

Chapter 803

North American Single Name CDS Contracts

80301. SCOPE OF CHAPTER

This Chapter sets forth the terms and conditions of North American single name CDS Contracts ("**North American Single Name CDS Contracts**"). The terms and conditions of each North American Single Name CDS Contract will be as set out in the definitions and provisions of the Credit Derivatives Definitions, the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions published on March 7, 2005 (the "**Matrix Supplement**") and the provisions of these Rules, as supplemented pursuant to the relevant Contract Elections.

In the event of any inconsistency between the Credit Derivatives Definitions, the Matrix Supplement and the provisions of these Rules, such documents and provisions shall prevail for the purposes of North American Single Name CDS Contracts in the following order: first, these Rules; second, the Matrix Supplement; and third, the Credit Derivatives Definitions.

80302. CONTRACT TERMS

80302.A. Currency

The settlement currency in respect of North American Single Name CDS Contracts will be USD.

80302.B. Initial Payment

The Initial Payment Amount will be paid to or by the Clearing House on the Initial Payment Date.

80302.C. Calculation Agent

The Clearing House will be the sole Calculation Agent for all purposes in relation to North American Single Name CDS Contracts and the Calculation Agent City will be New York. References in the Credit Derivatives Definitions to the Calculation Agent acting "after consultation with the parties" shall be deemed to be replaced with "after consultation with the parties and/or the CDS RC". The Calculation Agent may (where it is not otherwise required) consult with the CDS RC in accordance with Chapter 804 in respect of any action it is required to take in connection with a North American Single Name CDS Contract.

Any determination made or other action taken by the Clearing House in its capacity as Calculation Agent in respect of a North American Single Name CDS Contract may be disputed by any CDS Clearing Member by referring the determination or other action to the CDS RC no later than the fifth Clearing Business Day following notification of the relevant determination or other action taken. Any disputed Calculation Agent determination or other action is binding on the applicable parties pending a Determination in respect of such disputed determination or other action. If any such disputed Calculation Agent determination or other action results in a payment being owed by the Clearing House to a CDS Clearing Member for its own account or for the account of a CDS Participant, as applicable, under a North American Single Name CDS Contract pending a Determination, the performance bond requirement, with respect to such North American Single Name CDS Contract will be increased by an amount equivalent to the disputed portion of the payment for so long as such Determination is pending, and the Clearing House, in lieu of paying any such disputed payment to the CDS Clearing Member, may retain such payment in satisfaction of such increased performance bond requirement.

Promptly following a Determination in respect of a disputed Calculation Agent determination or other action, the Clearing House shall, in its capacity as Calculation Agent, make such adjustments as it determines necessary to give effect to the relevant Determination. The Calculation Agent will determine, and notify each affected CDS Clearing Member of, (i) the adjustment payment, if any, that is payable to reflect any change to the amount payable under the relevant North American Single Name CDS Contract, whether or not the relevant North American Single Name CDS Contract is still outstanding (the "**Adjustment Amount**"), (ii) the date on which any such Adjustment Amount is payable, which shall be as soon as reasonably practicable following such notification (the "**Adjustment**

Payment Date") and (iii) the party to the relevant North American Single Name CDS Contract that is obliged to pay any such Adjustment Amount (the "**Adjustment Amount Payer**"). The Adjustment Amount Payer shall pay the Adjustment Amount on the relevant Adjustment Payment Date. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

80302.D. Fixed Rate Payer Payment Dates

Each March 20, June 20, September 20 and December 20 in each year will be the Fixed Rate Payer Payment Dates.

80302.E. Initial Fixed Rate Payer Calculation Period

Notwithstanding Section 2.9 of the Credit Derivatives Definitions, the initial Fixed Rate Payer Calculation Period shall commence on, and include, the Fixed Rate Payer Payment Date (determined taking into account the Business Day Convention) falling on or immediately prior to the calendar day immediately following the Acceptance Date. For purposes of this provision, Section 2.10 of the Credit Derivatives Definitions shall be deemed amended by deleting the words "during the term of the Transaction."

80302.F. Fixed Rate

The Fixed Rate in respect of a North American Single Name CDS Contract with a Submission Time that occurs prior to the Recovery Trade Date will be 5.0% or 1.0% as determined pursuant to the relevant Contract Elections. The Fixed Rate in respect of a North American Single Name CDS Contract with a Submission Time that occurs on or after the Recovery Trade Date shall be deemed to be 0%, notwithstanding any Contract Elections to the contrary.

80302.G. Transaction Type

The Transaction Type in respect of a North American Single Name CDS Contract will be Standard North American Corporate.

