



**IMPORTANT NOTICE**

**Warehouse Trust Co LLC**

<b>#:</b>	TIW # 233
<b>Date:</b>	April 25, 2012
<b>To:</b>	Distribution
<b>From:</b>	Legal Department
<b>Subject:</b>	Revision to The Warehouse Trust Company LLC Operating Procedures– FCM/DCM Clearing Model Phase 2

The Warehouse Trust Company LLC will implement support for the launch of the FCM/DCM Clearing Model Phase 2 on April 30, 2012. Please refer to Important Notice TIW#231 distributed on April 20, 2012, “Trade Information Warehouse (“TIW”) to Implement Phase 2 of the Tri-Party Ticket Representation for Cleared positions” for further information.

This notice refers to updates specific to the Warehouse Trust Operating Procedures (the “Operating Procedures”) which have been revised to reflect the enhancements associated with FCM/DCM Clearing Model Phase 2. Capitalized terms used herein and not otherwise defined shall have those meanings reference in the Operating Procedures.

The “Self-Clearing Supplement to the Trade Warehouse Appendix” and the “Non-Clearing Member Clearing Supplement to the Warehouse Appendix” have been consolidated into and replaced by one Supplement covering all Cleared Supplement Warehouse Transactions. The attached Supplement, the “Clearing Supplement to the Trade Warehouse Appendix” allows for the described cleared transactions to be submitted under either a futures clearing commission merchant or principal clearing model using a Tri-Party ticket representation, as described in Important Notice TIW#231 referenced above.

Any questions or comments regarding this notice or The Warehouse Trust Company LLC in general should be directed to your Client Account representative.

Non-Confidential

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CLEARING SUPPLEMENT TO  
THE TRADE WAREHOUSE APPENDIX TO  
THE WAREHOUSE TRUST COMPANY OPERATING PROCEDURES

This supplement (this “Supplement”) is a part of the Warehouse Trust Company Operating Procedures (the “Operating Procedures”) and applies to certain Warehouse Transactions that are cleared derivatives transactions as set forth herein. Capitalized terms used in this Supplement and not defined herein are used as defined elsewhere in the Operating Procedures.

This Supplement will apply to Warehouse Records that are submitted to the Company and maintained in respect of certain Warehouse Transactions that arise from the clearing of transactions by a User that is a derivatives clearing organization, clearing agency or other applicable clearing organization (a “Clearing Organization”), as set forth herein. Specifically, where one or more Cleared Transaction Sides (as defined below) is a Cleared Non-Clearing Member Warehouse Transaction or Self-Clearing Warehouse Transaction (as defined below), this Supplement will apply to *all* such Cleared Transaction Sides (each of which in such case will be referred to herein as a “Cleared Supplement Warehouse Transaction”). This Supplement will not apply to Warehouse Transactions (and related Warehouse Records) that are not Cleared Supplement Warehouse Transactions (even if one of the parties thereto is a Clearing Organization).

As used herein:

“Cleared Transaction Sides” shall mean the two or more offsetting Warehouse Transactions, each between the Clearing Organization and a User that is acting as a clearing member of that Clearing Organization (the “Clearing Member User”) that arise from a transaction submitted to and accepted for clearing by a Clearing Organization and, where the Clearing Member User is acting on behalf of or for the account of another User that is not itself a clearing member of the Clearing Organization (the “Non-Clearing Member User”) and the Cleared Transaction Documentation so provides, will include also the one or more related Warehouse Transactions between that Clearing Member User and that Non-Clearing Member User (and accordingly, the phrase “acting on behalf of or for the account of a Non-Clearing Member User includes the Clearing Member User becoming party to a Warehouse Transaction (which is a Cleared Transaction Side) with a Clearing Organization in circumstances where there is a related Warehouse Transaction between that Clearing Member User and that Non-Clearing Member User forming part of the same Cleared Transaction Side). “Cleared Transaction Side” shall mean, in addition, any such Warehouse Transaction between the Clearing Organization and the Clearing Member User which is cleared by the Clearing Organization (whether or not it arose from

a transaction submitted to the Clearing Organization for clearing) and, where the Clearing Member User is acting on behalf of or for the account of a Non-Clearing Member User and the Cleared Transaction Documentation so provides, will include also the one or more related Warehouse Transactions between that Clearing Member User and that Non-Clearing Member User. The Warehouse Transactions to which the Clearing Organization is party comprised in the Cleared Transaction Sides may be with the same or different Clearing Member Users. For the avoidance of doubt, a Non-Clearing Member User may include a customer or client of a Clearing Member User or a swap dealer or other market participant clearing through such Clearing Member User.

