

Important: Action Required

# Notification of Right to Segregation of Initial Margin Posted in Respect of Uncleared Swaps and Security-Based Swaps

Dear Sir or Madam:

This notification (the “IM Segregation Right Notice”) is being provided by Wells Fargo Bank, N.A. (“Wells Fargo”, “we”, “us”, or “our”) pursuant to Commodity Futures Trading Commission (“CFTC”) rule 23.701 and Securities and Exchange Commission (“SEC”) rule 18a-4 and Section 3E(f)(1) of the Securities Exchange Act of 1934 (“SEA”), in respect of one or more of our swap or security-based swap (“SBS”) counterparties (each, a “Counterparty”).

## **I. Notice of Right to Individual Segregation**

We hereby notify you and each Counterparty that Wells Fargo (i) is not a registered broker-dealer that is subject to SEC rule 15c3-3 and (ii) is exempt from omnibus segregation requirements under SEC rule 18a-4 pursuant to SEC rule 18a-4(f).

In accordance with CFTC rule 23.701, SEC rule 18a-4 and Section 3E(f)(1)(A) of the SEA, we hereby notify you that Counterparty has the right to require segregation of the funds or other property supplied to margin, guarantee, or secure the Counterparty’s uncleared swaps or SBS with us in a segregated account at an independent third-party custodian separate from our assets and other interests and designated as a segregated account for and on behalf of the Counterparty (“IM Segregation”), in accordance with the requirements set forth in CFTC rules 23.702 and 23.703 (the “CFTC Segregation Rules”) for swaps and Section 3E(f)(1)(B) of the SEA and rules thereunder (the “SEC Segregation Rules”) for SBS. This right to require segregation applies only to swap or SBS transactions that are not submitted for clearing to a derivatives clearing organization or clearing agency, respectively (“Uncleared Transactions”) and does not apply to variation margin payments. Such right is independent of other applicable laws, rules or regulations, if any, that may require segregation of swap or SBS margin or collateral.

## II. Certain Bankruptcy Matters with Respect to SBS

Any margin collateral received and held by Wells Fargo in respect of uncleared SBS with a Counterparty will not be subject to a segregation requirement under SEC rule 18a-4. Accordingly, in the event of an insolvency proceeding, receivership or similar process in respect of Wells Fargo, absent an effective segregation of such margin collateral from the property of Wells Fargo established by contract or other law, such a claim could be treated as a general creditor claim against Wells Fargo or its estate.

To the extent that Counterparty has posted initial margin to Wells Fargo with respect to non-cleared SBS pursuant to § 45.3 (12 C.F.R. § 45.3) of the margin requirements of the Office of the Comptroller of the Currency (as amended, supplemented or replaced from time to time) (the "OCC Margin Rules"), such margin must be segregated in accordance with § 45.7 (12 C.F.R. § 45.7) of the OCC Margin Rules.

## III. Required Action of Counterparty

We need to obtain the following information as soon as possible in order to satisfy our obligations under CFTC and SEC rules:

- A. Confirmation of your receipt of this notice; and
- B. Counterparty's election to either:
  - **Require** IM Segregation in accordance with the CFTC Segregation Rules for swaps or SEC Segregation Rules for SBS.

*Note: If Counterparty chooses this first election, certain documentation, including a tri-party custodial agreement that meets the requirements of the CFTC Segregation Rules or the SEC Segregation Rules, must be put in place. Please note that choosing this election may prevent us from entering into new Uncleared Transactions with Counterparty until such documentation is in place;<sup>1</sup> or*

- **Not require** IM Segregation in accordance with the CFTC Segregation Rules or SEC Segregation Rules. *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.*

IF YOU FAIL TO CONFIRM RECEIPT OF THIS IM SEGREGATION RIGHT NOTICE AND MAKE THE NECESSARY ELECTION DESCRIBED ABOVE WITHIN A REASONABLE PERIOD OF TIME, WE WILL DEEM SUCH FAILURE TO BE YOUR CONFIRMATION OF RECEIPT OF THIS IM SEGREGATION RIGHT NOTICE AND YOUR ELECTION TO CONTINUE YOUR PREVIOUS ELECTION WHETHER OR NOT TO REQUIRE IM SEGREGATION IN ACCORDANCE WITH THE CFTC SEGREGATION RULES OR SEC SEGREGATION RULES (OR, IF YOU HAVE NOT PREVIOUSLY MADE AN ELECTION, YOUR ELECTION **NOT** TO REQUIRE IM SEGREGATION IN ACCORDANCE WITH THE CFTC SEGREGATION RULES OR SEC SEGREGATION RULES). IF YOU SUBSEQUENTLY RESPOND TO OUR NOTICE BY ELECTING TO REQUIRE SEGREGATION IN ACCORDANCE WITH THE CFTC SEGREGATION RULES OR SEC SEGREGATION RULES, THEN SUCH ELECTION WILL APPLY TO UNCLEARED TRANSACTIONS ENTERED INTO WITH US AFTER WE RECEIVE YOUR RESPONSE (UNLESS AND UNTIL YOU LATER CHANGE YOUR RESPONSE).

