

7. PORTFOLIO RECONCILIATION PROCEDURES

The following procedures govern the portfolio reconciliations to be performed between DB and Client.

1. DEFINITIONS

The capitalized terms used in these procedures have the meanings specified below.

“Data Delivery Date” means a date determined pursuant to these procedures, 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 one party against such party’s own books and records of swaps between the parties and, in respect of any Discrepancy, a process for identifying and resolving such 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.

“Discrepancy” means (i) in respect of the Portfolio Data received with respect to a swap and any SDR Data obtained for such swap, a difference between a Material Term in such Portfolio Data or SDR Data and a party’s own records of the corresponding Material Term and (ii) in respect of the Portfolio Data received with respect to a Swap, a difference between a Valuation reported in such Portfolio Data and such party’s own Valuation of such swap (calculated as of the same Joint Business Day in good faith and using commercially reasonable procedures in order to produce a commercially reasonable result) that is greater than the Discrepancy Threshold Amount.

“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 both parties.

“Joint Business Day” means a day that is a business day for both DB and Client.

“Material Terms” means all terms of a swap required to be reported in accordance with Part 45 of the CFTC Regulations.

“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 DB and Client in a form and standard that is capable of being reconciled, with a scope and level of detail that is reasonably acceptable to each 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 time or times that such party computes its end of day valuations for swaps (as 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.

“SDR Data” means Material Terms data that is available from a swap data repository registered as such with the CFTC.

“Valuation” means the current market value or net present value of a swap.