

IMPORTANT NOTICE

DTCC Deriv/SERV LLC



#: 577
DATE: July 18, 2007
TO: Distribution
FROM: Debra W. Cook
SUBJECT: Revisions to Operating Procedures – Warehouse Appendix

Attached is the revised Trade Warehouse Appendix to the Deriv/SERV Operating Procedures, marked to show changes from the current version. The revision adds Section VIII to the Appendix, relating to processing for Credit Events in an Industry Protocol, which is part of the upcoming Release 2.3 of the Warehouse, and makes certain conforming changes. New Section VIII and the other marked changes are effective at the time of implementation of Release 2.3 of the Warehouse, currently scheduled for August 16, 2007.

Any questions or comments regarding this Important Notice should be directed to:

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Trade Warehouse Appendix to
DTCC Deriv/SERV Operating Procedures

DTCC DERIV/SERV TRADE INFORMATION WAREHOUSE

I. INTRODUCTION

The DTCC Deriv/SERV Trade Information Warehouse (the “Warehouse”) is implemented and maintained by the Company for the benefit of Users and is intended as a central trade information warehouse for records of eligible transactions (“Warehouse Eligible Transactions”). All Warehouse Eligible Transactions (and related records) included or to be included in the Warehouse from time to time shall be subject to the provisions set forth in this Appendix and the Company’s Applicable Publications, each as may be amended from time to time. The Warehouse will be deemed to be part of the “System” for purposes of the Operating Procedures; provided that in the event of any conflict between this Appendix and any other provision of the Operating Procedures (or the appendices thereto) in connection with a Warehouse Eligible Transaction (and related records) included or to be included in the Warehouse, this Appendix shall govern.

II. WAREHOUSE ELIGIBLE TRANSACTIONS

The initial Warehouse Eligible Transactions will be credit default swap transactions that are eligible to be confirmed under Appendices B, C and K of the Operating Procedures (i.e., single name credit default swaps (using master confirmation agreements, default master confirmation agreements or the ISDA physical settlement matrix) and index credit default swaps (using master confirmation agreements, default master confirmation agreements or published standard terms). The elements of the record to be maintained in the Warehouse for any Warehouse Eligible Transaction shall be as set forth in the applicable Appendix of the Operating Procedures for transactions of that type, in this Appendix or in any other template adopted by the Company for that purpose from time to time, in each case with such modifications as the Company shall determine.

The Company may from time to time designate additional categories of transactions as Warehouse Eligible Transactions by amendment to the Operating Procedures or by Important Notice or through Applicable Publications.

III. INITIAL SUBMISSION OF WAREHOUSE TRANSACTIONS

On or after the date specified by the Company through an Important Notice for each category of Warehouse Eligible Transaction (the “Warehouse Inception Date”), records of Warehouse Eligible Transactions of that category may be included in the Warehouse in any of the following manners:

- Records of New Trades in Warehouse Eligible Transactions that have been submitted on or after the Warehouse Inception Date to the confirmation and matching service of the System (the “DTCC Confirmation Service”) for

confirmation will automatically be included in the Warehouse. For purposes hereof, a “New Trade” will be either a new Warehouse Eligible Transaction entered into between Users or a Warehouse Eligible Transaction between Users resulting from an assignment or novation of a Warehouse Eligible Transaction.

- The Company may from time to time enter into arrangements with other confirmation matching services or facilities (“Other Confirmation Services”) pursuant to which records of New Trades in Warehouse Eligible Transactions confirmed through those systems on or following the Warehouse Inception Date may be included in the Warehouse. The Company will designate any such Other Confirmation Services, and any applicable procedures for the inclusion in the Warehouse of records of Warehouse Eligible Transactions from those Other Confirmation Services in the Warehouse, by amendment to these Operating Procedures or by Important Notice or through Applicable Publications.
- Records of other Warehouse Eligible Transactions may be included in the Warehouse through the backloading procedures set forth in Section VI below.

