear has reason to believe that the x-clear Member:
 - (a) was granted membership on the basis of inaccurate information;
 - (b) no longer satisfies the membership criteria or any particular membership criterion as prescribed pursuant to Clauses 2.1, 2.2 or 2.3; or
 - (c) is obliged to make a notification as described in Clause 9 and has failed to do so.

- 3.2 Upon suspension of membership, the x-clear Member shall immediately refrain from entering into further LSE Transactions that would be subject to Clearing by x-clear. The Open Offer in respect of a suspended x-clear Member shall be suspended for the duration of the suspension and, accordingly, any LSE Transactions entered into by a suspended x-clear Member shall not result in corresponding Single Contracts (or Inter-CCP Contracts, if applicable) and shall not be subject to Clearing by x-clear. LSE Transactions concluded prior to the suspension shall not be affected by any suspension and shall continue to be subject to Clearing and Settlement (subject to the application, where relevant, of the GTCB relating to Default).
- 3.3 An x-clear Member that has been suspended shall, during the term of such suspension and thereafter, remain and continue to be:
- (a) subject to and bound by the Contractual Relationship;
 - (b) obliged to pay any and all fees, fines, assessments and other charges imposed by x-clear; and
 - (c) liable to x-clear and to all other x-clear Members for all obligations arising under Single Contracts and all obligations incurred before, during or after such suspension including, but not limited to, obligations to deposit and maintain Margin and make Contributions.
- 3.4 x-clear shall wherever practicable notify the x-clear Member subject to a suspension in advance of the period of such suspension.

4. TERMINATION OF MEMBERSHIP

- 4.1 x-clear shall be entitled to terminate the membership of any x-clear Member and an x-clear Member shall be entitled to terminate its membership as an x-clear Member upon no less than thirty days written notice served by way of registered mail, electronic mail or facsimile on the other party, and the notice shall be deemed to be served at midnight on the last day of the calendar month in which it is served.
- 4.2 x-clear shall be entitled to terminate the membership of an x-clear Member with immediate effect if x-clear has reason to believe that:
- (a) the x-clear Member was granted membership on the basis of inaccurate information;
 - (b) the x-clear Member no longer satisfies the membership criteria or any particular membership criterion pursuant to Clauses 2.1, 2.2 or 2.3; or
 - (c) there is an Event of Default pursuant to Clauses 24.1 and 24.2; or
 - (d) the clearing services agreement between the LSE and x-clear has been terminated.

- 4.3 Upon any termination of an x-clear Member's membership pursuant to this Clause 4 or Clause 24, the relevant x-clear Member shall remain liable to maintain all Margin due from time to time with respect to all Outstanding Contracts, make Contributions and shall be obliged to:
- (a) transfer or liquidate all of its Outstanding Contracts; and
 - (b) take such other actions as x-clear at its discretion deems appropriate or necessary.
- 4.4 Any Person who for any reason ceases to be an x-clear Member shall remain and continue to be:
- (a) subject to any complaints proceedings, investigations or disciplinary proceedings which relate in whole or in part to any acts or omissions of that Person whilst it was an x-clear Member;
 - (b) obliged to pay all fees, fines, assessments or other charges payable by the x-clear Member to x-clear as a result of Single Contracts cleared and any other obligations entered into or incurred prior to the termination of its status as an x-clear Member;
 - (c) subject to claims in respect of its obligations to provide Margin and make Contributions until x-clear returns such portion (if any) of the Margin or Contribution as x-clear at its discretion determines; and
 - (d) obliged to x-clear in relation to all Single Contracts and obligations entered into or incurred prior to the termination of its status as an x-clear Member.
- 4.5 Single Contracts concluded prior to the termination of membership will continue to be subject to Clearing, except when there has been a Default, in which case the rules set out in Clause 24 shall apply. After termination of membership of an x-clear Member, x-clear will not accept any new Single Contracts for Clearing to which such x-clear Member purports to be a party. Furthermore, where a notice of termination has been given pursuant to Clause 4.1, further Single Contracts shall only be accepted for Clearing on or prior to the tenth Business Day before the last day of membership.

5. RELATIONSHIP BETWEEN AN X-CLEAR GCM AND AN X-CLEAR NCM

- 5.1 An LSE Member is not obliged to become an x-clear Member, but can enter into a GCM-NCM Agreement with an x-clear GCM and be regarded as an x-clear NCM. The x-clear GCM shall ensure that any GCM-NCM Agreement it enters into with an x-clear NCM contains and addresses matters listed in Schedule 1 hereto. An x-clear GCM shall act as principal and shall not act as agent on behalf of and for the account of an x-clear NCM with which it has entered into a GCM-NCM Agreement.

5.2 The x-clear GCM shall notify x-clear on each occasion it executes a GCM-NCM Agreement with an LSE Member or when a GCM-NCM Agreement has been terminated or any power of attorney granted by the x-clear GCM to the x-clear NCM has been revoked. The x-clear GCM shall notify x-clear with advance notice of at least ten Business Days of any material amendments to any GCM-NCM Agreement it has entered into save that all GCM-NCM Agreements to which the x-clear GCM is a party shall at all times address the matters listed in Schedule 1 hereto.

5.3 For the avoidance of doubt, there shall not arise any legal relationship between x-clear and the x-clear NCM by virtue of the x-clear GCM becoming subject to the Contractual Relationship or otherwise whether in contract, tort or other ground and x-clear accepts no liability in respect of any losses or liabilities of an x-clear NCM. The x-clear GCM undertakes to provide in the GCM-NCM Agreement between it and an x-clear NCM for the x-clear NCM's agreement and acceptance of the exclusion of any contractual relationship between the x-clear NCM and x-clear and the exclusion of any liability on the part of x-clear to the x-clear NCM.

6. **CONDITIONS FOR CLEARING**

6.1 x-clear shall provide Clearing in accordance with the Contractual Relationship only in respect of those LSE Products that are designated as eligible for Clearing in the List of Securities eligible for Clearing and only in respect of those Single Contracts to which it is a party.

6.2 x-clear shall act as the Central Counterparty for the x-clear Member for LSE Transactions subject to the following conditions:

- (a) the membership of the relevant x-clear Member has not been suspended or terminated by x-clear;
- (b) the x-clear Member's status as an LSE Member has not been suspended or terminated by the LSE;
- (c) the listing of the LSE Product in respect of which Clearing is provided has not been suspended by the UK Listing Authority;
- (d) the LSE Transaction corresponding to the Single Contract arising under the LSE Rules pursuant to Matching has not been cancelled or avoided for any reason;
- (e) the Single Contract has been formed pursuant to the GTCB and has not been rendered void or avoided by x-clear in accordance with Clause 11 of these GTCB and the corresponding Inter-CCP Contract (if applicable) has been formed arising pursuant to the Link Agreement and has not been rendered void or avoided by x-clear or the Co-CCP in accordance with the Link Agreement;
- (f) the data submitted to x-clear by the provider of Transaction Routing is in a format suitable for the provision of Clearing by x-clear and is accurate; and

- (g) there is in place at the moment of formation of the Single Contract and its Settlement an agreement or agreements between x-clear and the LSE relating to x-clear's provision of Clearing, an agreement or agreements between x-clear and the Approved Settlement System, an agreement or agreements with the provider of Transaction Routing and, if applicable, a Link Agreement with the Co-CCP.

7. OBLIGATIONS OF X-CLEAR MEMBERS

7.1 In connection with these GTCB, any and all Single Contracts, the x-clear Member's membership of x-clear and its business and activities as an x-clear Member, the x-clear Member represents and warrants that it shall at all times:

- (a) comply with the Contractual Relationship and any other agreement it has with x-clear;
- (b) comply with all Applicable Laws;
- (c) comply with the LSE Rules;
- (d) act in good faith in its dealings with x-clear;
- (e) pay all fees and other charges promptly;
- (f) provide Margin to x-clear in accordance with Clause 13;
- (g) make all such Contributions as are required pursuant to Clause 14;
- (h) make all payments as and when they fall due pursuant to the Contract Terms of all Single Contracts to which it is or becomes party;
- (i) respond promptly to all enquiries or requests for information made by x-clear;
- (j) promptly file with x-clear such information regarding its financial statements (including copies thereof), financial standing, Controllers, Affiliates, ownership and management as x-clear may from time to time require in accordance with these GTCB or otherwise;
- (k) maintain an account or accounts (if required) at a UK Payment Bank for the deposit of funds in Eligible Currencies and the deposit of cash required to be transmitted to and from such x-clear Member pursuant to these GTCB (whether by way of Margin, Contributions or otherwise) and have arrangements with a UK Payment Bank satisfactory to x-clear for the transfer by wire or other means of funds into and out of such account or accounts on the order of x-clear and without the need for x-clear (or the UK Payment Bank or any other Person) to seek the consent of such x-clear Member or any x-clear NCM;

- (l) immediately notify x-clear if any information previously provided to x-clear by or on behalf of it is or becomes, for any reason, materially false, inaccurate or misleading;
- (m) make staff of suitable seniority available to attend such meetings as are called by x-clear at reasonable notice for the purpose of assessing the x-clear Member's compliance with the Contractual Relationship, the risks to which x-clear or the x-clear Member is exposed or any other purposes of x-clear; and
- (n) have adequate systems and controls in place in order to ensure that all clearing business conducted by it, including in relation to individual Single Contracts, complies with the x-clear Member's obligations under the Contractual Relationship and Applicable Laws.

7.2 In connection with the Contractual Relationship, any and all Single Contracts, its membership of x-clear and its business and activities as an x-clear Member, the x-clear Member represents and warrants that it shall not at any time:

- (a) provide any information to x-clear (including information for the purpose of obtaining or reinstating membership) which is false, misleading or inaccurate in any material respect;
- (b) enter into or fail to perform any Single Contract either intending to be party to an Event of Default or to be in Default or having no reasonable grounds for believing that it would be able to avoid such Event of Default or Default (and it shall not be sufficient to have intended to comply with any contractual or other provision governing the consequences of Default);
- (c) engage in any other activity or practice or participate in, facilitate, procure, counsel, incite, encourage, aid or abet any conduct by a third party which could reasonably be considered by x-clear to be capable of impairing the orderly conduct of business of x-clear;
- (d) take any action or make any omission or knowingly or recklessly permit the use of its services, facilities or membership or clearing privileges by any Person in a manner which in the reasonable opinion of x-clear is liable to: (i) create, maintain or exacerbate actual or attempted breaches, infringements or violations of the Contractual Relationship (or arrangements, provisions or directions made or given thereunder); or (ii) otherwise be substantially detrimental to the interests or objectives of x-clear as a Clearing Organisation;
- (e) engage in conduct that, in the opinion of x-clear, would render the x-clear Member unable to satisfy the membership criteria in Clause 2;
- (f) knowingly, negligently, recklessly or carelessly allow any Representative to engage in any conduct that might itself breach these GTCB or render the x-clear Member unable to satisfy the membership criteria in Clause 2;

- (g) breach any Contract Terms; or
- (h) engage in any other behaviour which x-clear has notified to the x-clear Member as being unacceptable.

