



VIA CFTC Portal

29 January 2025

Mr Christoper Kirkpatrick

Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington, DC 20581

LCH Limited Self-Certification: ForexClear Client Default

Dear Mr Kirkpatrick,

Pursuant to the Commodity Futures Trading Commission (“CFTC”) Regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the CFTC, is submitting for self-certification changes to its Rulebook to amend its non-FCM regime for defaults of clients of the ForexClear clearing service, and to correct a minor definition error in its procedures.

Part I: Explanation and analysis

LCH is filing these rulebook changes related to ForexClear Client Default events to align, for ForexClear Clearing Members (“FXCCM”), the actions that can be effected in the event of a Defaulting ForexClear Clearing Client scenario to those that can be taken for SwapClear Clearing Members. This will enable FXCCMs to instruct LCH to enact portfolio transfers for their clients’ contracts, as well as to book trades directly into their clients’ accounts when the contractual default takes place. These changes will also introduce Backup Clearing Members for ForexClear Clearing Clients.

As part of this filing, LCH will also update an incorrect definition identified in Procedures Section 2C relating to the client default process.

Part II: Description of Rule Changes

Backup Clearing Members

Section 1.12.2 of Procedures Section 2I will be amended to provide for the appointment of a Backup Clearing Member(s) by ForexClear Clearing Clients. Appointment of one or more such Backup Clearing Members will enable porting ForexClear Contracts entered into by an FXCCM on its Client’s behalf and corresponding Account Balance(s) to such appointed Backup Clearing Members.

The updates to Section 1.12.2 will also add that, for FXCCMs, there is an agreement that, following the Default of a relevant FXCCM, the Clearing House can disclose the Portfolio of a Relevant Client Account and ForexClear Clearing Client of the affected FXCCM to each Backup Clearing Member appointed by the ForexClear Clearing Client.

The terms “Portfolio” and “Relevant Client Account” are also defined for the purposes of the updated Section 1.12.2.



The previous wording of 1.12.2 addressing Transactions in Respect of ForexClear Clearing Client Defaults to FXCCM will also be deleted.

Defaulting ForexClear Clearing Client

Section 1.12.3 of Procedures Section 2I will be removed and replaced with Section 12.3 detailing actions that can be taken following an early termination date in respect of a Defaulting ForexClear Clearing Client in order to align with those under Procedures Section 2C.

Section 1.13.1 will be updated to provide for the following actions for FXCCMs in respect of transactions between an FXCCM and a Defaulting ForexClear Clearing Client where the FXCCM is a party to the Related ForexClear Contracts and is not itself a Defaulting FXCCM:

- Transfer the relevant Related ForexClear Contracts and/or new Contracts from its Client Account to its Proprietary Account or the Proprietary Account of another FXCCM or FCM Clearing Member; or
- Transfer a ForexClear Contract from its Proprietary Account or the Proprietary Account of another FXCCM or FCM Clearing Member to its Client Account relating to the Defaulting ForexClear Clearing Client.

Section 1.13.2 will be inserted to provide the possibility for FXCCMs following an early termination date one or more transaction(s) between a FXCCM and a Defaulting ForexClear Clearing Client where such FXCCM is a party to Related ForexClear Contracts and, at the time of such early termination, is not a defaulting FXCCM, to present such ForexClear Transaction to LCH for registration as two ForexClear Contracts. The FXCCM in this instance may also present the Transaction as one ForexClear Contract and one FCM Contract, where one resulting ForexClear Contract will be registered in its Client Account as a New Contract. This is subject to the ForexClear Contract being effected via an Approved Trade Source System or other method instructed by the Clearing House and subject to terms and details proscribed by the Clearing House.

Section 1.13.3 will be inserted to clarify for FXCCMs in any situation not covered by the Rulebook provisions, subject to evidence of a ForexClear Clearing Client's consent and an indemnity being received by the Clearing House, that the Clearing House will usually arrange a transfer of any ForexClear Contracts within 24 hours of receipt of the aforementioned requirements.

Section 1.13.4 will be inserted to outline the representations that LCH will deem from the request(s) to carry out the actions in this rule filing.

Definition Update

Procedures Section 2C section 1.13 will also be updated to make a minor correction to the definition of "Related SwapClear Contract".

The changes to the LCH Rulebook and Procedures are included as **Appendices I-II** in black line form. These changes will be effective not earlier than **11 February 2025**.



