

## CLSN Net Confirmation Protocol

1. In connection with the CLSN Net payment netting calculation service (the **Service**), for the purpose of this Protocol:
  - (a) **Adherence Letter** means an adherence letter in the form set out in the Exhibit to this Protocol;
  - (b) **Adhering Party** means each person that has agreed to adhere to this Protocol, as set out in an agreement governing the Service and paragraph 2 below;
  - (c) **Affiliate** means, in relation to a person, each other entity which directly or indirectly Controls, is directly or indirectly Controlled by (through one or more intermediaries) or is under direct or indirect common Control with, that person from time to time;
  - (d) **Agreement** has the meaning given to that term in paragraph 2(a);
  - (e) **Amend Instruction** means an instruction submitted by Participant, Participating Affiliate, Other Participant or Affiliate of an Other Participant, in accordance with the submission process and the functional reference guide made available by CLS Processing from time to time, directing CLS Processing to change or modify a specified Standard FX Instruction, Opening Instruction, Fix Instruction, or other instruction of a type that CLS Processing permits to be submitted to the CLS Netting System from time to time, previously submitted by that Participant, Participating Affiliate, Other Participant or Affiliate of an Other Participant;
  - (f) **CLS Netting System** means the software, hardware, technical environments, network and telecommunications equipment and information technology used by CLS Processing in the provision of the Service, as modified from time to time;
  - (g) **CLS Processing** means CLS Processing Solutions Ltd, the provider of the Service;
  - (h) **Confirmation** has the meaning given to that term in paragraph 3(a);
  - (i) **Control** means, in relation to a person, the direct or indirect ownership of more than 50% of the voting capital or similar right of ownership of that person, or the legal power to direct or cause the direction of the general management and policies of that person, whether through the ownership of voting capital, by contract or otherwise, and Controls and Controlled shall be interpreted accordingly;
  - (j) **Effective Adherence Date** means, in the case of Participant, the Effective Date, and in the case of all other Adhering Parties, the date specified as such in an Adherence Letter or Other Agreement, as applicable;
  - (k) **Effective Date** means the date of the Agreement;
  - (l) **Eligible Currency** means each of the currencies set out in the list of eligible currencies and related matching tolerances made available by CLS Processing to Participant from time to time, and Eligible Currencies shall be interpreted accordingly;



- (m) **Fix Instruction** means the second instruction that must be submitted to the CLS Netting System, in accordance with the submission process and functional reference guide, by Participant or Participating Affiliate (as the case may be) and Other Participant or Affiliate of an Other Participant in respect of an NDF;
- (n) **Fund** has the meaning given to that term in paragraph 2(e);
- (o) **Identification Code** means a BIC, BEI Code, Fund ID, or other identifier of an entity or any other identifier notified by Participant to CLS Processing as a valid code for the identification of an entity, and shall be deemed to refer only to such entity;
- (p) **Instruction** means each of: (a) a Standard FX Instruction; (b) an Opening Instruction; (c) a Fix Instruction; (d) an Amend Instruction; (e) a Rescind Instruction; and (f) any other instruction that CLS Processing permits to be submitted to the CLS Netting System from time to time;
- (q) **Matching** means the matching of relevant Transaction details reflected in a pair of Standard FX Instructions or the matching of relevant Transaction details reflected in a pair of Fix Instructions (if the related Opening Instructions have been classified as matched), as further described in the functional reference guide, and Match and Matched shall be construed accordingly;
- (r) **NDF** means non-deliverable forward FX transaction;
- (s) **Netting** means the calculation of net payment amounts relating to underlying Transactions between a Service Recipient and a Transaction counterparty, and Net and Netted shall be construed accordingly;
- (t) **Opening Instruction** means the first instruction that must be submitted to the CLS Netting System by Participant or Participating Affiliate (as the case may be) and Other Participant or Affiliate of an Other Participant in respect of an NDF;
- (u) **Other Agreement** means an agreement governing the Service entered into between CLS Processing and an Other Participant, as may be amended from time to time;
- (v) **Other Participant** means a third party that: (a) uses the CLS Netting System or receives or uses Service substantially similar to the Service from CLS Processing; and (b) has entered into an Other Agreement;
- (w) **Other Submitting Party** means, in respect of an Instruction, the Other Participant or Affiliate of such Other Participant that submits the Instruction corresponding to an Instruction submitted by Participant or a Participating Affiliate such that, when an Instruction is submitted by a Third Party Provider for an Other Participant or any Affiliate of such Other Participant, the Third Party Provider shall be deemed to be the Other Participant or the Affiliate of such Other Participant for the purpose of this definition;
- (x) **Participant** has the meaning given to that term in paragraph 2(a);
- (y) **Participating Affiliate** has the meaning given to that term in paragraph 2(c);