8. MAINTENANCE OF RECORDS

- 8.1 The x-clear Member undertakes to keep accurate records showing the details of each Single Contract to which it is a party and any other information in such form as shall be required by x-clear from time to time in accordance with Applicable Laws.
- 8.2 The x-clear Member who provides or presents any documentation or other materials to x-clear is required to make a copy (whether electronic or physical) prior to each occasion of doing so and must maintain each such copy for such time as the x-clear Member considers necessary for the purposes of statutory limitation periods, statutory record keeping obligations under any Applicable Laws or otherwise. x-clear shall not be obliged to return or provide a copy of any document or other materials presented or provided by the x-clear Member or other Person to x-clear, except where an express right to such copy or return is set out in these GTCB.

9. REPORTING REQUIREMENTS FOR X-CLEAR MEMBERS

- 9.1 The x-clear Member shall promptly notify x-clear in writing providing full particulars known to it:
 - (a) where the x-clear Member intends or implements a change in its regulatory status. Notice must be given no later than on the issue of any provisional or interim notice or on the issue of the relevant ruling, decree or notice by a Governmental Authority;
 - (b) in relation to any change of Control, prior to such change of Control or as soon as it becomes aware of that change or proposed change, whichever is the earlier;
 - (c) where the x-clear Member becomes aware of any facts or matters that may give rise to:
 - (i) a situation in which the financial or operational condition of the x-clear Member would not, in the opinion of x-clear, be adequate for the x-clear Member to meet its obligations (including, without limitation, its obligations to comply with the Contractual Relationship) or to engage in the business of a being an x-clear Member;
 - (ii) an investigation, enforcement action, fine, disciplinary action or other intervention in relation to activities as an x-clear Member by the LSE, an Approved Settlement System, any Clearing Organisation or any other Exchange in relation to which the x-clear Member is a member or participant;

- (iii) commencement of proceedings or investigations against the x-clear Member by any Governmental Authority, the threat of withdrawal or actual withdrawal of the x-clear Member's licence or authorisation in any jurisdiction or a threat to the x-clear Member's credit-worthiness, stability or operational reliability; or
 - (iv) any other situation where it would not be in the best interests of x-clear or the marketplace for such x-clear Member to continue to be an x-clear Member;
- (d) in the event that it fails to meet any obligation to deposit or pay any margin as and when required by any Clearing Organisation of which it is a member (other than x-clear);
- (e) of any financial or commercial difficulty which is likely to amount to an Event of Default;
- (f) in relation to any other circumstances that may amount to an Event of Default;
- (g) where it is or will be no longer possible for the x-clear Member to comply with the technical and operational requirements prescribed by x-clear in the Rules and Regulations;
- (h) in the event that it fails to comply with any applicable financial requirements of any Governmental Authority, Exchange, Approved Settlement System or Clearing Organisation;
- (i) of an Insolvency affecting it or any Affiliates;
- (j) of any action taken against it (including, without limitation, any notice, fine, censure, warning, default proceeding, disciplinary proceeding, investigation, suspension or expulsion or any withdrawal of, revocation of or failure to renew any permission, licence or authorisation) by any Governmental Authority, Exchange, Approved Settlement System or Clearing Organisation;
- (k) of any matter, circumstance, change or occurrence which would cause a statement provided pursuant to this Clause 9 or any information supplied in connection with the x-clear Member's application for membership to be inaccurate or incomplete;
- (l) of any breaches by it of the Contractual Relationship or Applicable Laws including full particulars of the breach; and
- (m) of anything relating to the x-clear Member of which x-clear would reasonably expect notice.

10. FORMATION OF SINGLE CONTRACTS

- 10.1 Subject to Clauses 6 and 11, and in an instance where both the LSE Members that are party to an LSE Transaction are either x-clear GCMs, x-clear ICMs or x-clear NCMs, x-clear makes an Open Offer to the x-clear Member (which, in relation to an x-clear NCM, is made to the x-clear GCM acting as principal on its behalf back-to-back pursuant to the GCM-NCM Agreement) to enter into a Single Contract with the x-clear Member in respect of an LSE Product. At the moment that an LSE Transaction arises, the Open Offer shall be deemed to have been accepted by each x-clear Member whereupon a Single Contract shall arise automatically between (i) x-clear and the Selling x-clear Member where x-clear will assume the role of buyer of the LSE Product and (ii) x-clear and the Buying x-clear Member where x-clear will assume the role of seller of the LSE Product.
- 10.2 Subject to Clauses 6 and 11, and in an instance where one LSE Member that is party to an LSE Transaction is an x-clear GCM, x-clear ICM or x-clear NCM and the other LSE Member counterparty to the same LSE Transaction has elected for a Co-CCP to act as Central Counterparty (whether by virtue of the LSE Member's agreement with a Co-CCP GCM or otherwise), x-clear makes an Open Offer to the x-clear Member (which, in relation to an x-clear NCM, is made to the x-clear GCM acting as principal on its behalf back-to-back pursuant to the GCM-NCM Agreement) to enter into a Single Contract with the x-clear Member in respect of an LSE Product. At the moment that an LSE Transaction arises, the Open Offer shall be deemed to have been accepted by the Selling x-clear Member or Buying x-clear Member (as applicable), whereupon (i) a Single Contract shall arise automatically between x-clear and the Selling x-clear Member or Buying x-clear Member (as applicable) where x-clear will assume the role of buyer or seller of the LSE Product, respectively and (ii) an Inter-CCP Contract shall arise between x-clear and the Co-CCP, pursuant to and subject to the Link Agreement, where x-clear will assume the role of buyer or seller of the LSE Product (as applicable).
- 10.3 x-clear shall be entitled to rely conclusively and without further enquiry on the accuracy and authenticity of any and all information and data regarding any LSE Transaction, Single Contract or Inter-CCP Contract submitted to x-clear by or on behalf of the LSE, any provider of Transaction Routing, any Approved Settlement System, any Co-CCP or the x-clear Member whether or not the x-clear Member or an x-clear NCM in fact authorised the submission of such information or the details so submitted.

11. CANCELLATION OF A SINGLE CONTRACT

- 11.1 A Single Contract shall automatically be void ab initio if:
- (a) the corresponding LSE Transaction is cancelled, rejected or avoided in accordance with the LSE Rules whether pursuant to a "contra" request" or otherwise; or

- (b) the LSE Product the subject of the corresponding LSE Transaction is not designated as eligible for Clearing in the List of Securities eligible for Clearing.

11.2 x-clear shall, at its discretion, (i) elect to avoid any Single Contract (but only on or before the Business Day following the trade date of the LSE Transaction) rendering the Single Contract void ab initio and (ii) withdraw or suspend its Open Offer either in relation to a specific LSE Product, or the x-clear Member, where:

- (a) the membership of the x-clear Member has been suspended by x-clear;
- (b) the x-clear Member's status as an LSE Member (or that of the x-clear NCM in relation to which an x-clear GCM entered into a GCM-NCM Agreement) has been suspended or terminated by the LSE;
- (c) the listing of the LSE Product in respect of which Clearing is provided has been suspended by the UK Listing Authority;
- (d) the LSE Transaction corresponding to the Single Contract has been cancelled or avoided for any reason;
- (e) the data submitted to x-clear in relation to the corresponding LSE Transaction by the provider of Transaction Routing is not in a format suitable for the provision of Clearing by x-clear or is not accurate;
- (f) the agreement or agreements x-clear has entered into with the LSE (in relation to x-clear's provision of Clearing, the Approved Settlement System, the provider of Transaction Routing or, if applicable, a Link Agreement with a Co-CCP) has or have been terminated or is or are otherwise not in force;
- (g) the Single Contract between x-clear and the x-clear Member representing that leg of the corresponding LSE Transaction which is opposite to the leg corresponding to the Single Contract subject of x-clear's election to avoid has been cancelled pursuant to these GTCB;
- (h) the corresponding Inter-CCP Contract has not been formed in accordance with the Link Agreement or has been cancelled by x-clear or the Co-CCP in accordance with the Link Agreement or otherwise;
- (i) the x-clear Member that is a party to the Single Contract is in Default or a declaration of default has been issued by the LSE in respect of the LSE Member that is party to the Single Contract or corresponding LSE Transaction;
- (j) the Approved Settlement System is not proceeding or has failed to effect Settlement of the Single Contract or corresponding Inter CCP Contract in accordance with the rules of the Settlement System or otherwise;

- (k) x-clear determines at its discretion following information received from another source that incomplete, erroneous or conflicting details have been submitted in relation to such Single Contract, the corresponding Inter-CCP Contract or LSE Transaction, including (without limitation) information received from the LSE, a Co-CCP, any other x-clear Member or any Governmental Authority;
- (l) the Single Contract or corresponding Inter-CCP Contract or LSE Transaction results or appears to result from a communications or information technology error or problem;
- (m) the Single Contract or the corresponding Inter-CCP Contract or LSE Transaction is or appears to be tainted by or connected with fraud, illegality, insider dealing, market abuse, money laundering or any other breach of Applicable Laws;
- (n) the Single Contract or corresponding Inter-CCP Contract or LSE Transaction is or appears to be a result of or affected by an Event of Force Majeure;
- (o) the Single Contract or corresponding Inter-CCP Contract or LSE Transaction is one which any Governmental Authority, a Co-CCP, any Approved Settlement System or the LSE requires or requests that x-clear treat as void and x-clear considers, at its discretion, that compliance with such a request would be appropriate;
- (p) x-clear considers at its discretion that, at the time of formation of the Single Contract, the corresponding Inter-CCP Contract or LSE Transaction, the relevant x-clear Member is not in compliance with its obligations relating to the provision of Margin or Contributions; or
- (q) x-clear considers at its discretion that the Clearing of the Single Contract or corresponding Inter-CCP Contract would not be appropriate,

and, for the avoidance of doubt, x-clear shall not incur any liability as a result of losses sustained by the x-clear Member by reason of such avoidance of a Single Contract or withdrawal or suspension of the Open Offer.

- 11.3 The x-clear Member acknowledges that, in accordance with the Link Agreement, the Co-CCP may, in certain circumstances (including, without limitation, events relating to market disorder, impossibility of performance and trade emergency) implement measures to cancel concluded Inter-CCP Contracts to which it is a party, by revoking the registration of such Inter-CCP Contracts or otherwise, whether as a result of its suspension or cancellation of the provision of services offered by it as a Central Counterparty in respect of specific LSE Products or otherwise. If the Co-CCP implements such measures, x-clear shall be entitled to cancel concluded corresponding Single Contracts to which it is a party or suspend or cancel Clearing services in respect of the same LSE Products.