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<sup>1</sup> Please note that any existing custodial arrangements or subordination agreements whether legally required or bargained for independently, may not contain certain terms required to be included under the CFTC Segregation Rules or SEC Segregation Rules and therefore may need to be revised if IM Segregation in accordance with the CFTC Segregation Rules or SEC Segregation Rules is elected. Parties wishing to elect IM Segregation in accordance with CFTC Segregation Rules or SEC Segregation Rules may wish to consult with legal counsel as to the potential impact on trading in Uncleared Transactions with us and whether an election to not require IM Segregation in accordance with CFTC Segregation Rules or SEC Segregation Rules is preferable until such time as a mutually acceptable tri-party custodial arrangement or subordination agreement is executed. As further described in this notice, Counterparty may exercise its right to change its election at any time.

Please complete the 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 Rules or SEC Segregation Rules will apply solely with respect to any Uncleared Transaction that is entered into after delivery of such election letter to us at the address specified in Exhibit A. 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 Transaction that is entered into after delivery of such changed election.

If you have any questions regarding this notice, please contact your sales representative.

Wells Fargo Bank, N.A.

**Version: November 1, 2021**

## Exhibit A

### IM SEGREGATION ELECTION LETTER

To: Wells Fargo Bank, N.A. ("Wells Fargo")  
wellsdoddfrankdocs@wellsfargo.com

Capitalized terms used in this letter have the meanings specified in the IM Segregation Right Notice referenced below unless otherwise defined.

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#### I. Confirmation of Receipt of IM Segregation Right Notice.

Counterparty<sup>2</sup> hereby confirms that it has received Wells Fargo's IM Segregation Right Notice.

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#### II. Initial Margin Segregation Election.

Counterparty makes the following election with respect to IM posted on behalf of Counterparty in connection with any Uncleared Transaction between Wells Fargo and Counterparty that is executed by the entity executing this election letter after delivery of this election letter to Wells Fargo (or, with respect to SBS, if such delivery is before November 1, 2021, on or after November 1, 2021): **(check one)**

☐ Counterparty hereby elects **to require** IM Segregation in accordance with the CFTC Segregation Rules for swaps or SEC Segregation Rules for SBS. *Note: If Counterparty chooses this first election, certain documentation, including a tri-party custodial agreement that meets the requirements of the CFTC Segregation Rules or a subordination agreement that meets the requirements of the SEC Segregation Rules, must be put in place. Choosing this election may prevent us from entering into new Uncleared Transactions with Counterparty until such documentation is in place.*

☐ Counterparty hereby elects **not to require** IM Segregation in accordance with the CFTC Segregation Rules for swaps or SEC Segregation Rules for SBS. *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.*

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#### III. Collateral Contact

Wells Fargo may be required to send Counterparty notices and may make other communications related to the CFTC Segregation Rules (including notices required by CFTC rule 23.704) and SEC Segregation Rules (including notices required by Section 3E(f)(4) of the SEA) ("Segregation Notices"). Such Segregation Notices may be provided to the person identified below (the "Collateral Contact") using the following contact information. Counterparty agrees to update the Collateral Contact as necessary.

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<sup>2</sup> "Counterparty" means each account, client, fund, investor, and/or other principal on behalf of whom this IM Segregation Election Letter is executed.

A. **Collateral Contact Name:** \_\_\_\_\_

B. **Collateral Contact Title:** \_\_\_\_\_

C. **Collateral Contact E-mail Address:** \_\_\_\_\_

D. **Collateral Contact Mailing Address:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E. **Collateral Contact Telephone/Fax Numbers:**

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

F. **Consent to Delivery of Segregation Notices via ISDA Amend**

☐ By checking this box, Counterparty hereby agrees to receive Segregation Notices from Wells Fargo via posting on ISDA Amend and notification of our Collateral Contact of the posting by email at the address provided herein. Counterparty understands that it must be a user of ISDA Amend to access Segregation Notices in this manner, and that access requires a username and password (available at no cost).

By executing and delivering this election letter, the signatory represents that they (1) are the appropriate person to evaluate the right to elect IM Segregation or has otherwise brought the right to elect IM Segregation to the attention of an appropriate person and that (2) they have all necessary authority to provide the confirmation, election, and Collateral Contact information above on behalf of Counterparty.

[counterparty name]  
Legal Entity Identifier ("LEI"):

By: \_\_\_\_\_

Name:

Title: