Appendix 16

1.9A Default Fund Rules

Application

1.9A.1 These Default Fund Rules set forth the terms and conditions governing the relationship between the Clearing House and Default Fund Participants, and between Default Fund Participants, in connection with the Default Fund.

1.9A.2 The Default Fund Rules are supplemented by the Default Fund Custody Account Agreement, which each Default Fund Participant must enter into separately. If any provision of these Default Fund Rules is inconsistent with a provision of the Default Fund Custody Account Agreement, the latter shall prevail.

Interpretation

1.9A.3 References to the Clearing House shall, where the context so requires, include its nominees, agents or sub custodians appointed by the Clearing House on its behalf in accordance with the Default Fund Rules or the Default Fund Custody Account Agreement.

1.9A.4 Capitalized terms herein shall have the meanings assigned to them below and in the Clearing Rules.

Additional Contribution Day means, for each Clearing Service, each Business Day designated as such by the Clearing House (provided such day does not fall in an Interim Period) but not including any day for which an additional contribution is required pursuant to section 1.9A.22.

Associated Default Fund Participant means, in relation to a Default Fund Sponsored Participant, the Clearing Member who has agreed to act as such and accept the obligation to post the Fund Requirement with respect to such Default Fund Sponsored Participant.

Auction An auction of certain of such Relevant Participant’s contracts relating to Commodity Instruments following a Relevant Participant’s default, as part of the default management process.

Business Day means a day (other than a Saturday or Sunday) on which commercial banks in Sweden are generally open for business.

Cash Fund Requirement Bank Account Clearing means an account designated in accordance with section 1.9A.14.

means any and all “Account Holders” under these Clearing Rules and any and all
Participant
“Account Holders” under the Commodity Clearing Rules.

Clearing Service
means each of the services that the Clearing House provides relating to Commodity Instruments, Financial Instruments and Seafood Instruments.

Close-Out Providers
Default Fund Participants who have signed a close-out provider agreement with the Clearing House in respect of Commodity Instruments.

COM Cover 2 Funds
means the sum of the Junior Capital, the Senior Capital (in each case allocated to cover Default Losses arising in respect of Commodity Instruments) and the Commodity Default Fund.

Commodity Default Fund
means the part of the Default Fund relating to Commodity Instruments to be applied upon a Relevant Participant’s default in accordance with section 1.9A.25 (i) or (iii), as applicable, to cover Default Losses allocated to Commodity Instruments.

Commodity Clearing Rules
means the terms and conditions for clearing of only Commodity Instruments and Seafood Instruments issued by Nasdaq Clearing AB, other than these Clearing Rules, as may be amended from time to time. A specification of the applicable Commodity Clearing Rules is available from the Clearing House.

Commodity Instruments
means Instruments, whether physically or cash settled, whose value is derived from the value of one or more commodities (including emission allowances and green certificates) or commodity-based indices, and that are not exchange-traded funds, however not including Seafood Instruments.

Contributed Assets
means, in respect of any Clearing Service, all funds and assets contributed by a Default Fund Participant to the Default Fund for that Clearing Service, whether in the form of cash amounts or securities or otherwise and whether or not Eligible Funds and, for the avoidance of doubt, including any funds provided under a Guarantee Commitment or as a Replenishment.

Contribution Day
means, in respect of any Clearing Service, (i) the first Business Day of each calendar month (provided such day does not fall in an Interim Period or within ten Business Days of (x) the end of an Interim Period or (y) any preceding Additional Contribution Day), (ii) the first Business Day after the end of an Interim Period for that Clearing Service and (iii) any Additional Contribution Day.

Custody Account
has the meaning ascribed to it in the Default Fund Custody Account Agreement (as applicable in relation to each Default Fund Participant).

Default Fund
means the sum of the Contributed Assets to the Commodity Default Fund, the Financial Default Fund and the Seafood Default Fund at any time, excluding any funds and assets that have been released by the Clearing House pursuant to these Default Fund Rules (whether through a lower Fund Requirement, and whether or not actually returned to the relevant Default Fund Participant at the relevant time).
Default Fund Custody Account Agreement means, in respect of a Default Fund Participant, an agreement between the Clearing House and such Default Fund Participant stipulating terms for a Custody Account to be opened by such Default Fund Participant with the Clearing House.

Default Fund means a Clearing Participant determined as such by the Clearing House in accordance with section 1.9A.24.

Default Fund Exit Date means, in respect of a Default Fund Exit Notice, the date upon which the Clearing House confirms in writing that the relevant Default Fund Participant has provided an effective Default Fund Exit Notice.

Default Fund Exit Notice means a written notice provided by a Default Fund Participant to the Clearing House to the effect that the Default Fund Participant (i) has provided notice of the termination of its clearing membership agreement with the Clearing House and (ii) has no remaining obligations towards the Clearing House related to such membership other than obligations pursuant to the Default Fund Rules and, if applicable, pending future settlements which are not yet due at the time, but which are fixed and secured through adequate collateral arrangements in favour of the Clearing House.