- (z) **Processing Path Identifier** means the information identifying the target processing type of an Instruction;
- (aa) **Protocol** means this Confirmation Protocol, as may be amended from time to time, published by CLS Processing on the publicly available website of CLS Processing and/or its Affiliates;
- (bb) **Relevant Third Party** means a Third Party on behalf of whom Participant or any Participating Affiliate uses the Service ;
- (cc) **Service** has the meaning given to that term in the recital to this Protocol;
- (dd) **Service Recipient** means: (a) Participant; (b) each Participating Affiliate; and (c) each Relevant Third Party;
- (ee) **Settlement Date** means the date specified in an Instruction as the date on which the Transaction to which such Instruction relates is scheduled for settlement;
- (ff) **Settlement Rate Source** means, in respect of an NDF, the value(s) to be used for the settlement rate source;
- (gg) **Standard FX Instruction** means an instruction for Matching, Netting, and/or other processing as may be specified by CLS Processing from time to time submitted by Participant, Participating Affiliate, Other Participant or an Affiliate of an Other Participant in respect of a Transaction listed in items (a) to (e) (inclusive) of the definition of Transaction;
- (hh) **Submitting Party** means, in respect of an Instruction, Participant or Participating Affiliate where (a) Participant or any Participating Affiliate submits the Instruction on behalf of itself or on behalf of a Relevant Third Party; or (b) a Third Party Provider for Participant or any Participating Affiliate submits an Instruction for Participant or the relevant Participating Affiliate. For the avoidance of doubt, when an Instruction is submitted in accordance with clause (b) of this definition, that Instruction shall be deemed to have been submitted by the Participant or Participating Affiliate (as the case may be) for whom the Third Party Provider submitted the Instruction;
- (ii) **Third Party** means each person or Fund, other than a Participating Affiliate, which is not a party to the Agreement;
- (jj) **Third Party Provider** means a third party that provides system, network or other technical or operational support to Participant, any Participating Affiliate, an Other Participant, or any Other Participant Entity (as applicable) in respect of their participation and use of the Service, including a third party that enables Participant, any Participating Affiliate, an Other Participant, or any Other Participant Entity to access the CLS Netting System or to submit Instructions;
- (kk) **Transaction** means each of the following foreign exchange transactions: (a) FX spot; (b) same-day transactions; (c) tomorrow/next-day transactions; (d) forwards; (e) swaps; (f) NDFs; and (g) any other transaction types notified to Participant by CLS Processing from time to time;



