

Rules and Procedures of HKFE Clearing Corporation Limited

**CLEARING HOUSE PROCEDURES FOR FUTURES/OPTIONS  
CONTRACTS TRADED ON THE AUTOMATED TRADING SYSTEM OF  
THE EXCHANGE ("HKATS")**

**Chapter 2 Clearing and Settlement Procedures**

2.6 Methods of Providing Cover for Clearing House Margin

2.6.3 *(deleted)*

**Chapter 4 Reserve Fund Contribution**

4.8 Other Means of Contribution to HKCC Participant Additional Deposits

HKCC Participant Additional Deposits may be contributed in the form of non-cash collateral including Exchange Fund Bills and Notes which satisfy or are subject to the same requirements and criteria as those set forth in section 2.6.4 for Exchange Fund Bills and Notes that are provided as a means of cover for Clearing House margin liability.

**Chapter 5 Capital-Based Position Limits**

5.1 Position Limits Prescribed by the Clearing House

For the purpose of this Chapter, the term "Liquid Capital" shall, where applicable, be construed as the "apportioned Liquid Capital" and for the purpose of calculating the gross and net limits of an HKCC Participant, its Liquid Capital shall be adjusted to include its cash contribution to the Reserve Fund Deposits as at the date of its latest monthly return filed with the Commission under the Financial Resources Rules and received by the Clearing House from the Commission.

Unless otherwise determined by the Clearing House, the gross and net position limits shall be calculated as follows:

Gross Limit = 6 x Liquid Capital

(i.e., 6 x Liquid Capital  
≥ the sum of the gross margin liabilities of the House,  
Omnibus Client, Individual Client, Client Offset Claim,  
Sink and Market Maker ("MM") Accounts; or

Liquid Capital  
≥ 16.7% x the sum of the gross margin liabilities of the  
House, Omnibus Client, Individual Client, Client Offset  
Claim, Sink and MM Accounts)

Net Limit = 3 x Liquid Capital

(i.e., 3 x Liquid Capital  
≥ the sum of the net margin liabilities of the House, Client,  
Sink and MM Accounts; or

Liquid Capital  
≥ 33.3% x the sum of the net margin liabilities of  
the House, Client, Sink and MM Accounts)

## 5.2 Extension of Position Limits

An HKCC Participant may increase its Liquid Capital, whether by revising the amount or percentage of Liquid Capital apportioned or otherwise, to extend its position limits.

Based on the gross and net margin liabilities calculated by the Clearing House at the end of the T Session of each Business Day, if the gross and/or net position limit of an HKCC Participant are/is exceeded, the HKCC Participant must take remedial action by increasing its Liquid Capital. The remedial action must be taken

- within 10 Business Days if the HKCC Participant pays or delivers to the Clearing House an additional margin equivalent to 25% of whichever is the higher of:
  - its gross margin liability in excess of its gross position limit; or
  - its net margin liability in excess of its net position limit; or
- immediately in any other case.

Upon the expiry of the applicable time period, the HKCC Participant must, or failing which the Clearing House may, close out or transfer to any other HKCC Participant or HKCC Participants all positions in excess of the position limit.

## 5.3 T+1 Session Position Limit

The Clearing House will regularly monitor the net margin liabilities against the net position limit of all clearing accounts of each HKCC Participant during the T+1 Session. Unless otherwise determined by the Clearing House, the net position limit of the T+1 Session shall be calculated as follows:

Net Limit = 3 x Liquid Capital

(i.e., 3 x Liquid Capital  
≥ the sum of the net margin liabilities of the House, Client,  
Sink and MM Accounts; or

Liquid Capital  
≥ 33.3% x the sum of the net margin liabilities of the House,  
Client, Sink and MM Accounts)

Schedule I

***INTEREST AND ACCOMMODATION CHARGE STRUCTURE***

2. ACCOMMODATION CHARGES PAYABLE BY HKCC PARTICIPANTS

Clearing House margin covered by Exchange Fund Bills/Notes/ U.S. Government Treasury Bills and Notes/ Other non-cash collateral	— to be determined by the Clearing House from time to time in its absolute discretion
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