Default Fund Participant means any and all Clearing Participants, except Default Fund Exempt Participants.

Default Fund Sponsored Participant means any and all Indirect Pledging Customers under these Clearing Rules.

Default Loss means, in respect of any Clearing Service, the deficit that remains after any coverage available to the Clearing House has been applied in relation to the Relevant Participant’s obligations, disregarding any contributions to the Default Fund by the Relevant Participant.

Excess Loss means, in respect of any Clearing Service, any remaining Default Loss allocated to Commodity Instruments, Financial Instruments or Seafood Instruments, as applicable, exceeding the funds applied under section 1.9A.25 (i) – (iv).

FIN Cover 2 Funds means the sum of the Junior Capital, the Senior Capital (in each case allocated to cover Default Losses arising in respect of Financial Instruments) and the Financial Default Fund.

Financial Default Fund means the part of the Default Fund relating to Financial Instruments to be applied upon a Relevant Participant’s default in accordance with section 1.9A.25 (i) or (iii), as applicable, to cover Default Losses allocated to Financial Instruments.

Financial Instruments means Instruments other than Commodity Instruments and Seafood Instruments.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Requirement</td>
<td>means the requirement for each Default Fund Participant’s contribution to the Default Fund calculated by the Clearing House and notified to the Default Fund Participants in accordance with sections 1.9A.21 – 1.9A.22.</td>
</tr>
<tr>
<td>Guarantee Commitment</td>
<td>means a cash amount requested by the Clearing House from each Default Fund Participant in accordance with section 1.9A.26.</td>
</tr>
<tr>
<td>Interim Period</td>
<td>means a period of thirty (30) calendar days following a Relevant Default, provided that where one or more subsequent Relevant Defaults occur during the same Interim Period, such Interim Period shall be extended for a further thirty (30) calendar days from the date of the Relevant Default which falls latest in time, provided that an Interim Period shall not extend further than ninety (90) calendar days following the first Relevant Default to which the Interim Period relates.</td>
</tr>
<tr>
<td>Junior Capital</td>
<td>means an amount funded by the Clearing House’s own assets in accordance with section 1.9A.10.</td>
</tr>
<tr>
<td>Minimum Fund Requirement</td>
<td>means the minimum Fund Requirement applicable to each Default Fund Participant, as further set out in section 1.9A.23.</td>
</tr>
<tr>
<td>Realised Collateral Balance</td>
<td>means the actual value of the collateral provided by a Relevant Participant following recourse and realisation of the collateral by the Clearing House in relation to the Margin Requirement applicable to the Relevant Participant.</td>
</tr>
<tr>
<td>Relevant Default</td>
<td>means a Relevant Participant’s default which causes a Default Loss.</td>
</tr>
<tr>
<td>Relevant Participant</td>
<td>means any Default Fund Participant, Default Fund Sponsored Participant or Default Fund Exempt Participant that is, in each case, in default pursuant to the Clearing Rules.</td>
</tr>
<tr>
<td>Replenishments</td>
<td>means new contributions in Eligible Funds made by each non-defaulting Default Fund Participant in accordance with sections 1.9A.29 – 1.9A.33.</td>
</tr>
<tr>
<td>Seafood Cover 2 Funds</td>
<td>means the sum of the Junior Capital, the Senior Capital (in each case allocated to cover Default Losses arising in respect of Seafood Instruments) and the Seafood Default Fund.</td>
</tr>
<tr>
<td>Seafood Default Fund</td>
<td>means the part of the Default Fund relating to Seafood Instruments to be applied upon a Relevant Participant’s default in accordance with section 1.9A.25 (i) or (iii), as applicable, to cover Default Losses allocated to Seafood Instruments.</td>
</tr>
<tr>
<td>Seafood Instruments</td>
<td>means Instruments whose value is derived from the value of one or more seafood products (including Fresh HOG (head on gutted) Superior Atlantic Salmon 3-6kg).</td>
</tr>
<tr>
<td>Senior Capital</td>
<td>means capital funded by the Clearing House through own assets or other arrangements as further set out in section 1.9A.11.</td>
</tr>
</tbody>
</table>

Composition and Structure of the Default Fund

1.9A.5 The Clearing House maintains the Default Fund and other resources to cover Default Losses.

1.9A.6 The Fund Requirements shall be satisfied through each Default Fund Participant providing Eligible Funds to cover any Default Losses in respect of Relevant Participants (including itself) in accordance with the Default Fund Rules. Each Default Fund Participant being an Associated Default Fund Participant will contribute to the Default Fund in respect of any Default Fund Sponsored Participants associated to it, through its Fund Requirement being increased corresponding to the Fund Requirement of such Default Fund Sponsored Participants.

