



International Swaps and Derivatives Association, Inc.

ISDA [] 2013 DF SUPPLEMENT¹

**published on [], 2013,
by the International Swaps and Derivatives Association, Inc.**

¹ This [] 2013 DF Supplement is intended to address requirements of the following final rules:

- (1) CFTC, Final Rule, *Confirmation, Portfolio Reconciliation, Portfolio Compression, and Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants*, 77 Fed. Reg. 55904 (Sept. 11, 2012);
- (2) CFTC, Final Rule, *End-User Exception to the Clearing Requirement for Swaps*, 77 Fed. Reg. 42559 (July 19, 2012); and
- (3) CFTC, Final Rule, *Clearing Requirement Determination Under Section 2(h) of the CEA*, 77 Fed. Reg. 74284 (Dec. 13, 2012).

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International Swaps and Derivatives Association, Inc.

ISDA [] 2013 DF Supplement (published on [], 2012)

Any of the following schedules of this ISDA [] 2013 DF Supplement (as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”)) (this “[] **2013 DF Supplement**”) may be incorporated into an agreement (such agreement, a “**Covered Agreement**”) by written agreement of the relevant parties indicating which schedules of this [] 2013 DF Supplement (each such schedule, a “[] **2013 DF Schedule**”) shall be incorporated into such Covered Agreement. Each [] 2013 DF Schedule so incorporated in a Covered Agreement will be applicable to such Covered Agreement unless otherwise provided in such Covered Agreement. In the event of any inconsistency between a definition provided in this [] 2013 DF Supplement and a definition provided in a Covered Agreement, the definitions provided in this [] 2013 DF Supplement shall govern for purposes of interpreting terms provided in any [] 2013 DF Schedule that is incorporated by reference into a Covered Agreement and the definitions provided in the Covered Agreement shall govern for purposes of interpreting other terms in the Covered Agreement unless such Covered Agreement specifically provides otherwise. The headings and footnotes used in this [] 2013 DF Supplement are for informational purposes and convenience of reference only, and are not to affect the construction of or to be taken into consideration in interpreting this [] 2013 DF Supplement.

[] 2013 DF Schedule 1 Defined Terms

The following terms shall have the following meanings when used in this [] 2013 DF Supplement:

“Active Fund” means a “private fund,” as defined in Section 202(a) of the Investment Advisers Act of 1940, that (i) is not a Third-Party Subaccount and (ii) has executed 200 or more swaps per month on average over the 12 months preceding November 1, 2012. For purposes of clause (ii) of this definition, “swaps” shall mean swaps as defined by the CFTC for purposes of implementation schedules under parts 23 and 50 of CFTC regulations and shall exclude, without limitation, foreign exchange swaps and forward exchange forwards exempted from regulation as “swaps” by the Secretary of the Treasury pursuant to authority granted by Section 1a(47)(E) of the Commodity Exchange Act.

“Additional Mandatory Clearing Determination” means a determination (i) by the CFTC pursuant to Section 2(h) of the CEA that certain swaps or groups, categories or classes of swaps shall be subject to mandatory submission for clearing to a DCO eligible to clear such swaps other than the Initial Mandatory Clearing Determination or (ii) by the SEC pursuant to Section 3C(b) of the SEA, that certain security-based swaps, or groups, categories or classes of security-based swaps shall be subject to mandatory submission for clearing to a clearing agency, as defined in Section 3(a)(23) of the SEA, eligible to clear such security-based swaps.

“Agreement,” as used in a provision of this [] 2013 DF Supplement that is incorporated into a Covered Agreement or any defined term used in such provision, means such Covered Agreement, as amended or supplemented from time to time.

“Annually” means once each calendar year.

“Applicable Portfolio Reconciliation Compliance Date” means the date on which CFTC Swap Entity compliance is required with respect to Counterparty under CFTC Regulation 23.502 and applicable law regarding the scope of application of CFTC Regulation 23.502, including applicable CFTC interpretations and other CFTC Regulations; *provided that* the Applicable Portfolio Reconciliation Compliance Date shall not occur unless and until CFTC Swap Entity is registered (fully or provisionally) with the CFTC as a (i) “swap dealer” as defined in Section 1a(49) of the CEA and CFTC Regulation 1.3(ggg) thereunder, or (ii) “major swap participant” as defined in Section 1a(33) of the CEA and CFTC Regulation 1.3(hhh) thereunder, as applicable. For the avoidance of doubt, if both Parties are CFTC Swap Entities, the Applicable Portfolio Reconciliation Compliance Date shall occur on the first date on which compliance is required by either CFTC Swap Entity with respect to the other Party.

“Applicable STRD Compliance Date” means the date on which CFTC Swap Entity compliance is required with respect to Counterparty under CFTC Regulation 23.504 and applicable law regarding the scope of application of CFTC Regulation 23.504, including applicable CFTC interpretations and other CFTC Regulations; *provided that* the Applicable STRD Compliance

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Date shall not occur unless and until CFTC Swap Entity is registered (fully or provisionally) with the CFTC as a (i) “swap dealer” as defined in Section 1a(49) of the CEA and CFTC Regulation 1.3(ggg) thereunder, or (ii) “major swap participant” as defined in Section 1a(33) of the CEA and CFTC Regulation 1.3(hhh) thereunder, as applicable. For the avoidance of doubt, if both Parties are CFTC Swap Entities, the Applicable STRD Compliance Date shall occur on the first date on which compliance is required by either CFTC Swap Entity in respect of the other Party.

“**Category 1 Entity**” means (i) a Swap Dealer, (ii) a Major Swap Participant, (iii) a Security-Based Swap Dealer, (iv) a Major Security-Based Swap Participant, or (v) an Active Fund.²

“**Category 2 Entity**” means (i) a commodity pool as defined in Section 1a(10) of the CEA and CFTC Regulations thereunder, (ii) a “private fund,” as defined in Section 202(a) of the Investment Advisers Act of 1940 other than an Active Fund, or (iii) a person predominately engaged in activities that are in the business of banking, or in activities that are “financial in nature,” as defined in Section 4(k) of the Bank Holding Company Act of 1956, *provided that*, in each case, the entity is not a Third-Party Subaccount.³

“**CEA**” means the Commodity Exchange Act, as amended.

