



6. What is the cost of segregation?

- The regulation requires DB to provide its counterparties with information regarding the price of segregation for each identified custodian, to the extent that DB has such information⁸. Any pricing information provided will be for informational purposes only, and may be subject to change. If you elect to require segregation, you will need to negotiate and execute a definitive agreement with a custodian acceptable to yourself and DB
- DB would expect any custodial fees, charges or costs related to IM segregation to be borne by our counterparty

7. What actions do counterparties need to perform?

- First, you will receive a notice requesting the identity of, and contact information for, your collateral contact. Please provide the necessary contact information as soon as possible
- Second, your collateral contact will receive an IM segregation right notice. This notice will contain a non-exclusive list of acceptable custodians, together with relevant pricing information, if any. Counterparties subject to the May 5 compliance date will receive the IM segregation right notice from DB prior to the compliance deadline.
- Third, the IM segregation right notice will have a schedule whereby you must confirm receipt of the notice and elect whether or not you require IM segregation. Counterparties subject to the May 5 compliance date will need to make their election and deliver it to DB at the address provided. Please deliver this notice well in advance of the relevant compliance date.
- As the regulation prohibits DB from taking IM until your election has been received and, if relevant, executing an acceptable triparty custodian agreement, any delay in responding may inhibit our ability to transact uncleared swaps with you after the relevant compliance date. Please discuss with your DB sales representative

8. What are the implications of electing to require IM segregation?

- If you elect to require IM segregation, it will be necessary to execute a tri-party custodial agreement prior to entering into any further uncleared swaps with DB after the compliance date. Such custodial agreement must be compliant with the regulation⁹
- You will be responsible for establishing the required communication and data information exchange capabilities with your selected custodian
- As negotiating an acceptable tri-party arrangement may be time consuming, counterparties who wish to avoid trading disruptions should carefully consider their election. Please speak with your Sales representative to discuss timing prior to finalizing your election
- Where applicable, your existing Credit Support Annex will need to be amended

9. What are the implications of electing to not require IM segregation?

- Your existing contractual arrangements with respect to IM will be preserved. In addition, any pending or future negotiations with respect to IM segregation will not be impacted by such election
- If you elect to not require IM segregation, the regulation requires DB to report to you, on a quarterly basis, whether or not our back office procedures relating to margin and collateral requirements were, at any point during the previous quarter, not in compliance with the agreement of the parties

⁸ CFTC Regulation 23.701(a)(3)

⁹ CFTC regulation 23.702 sets forth certain requirements which must be met if the counterparty elects to segregate