

Clearing Appendix 8

Default Fund Rules

N2EXMarket

Issued by NASDAQ OMX Stockholm AB

DEFAULT FUND RULES

1 APPLICATION

- 1.1 These Default Fund Rules set forth the terms and conditions governing the relation between the Clearinghouse and Default Fund Participants, and between Default Fund Participants, in connection with the Default Fund.
- 1.2 The Default Fund Rules are supplemented by the Default Fund Custody Account Agreement, which each Default Fund Participant must enter into separately. If any provision of these Default Fund Rules is inconsistent with a provision of the Default Fund Custody Account Agreement, the latter shall prevail.

2 INTERPRETATION

- 2.1 References to the Clearinghouse shall, where the context so requires, include its nominees, agents or sub custodians appointed by the Clearinghouse on its behalf in accordance with the Default Fund Rules or the Default Fund Custody Account Agreement.
- 2.2 Capitalized terms herein shall have the meanings assigned to them below.

Business Day	means a day (other than a Saturday or Sunday) on which commercial banks in Sweden are generally open for business.
[Instrument]	<i>[Definition of "Instrument" corresponding to that of the clearing rules of the "Financial Market"(i.e. the "Non-Commodity Clearing Rules") is planned to be included in the Commodity Instrument Clearing Rules (their general definitions, i.e. joint Trading and Clearing Appendix 1). The definition is essentially corresponding to the current "Product" definition of the N2EX Clearing Rules. The general definitions are not yet available due to ongoing work on other issues]</i>
Close-Out Balance	means the amount that the aggregate cost of closing out (including set-off) a Relevant Participant's Contracts deviates (positive or negative) from the Margin Requirement applicable to the Relevant Participant.
Commodity Default Fund	means the part of the Default Fund to be applied upon a Relevant Participant's default in accordance with Sections 7.1 or 7.3, as applicable, to cover Default Losses allocated to Commodity Instruments.
Commodity Instrument Clearing Rules	means the terms and conditions for clearing of only Commodity Instruments issued by the Clearinghouse, including these Clearing Rules, as may be amended from time to time. A specification of the applicable Commodity Instrument Clearing Rules is available from the Clearinghouse.
Commodity Instruments	means Instruments, whether physically or cash settled, whose value is derived from the value of one or more commodities (including freight rates, emission allowances and green certificates) or commodity-based indices, and that are not exchange-traded funds.
Commodity Market Proportion	means the aggregate Fund Requirements for the Commodity Default Fund divided by the sum of the aggregate Fund Requirements for the Commodity Default Fund and the Financial Default Fund.
Contributed Assets	means all funds and assets contributed by a Default Fund Participant or the Clearinghouse to the Default Fund, whether in the form of cash amounts or securities or otherwise and whether

or not Eligible Funds.