“**CFTC**” means the U.S. Commodity Futures Trading Commission.

“**CFTC Regulations**” means the rules, regulations, orders and interpretations published or issued by the CFTC, as amended.

“**CFTC Swap Entity**” means (i) a Party that the Parties have agreed in writing will be a “CFTC Swap Entity” for purposes of the [] 2013 DF Supplement, regardless of whether that Party is registered (fully or provisionally) as a “swap dealer” or “major swap participant” with the CFTC at the time of such agreement, and (ii) any Party that is registered (fully or provisionally) as a “swap dealer” or “major swap participant” with the CFTC and has notified the other Party of such registration in accordance with the Notice Procedures.

“**Close-Out Provision**” means (i) in respect of a Swap for which the Parties have agreed in writing (whether as part of the Agreement or otherwise) to a process for determining the payments to be made upon early termination of such Swap, the provisions specifying such process, and (ii) in respect of a Swap for which the Parties have not agreed in writing (whether as part of the Agreement or otherwise) to a process for determining the payments to be made upon early termination of such Swap, Section 6(e)(ii)(1) of the 2002 ISDA Master Agreement as if such Swap were governed thereby.

“**Commodity Trade Option**” means a commodity option entered into pursuant to CFTC Regulation 32.3(a).

² CFTC Regulation 50.25.

³ CFTC Regulation 50.25.

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“Counterparty” or **“CP”** means a Party to the Agreement that is a counterparty to a CFTC Swap Entity for purposes of this [] 2013 DF Supplement. For the avoidance of doubt, if two CFTC Swap Entities are party to the Agreement, each CFTC Swap Entity is also a Counterparty or CP for purposes of this [] 2013 DF Supplement.

“Covered Financial Company” means a “covered financial company,” as defined in Section 201(a)(8) of the Dodd-Frank Act, 12 U.S.C. § 5381(a)(8).

“Credit Support Agreement” means a written agreement, if any, between the Parties (whether part of the Agreement or otherwise) that governs the posting or transferring of collateral or other credit support related to one or more Swaps.

“Credit Support Call” means a request or demand for the posting or transferring of collateral or other credit support related to one or more Swaps made pursuant to the terms of a Credit Support Agreement.

“CSA Valuation” means, in respect of a Swap and a Risk Valuation Date and subject to the terms of Part II of Schedule 3 of this [] 2013 DF Supplement in the case of a dispute, the value of such Swap determined in accordance with the CSA Valuation Process, if any, expressed as a positive number if such Swap has positive value for the Risk Valuation Agent and as a negative number if such Swap has negative value for the Risk Valuation Agent.

“CSA Valuation Process” the process, if any, agreed by the Parties in writing (whether as part of the Agreement or otherwise) for determining the value of a Swap or portfolio of Swaps for the purpose of posting or transferring collateral or other credit support. For the avoidance of doubt, such writing may be in the form of an ISDA Credit Support Annex or any other written agreement.

“Daily” means once each Joint Business Day.

“Data Delivery Date” means a date determined pursuant to Section 4.2 or 4.3 of this [] 2013 DF Supplement, as applicable, that is a Joint Business Day.

“Data Reconciliation” means, a comparison of Portfolio Data and, to the extent applicable, SDR Data received or obtained by a Party against such Party’s own books and records of Swaps between the Parties and, in respect of any discrepancy in Portfolio Data, a process for identifying and resolving any discrepancy in Material Terms and Valuations of such Portfolio Data to that discrepancy. A Data Reconciliation may include (but shall not be required to include or be limited to) a systematic, line-by-line, field-by-field matching process performed using technological means such as a third party portfolio reconciliation service or a technology engine.

“DCO” means a “derivatives clearing organization,” as such term is defined in Section 1a(15) of the CEA and CFTC Regulations.

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“Discrepancy Threshold Amount” means, in respect of a Swap, an amount equal to ten percent (10%) of the higher of the two absolute values of the respective Valuations assigned to such Swap by the Parties.

“Dodd-Frank Act” means the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended.

“FDIA” means the Federal Deposit Insurance Act of 1950, as amended.

“FDIC” means the Federal Deposit Insurance Corporation.

“Financial Company” means a “financial company,” as defined in Section 201(a)(11) of the Dodd-Frank Act, 12 U.S.C. § 5381(a)(11).

“Initial Mandatory Clearing Determination” means the CFTC determination initially published in the Federal Register on December 12, 2012 pursuant to rulemaking under Section 2(h) of the CEA that certain classes of interest rate swaps and credit default swaps shall be subject to mandatory submission for clearing to a DCO eligible to clear such swaps under CFTC Regulation 39.5, as amended.⁴

“Insured Depository Institution” means an “insured depository institution,” as defined in 12 U.S.C. § 1813.

“Joint Business Day” means a day that is a Local Business Day in respect of each Party.

“Local Business Day” means, as used in a provision of this [] 2013 DF Supplement, with respect to a Party, a day on which commercial banks are open for general business (including for dealings in foreign exchange and foreign currency deposits) in the city that is specified by such Party in the [] 2013 DF Supplement Information. If a Party does not specify a city in the [] 2013 DF Supplement Information, such Party will be deemed to have specified the city specified by the other Party in the [] 2013 DF Supplement Information. If neither Party specifies a city in the [] 2013 DF Supplement Information, both Parties will be deemed to have specified the City of New York.

“Major Security-Based Swap Participant” means a “major security-based swap participant” as defined in Section 3(a)(67) of the SEA and Rule 3a67-1 thereunder.

“Major Swap Participant” means a “major swap participant” as defined in Section 1a(33) of the CEA and CFTC Regulation 1.3(hhh) thereunder.

“Material Terms” means terms of a Swap required to be reported in accordance with part 45 of the CFTC regulations.

“Monthly” means once each calendar month.

⁴ 77 Fed. Reg. 74284 (Dec. 13, 2012).

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“**Notice Procedures**” means (i) the procedure specified in the Agreement regarding delivery of notices or information to a Party, (ii) such other procedures as may be agreed in writing between the Parties from time to time, and (iii) with respect to a Party and a particular category of information or notice, if the other Party has specified other permissible procedures in writing, such procedures.

“[] **2013 DF Schedule**” shall have the meaning given to such term in the introductory paragraph of this [] 2013 DF Supplement.

