
April 25,2014

IMPORTANT: ACTION REQUIRED
2014 NOTIFICATION OF RIGHT TO SEGREGATION
OF INITIAL MARGIN POSTED IN RESPECT OF UNCLEARED SWAPS
PURSUANT TO CBTC RULE 23.701

Dear Sir or Madam:

This notification (the "CFTC IM Segregation Right Notice") is being provided by us' pursuant to Commodity Futures Trading Commission ("CFTC") rule 23.701 in respect of one or more of our swap counterparties (each, a "Counterparty").

Please note that failure to confirm receipt of this notice and make the necessary election described

below may inhibit our ability to execute swaps (as defined by CFTC rules) that are not submitted

for clearing (each, an "Uncleared Swap") with Counterparty on or after the relevant CFTC

compliance date^ (the "Compliance Date") due to CFTC rules.

In accordance with CFTC rule 23.701, we are hereby notifying you that, to the extent Counterparty posts

"Initial Margin" (as defined in CFTC rule 23.700) ("IM") in respect of any Uncleared Swap between us

and Counterparty that is executed on or subsequent to the Compliance Date, Counterparty has the right to

elect that IM be segregated ("IM Segregation") in accordance with the requirements set forth in CFTC

rules 23.702 and 23.703 (the "CFTC Segregation Regime"). In the attached Schedule we have

identified one or more institutions as an acceptable custodian for IM Segregation and provided

information regarding the price of IM Segregation based on information available to us.

We need to obtain the following information as soon as possible in order to satisfy our obligations

under CFTC rules:

I. Confirmation of your receipt of this notice; and

II. Counterparty's election to either:

require IM Segregation in accordance with the CFTC Segregation Regime,

Note: If Counterparty chooses this first election, certain documentation,

including a tri-party custodial agreement that meets the requirements of the CFTC Segregation Regime, must be put in place. After the Compliance Date,

choosing this election may prevent us from entering into new Uncleared Swaps with Counterparty until such documentation is in place-^ or

References in this notice to "our", "us" or "we" are references to Swap Dealer.

^ If no agreement existed between Counterparty and us concerning Uncleared Swaps as of January 6, 2014, the

CFTC compliance date is May 5, 2014. If such an agreement did exist as of January 6, 2014, the CFTC compliance date is November 3, 2014,
^ Please note that any existing custodial arrangements whether legally required or bargained for independently, may not contain certain terms required to be included under the CFTC Segregation Regime and therefore may need to be revised if IM Segregation in accordance with the CFTC Segregation Regime is elected. Parties wishing to elect IM Segregation in accordance with CFTC Segregation Regime may wish to consult with legal counsel as to the not require IM Segregation in accordance with the CFTC Segregation Regime. Note: If Counterparty chooses this second election Counterparty is free to make or retain other arrangements for IM Segregation. This election will not impact Counterparty's existing segregation arrangements or negotiations, if any.

Please complete the CFTC IM Segregation Election Letter attached to this notice as Exhibit A and deliver it to us as soon as possible. For the avoidance of doubt, Counterparty's election to require or not to require IM Segregation in accordance with the CFTC Segregation Regime will apply solely with respect to any Uncleared Swap that is entered into after delivery of such election letter to us at the address specified in Exhibit A or, if such delivery is before the Compliance Date, on or after the Compliance Date. The election made by Counterparty may be changed at any time by delivery of written notice to us at the same address. Any such changed election will supersede any prior election with respect to any Uncleared Swap that is entered into after delivery of such changed election. If you have any questions regarding this notice, please contact your sales representative.

Very truly yours,

Deutsche Bank AG

potential impact on trading in Uncleared Swaps with us and whether an election to not require IM Segregation in accordance with CFTC Segregation Regime is preferable until such time as a mutually acceptable tri-party custodial arrangement is executed. As further described in this notice. Counterparty may exercise its right to change its election at any time.

Schedule to CFTC IM Segregation Right Notice

Acceptable Custodian(s). The following is a non-exclusive list of custodian(s) that are currently considered acceptable to us for IM Segregation. This list is not intended to be an exhaustive list, and is subject to change over time. *

State Street Bank and Trust Company

Deutsche Bank Trust Company Americas, an affiliate of Deutsche Bank AG (the Swap Dealer)

Pricing Information:

Pursuant to CFTC rule 23.701(a)(3), we are providing below information that is available to us as the date of this letter (if any) regarding the price of segregation for each Acceptable Custodian listed above.