2. Adherence to this Protocol shall be evidenced by the following:
- (a) in the case of a party (**Participant**) to an agreement governing the Service (**Agreement**), by the execution of such Agreement;
  - (b) in the case of an Other Participant, by the execution of an Other Agreement containing substantially identical terms to this Protocol;
  - (c) in the case of an Affiliate of a Participant (**Participating Affiliate**) or Affiliate of an Other Participant, in each case that is *not* an investment or asset manager, by:
    - (i) the execution of an Adherence Letter by:
      - (A) the Participating Affiliate or the Affiliate of the Other Participating Affiliate (as the case may be);
      - (B) the Participant as agent of the Participating Affiliate, if the Participant is authorized to act as agent of such Participating Affiliate;
      - (C) the Other Participant as agent of its Affiliate, if that Other Participant is authorized to act as agent of such Affiliate, and
    - (ii) delivery of that Adherence Letter by the Participant to CLS Processing in accordance with paragraph 10 below;
  - (d) in the case of a (A) Relevant Third Party; or (B) Third Party on behalf of whom an Other Participant (or any Affiliate of that Other Participant) uses the CLS Netting System or receives or uses a service substantially similar to the Service from CLS Processing,
    - (i) by the execution of an Adherence Letter by:
      - (A) the Relevant Third Party or the relevant Third Party (as the case may be);
      - (B) in relation to the Relevant Third Party, Participant or a Participating Affiliate (as the case may be) as agent of the Relevant Third Party, provided that it is authorized to act as agent of such any such Relevant Third Party; or
      - (C) in relation to the relevant Third Party, Other Participant (or an Affiliate of that Other Participant) (as the case may be) as agent of such Third Party, provided that it is authorized to act as agent of such any such Third Party; and
    - (ii) delivery of an Adherence Letter by Participant or Other Participant, as applicable, to CLS Processing in accordance with paragraph 10 below; and
  - (e) in the case of an investment or asset manager that is a Participant, Participating Affiliate, Other Participant, or Affiliate of an Other Participant (as applicable), that, as agent, enters into Transactions on behalf of a fund (the **Fund**, which is the principal to



the Transactions), by the execution of an Adherence Letter by the investment or asset manager, acting, as agent, on behalf of the Fund(s) identified therein, and delivery to CLS Processing in accordance with paragraph 10 below. For the avoidance of doubt, each Fund so identified in the Adherence Letter shall be treated as a separate Adhering Party for purposes of this Protocol.

For the avoidance of doubt, each person so identified in the Adherence Letter shall be treated as a separate Adhering Party for purposes of this Protocol

3. With respect to any Transaction to which the Adhering Party and another Adhering Party are both counterparties:

(a) the notification made available from the CLS Netting System confirming that the Standard FX Instructions or Opening Instructions, as applicable, relating to such Transaction have been classified as Matched Standard FX Instructions or matched Opening Instructions, as applicable, in the CLS Netting System shall, as between the Adhering Parties, constitute a confirmation by the Adhering Party of each of the following economic terms of the Transaction underlying the Standard FX Instructions or Opening Instructions, as applicable, so Matched or matched, as applicable, by the CLS Netting System (**Confirmation**):

(i) in respect of Non-NDF underlying Transactions:

- (A) the Identification Codes of the Submitting Party and the Other Submitting Party of the Standard FX Instructions relating to the same Transaction;
- (B) the Settlement Date;
- (C) the Identification Codes of the Transaction counterparties;
- (D) the amounts and identities of the buy and sell Eligible Currencies; and
- (E) the Processing Path Identifier (if applicable).

(ii) in respect of NDF underlying Transactions:

- (A) the Identification Codes of the Submitting Party and the Other Submitting Party of the Opening Instructions relating to the same Transaction;
- (B) the Settlement Date;
- (C) the Identification Codes of the Transaction counterparties;
- (D) the amounts and identities of the buy and sell Eligible Currencies;
- (E) the NDF settlement currency;
- (F) the NDF valuation date;
- (G) Settlement Rate Source(s); and



- (H) the Processing Path Identifier (if applicable).
- (b) for the purposes of such Confirmation:
  - (i) if, subsequent to Standard FX Instructions being classified as Matched or Opening Instructions being classified as matched, as applicable, in the CLS Netting System:
    - (A) the Adhering Parties agree to amend the Transaction to which those Standard FX Instructions or Opening Instructions, as applicable, relate, and following such agreement submit Amend Instructions to the CLS Netting System in respect of the relevant Standard FX Instructions or Opening Instructions, as applicable; and
    - (B) following the submission of such Amend Instructions, the Standard FX Instructions or Opening Instructions, as applicable, are re-classified as Matched Standard FX Instructions or matched Opening Instructions, as applicable,  
  