“[] **2013 DF Supplement Information**” means any information or representation agreed in writing by the Parties to be [] 2013 DF Supplement Information, as amended or supplemented from time to time in accordance with Section 2.3 of this [] 2013 DF Supplement or in another manner agreed by the Parties.

“[] **2013 DF Supplement Rules**” means the CFTC Regulations 23.500 through 23.505, CFTC Regulation 50.50, and CFTC Regulation 50.4 adopted in the following Federal Register citations, as amended and supplemented from time to time: (i) CFTC, Final Rule, *Confirmation, Portfolio Reconciliation, Portfolio Compression, and Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants*, 77 Fed. Reg. 55904 (Sept. 11, 2012); (ii) CFTC, Final Rule, *End-User Exception to the Clearing Requirement for Swaps*, 77 Fed. Reg. 42559 (July 19, 2012) and (iii) CFTC, Final Rule, *Clearing Requirement Determination Under Section 2(h) of the CEA*, 77 Fed. Reg. 74284 (Dec. 13, 2012).

“**Party**” means, in respect of a Covered Agreement, a party thereto.

“**Portfolio Data**” means, in respect of a Party providing or required to provide such data, information (which, for the avoidance of doubt, is not required to include calculations or methodologies) relating to the terms of all outstanding Swaps between the Parties in a form and standard that is capable of being reconciled, with a scope and level of detail that is reasonably acceptable to the other Party and that describes and includes, without limitation, current Valuations attributed by that Party to each such Swap. The information comprising the Portfolio Data to be provided by a Party on a Data Delivery Date shall be prepared (i) as at the close of business (in the city specified by that Party for this purpose in writing) on the immediately preceding Joint Business Day, as applicable, and (ii) in the case of Valuations, in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result.

“**Recalculation Date**” means the Risk Valuation Date on which a Risk Valuation that gives rise to the relevant dispute is calculated; provided, however, that if one or more subsequent Risk Valuation Dates occurs prior to the resolution of such dispute, then the “Recalculation Date” in respect of such dispute means the last such Risk Valuation Date.

“**Reference Market-makers**” means four leading dealers in the relevant market selected by the Risk Valuation Agent in good faith (i) from among dealers of the highest credit standing which satisfy all the criteria that the Risk Valuation Agent applies generally at the time in deciding whether to offer or to make an extension of credit and (ii) to the extent practicable, from among such dealers having an office in the same city.

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“Risk Exposure” means, in respect of a Swap and a Risk Valuation Date and subject to the terms of Part II of Schedule 3 of this [] 2013 DF Supplement in the case of a dispute, the amount, if any, that would be payable to the Risk Valuation Agent by CP (expressed as a positive number) or by the Risk Valuation Agent to CP (expressed as a negative number) pursuant to the Close-Out Provision as of the Risk Valuation Time as if such Swap (and not any other Swap) was being terminated as of such Risk Valuation Date; *provided that* (i) if the Agreement provides for different calculations depending on whether one of the Parties is an affected or defaulting Party, such calculation will be determined using estimates at mid-market of the amounts that would be paid for a replacement transaction; and (ii) such calculation will not include the amount of any legal fees and out-of-pocket expenses.

“Risk Valuation” means in respect of a Swap and a Risk Valuation Date for which (i) there is a CSA Valuation determined by the Risk Valuation Agent or its agent, such CSA Valuation, and (ii) there is no CSA Valuation determined by the Risk Valuation Agent or its agent, the Risk Exposure determined by the Risk Valuation Agent or its agent for such Swap and Risk Valuation Date, unless, pursuant to Section 3.1 of this [] 2013 DF Supplement, the Risk Valuation Agent has elected to use the CSA Valuation provided by CP for such Swap and Risk Valuation Date, in which case, such CSA Valuation provided by CP.

“Risk Valuation Agent” means in respect of any Risk Valuation Date and any Swap: (i) if only one Party is a CFTC Swap Entity, such Party, (ii) if both Parties are CFTC Swap Entities and such date is only a Local Business Day for one of such parties, the Party for whom such date is a Local Business Day, (iii) if both Parties are CFTC Swap Entities, such date is a Local Business Day for both Parties and such parties **have not** entered into a Credit Support Agreement, the Party whom both Parties agree in writing will be the Risk Valuation Agent, and (iv) if both Parties are CFTC Swap Entities, such date is a Local Business Day for both Parties and such parties **have** entered into one or more Credit Support Agreements, the Party entitled to make a Credit Support Call on such date; *provided that*, in the case of subclause (iv), (a) if such parties have entered into multiple Credit Support Agreements in order to establish separate collateral or credit support arrangements for different types or categories of Swaps, the Risk Valuation Agent with respect to Swaps governed by a particular Credit Support Agreement shall be the Party entitled to make a Credit Support Call under such Credit Support Agreement on such day, and (b) on any date on which neither CFTC Swap Entity is entitled under a Credit Support Agreement to make a Credit Support Call, or both CFTC Swap Entities are entitled under a Credit Support Agreement to make a Credit Support Call, the Risk Valuation Agent for Swaps under the relevant Credit Support Agreement shall be the Party entitled to make a Credit Support Call under such Credit Support Agreement on the most recent preceding Risk Valuation Date on which only one CFTC Swap Entity was entitled to make such a call.

“Risk Valuation Date” means, with respect to a Swap, each Local Business Day for either Party that is a CFTC Swap Entity.

“Risk Valuation Time” means, with respect to a Swap and any day, the close of business on the prior Local Business Day in the locality specified by the Risk Valuation Agent in its notice of the Risk Valuation to CP.

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“**SDR**” means a “swap data repository,” as defined in Section 1a(48) of the CEA and the CFTC Regulations.

“**SDR Data**” means Material Terms data that is available from an SDR.

“**SEA**” means the Securities Exchange Act of 1934, as amended.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Security-Based Swap Dealer**” means a “security-based swap dealer” as defined in Section 3(a)(71) of the SEA and Rule 3a71-1 thereunder.