1.9A.7 A description of the relevant model and calculation method for the size of the Financial Default Fund, the Commodity Default Fund, the Seafood Default Fund, and the Junior Capital (as allocated in accordance with section 1.9A.10) is available on the Clearing House’s Website. Information about the size, from time to time, of the Commodity Default Fund, the Financial Default Fund, the Seafood Default Fund, the Junior Capital and the Senior Capital shall be made available by the Clearing House on the Website.

1.9A.8 The size of the Financial Default Fund shall be calculated by the Clearing House and shall enable the Clearing House to withstand at least, under extreme but plausible market conditions (as determined by the Clearing House), Default Losses corresponding to: (a) in respect of the Financial Default Fund only, either (i) the largest Clearing Participant clearing Financial Instruments, or (ii) the second and third largest Clearing Participants clearing Financial Instruments combined, if the sum of their combined exposures is larger; and (b) in respect of the FIN Cover 2 Funds, the combined exposure of the largest and the second largest Clearing Participants clearing Financial Instruments.

The Clearing House has the right to calculate and add a buffer to the Financial Default Fund equivalent to a maximum of 20 (twenty) per cent of the FIN Cover 2 Funds. The size of the Financial Default Fund shall not be less than SEK 50,000,000 (fifty million). The base currency of the Financial Default Fund is SEK.

1.9A.9 The size of the Commodity Default Fund shall be calculated by the Clearing House and shall enable the Clearing House to withstand at least, under extreme but plausible market conditions (as determined by the Clearing House), Default Losses corresponding to: (a) in respect of the Commodity Default Fund only, either (i) the
largest Clearing Participant clearing Commodity Instruments, or (ii) the second and third largest Clearing Participants clearing Commodity Instruments combined, if the sum of their combined exposures is larger; and (b) in respect of the COM Cover 2 Funds, the combined exposure of the largest and the second largest Clearing Participants clearing Commodity Instruments.

The Clearing House has the right to calculate and add a buffer to the Commodity Default Fund equivalent to a maximum of 20 (twenty) per cent of the COM Cover 2 Funds. The size of the Commodity Default Fund shall not be less than EUR 5,000,000 (five million). The base currency of the Commodity Default Fund is EUR.

The size of the Seafood Default Fund shall be calculated by the Clearing House and shall enable the Clearing House to withstand at least, under extreme but plausible market conditions (as determined by the Clearing House), Default Losses corresponding to: (a) in respect of the Seafood Default Fund only, either (i) the largest Clearing Participant clearing Seafood Instruments, or (ii) the second and third largest Clearing Participants clearing Seafood Instruments combined, if the sum of their combined exposures is larger; and (b) in respect of the Seafood Cover 2 Funds, the combined exposure of the largest and the second largest Clearing Participants clearing Seafood Instruments.

The Clearing House has the right to calculate and add a buffer to the Seafood Default Fund equivalent to a maximum of 20 (twenty) per cent of the Seafood Cover 2 Funds. The size of the Seafood Default Fund shall not be less than NOK 10,000,000 (ten million). The base currency of the Seafood Default Fund is NOK.

An amount of Junior Capital will be allocated to cover Default Losses arising in respect of each of Commodity Instruments, Financial Instruments and Seafood Instruments as set out below.

For each Clearing Service, the size of the Junior Capital shall be the sum of (i) the amount of the Clearing House’s dedicated own resources determined so as to meet, as a minimum, applicable legal and regulatory requirements regarding dedicated resources from time to time and (ii)(a) for Financial Instruments, SEK 100,000,000 (one hundred million); (b) for Commodity Instruments, EUR 10,000,000 (ten million); and (c) for Seafood Instruments NOK 5,000,000 (five million), provided that for Commodity Instruments only, the size of the Junior Capital shall always be at least EUR 20,000,000 (twenty million). For the avoidance of doubt, the amount of Junior Capital allocated to cover Default Losses arising in respect of one Clearing Service will only be available to cover Default Losses in respect of such Clearing Service.

An amount of Senior Capital will be allocated to cover Default Losses arising in respect of each of Commodity Instruments, Financial Instruments and Seafood Instruments as set out below.
Instruments as set out below.

The size of the Senior Capital, shall be (i) for Financial Instruments, SEK 100,000,000 (one hundred million); (ii) for Commodity Instruments, EUR 10,000,000 (ten million); and (iii) for Seafood Instruments NOK 10,000,000 (ten million). For the avoidance of doubt, the amount of Senior Capital allocated to cover Default Losses arising in respect of one Clearing Service will only be available to cover Default Losses in respect of such Clearing Service.

Default Fund Contributions

1.9A.12 Before participating in and being eligible for clearing, or representing Default Fund Sponsored Participants, a Default Fund Participant shall open a Custody Account and enter into a Default Fund Custody Account Agreement and contribute the Minimum Fund Requirement, or the higher amount notified by the Clearing House in its discretion, to the Default Fund for the respective Clearing Service for which it is a Clearing Participant.