the notification made available from the CLS Netting System of such classification shall, as between such Adhering Parties, constitute an amended Confirmation of the terms so Matched or matched by the CLS Netting System which supersedes the earlier Confirmation of such terms;
  - (ii) if the Standard FX Instructions or Opening Instructions, as applicable, relating to such Transaction which were classified as Matched Standard FX Instructions or matched Opening Instructions, as applicable, are subsequently:
    - (A) amended by or on behalf of an Adhering Party on a unilateral basis; or
    - (B) rescinded by or on behalf of an Adhering Party on a unilateral basis or by or on behalf of Adhering Parties on a bilateral basis,  
  
such amendment or rescission shall, as between such Adhering Parties, have no effect on the earlier Confirmation of the terms so Matched or matched by the CLS Netting System unless another pair of Standard FX Instructions or Opening Instructions, as applicable, relating to the same Transaction has been submitted to the CLS Netting System and classified as Matched Standard FX Instructions or matched Opening Instructions, as applicable, in the CLS Netting System, in which case the earlier Confirmation shall be superseded by the subsequent Confirmation of the terms Matched or matched in such other pair of Standard FX Instructions or Opening Instructions, as applicable; and
  - (iii) such Confirmation shall not supersede any other confirmation that may be sent by such Adhering Party outside the CLS Netting System, whether such other confirmation is received before or after such classification or notification of the Standard FX Instructions or Opening Instructions, as applicable, as Matched Standard FX Instructions or matched Opening Instructions, as applicable, in the CLS Netting System.



4. Neither CLS Processing nor its Affiliates shall have any liability to any person, for any failure to provide, delay in providing, or error contained in, any such notification or classification described in paragraph 3(a) above.
5. For the avoidance of doubt, the processing of any Instruction in the CLS Netting System shall not be affected by any separate confirmation outside of the Service in respect of any Transaction that may be given to, by, or on behalf of any Transaction counterparty to such Transaction.
6. The agreements contemplated by this Protocol will, as between any two Adhering Parties, be effective on the later of the Effective Adherence Dates of the two Adhering Parties; provided, however, that:
  - (a) no Adherence Letter shall specify an Effective Adherence Date that is less than thirty (30) calendar days following the date of execution of that Adherence Letter; and
  - (b) the Effective Adherence Date for Participant shall be the Effective Date.

Such agreements contemplated by this Protocol will apply to any Standard FX Instructions or Opening Instructions, as applicable, submitted to the CLS Netting System by or on behalf of an Adhering Party, regardless of whether such Standard FX Instructions or Opening Instructions, as applicable, are submitted before or after such Effective Adherence Date.

7. In adhering to this Protocol, an Adhering Party may not specify additional provisions, conditions, or limitations in its Adherence Letter. Any purported adherence that CLS Processing determines in good faith is not in compliance with this paragraph 7 will be void.
8. Acknowledgement of Scot of this Protocol
  - (a) Each Adhering Party acknowledges and agrees that this Protocol does not apply to any Transaction for which related Instructions are not submitted to the CLS Netting System.
  - (b) The adequacy of a Confirmation for the purpose of 'legal confirmation' or equivalent concept under Applicable Laws of any jurisdiction is to be determined and assessed by the Adhering Party, and CLS Processing makes no guarantee, representation or warranty that the form of Confirmation is acceptable in any jurisdiction.

9. Representation

- (a) Each Adhering Party represents to each other Adhering Party with which it has, or may have, an Instruction submitted to the CLS Netting System relating to a Transaction between them, on the date on which the later of them adheres to this Protocol in accordance with paragraph 2 above, that:
  - (i) it has the power to execute and deliver the Adherence Letter (or otherwise adhere to the Protocol) and to perform its obligations under any such Adherence Letter and this Protocol, and has taken all necessary action to authorise such



execution, delivery, and performance;

- (ii) such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
  - (iii) all governmental and other consents that are required to have been obtained by it with respect to each such Adherence Letter or this Protocol has been obtained and are in full force and effect and all conditions of any such consents have been complied with; and
  - (iv) its obligations under each such Adherence Letter and this Protocol constitute legal, valid, and binding obligations of such Adhering Party, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).
- (b) With respect to any Adherence Letter that an Adhering Party has delivered to CLS Processing in which any of its Affiliates, other Third Parties, or Funds are identified, such Adhering Party represents to each other Adhering Party with which such Affiliate, Third Party, or Fund has, or may have, an Instruction in the CLS Netting System relating to a Transaction between the Affiliate, Third Party, or Fund and such other Adhering Party that it has the authority to bind the Affiliate, Third Party, or Fund to this Protocol.