- 11.4 In the event that a Single Contract is cancelled, void or avoided pursuant to Clauses 11.1, 11.2 or 11.3, x-clear and the affected x-clear Member shall immediately be released from any and all rights, liabilities and obligations under the affected Single Contract and all amounts paid pursuant to the putative Single Contract shall be returned by the Buying x-clear Member to x-clear and/or by x-clear to the Selling x-clear Member, in each case without interest.
- 11.5 x-clear shall promptly notify LSE and the affected x-clear Member of the cancellation or avoiding of any Single Contract pursuant to Clauses 11.1, 11.2 or 11.3.

12. TERMS OF SINGLE CONTRACTS

- 12.1 All Single Contracts shall contain terms which mirror the information generated by the Matching process which shall determine the identity, purchase price and quantity of the LSE Product. All Single Contracts shall be governed by and construed in accordance with English law.
- 12.2 Where x-clear is required or requested by a Governmental Authority to vary or suspend performance of the Inter CCP Contract or of a Single Contract at any time, it shall notify the x-clear Member and take such action as is required of it as soon as reasonably practicable. The x-clear Member acknowledges and agrees that any affected Single Contract shall be suspended or varied accordingly.
- 12.3 Each x-clear Member that is party to a Single Contract shall act as principal and not as agent. In performing its obligations and exercising its rights under the Contractual Relationship, x-clear shall treat the entitlement of the x-clear Member to rights pursuant to Single Contracts to be a full legal and beneficial entitlement, and not subject to any Encumbrance in favour of any Person other than x-clear.
- 12.4 The liabilities and obligations of x-clear pursuant to Single Contracts extend only to, and are enforceable only by, the x-clear Member. A Person who is not a party to a Single Contract shall have no rights under or in respect of such Single Contract. Rights of third parties to enforce any term of any Single Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded. Without limiting the generality of the foregoing, x-clear shall have no liability or obligation whatsoever to an x-clear NCM, nor to any Co-CCP ICM, Co-CCP GCM or Co-CCP NCM.
- 12.5 x-clear shall have no liability or obligation in relation to any LSE Transaction unless and until a Single Contract arises in accordance with these GTCB and such Single Contract is not rendered void, avoided or otherwise cancelled, at which point x-clear's liabilities and obligations in respect of the LSE Transaction shall be as determined under the Single Contract. x-clear's obligations and liabilities under any Single Contract shall be limited to those arising pursuant to the Contractual Relationship, and are subject to x-clear's right to avoid a voidable Single Contract pursuant to Clause 11.

- 12.6 The x-clear Member shall indemnify and hold harmless x-clear in respect of any Single Contract in accordance with the provisions of the Contractual Relationship relating to indemnity and liability. The liability of x-clear and its Representatives under any Single Contract shall be subject to all the exclusions on liability set out in the Contractual Relationship.
- 12.7 Each Single Contract shall be subject to the Contractual Relationship, which shall form a part of and be incorporated by reference into, the Contract Terms. In the event of any inconsistency between the Contract Terms and Contractual Relationship, the Contractual Relationship shall prevail (and further this Clause 12.7 shall be subject to Clause 1.5 of the Contract for Clearing Services (English Law)).
- 12.8 In relation to each Single Contract, the x-clear Member makes the following representations and warranties as at the formation of each Single Contract and also on a continuing basis throughout the duration of such Single Contract, that:
- (a) the data submitted by it or by the x-clear NCM (in relation to which the x-clear Member has executed a GCM-NCM Agreement relevant to the Single Contract in question) to the LSE is complete and correct in all respects;
 - (b) the LSE Rules and all Applicable Laws have been complied with in respect of the corresponding LSE Transaction;
 - (c) it is acting as principal and not as agent;
 - (d) except as permitted by the LSE Rules, the Single Contract and the corresponding LSE Transaction are free of all Encumbrances;
 - (e) neither the execution nor performance of the Single Contract by or on behalf of the x-clear Member or x-clear will breach or conflict with any provision of the constitutional or other organisational document of the x-clear Member, or with any agreement or Applicable Law which is binding upon or affects the x-clear Member (and in this respect the x-clear Member further acknowledges that x-clear will not review nor be responsible for reviewing any provision of the x-clear Member's constitutional or other organisational document of the x-clear Member, any agreement to which the x-clear Member is party or any Applicable Law which is binding upon or affects the x-clear Member with a view to determining the authority of the x-clear Member to enter into or perform any Single Contract);
 - (f) the x-clear Member has full power and all necessary authority to enter into the Single Contract and perform any act that may be required pursuant to the Single Contract and pursuant to the Contractual Relationship in respect of the Single Contract; and

- (g) a GCM-NCM agreement is in place (if the x-clear Member is an x-clear GCM) with an x-clear NCM in respect of whom it acts as an x-clear Member in relation to any Single Contract, pursuant to which such x-clear NCM agrees that: (i) the x-clear Member acts as principal in respect of the Single Contract; and (ii) the x-clear NCM has no recourse, whether under contract, tort or otherwise under Applicable Laws, against x-clear in respect of the Single Contract or pursuant to the GTCB.

- 12.9 It shall be a term of a Single Contract to which the x-clear Member is a party that the benefits, risks, rights and obligations associated with the LSE Product (that is the subject of the Single Contract) shall pass to the Buying x-clear Member (or the Co-CCP, as applicable) at the moment that the Single Contract is formed in accordance with these GTCB. Where, in respect of an LSE Product, there is an entitlement to receive interest, dividends and any other distributions, such rights (referred to as "Entitlements" for the purposes of this Clause) shall also form part of the Single Contract, provided that the Single Contract is formed before such Entitlement has expired. Where the Single Contract is formed on or after the expiry of an Entitlement, the Entitlement shall not form part of the Single Contract. Where income earned by the Buying x-clear Member (or the Co-CCP, as applicable) accrues to the Selling x-clear Member (or the Co-CCP, as applicable) as a result of late delivery of the LSE Product, it shall be a term of the Single Contract that the Selling x-clear Member is subject to an obligation to transfer the value accruing under the Entitlement to the Buying x-clear Member (or the Co-CCP, as applicable).

- 12.10 Settlement of a Single Contract shall take place on the Intended Settlement Date or within such period after formation as is agreed between x-clear and the Approved Settlement System, all as further described in the Clearing Terms.

- 12.11 The Contract Terms constitute the whole agreement between x-clear and the x-clear Member with respect to a Single Contract and supersede any previous arrangement, understanding or agreement between them relating to the subject matter of a Single Contract. The Clearing Member represents and warrants to x-clear that, in entering into each Single Contract, it does not rely on any statement, representation, assurance or warranty of x-clear or any other Person other than as expressly set out in the Contract Terms. The x-clear Member agrees that the only rights and remedies available to it arising out of or in connection with a Single Contract or their subject matter shall be solely in contract, in accordance with the Contract Terms. Nothing in this clause shall limit or exclude any liability for fraud, death or personal injury or for any other liability which by law cannot be excluded.

- 12.12 A Single Contract shall be regarded as a "market contract" within the meaning of Section 155 of the Companies Act 1989.

13. COLLATERAL

13.1 As security for its liabilities in respect of Outstanding Contracts, each x-clear Member is required to provide Permissible Collateral by way of:

- (a) Initial Margin and Variation Margin, and shall meet Margin calls if x-clear considers the Permissible Collateral provided by the x-clear Member to be insufficient; and
- (b) Contributions,

and such provision of Permissible Collateral shall be provided in accordance with and subject to the Pledge Agreements.

13.2 The nature, type, scope and parameters of Permissible Collateral, Initial Margin and Variation Margin are set out in and are subject to the Clearing Terms.

13.3 In the event that the Permissible Collateral provided as cover for Margin is determined by x-clear to be insufficient, either as a result of the decline in the value of the Permissible Collateral or an increase in the liability in respect of the Outstanding Contracts with x-clear or an x-clear Member fails to meet its obligations under this Clause 13, whether in whole or in part, x-clear shall, in accordance with the provisions of the Pledge Agreements, be entitled to:

- (a) make Margin calls and require the x-clear Member to provide additional Permissible Collateral as determined in amount and type by x-clear. Margin calls must be fulfilled within 60 minutes of notification to the x-clear Member. x-clear shall be entitled to make Margin calls at any time; or
- (b) suspend the membership of the x-clear Member in accordance with Clause 3;
- (c) treat the x-clear Member as in Default in accordance with Clause 24; or
- (d) realise some or all of the Permissible Collateral provided by the x-clear Member, and set off the Permissible Collateral (as x-clear values such Permissible Collateral at its discretion) or proceeds of such realisation of Permissible Collateral against any and all outstanding claims against or liabilities of the x-clear Member.

13.4 Margin requirements shall be calculated, and the Permissible Collateral relevant to such requirements shall be defined, in accordance with the Clearing Terms.

13.5 Permissible Collateral in the form of Securities shall be deposited by an x-clear Member in x-clear's account or custody account as further defined in the Clearing Terms.

- 13.6 x-clear may at its discretion and at any time review and amend the List of Securities accepted as Permissible Collateral provided that any such amendment is in accordance with Clause 2 of the Contract for Clearing Services (English Law). x-clear shall also be entitled at any time to require the x-clear Member to substitute individual Securities with other Securities. If a particular Security is no longer accepted by x-clear as Permissible Collateral, x-clear shall grant the x-clear Member a period of two Business Days to provide a substitute Security (or cash). x-clear shall at its discretion (and as described in accordance with the Clearing Terms) perform a valuation (including Haircuts) of the Permissible Collateral provided by an x-clear Member, periodically or otherwise, and shall be entitled to adjust such values at any time with immediate effect in respect of Outstanding Contracts outstanding at the time the adjustment is announced and in respect of Single Contracts concluded after such adjustment (or otherwise).
- 13.7 Each x-clear GCM shall procure from its x-clear NCM collateral in the same amount as the Permissible Collateral the x-clear GCM is required to provide to x-clear in respect of that x-clear NCM's outstanding liabilities corresponding to Outstanding Contracts to which the x-clear GCM is a party in accordance with the Contractual Relationship. x-clear shall be entitled, in its discretion, to grant exceptions to this requirement.
- 14. X-CLEAR DEFAULT FUND**
- 14.1 Each x-clear Member shall, in addition to the provision of Permissible Collateral provided as Margin, be obliged to make a Contribution to be applied in the event of such x-clear Member's non-performance or Default or the non-performance or Default of other x-clear Members.
- 14.2 Contribution requirements shall be calculated and permissible constituents of Permissible Collateral relevant to such requirements shall be defined in the Clearing Terms. An x-clear Member shall open a Default Fund collateral account in its name at SIS for the Permissible Collateral required to be provided by way of Contributions and such account shall be pledged to x-clear pursuant to the Pledge Agreement for Default Funds and the Pledgeholder Agreement.
- 14.3 If at any time the total amount provided by way of a Contribution is insufficient to meet the amount required by x-clear as a result of (i) a decline in the value of the pledged Securities or (ii) an increase in the x-clear Member's liability to make a Contribution, the relevant x-clear Member shall be obliged to provide additional Permissible Collateral to meet its Contribution obligations which shall, in the case of (i), be provided within 60 minutes of notification from x-clear, and in the case of (ii), be met within two Business Days of receipt of notification from x-clear, all in accordance with the Clearing Terms.
- 14.4 A Contribution shall be paid promptly in response to a request by x-clear, within the time limits specified in Clause 14.3.
- 14.5 x-clear shall be entitled to realise the Permissible Collateral provided as a Contribution and booked to the x-clear Member's Default Fund collateral account in the event of a drawdown on the Default Fund and to use the proceeds of any realisation to pay any costs incurred in connection therewith (including, without limitation, in respect of any related court proceedings).

