

## Appendix 21 Service Withdrawal

1. The Clearing House may at any time give notice of its intention to wind down a Clearing Service (as defined in Clearing Appendix 16 (Default Fund Rules)) (the “**Impacted Service**”) or one or more Instruments comprising part of a Clearing Service (each an “**Impacted Instrument**”, as applicable, and each Contract based on the same individual contract specifications as such Instrument, an “**Impacted Contract**”) for legal or regulatory reasons, for risk management reasons, or for any other reason determined by the Clearing House (acting in its sole discretion) (such notice, a “**Service Withdrawal Notice**”). The Service Withdrawal Notice shall be sent to Clearing Members of the Impacted Service (each an “**Impacted Clearing Member**”) and a copy of such notice shall be made available on the Clearing House website (provided that any failure by the Clearing House to make a copy of the Service Withdrawal Notice available on its website shall not invalidate such notice).
2. When applying the rules in this Appendix 21 (Service Withdrawal), the Clearing House undertakes to:
  - i. consult with the Impacted Clearing Members in relation to the service withdrawal process;
  - ii. apply reasonable efforts in assisting Impacted Clearing Members during the service withdrawal process; and
  - iii. provide information to Impacted Clearing Members in relation to the service withdrawal process, including, where relevant, any timelines, operational issues and the valuation methodology to be used pursuant to paragraph 7 below.
3. For Instruments with no Open Positions, from the date on which it sends the Service Withdrawal Notice to Impacted Clearing Members, the Clearing House may request that the Exchange suspend trading in and/or de-list certain Exchange Listed Instruments relating to Exchange Transactions or Contracts which would be cleared at the Impacted Service or relate to an Impacted Instrument.
4.
  - (i) At any time following (or concurrent with) the delivery of a Service Withdrawal Notice, the Clearing House shall give Impacted Clearing Members not less than six months’ notice (such notice, a “**Service Withdrawal Date Notice**”) designating the date on which the Impacted Service will be withdrawn (the “**Service Withdrawal Date**”), provided that the Clearing House shall be permitted to give Impacted Clearing Members less than six months’ notice designating the Service Withdrawal Date where warranted for legal, regulatory or risk management reasons.
  - (ii) The Clearing House may designate more than one Service Withdrawal Date in respect of an Impacted Service, provided that it notifies each Impacted Clearing Member of the relevant designated Service Withdrawal Date for each Impacted Instrument or each group of Impacted Contracts, as applicable. A copy of the Service Withdrawal Notice shall be made available on the Clearing House’s website, provided that any failure by the Clearing House to make a copy of such notice available on its website shall not invalidate such notice.
  - (iii) Following the delivery of the Service Withdrawal Date Notice, the Clearing House may by written notice to the Impacted Clearing Members change the originally designated Service Withdrawal Date to another date, where necessary or desirable for legal, regulatory, operational or risk management reasons, whereby such new date shall be the Service Withdrawal Date for the purpose of this Appendix 21 and provided that the notice periods in paragraph 4(i) are complied with (counting from the date of the original Service Withdrawal Date Notice) and the notice is made available on the Clearing House’s website in accordance with paragraph 4(ii).
5. If an Impacted Clearing Member does not receive a Service Withdrawal Notice or Service Withdrawal Date Notice due to an operational error or on account of an accidental omission, then the Clearing House will (to the extent it is aware of such failure) provide such Service Withdrawal Notice or Service Withdrawal Date Notice as soon as reasonably practicable, and such failure shall not invalidate the actions of the Clearing House following (or as a result of) the Service Withdrawal Notice or invalidate or delay the Service Withdrawal Date (as applicable). For the avoidance of doubt, the Clearing House shall not be responsible for monitoring receipt of any Service Withdrawal Notice or Service Withdrawal Date Notice by any Impacted Clearing Member.

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6. On the Service Withdrawal Date:
    - (i) (to the extent it has not already) the Clearing House will with immediate effect stop accepting, and will no longer Register, any new Transactions in respect of the Impacted Service or Impacted Instrument (as applicable); and
    - (ii) all Impacted Contracts shall be closed out and the Clearing House will determine the value of each such Impacted Contract as of market close on the Clearing House Business Day immediately preceding the Service Withdrawal Date in accordance with paragraph 7 below.
  7. The value of each Impacted Contract shall be calculated pursuant to the methods set out in this paragraph 7 in the following order of priority:
    - (i) first, if the Clearing House in its sole and absolute discretion determines that its existing processes and methodologies for determining the value of Impacted Contracts would be representative of market values for the Impacted Contracts as of market close on the Clearing House Business Day immediately preceding Service Withdrawal Date, the Clearing House shall value the Impacted Contracts using such processes and methodologies;
    - (ii) second, if the Clearing House in its sole and absolute discretion determines that the process in relation to paragraph (i) above would not be representative of market values for the Impacted Contracts as of market close on the Clearing House Business Day immediately preceding Service Withdrawal Date, the Clearing House shall value the Impacted Contracts using indicative prices based on quotes provided by all Impacted Clearing Members who, in the reasonable opinion of the Clearing House, have the necessary capabilities, access and expertise to provide a quote in respect of an Impacted Contract. Such price will be set to the arithmetic mean of the provided quotes, having deducted the highest and the lowest quotes, provided that quotes have been provided by at least five Impacted Clearing Members; and
    - (iii) lastly, if the Clearing House in its sole and absolute discretion determines that the process in relation to paragraph (ii) above would not be representative of market values for the Impacted Contracts as of market close on the Clearing House Business Day immediately preceding Service Withdrawal Date, the Clearing House shall value the Impacted Contracts using such other methodologies and processes as the Clearing House shall determine to be appropriate in its absolute discretion.

If the Clearing House is in-the-money in respect of an Impacted Contract, its value shall be negative. If the Impacted Clearing Member is in-the-money in respect of an Impacted Contract, its value shall be positive.

8. An amount equal to the value of each Impacted Contract (each, an “**Impacted Contract Withdrawal Amount**”), as determined pursuant to paragraphs 6 (ii) and 7 above, shall be payable in the Daily Cash Settlement in respect of the Service Withdrawal Date in accordance with section 2.11 of the Clearing Rules. Notwithstanding the foregoing, to the extent that an amount is payable from the Clearing House to an Impacted Clearing Member pursuant to this paragraph 8, the Clearing House reserves the right to delay such payment up to five (5) Business Days following the Service Withdrawal Date if required for operational or technical reasons.
9. Following settlement of each Impacted Contract Withdrawal Amount (whether by payment, netting, set-off or otherwise), the Clearing House shall return any Collateral Surplus resulting from the termination of the relevant Impacted Contracts to the relevant Account Holder in accordance with section 2.8.21 of the Clearing Rules, provided that the requirements in section 2.8.21d of the Clearing Rules have been met.
10. If the whole of an Impacted Service is withdrawn in accordance with this Appendix 21, each Impacted Clearing Member:
  - (i) that has paid the total amount of any Impacted Contract Withdrawal Amount payable by it pursuant to paragraph 8; or
  - (ii) is entitled to receive an Impacted Contract Withdrawal Amount payable by the Clearing House pursuant to paragraph 8,

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shall be entitled to receive from the Clearing House any Contributed Assets that it has posted in respect of the Impacted Service as if the Impacted Clearing Member had served a Default Fund Exit Notice on the Clearing House in accordance with section 1.9A.37 of Clearing Appendix 16 (Default Fund Rules).