

# 7.

## Bourses, chambres de compensation, organismes d'autoréglementation et autres entités réglementées

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- 7.1 Avis et communiqués
  - 7.2 Réglementation de l'Autorité
  - 7.3 Réglementation des bourses, des chambres de compensation, des OAR et d'autres entités réglementées
  - 7.4 Autres consultations
  - 7.5 Autres décisions
-

## 7.1 AVIS ET COMMUNIQUÉS

Aucune information.

## 7.2 RÉGLEMENTATION DE L'AUTORITÉ

Aucune information.

## 7.3. RÉGLEMENTATION DES BOURSES, DES CHAMBRES DE COMPENSATION, DES OAR ET D'AUTRES ENTITÉS RÉGLEMENTÉES

### 7.3.1 Consultation

#### LCH.Clearnet Limited – Demande de reconnaissance à titre de chambre de compensation

L'Autorité des marchés financiers (l'« Autorité ») publie la demande de reconnaissance à titre chambre de compensation, déposée par LCH.Clearnet Limited en vertu de la *Loi sur les instruments dérivés*, L.R.Q.,c. I-14.01. L'Autorité invite toutes les personnes intéressées à lui présenter leurs observations relativement à cette demande.

(Les textes sont reproduits ci-après.)

#### Commentaires

Les personnes intéressées à soumettre des commentaires peuvent en transmettre une copie, au plus tard le 17 février 2014, à :

M<sup>e</sup> Anne-Marie Beaudoin  
Secrétaire de l'Autorité  
Autorité des marchés financiers  
800, square Victoria, 22<sup>e</sup> étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3  
Télécopieur : 514.864.6381

Courrier électronique : [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

#### Information complémentaire

Pour de plus amples renseignements, on peut s'adresser à :

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Analyste  
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Autorité des marchés financiers  
Téléphone : 514.395.0337, poste 4322  
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**BY EMAIL AND COURIER**

December 20, 2013

Autorité des marchés financiers  
Tour de la Bourse  
800, square Victoria  
22<sup>nd</sup> Floor  
P.O. Box 246  
Montréal, Québec  
H4Z 1G3

Attention: Ms. Jacinthe Bouffard  
\_\_\_\_\_ Directrice principale de l'encadrement des structures de marché

Dear Ms. Bouffard:

**Re: LCH.Clearnet Limited – Application under Section 12 of the *Derivatives Act* (Québec) for recognition as a clearing house and application for a permanent exemption from certain related requirements**

We are Canadian counsel to LCH.Clearnet Limited (the “**Applicant**” or “**LCH.Clearnet**”) in connection with this application to the *Autorité des marchés financiers* (“**AMF**”) relating to LCH.Clearnet’s business as a clearing house, as more fully described herein.

Reference is made to the decision No. 2013-PDG-0134 of the AMF dated July 24, 2013 pursuant to which the AMF granted LCH.Clearnet a temporary exemption from the requirement to be recognized as a clearing house pursuant to section 12 of the *Derivatives Act*, R.S.Q., c. I-14.01 (the “**QDA**”) and the qualification requirement pursuant to section 82 of the QDA for a period of one year, expiring on August 2, 2014, subject to certain terms and conditions (the “**Temporary Exemption Decision**”). The Temporary Exemption Decision superseded the decision No. 2012-PDG-0157 of the AMF dated August 3, 2012 granting LCH.Clearnet similar temporary exemptions which expired August 2, 2013.

As a follow-up to our recent exchanges, LCH.Clearnet hereby applies to the AMF for a decision granting LCH.Clearnet (a) recognition as a clearing house under section 12 of the QDA, and (b) an exemption under section 86 of the QDA from sections 22, 24, 25, 32 and 34 of Title II (Regulated Entities), and Division II (Self-Certification of an Operating Rule of a Recognized Regulated Entity) of the *Derivatives Regulation*, c. I-14.01 (the “**Regulation**”).

An exemption from the foregoing requirements of the QDA and the Regulation is requested on the basis that (i) LCH.Clearnet is principally subject to supervision and oversight by the Bank of England and to substantially equivalent requirements in its home jurisdiction and in the major capital markets jurisdiction in which it physically operates; (ii) submission of draft amendments to its governing rules and regulations to the AMF for prior approval and compliance with self-

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Page 1 of 45

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certification requirements under the QDA and the Regulation would be unduly burdensome in relation to the benefits that such prior approval and self-certification process would provide to Québec-resident Clearing Members (as defined below); and (iii) any material requirements may be the subject of appropriate terms and conditions adapted to the specific nature and scope of the business conducted by LCH.Clearnet in Québec.

With respect to the specific request for an exemption under section 86 of the QDA from sections 22, 24, 25 of the QDA and Division II (Self-Certification of an Operating Rule of a Recognized Regulated Entity) of the Regulation relating to the prior approval and self-certification of rules, LCH.Clearnet further respectfully submits that rule submission process under the Bank of England regime provides the following restrictions:

1. Where a Recognised Clearing House (“RCH”) proposes to make a regulatory provision in order to introduce rules that impose liabilities, restrictions or reporting requirements on market participants, a notice to make a regulatory provision must be made to the Bank of England in accordance with RCH 2, Section 300B(1) FSMA.
2. The duty in section 300B(1) does not apply to a regulatory provision to the extent that it: (i) is required under European Union law or any enactment or rule of law in the United Kingdom; (ii) specifies or amends standard terms relating to the provision of clearing services for any derivative; (iii) specifies or amends operating procedures which are reasonably consequential on any regulatory provision falling within sub-paragraph (ii); (iv) is expressed to have effect for no longer than three months and is made in response to an emergency event (including, without limitation, a war, terrorist attack or labour strike); or (v) does not impose a requirement (including any obligation or burden) on persons affected (directly or indirectly) by it. An RCH must provide such additional information in connection with a notice under section 300B(1) as the Bank of England may reasonably require.
3. In addition, where an RCH proposes to amend, revoke or add to its default rules a notice must be submitted to the Bank of England. The Bank of England may, within three months from receipt of the notice, direct the RCH not to proceed with the proposal, in whole or in part. The Bank of England may, if it considers it appropriate to do so, agree to a shorter period of notice, and, where it does so, any such direction to be given by the Bank of England must be given within that shorter period.
4. Finally, any rule changes that materially change the operation of LCH.Clearnet’s services or introduce new products or services also require the Bank of England’s non-objection.
5. Non-material rule changes, rule corrections or clarifications are notified to the Bank of England.

With respect to the specific request for an exemption from the requirements under sections 32 and 34 of the QDA relating to decisions of a recognized regulated entity, these exemptions are requested to minimize potential conflicts with rules applicable in the United Kingdom governing decisions by LCH.Clearnet.

LCH.Clearnet currently carries on limited clearing house activities in Québec pursuant to the terms of the Temporary Exemption Decision by providing two services to Québec-resident Clearing Members (“**Clearing Members**”), namely the SwapClear and RepoClear services.



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This application addresses the requirements set out in the AMF document entitled “*Critères de reconnaissance à titre de chambre de compensation*” (Unofficial Translation: Criteria for the Recognition of Clearing Houses), as published in the *Bulletin de l’Autorité des marchés financiers*, Vol. 8, n. 40, October 7, 2011, pp. 411 and 412 (the “**AMF CH Recognition Criteria**”) which we understand are currently under review by the AMF.

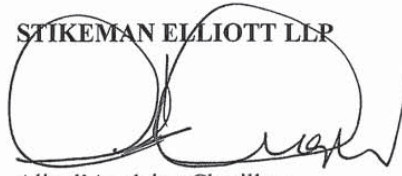
The application does not specifically address proposed *Regulation 24-503 respecting Clearing House, Central Securities Depository and Settlement System Requirements* published for comments by the AMF on December 18, 2013 which we note is intended to incorporate the CPSS-IOSCO report *Principles for Financial Market Infrastructures* published in April 2012 (the “**PMFI**”). LCH.Clearnet’s operations, however, are governed by applicable rules of the Bank of England and the European Union which are also undergoing harmonization with the PMFI.

The Applicant also filed an application dated January 24, 2013 with the Ontario Securities Commission (“**OSC**”) for recognition as a clearing agency pursuant to subsection 21.2 of the *Securities Act* (Ontario) (the “**Ontario Application**”). The information contained in this application is substantially consistent with the information contained in the Ontario Application, except with respect to such parts of the Ontario Application as are not applicable to the Applicant’s business in Québec or have been updated to reflect matters substantially current to the date of this application. Following LCH.Clearnet’s application, the OSC issued an order on September 10, 2013 recognizing LCH.Clearnet as a clearing agency in Ontario.

We further note that, as more fully discussed in section 3.2 below, the Governor of the Bank of Canada designated SwapClear as subject to ongoing regulatory oversight by the Bank of Canada under the *Payment Clearing and Settlement Act* (Canada), effective April 2, 2013.

We trust that the information set out in this application sufficiently addresses the AMF CH Recognition Criteria but would be pleased to provide additional information in support of this application, upon request.

STIKEMAN ELLIOTT LLP



Alix d’Anglejan-Chatillon

Enclosures

c.c: Danielle Boudreau, *Autorité des marchés financiers*  
Francis Coche, *Autorité des marchés financiers*  
Jay Iyer, *LCH.Clearnet Limited*  
Julian Oliver, *LCH.Clearnet Limited*  
Corinna Schempp, *LCH.Clearnet Limited*

**LCH.Clearnet Limited**  
**Application**  
**for recognition as a clearing house pursuant to section 12 of the *Derivatives Act* (Québec)**  
**and**  
**a permanent exemption from certain related requirements**

**December 20, 2013**

**Contents****1. PART I - BACKGROUND**

1. LCH.Clearnet's CCP Activity
2. Legal and Ownership Structure of LCH.Clearnet
3. Regulatory Status
4. Clearing Activities in Québec
  - 4.1. RepoClear
  - 4.2. SwapClear

**2. PART II – APPLICATION OF AMF CH RECOGNITION CRITERIA TO LCH**

1. Governance
2. Fees
3. Access
4. Rules and Rulemaking
5. Due Process
6. Risk Management
7. Systems and Technology
8. Financial Viability and Reporting
9. Operational Reliability
10. Protection of Assets
11. Outsourcing
12. Information Sharing and Regulatory Cooperation

## PART I - BACKGROUND

### 1. LCH.Clearnet's CCP Activity

LCH.Clearnet is a clearing house incorporated under the laws of England and Wales. LCH.Clearnet operates as a central counterparty ("CCP") clearing house and receives most of its revenue as a combination of treasury income and clearing fees charged to its Clearing Members.

In clearing a trade, LCH.Clearnet becomes counterparty to, and responsible for, the corresponding trade obligations arising from the original bilaterally negotiated trade. This principle is known as novation or registration. LCH.Clearnet does not in its normal course of business hold positions for its own account within the RepoClear and SwapClear services.

The fact that LCH.Clearnet becomes counterparty to each trade maximizes Clearing Members' balance sheet netting potential, frees up Clearing Members' credit lines and reduces Clearing Members' operational risk and operational costs.

### 2. Legal and Ownership Structure of LCH.Clearnet

During 2011 and 2012, LCH.Clearnet Group Ltd. ("**LCH.Clearnet Group**") received a significant level of interest from third parties seeking to acquire the whole company or a material stake in it. On March 7, 2013, LCH.Clearnet Group and London Stock Exchange Group plc ("**LSEG**") announced that they had reached an agreement on the terms of an acquisition offer by London Stock Exchange Limited, a wholly owned subsidiary of LSEG, for a majority stake in LCH.Clearnet Group. The offer was duly approved at LCH.Clearnet Group's general meeting on March 27, 2013 with 100% of shareholders votes being in favour. The transaction was declared wholly unconditional and completed on May 1, 2013.

As of July 31, 2013, LCH.Clearnet Group, the parent holding company of LCH.Clearnet is 57.8% owned by LSEG, with the remainder being owned by its users (i.e., clearing members) and other exchanges.

### 3. Regulatory Status

LCH.Clearnet Group, which is incorporated in the United Kingdom ("**UK**"), is regulated as a *Compagnie financière* by the *Autorité de Contrôle Prudentiel* (France) because the group's Paris subsidiary, LCH.Clearnet SA, is organised as a bank under French law.

LCH.Clearnet has approximately 170 Clearing Members representing one of the largest memberships among derivatives clearing organisations worldwide. The Clearing Members consist of banks, securities houses/investment banks, commodity brokers and traders and, to a very limited extent, industrial companies.

LCH.Clearnet is a Recognised Clearing House ("**RCH**") in the UK under the UK's *Financial Services and Markets Act 2000* ("**FSMA**") and, as such, is approved by the Bank of England to clear a diverse range of asset classes.

Legislation was introduced into the UK Parliament on January 27, 2012 that fundamentally reformed the structure of financial services regulation in the UK. Under the new framework established by the UK *Financial Services Act 2012*, the regulatory and oversight responsibilities over systemically important financial market infrastructures were transferred from the Financial



Services Authority (“FSA”) to the Bank of England with effect from April 1, 2013.

The regulatory regime for CCPs in the European Union now comes under the European Market Infrastructure Regulation (“EMIR”)<sup>1</sup>. Under EMIR, all CCPs providing services in the European Union and European Economic Area must have applied for re-authorization by September 15, 2013 and must demonstrate compliance with EMIR and related regulations before authorization is granted. EMIR came into force on August 16, 2012, but some provisions required the European Securities and Markets Authority (“ESMA”) and the European Banking Authority to draft Regulatory Technical Standards (“RTS”). These provisions take effect once the relevant RTS are also in force. The RTS were adopted by the European Commission on December 19, 2012, and, following the non-objection issued by the European Parliament and Council, came into force on March 15, 2013. As a CCP established in the United Kingdom, LCH.Clearnet is required to comply with EMIR and the RTS as European Regulations that are directly applicable in the United Kingdom.

The EMIR requirements impact all services and functions across LCH.Clearnet. In order to deliver the changes required, LCH.Clearnet has set up an implementation programme to comply with its obligations under EMIR and RTS. LCH.Clearnet has also submitted its application for re-authorization to the Bank of England. Following LCH.Clearnet’s application, the Bank of England has 30 business days to decide whether or not it is complete. Once the application is acknowledged as complete, the Bank of England, as the competent authority, has one month in which to set up a regulatory college and a total of six months to gain its approval for the authorization of the CCP under EMIR.

The Bank of England has published its supervisory framework. In that document, the Bank of England lays out that, in the interim period prior to authorization under EMIR, CCPs will remain subject to the existing RCH regime and obligations under FSMA. During this interim period, the Bank of England will be guided by the requirements of EMIR and the CPSS-IOSCO *Principles for Financial Market Infrastructures* (“CPSS-IOSCO Principles”).

Further, the Bank of England will make policies which will be defined within the framework of EMIR and the CPSS-IOSCO Principles.<sup>2</sup> This guidance on supervision indicates that the UK financial regulatory regime is sufficiently clear, transparent and certain. The Bank of England closely links the supervision of CCPs to the preservation of financial stability.

The Bank of England has stated that it is committed to effective information sharing,

<sup>1</sup> EMIR Level 1:  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:201:0001:0059:EN:PDF>  
 and EMIR Level 2/RTS:  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:052:FULL:EN:PDF> & EMIR  
 Level II/ ITS:  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:352:0030:0031:EN:PDF>  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:352:0032:0039:EN:PDF>

<sup>2</sup> The Bank of England’s approach to the supervision of financial market infrastructures (at Section 5)  
<http://www.bankofengland.co.uk/financialstability/Documents/fmi/fmisupervision.pdf>

consultation, and co-operation with other central banks and supervisory authorities in its supervision of UK-based CCPs.<sup>3</sup> As part of its regulatory oversight of LCH.Clearnet, the Bank of England reviews, assesses and enforces the on-going compliance by LCH.Clearnet with the requirements set out in FSMA, including financial resources, the financial and operational requirements for Clearing Members, systems and controls, rule-making, and LCH.Clearnet's practices and procedures. LCH.Clearnet is required to provide to the Bank of England, on request, access to all records and to cooperate with other regulatory authorities, including making arrangements for information-sharing.

Currently, LCH.Clearnet provides clearing services for the following UK "Recognised Investment Exchanges" and "Recognized Overseas Investment Exchanges" (as those terms are defined under the FSMA): the London Metal Exchange Limited, the London Stock Exchange ("LSE") and the SIX Swiss Exchange AG ("SIX Exchange").

LCH.Clearnet clears a broad range of asset classes, including securities, exchange-traded derivatives, commodities, energy, freight, interest rate swaps ("IRS"), non-deliverable FX forwards, and euro and sterling denominated bonds and repurchase transactions, and works closely with market participants and exchanges to identify and develop clearing services for new asset classes. The exchange-traded futures and options on futures relate to underlyings in short-term interest rates (Euro, Sterling, Swiss Franc); government bonds (UK Gilts and Japanese Government Bonds); medium and long-term swap rates (Euro); equity indices (UK-related FTSE indices and FTSE and MSCI pan-European indices); and individual stocks (British, Dutch, French, German, Italian, Spanish and U.S. companies). In addition, LCH.Clearnet clears cash-settled over-the-counter ("OTC") freight forwards and options, OTC emissions contracts, iron and fertilizer swaps and cash-settled electricity futures for participants of the Nodal Exchange.

The following is an overview of (i) primary and secondary legislation relevant to the regulation of RCHs, (ii) the requirements imposed by the Bank of England in the UK and, as was described, in the Ontario Application (iii) how the oversight of LCH.Clearnet by the Bank of England ensures ongoing compliance with the AMF CH Recognition Criteria and the criteria in Appendix A to OSC Staff Notice 24-702 *Regulatory Approach to Recognition and Exemption from Recognition of Clearing Agencies* ("OSC Staff Notice 24-702"):

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<sup>3</sup> The Bank of England's approach to the supervision of financial market infrastructures (at Section 1), <http://www.bankofengland.co.uk/financialstability/Documents/fmi/fmisupervision.pdf>.



The following is a list of the main legislation relevant to the regulation of RCHs in the UK<sup>4</sup>:

- The main primary legislation is FSMA, Part XVIII. (Recognized Investment Exchanges and Clearing Houses), which can be found at: <http://www.legislation.gov.uk/ukpga/2000/8/contents>.

The FSMA regime for the regulation of clearing houses was revised with effect from April 1, 2013 as part of the transition of supervisory responsibilities from the FSA to the Bank of England and in anticipation of the EMIR authorization process. However, many of the key elements remain unchanged.

By way of background, in accordance with Section 286 of FSMA, Her Majesty's Treasury (HMT) has made regulations setting out requirements which must be satisfied if a clearing house is to be appointed a "recognised central counterparty".

