

香港場外結算有限公司
(香港交易及結算所有限公司附屬公司)

OTC CLEARING HONG KONG LIMITED
(A subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Amendments to the Clearing Rules and Clearing Procedures of OTC Clearing Hong Kong Limited (“OTC Clear”)
Enquiry: Hotline 2211 - 6538

Clearing Members are requested to note that the Securities and Futures Commission has approved amendments to the Clearing Rules and Clearing Procedures in connection with:

1. extension of OTC Clear’s clearing service to cross currency swaps denominated in US dollars (“USD”) against HK dollars (“HKD”);
2. extension of OTC Clear’s clearing service to deliverable foreign exchange derivatives (i.e. forwards and swaps) denominated in USD against Renminbi (offshore) and USD against HKD;
3. extension of residual tenor of HKD interest rate swaps and basis swaps from 10 years to 15 years;
4. extension of the notional exchange settlement window from 12:00–13:00 to 12:00–13:30; and
5. inclusion of matching and confirmation service for over-the-counter derivatives transactions provided by Traiana, Inc. as an Approved Trade Registration System.

The amendments, as set out in the Appendix, will come into effect on Monday, 30 April 2018.

The marked-up version of the amendments can be downloaded from the “Rule Update – Rules and Procedures of OTC Clear” section of the HKEX website.

Ferheen Mahomed
Group General Counsel

Amendments to OTC Clear's Clearing Rules and Clearing Procedures

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Chapter 26 Product Specific Terms for Deliverable FX Derivatives Contracts

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Chapter 1 Definitions and Interpretation

Breach Period	
“Contract”	means a contract between OTC Clear and a Clearing Member arising in accordance with these Clearing Rules, the terms and conditions of which are the relevant Contract Terms;
“Contract Terms”	means any of the Standard Rates Derivatives Contract Terms, Standard Cross-currency Rates Derivatives Contract Terms, Non Deliverable Rates Derivatives Contract Terms and , <u>Non Deliverable FX Derivatives Contract Terms, Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms</u> , as applicable;
“Contractual Currency”	<p>means:</p> <ol style="list-style-type: none"> (1) in respect of a Standard Rates Derivatives Contract or an Original Standard Rates Derivatives Transaction, the Currency in which the notional amount of such Standard Rates Derivatives Contract or Original Standard Rates Derivatives Transaction, as the case may be, is denominated; (2) in respect of a Standard Cross-currency Rates Derivatives Contract or an Original Standard Cross-currency Rates Derivatives Transaction, the Currencies in which the notional amounts of such Standard Cross-currency Rates Derivatives Contract or Original Standard Cross-currency Rates Derivatives Transaction, as the case may be, are denominated; (3) in respect of a Non Deliverable Rates Derivatives Contract or an Original Non Deliverable Rates Derivatives Transaction, the “Settlement Currency” of such Non Deliverable Rates Derivatives Contract or Original Non Deliverable Rates Derivatives Transaction, as the case may be; and (4) <u>(4) in respect of a Non Deliverable FX Derivatives Contract or an Original Non Deliverable FX Derivatives Transaction, the “Settlement Currency” of such Non Deliverable FX Derivatives Contract or Original Non Deliverable FX Derivatives Transaction, as the case may be;</u> (5) <u>(5) in respect of a Deliverable FX Forward Contract or an Original Deliverable FX Forward Transaction, the Currencies in which the notional amounts of such Deliverable FX Forward Contract or Original Deliverable FX Forward Transaction, as the case may be, are denominated; and</u> (6) <u>(6) in respect of a Deliverable FX Swap Contract or an Original Deliverable FX Swap Transaction, the Currencies in which the notional amounts of such Deliverable FX Swap Contract or Original Deliverable FX Swap Transaction, as the case may be, are denominated,</u> <p>where “Settlement Currency” as used in paragraphs (3) and (4) above has the meaning given to it in the FX Definitions;</p>
“Control”	means any Person or entity who is entitled to exercise or control the

	exercise of 35% or more of the voting power at general meetings of the other entity or Person, or who is in a position to control the composition of a majority of the board of directors of the other entity or Person;
“Corresponding Client Transaction”	means any transaction between a Clearing Member and its Client with commercial terms that correspond to the commercial terms of a Contract cleared by the Clearing Member on behalf of such Client;
“Currency Cum MTM(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period and a currency, the sum of Currency MTM Chg relating to the Currency Payment in such currency for each OTC Clear Clearing Day from (and including) the DMP Day to (and including) such OTC Clear Clearing Day t;
“Currency Cum VM Flow(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period and a currency, the total sum, if any, actually paid by OTC Clear to such Non-Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) in respect of the Currency VM Flow in such currency from (and including) the DMP Day to (and including) such OTC Clear Clearing Day t. Currency Cum VM Flow(t-1) shall be the value for Currency Cum VM Flow(t) calculated on the OTC Clear Clearing Day immediately preceding OTC Clear Clearing Day t during the Loss Distribution Period, provided that where OTC Clear Clearing Day t is the DMP Day, Currency Cum VM Flow(t-1) shall be zero;
“Currency Day”	means, in respect of a currency (including any Contractual Currency), a day on which commercial banks and foreign exchange markets in places where payment or settlement of such currency is normally settled are open for general business (including dealings in foreign exchange and foreign currency deposits);
“Currency MTM Chg(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period and a currency, the Currency Payment in such currency (converted, where applicable, into the Base Currency at the Latest Exchange Rate determined on such OTC Clear Clearing Day t) which would be paid by OTC Clear to such Non-Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) on such OTC Clear Clearing Day;
“Currency Pair”	means a currency pair the quotation of which provides the relative value of a currency unit against the unit of another currency;
“Currency Pair (swap and FX)”	means, in respect of an Original Standard Cross-currency Rates Derivatives Transaction— or, an Original Deliverable FX Forward Transaction, an Original Deliverable FX Swap Transaction, a Standard Cross-currency Rates Derivatives Contract, a Deliverable FX Forward Contract or a Deliverable FX Swap Contract, the currency pair in which the notional amounts are denominated;

“Currency Payment”	means, in respect of any OTC Clear Clearing Day and a currency, the aggregated amount which would be paid by OTC Clear to a Non-Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) (including all Variation Margin, coupons and fees but excluding payments of any <u>notional amount in respect of a Deliverable FX Derivatives Contract</u> , Initial Exchange Amount, Final Exchange Amount and VM Reversal due on that OTC Clear Clearing Day) in such currency on such OTC Clear Clearing Day without application of the VM Haircut;
“Currency VM Flow(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period and a currency, an amount equal to the net Currency Payment in such currency for that OTC Clear Clearing Day after taking into account the additional amount payable to OTC Clear or the amount received from OTC Clear pursuant to Clearing Rule 1524(2) or 1524(3);
“Custodian”	means any custodian appointed by OTC Clear from time to time;
“Daily GF Value”	has the meaning given to it in section 6.1.1(6) of the Clearing Procedures;
“Damage”	means any damage, loss, cost or expense of whatsoever nature;
“DCM GF Shortfall”	means, with respect to an Auction Portfolio constructed as a result of the occurrence of a DMP Event with respect to a Defaulting Clearing Member, the amount by which (1) the remaining Auction Losses relating to such Auction Portfolio after all applications pursuant to Clearing Rule 1914(1) exceeds (2) the product of RAP relating to such Auction Portfolio and the Rates and FX Contribution of such Defaulting Clearing Member;
“DCM GF Surplus”	means, with respect to an Auction Portfolio constructed as a result of the occurrence of a DMP Event with respect to a Defaulting Clearing Member, the amount by which (1) the product of RAP relating to such Auction Portfolio and the Rates and FX Contribution of such Defaulting Clearing Member exceeds (2) the remaining Auction Losses relating to such Auction Portfolio after utilization of the Initial House Resources in full;
“DCM Margin”	has the meaning given to it in Clearing Rule 1913(A)(1);
“Deed of Charge”	means a deed of charge between a Clearing Member and OTC Clear in respect of non-cash Collateral;
“Default Interest Rate”	means, with respect to an Eligible Currency, the higher of (i) best lending rate obtained by OTC Clear from its banker plus 2% per annum and (ii) the relevant interbank offered rate for such Eligible Currency plus 2% per annum as set out in the Fees Schedule;
“Default Management Group”	means the default management group established by OTC Clear in accordance with Clearing Rule 1605;

“Default Management Process”	has the meaning given to it in Clearing Rule 1601;
“Defaulting Clearing Member”	means any Clearing Member in respect of which a DMP Event has occurred;
“<u>Deliverable FX Derivatives</u>”	<u>means both Deliverable FX Forwards and Deliverable FX Swaps;</u>
“<u>Deliverable FX Derivatives Contract</u>”	<u>means a Contract relating to Deliverable FX Derivatives;</u>
“<u>Deliverable FX Forward</u>”	<u>means the types of derivatives transactions satisfying the Product Eligibility Requirements for Deliverable FX Forwards set out in section 3.4 of the Clearing Procedures;</u>
“<u>Deliverable FX Forward Contract</u>”	<u>means a Contract relating to a Deliverable FX Forward;</u>
“<u>Deliverable FX Forward Contract Terms</u>”	<u>has the meaning given to it in Clearing Rule 2601;</u>
“<u>Deliverable FX Swap</u>”	<u>means the types of derivatives transactions satisfying the Product Eligibility Requirements for Deliverable FX Swaps set out in section 3.4 of the Clearing Procedures;</u>
“<u>Deliverable FX Swap Contract</u>”	<u>means a Contract relating to a Deliverable FX Swap;</u>
“<u>Deliverable FX Swap Contract Terms</u>”	<u>has the meaning given to it in Clearing Rule 2601;</u>
“DTC”	means a “deposit-taking company” which has the same meaning as in the Banking Ordinance;
“Derivative Transaction”	means: (1) any transaction (including an agreement with respect to any such transaction) now existing or hereafter to which a Clearing Member is party to (a) which is a rate swap transaction, swap option, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest

<p>“Early Termination Date”</p>	<p>means, in respect of a Contract registered in the name of a Clearing Member, the date determined as an Early Termination Date for such Contract in accordance with Clearing Rule 210(1), 1303, 1305, 1320(1), 1321 or 1322, as the case may be. A Contract shall be terminated or novated with effect from the Early Termination Date relating to it;</p>
<p>“Economic Terms”</p>	<p>means the terms of a Contract derived from the Transaction Data relating to the corresponding Original Transaction;</p>
<p>“Eligibility Requirements”</p>	<p>means, with respect to an Original Transaction submitted for registration with OTC Clear, the eligibility requirements applicable to such Original Transaction as set out in sections 3.4 and 4.6 of the Clearing Procedures;</p>
<p>“Eligible Currency”</p>	<p>means any of Hong Kong dollars, U.S. dollars (“USD”), Euros (“EUR”) and CNY (offshore). The list of Eligible Currencies may be amended or updated by OTC Clear from time to time;</p>
<p>“Emergency Close-Out”</p>	<p>means the process by which:</p> <ol style="list-style-type: none"> <li data-bbox="544 902 1388 1742">(1) a Contract with the same terms as an existing Contract is created by OTC Clear pursuant to Clearing Rule 210, provided that (a) in respect of a Rates Derivatives Contract, if the Clearing Member is a floating rate payer under such Rates Derivatives Contract, such Clearing Member shall become the fixed rate payer under the new Rates Derivatives Contract and vice versa; (b) in respect of a Rates Derivatives Contract, if the Clearing Member is floating rate payer I under such Rates Derivatives Contract, such Clearing Member shall become the floating rate payer II under the new Rates Derivatives Contract and vice versa; and (c) in respect of a <u>Non Deliverable FX Derivatives Contract</u>, if the Clearing Member is a Reference Currency Buyer under such <u>Non Deliverable FX Derivatives Contract</u>, such Clearing Member shall become the Reference Currency Seller under the new <u>Non Deliverable FX Derivatives Contract</u> and vice versa; and (d) in respect of a <u>Deliverable FX Derivatives Contract</u>, if the Clearing Member is a payer of a notional amount under such <u>Deliverable FX Derivatives Contract</u>, such Clearing Member shall become the receiver of such notional amount under the new <u>Deliverable FX Derivatives Contract</u> and vice versa, and in each case, at a price and on the terms as determined by OTC Clear in a commercially reasonable manner; <li data-bbox="544 1765 1388 1899">(2) a Contract is novated from the relevant Clearing Member to another Clearing Member by agreement between OTC Clear and such other Clearing Member in a commercially reasonable manner on the designated Early Termination Date; or <li data-bbox="544 1921 1388 2018">(3) a Contract is terminated at a price and on the terms determined by OTC Clear in a commercially reasonable manner on the designated Early Termination Date;

“Force Majeure Event”	means any event beyond the control of any of OTC Clear, its Affiliates, a recognized exchange controller which is the controller of OTC Clear or any of their respective Representatives, or the relevant Clearing Member which may hinder, prevent or render it impossible or impracticable for OTC Clear or the relevant Clearing Member to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of a Contract or to comply with other material provision of the Clearing Documentation and/or Contract Terms under such Contract, and may include, but shall not be limited to, acts of God or the public enemy, acts of a civil or military authority, embargoes, fires, floods, explosions, accidents, labor disputes, mechanical breakdowns, failures in the payment systems or settlement systems, computer or system failures or other failures of equipment, failures of or defects in computer or system software, unavailability of or restrictions on any communication media for whatever reason (whether or not such media is used by Clearing Members), interruptions (whether in whole or in part) of power supplies or other utility or service, any law, decree, regulation or order of any government, competent authority or any court or tribunal;
“Former Clearing Member”	means, at any time, a Person who was a Clearing Member but a Membership Termination Date has occurred in respect of it prior to such time;
“FXC”	means The Foreign Exchange Committee;
“FX Derivatives”	means the types of derivative transactions identified as such in accordance with Chapter 3 of the Clearing Procedures; <u>means both Deliverable FX Derivatives and Non Deliverable FX Derivatives;</u>
“FX Derivatives Clearing Services”	means the service provided by OTC Clear in respect of clearing FX Derivatives transactions in the over-the-counter derivatives market in accordance with the Clearing Documentation;
“FX Derivatives Contract”	means a Contract relating to FX Derivatives;
“FX Derivatives Contract Terms”	has the meaning given to it in Clearing Rule 2401;
“FX Definitions”	means the 1998 FX and Currency Option Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC;
“Gainer VM Flow Adjustment(t)”	means the Gainer VM Flow Adjustment Base Currency(t) converted into the currency in which the relevant Currency Payment is denominated at the Latest Exchange Rate determined on OTC Clear Clearing Day t;
“Gainer VM Flow Adjustment Base Currency(t)”	means an amount determined in the Base Currency on the relevant OTC Clear Clearing Day t for each Currency Payment relating to a Position Account as follows: Currency MTM Chg(t) – (Currency Cum MTM(t) X (1-VM Haircut(t)) –

<u>“ISDA FX Deliverables Amendment”</u>	has the meaning given to it in Clearing Rule 2607;
“Junior Tranche”	has the meaning given to it in Clearing Rule 1914(4)(a);
“KRW”	means the lawful currency of the Republic of Korea;
“Latest Exchange Rate”	means, with respect to any day, the exchange rate determined and applied by OTC Clear on such day for converting a Currency Payment denominated in a currency other than the Base Currency into the Base Currency;
“Licensed Corporation”	means a corporation which is licensed to carry on regulated activity under section 116 of the SFO;
“Limited Recourse Applicable Percentage”	has the meaning given to it in Clearing Rule 1538(2);
“Limited Recourse Final CM Payable”	has the meaning given to it in Clearing Rule 1537(4);
“Limited Recourse Interim CM Payable”	has the meaning given to it in Clearing Rule 1537(1);
“Limited Recourse CM Receivable”	has the meaning given to it in Clearing Rule 1537(1);
“Loser VM Flow Adjustment(t)”	means the Loser VM Flow Adjustment Base Currency(t) converted into the currency in which the relevant Currency Payment is denominated in at the Latest Exchange Rate determined on OTC Clear Clearing Day t;
“Loser VM Flow Adjustment Base Currency(t)”	means an amount determined in the Base Currency on the relevant OTC Clear Clearing Day t for each Currency Payment relating to a Position Account as follows: Currency MTM Chg(t) – (Currency Cum MTM(t) – Currency Cum VM Flow(t-1))
“Loss Distribution Period”	means the period from (and including) the DMP Day to (but excluding) the OTC Clear Clearing Day on which all Auction Portfolios constructed for the relevant DMP Event have been successfully auctioned and all Auction Receivables and/or Auction Payments in respect of each such Auction Portfolio has been discharged in full by the relevant party on or prior to the Auction Receivable Payment Date or Auction Payment Date, respectively; or if one or more subsequent DMP Events occur prior to the end of a Loss Distribution Period, such Loss Distribution Period shall be extended and will end on the day on which all Auction Portfolios constructed for each such subsequent

Requirement Breach Period	
“Mitigating Measures”	means the measures set out in sub-paragraphs (ii)(b), (ii)(c) and (ii)(d)(B) of section 3.19 of the Clearing Procedures;
“MYR”	means the lawful currency of the Federation of Malaysia;
“NDCM GF”	has the meaning given to it in Clearing Rule 1913A(4);
“NDCM GF Auction Shortfall”	means, with respect to an Auction Portfolio, the amount by which (1) the remaining Auction Losses relating to such Auction Portfolio after utilization of the OTC Clear First Contribution in full pursuant to Clearing Rule 1914(3) exceeds (2) the product of RAP and NDCM GF (each relating to such Auction Portfolio);
“NDCM GF Auction Surplus”	means, with respect to an Auction Portfolio, the amount by which (1) the product of RAP and NDCM GF (each relating to such Auction Portfolio) exceeds (2) the remaining Auction Losses relating to such Auction Portfolio after utilization of the OTC Clear First Contribution in full pursuant to Clearing Rule 1914(3);
“ND IRS Amendment”	has the meaning given to it in Clearing Rule 2308;
“ND IRS Definitions”	has the meaning given to it in Clearing Rule 2303;
“ND IRS Template”	has the meaning given to it in Clearing Rule 2304;
“No Position NDCM”	means, with respect to an Auction Portfolio, a Non-Defaulting Clearing Member who does not, on any day during the 20 OTC Clear Business Day-period immediately preceding the Auction of such Auction Portfolio, have any Contract registered in its name of a Transaction Category which is the same as any Auction Positions within such Auction Portfolio and who chooses not to bid for such Auction Portfolio;
“Non-Bidder”	means a Non-Defaulting Clearing Member who is required to bid for an Auction Portfolio but fails to do so;
“Non-Defaulting Clearing Member”	means at any time, any Clearing Member who is not a Defaulting Clearing Member at such time;
“Non-Default Unwind”	means, in relation to a Clearing Member, the process by which the Clearing Member unwinds its Contracts through a liquidation or other form of close-out of its Contracts as part of the resignation of a Clearing Member’s Membership;
“Non Deliverable FX Derivatives”	<u>means the types of derivative transactions satisfying the Product Eligibility Requirements for Non Deliverable FX Derivatives set out in section 3.4 of the Clearing Procedures;</u>
“Non Deliverable FX”	<u>means a Contract relating to Non Deliverable FX Derivatives;</u>

