

#: MS#125
Date: June 22, 2012
To: Distribution
From: FX Product Management and Legal Department
Subject: Client Clearing Services for FX Non-Deliverable Forwards and Revisions to the MarkitSERV Operating Procedures – FX DSMatch

At the close of business (NY) on Friday June 22, 2012 MarkitSERV will implement enhancements to DSMatch for foreign exchange derivatives products related to provision of client clearing services for FX Non-Deliverable Forwards (NDFs). Capitalized terms used herein and not otherwise defined shall have those meanings referenced in the MarkitSERV Operating Procedures (the “Operating Procedures”).

The enhancements will include support for submissions of block trades and allocations, as well as clearing broker “take-up” workflows. The enhancements are designed to provide a single interface for executing brokers, clearing brokers, futures commission merchants (FCMs) and buy-side clients to submit trades to a single MarkitSERV interface which validates, matches and routes to any CCP that supports NDF clearing. Clearing Brokers and FCMs will be able to view applicable trades and indicate their acceptance or “take-up” before the trades are routed to the relevant CCP.

The Operating Procedures have been revised to accommodate these enhancements. See attached blackline of Appendix Z (FX NDFs) and revised Appendix A (Pricing Schedule) which will be posted via the Client Area of the MarkitSERV website (see <http://www.markitserv.com/ms-en/>).

The enhancements and modifications referred to above are reflected in the above referenced documents and are effective upon implementation, unless otherwise noted. By submitting affected transactions to the applicable system, the User agrees to waive any applicable notice requirements relating to the changes.

Any questions or comments regarding this Important Notice or MarkitSERV in general should be directed to your account manager, CAG@markitserv.com or to Matthew Hill, FX Product Management, at +44 207 064 6468, matthew.hill@markitserv.com.

Appendix Z to MarkitSERV Operating Procedures

**TRANSACTION RECORD DESCRIPTION:
FX NON-DELIVERABLE FORWARDS**

This Transaction Record Description relates to the Eligible Product and Eligible Transactions set forth below. It is a part of, and subject in all respects to, the most recent version of the Company Operating Procedures to which it is an Appendix (the “Operating Procedures”). Unless the context otherwise indicates, all terms defined in the Operating Procedures shall have the same meanings in this Transaction Record Description.

Eligible Product: **FX Non-Deliverable Forwards**

Eligible Transactions: **New Trades**
 Bilateral Cancellation

Transaction Record Description for New Trades

Replaced Document:

The Replaced Document for new trades that are FX Non-Deliverable Forwards shall in all cases be a “Confirmation” (or any similar document not so named) of a matched transaction or intended transaction (which in either case may be an allocated block transaction) that has been executed by two Users for the purpose of evidencing such new trades between them that are intended to be submitted to a clearing organization for clearing (each, a “Confirmation”). Related Master Documents shall be:

- Master Agreement – identified pursuant to the Transaction Record – consisting of the master agreement (or equivalent) that has been executed by the relevant two Users together with any associated master confirmation agreement. Any reference in a Transaction Record to a Master Agreement shall be to the Master Agreement as it may have been, and may subsequently be, amended, supplemented or modified by the parties thereto. All provisions contained in, or incorporated by reference in, the Master Agreement shall govern the Replaced Document except as expressly modified herein. If no Master Agreement is identified in the Transaction Record, the Master Agreement will be deemed to be the master agreement (or equivalent) and most recently executed master confirmation agreement applicable to such ~~transactions~~transaction that has been entered into between the parties, if any.

The definitions and provisions contained in the 1998 FX and Currency Option Definitions, as published by the International Swaps and Derivatives Association, Inc., Emerging Markets Traders Association and the Foreign Exchange Committee, as such definitions and provisions may have been amended or supplemented from time to time prior to the Trade Date for the relevant transaction (the “FX Definitions”), are hereby incorporated into

the Confirmation for the relevant Eligible Transaction, and for purposes of the FX Definitions the transaction will be deemed to be a Non-Deliverable FX Transaction. In the event of any inconsistency between the FX Definitions and the Confirmation, the Confirmation shall govern for the Eligible Transaction described therein.

Following the clearing of any Eligible Transaction, as between the parties thereto, the Confirmation shall be subject to any applicable provisions of the rules and regulations and other documentation (however described) (the “CCP Rules”) of the clearing organization (the “CCP”) specified in the Transaction Record to which the Eligible Transaction is to be submitted for clearing and, in the case of an Eligible Transaction submitted for clearing by a User through an identified clearing broker or futures commission merchant (a “Clearing Broker”), any applicable account documentation agreed or otherwise applicable between such User and its Clearing Broker. In the event of any inconsistency between the FX Definitions and the CCP Rules, the CCP Rules shall govern for the relevant Eligible Transaction.

The Company shall not be responsible for a User’s failure to properly identify the Master Agreement or CCP.

