

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: **Routine recalculation of Notional Exchange Risk Multiplier**

Enquiry: **Hotline 2211-6753**

Please be advised that pursuant to Chapter 4 of the OTC Clearing Hong Kong Limited Clearing Procedures, OTC Clear has completed its routine Notional Exchange Risk Multiplier recalculation on 2 July 2020. The levels of Notional Exchange Risk Multiplier are determined based on the results of a poll recently conducted with Clearing Members in June 2020.

The revised levels of Notional Exchange Risk Multiplier will be effective **from 6 July 2020**. The Notional Exchange Risk Multiplier will be applied to determine the additional margin requirement to be imposed on a Clearing Member based on such Clearing Member's net notional exchange amounts payable to OTC Clear from all cleared Standard Cross-currency Rates Derivatives Contracts per contractual currency pair.

The Notional Exchange Risk Multiplier of different net notional exchange amounts for corresponding currency pair is summarized below.

Notional Exchange Risk Multipliers

Net notional exchange amounts for Renminbi (offshore) and US Dollar currency pair:

| CNY (offshore) Net Notional (payable to OTC Clear) | Notional Exchange Risk Multiplier (in pips) | USD Net Notional (payable to OTC Clear) | Notional Exchange Risk Multiplier (in pips) |
|--|---|---|---|
| ≥0 & ≤1,024 mn | 0 | ≥0 & ≤145 mn | 0 |
| >1,024 & ≤1,766 mn | 10 | >145 & ≤250 mn | 10 |
| >1,766 & ≤3,532 mn | 41 | >250 & ≤500 mn | 41 |
| >3,532 & ≤5,298 mn | 66 | >500 & ≤750 mn | 66 |
| >5,298 & ≤7,065 mn | 95 | >750 & ≤1,000 mn | 95 |
| >7,065 mn | 136 | >1,000 mn | 136 |

*mn refers to millions

Net notional exchange amounts for HK Dollar and US Dollar currency pair:

| HKD Net Notional (payable to OTC Clear) | Notional Exchange Risk Multiplier (in pips) | USD Net Notional (payable to OTC Clear) | Notional Exchange Risk Multiplier (in pips) |
|--|--|--|--|
| ≥0 & ≤1,279 mn | 0 | ≥0 & ≤165 mn | 0 |
| >1,279 & ≤1,938 mn | 2 | >165 & ≤250 mn | 2 |
| >1,938 & ≤3,875 mn | 9 | >250 & ≤500 mn | 9 |
| >3,875 & ≤5,813 mn | 18 | >500 & ≤750 mn | 18 |
| >5,813 & ≤7,751 mn | 30 | >750 & ≤1,000 mn | 30 |
| >7,751 mn | 47 | >1,000 mn | 47 |

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