Contribution Day	means each of 1 March, 1 June, 1 September and 1 December in any year or, if any such day is not a Business Day, the next succeeding Business Day.
Custody Account	has the meaning ascribed to it in the Default Fund Custody Account Agreement (as applicable in relation to each Default Fund Participant).
Default Fund	means the sum of the Contributed Assets to the Commodity Default Fund, the Financial Default Fund and the Mutual Default Fund at any time, excluding any funds and assets that have been released by the Clearinghouse pursuant to the Default Fund Rules (whether through a lower Fund Requirement or through Default Fund Exit, and whether or not actually returned to the relevant Default Fund Participant at the relevant time).
Default Fund Custody Account Agreement	means, in respect of a Default Fund Participant, an agreement between the Clearinghouse and such Default Fund Participant stipulating terms for a Custody Account to be opened by such Default Fund Participant with the Clearinghouse.
Default Fund Exempt Participant	means any and all “Direct Pledging Customers” under the Non-Commodity Clearing Rules and any and all “Clearing Clients” under the Commodity Instrument Clearing Rules. A Default Fund Exempt Participant is not subject to Fund Requirements, but the Clearinghouse contributes to the Default Fund for exposures in respect of Default Fund Exempt Participants.
Default Fund Exit	means the effective termination of the Default Fund Participant’s applicable clearing membership agreement, including any applicable notice period, provided that the relevant Default Fund Participant has no remaining obligations towards the Clearinghouse under these Clearing Rules.
Default Fund Participant	means any and all Clearing Members under the Non-Commodity Instrument Clearing Rules and any all “Account Holders” under the Commodity Instrument Clearing Rules, except those who are Default Fund Sponsored Participants or Default Fund Exempt Participants. A Default Fund Participant is subject to a direct Fund Requirement.
Default Fund Requirements	means a document describing the model for calculation of Fund Requirements, included as a schedule to these Default Fund Rules.
Default Fund Sponsored Participant	means any and all “Indirect Pledging Customers” under the Non-Commodity Clearing Rules. A Default Fund Sponsored Participant is not subject to Fund Requirements but its associated Default Fund Participant (Clearing Account Administrator) shall contribute to the Default Fund for exposures in respect of the Default Fund Sponsored Participants.
Default Loss	means the deficit that remains after any coverage available to the Clearinghouse has been applied in relation to the Relevant Participant’s obligations, disregarding any contributions to the Default Fund by the Relevant Participant.
Eligible Funds	means assets in the form of cash in the eligible currencies and/or the eligible securities, as specified in the Eligible Funds List from time to time, which a Default Fund Participant may use to fulfil its Fund Requirement.
Eligible Funds List	means a list of Eligible Funds approved by the Clearinghouse, including provisions on how Eligible Funds are to be valued, as

may be amended from time to time in accordance with Section 4.4.

Excess Loss	means any remaining Default Loss allocated to Commodity Instruments or Non-Commodity Instruments, as applicable, exceeding the funds under Sections 7.1 – 7.5.
Financial Default Fund	means the part of the Default Fund to be applied upon a Relevant Participant's default in accordance with Sections 7.1 or 7.3, as applicable, to cover Default Losses allocated to Non-Commodity Instruments.
Financial Market Proportion	means the aggregate Fund Requirements for the Financial Default Fund divided by the sum of the aggregate Fund Requirements for the Commodity Default Fund and the Financial Default Fund.
Fund Requirement	means the requirement for the contribution to the Default Fund calculated by the Clearinghouse and notified to the Default Fund Participants in accordance with Sections 5.1 – 5.2. Fund Requirements are also calculated in respect of the Clearinghouse in accordance with Section 5.1. A Fund Requirement shall be deemed valid and effective from the time of its issue in accordance with these Default Fund Rules and until replaced by a new Fund Requirement, or until the relevant Contributed Assets are released by the Clearinghouse on Default Fund Exit.
Interim Period	means a period comprising ninety (90) calendar days following a Relevant Participant's default which causes a Default Loss. For the avoidance of doubt, there may at any time be several Interim Periods running either sequentially or in parallel and references to an Interim Period shall in each case be to the Interim Period to which the applicable Default Loss relates.
Junior Capital	means an amount funded by the Clearinghouse's own assets in accordance with Section 3.6.
Minimum Fund Requirement	means the minimum Fund Requirement applicable to each Default Fund Participant, as further set out in Section 5.3.
Mutual Default Fund	means the part of the Default Fund to be applied upon a Relevant Participant's default, to cover Default Losses allocated to Commodity Instruments and/or Non-Commodity Instruments in accordance with Sections 7.1 or 7.5, as applicable.
Non-Commodity Clearing Rules	means the terms and conditions for clearing of Instruments issued by NASDAQ OMX Stockholm AB, and that are not Commodity Instrument Clearing Rules, as may be amended from time to time. A specification of the applicable Non-Commodity Clearing Rules is available from the Clearinghouse.
Non-Commodity Instruments	means Instruments other than Commodity Instruments.
Realised Collateral Balance	means the actual deficit or surplus value of the collateral provided by a Relevant Participant following recourse and realisation of the collateral by the Clearinghouse in relation to the Collateral Requirement applicable to the Relevant Participant.
Relevant Participant	means any defaulting Default Fund Participant, Default Fund Sponsored Participant or Default Fund Exempt Participant.
Senior Capital	means capital funded by the Clearinghouse through own assets or other arrangements as further set out in Section 3.6.