Notwithstanding any provision in the related Master Documents, each User agrees that the submission of Transaction Records by it and any other User through the System shall constitute an acceptable method under such Master Documents for evidencing and confirming the terms to be specified in any Confirmation referenced in or to be governed by such Master Documents. Each User further agrees that Confirmed Transaction Records designating the Eligible Product and Eligible Transaction governed by this Transaction Record Description and referencing the relevant Master Documents shall (1) have the same legal effect as a fully executed Replaced Document entered into pursuant to and subject to the terms of such Master Documents and (2) shall evidence a new foreign exchange transaction agreed between two Users whose terms and provisions will be set forth in, governed by, construed in accordance with and subject to the Confirmed Transaction Records themselves, such Master Documents and these Operating Procedures, including this Transaction Record Description.

Notwithstanding any provision in the related Master Documents, each User acknowledges and agrees that the Company will, in the manner set forth in Applicable Publications, (i) submit Confirmed Transaction Records designating the Eligible Product and Eligible Transaction governed by this Transaction Record Description to ~~the CCP for clearing in the manner set forth in Applicable Publications~~ a Clearing Broker for acceptance or rejection unless the Confirmed Transaction Record indicates pre-acceptance by such Clearing Broker or unless bypass of Clearing Broker acceptance is indicated in the static data provided by the User and (ii) submit to the specified CCP for clearing Confirmed Transaction Records designating the Eligible Product and Eligible Transaction governed by this Transaction Record Description and that have been accepted (or pre-accepted) by each Clearing Broker identified by a party thereto to the CCP. The Company shall not be responsible for the acceptance or rejection of any Eligible Transaction described in such a Confirmed Transaction Record by any CCP or Clearing Broker or any other action by a

CCP or Clearing Broker with respect thereto or the consequences to Users thereof. For the avoidance of doubt, the legal effect of the submission and acceptance of an Eligible Transaction for clearing will be governed by the CCP Rules and not these Operating Procedures. Where a Transaction Record is submitted by a Clearing Broker on behalf of a User, the Company will presume for all purposes of the Operating Procedures that such submission was authorized by such User and treat such submission as the submission of the User for purposes of the Operating Procedures. The Company is under no duty to verify, and shall not be responsible for verifying, the authenticity of any Eligible Transactions submitted for clearing by a Clearing Broker on behalf of a User. The Company shall have no liability for any action or inaction by any Clearing Broker or any losses or damages arising out of or in connection with Eligible Transactions submitted for clearing by a Clearing Broker on behalf of a User.

In the event that the features specified in a Transaction Record differ from those specified in the relevant Master Document, the features specified in such Transaction Record shall govern unless otherwise agreed between the relevant Users.

Prior to clearing of any Eligible Transaction, the governing law of the Master Documents shall also govern the obligations created by any Transaction Record.

Transaction Record Data Elements:

Each Transaction Record governed by this Transaction Record Description will include the data elements set out in the table below. Such data elements shall have the meanings set forth or contemplated in the relevant Master Documents (unless the context clearly indicates an intent to identify product and transaction type, trade reference numbers, a transaction date or the Master Documents themselves), including meanings that may be set forth in the Applicable Publications or any other resource identified herein or in the Master Documents. In the event of any inconsistency between a Transaction Record and the relevant Master Documents, the Transaction Record shall govern (unless otherwise agreed between Users).

The data elements specified in the table below set out information relating to certain data elements that Users will be required to provide. Actual Transaction Records submitted by Users may be different in terms of appearance and in the manner in which information is to be provided (e.g., data elements may be specified in FpML). Users should consult the Applicable Publications for further information on the inputting of data.

As set forth in the Applicable Publications, certain non-matching data elements provided by one User in a Transaction Record may be masked from or otherwise not visible to the counterparty.