A “Cleared Non-Clearing Member Warehouse Transaction” means a Cleared Transaction Side between a Clearing Organization and a Clearing Member User that is acting on behalf of or for the account of a Non-Clearing Member User and, where the Cleared Transaction Documentation so provides, will include the one or more related Warehouse Transactions between that Clearing Member User and that Non-Clearing Member User, which form part of that Cleared Transaction Side.

A “Self-Clearing Warehouse Transaction” means a Cleared Transaction Side between a Clearing Organization and a Clearing Member User that is acting for its own account.

By way of example, and without limiting the foregoing, the Cleared Transaction Sides arising from a transaction submitted to and accepted for clearing by a Clearing Organization may consist of the following:

Scenario A:

Cleared Transaction Side 1: A Cleared Non-Clearing Member Warehouse Transaction between Clearing Member User A, acting on behalf of or for the account of Non-Clearing Member User B, and the Clearing Organization.

Cleared Transaction Side 2: An offsetting Cleared Non-Clearing Member Warehouse Transaction between the Clearing Organization and Clearing Member User C, acting on behalf of or for the account of Non-Clearing Member User D.

Both Cleared Transaction Side 1 and Cleared Transaction Side 2 in this Scenario are Cleared Supplement Warehouse Transactions subject to this Supplement.

Scenario B:

Cleared Transaction Side 1: A Cleared Non-Clearing Member Warehouse Transaction between Clearing Member User A, acting on behalf of or for the account of Non-Clearing Member User B, and the Clearing Organization.

Cleared Transaction Side 2: An offsetting Self-Clearing Warehouse Transaction between the Clearing Organization and Clearing Member User C, acting for its own account.

Both Cleared Transaction Side 1 and Cleared Transaction Side 2 in this Scenario are Cleared Supplement Warehouse Transactions subject to this Supplement.

Scenario C:

Cleared Transaction Side 1: A Self-Clearing Warehouse Transaction between Clearing Member User A, acting for its own account, and the Clearing Organization.

Cleared Transaction Side 2: An offsetting Self-Clearing Warehouse Transaction between the Clearing Organization and Clearing Member User B, acting for its own account.

Both Cleared Transaction Side 1 and Cleared Transaction Side 2 in this Scenario are Cleared Supplement Warehouse Transactions subject to this Supplement.

In the event of any conflict or inconsistency between this Supplement and the other provisions of the Operating Procedures with respect to a Cleared Supplement Warehouse Transaction or the Warehouse Records related thereto, this Supplement shall govern.

**Treatment of Cleared Supplement Warehouse Transactions**

The following provisions shall apply to Cleared Supplement Warehouse Transactions and related Warehouse Records:

(i) Each Cleared Supplement Warehouse Transaction will be recorded using a three party cleared transaction Warehouse Record (a “Tri-Party Cleared Transaction Record”). The Tri-Party Cleared Transaction Record will be in the same form as other Warehouse Records (whether cleared or uncleared) for the relevant transaction type, except that the Tri-Party Cleared Transaction Record (A) will identify (x) in the case of a Cleared Non-Clearing Member Warehouse Transaction, the Clearing Organization, the Clearing Member User and the Non-Clearing Member User and (y) in the case of a Self-Clearing Warehouse Transaction, the Clearing Organization and the Clearing Member User and, in the field used as referred to in (x) to identify the Non-Clearing Member User, will again identify the Clearing Member User, (B) will have additional fields reflecting whether the Non-Clearing Member User or, in a Self-Clearing Warehouse Transaction, the Clearing Member User identified in its place is acting as “buyer” or “seller” for the relevant transaction and whether the transaction is a “client” or “house” transaction provided that a Self-Clearing Warehouse Transaction shall not be identified as a client transaction, and (C) will have such other modifications as the Company may specify from time to time through Applicable Publications.

(ii) A Cleared Non-Clearing Member Warehouse Transaction recorded in a Tri-Party Cleared Transaction Record identifying a Non-Clearing Member User will constitute a Cleared Supplement Warehouse Transaction recording either (A) (x) a Warehouse Transaction between the Clearing Organization and the Clearing Member User identified therein and (y) a Warehouse Transaction between that Clearing Member User and the Non-Clearing Member User identified therein or (B) a Cleared Supplement Warehouse Transaction among the Non-Clearing Member User, Clearing Member User and Clearing Organization, in each case, as described in the Cleared Transaction Documentation.

(iii) For the avoidance of doubt, a Self-Clearing Warehouse Transaction described in a Tri-Party Cleared Transaction Record will constitute a single Cleared Supplement Warehouse Transaction between the Clearing Member User acting for its own account and the Clearing Organization.

(iv) As among the Clearing Organization, Clearing Member User and Non-Member User (if any), a Cleared Supplement Warehouse Transaction shall be subject to (A) the applicable terms and conditions set forth in the rules, procedures, operating procedures, terms and conditions or similar documents (however described) of the relevant Clearing Organization (the “Clearing Organization Rules”) and, solely to the extent applicable pursuant to the arrangements between the parties thereto, the terms and conditions of any confirmation service or similar service used for confirmation of the relevant transaction, and (B) in the case of a Cleared Non-Clearing Member Warehouse Transaction, in addition, any account documentation agreed or otherwise applicable between the Clearing Member User and the Non-Clearing Member User (the documents described in (A) and (B) collectively, the “Cleared Transaction Documentation”).

(v) Without affecting the rights and obligations (if any) of the Clearing Organization, Clearing Member User and Non-Clearing Member User as against each other under the Cleared Transaction Documentation, the Services to be provided by the Company in respect of a Cleared Supplement Warehouse Transaction and related Warehouse Records will be solely as set out in these Operating Procedures, and the Company will not be deemed to have notice of any Cleared Transaction Documentation or be obligated to take, or refrain from taking, any action based on any such Cleared Transaction Documentation in providing the Services set forth in these Operating Procedures, except as set forth in this Supplement.

(vi) For the avoidance of doubt, the Warehouse Record for a Cleared Supplement Warehouse Transaction shall not reflect any agreement or transaction prior to clearing by the Clearing Organization. Each Cleared Supplement Warehouse Transaction resulting from the clearing of a transaction will be documented or reflected in one or more separate Tri-Party Cleared Transaction Records constituting a separate Warehouse Transaction and, in the case of a Cleared Non-Clearing Member Warehouse Transaction where the Cleared Transaction Documentation so provides, in addition, the related Warehouse Transaction between the relevant Clearing Member User and the relevant Non-Clearing Member User forming part of the relevant Cleared Transaction Side.

(vii) Except as otherwise specified by the Company by Important Notice or Applicable Publications, the Company will not provide payment instructions under the Central Settlement Appendix for Cleared Supplement Warehouse Transactions.

### **Procedures for Submission of Warehouse Records for Cleared Supplement Warehouse Transactions**

Notwithstanding anything to the contrary in the Operating Procedures, Warehouse Records for Cleared Supplement Warehouse Transactions may only be submitted, modified, terminated or exited by the relevant Clearing Organization, on behalf of itself and the Clearing Member User and Non-Clearing Member User (if any). No other User will be permitted to make

such submissions, modifications, terminations or exits, and the Company will not be required to act or refrain from acting with respect to such Warehouse Records based on information provided by any User other than a Clearing Organization. Warehouse Records submitted by a Clearing Organization in respect of a Cleared Supplement Warehouse Transaction will be treated as confirmed transactions records and as having a status of “Certain” in the System. As between the Company and the applicable Clearing Organization, but without affecting any rights and obligations (if any) between the Clearing Organization, the Clearing Member Users and Non-Clearing Member Users under the Cleared Transaction Documentation, the Company will not be responsible for ensuring that such Warehouse Records accurately reflect the terms and status of the relevant Cleared Supplement Warehouse Transactions and any modifications thereto.

