COM NON EXCHANGE CLEARING PROCEDURES

1 Application

1.1 These COM Non Exchange Clearing Procedures contain detailed provisions on the registration and processing of COM Clearing Requests in respect of COM Non Exchange Transactions, and form an integral part of the Clearing Rules.

2 Submittal of COM Clearing Requests

2.1 Clearing Members (and their COM Non Exchange Trading Brokers) may submit COM Clearing Requests in respect of Non Exchange Transactions to the Clearing House until the final time for Registration as set out in the individual contract specifications of each Series. Customers may only submit COM Clearing Requests through their Trading Account Administrator.

2.2 COM Clearing Requests may be submitted through the Clearing System in accordance with these COM Non Exchange Clearing Procedures, provided that the Clearing System user terms are observed and complied with at all times.

2.3 As a backup arrangement to Section 2.2 the Clearing House may, in its own discretion and subject to satisfactory confirmation relating to authentication and other issues which the Clearing House finds relevant and appropriate, register a COM Clearing Request in the Clearing System on behalf of the Clearing Member or COM Non Exchange Trading Broker following instructions submitted outside the Clearing System.

2.4 All COM Clearing Requests, including telephone conversations and other communication with the Clearing House in connection with registration of COM Clearing Requests, may be recorded and kept by the Clearing House in accordance with applicable law, and may be used to determine the factual contents of such communication for the purpose of operation the Clearing House or to comply with applicable law.

3 Use of COM Non Exchange Trading Brokers

3.1 COM Non Exchange Trading Brokers may represent Clearing Members in clearing of COM Non Exchange Transactions.

3.2 The following provisions will apply where a COM Non Exchange Trading Broker is acting for a Clearing Member in respect of Clearing of COM Non Exchange Transactions:

3.2.1 COM Non Exchange Trading Brokers act only as intermediaries, and shall not be Counterparties to any Transactions or Contracts in which they are involved.

3.2.2 COM Non Exchange Trading Brokers may only submit COM Clearing Requests in respect of COM Non Exchange Transactions when it is party to a valid and effective COM Non Exchange Trading Broker Agreement at the relevant time.

3.2.3 For the purposes of dealing with any COM Clearing Requests in respect of COM Non Exchange Transactions or Transactions registered by the Non Exchange Trading Broker, the Clearing Member shall release the Clearing House from any confidentiality obligations owed by it to the Clearing Member in respect of such COM Clearing Requests or Transactions.

3.2.4 COM Non Exchange Trading Brokers are generally authorised to act on behalf of a Clearing Member in all COM Clearing Requests and Transactions where the COM Non Exchange Trading Broker is or has been involved. The Clearing Member remains fully responsible to the Clearing House for all COM Clearing Requests and Transactions registered on its behalf by its COM Non Exchange Trading Broker(s), regardless of whether the COM Non Exchange Trading Broker has acted on or in accordance with its instructions.
3.3 Once a COM Non Exchange Trading Broker has submitted a COM Clearing Request, the COM Non Exchange Trading Broker (i.e. the individual registering the COM Clearing Request or its contact person) shall be available by telephone on the same Bank Day for a period of thirty (30) minutes following COM Contract Time of the applicable COM Non Exchange Transaction.

4 COM Clearing Requests

4.1 COM Clearing Requests in respect of COM Non Exchange Transactions must be submitted to the Clearing House within the final time for Registration for a Series as set out in the relevant contract specifications.

4.2 A COM Clearing Request must state the following information applicable to the COM Non Exchange Transaction submitted for Clearing in order to be valid:
   a. the identity of the parties involved and, if applicable, their Trading Account Administrator;
   b. the Series;
   c. the number of Instruments traded;
   d. the COM Contract Price (in the applicable currency);
   e. the COM Contract Time (date, hour and minute) within a deviation of maximum 30 seconds;
   f. the Clearing Account to which the COM Non Exchange Transaction shall be allocated;
   g. any additional information as mandated and/or allowed by (i) the Clearing Rules and/or (ii) the prevailing functionality of the Clearing System.

4.3 COM Clearing Requests may be registered by the involved parties and COM Non Exchange Trading Brokers as follows:
   a. Single-sided registrations: A Clearing Member may register a buy or sell side of a COM Non Exchange Transaction for clearing, in which case the other party must register an opposite and matching single-sided registration with the Clearing House, nominating the original Clearing Member as counterparty to the COM Non Exchange Transaction. Only matching and opposite single-sided registrations from the parties involved will be deemed to represent a COM Clearing Request. Single-sided registrations that have not been matched by an opposite single-sided registration by the end of Clearing House Opening Hours on the applicable Bank Day will be cancelled.