Section 286(4F) of FSMA<sup>5</sup> gives HMT the power to confer rule-making powers to the Bank of England in respect of such requirements.

- Directions and revoking recognition

Section 296 of FSMA contains the power permitting the regulator to give directions to recognised bodies. It applies where it appears to the Bank of England that a clearing house:

(a) has failed, or is likely to fail, to satisfy the recognition requirements; or

(b) has failed to comply with any obligation imposed on it by FSMA.

The Bank of England may direct an RCH to take specified steps in order to achieve compliance (including providing access to the Bank of England to premises and documents and suspension of the carrying on of any particular regulated activities).

Section 296A of FSMA<sup>6</sup> gives the Bank of England a new, additional, power to direct recognised central counterparties if it is satisfied that it is necessary having regard to the public interest in:

(a) protecting and enhancing the stability of the UK financial system;

<sup>4</sup> The following legislation also applies to LCH.Clearnet:  
Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (<http://www.legislation.gov.uk/uksi/1999/2979/part/1/made>);  
Financial Markets and Insolvency (Settlement Finality) (Amendment) Regulations 2006 (<http://www.opsi.gov.uk/si/si2006/20060050.htm>);  
Financial Markets and Insolvency (Settlement Finality) (Amendment) Regulations 2007 ([http://www.opsi.gov.uk/si/si2007/uksi\\_20070832\\_en\\_1](http://www.opsi.gov.uk/si/si2007/uksi_20070832_en_1));  
Companies act 1989 Pt VII ([http://www.opsi.gov.uk/acts/acts1989/ukpga\\_19890040\\_en\\_1](http://www.opsi.gov.uk/acts/acts1989/ukpga_19890040_en_1)).

<sup>5</sup> See section 30: <http://www.legislation.gov.uk/ukpga/2012/21/notes/division/5/2/13>

<sup>6</sup> See section 31: <http://www.legislation.gov.uk/ukpga/2012/21/notes/division/5/2/13>

- (b) maintaining public confidence in the stability of the UK financial system;
  - (c) maintaining the continuity of the clearing services provided by the clearing house; and
  - (d) maintaining and enhancing the financial resilience of the clearing house.
- This is supplemented by FSMA (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 (SI 2001/995): <http://www.legislation.gov.uk/ukxi/2001/995/contents/made>. The Recognition Requirements for investment exchanges and clearing houses were amended with effect from July 30, 2013 and introduced the following requirements for RCHs:
    - (i) To have rules and arrangements to allocate uncovered losses amongst members and other related parties;
    - (ii) To have Recovery plans in place.

RCHs are required to comply with requirement at (i) by February 1, 2014 for default losses and by May 1, 2014 for other losses and with the requirement at (ii) by February 1, 2014.

- In addition, there is the UK Investment Exchanges and Clearing Houses Act 2006: <http://www.legislation.gov.uk/ukpga/2006/55/enacted> which deals with the power of regulators to disallow excessive regulatory provisions imposed by Recognised Clearing Houses.
- The following part of the Bank of England website provides a summary of the regulatory regime for CCPs in the United Kingdom and how the regime will function once EMIR will be applied to a CCP's activity:

<http://www.bankofengland.co.uk/financialstability/Pages/fmis/standards/rchreq.aspx>

- (i) The Bank of England published Recognized Clearing House Rule Instrument 2013 (Bank FMI 2013/1)<sup>7</sup> which sets out the requirement relating to the Bank of England before a RCH introduces rules that impose liabilities, restrictions or reporting requirements on market participants. In addition, the Bank of England is allowed to recover from an RCH any charges incurred when commissioning experts reports under Section 166 of FSMA. The instrument also sets out the Bank of England's rules relating to the appointment and resignation of key individuals by an RCH.  
<http://www.bankofengland.co.uk/financialstability/Documents/fmi/rulesforrrchs.pdf>
- (ii) The Bank of England issued a policy statement setting out its approach to its powers of direction over qualifying parent undertakings.  
<http://www.bankofengland.co.uk/financialstability/Documents/fmi/Directions.pdf>

<sup>7</sup> <http://www.bankofengland.co.uk/financialstability/Pages/fmis/standards/rchreq.aspx>



(iii) The Bank of England implemented a policy statement on imposing financial penalties under the FSMA  
<http://www.bankofengland.co.uk/financialstability/Documents/fmi/penalties.pdf>

- Description of how the oversight of LCH.Clearnet by the Bank of England ensures ongoing compliance with the criteria in the AMF CH Recognition Criteria and OSC Staff Notice 24-702.

The Bank of England's overall approach is to make a judgement if a RCH's governance structures, operational design, or policies pose unacceptable risk to the Bank of England's objectives of ensuring financial stability with the expectation that the CCP takes action to reduce such risk.

*"Close and continuous supervision"*

LCH.Clearnet maintains a good relationship with (previously the FSA and now) the Bank of England overall. There are regular meetings between the Bank of England and LCH.Clearnet's Compliance and Public Affairs department, and also a significant schedule of meetings with senior management and key individuals within the business. The Bank of England has implemented a "close and continuous" regulatory supervision relationship with LCH.Clearnet through a number of formal and *ad hoc* meetings and other communications at many levels and of many frequencies.

The "close and continuous" model of supervision ensures that the relevant regulatory obligations continue to be met and would identify if activities at LCH.Clearnet pose any risks to the Bank of England's statutory objectives, including maintaining market confidence and financial stability. This enables the Bank of England to have a broad picture of LCH.Clearnet's activities and ability to meet the recognition requirements (which include but are not limited to the maintenance of sufficient financial resources to cover all aspects of risk, including Clearing Member default, fitness and propriety of directors and officers). LCH.Clearnet must also respect 'notification requirements' (covering, *inter alia*, financial information, changes to the LCH.Clearnet Rulebook, complaints and disciplinary proceedings, major operational issues, default events).

The supervisory relationship consists of on-going communication (typically between the LCH.Clearnet's Compliance team and the Bank of England supervisory team, on an almost daily basis), as well as a more structured series of meetings between the Bank of England and key individuals of LCH.Clearnet. The frequency and nature of these meetings may vary in accordance with the risk profile of LCH.Clearnet.

The Bank of England recognises that LCH.Clearnet is likely to develop and adapt its businesses in response to customer demand and new market opportunities. The Bank of England expects LCH.Clearnet to take its own steps to assure itself that it will continue to satisfy the recognition requirements, and other obligations in or under FSMA when considering any changes to its business or operations. However, the Bank of England also expects LCH.Clearnet to keep it informed of all significant developments and of progress with its plans and operational initiatives, and to provide it with appropriate assurance that the recognition requirements will continue to be satisfied.

*Risk-based assessment and supervision*

The Bank of England requires information to support its risk-based approach to the supervision of all regulated entities. Risk-based supervision is intended to ensure that the allocation of supervisory resources and the supervisory process are compatible with the regulatory objectives and the Bank of England's general duties under FSMA. The central element of the process of risk-based supervision is an assessment by the Bank of England (a risk assessment) of the main risks to its supervisory objectives posed by a regulated entity. The Bank of England will conduct an annual risk assessment of LCH.Clearnet. Following the Bank of England's annual assessment, the Bank of England sets priorities for risk mitigation actions by the RCH. This assessment will take into account relevant considerations, including the special position of recognised bodies under FSMA, the nature of the UK recognised body's members, the position of other users of its facilities and the business environment more generally.

The risk assessment will guide the Bank of England's supervisory focus. The Bank of England initially reviews its risk assessment with the staff of LCH.Clearnet to ensure factual accuracy and a shared understanding of the key issues, and may discuss the results of the risk assessment with key individuals of LCH.Clearnet. It then sends the assessment and priorities relating to work that it considers appropriate for LCH.Clearnet to undertake to LCH.Clearnet's Board of Directors for discussion and response. Further information on the supervisory and intervention approach by the Bank of England can be found in the document setting out the Bank of England's approach to the supervision of financial market infrastructures.<sup>8</sup>

*Existing supervision by Canadian authorities*

The Governor of the Bank of Canada designated LCH.Clearnet's SwapClear service as subject to ongoing regulatory oversight by the Bank under the *Payment Clearing and Settlement Act* (Canada) ("PCSA"), effective April 2, 2013.<sup>9</sup>

Under subsection 4(1) of the PCSA, where the Governor of the Bank of Canada is of the opinion that a clearing and settlement system may be operated in such a manner as to pose systemic risk, the Governor may, if the Minister of Finance is of the opinion that it is in the public interest to do so, designate the clearing and settlement system as a system that is subject to Part I of the PCSA.

That determination is stated in the Governor of the Bank of Canada's Notice of Designation which notes that, "*LCH.Clearnet clears and acts as a central counterparty for over-the-counter interest rate derivatives across several currencies, including the Canadian dollar. LCH's clearing and settlement system, SwapClear, is eligible to be designated under the Act, since it has at least three participants (at least one of which is a Canadian participant and at least one of which has its head office in a jurisdiction other than the head office jurisdiction of LCH) and clearing and settlement is partly in Canadian dollars.*"<sup>10</sup>

<sup>8</sup> Bank of England's approach to the supervision of financial market infrastructures, pages 10 and 11, <http://www.bankofengland.co.uk/financialstability/Pages/fmis/default.aspx>

<sup>9</sup> The press release for this announcement is at <http://www.bankofcanada.ca/2013/03/press-releases/bank-canada-designates-swapclear-payment-clearing/>

<sup>10</sup> Notice of Designation by the Governor of the Bank of Canada, Canada Gazette, Vol. 147, No. 14, April 6, 2013, <http://www.gazette.gc.ca/rp-pr/p1/2013/2013-04-06/html/notice-avis-eng.html>



Finally, with effect from September 10, 2013, LCH.Clearnet has also been recognised as a clearing agency in Ontario pursuant to subsection 21.2 of the *Securities Act* (Ontario) (the "OSA"). LCH.Clearnet is currently carrying on business in Ontario by providing four services to Ontario-resident Clearing Members, namely the SwapClear, RepoClear, EnClear and LCH Nodal services. Until LCH.Clearnet's recognition as a clearing house in Ontario, those services were provided on the basis of an interim order granted by the OSC dated March 1, 2011, as subsequently varied and restated by the OSC by orders dated May 17, 2011, August 19, 2011, August 28, 2012, February 12, 2013 and May 24, 2013 which exempted LCH.Clearnet from the requirement to be recognised as a clearing agency under subsection 21.2(0.1) of the OSA.

- Regulation under the laws of the United States ("U.S.")

LCH.Clearnet is also a designated clearing organization ("DCO") within the meaning of that term under the United States *Commodity Exchange Act*. As a DCO, LCH.Clearnet is subject to regulatory supervision by the U.S. Commodity Futures Trading Commission ("CFTC"), a U.S. federal regulatory agency.

LCH.Clearnet has been registered with the CFTC as a DCO since 2001. Under the 2001 registration order, LCH.Clearnet is authorized to clear OTC derivatives including interest rate, foreign exchange, commodity and energy swaps. The CFTC issued an additional registration order in 2004 that permits LCH.Clearnet to clear futures based on financial instruments, including securities. LCH.Clearnet has submitted an application to the CFTC to amend the language in its registration order to reflect changes to the *Commodity Exchange Act* made by the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. The amended license would explicitly permit LCH.Clearnet to clear swaps executed on swap execution facilities ("SEFs") and designated contract markets ("DCMs"), as well as energy futures traded on DCMs. LCH.Clearnet is currently clearing all of these products under no-action relief pending a CFTC decision on the amendment application.

#### 4. Clearing Activities in Québec

LCH.Clearnet does not have any office or maintain any other physical installations in Québec or any other Canadian province or territory. LCH.Clearnet does not currently have any plans to open such an office or to establish any such physical installations in Québec or elsewhere in Canada.

However, LCH.Clearnet is currently offering the following two services to Québec-resident Clearing Members: RepoClear (certain fixed income products) and SwapClear (IRS).

LCH.Clearnet currently has six Clearing Members which qualify as "Canadian financial institutions" (within the meaning of that term in subsection 1.1(3) of *Regulation 14-101 respecting Definitions*, c. V, 1-1, r. 3 and one that has its head office or principal place of business in Québec. LCH.Clearnet currently does not offer Client Clearing services to its Québec-resident Clients.

*Each of these services is described below. LCH.Clearnet acts as the CCP in all instances.*

#### 4.1 RepoClear

RepoClear is a market leading service clearing cash bond and repurchase trades across a number of European markets and is the second largest clearer of fixed income and repurchase products in the world. LCH.Clearnet clears approximately 77% based on outstanding balance as at June 2013 of the cleared European government bond repurchase market. Q3 2013 volumes were down by 1% on 2012 with €36 trillion of nominal values cleared (approximately CAD \$50 trillion).<sup>11</sup>

Established in partnership with leading market makers in 1999, RepoClear was the first multi market centralized clearing and netting facility for the European government repurchase and cash bond (outright) markets. At present, monthly volumes average €12 trillion in nominal value, and RepoClear clears cash bond and repurchase trades on the following specific government debt securities: Austrian, Belgian, Dutch, German, Irish, Finnish, Portuguese, Slovakian, Slovenian, Spanish and UK government bonds, German Jumbo Pfandbriefe and Supranationals and Agency. RepoClear offers as well the access to two repurchase products - Sterling GC and €GC - that were launched back in 2007 and 2008 respectively. The following types of specific bond repurchase trades are eligible for clearing: classic fixed rate repurchases with first leg settlement on a same day and forward start basis with a term not greater than one year.

RepoClear is a multilateral netting facility for European government and non-government debt repurchases and cash bond markets. LCH.Clearnet acts as CCP to wholesale market participants.

LCH.Clearnet holds the trades within its clearing database. When settlement is due, LCH.Clearnet nets down all movements for a Clearing Member, in each issue, within the same depository. This results in a reduction in actual settlements that are to be made. Clearing Members can select the depository used for their settlements for each separate issue country (one depository per market, though two can be used for €GC).<sup>12</sup>

In order to protect itself from market and credit risks, LCH.Clearnet calculates exposures and calls margin. All RepoClear positions are marked-to-market daily. LCH.Clearnet collects and pays Variation Margin amounts daily in cash. Delivery margin is called in order to cover LCH.Clearnet's settlement risk. Initial margin is taken from both sides to a trade to provide security against future price moves. Calculation of Initial Margin is conducted on a portfolio basis and cover may be provided in cash or securities.

RepoClear nets and shapes all delivery obligations due for settlement the next business day. In some markets, the settlement netting may result in several delivery obligations for LCH.Clearnet due to cross-border settlement or maximum delivery size requirements. Clearing Members are then notified of their own specific delivery obligations.

If there are no securities delivery obligations, all net cash delivery obligations are aggregated into one amount per market, which is paid through the appropriate depository. Margin obligations from all exchange-traded and bilaterally-traded contracts, together with any coupon payments, are netted into a single payment per currency per day and paid through the Protected Payments System ("PPS").

<sup>11</sup> GBP/CAD 1.6 (end of June).

<sup>12</sup> Section 2B of the Clearing House Procedures RepoClear, [http://www.lchclearnet.com/rules\\_and\\_regulations/ltd/default.asp](http://www.lchclearnet.com/rules_and_regulations/ltd/default.asp), Section 2B - RepoClear



In August 2012, LCH.Clearnet as part of the RepoClear Restrike project phase 1, segregated the RepoClear Default Fund from other services, and redefined its size based on the stress tests applied to positions of RepoClear Clearing members. LCH.Clearnet further implemented an enhanced RepoClear default waterfall including assessment, service continuity and service closure. Additionally, a revised Default Management process and Default Management Group (a revolving group of senior traders from the RepoClear membership) were established on 31 December 2012 as part of the RepoClear Restrike Project phase 2.

## 4.2 SwapClear

SwapClear is a service run by LCH.Clearnet and has provided clearing of the OTC interest rate swaps market for Clearing members since 1999, for swaps dealers since 2001 and for clients since 2009. In December 2009, in order to bring access to the benefits of clearing to the buy side, the service was extended to provide Client Clearing through the existing Clearing Members. In 2011, it was extended to enable customers to clear via their US FCMs (Future Commission Merchants).

SwapClear currently clears interest swaps in 17 currencies:

- (i) USD, EUR and GBP up to 50 years;
- (ii) JPY up to 40 years;
- (iii) CAD, AUD, CHF and SEK up to 30 years;
- (iv) NZD up to 15 years;
- (v) and the remaining 8 currencies up to 10 years.

In addition, the SwapClear Clearing Service clears Overnight Index Swaps up to 30 years in USD, EUR, GBP and up to 2 years in CHF and CAD, as well as Forward Rate Agreements in 11 currencies.

Transactions cleared through SwapClear are initially executed by participants of SwapClear on a bilateral basis, before being submitted to clearing, via an approved trade source system recognized by LCH.Clearnet.

### (a) Categories of Participants

Under the LCH.Clearnet Rulebook, three categories of direct participants are recognized by SwapClear: SwapClear Clearing Member (“SCM”), SwapClear Futures Commission Merchant (“FCM”), and SwapClear Dealer (“SD”). All new Clearing members must comply with the SwapClear Membership Criteria which include tests on their regulatory status, internal credit rating, net capital requirement and operational capability to participate in a member default.<sup>13</sup>

<sup>13</sup> LCH.Clearnet Rulebook SwapClear Procedures at sections 1.2, 1.9 and 3, [http://www.lchclearnet.com/rules\\_and\\_regulations/td/default.asp](http://www.lchclearnet.com/rules_and_regulations/td/default.asp), Section 2C - SwapClear.

An applicant must enter into a Clearing Membership Agreement with LCH.Clearnet before it can become a Clearing Member. The Clearing Membership Agreement contains an acknowledgement that the applicant accepts the rules and procedures of the LCH.Clearnet Rulebook, which contains the operating rules of LCH.Clearnet in the Procedures.

An SCM or FCM may clear trades originally transacted by itself (including those in the name of one of its branches, being within the same legal entity), and may also clear trades transacted by an SD with whom it has entered into a SD Clearing Agreement. An SD acts as an agent of its affiliated member; upon presentation to LCH.Clearnet of a swap by the SD, LCH.Clearnet registers a swap directly into its affiliated member's House account with the Clearing member itself as principal.

LCH.Clearnet acts as central clearing counterparty to OTC swap transactions registered with it by an SCM, FCM or SD. On registration of a transaction with SwapClear, the counterparty's transactions, which can be entered by an SCM, FCM or SD, are novated to LCH.Clearnet.<sup>14</sup>

*(b) Client Clearing*

At the end of 2009, LCH.Clearnet launched the SwapClear Client Clearing Service to enable the buy-side to access the benefits of clearing. Client clearing provides segregation and portability of client assets and positions to an alternate Clearing Member in the event of a Clearing Member default on a business as usual basis. A range of options is available for segregation of client positions and assets depending on the requirements of the client.