10. Delivery of Executed Adherence Letters

Each Adherence Letter must be in writing in the following form:

- (a) one manually signed original copy; or
- (b) one conformed copy containing, in place of each signature, the printed or typewritten name of each signatory,

and each such manually signed copy or conformed copy must be delivered (i) to CLS Processing in accordance with Section 20.2(a), and (ii) as a separate PDF (portable document format) attachment in an email to CLS Processing at [protocols@cls-services.com](mailto:protocols@cls-services.com). Each Adhering Party agrees that, for evidentiary purposes, a conformed copy of each Adherence Letter certified (for the purposes of confirming that the conformed copy is a true copy) by the General Counsel or other appropriate officer of CLS Processing will be deemed to be an original.





Exhibit  
Form of adherence letter

**Via Electronic Mail** ([protocols@cls-services.com](mailto:protocols@cls-services.com))

[insert date]

CLS Processing Solutions Ltd  
Exchange Tower  
One Harbour Exchange Square  
London 14 9GE

Re: CLS Processing Confirmation Protocol –Adherence Letter

Dear Ladies and Gentlemen:

This letter constitutes an Adherence Letter as referred to in the Protocol.

Except as otherwise expressly stated, capitalized terms used in this Adherence Letter have meaning given to those terms in the Protocol and the Agreement.

The provisions contained in the Protocol are incorporated into this Adherence Letter.

1. Adherence to Protocol

- (a) Legal name of entity: .....
- (b) Is this entity adhering to the Protocol: Yes  No
- (c) Is the entity an investment or asset manager: Yes  No
- (d) Is the entity entering into the Protocol as agent for a third party: Yes  No
- (i) If yes, please provide the legal name for each entity for which it is acting as agent:

**[Insert legal names of each entity]<sup>1</sup>**

- (ii) The entity identified in paragraph 1(a) of this Adherence Letter hereby confirms that it is duly authorized by each third party identified in paragraph 1(d)(i) to act as agent for, or otherwise adhere to the Protocol on behalf of, each entity listed.

2. Effective Adherence Date. The adherence of our institution and each other Adhering Party referred to herein is effective as of the following date (the “*Effective Adherence Date*”):<sup>2</sup>

[INSERT RELEVANT DATE]

<sup>1</sup> Each entity should be listed in a separate row.  
<sup>2</sup> The Effective Adherence Date must be at least 30 calendar days following the date of this Adherence Letter.



Release

Except as otherwise stated in the Protocol, we hereby waive, and release CLS Processing and each of its Affiliates from, any rights, claims, actions or causes of action whatsoever (whether in contract, tort or otherwise) arising out of or in any way relating to this Adherence Letter or the adherence of our institution, or any other Adhering Parties identified herein or any actions contemplated as being required by CLS Processing under the Protocol.

Contact Details

Our contact details for purposes of this Adherence Letter are:

Name:	[insert]
Address:	[insert]
Telephone:	[insert]
Email:	[insert]

\* \* \*

We hereby consent to the publication of the conformed copy of this letter, including the names of the entities identified above, by CLS Processing, and to the disclosure by CLS Processing of the contents of this letter, in each case, on the publicly available website of CLS Processing and/or its Affiliates.

Yours faithfully,

[INSERT LEGAL NAME OF ENTITY IDENTIFIED IN PARAGRAPH 1(a)]

acting on behalf of [itself and]<sup>3</sup> each other Adhering Party identified herein

By:

Name:	
Title:	
Signature:	

<sup>3</sup> This language in square brackets is to be retained if the signing entity identified in paragraph 1(a) is also adhering to the Protocol. If this entity is not adhering, this language in square brackets can be deleted.