<u>Derivatives Contract</u>	
<u>“Non Deliverable FX Derivatives Contract Terms”</u>	has the meaning given to it in Clearing Rule 2401;
“Non Deliverable Rates Derivatives”	means the types of derivative transactions satisfying the Product Eligibility Requirements for Non Deliverable Rates Derivatives set out in section 3.4 of the Clearing Procedures;
“Non Deliverable Rates Derivatives Contract”	means a Contract relating to Non Deliverable Rates Derivatives;
“Non Deliverable Rates Derivatives Contract Terms”	has the meaning given to it in Clearing Rule 2301;
“Non-delivering Clearing Member”	means the Clearing Member responsible for a “Notional Exchange Failure”;
“Non-Porting Client”	has the meaning given to it in Clearing Rule 1708;
“Non-Porting Client Credit”	has the meaning given to it in Clearing Rule 1306A(4);
“Non-Porting Client Deficit”	has the meaning given to it in Clearing Rule 1306A(3);
“Non-Porting Client Margin”	has the meaning given to it in Clearing Rule 1913B(1);
“Non-Porting Contracts”	means, in respect of a Porting Client of a Defaulting Clearing Member, the Contracts recorded in the relevant Client Position Account that remain outstanding as at the date the relevant DMP Event occurs and which have a scheduled Termination Date or Settlement Date, as the case may be, that falls prior to the relevant porting being completed;
“Non Rule-Based Clearing Member”	means a Clearing Member who is not a Rule-Based Clearing Member;
“Notice of Default”	has the meaning given to it in Clearing Rule 1304;
“Notice of Disciplinary Appeals Committee Hearing”	has the meaning given to it in Clearing Rule 1410;

“Notice of Disciplinary Committee Hearing”	has the meaning given to it in Clearing Rule 1406;
“Notional Exchange Failure”	means a failure by a Clearing Member (a “Non-delivering Clearing Member”) to deliver <u>(1) an Initial Exchange Amount or Final Exchange Amount of a Standard Cross-currency Rates Derivatives Contract</u> as the case may be, by 12:00 hours Hong Kong time on the Initial Exchange Date or Final Exchange Date respectively of a Standard Cross-currency Rates Derivatives Contract <u>and/or (2) a notional amount of a Deliverable FX Derivatives Contract</u> as the case may be, by 12:00 hours Hong Kong time on the Settlement Date of a Deliverable FX Derivatives Contract;
“Notional Exchange Failure Adjustment Amount”	has the meaning given to it in section 3.19 of the Clearing Procedures;
“Notional Exchange Failure Margin”	has the meaning given to it in Clearing Rule 1002A;
“Notional Exchange Risk Limit”	has the meaning given to it in section 4.6.1.3 of the Clearing Procedures;
“Offshore CNY Center”	means the jurisdiction specified as such by a Clearing Member or a Client to an Original Transaction, or if no Offshore CNY Center is specified by the Clearing Member or Client, as the case may be, the Offshore CNY Center shall be Hong Kong;
“open position”	means a position that arises if a Person is a party to a Contract which has not been closed and is not offset by the position arising from other Contracts to which such Person is a party;
“Original Deliverable FX Forward Transaction”	<u>means an Original Transaction in relation to a Deliverable FX Forward transaction;</u>
“Original Deliverable FX Swap Transaction”	<u>means an Original Transaction in relation to a Deliverable FX Swap transaction;</u>
“Original Non Deliverable FX Derivatives Transaction”	means an Original Transaction in relation to a <u>Non Deliverable FX Derivatives</u> transaction;
“Original Non	means an Original Transaction in relation to a Non Deliverable Rates

Derivatives	Derivatives and Non Deliverable Rates Derivatives together;
“Rates Derivatives Clearing Services”	means the service provided by OTC Clear in respect of clearing Rates Derivatives transaction in the over-the-counter derivatives market in accordance with the Clearing Documentation;
“Rates Derivatives Contract”	means a Contract relating to Rates Derivatives;
“Receiving Clearing Member”	has the meaning given to it in Clearing Rule 2001;
“recognized exchange controller”	has the same meaning as in the SFO;
“Registration Time”	means, with respect to each Contract, the time shown in the “OTC Clear Trade Report (Report Number <u>TDRP01</u> — <u>or</u> , <u>TDRP02</u> <u>or</u> <u>TDRP11</u>)” in respect of a House Position Account or Report Number <u>TDRP01_C</u> — <u>or</u> , <u>TDRP02_C</u> <u>or</u> <u>TDRP11_C</u> in respect of a Client Position Account) as the “Registration Time”;
“Regulated Exchange”	means any exchange or similar body duly authorized, regulated, recognized or licensed (to the extent necessary) under Applicable Laws in any jurisdiction, including, but not limited to, any recognized exchange company, recognized investment exchange, recognized overseas investment exchange, designated investment exchange, designated contract market, exempt commercial market, regulated market, alternative trading system, multilateral trading facility or similar entity;
“Regulatory Authority”	means any governmental authority which exercises a regulatory or supervisory function under the laws of any jurisdiction in relation to financial services, the financial markets, Regulated Exchanges or Clearing Organizations (including, without limitation, the SFC, any Person given powers under the SFO, the HKMA and the Financial Secretary of Hong Kong);
“Regulatory Capital Requirement”	means any requirement regarding capitalization, solvency, liquidity or similar financial requirement with which an entity is required to comply under Applicable Laws, and for the avoidance of doubt includes the (1) Financial Resources Rules for Licensed Corporations; and (2)(a) Part XVIA and the Seventh Schedule (section 6) of the Banking Ordinance and (b) the Banking (Capital) Rules (Laws of Hong Kong Cap. 155L) for Authorized Institutions incorporated in Hong Kong;
“Relevant Clearing Member”	has the meaning given to it in Clearing Rule 1317;
“Relevant CM”	has the meaning given to it in Clearing Rule 1319;

	<p>(5) any intergovernmental agreement (an “IGA”) to facilitate the implementation of any of the foregoing; or</p> <p>(6) any law implementing an IGA;</p>
“ THB ”	means the lawful currency of the Kingdom of Thailand;
“ The Hong Kong Observatory ”	means a government department of Hong Kong which is responsible for forecasting weather and issuing warnings on weather-related hazards;
“ Total Available Resources ”	has the meaning given to it in Clearing Rule 1516;
“ Total Gains(t) ”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of all Position Account Gains in respect of all Position Account Gainers on such OTC Clear Clearing Day t;
“ Total Position Accounts Cum MTM(t) ”	means, with respect to any OTC Clear Clearing Day t during the Loss Distribution Period, the sum of Total Position Accounts Currency Cum MTM(t) in all currencies;
“ Total Position Accounts Currency Cum MTM(t) ”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of the Total Position Accounts Currency MTM for each OTC Clear Clearing Day from (from including) the DMP Day to (and including) such OTC Clear Clearing Day t;
“ Total Position Accounts Currency MTM(t) ”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of Currency MTM Chg(t) in respect of all Position Accounts of all Non-Defaulting Clearing Members;
“ Tranche ”	has the meaning given to it in Clearing Rule 1914(4)(c);
“ Transaction Category ”	<p>means any of the following:</p> <p>(1) Standard Rates Derivatives Contract – single currency interest rate swap denominated in USD;</p> <p>(2) Standard Rates Derivatives Contract – single currency interest rate swap denominated in EUR;</p> <p>(3) Standard Rates Derivatives Contract – single currency interest rate swap denominated in HK dollars;</p> <p>(4) Standard Rates Derivatives Contract – single currency interest rate swap denominated in CNY (offshore);</p> <p>(5) Standard Rates Derivatives Contract – single currency basis swap denominated in USD;</p> <p>(6) Standard Rates Derivatives Contract – single currency basis swap denominated in EUR;</p> <p>(7) Standard Rates Derivatives Contract – single currency basis swap denominated in HK dollars;</p> <p>(8) Standard Cross-currency Rates Derivatives Contract –</p>

	cross currency interest rate swap denominated in CNY (offshore) and USD;
(9)	Standard Cross-currency Rates Derivatives Contract – cross currency basis swap denominated in CNY (offshore) and USD;
<u>(10)</u>	<u>Standard Cross-currency Rates Derivatives Contract – cross currency interest rate swap denominated in HK dollars and USD;</u>
<u>(11)</u>	<u>Standard Cross-currency Rates Derivatives Contract – cross currency basis swap denominated in HK dollars and USD;</u>
<u>(102)</u>	Non Deliverable Rates Derivatives Contract denominated in CNY;
<u>(143)</u>	Non Deliverable Rates Derivatives Contract denominated in INR;
<u>(124)</u>	Non Deliverable Rates Derivatives Contract denominated in KRW;
<u>(135)</u>	Non Deliverable Rates Derivatives Contract denominated in MYR;
<u>(146)</u>	Non Deliverable Rates Derivatives Contract denominated in THB;
<u>(157)</u>	Non Deliverable Rates Derivatives Contract denominated in TWD;
<u>(168)</u>	<u>Non Deliverable FX Derivatives Contract denominated in CNY;</u>
<u>(179)</u>	<u>Non Deliverable FX Derivatives Contract denominated in INR;</u>
(1820)	<u>Non Deliverable FX Derivatives Contract denominated in KRW; and</u>
(1921)	<u>Non Deliverable FX Derivatives Contract denominated in TWD;</u>
<u>(22)</u>	<u>Deliverable FX Forward Contract denominated in CNY (offshore) and USD;</u>
<u>(23)</u>	<u>Deliverable FX Forward Contract denominated in HK dollars and USD;</u>
<u>(24)</u>	<u>Deliverable FX Swap Contract denominated in CNY (offshore) and USD; and</u>
<u>(25)</u>	<u>Deliverable FX Swap Contract denominated in HK dollars and USD;</u>

<p>“VM Reversal”</p>	<p>means,</p> <p>(1) in respect of a Standard Cross-currency Rates Derivatives Contract that expires on an OTC Clear Clearing Day, the amount which would be paid by OTC Clear to a Non-Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) on such OTC Clear Clearing Day, calculated by:</p> <p>(a) aggregating the amount of Variation Margin, in relation to the change in market value of Initial Exchange Amount and Final Exchange Amount, paid by such Clearing Member to OTC Clear during the term of such Standard Cross-currency Rates Derivatives Contract (excluding the amount of any Variation Margin calculated in respect of the expiry date); and</p> <p>(b) subtracting the aggregate amount of Variation Margin, in relation to the change in market value of Initial Exchange Amount and Final Exchange Amount, paid by OTC Clear to such Clearing Member during the term of such Standard Cross-currency Rates Derivatives Contract (excluding the amount of any Variation Margin calculated in respect of the expiry date);</p> <p>For the avoidance of doubt, Variation Margin, in relation to the change in market value of coupons, paid or received by OTC Clear during the term of such Standard Cross-currency Rates Derivatives Contract will not form part of the VM Reversal.</p> <p>(2) <u>in respect of a Deliverable FX Derivatives Contract that expires on an OTC Clear Clearing Day, the amount which would be paid by OTC Clear to a Non-Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) on such OTC Clear Clearing Day, calculated by:</u></p> <p><u>(a) aggregating the amount of Variation Margin, in relation to the change in market value of Notional Amount, paid by such Clearing Member to OTC Clear during the term of such Deliverable FX Derivatives Contract (excluding the amount of any Variation Margin calculated in respect of the expiry date); and</u></p> <p><u>(b) subtracting the aggregate amount of Variation Margin, in relation to the change in market value of Notional Amount, paid by OTC Clear to such Clearing Member during the term of such Deliverable FX Derivatives Contract (excluding the amount of any Variation Margin calculated in respect of the expiry date).</u></p>
<p>“VM Shortfall(t)”</p>	<p>means, in respect of OTC Clear Clearing Day t, the greater of (1) zero and (2) an amount equal to (i) Total Position Accounts Cum MTM(t) plus (ii) the Auction Transfer Costs less (iii) the Total Available</p>

Chapter 22 Product Specific Terms for Standard Rates Derivatives Contracts

Product Specific Terms for Standard Rates Derivatives Contracts

2201. The terms of a Standard Rates Derivatives Contract shall include the following terms (together, the “**Standard Rates Derivatives Contract Terms**”):

- (1) Clearing Rules 2203 to 2210 (the “**Interpretation Provisions**”);
- (2) the Economic Terms; and
- (3) the General Terms, as set out in Clearing Rules 2217 to 2227,

each as interpreted in accordance with the Interpretation Provisions.

2202. In the event of any inconsistency between the Economic Terms and General Terms, the General Terms will prevail.

Interpretation

2203. The ISDA Definitions (including all supplements thereto outstanding as at ~~25 September 2017~~^{30 April 2018}) are incorporated by reference into these Standard Rates Derivatives Contract Terms. Unless otherwise specified, capitalized terms used in the Standard Rates Derivatives Contract Terms but not defined in the Clearing Documentation shall have the meanings given to them in the ISDA Definitions. In the event of any inconsistency between the ISDA Definitions and the Clearing Documentation, the Clearing Documentation will prevail.

2204. In respect of a Standard Rates Derivatives Contract denominated in CNY (offshore), the CNY (offshore) Disruption Provisions shall be incorporated by reference into the relevant Standard Rates Derivatives Contract Terms.

2205. In deriving the Economic Terms of the Standard Rates Derivatives Contract from the Transaction Data of the corresponding Original Standard Rates Derivatives Transaction, all references in the ISDA Definitions to a “**Swap Transaction**” shall be deemed to be an “**Original Standard Rates Derivatives Transaction**”.

2206. Subject to subsequent ISDA Amendment adopted by OTC Clear pursuant to Clearing Rule 2207, the ISDA Definitions and the Standard Rates Derivatives Contract Terms applicable to a Standard Rates Derivatives Contract shall be those applicable as at the Registration Time of such Standard Rates Derivatives Contract.

2207. In case of any amendment to the ISDA Definitions, or publication of any supplement, annex or protocol by ISDA relating to the ISDA Definitions or amendment to the CNY (offshore) Disruption Provisions (each an “**ISDA Amendment**”), OTC Clear may, in its sole discretion, determine whether any such ISDA Amendment should be adopted for the purpose of interpreting or implementing the Standard Rates Derivatives Contract Terms, the manner of any such adoption and when such adoption shall take effect, and notify all Clearing Members of the same. Any non-receipt of such notice by Clearing Members shall not invalidate the effectiveness of the adoption of ISDA Amendment by OTC Clear.

2208. In respect of any adoption of ISDA Amendment by OTC Clear, such adopted ISDA Amendment shall govern the Standard Rates Derivatives Contract Terms of each Standard Rates Derivatives Contract then registered with OTC Clear, and any prospective payment obligations arising out of each such Standard Rates Derivatives Contract shall be construed accordingly.

2209. The Standard Rates Derivatives Contract Terms supplement, form part of, and are subject to these Clearing Rules. In the event of any inconsistency between the Standard Rates Derivatives Contract Terms and these Clearing Rules, these Clearing Rules will prevail.

Chapter 23 Product Specific Terms for Non Deliverable Rates Derivatives Contracts

Product Specific Terms for Non Deliverable Rates Derivatives Contracts

2301. The terms of a Non Deliverable Rates Derivatives Contract shall include the following terms (together, the “**Non Deliverable Rates Derivatives Contract Terms**”):

- (1) Clearing Rules 2303 to 2310 (the “**Interpretation Provisions**”);
- (2) the Economic Terms; and
- (3) the General Terms, as set out in Clearing Rules 2317 to 2322,

each as interpreted in accordance with the Interpretation Provisions.

2302. In the event of any inconsistency between the Economic Terms and General Terms, the General Terms will prevail.

Interpretation

2303. The ISDA Definitions (together with all supplements thereto outstanding as at ~~25 September 2017~~30 April 2018) and the FX Definitions (including all supplements thereto outstanding as at ~~25 September 2017~~30 April 2018) (the ISDA Definitions and FX Definitions together, the “**ND IRS Definitions**”), each outstanding as at ~~25 September 2017~~30 April 2018 are incorporated by reference into these Non Deliverable Rates Derivatives Contract Terms. Unless otherwise specified, capitalized terms used in the Non Deliverable Rates Derivatives Contract Terms but not defined in the Clearing Documentation shall have the meanings given to them in the ND IRS Definitions. In the event of any inconsistency between the ISDA Definitions and the FX Definitions, the ISDA Definitions will prevail except that the FX Definitions will prevail for purposes of the “**Settlement Terms**” and “**Other Terms**” as set out in the ND IRS Template. In the event of any inconsistency between the ND IRS Definitions and the Clearing Documentation, the Clearing Documentation will prevail.

2304. The “**Asian Currencies Non-Deliverable Swap Transaction Standard Terms Supplement and Fallback Matrix**” outstanding as at ~~14 March 2017~~1 April 2018 published by ISDA or a recognized successor (the “**ND IRS Template**”) are incorporated by reference into the relevant Non Deliverable Rates Derivatives Contract Terms.

2305. If the terms of a ND IRS Template conflict with the ND IRS Definitions, the terms of the ND IRS Template shall prevail.

2306. In deriving the Economic Terms of the Non Deliverable Rates Derivatives Contract from the Transaction Data of the corresponding Original Non Deliverable Rates Derivatives Transaction, all references in the ISDA Definitions to a “**Swap Transaction**” shall be deemed to be “**Original Non Deliverable Rates Derivatives Transaction**”.

2307. Subject to the ND IRS Amendment adopted by OTC Clear pursuant to Clearing Rule 2308, the ND IRS Definitions and the Non Deliverable Rates Derivatives Contract Terms applicable to a Non Deliverable Rates Derivatives Contract shall be those applicable as at the Registration time of such Non Deliverable Rates Derivatives Contract.