- 14.6 In the event that Margin and Contributions provided by a Defaulting x-clear Member are insufficient to meet all the losses and liabilities attributable to that Defaulting x-clear Member, the Contribution provided by each non-Defaulting x-clear Member shall be realised pro rata to such non-Defaulting x-clear Member's share of the total of the Contributions made by all x-clear Members (less the Contribution made by the Defaulting x-clear Member) as at the moment of the Default, sufficient to cover the non-Defaulting x-clear Member's pro rata share of the shortfall, and the proceeds of such pro rata realisation shall be applied to meet (along with the pro rata proceeds of all other non-Defaulting x-clear Members' contributions) the losses and liabilities attributable to the Defaulting x-clear Member.
- 14.7 A drawdown on the Default Fund, whether or not a full or a partial drawdown and whether as a result of a Default or otherwise, shall give rise to an obligation on each x-clear Member to provide additional Permissible Collateral to restore the total amount in the Default Fund prior to the drawdown in an amount not exceeding that x-clear Member's pro rata drawn down amount. In the event of a full drawdown on the x-clear Default Fund, the x-clear Member shall be required to provide additional Permissible Collateral according to the Pledge Agreement for the Default Funds. The x-clear Member shall provide additional Permissible Collateral pursuant to this Clause 14.7 within five Business Days after a drawdown.
- 14.8 In the event that:
- (a) Contributions of non-Defaulting x-clear Members have been realised pursuant to Clause 14.6 and excess amounts remain after proceeds arising from the process of Close-out Netting (as defined in Clause 24.5(d)) have been applied to meet liabilities associated with the Defaulting x-clear Member's Outstanding Contracts; or
 - (b) a Defaulting x-clear Member makes a Contribution after the Contributions of other x-clear Members have been realised but only in cases where such Contribution by the Defaulting x-clear Member is made pursuant to obligations arising prior to such realisation (hereinafter referred to as a "**Late Contribution**"),

then (subject to x-clear first using any such Late Contribution to meet the losses and liabilities attributable to the Defaulting x-clear Member), x-clear shall compensate the non-Defaulting x-clear Members whose Contributions have been realised from such proceeds of Close-out Netting or Late Contribution *pro rata* up to the maximum amount realised and not exceeding the total of the Contributions made by all x-clear Members at the time of the realisation.

15. PROVISIONS COMMON TO MARGIN AND CONTRIBUTIONS

- 15.1 The x-clear Member will act as principal and not as agent providing Margin and making Contributions. x-clear will take no account of any right or interest which any Person other than the x-clear Member has or may have in connection with any Margin or Contribution. The x-clear Member makes the following representations and warranties to x-clear on each date on which the x-clear Member provides Permissible Collateral to x-clear by way of Margin or a Contribution and on a continuing basis whilst such Margin or Contribution remains held by or on behalf of x-clear, that:
- (a) the x-clear Member is the sole legal and beneficial owner of all such Permissible Collateral;
 - (b) no such Permissible Collateral is subject to any trust, agreement, arrangement or Encumbrance whatsoever; and
 - (c) the use or application of Securities as Permissible Collateral pursuant to the Contractual Relationship is not in breach of any of the x-clear Member's contractual obligations towards any third party, including towards any x-clear NCMs, or of Applicable Laws.
- 15.2 x-clear represents and warrants to the x-clear Member that any Securities provided as Margin or Contributions and returned to the x-clear Member are not subject to any trust, agreement, arrangement or Encumbrances created or granted by x-clear and that the return of such Securities to the x-clear Member is not in breach of any contractual obligation of x-clear towards any third party or of any Applicable Laws.
- 15.3 The x-clear Member shall be liable to x-clear for any cost or liability incurred by x-clear as a result of x-clear possessing, holding, perfecting the title to or otherwise being associated with, or dealing with, any Permissible Collateral provided to it by the x-clear Member by way of Margin or Contributions.
- 15.4 Each x-clear Member is given notice that Part VII of the Companies Act 1989 applies in relation to all Margin and Contributions and that, as a result, in accordance with the Companies Act 1989 and pursuant to these GTCB, inter alia:
- (a) certain of the English Courts' and insolvency officials' rights to disclaim property, onerous transactions, transactions at an undervalue and similar transactions in relation to Margin and Contributions will not apply; and
 - (b) neither the provision of Margin nor the making of Contributions is invalid on grounds of inconsistency with Applicable Laws of the United Kingdom relating to Insolvency.
- 15.5 Each x-clear Member is given notice that the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "Collateral Regulations") (which implement Directive 2002/47/EC on financial collateral arrangements (the "Collateral Directive")) apply in relation to the provision of Margin and Contributions (including security arrangements made under the Pledge Agreements) and that, as a result, in accordance with the Collateral Regulations and the Collateral Directive, inter alia:

- (a) certain Applicable Laws in the EEA relating to formalities and the registration of charges are not applicable in relation to Margin or Contributions;
- (b) certain Applicable Laws in the EEA relating to Insolvency, to the extent that they restrict x-clear's enforcement of its rights in relation to Margin or Contributions, are not applicable; and
- (c) the provisions in relation to Close-out Netting will take precedence notwithstanding an Insolvency of the x-clear Member.

16. X-CLEAR ACCOUNTS

- 16.1 Accounts and custody accounts for the deposit of collateral shall be maintained by the x-clear Member at SIS as further described in the Clearing Terms.
- 16.2 The x-clear Member shall maintain a collateral account at SIS (each an "x-clear Collateral Account") in the name of x-clear. The x-clear Member shall at all times ensure that its x-clear Collateral Account shows a credit balance in the amount of the deposits made by it to fulfil its obligations to provide Margin and satisfy Margin calls pursuant to Clause 13. Permissible Collateral deposited in the x-clear Collateral Accounts shall be provided by means of an Irregular Pledge under the Pledge Agreement for Margins.
- 16.3 The x-clear Member shall maintain a separate account at SIS (a "Dispo Collateral Account") in its own name. The x-clear Member shall ensure that at the beginning of each Business Day sufficient Permissible Collateral is maintained in the Dispo Collateral Account of a value not less than the value of Permissible Collateral required by x-clear to satisfy the anticipated Margin requirements of the x-clear Member for the following Business Day.
- 16.4 At the beginning of each Business Day, x-clear shall transfer the Permissible Collateral in the x-clear Member's Dispo Collateral Account to the x-clear Collateral Account. The x-clear Member hereby instructs and authorises x-clear to effect this transfer daily and to notify SIS of such authorisation.
- 16.5 At the end of each Business Day, x-clear shall re-transfer any Permissible Collateral that is not required to meet the x-clear Member's Margin obligations to the x-clear Member's Dispo Collateral Account. x-clear shall effect such re-transfers daily.

- 16.6 A Default Fund collateral account shall be maintained for each x-clear Member at SIS as pledge holder in the name of the x-clear Member. Permissible Collateral deposited in a Default Fund collateral account shall be pledged to x-clear by way of a Regular Pledge under the Pledge Agreement for Default Funds. SIS shall hold the pledges entered into pursuant to this Clause 16.6 subject to and in accordance with the Pledgeholder Agreement.

17. ORDER OF REALISATION OF COLLATERAL

- 17.1 In the event of any claim against x-clear being made as a result of the non-performance or Default of an x-clear Member, such claim shall be met through realisation of the Permissible Collateral provided as Margin and Contributions in the following order:

- (a) Permissible Collateral provided by the Defaulting x-clear Member to satisfy its Margin obligations and equivalent obligations in respect of trades executed on other Relevant Exchanges. If the Default occurs only on one of the x-clear Exchanges, the available net Margin will be split *pro rata* to the gross Margin allocated in respect of each x-clear Exchange. Margin (or its equivalent) provided in relation to the x-clear Exchange in respect of which a Default (or its equivalent) occurred will be realised first;
- (b) Contributions provided by the Defaulting x-clear Member;
- (c) per calendar year, a maximum of 50 per cent. of available provisions allocated by x-clear to satisfy outstanding obligations of the x-clear Member following a Default (or its equivalent in relation to trades executed on other Relevant Exchanges);
- (d) Contributions made by non-Defaulting x-clear Members;
- (e) additional collateral (whether or not Permissible Collateral) held in the Default Fund; and
- (f) the remainder of x-clear's provision and its capital and reserves,

all in accordance with the Clearing Terms.

The x-clear Member acknowledges and agrees that the purpose of this Clause 17 and, *inter alia*, the provision of Margin and Contributions is to address and prevent the incidence of systemic risk that may arise in relation to Clearing, the LSE market and other markets operated by the LSE or other x-clear Exchanges.

18. SETTLEMENT

- 18.1 The x-clear Member shall settle Outstanding Contracts through its participation in the Approved Settlement System. The x-clear Member shall, in accordance with the rules of the Approved Settlement System, maintain at least one custody account to hold LSE Products and a cash memorandum account at a bank accepted by the Approved Settlement System for the purposes of Settlement. The x-clear Member shall comply with the rules, requirements and obligations applicable to it pursuant to the rules of the Approved Settlement System.