Part III: Core Principles Compliance

LCH reviewed the proposed change against the requirements of the Core Principles and finds it will continue to comply with all the requirements and standards set forth therein. Specifically, this rule change has potential relevance to Core Principles D (Risk Management) and L (Public Information).

The changes described in this filing ensure that LCH continues to meet the objectives of Core Principle D and rule §39.13. These changes do not impact LCH's approach to Risk Management and the way that it manages risks associated with discharging its obligations as a Derivatives Clearing Organisation. Likewise, the rule changes do not affect the way that LCH manages the exposures from clearing member house or customer positions, nor LCH's management of customer funds. LCH will allow FXCCMs greater flexibility in terms of requests for transfer of a defaulting ForexClear Clearing Client's positions and during early termination events, including into the FXCCM's proprietary account or to another FXCCM. The addition of Backup Clearing Members further strengthens the toolkit of ForexClear Clearing Clients and adds greater transparency to the porting process through enabling the portfolio disclosure.

By aligning the actions that can be taken by non-Defaulting FXCCMs, with respect to early termination events from Defaulting ForexClear Clearing Clients, with the process under Procedures Section 2C, LCH is ensuring that it continues to meet the requirements laid out under Core Principle L and rule §39.21. Ensuring wherever possible rules relating to the treatment of contracts under default and/or early termination events are disclosed and applicable equally across LCH's services means that LCH's members are better able to identify and evaluate accurately the risks and costs associated with using LCH's services, and subsequently to manage these risks.

Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at: [Proposed Rule Changes | LSEG](#)

Part V: Opposing Views

There were no opposing views expressed to LCH by governing board of committee members, members of LCH or market participants that were not incorporated into this proposal.

Certification

LCH hereby certifies to the CFTC, pursuant to the procedures set forth in CFTC Regulation §40.6, that the attached submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Definitions

Words which begin with a capital letter, but are not defined, in this document shall have the meaning specified in the General Regulations of the LCH Rules, which rulebook is located at: [LCH Ltd Rulebook | LSEG](#).

Should you have any questions, please contact me at james.woolley@lseg.com

Yours sincerely,



James Woolley
Regulatory Compliance Analyst
LCH Limited



Appendix I

Procedures Section 2I – ForexClear Clearing Service

Pages to be revised

LCH LIMITED
PROCEDURES SECTION 2I
FOREXCLEAR CLEARING SERVICE

further actions as necessary to ensure that payments made to it can be made without deduction or withholding for or on account of any Tax.

1.12 ForexClear Client Clearing

1.12.1 *ForexClear Clearing Client Clearing – Ancillary Documentation*

- (a) *Security Deed*: Unless specified otherwise by the Clearing House, a ForexClear Clearing Member must enter into a Security Deed in respect of its Clearing Clients in relation to amounts due to it from the Clearing House pursuant to the Client Clearing Annex. Further information in relation to such Security Deed is prescribed by the Clearing House from time to time and published on the Clearing House's website.
- (b) *Prescribed Language and End-User Notice*: Pursuant to the Clearing House's General Regulations, each ForexClear Clearing Member is required to ensure that it includes certain language in its agreement with its ForexClear Clearing Client (the "**Clearing House Prescribed Language**"). The Clearing House Prescribed Language is shown at Schedule 1 of the Procedure .

ForexClear Clearing Clients' attention is drawn to the End-User Notice which is published on the Clearing House's website at www.lch.com/user/membership/ltd-membership/end-user-notice.

1.12.2 Backup Clearing Members:

A ForexClear Clearing Client may, at any time, appoint one or more Backup Clearing Member(s) in respect of the ForexClear Service, for the purpose of porting ForexClear Contracts entered into by a FXCCM on its behalf and corresponding Account Balance(s), in accordance with the Client Clearing Annex.

A FXCCM agrees that the Clearing House is permitted, after the Default of such FXCCM, to disclose the Portfolio in respect of a Relevant Client Account and ForexClear Clearing Client of such FXCCM, to each Backup Clearing Member appointed by such ForexClear Clearing Client in respect of the ForexClear Service.