“**Swap**” means a “swap” as defined in the Section 1a(47) of the CEA and regulations thereunder that is, or is to be, governed by the Agreement; *provided that*, a Commodity Trade Option will not be a Swap for purposes of this [] 2013 DF Supplement. The term “Swap” also includes any foreign exchange swaps and foreign exchange forwards governed, or to be governed, by the Agreement that are exempted from regulation as “swaps” by the Secretary of the Treasury pursuant to authority granted by Section 1a(47)(E) of the CEA. For the avoidance of doubt, the term “Swap” does not include a swap that has been cleared by a DCO.

“**Swap Dealer**” means a “swap dealer” as defined in Section 1a(49) of the CEA and CFTC Regulation 1.3(ggg) thereunder.

“**Third-Party Subaccount**” means an account that is managed by an investment manager who is (1) independent of and unaffiliated with the account’s beneficial owner or sponsor and (2) responsible for the documentation necessary for the account’s beneficial owner to clear swaps.

“**Transaction Event**” means any event that results in a new Swap between Parties or in a change to the terms of a Swap between Parties, including execution, termination, assignment, novation, exchange, transfer, amendment, conveyance, or extinguishing of rights or obligations of a Swap.

“**Valuation**” has the meaning ascribed to such term in CFTC Regulation 23.500.

“**Weekly**” means once each calendar week.

[] 2013 DF Schedule 2 General Terms

This [] 2013 DF Schedule 2 may be incorporated into an agreement between a CFTC Swap Entity and any other Party, including another CFTC Swap Entity.

If the Parties to an agreement have specified that this [] 2013 DF Schedule 2 shall be incorporated into such agreement and any conditions to such incorporation set forth in such agreement have been satisfied, this [] 2013 DF Schedule 2 shall be deemed to be a part of such agreement to the same extent as if this [] 2013 DF Schedule 2 were restated therein in its entirety.

Part I. General Representations and Agreements

- 2.1. Each Party represents to the other Party (which representation is deemed repeated as of the time of each Transaction Event) that, as of the date of each Transaction Event, (i) all [] 2013 DF Supplement Information (excluding representations) furnished by or on behalf of it to the other Party is true, accurate and complete in every material respect, and (ii) no representation provided in the [] 2013 DF Supplement Information or in this [] 2013 DF Supplement is incorrect or misleading in any material respect. The [] 2013 DF Supplement Information is incorporated herein by reference.⁵
- 2.2. Each Party acknowledges that the other Party has agreed to incorporate one or more [] 2013 DF Schedules into the Agreement, and if the Parties enter into any Swaps on or after the date of such incorporation, the other Party will do so in reliance upon the [] 2013 DF Supplement Information and the representations provided by such Party or its agent in the [] 2013 DF Supplement Information and this [] 2013 DF Supplement. Notwithstanding the foregoing, each Party agrees that an event of default, termination event, or other similar event that gives a Party grounds to cancel or otherwise terminate a Swap shall not occur under the Agreement or any other contract between the Parties solely on the basis of (i) a representation provided solely in the [] 2013 DF Supplement Information or in this [] 2013 DF Supplement being incorrect or misleading in any material respect, or (ii) a breach of any covenant or agreement set forth solely in this [] 2013 DF Supplement; *provided, however*, that nothing in this Section 2.2 shall prejudice any other right or remedy of a Party at law or under the Agreement or any other contract in respect of any misrepresentation or breach hereunder or thereunder. For the avoidance of doubt, this Section 2.2 shall not alter a Party's rights or remedies, if any, applicable to a breach of any representation, warranty, covenant, or agreement that is not provided or set forth solely in [] 2013 DF Supplement Information or in this [] 2013 DF Supplement, including any such

⁵ CFTC Regulations 23.402(d) & 23.504(b)(5).

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breach relating to any event or condition that could also cause or constitute an event specified in (i) or (ii) above.

- 2.3. Each Party agrees to promptly notify the other Party in writing in accordance with the Notice Procedures (i) of any material change to [] 2013 DF Supplement Information (other than representations) previously provided by such Party or on behalf of such Party and (ii) if any representations made in [] 2013 DF Supplement Information or this [] 2013 DF Supplement by or on behalf of such Party become incorrect or misleading in any material respect. For any representation made in one or more of the [] 2013 DF Schedules that would be incorrect or misleading in any material respect if repeated on any date following the date on which the representation was last repeated, the notifying Party shall timely amend such representation by giving notice of such amendment to the other Party in accordance with the Notice Procedures.⁶

Part II. **Confirmations**

- 2.4. Unless the Parties have agreed otherwise in writing, each Party agrees that a confirmation of a Swap or another type of transaction under this Agreement may be created by the exchange of matching written terms in a manner that permits each Party to review such terms or by the delivery of such terms to a third party agent or service provider that confirms the matching of such terms to the Parties (in each case by telex, electronic messaging system, email or otherwise). In each case, such a confirmation will be sufficient for all purposes to evidence a binding supplement to this Agreement. The foregoing shall not limit other agreed methods of creating binding confirmations.⁷

Part III. **End-User Exception**

- 2.5. If CP elects not to clear any Swap that is subject to a mandatory clearing determination under Section 2(h) of the CEA pursuant to an exception from mandatory clearing provided under Section 2(h)(7) of the CEA and CFTC Regulation 50.50, CP shall notify CFTC Swap Entity of such election in writing prior to execution of such Swap, which notice may be provided as a standing notice for multiple swaps (in [] 2013 DF Supplement Information or otherwise) or on a trade-by-trade basis.⁸ By executing any such Swap that CP has elected not to clear, CP shall be deemed to represent that (i) it is eligible for an exception from mandatory clearing with respect to such Swap under Section 2(h)(7) of the CEA and CFTC Regulation 50.50, and (ii) either:

⁶ *Id.*

⁷ CFTC Regulation 23.501.

⁸ CFTC Regulation 23.505(a)(2).