- 18.2 The x-clear Member shall maintain a sufficient quantity of LSE Product or sufficient cash to enable Settlement on the Intended Settlement Date. If the x-clear Member does not hold a sufficient amount of the LSE Product or cash, as applicable, the provisions in Clause 19 and Clause 24 in respect of an x-clear Member's non-performance and Default shall apply.
- 18.3 If the x-clear GCM wishes an x-clear NCM (in respect of which the x-clear GCM has executed a GCM-NCM Agreement) to receive delivery of the LSE Product or payment as agent of the x-clear GCM, the x-clear GCM shall be obliged to grant a legally valid and binding power of attorney to the x-clear NCM in favour of such x-clear NCM. The x-clear GCM shall notify x-clear of this power of attorney in writing.
- 18.4 An x-clear GCM shall be entitled to appoint a settlement agent if required or permitted by the rules of the Approved Settlement System to enable Settlement.
- 18.5 Settlement netting shall be the responsibility of the Approved Settlement System in accordance with the rules of the Approved Settlement System and as further described in the Clearing Terms. x-clear shall not be liable to any x-clear Member in connection with settlement netting.

19. **LATE SETTLEMENT**

- 19.1 Where the Selling x-clear Member fails to deliver the LSE Product on the Intended Settlement Date, x-clear shall be entitled to perform a buy-in in accordance with the following procedures as further defined in the Clearing Terms:
- (a) x-clear is entitled to charge the Selling x-clear Member any costs incurred (including, without limitation, expenses, commissions and other charges) where x-clear elects to perform a buy-in;
 - (b) if the Selling x-clear Member has failed to deliver the LSE Product in accordance with the LSE Rules, the Buying x-clear Member may elect to utilise the buy-in process offered by the LSE;
 - (c) in the event that the buy-in process offered by the LSE has not been commenced in respect of the Selling x-clear Member in accordance with the LSE Rules, x-clear will start its own buy-in process by submitting a buy-in notice to the Selling x-clear Member as further defined in the Clearing Terms;
 - (d) without prejudice to the generality of Clause 19.1(a), x-clear will charge an administration fee per buy-in notice;

- (e) on completion of the buy-in, x-clear will advise the Selling x-clear Member on the same day by facsimile or electronic means, providing details of the buy-in that has been effected to satisfy the relevant Outstanding Contract. The Selling x-clear Member shall, in the aforementioned cases, be liable for any price difference arising between the terms of the Outstanding Contract and its enforced performance by means of a buy-in, and;
 - (f) without prejudice to the generality of Clause 19.1(a), the Selling x-clear Member shall be liable for all external costs and expenses (including, without limitation, dealing commissions and charges) incurred in carrying out the buy-in process.
- 19.2 The payment obligations of the x-clear Member, based on the buy-in effected by x-clear, shall be due and payable immediately upon notification of the same by x-clear. If the x-clear Member fails to satisfy such payment obligation, x-clear shall at its discretion regard such failure as an Event of Default as defined in Clause 24 of these GTCB.
- 20. **LIABILITY**
- 20.1 The Contractual Relationship shall at all times be observed, interpreted and given effect in the manner most conducive to the promotion and maintenance of:
 - (a) the status of x-clear as a bank supervised by the SFBC;
 - (b) recognition of x-clear as a recognised overseas clearing house under the FSMA and the good reputation of x-clear (and x-clear Members); and
 - (c) high standards of integrity and fair dealing.
- 20.2 Where an obligation of x-clear must be performed immediately, promptly or by or prior to a specified time or date but does not occur at that time or on that date, x-clear shall not be in breach of the Contractual Relationship if, having used all reasonable endeavours, it performs the relevant obligation when it is able to after such specified time or date.
- 20.3 x-clear shall only be liable to the x-clear Member for any direct loss caused by inadequate performance or non-performance of the Contractual Relationship as a result of the negligence, wilful default or fraud attributable to x-clear.
- 20.4 x-clear shall assume no liability for any other losses or claims, including in relation to indirect or consequential losses, loss of bargain, lost profits or loss of earnings, unrealised savings or additional expense incurred.
- 20.5 The x-clear Member shall bear sole responsibility for the authenticity, accuracy and completeness of information and data transmitted to x-clear in relation to an LSE Transaction, (to which the x-clear Member or, if applicable, the x-clear NCM (in relation to which the x-clear Member has executed a GCM-NCM Agreement) is a party) except in cases where x-clear is negligent, and such responsibility shall, for the avoidance of doubt, extend to instances where x-clear does not receive such information or data directly from the x-clear Member, but from the LSE, the x-clear NCM, the provider of Transaction Routing, the Approved Settlement System, the providers of messaging services, networks or other

technical infrastructure or a Co-CCP. For the avoidance of doubt, x-clear shall not be responsible for the information provided to it in respect of the LSE Transaction and the x-clear Member shall bear any losses arising as a result of information submitted to x-clear in relation to an LSE Transaction that is illegible or cannot be read correctly, as well as losses caused by forged or incorrect information.

- 20.6 x-clear may, from time to time, enter into certain arrangements with an x-clear Affiliate under which such Affiliate provides certain services to x-clear or which otherwise facilitate x-clear's performance of its obligations under the Contractual Relationship. No such Affiliate shall owe any x-clear Member any duty of care in relation to the operation of such arrangements and no x-clear Member shall have any right to take any action against any such Affiliate (or any person for whom any such Affiliate is vicariously liable) for damages, compensation, payment or remedy of any other nature in respect of any acts or omissions or events which occur as a result of such arrangements. The x-clear Member further shall have no other rights against such Affiliate in connection with the operation of such arrangements.
- 20.7 x-clear shall not be liable to any x-clear Member or any other Person in respect of any losses, damages, injuries, delays, costs or expenses incurred or suffered by such x-clear Member or Person arising out of or in connection with the following non-exhaustive grounds:
- (a) any suspension, restriction or closure of x-clear or its services;
 - (b) measures, orders or decrees issued by a Governmental Authority in relation to an x-clear Member, an x-clear NCM, LSE, a Co-CCP, the provider of Transaction Routing, the Approved Settlement System or a third party;
 - (c) any act or omission of the LSE (including, without limitation, suspension or restriction of services by the LSE), a Co-CCP, the provider of Transaction Routing, the Approved Settlement System, any other x-clear Member, an x-clear NCM, or any other third party such as providers of messaging services, networks or other technical infrastructure necessary or appropriate for x-clear's provision of Clearing;
 - (d) any Event of Force Majeure affecting x-clear, its provision of Clearing or any other of its services;
 - (e) any dispute relating to the validity, existence or terms of any Single Contract;

- (f) the exercise (or failure to exercise) by x-clear of any discretion or right conferred upon it pursuant to the Contractual Relationship;
- (g) the exercise (or failure to exercise) by an x-clear Member, an x-clear NCM, the LSE, a Co-CCP, the provider of Transaction Routing, the Approved Settlement System of any discretion or right conferred upon it pursuant to the LSE Rules (including, without limitation, in relation to erroneous trades);
- (h) any action in defamation in connection with the issue of any Default Notice, conduct of any proceedings relating to Default, rejection of any application to become an x-clear Member or otherwise for exercise of any of its discretions or rights hereunder;
- (i) any Single Contract being void or avoided pursuant to Clause 11.1, 11.2, or 11.3, the corresponding Single Contract representing the opposite leg of the LSE Transaction being cancelled pursuant to these GTCB, the corresponding LSE Transaction being cancelled pursuant to the LSE Rules or the corresponding Inter-CCP Contract (if applicable) being cancelled pursuant to the Link Agreement, including (without limitation) the causes and consequences of such Single Contract, LSE Transaction or Inter-CCP Contract (if applicable) being void, voidable or avoided; and
- (j) any express or implied warranties or representations in relation to x-clear's systems, including, but not limited to, warranties of merchantability or warranties of fitness for a particular purpose.

20.8 x-clear guarantees to the x-clear Member the fulfilment of delivery and payment obligations arising from Outstanding Contracts to which the x-clear Member is party, but, for the avoidance of doubt, x-clear does not guarantee that such obligations will be fulfilled by the Intended Settlement Date. If x-clear is found liable to the x-clear Member in respect of a Single Contract and another x-clear Member is found liable to x-clear in respect of a Single Contract which arose pursuant to the same LSE Transaction corresponding to the first Single Contract, then the liability of x-clear under the first Single Contract shall be deemed to be a foreseeable consequence of the breach by the x-clear Member of the second Single Contract and x-clear shall be entitled to be indemnified by such x-clear Member party to the second Single Contract in accordance with Clause 21.

20.9 The provisions of this Clause 20 shall apply:

- (a) without prejudice to the liability of any other Person subject to the Contractual Relationship or the LSE Rules;
- (b) in the case of inconsistency with any other provision of the Contractual Relationship, in priority to that other provision;

- (c) whether or not the x-clear Member's Representative(s) are subject to the Contractual Relationship; and
- (d) whether or not the x-clear Member's Representative(s) can be conclusively identified (*provided that* it is established that the relevant conduct was in fact carried out by an x-clear Member's Representative, albeit an unidentified x-clear Member's Representative).

20.10 Any provision in the Contractual Relationship to the effect that x-clear shall not be liable in respect of a particular matter shall be construed to mean that x-clear shall not have any liability which x-clear might, in the absence of such a provision, incur, whether x-clear could incur such a liability:

- (a) under the Contractual Relationship (whether such terms are express or implied by statute, law or otherwise);
- (b) in tort;
- (c) for misrepresentation;
- (d) for breach of any other duty imposed by law; or
- (e) in any other way,

provided that nothing in the Contractual Relationship shall be construed as:

- (i) excluding or limiting liability on the part of x-clear for death or personal injury resulting from its negligence;
- (ii) excluding liability for fraud;
- (iii) limiting any liability of x-clear below the amount of any benefit x-clear itself has received by reason of the act, omission or event giving rise to such liability;
- (iv) excluding or restricting the obligations of x-clear under any Single Contracts; or
- (v) excluding or limiting liability for breach of any obligations which in accordance with Applicable Laws cannot be excluded or limited.

21. INDEMNITY

21.1 The x-clear Member shall indemnify and hold harmless x-clear and its officers and employees against any and all losses, liabilities, damages, injuries, delays, costs and expenses incurred or suffered by any of them arising out of or in connection with the x-clear Member's conduct, a breach by the x-clear Member of any of its obligations under the Contractual Relationship or a breach by the x-clear Member of any Applicable Laws. In this Clause 21.1, "conduct" includes any act, omission, conduct or behaviour in connection with the Contractual Relationship, and for the purposes of determining an x-clear Member's liability for any conduct, an x-clear Member shall be responsible for (i) all conduct of that x-clear Member's Representatives and (ii) conduct by an x-clear NCM (if the x-clear Member is a GCM and has entered into a GCM-NCM Agreement with the x-clear

NCM) or such x-clear NCM's clients when an x-clear Member clears on behalf of that x-clear NCM, as if that conduct were the conduct of the x-clear Member itself. For the avoidance of doubt, all conduct referred to in (i) and (ii) shall, for the purposes of this Clause 21.1, be attributed to that x-clear Member and be treated as the conduct of that x-clear Member. However, notwithstanding the attribution of such conduct to the x-clear Member, this Clause 21.1 does not affect any loss or liability which the Representative responsible for such conduct may also suffer or incur under any Applicable Laws.