1.9A.13 Default Fund Participants shall meet the most recently notified Fund Requirement not later than 10:30 a.m. (CET) on each Contribution Day as per section 1.9A.2 in respect of ordinary Fund Requirement notifications, or 10:30 a.m. (CET) on the relevant Business Day as per section 1.9A.2 in respect of additional Fund Requirement notifications.

1.9A.14 (i) All contributions to the Default Fund by Default Fund Participants shall be made in the form of Eligible Funds. Contributed Assets shall be deposited, registered, held and disposed of in accordance with the Default Fund Custody Account Agreement and the Collateral List. Each Default Fund Participant shall ensure that it complies with the Default Fund Custody Account Agreement at all times.

(ii) To the extent that a Default Fund Participant does not meet the Fund Requirement one hour prior to the deadlines set out in section 1.9A.13, the Clearing House shall ensure that payments of the Fund Requirement, or part thereof as applicable, are made through the direct debit or credit facility as provided by each Default Fund Participant pursuant to section 1.9A.14(iii). Each Default Fund Participant must ensure that there are sufficient funds in the relevant Cash Fund Requirement Bank Account(s) in order for such payments to be made.

(iii) Each Default Fund Participant shall designate a bank account in each relevant currency with an Approved Settlement Bank for the provision of the Fund Requirement in cash (the “Cash Fund Requirement Bank Account”).

(iv) With respect to the Cash Fund Requirement Account(s) designated in
accordance with section 1.9A.14(iii), each Default Fund Participant (i) authorizes the Clearing House to issue direct debit and/or credit (as applicable) instructions for any amounts due in accordance with the Clearing Rules and any fees due to the Clearing House (including accrued interest), to the Approved Settlement Bank, in respect of the Cash Fund Requirement Account; and (ii) shall execute a power of attorney to enable the Clearing House to issue direct debit and/or credit instructions for any amounts due in accordance with the Clearing Rules and any fees due to the Clearing House (including accrued interest), to the relevant Approved Settlement Bank with respect to the respective Cash Fund Requirement Account.

(v) Each Default Fund Participant shall immediately notify the Clearing House to the extent it (or the relevant account owner) wishes to revoke such authority provided and/or the power of attorney executed pursuant to section 1.9A.14(iv) above in respect of one or more Cash Fund Requirement Accounts. Notwithstanding anything to the contrary in the power of attorney or in a similar instrument, each Approved Settlement Bank is authorized to act in accordance with any communication or manual instruction (including, without limitation, by using email, fax or other authenticated electronic means) from the Clearing House, which may from time to time be used due to a SWIFT disruption or similar event (including, for the avoidance of doubt, an event related to the Clearing House’s systems).

1.9A.15 The Clearing House maintains the Collateral List. In case of changes to the Collateral List with respect to Eligible Funds each Default Fund Participant must ensure that all Contributed Assets are compliant with the updated Collateral List no later than the date on which such list becomes effective. Release of Contributed Assets, following the contribution of replacement assets in accordance with section 1.9A.14, is subject to section 1.9A.18.

1.9A.16 It is each Default Fund Participant’s responsibility to ensure that the Contributed Assets at all times are in Eligible Funds and meet the applicable Fund Requirement. Notwithstanding the foregoing obligation, if the value of the Contributed Assets, when valued in accordance with the Collateral List, at any time becomes lower than the applicable Fund Requirement, the relevant Default Fund Participant shall within one (1) Business Day following written demand from the Clearing House contribute the deficit amount in accordance with section 1.9A.14.
A Default Fund Participant may, subject to the prior consent of the Clearing House, given in its discretion, replace its Contributed Assets with other Eligible Funds at any time, subject to the Default Fund Participant complying with its applicable Fund Requirement at all times. Release of Contributed Assets, following the contribution of replacement assets in accordance with section 1.9A.14, is subject to section 1.9A.18.

Contributed Assets may be released to Default Fund Participants, upon request to the Clearing House, to the extent the value of such Contributed Assets, when valued in accordance with the Collateral List, exceeds the applicable Fund Requirement, and subject to the prior consent of the Clearing House, given in its discretion. A request by a Default Fund Participant to the Clearing House for release of excess contributions to the Default Fund made before 10:30 a.m. (CET) on a Business Day will be processed and approved or rejected by the Clearing House during the same Business Day. If approved, the release will be effected within one (1) Business Days from the time of the approval. If rejected, the Clearing House will inform the Default Fund Participant of the grounds for rejection.

A Default Fund Sponsored Participant is not subject to a Fund Requirement, but its Associated Default Fund Participant (being its Clearing Account Administrator) is subject to a Fund Requirement in respect of the exposures of such Default Fund Sponsored Participant, and shall contribute to the Default Fund for exposures in respect of such Default Fund Sponsored Participant. In relation to these Default Fund Rules, the obligations of a Default Fund Participant who is also an Associated Default Fund Participant shall be treated separately, such that a reference to a Default Fund Participant shall mean such entity in respect of each of the Fund Requirements required as a Default Fund Participant and Associated Default Fund Participant, as applicable.

