

- (i) to the extent that a particular subject matter or data field appearing in an Original Non Deliverable Rates Derivatives Transaction is prescribed for in the ND IRS Template, the election made with respect to such subject matter or data field in the Original Non Deliverable Rates Derivatives Transaction is consistent with that prescribed for in the relevant ND IRS Template; and
- (ii) to the extent that a particular subject matter or data field appearing in an Original FX Derivatives Transaction is prescribed for in the EMTA Template, the election made with respect to such subject matter or data field in the Original FX Derivatives Transaction is consistent with that prescribed for in the relevant EMTA Template.

### 3.4.2 Specific Requirements for an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction, and an Original Non Deliverable Rates Derivatives Transaction

3.4.2.1 OTC Clear will only accept the types of Original Standard Rates Derivatives Transaction, Original Standard Cross-currency Rates Derivatives Transaction and Original Non Deliverable Rates Derivatives Transaction for registration as set out in the table as follows:

Instrument		Currencies / Currency Pairs (swap)	Floating Rate Option	Maximum Residual Term	Designated Maturity
Original Standard Rates Derivatives Transactions	Single currency interest rate swaps	USD	USD-LIBOR-BBA	10 years (3,660 days)	One month, three months, six months and one year
		EUR	EUR-EURIBOR-Reuters EUR-LIBOR-BBA	10 years (3,660 days)	One month, three months, six months and one year
		HK\$	HKD-HIBOR-HKAB	10 years (3,660 days)	One month, three months, six months and one year
		CNY (offshore)	CNY-SHIBOR-Reuters CNH-HIBOR-TMA	10 years (3,660 days)	One month, three months, six months and one year
	Single currency basis swaps	USD	USD-LIBOR-BBA	10 years (3,660 days)	One month, three months, six months and one year
		EUR	EUR-EURIBOR-Reuters	10 years (3,660 days)	One month, three months, six months and one year
			EUR-LIBOR-BBA		
		HK\$	HKD-HIBOR-HKAB	10 years (3,660 days)	One month, three months, six months and one year

Instrument		Currencies / Currency Pairs (swap)	Floating Rate Option	Maximum Residual Term	Designated Maturity
					one year
Original Standard Cross-currency Rates Derivatives Transactions	Cross-currency interest rate swaps and Cross-currency basis swaps	CNY (offshore) and USD	CNY (offshore): CNH-HIBOR-TMA CNY-SHIBOR-Reuters	10 years (3,660 days)	One month, three months, six months and one year
			USD: USD-LIBOR-BBA		
Original Non Deliverable Rates Derivatives Transactions	Non-deliverable interest rate swaps	CNY	CNY-CNREPOFIX=CFX S-Reuters	5 years (1,830 days)	Not Applicable
		INR	INR-MIBOR-OIS-COMPOUND	10 years (3,660 days)	Not Applicable
			INR-FBIL-MIBOR-OIS-COMPOUND		
		KRW	KRW-CD-KSDA-Bloomberg	10 years (3,660 days)	Three months
			KRW-CD-3220		
		MYR	MYR-KLIBOR-BNM	10 years (3,660 days)	Three months
		THB	THB-THBFIX-Reuters	10 years (3,660 days)	Six months
TWD	TWD-TAIBOR-Reuters	10 years (3,660 days)	Three months		

### 3.4.2.2 Day Count Fraction

OTC Clear will only accept the Floating Rate Day Count Fractions as follows:

Instrument		Currencies	Floating Rate Day Count Fraction
Original Standard Rates Derivatives Transactions	Single currency interest rate swaps	USD	Actual/360
		EUR	Actual/360
		HK\$	Actual/365 (Fixed)
		CNY (offshore)	Actual/360 and Actual/365 (Fixed)
	Single currency basis	USD	Actual/360