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a. it has reported the information listed in CFTC Regulation 50.50(b)(1)(iii) in an annual filing made pursuant to CFTC Regulation 50.50(b)(2) no more than 365 days prior to entering into such Swap, such information has been amended as necessary to reflect any material changes thereto, such annual filing covers the particular Swap for which such exception is being claimed and the information in such filing is true, accurate, and complete in all material respects; or

b. it:

(1) has notified CFTC Swap Entity in writing in accordance with the Notice Procedures prior to entering into such Swap that it has not reported the information listed in CFTC Regulation 50.50(b)(1)(iii) in an annual filing described above;

(2) (A) is not a “financial entity” as defined in Section 2(h)(7)(C)(i) of the CEA, without regard to any exemptions or exclusions provided under Sections 2(h)(7)(C)(ii), 2(h)(7)(C)(iii), or 2(h)(7)(D) or related CFTC regulations, (B) qualifies for the small bank exclusion from the definition of “financial entity” in Section 2(h)(7)(C)(ii) of the CEA and CFTC Regulation 50.50(d), (C) is excluded from the definition of “financial entity” in accordance with Section 2(h)(7)(C)(iii) of the CEA, or (D) qualifies for an exception from mandatory clearing in accordance with Section 2(h)(7)(D) of the CEA;

(3) is using such Swap to hedge or mitigate commercial risk as provided in CFTC Regulation 50.50(c);

(4) has provided to CFTC Swap Entity all information listed in CFTC Regulation 50.50(b)(1)(iii) and such information is true, accurate and complete in every material respect and covers the particular Swap for which such exception is being claimed; and

(5) generally meets its financial obligations associated with entering into non-cleared Swaps.⁹

2.6. If CFTC Swap Entity and CP enter into a Swap subject to a mandatory clearing determination under Section 2(h) of the CEA that CP has elected not to clear pursuant to an exception from mandatory clearing provided under Section 2(h)(7) of the CEA and CFTC Regulation 50.50 and CP has (i) notified CFTC Swap Entity in writing in accordance with the Notice Procedures and prior to entering into such Swap that it has not reported the information listed in CFTC Regulation 50.50(b)(1)(iii) in an annual filing described above; and (ii) provided to CFTC Swap Entity all information listed in CFTC Regulation 50.50(b)(1)(iii), then, if

⁹ CFTC Regulation 50.50 & 23.505(a).

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the Swap is subject to mandatory reporting to the CFTC or an SDR and CFTC Swap Entity is the “reporting counterparty,” as defined in CFTC Regulation 45.8, for such Swap, CFTC Swap Entity shall report such information to the relevant SDR.¹⁰

- 2.7. Notwithstanding anything to the contrary in the Agreement or in any non-disclosure, confidentiality or similar agreement between the Parties, if CP elects the exception from the Swap clearing requirement under Section (2)(h)(7)(A) of the CEA and CFTC Regulation 50.50 with respect to a particular Swap, each Party hereby consents to the disclosure of information related to such election to the extent required by the [] 2013 DF Supplement Rules. Each Party acknowledges that disclosures made pursuant to this Section 2.7 may include, without limitation, the disclosure of trade information including a Party’s identity (by name, identifier or otherwise) to an SDR and relevant regulators. Each Party further acknowledges that, for purposes of complying with regulatory reporting obligations, an SDR may engage the services of a global trade repository regulated by one or more governmental regulators, provided that such regulated global trade repository is subject to comparable confidentiality provisions as is an SDR registered with the CFTC. For the avoidance of doubt, to the extent that applicable non-disclosure, confidentiality, bank secrecy or other law imposes non-disclosure requirements on the Swap and similar information required to be disclosed pursuant to the [] 2013 DF Supplement Rules but permits a Party to waive such requirements by consent, the consent and acknowledgements provided herein shall be a consent by each Party for purposes of such other applicable law.

Part IV. **Orderly Liquidation Authority**

- 2.8. Effective on and after the Applicable STRD Compliance Date, each Party agrees to provide notice to the other Party, in accordance with the Notice Procedures, if it becomes, or ceases to be, an Insured Depository Institution or a Financial Company.¹¹
- 2.9. Each Party is hereby notified that in the event that a Party is (i) a covered financial company (as defined in Section 201(a)(8) of the Dodd-Frank Act, 12 U.S.C. 5381(a)(8)) or (ii) an Insured Depository Institution for which the FDIC has been appointed as a receiver (the “**covered party**”):
- a. certain limitations under Title II of the Dodd-Frank Act or the FDIA may apply to the rights of the non-covered party to terminate, liquidate, or net any Swap by reason of the appointment of the FDIC as receiver, notwithstanding the agreement of the Parties; and

¹⁰ CFTC Regulation 50.50.

¹¹ CFTC Regulation 23.504(b)(5)(iv).

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- b. the FDIC may have certain rights to transfer Swaps of the covered party under Section 210(c)(9)(A) of the Dodd-Frank Act, 12 U.S.C. § 5390(c)(9)(A), or 12 U.S.C. § 1821(e)(9)(A).¹²

Part V. Clearing

2.10. Each Party is hereby notified that, upon acceptance of a Swap by a DCO:

- a. the original Swap between CFTC Swap Entity and CP is extinguished;
- b. the original Swap between CFTC Swap Entity and CP is replaced by equal and opposite Swaps with the DCO; and
- c. all terms of the Swap shall conform to the product specifications of the cleared Swap established under the DCO's rules.¹³

2.11. Subject to the Section 2.13, in the event that (i) the Parties have entered into a Swap that is of a type that the CFTC has included within the Initial Mandatory Clearing Determination, and (ii) the execution of such Swap has occurred during the period where clearing is mandatory for such type of Swap between two Category 1 Entities but not for such type of Swap between a Category 1 Entity and a counterparty that is not a Category 1 Entity, then upon execution of such Swap, CP shall be deemed to have represented that CP is **not** a Category 1 Entity.

2.12. Subject to Section 2.13, in the event that (i) the Parties have entered into a Swap that is of a type that the CFTC has included within the Initial Mandatory Clearing Determination and (ii) the execution of such Swap has occurred during a period where clearing is mandatory for such type of Swap between two Category 1 Entities or a Category 1 Entity and a Category 2 Entity but not between a Category 1 Entity and a counterparty that is neither a Category 1 Entity nor a Category 2 Entity, then upon execution of such Swap, CP shall be deemed to have represented that CP is **not** a Category 1 Entity or a Category 2 Entity.