- 21.2 x-clear shall notify the x-clear Member promptly in writing as soon as it becomes aware of any action, proceeding, suit, arbitration, dispute, claim, demand, inquiry, investigation or hearing to which Clause 21.1 may apply. x-clear shall, at its discretion, assign to the x-clear Member sole responsibility for the conduct of any litigation in connection with such claims or legal action, or the conduct of any settlement negotiations, at the x-clear Member's own discretion and at its own expense. x-clear shall not be entitled to fulfil any demand, grant any concession or reach a settlement without the x-clear Member's prior written consent, such consent not to be unreasonable withheld; and x-clear shall provide the x-clear Member with all information and, at the x-clear Member's expense, with such support as is reasonably required.

22. **CONFIDENTIALITY AND DATA PROTECTION**

- 22.1 All information received by x-clear concerning matters relating to the x-clear Member of which x-clear becomes aware in connection with the provision of Clearing including, without limitation, all information received by x-clear concerning past or current positions carried by x-clear for an x-clear Member, Margin, Contributions, Settlement and any financial statements filed with x-clear by any x-clear Member, shall be held in confidence by x-clear and shall not be made known to any other Person except where disclosed by x-clear, subject to such terms and conditions as x-clear may from time to time consider appropriate:
- (a) with the written consent of the x-clear Member involved;
 - (b) to a Governmental Authority where a request is formally made to x-clear by or on behalf of the same or pursuant to Applicable Laws;
 - (c) pursuant to an order of a competent court or request of a Governmental Authority, or otherwise to such other Persons, at such times and in such manner as may be required by Applicable Law; and

- (d) to any x-clear Affiliate, any Exchange (including the LSE), Clearing Organisation (including a Co-CCP), provider of Transaction Routing, Approved Settlement System and any of their or x-clear's Representatives auditors, advisers or lawyers including (without limitation) for audit, compliance, market surveillance or disciplinary purposes or in relation to any possible or actual Default or the termination or suspension of membership as an x-clear Member.
- 22.2 x-clear is a Data Controller in relation to Personal Data provided to it by the x-clear Member and its Representatives. The x-clear Member shall ensure that:
 - (a) any and all of its Representatives in relation to whom Personal Data is provided to x-clear ("**Data Subjects**") have consented in advance to such data being Controlled and Processed by x-clear or, if not a natural person, have agreed to procure such consents from relevant natural persons to the extent necessary;
 - (b) the disclosure of Personal Data by the x-clear Member and all of its Representatives is in all respects and in each case lawful; and
 - (c) the information referred in Clause 22.2(a) has been provided to each Data Subject prior to disclosure of Personal Data relating to such Data Subject to x-clear.
- 22.3 x-clear or third parties referred to in Clause 22.2(a) may transfer Personal Data outside the EEA and Control and Process Personal Data outside the EEA but only where the level of data protection is at least equivalent to that afforded in the UK.
- 22.4 In this Clause only, the terms "Control" and "Process" (and derivations thereof), "Personal Data" and "Data Controller" each have the meaning given to such terms in the Data Protection Act 1998.
- 22.5 x-clear shall be entitled to outsource data processing work to third parties, in particular to SIS, SIS Systems AG, Telekurs Services Ltd. and other Affiliates of the Swiss Financial Market Services Limited, and the x-clear Member hereby grants its consent to such arrangements.
- 23. **MARKET DISORDER**
- 23.1 The x-clear Member acknowledges that, in accordance with the LSE Rules, LSE may:
 - (a) exercise certain rights in respect of the non-performance or default of an LSE Member (where "default" for the purposes of this Clause 23.1(a) has the description given to it in the LSE Rules); and
 - (b) in certain circumstances, cancel an LSE Transaction (pursuant to a request or otherwise), "contra" in respect of an LSE Transaction or suspend or halt trading in specific LSE Products,

and x-clear and the x-clear Member shall, in such circumstances, be bound by such measures.

23.2 Neither x-clear nor the x-clear Member (in the relevant case, an "Affected Party") shall be liable for any failure or delay in performing any of its obligations under or pursuant to Contractual Relationship to the extent that such failure or delay is due to an Event of Force Majeure and it shall be entitled to a reasonable extension of the time for performing such obligations as a result of such Event of Force Majeure.

23.3 On the occurrence of an Event of Force Majeure:

- (a) the Affected Party, if it is the x-clear Member, shall immediately notify x-clear of the same (or, if the Affected Party is x-clear, it shall issue a circular to the x-clear Member that is affected) and the Affected Party shall exercise reasonable endeavours to resume performance of any of its obligations affected by the Event of Force Majeure;
- (b) x-clear shall be entitled to require the x-clear Member to take such action as x-clear may direct in respect of Single Contracts affected by the Event of Force Majeure; and
- (c) x-clear shall be entitled to subject affected Outstanding Contracts to Clearing and/or Settlement according to x-clear's directions, and x-clear shall be entitled to require or implement appropriate measures to achieve such Clearing and/or Settlement. x-clear shall, where relevant and practicable, endeavour to consult any Affected Party in advance of requiring or implementing such measures.

23.4 If the LSE determines in accordance with the LSE Rules that an excessive position or unwarranted speculation or any other undesirable situation or practice is developing or has developed which is affecting or capable of affecting the LSE Market, x-clear may take such action as is requested of it by the LSE in respect of one or more Outstanding Contracts in an x-clear Member's name as may be provided for by the LSE Rules or as may be agreed between the LSE and x-clear.

24. **DEFAULT BY THE X-CLEAR MEMBER**

24.1 If the x-clear Member is unable or likely to be unable to fulfil its obligations in respect of one or more Outstanding Contracts or fulfil any other obligation towards x-clear (an "Event of Default"), x-clear shall be entitled to take the measures described below in Clause 24.5 of these GTCB.

24.2 x-clear shall be entitled to treat each of the following non-exhaustive grounds as an Event of Default:

- (a) the x-clear Member is in material breach of a contractual obligation it owes to x-clear;

- (b) the x-clear Member fails to fulfil any payment obligation or any obligation to provide collateral (including, but not limited to, fees, fines and amounts in respect of Settlement, providing Margin and making Contributions);
- (c) the x-clear Member is subject to:
 - (i) the occurrence of any situation in which the financial or operational condition of the x-clear Member is not, in the opinion of x-clear, adequate for the x-clear Member to meet its obligations (including, without limitation, its obligations to comply with the Contractual Relationship) or to engage in the business of being an x-clear Member ;
 - (ii) commencement of proceedings or investigations, enforcement action, fines, disciplinary action or other interventions in relation to activities as an x-clear Member by a Governmental Authority, the LSE, the Approved Settlement System or any other Clearing Organisation or Exchange to which the x-clear Member is a member or participant;
 - (iii) the threat of withdrawal or actual withdrawal of the x-clear Member's licence or authorisation in any jurisdiction or a threat to the x-clear Member's credit-worthiness, stability or operational reliability; or
 - (iv) any other situation where it would not in the opinion of x-clear be in the best interests of x-clear or the marketplace for such x-clear Member to continue to be an x-clear Member;
- (d) the x-clear Member is in material breach of the rules and regulations of an Exchange or a Clearing Organisation or has been suspended or excluded by such Exchange or Clearing Organisation; and
- (e) the SFBC takes action pursuant to Art. 23bis to Art. 23quater of the Swiss Federal Banking Act or Art. 35 Clauses 1 and 3 of the SESTA, or a Governmental Authority takes similar action against an x-clear Member, *provided that* such action by a Governmental Authority relates to the creditworthiness, solvency or operational reliability of the x-clear Member.

24.3 The x-clear Member will automatically be subject to an Event of Default in the following circumstances:

- (a) an order is made by a Swiss court to declare the x-clear Member bankrupt ("Konkurseröffnung"; Arts. 175, 189, 190, 191 and 192 of the Federal Law on Debt Collection and Bankruptcy, Art. 33 of the Swiss Federal Banking Act, Art. 36a SESTA) or to appoint a receiver or trustees for an x-clear Member in connection with a petition for proceedings for an arrangement with creditors (Art. 293 of the Federal Law on Debt Collection and Bankruptcy);

- (b) the SFBC revokes the authorisation of the x-clear Member as a bank (pursuant to Art. 23quinquies or Art. 26 para. 1 let g Swiss Federal Banking Act) or as a Securities dealer (pursuant to Art. 36 SESTA) or takes or will take any other measure as described in Arts. 25 et seq. of the Swiss Federal Banking Act or Art. 35 para. 3 or Art. 36 SESTA;
- (c) the x-clear Member enters into liquidation whether compulsory or voluntary or an order is made or resolution is passed for the winding up, dissolution, striking off of the x-clear Member's name from a register of companies or of other corporate bodies (other than for the purposes of a solvent amalgamation or reconstruction approved in writing by x-clear on the basis that the resulting company undertakes the x-clear Member's obligations under the Contractual Relationship and is commercially acceptable to x-clear) or has a receiver or administrative receiver or administrator or similar official appointed over all or any of its assets or a petition or order is made for such applicant and such receiver or administrative receiver or administrator or similar official is not discharged within a period of 30 days or has an Encumbrance taking possession of or selling an asset of the x-clear Member;
- (d) the x-clear Member is declared insolvent or makes any assignment, arrangement, composition or compromise for the benefit of any creditors or significant creditor or a scheme of arrangement being approved by a Governmental Authority (except where such insolvency or composition occurs in Switzerland);
- (e) the x-clear Member is unable to pay debts as they fall due within the meaning of section 123 of the Insolvency Act 1986 or is over indebted within the meaning of and pursuant to Articles 725, 817 or 903 of the Swiss Code of Obligations; and
- (f) upon the occurrence under the laws of any applicable jurisdiction of anything analogous to or having a substantially similar effect to any of the events described in Clauses 24.3(a) to 24.3(e) (inclusive),

each of the events described in Clauses 24.3(a) to 24.3(f) inclusive being an event of "**Insolvency**" in relation to the x-clear Member.

