

Inter-Affiliate Clearing Exemption Instructions

Rule

CFTC Regulation 50.52 provides an exemption from clearing for swaps between eligible Affiliates, as defined under CFTC Regulation 50.52(a). The full requirements are listed in CFTC Regulation 50.52(a) and 50.52(b) and can be found at <http://www.cftc.gov/LawRegulation/FederalRegister/FinalRules/2013-07970>.

Both Affiliates to a swap must make the following elections and representations on a swap by swap basis:

1. That each Affiliate meets the requirements in CFTC Regulations 50.52(a) and 50.52(b).
2. That each Affiliate elects to exempt the swap from clearing.

Additionally, each Affiliate will need to provide certain information to DDR about how it satisfies its financial obligations, as well as additional information if it is an issuer of securities. Pursuant to CFTC Regulation 50.52(d), each Affiliate may provide this information via an annual form and file the form with DDR prior to engaging in a swap subject to the Inter-Affiliate exemption from clearing rather than providing the same information for each individual swap.

STEP 1: Affiliate On-Boarding (All Affiliates planning to claim the clearing exemption)

DDR requires that all Affiliates planning to claim the clearing exemption be on-boarded to DDR.

There are three different methods of on-boarding. All require the User to contact the GTR On-Boarding team at gtr-onboarding@dtcc.com:

1. If the parent of the Affiliate is already on-boarded, the Affiliate can be added to the account through an amendment document.
2. If the parent to the Affiliate does not have an account with DDR, then the Affiliate has two choices for on-boarding:
 - a. The affiliate can complete a “light” read only on-boarding. This type of on-boarding allows the Affiliate to file an annual form for the Affiliate Clearing Exemption and also allows the Affiliate to review trades alleged against it; or
 - b. The Affiliate can complete a “full” on-boarding, which allows the Affiliate access to reports and reporting connectivity, in addition to filing the annual form.

STEP 2: Annual Form – Affiliate Process

Prior to claiming the exemption on a swap by swap basis, each Affiliate should complete and return an annual form:

1. The Affiliate contact goes to https://www.dtcc.com/products/derivserv/suite/us_swap_data_repository.php and clicks on PDF document link and downloads document (Please note that the Annual Form follows the instructions). The Affiliate contact can either print the PDF document or download the Adobe Professional Document.
2. The Affiliate contact completes the document electronically (Adobe Professional document) or manually as a hard copy (See form instructions below).
3. The Affiliate contact returns completed document to the operations e-mail inbox at GTREndUserExemption@dtcc.com either as a hard copy file or electronically through Adobe Professional.

The Annual Form provides information required by the regulations, as well as a contact for the Affiliate. Until all information is provided, the Annual Form will not be considered complete. The information requested is as follows:

Entity Information

1. Full legal Name of the Affiliate;
2. DTCC account number - since all Affiliates claiming the clearing exemption will need to be on-boarded, all will have a DTCC account number; and
3. CICI/LEI - each Affiliate will have this number as it is required for on-boarding to the SDR.

Primary Contact Information

1. Name - the name of the person responsible for filing the annual form. This information is needed so the DDR can contact the person if there is an issue with the form, information not provided or questions around the information that is provided.
2. Contact Phone.
3. Contact E-mail.

Required Regulatory Information

1. Financial Obligations – pursuant to CFTC Regulation 50.52(d), the Affiliate must indicate how it generally meets its financial obligations associated with entering into non-cleared swaps. At least one of the choices must be checked, but more than one choice may be checked. Additionally, the Affiliate has the option of providing information regarding the “other” methods of meeting financial obligations.

2. Issuer of Securities – indicate whether the Affiliate is an issuer of securities, yes or no. If the Affiliate is an issuer of securities, the Affiliate must indicate whether the appropriate committee of the board of directors (or equivalent body) has reviewed and approved the decision to enter into swaps that are exempt from the clearing requirement.

Signature Block

The following information about the person completing the Annual Inter-Affiliate Exemption form is required:

1. Signature – physical/wet or electronic.
2. Name of the signatory.
3. Title of the signatory.
4. Date executed and submitted.

Annual Form – DDR Process

Once the Affiliate has returned the annual form, DDR will perform the following processes:

1. Each submitted annual form will be reviewed for completeness. If any field or question is left blank, DDR will communicate to the contact person that the form is incomplete and will need to be completed fully.
2. Once the annual form is complete, DDR will review the information provided and will discuss any questions with the contact person .
3. Once the review by DDR is completed, an e-mail will be sent to the contact person confirming the form has been filed and the date the filing was completed.
4. DDR will maintain a tracking spreadsheet showing the affiliate name, CICI, dates the two DDR reviews were completed and the date the verified annual form was filed.
5. DDR will create a weekly report showing all counterparties to swaps that have elected the Inter-Affiliate Clearing Exemption to validate that an Inter-Affiliate Annual Form has been provided. The report will be made available to the CFTC on a weekly basis.
6. DDR will track the date the Inter-Affiliate Annual Form is completed and notify the Affiliate when the next Inter-Affiliate Annual Form needs to be filed.

STEP 3: Swap by Swap Elections

As detailed earlier, both Affiliates must make the following elections/representations on a swap by swap basis:

1. That each Affiliate meets the requirements in CFTC Regulations 50.52(a) and 50.52(b); and
2. That each Affiliate elects to exempt the Swap from clearing.

Because the representations must all be positive, only one field needs to be used to represent the swap by swap election of the exemption. The elections are made based on the language used to report the swaps.

.CSV

For .CSV, two fields need to be populated. As detailed below, the “Clearing Exception Party Prefix” field will be populated with FREEFORMATTEXT. The “Clearing Exception Party Value” field will then be populated with AFFILIATEEXEMPTION. Populating these two fields indicates that each affiliate meets the requirements of the Regulations and that each affiliate chooses to exempt the swap from clearing. For further details see the Rule section of the instructions. Both of these fields were created for End User Clearing Exception use and they will be used for that Exception as well, only in a different manner. However, there will be no conflicts since only one Exemption/Exception can be used per trade.

| | |
|---------------------------------|--------------------|
| Clearing Exception Party Prefix | FREEFORMATTEXT |
| Clearing Exception Party Value | AFFILIATEEXEMPTION |

FpML

Testing of the FpML message will be available in UAT on May 31, 2013. While the X-Paths are available now in DTCC’s message specifications, validations and data dictionaries need to be updated for reporting and message validation purposes.

For FpML it is possible to make the election on a counterparty by counterparty basis in the related party role. However, any population by either counterparty or both counterparties will be interpreted as an election by both to exempt the trade from clearing. See the FpML example below.

FpML Example

<relatedParty>

<partyReference href="BankA"/>

<role>AffiliateExemption</role> (This indicates the Affiliate Exemption has been invoked for BankA. However, any use of the role "Affiliate Exemption" by either party will signify an election by both Inter-Affiliates to the trade)

</relatedParty>

FpML X-Path

/nonpublicExecutionReport/party[@id=/nonpublicExecutionReport/trade/tradeHeader/partyTradeInformation/relatedParty[following-sibling::role="AffiliateExemption"]/partyReference/@href]/partyId

DTCC Data Repository

ANNUAL INTER-AFFILIATE CLEARING EXEMPTION FORM

This form is being provided to satisfy the annual reporting requirements under CFTC Regulation 50.52(d). A separate form is required for each eligible affiliate that engages in swap(s) that are exempt from clearing.

ENTITY INFORMATION

Full Legal Name:

DTCC Account Number:

CICI/LEI:

PRIMARY CONTACT INFORMATION

Name:

Contact Phone:

E-mail:

FINANCIAL OBLIGATIONS

How does the Affiliate generally meet its financial obligations associated with entering into non-cleared swaps? (Check all that apply. *At least one must be checked.*)

A written credit support agreement

Pledged or segregated assets (including posting or receiving margin pursuant to a credit support agreement or otherwise)

A written guarantee from another party

The electing counterparty's available financial resources

Means other than those described above (optional description of other means may be provided below)

ISSUER OF SECURITIES

Yes

No

Is the affiliate an entity that is an issuer of securities registered under section 12 of, or is required to file reports under section 15(d) of, the Securities Exchange Act of 1934?

If yes, please provide the required information below:

SEC Central Index Key number:

The appropriate committee of the board of directors (or equivalent body) has reviewed and approved the decision to enter into swaps that are exempt from the clearing requirement of section 2(h)(1), and section 2(h)(8) of the Commodity Exchange Act.

I hereby certify that the information contained in this Annual Inter-Affiliate Clearing Exemption Form is true and accurate to the best of my knowledge.

Signature:

Date:

Name:

Title: