

ICE Clear Canada, Inc.

PART C - FUTURES

RULE C-1 CLEARING OF EXCHANGE TRANSACTIONS RESPECTING FUTURES

The provisions of this Part C shall apply only to Exchange Transactions which are trades in Futures pursuant to these rules and to those Clearing Participants who are required to make deposits to the Guaranty Fund.

Amended by the Board April 12, 2013; effective June 1, 2013.

Section C-101 Responsibility of Clearing Participants for Exchange Transactions

Every Clearing Participant shall be responsible for the clearance of its own Exchange Transactions and of the Exchange Transactions of all entities (and all clients of such entities) which it has entered into a Clearing Authorization and Guaranty with, issued an SMA to, and/or issued ICE Block broker access to.

Amended by the Board April 12, 2013; effective June 1, 2013.

Section C-102 Maintenance of Accounts

- (1) Every Clearing Participant in the category of Futures Commission Merchant shall establish and maintain with the Corporation such of the following accounts as may be applicable to transactions in Futures carried out by it:
 - (a) A Firm Accounts which shall be confined to the Exchange Transactions in Futures of such Clearing Participants; and
 - (b) Every Clearing Participant conducting business with the public in Futures shall also establish and maintain a Client Account which shall be confined to the Exchange Transactions of such Clearing Participant's clients.

Canadian Futures Commission Clearing Participants shall maintain records of each client's Participant status with the Exchange, including category of registration and whether the client is registered for reduced fees or non-reduced fees.

- (2) Every Clearing Participant in the category of General shall establish and maintain with the Corporation the following accounts:
 - (a) One Firm Account which shall be confined to the Exchange Transactions in Futures of such Clearing Participant; and
 - (b) if a Merchant, and if the necessary consents have been obtained; one or more Merchant Sub-Accounts which shall be confined to the Exchange Transactions in Futures for each Affiliated and/or Associated Companies that the Clearing Participant in the category of Merchant has agreed to clear.

Section C-103 Agreement Regarding Accounts

Every Clearing Participant, in consideration of admittance to Clearing Participant status in the Corporation agrees that:

- (1) In respect of a Firm Account;

- (a) the Corporation shall have a lien on all positions, securities, Underlying Interest, margin and other funds in such account as security for all of the Clearing Participant's obligations to the Corporation;
 - (b) the Corporation shall have the right to net all selling transactions against all buying transactions effected in such account in accordance with the Rules; and
 - (c) the Corporation may close out the positions in the account and apply the proceeds thereof, at any time without prior notice to the Clearing Participant;
- (2) Each Merchant Sub-Account shall be confined to the Exchange Transactions of the Associated or Affiliated Company for which it is established.
- (3) In respect of all Merchant Sub-Accounts:
- (a) the Corporation shall have a lien on and a security interest in, all Long and Short Positions, securities, margins and other funds in such account with the Clearing Participant as security for the Clearing Participant's obligations to the Corporation in respect of all Exchange Transactions effected through such account, Short Positions maintained in such account and Exercise Notices assigned to such account.
 - (b) the Corporation shall have the right to net all selling transactions against all buying transactions effected in such account in accordance with these Rules; and
 - (c) the Corporation may offset the positions in the account and apply the proceeds thereof, at any time without prior notice to the Clearing Participant;
- (4) In respect of the Client Account:
- (a) the Corporation shall have a lien on all positions, securities, Underlying Interest, margin and other funds in such account with the Clearing Participant as security for the Clearing Participant's obligations to the Corporation in respect of all Exchange Transactions maintained in such account and Tender Notices assigned to such account;
 - (b) the Corporation shall have the right to net all selling transactions against all buying transactions effected in such account in accordance with these Rules; and
 - (c) the Corporation may offset the positions in the account and apply the proceeds thereof, at any time without prior notice to the Clearing Participant.

Section C-104 Acceptance of Transactions

The acceptance of every Exchange Transaction by the Corporation shall be subject to the condition that the Exchange shall have provided the Corporation with the following trade information respecting such Exchange Transaction:

- (1) the identity of the buying Clearing Participant and the selling Clearing Participant and the accounts in which the transaction is effected;
- (2) the Series of Futures;
- (3) the price of the Future;
- (4) the number of Futures;
- (5) such other information as may be required by the Corporation.