80302.H. Credit Event Backstop Date

Section 1.23 of the Credit Derivatives Definitions shall be restated as follows:

"Credit Event Backstop Date" means (a) for purposes of any event that constitutes a Credit Event for purposes of the relevant North American Single Name CDS Contract, as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the CME Credit Event Resolution Request Date, if it occurs prior to or on the date that is fourteen calendar days after the Extension Date and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in Sections 1.24(a) and (b) are satisfied in accordance with the DC Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the CME Credit Event Resolution Request Date occurs not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

80302.I. Method for Determining Obligations

Section 2.19 of the Credit Derivatives Definitions shall be amended by inserting the words "or the Issue submitted to the CDS RC resulting in the occurrence of the CME Credit Event Resolution Request Date" after the reference to "Credit Event Resolution Request Date".

80302.J. Settlement Method

The Settlement Method with respect to a North American Single Name CDS Contract will be Auction Settlement, with clauses (c), (d) and (e) of Section 12.1 of the Credit Derivatives Definitions being deemed deleted and replaced with "(c) an Event Determination Date was determined as a result of a

Declaration of Credit Event and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after the date of such Declaration of Credit Event". For the avoidance of doubt, the Fallback Settlement Method will be CME CDS Physical Settlement pursuant to Chapter 805.

80302.K. Declaration of Credit Events

The Clearing House shall issue a declaration of a Credit Event (each, a "**Declaration of Credit Event**") with respect to a North American Single Name CDS Contract if the CDS RC determines pursuant to Chapter 804 that an event which constitutes a Credit Event for the purposes of such North American Single Name CDS Contract has occurred with respect to the Reference Entity applicable to such North American Single Name CDS Contract (or Obligation thereof) on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time). The relevant Declaration of Credit Event will be issued as soon as reasonably practicable but no later than the Clearing Business Day immediately following the date that the CDS RC makes the relevant Determination. A Declaration of Credit Event will be deemed not to have been issued with respect to a North American Single Name CDS Contract unless (i) the CME Credit Event Resolution Request Date with respect to the relevant Credit Event occurred on or prior to the end of the last day described in Section 1.23(b)(i) or 1.23(b)(ii)(C) of the Credit Derivatives Definitions (as amended above), as applicable, including prior to the Acceptance Date and (ii) the Submission Date, or such date as is notified by the Clearing House in consultation with the CDS RC in accordance with Rule 80103.C., occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

80302.L. Event Determination Date

Section 1.8 of the Credit Derivatives Definitions shall be amended by:

- (a) the deletion of Section 1.8(a)(i);
- (b) the insertion of the words "or a Declaration of Credit Event has been issued" in the first sentence of Section 1.8(a)(ii) after the words "has occurred"; and
- (c) the insertion of the words "or, where the Credit Event Backstop Date is determined by reference to the CME Credit Event Resolution Request Date, the CME Credit Event Resolution Request Date" in the line of Section 1.8(a)(ii)(A) after the words "Credit Event Resolution Request Date".

80302.M. Succession Event Backstop Date

Section 2.1 and Section 2.2(i) of the Credit Derivatives Definitions shall be restated as follows:

"Reference Entity" means the entity or entities identified as such pursuant to the relevant Contract Elections for the purposes of the North American Single Name CDS Contract. Any Successor to a Reference Entity either (a) specified in a Declaration of Succession Event effective on or following the Submission Date in respect of such North American Single Name CDS Contract or (b) in respect of which ISDA publicly announces on or following the Submission Date in respect of such North American Single Name CDS Contract that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the DC Rules shall, in each case, be the relevant Reference Entity for the relevant North American Single Name CDS Contract or a new North American Single Name CDS Contract as determined pursuant to such Section 2.2 of the Credit Derivatives Definitions. If the Clearing House determines that a bilateral CDS transaction in respect of a North American Single Name CDS Contract submitted for clearing would have been subject to a Succession Event but that such Succession Event is not given appropriate effect because of the timing of the applicable Product Reference File updates, the Clearing House shall take such action, if any, as it deems necessary and reasonably practicable, to ensure that such Succession Event is given the effect which the Clearing House determines is appropriate with respect to such North American Single Name CDS Contract.

"Succession Event Backstop Date" means (A) for purposes of any event that constitutes a Succession Event for purposes of the relevant North American Single Name CDS Contract, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time) or (B) otherwise, the date that is 90 calendar days

prior to the earlier of (I) the CME Succession Event Resolution Request Date and (II) in circumstances where (1) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in Sections 2.2(j)(i) and (j)(ii) are satisfied in accordance with the DC Rules, (2) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (3) the CME Succession Event Resolution Request Date occurs not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

80302.N. Declaration of Succession Events

The Clearing House shall issue a declaration of a Succession Event (each, a “**Declaration of Succession Event**”) with respect to a North American Single Name CDS Contract if the CDS RC determines pursuant to Chapter 804 that a Succession Event has occurred with respect to the relevant Reference Entity. The relevant Declaration of Succession Event will be issued as soon as reasonably practicable but no later than the Clearing Business Day immediately following the date that the CDS RC makes the relevant Determination.