Instrument		Currencies	Floating Rate Day Count Fraction
	swaps	EUR	Actual/360
		HK\$	Actual/365 (Fixed)
Original Standard Cross-currency Rates Derivatives Transactions	Cross-currency interest rate swaps	USD	Actual/360
		CNY (offshore)	Actual/360 and Actual/365 (Fixed)
	Cross-currency basis swaps	USD	Actual/360
		CNY (offshore)	Actual/360 and Actual/365 (Fixed)
Original Non Deliverable Rates Derivatives Transactions	Non-deliverable interest rate swaps	CNY	Actual/365 (Fixed)
		INR	Actual/365 (Fixed)
		KRW	Actual/365 (Fixed)
		MYR	Actual/365 (Fixed)
		THB	Actual/365 (Fixed)
		TWD	Actual/365 (Fixed)

OTC Clear will accept any of the following Fixed Rate Day Count Fractions:

- (i) Actual/Actual;
- (ii) Actual/365 (Fixed);
- (iii) Actual/360;
- (iv) 30/360;
- (v) 30E/360; and
- (vi) 30E/360 (ISDA).

#### 3.4.2.3 Business Day for Payment Dates

- (i) with regard to an Original Standard Rates Derivatives Transaction, OTC Clear will accept such Original Standard Rates Derivatives Transaction for registration only if the financial center(s) as shown in the table below in the column entitled "Mandatory Financial Center" and marked against the relevant Contractual Currency has/have been elected for such Original Standard Rates Derivatives Transaction for the purpose of determining Payment Dates:

Contractual Currencies	Mandatory Financial Center
USD	New York
EUR	TARGET
HK\$	Hong Kong
CNY (offshore)	Beijing and Hong Kong

- (i) greater than or equal to one unit of the relevant currency;
- (ii) an integer if the relevant Notional Amount is denominated in KRW, or an integer or a number rounded up to two or less decimal points if the relevant Notional Amount is denominated in USD, EUR, HK\$, CNY (offshore), CNY, INR, MYR, THB or TWD; and
- (iii) the same for each Calculation Period during the term of that particular Original Transaction.

#### **3.4.2.7 Effective Date**

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if:

- (i) only one Effective Date is applicable to that particular Original Transaction; and
- (ii) such an Effective Date is not subject to any adjustment (in accordance with any Business Day Convention).

For the avoidance of doubt, the Effective Date specified for an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction may fall prior to, after, or on the same date as the date on which such Original Transaction is submitted for registration.

#### **3.4.2.8 Calculation Period**

- (i) The period of time between one Period End Date to the next following Period End Date is known as the “interval” for the purpose of this section 3.4.2.8 and section 3.4.2.12. For example, if the Period End Dates fall on 1 January 2013, 1 April 2013, 1 July 2013 and 1 October 2013 of calendar year 2013, then the interval will be quarterly;
- (ii) the period of time between one Payment Date to the next following Payment Date is known as the “frequency of payment” for the purpose of this section 3.4.2.8 and section 3.4.2.12. For example, if the term of an Original Transaction is one year, and the Payment Dates fall on 30 June and 30 December of that calendar year, the “frequency of payment” for that particular Original Transaction is 6 months;
- (iii) Floating Amount

with regard to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction or an Original Non Deliverable Rates Derivatives Transaction and the Floating Rate Payer for that particular Original Transaction (or if a Fixed Rate Payer is not applicable to that particular Original Transaction, then each Floating Rate Payer), OTC Clear will accept that particular Original Transaction for registration provided that:

- (a) the frequency of payment of such Floating Amount is the same as the interval of the Calculation Period of such Floating Amount as designated by the Clearing Members; and
- (b) the intervals for the initial Calculation Period, the final Calculation Period and all other Calculation Periods (if applicable) in respect of the Floating Amounts payable by the Floating Rate Payer during the term of the Original Transaction are the same; and
- (iv) Fixed Amount

with regard to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction or an Original Non Deliverable Rates Derivatives Transaction whose terms include one or more Fixed Amount(s), OTC Clear will accept that particular Original Transaction for registration provided that:

- (a) the frequency of payment of such Fixed Amount is the same as the interval of the Calculation Period of such Fixed Amount as designated by the Clearing Members; and
- (b) the intervals for the initial Calculation Period, the final Calculation Period and all other Calculation Periods (if applicable) in respect of the Fixed Amount(s) being payable during the term of the Original Transaction are the same.