New records of Warehouse Eligible Transactions may not be included in the Warehouse in any other manner. The record for each Warehouse Eligible Transaction that has been included in the Warehouse will be referred to as a “Warehouse Record” and the related transaction will be referred to as a “Warehouse Transaction” hereunder. The Warehouse Record will consist of the applicable Transaction Records (as defined in the Operating Procedures) for the relevant type of transaction as specified by the Operating Procedures, and may be modified from time to time by Modifications (as defined in Section IV below). Following the occurrence of a Modification, the Warehouse Record for purposes hereof will be the Warehouse Record as so modified. All Warehouse Records will, upon inclusion in the Warehouse, be assigned a DTCC Trade Reference Identifier (“TRI”) that will enable Users to track such Warehouse Records in the Warehouse.

The Warehouse will maintain the current status of each Warehouse Record as “Certain,” “Uncertain” or in certain cases, “Unconfirmed/Alleged”, as described in more detail herein. With respect to Warehouse Records for New Trades included in the Warehouse through submission to the DTCC Confirmation Service, such Warehouse Records will have a status of “Certain” upon achieving a status of “Confirmed” in the DTCC Confirmation Service and satisfaction of any applicable business validation rules specified by the Company in the Applicable Publications (the “Validation Rules”). Prior to achieving a status of “Certain” in the Warehouse, such Warehouse Records will have a status of “Unconfirmed/Alleged” in the Warehouse. If a Warehouse Record for a New Trade submitted to the DTCC Confirmation Service that has a status of “Unconfirmed/Alleged” is cancelled in accordance with Section 3 of the Operating Procedures, such Warehouse Record will be removed from the Warehouse.

Warehouse Records included in the Warehouse through backloading will initially have a status of “Certain” as provided in Section VI below. Warehouse Records for New Trades included in the Warehouse from Other Confirmation Services will have a status of “Certain” as

specified in any procedures adopted by the Company with respect to such Other Confirmation Services.

IV. MODIFICATION OF WAREHOUSE RECORDS

The terms and status of a Warehouse Record in the Warehouse may be modified from time to time to reflect certain confirmable and non-confirmable post-trade events and, if applicable, credit events with respect to the related Warehouse Transaction (each, a “Modification”).

A. Confirmable Modifications

Confirmable post-trade events (“Confirmable Modifications”) will include the following actions by the parties to a Warehouse Transaction:

- Amendment
- Assignment/novation
- Increase
- Partial Termination
- Full Termination
- Any other post-trade events as may be specified by the Company in the Applicable Publications.

The Warehouse will reflect Confirmable Modifications that have been submitted to the DTCC Confirmation Service as follows: If a Confirmable Modification is submitted to the DTCC Confirmation Service but has not yet been confirmed through the DTCC Confirmation Service (*i.e.*, it has the status of “Unconfirmed” or “Alleged” in the DTCC Confirmation Service), the status of the Warehouse Record will become “Uncertain”. Upon confirmation of the Confirmable Modification through the DTCC Confirmation Service and satisfaction of any applicable Validation Rules, the Warehouse Record will be updated and will again have a status of “Certain.”

The Warehouse may also reflect Confirmable Modifications that have been confirmed through Other Confirmation Services, as may be specified by the Company. Following submission of such confirmed Confirmable Modification and satisfaction of any applicable Validation Rules, the Warehouse Record will be updated and will have a status of “Certain”.

In addition, the status of a Warehouse Record may become “Uncertain” if, as a result of Confirmable Modifications confirmed out of order or mistakenly confirmed, the relevant notional amount (or similar term thereto) set forth in a Warehouse Record becomes negative.

B. Non-Confirmable Modifications

The Company may from time to time adopt procedures for the modification of Warehouse Records (without action by Users) to reflect certain post-trade events on the basis of information provided by certain third party sources (“Non-Confirmable Modifications”),

including, without limitation, (i) factor adjustments for relevant indexes provided by index sponsors or parties designated by index sponsors and (ii) rate resets based on index values or levels published by designated sources. The Company will implement any such procedures through an amendment to the Operating Procedures.

Prior to the adoption of any such applicable procedures, the parties to a Warehouse Transaction will be responsible for either amending the related Warehouse Record to reflect any relevant Non-Confirmable Modifications or submitting “exit” records with respect to such Warehouse Record following such Non-Confirmable Modification.

C. ~~C.~~ Credit ~~Events~~Event Modifications.

The Company ~~may from time to time~~has adopted pursuant to Section VIII of the Appendix and may adopt additional procedures for the modification of certain Warehouse Records that are credit default swap transactions to reflect the occurrence of certain credit events ~~and/or the delivery of credit event notices and similar notices between the parties to such a transaction (collectively,~~ (“Credit Event Modifications”). The Company will notify ~~Users~~users of ~~any~~additional such procedures through an amendment to the Operating Procedures or by Important Notice or through Applicable Publications.