The Clearing House is entitled to use any Contributed Assets to cover Default Losses until the Contributed Assets have been or should have been released by the Clearing House in accordance with these Default Fund Rules.

**Calculation and notification of Fund Requirements**
1.9A.21 Fund Requirements shall be calculated in accordance with the model set out from time to time in the Schedule to these Default Fund Rules. The Clearing House calculates and notifies the Default Fund Participant of the applicable Fund Requirement (including in respect of its Default Fund Sponsored Participants as applicable) not less than five (5) Business Days prior to each Contribution Day. A Fund Requirement shall be deemed valid and effective from the time of its notification to the relevant Default Fund Participant, and until replaced by the notification of a new Fund Requirement. The Clearing House may designate an Additional Contribution Day for a Clearing Service if, in the Clearing House’s reasonable determination, this is required due to a change in market conditions or the underlying exposures of one or more Default Fund Participants.

1.9A.22 In addition to the provisions of section 1.9A.21, the Clearing House may take into account known or anticipated changes in clearing volume and risk, including, but not limited to, changes resulting from account and position transfers and mergers and acquisitions involving the Default Fund Participant, and by applying the model for calculation of Fund Requirements described in the Schedule to these Default Fund Rules, carry out additional calculations of Fund Requirements at any time between two Contribution Days (including during an Interim Period) in respect of one or more Default Fund Participants (including their Default Fund Sponsored Participants as applicable). In such cases the Clearing House shall notify the affected Default Fund Participants promptly after a decision to carry out an additional calculation has been made and will furthermore notify such affected Default Fund Participants of each of their new Fund Requirement. Contribution of Eligible Funds meeting the new Fund Requirements shall be made not later than five (5) Business Days after the Clearing House has notified each affected Default Fund Participant of its new Fund Requirement. Following a request by a Default Fund Participant, the Clearing House will provide the basis for the new calculation.

1.9A.23 Notwithstanding sections 1.9A.21 and 1.9A.22, the Minimum Fund Requirement per Default Fund Participant for each Clearing Service is as follows and must always be fulfilled (see also section 1.9A.12):

(vi) For a Default Fund Participant that is clearing Financial Instruments the Minimum Fund Requirement for that Clearing Service is SEK 300,000 (three hundred thousand).

(vii) For a Default Fund Participant that is clearing Commodity Instruments the Minimum Fund Requirement for that Clearing Service is EUR 30,000 (thirty thousand).

(viii) For a Default Fund Participant that is clearing Seafood Instruments the Minimum Fund Requirement for that Clearing Service is NOK 250,000 (two hundred and fifty thousand).
1.9A.24 The Clearing House may on a case-by-case basis and from time to time decide that a government institution that is otherwise a Default Fund Participant shall be classified as a Default Fund Exempt Participant. A Default Fund Exempt Participant is not subject to any Fund Requirement.

Realisation of the Default Fund and application of other resources

1.9A.25 In the event of one or several Default Losses in respect of any Clearing Service, the Default Fund and the Junior Capital and the Senior Capital, in each case in respect of such Clearing Service(s), shall be available to cover such Default Losses in the order of priority stipulated in this section:

(i) First, (i) where the Relevant Participant is a Default Fund Participant, all such Relevant Participant’s Contributed Assets (whether or not in excess of the Fund Requirement and whether or not pending release from the Clearing House at the relevant time); or (ii) where the Relevant Participant is a Default Fund Sponsored Participant, all Contributed Assets of the Associated Default Fund Participant, whether related to such Default Fund Sponsored Participant or otherwise.

Where there are Default Losses arising in respect of more than one Clearing Service, a Relevant Participant’s Contributed Assets in respect of a particular Clearing Service shall be applied first to the Default Loss applicable to that Clearing Service and, if after application there remain Contributed Assets available in respect of such Clearing Service, such excess Contributed Assets shall be applied to the Default Losses attributable to the other two Clearing Services pro rata to the size of the Relevant Participant’s Margin Requirement for each other Clearing Service. If after such application there remain Contributed Assets available in respect of either Clearing Service, such excess Contributed Assets shall be applied to the Default Loss attributable to the other Clearing Service.

In determining the Default Loss of a Relevant Participant in respect of each Clearing Service, the Clearinghouse shall ensure that any Realised Collateral Balance shall first be allocated to each of Clearing Services pro rata to the size of the Relevant Participant’s Margin Requirement for each Clearing Service and, if there is any excess for one Clearing Service, then to each of the other Clearing Services pro rata to the size of the Relevant Participant’s Margin Requirement for each other Clearing Service.

(ii) Second, the Junior Capital shall be applied to cover any remaining Default Losses, provided that Junior Capital allocated to cover Default Losses arising in respect of one Clearing Service will only be available...
to cover Default Losses in respect of such Clearing Service.