3 COMPOSITION AND STRUCTURE OF THE DEFAULT FUND

- 3.1 The Clearinghouse maintains the Default Fund and other resources to cover Default Losses.
- 3.2 The Fund Requirements shall be satisfied through each Default Fund Participant providing Eligible Funds to cover any Default Losses in respect of Relevant Participants (including itself) in accordance with the Default Fund Rules. Each Default Fund Participant will contribute to the Default Fund in respect of any Default Fund Sponsored Participants associated to it, through its Fund Requirement being increased corresponding to the Fund Requirement of such Default Fund Sponsored Participants. The Clearinghouse will contribute its applicable Fund Requirement in respect of Default Fund Exempt Participants.
- 3.3 Upon request by a Default Fund Participant, the Clearinghouse shall provide a description of the relevant model and calculation method for the size of the Financial Default Fund, the Commodity Default Fund or the Senior Capital. Information about the from time to time size of the Commodity Default Fund, the Financial Default Fund, the Senior Capital, and the Mutual Default Fund shall be made available by the Clearinghouse in connection with the notifications under Section 5.1.
- 3.4 The size of the Financial Default Fund shall be calculated by the Clearinghouse to enable the Clearinghouse to withstand, under extreme but plausible market conditions (as determined by the Clearinghouse), Default Losses in respect of either the largest, or of the second and third largest Relevant Participants combined if the sum of their combined exposures is larger. However, the size of the Financial Default Fund shall not be less than SEK 50,000,000 (fifty million). The base currency of the Financial Default Fund is SEK.
- 3.5 The size of the Commodity Default Fund shall be calculated by the Clearinghouse to enable the Clearinghouse to withstand, under extreme but plausible market conditions (as determined by the Clearinghouse), Default Losses in respect of either the largest, or of the second and third largest Relevant Participants combined if the sum of their combined exposures is larger. However, the size of the Commodity Default Fund shall not be less than EUR 5,000,000 (five million). The base currency of the Commodity Default Fund is EUR.
- 3.6 The size of the Junior Capital is SEK 100,000,000 (one hundred million). The size of the Senior Capital, when aggregated with the Default Fund and Junior Capital, shall be calculated so as to enable the Clearinghouse to withstand, under extreme but plausible market conditions (as determined by the Clearinghouse), Default Losses in respect of its two largest Relevant Participants (regardless of market), but shall not be less than SEK 100,000,000 (one hundred million).
- 3.7 The Fund Requirement to the Mutual Default Fund in respect of each Default Fund Participant and the Clearinghouse equals fifteen per cent (15 %) of its Fund Requirement in respect of the aggregate of the Commodity Default Fund and the Financial Default Fund.

4 DEFAULT FUND CONTRIBUTIONS

- 4.1 Before participating in and being eligible for clearing, or representing Default Fund Sponsored Participants, a Default Fund Participant shall open a Custody Account and enter into a Default Fund Custody Account Agreement, and contribute the Minimum Fund Requirement to the Default Fund for the respective market it will participate in. The Clearinghouse shall ensure that it at all times has sufficient funds to meet the most recent Fund Requirement applicable to it (as of the most recent Contribution Day).
- 4.2 Default Fund Participants shall meet the most recently notified Fund Requirement not later than 10:30 a.m. (CET) on each Contribution Day as per Section 5.1 in respect of ordinary Fund Requirement notifications, or 10:30 a.m. (CET) on the relevant Business Day as per Section 5.2 in respect of additional Fund Requirement notifications.
- 4.3 All contributions to the Default Fund by Default Fund Participants shall be made in the form of Eligible Funds. Contributed Assets shall be deposited, registered, held and disposed of in accordance with the Default Fund Custody Account Agreement and the Eligible Funds List.

