

17 November 2017

RBC PENSION SCHEME  
C/O PENSION PRACTITIONER.COM  
DAWS HOUSE, 33-35 DAWS LANE  
LONDON NW7 4SD  
UNITED KINGDOM

RECEIVED  
30 NOV 2017

Dear Sir/Madam,

**Re: Indirect Clearing Arrangements For Exchange-Traded Derivatives Cleared on  
European Exchanges**

This notice shall apply to you or your organisation if we are currently providing you clearing services in respect of exchange-traded derivatives ("ETD") on European exchanges. However, if you do not at present utilize our ETD clearing services on European exchanges but in the future you intend to, then you must adhere to the requirements stipulated herein and contact your relationship manager ("RM") immediately.

Regulation (EU) No 600/2014 (MiFIR) requires the European Securities and Markets Authority ("ESMA") to develop regulatory technical standards ("RTS") on indirect clearing arrangements for ETD's. The final draft RTS is available for your perusal on the ESMA website and the regulation is set to take effect on 3 January 2018.

An indirect clearing arrangement refers to a set of relationships where at least two intermediaries are interposed between an end-client and the relevant central counterparty ("CCP"). The most basic indirect clearing chain therefore involves the following four entities: the CCP; a clearing member of the CCP ("Clearing Member"); the client of the Clearing Member ("Direct Client"); and the client of such Direct Client ("Indirect Client"). Longer chains as illustrated in the attachment are also permitted ("Permitted Chains"). **For clarity, we will not be able to render indirect clearing services if the arrangement does not fall within one of the Permitted Chains and you are obligated to make that assessment.**

**Permitted Chains**

If you have determined that your arrangement will fall under one of the Permitted Chains, then you and your Indirect Client (if any) must elect either a NOSA or GOSA\* and if your Indirect Client (if any) has elected for GOSA, the necessary details for distinguishing purposes under the enhanced records requirements for GOSA must be provided. Please also note that we will be posting the relevant documents in relation to indirect clearing services on our website shortly.

\* i. Net omnibus indirect clearing account ("NOSA") – It ensures separation between the collateral and positions of the Indirect Clients and the collateral and positions of the Direct Client providing clearing services. There will not be any additional fees imposed.

ii. Gross omnibus indirect clearing account ("GOSA") - This structure requires the transfer of margin from the Indirect Client all the way to the CCP and requires accounts and records which distinguish between the collateral and positions held for the account of a specific Indirect Client from the collateral and positions held for the account of the Direct Client providing clearing services as well as from other Indirect Clients. The applicable fee is € 35,000 per account.

**Non- Permitted Chains**

Alternatively, if you determine that your arrangement does not fall within the Permitted Chains, please inform us and we will then take necessary steps to liquidate and/or transfer out the applicable collateral and positions prior to the regulation taking effect.

Please provide us the necessary information via email to [GMGBBCKAC@uobgroup.com](mailto:GMGBBCKAC@uobgroup.com) by 1 December 2017. In the event we do not hear from you, then you and your Indirect Client (if any) will be automatically deemed to have elected for NOSA.

If you have any questions regarding this notice, please contact your RM

Yours faithfully,

UOB Bullion and Futures Limited

This letter is computer generated and requires no signature.