

# Chapter

## Article 5b Requirements for the provision of indirect clearing services by second indirect clients

(1) A second indirect client may only provide indirect clearing services to third indirect clients provided that all of the following conditions are met:

(a) the indirect client and the second indirect client are authorised credit institutions or an investment firms or entities established in a third country that would be considered to be a credit institution or an investment firm if that entity were established in the United Kingdom;

(b) the clearing member and the client are part of the same group, but the indirect client is not part of that group;

(c) the indirect client and the second indirect client are part of the same group, but the third indirect client is not part of that group;

(d) the second indirect client and the third indirect client conclude, in writing, an indirect clearing arrangement. The indirect clearing arrangement shall include at least the following contractual terms:

(i) the general terms and conditions referred to in Article 2(1)(b);

(ii) the second indirect client's commitment to honour all obligations of the third indirect client towards the indirect client with regard to transactions covered by the indirect clearing arrangement;

(e) the assets and positions of the third indirect client are held by the clearing member in an account as referred to in Article 4(2)(a).

All aspects of the indirect clearing arrangement referred to in point (d) of the first subparagraph shall be clearly documented.

(2) Where second indirect clients provide indirect clearing services pursuant to paragraph 1:

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(a) Articles 4(1), 4(5), 4(6) and 4(8) shall apply to both the client and to the indirect client as if they were clearing members;

(b) Articles 2(1)(b), 5(2), 5(3), 5(6), 5(8) and 5(9) shall apply to both the indirect client and the second indirect client as if they were clients.