2308. In case of any amendment to the ND IRS Definitions, the form of the relevant ND IRS Template, or publication of any supplement, annex or protocol by ISDA relating to the ND IRS Definitions (each a “**ND IRS Amendment**”), OTC Clear may, in its sole discretion, determine whether any such ND IRS Amendment should be adopted for the purpose of interpreting or implementing the Non Deliverable Rates Derivatives Contract Terms, the manner of any such adoption and when such adoption shall take effect, and notify all Clearing Members of the same. Any non-receipt of

Chapter 24 Product Specific Terms for Non Deliverable FX Derivatives Contracts

Product Specific Terms for Non Deliverable FX Derivatives Contracts

2401. The terms of a Non Deliverable FX Derivatives Contract shall include the following terms (together, the “**Non Deliverable FX Derivatives Contract Terms**”):

- (1) Clearing Rules 2403 to 2411 (the “**Interpretation Provisions**”);
- (2) the Economic Terms; and
- (3) the General Terms, as set out in Clearing Rules 2418 to 2422,

each as interpreted in accordance with the Interpretation Provisions.

2402. In the event of any inconsistency between the Economic Terms and the General Terms, the General Terms will prevail.

Interpretation

2403. Sections 8.1 and 8.2 of the ISDA Definitions and the FX Definitions (Sections 8.1 and 8.2 of the ISDA Definitions and the FX Definitions together, the “**ISDA FX Definitions**”), each outstanding as at ~~25 September 2017~~ 30 April 2018, are incorporated by reference into these Non Deliverable FX Derivatives Contract Terms. Unless otherwise specified, capitalized terms used in the Non Deliverable FX Derivatives Contract Terms but not defined in the Clearing Documentation shall have the meanings given to them in the ISDA FX Definitions. In the event of any inconsistency between the ISDA FX Definitions and the Clearing Documentation, the Clearing Documentation will prevail.

2404. Any template terms of ~~an~~ a Non Deliverable FX Derivatives Contract outstanding as at ~~25 September 2017~~ 30 April 2018 recommended by EMTA or a recognized successor (the “**EMTA Template**”) are incorporated by reference into the relevant Non Deliverable FX Derivatives Contract Terms.

2405. If the terms of an EMTA Template conflict with the ISDA FX Definitions, the terms of the EMTA Template shall prevail.

2406. In deriving the Economic Terms of the Non Deliverable FX Derivatives Contract from the Transaction Data of the corresponding Original Non Deliverable FX Derivatives Transaction, all references in the ISDA FX Definitions to an “**FX Transaction**” shall be deemed to be references to an “**Original Non Deliverable FX Derivatives Transaction**”.

2407. Subject to subsequent ISDA FX Amendment adopted by OTC Clear pursuant to Clearing Rule 2408, the ISDA FX Definitions and the Non Deliverable FX Derivatives Contract Terms applicable to a Non Deliverable FX Derivatives Contract shall be those applicable as at the Registration Time of such Non Deliverable FX Derivatives Contract.

2408. In case of any amendment to the ISDA FX Definitions, the form of the relevant EMTA Template or publication of any supplement, annex or standard terms relating to the ISDA FX Definitions by ISDA, EMTA or FXC jointly or severally (each, an “**ISDA FX Amendment**”), OTC Clear may, in its sole discretion, determine whether any such ISDA FX Amendment should be adopted for the purpose of interpreting or implementing the Non Deliverable FX Derivatives Contract Terms, the manner of any such adoption and when such adoption shall take effect, and notify all Clearing Members of the same. Any non-receipt of such notice by Clearing Members, shall not invalidate the effectiveness of the adoption of ISDA FX Amendment by OTC Clear.

2409. In respect of any adoption of ISDA FX Amendment by OTC Clear, such adopted ISDA FX Amendment shall govern the Non Deliverable FX Derivatives Contract Terms of each Non

Deliverable FX Derivatives Contract then registered with OTC Clear, and any prospective payment obligations arising out of each such Non Deliverable FX Derivatives Contract shall be construed accordingly.

2410. The Non Deliverable FX Derivatives Contract Terms supplement, form part of, and are subject to these Clearing Rules. In the event of any inconsistency between the Non Deliverable FX Derivatives Contract Terms and these Clearing Rules, these Clearing Rules will prevail.

2411. Except where expressly stated otherwise, all reference to “**Sections**” means Sections in the ISDA FX Definitions.

Economic Terms

2412. The Economic Terms of a Non Deliverable FX Derivatives Contract are derived from the Transaction Data relating to the corresponding Original Non Deliverable FX Derivatives Transaction. The Original Non Deliverable FX Derivatives Transaction submitted to OTC Clear for registration must include information that satisfies each of the Economic Terms fields set out in Clearing Rule 2413.

2413. The Economic Terms fields comprise:

- (1) Trade Date (Section 1.25 of the FX Definitions);
- (2) Reference Currency (Section 1.19 of the FX Definitions);
- (3) Reference Currency Notional Amount (Section 1.21 of the FX Definitions);
- (4) Notional Amount (Section 1.17(b) of the FX Definitions) or Forward Rate (Section 2.1(a) of the FX Definitions);
- (5) Reference Currency Buyer (Section 1.20 of the FX Definitions);
- (6) Reference Currency Seller (Section 1.22 of the FX Definitions);
- (7) Settlement Currency (Section 1.16(b) of the FX Definitions);
- (8) scheduled Settlement Date (Section 1.24 of the FX Definitions) (without prejudice to the adjustments set out in the relevant EMTA Template);
- (9) scheduled Valuation Date (Section 1.16(f) of the FX Definitions) (without prejudice to the adjustments set out in the relevant EMTA Template); and
- (10) in the event that the Currency Pair is not expressed in the format of “**Reference Currency – Settlement Currency**”, or no election is made with respect to which currency is the Reference Currency and which currency is the Settlement Currency, then the Settlement Currency will be deemed to be USD, or any other currency(ies) as specified by OTC Clear and notified to the Clearing Members from time to time.

2414. Pursuant to Clearing Rule 806(1), if Clearing Member 1 was the Reference Currency Seller, and Clearing Member 2 was the Reference Currency Buyer under an Original Non Deliverable FX Derivatives Transaction, then upon registration of the same as two Non Deliverable FX Derivatives Contracts, OTC Clear, in respect of each Non Deliverable FX Derivatives Contract to which it is party pursuant to the corresponding Original Non Deliverable FX Derivatives Transaction, shall be the Reference Currency Buyer and Reference Currency Seller under such Non Deliverable FX Derivatives Contract, respectively.

2415. Pursuant to Clearing Rule 806(2), if the Relevant Client was the Reference Currency Seller and Clearing Member 4 was the Reference Currency Buyer under an Original Non Deliverable FX Derivatives Transaction, then upon registration of the same as two Non Deliverable FX Derivatives Contracts, one between Clearing Member 3 (in respect of its Client Position Account

relating to the Relevant Client) and OTC Clear, and another one between Clearing Member 4 (in respect of its House Position Account) and OTC Clear, OTC Clear shall be the Reference Currency Buyer and Reference Currency Seller under each such Non Deliverable FX Derivatives Contract, respectively.

Pursuant to Clearing Rule 806(2), if the Relevant Client was the Reference Currency Buyer and Clearing Member 4 was the Reference Currency Seller under an Original Non Deliverable FX Derivatives Transaction, then upon registration of the same as two Non Deliverable FX Derivatives Contracts, one between Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client) and OTC Clear, and another one between Clearing Member 4 (in respect of its House Position Account) and OTC Clear, OTC Clear shall be the Reference Currency Seller and Reference Currency Buyer under each such Non Deliverable FX Derivatives Contract, respectively.

If, pursuant to Clearing Rule 806(2)(c), Clearing Member 3 and Clearing Member 4 are the same Clearing Member, then:

- (1) if such Clearing Member (in respect of its Client Position Account relating to the Relevant Client) was the Reference Currency Seller, OTC Clear will be the Reference Currency Buyer in respect of the Contract between OTC Clear and such Clearing Member (in respect of its Client Position Account relating to the Relevant Client), and Reference Currency Seller in respect of the Contract between OTC Clear and such Clearing Member (in respect of its House Position Account); or
- (2) if such Clearing Member (in respect of its Client Position Account in respect of the Relevant Client) was the Reference Currency Buyer, OTC Clear will be the Reference Currency Seller in respect of the Contract between OTC Clear and such Clearing Member (in respect of its Client Position Account relating to the Relevant Client), and Reference Currency Buyer in respect of the Contract between OTC Clear and such Clearing Member (in respect of its House Position Account).

2416. Pursuant to Clearing Rule 806(3), if Client 1 was the Reference Currency Seller and Client 2 was the Reference Currency Buyer under an Original Non Deliverable FX Derivatives Transaction, then upon registration of the same as two Non Deliverable FX Derivatives Contracts, one between Clearing Member 5 (in respect of its Client Position Account relating to Client 1) and OTC Clear, and another one between Clearing Member 6 (in respect of its Client Position Account relating to Client 2) and OTC Clear, OTC Clear shall be the Reference Currency Buyer and Reference Currency Seller under each such Non Deliverable FX Derivatives Contract, respectively.

Pursuant to Clearing Rule 806(3), if Client 1 was the Reference Currency Buyer and Client 2 was the Reference Currency Seller under an Original Non Deliverable FX Derivatives Transaction, then upon registration of the same as two Non Deliverable FX Derivatives Contracts, one between Clearing Member 5 (in respect of its Client Position Account relating to Client 1) and OTC Clear, and another one between Clearing Member 6 (in respect of its Client Position Account relating to Client 2) and OTC Clear, OTC Clear shall be the Reference Currency Seller and Reference Currency Buyer under each such Non Deliverable FX Derivatives Contract, respectively.

If, pursuant to Clearing Rule 806(3)(c), Clearing Member 5 and Clearing Member 6 are the same Clearing Member, then:

- (1) if such Clearing Member (in respect of its Client Position Account relating to Client 1) was the Reference Currency Seller, OTC Clear will be the Reference Currency Buyer in respect of the Contract between OTC Clear and such Clearing Member (in respect of its

Client Position Account relating to Client 1), and Reference Currency Seller in respect of the Contract between OTC Clear and such Clearing Member (in respect of its Client Position Account relating to Client 2); or

- (2) if such Clearing Member (in respect of its Client Position Account in respect of Client 1) was the Reference Currency Buyer, OTC Clear will be the Reference Currency Seller in respect of the Contract between OTC Clear and such Clearing Member (in respect of its Client Position Account relating to Client 1), and Reference Currency Buyer in respect of the Contract between OTC Clear and such Clearing Member (in respect of its Client Position Account relating to Client 2).

General Terms

2417. Clearing Rules 2418 to 2422 are designated as General Terms of a Non Deliverable FX Derivatives Contract.

Clearing Rules

2418. A Non Deliverable FX Derivatives Contract shall be subject to the Clearing Rules, which shall form a part of its terms. In the event of any inconsistency between these Contract Terms and the Clearing Rules, the Clearing Rules will prevail.

Calculation Agent

2419. OTC Clear shall be deemed the Calculation Agent in respect of each Non Deliverable FX Derivatives Contract.

Rounding

2420. Sections 8.1 and 8.2 of the ISDA Definitions will apply to a Non Deliverable FX Derivatives Contract.

Tax Provisions

2421. Chapter 11 of these Clearing Rules shall form part of the Non Deliverable FX Derivatives Contract Terms as if they were set out in full herein.

Governing Law

2422. Each Non Deliverable FX Derivatives Contract shall be governed by and construed in accordance with the laws of Hong Kong and the parties irrevocably agree for the benefit of OTC Clear that the courts of Hong Kong shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. Each Clearing Member hereto irrevocably submits to such jurisdiction and agrees to waive any objection it might otherwise have to such jurisdiction, save that this submission to the jurisdiction of the courts of Hong Kong shall not (and shall not be construed so as to) limit the right of OTC Clear to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude OTC Clear from taking action in any other jurisdiction, whether concurrently or not.

Chapter 25 Product Specific Terms for Standard Cross-currency Rates Derivatives Contracts

Product Specific Terms for Standard Cross-currency Rates Derivatives Contracts

2501. The terms of a Standard Cross-currency Rates Derivatives Contract shall include the following terms (together, the “**Standard Cross-currency Rates Derivatives Contract Terms**”):
- (1) Clearing Rules 2503 to 2510 (the “**Interpretation Provisions**”);
 - (2) the Economic Terms; and
 - (3) the General Terms, as set out in Clearing Rules 2517 to 2522,
- each as interpreted in accordance with the Interpretation Provisions.
2502. In the event of any inconsistency between the Economic Terms and General Terms, the General Terms will prevail.

Interpretation

2503. The ISDA Definitions (including all supplements thereto outstanding as at ~~25 September 2017~~30 April 2018) are incorporated by reference into these Standard Cross-currency Rates Derivatives Contract Terms. Unless otherwise specified, capitalized terms used in the Standard Cross-currency Rates Derivatives Contract Terms but not defined in the Clearing Documentation shall have the meanings given to them in the ISDA Definitions. In the event of any inconsistency between the ISDA Definitions and the Clearing Documentation, the Clearing Documentation will prevail.
2504. In respect of a Standard Cross-currency Rates Derivatives Contract with one of the notional amounts denominated in CNY (offshore), the CNY (offshore) Disruption Provisions shall be incorporated by reference into the relevant Standard Cross-currency Rates Derivatives Contract Terms.
2505. In deriving the Economic Terms of the Standard Cross-currency Rates Derivatives Contract from the Transaction Data of the corresponding Original Standard Cross-currency Rates Derivatives Transaction, all references in the ISDA Definitions to a “**Swap Transaction**” shall be deemed to be an “**Original Standard Cross-currency Rates Derivatives Transaction**”.
2506. Subject to subsequent ISDA Amendment adopted by OTC Clear pursuant to Clearing Rule 2507, the ISDA Definitions and the Standard Cross-currency Rates Derivatives Contract Terms applicable to a Standard Cross-currency Rates Derivatives Contract shall be those applicable as at the Registration Time of such Standard Cross-currency Rates Derivatives Contract.
2507. In case of any amendment to the ISDA Definitions, or publication of any supplement, annex or protocol by ISDA relating to the ISDA Definitions or amendment to the CNY (offshore) Disruption Provisions (each an “**ISDA Amendment**”), OTC Clear may, in its sole discretion, determine whether any such ISDA Amendment should be adopted for the purpose of interpreting or implementing the Standard Cross-currency Rates Derivatives Contract Terms, the manner of any such adoption and when such adoption shall take effect, and notify all Clearing Members of the same. Any non-receipt of such notice by Clearing Members shall not invalidate the effectiveness of the adoption of ISDA Amendment by OTC Clear.
2508. In respect of any adoption of ISDA Amendment by OTC Clear, such adopted ISDA Amendment shall govern the Standard Cross-currency Rates Derivatives Contract Terms of each Standard Cross-currency Rates Derivatives Contract then registered with OTC Clear, and any prospective payment obligations arising out of each such Standard Cross-currency Rates Derivatives Contract shall be construed accordingly.

Chapter 26 Product Specific Terms for Deliverable FX Derivatives Contracts

Product Specific Terms for Deliverable FX Derivatives Contracts

2601. The terms of a Deliverable FX Forward Contract and a Deliverable FX Swap Contract shall include the following terms (the “**Deliverable FX Forward Contract Terms**” and “**Deliverable FX Swap Contract Terms**” respectively):

(1) Clearing Rules 2603 to 2610 (the “**Interpretation Provisions**”);

(2) the Economic Terms; and

(3) the General Terms, as set out in Clearing Rules 2617 to 2621,

each as interpreted in accordance with the Interpretation Provisions.

2602. In the event of any inconsistency between the Economic Terms and the General Terms, the General Terms will prevail.

Interpretation

2603. Sections 8.1 and 8.2 of the ISDA Definitions and the FX Definitions (Sections 8.1 and 8.2 of the ISDA Definitions and the FX Definitions together, the “**ISDA FX Definitions**”), each outstanding as at 30 April 2018, are incorporated by reference into these Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms. Unless otherwise specified, capitalized terms used in the Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms but not defined in the Clearing Documentation shall have the meanings given to them in the ISDA FX Definitions. In the event of any inconsistency between the ISDA FX Definitions and the Clearing Documentation, the Clearing Documentation will prevail.

2604. In respect of a Deliverable FX Forward Contract or Deliverable FX Swap Contract with one of the notional amounts denominated in CNY (offshore), the CNY (offshore) Disruption Provisions shall be incorporated by reference into the relevant Deliverable FX Forward Contract Terms or Deliverable FX Swap Contract Terms respectively.

2605. In deriving the Economic Terms of the Deliverable FX Forward Contract or Deliverable FX Swap Contract, as the case may be, from the Transaction Data of the corresponding Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction respectively, all references in the ISDA FX Definitions to an “**FX Transaction**” shall be deemed to be references to an “**Original Deliverable FX Forward Transaction**” or “**Original Deliverable FX Swap Transaction**” respectively.

2606. Subject to subsequent ISDA FX Deliverables Amendment adopted by OTC Clear pursuant to Clearing Rule 2607, the ISDA FX Definitions and the Deliverable FX Forward Contract Terms or Deliverable FX Swap Contract Terms applicable to a Deliverable FX Forward Contract or Deliverable FX Swap Contract respectively shall be those applicable as at the Registration Time of the relevant Deliverable FX Forward Contract or Deliverable FX Swap Contract.

2607. In case of any amendment to the ISDA FX Definitions, publication of any supplement, annex or standard terms relating to the ISDA FX Definitions by ISDA, EMTA or FXC jointly or severally or publication of any supplement, annex or protocol by ISDA relating to amendment to the CNY (offshore) Disruption Provisions (each an “**ISDA FX Deliverables Amendment**”), OTC Clear may, in its sole discretion, determine whether any such ISDA FX Deliverables Amendment should be adopted for the purpose of interpreting or implementing the Deliverable FX Forward Contract Terms or Deliverable FX Swap Contract Terms, as the

case may be, the manner of any such adoption and when such adoption shall take effect, and notify all Clearing Members of the same. Any non-receipt of such notice by Clearing Members shall not invalidate the effectiveness of the adoption of ISDA FX Deliverables Amendment by OTC Clear.

2608. In respect of any adoption of ISDA FX Deliverables Amendment by OTC Clear, such adopted ISDA FX Deliverables Amendment shall govern the Deliverable FX Forward Contract Terms of each Deliverable FX Forward Contract and Deliverable FX Swap Contract Terms of each Deliverable FX Swap Contract, as the case may be, then registered with OTC Clear, and any prospective payment obligations arising out of each such Deliverable FX Forward Contract or Deliverable FX Swap Contract, as the case may be, shall be construed accordingly.

2609. The Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms supplement, form part of, and are subject to these Clearing Rules. In the event of any inconsistency between the Deliverable FX Forward Contract Terms or Deliverable FX Swap Contract Terms and these Clearing Rules, these Clearing Rules will prevail.

2610. Except where expressly stated otherwise, all reference to “**Sections**” means Sections in the ISDA FX Definitions.