If subsequent defaults occur during an Interim Period, any Junior Capital (as allocated in accordance with section 1.9A.10) already realised or to be realised to cover Default Losses in respect of the previously occurred default(s) shall reduce the size of the available Junior Capital (as allocated in accordance with section 1.9A.10) by an amount equal to the amount realised or to be realised in respect of previously occurred default(s) when applying this section 1.9A.25(ii).

(iii) Third, the Contributed Assets of each non-defaulting Default Fund Participant to (a) the Commodity Default Fund shall be applied on a pro rata basis relative to the aggregate Contributed Assets of all non-defaulting Default Fund Participants to the Commodity Default Fund, to cover any remaining Default Loss allocated to Commodity Instruments, and/or (b) the Financial Default Fund shall be applied on a pro rata basis relative to the aggregate Contributed Assets of all non-defaulting Default Fund Participants to the Financial Default Fund to cover any remaining Default Loss allocated to Financial Instruments, and/or (c) the Seafood Default Fund shall be applied on a pro rata basis relative to the aggregate Contributed Assets of all non-defaulting Default Fund Participants to the Seafood Default Fund to cover any remaining Default Loss allocated to Seafood Instruments. The Contributed Assets of a non-defaulting Default Fund Participant in respect of one Clearing Service shall not be available to cover Default Losses in respect of a different Clearing Service.

If subsequent defaults occur during an Interim Period, any contributions to the Commodity Default Fund and/or Financial Default Fund and/or the Seafood Default Fund already realised or to be realised to cover Default Losses in respect of the previously occurred default(s) shall reduce the size of the available Commodity Default Fund and/or Financial Default Fund and/or the Seafood Default Fund, as applicable, by an amount equal to the amount realised or to be realised in respect of previously occurred default(s) when applying this section 1.9A.25(iii). Any such reduction in the size of the available Commodity Default Fund and/or Financial Default Fund and/or Seafood Default Fund shall be without prejudice to the fact that any Guarantee Commitments or Replenishments requested from non-defaulting Default Fund Participants during an Interim Period shall be determined by reference to the most recently notified Fund Requirements for the relevant Clearing Service (taking into account any increase in such Fund Requirements effected by the Clearinghouse in accordance with section 1.9A.29).

(iv) Fourth, the Senior Capital shall be applied to cover any remaining Default Losses, provided that Senior Capital allocated to cover Default Losses
Losses arising in respect of one Clearing Service shall only be available to cover Default Losses in respect such Clearing Service.

If subsequent defaults occur during an Interim Period, any Senior Capital (as allocated in accordance with section 1.9A.11) already realised or to be realised to cover Default Losses in respect of previously occurred default(s) shall reduce the size of the available Senior Capital (as allocated in accordance with section 1.9A.11) by an amount equal to the amount realised or to be realised in respect of previously occurred default(s) when applying this section 1.9A.25(iv).

(v) Fifth, the Guarantee Commitment given by each Default Fund Participant in respect of Excess Losses under section 1.9A.26 shall be used to cover any remaining Default Losses.

(vi) Sixth, to the extent any remaining Default Losses have arisen in connection with a default during an Interim Period, any capital replenished in accordance with sections 1.9A.29 and 1.9A.31, shall be applied to cover such Default Losses in the order that mutatis mutandis follows from sections 1.9A.25 (i) – (iv), subject that, from the date falling thirty (30) calendar days from the date of the first application of the Junior Capital (or any replenished Junior Capital) to cover Default Losses, prior to the allocation of resources to cover any remaining Default Losses during the relevant Interim Period pursuant to the foregoing, resources as set out in section 1.9A.25 (as replenished pursuant to section 1.9A.31) will be used in priority.

(vii) The Clearing House shall be entitled to realise the contributions available under sections 1.9.A.25 (i), (iii)) and (vi), without making a demand on the Default Fund Participants, by application of Contributed Assets (although any requests for Guarantee Commitments or Replenishments during an Interim Period shall be notified by the Clearing House as set out in and sections 1.9A.26 and 1.9A.29 below).

(viii) Where a Relevant Participant is engaged in more than one Clearing Service, the completion of the default management processes in respect of such Clearing Services may occur at different times. The Clearing House may be required to make certain determinations in respect of one Clearing Service in order to manage the Relevant Default, which are contingent on (i) an outcome of the default management process in respect of another Clearing Service which has not yet been completed, or (ii) other information relating to the default management processes which is not yet available. In the interests of efficient resolution, the Clearing House may make assumptions about that outcome or information, and proceed with the relevant process on that basis. Where any such assumptions have been made, the Clearing
House shall, on the completion of the default management processes in respect of all Clearing Services, make such credits to the default funds relating to the Clearing Services and such distributions to Clearing Participants (or former Clearing Participants) as may be necessary to put those default funds and those Clearing Participants in the position that they would have been in had the correct outcomes been reached and the relevant assumptions not been made.