EMIR will require CCPs in Europe to introduce new client segregation models. LCH.Clearnet is currently working towards implementation of revised client account structures. The document at the following link describes the requirements and principles outlined under EMIR, together with the new proposed account models:

[http://www.lchclearnet.com/images/EMIR\\_Account\\_Structures\\_Brochure\\_tcm6-63942.pdf](http://www.lchclearnet.com/images/EMIR_Account_Structures_Brochure_tcm6-63942.pdf)

*(c) Trade Registration Process*

In May 2013, LCH.Clearnet made changes to the SwapClear service in order to introduce "Real Time Trade Registration" ("RTTR", also referred to as "straight-through-processing") in compliance with CFTC rule §39.12(b)(7)(3). As a result of upgrading the trade registration process, LCH.Clearnet replaced its existing trade architecture with one that provides for trades to be accepted or rejected within 60 seconds from the time that the trade is either received from an approved trade source or accepted by an FCM / Clearing Broker.

In the new RTTR model, incremental liability is calculated in real time as trades are received, based on the impact of the trade to the current portfolio. Total incremental liability is checked against the Clearing Member's available cover and/or registration tolerance. Only if both Clearing Members have sufficient collateral will the trade register. If either Clearing Member has insufficient cover, the trade will be rejected by LCH.Clearnet.

<sup>14</sup> LCH.Clearnet Rulebook, General Regulations at Regulation 3, [http://www.lchclearnet.com/rules\\_and\\_regulations/ltd/default.asp](http://www.lchclearnet.com/rules_and_regulations/ltd/default.asp), General Regulations



LCH.Clearnet seeks to register the majority of new trades by ensuring that Clearing Members have sufficient cover. LCH.Clearnet offers up to £200 million in registration tolerance to eligible Member Groups. Registration tolerance can only be used for the registration of new trades. LCH.Clearnet scales access to registration tolerance based on certain risk parameters.

*(d) Initial Margin*

SwapClear calculates the potential loss it may have to cover in the event of the default of a Clearing Member. To cover this loss, an amount, known as “Initial Margin”, must be provided to SwapClear by both Clearing Members. Initial Margin is held by SwapClear and determined by the prevailing market conditions and the expected time to close out the portfolio. Initial Margin will only be utilized in the event of the Clearing Member’s default

SwapClear uses Portfolio Approach to Interest Rate Scenarios (“PAIRS”) to calculate the required Initial Margin to be paid on a portfolio. PAIRS is a VaR model based on filtered historical simulation incorporating modified volatility scaling. The model uses ten years (2,500 days) of historical market data to simulate changes in portfolio value from which an estimate of potential loss is calculated. Portfolio positions are fully re-valued in each scenario. PAIRS addresses the effects of volatility clustering in interest rate markets by implementing a modified volatility scaling methodology, whereby historical scenarios are explicitly scaled to reflect prevailing market conditions. Volatility scaling is applied based on an “Exponentially Weighted Moving Average” (EWMA) model with a decay factor of 0.992.

Based on PAIRS , Initial Margin is calculated as the portfolio’s expected shortfall, over a five-day holding period (seven days for Clients of Clearing Members) simulated using the average of the six worst losses observed over a rolling ten year look back history.

Also, to ensure risks are maintained appropriately to the financial status of each Clearing Member and its portfolio, SwapClear uses a framework where Initial Margin multipliers are used if the Clearing Member breaches predefined risk and concentration levels.

*(e) Variation Margin*

The value of individual interest rate swap contracts changes throughout each trading day. SwapClear conducts a valuation of each individual contract (known as “marked to market”), using the CCPs published zero-coupon yield curves and collects losses from Clearing Members on the losing side of the trade to pay gains to Clearing Members on the gaining side of the trade. A Clearing Member’s daily gain or loss is known as the Clearing Member’s “Variation Margin.”

Variation margin is paid and received each day, in the currency of the trade, through the PPS and is netted with other LCH.Clearnet payments, e.g., coupons.

By collecting Variation Margin, SwapClear ensures that Clearing Members are current on all obligations and avoids default scenarios where Clearing Member losses have accumulated over a prolonged period of time.

It is market practice to pay interest on cash collateral. SwapClear compensates VM cash calls from the payer with overnight interest using a Price Alignment Interest rate (“PAI”) which is

collected from the recipient of the VM. PAI is a concept created by LCH.Clearnet and subsequently used by all other OTC IRS Clearing Houses.

Without this PAI adjustment, the pricing of SwapClear trades would differ from identical uncleared bilateral trades done under Credit Support Annex, as the value of cash collateral generated by daily price moves would need to be priced into the swap.

Many of SwapClear's valuation principles have become the market standard for cleared OTC IRS, including overnight index swap discounting and PAI.

*(f) Default Management*

SwapClear's fundamental purpose is to ensure the financial performance of all interest rate derivatives cleared via its service, should a Clearing Member default. The SwapClear service has a "Default Management Process" designed specifically to meet the non-standard requirements of OTC IRS. In the event of a default of a Clearing Member, LCH.Clearnet must hedge, auction and transfer the defaulter's positions while also meeting the financial obligations of the defaulter.

At inception, SwapClear's Default Management process represented a new concept for centrally cleared products. After the successful closeout of Lehman Brothers' OTC IRS portfolio in 2008, the process has become the market standard for OTC IRS.

To meet the financial obligations of the defaulter, the SwapClear service employs a robust default waterfall designed to ensure the performance of cleared IRS in the worst scenarios.

As part of the 'Re-Strike' project in May 2012, LCH.Clearnet restructured the Default Fund, creating a separate SwapClear Default Fund. The segregated SwapClear Default Fund is sized using a carefully selected set of extreme but plausible stress test scenarios, looking back at each Clearing Member's positions over the previous 60 business days. The SwapClear Default Fund is based on the sum of the two highest Clearing Member's stress test losses over Initial Margin, driven by the same scenario. Allocation to each individual Clearing Member is based on each Clearing Member's average Initial Margin for the past twenty business days.

Full details of the LCH.Clearnet SwapClear Default Fund are set out under section 6.1 of this application. As detailed above in section 3, LCH.Clearnet has one Québec domiciled Clearing Member in each of the SwapClear and RepoClear services.



## PART II – APPLICATION OF AMF CH RECOGNITION CRITERIA TO LCH

The following describes the manner in which LCH.Clearnet's governance, market access, rule-making, risk management, infrastructure and technology, and financial, operational and supervisory systems comply with the AMF CH Recognition Criteria. Part II of this application is substantially consistent with the submissions made by LCH.Clearnet which address compliance with OSC Staff Notice 24-702 as set out in the Ontario Application, except with respect to such parts of the Ontario Application as are not applicable to the Applicant's business in Québec or have been updated to reflect matters substantially current to the date of this application.

### 1. Governance

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, its governance structure provides for fair and meaningful representation on its board, including representation of persons who are independent of the clearing house. In particular,

#### 1.1 The governance structure and governance arrangements of the clearing house ensure:

(a) *effective oversight of the clearing house;*

The activities and operations of LCH.Clearnet are directed and overseen by its Board. The Board of LCH.Clearnet is comprised of ten individuals, is chaired by an independent non-executive LCH.Clearnet Board member, and includes three other independent non-executive directors, four other non-executive directors who are user or venue representatives and two executive directors. Forty percent of the LCH.Clearnet Board consists of independent members.

LCH.Clearnet Group's Articles of Association state the following in respect of "independent directors":

Independent Director means an independent director, who satisfies applicable Regulatory Requirements relating to independent directors and who is either a member of the Board on the date of adoption of these Articles or is appointed in accordance with the terms of the Relationship Agreement and the Nomination Committee terms of reference.

Subject to articles 18.4 to 18.6 and article 22.1, future appointments to the Board shall be made by Board resolution in accordance with the provisions of the Relationship Agreement and the terms of reference of the Nomination Committee. For so long as LSEG and any Member of its Group hold in aggregate a Significant Interest in the Company, any amendment to the terms of reference of the Nomination Committee may only be made with the consent of LSEG (such consent not to be unreasonably withheld or delayed).

In addition, the Nomination Committee term of reference also states that:

In determining whether a person is fit for appointment as chairman to any LCH.Clearnet Board or as a Non-LSEG Independent Director to any LCH.Clearnet Board, the Committee shall consider whether such person

is independent in character and judgment, and whether there are relationships or circumstances (including any with LSEG or any of its subsidiary undertakings and/or with any significant User or Venue shareholder) which are likely to affect, or could appear to affect, such person's judgment. In addition, the Committee shall have regard to relevant factors which may include if such person has a relationship that would disqualify such person as a "public director" within the meaning of the CFTC Rules in force from time to time or as an "independent director" under any corporate governance standards applicable from time to time (including the UK Corporate Governance Code) or which the relevant LCH.Clearnet Board otherwise determines should be complied with in the interests of best practice corporate governance

Member governance arrangements are clearly specified and information regarding them is publicly available in the annual report of the LCH.Clearnet Group.

The LCH.Clearnet Board supports the highest standards in corporate governance and, wherever possible, adopts the provisions of the Financial Reporting Council's UK Corporate Governance Code, which sets out principles of good governance for listed companies.

The LCH.Clearnet Board meets at least quarterly throughout the year. It has full and effective oversight of LCH.Clearnet and monitors the senior management through review of and discussions about information provided to it by senior management, as well as reports from internal and external audits.

LCH.Clearnet's Board is accountable to its parent LCH.Clearnet Group Limited. Non-executive directors of the LCH.Clearnet Board are drawn from its membership and shareholders of its parent. the clearing house's activities are in keeping with its public interest mandate;

*(b) the clearing house's activities are in keeping with its public interest mandate;*

LCH.Clearnet's stated corporate objectives are to (i) reduce risk and safeguard the financial infrastructure in the markets LCH.Clearnet serves, (ii) deliver market leading and cost-effective clearing services, and (iii) be the leading multi-asset clearing house, independently serving diverse markets around the world. LCH.Clearnet's governance structure is designed to ensure that LCH.Clearnet meets these corporate objectives. The LCH.Clearnet Board retains the responsibility to ensure that LCH.Clearnet meets these objectives.

*(c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;*

See the response to (a) above.



LCH.Clearnet maintains Audit and Risk Committees. The Audit Committee is an independent committee which, under its terms of reference, must comprise no fewer than four non-executive directors of LCH.Clearnet<sup>15</sup>, as discussed in subsection 1.1(a) above. The Audit Committee has responsibility for review of financial statements, oversight of internal and external auditors, regulatory compliance and the internal control environment. The Risk Committee is independent from any direct influence by the management of LCH.Clearnet and maintains a Clearing Member and end-client representation composition. The Risk Committee is chaired by an independent non-executive director. The Risk Committee oversees membership criteria, risk policies (including adequacy of the Default Fund and operational risk controls). While the Risk Committee is charged with reviewing current, and determining new, risk policies, the LCH.Clearnet Chief Executive retains responsibility for default declaration and default handling, in order to ensure speed of action and the avoidance of potential conflicts of interest.

Day-to-day operations of LCH.Clearnet are the responsibility of LCH.Clearnet's Chief Executive and other senior management. Their decisions are exercised with an appropriate degree of independence from the LCH.Clearnet Board.

See also (b) above.

*(d) a proper balance among the interests of the owners and the different entities seeking access (participants) to the clearing, settlement and depository services and facilities (settlement services) of the clearing house;*

Membership applications are subject to the Risk Committee-approved criteria and approvals or rejections are made under the delegated authority of the Risk Committee. The Risk Committee is comprised of up to eight individuals, three of whom are independent non-executive directors, four of whom are users or venue representatives and one customer. The external Risk Committee members attend in their capacity as risk experts and do not represent their employer.

Membership criteria are set out in the clearing house procedures. Membership criteria must be met in order for an applicant to be considered for Clearing Member status. These requirements are without prejudice to the provisions of the Clearing Membership Agreement which must be executed by the applicant, and must equally be met by Clearing Members.

*(e) The clearing house has policies and procedures to appropriately identify and manage conflicts of interest;*

Conflicts of interest are monitored closely. First, conflicts of interest for every director are investigated at the time of appointment, considered and approved by the LCH.Clearnet Board and reviewed annually, through a declaration process. Second, conflicts of interest for every director are also addressed at every LCH.Clearnet Board

<sup>15</sup> No fewer than two directors shall be "public directors" of the LCH.Clearnet Board, as such term is defined in the Rules of the U.S. Commodity Futures Trading Commission ("CFTC") in force from time to time. One director shall be a member of the Risk Committee of LCH.Clearnet. Members of the Audit Committee shall ideally have significant, recent and relevant financial experience. At least one Audit Committee member should have a professional qualification from one of the professional accountancy bodies.

meeting in relation to the agenda items and the sensitivity of projects arising in the course of LCH.Clearnet Board business.

The Risk Committee and Audit Committee have procedures in place to manage potential conflicts of interest or conflicts of interest when they arise.

Both the Risk Committee and Audit Committee are governed by Terms of Reference.

Under powers formally delegated by the LCH.Clearnet Board, the Chief Executive of LCH.Clearnet has responsibility for establishing, maintaining and implementing the risk management framework (embracing principles, policies, methodologies, systems, internal controls, processes, procedures and people) in line with the adopted appetite for risk (the extent and categories of risk which the LCH.Clearnet Group Limited Board regards as acceptable for the group to bear). This explicit delegation of powers, which otherwise might have been assumed to be exercised by the executive, is considered necessary formally to preserve the independence of risk management, to avoid conflicts of interest if the LCH.Clearnet Board or Risk Committee was involved in the decision-making and to ensure a timely response to situations which can develop and deteriorate rapidly.

Matters concerning significant risks faced by the Group's operating subsidiaries are addressed by a Risk Committee of the relevant subsidiary board or, in the case of operational risk matters, by the Audit Committee of the relevant subsidiary.

The Chairman of the Risk Committee reports to the LCH.Clearnet Board on the discussions, decisions and recommendations of the committee in order for the LCH.Clearnet Board to understand the business implications and where necessary to formally ratify these decisions and recommendations. Under powers formally delegated by the LCH.Clearnet Board, the Chief Executive has responsibility for all risk decisions taken within the framework of agreed risk policies. All changes to risk policy require thorough review by the Risk Committee and their recommendation for LCH.Clearnet Board approval.

*(f) each director or officer of the clearing house, and each person or company that owns or controls, directly or indirectly, more than 10 percent of the clearing house is a fit and proper person; and*

Each LCH.Clearnet Board member has extensive experience, knowledge and skills necessary to operate LCH.Clearnet's clearing facility. The LCH.Clearnet Board meets at least quarterly throughout the year. It has full and effective oversight of LCH.Clearnet and monitors the senior management through review of and discussions about information provided to it by senior management, as well as reports from internal and external audits.

As of July 31, 2013, LCH.Clearnet Group, the parent holding company of LCH.Clearnet, is 57.8% owned by London Stock Exchange Group ("LSEG"), with the remainder being owned by its users (i.e., clearing members) and other exchanges. No other shareholders own or control more than 10% of LCH.Clearnet Group.

*(g) There are appropriate qualifications, limitation of liability and indemnity provisions for directors and officers of the clearing house.*



See 1.1(a) and 1.1(b) above.

The Chief Executive and senior management of LCH.Clearnet have responsibility for the day-to-day operations of LCH.Clearnet. Their decisions are exercised with an appropriate degree of independence from the LCH.Clearnet Board. See also paragraph 1.1(d) above on the Risk and Audit Committee structure.

Directors and Officers insurance is in place.

## **2. Fees**

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, its fees are equitably allocated and do not have the effect of unreasonably creating barriers to access, and that its fee setting process is fair, appropriate and transparent. In particular,

### **2.1 All fees imposed by the clearing house are equitably allocated. The fees do not have the effect of creating unreasonable barriers to access.**

LCH.Clearnet has in place procedures to control its costs of operation; regular analysis and benchmarking on charges are undertaken. Over the past years, competition has led to significant fee reductions. In terms of fees, there are many different fee-structures within LCH.Clearnet, and fee structures are transparent and available on the LCH.Clearnet website.

LCH.Clearnet is entitled to levy fees in respect of such matters and at such rates as may from time to time be prescribed. Fees shall be payable by Clearing Members, as may be prescribed by LCH.Clearnet Procedures.

A minimum monthly charge per Clearing Member of €5,000 is applied across all LCH.Clearnet activity in RepoClear, and the total registration fees chargeable to a Clearing Member are detailed in the fee schedule on LCH.Clearnet's website. For SwapClear, there are three different fee plans Clearing Members can opt for, depending on their annual clearing activity. The minimum annual Clearing Member fee that will be applied is £500,000 and Clearing Members clearing in excess of 30,000 contracts per year will be charged the ceiling fee of £2,250,000. Clearing fees under the SwapClear Client Clearing service are charged to the Clearing Member in addition to the above described fees. As with RepoClear, a detailed fee schedule can be obtained from the LCH.Clearnet website.

### **2.2 The process for setting fees is fair and appropriate, and the fee model is transparent.**

See 2.1 above.

Clearing fee income and associated rebates, together with other fee income, are recognized on a transaction by transaction basis in accordance with the Group's fee scales. The Group does not operate an ex-ante rebate scheme. Any changes made to the fees and charges payable shall take effect, as prescribed by the LCH.Clearnet Procedures. Fees are notified to the regulators prior to taking effect.

### 3. Access

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, it provides reasonable access to persons that satisfy the eligibility requirements. In particular,

#### 3.1 The clearing house has appropriate written standards for access to its services.

By virtue of the membership agreement that Clearing Members sign with LCH.Clearnet, Clearing Members are subject to the rules made by LCH.Clearnet in the conduct of their business.

The rules and procedures are publicly available on the LCH.Clearnet website and the governing laws and regulations are available on relevant websites.

LCH.Clearnet has clear internal procedures for access to its services. These are consistent with the LCH.Clearnet rules and procedures that are publicly available.

The Rules of LCH.Clearnet are published and amended from time to time to accurately reflect the services provided. LCH.Clearnet notifies the Bank of England and Clearing Members of new rules and rule changes in line with FSMA. LCH.Clearnet notifies the Bank of England and the CFTC of the Rules of LCH.Clearnet where applicable and publishes them upon approval. LCH.Clearnet notifies the Bank of England of amendments to the Default Fund Rules 3 months (previously 14 days, following a change to Section 157 of the Companies Act 1989) prior to publication.

#### 3.2 The access standards and the process for obtaining, limiting and denying access are fair and transparent. A clearing house keeps records of

- (a) *each grant of access including, for each participant, the reasons for granting such access, and*

In considering a new Clearing Member application, LCH.Clearnet conducts thorough reviews into the organization concerned. Potential Clearing Members must meet the basic requirement to be considered for membership, which includes a minimum net capital requirement<sup>16</sup> and a minimum internal credit score which is approved by the Credit Risk Management Committee (“CRMC”) and subsequently by the Executive Risk Committee (“ERCo”). Appropriate banking arrangements must be put in place, and the organization must have appropriate systems to cope with its clearing activities.

Members are subject to an internal credit rating. The final rating is determined by analysis of the following inputs as governed by the Group Credit Assessment policy:

- Financial Ratios
- External Ratings
- Market Implied Ratings / Credit Edge data
- Operational Capability
- Support – (where an explicit statement of support is provided from a higher rated entity and analysis of how integral to a wider financial group a member is).

<sup>16</sup> The minimum net capital requirements applicable to Clearing Members are set out under section 1.8 of the LCH.Clearnet Ltd Rulebook (under procedures) and under Regulation 3 of the FCM Regulations.



LCH.Clearnet Clearing Member status may be granted on a conditional basis before any Clearing House requirements have been fully met or before related exchange clearing membership(s) requirements are met, but cannot be operational until such requirements are satisfied.

A Clearing Member will need to satisfy the criteria for membership set out in section 1 of the LCH.Clearnet Procedures. The minimum membership criteria also act as a default protection mechanism for LCH.Clearnet by ensuring that all Clearing Members are of sufficient financial resource and operational standing.

**In considering an organization for membership, additional analysis is conducted on the following areas:**

- Legal formation and history of incorporation, including subsequent mergers & acquisitions;
- The corporate organization (subsidiaries, branches, sister companies, representation offices) indicating whether or not the counterparty subcontracts its activity;
- Regulation - level and quality of regulation across different jurisdictions;
- Ownership;
- History of markets and clients cleared and current Clearing Member status.

The above process is fully documented.

A formal process is in place for appeals for Clearing Members and or certain other circumstances. This process is set out in the LCH.Clearnet Procedures.

*(b) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.*

Under Section 1.2 of LCH's Clearing House Procedures, the denial of access or limitation of access, including the reasons for denying or limiting access to a Clearing Member is documented and transparent. LCH.Clearnet may, in its sole discretion, refuse an application for membership where it considers it appropriate to do so in accordance with its internal risk management policies and procedures as amended from time to time. LCH.Clearnet may, at any time, impose additional conditions relative to continued Clearing Member status, and at any time vary or withdraw any such conditions. These conditions may include, but are not limited to, a requirement to deposit additional security in cash or collateral as determined by LCH.Clearnet.

#### **4. Rules and Rulemaking**

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, its rules and the process for the adoption of its rules are transparent, and that its rules do not unreasonably discriminate among its Clearing Members and set out appropriate sanctions in the event of non-compliance by participants. In particular,

##### **4.1 The clearing house's rules are designed to govern all aspects of the settlement services offered by the clearing house, and**

(a) *are not inconsistent with securities legislation,*

As more fully described in Part 1-3, LCH.Clearnet's rules are designed to comply with applicable laws of the major capital market jurisdictions in which it operates and are intended to be guided by the CPSS-IOSCO Principles. As noted above, the Bank of England is developing policies which will be defined within the framework of EMIR and the CPSS-IOSCO Principles. As such, LCH.Clearnet would generally expect that its rules would not be inconsistent with applicable derivatives legislation in Quebec.

LCH.Clearnet has also obtained legal opinions on certain legal matters under both Canadian federal and Québec law to obtain comfort that, with respect to such matters, its arrangements are consistent with Canadian federal and Québec law.

LCH.Clearnet is required under the FSMA to have procedures and arrangements in place to enforce its rules. In practice, as the rules, as laid out in the LCH.Clearnet Regulations including its Procedures, are generally in relation to the daily compliance with financial obligations, the daily or monthly compliance with delivery obligations, and the quarterly re-calculation of the Default Fund contributions, enforcement is therefore routine and essentially automated. As a leading independent CCP, LCH.Clearnet does not currently have conduct of business rules of the kind established by the exchanges whose contracts it clears or the regulators of its Clearing Member firms. FSMA Regulations 2001, Paragraph 23 requires a Recognized Clearing House to have effective arrangements for the investigation and resolution of complaints arising in connection with the performance of, or failure to perform, any of its regulatory functions, including arrangements for the investigation of a complaint by a person independent of the clearing house. These arrangements are set out in Section 12 of the Clearing House Procedures<sup>17</sup>. It should be noted that Chapter 2 of EMIR introduces conduct of business rules for EMIR authorized CCPs and while most of the requirements have already been implemented by LCH.Clearnet, full implementation of the EMIR requirements will be complete on re-authorization of LCH.Clearnet under EMIR. The requirement under FSMA will therefore be replaced with the requirement in Art 36 Paragraph 2 that provides that a CCP shall have accessible, transparent and fair rules for the prompt handling of complaints.

(b) *do not permit unreasonable discrimination among participants, and*

Because non-compliance with most rules is so visible – and would constitute an act of default under LCH.Clearnet's Default Rules – compliance can be said to be mandatory. In the case of financial resource requirements, LCH.Clearnet CRO staff review compliance; and their work is independent of the requirement on Clearing Members to inform LCH.Clearnet if they fall below the lowest amount.

LCH.Clearnet has no published list of disciplinary actions. EMIR Art 38 (1) requires a CCP to publicly disclose any breaches by clearing members of the criteria referred to in EMIR Article 37(1), except where the Bank of England (after consulting ESMA) considers that such disclosure would constitute a threat to financial stability or to market confidence or would seriously jeopardize the financial markets or cause disproportionate

<sup>17</sup> Section 12 of the Clearing House Procedures – Complaints Procedures, [http://www.lchclearnet.com/rules\\_and\\_regulations/lt/default.asp](http://www.lchclearnet.com/rules_and_regulations/lt/default.asp), Section 12 - Complaints Procedures



damage to the parties involved. LCH.Clearnet is currently in the process of implementing this requirement. LCH.Clearnet's rules do not discriminate among Clearing Members as they apply equally to all Clearing Members.

(c) *do not impose any burden on competition that is not necessary or appropriate.*

Clearing Members have the right to apply for approval to clear one or more of the markets cleared by LCH.Clearnet, subject to meeting the requirements of LCH.Clearnet in respect of each such market and not imposing unnecessary or inappropriate burdens on competition.

#### **4.2 The clearing house's rules and the process for adopting new rules or amending existing rules should be transparent to participants and the general public.**

LCH.Clearnet Rules are transparent and available to the public. LCH.Clearnet Rules are maintained on the LCH.Clearnet website.

The Rules of LCH.Clearnet are published and amended from time to time to accurately reflect the services provided. LCH.Clearnet notifies the Bank of England and Clearing Members of new rules and rule changes in line with FSMA. LCH.Clearnet also files self-certification with regards to amendments of LCH.Clearnet's Rules pursuant to CFTC regulation §40.6(a) where applicable and publishes them upon filing of the submission with the CFTC. Under EMIR, LCH.Clearnet will be required to publicly consult more extensively on rule changes.

#### **4.3 The clearing house monitors participant activities to ensure compliance with the rules.**

LCH.Clearnet monitors Clearing Member activities to ensure compliance with the rules by conducting a risk-based review which incorporates both a qualitative and quantitative assessment: qualitative in terms of possible due diligence reviews and visits and quantitative tools that include all inputs into assigning the internal credit score. The process draws together data from a number of sources to give an overall impression of the counterparty risk associated with the Clearing Member.

Clearing Members can be subject to due diligence visits by LCH.Clearnet. The purpose of these assessments is to discuss ongoing corporate structure and strategy; the scope of the Clearing Member's business generally and clearing activities specifically, including financials' regulation, operational processes, banking facilities and risk management (of Clients and any proprietary business, margining, credit management policy, stress testing, etc.).

Monitoring of clearing members can include the analysis of exposure to LCH.Clearnet, such as details of current and historical margins, collateral held, market concentrations and stress testing results, T-Ratio analysis, future plans and other exposures (e.g., as a treasury investment counterparty, PPS Bank).

For delivery failures in the case of LCH.Clearnet's RepoClear, LCH.Clearnet Regulation 59(c) establishes that if a Clearing Member persistently fails to deliver securities to the Clearing House, LCH.Clearnet shall be entitled to terminate membership of the firm in question, on written notice, requiring liquidation or transfer of open contracts. LCH.Clearnet has not had to apply Regulation 59(c).

LCH.Clearnet's process for instituting disciplinary proceedings, and the possible sanctions, are set out in Section 8 of the Clearing House Procedures<sup>18</sup>.

See also section 4.1(b) above.

#### **4.4 The rules set out appropriate sanctions in the event of non-compliance by participants.**

See above 4.1(b) and 4.3 above.

### **5. Due Process**

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, participants affected by its decisions have an opportunity to be heard and have a means to appeal decisions, and that LCH.Clearnet maintains records of such decisions. In particular,

#### **5.1 For any decision made by the clearing house that affects a Clearing Member or a participant, including a decision in relation to access, the clearing house ensures that:**

- (a) *an applicant or a participant is given an opportunity to be heard or make representations; and*

Full LCH.Clearnet appeals procedure can be found on LCH.Clearnet's website at Section 11 of the Procedures<sup>19</sup>. A brief overview of the process is set out below.

A Clearing Member or, in certain cases, a RepoClear Dealer or SD or other non-member, may appeal against a decision of LCH.Clearnet.

A Clearing Member may appeal against any of the following decisions made by LCH:

- A decision that the Clearing Member does not meet the criteria for extension of its clearing relationship with LCH.Clearnet;
- A decision by LCH.Clearnet to rescind that Clearing Member's eligibility to have contracts of a certain category or categories registered in its name;
- A decision by LCH.Clearnet to terminate that Clearing Member's Clearing Membership Agreement other than when such decision occurs in connection with the operation by LCH.Clearnet of its Default Rules and Procedures.

Appeals must be made lodging an appeal via an appeal form to the Company Secretary, who shall acknowledge receipt within 7 days. Further information may be requested.

<sup>18</sup> Section 8 of the Clearing House Procedures – Disciplinary Proceedings, [http://www.lchclearnet.com/rules\\_and\\_regulations/ltd/default.asp](http://www.lchclearnet.com/rules_and_regulations/ltd/default.asp), Section 8 - Disciplinary Proceedings

<sup>19</sup> Section 11 of the Clearing House Procedures – Appeal Procedures, [http://www.lchclearnet.com/rules\\_and\\_regulations/ltd/default.asp](http://www.lchclearnet.com/rules_and_regulations/ltd/default.asp), Section 11 - Appeal Procedures



There are several steps by which an appeal can proceed, namely, the appeal can be submitted by the Company Secretary to the Appeal Committee, or to an Appeal Tribunal in the event that a notice of further appeal is made.

(b) *the clearing house keeps a record of, gives reasons for, and provides for appeals or reviews of, its decisions.*

LCH.Clearnet keeps a record of, and gives reasons for, its decisions that affect an applicant or Clearing Member, including a decision relating to access. Additionally, LCH.Clearnet provides for appeals or reviews of its decisions. A Clearing Member who is aggrieved by any action taken by LCH.Clearnet or decision of LCH.Clearnet (other than any decision set out in 11.2 of Clearing House Procedures), or any decision taken under Regulation 26 in or under or in connection with LCH.Clearnet's powers under the Default Rules and Procedures may, no later than 14 days after the date of the decision or action, request a review of such action or decision by the Chief Executive of LCH.Clearnet.

## **6. Risk Management**

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, its procedures for risk management are clearly defined and specify the respective responsibilities of the clearing house and its participants. In particular,

### **6.1 The clearing house's settlement services are designed to minimize systemic risk.**

As a CCP, LCH.Clearnet is responsible for the performance of all registered contracts through to its final settlement. In the case of all swap contracts, that final settlement takes the form of a cash payment from one Clearing Member to another – that last payment brings to an end the chain of periodic payments initiated after registration and made on the basis of settlement to latest market prices. All such cash payments are made through LCH.Clearnet's PPS, which is an assured payments arrangement operated by LCH.Clearnet, twelve banks in the UK and six banks in the U.S. acting act as bankers to LCH's Clearing Members. LCH.Clearnet currently has no PPS arrangements in Canada.

LCH.Clearnet has a rigorous intra-day margining policy and monitors the creditworthiness and market exposure of each Clearing Member on an ongoing basis (for further information, please refer to section 6.3(1)).

Before the SwapClear Restrike project in May 2012 (referred to previously), LCH.Clearnet maintained a single default fund comprised of contributions from Clearing Members across all markets cleared by LCH.Clearnet. Technically, this consisted of four default funds, each with a predetermined maximum fund size, namely: the Exchange Fund (£310 million); the EquityClear Fund (£100 million); the RepoClear Fund (£105 million); and the SwapClear Fund (£125 million). Contributions to each fund were called from all Clearing Members authorized to clear the relevant products, and were pro-rated on the basis of Initial Margin, except for the Exchange Fund, which also considered the share of cleared volume when calculating contributions. Notwithstanding the distinction between funds, in the event of a default, the funds acted as one default fund; that is, the aggregate amount was available for losses incurred as a result of a default in any market.

As part of the 'Re-Strike' project in May 2012 (SwapClear) and in August 2012 (RepoClear), LCH.Clearnet restructured the Default Fund, creating separate SwapClear and RepoClear Default Funds under a 'Limited Recourse' structure. The SwapClear and RepoClear default waterfalls maintain the guiding principle of 'Defaulter Pays First', meaning that the aim will be to utilise the resources of the Defaulter and a proportion of LCH.Clearnet capital before starting to utilise the Default Fund resources of the non-defaulting Clearing Members.

In the event of a default of a Clearing Member, a service will not have recourse to Default Fund contributions of Clearing Members from other services operated by LCH.Clearnet. Equally, Clearing Members from other services operated by LCH.Clearnet will not have recourse to contributions by non-defaulting Clearing Members. The margin and default fund contributions of the defaulter itself will, however, be available across all services.

#### *SwapClear*

The segregated SwapClear Default Fund size is set with a floor of £1 billion and a cap of £5 billion. SwapClear contributions are risk weighted, with each Clearing Member being required to contribute a minimum of £10 million. Each Clearing Member contribution to the SwapClear Default Fund is recalculated on a monthly basis by taking average Initial Margin for the previous month on their House account as a proportion of total Initial Margin.

Following the introduction of RTTR in May 2012, a further layer of £400 million was introduced to the SwapClear Default Fund as an additional resource for potential loss due to registration tolerance being extended. A Clearing Member's additional contribution to the Default Fund for the additional risk associated with RTTR is based upon the Clearing Member's use of registration tolerance relative to the use of other Clearing Members over the previous month. This additional contribution is floored at £3 million and capped at £30 million per Member.

All SwapClear Clearing Members are obliged to provide additional Default Fund contributions during a default in the event that the losses exceed the original funded contributions; however, these are limited to one such payment per Clearing Member default and up to a maximum of three defaults within a six month period.

In extremis and when all the available funded and unfunded SwapClear Default Fund resources in the waterfall are exhausted, the SwapClear service will proceed into a Distribution Haircut phase. This Variation Margin Haircut enables LCH.Clearnet to haircut monies owed to non-defaulted Clearing Members until specified limits are reached, or until a decision to continue or to close the service is made.

#### *RepoClear*

In August 2012, LCH.Clearnet, as part of RepoClear Restrike project phase 1, segregated the RepoClear Default Fund from other services, and the size of the default fund, based on the stress tests applied to current positions of RepoClear Clearing members, was set at €620 million with a cap of €1,500 million. LCH.Clearnet further implemented an enhanced the RepoClear Default Fund Waterfall, including Assessment, Service Continuity and Service Closure. Additionally, a revised Default Management Process and Default Management Group were established in Q1-2013 as a part of Restrike Phase 2 project.



Notwithstanding the separation of the default funds, a defaulting Clearing Member's contribution to any default fund will be available to cover a loss arising from any clearing service.<sup>20</sup> By contrast, surviving Clearing Members' contributions to a particular default fund will be available only to cover losses arising from the clearing service(s) relevant to that default fund.

## **6.2 The clearing house has appropriate risk management policies and procedures and internal controls in place.**

LCH.Clearnet recognizes that the management of counterparty and market risk associated with its CCP role, the maintenance of adequate capacity and security with respect to its automated (IT) systems, the establishment, testing, evaluation and modification of those IT systems, as well as the back-up plans with respect to those IT systems, are integral to the achievement of LCH.Clearnet's objective of providing secure and efficient clearing services to Clearing Members.

The most obvious risk managed by LCH.Clearnet is that of a Clearing Member no longer meeting, or being able to meet, its financial obligations to the clearing organisation. As the contractual CCP to all Clearing Members, LCH.Clearnet is legally obliged to assume the open, registered positions of the defaulting Clearing Member and to ensure their settlement or transfer. In so doing, LCH.Clearnet protects the non-defaulting Clearing Members, their Clients, and the markets from de-stabilization and contagious consequences. It has become standard practice to describe this central role as one of protecting against systemic risk. LCH.Clearnet has detailed policies and procedures across all services and product lines, as well as specific market margin policies for the Fixed Income and SwapClear services, amongst others.

SwapClear's primary goal after the default of a Clearing Member is to reduce the risk of the outstanding positions. Upon a default, SwapClear immediately facilitates the porting of non-defaulting Clients to solvent Clearing Members. SwapClear then begins hedging the portfolio via its DMG.

The DMG meets periodically throughout the year and participates in LCH.Clearnet's default fire drills to ensure preparedness in the event of a default. Once the risk of the portfolio is substantially reduced by the DMG, LCH.Clearnet's SwapClear has the ability to split the defaulter's portfolio by currency and then (at the discretion of the DMG) into small sub-portfolios within that currency. The DMG then conducts an auction for each portfolio. The ability to operationally receive and price an auctioned portfolio is one of the criteria validated by LCH.Clearnet SwapClear prior to granting membership. Further, the operational capabilities of each Clearing Member during a default are tested regularly via our fire drill.

For losses greater than the financial resources of the defaulter, the funded Default Fund contributions of the LCH.Clearnet SwapClear Clearing Members will be attributed into tranches based upon bidding behaviour in the auction:

<sup>20</sup> If LCH.Clearnet calls a Clearing Member into default for any reason, it is deemed to put that Clearing Member in default in respect of all LCH-cleared markets.