5 Registration

5.1 The Clearing House decides in its sole discretion whether or not to approve a COM Clearing Request in respect of a COM Non Exchange Transaction on a continuous and revolving basis. The Clearing House shall not become counterparty to any such COM Non Exchange Transaction or COM Clearing Request, and will only be Counterparty to the corresponding Contract(s) when it has been Recorded following Registration.

5.2 A COM Clearing Request received by the Clearing House outside of Clearing House Opening Hours will not be processed or Registered by the Clearing House until the following Bank Day. If a COM Clearing Request is received after Clearing House Opening Hours, the COM Clearing Request shall be deemed registered at start of Clearing House Opening Hours on the following Bank Day.

5.3 Once a COM Clearing Request has been received by the Clearing House, both parties to the COM Non Exchange Transaction must affirm the existence of such COM Non Exchange Transaction and its terms in the Clearing System, or via such other process as the Clearing House may approve from time to time. Such affirmation must occur prior to the close of the Clearing House Opening Hours on the Bank Day following the receipt of the COM Clearing Request.
5.4 As soon as a COM Clearing Request has been affirmed by both parties involved in accordance with Section 5.3, the Clearing House shall carry out Prenovation Checks and Exposure Limit Checks.

5.5 If all relevant Prenovation Checks and Exposure Limit Checks are passed, the Clearing House shall approve the COM Clearing Request, Register the relevant Transaction and Record the corresponding Contract.

5.6 If any relevant Prenovation Check and/or Exposure Limit Check is not passed, the Clearing House shall either a) decide (at its discretion) to approve the COM Clearing Request, Register the relevant Transaction and Record the corresponding Contract, or b) immediately notify the relevant Clearing Member(s) and shall inform them of the amount of extra collateral (if any) that needs to be posted to pass the Prenovation Check.

5.7 A Clearing Member can request that the Clearing House reviews the relevant Exposure Limit. Any increase in such Exposure Limit is entirely at the Clearing House’s discretion, and if such increase is approved, sufficient extra collateral must be posted to cover the increased Exposure Limit.

5.8 Once the Clearing House has notified a Clearing Member that the Prenovation Check and/or the Exposure Limit Check have not been passed in accordance with Section 5.6 above, extra collateral may be posted and/or an increase in the relevant Exposure Limit may be requested.

5.9 At any point after the Clearing House has notified a Clearing Member that the Prenovation Check and/or the Exposure Limit Check have not been passed in accordance with Section 5.6 above, such Clearing Member may request that the Clearing House carry out a new Prenovation Check and/or Exposure Limit Check. The Clearing House has no obligation to re-run a Prenovation Check and/or Exposure Limit Check unless such re-run is requested by the relevant Clearing Member.

5.10 Subject to clause 5.11 below, if, after the Clearing House has notified a Clearing Member that the Prenovation Check and/or the Exposure Limit Check have not been passed in accordance with Section 5.6 above, the Clearing House re-runs the Prenovation Checks and/or the Exposure Limit Checks and they are passed, the Clearing House shall approve the COM Clearing Request, Register the relevant Transaction and Record the corresponding Contract.

5.11 If, at the end of Clearing House Opening Hours on the Bank Day after the COM Clearing Request was received by the Clearing House, any relevant Prenovation Checks and/or Exposure Limit Checks have not been passed, the Clearing House shall reject the COM Clearing Request.

5.12 The Clearing House reserves the right to reject, cancel or refuse to approve any COM Clearing Request which in the Clearing House’s determination would contravene sound clearing operations, the Clearing Rules, applicable law, or where there is another reasonable foundation for rejection.

6 Suspension of COM Non Exchange Clearing

6.1 The Clearing House may at any time suspend registration and/or processing of COM Clearing Requests in respect of COM Non Exchange Transactions if the Clearing House in its own discretion deems this necessary due to market conditions or other reasons, including situations where the Clearing System is unavailable.

6.2 Resumption of COM Non Exchange Clearing shall take place when the Clearing House is reasonably satisfied that the cause of the suspension is no longer persisting. COM Clearing Requests will remain registered during suspension only to the extent this is technically possible applying commercially reasonable efforts.

6.3 The Clearing House shall inform Clearing Members and COM Non Exchange Trading Brokers about any suspension and resumption of the COM Non Exchange Clearing as soon as practicable.