

13A. CONTRACT TERMINATION**13A.1 Contract Termination Process**

Following the occurrence of an event of default, if SEOCH reasonably believes that it will not be able to close out, sell, exercise, transfer and hedge all or any OCH Contracts of the Defaulter within a reasonable time as determined by SEOCH, SEOCH may, without prejudice to any other rights under the Clearing Rules, invoke the contract termination process as provided for in Clearing Rules 723A to 723E in consultation with the Commission.

If SEOCH invokes contract termination in accordance with Clearing Rule 723A, it shall determine the Identified OCH Contracts under Clearing Rule 723B and notify the relevant SEOCH Participants of its determination, including details of the Identified OCH Contracts and the effective date of termination of such Identified OCH Contracts. Notwithstanding the above, at any time during the contract termination process but prior to the effective date of termination of the relevant Identified OCH Contracts, SEOCH may instead of proceeding with the termination of such OCH Contracts, declare the occurrence of a Clearing Service Termination Event, and in such case the Identified OCH Contracts shall not be terminated in accordance with the contract termination process but shall be terminated in accordance with Clearing Rule 1301.

13A.1.1 Calculation of termination value

The termination value for each Identified OCH Contract shall be determined based on the fixing price determined in accordance with Section 9.2.1 of the Operational Clearing Procedures at the time of contract termination, or if such fixing price is not available, the price shall be such price as SEOCH may reasonably determine.

On the basis of the termination value established for each Identified OCH Contract, SEOCH shall, with respect to each relevant clearing account of each relevant SEOCH Participant, determine the resulting net sum payable by such SEOCH Participant to SEOCH for such clearing account (the "Termination Value Payable") or the resulting net sum receivable by such SEOCH Participant from SEOCH for such clearing account (the "Termination Value Receivable"). For the avoidance of doubt, an SEOCH Participant may have a Termination Value Payable in respect of one clearing account registered in its name, but a Termination Value Receivable in respect of another clearing account registered in its name. There shall be no combining or set-off between any house clearing account (including any clearing account which is not of a client nature) and client clearing accounts (including any clearing account which is of a client nature).

13A.1.2 Payment of Termination Value Payable and Termination Value Receivable**13A.1.2.1 Termination Value Payable**

SEOCH will notify each relevant SEOCH Participant of its Termination Value Payable(s) and each such SEOCH Participant shall pay the specified Termination Value Payable(s) to SEOCH in full within one Business Day or within such other time specified by SEOCH in the notice. If the relevant SEOCH Participant fails to pay the Termination Value Payable(s) within the time specified in the notice, SEOCH may declare such SEOCH Participant as a Defaulter.

In the event that SEOCH does not receive any part of the Termination Value Payable from a SEOCH Participant, SEOCH shall take reasonable steps to recover such amount. Such SEOCH Participant shall be responsible for any costs SEOCH reasonably incurs in attempting to recover such amounts and accordingly the Termination Value Payable actually received from such SEOCH Participant shall be deemed to be decreased by an amount equal to such costs, unless such costs are paid by such SEOCH Participant.

13A.1.2.2 Termination Value Receivable

SEOCH will notify each relevant SEOCH Participant of its Termination Value Receivable(s) upon determination.

13A.1.2.3 Payment

The amount of Termination Value Payable and Termination Value Receivable will be debited from or credited to (as the case may be) the relevant CCMS Collateral Account of the SEOCH Participant. To the extent that the collateral in the SEOCH Participant's relevant CCMS Collateral Account is insufficient, funds will be collected from the appropriate SEOCH Participant's account with the Designated Bank or Settlement Bank by Direct Debit Instructions. SEOCH Participants shall ensure that there are sufficient funds deposited in their Designated Bank or Settlement Bank accounts for debiting purpose.

The Termination Value Payable and Termination Value Receivable shall be settled in the Settlement Currency. To the extent that SEOCH determines that it is not possible or reasonably practicable to make payment in the Settlement Currency, the obligations of SEOCH shall be to make payment, in full or in part, in such other currency or currencies and at such conversion rate(s) as SEOCH may in its absolute discretion determine to be fair and reasonable, taking into account all relevant circumstances as it may consider appropriate.

13A.1.2.4 Liability of SEOCH

Upon termination of one or more Identified OCH Contracts under Clearing Rules 723A to 723E, all prevailing obligations of SEOCH and the relevant SEOCH Participant in respect of each such Identified OCH Contract between them (including the obligation to deliver any underlying securities under the Identified OCH Contracts) shall cease and be replaced with the obligation of SEOCH or the relevant SEOCH Participant, as the case may be, to pay the other party with respect to each clearing account registered in the name of such SEOCH Participant a net sum equal to the aggregate termination value of each Identified OCH Contract between them, as determined by SEOCH in accordance with Clearing Rule 723C and this Section of the Operational Clearing Procedures.