Economic Terms

2611. The Economic Terms of a Deliverable FX Forward Contract and Deliverable FX Swap Contract are derived from the Transaction Data relating to the corresponding Original Deliverable FX Forward Transaction and Original Deliverable FX Swap Transaction respectively. The Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction submitted to OTC Clear for registration must include information that satisfies each of the relevant Economic Terms fields set out in Clearing Rule 2612.

2612. The Economic Terms fields comprise:

(1) In respect of a Deliverable FX Forward Contract:

(a) Trade Date (Section 1.25 of the FX Definitions);

(b) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by one party and the identity of such party;

(c) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by another party and the identity of such party; and

(d) Settlement Date (Section 1.24 of the FX Definitions); and

(2) In respect of a Deliverable FX Swap Contract:

(a) Trade Date (Section 1.25 of the FX Definitions);

(b) In near leg:

(A) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by one party and the identity of such party;

(B) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by another party and the identity of such party; and

(C) Settlement Date (Section 1.24 of the FX Definitions); and

(c) In far leg:

- (A) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by one party and the identity of such party;
- (B) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by another party and the identity of such party; and
- (C) Settlement Date (Section 1.24 of the FX Definitions).

2613. Pursuant to Clearing Rule 806(1), (1) if Clearing Member 1 was the party paying Notional Amount A to, and receiving Notional Amount B from, Clearing Member 2, and Clearing Member 2 was the party paying Notional Amount B to, and receiving Notional Amount A from, Clearing Member 1 under an Original Deliverable FX Forward Transaction, then upon registration of the same as two Deliverable FX Forward Contracts between OTC Clear and each of Clearing Member 1 and Clearing Member 2, and when deriving the relevant Economic Terms relating to the relevant payer of each of Notional Amount A and Notional Amount B from the Transaction Data of the corresponding Original Deliverable FX Forward Transaction, the terms shall be derived such that OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, Clearing Member 2 in one Deliverable FX Forward Contract and pay Notional Amount B to, and receive Notional Amount A from, Clearing Member 1 in another Deliverable FX Forward Contract; and (2) under an Original Deliverable FX Swap Transaction if (a) Clearing Member 1 was the party paying Notional Amount C to, and receiving Notional Amount D from, Clearing Member 2, and Clearing Member 2 was the party paying Notional Amount D to, and receiving Notional Amount C from, Clearing Member 1 in the near leg and (b) Clearing Member 1 was the party paying Notional Amount E to, and receiving Notional Amount F from, Clearing Member 2, and Clearing Member 2 was the party paying Notional Amount F to, and receiving Notional Amount E from, Clearing Member 1 in the far leg, then upon registration of the same as two Deliverable FX Swap Contracts between OTC Clear and each of Clearing Member 1 and Clearing Member 2, and when deriving the relevant Economic Terms relating to the relevant payer of each of Notional Amount C, Notional Amount D, Notional Amount E and Notional Amount F from the Transaction Data of the corresponding Original Deliverable FX Swap Transaction, the terms shall be derived such that (c) in one Deliverable FX Swap Contract OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, Clearing Member 2 in the near leg and pay Notional Amount E to, and receive Notional Amount F from, Clearing Member 2 in the far leg and (d) in another Deliverable FX Swap Contract OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, Clearing Member 1 in the near leg and pay Notional Amount F to, and receive Notional Amount E from, Clearing Member 1 in the far leg.

2614. Pursuant to Clearing Rule 806(2), (1) if the Relevant Client was the party paying Notional Amount A to, and receiving Notional Amount B from, Clearing Member 4, and Clearing Member 4 was the party paying Notional Amount B to, and receiving Notional Amount A from, the Relevant Client under an Original Deliverable FX Forward Transaction, then upon registration of the same as two Deliverable FX Forward Contracts between OTC Clear and each of Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client) and Clearing Member 4 (in respect of its House Position Account), and when deriving the relevant Economic Terms relating to the relevant payer of each of Notional Amount A and Notional Amount B from the Transaction Data of the corresponding Original Deliverable FX Forward Transaction, the terms shall be derived such that OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, Clearing Member 4 (in respect of its House Position Account) in one Deliverable FX Forward Contract and pay Notional Amount B to, and receive Notional Amount A from, Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client) in another Deliverable FX Forward Contract; and (2) under an

Original Deliverable FX Swap Transaction if (a) the Relevant Client was the party paying Notional Amount C to, and receiving Notional Amount D from, Clearing Member 4, and Clearing Member 4 was the party paying Notional Amount D to, and receiving Notional Amount C from, the Relevant Client in the near leg and (b) the Relevant Client was the party paying Notional Amount E to, and receiving Notional Amount F from, Clearing Member 4, and Clearing Member 4 was the party paying Notional Amount F to, and receiving Notional Amount E from, the Relevant Client in the far leg, then upon registration of the same as two Deliverable FX Swap Contracts between OTC Clear and each of Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client) and Clearing Member 4 (in respect of its House Position Account), and when deriving the relevant Economic Terms relating to the relevant payer of each of Notional Amount C, Notional Amount D, Notional Amount E and Notional Amount F from the Transaction Data of the corresponding Original Deliverable FX Swap Transaction, the terms shall be derived such that (c) in one Deliverable FX Swap Contract OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, Clearing Member 4 (in respect of its House Position Account) in the near leg and pay Notional Amount E to, and receive Notional Amount F from, Clearing Member 4 (in respect of its House Position Account) in the far leg and (d) in another Deliverable FX Swap Contract OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client) in the near leg and pay Notional Amount F to, and receive Notional Amount E from, Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client) in the far leg.

If, pursuant to Clearing Rule 806(2)(c), Clearing Member 3 and Clearing Member 4 are the same Clearing Member, then (3) OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, such Clearing Member's House Position Account in one Deliverable FX Forward Contract, and OTC Clear will pay Notional Amount B to, and receive Notional Amount A from, such Clearing Member's Client Position Account relating to the Relevant Client in another Deliverable FX Forward Contract; and (4)(a) in one Deliverable FX Swap Contract, OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, such Clearing Member's House Position Account in the near leg and pay Notional Amount E to, and receive Notional Amount F from, such Clearing Member's House Position Account in the far leg and (b) in another Deliverable FX Swap Contract, OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, such Clearing Member's Client Position Account relating to the Relevant Client in the near leg and pay Notional Amount F to, and receive Notional Amount E from, such Clearing Member's Client Position Account relating to the Relevant Client in the far leg.

2615. Pursuant to Clearing Rule 806(3), (1) if Client 1 was the party paying Notional Amount A to, and receiving Notional Amount B from, Client 2, and Client 2 was the party paying Notional Amount B to, and receiving Notional Amount A from, Client 1 under an Original Deliverable

FX Forward Transaction, then upon registration of the same as two Deliverable FX Forward Contracts between OTC Clear and each of Clearing Member 5 (in respect of its Client Position Account relating to Client 1) and Clearing Member 6 (in respect of its Client Position Account relating to Client 2), and when deriving the relevant Economic Terms relating to the relevant payer of each of Notional Amount A and Notional Amount B from the Transaction Data of the corresponding Original Deliverable FX Forward Transaction, the terms shall be derived such that OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, Clearing Member 6 (in respect of its Client Position Account relating to Client 2) in one Deliverable FX Forward Contract and pay Notional Amount B to, and receive Notional Amount A from, Clearing Member 5 (in respect of its Client Position Account relating to Client 1) in another Deliverable FX Forward Contract; and (2) under an Original Deliverable FX Swap Transaction if (a) Client 1 was the party paying Notional Amount C to, and receiving Notional Amount D from, Client 2, and Client 2 was the party paying Notional Amount D to, and receiving Notional Amount C from, Client 1 in the near leg and (b) Client 1 was the party paying Notional Amount E to, and receiving Notional Amount F from, Client 2, and Client 2 was the party paying Notional Amount F to, and receiving Notional Amount E from, Client 1 in the far leg, then upon registration of the same as two Deliverable FX Swap Contracts between OTC Clear and each of Clearing Member 5 (in respect of its Client Position Account relating to Client 1) and Clearing Member 6 (in respect of its Client Position Account relating to Client 2), and when deriving the relevant Economic Terms relating to the relevant payer of each of Notional Amount C, Notional Amount D, Notional Amount E and Notional Amount F from the Transaction Data of the corresponding Original Deliverable FX Swap Transaction, the terms shall be derived such that (c) in one Deliverable FX Swap Contract OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, Clearing Member 6 (in respect of its Client Position Account relating to Client 2) in the near leg and pay Notional Amount E to, and receive Notional Amount F from, Clearing Member 6 (in respect of its Client Position Account relating to Client 2) in the far leg and (d) in another Deliverable FX Swap Contract OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, Clearing Member 5 (in respect of its Client Position Account relating to Client 1) in the near leg and pay Notional Amount F to, and receive Notional Amount E from, Clearing Member 5 (in respect of its Client Position Account relating to Client 1) in the far leg.

If, pursuant to Clearing Rule 806(3)(c), Clearing Member 5 and Clearing Member 6 are the same Clearing Member, then (3) OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, such Clearing Member's Client Position Account relating to Client 2 in one Deliverable FX Forward Contract, and OTC Clear will pay Notional Amount B to, and receive Notional Amount A from, such Clearing Member's Client Position Account relating to Client 1 in another Deliverable FX Forward Contract; and (4)(a) in one Deliverable FX Swap Contract, OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, such Clearing Member's Client Position Account relating to Client 2 in the near leg and pay Notional Amount E to, and receive Notional Amount F from, such Clearing Member's Client Position Account relating to Client 2 in the far leg and (b) in another Deliverable FX Swap Contract, OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, such Clearing Member's Client Position Account relating to Client 1 in the near leg and pay Notional Amount F to, and receive

Notional Amount E from, such Clearing Member's Client Position Account relating to Client 1 in the far leg.

General Terms

2616. Clearing Rules 2617 to 2621 are designated as General Terms of a Deliverable FX Forward Contract and a Deliverable FX Swap Contract.

Clearing Rules

2617. A Deliverable FX Forward Contract and a Deliverable FX Swap Contract shall be subject to the Clearing Rules, which shall form a part of their relevant terms. In the event of any inconsistency between these Contract Terms and the Clearing Rules, the Clearing Rules will prevail.

Calculation Agent

2618. OTC Clear shall be deemed the Calculation Agent in respect of each Deliverable FX Forward Contract and Deliverable FX Swap Contract.

Rounding

2619. Sections 8.1 and 8.2 of the ISDA Definitions will apply to a Deliverable FX Forward Contract and a Deliverable FX Swap Contract.

Tax Provisions

2620. Chapter 11 of these Clearing Rules shall form part of the Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms as if they were set out in full herein.

Governing Law

2621. Each Deliverable FX Forward Contract and Deliverable FX Swap Contract shall be governed by and construed in accordance with the laws of Hong Kong and the parties irrevocably agree for the benefit of OTC Clear that the courts of Hong Kong shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. Each Clearing Member hereto irrevocably submits to such jurisdiction and agrees to waive any objection it might otherwise have to such jurisdiction, save that this submission to the jurisdiction of the courts of Hong Kong shall not (and shall not be construed so as to) limit the right of OTC Clear to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude OTC Clear from taking action in any other jurisdiction, whether concurrently or not.

OTC Clearing Hong Kong Limited Clearing Procedures

7.6 Treatment of Collateral

Chapter 8 Default Management

8.1 Interpretation and Overview

8.2 Member Obligations

8.3 Scope and Responsibility of Default Management Group

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9.1 Arrangement for Special Events

9.2 Primary Data Center

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9.4 Special Arrangement for Valuation of a Standard Rates Derivatives Contract which is Denominated in HK\$ and a Standard Cross-currency Rates Derivatives Contract which has a Fixed Amount or Floating Amount Denominated in HK\$ under Adverse Weather Conditions

9.5 Special Arrangement of Voluntary Deposit of Cash Collateral, Porting of Excess Margin and Withdrawal of Excess Margin and Rates and FX Contribution Excess under Adverse Weather Conditions

Chapter 10 Determination of Close-out Value, Winding Down of the Rates and FX Clearing Service and OTC Clear Default

10.1 Close-out Value

10.2 Rates and FX Clearing Termination Event

10.3 OTC Clear Default

10.4 Product Suspension Event

Appendix I Fees Schedule

Appendix II Additional Financial Centers

Appendix III Template Hong Kong law Deed of Charge – House Collateral Account

Appendix IV Template Hong Kong law Deed of Charge – Client Collateral Accounts

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Chapter 3

Rates and FX Clearing Services

3.1 Overview

Upon execution of an Original Transaction, Clearing Members or Clients who are parties to such Original Transaction and who wish to submit such Original Transaction for registration with OTC Clear shall submit or, in the case of a Client, request the relevant Clearing Member to submit such instructions to the same Approved Trade Registration System. Upon receipt of the instructions from the Clearing Members, the Approved Trade Registration System will perform matching of the instructions. As described in section 3.2, each Approved Trade Registration System is a system provided by a third-party vendor and as such, OTC Clear will not be responsible or liable for any such trade matching performed by any such Approved Trade Registration System.

After an Original Transaction is matched by an Approved Trade Registration System, Clearing Members can submit an Original Transaction to OTC Clear for registration via an Approved Trade Registration System. Any Original Transaction which is submitted for registration is required to fulfil the applicable product eligibility requirements set out in section 3.4 and “Margin Process” as described in section 4.6 of these Clearing Procedures. The results of the registration will be communicated to the relevant Approved Trade Registration System and/or indicated in the “OTC Clear Trade Report (Report Number TDRP01, TDRP02, TDRP03, TDRP04, TDRP05, ~~TDRP06~~, TDRP11, TDRP12 or TDRP13)” in relation to any House Position Account or “OTC Clear Trade Report for Client (Report Number TDRP01_C, TDRP02_C, TDRP03_C, TDRP04_C, TDRP05_C, ~~TDRP06_C~~, TDRP11_C, TDRP12_C or TDRP13_C)” in relation to any Client Position Account. Both “OTC Clear Trade Report (Report Number TDRP01, TDRP02, TDRP03, TDRP04, TDRP05, ~~TDRP06~~, TDRP11, TDRP12 or TDRP13)” and “OTC Clear Trade Report for Client (Report Number TDRP01_C, TDRP02_C, TDRP03_C, TDRP04_C, TDRP05_C, ~~TDRP06_C~~, TDRP11_C, TDRP12_C or TDRP13_C)” are available to the Clearing Members on the Web Portal.

The ISDA Definitions and FX Definitions are incorporated by reference into this Chapter 3. References to “Business Day(s)” as used in this Chapter 3 shall have the meaning given to it in the ISDA Definitions. For the avoidance of doubt, the meaning of “Business Day” incorporated by reference in Chapter 23, ~~Chapter 24~~ and Chapter 26 ~~24~~ of the Clearing Rules shall not be applicable in this Chapter 3.

3.2 Approved Trade Registration System

OTC Clear does not discriminate or distinguish between Original Transactions based upon execution method or venue. However, Original Transactions can only be submitted through an Approved Trade Registration System. Any Original Transaction submitted to OTC Clear through an Approved Trade Registration System shall be deemed to be submitted for or by the relevant Clearing Member. The Approved Trade Registration Systems designated by OTC Clear are the matching and confirmation service for over-the-counter derivatives transactions provided by (i) MarkitSERV Limited (“**MarkitWire**”), ~~”) and (ii) MarkitSERV, LLC (“**DSMatch**”) and (iii) Traiana, Inc. (“**Traiana**”) (each an “**Approved Trade Registration System**”). OTC Clear only accepts an Original Transaction that is submitted via one of the relevant Approved Trade Registration Systems. Please refer to the ATRS Guide which sets out each data field on an Approved Trade Registration System accepted by OTC Clear for the purpose of submission of an Original Transaction for registration as Contracts. The ATRS~~

Process” set out in section 4.6 of these Clearing Procedures on such Original Transaction on the immediately following OTC Clear Clearing Day.

If an Original Transaction does not satisfy the applicable product eligibility requirements as set out in section 3.4, or if it contains any invalid or incomplete trade data, such Original Transaction will be rejected and will not go through the “Margin Process” as set out in section 4.6 of these Clearing Procedures. The result will be communicated to the relevant Approved Trade Registration System.

If an Original Transaction satisfies the applicable product eligibility requirements set out in section 3.4, but does not satisfy the “Margin Process” as set out in section 4.6 of these Clearing Procedures, such Original Transaction will be put on “pending” status in the Rates and FX Clearing System. The result will be communicated to the relevant Approved Trade Registration System. The transaction will be flagged as “WAIT_MARGIN”, “LIMIT_FAILED” or “PROCESSING” in the “OTC Clear Trade Report (Report Number ~~TDRP03_~~~~TDRP04_~~ or TDRP12)” in relation to any House Position Account or “OTC Clear Trade Report for Client (Report Number ~~TDRP03_C_~~~~TDRP04_C_~~ or TDRP12_C)” in relation to any Client Position Account. Both “OTC Clear Trade Report (Report Number ~~TDRP03_~~~~TDRP04_~~ or TDRP12)” and “OTC Clear Trade Report for Client (Report Number ~~TDRP03_C_~~~~TDRP04_C_~~ or TDRP12_C)” are available to the Clearing Members on the Web Portal.

Any “pending” Original Transaction (save and except any “pending” Original Standard Cross-currency Rates Derivatives Transaction, Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction) that is not accepted for registration by the commencement of the End-of-Day Settlement Process on the OTC Clear Clearing Day immediately following the day on which such “pending” Original Transaction (save and except any “pending” Original Standard Cross-currency Rates Derivatives Transaction, Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction) satisfies the applicable product eligibility requirements set out in section 3.4 will be rejected by OTC Clear.

Any Original Standard Cross-currency Rates Derivatives Transaction or Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction that is submitted to OTC Clear for registration between 18:00 hours Hong Kong time and 19:00 hours Hong Kong time on an OTC Clear Clearing Day and put on “pending” status in the Rates and FX Clearing System will be rejected by OTC Clear if it is not accepted for registration by the commencement of the End-of-Day Settlement Process on the immediately following OTC Clear Clearing Day. Otherwise any “pending” Original Standard Cross-currency Rates Derivatives Transaction or Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction that is not accepted for registration by the commencement of the End-of-Day Settlement Process on the OTC Clear Clearing Day on which such “pending” Original Standard Cross-currency Rates Derivatives Transaction or Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction satisfies the applicable product eligibility requirements set out in section 3.4 will be rejected by OTC Clear.