Section C-105 Obligations of the Corporation

An Exchange Transaction shall, subject to Sections C-104 and C-110 be deemed to have been accepted by the Corporation one (1) hour following the Settlement Time for such Exchange Transaction. Upon the acceptance of an Exchange Transaction by the Corporation, the rights of the Clearing Participants to such transaction shall be solely against the Corporation and the Corporation shall be obliged to the Clearing Participants in accordance with the provisions of the Rules. Upon acceptance, the Corporation shall be obligated as follows:

- (1) in an Opening Buy Transaction, the Corporation shall be obligated to increase the purchasing Clearing Participant's Long Position of such series in the account in which the Exchange Transaction was effected by the number of Futures purchased in such Exchange Transaction;
- (2) in an Opening Sell Transaction, the Corporation shall be obligated to increase the selling Clearing Participant's Short Position of such series in the account in which the Exchange Transaction was effected by the number of Futures sold in such Exchange Transaction;
- (3) in a Closing Buy Transaction, the Corporation shall be obligated to reduce the purchasing Clearing Participant's Short Position of such series in the account in which the Exchange Transaction was effected by the number of Futures purchased in such transaction;
- (4) in a Closing Sell Transaction, the Corporation shall be obligated to reduce the selling Clearing Participant's Long Position of such series in the account in which the Exchange Transaction was effected by the number of Futures sold in such transaction.

Section C-106 Limitation of Liability

The liability of the Corporation shall be limited to direct losses resulting from the substitution of the Corporation into the obligations of Clearing Participants to Exchange Transactions as set forth in Section C-105. The Corporation shall not be liable:

- (1) for obligations of a non-Clearing Participant;
- (2) for obligations of a Clearing Participant to another Clearing Participant who is acting for it as broker;
- (3) for obligations of a Clearing Participant to a client;
- (4) to make payments or deliveries to or accept payments or deliveries from a client of a Clearing Participant; or
- (5) to make deliveries to or accept and pay for deliveries from a Clearing Participant.

Section C-107 Closing Out of Open Positions

- (1) When any Clearing Participant is long or short any Futures and desires to close out such position, he shall sell, in the case of a Long Position, and buy, in the case of a Short Position, the same quantity of the same series of Futures.
- (2) A Long Position and a Short Position in the same series of Futures in a particular Firm Account shall be automatically netted in such account by the Corporation.
- (3) Long Positions and Short Positions in a Client Account shall appear as a net number, but it shall be the obligation of the Clearing Participant to complete a Gross Position Report that indicates the total gross Long and gross Short positions held in the Client Account.

Section C-108 General Rights and Obligations of Clearing Participants

- (1) Subject to the provisions of the Rules, a Clearing Participant holding a Short Position has the obligation, commencing at the time of acceptance of the Future by the Corporation pursuant to this Rule, to deliver or pay as directed by the Corporation as the aggregate Settlement Amount the amount or value of the Underlying Interest represented by such Future, all in accordance with the by-laws and rules of the Exchange and these Rules.
- (2) A Clearing Participant holding a long Futures position is obligated, upon the assignment to the Clearing Participant of a Tender Notice in respect of such Future, to pay the aggregate Settlement Amount against delivery of the amount or value of the Underlying Interest represented by such Future, all in accordance with the by-laws and rules of the Exchange and these Rules.

Section C-109 Amounts Owed in Futures Accounts

If a Clearing Participant owes an amount to the Corporation, payment of such amount shall be made prior to the Settlement Time directly to the Corporation in the manner and form prescribed. If the Corporation owes an amount to a Clearing Participant, the Corporation shall be obligated to pay to such Clearing Participant the amount of such credit balance one hour after Settlement Time on each Trading Day.