Each Default Fund Participant shall ensure that it complies with the Default Fund Custody Account Agreement at all times.

- 4.4 The Clearinghouse maintains the Eligible Funds List. The Eligible Funds List may be changed with fourteen (14) calendar days' written notice to Default Fund Participants. In case of changes to the Eligible Funds List each Default Fund Participant must ensure that all Contributed Assets are compliant with the updated Eligible Funds List no later than such list becoming effective. Release of Contributed Assets, following the contribution of replacement assets in accordance with Section 4.3, is subject to Section 4.7.
- 4.5 It is each Default Fund Participant's responsibility to ensure that the Contributed Assets at all times are in Eligible Funds that meet the applicable Fund Requirement. Notwithstanding the foregoing obligation, if the value of the Contributed Assets, when valued in accordance with the Eligible Funds List, at any time becomes lower than the applicable Fund Requirement, the relevant Default Fund Participant shall within one (1) Business Day following written demand from the Clearinghouse contribute the deficit amount in accordance with Section 4.3.
- 4.6 A Default Fund Participant may, subject to the prior consent of the Clearinghouse, given in its discretion, replace its Contributed Assets with other Eligible Funds at any time, subject to the Default Fund Participant complying with its applicable Fund Requirement at all times. Release of Contributed Assets, following the contribution of replacement assets in accordance with Section 4.3, is subject to Section 4.7.
- 4.7 Contributed Assets may be released to Default Fund Participants, upon request to the Clearinghouse, to the extent the value of such Contributed Assets, when valued in accordance with the Eligible Funds List, exceed the applicable Fund Requirement, and subject to the prior consent of the Clearinghouse, given in its discretion. A request by a Default Fund Participant to the Clearinghouse for release of excess contributions to the Default Fund made before 10:30 a.m. (CET) on a Business Day will be processed and approved or rejected by the Clearinghouse during the same Business Day. If approved, the release will be effectuated within five (5) Business Days from the time of the approval.
- 4.8 The Clearinghouse is entitled to use any Contributed Assets and the guarantee commitment under Section 8.1 to cover Default Losses until the Contributed Assets and guarantee commitment have been or should have been released by the Clearinghouse in accordance with these Default Fund Rules.

5 CALCULATION AND NOTIFICATION OF FUND REQUIREMENTS

- 5.1 Fund Requirements shall be calculated in accordance with the model set out from time to time in the Default Fund Requirements, and otherwise in accordance with the following:
 - a. With respect to each Default Fund Participant (including its Default Fund Sponsored Participants) the Clearinghouse calculates and notifies the Default Fund Participant of the applicable Fund Requirement not less than ten (10) Business Days prior to each Contribution Day.
 - b. With respect to Default Fund Exempt Participants, the Clearinghouse calculates the Fund Requirement not less than ten (10) Business Days prior to each Contribution Day.
- 5.2 In addition to the provisions of Section 5.1, the Clearinghouse may, by applying the model for calculation of Fund Requirements described in the Default Fund Requirements, carry out additional calculations of Fund Requirements at any time between two Contribution Days. In such cases the Clearinghouse shall notify Default Fund Participants promptly after a decision to carry out an additional calculation has been made and will furthermore notify affected Default Fund Participants of the additional Fund Requirement. Contribution of Eligible Funds meeting the additional Fund Requirements shall be made not later than ten (10) Business Days after the Clearinghouse has notified each Default Fund Participant of its additional Fund Requirement. Notwithstanding the foregoing, Default Fund Participants who have been Default Fund Participants for less than thirty (30) Business Days shall meet an additional Fund Requirement not later than three (3) Business Days after the Clearinghouse has notified the Default Fund Participant of the additional Fund Requirement. Following a

request by a Default Fund Participant, the Clearinghouse will provide the basis for the new calculation.

