

Amendments to OTC Clear's Clearing Procedures

- (iii) Client Risk Management (only applicable to Clearing Members who provide Client Clearing Services)

A Clearing Member that provides Client Clearing Services must have adequate risk policies and procedures to mitigate, monitor and control client credit risk as well as fulfil the requirements as stipulated in the Membership Application Form.

- (iv) Margin

A Clearing Member must deliver Collateral to satisfy its Margin requirements. Please refer to Chapter 12 of the Clearing Rules and Chapter 4 of these Clearing Procedures for details.

- (v) Rates and FX Guarantee Fund and Rates and FX Assessments

A Clearing Member must deliver Collateral to OTC Clear in respect of its CM Funded Contribution Amount, as calculated and demanded by OTC Clear, taking into account any applicable Collateral Haircuts on a monthly basis or at such other times as required pursuant to Clearing Rule 1503. A request by OTC Clear to deliver additional Collateral in respect of a Clearing Member's CM Funded Contribution Amount shall be satisfied by the relevant Clearing Member within 21 OTC Clear Business Days from the date such request is delivered to the Clearing Member.

In addition to the CM Funded Contribution Amount, a Clearing Member may be required to pay in cash its CM Unfunded Contribution Amount. More details can be found in Clearing Rules 1506 and 1507 and Chapter 6 of these Clearing Procedures.

2.3.4 Outsourcing

Each Clearing Member must have the ability to perform its operational and risk management functions (including participating in fire drills and in the Default Management Process) as required under the Clearing Documentation. To the extent that a Clearing Member wishes to have part or all of its operational and risk management functions performed by one or more of its Affiliates, such Clearing Member must have received written approval from OTC Clear to that effect prior to outsourcing or delegating such functions to the relevant Affiliate(s). OTC Clear will withhold its approval if a Clearing Member is seeking to outsource all of its risk management functions to its Affiliate who is also its Client. A Clearing Member who has outsourced part or all of its operational and risk management functions to its Affiliate(s) shall remain responsible to OTC Clear for the performance of all such functions pursuant to the Clearing Documentation. OTC Clear may revoke any approval in relation to the outsourcing or delegation of operational and risk management functions of a Clearing Member by providing such Clearing Member with written notice revoking the relevant approval. For the avoidance of doubt, a Clearing Member may not outsource its operational and risk management functions to any person other than its Affiliates.

2.3.5 On-going Reporting Requirement

A Clearing Member shall satisfy its obligations to provide OTC Clear with all relevant information as set out in Clearing Rules 401(13), 501, 503 and 504.

2.4 Client Clearing

A Clearing Member may apply to provide Client Clearing Services by completing part B of the Application Form.