For the purposes of this Section 1.12.2:

- (a) “Portfolio” means, in respect of a Relevant Client Account and a ForexClear Clearing Client (i) the Contract(s) recorded to the Relevant Client Account and entered into between the Defaulting FXCCM and the Clearing House, in respect of such ForexClear Clearing Client, (ii) the Account Balance(s) recorded to the Relevant Client Account and attributable to such ForexClear Clearing Client, and (iii) such other related information as determined by the Clearing House in its sole discretion; and

- (b) “**Relevant Client Account**” means, in respect of a Defaulting FXCCM and a ForexClear Clearing Client, a Client Account (i) in the ForexClear Service and in the name of such Defaulting FXCCM, and (ii) attributable to such ForexClear Clearing Client (and, as applicable, one or more other ForexClear Clearing Client(s)).

~~1.12.2—Transactions in Respect of ForexClear Clearing Client Default to FXCCM~~

- ~~(a) This Section describes certain transactions that, under certain conditions, can be carried out by an FXCCM in respect of one of its ForexClear Clearing Clients that has defaulted in its obligations to the FXCCM.~~
- ~~(b) A request or instruction from an FXCCM to the Clearing House to carry out a transaction described in Sections 1.12.3 (*Transfers between Client Accounts and Proprietary Accounts*) or 1.12.4 (*ForexClear Contracts Entered into, or Cancelled, on behalf of Defaulted Clients*) below shall in every case be deemed a representation by the FXCCM to the Clearing House that (i) the affected ForexClear Clearing Client is in default of its obligations to the FXCCM, (ii) the FXCCM has provided and will provide (as applicable) any required notices to the ForexClear Clearing Client of its default and the FXCCM's transactions effected under Sections 1.12.3 (*Transfers between Client Accounts and Proprietary Accounts*) and/or 1.12.4 (*ForexClear Contracts Entered into, or Cancelled, on behalf of Defaulted Clients*) below, and (iii) the FXCCM is permitted by its agreements with the ForexClear Clearing Client and Applicable Law, and has authority to effect the transactions specified in the FXCCM's requests and/or instructions to the Clearing House in respect of such ForexClear Clearing Client. FXCCMs are not permitted to effect or attempt to effect a transaction described in Sections 1.12.3 (*Transfers between Client Accounts and Proprietary Accounts*) or 1.12.4 (*ForexClear Contracts Entered into, or Cancelled, on behalf of Defaulted Clients*) below where the preceding representations are not satisfied.~~
- ~~(c) In any other circumstance not covered by Section 1.12.3 (*Transfers between Client Accounts and Proprietary Accounts*), Section 1.12.4 (*ForexClear Contracts Entered into, or Cancelled, on Behalf of Defaulted Clients*) or Section 1.14 (*Indirect Clearing*), an FXCCM may only instruct the Clearing House to transfer a ForexClear Contract from its Client Account to its Proprietary Account in circumstances where the Clearing House has received from the FXCCM:~~
- ~~(i) evidence of the relevant ForexClear Clearing Client's consent to such transfer in a form suitable to the Clearing House; and~~
- ~~(ii) an indemnity in a form suitable to the Clearing House.~~

~~The Clearing House will usually arrange a transfer of any ForexClear Contracts to be transferred pursuant to this paragraph (c) within 24 hours of receipt (to the extent applicable) of the documents listed in~~

~~sub-paragraphs (i) and (ii) above, unless such transfer is contested by the relevant ForexClear Clearing Client.~~

~~1.12.3~~ **1.13 Transfers between Client Accounts and Proprietary Accounts**
Defaulting ForexClear Clearing Client

1.13.1 If at any time an early termination date (howsoever described) occurs in respect of one or more of the transactions between an FXCCM and a ForexClear Clearing Client (a "**Defaulting ForexClear Clearing Client**") in respect of which such FXCCM (i) is a party to Related ForexClear Contracts and (ii), at the time of such early termination date, ~~the relevant is not FXCCM is not a Defaulter~~ Defaulting FXCCM, the that FXCCM may instruct the Clearing House to, in connection with a defaulted ForexClear Clearing Client, transfer:

- (a) the relevant Related ForexClear a ForexClear Contracts and/or New Contracts from the applicable its Client Account to its Proprietary Account or the Proprietary Account of another FXCCM or FCM Clearing Member; or
- (b) a ForexClear Contract from its Proprietary Account or the Proprietary Account of another FXCCM or FCM Clearing Member to its Client Account relating to the Defaulting ForexClear Clearing Client,

provided that the following conditions precedent are met (in addition to any ~~other~~ generally applicable provisions of the Rulebook): neither the FXCCM nor any FXCCM or FCM Clearing Member to or from which the ForexClear Contracts are being transferred pursuant to this Section 1.13.1 is a Defaulter.