- 5.3 Notwithstanding Sections 5.1 and 5.2, the Minimum Fund Requirements are as follows and must always be fulfilled (see also Section 4.1):
- a. For Default Fund Participants that are only clearing Non-Commodity Instruments the Minimum Fund Requirement is SEK 1,000,000 (one million).
 - b. For Default Fund Participant that are only clearing Commodity Instruments the Minimum Fund Requirement is EUR 120,000 (one hundred and twenty thousand).
 - c. For Default Fund Participants that are clearing both Non-Commodity Instruments and Commodity Instruments the Minimum Fund Requirement is SEK 1,000,000 (one million) plus EUR 120,000 (one hundred and twenty thousand).

6 ALLOCATION OF DEFAULT LOSS BETWEEN COMMODITY INSTRUMENTS AND NON-COMMODITY INSTRUMENTS

- 6.1 Where a Relevant Participant is clearing both Commodity Instruments and Non-Commodity Instruments, and the Relevant Participant is subject to separate Fund Requirements for Commodity Instruments and Non-Commodity Instruments (whether such Fund Requirement is direct, through its associated Default Fund Participant or provided by the Clearinghouse), then any Default Loss shall, for the purpose of Sections 7, 8.1 and 8.2, be regarded as arising from separate Relevant Participants and shall be allocated to Commodity Instruments and Non-Commodity Instruments accordingly.
- 6.2 Where a Relevant Participant is clearing both Commodity Instruments and Non-Commodity Instruments, and the Relevant Participant is subject to a joint Fund Requirement for both Commodity Instruments and Non-Commodity Instruments (whether such Fund Requirement is direct, through its associated Default Fund Participant or provided by the Clearinghouse), then any Default Loss shall, for the purpose of Sections 7, 8.1 and 8.2, be allocated to:
- a. Commodity Instruments with an amount equal to the sum of (i) the Realised Collateral Balance multiplied with the proportion of the Relevant Participant's Margin Requirement for Commodity Instruments relative to the sum of the Relevant Participant's Margin Requirement for Commodity Instruments and Non-Commodity Instruments, and (ii) the Close-Out Balance for the Commodity Instruments; and
 - b. Non-Commodity Instruments with an amount equal to the sum of (i) the Realised Collateral Balance multiplied with the proportion of the Relevant Participant's Margin Requirement for Non-Commodity Instruments relative to the sum of the Relevant Participant's Margin Requirement for Non-Commodity Instruments and Commodity Instruments, and (ii) the Close-Out Balance for the Non-Commodity Instruments.

7 REALISATION AND APPLICATION OF OTHER RESOURCES

In the event of one or several Default Losses, the Default Fund and the Junior Capital and the Senior Capital shall be available to cover such Default Losses in the order of priority stipulated in this Section:

- 7.1 First,
- a. in case of a default by a Default Fund Participant, all its Contributed Assets (whether or not in excess of the Fund Requirement and whether or not pending release from the Clearinghouse at the relevant time); or
 - b. in case of a default by a Default Fund Sponsored Participant, all Contributed Assets from its associated defaulting Default Fund Participant in respect of the Default Fund Sponsored Participant; or
 - c. in the case of a defaulting Default Fund Exempt Participant, all Contributed Assets from the Clearinghouse in respect of such defaulting Default Fund Exempt Participant;

provided that the value of the available Contributed Assets under subsections (b) and (c) above shall not be less than the Minimum Fund Requirement. When determining the Minimum Fund Requirement for a Default Fund Sponsored Participant or Default Fund Exempt Participant under this Section 7.1, the relevant entity or person shall be considered a separate Default Fund Participant.

7.2 Second, the Junior Capital to cover any remaining Default Losses, provided that if Default Losses have occurred in respect of both Non-Commodity Instruments and Commodity Instruments, the following shall apply:

- a. first, the Commodity Market Proportion multiplied by the Junior Capital shall be applied to cover any Default Losses allocated to Commodity Instruments and the Financial Market Proportion multiplied by the Junior Capital shall be applied to cover any Losses allocated to Non-Commodity Instruments; and
- b. second, to the extent any remaining Default Losses have not been covered under a, any remaining Junior Capital shall be applied to cover any Default Losses allocated to Commodity Instruments or Non-Commodity Instruments.

