

**Bullet LCDS Auction Rules**  
(published on April 5, 2010)

These Bullet LCDS Auction Rules (these “Bullet Auction Rules”) are published by the International Swaps and Derivatives Association, Inc. (“ISDA”) to facilitate the settlement of syndicated secured loan credit default swap transactions, including settlement of transactions referencing a Markit LCDX Index (each, a “Markit LCDX Index”) sponsored by Markit North America, Inc. (successor to CDS IndexCo LLC) (the “Index Sponsor”), to the extent the documentation governing such transactions references these Bullet Auction Rules (such transactions, “Covered Transactions”).

The procedures set forth herein governing Auctions, the Auction Form and other related matters shall be administered by Markit Group Limited or any successor thereto appointed an absolute majority of Participating Dealers (the “Administrator”) and shall be governed by and interpreted in accordance with the laws of the State of New York (without reference to choice of law doctrine).

1. ELIGIBILITY AND GENERAL PROCEDURES

1.1 General Procedures

The entities eligible to vote under these Bullet Auction Rules with respect to Auctions, the Auction Form and any other matters are the Participating Dealers.

1.2 Participating Dealers

(a) List of Participating Dealers. The Administrator shall compile and maintain an up-to-date list of each institution that satisfies each criteria set forth in Section 1.2(b) (*Participating Dealer Status*) (each such institution, a “Participating Dealer” and such list, the “List of Participating Dealers”).

(b) Participating Dealer Status. An institution shall constitute a Participating Dealer if:

- (i) such institution is a Specified Dealer;
- (ii) such institution does not appear on the List of Ineligible Institutions; and
- (iii) such institution is, or is an affiliate of, an ISDA Member.

(c) Loss of Participating Dealer Status.

(i) Failure to Pay an ISDA Invoice. If any Specified Dealer, or any affiliate of any Specified Dealer, has an invoice from ISDA that (A) remains unpaid for more than one year after effective receipt thereof by such Specified Dealer or affiliate, as applicable, (B) has not been challenged in good faith by such Specified Dealer or affiliate, as applicable, and (C) such Specified Dealer has not been previously added to the List of Ineligible Institutions on account of such invoice, such Specified Dealer shall be added to the List of Ineligible Institutions for “Failure to Pay an ISDA Invoice” and the expiration date for being on the List of Ineligible Institutions for “Failure to Pay an ISDA Invoice” shall be the date on which payment in full of such invoice is effectively received by ISDA. The Administrator may, in the absence of manifest error, perform its duties under this Section 1.2(c)(i) (*Failure to Pay an ISDA Invoice*) by relying on data provided by ISDA or its successor. Notwithstanding the above, ISDA may waive or postpone the application of this Section 1.2(c)(i) (*Failure to Pay an ISDA Invoice*) at any time in its sole discretion.

(ii) Failure to Participate in Auctions. Beginning on April 5, 2010 (the “Initial List Review Date”), each time a Specified Dealer fails to participate as a Participating Bidder in an Auction for which either the Affected Reference Entity is a constituent of a Relevant Index or such Specified Dealer voted in favor of holding such Auction pursuant to Section 2.3(a) (*Holding an Auction*), the Administrator shall make an entry in respect thereof on the List of Missed Auctions to the extent provided in Section 1.2(c)(ii)(A) (*List of Missed Auctions*). If the Specified Dealer failed to participate as a Participating Bidder due to (x) legal, regulatory or self-regulatory restrictions or related policies and procedures or (y) contractual restrictions, in each case that would prevent, prohibit and/or materially impeded such Specified Dealer’s (or, if an affiliate of such Specified Dealer typically acts as Participating Bidder in Auctions, such affiliate’s) ability to trade or settle Deliverable Obligations of the Affected Reference Entity or Representative Auction-Settled Transactions related to the Affected Reference Entity, the Specified Dealer may provide to the Administrator prior to the Auction Date (as defined in the relevant Bullet LCDS Auction Settlement Terms) a certificate signed by a Managing Director (or other substantively equivalent title) of such Specified Dealer or affiliate attesting to such effect, based on reasonable belief (such a certificate timely provided in respect of clause (x), a “Regulatory Restriction Certificate” and such a certificate timely provided in respect of clause (y), a “Contractual Restriction Certificate”). For purposes of determining whether a Specified Dealer participated as a Participating Bidder in a specific Auction, a Specified Dealer shall be deemed to include each affiliate of such Specified Dealer as of the date of such Auction, such that, if an affiliate of a Specified Dealer participates as a Participating Bidder, such Specified Dealer will also be considered to have participated as a Participating Bidder.