2.13. Notwithstanding Section 2.11 or 2.12, CP will not be deemed to have made a representation as to its status as a Category 1 Entity or a Category 2 Entity in connection with the execution of a Swap if (i) it is a CFTC Swap Entity, (ii) prior to execution of such Swap, (a) CP has notified CFTC Swap Entity in writing in accordance with the Notice Procedures that it is a Category 1 Entity or (in the case of Section 2.12 only) a Category 2 Entity or (b) CP has instructed CFTC Swap Entity to clear such Swap with a DCO or (iii) at the time of such execution, the Swap would not be subject to mandatory clearing under Section 2(h) of CEA in accordance with effective written CFTC guidance (by rulemaking or otherwise) interpreting Section 2(i) of the CEA as it applies to requirements under the Dodd-

¹² CFTC Regulation 23.504(b)(5)(iii).

¹³ CFTC Regulation 23.504(b)(6).

Frank Act regarding swap activities that take place in whole or part outside of the United States.

- 2.14. In the event of an Additional Mandatory Clearing Determination, each Party agrees to provide the other Party with information reasonably requested by such other Party to determine whether and when the requirements of such Additional Mandatory Clearing Determination may apply with respect to Swaps or security-based swaps of a type subject to such Additional Mandatory Clearing Determination.

Part VI. **Optional [] 2013 DF Supplement Termination**

- 2.15. Notwithstanding any other provision of this [] 2013 DF Supplement, CFTC Swap Entity may terminate one or more provisions of this [] 2013 DF Supplement with the effect that each terminated provision shall have no further force and effect with respect to the relevant Swaps and the Parties will each be released and discharged from all further obligations in respect thereof as of the date designated by CFTC Swap Entity, subject to the following terms and conditions:
- a. CFTC Swap Entity shall have determined that compliance by it with respect to Counterparty and/or specified classes of Swaps is not required under the relevant provisions of the [] 2013 DF Supplement Rules;
 - b. Such termination shall be limited to (i) one or more Parts of [] 2013 DF Schedule 2 in their entirety (provided that in no event shall such termination apply to Section 2.2 of this [] 2013 DF Supplement), (ii) [] 2013 DF Schedule 3 in its entirety, and/or (iii) [] 2013 DF Schedule 4 in its entirety, in each case either in respect of all Swaps or solely in respect of specified classes of Swaps; and
 - c. CFTC Swap Entity shall give Counterparty written notice in accordance with the Notice Procedures not later than five of the Counterparty's Local Business Days prior to the effective date for such termination, which notice shall designate: (i) the effective date for such termination and (ii) the relevant provisions of the [] 2013 DF Supplement and the relevant classes of Swaps covered by such termination.
 - d. If both Parties are CFTC Swap Entities, then any termination made pursuant to this Section 2.15 shall not be effective unless the Party that receives the notice specified in Section 2.15(c) consents to such termination in writing.

[] 2013 DF Schedule 3 Calculation of Risk Valuations and Dispute Resolution

This [] 2013 DF Schedule 3 may be incorporated into an agreement between a CFTC Swap Entity and any other Party, including another CFTC Swap Entity.

If the Parties to an agreement have specified that this [] 2013 DF Schedule 3 will be incorporated into such agreement and any conditions to such incorporation set forth in such agreement have been satisfied, this [] 2013 DF Schedule 3 will be deemed to be a part of such agreement to the same extent as if this [] 2013 DF Schedule 3 were restated therein in its entirety.

Part I. **Calculation of Risk Valuations for Purposes of Section 4s(j) of the CEA**¹⁴

Each Party agrees that:

- 3.1. On each Risk Valuation Date, the Risk Valuation Agent in respect of each Swap for which a [Transaction Event]¹⁵ has occurred after the Applicable STRD Compliance Date (or its agent) will calculate the Risk Valuation of such Swap, provided that if CP has provided the Risk Valuation Agent with a CSA Valuation for such Swap and such Risk Valuation Date pursuant to a CSA Valuation Process that the Risk Valuation Agent has determined in good faith will allow the Risk Valuation Agent to satisfy the requirements of CFTC Regulation 23.504(b) as they relate to Section 4s(j) of the CEA, the Risk Valuation Agent may elect to treat such CSA Valuation as the Risk Valuation for such Swap.
- 3.2. Upon written request by CP delivered to the Risk Valuation Agent in accordance with the Notice Procedures on or prior to the Joint Business Day following a Risk Valuation Date, the Risk Valuation Agent (or its agent) will notify the CP of the Risk Valuations determined by it for such Risk Valuation Date pursuant to Section 3.1 of this [] 2013 DF Schedule 3. Unless otherwise agreed by the Parties, the Risk Valuation Agent shall not be obligated to disclose to CP any confidential, proprietary information about any model the Risk Valuation Agent may use to value a Swap.
- 3.3. Notification of a Risk Valuation through any of the following means is reliable: (i) written notice delivered by the Risk Valuation Agent to the CP in accordance with the Notice Procedures, (ii) any means agreed by the Parties for the delivery of CSA Valuations or (iii) by posting on a secure web page at, or accessible through, a URL designated in a written notice given to CP pursuant to the Notice Procedures.

¹⁴ CFTC Regulations 23.504(b)(4)(i) and (ii).

¹⁵ TBD. There is some ambiguity in the rule as to the post-compliance date activities with respect to a pre-compliance date swap that may trigger this obligation. CFTC Regulations 23.504(a)(1)(i) & (a)(2).

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- 3.4. Each Risk Valuation will be determined by the Risk Valuation Agent (or its agent) acting in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result.

Part II. **Dispute Resolution for Risk Valuations for Purposes of Section 4s(j) of the CEA**¹⁶

Each Party agrees that:

- 3.5. If CP wishes to dispute the Risk Valuation Agent's calculation of a Risk Valuation, CP shall notify the Risk Valuation Agent in writing in accordance with the Notice Procedures on or prior to the close of business on the Joint Business Day following the date on which CP was notified of such Risk Valuation. Such notice shall include CP's calculation of the Risk Valuations for all Swaps as of the relevant date for which the Risk Valuation Agent has provided Risk Valuations to CP, which must be calculated by CP acting in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result.
- 3.6. If CP disputes the Risk Valuation Agent's calculation of a Risk Valuation and the Parties have agreed in writing (whether as part of the Agreement or otherwise) to a valuation dispute resolution process by which CSA Valuations are to be determined, then such process will be applied to resolve the dispute of such Risk Valuation (as if such dispute of a Risk Valuation were a dispute of a CSA Valuation, the Swaps that are the subject of the dispute were the only Swap for which a CSA Valuation was being disputed, and CP was the disputing party).
- 3.7. If CP disputes the Risk Valuation Agent's calculation of a Risk Valuation and the Parties have not agreed in writing (whether as part of the Agreement or otherwise) to a valuation dispute resolution process by which CSA Valuations are to be determined, then the following process will apply in respect of the dispute of such Risk Valuation:
- a. the Parties will consult with each other in an attempt to resolve the dispute; and
 - b. if they fail to resolve the dispute in a timely fashion, then the Risk Valuation Agent will recalculate the Risk Valuation as of the Recalculation Date by seeking four actual quotations at mid-market from Reference Market-makers, and taking the arithmetic average of those obtained; provided that if four quotations are not available, then fewer than four quotations may be used; and if no quotations are available, then the Risk Valuation Agent's original Risk Valuation calculation will be used.