If the default occurs during an Interim Period, Junior Capital already realised or to be realised to cover Default Losses in respect of previously occurred default(s) shall reduce the size of the Junior Capital with an amount equal to the amount realised or to be realised in previously occurred defaults when applying this Section 7.2.

If more than one Relevant Participant defaults during the same day, and such defaults involve Default Losses in respect of both Commodity Instruments and Non-Commodity Instruments, the Junior Capital will be allocated between such defaults as if they had occurred simultaneously.

7.3 Third, the contributions by each non-defaulting Default Fund Participant and the Clearinghouse to (a) the Commodity Default Fund shall be applied on a pro rata basis relative to the aggregate contributions made by all non-defaulting Default Fund Participants and the Clearinghouse to the Commodity Default Fund, to cover any remaining Default Loss allocated to Commodity Instruments, and/or (b) the Financial Default Fund shall be applied on a pro rata basis relative to the aggregate contributions made by all non-defaulting Default Fund Participants and the Clearinghouse to the Financial Default Fund to cover any remaining Default Loss allocated to Non-Commodity Instruments.

If the default occurs during an Interim Period, any contributions to the Commodity Default Fund and/or Financial Default Fund already realised or to be realised to cover Default Losses in respect of previously occurred default(s) shall reduce the size of the Commodity Default Fund and/or Financial Default Fund, as applicable, by an amount equal to the amount realised or to be realised in previously occurred defaults when applying this Section 7.3.

7.4 Fourth, the Senior Capital shall be applied to cover any remaining Default Losses, provided that if Default Losses have occurred in respect of both Non-Commodity Instruments and Commodity Instruments, the following shall apply:

- a. first, the Commodity Market Proportion multiplied by the Senior Capital shall be applied to cover any Losses allocated to Commodity Instruments and the Financial Market Proportion multiplied by the Senior Capital shall be applied to cover any Losses allocated to Non-Commodity Instruments; and
- b. second, to the extent any remaining Default Losses have not been covered under (a), any remaining Senior Capital shall be applied to cover any Default Losses allocated to Commodity Instruments or Non-Commodity Instruments.

If the default occurs during an Interim Period, any Senior Capital already realised or to be realised to cover Default Losses in respect of previously occurred default(s) shall reduce the size of the Senior Capital with an amount equal to the amount realised or to be realised in previously occurred defaults when applying this Section 7.4.

If more than one Relevant Participant defaults during the same day, and such defaults involve Default Losses in respect of both Commodity Instruments and Non-Commodity

Instruments, the Senior Capital will be allocated between such defaults as if they had occurred simultaneously.

- 7.5 Fifth, contributions made by each non-defaulting Default Fund Participant and the Clearinghouse to the Mutual Default Fund shall be applied on a pro rata basis relative to the aggregate contributions made by all non-defaulting Default Fund Participants and the Clearinghouse, to cover any remaining Default Losses, provided that if Default Losses have occurred in respect of both Non-Commodity Instruments and Commodities Instruments, the following shall apply:
- a. first, the Commodity Market Proportion multiplied by the Mutual Default Fund shall be applied to cover any Losses allocated to Commodity Instruments and the Financial Market Proportion multiplied by the Mutual Default Fund shall be applied to cover any Losses allocated to Non-Commodity Instruments; and
 - b. second, to the extent any remaining Default Losses have not been covered under (a), any remaining contributions to the Mutual Default Fund shall be applied to cover any Default Losses allocated to Commodity Instruments or Non-Commodity Instruments.

If the default occurs during an Interim Period, any contributions to the Mutual Default Fund already realised or to be realised to cover Default Losses in respect of previously occurred default(s) shall reduce the size of the Mutual Default Fund with an amount equal to the amount realised or to be realised in previously occurred defaults when applying this Section 7.5.

