

### Settlement Bank Eligibility Criteria

1. The Settlement Bank must, at all times, be:
  - (a) either:
    - (i) a credit institution as defined in Article 4(1)(a) of Directive 2006/48/EC of the European Parliament and of the Council; or
    - (ii) an undertaking whose head office is outside the European Community and whose functions correspond to those of a credit institution as defined in (a) above; and
  - (b) regulated in the conduct of its business under the banking legislation of an EEA State or of any other country or countries acceptable to LME Clear, and must not be prohibited by such legislation or its regulator from performing its obligations under the Settlement Bank Agreement it enters into with LME Clear (the "**Agreement**").
2. The Settlement Bank must at all times meet LME Clear's internal credit assessment requirements, as determined by LME Clear from time to time.
3. The Settlement Bank shall, at all times, maintain regulatory capital in accordance with the requirements imposed by all Applicable Law and regulatory authorities.
4. The Settlement Bank shall, at all times, be able to comply with the requirements of the Agreement.
5. The Settlement Bank shall comply with the operating procedures agreed with LME Clear (the "**Operating Procedures**") in all material respects at all times.
6. The Settlement Bank is not subject to any Insolvency Event.
7. The Settlement Bank is not in persistent breach of the terms of the Agreement (including the Operating Procedures). For the purpose of this paragraph "**Persistent Breach**" means the failure to remedy any breach of the Agreement (including the Operating Procedures), following the receipt of two notices from LME Clear specifying the nature of the default, within the periods specified by LME Clear within such notices.