~~Prior to the adoption of such procedures,~~Pending the adoption of additional procedures, if a credit event notice or similar notice is delivered and a Protocol Settlement Designation pursuant to Section VIII of this Appendix is not made (i) with respect to a Warehouse Transaction that is a “single name” credit default swap, ~~if a credit event notice or similar notice is delivered,~~ the parties to such transaction must submit “exit” records with respect to the related Warehouse Record, as provided in Section V below; and (ii) with respect to a Warehouse Transaction that is an “index” credit default swap, the related Warehouse Record may be maintained in the Warehouse ~~following the delivery of credit event notices or similar notices~~ but will not reflect any such delivery or any settlement with respect to ~~a~~the related credit event under such Warehouse Transaction (unless the parties amend the Warehouse Record accordingly or the relevant information is provided to the Company through other means as may be designated by the Company in an amendment to the Operating Procedures).

V. LEGAL STATUS OF WAREHOUSE TRANSACTIONS AND WAREHOUSE RECORDS

Each User that is party to a Warehouse Transaction shall be deemed to agree that, notwithstanding any provisions in any applicable Master Document or other documentation relating to such transaction:

(i) as of any date, the related Warehouse Record, if it has a current status of “Certain,” represents the definitive record of the applicable Replaced Document for such Warehouse Transaction as of such date and shall supersede any other documentation or understanding, whether written, oral or electronic, between the parties with respect to such

Replaced Document (except as otherwise provided below with respect to “index” credit default swaps and in Section VI below with respect to backloaded Warehouse Records);

(ii) such Warehouse Record shall constitute an acceptable method under the related Master Documents for evidencing the terms to be specified in the applicable Replaced Document;

(iii) upon the occurrence of any Modification of a Warehouse Record and establishment of a current status of “Certain” with respect thereto, the Warehouse Record shall be deemed to have been amended and restated to reflect such Modification;

(iv) a Warehouse Record with a current status of “Certain” shall have the same legal effect as a fully executed Replaced Document or amended and restated Replaced Document, as the case may be, entered into pursuant to and subject to the terms of the related Master Documents and shall evidence a transaction between the two Users whose terms and provisions will be set forth in, governed by, construed in accordance with and subject to such record itself, such Master Documents and the Operating Procedures (including the applicable appendices thereto); and

(v) without limiting the foregoing, the determination of any payments (including Informational Payment Calculations described in Section VII) or settlements by the Company with respect to a Warehouse Transaction shall be made solely on the basis of the related Warehouse Record, the Operating Procedures and certain assumptions as may be adopted from time to time by the Company and set forth by Important Notice or through Applicable Publications. For this purpose, the Company shall not be deemed to have notice of the terms of any other agreement or understanding between Users, including without limitation, Master Documents.

A Warehouse Record that has a current status of “Uncertain” or “Unconfirmed/Alleged” will not be subject to the provisions set forth above applicable to Warehouse Records with a status of “Certain”. The fact that a Warehouse Record has a current status of “Uncertain” or “Unconfirmed/Alleged” does not, however, necessarily indicate that the related Warehouse Transaction is not a binding agreement or that all of the terms of such Warehouse Record, or any particular terms, are uncertain or disputed. The legal status of a Warehouse Record with a current status of “Uncertain” or “Unconfirmed/Alleged” or of the related Warehouse Transaction (and the terms thereof) will depend, among other things, on the provisions of the applicable Master Documents or other documentation relating to the relevant Warehouse Transaction, including the procedures for contract formation agreed to by the parties, the relevant Warehouse Record, the relationship between the parties, communications, negotiations and actions by the parties with respect to the Warehouse Transaction and any Applicable Law. For the avoidance of doubt, the fact that a Warehouse Record has a status of “Uncertain” at any time shall not be deemed to retroactively affect the status of such record as “Certain” at any prior time.