The result of rejection will be communicated to the relevant Approved Trade Registration System. The transaction will be flagged as “REJECTED” in the “OTC Clear Trade Report (Report Number ~~TDRP05_~~~~TDRP06_~~ or TDRP13)” in relation to any House Position Account or “OTC Clear Trade Report for Client (Report Number ~~TDRP05_C_~~~~TDRP06_C_~~ or TDRP13_C)” in relation to any Client Position Account. Both “OTC Clear Trade Report (Report Number ~~TDRP05_~~~~TDRP06_~~ or TDRP13)” and “OTC Clear Trade Report for Client (Report Number ~~TDRP05_C_~~~~TDRP06_C_~~ or TDRP13_C)” are available to the Clearing Members on the Web Portal.

If an Original Transaction satisfies all applicable Eligibility Requirements, such Original Transaction will be registered by OTC Clear as two Contracts. The result will be communicated to the relevant

Approved Trade Registration System. A unique trade identification number will be assigned to each such Contract, and such trade identification number will be published in the “OTC Clear Trade Report (Report Number TDRP01, ~~or~~ TDRP02, or TDRP11)” in relation to any House Position Account or “OTC Clear Trade Report for Client (Report Number TDRP01_C, ~~or~~ TDRP02_C or TDRP11_C)” in relation to any Client Position Account. Both “OTC Clear Trade Report (Report Number TDRP01, ~~or~~ TDRP02 or TDRP11)” and “OTC Clear Trade Report for Client (Report Number TDRP01_C, ~~or~~ TDRP02_C or TDRP11_C)” are available to the Clearing Members on the Web Portal. In addition, the Original Transaction submitted for registration will be flagged as “CLEARED” in such “OTC Clear Trade Report (Report Number TDRP01, ~~or~~ TDRP02 or TDRP11)” or “OTC Clear Trade Report for Client (Report Number TDRP01_C, ~~or~~ TDRP02_C or TDRP11_C)”.

3.3.2 Creation of Contracts other than through Submission of Original Transactions by Clearing Members

- (i) Pursuant to Clearing Rule 813, Contracts may also be created by OTC Clear registering a Contract on its system. In doing so, OTC Clear may waive any required checks for assessing whether or not the applicable Eligibility Requirements have been satisfied; or
- (ii) Pursuant to Clearing Rule 825, Contracts may also be created by OTC Clear registering a Contract on its system in accordance with sections 3.17 and 3.18 of these Clearing Procedures.

3.4 Product Eligibility Requirements

3.4.1 General Requirements for an Original Non Deliverable Rates Derivatives Transaction and Original Non Deliverable FX Derivatives Transaction

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

- (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 Non Deliverable 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 Non Deliverable 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 and FX)	Floating Rate Option	Maximum Residual Term	Designated Maturity

Instrument		Currencies / Currency Pairs (swap and FX)	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	15 40 years (5,490 3,660 days)	One month, three months, six months and one year
		CNY (offshore)	CNY-SHIBOR-Reuters	10 years (3,660 days)	One month, three months, six months and one year
	CNH-HIBOR-TMA				
	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	15 40 years (5,490 3,660 days)	One month, three months, six months and 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		
		HK\$ and USD	HK\$: HKD-HIBOR-HKAB	10 years (3,660 days)	One month, three months, six months and one year
USD: USD-LIBOR-BBA					
Original Non Deliverable	Non-deliverable interest rate	CNY	CNY-CNREPOFIX=CFX S-Reuters	5 years (1,830 days)	Not Applicable

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Instrument		Currencies / Currency Pairs (swap and FX)	Floating Rate Option	Maximum Residual Term	Designated Maturity
Rates Derivatives Transactions	swaps	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 swaps	USD	Actual/360
		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)
		HK\$	Actual/365 (Fixed)
	Cross-currency basis	USD	Actual/360

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Instrument		Currencies	Floating Rate Day Count Fraction
	swaps	CNY (offshore)	Actual/360 and Actual/365 (Fixed)
		HK\$	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

Additional financial center(s) (as set out in Appendix II to these Clearing Procedures) may also be elected (irrespective of the Contractual Currency of the Original Standard Rates Derivatives Transaction) for such Original Standard Rates Derivatives Transaction for the purpose of determining Payment Dates (other than Payment Dates in respect of Additional Payments which are set out in section 3.4.2.17) with no limitation in number;

- (ii) with regard to an Original Non Deliverable Rates Derivatives Transaction, OTC Clear will accept an Original Non Deliverable Rates Derivatives Transaction for registration only if the “Relevant City(ies) for Business Day for Settlement Date(s)” specified in the ND IRS Template relating to such Original Non Deliverable Rates Derivatives Transaction has/have been elected for the purpose of determining the Payment Dates;
- (iii) 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:
 - (a) 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 financial center(s) or “Relevant City(ies) for Business Days for Settlement Date(s)” (as applicable) has/have been elected for purposes of determining the Payment Date and the Calculation Period (if applicable) for each Floating Amount payable by such Floating Rate Payer; and
 - (b) the same financial center(s) or “Relevant City(ies) for Business Days for Settlement Date(s)” (as applicable) has/have been elected for purposes of determining the Payment Date and the Calculation Period (if applicable) for each Fixed Amount (if applicable);
- (iv) with regard to an Original Standard Cross-currency Rates Derivatives Transaction, OTC Clear will accept such Original Standard Cross-currency Rates Derivatives Transaction for registration only if the financial centers as shown in the table below in the column entitled “Mandatory Financial Center” and marked against the relevant Currency Pair (swap) have been elected for such Original Standard Cross-currency Rates Derivatives Transaction for the purpose of determining Payment Dates (other than Payment Dates in respect of Additional Payments which are set out in section 3.4.2.17):

Currency Pairs (swap)	Mandatory Financial Center
USD and CNY (offshore)	New York, Beijing and Hong Kong
USD and HK\$	New York and Hong Kong

Additional financial center(s) (as set out in Appendix II to these Clearing Procedures) may also be elected (irrespective of the Currency Pair (swap and FX) of the Original Standard Cross-currency Rates Derivatives Transaction) for such Original Standard Cross-currency Rates Derivatives Transaction for the purpose of determining Payment Dates (other than Payment Dates in respect of Additional Payments which are set out in section 3.4.2.17) with no limitation in number; and

- (v) with regard to an Original Standard Cross-currency Rates Derivatives Transaction, OTC Clear will accept an Original Standard Cross-currency Rates Derivatives Transaction for registration only if the same financial centers have been elected for the purposes of determining (a) the Payment Date and the Calculation Period (if applicable) for each Floating Amount, (b) the Payment Date and the Calculation Period (if applicable) for each Fixed Amount (if applicable), (c) the Initial Exchange Date (if applicable), and (d) the Final Exchange Date (if applicable).

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;
- (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;
- (v) with regard to the initial Calculation Period in respect of the Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that particular Original Transaction, then in respect of each Floating Rate Payer) of an Original Standard Rates Derivatives Transaction which is denominated in CNY (offshore) or USD, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction which is denominated in MYR or TWD, the determination of the rate for the Reset Date for such Calculation Period is consistent with that prescribed for in Article 7 of the ISDA Definitions except that a different Fixing Days Offset can be elected by the Clearing Members for the respective Floating Rate Option, provided that such Fixing Days Offset is:
 - (a) zero; or
 - (b) any number of day(s) preceding the Reset Date, provided that each of such day is a Business Day in respect of:
 - (A) a financial center as shown in the table below in the column entitled "Mandatory Financial Center" and marked against the relevant Floating Rate Option; and

Floating Rate Option	Mandatory Financial Center
CNH-HIBOR-TMA	Hong Kong
<u>HKD-HIBOR-HKAB</u>	<u>Hong Kong</u>
CNY-SHIBOR-Reuters	Beijing
MYR-KLIBOR-BNM	Kuala Lumpur
TWD-TAIBOR-Reuters	Taipei
USD-LIBOR-BBA	London

- (B) any additional financial center(s) (as set out in Appendix II to these Clearing Procedures) being elected by the Clearing Members with no limitation in number;

- (d) the receiver of the Initial Exchange Amount in a particular currency is the payer of the Final Exchange Amount in such currency.
- (iv) If neither Initial Exchange Amount nor Final Exchange Amount is applicable to an Original Standard Cross-currency Rates Derivatives Transaction, OTC Clear will accept that particular Original Transaction for registration only if both Initial Exchange Date and Final Exchange Date are not applicable.

For the avoidance of doubt, OTC Clear will not accept an Original Standard Cross-currency Rates Derivatives Transaction for registration if Interim Exchange Amount is applicable.

3.4.2.28 Initial Exchange Date and Final Exchange Date

This is applicable to an Original Standard Cross-currency Rates Derivatives Transaction only.

- (i) If Final Exchange Date is applicable, OTC Clear will accept an Original Standard Cross-currency Rates Derivatives Transaction for registration only if, prior to any adjustment being made to the Final Exchange Date in accordance with the applicable Business Day Convention, it is the same as the Termination Date.
- (ii) If Initial Exchange Date is applicable, OTC Clear will accept an Original Standard Cross-currency Rates Derivatives Transaction for registration only if:

- (a) prior to any adjustment being made to the Initial Exchange Date in accordance with the applicable Business Day Convention, it is the same as the Effective Date; and

- (b) such Original Transaction is submitted to OTC Clear for registration:

(A) prior to 18:00 hours Hong Kong time on the OTC Clear Clearing Day immediately preceding any forthcoming Initial Exchange Date of that particular Original Transaction; or

- ~~(b) the date on which OTC Clear performs the product eligibility requirements checks (set out in this section 3.4) on that particular Original Transaction:~~

~~(A) precedes any forthcoming Initial Exchange Date of that particular Original Transaction by a minimum of two days, where each of these two days is (1) a Currency Day for each Contractual Currency of that particular Original Transaction and (2) an OTC Clear Clearing Day if such Original Transaction is submitted to OTC Clear for registration between 18:00 hours Hong Kong time and 19:00 hours Hong Kong time on an OTC Clear Clearing Day; or precedes any forthcoming Initial Exchange Date of that particular Original Transaction by a minimum of one day, where such day is (1) a Currency Day for each Contractual Currency of that particular Original Transaction and (2) an OTC Clear Clearing Day if such Original Transaction is submitted to OTC Clear for registration at any other time; or~~

~~(B) falls after the Initial Exchange Date of that particular Original Transaction.~~

3.4.2.29 Currency Amount

This is applicable to an Original Standard Cross-currency Rates Derivatives Transaction only.

OTC Clear will accept an Original Standard Cross-currency Rates Derivatives Transaction for registration only if each Currency Amount in respect of a Fixed Rate Payer or Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that particular Original Transaction, then each Floating Rate Payer) of that particular Original Transaction is:

- (iv) an Original Non Deliverable Rates Derivatives Transaction which is denominated in INR for registration only if no Floating Rate has been designated by the Clearing Members for any Calculation Period of such Original Transaction.

For the avoidance of doubt, if the Clearing Members designate the Floating Rate for the initial Calculation Period or initial Compounding Period (as the case may be) of an Original Transaction and elect the Fixing Days Offset which is inconsistent with that prescribed for in Article 7 of the ISDA Definitions for the respective Floating Rate Option in the determination of the rate for the Reset Date for the initial Calculation Period or initial Compounding Period (as the case may be) of such Original Transaction, such Original Transaction will not be accepted by OTC Clear for registration.

3.4.3 Specific Requirements for an Original Non Deliverable FX Derivatives Transaction

3.4.3.1 OTC Clear will only accept the types of Original Non Deliverable FX Derivatives Transaction as set out in the table below:

Reference Currency	Settlement Currency	Maximum Residual Term	Valuation Days Offset
CNY	USD	2 years (740 days)	2 Beijing Business Days
INR		2 years (740 days)	2 Mumbai Business Days
KRW		2 years (740 days)	2 Seoul Business Days
TWD		2 years (740 days)	2 Taipei Business Days

3.4.3.2 Residual Term

The residual term of an Original Non Deliverable FX Derivatives Transaction is the period from (but excluding) the date on which OTC Clear performs the product eligibility requirements checks (set out in this section 3.4) on that particular Original Non Deliverable FX Derivatives Transaction to (and including) the Settlement Date of that particular Original Non Deliverable FX Derivatives Transaction.

OTC Clear will accept an Original Non Deliverable FX Derivatives Transaction for registration only if the residual term of that particular Original Non Deliverable FX Derivatives Transaction is:

- (i) greater than or equal to four days where each of these four days is (a) a Currency Day relating to the Contractual Currency of that particular Original Non Deliverable FX Derivatives Transaction and (b) an OTC Clear Clearing Day; and
- (ii) less than or equal to the relevant maximum residual term as set out in section 3.4.3.1.

3.4.3.3 Reference Currency Notional Amount

OTC Clear will accept an Original Non Deliverable FX Derivatives Transaction for registration only if the Reference Currency Notional Amount of that particular Original Non Deliverable FX Derivatives Transaction is:

- (i) greater than or equal to one unit of the Reference Currency; and

- (ii) an integer of the Reference Currency if the relevant Reference Currency is KRW; or an integer or a number rounded up to two or less decimal places of the Reference Currency if the relevant Reference Currency is CNY, INR or TWD.

3.4.3.4 Forward Rate

OTC Clear will accept an Original Non Deliverable FX Derivatives Transaction for registration only if the Forward Rate of that particular Original Non Deliverable FX Derivatives Transaction is:

- (i) greater than or equal to one;
- (ii) an integer or a number rounded up to four or less decimal places; and
- (iii) quoted in terms of the amount of Reference Currency per one unit of Settlement Currency.

For the avoidance of doubt, OTC Clear will only accept an Original Non Deliverable FX Derivatives Transaction for registration if both the Forward Rate and at least one of (a) Notional Amount or (b) Reference Currency Notional Amount are specified in such Original Non Deliverable FX Derivatives Transaction.

3.4.3.5 Valuation Date and Settlement Date

OTC Clear will accept an Original Non Deliverable FX Derivatives Transaction for registration only if:

- (i) both Settlement Date and Valuation Date are specified in that particular Original Non Deliverable FX Derivatives Transaction;
- (ii) the Settlement Date specified in that particular Original Non Deliverable FX Derivatives Transaction is a Currency Day for the Contractual Currency of that particular Original Non Deliverable FX Derivatives Transaction; and
- (iii) the relevant Valuation Days Offset is applied to that particular Original Non Deliverable FX Derivatives Transaction.

“**Valuation Days Offset**” (as set out in section 3.4.3.1) is the number of relevant Business Days by which the Valuation Date precedes the Settlement Date, subject to the Reference Currency of the Original Non Deliverable FX Derivatives Transaction.

3.4.3.6 Notional Amount

OTC Clear will accept an Original Non Deliverable FX Derivatives Transaction for registration only if:

- (i) the Notional Amount of that particular Original Non Deliverable FX Derivatives Transaction is greater than or equal to one unit of USD;
- (ii) the Notional Amount of that particular Original Non Deliverable FX Derivatives Transaction is an integer or a number rounded up to two or less decimal places; and
- (iii) the product of Forward Rate and Notional Amount is equivalent to the Reference Currency Notional Amount.

3.4.3.7 Valuation Date

OTC Clear will accept an Original Non Deliverable FX Derivatives Transaction for registration only if the Valuation Date falls on or after the Trade Date of such Original Non Deliverable FX Derivatives Transaction.

3.4.3.8 Trade Date

OTC Clear will accept an Original Non Deliverable FX Derivatives Transaction for registration only if the Trade Date of such Original Transaction falls on or prior to the date on which such Original Transaction is submitted for registration.

3.4.4 Specific Requirements for an Original Deliverable FX Forward Transaction and Original Deliverable FX Swap Transaction

3.4.4.1 OTC Clear will only accept the types of Original Deliverable FX Forward Transaction and Original Deliverable FX Swap Transaction as set out in the table as follows:

<u>Instrument</u>	<u>Currency Pair (swap and FX)</u>	<u>Maximum Residual Term</u>
Original Deliverable FX Forward Transactions	USD and CNY (offshore)	3 years (1,100 days)
	USD and HK\$	
Original Deliverable FX Swap Transactions	USD and CNY (offshore)	3 years (1,100 days)
	USD and HK\$	

3.4.4.2 Residual Term

In respect of an Original Deliverable FX Forward Transaction, the residual term of that particular Original Transaction is the period from (but excluding) the date on which OTC Clear performs the product eligibility requirements checks (set out in this section 3.4) on that particular Original Transaction to (and including) the Settlement Date of that particular Original Transaction.

In respect of an Original Deliverable FX Swap Transaction, the residual term of that particular Original Transaction is the period from (but excluding) the date on which OTC Clear performs the product eligibility requirements checks (set out in this section 3.4) on that particular Original Transaction to (and including) the Settlement Date of the far leg of that particular Original Transaction.

OTC Clear will accept an Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction for registration only if the residual term of that particular Original Transaction is:

- (i) greater than or equal to one day where each such day is (a) a Currency Day for each Contractual Currency of that particular Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction, as the case may be, and (b) an OTC Clear Clearing Day; and
- (ii) less than or equal to the relevant maximum residual term as set out in section 3.4.4.1.

3.4.4.3 Forward Rate

OTC Clear will accept an Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction for registration regardless of whether any Forward Rate of that particular Original Transaction is specified or not.

For the avoidance of doubt, if Forward Rate is specified under the terms of an Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction:

- (i) OTC Clear will not maintain or record the Forward Rate within its Rates and FX Clearing System when registering such Original Transaction; and
- (ii) the Forward Rate will not form part of the Contract Terms of the Contracts created as a result of registration of such Original Transaction.

3.4.4.4 Settlement Date

- (i) with regard to an Original Deliverable FX Forward Transaction, OTC Clear will accept that particular Original Transaction for registration only if:
 - (a) the Settlement Date of that particular Original Transaction follows the Trade Date of that particular Original Transaction by a minimum of two days, where each of those two days is a Currency Day for each Contractual Currency of that particular Original Deliverable FX Forward Transaction; and
 - (b) the Settlement Date specified in that particular Original Transaction is a Currency Day for each Contractual Currency of that particular Original Transaction;
- (ii) with regard to an Original Deliverable FX Swap Transaction, OTC Clear will accept that particular Original Transaction for registration only if:
 - (a) any Settlement Date specified in that particular Original Transaction that falls after the date on which such Original Transaction is submitted for registration is a Currency Day for each Contractual Currency of that particular Original Transaction; and
 - (b) the Settlement Dates of the near leg and far leg of that particular Original Transaction are different; and
- (iii) with regard to both an Original Deliverable FX Forward Transaction and an Original Deliverable FX Swap Transaction, OTC Clear will accept that particular Original Transaction for registration only if such Original Transaction is submitted to OTC Clear for registration prior to 18:00 hours Hong Kong time on the OTC Clear Clearing Day immediately preceding any forthcoming Settlement Date of that particular Original Transactions.