This pricing information is being provided for informational purposes only, may be subject to change or negotiation by a particular Acceptable Custodian and does not constitute an offer on the part of any Acceptable Custodian to enter into any contract or agreement. We make no representation as to the accuracy or completeness of the pricing information provided or the availability of such custodian services to Counterparty. If you elect segregation, you will need to negotiate and execute a definitive agreement with a custodian acceptable to yourself and us. We would expect any custodial fees, charges or costs relating from IM segregation to be borne by you, including any charged to us by the custodian.

Custodian pricing:

Custodian fees and charges may vary based on a number of factors, including but not limited to the nature and extent of the Counterparty relationship with a custodian, the nature of custodial assets to be held, the nature and extent of custodial and reporting services required, the expected frequency of collateral transfers, etc.

We have determined in good faith that at least one of the custodians identified in this Schedule is a "creditworthy" non-affiliate custodian in order to satisfy the requirements of CFTC rule 23.701(a)(2). However, we are not making any representations as to the creditworthiness or suitability of any custodian listed in this Schedule.

Exhibit A

CFTC IM SEGREGATION ELECTION LETTER

To: Deutsche Bank AG ("Swap Dealer")

(insert email address)

Capitalized terms used in this letter have the meanings specified in the CFTC IM Segregation Right

Notice referenced below unless otherwise defined.

I.

Confirmation of Receipt of CFTC IM Segregation Right Notice.

Counterparty* hereby confirms that its Collateral Contact* received Swap Dealer's CFTC IM Segregation Right Notice.

II.

Initial Margin Segregation Election.

Counterparty makes the following election with respect to IM posted on

behalf of Counterparty in connection with an Uncleared Swap between Swap Dealer and Counterparty that is executed by the entity executing this election letter after delivery of this election letter to Swap Dealer (or, if such delivery is before the Compliance Date, on or after the Compliance Date): (check one)

Counterparty hereby elects to require IM Segregation in accordance with the CFTC Segregation Regime. Note: If Counterparty chooses this first election, certain documentation, including a tri-party custodial agreement that meets the requirements of the CFTC Segregation Regime, must be put in place. After the Compliance Date, choosing this election may prevent Swap Dealer from entering into Uncleared Swaps with Counterparty until such documentation is in place.

Counterparty hereby elects not to require IM Segregation in accordance with the CFTC Segregation Regime. Note: If Counterparty chooses this second election Counterparty is free to make or retain other arrangements for IM Segregation. This election will not impact

Counterparty's existing segregation arrangements or negotiations, if any.

* "Counterparty" means each account, client, fund, investor, and/or other principal on behalf of whom this CFTC

IM Segregation Election Letter is executed.

"Collateral Contact" means an officer responsible for the management of collateral, or, if no such party is identified by Counterparty, the Chief Risk Officer of Counterparty, or if no such officer, the Chief Executive Officer, or if none, the highest-level decision-maker for Counterparty.

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By executing and delivering this election letter, the signatory represents that it has all necessary authority

to provide the confirmation and election above on behalf of Counterparty.

Legal Name of Entity Completing Letter: Southern Financial LLC

Counterparty CICI/LEI: SM H 7 6 t

By;

Name:

Title;

' The relevant election in this letter will only apply to Uncleared Swaps that are executed by the relevant party that executes this letter. For instance, if this letter is being executed by any agent, then the relevant election will only apply to Uncleared Swaps that are executed by such agent on behalf of Counterparty.

Moreover, if this letter is being executed by an agent on behalf of one or

more Counterparties, the agent should insert before the signature: "as agent for [insert name of account, client, fund, investor and/or other principal OR [the accounts, clients, funds, investors and/or other principals named on the attached sheet]". If the agent is acting on behalf of more than one Counterparty, it may list the names of such Counterparties on a separate sheet attached to this letter, in which case this letter will be treated as if it were a separate letter with respect to each Counterparty listed on such sheet.

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If this letter is being executed by an agent on behalf of more than one Counterparty, the agent should include a CICI/LEI for each such Counterparty, i>tM70 0425i-i