¹⁶ CFTC Regulation 23.504(b)(4)(ii).

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- 3.8. Following a recalculation pursuant to Section 3.7 of this [] 2013 DF Schedule 3, the Risk Valuation Agent will notify CP not later than the close of business on the Local Business Day of the Risk Valuation Agent following the date of such recalculation, and such recalculation shall be the Risk Valuation for the applicable Risk Valuation Date.

Part III. **Relationship to Other Valuations**

- 3.9. The Parties agree and acknowledge that the process provided herein for the production and dispute of Risk Valuations is exclusively for determining the value of each relevant Swap for the purpose of compliance by CFTC Swap Entity (or if each Party is a CFTC Swap Entity, compliance by each Party) with risk management requirements under Section 4s(j) of the CEA. Failure by CP to dispute a Risk Valuation calculated by the Risk Valuation Agent does not constitute acceptance by CP of the accuracy of the Risk Valuation for any other purpose.
- 3.10. Resolution of any disputed Risk Valuation using a procedure specified in Part II of this [] 2013 DF Schedule 3 is not binding on either Party for any purpose other than the CFTC Swap Entity's compliance with risk management requirements under Section 4s(j) of the CEA. Each Party agrees that nothing in this [] 2013 DF Supplement providing for the calculation of Risk Valuations or for any right to dispute valuations in connection with such Risk Valuations shall affect any agreement of the Parties regarding the calculation of CSA Valuations or disputes regarding CSA Valuations or constitute a waiver of any right to dispute a CSA Valuation. Any resolutions of disputes regarding CSA Valuations may be different from the resolutions of disputes regarding Risk Valuations. The Parties acknowledge that the adoption of margin regulations under Section 4s(e) of the CEA may require additional agreements between the Parties regarding the calculation of Swap valuations for purposes of such regulations and CFTC Swap Entity's compliance with risk management requirements under Section 4s(j) of the CEA, and the Parties' agreement to incorporate this [] 2013 DF Schedule 3 in no way constitutes agreement to adopt the procedures provided herein with respect to the calculation of, or resolution of disputes regarding, margin valuations.
- 3.11. Notwithstanding anything to the contrary in this [] 2013 DF Supplement, the Parties may in good faith agree to any other procedure for (i) the calculation of Risk Valuations and/or (ii) the resolution of any dispute between them, in either case, whether in addition to or in substitution of the procedures set out in this [] 2013 DF Supplement.

[] 2013 DF Schedule 4 Portfolio Reconciliation¹⁷

This [] 2013 DF Schedule 4 may be incorporated into an agreement between a CFTC Swap Entity and any other Party, including another CFTC Swap Entity.

If the Parties to an agreement have specified that this [] 2013 DF Schedule 4 will be incorporated into such agreement and any conditions to such incorporation set forth in such agreement have been satisfied, this [] 2013 DF Schedule 4 will be deemed to be a part of such agreement to the same extent as if this [] 2013 DF Schedule 4 were restated therein in its entirety.

Part I. **Required Reconciliation Dates**

- 4.1. From time to time after the Applicable Portfolio Reconciliation Compliance Date, a CFTC Swap Entity may give to CP a notice (a “**Required Reconciliation Date Notice**”) in which such CFTC Swap Entity represents that it is (in such CFTC Swap Entity’s good faith belief) necessary for the Parties to perform a Data Reconciliation in order for such CFTC Swap Entity to comply with the [] 2013 DF Supplement Rules regarding the frequency with which portfolio reconciliations are to be performed. A Required Reconciliation Date Notice will specify (i) the frequency within which such portfolio reconciliations are believed by the CFTC Swap Entity to be required, which may be “Daily,” “Weekly,” “Quarterly,” “Annually” or another frequency required by the [] 2013 DF Supplement Rules and (ii) if Section 4.2 is applicable, one or more Data Delivery Dates.

Part II. **One-way Delivery of Portfolio Data**

- 4.2. Subject to Section 4.4, if (i) one of the Parties is not a CFTC Swap Entity and (ii) the Parties have agreed in writing that on each Data Delivery Date CFTC Swap Entity will deliver Portfolio Data to CP and CP will review such data, then the following shall apply:
 - a. The Required Reconciliation Date Notice will specify one or more Data Delivery Dates, *provided* that the first such date will be a day no earlier than the second Joint Business Day following the date on which such notice is given to CP, and *provided further* that if, prior to the first such date, CP requests one or more different Data Delivery Dates, the relevant Data Delivery Dates will be as agreed by the Parties.
 - b. On each Data Delivery Date, CFTC Swap Entity (or its agent) will provide Portfolio Data to CP (or its agent) for verification by CP. For purposes of

¹⁷ CFTC Regulation 23.502(b).

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this Section 4.2, Portfolio Data will be considered to have been provided to CP (and CP will be considered to have received such Portfolio Data) if it has been provided (i) in accordance with the Notice Procedures, or (ii) to a third-party service provider agreed to between the CFTC Swap Entity and CP for this purpose.