(A) List of Missed Auctions. The Administrator shall maintain an up-to-date list of (1) each Specified Dealer that, at any given time, has failed to participate as a Participating Bidder in one or more Auctions, (2) the Auction Date of such Auction, (3) the name of the Affected Reference Entity in respect of which such Auction was held and (4) whether the Administrator has received from such Specified Dealer a Contractual Restriction Certificate with respect to such Auction in accordance with Section 1.2(c)(ii) (*Failure to Participate in Auctions*) (such list, the “List of Missed Auctions” and each entry on such list for which a Specified Dealer has so submitted a Contractual Restriction Certificate, a “Contractual Restriction Entry”). The Administrator shall not add an entry to the List of Missed Auctions as the result of a Specified Dealer’s failure to participate in any Auction if the Administrator has received from such Specified Dealer a Regulatory Restriction Certificate in respect of such Auction in accordance with Section 1.2(c)(ii) (*Failure to Participate in Auctions*) or if an Auction Majority resolves, pursuant to Section 2.3(b)(iii) of these Bullet Auction Rules, that such Specified Dealer will not be eligible to act as a Participating Bidder for purposes of such Auction. With respect to a Specified Dealer, all entries on the List of Missed Auctions shall be deleted on each anniversary of the Initial List Review Date (each, a “List Review Date”) where such Specified Dealer is not on the List of Ineligible Institutions for “Failure to Participate in Auctions”.

(B) Loss of Eligibility. Each time a Specified Dealer either (x) accumulates an entry not constituting a Contractual Restriction Entry on the List of Missed Auctions so that such Specified Dealer has two or more such entries on the List of Missed Auctions since the most recent List Review Date, (y) accumulates an entry not constituting a Contractual Restriction Entry on the List of Missed Auctions so that such Specified Dealer has one or more entries on the List of Missed Auctions since the most recent List Review Date for which such Specified Dealer has not obtained an exemption under Section 1.2(g) (*Auction Exemption for Specified Dealers*) or (z) accumulates a number of Contractual

Restriction Entries on the List of Missed Auctions so that such Specified Dealer has a number of Contractual Restriction Entries on the List of Missed Auctions since the most recent List Review Date equal to or greater than the Contractual Restriction Cap, such Specified Dealer shall be, upon effective receipt by such Specified Dealer of valid written notice from the Administrator, (1) immediately ineligible to cast any vote conducted under these Bullet Auction Rules and removed from the List of Participating Dealers and (2) added, unless already on the List of Ineligible Institutions for “Failure to Participate in Auctions”, to the List of Ineligible Institutions for “Failure to Participate in Auctions”. The expiration date for being on the List of Ineligible Institutions for “Failure to Participate in Auctions” shall be the one year anniversary of the later of (x) the date the relevant Specified Dealer was added to the List of Ineligible Institutions for “Failure to Participate in Auctions” and (y) the most recent entry on the List of Missed Auctions for such Specified Dealer not constituting a Contractual Restriction Entry.

(iii) Failure to Participate in Votes. Beginning on the Initial List Review Date, each time a Participating Dealer (x) fails to be present at a meeting of the Participating Dealers where one or more binding votes are held, (y) is present at a meeting of the Participating Dealers where one or more binding votes are held but fails to vote, other than pursuant to Section 1.2(c)(iii)(B) (*Abstention*), in all such binding votes or (z) fails to submit an email vote within the required timeframe after an agreement to hold any binding vote by email pursuant to Section 2.4 (*Email Voting*), in each case where such Participating Dealer was eligible to cast a binding vote and not otherwise exempt from participation hereunder, such Participating Dealer shall be deemed to have missed a vote and the Administrator shall make an entry in respect thereof on the List of Missed Votes in accordance with Section 1.2(c)(iii)(A) (*List of Missed Votes*).

(A) List of Missed Votes. The Administrator shall, in accordance with Section 1.2(c)(iii) (*Failure to Participate in Votes*), maintain an up-to-date list of (1) each Participating Dealer that, at any time, has, in contravention of these Bullet Auction Rules, (x) failed to be present at a meeting of the Participating Dealers where one or more binding votes are held, (y) was present at a meeting of the Participating Dealers where one or more binding votes were held but failed to vote, other than pursuant to Section 1.2(c)(iii)(B) (*Abstention*), in all such binding votes or (z) failed to submit an email vote within the required timeframe after an agreement to hold any binding vote by email pursuant to Section 2.4 (*Email Voting*), (2) the total number of such missed votes for each such Participating Dealer and (3) the date of each such missed vote (the “List of Missed Votes”). With respect to a Participating Dealer, all entries on the List of Missed Votes shall be deleted on each List Review Date where such Participating Dealer is not on the List of Ineligible Institutions for “Failure to Participate in Votes”.

(B) Abstention. If a Participating Dealer, or any of its affiliates, is an Affected Reference Entity in respect of a binding vote under these Bullet Auction Rules, such Participating Dealer may decide not to participate and shall not vote in any meeting of the Participating Dealers with respect to such binding vote. For the avoidance of doubt, each Participating Dealer abstaining under this Section 1.2(c)(iii)(B) (*Abstention*) shall not be added to the List of Missed Votes for such failure to vote or such failure to be present at a meeting where a binding vote is held with respect to such Participating Dealer or affiliate thereof, as applicable, and shall not be included in any relevant voting threshold or quorum determination under these Bullet Auction Rules.