The parties to a Warehouse Transaction may, through procedures described in Applicable Publications, submit an “exit” record indicating their intent to remove (or “exit”) the related Warehouse Record from the Warehouse. If one User submits such an “exit” record to the

Company with respect to a Warehouse Record, the current status of such Warehouse Record will become “Uncertain,” with the consequences described in the preceding paragraph. Upon confirmation of an “exit” record by both parties to a Warehouse Transaction, as described in Applicable Publications, the related Warehouse Record shall cease to be a Warehouse Record. In addition, an election by the parties to the Warehouse Transaction as described in “Exit of Confirmed Transactions” in Section 3 of the Operating Procedures shall automatically cause the related Warehouse Record to cease to be a Warehouse Record.

Upon the termination of a User’s participation in the System, the provisions of this Section V shall only apply to its Warehouse Records through the date of termination, and such records shall cease to be Warehouse Records thereafter and shall not be subject to any amendments or modifications to the Operating Procedures following such date of termination. In addition, any Warehouse Records of such User that have the status of “Unconfirmed/Alleged” in the Warehouse will be deemed cancelled.

Upon a record ceasing to be a Warehouse Record, such record as maintained in the Warehouse as of the date of exit shall become fixed and will not be modified by the Company for any subsequent events affecting the related Warehouse Transaction. Accordingly, such Warehouse Record will only reflect the terms of the related Warehouse Transaction as of the date of exit, and the parties will need to separately document and confirm any subsequent modifications.

~~Prior to the adoption of procedures to reflect Credit Event Modifications in the Warehouse (as described in Section IV above).~~ In the case of delivery of a credit event notice or similar notice (i) with respect to a Warehouse Transaction that is a “single-name” credit default swap, Users must submit “exit” records ~~upon delivery of a credit event notice or similar notice~~; and (ii) with respect to a Warehouse Transaction that is an “index” credit default swap, the related Warehouse Record will not reflect ~~the~~such delivery of credit event notices or similar notices or any settlement with respect to ~~at~~the related credit event under such Warehouse Transaction (unless the parties amend the Warehouse Record accordingly or the relevant information is provided to the Company through other means as may be designated by the Company in an amendment to the Operating Procedures), and as a result the Warehouse Record will not constitute the definitive record with respect to any such matters (unless reflected in an amendment to the Warehouse Record or information provided to the Company through such other means) but will otherwise remain the definitive record of the applicable Replaced Document as set forth in this Section V.

In addition, Users submitting Warehouse Transactions to a “tear-up” or similar service (such as TriOptima) must ensure that the Warehouse Record remains accurate through the submission of appropriate Transaction Records as specified in the Operating Procedures or by Important Notice or through Applicable Publications. With respect to Warehouse Transactions that are terminated early pursuant to the related Master Documents (including, without limitation, as a result of an event of default), Users must also ensure that the Warehouse Record remains accurate through the submission of appropriate Transaction Records as specified in the Operating Procedures or by Important Notice or through Applicable Publications.

In the event that the parties to a Warehouse Transaction agree that the Warehouse Record is erroneous or has an incorrect status (e.g., through a mutual mistake of fact), such parties may, upon submission to the Company of written confirmation of the error to the satisfaction of the Company, request that the Company make such adjustments to the Warehouse Record as may be necessary to correct such error. Notwithstanding the foregoing, if the underlying Transaction Records for a Warehouse Transaction submitted to the DTCC Confirmation Service cease to have a status of “Confirmed” in the DTCC Confirmation Service pursuant to “Transaction Records Confirmed in Error” in Section 3 of the Operating Procedures, the related Warehouse Record will cease to be a Warehouse Record.

The Company shall not be responsible for a User’s failure to properly identify, in records submitted to the Warehouse in accordance with this Appendix and the Operating Procedures, the terms of any Warehouse Transaction or any Modification thereto or to submit an “exit” record with respect to a Warehouse Transaction.