80302.O. Merger of Reference Entity and Seller

Section 2.31 of the Credit Derivatives Definitions shall be deemed not to apply to North American Single Name CDS Contracts.

80302.P. Physical Settlement Matrix Updates

Whenever ISDA publishes a version of the Credit Derivatives Physical Settlement Matrix (a “**New Matrix**”) that is subsequent to the version of the Credit Derivatives Physical Settlement Matrix that is applicable to any North American Single Name CDS Contract (the “**Existing Matrix**”), and the Clearing House determines that a North American Single Name CDS Contract referencing the New Matrix would be fungible with a North American Single Name CDS Contract referencing the Existing Matrix (the date of such determination, the “**Matrix Update Date**”) and so notifies CDS Clearing Members, any such North American Single Name CDS Contract referencing the Existing Matrix shall, as of the close of business on the Matrix Update Date, become a North American Single Name CDS Contract referencing the New Matrix.

80303. CONTRACT MODIFICATIONS

80303.A. Rules

Except as provided in Rules 0, 0 and 0, the Clearing House may not amend, modify or make any change to the terms and conditions of a North American Single Name CDS Contract if such amendment, modification or change would, in the CDS RC's determination, (i) reasonably be expected to have a material effect on the mark-to-market price of such North American Single Name CDS Contract or (ii) materially increase the basis risk of such North American Single Name CDS Contract relative to the over-the-counter agreement equivalent to such North American Single Name CDS Contract (any such amendment, modification or change that satisfies (i) or (ii) above, a “**Single Name Contract Modification**”) unless the Clearing House provides all CDS Clearing Members at least ten Clearing Business Days' notice prior to the effective date of such Contract Modification (a “**Single Name Contract Modification Effective Date**”), provided that, nothing herein shall affect the Clearing House's ability to add new CDS Products from time to time.

A Single Name Contract Modification shall not apply to North American Single Name CDS Contracts that have an Acceptance Date on or prior to the relevant Single Name Contract Modification Effective Date and such North American Single Name CDS Contracts may not be offset against North American Single Name CDS Contracts with an Acceptance Date after such Single Name Contract Modification Effective Date.

80303.B. Change in Law or Regulation

If any Governmental Authority issues a Change in Law, the Clearing House shall propose such changes to these Rules as are necessary to reflect the application of such Change in Law, while minimizing to

the extent reasonably practicable the economic effect of such Rule changes on existing North American Single Name CDS Contracts. The CDS RC shall promptly review such proposal and, if adopted by majority vote, (i) the Clearing House shall provide all CDS Clearing Members with notice of such change to the rules prior to the Rule Change Effective Date and (ii) such changes to these Rules shall be applicable to all North American Single Name CDS Contracts that are open as of, or entered into subsequent to, the Rule Change Effective Date. If the Clearing House determines, in consultation with the CDS RC, that any such Rule change has a MTM Change on such North American Single Name CDS Contract (such North American Single Name CDS Contract, an **"Adjusted Single Name Contract"**), the Clearing House will determine the payment, if any, that is payable to reflect the MTM Change in respect of open positions in such Adjusted Single Name Contract (the **"Adjusted Single Name Payment Amount"**) by reference to a poll of CDS Clearing Members on such terms as it deems appropriate in consultation with the CDS RC. The Clearing House will notify each affected CDS Clearing Member of (i) the Adjusted Single Name Payment Amount, (ii) the date on which such Adjusted Single Name Payment Amount is due (the **"Adjusted Single Name Payment Amount Date"**) and (iii) the party to the relevant North American Single Name CDS Contract that is obliged to pay any such Adjusted Single Name Payment Amount (the **"Adjusted Single Name Payment Amount Payer"**). The Adjusted Single Name Payment Amount Payer shall pay the Adjusted Single Name Payment Amount on the Adjusted Single Name Payment Amount Date.

80303.C. Industry Protocol

The terms of any North American Single Name CDS Contract shall be modified by the Clearing House in accordance with (i) any relevant CDS industry-sponsored protocol (or other multilateral agreement process) (a) to which CDS Clearing Members holding (in their respective proprietary or customer accounts) at least 80% of the Clearing House's total open interest in the relevant North American Single Name CDS Contracts covered by such protocol or other multilateral agreement process as at the Protocol Cut-off Time, or their designated Affiliated CDS Participants, agree to adhere or (b) which is adopted by the CDS RC by majority vote or (ii) any Resolution of a Convened DC relating to the matters described in Section 3.8(a) of the DC Rules (March 29, 2011 Version or any equivalent provision relating to questions of interpretation and amendments relating to the March 2009 Protocol and the July 2009 Protocol), with such modification to become part of these Rules and be applicable to such existing or future North American Single Name CDS Contracts as set forth in such protocol or other multilateral agreement process or Resolution.