The Company will validate submissions of Warehouse Records by Clearing Organizations as to the Clearing Member Users associated with that Clearing Organization.

Each User (other than a Clearing Organization) will be deemed to have agreed with the Company that each Clearing Organization will be authorized to submit, modify, terminate or exit Warehouse Records for Cleared Supplement Warehouse Transactions in which such User is identified, without further action or affirmation by such User, and such Warehouse Records shall have the same effect with respect to such User under the Operating Procedures as if submitted, modified, terminated or exited (as the case may be) by such User. Each User must meet the legal requirements specified by the Company in its sole discretion as the Company shall announce from time to time.

### **Credit Event and Succession Event Processing**

The provisions of Sections VIII and X of the Trade Warehouse Appendix to the Operating Procedures will apply to Cleared Supplement Warehouse Transactions to the same extent as other Warehouse Transactions; provided that (i) references therein to the “parties” shall refer to the Clearing Organization and the Clearing Member User, acting for itself or, if there is a Non-Clearing Member User, acting on behalf of or for the account of such Non-Clearing Member User, (ii) references therein to the “User” shall be to the Clearing Member User, acting for itself or, if there is a Non-Clearing Member User, acting on behalf of or for the account of such Non-Clearing Member User, and (iii) actions permitted to be taken by a User thereunder (including providing an adherence or non-adherence message) may only be taken by the Clearing Member User (and not any Non-Clearing Member User).

### **Restructuring Event Processing**

The provisions of Section VIIIA(G) of the Trade Warehouse Appendix to the Operating Procedures shall apply to Cleared Supplement Warehouse Transactions to the same extent as other Warehouse Transactions, subject to the additional provisions and modifications set forth herein. For purposes of the foregoing, (i) references therein to the “parties” shall refer to the Clearing Organization and the Clearing Member User, acting for itself or, if there is a Non-Clearing Member User, acting on behalf of or for the account of such Non-Clearing Member User and (ii) references therein to the “User” shall be to the Clearing Member User, acting for itself or, if there is a Non-Clearing Member User, acting on behalf of or for the account of such Non-Clearing Member User. The Company will provide any Offsetting Cleared Transaction

Notice or other notice to a User under Section VIIIA of the Trade Warehouse Appendix delivered with respect to a Cleared Supplement Warehouse Transaction to both the Clearing Member User and Non-Clearing Member User (if any). Either the Clearing Member User or the Non-Clearing Member User (if any) for a Cleared Supplement Warehouse Transaction will be permitted to send a User Cleared Transaction Notice with respect to such Cleared Supplement Warehouse Transaction; provided however that where the Cleared Transaction Documentation provides that a Cleared Non-Clearing Member Warehouse Transaction records two Warehouse Transactions (as set out in paragraph (ii)(A) under “Treatment of Cleared Supplement Warehouse Transactions” above), then (i) any User Cleared Transaction Notice sent by the Non-Clearing Member User which is party to a Cleared Non-Clearing Member Warehouse Transaction will constitute a User Cleared Transaction Notice sent by the relevant Clearing Member User to the Clearing Organization in relation to the Cleared Non-Clearing Member Warehouse Transaction and (ii) any User Cleared Transaction Notice sent by the Clearing Member User which is party to a Cleared Non-Clearing Member Warehouse Transaction will constitute a User Cleared Transaction Notice in relation to the one or more related Warehouse Transactions between that Clearing Member User and that Non-Clearing Member User. For the avoidance of doubt, the provisions of Section VIIIA of the Trade Warehouse Appendix addressing priority of Restructuring Credit Event Notices or Movement Option Notices submitted by both protection buyer and protection seller will apply to Cleared Supplement Warehouse Transactions.