24.4 In respect of an Event of Default arising pursuant to Clauses 24.1 and 24.2 and which does not amount to an Event of Default pursuant to Clause 24.3, x-clear shall be entitled to issue a notice of Default (a "Default Notice") to the x-clear Member and declare the x-clear Member to be in "Default". The issue of a Default Notice shall be disclosed to the LSE, the Co-CCPs and the Approved Settlement System. Except in relation to an Event of Default pursuant to Clause 24.2(b), if an x-clear Member is subject to an Event of Default as a result of a technical or other minor defect, the x-clear Member shall promptly provide to x-clear with a written description of the reasons for the non-performance. The x-clear Member shall promptly rectify the causes of the non-performance. The x-clear Member is obliged to compensate x-clear for losses, costs and expenses incurred or sustained as a result of such non-performance and any related corrective action. In other cases, prior to the issue of a Default Notice, x-clear can at its discretion issue a reminder to the x-clear Member and allow a period for corrective action to be taken and if such action is regarded by x-clear, at its discretion, as removing

the grounds for a Default, x-clear shall be entitled to regard the x-clear Member as not being in Default and shall not issue a Default Notice. Following an Event of Default arising pursuant to Clause 24.3, the x-clear Member shall be regarded by x-clear to be in "Default" and the x-clear's Member's membership shall terminate with immediate effect and x-clear shall effect a Close-out Netting as further described in Clause 24.5(d).

24.5 Following the issue of a Default Notice, x-clear shall at its discretion be entitled to take one or more of the following measures (and, except in cases which x-clear in its sole discretion considers urgent, x-clear shall give the x-clear Member advance notice of any such measures):

- (a) (except in respect of a breach or potential breach falling within Clause 24.2(b)), issue a warning to the x-clear Member, which will specify an appropriate deadline by which the x-clear Member shall be required to rectify the breach;
- (b) in the event of serious breaches, occurrences or infringements amounting to an Event of Default pursuant to Clause 24.2, suspend the provision of Clearing services to the x-clear Member (in relation to the specific LSE Products or otherwise) for a maximum of three months. If upon expiry of this period the x-clear Member has failed to satisfy its obligations, or to perform them in full or otherwise rectify the breach or infringement, x-clear shall be entitled to terminate the membership of the x-clear Member and any other contract with the x-clear Member with immediate effect;
- (c) in the case of a breach or potential breach falling within Clause 24.2(b), grant the x-clear Member a short extension of the period within which payment by the x-clear Member shall be made;
- (d) suspend performance by x-clear and the x-clear Member under Outstanding Contracts and apply the following procedure ("**Close-out Netting**") to Outstanding Contracts to which the Defaulting x-clear Member is a party resulting in the payment of the Settlement Amount (as defined in Clause 24.5(d)(iii) below):
 - (i) in respect of each Outstanding Contract:

- (A) establish the replacement value of the LSE Product required to be delivered to or by the x-clear Member by reference to the closing price of the LSE Product on the day the Default occurred or the Default Notice was issued; if the LSE Product is not traded on such day, the last available closing price for the LSE Product on the Exchange in the country of the issuer of the LSE Product (if the LSE Product is also listed or admitted to trading on such Exchange) will apply. The replacement value is calculated in the currency in which the LSE Product was traded on that Exchange; and
 - (B) establish the total value of all the payments which were required to be made to or by the x-clear Member;
- (ii) establish any other amounts (including, without limitation, commissions) which are or were required to be paid by or to the x-clear Member under the Contractual Relationship and any other contract with x-clear;
 - (iii) aggregate all such amounts and convert these amounts using (where it thinks relevant) a currency exchange rate it considers appropriate at its own discretion into sterling; and then net the outstanding amounts so as to produce a single, net amount to be paid to or by the Defaulting x-clear Member (the "**Settlement Amount**");
 - (iv) inform the x-clear Member immediately of this Settlement Amount, stating which party is to pay the Settlement Amount. The Settlement Amount shall be paid by the x-clear Member or by x-clear within a period of two Business Days. If the paying party fails to pay within this period, interest on arrears will be charged at the three-month LIBOR rate for the sterling money market plus a margin of one per cent. If the Settlement Amount is payable by the x-clear Member, x-clear shall be entitled to realise the Permissible Collateral provided by the x-clear Member as Margin by way of discharge of such payment obligation; and
 - (v) charge the x-clear Member for all costs and expenses incurred in connection with the measures referred to in Clause 24.6(d) including without limitation costs incurred in connection with the realisation of collateral, and court and any related out-of-court costs. x-clear shall be entitled to realise the Permissible Collateral provided by the x-clear Member as Margin by way of discharge of such payment obligation.

- (e) notwithstanding the other provisions of this Clause 24.5, terminate the membership of the x-clear Member on the occurrence of a Default.

24.6 In the event that x-clear does not take any steps described in Clause 24.5 following a Default, x-clear shall not be regarded as having waived its entitlement to take any such step immediately or at all.

24.7 For the purposes of this Clause 24.7, the term "default rules" means all the GTCB and other provisions of the Contractual Relationship which provide for the taking of action in the event of an x-clear Member being unable, appearing to be unable, or being likely to be unable, to meet its obligations in respect of one or more Outstanding Contracts and "default proceedings" means the proceedings taken by x-clear under its default rules. The x-clear Member is given notice that Part VII of the Companies Act 1989 applies in relation to Single Contracts on a Default and that as a result in so far as there are proceedings relating to an Insolvency of an x-clear Member in the UK, in accordance with the Companies Act 1989, inter alia:

- (a) the Contractual Relationship will apply notwithstanding the otherwise mandatory nature of Applicable Laws of the United Kingdom relating to Insolvency;
- (b) the insolvency practitioner of the Defaulting x-clear Member may not contest action taken by x-clear in relation to that x-clear Member under the Contractual Relationship;
- (c) third parties will have a duty in certain circumstances to give certain assistance to x-clear for the purpose of giving effect to the Contractual Relationship;
- (d) powers of the English Courts to prevent dissipation or application of assets are subject to x-clear's default proceedings;
- (e) the FSA has certain powers to require x-clear's default rules to be applied in the event of an Insolvency of any x-clear Member even if no action is taken by x-clear; and
- (f) x-clear may be required to produce a report under section 162 of the Companies Act 1989 and to report to the Defaulting x-clear Member, or any relevant office-holder acting in relation to the Insolvency of the Defaulting x-clear Member, on steps taken under this Clause 24.

25. **DEFAULT BY X-CLEAR**

25.1 x-clear will automatically be in Default in the following circumstances:

- (a) the SFBC opens insolvency proceedings with respect to x-clear pursuant to Art. 33 of the Swiss Federal Banking Act; and

- (b) the SFBC revokes the authorisation of x-clear as a bank pursuant to Art. 23ter ff. and Art. 26 para. 1 of the Swiss Federal Banking Act or takes or will take any other measure as described in Arts. 26 of the Swiss Federal Banking Act.

25.2 Following a Default by x-clear in accordance with Clause 24.1, all obligations of x-clear and the x-clear Member to make payments and deliveries pursuant to Outstanding Contracts shall not be fulfilled in the usual way but instead x-clear or the x-clear Member (as applicable) shall make a single payment calculated according to the procedure set out in Clause 25.3.

25.3 In respect of each Outstanding Contract:

- (a) x-clear shall:
 - (i) establish the replacement value of the LSE Product required to be delivered to or by x-clear by reference to the closing price of the LSE Product on the day the Default occurred; if the LSE Product is not traded on such day, the last available closing price for the LSE Product on the Exchange in the country of the issuer of the LSE Product (if the LSE Product is also listed or admitted to trading on such Exchange) will apply. The replacement value is calculated in the currency in which the LSE Product was traded on that Exchange; and
 - (ii) establish the total value of all the payments which were required to be made to or by the x-clear Member;
- (b) x-clear shall establish any other amounts which are or were required to be paid by or to x-clear under the Contractual Relationship and any other contract between x-clear and the x-clear Member;
- (c) x-clear shall aggregate all such amounts using (where it thinks relevant) a currency exchange rate it considers appropriate and convert these amounts at its own discretion into sterling; and x-clear will then net the outstanding amounts so as to produce a single, net amount to be paid by x-clear to the x-clear Member or by the x-clear Member to x-clear; and
- (d) the x-clear Member shall inform x-clear immediately of the amount calculated pursuant to Clauses 25.3(a) to (c), stating which party is to pay such amount. This amount shall be paid by the x-clear Member to x-clear or by x-clear to the x-clear Member within a period of two Business Days. If the paying party fails to pay within this period, interest on arrears will be charged at the three-month LIBOR rate for the sterling money market plus a margin of one per cent. If such amount is payable by the x-clear Member to x-clear, x-clear shall be entitled to realise the Permissible Collateral provided by the x-clear Member as Margin by way of discharge of such payment obligation.

26. **INTELLECTUAL PROPERTY RIGHTS**

- 26.1 Where x-clear grants licences to the x-clear Member, x-clear warrants that it has either developed the licensed software itself and it holds the relevant commercial property rights, in particular the copyright, or that it has obtained from the holder of the rights the relevant rights to distribute the licensed material and that it is not aware of any prior third-party rights at the time of signing such grant.

27. **SETTLEMENT FINALITY**

x-clear shall be entitled to amend these GTCB in accordance with Clause 2 of the Contract for Clearing Services (English Law) in order to ensure or facilitate "system" designation or the retention of such designation pursuant to the Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (the "**Settlement Finality Regulations**") and such amendments shall be set out in a new Schedule of these GTCB. The x-clear Member acknowledges and agrees that the Contractual Relationship (save for any provisions that are, subject to Clause 35, governed by Swiss law) shall comprise the "system" in accordance with and as further described in a new Schedule to these GTCB for the purposes of the Settlement Finality Regulations once x-clear has attained such designation.

28. **SCHEDULE OF FEES**

- 28.1 The x-clear Member shall pay an annual membership fee, payable pro rata temporis in CHF as part of the regular monthly fees payable by the x-clear Member and as determined in accordance with the Rules and Regulations.
- 28.2 Suspension of membership does not release the x-clear Member from the requirement to pay the membership fee or service fee. If membership of the x-clear Member begins or is terminated during a calendar year the x-clear membership fee paid for that year is payable or will be refunded pro rata.
- 28.3 The x-clear Member will set out its service charges and membership fee in the Schedule of Fees as published and issued to the x-clear Member from time to time. In setting its charges and fees the x-clear Member acknowledges and agrees that x-clear is entitled to take into account the charges and fees, if any, imposed on or charged to x-clear by the Approved Settlement System, the provider of Transaction Routing or a Co-CCP. x-clear shall be entitled to vary the amount of the charges or fees from time to time and shall notify the x-clear Member of such changes in the manner described in Clause 2 of the Contract for Clearing Services (English Law).
- 28.4 x-clear shall provide the x-clear Member (by post, facsimile, posting on-line, other electronic means or otherwise) with a monthly statement of the charges accrued.
- 28.5 x-clear shall be authorised to collect all monies owed by the x-clear Member to x-clear from the x-clear Member's ordinary account held at SIS, an account at a UK Payment Bank or via the Swiss payments system Swiss Interbank Clearing ("SIC") by direct debit. Collection will be effected by SIS as an agent of x-clear. The x-clear Member undertakes to instruct SIS to honour all direct debit mandates received from x-clear (where the x-clear Member's account is held at SIS) to collect all sums owed by the x-clear Member from the x-clear Member's accounts held at SIS and transfer the appropriate amount to x-clear's account

with SIS. The x-clear Member may revoke the direct debit instruction with 14 days' notice, provided that a replacement arrangement at SIS is established.