3.4.4.5 Notional Amount

- (i) with regard to an Original Deliverable FX Swap Transaction, OTC Clear will accept that particular Original Transaction for registration only if at least one payer of a Notional Amount in the near leg of that particular Original Transaction receives the same Notional Amount denominated in the same currency in the far leg of that particular Original Transaction; and
- (ii) with regard to both an Original Deliverable FX Forward Transaction and an Original Deliverable FX Swap Transaction, OTC Clear will accept that particular Original Transaction for registration only if each Notional Amount of such Original Transaction is:
 - (a) greater than or equal to one unit of the relevant currency; and
 - (b) an integer or a number rounded up to two or less decimal places.

3.4.4.6 Currency

This is applicable to an Original Deliverable FX Swap Transaction only.

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

- (i) the payer of a particular currency in the near leg of such Original Transaction is the receiver of such currency in the far leg of such Original Transaction;
- (ii) the receiver of a particular currency in the near leg of such Original Transaction is the payer of such currency in the far leg of such Original Transaction; and
- (iii) such Original Transaction is denominated in the same Currency Pair (swap and FX) in both near leg and far leg of that particular Original Transaction.

3.4.4.7 Trade Date

OTC Clear will accept an Original FX Forward Transaction or Original Deliverable FX Swap Transaction for registration only if the Trade Date of such Original Transaction falls on or prior to the date on which such Original Transaction is submitted for registration.

3.4A Suspension of Product

OTC Clear may from time to time, in its sole discretion and with prior consultation with the SFC, suspend clearing of a product or class of products (a “**Product Suspension Event**”). In the event of the occurrence of a Product Suspension Event of a product, no Original Transactions in such product will be accepted for registration and instead they will be rejected. OTC Clear may also, with prior consultation with the SFC, require Clearing Members to unwind any Contracts in a product which is subject to a Product Suspension Event which were registered before the effective date of Product Suspension Event. If Clearing Members fail to do so, OTC Clear, at its sole discretion, will be entitled to terminate any such Contracts, and all prevailing obligations of OTC Clear and the relevant Clearing Member in respect of such Contracts shall cease and be replaced with the obligation of OTC Clear or the relevant Clearing Member, as the case may be, to pay the close-out value determined in accordance with section 10.1(iv) of these Clearing Procedures. OTC Clear may, with prior consultation with the SFC, lift the suspension at any time.

Prior written notice of a Product Suspension Event or a resumption of clearing of a product previously subject to a Product Suspension Event shall be given to Clearing Members and the SFC. OTC Clear shall give notice to Clearing Members by means of a Clearing Notice.

3.5 Error Contract

Pursuant to Clearing Rule 814, in the event OTC Clear terminates an Error Contract, the relevant Clearing Members who were parties to the Error Contract being terminated will be notified through the “OTC Clear Trade Report (Report Number ~~TDRP01_~~~~TDRP02_~~or TDRP11)” in respect of an Error Contract which has been registered in a House Position Account or “OTC Clear Trade Report for Client (Report Number ~~TDRP01_C_~~~~TDRP02_C_~~or TDRP11_C)” in respect of an Error Contract which has been registered in a Client Position Account. Both “OTC Clear Trade Report (Report Number ~~TDRP01_~~~~or TDRP02_~~or TDRP11)” and “OTC Clear Trade Report for Client (Report Number ~~TDRP01_C_~~~~or TDRP02_C_~~or TDRP11_C)” are available to the Clearing Members on the Web Portal. The status of any terminated Error Contract will be indicated in the “OTC Clear Trade Report (Report Number ~~TDRP01_~~~~or TDRP02_~~or TDRP11)” or “OTC Clear Trade Report for Client (Report Number ~~TDRP01_C_~~~~or TDRP02_C_~~or TDRP11_C)” as a rejected transaction. The status will be flagged as “DECLARED”, “TERMINATED” or “TRANSFERRED”.

be performed during the Margin Process Hours, and as such, the relevant Contract will not be de-registered by OTC Clear until the immediately following OTC Clear Clearing Day assuming the "Margin Process" set out in section 4.6 of these Clearing Procedures are satisfied.

In respect of a de-registration request submitted to OTC Clear on a day which is not an OTC Clear Clearing Day, or at or after 19:00 hours Hong Kong time on an OTC Clear Clearing Day, such de-registration request will be processed by OTC Clear on the immediately following OTC Clear Clearing Day.

If a de-registration request does not satisfy the conditions set out in section 3.6.1, or if it contains any invalid or incomplete trade data, such de-registration request will be rejected and will not go through the "Margin Process" as set out in section 4.6 of these Clearing Procedures. The result will be communicated to the relevant Approved Trade Registration System but will not be made available to the Clearing Members on the Web Portal.

If a de-registration request satisfies the conditions set out in section 3.6.1, but does not satisfy the "Margin Process" as set out in section 4.6 of these Clearing Procedures, such de-registration request will be put on "pending" status in the Rates and FX Clearing System. The result will be communicated to the relevant Approved Trade Registration System. The relevant Contracts will be flagged as "PEND_TRF/TRM/DCL" in the "OTC Clear Trade Report (Report Number ~~TDRP03_~~TDRP04_or TDRP12)" in relation to any House Position Account or "OTC Clear Trade Report for Client (Report Number ~~TDRP03_C_~~TDRP04_C_or TDRP12_C)" in relation to any Client Position Account. Both "OTC Clear Trade Report (Report Number ~~TDRP03_~~TDRP04_or TDRP12)" and "OTC Clear Trade Report for Client (Report Number ~~TDRP03_C_~~TDRP04_C_or TDRP12_C)" are available to the Clearing Members on the Web Portal.

OTC Clear will reject any de-registration request which fails to satisfy the "Margin Process" as set out in section 4.6 of these Clearing Procedures by the commencement of the End-of-Day Settlement Process on the OTC Clear Clearing Day immediately following the day on which all conditions set out in section 3.6.1 have been satisfied. The result will be communicated to the relevant Approved Trade Registration System and the relevant Contracts will remain registered with OTC Clear.

If a de-registration request satisfies all conditions set out in section 3.6.1 and "Margin Process" as set out in section 4.6 of these Clearing Procedures, such Contracts will be de-registered by OTC Clear. The result will be communicated to the relevant Approved Trade Registration System. In addition, the relevant Contracts submitted for de-registration will be flagged as "DECLARED" in such "OTC Clear Trade Report (Report Number ~~TDRP01_~~TDRP02_or TDRP11)" in relation to any House Position Account or "OTC Clear Trade Report for Client (Report Number ~~TDRP01_C_~~TDRP02_C_or TDRP11_C)" in relation to any Client Position Account.

Save and except for the operation of section 3.8.1 and any fees due but unpaid by the relevant Clearing Member to OTC Clear (including the de-registration fee):

- (i) any Contract that has been de-registered shall have no further force or effect thereafter; and
- (ii) the rights and obligations of each of OTC Clear and the relevant Clearing Member under the Contract being de-registered shall be fully relinquished and discharged with effect from the time such Contract is de-registered.

Any de-registered transaction can be submitted for registration again, and subject to the Eligibility Requirements applicable to the relevant transaction.

Cancellation, novation or any other fees which have been agreed between the relevant Clearing Members who are counterparties to the particular Contract in connection with a de-registration request shall not be processed by OTC Clear.

3.7 Accounts

Pursuant to Chapter 9 of the Clearing Rules, the following accounts may be opened for a Clearing Member on the OTC Clear's books and records: (i) one House Position Account and one or more Client Position Accounts may be established for a Clearing Member, (ii) one House Collateral Account and one or more Client Collateral Accounts may be established for a Clearing Member, (iii) but only one GF Account will be established for a Clearing Member. Each Clearing Member will be individually identified in OTC Clear Rates and FX Clearing System by way of designation of a bank identifier code (BIC) for each such Clearing Member. In addition, a unique identifier will be assigned to each Clearing Member and mapped to each of the accounts.

3.8 Settlement Components

A "**Settlement Component**" consists of daily settlement components (as set out in section 3.8.1) and fees and interest (as set out in section 3.8.2).

Pursuant to Clearing Rule 226, the calculations made by OTC Clear shall be conclusive and binding on all Clearing Members. If a Clearing Member notifies OTC Clear of any alleged error in any calculations performed by OTC Clear pursuant to Clearing Rule 226, such Clearing Member is still obligated to settle the full amounts as stated in the "OTC Clear Settlement Reports" and "OTC Clear Settlement Reports for Client" (if applicable) on the payment due date pending investigation, resolution or (if applicable) rectification of the alleged error by OTC Clear.

For the avoidance of doubt, OTC Clear will only be responsible for settlement of any Settlement Component of a Contract if the Payment Date of such Settlement Component is in compliance with the terms set out in sections section-3.4.2.12 and 3.4.4.4.

The terms and provisions included in an ISDA Credit Support Annex published by ISDA will not form part of the Contract Terms of a Contract. As such, the Independent Amount (as defined in paragraph 10 of the ISDA Credit Support Annex (Bilateral Form-Transfer) published by ISDA) is not, and does not form part of the Settlement Component. OTC Clear is not responsible for, and will not be processing any transfer of Independent Amount and Clearing Member shall be responsible to put in place any relevant Collateral management procedures for processing any Independent Amount.

3.8.1 Daily Settlement Components

OTC Clear will determine the daily settlement components on each OTC Clear Clearing Day. Daily settlement components consist of (i) coupon payment for a Standard Rates Derivatives Contract, Standard Cross-currency Rates Derivatives Contract and Non Deliverable Rates Derivatives Contract, (ii) settlement amount for a Non Deliverable an-FX Derivatives Contract, (iii) Additional Payment, (iv) Additional Amount, (v) Initial Margin, (vi) Additional Margin, (vii) Variation Margin, (viii) Rates and FX Contribution, (ix) Initial Exchange Amount and Final Exchange Amount for a Standard Cross-currency Rates Derivatives Contract, (x) Notional Amounts for a Deliverable FX Forward Contract and Deliverable FX Swap Contract and any other components which may be specified by OTC Clear from time to time.

Market data (such as non-business days for different financial centers, any interest rate, exchange rate or price) which are applied to determine the daily settlement components will be published in the "OTC Clear Market Data Reports (Report Number MKDR01, MKDR02 and MKDR03)". The amount of daily

3.8.1.1.5 Calculation of the Settlement Currency Amount for a Non Deliverable Rates Derivatives Contract

The methodology stipulated in Section 2.2(b)(ii) of the FX Definitions for calculation of the Settlement Currency Amount for a Non Deliverable Rates Derivatives Contract shall be deemed to be replaced by the methodology stipulated in the ND IRS Template under the section entitled “Settlement Currency Amount”.

3.8.1.1.6 Disruption Event and Disruption Fallback

In respect of a Standard Rates Derivatives Contract or a Standard Cross-currency Rates Derivatives Contract which is denominated in CNY (offshore), in the event of the occurrence of a Disruption Event, the CNY (offshore) Disruption Provisions shall apply.

In respect of a Non Deliverable Rates Derivatives Contract, in the event of the occurrence of a Disruption Event, the relevant Disruption Fallback provisions stipulated in the ND IRS Template shall apply.

3.8.1.2 Settlement Amount for a Non Deliverable an-FX Derivatives Contract

3.8.1.2.1 Calculation of the Settlement Currency Amount

Calculation of the Settlement Currency Amount is based on the methodologies stipulated in Article 2 of the FX Definitions and the Economic Terms specified in the relevant Contract.

3.8.1.2.2 Determination of the Settlement Rate

The Settlement Rate, including the source and the time at which such source is obtained from the relevant provider, is determined in accordance with the FX Definitions and the EMTA Template.

3.8.1.2.3 Adjustment to the Valuation Date and the Settlement Date

OTC Clear uses Copp Clark as the data provider for information on holiday observances affecting world financial markets. OTC Clear will provide Clearing Members with regular updates of holidays affecting Currency Days and Business Days through the “OTC Clear Market Data Report (Report Number MKDR03)”. Any ad-hoc update of such holidays will be notified to the Clearing Members.

If a holiday declaration affects a scheduled Valuation Date and/or Settlement Date of a Contract, an adjustment will be made in accordance with the Contract Terms and the EMTA Template which is applicable to the relevant Currency Pair, even if such holiday declaration in respect of a particular day which would otherwise have been a Currency Day occurs after 18:00 hours Hong Kong time on the OTC Clear Clearing Day immediately preceding such Currency Day on which a Valuation Date or Settlement Date is scheduled to fall.

Any update in the Settlement Date and/or the Settlement Currency Amount is reflected in the “OTC Clear Settlement Report (Report Number STRP05)” in respect of any payment relevant to a House Position Account or “OTC Clear Settlement Report for Client (Report Number STRP05_C)” in respect of any payment relevant to a Client Position Account. Both “OTC Clear Settlement Report (Report Number STRP05)” and “OTC Clear Settlement Report for Client (Report Number STRP05_C)” will be made available to the Clearing Members on the Web Portal.

OTC Clear has no involvement in Copp Clark’s business and therefore does not guarantee and is not responsible for the accuracy of any data provided by Copp Clark.

3.8.1.2.4 Disruption Event and Disruption Fallback

In the event of the occurrence of a Disruption Event, the relevant Disruption Fallback provisions stipulated in the EMTA Template shall apply.

3.8.1.3 Notional Amount Settlement for a Deliverable FX Forward Contract and a Deliverable FX Swap Contract

3.8.1.3.1 Adjustment to the Settlement Date

OTC Clear uses Copp Clark as the data provider of non-business days for different financial centers. OTC Clear will provide Clearing Members with regular updates of such non-business days through the “OTC Clear Market Data Report (Report Number MKDR03)”. Any ad-hoc update of such non-business days will be notified to the Clearing Members.

In respect of a Deliverable FX Derivatives Contract if an update of a Currency Day results in a Settlement Date falling on a non-Currency Day for any Contractual Currency of that particular Contract, such Settlement Date shall be adjusted to the immediately following day which is a Currency Day for each Contractual Currency of that particular Contract.

Any update in the Settlement Date is reflected in the “OTC Clear Settlement Report (Report Number STRP12)” in respect of any payment relevant to a House Position Account or “OTC Clear Settlement Report for Client (Report Number STRP12_C)” in respect of any payment relevant to a Client Position Account. Both “OTC Clear Settlement Report (Report Number STRP12)” and “OTC Clear Settlement Report for Client (Report Number STRP12_C)” will be made available to the Clearing Members on the Web Portal.

OTC Clear has no involvement in Copp Clark’s business and therefore does not guarantee and is not responsible for the accuracy of any data provided by Copp Clark.

3.8.1.3.2 Disruption Event and Disruption Fallback

In respect of a Deliverable FX Forward Contract or a Deliverable FX Swap Contract with one of the Notional Amounts denominated in CNY (offshore), in the event of the occurrence of a Disruption Event, the CNY (offshore) Disruption Provisions shall apply.

3.8.2 Fees and Interest

OTC Clear has the right to charge fees or interest for its services at such rates as prescribed from time to time. A Clearing Member shall pay the fees and interest within the prescribed timeframe as indicated by OTC Clear.

Details of fees and interest are monitored throughout each calendar month. The “OTC Clear Settlement Reports (Report Number STRP07 and STRP08)” in respect of any fees and interest relevant to a House Account or “OTC Clear Settlement Reports for Client (Report Number STRP07_C and STRP08_C)” in respect of any fees and interest relevant to a Client Account which are published at the beginning of each calendar month stipulates the fees and interest to be paid by each Clearing Member for the immediately preceding calendar month.

The amount of fees and interest to be settled by a Clearing Member will be published in the “OTC Clear Settlement Report (Report Number STRP01)” in respect of any payment relevant to a House Account or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” in respect of any payment relevant to a Client Account. Such reports are available to the Clearing Members on the Web Portal.

- (v) In respect of a particular payment date, settlements of Initial Exchange Amount and/or Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Forward Contract and Deliverable FX Swap Contract in the same Currency Pair (swap and FX):
- (a) in respect of a Clearing Member's House Business will be netted together;
 - (b) in respect of a Clearing Member's Client Business will be netted together (for the avoidance of doubt, payments of such amounts in respect of Client Business will not be netted with amounts due in respect of House Business).

Clearing Members are required to maintain different settlement accounts for payments in respect of House Business and Client Business.

All cash settlements must be made in accordance with section 3.11.

In relation to its House Business, each Clearing Member is allowed to elect only one settlement account for each Contractual Currency in respect of each of the payment categories specified in sections 3.11(i) to (v) above.

In relation to its Client Business, each Clearing Member is allowed to elect only one settlement account for each Contractual Currency in respect of each of the payment categories specified in sections 3.11(i) to (v) above.

For the avoidance of doubt, with regard to each Contractual Currency, the settlement account which is elected by the Clearing Member in relation to its House Business must be different from the settlement account which is elected by such Clearing Member in relation to its Client Business.

If there is any change to the standard settlement instruction used by OTC Clear, such change will be notified to the Clearing Members. If a Clearing Member wishes to change its standard settlement instruction in respect of cash payments relevant to its House Position Account and House Collateral Account and/or its Client Position Accounts and Client Collateral Accounts (if applicable), it must provide at least 10 OTC Clear Business Days' advance notice to OTC Clear pursuant to section 2.6 of these Clearing Procedures prior to effecting such change.

3.11.1 RTGS

Except for the situation described in the immediately following paragraph and subject to section 3.11.2 below, all cash payments must be settled through the Real Time Gross Settlement system, where "**Real Time Gross Settlement**" (or "**RTGS**") means the settlement services provided by Hong Kong Interbank Clearing Limited. For a Clearing Member who is not a member of RTGS system, for cash settlement purpose, it should maintain an account with a member of RTGS system. If a Clearing Member is a member of RTGS system, it must settle directly with the settlement bank of OTC Clear via RTGS system. The list of the settlement banks appointed by OTC Clear for settlement will be notified by OTC Clear to Clearing Members from time to time.

Cash payments may not be settled through the RTGS system if the Clearing Member and OTC Clear use the same member of the RTGS system for settlement of the relevant currency, and in such case, cash payments will be settled through intra-bank transfer within the relevant settlement bank.

Any payment made through RTGS system will be irrevocable at the point in time set out in the relevant operating rules of the RTGS system.

Under RTGS system, the settlement of any amount shall be initiated by the payer of such amounts.