- c. On or as soon as reasonably practicable after each Data Delivery Date, and in any event not later than the [close of business on the second Local Business Day of CP following the Data Delivery Date], CP will review the Portfolio Data delivered by CFTC Swap Entity with respect to each relevant Swap and either affirm or identify discrepancies in the Material Terms and Valuations provided in such Portfolio Data to CFTC Swap Entity. CP shall not be obligated to identify any discrepancy in a Valuation provided by CFTC Swap Entity if the difference between the Parties' Valuations of the relevant Swap is less than the Discrepancy Threshold Amount.
- d. If CP identifies a discrepancy in a Valuation provided by CFTC Swap Entity as part of the Portfolio Data it has delivered, CP will provide CFTC Swap Entity with CP's Valuations for all Swaps included within such Portfolio Data.
- e. If CP has identified any discrepancies in Portfolio Data in respect of any Material Terms or Valuations, then each Party agrees to consult with the other in an attempt to resolve all such discrepancies in a timely fashion, provided that, unless otherwise agreed by the Parties or required by applicable law, neither Party shall be obligated under this paragraph to attempt to resolve a discrepancy in respect of a Valuation if the difference between the Valuations of the relevant Swap is less than the Discrepancy Threshold Amount.

Part III. Exchange of Portfolio Data

- 4.3. Subject to Section 4.4, if (i) both Parties are CFTC Swap Entities or (ii) the Parties have agreed in writing that on each Data Delivery Date CFTC Swap Entity and CP will deliver Portfolio Data to each other, then, in either case, the following shall apply:
 - a. The parties will negotiate in good faith to agree on one or more Data Delivery Dates that will comply with the Portfolio Reconciliation frequency specified in the Required Reconciliation Date Notice, *provided* that if the Required Reconciliation Date Notice specified that reconciliations are required Daily, each Joint Business Day shall be a Data Delivery Date.

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- b. On each Data Delivery Date, each Party (or its agent) will provide Portfolio Data to the other Party. For the purposes of this Section 4.3, Portfolio Data will be considered to have been provided to the other Party (and the other Party will be considered to have received such Portfolio Data) if it has been provided (i) in accordance with the Notice Procedures, or (ii) to a third-party service provider agreed to between CFTC Swap Entity and CP for this purpose.
- c. On or as soon as reasonably practicable after each Data Delivery Date on which Portfolio Data is provided by each Party, either Party may perform a Data Reconciliation in respect of such Portfolio Data.
- d. If (i) one of the Parties is not a CFTC Swap Entity and (ii) either Party identifies a discrepancy in Portfolio Data in respect of either the Material Terms of a Swap or Valuations, then each Party agrees to consult with the other in an attempt to resolve the discrepancy in a timely fashion, provided that, unless otherwise agreed by the Parties or required by applicable law, neither Party shall be obligated under this paragraph to attempt to resolve a discrepancy in respect of a Valuation if the difference between the Valuations of the relevant Swap is less than the Discrepancy Threshold Amount.
- e. If (i) both Parties are CFTC Swap Entities and (ii) either Party identifies a discrepancy in Portfolio Data in respect of the Material Terms of a Swap, then each Party agrees to consult with the other in an attempt to resolve such discrepancy immediately.
- f. If (i) both Parties are CFTC Swap Entities and (ii) either Party identifies a discrepancy in Portfolio Data in respect of Valuations, then each Party agrees to consult with the other in an attempt to resolve such Valuation discrepancy as soon as possible, but in any event within five [Joint Business Days],¹⁸ provided that, unless otherwise agreed by the Parties or required by applicable law, neither Party shall be obligated under this paragraph to attempt to resolve a discrepancy in respect of a Valuation if the difference between the Valuations of the relevant Swap is less than the Discrepancy Threshold Amount.

Part IV. **Other Portfolio Reconciliation Procedures**

- 4.4. If the Parties have agreed in writing to reconcile their books and records of Swaps between the Parties against SDR Data then, in either case, the following shall apply:

¹⁸ TBD. The term “business day” is used in 23.502(a)(5), but is not defined.

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- a. On or as soon as practicable following a Data Exchange Date, each Party shall perform a Data Reconciliation against SDR Data to the extent that such SDR Data relates to information that would otherwise be delivered by the other Party as Portfolio Data. To the extent that either party does not have access to such SDR Data or determines that it is not technologically or operationally practical for such Party to obtain such data from the relevant SDR in a manner that permits the conduct of a timely Data Reconciliation against such data in accordance with the applicable time periods specified in Section 4.2 or 4.3, such Party shall notify the other Party on or as soon as practicable after the relevant Data Exchange Date.
 - b. Notwithstanding Sections 4.2 and 4.3, neither Party shall be obligated to deliver Portfolio Data that it has previously reported to an SDR to the other Party on a Data Delivery Date, *provided* however, that if a Party has notified the other Party that it is not able to conduct a timely Data Reconciliation against relevant SDR data as provided in Section 4.4(a), the Parties shall provide for the delivery of the relevant Portfolio Data as provided in Section 4.2(b) or 4.3(b), as applicable, as soon as reasonably practicable.
 - c. If either Party identifies a discrepancy in SDR Data, such Party shall immediately notify the other Party of such discrepancy. Each Party agrees to consult with the other in an attempt to resolve any such discrepancy immediately (if both Parties are CFTC Swap Entities) or in a timely fashion (if one Party is not a CFTC Swap Entity).
- 4.5. In the event that the Parties have agreed to multiple Data Delivery Dates with a frequency specified in a Required Reconciliation Date Notice, the CFTC Swap Entity that delivered such notice shall notify Counterparty if, at any time, during the period that such Data Delivery Dates are in effect, it is no longer required by the [] 2013 DF Supplement Rules to conduct portfolio reconciliations with the specified frequency. Such notice shall specify (i) the new frequency with which portfolio reconciliations are believed by the CFTC Swap Entity to be required, which may be “Daily,” “Weekly,” “Quarterly,” “Annually” or another frequency required by the [] 2013 DF Supplement Rules and (ii) if Section 4.2 is applicable, one or more new Data Delivery Dates. Upon delivery of such a notice, the Parties’ obligations to deliver Portfolio Data on the previously agreed Data Delivery Dates shall terminate, and such notice shall be a new Required Reconciliation Date Notice for purposes of Sections 4.2 and 4.3.
- 4.6. Notwithstanding anything to the contrary in this [] 2013 DF Supplement, the Parties may in good faith agree to any other procedure for (i) the exchange, delivery and/or reconciliation of Portfolio Data, and/or (ii) the resolution of any discrepancy between them, in either case, whether in addition to or in substitution of the procedures set out in this [] 2013 DF Supplement.

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