29. NOTIFICATION TO THE LSE AND OTHERS

The x-clear Member shall recognise and consent to x-clear notifying a Governmental Authority, the LSE and, where applicable, a Co-CCP, the provider of Transaction Routing and the Approved Settlement System where the x-clear Member:

- (a) is no longer in a position to fulfil its contractual obligations in respect of Outstanding Contracts;
- (b) commits a material breach of its contractual obligations towards x-clear;
or
- (c) relinquishes its x-clear membership or it is suspended or terminated by x-clear.

30. EXTENSION AND WAIVER OF PROVISIONS IN THE CONTRACTUAL RELATIONSHIP

30.1 The time fixed by the Contractual Relationship for the doing of any act or acts may be extended, or the doing of any act or acts required by Contractual Relationship may be waived, by x-clear whenever at its discretion it considers that such extension or waiver is necessary or in the best interests of x-clear.

30.2 Without prejudice to the generality of Clause 30.1, the time fixed by the Contractual Relationship for filing any report or other document, for submitting any information or for making deposits or payments may be extended by x-clear whenever at its discretion it considers that such extension is necessary or in the best interests of x-clear. Any such extension may continue in effect after the event or events giving rise thereto.

30.3 No failure by x-clear to exercise or delay on its part in exercising any of its rights or pursuing any of its remedies hereunder shall constitute a waiver of its rights or remedies for any purpose (current or future). No exercise of any right or remedy shall preclude any future exercise thereof or of any other right or remedy.

31. **CONTRACTUAL BASIS**

- 31.1 The Contractual Relationship shall be binding between x-clear and each x-clear Member on the execution of the Contract for Clearing Services (English Law).
- 31.2 Amendments to the Contractual Relationship shall be effected in accordance with Clause 2 of the Contract for Clearing Services (English Law).

32. **DISPUTE RESOLUTION**

- 32.1 An x-clear Member that wishes to make a complaint to x-clear in relation to the performance by x-clear of its obligations arising under the Contractual Relationship (or to the extent applicable thereunder, SIS), shall initially refer the complaint to its relationship manager at SIS. Complaints in respect of matters that can be reasonably be regarded as operational or technical in nature should be referred to the x-clear desk of SIS in the first instance.
- 32.2 x-clear or SIS shall make a record of the relevant complaint. x-clear, and if applicable, SIS, shall at their discretion conduct an investigation into the matters raised by the complaint and shall, if they consider it necessary, request further particulars of the complaint from the x-clear Member.
- 32.3 On completion of the investigation of the complaint by x-clear and/or SIS, x-clear shall communicate the results of the investigations to the x-clear Member and include details of any action that x-clear and/or SIS have taken or propose to take (which may be conditional on certain actions being taken by the x-clear Member). If at this stage the x-clear Member is not satisfied with the operational services of any Person in SIS, it may escalate the complaint to the relevant level of operative management in accordance with the details relating to escalation of complaints as published by x-clear and/or SIS on their websites from time to time.
- 32.4 Where an x-clear member is not satisfied with the outcome of the investigation by x-clear or SIS, it may refer the complaint to the Executive Committee of x-clear or SIS. The Executive Committee of x-clear or SIS respectively shall adopt such procedures as it sees fit in order to review the outcome of the investigation by x-clear or SIS, but shall not be obliged to conduct a new investigation or hear further representations from the x-clear member.
- 32.5 If the x-clear Member is not satisfied with the outcome of the complaint following its review by the Executive Committee of x-clear or SIS respectively, the x-clear Member may refer the complaint to the Executive Board of SIS Group. The Executive Board of the SIS Group shall adopt such procedures as it sees fit in order to review the outcome of the Executive Committee of x-clear or SIS respectively, but shall not be obliged to conduct a new investigation or hear further representations from the x-clear member.

32.6 This complaints procedure, including any outcome, decision or representation made by x-clear, SIS, the Executive Committee of x-clear or SIS respectively, the Executive Board of the SIS Group, or any Representative or other person or body authorised to act on behalf of any one of them shall have no evidential value in any subsequent proceedings, of whatever nature.

33. **COMMUNICATIONS**

33.1 Information relating to LSE Transactions received by x-clear from the LSE (or a Co-CCP) shall be binding on the x-clear Member unless and until revoked by LSE or a Co-CCP (as applicable). Save as otherwise expressly provided under the Contractual Relationship, x-clear will not undertake any additional or particular verification of such information.

33.2 Each x-clear Member shall regularly monitor its electronic communication facilities during the course of each Business Day for receipt of communications from x-clear. Each x-clear Member shall immediately (a) review every communication delivered to it by x-clear and (b) report to x-clear any error in any such communication.

33.3 Except as otherwise specifically prescribed in the Contractual Relationship, all reports, documents, papers, statements, notices, checks, and other communications and other materials (each for the purposes of this Clause 33.3, hereinafter referred to as a "Document") required or permitted by the Contractual Relationship to be submitted to x-clear shall be delivered to x-clear (or its designated agent, where applicable) at such times, in such form and in such manner as x-clear shall require. Without prejudice to the foregoing, each Document delivered to x-clear shall clearly state the identity of the x-clear Member making such delivery.

33.4 x-clear shall be entitled to record telephone communications with the x-clear Member, the x-clear NCM or Representatives of any of them.

33.5 With the exception of notices from x-clear regarding amendments to Contractual Relationship, notices issued by x-clear will be deemed to have been served if they have arrived at the x-clear Member's last known address (by post, fax, telephone, telex or electronic mail) or are made by way of x-clear Member circular and posted on x-clear's website. x-clear will rely on the contact addresses supplied by the x-clear Member. The x-clear Member is obliged to notify x-clear of any changes to its contact address or details.

33.6 Any loss incurred or suffered by an x-clear Member arising from the use of post, fax, telephone, telex, electronic mail and other means of transmission or transport (including, without limitation, as a result of loss, delay, misunderstandings, distortion or duplications) shall be borne by that x-clear Member, save to the extent that x-clear has not exercised reasonable care.

34. CLEARING MEMBERSHIP FOR CO-CCPS

- 34.1 A Co-CCP that wishes to obtain membership status in x-clear (a “Co-operating Clearing House”) shall apply to x-clear for such status in a manner and form x-clear at its discretion considers appropriate. Pursuant to the applicable Link Agreement, the Co-CCP shall comply with, and be subject to, the provisions relating to the status of a Co-operating Clearing House as set out in Schedule 2. For the avoidance of doubt, x-clear's relationship with a Co-CCP shall be exclusively governed by this Clause 34, the applicable Link Agreement, Schedule 2 and not any other provision of the Contractual Relationship.

35. GOVERNING LAW AND JURISDICTION

- 35.1 These GTCB and the Rules and Regulations shall be governed by and construed in accordance with the laws of England and Wales. To the extent that any provision of the Pledge Agreements conflicts with any provision of the Contract for Clearing Services (English Law), the GTCB or the Rules and Regulations, the provisions relating to the nature, scope, rights and obligations in respect of a Regular Pledge or Irregular Pledge (and the holding of the assets subject to a Regular Pledge (by SIS under the Pledgeholder Agreement)) shall be governed by the Pledge Agreements and the obligation to provide Margin, make Contributions, enter into the Pledge Agreements and the grounds upon which Margin or Contributions can be realised shall be governed by the Contract for Clearing Services (English Law), the GTCB and the Rules and Regulations.
- 35.2 Any Dispute shall be subject to the exclusive jurisdiction of the High Court of England and Wales. x-clear and each x-clear Member shall hereby be deemed irrevocably to have submitted to the jurisdiction of the High Court and to have waived irrevocably any objection to proceedings, any remedy or the enforcement of any remedy in or by the High Court on the ground of venue, or that proceedings have been brought in an inconvenient or inappropriate forum.

SCHEDULE 1

PROVISIONS FOR THE GCM-NCM AGREEMENT

- (a) Legislation applicable to the relationship between the x-clear GCM and the x-clear NCM, with the x-clear NCM as agent of the x-clear GCM.
- (b) If x-clear is the Central Counterparty, all orders entered by an x-clear NCM in the LSE's Orderbook are entered on behalf of the x-clear GCM. If a stock exchange order entered by the x-clear NCM is matched with another stock exchange order, transactions between the x-clear GCM and x-clear (in accordance with the GTCB) and between the x-clear NCM and the x-clear GCM are generated.
- (c) If a Co-CCP is the Central Counterparty, all x-clear NCM entries in the LSE's Orderbook are directly effective in favour of or to the debit of x-clear. If an order or quote entered by the x-clear NCM is matched with another order or quote, a transaction between x-clear and the Co-CCP is generated (in accordance with the GTCB). Simultaneously, corresponding transactions on identical terms are generated between the x-clear GCM and x-clear (in accordance with the GTCB) and between the x-clear GCM and the x-clear NCM.
- (d) Exclusion of any contractual relationship and any liability in the relationship between x-clear and the x-clear NCM.
- (e) The x-clear GCM's margin requirements of its x-clear NCM.
- (f) Authorisation (where applicable) of the x-clear NCM by the x-clear GCM to assume responsibility for settlement directly vis-à-vis x-clear in the name and for the account of the x-clear GCM.
- (g) Status of the x-clear NCM as a Member of the LSE neither suspended nor terminated.
- (h) Data Protection Issues.
- (i) "Give-up" in relation to contracts.
- (j) Use of Collateral.
- (k) Non-performance/default by the x-clear NCM.
- (l) Period of validity.
- (m) Severability.
- (n) Applicable law.
- (o) Place of jurisdiction; place of performance.

SCHEDULE 2

PROVISIONS APPLICABLE TO A CO-OPERATING CLEARING HOUSE

The provisions of Clause 24 of the GTCB shall apply to the Co-operating Clearing House mutatis mutandis but only in respect of its obligations in respect of Inter-CCP Contracts. In particular, references to "Outstanding Contracts" shall be replaced by references to "Inter-CCP Contracts" and references to the membership of an x-clear Member shall be read as a reference to the membership of the Co-CCP as a Co-operating Clearing House. Further, x-clear's right to terminate the membership of the Co-CCP as a Co-operating Clearing House shall only be exercised in circumstances where x-clear has the right to terminate the applicable Link Agreement.

The provisions of this Schedule 2 shall be regarded as part of the "default rules" of x-clear applicable to a Co-operating Clearing House within the meaning of section 188 of the Companies Act 1989.