(C) Loss of Eligibility. Each time a Participating Dealer accumulates an entry on the List of Missed Votes so that such Participating Dealer has five or more entries on the List

of Missed Votes since the most recent List Review Date, such Participating Dealer shall be, upon effective receipt by such Participating Dealer of valid written notice from the Administrator, (1) immediately ineligible to cast any vote conducted under these Bullet Auction Rules and removed from the List of Participating Dealers and (2) added, unless already on the List of Ineligible Institutions for “Failure to Participate in Votes”, to the List of Ineligible Institutions for “Failure to Participate in Votes”. The expiration date for being on the List of Ineligible Institutions for “Failure to Participate in Votes” shall be the one year anniversary of the date the relevant Specified Dealer was added to the List of Ineligible Institutions for “Failure to Participate in Votes”.

(iv) Failure to Participate in Polls. Beginning on the Initial List Review Date, each time a Specified Dealer fails to participate in a Poll (as defined in the Bullet Syndicated Secured Loan Polling Rules published by ISDA on April 5, 2010, as amended from time to time in accordance with its terms (the “Bullet Polling Rules”)) initiated pursuant to the Bullet Polling Rules with respect to any obligation of a constituent of a Relevant Index where such Specified Dealer was eligible to participate in such Poll, the Administrator shall enter the name of such Specified Dealer on the List of Missed Polls in accordance with Section 1.2(c)(iv)(A) (*List of Missed Polls*).

(A) List of Missed Polls. The Administrator shall, in accordance with Section 1.2(c)(iv) (*Failure to Participate in Polls*), maintain an up-to-date list of (1) each Specified Dealer that, at any given time, has failed to participate in a Poll relating to either (x) any obligation of a constituent of a Relevant Index for which it was eligible to participate (each entry described in clause (x) that is not an Auction Missed Poll (as defined below), a “Non-Auction Missed Poll”) or (y) if it has voted in favor of holding an Auction with respect to an Affected Reference Entity (without regard to whether such Affected Reference Entity is a constituent of a Relevant Index) and Designated Priority pursuant to Section 2.3(a) (*Holding an Auction*), any Poll with respect to such Affected Reference Entity and Designated Priority initiated pursuant to the Bullet Polling Rules after such vote (each entry described in clause (y), an “Auction Missed Poll”), (2) the total number of Non-Auction Missed Polls and Auction Missed Polls for each such Specified Dealer and (3) the date of each such missed participation (the “List of Missed Polls”). With respect to a Specified Dealer, all entries on the List of Missed Polls shall be deleted on each List Review Date where such Specified Dealer is not on the List of Ineligible Institutions for “Failure to Participate in Polls”.

(B) Loss of Eligibility. Each time a Specified Dealer either (x) accumulates a Non-Auction Missed Poll so that such Specified Dealer has a number of Non-Auction Missed Polls on the List of Missed Polls equal to or greater than the Missed Poll Cap since the most recent List Review Date or (y) accumulates one or more Auction Missed Polls on the List of Missed Polls since the most recent List Review Date, such Specified Dealer shall be, upon effective receipt by such Specified Dealer of valid written notice from the Administrator, (1) immediately ineligible to cast any vote conducted under these Bullet Auction Rules and removed from the List of Participating Dealers and (2) added, unless already on the List of Ineligible Institutions for “Failure to Participate in Polls”, to the List of Ineligible Institutions for “Failure to Participate in Polls”. The expiration date for being on the List of Ineligible Institutions for “Failure to Participate in Polls” shall be the one year anniversary of the later of (x) the date the relevant Specified Dealer was added to the List of Ineligible Institutions for “Failure to Participate in Polls” and (y) the most recent entry on the List of Missed Polls for such Specified Dealer.

(v) Bankruptcy Event of Default. At the request of one or more Participating Dealers, the Administrator shall solicit votes from the Participating Dealers as to whether an event under Section 5(a)(vii)(1), (4), (5) or (6) (or under Section 5(a)(vii)(8) or (9) to the extent either Section 5(a)(vii)(8) or (9) would apply with respect to Section 5(a)(vii)(1), (4), (5) or (6)) of the ISDA 2002 Master Agreement has occurred and is continuing with respect to a Specified Dealer. If the Specified Dealer with respect to which such event occurs and is continuing is one of the Participating Dealers, such Specified Dealer shall not participate in such vote. Provided that at least three Participating Dealers eligible to participate in such vote participate in such vote, if 80% or more of such Participating Dealers respond affirmatively to such vote, such Specified Dealer shall be immediately ineligible to cast any vote conducted under these Bullet Auction Rules upon effective receipt by such Specified Dealer of valid written notice from the Administrator. In addition, such Specified Dealer shall be added to the List of Ineligible Institutions for “Bankruptcy” and, if applicable, removed from the List of Participating Dealers, and shall not be permitted to be included on the List of Participating Dealers and removed from the List of Ineligible Institutions for “Bankruptcy” until the Administrator conducts a vote at the request of one or more Participating Dealers to allow such inclusion and removal and, provided at least three Participating Dealers eligible to participate in such vote participate in such vote, 80% or more of such Participating Dealers respond affirmatively to such vote.

(vi) Resignation. Any Participating Dealer may at any time request to relinquish its status as Participating Dealer by written notice to the Administrator. Such resignation shall be effective from the date of effective receipt by the Administrator of valid notice. For the avoidance of doubt, a Participating Dealer may not request to resign solely for purposes of a specific vote hereunder. Upon effective resignation, a Participating Dealer shall be added to the List of Ineligible Institutions for “Resignation”. The expiration date for being on the List of Ineligible Institutions for “Resignation” shall be the one year anniversary of the date the relevant Participating Dealer was added to the List of Ineligible Institutions for “Resignation”. For the avoidance of doubt, the resignation of a Participating Dealer shall not result in the removal of such institution from the List of Ineligible Institutions. Any institution that has resigned under this Section 1.2(c)(vi) (*Resignation*) may at any time request to be reinstated as a Participating Dealer by written notice to the Administrator. Upon effective receipt by the Administrator of valid notice, such reinstatement shall be immediately effective but, if applicable, such institution will remain an Ineligible Institution until the expiration of all reasons for ineligibility for such institution (including, for the avoidance of doubt, ineligibility for “Resignation”).

(vii) Affiliates and Mergers. At the request of one or more Participating Dealers, the Administrator shall solicit votes from the Participating Dealers as to (A) whether one or more institutions (including another Specified Dealer) (1) have consolidated or amalgamated with, or merged into, or transferred all or substantially all their assets to, a Specified Dealer or (2) are or have become affiliates of a Specified Dealer and (B) the date of such occurrence. The Participating Dealers, if any, that are part of a potential Affiliate Group shall not participate in any vote under this Section 1.2(c)(vii) (*Affiliates and Mergers*). If a Quorum Majority responds affirmatively to subclause (A) above, the institutions with respect to which such consolidation or similar transaction occurred, together, shall be deemed an “Affiliate Group”. An Affiliate Group is entitled to one entry on the List of Participating Dealers and shall, promptly and jointly, notify the Administrator of the appropriate Participating Dealer to include and the identity and contact information of the joint Authorized Contact(s) of the Affiliate Group. The Administrator shall also include only such Participating Dealer notified by the Affiliate Group on each other list maintained in accordance with these Bullet Auction Rules. In addition, an Affiliate Group shall be limited to one voting representative and one vote hereunder. For the avoidance of doubt, the

foregoing determinations may be made with respect to events that may have occurred prior to such Participating Dealer being added to the List of Participating Dealers.

For the avoidance of doubt, loss of Participating Dealer status pursuant to this Section 1.2(c) (*Loss of Participating Dealer Status*) shall not prevent the relevant institution or any of its affiliates from acting as a Participating Bidder in any Auction.

(d) List of Ineligible Institutions. The Administrator shall compile on the Initial List Review Date and maintain an up-to-date list of (i) each institution that would otherwise constitute a Participating Dealer that, at any given time, is ineligible to vote hereunder for one or more of the reasons set out in Sections 1.2(c)(i) (*Failure to Pay an ISDA Invoice*), 1.2(c)(ii) (*Failure to Participate in Auctions*), 1.2(c)(iii) (*Failure to Participate in Votes*), 1.2(c)(iv) (*Failure to Participate in Polls*), 1.2(c)(v) (*Bankruptcy Event of Default*), 1.2(c)(vi) (*Resignation*) or 1.2(c)(vii) (*Affiliates and Mergers*), (ii) the reason(s) for each such institution's ineligibility and (iii) the expiration date for each such reason for ineligibility (such list, the "List of Ineligible Institutions" and each institution on such list, an "Ineligible Institution"). An institution shall be removed from the List of Ineligible Institutions if either (x) all reasons for such Ineligible Institution's addition to the List of Ineligible Institutions have expired in accordance with the relevant expiration date under these Bullet Auction Rules or (y) such Ineligible Institution is reinstated as a Participating Dealer pursuant to Section 1.2(e) (*Reinstatement of Ineligible Institutions*).

(e) Reinstatement of Ineligible Institutions. If, at any time, the number of Participating Dealers is fewer than six (the "Threshold Number"), the Administrator shall identify one or more Ineligible Institutions in accordance with the following priority:

(i) first, the Administrator shall identify each Ineligible Institution that (A) would otherwise constitute a Participating Dealer but for being an Ineligible Institution and (B) is on the List of Ineligible Institutions solely for "Failure to Pay an ISDA Invoice";

(ii) second, to the extent that no Ineligible Institution satisfying sub-clause (i) exists, the Administrator shall identify each Ineligible Institution that (A) would otherwise constitute a Participating Dealer but for being an Ineligible Institution and (B) is on the List of Ineligible Institutions solely for "Failure to Participate in Polls" or "Failure to Pay an ISDA Invoice"; and (C) has the least number of entries on the List of Missed Polls out of such Ineligible Institutions;

(iii) third, to the extent that no Ineligible Institution satisfying sub-clause (ii) exists, the Administrator shall identify each Ineligible Institution that (A) would otherwise constitute a Participating Dealer but for being an Ineligible Institution, (B) is on the List of Ineligible Institutions solely for "Failure to Participate in Votes" and, if applicable, "Failure to Participate in Polls" or "Failure to Pay an ISDA Invoice" and (C) has the least number of entries on the List of Missed Votes out of such Ineligible Institutions;