VI. BACKLOADING

The Company will allow Users to submit to the Warehouse, or “backload,” records of Warehouse Eligible Transactions confirmed prior to the applicable Warehouse Inception Date, in accordance with the following procedures:

Records of Warehouse Eligible Transactions to be backloaded must be submitted by Users to the Warehouse electronically in the form of templates attached as Schedule 1 hereto or otherwise set forth by the Company in Applicable Publications (the “Backload Templates”). The Backload Templates (or the Validation Rules applicable thereto) may have certain differences from the templates applicable to the submission of Transaction Records in the DTCC Confirmation Service. For example, certain fields may be optional and serve informational purposes only and/or matching may not be required with respect to certain required fields. Optional information-only fields will not form part of the definitive legal record of the relevant Replaced Document or otherwise affect the legal status of the relevant Warehouse Record for purposes of Section V above. With respect to required fields that are not required to match, if the information therein matches, it will form part of the definitive legal record of the relevant Replaced Document to the same extent as the matching fields. If the information in such fields does not match, such information will not form part of the definitive legal record of the relevant Replaced Document. The fact that information in such fields does not match shall not in itself indicate that the related Warehouse Transaction is not a binding agreement and shall not in itself affect the status of the relevant Warehouse Record as a whole or any matched terms thereof for purposes of Article V (which, for the avoidance of doubt, the parties intend as the definitive record of such matched terms). The status of any such non-matched terms of a Warehouse Transaction will depend, among other things, on the provisions of the prior documentation relating to such Warehouse Transaction, any procedures for contract formation agreed to by the parties, the relationship between the parties, communications, negotiations and actions by the parties with respect to such Warehouse Transaction and Applicable Law.

Each Backload Template will contain a field named “Backload Effective Date”. Users submitting records of Warehouse Eligible Transactions for backloading should specify the terms

of the related Warehouse Transactions that are current as of the specified Backload Effective Date, reflecting all post-trade events that occurred on or prior to the Backload Effective Date.

If two Users submit backloaded records for Warehouse Eligible Transactions that match (in accordance with the matching requirements of the Backload Template or Validation Rules), or a User affirms a backloaded record submitted by the other User, and in either case the record satisfies the applicable Validation Rules, such record will be compared to the records of existing transactions in the DTCC Confirmation Service. If the backloaded record is not in the existing DTCC Confirmation Service database, the record will be automatically loaded into the Warehouse as a Warehouse Record with a status of “Certain.”

If a record for the transaction exists in the DTCC Confirmation Service database, the backloaded record will be compared to the “imputed trade state” for that transaction in the DTCC Confirmation Service. If the backloaded record matches the “imputed trade state” (as more fully specified in the Applicable Publications), it will be automatically loaded into the Warehouse as a Warehouse Record with a status of “Certain.” If the backloaded record does not match the “imputed trade state,” the relevant Users will be notified. In such case, if both Users elect, the record as submitted for backloading will be manually loaded to the Warehouse as a Warehouse Record with a status of “Certain” (notwithstanding any discrepancies from its “imputed trade state” in the DTCC Confirmation Service).

With respect to any Warehouse Transaction that is a credit default swap transaction, the Reference Entity as specified in the backloaded record is intended to be the correct name of the Reference Entity as at the Backload Effective Date as determined in accordance with the terms of the relevant Warehouse Transaction (including any prior documentation relating thereto) and taking into account any relevant Material Event (as defined below) that occurred prior to the Backload Effective Date.

Subject to the following paragraph, the Reference Entity specified in the Backload Template will become the Reference Entity for the purposes of the Warehouse Transaction, provided that (subject to the following paragraph) all references to the Reference Entity in any documentation relating to the Warehouse Transaction will be interpreted on the basis that the Reference Entity name was correct as at the Backload Effective Date.

In the event that a Material Event occurred with respect to a Reference Entity prior to the Backload Effective Date and the parties failed to correctly take into account such Material Event in the backloaded records for the relevant Warehouse Transaction (such that the Reference Entity and/or the Floating Rate Payer Calculation Amount specified in the Warehouse Record were not correct as of the Backload Effective Date), nothing in these Operating Procedures will preclude the parties from claiming that the Reference Entity and/or Floating Rate Payer Calculation Amount for such Warehouse Transaction should be determined on the basis of any confirmation relating to such Warehouse Transaction existing prior to the Backload Effective Date, and any associated documentation, agreements or understandings relating to the consequences of such Material Event, notwithstanding that the backloaded records have a status of “Certain.” For the avoidance of doubt, in such circumstances, Users may submit an Amendment in accordance with

these Operating Procedures to correct the backloaded Warehouse Record as of the Backload Effective Date.

For the purposes of this Section VI, a “Material Event” means an event that has occurred in respect of a Reference Entity prior to a relevant Backload Effective Date, including but not limited to any name changes and/or determination of one or more Successors pursuant to the Credit Derivatives Definitions.