**Guarantee Commitment**

1.9A.26 Following a Default Loss in relation to any Clearing Service, in the event of any Excess Loss being allocated to Commodity Instruments and/or Financial Instruments and/or Seafood Instruments (respectively), each Default Fund Participant which has made contributions to the Commodity Default Fund and/or the Financial Default Fund and/or the Seafood Default Fund (as applicable) undertakes to, without exception or objection and subject only to section 1.9A.28, upon receipt of the first written request from the Clearing House, within two (2) Business Days (excluding the day of demand) pay to the Clearing House a Guarantee Commitment, into a bank account designated by the Clearing House, corresponding to its pro rata share of such Excess Loss (as calculated by the Clearing House in accordance with section 1.9A.27) in relation to the Commodity Default Fund and/or the Financial Default Fund and/or Seafood Default Fund (as applicable). The foregoing shall not apply to a Default Fund Participant in respect of a Relevant Participant for which it is the Associated Default Fund Participant.

1.9A.27 A Default Fund Participant’s Guarantee Commitment shall be calculated as the proportion of such Default Fund Participant’s most recently notified Fund Requirement in respect of the Commodity Default Fund and/or the Financial Default Fund and/or Seafood Default Fund (as applicable), relative to the sum of the most recently notified Fund Requirements for all Default Fund Participants in respect of the Commodity Default Fund and/or the Financial Default Fund and/or Seafood Default Fund (as applicable) (not including, if applicable, such part of any Fund Requirement which pertains to a Relevant Participant).

1.9A.28 The Clearing House may request one or more Guarantee Commitments from a Default Fund Participant in respect of one or more Relevant Defaults, provided that, for each Default Fund Participant, the Guarantee Commitments requested during an Interim Period shall not exceed one hundred per cent (100%) of the most recently notified Fund Requirement in respect of the Commodity Default Fund and/or the Financial Default Fund and/or the Seafood Default Fund, respectively, as applicable to the relevant Default Fund Participant.

**Replenishment and redistribution**

1.9A.29 During each Interim Period, realised Default Fund contributions shall be replenished
by Replenishments so that the Fund Requirement applicable to each non-defaulting Default Fund Participant (not including, if applicable, such part of any Fund Requirement which pertains to a Default Fund Sponsored Participant that is a Relevant Participant) is fulfilled within two (2) Business Days following a replenishment request, which may be notified by the Clearing House from the day of any realisation of a Default Fund Participant’s contributions to the Default Fund.

For the purposes of collecting Replenishments in accordance with this section 1.9A.29, the Clearing House may increase all Default Fund Participants’ Fund Requirement in respect of the Commodity Default Fund and/or the Financial Default Fund and/or the Seafood Default Fund, provided that for each Default Fund Participant the size of any increased Fund Requirement shall not exceed one hundred and thirty per cent (130%) of the most recently notified Fund Requirement for the relevant Clearing Service.

1.9A.30 The Clearing House may request one or more Replenishments from a Default Fund Participant in respect of one or more Relevant Defaults, (i) to replenish realised Default Fund contributions and, (ii) if the Clearinghouse has increased the relevant Fund Requirement in accordance with section 1.9A.29, to collect Default Fund contributions to satisfy such increased Fund Requirement. The aggregate of such Replenishments shall not exceed one hundred per cent (100%) (or such percentage as has been notified pursuant to section 1.9A.29) of the most recently notified Fund Requirement in respect of the Commodity Default Fund and/or the Financial Default Fund and/or the Seafood Default Fund, respectively, as applicable to the relevant Default Fund Participant. During an Interim Period, replenished funds may only be applied in relation to Default Losses under section 1.9A.26 (vi). Following the applicable Interim Period, the replenished funds will be moved to their original priority level under sections 1.9A.25 (i) and (iii), as applicable.

1.9A.31 Any realised Junior Capital and Senior Capital contributed by the Clearing House shall be replenished by the Clearing House within two (2) Business Days from such realisation, up to 100 per cent of such pre-funded resources during an Interim Period. During a period of thirty (30) calendar days from the date of the first application of the Junior Capital (or any replenished Junior Capital) to cover Default Losses, replenished funds may only be applied in relation to Default Losses under section 1.9A.26 (vi). Following such period of thirty (30) calendar days from the date of the first application of the Junior Capital (or any replenished Junior Capital) to cover Default Losses, the replenished funds will be moved to their original priority level under sections 1.9A.25 (ii) and (iv).

1.9A.32 In the event that the Clearing House, following a Default Loss which has yielded contributions by Default Fund Participants and the Clearing House pursuant to section 1.9A.25 above, is able to recover any Default Loss (or parts thereof) from
the defaulting Relevant Participant, the Clearing House shall redistribute such recovered amounts to the Default Fund Participants who contributed to the applicable Default Loss, including the Clearing House itself (to the extent it contributed to the Default Loss through the Senior Capital, the Junior Capital or otherwise).