(iv) fourth, to the extent that no Ineligible Institution satisfying sub-clause (iii) exists, the Administrator shall identify each Ineligible Institution that (A) would otherwise constitute a Participating Dealer but for being an Ineligible Institution, (B) is on the List of Ineligible Institutions solely for "Resignation" and, if applicable, "Failure to Participate in Votes", "Failure to Participate in Polls" or "Failure to Pay an ISDA Invoice" and (C) has notified the Administrator that it is willing to be reinstated as a Participating Dealer; and

(v) fifth, to the extent that no Ineligible Institution satisfying sub-clause (iv) exists, the Administrator shall identify each Ineligible Institution that (A) would otherwise constitute a

Participating Dealer but for being an Ineligible Institution, (B) is on the List of Ineligible Institutions solely for “Failure to Participate in Auctions” and, if applicable, “Resignation”, “Failure to Participate in Votes”, “Failure to Participate in Polls” or “Failure to Pay an ISDA Invoice” and (C) has the least number of entries on the List of Missed Auctions out of such Ineligible Institutions;

If the number of Ineligible Institutions identified is less than or equal to the Threshold Number minus the number of Participating Dealers at the time of such identification (such difference, the “Maximum Number of Vacancies”), then each Ineligible Institution so identified shall be reinstated as a Participating Dealer and removed from the List of Ineligible Institutions. If the number of Ineligible Institutions identified is greater than the Maximum Number of Vacancies, then the number of Ineligible Institutions equal to the Maximum Number of Vacancies (selected based on the order such Ineligible Institutions are identified and at random if multiple Ineligible Institutions are identified at the priority level needed to fill the Maximum Number of Vacancies) shall be reinstated as Participating Dealers and removed from the List of Ineligible Institutions.

(f) List of Authorized Contacts. Each Participating Dealer shall designate, from time to time, one or more individuals as points of contact at the relevant institution or its affiliates with respect to the matters governed by these Bullet Auction Rules (each, an “Authorized Contact”) and shall notify the Administrator, from time to time, of the identities and contact information (including the telephone number and email address) of each such Authorized Contact. Authorized Contacts may be changed at any time upon effective receipt by the Administrator of written notice from the relevant Participating Dealer. The Administrator shall maintain a list of all current Authorized Contacts and may rely on the identities and contact information provided by the relevant Participating Dealer until such time as the Administrator is effectively notified of a change.

(g) Auction Exemption for Specified Dealers. With respect to an Auction for which a Specified Dealer would have an entry not constituting a Contractual Restriction Entry added on the List of Missed Auctions under Section 1.2(c)(ii) (*Failure to Participate in Auctions*), such Specified Dealer may only be exempt from participating as a Participating Bidder in such an Auction by requesting an exemption from the Administrator by written notice; provided that such Specified Dealer must not have already received an exemption during the period from, and including, the List Review Date occurring immediately prior to the date of such exemption request to, and including, the date of such exemption request. For each Auction, the Administrator will grant up to two exemption requests and will grant such exemptions to those requests effectively received first by the Administrator; provided that an exemption will not be granted to a Specified Dealer that has received an exemption since the immediately preceding List Review Date. Upon granting one or more exemptions with respect to an Auction, the Administrator shall promptly notify the Authorized Contact(s) of each Participating Dealer, in writing and/or by telephone, of the identity of the exempted Specified Dealer(s). For the avoidance of doubt, an exemption will not prevent a Specified Dealer from being added to the List of Missed Auctions under the provisions of Section 1.2(c)(ii)(A) (*List of Missed Auctions*) and Section 1.2(c)(ii) (*Failure to Participate in Auctions*).

## 2. PROCEDURES AND DETERMINATIONS

2.1 Bullet LCDS Auction Form Amendments. Annex A to these Bullet Auction Rules contains a form of Bullet LCDS Auction Settlement Terms (the “Auction Form”). At the request of two or more Participating Dealers at any time, the Administrator will solicit votes from each Participating Dealer eligible to participate in such vote with respect to any proposed modification or supplement to or replacement of the then-current Auction Form. Any such proposed modification, supplement or replacement will be adopted and will be effective to amend Annex A if it is supported by a Quorum Majority.

2.2 Bullet LCDS Auction Rules Amendments. At the request of two or more Participating Dealers at any time, the Administrator will solicit votes from each Participating Dealer eligible to participate in such vote with respect to any proposed amendment to these Bullet Auction Rules. Any such proposed amendment will be adopted and will be effective to amend these Bullet Auction Rules if it is supported by at least three-quarters of the Participating Dealers participating in such vote, provided that at least three-quarters of the Participating Dealers eligible to participate in such vote participate in the relevant vote.