Each User agrees that a backloaded record of a Warehouse Eligible Transaction that has attained the status of “Certain” in the Warehouse shall constitute the amendment and restatement of the relevant Replaced Document for the related transaction as of the Backload Effective Date and in the form uploaded to the Warehouse (except as set forth above with respect to non-matching terms). Thereafter, such record shall constitute a Warehouse Record for all purposes under this Appendix (including without limitation in connection with Modifications that occur after the Backload Effective Date).

For the avoidance of doubt, until it is loaded into the Warehouse with a status of “Certain”, a record submitted for backloading will not constitute a Warehouse Record for purposes of this Appendix and will not be subject to the provisions of Section V above. The submission of a record of a Warehouse Eligible Transaction shall not affect the status of any payments or settlements thereunder made prior to the Backload Effective Date.

VII. INFORMATIONAL PAYMENT CALCULATIONS

NOTE: The following provisions shall be in effect until the Company institutes a central settlement process for relevant payments calculated by the Company based on Warehouse Records (or for relevant payments directly extracted from Warehouse Records), at which time this Appendix will be modified accordingly.

The Company may provide calculations (“Informational Payment Calculations”) with respect to certain payments due under Warehouse Transactions, as set forth by the Company from time to time by Important Notice or through Applicable Publications. Any Informational Payment Calculations may be made by the Company solely on the basis of the related Warehouse Record, the Operating Procedures and certain assumptions as may be adopted from time to time by the Company by an Important Notice or through Applicable Publications. For this purpose, the Company shall not be deemed to have notice of the terms of any other agreement or understanding between Users that may affect relevant Informational Payment Calculations, including without limitation, Master Documents.

The Informational Payment Calculations are intended merely for the convenience of Users and for informational purposes only. In providing Informational Payment Calculations, the Company will not be acting as agent or in a similar capacity for any User and will not be acting as calculation agent or in a similar capacity under the terms of any Warehouse Transaction. Without limiting any other provisions of the Operating Procedures (including, without limitation, the Important Legal Information section), the Company will have no responsibility or liability for the accuracy of any Informational Payment Calculations.

Informational Payment Calculations will not create, alter or foreclose any legal obligation related to a Warehouse Transaction (including, but not limited to, any applicable payment obligation) that may exist between or among Users. Although records of Informational Payment Calculations will be maintained in the Warehouse, they will not form part of any Warehouse Record.

VIII. PROTOCOL PROCESSING AFTER CREDIT EVENTS

On or after the date (the “Protocol Processing Commencement Date”) specified by the Company through an Important Notice and subject to the provisions herein and in any Applicable Publications, the Company will provide a facility for Users to submit protocol adherence messages (each, a “Protocol Adherence Message”) with respect to credit events related to specified categories of Warehouse Transactions that are credit derivative transactions, with the effect set forth herein. The Company will not process Protocol Adherence Messages for credit events that occur prior to the Protocol Processing Commencement Date.

Unless otherwise determined by the Company, the Protocol Adherence Message function will not be available for Warehouse Transactions relating to a particular reference entity unless the Company has specifically activated the function for that entity. The Company will activate the Protocol Adherence Message function for a reference entity (a “Protocol Activation Event”) upon receipt of a written request to do so by one or more members of the Company’s senior operations working group, which request must be in accordance with procedures for that purpose established by the Company and must state that a credit event has occurred and specify in reasonable detail the facts relevant to the determination of such credit event. The Company, through Important Notice, will inform all Users that a Protocol Activation Event has occurred. Prior the occurrence of a Protocol Activation Event, the System will not accept any Protocol Adherence Messages for a reference entity.

The occurrence of a Protocol Activation Event for a reference entity shall not be deemed to be a determination or representation by the Company that any alleged credit event has or has not occurred with respect to that reference entity under any applicable Master Document or the Credit Derivatives Definitions and shall not be deemed to affect the determination by the parties or others under the terms of any Warehouse Transaction as to whether a credit event has or has not occurred. The Company will have no responsibility or liability for the accuracy of any information set forth in any notice delivered by members of the Company’s senior operations working group related to such Protocol Activation Event.

The Company, through Important Notice or through Applicable Publications, will specify the information that Users will be required to provide in order to submit a valid Protocol Adherence Message and the manner in which such messages are to be submitted. Users may submit Protocol Adherence Messages for all or any portion of their Warehouse Transactions related to the applicable reference entity, but a separate Protocol Adherence Message must be submitted for each relevant Warehouse Transaction.