- 7.6 Sixth, the guarantee commitment given by each Default Fund Participant and the Clearinghouse in respect of Excess Losses under Sections 8.1 – 8.2 shall be used to cover any remaining Default Losses.
- 7.7 Seventh, to the extent any remaining Default Losses have arisen in connection with a default under an Interim Period, any capital replenished in accordance with Sections 9.1 and 9.2, shall be applied to cover such Default Losses in the order that *mutatis mutandis* follows from Sections 7.2 - 7.5 to cover any remaining Losses.
- 7.8 The Clearinghouse shall be entitled to realise the contributions available under Sections 7.1, 7.3, 7.5 and 7.7 above, without making a demand on the Default Fund Participants, by application of Contributed Assets. Default Fund Participants will be notified of such realisations through their reception of a replenishment request in accordance with Section 9.1.

8 GUARANTEE COMMITMENT

- 8.1 In the event of any Excess Loss allocated to Commodity Instruments and/ or Non-Commodity Instruments (respectively), each Default Fund Participant which has made contributions to the Commodity Default Fund and/or the Financial Default Fund (as applicable) undertakes to, without exception or objection and subject only to Section 8.4, upon receipt of the first written request from the Clearinghouse, within two (2) Business Days (excluding the day of demand) pay to the Clearinghouse a cash amount, into a bank account designated by the Clearinghouse, corresponding to its pro rata share of such Excess Losses (as calculated by the Clearinghouse in accordance with Section 8.2) in relation to the Commodity Default Fund and/or the Financial Default Fund (as applicable).
- 8.2 A Default Fund Participant's pro rata share of Excess Losses pursuant to Section 8.1 shall be calculated as the proportion of such Default Fund Participant's most recent notified Fund Requirement in respect of the Commodity Default Fund and/or the Financial Default Fund (as applicable) relative to the sum of the most recent notified Fund Requirements for all Default Fund Participants and the Clearinghouse in respect of the Commodity Default Fund and/or the Financial Default Fund (as applicable), subject in all cases to Section 8.4.
- 8.3 In the event any Excess Losses have occurred the Clearinghouse commits, subject to Section 8.4, to bear such proportion of the losses corresponding to its pro rata share of the Excess Losses in relation to Commodity Instruments and/or Non-Commodity Instruments (as applicable), calculated as the proportion of the Clearinghouse's most recent Fund Requirement in respect of the Commodity Default Fund and/or the Financial Default Fund

(as applicable) relative to the sum of the most recent notified Fund Requirements for all Default Fund Participants and the Clearinghouse in respect of the Commodity Default Fund and/or the Financial Default Fund (as applicable).

- 8.4 The guarantee commitments under Sections 8.1 through 8.3 shall be limited as follows:
- a. It shall not exceed one hundred percent (100 %) of the most recent notified Fund Requirement in respect of the Commodity Default Fund and/or the Financial Default Fund respectively, as applicable to the relevant Default Fund Participant and the Clearinghouse at the time of the first Excess Loss which invokes the guarantee commitment hereunder; and
 - b. It shall be reduced and limited by an amount equivalent to such amount that the Default Fund Participant or the Clearinghouse has replenished in accordance with Sections 9.1 or 9.2 (as applicable) for any Interim Period.