Section C-110 Payment of Credit Balances

- (1) The acceptance of every Exchange Transaction and the assumption by the Corporation of the obligations as provided in Section C-105 shall be subject to the condition that the Corporation shall have received payment, prior to the Settlement Time, of all amounts owed to the Corporation by the Clearing Participant in the account in which the Exchange Transaction is effected. In the event the Corporation fails to receive such payment by the Settlement Time, the Corporation may in its discretion reject all unpaid opening and closing transactions in such account; however, the Corporation shall have the right to apply any funds available in a Clearing Participant's Firm Account, or to liquidate the positions in such Firm Account and apply the proceeds thereof to the payment of the amount owed as shown in any other account of such Clearing Participant.
- (2) In the event any transaction is rejected as herein provided, the Corporation shall promptly notify another orally or in writing the Clearing Participant and all other Clearing Participants involved.
- (3) In the event the Corporation shall in its discretion accept any Exchange Transaction in an account for which full payment of any amount owing has not been made, the Corporation may apply any funds of the Clearing Participant that are in the possession of or at the disposal of the Corporation to the payment of such debit balance; however, the Corporation shall not apply funds in a Client Account for the payment of an amount owing on transactions in any account other than the Client Account.
- (4) The Corporation may, in its discretion, elect not to suspend the privileges of the Clearing Participant at Settlement Time because of late payment of all amounts owing to the Corporation and, in lieu thereof, may levy fines. In any case, the privileges of a Clearing Participant shall be suspended one hour after Settlement Time if payment has not been made.

Section C-111 Long Positions

The Long Position of a Clearing Participant in a Series of Futures in a particular account will be created upon the Corporation's acceptance of an Opening Buy Transaction of one or more Futures of such series in such account. The amount of such Long Position shall be the number of Futures so purchased and accepted, and such Long Position shall remain in force from day to day thereafter unless and until changed in accordance with the following:

- (1) the Long Position shall be increased by the number of Futures of such series bought in such account and accepted by the Corporation.
- (2) the Long Position shall be reduced by the number of Futures of such series which are the subject of Tender Notices assigned to the Clearing Participant for such account;
- (3) the Long Position shall be reduced by the number of Futures of such series which are the subject of Closing Sell Transactions in such account which are accepted by the Corporation;
- (4) the Long Position shall be increased by the number of Long Positions of such Series of Futures transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant.
- (5) the Long Position shall be reduced by the number of Long Positions of such Series of Futures transferred from such account, with the consent of the Clearing Participant and the Corporation, to another account of the Clearing Participant or to another Clearing Participant; and
- (6) the Long Position shall be reduced by the number of Short Positions transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant;
- (7) the Long Position may be closed out or transferred by the Corporation in accordance with these Rules, including but not limited to the occurrence of any default by the Clearing Participant or upon the Clearing Participant's suspension, expulsion, termination of Clearing Participant status, or insolvency.

Section C-112 Short Positions

The Short Position of a Clearing Participant in a Series of Futures in a particular account will be created upon the Corporation's acceptance of such Clearing Participant's Opening Sell Transaction in such account in respect of one or more Futures of such series. The amount of such Short Position shall be the number of such Futures involved in such transaction, and the Short Position shall remain in force from day to day thereafter unless and until changed in accordance with the following:

- (1) the Short Position shall be increased by the number of Futures of such series which are the subject of Opening Sell Transactions in such account and accepted by the Corporation;
- (2) the Short Position shall be reduced by the number of Futures of such series for which the Clearing Participant files a Tender Notice with the Corporation;
- (3) the Short Position shall be reduced by the number of Futures of such series which are the subject of Closing Buy Transactions in such account which are accepted by the Corporation;
- (4) the Short Position shall be increased by the number of Futures of such series transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant;
- (5) the Short Position shall be reduced by the number of Futures of such series transferred from such account, with the consent of the Clearing Participant and the Corporation, to another account of the Clearing Participant or to another Clearing Participant; and
- (6) the Short Position shall be reduced by the number of Long Positions transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant;

- (7) the Short Position may be closed out or transferred by the Corporation in accordance with these rules including, without limitation, upon the occurrence of any default by the Clearing Participant or upon the Clearing Participant's suspension, expulsion, termination of membership, or insolvency.

Section C-113 Agreements of a Selling Clearing Participant in an Opening Sell Transaction

The selling Clearing Participant in an Opening Sell Transaction agrees with the Corporation that:

- (1) upon the Corporation's acceptance of such transaction, the Short Position of the Clearing Participant in the account in which the transaction is effected shall be created or increased, and subsequently maintained, in accordance with Section C-112.
- (2) so long as such Short Position is thereafter maintained, the selling Clearing Participant shall make all required margin payments in accordance with these rules; and
- (3) in the event that such Clearing Participant submits a Tender Notice in respect of such Short Position, the Clearing Participant will meet its obligations as specified in Section C-108.

Section C-114 Agreements of a Buying Clearing Participant in an Opening Buy Transaction

The buying Clearing Participant in an Opening Buy Transaction agrees with the Corporation that:

- (1) upon the Corporation's acceptance of such transaction, the Long Position of the Clearing Participant in the account in which the transaction is effected shall be created or increased and subsequently maintained in accordance with Section C-111;
- (2) so long as such Long Position is thereafter maintained, the buying Clearing Participant shall make all required margin payments in accordance with these rules; and
- (3) in the event that any Tender Notice is assigned to such Clearing Participant, it shall meet its obligations as specified in Section C-108.

Section C-115 Closing Transactions

- (1) A Clearing Participant shall not effect a closing transaction in respect of a Long Position in a series of Futures in an account unless, at the time of such transaction, such Clearing Participant has a Long Position in such account for at least the number of Futures of that series involved in such transaction.
- (2) A Clearing Participant shall not effect a closing transaction in respect of a Short Position in a Series of Futures in an account unless, at the time of such transaction, such Clearing Participant has a Short Position in such account for at least the number of Futures of that series involved in such transaction.
- (3) The Clearing Participant in a closing transaction agrees that, upon the Corporation's acceptance of such transaction, the Corporation shall reduce the Clearing Participant's Long or Short Position, as the case may be, in the account through which the transaction was effected by the number of Futures involved.

RULE C-2 TRADING REPORTING

Section C-201 Trade Reporting

- (1) Prior to the Settlement Time for each Trading Day, the Corporation shall issue to each Clearing Participant a report for each account maintained by the Clearing Participant with the Corporation.

Each report shall show for each transaction:

- (a) the Series of Futures;
 - (b) the price of the Future;
 - (c) the number of Contracts;
 - (d) whether it is a buy or sell transaction;
 - (e) such other information as may be required by the Corporation.
- (2) It shall be the responsibility of each Clearing Participant to ensure that the report is correct. If errors exist it shall be the responsibility of each Clearing Participant, where possible, to reconcile such errors.
 - (3) Each Clearing Participant shall have until 4:00 p.m. (CT) of the Trading Day on which the trade took place to notify the Corporation, in the form prescribed, of any error. Unless such notification is received by the deadline, the Exchange Transactions listed in the reports shall be final and binding upon the Clearing Participant.
 - (4) Each Clearing Participant shall be responsible to the Corporation in respect of each Exchange Transaction in Futures reported to the Corporation by an Exchange whether or not the Exchange report was correct unless the Corporation is notified of any errors in compliance with this Rule.
 - (5) Each Clearing Participant shall be responsible for the prompt reporting to the Corporation of any subsequent information, relating to the trade data listed in Section C-201 (1), which becomes known and which will change the positions of that Clearing Participant as recorded by the Corporation.

Amended by the Board April 12, 2013; effective June 1, 2013 .

RULE C-3 SETTLEMENT

Section C-301 Settlement Price

The Settlement Price of a Series of Futures for each day shall be the amount determined by the Exchange.

Section C-302 Settlement of Gains and Losses

- (1) The gain or loss on a Futures position which was opened on that Trading Day shall be the difference between the Trade Price and the Settlement Price of that Series of Futures for that day.
- (2) The gain or loss on a Futures position which was both opened and closed on that Trading Day shall be the difference between the two Trade Prices.
- (3) The gain or loss on a Futures position which was opened on a previous Trading Day shall be the difference between the Settlement Price of that Series of Futures for the immediately preceding Trading Day and the Settlement Price of that Series of Futures for that day.

Section C-303 Advance Call for Settlement of Losses

If the market conditions or price fluctuations are such that the Corporation deems it necessary, it may call upon any Clearing Participant which in its opinion is affected to deposit with the Corporation by such time as it shall specify, a certified cheque, bank transfer, wire transfer of funds or letter of credit (to the order of the Corporation in a form and from an issuer acceptable to the Corporation), for the amount of funds that it estimates will be needed to meet such losses as the Corporation considers may be necessary or advisable. Credit shall be given to the Clearing Participant for all such funds on the following Trading Day.