#### **3.4.2.9 Interpolation**

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction or an Original Non Deliverable Rates Derivatives Transaction for registration only if interpolation is inapplicable.

#### **3.4.2.10 Period End Date**

- (i) OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, KRW, MYR, THB or TWD for registration only if either:
  - (a) the Termination Date and all Period End Dates of that particular Original Transaction are subject to adjustment; or
  - (b) none of the Termination Date or any Period End Dates of that particular Original Transaction is subject to adjustment;
- (ii) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in INR, OTC Clear will accept such Original Transaction for registration only if the Termination Date and all Period End Dates of that particular Original Transaction are subject to adjustment; and
- (iii) if the Period End Date(s) or Payment Date(s) is/are designated to be the last calendar day of a calendar month during the term of an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction regardless of the currency in which such Original Non Deliverable Rates Derivatives Transaction is denominated, OTC Clear will accept such Original Transaction for registration provided that both the Effective Date and Termination Date of that particular Original Transaction fall on the last calendar day of a relevant calendar month.

#### **3.4.2.11 Payment Lag**

In respect of each Original Transaction, payment lag is the number of the relevant Business Days by which the Payment Date precedes or follows the Period End Date of the relevant Calculation Period of that particular Original Transaction.

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if the payment lag is zero.

### 3.4.2.12 Payment Date

- (i) Original Standard Rates Derivatives Transaction and Original Standard Cross-currency Rates Derivatives Transaction

With regard to both an Original Standard Rates Derivatives Transaction and Original Standard Cross-currency Rates Derivatives Transaction, OTC Clear will accept such Original Transaction for registration only if:

- (a) with respect to the Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction, then with respect to each Floating Rate Payer), the frequency of payment of each Floating Amount payable by such Floating Rate Payer during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members is:
  - (A) the same as the interval of the Calculation Period of the Floating Amount payable by such Floating Rate Payer during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members;
  - (B) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to the Floating Amount payable by such Floating Rate Payer;
  - (C) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and
  - (D) three months if IMM Settlement Dates are applicable; and
- (b) the frequency of payment of each Fixed Amount (if applicable) being payable during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members is:
  - (A) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members;
  - (B) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and
  - (C) three months if IMM Settlement Dates are applicable;

- (ii) Original Non Deliverable Rates Derivatives Transaction

With regard to an Original Non Deliverable Rates Derivatives Transaction, OTC Clear will accept such Original Non Deliverable Rates Derivatives Transaction for registration only if:

- (a) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY or INR, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:

- (A) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members;
  - (B) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and
  - (C) three months if IMM Settlement Dates are applicable;
- (b) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in KRW, MYR or TWD, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:
- (A) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members;
  - (B) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to the Floating Amount payable by the Floating Rate Payer; and
  - (C) three months only;
- (c) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in THB, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:
- (A) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members;
  - (B) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to the Floating Amount payable by the Floating Rate Payer; and
  - (C) six months only;
- (d) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, INR, KRW, MYR or TWD, the frequency of payment of each Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:
- (A) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members;
  - (B) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and
  - (C) three months if IMM Settlement Dates are applicable; and
- (e) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in THB, the frequency of payment of each Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:

- (A) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members; and
  - (B) one month, three months, six months or one year;
- (iii) Original Standard Rates Derivatives Transaction and Original Non Deliverable Rates Derivatives Transaction

With regard to both an Original Standard Rates Derivatives Transaction and Original Non Deliverable Rates Derivatives Transaction, OTC Clear will accept such Original Transaction for registration only if the date on which OTC Clear performs the product eligibility requirements checks (set out in this section 3.4) on that particular Original Transaction precedes any forthcoming Payment Date of that particular Original Transaction by a minimum of four days, where each of these four days is (a) a Currency Day for the Contractual Currency of that particular Original Transaction and (b) an OTC Clear Clearing Day; and

- (iv) Original Standard Cross-currency Rates Derivatives Transaction

With regard to an Original Standard Cross-currency Rates Derivatives Transaction, OTC Clear will accept such Original Transaction for registration only if the date on which OTC Clear performs the product eligibility requirements checks (set out in this section 3.4) on that particular Original Transaction precedes any forthcoming Payment Date (other than Initial Exchange Date in respect of Initial Exchange Amount (if applicable) which is set out in section 3.4.2.28 and Payment Dates in respect of Additional Payments which are set out in section 3.4.2.17) of that particular Original Transaction by a minimum of four days, where each of these four days is (a) a Currency Day for each Contractual Currency of that particular Original Transaction and (b) an OTC Clear Clearing Day.