2.3 Auction Determinations.

(a) Holding an Auction. Promptly after the occurrence of a DC Credit Event Resolution, or at the request of two or more Participating Dealers at any time, the Administrator will solicit votes from each Participating Dealer eligible to participate in such vote as to whether an auction should be conducted to settle Covered Transactions referencing the entity with respect to which such DC Credit Event Resolution occurred or as specified by such Participating Dealers (the “Affected Reference Entity”) and a priority of loans of such Affected Reference Entity (the “Designated Priority”) in accordance with the terms set out in the Bullet LCDS Auction Settlement Terms (an “Auction”), and where no DC Credit Event Resolution has occurred, the Administrator will, at the request of two or more Participating Dealers, publish notice on its Website that the Participating Dealers are considering whether or not to hold an Auction with respect to a particular Affected Reference Entity and Designated Priority (the date of such publication, the “Auction Deliberation Start Date”). If at least half of all Participating Dealers eligible to participate in such vote submit votes in favor of conducting an Auction, the Administrator will promptly notify ISDA and publish notice on its Website that the Participating Dealers have determined to hold an Auction with respect to the Affected Reference Entity and Designated Priority (the date of such publication, the “Auction Announcement Date”). If an absolute majority of all Participating Dealers eligible to participate in such vote submit votes in favor of not conducting an Auction, the Administrator will promptly notify ISDA and publish notice on its Website that the Participating Dealers have determined that no Bullet LCDS Auction Settlement Terms will be published with respect to the Affected Reference Entity and Designated Priority. If the Deliverable Obligations determined pursuant to Section 2.3(c) (*Deliverable Obligation Determinations*) for an Auction hereunder related to Covered Transactions and the “Deliverable Obligations” determined pursuant to the Legacy Auction Rules for an “Auction” thereunder related to Legacy Transactions are equivalent in all material respects, then the Participating Dealers eligible to participate in such vote may, by an affirmative vote of 80% or more of such Participating Dealers, approve allowing such Auction to cover Legacy Transactions (which shall be covered by such Auction to the extent permitted under the Legacy Auction Rules).

(b) Other Auction-related Determinations. With respect to an Auction for which there is an Auction Announcement Date, the Administrator will convene one or more meetings with the Participating Dealers (which may be by telephone) in order to resolve:

- (i) the Auction Date for such Auction; provided that the Auction Date shall be the third Business Day immediately preceding the 30<sup>th</sup> calendar day after the “Credit Event Resolution Request Date” under the relevant DC Credit Event Request Resolution, if applicable, unless a Quorum Majority of the Participating Dealers determine otherwise;
- (ii) whether an institution (other than a Specified Dealer or its affiliate) that submits a Participating Bidder Letter with respect to an Auction will be permitted to act as a Participating Bidder for purposes of the relevant Auction and whether the deadline for submitting Participating Bidder Letters should be extended;
- (iii) whether a Specified Dealer or its affiliate will not be eligible to act as a Participating Bidder for purposes of the relevant Auction;



- (iv) all of the Supplemental Auction Terms, to the extent applicable; provided that the Initial Market Quotation Amount shall not be less than USD 2,000,000;
- (v) the identity of any CAM Exchange Obligations; and
- (vi) whether any other changes should be made to the particular Bullet LCDS Auction Settlement Terms to facilitate such Auction.

Any term described in clauses (i), (ii) and (iv) through (vi) above shall be approved if supported by a Quorum Majority; clause (iii) above shall require approval by at least three-quarters of Participating Dealers eligible to vote. At any point in time after all information required to complete the particular Bullet LCDS Auction Settlement Terms (other than the listing of particular Deliverable Obligations) has been approved, at the request of two or more Participating Dealers, the Administrator will solicit votes from each Participating Dealer eligible to participate in such vote as to whether discussion of such Bullet LCDS Auction Settlement Terms should be closed. If a Quorum Majority approves the closure of discussion, the Administrator shall distribute the particular Bullet LCDS Auction Settlement Terms to ISDA for publication. If the particular Bullet LCDS Auction Settlement Terms (other than the listing of particular Deliverable Obligations) have not been finalized by vote of a Quorum Majority by the close of business on the tenth Business Day following the relevant Auction Announcement Date (or such later date as may be determined by a Quorum Majority), the Auction will be abandoned and the Administrator will publish notice on its Website reporting that no Bullet LCDS Auction Settlement Terms will be published.

(c) Deliverable Obligation Determinations. The Administrator will compile a list of obligations that will be referenced in the definition of “Deliverable Obligation” for such Auction according to the following procedures:

- (i) The Administrator will, for each obligation (including any CAM Exchange Obligation) on the Relevant Secured List for the relevant Reference Entity, Designated Priority and common Event Determination Date under the Auction (however described), solicit votes from each Participating Dealer eligible to participate in such vote with respect to the following question, to be considered as of the day the Administrator solicits such votes (the “Solicitation Date”):

In your judgment, does the relevant obligation satisfy the Specified Currency, Not Contingent and Maximum Maturity Deliverable Obligation Characteristics within the meaning of the version of the Bullet Syndicated Secured Loan Credit Default Swap Standard Terms Supplement published by ISDA most recently prior to the Solicitation Date?

The Administrator may determine the duration of any vote conducted pursuant to this Section 2.3(c)(i) (*Deliverable Obligation Determinations*) in its discretion; provided that no such vote will be open to Participating Dealers for fewer than three Business Days (or such other period as may be designated by a Quorum Majority); provided, further, that no such vote will be effective unless at least five Participating Dealers participate in the relevant vote.