- Tranche 1 – Non Bidders;
- Tranche 2 – Auction Bidders (not winner);
- Tranche 3 – Auction Winner (plus those with same bid as winner).

As described above, in order to control the default risks that it manages, LCH.Clearnet sets minimum capital requirements for Clearing Members, monitors compliance with those requirements and the general financial health of its Clearing Members, establishes margining policies of various kinds, monitors the limits on exposures relative to capital, and maintains a Default as a precaution against any situation in which a defaulter's Initial Margin is insufficient to cover the cost to LCH.Clearnet of managing a default.

All Clearing Members must continue to demonstrate operational capability during a default scenario. All Clearing Members will be entitled to outsource default management responsibilities to a third party on a case by case basis and on the proviso that certain outsourcing conditions are met and subject always to the discretion of LCH.Clearnet.

In respect of the SwapClear service, LCH.Clearnet relies on non-defaulting Clearing Members to supply impartial expertise through the DMG and to bid for the portfolio of a defaulting Clearing Member. LCH.Clearnet is committed to ensuring that its post-default backing is of appropriate size. Current assessment of the appropriate size of the Default Fund is based on a scenario-based stress testing approach using historical and theoretical scenarios. They include: 1987 Stock Market crash; Long Term Capital Management default; 1992 Sterling ERM exit; 1994 Bond Market collapse; 2008 Lehman Brothers default; 1991 Gulf War; and Hurricane Katrina.

There are other historical scenarios, as well as individual product and theoretical scenarios aimed at assuring that LCH.Clearnet's stress testing across the broad range of products offered is not overly reliant on history. The models assess the adequacy of Initial Margin requirements across the entire membership of LCH.Clearnet, looking at House and Client accounts separately, on the basis of a series of extreme price movements in all contracts. The tests are run on a daily basis and the results assessed alongside other risk measures and ratios. The emphasis has been on whether the Default Fund is adequate in size to enable LCH.Clearnet to cope with the default of the Clearing Member groups with the largest and second largest exposure in the very extreme conditions replicated in the model. LCH.Clearnet is committed to continuing testing and to taking action in relation to any findings that suggest that the Default Fund would be insufficient to cover these events. Results are assessed daily by the Risk Department<sup>21</sup> and on a quarterly basis by the Risk Committee which reports on adequacy to the LCH.Clearnet Board.

In addition, there is a requirement that the stress test loss over initial margin for a member group cannot exceed 45% of the Default Fund, so that the top two members use at most 90% of the Default Fund. Should a Clearing Member breach the 45% limit, the excess amount is called as margin from that member such that the stress test loss over margin held falls back below the 45% limit. This is monitored and any additional margin called daily.

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<sup>21</sup> The Risk Department's aim is to provide frequent and focused analysis that alters the risk management to any issues or trends that may represent a material risk to LCH.



In putting in place these arrangements and procedures; LCH.Clearnet protects itself from attack under insolvency laws by virtue of Part VII of the UK *Companies Act 1989* (“**UK Companies Act**”), as amended. Part VII provides, broadly, that procedures carried out pursuant to the default rules of an RCH take precedence over the rights of a liquidator or other insolvency office-holder.

The policies and controls relating to counterparty and market risk (including policies relative to money settlement and exposures to banks) fall under the responsibilities of the Risk Department of LCH.Clearnet. New policies designed by the Risk Department are submitted to the Risk Committee, which also reviews existing policies. The boundaries of responsibility are drawn at the frontier between policy and efficacy of policy (Risk Committee responsibility) and day-to-day risk management decisions and actions (Risk Department responsibility).

#### Internal Audit

The internal audit function conducted by LCH.Clearnet’s Internal Audit department covers all aspects of LCH.Clearnet’s activities, drawing on external audit expertise as appropriate. The unit, whose head reports to the Chief Administrative Officer, as well as the Chairman of the Audit Committee, has appropriate independence and its work is considered and reinforced by the Audit Committee of the LCH.Clearnet Board.

The review by Internal Audit of the Risk Department focuses on the testing of key policies and procedures relating to governance, internal risk framework, key risk indicators and monitoring and reporting to ensure the robustness of the framework. The detailed reviews are conducted utilizing external expertise where required. Internal Audit does to a certain extent rely upon the expertise of the management within the Risk Department, which in turn provides assurance to the LCH.Clearnet Board, senior management and external regulators (e.g., the U.K Regulator), that LCH.Clearnet’s operational risks are being managed in an effective, timely and appropriate manner.

### **6.3 Without limiting the generality of the foregoing, the clearing house’s services or functions are designed to achieve the following objectives:**

- 1. Where the clearing house acts as a central counterparty, it rigorously controls the risks it assumes.**

#### Role of the Risk Department

LCH.Clearnet’s Risk Department is underpinned by harmonized policies for all LCH.Clearnet services, thereby eliminating major differences in how risk is controlled. The aim of LCH.Clearnet’s Clearing Member and position monitoring is to detect, as early as possible, events that may threaten the ability of a Clearing Member to continue to meet its obligations to LCH.Clearnet. The Risk Department of LCH.Clearnet monitors information on Clearing Members’ creditworthiness and financial condition. The primary information considered by the Credit Risk team Department comprises the internal credit scoring factors as detailed under section 3.2.

In deriving an internal credit score for Clearing Members, a score attached to each of the quantitative factors is assigned a specific weight. The total score from these factors could be amended following further assessment of qualitative information such as group/parent support to give a final score for each Clearing Member. The CRMC recommends the

internal credit scores to ERCO<sup>22</sup>, for approval or further review. A deterioration in an internal credit score may result in an action being taken against a Clearing member which could include calling additional margin and reducing positions; it can also determine the frequency of future assessments of the Clearing Member.

LCH.Clearnet pays particular attention to positions that are large in relation either to a Clearing Member's financial resources or to open interest in a particular contract, as these would challenge LCH.Clearnet's holding periods and close-out assumptions. In relation to futures business the position monitoring looks at house and *client* accounts separately as well as the aggregate. The basic assessment is undertaken daily on the basis of end-of-day positions. However, LCH.Clearnet has a full intra-day risk assessment capability for both its futures and non-futures business (including OTC derivatives and cash equities) and performs routine intra-day monitoring of valuation losses and re-calculated Initial Margin requirements, including new business. If monitoring gives rise to concerns about the size of positions in a Clearing Member's Client account, further information is sought from the Clearing Member, notably about the concentration of individual Client positions. Although LCH.Clearnet does not routinely collect information on individual Client positions, LCH.Clearnet may require Clearing Members to provide such information (refer to LCH.Clearnet Procedures 1.1.3).

#### Initial and Intraday Margin

LCH.Clearnet collects margins from Clearing Members to protect itself against potential market risks. Margins are calculated at the Clearing Member level, for the Clearing Member house account and for all client accounts opened by the Clearing Member. The rules and procedures governing margin requirements vary according to the type of market cleared by LCH.Clearnet. The LCH.Clearnet Procedures set out the Initial Margin and Variation Margin requirements for SwapClear.

A key monitoring ratio is that of Initial Margin to financial resources, whereby the level of Initial Margin is monitored and action can be taken if it exceeds a threshold in comparison to the net capital of the Clearing Member. These thresholds are set in relation to internal credit scores.

LCH.Clearnet has a clear statement from the LCH.Clearnet Board on its Risk Appetite for Initial Margin that applies across all product lines; the Risk Management Department is expected to ensure that Initial Margin is sufficient to cover 99.7 percent of observed profits and losses over the assumed holding period of the contract(s). Compliance with this Risk Appetite is backtested regularly and reported to the Risk Committee on at least a quarterly basis.

Where LCH.Clearnet algorithms require the setting of margin rates, they are routinely reviewed for all major contracts (e.g., contracts with significant open interest are reviewed at least monthly). Additional reviews occur when a margin level is challenged or exceeded by price movements or when an unexpected event occurs between scheduled reviews (e.g., sudden news of a political or economic event). The primary focus in setting margin levels is on price history, close-to-close and intra-day range movements.

<sup>22</sup> ERCO is an internal Risk Committee chaired by the Group Chief Risk Officer, and has day-to-day responsibility for all risk decisions at the working level. Decisions are presented to the Risk Committee (external attendees) for overall approval or further appraisal.



Analysis based on price data is augmented by the implied volatility of related option contracts and assessment of imminent, known price-sensitive events. LCH.Clearnet has full authority to implement an increase in margin levels applicable to any or all of its Clearing Members under LCH.Clearnet Regulation 12. The levels of margin held and their appropriateness against observed profits and losses is reviewed daily for each Clearing Member and back testing results are reviewed at least monthly by the Risk Department.

LCH.Clearnet has an intra-day margin policy for all products that it clears, including exchange-traded futures and options on futures. The policy is based on full re-valuation and re-calculation of Initial Margin requirements in respect of all registered contracts, including contracts entered into on the day of the call. The intra-day margin policy provides for regular intra-day recalculations and the collection of additional margin liabilities above a *de minimis* level set for each Clearing Member in relation to its internal credit score.

Where additional funds are required, they are collected in cash through the PPS, discussed in Section 6.1 above, with the possibility of late calls for dollars in New York. Where surplus cover, in cash or non-cash collateral, is available, it is utilized by LCH.Clearnet to satisfy the call.

Intra-day calls must be confirmed by PPS banks no later than one hour after they are made. The PPS agreement establishes 14:00 London time as the latest time at which LCH.Clearnet may make a call in London and 21:00 London time as the latest time at which LCH.Clearnet may make a call in New York.

#### SwapClear

As discussed previously, Initial Margin is collected from each Clearing Member to cover potential losses in the event of a default under prevailing market conditions over a specified holding period and at a specified confidence level. LCH.Clearnet's SwapClear Initial Margin is calculated on the basis of a five-day holding period per Clearing Member's house positions and seven-days for Clients and is the expected shortfall across all currencies over the historical period, using LCH's proprietary PAIRS margin methodology. In addition to PAIRS Initial Margin, SwapClear applies margin add-ons covering Credit Risk, Liquidity Risk and Concentration Risk where a particular Clearing Member's inherent risk exposure is not captured within the PAIRS model.

In the case of any future expansion of contract types, LCH.Clearnet would look to use one of its established Initial Margining methods, with necessary adaptation, on the basis of an assessment of which most appropriately measures the risk of a new contract type to ensure consistency with its 99.7 percent Risk Appetite.

### RepoClear

RepoClear currently uses an adaptation of London SPAN® (Standard Portfolio Analysis of Risk system). Reviews of the appropriateness of the price assumptions about the different types of bonds are similar to those for comparable reviews of futures contracts.<sup>23</sup> As above, RepoClear applies margin add-ons covering Credit Risk, Wrong Way Risk, Sovereign Risk and Concentration Risk and Stress test losses.

### Collateral

LCH.Clearnet limits the range of acceptable collateral a Clearing Member may lodge to cover its obligations and restricts the investment of any funds in terms of the range of products and counterparties with which it deals. These limits and restrictions are prescribed by the LCH.Clearnet Collateral Risk and Investment Risk Policies and the range of collateral accepted is publicly disclosed. LCH.Clearnet currently accepts collateral in the form of cash (nine currencies<sup>24</sup>, government bills, notes and bonds (all major European government issuers plus Japanese, Australian, U.S. and Canadian Treasuries).

LCH.Clearnet monitors liquidity on a daily basis, in real time, within its Treasury management system. A daily minimum liquidity target is set by the LCH.Clearnet Risk Committee. All investments are assessed for their liquidity potential, depending on market conventions/conditions and credit quality in a distressed market event. LCH.Clearnet Treasury's normal practice is to carry a level of liquidity significantly higher than the target, usually 3 to 5 times above the minimum. The government securities held as margin cover are marked to market daily and subject to haircuts, currently ranging from 0.25 percent to 28 percent, each subject to 4% FX add-on, whose appropriateness is regularly reviewed.<sup>25</sup> Securities held as margin cover are deposited with depositories and custodians whose credit standing and procedures are evaluated by LCH.Clearnet and kept under review. The cash and non-cash collateral collected by LCH.Clearnet from Clearing Members as margin cover is held, used or lodged in accordance with LCH's general policies. Such policies do not distinguish either between margin relating to a particular market (for example SwapClear) or between margin provided by any type or nationality of Clearing Member.

<sup>23</sup> LCH.Clearnet will be introducing a harmonised VaR model for Initial Margin for the RepoClear service following regulatory approval by the Bank of England (the SwapClear service introduced changes to its VaR model with effect from 20 May 2013 -).

<sup>24</sup> The following currencies are acceptable as cash collateral: Sterling, Euros, U.S. Dollars, Canadian Dollars, Swiss Francs, Japanese Yen, Swedish Krona, Danish Krone and Norwegian Kroner.

<sup>25</sup> Securities deposited as margin cover at LCH.Clearnet must be accompanied by standard documentation establishing LCH's rights. Before securities belonging to Clearing Members' clients are accepted as margin cover, a separate Client consent form must be completed under which the Client acknowledges LCH's rights to apply the securities in accordance with the LCH.Clearnet Regulations.



The cash margin received from Clearing members (currently 32 percent of total cover) is invested securely in accordance with LCH.Clearnet's Group Investment Policy and portfolio composition with respect to its liquidity profile must adhere to the Group Liquidity Policy. LCH.Clearnet policy states that the portfolio must be secured to a minimum of 90 percent. Investment preference is for transactions which are secured with, or are investments in, approved high quality marketable securities which can be used to generate liquidity in extremis. As a result liquidity risk is minimised so that LCH.Clearnet can meet its daily liquidity demands even in the event of multiple defaults. Instruments used for the investment of margins and LCH.Clearnet Capital include repurchase agreements with approved banks with LCH.Clearnet receiving approved securities. LCH.Clearnet purchases approved government backed or supranational securities each with conservative notional limits and tenor limits. LCH.Clearnet policy states that the portfolio must be secured to a minimum of 90 percent. LCH.Clearnet may place unsecured deposits with approved Credit Institutions but are strictly limited and may not exceed 10% of portfolio.

**2. The clearing house minimizes principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.**

LCH.Clearnet relies on a private settlement bank model, to transfer cash to and from LCH.Clearnet and its Clearing Members through the Protected Payment System ("PPS"). This consists of a network of commercial banks, known as PPS Banks, which is an assured payments arrangement operated by LCH.Clearnet, with eleven participating banks in the UK and six in the U.S. that act as bankers to LCH's Clearing Members.

The PPS is a direct debit system operated by LCH.Clearnet to effect the transfer of funds to and from its Clearing Members in the currencies in which it incurs exposure<sup>26</sup>. The PPS is the mechanism by which LCH.Clearnet discharges obligations relating to cash-settled transactions, collects Initial Margin and transfers Variation Margin as well as fees. The Bank of England has regulatory oversight over the operation of the PPS it being a "recognised payment system" under section 184 of the UK Banking Act 2009 ("UK Banking Act").

LCH.Clearnet has accounts with each of the PPS banks, and each PPS bank must sign a PPS Agreement with LCH.Clearnet. Under the terms of the PPS Agreement with LCH.Clearnet, a PPS bank is obliged to make irrevocable transfers from the PPS accounts of Clearing Members to LCH.Clearnet accounts on receiving payment instructions from LCH.Clearnet (such instructions also being sent to Clearing Members, the clients of the banks). LCH.Clearnet makes payments to Clearing Members by the same arrangements, instructing transfers from LCH.Clearnet's accounts to Clearing Members' accounts at the PPS banks. Payment for the physical delivery of all commodity contracts cleared by LCH.Clearnet is also made through PPS.

<sup>26</sup> A Clearing Member is required to maintain a PPS bank accounts in London in GBP and for each currency in which it incurs settlements at one of the participating banks.

In contrast to financial and commodity transactions, settlement of all cleared securities transactions (cash transactions, repurchases and futures) takes place in the delivery-versus-payment arrangements of securities settlement systems through CREST, the London-based settlement system central securities depository, which is operated by Euroclear UK and Ireland (“EUI”), Euroclear Bank, the Brussels-based settlement system and international central securities depository (“ICSD”), Clearstream International, the Luxembourg-based settlement system and ICSD and the Bank of New York Mellon Corporation and in Clearstream Frankfurt via an arrangement with Deutsche Bank. As a contractual CCP, LCH.Clearnet is obliged to make final settlement if a Clearing Member defaults in its obligations to do so. In the event LCH.Clearnet is required to buy in stock from the market, it will select a relevant market participant to act as buying-in agent on its behalf. Alternatively, LCH.Clearnet has market standard Master Securities Lending Agreements in place with both Euroclear and Clearstream, from which it is able to borrow any stock that may be required to be delivered. For the RepoClear system, LCH.Clearnet also has arrangements to borrow stock where necessary from major market participants. RepoClear Clearing Members will also usually have their own arrangements to borrow stock for settlement.

**3. Final settlement occurs no later than the end of the settlement day. Intraday or real-time finality is provided where necessary to reduce risks.**

If a Clearing Member defaults LCH.Clearnet will make all daily settlement payments due to other Clearing Members, using the defaulter’s assets (margin and Default Fund contribution) followed by LCH.Clearnet dedicated resources. For further information, please refer to the default structure in section 6.2 and section 10.

The finality of payments and settlements made by LCH.Clearnet is protected under European Union law by virtue of its designation by the UK authorities under the Financial Markets and Insolvency (Settlement Finality) Regulations 1999, which implement the Settlement Finality Directive.

**4. Where the clearing house extends intraday credit to participants, including a clearing house that operates net settlement systems, it institutes risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle**

See above section 6.2 paragraphs 1 – 3.

**5. If the clearing house establishes links to settle cross-border trades, it designs and operates such links to reduce effectively the risks associated with cross-border settlements.**

LCH.Clearnet currently interoperates with the Swiss SIX X-Clear (“SIX X-Clear”) CCP in the clearing of trades executed on the LSE and on the SIX Exchange. Trading members of these exchanges can elect to clear their business in the equity products covered by the interoperability arrangement on either LCH.Clearnet or SIX X-Clear – both the LSE and SIX Exchange list products for trading that are not within the scope of the interoperable arrangement. There are no known additional risks as a result of these arrangements. Both CCPs must agree on net settlements for a particular product / market. Settlement netting is then conducted in accordance with the inter-CCP procedures and the Coordinating CCP’s procedures, which will apply to settlement for both CCPs.



**6.4 The clearing house engaging in activities not related to settlement services carries on such activities in a manner that prevents the spillover of risk to the clearing house that might affect its financial viability or negatively impact any of the participants in the settlement service.**

LCH.Clearnet can only engage in activities that are conducted for the “purposes of, or in connection with” the provision of clearing services and pursuant to LCH.Clearnet’s exemption from authorization under section 285 of FSMA. This means in practice that LCH.Clearnet may not undertake any activity which could potentially be a regulated activity unless that activity constitutes clearing.