Rule C-4 (RESERVED)

RULE C-5 DELIVERY OF UNDERLYING INTEREST OF FUTURES

Section C-501 Definitions

Notwithstanding Section A-102 for the purposes of Delivery of Underlying Interest of Futures the following terms shall have the following meanings respectively:

"Delivery" for purposes of the clearinghouse, delivery is one (1) Trading Day following tender, when cash is exchanged for the Delivery Certificate.

"Delivery Certificate" – refers to the uncertificated, paperless system of the Exchange ensuring the delivery of the underlying asset to the futures contract upon a delivery.

"Security Funds" means any additional deposit(s) by a Clearing Participant required by the Corporation to be placed with the Corporation to ensure performance of a Clearing Participant's obligations; and

"Time of Delivery" means the time specified in the Exchange Rules by which a Clearing Participant must make delivery of, or accept delivery and make payment in respect of, an Underlying Interest without being considered to have failed in its obligations under these Rules.

Section C-502 Delivery Through the Corporation

Unless otherwise specified by the Corporation, delivery of the Delivery Certificate to the Clearing Participant of the buyer of the Futures and the Delivery Day Value (as defined in the Exchange Rules) payment to the Clearing Participant of the seller of the Futures, shall be made through the Corporation pursuant to the forms and procedures prescribed by it, having regard to the Contract Specifications and the by-laws and rules of the Exchange.

Amended by the Board April 12, 2013; effective June 1, 2013.

Section C-503 Submission of Tender Notice to the Corporation

- (1) A Clearing Participant acting on behalf of the seller of a Future may, subject to the Contract Specifications and the by-laws and rules of the Exchange, make delivery. A Clearing Participant desiring to make delivery shall submit to the Corporation a Tender Notice in such form and containing such information as the Corporation may prescribe. A Tender Notice shall be accepted by the Corporation only upon verification with the Exchange that all requirements are in place. Upon that verification, the Tender Notice will be revocable only at the request of the Exchange.
- (2) Every Clearing Participant holding a Short Position in a series of Futures at the close of business on the second last delivery day, in such series of Futures shall tender a Tender Notice in respect of such Short Position in accordance with the rules of the Exchange.
- (3) Where the day of submitting a Tender Notice or the day of Delivery is not a Trading Day, the Corporation shall determine the day on which a Tender Notice may be submitted.
- (4) If a Clearing Participant fails to deliver a Tender Notice as required by these Rules, the Corporation will submit a Tender Notice on behalf of that Clearing Participant and, in addition to any other sanction which may be imposed by the Corporation under Rule A-5, a penalty of \$1,000 shall be assessed against and shall be payable by that Clearing Participant.

Section C-504 Acceptance of Tender Notice by the Corporation

A Tender Notice properly submitted to the Corporation, and where the underlying interest is properly secured by the indemnification requirements set out in the Exchange Rules, shall be accepted by the Corporation for assignment at the end of such Trading Day.

Section C-505 Assignment of Tender Notice

- (1) Tender Notices accepted by the Corporation shall be assigned, at the end of each Trading Day on which the Contract Specifications permits Tender Notices to be tendered, in accordance with the Corporation's procedures of First In First Out ("FIFO") selection, to Clearing Participants with open Long Positions as of the close of trading on the day on which the Tender Notice is submitted.
- (2) A Tender Notice shall not be assigned to any Clearing Participant which has been suspended for default or insolvency. A Tender Notice assigned to a Clearing Participant which is subsequently so suspended shall be withdrawn and thereupon assigned to another Clearing Participant in accordance with this Section.

Section C-506 Notification of Tender and Assignment

The Corporation will issue a daily report, from the first Delivery Notice day to the last Delivery Day, to all Clearing Participants. Such report shall identify the Delivering Clearing Participant, the Assigned Clearing Participant, the quantity and description of the Underlying Interest to be delivered, the delivery date, the Settlement Amount and the account.