- (ii) Any obligation for which at least three-quarters of Participating Dealers submitting votes in respect of such obligation answer the question in Section 2.3(c)(i) (*Deliverable Obligation Determinations*) affirmatively will be a “Deliverable Obligation” with respect to the relevant Auction.

(iii) If the votes conducted pursuant to Section 2.3(c)(i) (*Deliverable Obligation Determinations*) for the obligations on the applicable Relevant Secured List are completed after publication of the particular Bullet LCDS Auction Settlement Terms, the Administrator will promptly distribute the list of Deliverable Obligations to ISDA for publication prior to the Auction Date (as defined in the published Bullet LCDS Auction Settlement Terms); otherwise, the list of Deliverable Obligations will be included in the published Bullet LCDS Auction Settlement Terms.

(iv) If the votes conducted pursuant to Section 2.3(c)(i) (*Deliverable Obligation Determinations*) do not result in the identification and publication of at least one Deliverable Obligation prior to the close of business on the Business Day prior to the Auction Date (as defined in the published Bullet LCDS Auction Settlement Terms), such Auction will be abandoned and the Administrator shall publish notice on its Website reporting that the Participating Dealers have voted pursuant to these Bullet Auction Rules that no Auction will be held with respect to the Affected Reference Entity and Designated Priority.

(d) Determination not to hold an Auction. Up to the Auction Final Price Determination Date of an Auction, a Quorum Majority may determine (and, at the request of two or more Participating Dealers, the Administrator shall solicit votes from each Participating Dealer eligible to participate in such vote with respect thereto) that any Auction contemplated by the related published Bullet LCDS Auction Settlement Terms will not be held. In the case of such a determination, the Administrator will publish notice on its Website reporting that the Participating Dealers have voted pursuant to these Bullet Auction Rules that no Auction will be held with respect to the Affected Reference Entity and Designated Priority.

2.4 Email Voting. The Participating Dealers eligible to participate in a vote may by unanimous decision determine to hold a binding vote by email instead of convening a meeting. If a Participating Dealer submits a vote by email, then such Participating Dealer shall be deemed to consent to holding such vote by email. For the avoidance of doubt, if a Participating Dealer that is eligible to cast a vote and not otherwise exempt from participation hereunder does not submit an email vote within the relevant timeframe after an agreement to hold a binding vote via email, the Administrator shall make an entry with respect to such Participating Dealer on the List of Missed Votes in accordance with Section 1.2(c)(iii)(A) (*List of Missed Votes*).

### 3. DEFINITIONS

As used in these Bullet Auction Rules, the following terms shall have the following meanings unless the context clearly indicates otherwise:

“Administrator” has the meaning specified in the introduction to these Bullet Auction Rules.

“Affected Reference Entity” has the meaning specified in Section 2.3(a) (*Holding an Auction*).

“Affiliate Group” has the meaning specified in Section 1.2(c)(vii) (*Affiliates and Mergers*).

“Auction” has the meaning specified in Section 2.3(a) (*Holding an Auction*).

“Auction Announcement Date” has the meaning specified in Section 2.3(a) (*Holding an Auction*).

“Auction Final Price Determination Date” means the “Auction Final Price Determination Date” (as defined in the Bullet LCDS Auction Settlement Terms).

“Auction Form” has the meaning specified in Section 2.1 (*Bullet LCDS Auction Form Amendments*).

“Auction Missed Poll” has the meaning specified in Section 1.2(c)(iv)(A) (*List of Missed Polls*).

“Authorized Contact” has the meaning specified in Section 1.2(f) (*List of Authorized Contacts*).

“Bullet Auction Rules” has the meaning specified in the introduction to these Bullet Auction Rules.

“Bullet LCDS Auction Settlement Terms” means, with respect to an Affected Reference Entity and Designated Priority, the relevant set of Bullet LCDS Auction Settlement Terms published by ISDA, a form of which is set forth as Annex A hereto, which may be amended in accordance with these Bullet Auction Rules from time to time.

“Bullet LCDS Standard Terms” means the Bullet Syndicated Secured Loan Credit Default Swap Standard Terms Supplement published by ISDA on April 5, 2010 (including all annexes and exhibits thereto).

“Bullet Polling Rules” has the meaning specified in Section 1.2(c)(iv) (*Failure to Participate in Polls*).

“Business Day” means a day on which both (a) commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and (b) bond markets are open, in New York and London, provided that the calendar day immediately following the fourth Thursday in November shall not be a Business Day.

“Contractual Restriction Cap” means a number equal to the greater of (x) three and (y) 25% of the number of Auctions held since the most recent List Review Date.

“Contractual Restriction Certificate” has the meaning specified in Section 1.2(c)(ii) (*Failure to Participate in Auctions*).

“Contractual Restriction Entry” has the meaning specified in 1.2(c)(ii)(A) (*List of Missed Auctions*).

“Covered Transactions” has the meaning specified in the introduction to these Bullet Auction Rules.

“DC Credit Event Resolution” means a “Credit Event Resolution” (as defined in the DC Rules) in which the Affected Reference Entity is the “Affected Reference Entity” (as defined in the DC Rules).