For the purposes of this Section 1.13.1:

- (a) a "**Related ForexClear Contract**" means, in respect of a transaction between a FXCCM and a Defaulting ForexClear Clearing Client which has been terminated on an early termination date, the open position represented by the ForexClear Contract entered into with the Clearing House by such FXCCM on equal and opposite terms to such transaction; and
- (b) a "**New Contract**" has the meaning specified in Section 1.13.2.

For the avoidance of doubt, if an early termination date occurs, the Clearing House will not require that the Defaulting ForexClear Clearing Client provide its consent to the requested transfer in order for the Clearing House to effect a transfer requested by the FXCCM pursuant to this Section 1.13.1.

A transfer pursuant to this Section 1.13.1 will be subject to receipt by the Clearing House of the following:

- ~~(i) the representations described above in paragraph (b) of Section 1.12.2 (Transactions in Respect of ForexClear Clearing Client Default to FXCCM) are not or would not be breached;~~
- ~~(ii) satisfactory evidence of the ForexClear Clearing Client's default in its obligations to the FXCCM is presented to the Clearing House, which evidence may be, to the extent permitted by the Clearing House in its sole discretion, nothing other than the FXCCM's instruction to effect the transfer (provided that the Clearing House shall be entitled to request additional evidence in its discretion);~~
- (a) a copy of the notice from the relevant FXCCM to the relevant ForexClear Clearing Client or from the relevant ForexClear Clearing Client to the relevant FXCCM designating the relevant early termination date or, if such early termination date has occurred automatically, evidence of the relevant event of default or termination event;
- ~~(iii)~~(b) a copy of a notice served by the relevant FXCCM on the relevant ForexClear Clearing Client alerting that ForexClear Clearing Client of the FXCCM's its intention to request a transfer of the relevant ForexClear Contracts to the Clearing House pursuant to this Section 1.13; and
- ~~(iv) at all times the FXCCM maintains sufficient Collateral in its Proprietary Account and the applicable Client Account; and~~
- ~~(v)~~(c) on demand from the Clearing House, an indemnity from the relevant FXCCM in a form suitable to the Clearing House is provided to the Clearing House.

~~For the purposes of this Section 1.12.3 a "Related ForexClear Contract" means, in respect of a transaction between an FXCCM and a ForexClear Clearing Client which has been terminated on an early termination date, the open position represented by the ForexClear Contract entered into with the Clearing House by such FXCCM on behalf of the relevant ForexClear Clearing Client on equal and opposite terms to such transaction.~~

~~(b) In connection with this Section 1.13.1, tThe Clearing House will typically usually arrange a transfer of Related ForexClear Contracts (but shall not be required to) transfer the relevant ForexClear Contract within 24 hours of receipt of the above(to the extent applicable) of the documents listed in paragraphs (a) to (c) above.-~~

- (e)1.13.2 Following the occurrence of an early termination date (howsoever described) in respect of one or more transaction(s) between a FXCCM and a Defaulting ForexClear Clearing Client in respect of which such FXCCM (i) is a party to Related ForexClear Contracts, and (ii) at the time of such early termination date is not a Defaulting FXCCM, such FXCCM may present a ForexClear Transaction to the Clearing House for registration as two ForexClear Contracts, or as one ForexClear Contract and one FCM Contract

(as applicable), where (if such ForexClear Transaction is accepted for clearing by the Clearing House) one such resulting ForexClear Contract will be registered in its Client Account relating to such Defaulting ForexClear Clearing Client (each such ForexClear Contract, a "New Contract"), provided that the following condition precedent is met (in addition to any other generally applicable provisions of the Rulebook): the presentation of such ForexClear Transaction is effected via such Approved Trade Source System or other method as the Clearing House shall instruct for such purpose, and on such terms and including such details as the Clearing House shall require.

1.13.3 In any other circumstance not covered by Section 1.13.1, Section 1.15, Section 1.3.12 or Regulation 95, a FXCCM may only instruct the Clearing House to transfer a ForexClear Contract from its Client Account to its Proprietary Account in circumstances where the Clearing House has received from the FXCCM:

- (a) evidence of the relevant ForexClear Clearing Client's consent to such transfer in a form suitable to the Clearing House; and
- (b) an indemnity in a form suitable to the Clearing House.

