

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: **Margin Requirements and Adjustment of Routine Intra-day Variation Margin Calls during Chinese National Day and Day Following Mid-Autumn Festival Holidays**

Enquiry: **Hotline 2211-6753**

Please be advised that pursuant to Chapter 4 of the OTC Clearing Hong Kong Limited Clearing Procedures, the following risk management measures will be applied by OTC Clearing Hong Kong Limited to cover potential market volatility during Chinese National Day and Day Following Mid-Autumn Festival Holidays:

1. Holiday Margin will be applied to each Clearing Member's portfolio. An amount equal to **19% of a Clearing Member's Initial Margin requirement** will be added to the End-of-Day Initial Margin call to be collected on 30 September 2020. Clearing Members will be able to check details of the Holiday Margin required under the report named "WEB MRcleared.csv" via OASIS after the close of business (i.e. by 21:30 hours Hong Kong time) on 29 September 2020. Clearing Members will be required to settle the margin call amount within 1 hour after the End-of-Day Initial Margin call issued at 08:30 hours Hong Kong time on 30 September 2020.
2. The Holiday Margin as mentioned in (1) above will be reduced to **10% of a Clearing Member's Initial Margin requirement** after the close of business on 1 October 2020 and subsequently reduced to **zero** after the close of business on 2 October 2020. Clearing Members are advised to check details of the Holiday Margin required under the report named "WEB MRcleared.csv" via OASIS.

Below is an illustrative example:

Date	Close of Business on 30 September 2020	Close of Business on 1 October 2020	Close of Business on 2 October 2020
Initial Margin requirement	1,000	1,000	900
Holiday Margin multiplier	19%	10%	0%
Holiday Margin	190	100	0
Total Initial Margin requirement	1,190	1,100	900

*Note: All figures in the table above are hypothetical for illustration purpose only and denominated in Hong Kong Dollars.*

3. There will be no Routine Intra-day Variation Margin Calls from 1 October 2020 to 2 October 2020 pursuant to Chapter 4 of the OTC Clearing Hong Kong Limited Clearing Procedures.

Please note that:

1. **Clearing Members still need to settle End-of-day Variation Margin with regard to applicable non-HKD currency during the aforesaid period. Clearing Members are reminded the importance of having proper arrangement in place before and after the holiday period as those days are normal settlement days. In case of any key staffs on vacation before and after the holiday period, please ensure the backup staffs are familiar with the operational procedures to adequately monitor their exposure and fulfill the settlement obligations on time.**
2. The application of Holiday Margin will increase Clearing Members' Margin requirements. The impact will vary depending on individual Clearing Member's portfolios. Clearing Members may contact us (via the hotline mentioned above) to assess the potential impact on their Margin requirements.

3. Clearing Members should be fully aware of the above measures and make the necessary funding arrangements. Clearing Members are advised to keep adequate levels of Excess Margin. End-of-Day Initial Margin calls will be issued if a Clearing Member's Margin Balance falls short of its Initial Margin requirement.

Andy Li

Vice President

Clearing Risk Management