Section C-507 Assignment of Tender Notices to Customers

Each Clearing Participant shall establish fixed procedures for the allocation of Tender Notices assigned to it in respect of a Long Position in the Clearing Participant's Client Account. The allocation shall be on a basis that is consistent, fair and equitable to all of the Clearing Participant's clients and consistent with the by-laws and Rules of the Exchange and the Clearing Participant's SROs. Such allocation procedures and any changes thereto shall be reported to the Corporation on request.

Section C-508 Restriction on Allocation

No Clearing Participant shall permit, unless there is no alternative, the allocation of a Tender Notice in respect of a Long Position that was opened on the day of such allocation.

Section C-509 Evidence of Intent to Deliver

Prior to the last day of trading, each Clearing Participant shall require for each account on its books evidence sufficient for its purposes, that all positions in Futures which will not be offset on the last day of trading will be completed by delivery. If a customer of a Clearing Participant is unwilling or unable to provide such evidence, the Clearing Participant must liquidate the position on or before the last day of trading.

Section C-510 Obligation to Deliver

The Clearing Participant making delivery pursuant to a Future (the "Delivering Clearing Participant") shall deliver such documents as are required by the Rules of the Exchange, to the Corporation and/or to the Assigned Clearing Participant (as defined below) against receipt of payment. Delivery shall be made at such times as is provided in the by-laws, rules and policies of the Exchange.

Section C-511 Obligation to Take Delivery

A Clearing Participant who has been assigned to take delivery pursuant to a Future (the "Assigned Clearing Participant") shall accept delivery of such documents as are required by the Rules of the Exchange, from the Corporation and/or the Delivering Clearing Participant. The Assigned Clearing Participant is responsible for ensuring that the Delivery Day Value is paid to the Clearinghouse no later than two (2) hours after notice is provided, or by 12:00 noon (CT) on Delivery Day, whichever is later. This payment must be made through the bank system as required by the Corporation. The Assigned Clearing Participant is further responsible for delivering such documentation or information on the delivery as is required by the Rules of the Exchange.

Section C-512 Failure to Deliver

If the Delivering Clearing Participant fails to complete such delivery by the time required for delivery in the by-laws, rules and policies of the Exchange and these Rules, the Delivering Clearing Participant will be in default of its obligations. The Corporation may take or cause, authorize or require to be taken whatever steps it may deem necessary to effect delivery to or otherwise settle with, the Assigned Clearing Participant. Without limiting the generality of the foregoing, the Corporation may acquire and deliver the Underlying Interest or a Delivery Certificate to the Assigned Clearing Participant, reimburse or pay to the Assigned Clearing Participant any additional financial costs incurred as a result of the assigned Clearing Participant acquiring the Underlying Interest on the open market, enter into an agreement with the Assigned Clearing Participant and the Delivering Clearing Participant relating to the failed delivery, and/or take such other action as the Corporation may, in its absolute discretion, deem appropriate or necessary in order to ensure that a Clearing Participant's obligations are fulfilled. In the event the cost of effecting delivery to, or otherwise settling with, the Assigned Clearing Participant exceeds the settlement price at which the delivery was to be made, the Defaulting Clearing Participant shall be liable for and shall promptly pay to the Corporation or the assigned Clearing Participant as the case may be, the amount of such difference.

Section C-513 Failure to Accept Delivery and Make Payment

If the Assigned Clearing Participant fails to accept delivery and make payment of the Settlement Amount to the Corporation and such refusal or failure shall continue beyond the time required for delivery in the By-laws, Rules and policies of the Exchange and these Rules, the Assigned Clearing Participant shall be in default of its obligations. The Corporation, in addition to anything the Exchange may do, may take or cause, authorize or require to be taken whatever steps it deems necessary to effect payment to, or otherwise to settle with, the Delivering Clearing Participant. Without limiting the generality of the foregoing, the Corporation or the Delivering Clearing Participant may, upon notice to the defaulting Assigned Clearing Participant and, if such action is taken by the Delivering Clearing Participant, to the Corporation, sell out in the best available market, for the amount and liability of the defaulting Assigned Clearing Participant, all or any part of the undelivered Underlying Interest. The defaulting Assigned Clearing Participant shall be liable for and shall promptly pay to the Delivering Clearing Participant or the Corporation as the case may be, the difference, if any, between the Settlement Amount of the undelivered Underlying Interest and the price at which such Underlying Interest was sold-out.