1.9A.33 Redistribution of recovered amounts pursuant to section 1.9A.32 shall take place by applying section 1.9A.25 level by level in reverse order, starting from the level of priority which was last triggered in relation to the applicable Default Loss and ending where and when the recovered amount has been fully redistributed. On each level of priority to which redistribution is applicable, each Default Fund Participant shall be entitled to a pro rata reimbursement of its actual contribution of Contributed Assets to the applicable Default Loss, as valued on the day on which such Contributed Assets were applied to the Default Loss. For the avoidance of doubt, any additional and subsequent amounts recovered in respect of the same Default Loss shall be redistributed on the same basis, starting from where redistribution was previously cut off in relation to that Default Loss.

1.9A.34 A Default Fund Participant’s obligations to replenish funds in accordance with section 1.9A.29 shall terminate on the relevant Default Fund Exit Date, provided that the Default Fund Exit Date occurs before the Clearing House has notified the Default Fund Participant of a replenishment request under section 1.9A.29.

Close Out Providers

1.9A.35 The Clearing House may, in its sole discretion, invite certain Default Fund Participants to become Close Out Providers. Only Close Out Providers will be able to participate in Auctions.

1.9A.36 Following the default of a Relevant Participant, where the Default Loss is such that the Contributed Assets of each non-defaulting Default Fund Participant need to be applied pursuant to section 1.9A.25, such Contributed Assets of each non-defaulting Default Fund Participant in the Commodity Default Fund shall be applied in accordance with Schedule 2 of the Commodity Clearing Rules.

Default Fund Exit

1.9A.37 A Default Fund Participant may serve a Default Fund Exit Notice on the Clearinghouse at any time.

1.9A.38 Following receipt of a Default Fund Exit Notice, the Clearinghouse shall confirm in writing that such notice is effective within two (2) Business Days of receipt, unless the Clearinghouse does not agree with the contents of the relevant Default Fund Exit Notice, in which case any rejection by the Clearinghouse of such Default Fund Exit Notice shall also take place within two (2) Business Days of receipt. If the Clearinghouse has not rejected the Default Fund Exit Notice within two (2) Business Days of receipt, such notice shall be deemed to be effective as of the third Business Day following the date of receipt.
Days of receipt, the Default Fund Exit Notice shall be deemed effective.

1.9A.39 Following a Default Fund Exit Date, the Clearing House shall release the Default Fund Participant’s Contributed Assets on the first Contribution Day following such Default Fund Exit Date. However, if the Default Fund Exit Date occurs less than five (5) Business Days prior to the date the Clearing House is to notify the next Fund Requirements which relate to such first Contribution Day, the Contributed Assets will be released on the next Contribution Day following such first Contribution Day.

1.9A.40 Notwithstanding the delivery of a Default Fund Exit Notice and/or the occurrence of a Default Fund Exit Date, a Default Fund Participant remains subject to and bound by these Default Fund Rules, including the requirement to provide a Guarantee Commitment in accordance with section 1.9A.26, until the Contribution Day on which the Clearing House releases the Default Fund Participant’s Contributed Assets.

**Default notification procedure**

1.9A.41 The Clearing House will notify Default Fund Participants in the event a default has been declared by the Clearing House at such time as decided by the Clearing House in its sole discretion.
SCHEDULE

Default Fund Requirements

Contributions are made to the Commodity Default Fund and/or Financial Default Fund and/or Seafood Default Fund. A Default Fund Participant’s share of the Financial Default Fund and/or Commodity Default Fund and/or Seafood Default Fund is based on the Default Fund Participant’s (including its Default Fund Sponsored Participants’) 3-month average Initial Margin in relation to the aggregated average values of all Default Fund Participants and Default Fund Sponsored Participants in the respective market. Default Fund Participants’ and/or Default Fund Sponsored Participants’ calculated average Initial Margin shall be multiplied by 0.5 when such Default Fund Participants’ and/or Default Fund Sponsored Participants’ Initial Margin is provided in relation to an Individual Client Segregated Account.

A Default Fund Participant’s share represents the share of the applicable Default Fund that the Default Fund Participant shall contribute to. The calculated contribution of a Default Fund Participant includes contributions to the Financial Default Fund and/or the Commodity Default Fund and/or the Seafood Default Fund. A Default Fund Participant’s calculated Fund Requirement includes calculated contributions in respect of its own accounts as well as its Default Fund Sponsored Participants (if any).

The calculation of the size of the Financial Default Fund, the Commodity Default Fund and the Seafood Default Fund is described in sections 1.9A.8 – 1.9A.10 of the Default Fund Rules.

If the calculated Fund Requirement would be lower than the applicable Minimum Fund Requirement, the Minimum Fund Requirement will be applied.

The Clearing House may increase or reduce the Fund Requirement of an individual Default Fund Participant to take into account known or anticipated changes in clearing volume and risk, including, but not limited to, changes resulting from account and position transfers and mergers and acquisitions involving the Default Fund Participant. Any such increase or reduction in a Default Fund Participant’s Fund Requirement shall be made at the absolute discretion of the Clearing House, acting reasonably.