3.11.2 PVP

In respect to the cash payments relevant to the settlements of Initial Exchange Amount and/or Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Forward Contract and Deliverable FX Swap Contract relevant to a Currency Pair (swap and FX) for a particular Clearing Member, if the netted amounts of both currencies of a Currency Pair (swap and FX) derived in accordance with section 3.11 (v) are greater than zero and the amount in one currency is payable by OTC Clear while the amount in the other currency of the Currency Pair (swap) is receivable by OTC Clear, they must be settled through the payment-versus-payment mechanism, where “**payment-versus-payment**” (or “**PVP**”) means the settlement services linked with RTGS system which is provided by Hong Kong Interbank Clearing Limited. For a Clearing Member who is not a member of RTGS system, for cash settlement purpose, it should maintain an account with a member of RTGS system. If a Clearing Member is a member of RTGS system, it must settle directly with the settlement bank of OTC Clear via RTGS system. The list of the settlement banks appointed by OTC Clear for settlement will be notified by OTC Clear to Clearing Members from time to time.

Any payment made through PVP mechanism will be irrevocable at the point in time set out in the relevant operating rules of the RTGS system.

3.12 Cash Settlement Time

- (i) Save and except the Initial Exchange Amount and the Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and the Notional Amounts of any Deliverable FX Derivatives Contract, any cash settlement to be payable by a Clearing Member on a particular payment date must be settled by the Clearing Member:
 - (a) no later than 11:00 hours Hong Kong time on the relevant payment due date if the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published at or prior to 08:30 hours Hong Kong time on such day; or
 - (b) in all other cases, within two hours following the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published or information equivalent to that which would be set out in such reports is communicated to Clearing Member by OTC Clear, subject to the availability of RTGS services.
- (ii) In respect of the Initial Exchange Amount and the Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Derivatives Contract:
 - (a) the Clearing Member must be operationally ready to settle the relevant cash settlement on a particular payment date by providing the relevant instruction to Hong Kong Interbank Clearing Limited and reserving sufficient funding for the relevant cash settlement no later than 12:00 hours Hong Kong time on the relevant payment due date regardless of whether the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published at or prior to 08:30 hours Hong Kong time on such day or not; and
 - (b) the cash settlement process for the Initial Exchange Amount and the Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Derivatives Contract must be completed by both Clearing

Member and OTC Clear no later than 13:~~30~~00 hours Hong Kong time on the relevant payment due date regardless of whether the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published at or prior to 08:30 hours Hong Kong time on such day or not but provided that if such reports are not published information equivalent to that which would be set out in such reports is communicated to Clearing Member by OTC Clear no later than 12:00 hours Hong Kong time; and

- (iii) Save and except the Initial Exchange Amount and the Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Derivatives Contract and the interest amount (coupon) received from OTC Clear’s Custodian in respect of the relevant non-cash Collateral and payable to the relevant Clearing Member, any cash settlement to be payable by OTC Clear on a particular payment date must be settled by OTC Clear:
- (a) no later than 14:~~30~~00 hours Hong Kong time on the relevant payment due date if the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published at or prior to 08:30 hours Hong Kong time on such day or information equivalent to that which would be set out in the reports is available to OTC Clear no later than 12:00 hours Hong Kong time; or
- (b) in all other cases within two hours following the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published, or information equivalent to that which would be set out in such reports is available to OTC Clear, subject to the availability of RTGS services.

Any Margin requirements must be satisfied in accordance with the timing set out in section 4.7.2 of these Clearing Procedures; and a Clearing Member’s request for voluntary withdrawal, porting or deposit of cash Collateral will be governed by section 3.9.

For the avoidance of doubt, OTC Clear will pay the interest amount (coupon) in respect of the relevant non-cash Collateral to the Clearing Member on the appropriate value date only after OTC Clear has been credited with such interest amount (coupon) by its Custodian.

3.13 Interest received on Non-Cash Collateral

Interest received by OTC Clear in respect of each Clearing Member’s non-cash Collateral will be reflected in the “OTC Clear Settlement Report (Report Number STRP10)” or “OTC Clear Settlement Report for Client (Report Number STRP10_C)”, which is made available to each Clearing Member on the Web Portal.

3.14 Maturity of Non-Cash Collateral

Clearing Members must substitute any non-cash Collateral deposited with OTC Clear no later than five business days prior to the scheduled maturity date of the relevant security (calculated by reference to the definition of business days in the terms and conditions of the relevant security). OTC Clear does not process the redemption of securities held by it as non-cash Collateral.

Client. In the event that the Transferor Clearing Member objects to such porting request or fails to submit the original signed Transferor Clearing Member reply form within the deadline specified in the foregoing, OTC Clear will reject such porting request and the Transferee Clearing Member must re-submit a fresh request.

3.17.6 Timing

A porting request satisfying, in the opinion of OTC Clear, the requirements set out in sections 3.17.1 or 3.17.3 above, as applicable, and the conditions set out in the Clearing Rules which is received by OTC Clear by 13:00 hours Hong Kong time on an OTC Clear Business Day will be processed by OTC Clear and OTC Clear will use its reasonable endeavours to complete such porting request by 19:30 hours Hong Kong time on the third OTC Clear Business Day following the date of receipt of such request. Porting requests received by OTC Clear on a day which is not an OTC Clear Business Day or after 13:00 hours Hong Kong time on an OTC Clear Business Day, will be deemed to be received on the next OTC Clear Business Day. OTC Clear will notify the Transferor Clearing Member and the Transferee Clearing Member through their web portal of the date and time on which each porting request has been successfully effected (the “**Porting Completion Time**”).

Please refer to sections 9.5.1.3, 9.5.1.4, 9.5.2.3 and 9.5.2.4 for porting requests received under adverse weather conditions.

OTC Clear shall not be liable to any person in any way whatsoever for any delay of or failure/rejection of a porting request.

3.17.7 Update of Records

At the Porting Completion Time:

- (i) each relevant Contract registered in the relevant Transferor Clearing Member’s relevant Client Position Account will be de-registered and flagged as “TRANSFERED” in the “OTC Clear Trade Report for Client (Report Number TDRP01_C_~~or~~TDRP02_C_or TDRP11_C)”;
- (ii) the status of each relevant Contract successfully ported to and registered in the Transferee Clearing Member’s relevant Client Position Account will be flagged as “CLEARED” in the “OTC Clear Trade Report for Client (Report Number TDRP01_C_~~or~~TDRP02_C_or TDRP11_C)”;
- (iii) Collateral records (where applicable) in the relevant Transferor Clearing Member’s relevant Client Collateral Account and the Transferee Clearing Member’s relevant Client Collateral Account will be updated accordingly and reflected in the “OTC Clear Risk Management Report (Report Number RMRP05)”.

3.17.8 Payments and obligations due from the relevant Transferor Clearing Member

Notwithstanding the submission of a porting request in respect of the Contracts in a Client Position Account and the Collateral in its corresponding Client Collateral Account, payment and other obligations due in respect of that Client Position Account and its corresponding Client Collateral Account prior to the relevant Porting Completion Time of such porting request will continue to be obligations of the relevant Transferor Clearing Member.

For the avoidance of doubt, if a porting request is rejected by OTC Clear or cannot be completed successfully, payment and other obligations due in respect that Client Position Account and its corresponding Client Collateral Account will continue to be obligations of the relevant Transferor Clearing Member.

- Clearing Category 1 Collateral Account identified as relating to the relevant Client and earmark the relevant existing Client Clearing Category 2 Position Account and its corresponding Client Clearing Category 2 Collateral Account as relating to the relevant Client;
- (ii) where such porting request relates to a scenario described in section 3.18 above, OTC Clear will open a new Client Clearing Category 1 Position Account and corresponding Client Clearing Category 1 Collateral Account under the relevant Clearing Member and earmark such Client Accounts as relating to the relevant Client;
 - (iii) where such porting request relates to a scenario described in section 3.18 above, OTC Clear will earmark the relevant existing Client Clearing Category 2 Position Account and its corresponding Client Clearing Category 2 Collateral Account as relating to the relevant Client;
 - (iv) each Contract registered on behalf of the relevant Client in the existing Client Position Account identified as relating to such Client will be de-registered and flagged as “TRANSFERED” in the “OTC Clear Trade Report for Client (Report Number TDRP01_C, ~~or~~ TDRP02_C or TDRP11_C)”;
 - (v) the status of each Contract successfully ported to and registered in the new Client Position Account identified as relating to such Client will be flagged as “CLEARED” in the “OTC Clear Trade Report for Client (Report Number TDRP01_C, ~~or~~ TDRP02_C or TDRP11_C)”;
 - (vi) Collateral records in the relevant Clearing Member’s relevant Client Collateral Accounts will be updated accordingly and reflected in the “OTC Clear Risk Management Report (Report Number RMRP05)”.

3.19 Notional Exchange Failure Handling Procedures

Following the occurrence of a Notional Exchange Failure:

- (i) OTC Clear may, on the basis of the Notional Exchange Failure, determine that the Non-delivering Clearing Member is or appears to be unable, or likely to become unable, to meet its obligations in respect of the Clearing Documentation and/or one or more Contracts to which it is party, such that an Event of Default occurs with respect to the Non-delivering Clearing Member pursuant to Clearing Rule 1301 (an “**Event of Default Determination**”); and
- (ii) irrespective of whether OTC Clear makes an Event of Default Determination in respect of that Notional Exchange Failure:
 - (a) subject to sub-paragraph (d) below, OTC Clear will continue the settlement of Initial Exchange Amounts and Final Exchange Amounts of Standard Cross-currency Rates Derivatives Contracts and the settlement of Notional Amounts of Deliverable FX Derivatives Contracts with other Clearing Members;
 - (b) OTC Clear may, in its sole discretion, obtain one or more short term loans and/or enter into one or more FX Transactions in order to fulfil OTC Clear’s outstanding obligations with other Clearing Members under Standard Cross-currency Rates Derivatives Contracts or Deliverable FX Derivatives Contracts;
 - (c) if the relevant Initial Exchange Amount or Final Exchange Amount under a Standard Cross-currency Rates Derivatives Contract or the relevant Notional Amount under a Deliverable FX Derivatives Contract, as the case may be (the “**Unpaid Exchange Amount**”), remains unpaid at 13:30 ~~00~~-hours Hong Kong time on the relevant Initial Exchange Date or Final Exchange Date or Settlement Date, as the case may be, OTC

Clear may, in its sole discretion, elect to satisfy its obligation to pay the Corresponding Exchange Amount in the following manner;

- (A) the obligation of the Non-delivering Clearing Member to pay the Unpaid Exchange Amount shall be replaced by an obligation to pay an amount (the **“Substitute Exchange Amount”**) equal to (and payable in the same currency and on the same date as) the Corresponding Exchange Amount. The obligation of OTC Clear to pay the Corresponding Exchange Amount shall be immediately and automatically set-off against the obligation of Non-delivering Clearing Member to pay the Substitute Exchange Amount such that each such obligation is discharged in full;
 - (B) OTC Clear shall determine the Notional Exchange Failure Adjustment Amount in respect of the Unpaid Exchange Amount; and
 - (C) if that Notional Exchange Failure Adjustment Amount is a positive number, the Non-delivering Clearing Member shall pay it to OTC Clear immediately upon demand and if that Notional Exchange Failure Adjustment Amount is a negative number, OTC Clear shall pay the absolute value of such amount to the Non-delivering Clearing Member as soon as practicable (subject to any rights of set-off against amounts owed by the Non-delivering Clearing Member to OTC Clear, including, without limitation, amounts owed by the Non-delivering Clearing Member pursuant to Clearing Rule 1002A);
- (d) in the event that OTC Clear is unable, as a result of that Notional Exchange Failure, to satisfy its obligation to pay an Initial Exchange Amount or Final Exchange Amount ~~(the **“Affected Amount”**)~~ under a Standard Cross-currency Rates Derivatives Contract and/ or a Notional Amount under a Deliverable FX Derivatives Contract (each such amount the **“Affected Amount”**) with any other Clearing Member (the **“Affected Clearing Member”**) in the currency in which the Affected Amount is denominated by 16:00 hours Hong Kong time on the relevant Initial Exchange Date or Final Exchange Date or Settlement Date, as the case may be:
- (A) OTC Clear shall promptly notify the Affected Clearing Member of OTC Clear’s inability to do so; and
 - (B) OTC Clear may, in its sole discretion, elect to satisfy its obligation to pay that Affected Amount in the following manner:
 - (i) the obligation of OTC Clear to pay the Affected Amount shall be replaced by an obligation to pay an amount (the **“Substitute Affected Amount”**) equal to (and payable in the same currency and on the same date as) the Corresponding Affected Amount. The obligation of the Affected Clearing Member to pay the Corresponding Affected Amount shall be immediately and automatically set-off against the obligation of OTC Clear to pay the Substitute Affected Amount such that each such obligation is discharged in full;
 - (ii) OTC Clear shall determine the Notional Exchange Failure Adjustment Amount in respect of the Unpaid Exchange Amount (if not already calculated pursuant to sub-paragraph (c) above); and

- (iii) if that Notional Exchange Failure Adjustment Amount is a positive number, OTC Clear shall pay an amount equal to that amount to the Affected Clearing Member and if it is a negative number, the Affected Clearing Member shall pay an amount equal to the absolute value of such amount to OTC Clear, in each case as soon as practicable, but in no event later than 2 OTC Clear Business Days after the relevant Initial Exchange Date or Final Exchange Date or Settlement Date, as the case may be; and
- (e) unless and until the Non-delivering Clearing Member fails to pay or deliver any amounts (excluding Notional Amounts of Deliverable FX Derivatives Contracts and/or Initial Exchange Amounts and Final Exchange Amounts of Standard Cross-currency Rates Derivatives Contracts) when due under the Clearing Documentation or an Event of Default occurs with respect to the Non-delivering Clearing Member, OTC Clear will continue the settlement of cash settlements (other than Notional Amounts of Deliverable FX Derivatives Contracts and/or Initial Exchange Amounts and Final Exchange Amounts of Standard Cross-currency Rates Derivatives Contracts) with the Non-defaulting Clearing Member in accordance with section 3.11 of these Clearing Procedures.

For the purpose of this section 3.19:

“Corresponding Affected Amount” means, in respect of an Affected Amount, the corresponding Notional Amount of a Deliverable FX Derivatives Contract and/or Initial Exchange Amount or Final Exchange Amount of a Standard Cross-currency Rates Derivatives Contract (as the case may be) payable by the relevant Affected Clearing Member to OTC Clear ~~on under the Settlement Date and/or on relevant Standard Cross-currency Rates Derivatives Contract on the~~ Initial Exchange Date or Final Exchange Date (as the case may be) for that Affected Amount;

“Corresponding Exchange Amount” means, in respect of an Unpaid Exchange Amount, the corresponding Notional Amount of a Deliverable FX Derivatives Contract and/or Initial Exchange Amount or Final Exchange Amount of a Standard Cross-currency Rates Derivatives Contract (as the case may be) payable by OTC Clear to the Non-delivering Clearing Member ~~on under the Settlement Date and/or relevant Standard Cross-currency Rates Derivatives Contract on the~~ Initial Exchange Date or Final Exchange Date (as the case may be) for that Unpaid Exchange Amount;

“Market Quotation” means, in respect of an Unpaid Exchange Amount, an amount that would be payable by OTC Clear in the currency of the Corresponding Exchange Amount in consideration for receiving an amount equal to (and in the same currency as) that Unpaid Exchange Amount based on the relevant spot foreign exchange rate published by the Treasury Markets Association on the relevant Initial Exchange Date or Final Exchange Date or Settlement Date, as the case may be; and

“Notional Exchange Failure Adjustment Amount” means, in respect of an Unpaid Exchange Amount, an amount equal to the Market Quotation in respect of that Unpaid Exchange Amount minus the Corresponding Exchange Amount, provided that if such Market Quotation cannot be determined, OTC Clear will determine the Notional Exchange Failure Adjustment Amount (or a method for determining the Notional Exchange Failure Adjustment Amount), taking into consideration all available information that in good faith it deems relevant.

4.2.2 Alteration to Initial Margin Calculation Parameters and Methodology

The Initial Margin calculation parameters and methodology are back-tested and reviewed regularly by the OTC Clear. OTC Clear may alter the Initial Margin calculation parameters and methodology where appropriate. Please contact OTC Clear for details.

4.2.3 Risk Multiplier

Save and except for the Liquidity Risk Multiplier described in section 4.2.3.1 which OTC Clear may decide to impose in its sole discretion, OTC Clear may, in consultation with the Risk Management Committee, include different risk multipliers as part of the Initial Margin calculation where appropriate. The applicability of risk multipliers and the relevant thresholds will be reviewed regularly by OTC Clear. OTC Clear will notify Clearing Members if it decides to adopt a risk multiplier.

4.2.3.1 Liquidity Risk Multiplier

Liquidity risk multiplier (the “**Liquidity Risk Multiplier**”) is one type of risk multipliers that may be imposed by OTC Clear. OTC Clear will apply the Liquidity Risk Multiplier to the Initial Margin calculation of a Clearing Member’s Position Account if a Clearing Member’s portfolio of Contracts in its House Position Account or any of its Client Position Accounts have exposures above set thresholds in a particular parameter, including but without limitation to currency, curve or underlying rate or in respect of the aggregate portfolio risk.

In order to determine the calibration of the levels of Liquidity Risk Multiplier to be applied to the Initial Margin calculations of a Clearing Member’s Position Account, OTC Clear may solicit bid/ask spread data or request other information from Clearing Members. The level of the Liquidity Risk Multiplier may vary from time to time, and OTC Clear will notify the Clearing Members of the updated level of the Liquidity Risk Multiplier.

As a result of the application of a Liquidity Risk Multiplier to the Initial Margin calculation with respect to a Position Account, additional Initial Margin will be required in respect of such Position Account.

4.2.3.2 Notional Exchange Risk Multiplier

The notional exchange risk multiplier (the “**Notional Exchange Risk Multiplier**”) is one type of risk multiplier that may be imposed by OTC Clear. OTC Clear will apply the Notional Exchange Risk Multiplier to the Initial Margin calculation of a Clearing Member’s Position Account based on the aggregate of the Initial Exchange Amounts and/or Final Exchange Amounts of the Standard Cross-currency Rates Derivatives Contracts and Notional Amounts of the Deliverable FX Derivatives Contracts in a Clearing Member’s House Position Account and its Client Position Accounts.

To calibrate the Notional Exchange Risk Multiplier, OTC Clear may solicit bid/ask spread data or request other information from Clearing Members (including but not limited to market volatility or market liquidity of different currency pair(s) over different time horizons). The level of the Notional Exchange Risk Multiplier may vary from time to time, and OTC Clear will notify the Clearing Members of the revised Notional Exchange Risk Multiplier.

After the application of the Notional Exchange Risk Multiplier, OTC Clear may request additional Collateral from Clearing Members.

4.3 Variation Margin

Variation Margin covers OTC Clear’s calculation of the amount that is required to settle the daily or intra-day diminution in the net present value (if any) of the Contracts in each Position Account.