Section C-514 Penalties and Restrictions

- (1) The Board shall set by resolution, from time to time, the penalties payable in the event that a Clearing Participant fails to make delivery or fails to accept delivery and make payment when required to do so in accordance with the Rules and By-law; provided, however, that the penalty for any single failure shall not exceed \$250,000. The amount of these penalties shall be in addition to any other sanctions that may be imposed by the Corporation under Rule A-4 or Rule A-5 in respect of such a default. If a Clearing Participant fails to make delivery or accept delivery and make payment, as required under the Rules and By-law, such penalty shall be assessed against it commencing as of the Time of Delivery and continuing until the defaulting Clearing Participant's obligations to the Corporation are fulfilled or the defaulting Clearing Participant is suspended pursuant to Rule A-4, whichever is the sooner.
- (2) Where at the Time of Delivery a Delivering Clearing Participant fails to make delivery or an Assigned Clearing Participant fails to accept delivery and make payment (a "Defaulting Clearing Participant"), the Defaulting Clearing Participant's clearing activities shall immediately be restricted to closing transactions as defined in these Rules, unless the Corporation determines that it is not necessary to impose such restriction, in whole or in part. This restriction shall continue until the Defaulting Clearing Participant deposits Security Funds with the Corporation in accordance with these Rules or, if such funds are not deposited, until otherwise determined by the Chairman and any two

directors. Nothing in this Section shall prevent the Corporation from immediately suspending a Defaulting Clearing Participant.

Section C-515 Notification of Failure to Make Delivery/Make Payment

The Corporation shall report a Defaulting Clearing Participant, and all circumstances surrounding the transaction that the Corporation deems relevant or appropriate, to the Exchange, any appropriate SRO or regulatory agency, and to any other entity considered appropriate or necessary by the Corporation. Such notice may include, but is not restricted to, the following information: the identities of the delivering Clearing Participant and the assigned Clearing Participant, the notional value of the transaction, the issue to be delivered, the settlement amount and any other information considered appropriate or relevant by the Corporation.

Section C-516 Security Funds

For the purposes of these Rules, "Security Funds" shall mean cash or Government of Canada Securities with less than 1 year to maturity. In determining the amount required for deposit, Government of Canada Securities with less than 1 year to maturity shall be valued at 90% of their face value. Any interest earned on cash deposits will accrue to the Corporation.

Section C-517 Deposit of Security Funds

- (1) Where a Delivering Clearing Participant has defaulted on any part of the delivery processes set out under these Rules or the Rules of the Exchange, it must provide to the Corporation, within one hour after the Time of Delivery, Security Funds in an amount equal to not less than 110% of the market value of the Underlying Interest to be delivered. Upon such delivery, the calculation of penalties and implementation of restrictions, as provided for in Section C-514, shall end. The deposit of the Security Funds with the Corporation as herein provided does not discharge any obligation of such Clearing Participant to the Corporation including the payment of any penalties or the payment of costs incurred by the Corporation in connection with the Clearing Participant's default, and does not preclude the suspension of such Clearing Participant under Rule A-4 or the assessment of additional sanctions under Rule A-5.
- (2) Where an Assigned Clearing Participant has failed to accept the delivery by not complying with any part of the delivery processes set out under these Rules or the Rules of the Exchange, it must deliver to the Corporation, within one hour after the Time of Delivery, Security Funds equal to the settlement value, or, in the absolute discretion of the Corporation, in an amount equal to the difference between the liquidating value of the Underlying Interest and the settlement value, or such other amount as the Corporation may determine. Upon such delivery, the calculation of penalties and implementation of restrictions shall end. The deposit of the Security Funds with the Corporation, after the required delivery time, does not discharge any obligation of such Clearing Participant to the Corporation including the payment of any penalties or payment of costs incurred by the Corporation in connection with the Clearing Participant's default, and does not preclude the suspension of such Clearing Participant or the assessment of additional sanctions.
- (3) The Security Funds deposited by a Defaulting Clearing Participant shall be used, together with the Defaulting Clearing Participant's Margin or Guaranty Fund deposits, any excess Margin and Guaranty Fund deposits placed by that Clearing Participant with the Corporation, and any other Clearing Participants' funds held by the Corporation for such purposes, by the Corporation to effect delivery of or make payment in respect of the Underlying Interest, or otherwise meet the Corporation's obligations in respect of the transaction.