Submission of a valid Protocol Adherence Message by both Users party to a Warehouse Transaction, where such message has not been revoked by either User as of a certain cut-off date and time established by the Company for the relevant Protocol Activation Event (the “Processing Cut-Off Time”), will serve as an instruction by such Users to the Company to calculate and process settlement payments for such transaction in accordance with any applicable cash settlement protocol, subject to the terms and conditions set forth herein (a “Protocol Settlement Designation”).

For these purposes, a cash settlement protocol will include any applicable ISDA cash settlement protocol (or other similar process by which the “final price” (or similar term) with respect to qualifying credit derivative transactions is determined). For the avoidance of doubt, the Processing Cut-Off Time may be later than any deadline for adherence under a cash settlement protocol.

Notwithstanding the foregoing, the Company will only calculate and process settlement payments for a Warehouse Transaction based on the applicable cash settlement protocol if the following conditions are met: (i) the Warehouse Transaction shall have a status of “Certain” in the Warehouse as of the Processing Cut-Off Time, (ii) the Company is at such time calculating and processing payments for the relevant type of transaction and the Users party to the transaction have satisfied any applicable conditions to the use of those payment calculation and processing services, (iii) a relevant cash settlement protocol has been published or otherwise made available to market participants covering the credit event related to the applicable Protocol Activation Event and applying to the transactions of the same type as the Warehouse Transaction, (iv) both Users party to the Warehouse Transaction have adhered to the cash settlement protocol as of the deadline for such adherence (and satisfied any conditions with respect thereto) and neither party has revoked its adherence prior to such time, based on information made publicly available by ISDA or the other party sponsoring the protocol (the “Protocol Sponsor”), (v) both Users party to the Warehouse Transaction have submitted a valid Protocol Adherence Message applicable to such Warehouse Transaction and neither party has revoked such message as of the Processing Cut-Off Time and (vi) the applicable auction or other settlement or price determination mechanism under the terms of the cash settlement protocol occurs and a “final price” or similar settlement price is determined and published by the Protocol Sponsor. In addition, in calculating settlement payments for a Warehouse Transaction that is an index credit default swap, the Company will assume that all settlement payments due (or that would be due following delivery of any required notices) with respect to credit events occurring prior to the Protocol Processing Commencement Date have been made.

If such conditions are satisfied with respect to a Warehouse Transaction, each User shall be deemed to agree, by submission of a Protocol Adherence Message, that, notwithstanding anything to the contrary in any applicable Master Document or other documentation for such transaction, (i) the settlement of the relevant Warehouse Transaction (including the settlement method and determination of any relevant final price) shall be subject to and governed by the applicable cash settlement protocol and (ii) any calculations and settlement processing performed by the Company with respect to such

Warehouse Transaction shall be performed on the basis of the final price determined in accordance with the applicable cash settlement protocol. Following the completion of any such settlement processing for a Warehouse Transaction that is a “single-name” credit default swap, the related Warehouse Record will automatically be deemed to “exit” the Warehouse, with the effect set forth in Section V of this Appendix.

Failure by Users to make a Protocol Settlement Designation in the System for a Warehouse Transaction or of the other conditions above to be satisfied shall not be deemed to affect the Users’ legal obligations with respect to that transaction or to indicate that it is not subject to any applicable cash settlement protocol. Rather, the result of such failure will be that the Company will not calculate and process settlement payments for such transaction based on the applicable cash settlement protocol. The Company is not responsible for the consequences of any such failure. In addition, failure to make a Protocol Settlement Designation shall not affect the validity of any credit event notice or similar notice delivered by a party.

For purposes of processing the settlement of Warehouse Transactions for which the above conditions are satisfied, the Company will use any final or settlement prices published by the Protocol Sponsor. The Company will have no responsibility or liability for the accuracy of such published prices or for the reasonableness or sufficiency of the process by which such prices were determined. The Company shall not, by virtue of providing the services described herein, be deemed to participate in or be involved with the administration or implementation of any auction or any other process whereby final prices are determined pursuant to a cash settlement protocol or otherwise to have any connection with such protocol.

[Backload Template Spreadsheet]