

Operational Clearing Procedures for Options Trading Exchange Participants

7. COLLATERAL

7.4 Exchange Fund Bills/Notes 7.4.3 Interest Payment of EFBN

Where interest is paid to SEOCH in relation to EFBN which are the subject of cover for margin or Variable Contribution requirement provided by a SEOCH Participant, SEOCH will pay to the SEOCH Participant by crediting the relevant CCMS Collateral Account of the SEOCH Participant on the same Business Day, a sum equivalent to the amount of such interest ~~that the SEOCH Participant would have been entitled to receive had the EFBN not been provided to SEOCH and had been retained by the SEOCH Participant on the interest payment date~~, less any withholding tax that may be required to be deducted pursuant to any applicable tax laws and regulations ~~and/or net of any Withholding Tax (whether withheld by SEOCH or any other parties)~~. SEOCH will have no obligation to gross-up any such interest payment or to pay any additional amount as a result of such deduction or Withholding Tax. Without prejudice to the foregoing, to the extent required by the Tax Information Exchange Framework, SEOCH shall be entitled to deduct or withhold Withholding Tax ~~(whether withheld by SEOCH or any other parties) from any payment of interest money (or payment of any other income) received by SEOCH in relation to the EFBN to a SEOCH Participant (or from any other payment made by SEOCH to a SEOCH Participant) and shall have no obligation to gross-up any such payment or to pay any additional amount as a result of such Withholding Tax.~~

7.4.4 Maturity Redemption of EFBN

Where redemption money is paid to SEOCH upon maturity of any EFBN which is the subject of cover for margin or Variable Contribution requirement provided by a SEOCH Participant, unless otherwise notified to the contrary by SEOCH, SEOCH will pay to the SEOCH Participant, by crediting the relevant CCMS Collateral Account of the SEOCH Participant on the Business Day following maturity of the EFBN, a sum equivalent to the amount of such redemption money ~~that the SEOCH Participant would have been entitled to receive had the EFBN not been provided to SEOCH and had been retained by the SEOCH Participant on the redemption money payment date~~, less any withholding tax that may be required to be deducted pursuant to any applicable tax laws and regulations ~~and/or net of any Withholding Tax (whether withheld by SEOCH or any other parties)~~. SEOCH will have no obligation to gross-up any such redemption money or to pay any additional amount as a result of such deduction or Withholding Tax. Without prejudice to the foregoing, to the extent required by the Tax Information Exchange Framework, SEOCH shall be entitled to deduct or withhold Withholding Tax ~~(whether withheld by SEOCH or any other parties) from any payment of redemption money (or payment of any other income) received by SEOCH in relation to the EFBN to a SEOCH Participant (or from any other payment made by SEOCH to a SEOCH Participant) and shall have no obligation to gross-up any such payment or to pay any additional amount as a result of such Withholding Tax.~~ SEOCH will, on the same day, debit the matured EFBN from the CCMS Collateral Account of the SEOCH Participant.