#	Data Element Name	Required- vs. -Optional/Conditional (R/O)	Matching (Y/N)*	Means of Specifying Information	Validation
1	Transaction Type	R	Y	New Trade	Company will maintain a table of valid Transaction Type identifiers
2	Instrument Type	R	Y	Specify "FxNonDeliverableForward"	"FxNonDeliverableForward"
3	CCP	R	Y	Specify "LCH", "SGX", " CME " or "None"	"LCH", "SGX", " CME " or "None"
4	Trade Party	R	Y	Specify DSMatch Participant ID	A valid DSMatch Participant ID
5	Trade Counterparty	R	Y	Specify DSMatch Participant ID	A valid DSMatch Participant ID
6	Participant Trade ID	R	N	Specify unique trade reference	{40} character limit
7	Trade Date	R	N	Any date	Valid date format
8	Base Currency	R	<u>Y*</u>	Specify " USD " currency	" USD " ISO currency code
9	Reference Currency	R	<u>Y*</u>	Specify currency	ISO currency code
10	Base Currency Amount	R	<u>Y*</u>	Positive number	Any positive number with up to 12 digits to the left of the decimal point and up to 2 to the right
11	Reference Currency Amount	R	<u>Y*</u>	Positive number	Any positive number with up to 12 digits to the left of the decimal point and up to 2 to the right
12	Forward Contract Rate	R	Y	Number	Any number with up to 8 digits to the left of the decimal point and up to 8 to the right
13	Forward Rate Quote Basis	R	Y	Specify "Currency2PerCurrency1" or "Currency1PerCurrency2"	"Currency2PerCurrency1" or "Currency1PerCurrency2"
14	Reference Currency Buyer	R	Y	Specify DSMatch Participant ID	A valid DSMatch Participant ID
15	Reference Currency Seller	R	Y	Specify DSMatch Participant ID	A valid DSMatch Participant ID
16	Settlement Currency	R	Y	Specify " USD " currency	" USD " Valid currency code
17	Final Settlement Date	R	Y	Any date	Valid date format
18	Fixing Rate Source 1	O	Y	Text	{40} character limit
19	Fixing Rate Source 1 Time	C -required if Fixing Rate Source 1 specified; otherwise not allowed	Y	Any time	Any valid time
20	Fixing Rate Source 1 Business Centre	C -required if Fixing Rate Source 1 specified; otherwise not allowed	Y	Text Relevant City for Business Day for Fixing Date	{40} character limit Business center code

#	Data Element Name	Required- vs. -(Optional/ <u>Conditional</u>) (R/O)	Matching (Y/N)*	Means of Specifying Information	Validation
21	Fixing Rate Source 2	<u>C</u> -not allowed if Fixing Rate Source 1 specified; otherwise, optional	Y	<u>Text</u>	[40] character limit
22	Fixing Rate Source 2 Time	<u>C</u> -required if Fixing Rate Source 2 specified; otherwise not allowed	Y	<u>Any time</u>	Any valid time
23	Fixing Rate Source 2 Business Centre	<u>C</u> -required if Fixing Rate Source 2 specified; otherwise not allowed	Y	Relevant City for Business Day for Fixing Date	[40] character limit <u>Business center code</u>
24	Fixing Date	R	Y	Any date	Valid date format
25	Calculation Agent	R	Y	Specify 1 DSMatch Participant ID or 2 DSMatch Participant ID's to indicate 'JOINT' or "AS SPECIFIED IN MASTER"	Valid DSMatch Participant ID(s)
26	Master Agreement Date	O	Y	Specify either no data or any date	Valid date format
27	Master Agreement Type	O	Y	Specify "EMTA" or no data	"EMTA" or no data
28	<u>Trade Party Clearing Broker</u>	<u>O</u>	<u>N</u>	<u>Text</u>	<u>20 character limit</u>
29	<u>Trade Counterparty Clearing Broker</u>	<u>O</u>	<u>Y</u>	<u>Text</u>	<u>20 character limit</u>
30	<u>Number of Allocations</u>	<u>C</u> -required for a block trade; otherwise not allowed	<u>N</u>	<u>Any number</u>	<u>Valid number format</u>
31	<u>CB Pre-Acceptance</u>	<u>C</u> -not allowed for a block trade; otherwise optional	<u>N</u>	Specify "Yes" or "No"	"Yes" or "No"
32	<u>Block Reference Number</u>	<u>C</u> -required for an allocation; otherwise not allowed	<u>N</u>	<u>For an allocation, specify the applicable block trade reference number</u>	<u>40 character limit</u>
33	<u>Submission Source</u>	<u>C</u> -required when the trade is submitted by the Clearing Broker on behalf of the Trade Party; otherwise optional	<u>N</u>	<u>If Clearing Broker submits trade on behalf of Trade Party, specify identifier of Clearing Broker</u>	<u>20 character limit</u>

*The following Notes apply to the above table:

- **General:** No data element subject to matching will have a matching tolerance. All such data elements must match exactly. For a block trade, the allocating party should submit one record for the block trade which will include the information for each allocated trade.
- **Valid date format:** Valid date formats will be set forth in the Applicable Publications.
- Items 4 and 5, Trade Party and Trade Counterparty: For a block trade, the identifier must be a block account. For an allocation, the identifier of the particular client to which the trade is allocated should be used.
- Items 8, 9, 10 and 11, Base Currency, Reference Currency, Base Currency Amount and Reference Currency Amount: For an allocation, these fields are used to specify the currency amounts for the particular allocated trade and are **non-matching**.
- **Item 18, Forward Rate Quote Basis:** Specify whether the Forward Rate is expressed as unit of Leg 2 Currency per unit of Leg 1 Currency or unit of Leg 1 Currency per unit of Leg 2 Currency.
- **Item 23, Calculation Agent:** If two DSMatch Participant IDs are specified, both parties will be the Calculation Agent. If “As Specified in Master” is specified, the Calculation Agent will be the party specified in the Master Agreement.
- Item 30, Number of Allocations: For a block trade, specify the number of allocations within the block trade.
- Item 31, CB Pre-Acceptance: Specify “Yes” if the Clearing Broker has agreed to pre-accept the trade. Specify “No” if Clearing Broker acceptance is required. Pre-acceptance will be permitted only where a Transaction Record is being submitted by a Clearing Broker on behalf of a User and a pre-acceptance relationship is established on the System between the Clearing Broker and a User.
- Item 33, Submission Source: If a Clearing Broker submits on behalf of the Trade Party, specify the identifier of the Clearing Broker. A block trade and all related allocations must use the same Submission Source.

Transaction Record Description for Bilateral Cancellations

Replaced Document and Data Elements:

The Replaced Document in respect of terminations shall in all cases be a bilateral cancellation request that would have been fully executed between the parties to an Eligible Product that is to be submitted to the relevant CCP (~~may not always be submitted to a CCP~~if applicable). The purpose of the cancellation request would be to evidence the identity of the transaction whose cancellation is requested. Notwithstanding any provision in any document evidencing and/or governing any Eligible Product intended to be so cancelled, each User agrees that the submission of Transaction Records by it and any other User through the System for bilateral cancellation of such transaction shall constitute an acceptable method under such document(s) for evidencing and confirming a cancellation request for such transaction.

Notwithstanding any provision in the related Master Documents, each User acknowledges and agrees that the Company may submit Confirmed Transaction Records for a bilateral cancellation request ~~to the CCP~~(i) to any identified Clearing Brokers for acceptance and (ii) if accepted (or pre-accepted) by any such identified Clearing Brokers, if applicable, to the CCP, in each case in the manner set forth in Applicable Publications. The legal effect of any bilateral cancellation request, if accepted by ~~any applicable Clearing Brokers and the~~ CCP, will be determined under the CCP Rules. The Company shall not be responsible for the acceptance or rejection of any such bilateral cancellation request or any other action by a CCP or Clearing Broker with respect thereto or the consequences to Users thereof.

Where a Transaction Record is submitted by a Clearing Broker on behalf of a User, the Company will presume for all purposes of the Operating Procedures that such submission was authorized by such User and treat such submission as the submission of the User for purposes of the Operating Procedures. The Company is under no duty to verify, and shall not be responsible for verifying, the authenticity of any Eligible Transactions submitted for clearing by a Clearing Broker on behalf of a User. The Company shall have no liability for any action or inaction by any Clearing Broker or any losses or damages arising out of or in connection with Eligible Transactions submitted for clearing by a Clearing Broker on behalf of a User.

The transaction subject to the cancellation request will be identified by a DSMatch Reference Number for the original transaction, which number is recorded by the System for each Confirmed Transaction Record.

#	Data Element Name	Required/Optional/Conditional (R/O/C)	Matching (Y/N)	Means of Specifying Information	Validation
	For All Terminations				
1	Transaction Type	R	Y	Bilateral Cancellation	Company will maintain a table of valid Transaction Type identifiers
2	Instrument Type	R	Y	Specify "FxNonDeliverableForward"	"FxNonDeliverableForward"
3	CCP	R	Y	Specify "LCH", "SGX", " CME " or "None"	"LCH", "SGX", " CME " or "None"
4	Trade Party	R	Y	Specify DSMatch Participant ID	A valid DSMatch Participant ID
5	Trade Counterparty	R	Y	Specify DSMatch participant ID	A valid DSMatch Participant ID
6	Participant Version	R	N	Specify message supplement number	Numeric
7	Original Matcher ID	R	Y	Specify original DSMatch ID for matched transaction	
8	Participant Trade ID	R	N	Specify unique trade reference	[40] character limit
9	CB Pre-Acceptance	O	N	Specify "Yes" or "No"	"Yes" or "No"
10	Submission Source	C -required when the cancellation is submitted by the Clearing Broker on behalf of the Trade Party; otherwise optional	N	If Clearing Broker submits trade on behalf of Trade Party, specify identifier of Clearing Broker	20 character limit

*The following Notes apply to the above table:

- **General:** No data element subject to matching will have a matching tolerance. All such data elements must match exactly. In the case of allocated trades, Bilateral Cancellations may only be submitted with respect to particular allocations (as opposed to the original block trade as a whole).
- Item 9, CB Pre-Acceptance: Specify "Yes" if the Clearing Broker has agreed to preaccept the trade. Specify "No" if Clearing Broker acceptance is required. Pre-acceptance will be permitted only where a Transaction Record is being submitted by a Clearing Broker on behalf of a User and a pre-acceptance relationship is established on the System between the Clearing Broker and a User.