

CHAPTER 13

CLEARING SERVICE TERMINATION EVENT

Clearing Service Termination Event

1301. Notwithstanding Clearing Rules 205, 723A, 723F and 723G, if SEOCH, in consultation with the Commission, determines at any stage that:

- (1) the losses resulting from one or more events of default occurring within the same Capped Liability Period will exceed the resources available to it including those available to be applied under Clearing Rules 703(10) and 413 with respect to all such events of default; or
- (2) the clearing and settlement services in relation to OCH Contracts shall cease to be provided,

SEOCH shall notify all SEOCH Participants of its determination to cease providing clearing and settlement services in relation to OCH Contracts (a "Clearing Service Termination Event") and the clearing and settlement services will be wound down in accordance with Clearing Rules 1301 to 1304.

1302. Upon the occurrence of a Clearing Service Termination Event, every OCH Contract between SEOCH and a SEOCH Participant shall be automatically terminated and all prevailing obligations of SEOCH and such SEOCH Participant in respect of each such OCH Contract between them (including the obligations to deliver any underlying securities under such OCH Contract) 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 which shall take into account the termination value and any unpaid amounts of each such OCH Contract registered in the relevant clearing account as determined by SEOCH under this Clearing Rule and Section 19.1 of the Operational Clearing Procedures. The termination value for each 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. SEOCH may also take into account any unpaid amounts that have become due and payable in respect of any OCH Contract on or prior to the occurrence of the Clearing Service Termination Event.

1303. Following the payment by each relevant SEOCH Participant of the Limited Recourse Interim CP Payable or Limited Recourse Final CP Payable with respect to each clearing account of each relevant SEOCH Participant arising from such OCH Contracts, SEOCH shall pay an amount equal to the Margin Balance in respect of a SEOCH Participant to such SEOCH Participant in accordance with Section 19.1 of the Operational Clearing Procedures; and SEOCH shall pay an amount equal to the Reserve Fund Contributions Balance in respect of a SEOCH Participant or Former SEOCH Participant to such SEOCH Participant or Former SEOCH Participant in accordance with Section 19.1 of the Operational Clearing Procedures.

Liability of SEOCH under a Clearing Service Termination Event

1304. Notwithstanding the provisions of Clearing Rule 205, settlement (by payment, set-off or otherwise) of the Limited Recourse CP Receivable with respect to the clearing accounts of each relevant SEOCH Participant arising from such OCH Contracts pursuant to Clearing Rule 1302 and Section 19.1 of the Operational Clearing Procedures discharges in full the obligations of SEOCH in respect of these OCH Contracts and no SEOCH Participant or client of a SEOCH Participant shall have any recourse against SEOCH or to any fund or other entity, including without limitation any affiliate or recognized exchange controller which is the controller of SEOCH in relation to any OCH Contract once the resources available to SEOCH including those available to be applied under Clearing Rules 703(10) and 413 have been exhausted. In particular, no SEOCH Participant or client of a SEOCH Participant shall be entitled to instigate any action for the winding-up or the appointment of a receiver or manager over any property of SEOCH.