9 REPLENISHMENT

- 9.1 Any realised Default Fund contributions shall be replenished by new contributions in Eligible Funds by each non-defaulting Default Fund Participant so that the Fund Requirement is fulfilled within ten (10) Business Days following a replenishment request, which may be notified by the Clearinghouse from the day of any realisation of a Default Fund Participant's contributions to the Default Fund. Such obligation to replenish funds shall also apply in respect of the Clearinghouse. During an Interim Period (as applicable to each Default Loss), replenished funds may only be applied in relation to Default Losses under Section 7.7. Following the applicable Interim Period, the replenished funds will be moved to their original priority level under Sections 7.1, 7.3 and 7.5, as applicable.
- 9.2 A Default Fund Participant's obligations to replenish funds in accordance with Section 9.1 shall terminate:
- a. on the date any amount is utilised under the guarantee commitment in Section 8.1; or
 - b. on the date of the Default Fund Exit, provided that the Default Fund Exit occurs before the Clearinghouse has notified the Default Fund Participant of a replenishment request under Section 9.1.
- 9.3 Any realised Junior Capital and Senior Capital contributed by the Clearinghouse shall be replenished by the Clearinghouse within ten (10) Business Days from such realisation. During any Interim Period (as applicable to each Default Loss), replenished funds may only be applied in relation to Default Losses under Section 7.7. Following the applicable Interim Period, the replenished funds will be moved to their original priority level under Sections 7.2 and 7.4, as applicable.

10 ASSIGNMENT OF CLAIMS

- 10.1 Should any contributions to the Default Fund be realised under Section 7 and/or any funds be paid by a Default Fund Participant under the guarantee commitment under Section 8.1, the Clearinghouse will upon a written request from a Default Fund Participant, who has suffered damage, assign to the Default Fund Participant such claims that the Default Fund Participant may have against a Relevant Participant *pro rata* to that Default Fund Participant's share of the amount covered by the Default Fund or through the guarantee commitment.

11 DEFAULT FUND EXIT

- 11.1 Following a Default Fund Exit, the Clearinghouse shall, subject to Sections 4.8 and 11.2, release the Default Fund Participant's Contributed Assets and the guarantee commitment on the next Contribution Date. However, if the Default Fund Exit occurs less than ten (10) Business Days prior to the date the Clearinghouse is to notify the next Fund Requirements in accordance with Section 5.1, the Contributed Assets and the guarantee commitment will be released thirty (30) calendar days following such Contribution Date.

- 11.2 If the Default Fund Exit occurs during an Interim Period, the release of the Default Fund Participant's remaining Contributed Assets and the guarantee commitment shall be effected on the first Contribution Date that occurs following expiration of the Interim Period. However, if the Default Fund Exit occurs less than ten (10) Business Days prior to the date the Clearinghouse is to notify the next Fund Requirements in accordance with Section 5.1 in respect of such Contribution Date, the Contributed Assets and the guarantee commitment will be released 30 calendar days following such Contribution Date.

12 TRANSITION PROVISIONS REGARDING FIRST CONTRIBUTION TO DEFAULT FUND

- 12.1 There will be a transition period until (and including) 16 April 2012 (the "**Transition Period**"), during which the following exemptions to the Default Fund Rules shall apply:
- a. A Default Fund Participant who for any reason is unable to meet its Fund Requirement by the Contribution Day or such other due date as may follow from Section 5.2 shall notify the Clearinghouse thereof as soon as possible and no later than five (5) Business Days prior to the relevant due date for such contribution.
 - b. The Clearinghouse will fund any missing Fund Requirement from Default Fund Participants who have given notice pursuant to subsection (a) above by contribution of its own assets or other arrangements entailing equivalent contribution to the Default Fund.
 - c. Default Fund Participants not meeting their Fund Requirement on the relevant due date as per Sections 5.1 and 5.2 will be charged interest equivalent to the interest received for cash deposits to the Custody Account + ten percent (10%) per annum for the part of the Fund Requirement that has not been met at any time. Such interest will be calculated from (and including) the relevant due date until (and including) the day on which the applicable Fund Requirement is met. Such interest will be invoiced separately and included in a daily settlement from the Clearinghouse following the end of the Transition Period.
- 12.2 These transitional provisions shall cease upon the lapse of the Transition Period, whereby the Clearinghouse shall be entitled to withdraw any funds contributed under Section 12.1 (b) above and the remaining parts of the Default Fund Rules shall apply in full.
- 12.3 The Clearinghouse may choose to extend the Transition Period by written notice to Default Fund Participants.

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