“DC Credit Event Request Resolution” means a “Credit Event Request Resolution” (as defined in the DC Rules) in which the Affected Reference Entity is the “Affected Reference Entity” (as defined in the DC Rules).

“DC Rules” means the Credit Derivatives Determinations Committees Rules referenced in the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions published by ISDA on July 14, 2009.

“Designated Priority” has the meaning specified in Section 2.3(a) (*Holding an Auction*).

“Initial List Review Date” has the meaning specified in Section 1.2(c)(ii) (*Failure to Participate in Auctions*).

“Index Sponsor” has the meaning specified in the introduction to these Bullet Auction Rules.

“Ineligible Institution” has the meaning specified in Section 1.2(d) (*List of Ineligible Institutions*).

“ISDA” has the meaning specified in the introduction to these Bullet Auction Rules.

“ISDA Member” means any entity listed, from time to time, as a “Primary Member” of ISDA or a “Subscriber Member” of ISDA on [www.isda.org](http://www.isda.org) or any successor website of ISDA.

“Legacy Auction Rules” means the LCDS Auction Rules published by ISDA and the Index Sponsor on December 4, 2007, as amended from time to time in accordance with its terms.

“Legacy Transactions” means syndicated secured loan credit default swap transactions, including those referencing a Markit LCDX Index, the governing documentation for which references the Legacy Auction Rules.

“List of Ineligible Institutions” has the meaning specified in Section 1.2(d) (*List of Ineligible Institutions*).

“List of Missed Auctions” has the meaning specified in Section 1.2(c)(ii)(A) (*List of Missed Auctions*).

“List of Missed Polls” has the meaning specified in Section 1.2(c)(iv)(A) (*List of Missed Polls*).

“List of Missed Votes” has the meaning specified in Section 1.2(c)(iii)(A) (*List of Missed Votes*).

“List of Participating Dealers” has the meaning specified in Section 1.2(a) (*List of Participating Dealers*).

“List Review Date” has the meaning specified in Section 1.2(c)(ii)(A) (*List of Missed Auctions*).

“Markit LCDX Index” has the meaning specified in the introduction to these Bullet Auction Rules.

“Maximum Number of Vacancies” has the meaning specified in Section 1.2(e) (*Reinstatement of Ineligible Institutions*).

“Missed Poll Cap” means a number equal to the greater of (x) three and (y) 25% of the number of Polls initiated pursuant to the Bullet Polling Rules with respect to any obligation of a constituent of a Relevant Index since the most recent List Review Date.

“Non-Auction Missed Poll” has the meaning specified in Section 1.2(c)(iv)(A) (*List of Missed Polls*).

“Participating Bidder” means a “Participating Bidder” as defined in the relevant Bullet LCDS Auction Settlement Terms.

“Participating Dealer” has the meaning specified in Section 1.2(a) (*List of Participating Dealers*).

“Quorum Majority” means a majority of Participating Dealers participating in a particular vote, provided that at least three-quarters of eligible Participating Dealers participate in such vote.

“Regulatory Restriction Certificate” has the meaning specified in Section 1.2(c)(ii) (*Failure to Participate in Auctions*).

“Relevant Index” means a Markit LCDX Index and any other index that generates significant trading volume in the loan credit derivative market, as determined by a Quorum Majority of Participating Dealers.

“Relevant Secured List” means a “Relevant Secured List” as defined in the Bullet LCDS Standard Terms.

“Representative Auction-Settled Transaction” means a “Representative Auction-Settled Transaction” as defined in the relevant Bullet LCDS Auction Settlement Terms.

“Solicitation Date” has the meaning specified in 2.3(c)(i) (*Deliverable Obligation Determinations*).

“Specified Dealer” means a “Specified Dealer” as defined in the Bullet LCDS Standard Terms.

“Supplemental Auction Terms” means together, the Auction Settlement Date, Cap Amount, Currency Rate Source (if applicable), Initial Bidding Information Publication Time, Initial Market Quotation Amount, Maximum Initial Market Bid-Offer Spread, Minimum Number of Valid Initial Market Submissions, Originally Scheduled Auction Currency Fixing Date, Originally Scheduled Initial Bidding Period, Originally Scheduled Subsequent Bidding Period, Other Initial Bidding Period, Other Originally Scheduled Initial Bidding Period, Other Originally Scheduled Subsequent Bidding Period, Other Subsequent Bidding Period, Quotation Amount Increment, RAST Notional Amount Increment, Relevant Currency, Relevant Pricing Increment, Rounding Amount, Subsequent Bidding Information Publication Time and any other information establishing the details of an Auction as set forth in Schedule 1 to the relevant set of Bullet LCDS Auction Settlement Terms.

“Threshold Number” has the meaning specified in Section 1.2(e) (*Reinstatement of Ineligible Institutions*).

“Website” means “www.markit.com” or any such successor website of the Administrator; provided that if the Website is unavailable for any reason, another comparable media outlet may be used by the Administrator as a replacement for purposes of publication of information that the Administrator is required to publish in accordance with these Bullet Auction Rules.

## **Annex A**

### **Form of Bullet LCDS Auction Settlement Terms**