

Chapter 7 Designated Person

General

701. A Designated Person may submit an Original Transaction or an Original Northbound Transaction to OTC Clear on behalf, and in the name, of its Clearing Member for purposes of registering such transaction to form a Contract between OTC Clear and such Clearing Member.
702. In order to be approved as a Designated Person by OTC Clear, a Clearing Member may submit for OTC Clear's approval one or more of its Affiliates and/or CM Branches to act as its Designated Person(s) and it must clearly indicate the branch location or jurisdiction of incorporation and the location from which it may utilize the Rates and FX Clearing Services (including the location from which it may submit an Original Transaction or an Original Northbound Transaction), as applicable, of each CM Branch or Affiliate whom it proposes to become its Designated Person.
703. A Designated Person can only be attached to one (and not more than one) Clearing Member at any given time and a CM Branch can only be a Designated Person of the Clearing Member of which it is a branch.
704. OTC Clear has the sole right and discretion in determining whether to approve an Affiliate or a CM Branch to be a Designated Person of a Clearing Member. OTC Clear will only accept for registration Original Transactions or Original Northbound Transactions submitted by the Clearing Member or by its Designated Person(s).
705. Each Clearing Member represents that unless prior written approval has been obtained from OTC Clear, it will only utilize the Rates and FX Clearing Services through its place of business in Hong Kong, or through its Designated Person(s) at the branch location or jurisdiction of incorporation or the location from which it may submit an Original Transaction or an Original Northbound Transactions, as applicable, each of which as approved by OTC Clear.
706. Each Clearing Member acknowledges that its Affiliate may submit Original Transactions or Original Northbound Transactions for registration in the capacity as the Designated Person of such Clearing Member.
- 706A. An Affiliate of a Clearing Member wishing to utilize the clearing services offered by OTC Clear in respect of Original Transactions and Original Northbound Transactions to which it is a party may enter into a Client Clearing Agreement with (and become a Client of) its Clearing Member or any other Clearing Member.
707. A Clearing Member may request OTC Clear to remove the status of one or more Designated Persons and OTC Clear will only be required to accept such request if no Contracts relating to the Original Transaction or Original Northbound Transaction that have been originally submitted for registration by such Designated Person are outstanding, and OTC Clear is satisfied that there is no outstanding liability or sums owing to OTC Clear in respect of such Contracts.

Continuing Authority of a Designated Person

708. Each Clearing Member confirms that it has granted continuing authority to each of its Designated Person(s) to carry out any and all acts on behalf of such Clearing Member, and accordingly:

- (1) it waives any defences it may otherwise have as to the lack of authority of its Designated Persons to act on its behalf; and
- (2) in respect of any instruction initiated or provided by a Designated Person, OTC Clear is under no obligation to notify, or verify such instruction with, the relevant Clearing Member. OTC Clear shall be deemed to have acted in good faith if it acts in accordance with the instructions of a Designated Person.

Acknowledgment by a Designated Person

709. Without prejudice to the operation of Clearing Rule 708, OTC Clear may, from time to time, limit, restrict or vary the scope in which a Designated Person may submit Original Transactions or Original Northbound Transactions to OTC Clear on behalf, or in the name, of its Clearing Member and OTC Clear will notify the relevant Clearing Member of any such limitation, restriction or variation.