**7. Systems and Technology**

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, the systems which support clearing functions are supported by business continuity and disaster recovery plans that are tested periodically, as well as by applicable internal controls, and that the capacity of the systems is also stress tested. In particular,

**7.1 For its settlement services systems, the clearing house:**

**(a) develops and maintains**

*(i) reasonable business continuity and disaster recovery plans,*

LCH.Clearnet maintains three data centers for its core clearing, risk management and banking systems. Two data centers are situated in London and are remote from LCH.Clearnet’s main offices at Aldgate House and are approximately five kilometers apart. The London data centers are synchronous and one could take over the activity in its total in case the other is down. A third data centre is situated in Paris, and operates asynchronously from the London data centers. Should London be affected by a metropolitan scale disaster or crisis the Paris data centre could take over the activity of the London data centers. All business platforms have disaster recovery back-up and all have specified maximum times for recovery. LCH.Clearnet critical services have a Recovery Time Objective of 2 hours.

LCH.Clearnet maintains three backup offices for Aldgate House, namely, Beaufort House (close proximity), a work area recovery site at IBM Sampson House (1.1 mile away/35min walk) and another at IBM Greenford (approximately 12 miles away/40min drive).

Although personnel are currently concentrated at Aldgate House and Beaufort House, a high proportion of LCH.Clearnet employees have remote access and regularly work from home. To augment this, an ongoing cross training programme is underway to cross train staff in critical activities in LCH.Clearnet Group offices, allowing continuation of operations and increasing business resilience.

Departmental business continuity plans are in place across the business detailing the recovery activities and strategies for business resumption of all activities. In addition a Global Crisis Management Team plan and structure is in place, with responsibility for coordinating and leading the response to an incident or crisis. The recovery strategies are regularly tested to ensure they are fit for purpose and in line with business requirement.

(ii) *an adequate system of internal control,*

In order to be able to carry out its commercial activities, LCH.Clearnet must comply with the regulatory requirements of the jurisdictions in which it operates. LCH.Clearnet is required by both its own Bank of England obligations and prudent management to ensure it develops and implements comprehensive and effective internal controls and risk management systems.

These are monitored internally by various layers of functional management, supplemented by internal audit and board committees (in particular the Risk Committee and the Audit Committee), and externally by regulators and external auditors.

(iii) *adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;*

LCH.Clearnet's core operating systems have fully adequate capacity and that adequacy is regularly reviewed.

LCH.Clearnet's basic technical standard is ISO/IEC/17799.

Security Standards are coordinated by a Senior Manager whose sole responsibilities are security and business continuity and contingency planning. He reports directly to the Head of Business Operations.

LCH.Clearnet conducts regular reviews of its 'external' security penetration testing, assisted by external consultancy. The 'external' testing confirms an independent level of assurance.

New developments are tested in separate environments outside live systems. All user access to LCH.Clearnet systems is coordinated central administration.

**(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,**

(i) *makes reasonable current and future capacity estimates,*

LCH.Clearnet seeks to ensure that all systems (both software and hardware) have headroom capacity well in excess of expected volumes. IT Services Production performs regular stress testing on key systems using the multiples of peak daily volume.

(ii) *conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,*

As discussed in (b)(i) above, LCH.Clearnet keeps capacity under periodic review through regular stress testing on key systems and will conduct capacity stress tests as part of the non functional testing during major changes as part of the project delivering the change, to ensure that systems are able to process transactions in an accurate, timely and efficient manner.



(iii) *tests its business continuity and disaster recovery plans; and*

LCH.Clearnet has comprehensive business continuity arrangements to deal with the short, medium and long-term disruptions. LCH.Clearnet's business recovery strategy is founded on a Business Impact Assessment, which is reviewed annually and in the event of any significant changes or incidents. A business continuity operating model is in place which covers departmental recovery procedures, in order to maintain or restore business operations within the required timescales. Business continuity and disaster recovery plans are reviewed quarterly and following any significant change or incidents.

LCH.Clearnet has in the past year undertaken various internal exercises, including data center testing, work area recovery exercises, crisis management exercises and call notification tests. In addition, LCH.Clearnet provides Clearing Members the opportunity to take part in the scheduled data center tests. The LCH.Clearnet rulebook has been amended to require Clearing Members to participate in business continuity planning coordination and testing programs.

**(c) promptly notifies the regulator of any material systems failures.**

LCH.Clearnet grades incidents affecting its key systems on a priority scale from 1 to 4, with 1 being the most serious and 4 the least. A priority 1 Incident is classified as: "An incident which prevents LCH.Clearnet from fulfilling its financial, legal or regulatory obligations - widespread unavailability of services to all members or Partners." A priority 2 incident is classified as: "An incident which impairs LCH.Clearnet's ability to fulfill its financial, legal or regulatory obligations - limited availability of services to multiple members or partners."

Incidents are reported to the Bank of England and dependent upon the service (i.e. SwapClear) also to the CFTC, as soon as Compliance and Public Affairs have been notified of the incident.

**7.2 The clearing house annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with section 7.1(a).**

As a private limited company organized under the laws of England and Wales, LCH.Clearnet is required to meet, and currently satisfies, the statutory annual audit requirements applicable to such companies. The Audit Committee of the LCH.Clearnet Board is responsible for supervising LCH.Clearnet's compliance with such audit requirements, as well as other audits undertaken by LCH.Clearnet's internal auditors or by external auditors of its operations. The Risk Committee considers and develops recommendations for the Board's consideration and approval on all aspects of LCH.Clearnet's risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and, in particular, to comment on LCH.Clearnet's "Risk Appetite" statement before it is submitted to the LCH.Clearnet Board for approval.

A key input to this are detailed Audit plans by External and Internal Audit for the Audit Committee and Board's consideration and approval each year and risk-based audits are carried out during the following twelve months in accordance with these plans. The output from these audits is reported to the Audit Committee for its challenge, in the discharge of its role as third line of defence, and a report is made at each Board meeting on progress and any issues, including system issues should these arise.

## **8. Financial Viability and Reporting**

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, it maintains sufficient financial resources to ensure the proper performance of its services.

### **8.1 The clearing house has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing house in a manner that is consistent with any regulatory requirements.**

As an RCH under the FSMA, LCH.Clearnet is subject to the FSMA and other relevant laws, rules and regulations in the UK. Under the FSMA, as supplemented by the UK Companies Act, a clearing house may be "recognised" if it appears to the Bank of England that the clearing house, among other things: (i) has sufficient financial resources; (ii) has adequate systems and controls; (iii) has adequate arrangements and resources for the effective monitoring and enforcement of its rules; (iv) is able and willing to promote and maintain high standards of integrity and fair dealing and to cooperate by the sharing of information and otherwise, with the Secretary of State and any other authority, body or person having responsibility for the supervision or regulation of investment business or other financial services; and (v) has default rules which enable action to be taken to close out a Clearing Member's position in relation to all unsettled market contracts to which such Clearing Member is a party, where that Clearing Member appears to be unable to meet its obligation.

The financial resources required to support LCH.Clearnet's operations are achieved through a range of measures, including LCH.Clearnet's own capital and financial resources, ensuring that the Clearing Members are adequately capitalized, effective margining and risk management practices and the Default Fund.

LCH.Clearnet's capital and deferred incomes are held in compliance with its Treasury Investment Policy alongside cash margins and other cash amounts. Investments are made in high quality and highly liquid short term Government securities and with banks, and where possible secured against high quality collateral, meeting defined credit rating standards, subject to quantitative limits also determined by ratings. LCH.Clearnet's primary source of liquidity is the daily scheduled maturing investments of membership cash. LCH.Clearnet invests its member's cash collateral with approved counterparties through reverse repurchase transactions, the purchase of short term Government and quasi Government securities and minimal (less than 3% of the portfolio) placements in unsecured deposits with banks. The investment profile is typically short in duration with over 50% of the portfolio maturing within 3 business days. The Weighted Average Maturity of the portfolio is less than 30 days. LCH.Clearnet rarely has cause for borrowing although periodically tests its lines of market liquidity through the use of nominal borrowings.



## 9. Operational Reliability

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, it has in place procedures and processes that ensure the provision of accurate and reliable services.

### 9.1 The clearing house has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

LCH.Clearnet's core operating systems have fully adequate capacity and that adequacy is regularly reviewed.

LCH.Clearnet's basic technical standard is ISO/IEC/17799.

Security Standards are coordinated by a Senior Manager whose sole responsibilities are security and business continuity and contingency planning. He reports directly to the Head of Business Operations.

LCH.Clearnet conducts regular reviews of its 'external' security penetration testing, assisted by external consultancy. The 'external' testing confirms an independent level of assurance.

## 10. Protection of Assets

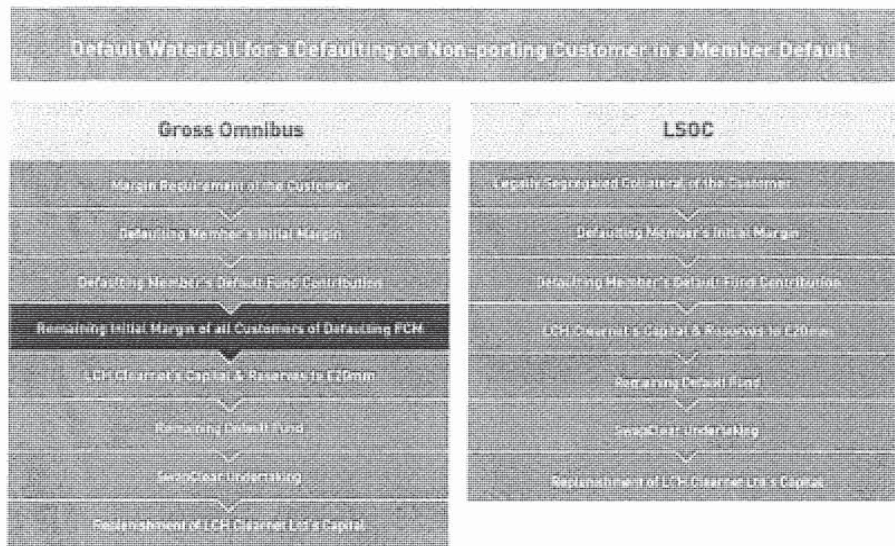
LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, it has in place account maintenance and safekeeping procedures to protect participants' assets. In particular,

### 10.1 The clearing house has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing house.

LCH.Clearnet's Clearing Member account structure and requirements are designed to complement statutory client protection mechanisms that require client funds to be segregated from a firm's own funds. LCH.Clearnet makes segregated client accounts available for its Clearing Members that have trading Clients and that are required by applicable law or exchange regulation to segregate client funds from firm funds. Non-segregated client positions and Clearing Member proprietary positions are maintained in "house" accounts with LCH.Clearnet. LCH's obligations as CCP to Clearing Member trades relate separately to positions registered in a Clearing Member's house account and such Clearing Member's segregated client account. In the event of a Clearing Member's default, LCH.Clearnet cannot offset positions in the Clearing Member's house account with those held in the Clearing Member's segregated client account, nor can LCH.Clearnet apply margin cover held in relation to positions registered in Clearing Member's segregated client account to meet shortfalls with respect to positions in the Clearing Member house account.

For the FCM model, in November 2012, a Legally Segregated Operationally Commingled ("LSOC") model was introduced in replacement of the Gross Omnibus model in order to protect customers from fellow customer risk. The rules covered in Part 22 of CFTC regulations ("LSOC rules") restrict DCOs and FCMs from utilizing the assets of one customer to meet the obligations of another. In addition to the protections provided by CFTC regulation § 1.20, LSOC requires the DCO to legally segregate the value of collateral associated with each individual customer, while allowing for a DCO to hold the collateral of all customers in an operationally commingled account. LCH.Clearnet's SwapClear Default waterfall under both Gross Omnibus and LSOC models is depicted above.

The waterfall is depicted below:



LCH.Clearnet will maintain deposits only with banks and custodians that meet defined internal credit scores, subject to quantitative limits also determined by credit scores. Such standards and limits are set in the Settlement, Payment and Custodian Risk Policy, agreed by the Risk Committee, and ratified by the Board of LCH.Clearnet.

## 11. Outsourcing

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, in connection with any material outsourcing of its clearing services with parties other than its affiliates, LCH.Clearnet follows industry best practice. In particular,

- 11.1 **Where the clearing house has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the house.**

Reviews are conducted by management with a number of suppliers to discuss their role as service providers.

LCH.Clearnet does not outsource functions to third parties. LCH.Clearnet has established a co-sourcing relationship with Tata Consulting Services ("TCS"), to provide certain IT support/data processing services. TCS is a leading service provider in India.



Under the arrangement TCS provides application and infrastructure support from India to cover clearing support services outside of the hours of the United Kingdom. The team in India comprises of TCS employees who have been trained by LCH.Clearnet. Management, control, responsibility, and accountability for the operation of the service lie with LCH.Clearnet. The arrangement has been reviewed in detail by the LCH.Clearnet Audit Committee and the Bank of England.


## 12. Information Sharing and Regulatory Cooperation

LCH.Clearnet submits that, as required by the AMF CH Recognition Criteria, LCH.Clearnet shares information with securities and derivatives regulators, other clearing agencies, exchanges, and SROs, and subject to applicable privacy laws or confidentiality provisions. In particular

### 12.1 For regulatory purposes, the clearing house cooperates by sharing information or otherwise with the AMF and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

The Bank of England participates in the LCH.Clearnet Group regulatory college led by the Autorité de Contrôle Prudentiel (France) and a Memorandum of Understanding governing information sharing has been signed by all regulators involved. The *Autorité de Contrôle Prudentiel* is the consolidated prudential supervisor of the group.

LCH.Clearnet Limited

By:   
Name: Jay Iyer  
Title: LCH.Clearnet Limited,  
Chief Compliance Officer

### 7.3.2 Publication

#### **Services de dépôt et de compensation CDS inc. (« CDS »<sup>MD</sup>) – Nouveau rapport à l'intention de l'agent dépositaire – Soumission quotidienne – Rapport de suivi de paiement**

L'Autorité des marchés financiers publie l'avis d'entrée en vigueur des modifications d'ordre technique aux Procédés et méthodes de la CDS en vue de procéder à la modification du délai réglementaire appliqué à l'enregistrement des opérations.

(Les textes sont reproduits ci-après)



Avis d'entrée en vigueur – Modifications d'ordre technique – Nouveau rapport à l'intention de l'agent dépositaire : Soumission quotidienne – Rapport de suivi de paiement

## AVIS D'ENTRÉE EN VIGUEUR – MODIFICATIONS D'ORDRE TECHNIQUE APPORTÉES AUX PROCÉDÉS ET MÉTHODES DE LA CDS

### Nouveau rapport à l'intention de l'agent dépositaire Soumission quotidienne – Rapport de suivi de paiement

#### A. DESCRIPTION DU PROJET DE MODIFICATION DES PROCÉDÉS ET MÉTHODES DE LA CDS

La modification proposée consiste en l'ajout d'un rapport offert par la CDS qui permettra aux agents dépositaires d'effectuer le suivi des soumissions effectuées par les adhérents dans le cadre des événements de marché facultatifs quotidiens.

##### Contexte

Un des flux de traitement offerts par la fonction relative aux droits et privilèges du CDSX<sup>MD</sup> concerne les événements de marché facultatifs, c'est-à-dire les événements pour lesquels les actionnaires doivent prendre une mesure (c.-à-d. soumettre des instructions) s'ils veulent y prendre part.

Les événements de marché facultatifs peuvent être traités de deux façons :

- **Événements quotidiens** : Pendant toute la durée de l'événement, les soumissions effectuées par les porteurs de titre sont traitées à la date de soumission. Le jour ouvrable suivant, l'agent dépositaire (ou l'agent payeur) verse le paiement aux porteurs ayant effectué une soumission. Les paiements quotidiens ne s'appliquent qu'aux événements continus à l'égard d'une valeur visée par un privilège pouvant être exercé jusqu'à l'échéance de ladite valeur (p. ex. dans le cas du remboursement quotidien des obligations d'épargne du Canada).
- **Événements en bloc** : Les paiements en bloc s'appliquent aux événements facultatifs pour lesquelles toutes les soumissions sont accumulées avant de faire l'objet d'un seul paiement à un moment précis. Les soumissions présentées pendant la période prévue à cette fin sont toutes traitées à la date d'échéance de l'événement. À la date de paiement de l'événement, les paiements sont versés simultanément à l'ensemble des porteurs de titres ayant effectué une soumission.

Pour effectuer le suivi des instructions de soumission présentées lors d'un événement de marché facultatif, l'agent dépositaire peut consulter les soumissions de chaque adhérent en ligne dans le CDSX ou recevoir un avis par courriel chaque fois qu'une soumission est effectuée. Toutefois, ces deux méthodes ne permettent d'obtenir des renseignements que sur un seul adhérent à la fois. Le RAPPORT DE RÉPARTITION RELATIF À UNE OFFRE – AGENT DÉPOSITAIRE déjà offert aux agents ne contient quant à lui que les renseignements globaux concernant les soumissions effectuées dans le cadre d'événements en bloc.

##### Modification proposée

La modification proposée consiste en l'ajout d'un rapport offert par la CDS intitulé SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT (RMS000106) qui permettra aux agents dépositaires de faire le suivi des instructions saisies par les adhérents dans le cadre des événements de marchés facultatifs quotidiens. Ce rapport contiendra les mêmes renseignements que ceux déjà offerts en ligne dans le CDSX et dans les avis par courriels, mais regroupera les soumissions de l'ensemble des adhérents dans un document unique, ce qui facilitera la tâche des agents au moment du rapprochement des obligations de paiement quotidiennes. Le rapport indiquera la répartition (i) des quantités totales soumises quotidiennement dans le cadre d'un événement, (ii) des participants qui ont présenté des instructions de soumission et (iii) des obligations de paiement qui en découlent.

Avis d'entrée en vigueur – Modifications d'ordre technique – Nouveau rapport à l'intention de l'agent dépositaire : Soumission quotidienne – Rapport de suivi de paiement

Le rapport contiendra deux sections :

- **Sommaire** : Une liste de tous les événements de paiement quotidiens concernant l'agent dépositaire sélectionné pour lesquels des instructions de soumission ont été présentées le jour ouvrable précédent. La quantité totale soumise sera indiquée pour chaque élément de chaque choix lié à l'événement.
- **Détails** : La liste des adhérents qui ont présenté des instructions de soumission pour chacun des choix liés à l'événement, ainsi que l'obligation de paiement totale qui en découle.

Le projet de modification des Procédés et méthodes de la CDS est étudié et approuvé par le Comité d'analyse du développement stratégique (« CADS ») de la CDS. Le CADS détermine, étudie ou supervise les projets de développement des systèmes de la CDS et les autres modifications proposées par les adhérents et par la CDS et établit l'ordre de priorité de ces projets et modifications. Ce comité compte parmi ses membres des représentants des adhérents de la CDS et se réunit tous les mois.

Ces modifications ont été étudiées et approuvées par le CADS le 4 novembre 2013.

Le projet de modification des Procédés et méthodes peut être consulté et téléchargé à partir de la page « Documentation » du site Web de la CDS, à l'adresse [www.cds.ca/cdsclearinghome.nsf/Pages/-FR-Documentation?Open](http://www.cds.ca/cdsclearinghome.nsf/Pages/-FR-Documentation?Open).

## B. CLASSEMENT – MODIFICATIONS D'ORDRE TECHNIQUE

Les modifications proposées dans le présent avis sont d'ordre technique et sont apportées dans le cadre du processus d'exploitation habituel et des pratiques administratives afférentes aux services de la CDS.

Le rapport SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT sera fondé sur l'information actuellement transmise en ligne aux agents dépositaires au moyen des écrans du CDSX ou des avis par courriel. Par conséquent, aucune modification des systèmes ou des processus des agents dépositaires n'est requise en vue de l'utilisation du rapport. De plus, aucun changement ne sera apporté à la fonction de soumission du CDSX.

Le rapport sera fourni aux agents dépositaires dans le cadre du service de gestion des rapports habituel et aucuns frais supplémentaires ne seront imputés pour l'instant. Les futurs changements dans le barème tarifaire de la CDS seront d'abord présentés au comité des frais de la CDS, puis à l'Autorité des marchés financiers, à la Banque du Canada, à la British Columbia Securities Commission ainsi qu'à la Commission des valeurs mobilières de l'Ontario aux fins d'examen et d'approbation, conformément aux décisions de reconnaissance de la CDS publiées ces organismes.

## C. DATE D'ENTRÉE EN VIGUEUR DES MODIFICATIONS DES PROCÉDÉS ET MÉTHODES DE LA CDS

La CDS est reconnue à titre de chambre de compensation par l'Autorité des marchés financiers en vertu de l'article 169 de la *Loi sur les valeurs mobilières du Québec* ainsi qu'à titre d'agence de compensation par la Commission des valeurs mobilières de l'Ontario en vertu du paragraphe 21.2 de la *Loi sur les valeurs mobilières de l'Ontario* et par la British Columbia Securities Commission en vertu du paragraphe 24d) de la *Securities Act* de la Colombie-Britannique. De plus, la CDS est réputée être la chambre de compensation pour le CDSX<sup>MD</sup>, système de compensation et de règlement désigné par la Banque du Canada en vertu de l'article 4 de la *Loi sur la compensation et le règlement des paiements*. L'AMF, la Banque du Canada, la British Columbia Securities Commission et la Commission des valeurs mobilières de l'Ontario seront ci-après collectivement appelées les « autorités de reconnaissance ».

La CDS a établi que ces modifications entreront en vigueur le 27 janvier 2014.



Avis d'entrée en vigueur – Modifications d'ordre technique – Nouveau rapport à l'intention de l'agent dépositaire : Soumission quotidienne – Rapport de suivi de paiement

**D. QUESTIONS**

Pour obtenir de plus amples renseignements au sujet du présent avis, veuillez communiquer avec :

Laura Ellick  
Directrice, Systèmes de gestion

Services de dépôt et de compensation CDS inc.  
85, rue Richmond Ouest  
Toronto (Ontario) M5H 2C9

Téléphone : 416 365-3872  
Courriel : [lelick@cds.ca](mailto:lelick@cds.ca)

### CHAPITRE 3 PROCÉDÉS ET MÉTHODES DE L'AGENT DÉPOSITAIRE

#### *Surveillance des instructions et positions soumises*

- Des bulletins qui fournissent des renseignements pertinents sur les événements sont affichés sur le site Web de la CDS. Pour obtenir de plus amples renseignements, veuillez consulter la section [Émission d'un bulletin](#) on page 8.

#### 3.4 Surveillance des instructions et positions soumises

Les agents dépositaires utilisent les ressources suivantes pour surveiller les instructions de soumission et les positions soumises :

- Service d'avertissement électronique (SAE) — Les agents dépositaires peuvent s'abonner au service afin de recevoir des avis les avertissant lorsque les adhérents effectuent des soumissions aux événements continus, soumettent des instructions de retrait de soumission ou effectuent la soumission finale totale à un événement à la date et à l'heure limites à la CDS. Pour obtenir de plus amples renseignements au sujet du Service d'avertissement électronique, veuillez consulter la section [Service d'avertissement électronique](#) du guide *Adhésion aux services de la CDS*.
- La fonction Interrogation sélection de choix — Pour consulter les offres globales par choix et les instructions et notes personnelles. L'instruction est signalée dans le but d'avertir les agents dépositaires lorsqu'une note est jointe.
- La fonction d'interrogation des positions du compte de valeurs — Pour se renseigner sur les positions dans leur compte d'offre. Pour obtenir de plus amples renseignements, veuillez consulter le *Guide de l'utilisateur et Procédés et méthodes du CDSX*.
- Rapports
  - RAPPORT DE REPARTITION RELATIF A UNE OFFRE — Indique la position cumulative soumise à l'offre pour les événements facultatifs où les adhérents doivent soumettre les instructions à un agent dépositaire.
  - RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX – AGENT DEPOSITAIRE — Indique toutes les instructions de sélection de choix n'ayant pas été prises en livraison dans le cadre d'une offre.
  - RAPPORT D'ADMISSIBILITE À L'EMISSION DE DROITS – AGENT DEPOSITAIRE — Indique si un adhérent peut recevoir des droits en utilisant la CDS.
  - RAPPORT DE REPARTITION DE SOUSCRIPTION – AGENT DEPOSITAIRE — Indique le nombre total de bons de souscription et de droits exercés, y compris le nombre de droits de majoration, la quantité d'actions supplémentaires demandée et le coût de souscription par adhérent.
  - RAPPORT SOUMISSION A L'ADJUDICATION A PRIX UNIFORME — Permet aux agents dépositaires de compiler automatiquement les données de soumission par fourchette de prix.
  - RAPPORT DE RETRAIT DE SOUMISSION NON CONFIRME - AGENT DEPOSITAIRE — Indique les instructions de sélection de choix qui ont été retirées sans avoir été confirmées par l'agent dépositaire.



### CHAPITRE 3 PROCÉDÉS ET MÉTHODES DE L'AGENT DÉPOSITAIRE

#### Autorisation des retraits de sélection de choix

- SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT — **EXTERNE** —  
Indique le total cumulé des quantités soumises le jour ouvrable précédent, les obligations de paiement correspondantes et la liste des adhérents qui ont soumis des instructions de sélection de choix.

### 3.5 Autorisation des retraits de sélection de choix

Si les droits de retrait sont disponibles, les adhérents peuvent retirer partiellement ou totalement les instructions précédemment soumises. L'état de l'instruction change pour retrait en suspens.

L'agent dépositaire doit confirmer les demandes de retrait en utilisant l'écran MISE À JOUR RETRAIT DE SÉLECTION DE CHOIX avant que le système ne traite l'opération. Après que l'agent dépositaire ait confirmé le retrait, la quantité retirée est retournée à l'adhérent et l'état de l'instruction est changé pour réglée.

Pour confirmer les retraits de la sélection de choix :

1. Accédez à l'écran MENU DES DROITS ET PRIVILÈGES on page 18. Pour obtenir de plus amples renseignements, veuillez consulter la section [Accès à l'écran MENU DES DROITS ET PRIVILÈGES](#) on page 17.
2. Tapez le chiffre correspondant à MENU DES ÉVÉNEMENTS dans le champ SÉLECTION et appuyez sur ENTRÉE. Le MENU DES ÉVÉNEMENTS on page 47 apparaît.

#### MENU DES ÉVÉNEMENTS

```

MN10          SERVICES DE DEPOT ET DE COMPENSATION CDS INC.      10:29:38
                MENU DES EVENEMENTS                               03-03-21

  1 INTERROGER UN EVENEMENT (FE10)
  2 INTERROGER UNE SELECTION DE CHOIX- ADHERENT (FS10)
  3 ENTERER UNE SELECTION DE CHOIX - ADHERENT (FSE0)
  4 INTERR SELECT CHOIX - AGENT PAYEUR D'EMETT (FSEQ0)
  5 MISE A JOUR DES CHOIX - ADHERENT (FSC0)
  6 ENTRER RETRAIT DE SELECTION DE CHOIX (FWE0)
  7 METTRE A JOUR RETRAIT DE SELECTION DE CHOIX (FWN0)
  8 CALENDRIER DES EVENEMENTS (FC10)

                SELECTION: _

PF: 1/AIDE  3/SRTIE  4/MENU  9/MESS
OPTION:     DONNEES:

```

3. Tapez le chiffre correspondant à METTRE À JOUR RETRAIT DE SÉLECTION DE CHOIX dans le champ SELECTION et appuyer sur ENTRÉE. L'écran GUIDE DE RECHERCHE D'ÉVÉNEMENT on page 48 apparaît.

**CHAPITRE 1 INTRODUCTION AUX RAPPORTS DE LA CDS**  
*Liste de rapports*

Catégorie de rapports	Nom du rapport	Code de rapport
Rapport sur les droits et privilèges	Rapport RAP DECLARATION AU MOYEN FORM 1042-S	000234
	RAPPORT DE POSITIONS APPELEES	000209
	Rapport DATE LIMITE A LA CDS – LISTE DES EVENEMENTS A VENIR	REPORT01930
	Rapport RECLAMATIONS POSITIONS RNC ET OPERATIONS EN COURS	000238F
	Rapport RECLAMATIONS POSITIONS RNC EN COURS ET OPERATIONS REGLEES	000369
	SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT – <del>EXTERNE</del>	000106
	RAPPORT DE CALCUL DES EFFETS PAYABLES	000239
	RAPPORT SOUMISSION A L'ADJUDICATION A PRIX UNIFORME	000105F
	Rapport PORTEURS INSCRITS POUR UN EVENEMENT	000205
	RAPPORT CALEN. EVENEMENT (rapport calendrier des événements)	000086
	RAPPORT INTERROG EVENEMENT (rapport interrogation des événements)	000085
	Rapport DETENTEUR INSCRIT – PAPIER COMMERCIAL ECHEANCE REPORTABLE	000123
	RAPPORT DE NUIT – DEGAGEMENT DE PAIEMENTS	000217
	RAPPORT DE REFUS DE PAIEMENT PREVU – AGENT TRANSFERT	000367
	RAPPORT DE PAIEMENTS PREVUS POUR LES ADHERENTS	000201
	RAPPORT DE PAIEMENTS PREVUS POUR LES AGENTS PAYEURS	000203
	RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX – AGENT DEPOSITAIRE	000250
	RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX - ADHERENT	000251

## CHAPITRE 13

## Rapport sur les droits et privilèges

Les rapports sur les droits et privilèges contiennent des renseignements sur les événements de droits et privilèges qui surviennent en rapport aux valeurs, notamment l'échéance et les événements d'intérêt.

Le tableau présenté ci-dessous fait état des rapports sur les droits et privilèges offerts et des codes (ID) des rapports.

Rapport	Code de rapport
Rapport RAP DECLARATION AU MOYEN FORM 1042-S (rapport sur la déclaration au moyen du formulaire 1042-S – données)	000234
RAPPORT DE POSITIONS APPELEES	000209
Rapport DATE LIMITE A LA CDS – LISTE DES EVENEMENTS A VENIR	REPORT01930
Rapport RECLAMATIONS POSITIONS RNC ET OPERATIONS EN COURS	000238F
Rapport RECLAM OPERATIONS REGL ET POSITIONS RNC EN COURS	00369F
SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT – <del>EXTERNE</del>	000106
RAPPORT DE CALCUL DES EFFETS PAYABLES	000239
RAPPORT SOUMISSION A L'ADJUDICATION A PRIX UNIFORME	000105F
RAPPORT CALEN. EVENEMENT (rapport calendrier des événements)	000086
RAPPORT INTERROG EVENEMENT (rapport interrogation des événements)	000085
Rapport PORTEURS INSCRITS POUR UN EVENEMENT	000205
Rapport DETENTEUR INSCRIT – PAPIER COMMERCIAL ECHEANCE REPORTABLE	000123
RAPPORT DE NUIT – DEGAGEMENT DE PAIEMENTS	000217
RAPPORT DE REFUS DE PAIEMENT PREVU – AGENT TRANSFERT	000367
RAPPORT DE PAIEMENTS PREVUS POUR LES ADHERENTS	000201
RAPPORT DE PAIEMENTS PREVUS POUR LES AGENTS PAYEURS	000203
RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX – AGENT DEPOSITAIRE	000250
RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX - ADHERENT	000251



**CHAPITRE 13 RAPPORT SUR LES DROITS ET PRIVILÈGES  
SOUSSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT – EXTERNE**

- DIS (distribution en espèces)
- DIV (dividende en espèces)
- DWO (dividende avec choix)
- RWS (distribution de droits ou de bons de souscription)
- SDS (distribution en actions)
- SDV (dividende en actions)
- SPN (apport partiel d'actif)
- SSP (division d'actions)

Les réclamations sont générées selon les opérations individuelles et les positions au RNC qui étaient en cours à la fin de la journée à la date de clôture des registres ou à la date de remboursement des effets payables (dans la mesure où l'effet payable s'applique).

**13.6 SOUSSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT – EXTERNE**

Code de rapport	000106
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), EVENT ID (code d'événement)
Regroupement	Quantité totale soumise par article de soumission de valeurs Montant total soumis par article de soumission en espèces Quantité totale soumise par participant par article de soumission Paiement total à recevoir par article à recevoir

Ce rapport fait état de tous les événements de paiement quotidiens pour lesquels des instructions de sélection de choix ont été soumises le jour ouvrable précédent, ainsi que des quantités totales soumises pour chaque article rattaché à un choix. Il contient une liste des adhérents qui ont soumis des instructions de sélection de choix dans le cadre d'un choix et indique les obligations de paiement totales y afférentes. Pour le suivi des soumissions effectuées dans le cadre des événements en bloc, reportez-vous à la section [RAPPORT DE REPARTITION RELATIF A UNE OFFRE – AGENT DEPOSITAIRE](#) à la page 79.

**CHAPITRE 13 RAPPORT SUR LES DROITS ET PRIVILÈGES  
RAPPORT DE CALCUL DES EFFETS PAYABLES**

**13.7 RAPPORT DE CALCUL DES EFFETS PAYABLES**

Code de rapport	000239F
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	LEDGER (grand livre), EVENT TYPE (type d'événement), EVENT ID (code d'événement)
Regroupement	POSITION RECTIFIÉE À LA DATE DE CLÔTURE DES REGISTRES POSITION RECTIFIÉE DES EFFETS PAYABLES DROITS ET PRIVILÈGES NETS

**Types d'événements de distribution en valeurs**

Ce rapport est généré à la date de paiement à la CDS et fait état de tous les règlements et rajustements applicables effectués dans un grand livre du lendemain matin de la date de clôture des registres à la fin de la journée de la date de remboursement des effets payables, pour les types d'événements suivants :

- RWS (distribution de droits ou de bons de souscription)
- SDS (distribution en actions)
- SDV (dividende en actions)
- SPN (apport partiel d'actif)
- SSP (division en actions)

**Types d'événements de distribution en espèces**

Pour les événements DIV (dividende en espèces) et DIS (distribution en espèces) dont les dates de remboursement des effets payables sont à la date de paiement à la CDS ou après, le rapport est généré :

- à la date de paiement à la CDS – Il fait état de tous les règlements et rajustements effectués dans un grand livre particulier du lendemain matin de la date de clôture des registres à la fin de la journée la veille de la date de paiement à la CDS.
- à la date de remboursement des effets payables – il fait état de tous les règlements et rajustements effectués dans un grand livre particulier du lendemain matin de la date de clôture des registres à la fin de la journée de la date de remboursement des effets payables (y compris les transactions précédemment inscrites au rapport généré à la date de paiement à la CDS).

**CHAPITRE 13 RAPPORT SUR LES DROITS ET PRIVILÈGES  
RAPPORT SOMMAIRE DES PAIEMENTS PREVUS – ADHERENTS**

Le présent rapport fait état de tous les paiements des droits et privilèges des adhérents et des agents payeurs, qui ont été émis la nuit, le jour même ou par STPGV.

Les effets soumis et les effets reçus d'un événement peuvent être indiqués dans divers rapports, après que l'agent payeur a émis les effets soumis à son grand livre. Si l'agent payeur émet l'effet avant que le paiement n'ait été versé à la date prévue, les effets soumis et les effets reçus sont indiqués dans le rapport SOMMAIRE – DEGAGEMENT DE PAIEMENTS, produit à la fin de la date de paiement.

Toutefois, si l'effet soumis est émis au grand livre de l'agent payeur au moyen du processus automatisé de fin de journée de la CDS à la date du paiement, l'effet reçu est indiqué dans le rapport SOMMAIRE – DEGAGEMENT DE PAIEMENTS produit à la date du paiement, alors que l'effet soumis est indiqué dans le rapport produit le lendemain de la date du paiement.

### 13.27 RAPPORT SOMMAIRE DES PAIEMENTS PREVUS – ADHERENTS

Code de rapport	001910
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), INSTRUMENT TYPE (type de titre), CURRENCY (monnaie), CDS PAYABLE DATE (date de paiement à la CDS), SECURITY NBR (numéro de la valeur), EVENT ID (code d'événement), OPTION (choix)
Regroupement	QUANTITÉ DE VALEURS (par effet), FONDS (par effet)

Ce rapport fait état de tous les événements devant être payés le jour même ou au prochain jour ouvrable.

### 13.28 RAPPORT SOMMAIRE DES PAIEMENTS PREVUS – AGENTS PAYEURS

Code de rapport	001911
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), INSTRUMENT TYPE (type d'effet), CURRENCY (monnaie), CDS PAYABLE DATE (date de paiement à la CDS), SECURITY NBR (numéro de la valeur), EVENT ID (code d'événement), OPTION (choix)
Regroupement	QUANTITÉ DE VALEURS(par effet), FONDS (par effet)



**CHAPITRE 13 RAPPORT SUR LES DROITS ET PRIVILÈGES  
RAPPORT DE REPARTITION RELATIF A UNE OFFRE – AGENT DEPOSITAIRE**

Ce rapport fait état de tous les événements devant être payés le jour même ou au prochain jour ouvrable.

**13.29 RAPPORT DE REPARTITION RELATIF A UNE OFFRE – AGENT DEPOSITAIRE**

Code de rapport	000213
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), EVENT ID (code d'événement), OPTION (choix)
Regroupement	QUANTITÉS SOUMISES À L'OFFRE (par choix et événement)

Ce rapport fait état de la position cumulative de l'adhérent soumise à l'offre pour des événements en bloc avec choix facultatifs jusqu'à la date de paiement à la CDS. Le rapport est produit pour tous les choix facultatifs pour lesquels un adhérent doit soumettre des instructions à un agent dépositaire. Pour le suivi des soumissions effectuées dans le cadre des événements quotidiens, consultez la section [SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT – EXTERNE](#) à la page 68.

**13.30 RAPPORT DE REPARTITION DE SOUMISSION – ADHERENT**

Code de rapport	000282
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), EVENT ID (code d'événement), OPTION (choix), TENDERS (soumissions) en ordre chronologique croissant
Regroupement	QUANTITÉ SOUMISE, QUANTITÉ RÉGLÉE, MONTANT RETIRÉ, TOTAL GÉNÉRAL (par choix et événement)

Ce rapport fait état de toutes les positions cumulatives soumises à l'offre de l'adhérent pour tous les événements avec choix facultatifs jusqu'à la date de paiement à la CDS. Le rapport est produit pour les événements avec choix facultatifs pour lesquels l'adhérent doit soumettre des instructions à un agent dépositaire.

**13.31 RAPPORT DE CONVERSION D'OPERATIONS – DDJ**

Code de rapport	000268
Disponible	Quotidiennement

### CHAPITRE 3 PROCÉDÉS ET MÉTHODES DE L'AGENT DÉPOSITAIRE

#### *Surveillance des instructions et positions soumises*

- Des bulletins qui fournissent des renseignements pertinents sur les événements sont affichés sur le site Web de la CDS. Pour obtenir de plus amples renseignements, veuillez consulter la section [Émission d'un bulletin](#) on page 8.

#### 3.4 Surveillance des instructions et positions soumises

Les agents dépositaires utilisent les ressources suivantes pour surveiller les instructions de soumission et les positions soumises :

- Service d'avertissement électronique (SAE) — Les agents dépositaires peuvent s'abonner au service afin de recevoir des avis les avertissant lorsque les adhérents effectuent des soumissions aux événements continus, soumettent des instructions de retrait de soumission ou effectuent la soumission finale totale à un événement à la date et à l'heure limites à la CDS. Pour obtenir de plus amples renseignements au sujet du Service d'avertissement électronique, veuillez consulter la section [Service d'avertissement électronique](#) du guide *Adhésion aux services de la CDS*.
- La fonction Interrogation sélection de choix — Pour consulter les offres globales par choix et les instructions et notes personnelles. L'instruction est signalée dans le but d'avertir les agents dépositaires lorsqu'une note est jointe.
- La fonction d'interrogation des positions du compte de valeurs — Pour se renseigner sur les positions dans leur compte d'offre. Pour obtenir de plus amples renseignements, veuillez consulter le *Guide de l'utilisateur et Procédés et méthodes du CDSX*.
- Rapports
  - RAPPORT DE REPARTITION RELATIF A UNE OFFRE — Indique la position cumulative soumise à l'offre pour les événements facultatifs où les adhérents doivent soumettre les instructions à un agent dépositaire.
  - RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX – AGENT DEPOSITAIRE — Indique toutes les instructions de sélection de choix n'ayant pas été prises en livraison dans le cadre d'une offre.
  - RAPPORT D'ADMISSIBILITE À L'EMISSION DE DROITS – AGENT DEPOSITAIRE — Indique si un adhérent peut recevoir des droits en utilisant la CDS.
  - RAPPORT DE REPARTITION DE SOUSCRIPTION – AGENT DEPOSITAIRE — Indique le nombre total de bons de souscription et de droits exercés, y compris le nombre de droits de majoration, la quantité d'actions supplémentaires demandée et le coût de souscription par adhérent.
  - RAPPORT SOUMISSION A L'ADJUDICATION A PRIX UNIFORME — Permet aux agents dépositaires de compiler automatiquement les données de soumission par fourchette de prix.
  - RAPPORT DE RETRAIT DE SOUMISSION NON CONFIRME - AGENT DEPOSITAIRE — Indique les instructions de sélection de choix qui ont été retirées sans avoir été confirmées par l'agent dépositaire.

### CHAPITRE 3 PROCÉDÉS ET MÉTHODES DE L'AGENT DÉPOSITAIRE

#### Autorisation des retraits de sélection de choix

- SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT — Indique le total cumulé des quantités soumises le jour ouvrable précédent, les obligations de paiement correspondantes et la liste des adhérents qui ont soumis des instructions de sélection de choix.

### 3.5 Autorisation des retraits de sélection de choix

Si les droits de retrait sont disponibles, les adhérents peuvent retirer partiellement ou totalement les instructions précédemment soumises. L'état de l'instruction change pour retrait en suspens.

L'agent dépositaire doit confirmer les demandes de retrait en utilisant l'écran MISE À JOUR RETRAIT DE SÉLECTION DE CHOIX avant que le système ne traite l'opération. Après que l'agent dépositaire ait confirmé le retrait, la quantité retirée est retournée à l'adhérent et l'état de l'instruction est changé pour réglée.

Pour confirmer les retraits de la sélection de choix :

1. Accédez à l'écran MENU DES DROITS ET PRIVILÈGES on page 18. Pour obtenir de plus amples renseignements, veuillez consulter la section [Accès à l'écran MENU DES DROITS ET PRIVILÈGES](#) on page 17.
2. Tapez le chiffre correspondant à MENU DES ÉVÉNEMENTS dans le champ SÉLECTION et appuyez sur ENTRÉE. Le MENU DES ÉVÉNEMENTS on page 47 apparaît.

#### MENU DES ÉVÉNEMENTS

```

MN10          SERVICES DE DEPOT ET DE COMPENSATION CDS INC.          10:29:38
                MENU DES EVENEMENTS                                03-03-21

  1 INTERROGER UN EVENEMENT (FE10)
  2 INTERROGER UNE SELECTION DE CHOIX- ADHERENT (FS10)
  3 ENTERER UNE SELECTION DE CHOIX - ADHERENT (FSE0)
  4 INTERR SELECT CHOIX - AGENT PAYEUR D'EMETT (FSQ0)
  5 MISE A JOUR DES CHOIX - ADHERENT (FSC0)
  6 ENTRER RETRAIT DE SELECTION DE CHOIX (FWE0)
  7 METTRE A JOUR RETRAIT DE SELECTION DE CHOIX (FWN0)
  8 CALENDRIER DES EVENEMENTS (FC10)

                SELECTION: _

PF: 1/AIDE  3/SRTIE  4/MENU  9/MESS
OPTION:     DONNEES:

```

3. Tapez le chiffre correspondant à METTRE À JOUR RETRAIT DE SÉLECTION DE CHOIX dans le champ SELECTION et appuyer sur ENTRÉE. L'écran GUIDE DE RECHERCHE D'ÉVÉNEMENT on page 48 apparaît.



**CHAPITRE 1 INTRODUCTION AUX RAPPORTS DE LA CDS**  
*Liste de rapports*

<b>Catégorie de rapports</b>	<b>Nom du rapport</b>	<b>Code de rapport</b>
Rapport sur les droits et privilèges	Rapport RAP DECLARATION AU MOYEN FORM 1042-S	000234
	RAPPORT DE POSITIONS APPELEES	000209
	Rapport DATE LIMITE A LA CDS – LISTE DES EVENEMENTS A VENIR	REPORT01930
	Rapport RECLAMATIONS POSITIONS RNC ET OPERATIONS EN COURS	000238F
	Rapport RECLAMATIONS POSITIONS RNC EN COURS ET OPERATIONS REGLEES	000369
	SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT	000106
	RAPPORT DE CALCUL DES EFFETS PAYABLES	000239
	RAPPORT SOUMISSION A L'ADJUDICATION A PRIX UNIFORME	000105F
	Rapport PORTEURS INSCRITS POUR UN EVENEMENT	000205
	RAPPORT CALEN. EVENEMENT (rapport calendrier des événements)	000086
	RAPPORT INTERROG EVENEMENT (rapport interrogation des événements)	000085
	Rapport DETENTEUR INSCRIT – PAPIER COMMERCIAL ECHEANCE REPORTABLE	000123
	RAPPORT DE NUIT – DEGAGEMENT DE PAIEMENTS	000217
	RAPPORT DE REFUS DE PAIEMENT PREVU – AGENT TRANSFERT	000367
	RAPPORT DE PAIEMENTS PREVUS POUR LES ADHERENTS	000201
	RAPPORT DE PAIEMENTS PREVUS POUR LES AGENTS PAYEURS	000203
	RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX – AGENT DEPOSITAIRE	000250
	RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX - ADHERENT	000251

## CHAPITRE 13

**Rapport sur les droits et privilèges**

Les rapports sur les droits et privilèges contiennent des renseignements sur les événements de droits et privilèges qui surviennent en rapport aux valeurs, notamment l'échéance et les événements d'intérêt.

Le tableau présenté ci-dessous fait état des rapports sur les droits et privilèges offerts et des codes (ID) des rapports.

Rapport	Code de rapport
Rapport RAP DECLARATION AU MOYEN FORM 1042-S (rapport sur la déclaration au moyen du formulaire 1042-S – données)	000234
RAPPORT DE POSITIONS APPELEES	000209
Rapport DATE LIMITE A LA CDS – LISTE DES EVENEMENTS A VENIR	REPORT01930
Rapport RECLAMATIONS POSITIONS RNC ET OPERATIONS EN COURS	000238F
Rapport RECLAM OPERATIONS REGL ET POSITIONS RNC EN COURS	00369F
SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT	000106
RAPPORT DE CALCUL DES EFFETS PAYABLES	000239
RAPPORT SOUMISSION A L'ADJUDICATION A PRIX UNIFORME	000105F
RAPPORT CALEN. EVENEMENT (rapport calendrier des événements)	000086
RAPPORT INTERROG EVENEMENT (rapport interrogation des événements)	000085
Rapport PORTEURS INSCRITS POUR UN EVENEMENT	000205
Rapport DETENTEUR INSCRIT – PAPIER COMMERCIAL ECHEANCE REPORTABLE	000123
RAPPORT DE NUIT – DEGAGEMENT DE PAIEMENTS	000217
RAPPORT DE REFUS DE PAIEMENT PREVU – AGENT TRANSFERT	000367
RAPPORT DE PAIEMENTS PREVUS POUR LES ADHERENTS	000201
RAPPORT DE PAIEMENTS PREVUS POUR LES AGENTS PAYEURS	000203
RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX – AGENT DEPOSITAIRE	000250
RAPPORT DE REFUS D'INSTRUCTIONS DE CHOIX - ADHERENT	000251

**CHAPITRE 13 RAPPORT SUR LES DROITS ET PRIVILÈGES  
SOUSSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT**

- DIS (distribution en espèces)
- DIV (dividende en espèces)
- DWO (dividende avec choix)
- RWS (distribution de droits ou de bons de souscription)
- SDS (distribution en actions)
- SDV (dividende en actions)
- SPN (apport partiel d'actif)
- SSP (division d'actions)

Les réclamations sont générées selon les opérations individuelles et les positions au RNC qui étaient en cours à la fin de la journée à la date de clôture des registres ou à la date de remboursement des effets payables (dans la mesure où l'effet payable s'applique).

### 13.6 SOUSSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT

Code de rapport	000106
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), EVENT ID (code d'événement)
Regroupement	Quantité totale soumise par article de soumission de valeurs Montant total soumis par article de soumission en espèces Quantité totale soumise par participant par article de soumission Paiement total à recevoir par article à recevoir

Ce rapport fait état de tous les événements de paiement quotidiens pour lesquels des instructions de sélection de choix ont été soumises le jour ouvrable précédent, ainsi que des quantités totales soumises pour chaque article rattaché à un choix. Il contient une liste des adhérents qui ont soumis des instructions de sélection de choix dans le cadre d'un choix et indique les obligations de paiement totales y afférentes. Pour le suivi des soumissions effectuées dans le cadre des événements en bloc, reportez-vous à la section [RAPPORT DE REPARTITION RELATIF A UNE OFFRE – AGENT DEPOSITAIRE](#) à la page 79.



**CHAPITRE 13 RAPPORT SUR LES DROITS ET PRIVILÈGES  
RAPPORT DE CALCUL DES EFFETS PAYABLES**

### 13.7 RAPPORT DE CALCUL DES EFFETS PAYABLES

Code de rapport	000239F
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	LEDGER (grand livre), EVENT TYPE (type d'événement), EVENT ID (code d'événement)
Regroupement	POSITION RECTIFIÉE À LA DATE DE CLÔTURE DES REGISTRES POSITION RECTIFIÉE DES EFFETS PAYABLES DROITS ET PRIVILÈGES NETS

#### **Types d'événements de distribution en valeurs**

Ce rapport est généré à la date de paiement à la CDS et fait état de tous les règlements et rajustements applicables effectués dans un grand livre du lendemain matin de la date de clôture des registres à la fin de la journée de la date de remboursement des effets payables, pour les types d'événements suivants :

- RWS (distribution de droits ou de bons de souscription)
- SDS (distribution en actions)
- SDV (dividende en actions)
- SPN (apport partiel d'actif)
- SSP (division en actions)

#### **Types d'événements de distribution en espèces**

Pour les événements DIV (dividende en espèces) et DIS (distribution en espèces) dont les dates de remboursement des effets payables sont à la date de paiement à la CDS ou après, le rapport est généré :

- à la date de paiement à la CDS – Il fait état de tous les règlements et rajustements effectués dans un grand livre particulier du lendemain matin de la date de clôture des registres à la fin de la journée la veille de la date de paiement à la CDS.
- à la date de remboursement des effets payables – il fait état de tous les règlements et rajustements effectués dans un grand livre particulier du lendemain matin de la date de clôture des registres à la fin de la journée de la date de remboursement des effets payables (y compris les transactions précédemment inscrites au rapport généré à la date de paiement à la CDS).

**CHAPITRE 13 RAPPORT SUR LES DROITS ET PRIVILÈGES  
RAPPORT SOMMAIRE DES PAIEMENTS PREVUS – ADHERENTS**

Le présent rapport fait état de tous les paiements des droits et privilèges des adhérents et des agents payeurs, qui ont été émis la nuit, le jour même ou par STPGV.

Les effets soumis et les effets reçus d'un événement peuvent être indiqués dans divers rapports, après que l'agent payeur a émis les effets soumis à son grand livre. Si l'agent payeur émet l'effet avant que le paiement n'ait été versé à la date prévue, les effets soumis et les effets reçus sont indiqués dans le rapport SOMMAIRE – DEGAGEMENT DE PAIEMENTS, produit à la fin de la date de paiement.

Toutefois, si l'effet soumis est émis au grand livre de l'agent payeur au moyen du processus automatisé de fin de journée de la CDS à la date du paiement, l'effet reçu est indiqué dans le rapport SOMMAIRE – DEGAGEMENT DE PAIEMENTS produit à la date du paiement, alors que l'effet soumis est indiqué dans le rapport produit le lendemain de la date du paiement.

### 13.27 RAPPORT SOMMAIRE DES PAIEMENTS PREVUS – ADHERENTS

Code de rapport	001910
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), INSTRUMENT TYPE (type de titre), CURRENCY (monnaie), CDS PAYABLE DATE (date de paiement à la CDS), SECURITY NBR (numéro de la valeur), EVENT ID (code d'événement), OPTION (choix)
Regroupement	QUANTITÉ DE VALEURS (par effet), FONDS (par effet)

Ce rapport fait état de tous les événements devant être payés le jour même ou au prochain jour ouvrable.

### 13.28 RAPPORT SOMMAIRE DES PAIEMENTS PREVUS – AGENTS PAYEURS

Code de rapport	001911
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), INSTRUMENT TYPE (type d'effet), CURRENCY (monnaie), CDS PAYABLE DATE (date de paiement à la CDS), SECURITY NBR (numéro de la valeur), EVENT ID (code d'événement), OPTION (choix)
Regroupement	QUANTITÉ DE VALEURS(par effet), FONDS (par effet)

**CHAPITRE 13 RAPPORT SUR LES DROITS ET PRIVILÈGES  
RAPPORT DE REPARTITION RELATIF A UNE OFFRE – AGENT DEPOSITAIRE**

Ce rapport fait état de tous les événements devant être payés le jour même ou au prochain jour ouvrable.

**13.29 RAPPORT DE REPARTITION RELATIF A UNE OFFRE – AGENT DEPOSITAIRE**

Code de rapport	000213
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), EVENT ID (code d'événement), OPTION (choix)
Regroupement	QUANTITÉS SOUMISES À L'OFFRE (par choix et événement)

Ce rapport fait état de la position cumulative de l'adhérent soumise à l'offre pour des événements en bloc avec choix facultatifs jusqu'à la date de paiement à la CDS. Le rapport est produit pour tous les choix facultatifs pour lesquels un adhérent doit soumettre des instructions à un agent dépositaire. Pour le suivi des soumissions effectuées dans le cadre des événements quotidiens, consultez la section [SOUMISSION QUOTIDIENNE – RAPPORT DE SUIVI DE PAIEMENT](#) à la page 68.

**13.30 RAPPORT DE REPARTITION DE SOUMISSION – ADHERENT**

Code de rapport	000282
Disponible	Quotidiennement
Données disponibles	En fin de journée
Période d'archivage	Sept ans
Ordre de tri	EVENT TYPE (type d'événement), EVENT ID (code d'événement), OPTION (choix), TENDERS (soumissions) en ordre chronologique croissant
Regroupement	QUANTITÉ SOUMISE, QUANTITÉ RÉGLÉE, MONTANT RETIRÉ, TOTAL GÉNÉRAL (par choix et événement)

Ce rapport fait état de toutes les positions cumulatives soumises à l'offre de l'adhérent pour tous les événements avec choix facultatifs jusqu'à la date de paiement à la CDS. Le rapport est produit pour les événements avec choix facultatifs pour lesquels l'adhérent doit soumettre des instructions à un agent dépositaire.

**13.31 RAPPORT DE CONVERSION D'OPERATIONS – DDJ**

Code de rapport	000268
Disponible	Quotidiennement
Données disponibles	Au début de la journée



## 7.4 AUTRES CONSULTATIONS

Aucune information.

## 7.5 AUTRES DÉCISIONS

Aucune information.