Amended by the Board April 12, 2013; [1] (3) effective June 1, 2013].

Section C- 518 Effecting Delivery/Payment

- (1) Where a Delivering Clearing Participant has failed to make a delivery or an Assigned Clearing Participant has failed to accept a delivery and make payment therefore, the Corporation shall use any funds available to it for such purposes, in such manner as it shall, in its absolute discretion, consider appropriate, to effect delivery of or make payment in respect of the Underlying Interest, or otherwise settle such failed transaction. The Corporation will endeavour to effect delivery or make payment as soon as practicable, given the nature of the Underlying Interest and all of the circumstances of the particular transaction.
- (2) Where the Corporation has effected delivery of or made payment for the Underlying Interest, or otherwise settled the transaction, and the cost of so doing exceeds the Security Funds (if any) deposited, and the Defaulting Clearing Participant's Margin or Guaranty Fund deposits, the Defaulting Clearing Participant shall be liable to and shall promptly pay the Corporation the amount of the excess, in addition to any penalties and other sanctions that may be assessed, and the Corporation's reasonable expenses, including legal fees.
- (3) Where the Corporation has effected delivery of or made payment for the Underlying Interest, or otherwise settled the transaction, and the cost of so doing is less than the Security Funds (if any) deposited any excess, less all assessed penalties and reasonable expenses, including legal fees, incurred by the Corporation, will be promptly returned to the Clearing Participant.

Amended by the Board April 12, 2013; [¶ (2) effective June 1, 2013].

Section C-519 Other Powers of the Corporation

Notwithstanding the foregoing, the Corporation shall have the power to require a Defaulting Clearing Participant to deposit such other funds or security as the Corporation may, in its discretion, determine is necessary or advisable given the nature and value of the Underlying Interest and all of the circumstances of the failed transaction. A Defaulting Clearing Participant shall cooperate fully with the Corporation in respect of the failed transaction and shall promptly provide the Corporation with such information relating thereto and to the Defaulting Clearing Participant, as the Corporation may request.

Section C-520 Suspension and Other Disciplinary Action

As provided for in these Rules and notwithstanding any penalties or restrictions imposed on the Defaulting Clearing Participant, the Corporation may suspend or impose additional sanctions on a Defaulting Clearing Participant.

Section C-521 Force Majeure

If delivery, settlement or acceptance or any precondition or requirement of either is prevented by strike, fire, accident, act of government, act of God or other emergency the affected Clearing Participant shall immediately notify the Exchange involved and the Corporation. The Exchange involved and the Corporation shall take such action as they deem necessary under the circumstances and their decision shall be binding upon all parties to the contract. Without limiting the generality of the foregoing, they may modify the Settlement Time and/or the settlement date; designate alternate delivery and settlement points or procedures in the event of conditions interfering with the normal operations of approved facilities or delivery and settlement process; and/or fix a Settlement Price.

RULE C-6 FUTURES SPECIFICATIONS

Section C-601 Designation of Futures

The Futures cleared through the Corporation shall be designated by reference to the Underlying Interest and the delivery or settlement day, month and year.

Section C-602 Approval of Underlying Interests and Contract Specifications

The Underlying Interest and Contract Specifications of Futures cleared through the Corporation shall be approved by the Board following the recommendation of the Exchange.

Section C-603 Government Orders, Rulings

Specifications shall be fixed as of the first day of trading of a Future except that all deliveries and settlements must conform to government regulations in force at the time of delivery or settlement. If any Canadian governmental agency or body issues an order, ruling, directive or law pertaining to the trading, government auction, delivery or settlement of the Underlying Interest of a Future, such order, ruling, directive, or law shall be construed to take precedence and become part of these rules and all Open Positions and new Futures shall be subject to such government order.

Section C-604 Contract Specifications

For particulars of the Futures Contracts, reference should be made to the By-Laws and Rules of the Exchange.