#### **3.4.2.13 Fixed Amount**

OTC Clear will accept for registration an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction to which Fixed Amount is applicable only if a Fixed Rate is specified and such rate is:

- (i) greater than or equal to zero;
- (ii) the same for each Calculation Period; and
- (iii) an integer or a number rounded up to seven or less decimal points.

For the avoidance of doubt, no amount should be specified as the Fixed Amount.

#### **3.4.2.14 Floating Rate Option**

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if the Floating Rate Option elected for the Floating Amounts payable by the Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that particular Original Transaction, then each Floating Rate Payer) is:

- (i) consistent with Floating Rate Options as set out in section 3.4.2.1; and



- (ii) with respect to the Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that Original Transaction, then with respect to each Floating Rate Payer), the same for all the relevant Calculation Periods of the Floating Amounts payable by such Floating Rate Payer.

For the avoidance of doubt, OTC Clear will not accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction or an Original Non Deliverable Rates Derivatives Transaction for registration if the Floating Rate has been designated by a Clearing Member.

#### **3.4.2.15 Reset Date**

OTC Clear will accept an Original Transaction for registration only if:

- (i) with regard to an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, any Reset Date is the first day of each Compounding Period;
- (ii) with regard to an Original Non Deliverable Rates Derivatives Transaction which is denominated in INR, any Reset Date is the last day of each relevant Calculation Period;
- (iii) with regard to an Original Non Deliverable Rates Derivatives Transaction which is denominated in KRW, MYR, THB or TWD, any Reset Date is the first day of each relevant Calculation Period; and
- (iv) with regard to both an Original Standard Rates Derivatives Transaction and an Original Standard Cross-currency Rates Derivatives Transaction, any Reset Date is the first day of each relevant Calculation Period.

#### **3.4.2.16 Spread**

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration regardless of whether Spread is applicable or not.

If Spread is applicable to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction, however, OTC Clear will accept that particular Original Transaction for registration only if the Spread is:

- (i) an integer or a number rounded up to seven or less decimal points; and
- (ii) the same for each Calculation Period.

#### **3.4.2.17 Additional Payment**

“**Additional Payment**” as used in this Chapter 3 means any additional payment specified in an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction as being payable by the relevant Clearing Member(s) pursuant to the terms therein, and forming part of the Contract Terms upon registration of the Original Transaction.

OTC Clear will only accept an Original Non Deliverable Rates Derivatives Transaction for registration if no Additional Payment is specified in the terms of such Original Non Deliverable Rates Derivatives Transaction.

OTC Clear will accept for registration an Original Standard Rates Derivatives Transaction and an Original Standard Cross-currency Rates Derivatives Transaction regardless of whether Additional Payment is applicable or not.

In respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, OTC Clear will accept such Original Non Deliverable Rates Derivatives Transaction for registration only if:

- (i) Compounding is elected to be applicable; and
- (ii) Straight Compounding is applicable.

In respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in INR, KRW, MYR, THB or TWD, OTC Clear will accept such Original Non Deliverable Rates Derivatives Transaction for registration only if Compounding is elected to be inapplicable to such Original Non Deliverable Rates Derivatives Transaction.

#### **3.4.2.19 Designated Maturity**

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if the Designated Maturity elected for the relevant Floating Rate Option in respect of the Floating Amounts payable by the Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that particular Original Transaction, then with respect to each Floating Rate Payer) of that particular Original Transaction is:

- (i) consistent with the period stipulated in section 3.4.2.1; and
- (ii) the same for all relevant Calculation Periods of the Floating Amounts payable by such Floating Rate Payer.

#### **3.4.2.20 Settlement Currency**

This is applicable to an Original Non Deliverable Rates Derivatives Transaction only.

OTC Clear will accept an Original Non Deliverable Rates Derivatives Transaction for registration only if the Settlement Currency of that particular Original Non Deliverable Rates Derivatives Transaction is USD.

#### **3.4.2.21 Optional Early Termination and Mandatory Early Termination**

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration regardless of whether Optional Early Termination of such Original Transaction is applicable or not.

If Optional Early Termination is applicable to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction, however, OTC Clear will accept that particular Original Transaction for registration only if both parties have the right to early terminate the Original Transaction.

If Optional Early Termination is provided for under the terms of an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction:

- (i) OTC Clear will not maintain or record the feature of Optional Early Termination within its Rates and FX Clearing System when registering such Original Transaction;
- (ii) the Optional Early Termination feature, and its related provisions, will not form part of the Contract Terms of the Contracts created as a result of registration of such Original Transaction; and

- (iii) Clearing Members who become parties to the Contracts created as a result of registration of such Original Transaction may not exercise the right to early terminate such Contracts.

OTC Clear will not accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration if such Original Transaction contains provisions permitting Mandatory Early Termination.

#### **3.4.2.22 IMM Settlement Dates**

- (i) OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, INR, KRW, MYR or TWD for registration regardless of whether IMM Settlement Dates are applicable or not.
- (ii) If IMM Settlement Dates are applicable to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, INR, KRW, MYR or TWD, OTC Clear will accept that particular Original Transaction for registration only if
  - (a) such IMM Settlement Dates are limited to the third Wednesday of March, June, September and December of each calendar year; and
  - (b) both the Effective Date and Termination Date of that particular Original Transaction fall on a day which is the third Wednesday of March, June, September or December of a calendar year.
- (iii) OTC Clear will accept an Original Non Deliverable Rates Derivatives Transaction which is denominated in THB for registration only if IMM Settlement Dates are inapplicable.

#### **3.4.2.23 Unweighted Average and Weighted Average**

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if neither Unweighted Average nor Weighted Average is elected as applicable.

#### **3.4.2.24 Termination Date**

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if only one Termination Date is applicable to that particular Original Transaction.

If both the Effective Date and Termination Date of an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction fall on the last calendar day in the relevant calendar month, OTC Clear will accept that particular Original Transaction for registration only if the Period End Date(s) or Payment Date(s) is/are designated to be the last calendar day in any calendar month(s) during the term of such Original Transaction.

#### **3.4.2.25 Novation Transaction**

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives

there is not any such numerically corresponding day in the calendar month in which the Payment Date or Period End Date would otherwise fall, then the relevant Payment Date or Period End Date shall be deemed to fall on the last calendar day of the relevant calendar month, and be subject to adjustment in accordance with the Business Day Convention specified in the Contract Terms relating to such Standard Rates Derivatives Contract, Standard Cross-currency Rates Derivatives Contract or Non Deliverable Rates Derivatives Contract.

#### **3.8.1.1.1 Calculation of the Fixed Amount**

Calculation of the Fixed Amount is based on the methodologies stipulated in Sections 5.1(b) and 5.2 of the ISDA Definitions and the Economic Terms specified in the relevant Contract.

For the avoidance of doubt, irrespective of the Registration Time of a Contract, the Calculation Period of a Fixed Amount of such Contract is the period from and including the immediately preceding Period End Date (or the Effective Date if such Calculation Period is the initial Calculation Period of that particular Contract) to but excluding the Period End Date of the relevant Calculation Period (or the Termination Date if such Calculation Period is the final Calculation Period of that particular Contract).

#### **3.8.1.1.2 Calculation of the Floating Amount**

- (i) In respect of a Standard Rates Derivatives Contract, calculation of the Floating Amount is based on the methodologies stipulated in Section 6.1 of the ISDA Definitions and the Economic Terms specified in the relevant Standard Rates Derivatives Contract;
- (ii) in respect of a Non Deliverable Rates Derivatives Contract which is denominated in CNY, calculation of the Floating Amount is based on the methodologies stipulated in Section 6.3(c) of the ISDA Definitions and the Economic Terms specified in the relevant Non Deliverable Rates Derivatives Contract and the Compounding Date is deemed to be each relevant CNY 7-Repo Compounding Date in accordance with Section 7.1(ah)(ii) of the ISDA Definitions;
- (iii) in respect of a Non Deliverable Rates Derivatives Contract which is denominated in INR, KRW, MYR, THB or TWD, calculation of the Floating Amount is based on the methodologies stipulated in Section 6.1 of the ISDA Definitions and the Economic Terms specified in the relevant Non Deliverable Rates Derivatives Contract; and
- (iv) in respect of a Standard Cross-currency Rates Derivatives Contract, calculation of the Floating Amount is based on the methodologies stipulated in Section 6.1 of the ISDA Definitions and the Economic Terms specified in the relevant Standard Cross-currency Rates Derivatives Contract.

For the avoidance of doubt, irrespective of the Registration Time of a Contract, the Calculation Period of a Floating Amount of such Contract is the period from and including the immediately preceding Period End Date (or the Effective Date if such Calculation Period is the initial Calculation Period of that particular Contract) to but excluding the Period End Date of the relevant Calculation Period (or the Termination Date if such Calculation Period is the final Calculation Period of that particular Contract).

A Clearing Member should note the provisions set out in Clearing Rules 2222, 2319 and 2518 in relation to the applicability of the "Negative Interest Rate Method" to a Standard Rates Derivatives Contract, Standard Cross-currency Rates Derivatives Contract or Non Deliverable Rates Derivatives Contract, as applicable.

#### **3.8.1.1.3 Determination of the Rate for a Reset Date**

The rate for a Reset Date, including the source and the time at which such source is obtained from the relevant provider, is determined by reference to Article 7 of the ISDA Definitions.

## 8.6 Auction

### 8.6.1 Auction Protocol

The entire Auction process may take a number of days, but is expected to be completed as soon as reasonably practicable. Auction Portfolios may be auctioned at different times. Each Auction Portfolio shall be subject to its own Auction.

In respect of each Auction, DMP Information relating to such Auction will be provided to each Non-Defaulting Clearing Member participating in such Auction. The information provided will allow the Non-Defaulting Clearing Members to assess the risk in the Auction Portfolio and value the same.

### 8.6.2 Construction of Auction Portfolio

OTC Clear will, in consultation with the Default Management Group, construct various Auction Portfolios in respect of the Auction Book relating to a Defaulting Clearing Member. Clearing Rules 1902 to 1904 set out the general principle in constructing such Auction Portfolios, and OTC Clear, in consultation with the Default Management Group, will review the Transaction Categories that the Defaulting Clearing Member had registered with OTC Clear immediately before the occurrence of the DMP Event. An Auction Portfolio may contain Auction Positions belonging to more than one Transaction Category.

The following example illustrates how the Auction Portfolio construction process works:

Assuming OTC Clear has four Clearing Members: Clearing Member A "CM-A", Clearing Member B "CM-B", Clearing Member C "CM-C", and Clearing Member D "CM-D". Assuming further that CM-D is in default and immediately prior to default, it had registered Contracts with OTC Clear belonging to the following Transaction Categories: Rates Derivatives Contracts denominated in CNY (offshore) ("**CNY IRS**"), FX Derivatives Contracts denominated in CNY ("**CNY NDF**") and Rates Derivatives Contracts denominated in HK\$ ("**HK\$ IRS**").

In the example above, subsequent to the creation of the Auction Book relating to CM-D on the Special Default Account, three Auction Portfolios may be constructed for CM-D:

- (i) CNY IRS = 50%
- (ii) CNY NDF = 40%
- (iii) HK\$ IRS = 10%

In the event that OTC Clear, in consultation with the Default Management Group, determines that the likelihood of successfully disposing all Auction Positions on the Auction Book relating to CM-D will be increased by combining CNY IRS with CNY NDF, it may do so as follows:

- (a) CNY IRS + CNY NDF = 90%
- (b) HK\$ IRS = 10%

In either of the above examples, the percentages marked against each of the three Auction Portfolios is the RAP (please refer to Clearing Rule 1913) determined in respect of each such Auction Portfolio by OTC Clear in consultation with the Default Management Group.

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