The Clearing House will usually arrange a transfer of any ForexClear Contract to be transferred pursuant to this Section 1.13.3 within 24 hours of receipt (to the extent applicable) of the documents listed in paragraphs (a) and (b) above.

1.13.4 A request from a FXCCM to the Clearing House to carry out any of the actions described in Section 1.13.1 or Section 1.13.2 above shall in every case be deemed a representation by the FXCCM to the Clearing House that:

- (a) an early termination date has occurred with respect to the relevant transaction(s) between the FXCCM and the ForexClear Clearing Client;
- (b) the FXCCM has provided and will provide (as applicable) any required notices to the Defaulting ForexClear Clearing Client in respect of the early termination date(s) and any other actions described in Sections 1.13.1 or 1.13.2;
- (c) the FXCCM is permitted by its agreement(s) with the Defaulting ForexClear Clearing Client and has authority to effect the transfers and/or registrations specified in the FXCCM's requests to the Clearing House in respect of the Defaulting ForexClear Clearing Client;
- (d) such transfers and/or registrations and all related instructions to the Clearing House comply with Applicable Law; and
- ~~(d)~~(e) the individual making such request or presentation (or issuing any related instructions to the Clearing House) is authorised to do so on behalf of the FXCCM.

~~1.12.4 *ForexClear Contracts Entered into, or Cancelled, on Behalf of Defaulted Clients*~~

- ~~(a) — An FXCCM may register, in the name of a defaulted ForexClear Clearing Client but without the direction of such ForexClear Clearing Client, ForexClear Contracts (including hedging and/or compression transactions) to such Client Account, or cancel ForexClear Contracts without the direction of such ForexClear Clearing Client under the following conditions (in addition to any other generally applicable provisions of the Rulebook):~~
- ~~(i) — the representations described above in paragraph 1.12.2(b) (*Transactions in respect of ForexClear Clearing Client Default to FXCCM*) are not or would not be breached;~~
 - ~~(ii) — satisfactory evidence of the ForexClear Clearing Client's default in its obligations to the FXCCM is presented to the Clearing House, which evidence may be, to the extent permitted by the Clearing House in its sole discretion, nothing other than the FXCCM's instruction to effect the transfer (provided that the Clearing House shall be entitled to request additional evidence in its discretion);~~
 - ~~(iii) — at all times the FXCCM maintains sufficient Collateral in the applicable Client Account;~~
 - ~~(iv) — a copy of a notice served by the FXCCM on the ForexClear Clearing Client alerting that ForexClear Clearing Client of the FXCCM's intention to register the relevant ForexClear Contract(s) is provided to the Clearing House; and~~
 - ~~(v) — on demand from the Clearing House, an indemnity from the FXCCM in a form suitable to the Clearing House is provided to the Clearing House.~~
- ~~(b) — Such a ForexClear Contract submitted for registration in the name of a defaulted ForexClear Clearing Client must reference the applicable ForexClear Clearing Client and Client Account as would ordinarily occur; however, the transaction may be submitted using either the ForexClear Clearing Client's ForexClear Approved Trade Source System identification number or an alternative ForexClear Approved Trade Source System identification number other than that of the ForexClear Clearing Client (e.g., the FXCCM's ForexClear Approved Trade Source System identification numbers), as applicable.~~

~~1.12.5 *Backup Clearing Members:*~~

~~A ForexClear Clearing Client may, at any time, appoint one or more Backup Clearing Member(s) in respect of the ForexClear Service, for the purpose of porting ForexClear Contracts entered into by a FXCCM on its behalf and~~

~~corresponding Account Balance(s), in accordance with the Client Clearing Annex.~~

~~A FXCCM agrees that the Clearing House is permitted, after the Default of such FXCCM, to disclose the Portfolio in respect of a Relevant Client Account and ForexClear Clearing Client of such FXCCM, to each Backup Clearing Member appointed by such ForexClear Clearing Client in respect of the ForexClear Service.~~

~~For the purposes of this Section 1.12.5:~~

~~(a) —“Portfolio” means, in respect of a Relevant Client Account and a ForexClear Clearing Client (i) the Contract(s) recorded to the Relevant Client Account and entered into between the Defaulting FXCCM and the Clearing House, in respect of such ForexClear Clearing Client, (ii) the Account Balance(s) recorded to the Relevant Client Account and attributable to such ForexClear Clearing Client, and (iii) such other related information as determined by the Clearing House in its sole discretion; and~~

~~(b) —“Relevant Client Account” means, in respect of a Defaulting FXCCM and a ForexClear Clearing Client, a Client Account (i) in the ForexClear Service and in the name of such Defaulting FXCCM, and (ii) attributable to such ForexClear Clearing Client (and, as applicable, one or more other ForexClear Clearing Client(s)).~~

1.131.14 **Provision of Tax Forms**

The Clearing House and each FXCCM shall provide to each FXCCM or the Clearing House, as relevant, (i) any forms or documents specified in the ForexClear Contract between the Clearing House and the FXCCM and (ii) any other form, document, statement or certification reasonably requested in writing by the FXCCM or the Clearing House in order to allow the FXCCM or the Clearing House to make a payment under the Rules of the Clearing House or any ForexClear Contract without deduction or withholding for or on account of any tax or with such deduction or withholding at a reduced rate unless the Clearing House or the FXCCM can no longer deliver such form, document, statement or certification solely as a result of a change in law (including double tax treaty) or interpretation thereof after the date of the ForexClear Contract between the Clearing House and the FXCCM. In the case of the Clearing House, the forms required pursuant to item (ii) above include an Internal Revenue Service Form W-8BEN. Additionally, the Clearing House will take such further actions as necessary to ensure that payments made to it can be made without deduction or withholding for or on account of any Tax.

1.141.15 **Indirect Clearing**

~~1.14.1.15.1~~ In circumstances where an early termination date (howsoever described) occurs in respect of all of the transactions between a ForexClear Clearing Member and a ForexClear Clearing Client acting on behalf of Indirect Clearing Clients comprising an Indirect Gross Account in respect of which such ForexClear Clearing Member (i) is a party to Related ForexClear



Appendix II

Procedures Section 2C – SwapClear Clearing Service

Pages to be revised

LCH LIMITED

PROCEDURES SECTION 2C

SWAPCLEAR CLEARING SERVICE

If the Clearing House chooses an alternative interest rate for the purposes of calculating PAI and Price Alignment Amount pursuant to Section 1.12, it shall notify all SwapClear Clearing Members in writing.

1.13 Defaulting SCM Client

1.13.1 If at any time an early termination date (howsoever described) occurs in respect of one or more of the transactions between a SwapClear Clearing Member and a SwapClear Clearing Client (a "**Defaulting SCM Client**") in respect of which such SwapClear Clearing Member (i) is a party to Related SwapClear Contracts and (ii) at the time of such early termination date, is not a Defaulting SCM, that SwapClear Clearing Member may instruct the Clearing House to transfer:

- (a) the relevant Related SwapClear Contracts and/or New Contracts from its Client Account to its Proprietary Account or the Proprietary Account of another SwapClear Clearing Member or FCM Clearing Member; or
- (b) a SwapClear Contract from its Proprietary Account or the Proprietary Account of another SwapClear Clearing Member or FCM Clearing Member to its Client Account relating to the Defaulting SCM Client,

provided that the following conditions precedent are met (in addition to any generally applicable provisions of the Rulebook): neither the SwapClear Clearing Member nor any SwapClear Clearing Member or FCM Clearing Member to or from which the SwapClear Contracts are being transferred pursuant to this Section 1.13.1 is a Defaulter.

For the purposes of this Section 1.13.1:

- (a) a "**Related SwapClear Contract**" means, in respect of a transaction between a SwapClear Clearing Member and a Defaulting SCM Client which has been terminated on an early termination date, the open position represented by the SwapClear Contract entered into with the Clearing House by such ~~Defaulting SCM Client~~[SwapClear Clearing Member](#) on equal and opposite terms to such transaction; and
- (b) a "**New Contract**" has the meaning specified in Section 1.13.2.

For the avoidance of doubt, if an early termination date occurs, the Clearing House will not require that the Defaulting SCM Client provide its consent to the requested transfer in order for the Clearing House to effect a transfer requested by the SwapClear Clearing Member pursuant to this Section 1.13.1.

A transfer pursuant to this Section 1.13.1 will be subject to receipt by the Clearing House of the following:

- (a) a copy of the notice from the relevant SwapClear Clearing Member to the relevant SwapClear Clearing Client or from the relevant SwapClear Clearing Client to the relevant SwapClear Clearing Member designating the relevant early termination date or, if such early