(“**Holiday Margin**”). Such potential market volatility refers to the additional market risk that OTC Clear may have to bear arising from significant overseas market movements during such days. The calculation of Holiday Margin is based on an internally-built exponentially weighted moving average model with reference to the number of days in the relevant period. Details of the Holiday Margin levels will be notified to Clearing Members prior to the beginning of the relevant period. For example, if Monday is not an OTC Clear Business Day, Clearing Members will be notified of the level of Holiday Margin by 21:30 hours Hong Kong time on the second OTC Clear Business Day preceding such Monday (i.e. the immediately preceding Thursday). The relevant Holiday Margin call will be made by OTC Clear at 08:30 hours Hong Kong time on the OTC Clear Business Day preceding such Monday (i.e. the immediately preceding Friday), and Clearing Members shall satisfy in full the Holiday Margin by 09:30 hours Hong Kong time on the same day.

4.5.2 Others

In addition to the Holiday Margin described in section 4.5.1 and Notional Exchange Failure Margin in section 4.5.3, OTC Clear may impose Additional Margin requirements on a Clearing Member at its sole discretion in the following situations:

- (i) if a Clearing Member fails to maintain Capital in an amount at least equal to the greater of its Expected Uncollateralized Loss and Minimum Capital Requirement;
- (ii) if a Clearing Member fails to maintain Capital in an amount required to ensure the value of its then CM Funded Contribution Amount (determined on an OTC Clear Clearing Day as if it was a Rates and FX Contribution Determination Date) is less than 20% of the then total amount of the Capital of such Clearing Member (please see section 2.3.1 of these Clearing Procedures);
- (iii) if a Clearing Member’s Membership is being suspended by OTC Clear pursuant to Clearing Rule 601;
- (iv) in the circumstances described under Clearing Rule 1510;
- (v) if the Margin Balance of a Clearing Member decreases due to either market movement affecting the value of such Collateral or change in the applicable Collateral Haircut, or if OTC Clear determines there are wrong-way risk concerns on any of a Clearing Member’s Position Account(s);
- (vi) if a Clearing Member has exceeded its Position Limit as described in Clearing Rule 1223(2); ~~or~~
- (vii) if a particular Standard Cross-currency Rates Derivatives Contract~~Transaction~~ of a Clearing Member is registered by OTC Clear one day before any forthcoming Initial Exchange Date of that particular Standard Cross-currency Rates Derivatives Contract~~Original Transaction~~, where such day is (1) a Currency Day for each Contractual Currency of that particular Standard Cross-currency Rates Derivatives Contract~~Original Transaction~~ and (2) an OTC Clear Clearing Day; or -
- (viii) if a particular Deliverable FX Forward Contract or Deliverable FX Swap Contract of a Clearing Member is registered by OTC Clear one day before any forthcoming Settlement Date of that particular Deliverable FX Forward Contract or Deliverable FX Swap Contract, where such day is (1) a Currency Day for each Contractual Currency of that particular Deliverable FX Forward Contract or Deliverable FX Swap Contract and (2) an OTC Clear Clearing Day.

In all other situations not specifically provided for under section 4.5.1, this section 4.5.2 or section 4.5.3, OTC Clear may impose Additional Margin requirements on a Clearing Member provided that it has first consulted with the Risk Management Committee.

allow porting of Affected Contracts to a Replacement Clearing Member) or for backloading of historical portfolios.

4.6.1.2 Absolute Risk Limit

OTC Clear may impose an absolute risk limit (the “**Absolute Risk Limit**”) in respect of any Position Account. OTC Clear will use reasonable endeavours to provide the relevant Clearing Member with reasonable advance notice prior to imposing any Absolute Risk Limit. The Absolute Risk Limit is essentially a cap on OTC Clear’s risk exposure to the relevant Position Account (for such purpose, each Client Position Account will be treated separately). An Absolute Risk Limit will be established based on Margin, position or risk sensitivities relating to each relevant Position Account.

4.6.1.3 Notional Exchange Risk Limit

OTC Clear will impose a notional exchange risk limit (the “**Notional Exchange Risk Limit**”) to all Position Accounts of each Clearing Member. The Notional Exchange Risk Limit shall be set per Clearing Member rather than per Position Account. The Notional Exchange Risk Limit is established to limit OTC Clear’s risk exposure to the Initial Exchange Amounts and/or Final Exchange Amounts of Standard Cross-currency Rates Derivatives Contracts and Notional Amounts of Deliverable FX Derivatives Contracts in the Position Account. OTC Clear will use reasonable endeavours to provide Clearing Members with reasonable advance notice prior to imposing or amending the Notional Exchange Risk Limit. In the event that the Notional Exchange Risk Limit of a Clearing Member’s Position Account is fully utilised, Clearing Member may post additional cash Collateral in the same currency as the Notional Exchange Risk Limit to reduce the utilisation of the Notional Exchange Risk Limit and to accommodate more trades for registration.

4.6.2 Margin and Credit Check – Real-Time Novation Process

During the Margin Process Hours on each OTC Clear Clearing Day, but excluding any period when a Portfolio Novation Cycle is in progress or any other period specified by OTC Clear, OTC Clear will repeatedly perform “**Real-Time Novation**”, which is the process set out in this section 4.6.2.

When an Original Transaction is submitted to OTC Clear for registration, OTC Clear will determine the incremental Margin required to cover such Original Transaction together with the Margin requirements in respect of the Position Account(s) to which such Original Transaction will be recorded (for such purpose, each Client Position Accounts shall be treated separately).

Once the Margin requirement in respect of such Original Transaction and the relevant Position Account(s) is determined, OTC Clear will perform the Position Limits check and check if the Margin Balance in respect of the relevant Position Account(s) is sufficient to cover the Margin requirement.

If OTC Clear is satisfied that the Margin Balance in respect of the relevant Position Account(s) is sufficient to cover the Margin requirement in respect of each Contract to be created upon registration of such Original Transaction, and provided that the Position Limits of each relevant Position Account(s) would not be breached as a result of the registration of such Original Transaction, OTC Clear will accept for registration such Original Transaction and two Contracts will be created pursuant to Clearing Rule 806.

In respect of each Original Transaction, if OTC Clear determines that either the Margin requirement in respect of each Contract to be created upon registration of such Original Transaction is not satisfied, or the Position Limits of the relevant Position Account(s) would be breached, in each case, as a result of the registration of such Original Transaction, such Original Transaction will be put on “pending” status in the Rates and FX Clearing System. “Pending” Original Transactions that are not accepted for

Margin requirements	Demand made by OTC Clear	Latest time in which Margin requirements shall be satisfied	Form of Collateral
	Clear Business Day via Margin call on the Web Portal	Intra-day VM Call	non-cash assets specified pursuant to section 7.3 of these Clearing Procedures
Ad Hoc Intra-day VM Call	At any time determined by OTC Clear on an OTC Clear Clearing Day via Margin call on the Web Portal	Within an hour following demand made by OTC Clear	Cash in any Eligible Currency and non-cash assets specified pursuant to section 7.3 of these Clearing Procedures
Holiday Margin	At 08:30 hours Hong Kong time on the OTC Clear Business Day immediately preceding the start of a holiday period via Margin call on the Web Portal	By 09:30 hours Hong Kong time on the OTC Clear Business Day immediately preceding the start of a holiday period	Cash in any Eligible Currency and non-cash assets specified pursuant to section 7.3 of these Clearing Procedures
Notional Exchange Failure Margin	At any time determined by OTC Clear on an OTC Clear Business Day via Margin call on the Web Portal or Email	Within <u>90 minutes</u> an hour following demand made by OTC Clear	Cash only in the specified Eligible Currency required by OTC Clear
Other Additional Margin	Up to three times on each OTC Clear Clearing Day: At (1) 08:30 hours Hong Kong time; (2) 14:15 hours Hong Kong time and (3) at any other time between 08:30 hours Hong Kong time and 15:00 hours Hong Kong time determined by OTC Clear, in each case, on an OTC Clear Clearing Day via Margin call on the Web Portal	Within an hour following demand made by OTC Clear	Cash in any Eligible Currency and non-cash assets specified pursuant to section 7.3 of these Clearing Procedures

discretion, reject such Porting Instruction or liaise with the Defaulting Clearing Member and/or the Replacement Clearing Member to rectify the relevant information/instruction.

8.11.1 Porting Instructions

Requirements for valid and complete Porting Instructions:

- (i) Porting Instructions must contain:
 - (a) the name, address and contact details of the Client;
 - (b) the name, address, contact details of the Defaulting Clearing Member, and the reference number of the relevant Client Accounts held by the Defaulting Clearing Member on behalf of the Client or identified as being shared with the Client; and
 - (c) the name, address and contact details of the Replacement Clearing Member;
- (ii) Porting Instructions must be signed by the Client, the Defaulting Clearing Member and the relevant Replacement Clearing Member;
- (iii) Porting Instructions submitted by Client Clearing Category 2 Clients sharing the same Client Clearing Category 2 Accounts must nominate the same Replacement Clearing Member; and
- (iv) the relevant Replacement Clearing Member that has been nominated has been approved by OTC Clear to provide Client Clearing Services to the relevant Client(s).

8.11.2 Update of Records

The status of each relevant Contract successfully ported to and registered in the Replacement Clearing Member's relevant Client Position Account will be flagged as "CLEARED" in the "OTC Clear Trade Report for Client (Report Number TDRP01_C, ~~or~~ TDRP02_C or TDRP11_C)" and Collateral records in the relevant Replacement Clearing Member's relevant Client Collateral Account will be updated accordingly and reflected in the "OTC Clear Risk Management Report (Report Number RMRP05)".

8.11.3 Unsuccessful Porting

If porting cannot be completed successfully, the Affected Contracts of each Non-Porting Client will be subject to the Default Management Process relating to the relevant DMP Event.

The switch from the primary data center of OTC Clear to the secondary data center of OTC Clear is expected to take up to two hours for the core mission critical system. During the switch from primary data center to the secondary data center of OTC Clear, the Rates and FX Clearing Services will be suspended.

9.3 Service Outage

If the Rates and FX Clearing Services are not available to or the Web Portal is not accessible to Clearing Members due to technical failure or other reasons, OTC Clear cannot guarantee Clearing Members a particular level of services in this situation. OTC Clear will activate the relevant business continuity plans and use its best endeavours to restore the normal service. Message will be disseminated to Clearing Members using the methods set out in section 9.1.1 of these Clearing Procedures.

9.4 Special Arrangement for Valuation of a Standard Rates Derivatives Contract which is Denominated in HK\$ and a Standard Cross-currency Rates Derivatives Contract which has a Fixed Amount or Floating Amount Denominated in HK\$ under Adverse Weather Conditions

For the avoidance of doubt, when a Black Rainstorm Warning or a Typhoon Signal Number 8 or above is issued by The Hong Kong Observatory, for purposes of valuing a Standard Rates Derivatives Contract denominated in Hong Kong dollars and a Standard Cross-currency Rates Derivatives Contract which has Fixed Amount or Floating Amount denominated in Hong Kong dollars, Section 7.7 of the ISDA Definitions shall apply.

9.5 Special Arrangement of Voluntary Deposit of Cash Collateral, Porting of Excess Margin and Withdrawal of Excess Margin and Rates and FX Contribution Excess under Adverse Weather Conditions

This section 9.5 includes the arrangement surrounding depositing, porting or withdrawing cash Collateral on a voluntary basis as adopted by OTC Clear when a Black Rainstorm Warning or a Typhoon Signal Number 8 or above is issued by The Hong Kong Observatory.

9.5.1 Black Rainstorm Warning

9.5.1.1 Deposit of Cash Collateral

- (i) if a Black Rainstorm Warning is issued prior to 07:00 hours Hong Kong time on an OTC Clear Clearing Day and is cancelled at or before 07:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed;
- (ii) if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Clearing Day and is cancelled after 07:00 hours Hong Kong time but at or before 11:00 hours Hong Kong time, subject to sub-paragraphs (iii) and (iv) below, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed;

Appendix I - Fees Schedule**(i) Annual Fee, Registration Fee and Maintenance Fee (for Clearing Members engaged in House Business)****(b) Standard Cross-currency Rates Derivatives Contract**

Tenor	Fee Rate	
	Registration Fee	Maintenance Fee
0 – 1 year	0.0015% of the notional amount of the USD leg of the Contract*.	0.00008% of the notional amount of the USD leg of the Contract, on a monthly basis in respect of each Contract until its maturity. Registration Fees and Maintenance Fees will be billed in aggregate (in HK\$) monthly in arrears.
>1 – 3 years	0.0035% of the notional amount of the USD leg of the Contract*.	
>3 – 5 years	0.0065% of the notional amount of the USD leg of the Contract*.	
>5 – 7 years	0.0085% of the notional amount of the USD leg of the Contract*.	
>7 – 10 years	0.0115% of the notional amount of the USD leg of the Contract*.	

(c) Non Deliverable FX Derivatives Contract

Tariff	Annual Fee	Registration Fee
Tariff A	HK\$ 5 million	In case of backloading, HK\$ 3.9 per each million notional amount (in USD) for registration of a Contract. Otherwise HK\$ 7.8 per each million notional amount (in USD) for registration of a Contract*.
Tariff B	HK\$ 1 million	In case of backloading, HK\$ 11.7 per each million notional amount (in USD) for registration of a Contract. Otherwise HK\$ 23.4 per each million notional amount (in USD) for registration of a Contract*.
Tariff C	Nil	In case of backloading, HK\$ 23.4 per each million notional amount (in USD) for registration of a Contract. Otherwise HK\$ 46.8 per each million notional amount (in USD) for registration of a Contract*.

(d) Deliverable FX Derivatives Contract

<u>Tenor</u>	<u>Registration Fee</u>	
	<u>Deliverable FX Forward Contract</u>	<u>Deliverable FX Swap Contract</u>
<u>2 days</u>	<u>0.0002% of the notional amount of the USD leg of the Contract*.</u>	<u>-</u>
<u>> 2 days – 1 year</u>	<u>0.0005% of the notional amount of the USD leg of the Contract*.</u>	<u>0.0007% of the notional amount of the USD leg of the Contract*.</u>
<u>> 1 – 3 years</u>	<u>0.0008% of the notional amount of the USD leg of the Contract*.</u>	<u>0.0010% of the notional amount of the USD leg of the Contract*.</u>

(ii) Registration Fee and Maintenance Fee (for Clearing Members providing Client Clearing Services to their Clients)

(a) Standard Rates Derivatives Contract and Non Deliverable Rates Derivatives Contract

Type of Client Position Account	Registration Fee	Maintenance Fee
Contracts registered to a Client Clearing Category 1 Position Account	0.001% of the notional amount of each Contract per Position Account*. Registration Fees and Maintenance Fees will be billed in aggregate (in HK\$) monthly in arrears.	0.00004% of the notional amount of each Contract per Position Account on a monthly basis in respect of each Contract until its maturity. Registration Fees and Maintenance Fees will be billed in aggregate (in HK\$) monthly in arrears.
Contracts registered to a Client Clearing Category 2 Position Account	0.001% of the notional amount of each Contract per Position Account*. Registration Fees and Maintenance Fees will be billed in aggregate (in HK\$) monthly in arrears.	0.00004% of the notional amount of each Contract per Position Account on a monthly basis in respect of each Contract until its maturity. Registration Fees and Maintenance Fees will be billed in aggregate (in HK\$) monthly in arrears.

(b) Standard Cross-currency Rates Derivatives Contract

Tenor	Fee Rate	
	Registration Fee	Maintenance Fee
0 – 1 year	0.0015% of the notional amount of the USD leg of the Contract*.	0.00008% of the notional amount of the USD leg of the Contract, on a monthly basis in respect of each Contract until its maturity. Registration Fees and Maintenance Fees will be billed in aggregate (in HK\$) monthly in arrears.
>1 – 3 years	0.0035% of the notional amount of the USD leg of the Contract*.	
>3 – 5 years	0.0065% of the notional amount of the USD leg of the Contract*.	
>5 – 7 years	0.0085% of the notional amount of the USD leg of the Contract*.	
>7 – 10 years	0.0115% of the notional amount of the USD leg of the Contract*.	

(c) Non Deliverable FX Derivatives Contract

Type of Client Position Account	Registration Fee
Contracts registered to a Client Clearing Category 1 Position Account	0.0006% of the notional amount (in USD) of each Contract per Position Account*. Registration Fees will be billed in aggregate (in HK\$) monthly in arrears.
Contracts registered to a Client Clearing Category 2 Position Account	0.0006% of the notional amount (in USD) of each Contract per Position Account*. Registration Fees will be billed in aggregate (in HK\$) monthly in arrears.

(d) Deliverable FX Derivatives Contract

<u>Tenor</u>	<u>Registration Fee</u>	
	<u>Deliverable FX Forward Contract</u>	<u>Deliverable FX Swap Contract</u>
<u>2 days</u>	<u>0.0002% of the notional amount of the USD leg of the Contract*.</u>	<u>-</u>
<u>> 2 days – 1 year</u>	<u>0.0005% of the notional amount of the USD leg of the Contract*.</u>	<u>0.0007% of the notional amount of the USD leg of the Contract*.</u>
<u>> 1 – 3 years</u>	<u>0.0008% of the notional amount of the USD leg of the Contract*.</u>	<u>0.0010% of the notional amount of the USD leg of the Contract*.</u>

(iii) De-registration Fee

HK\$ 250 in respect of each Standard Rates Derivatives Contract, Standard Cross-currency Rates Derivatives Contract, Non Deliverable Rates Derivatives Contract, Deliverable FX Forward Contract, Deliverable FX Swap Contract or Non Deliverable ~~or~~ FX Derivatives Contract previously registered in its name that has been de-registered.

(iv) Fee for Resuming User Access or Resetting Password

HK\$ 50 per each user access resumption, password reset or retrieval for the Web Portal (excluding, for the avoidance of doubt, password provided for first time log on).

(v) Fee for Retrieval of Reports Removed from the Web Portal and/or Printing of Reports

HK\$ 5 per page, up to HK\$ 1,000 per each report.

(vi) Accommodation charges, administrative fees and/or commitment fees for credit lines in respect of any non-cash Collateral

An accommodation charge will be charged monthly in arrears to each Clearing Member, calculated at the rate of 0.15% per annum of the average daily aggregate principal amount of non-cash Collateral outstanding across each Clearing Member's Collateral Accounts over the immediately preceding month.

(vii) Default Interest Rate

Default Interest Rate, with respect to an Eligible Currency, represents the higher of (i) best lending rate obtained by OTC Clear from its banker plus 2% per annum and (ii) the relevant interbank offered rate for such Eligible Currency plus 2% per annum.

(viii) Fee for porting of Contracts between Position Accounts held by the same Clearing Member)

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