

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")

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Clearing Members of OTC Clear are requested to note that the Securities and Futures Commission has approved amendments to the Clearing Rules and the Clearing Procedures of OTC Clear for the purpose of extending the existing HKD250 de-registration fee to Standard Northbound Rates Derivatives Contracts (as defined in the Clearing Rules) and other housekeeping amendments.

The amendments, as set out in Appendices 1 and 2, will take effect on Friday, 16 August 2024.

The marked-up version of the amendments can be downloaded from the following sections of the HKEX website:

- "[Rule Update - OTC Clear Clearing Rules](#)"
- "[Rule Update - OTC Clear Clearing Procedures](#)"

Beatrice Lung
Head of Legal

¹ Calls to and from the Hotline may be recorded. HKEX Privacy Notice is available [here](#).

OTC Clear Clearing Rules

Chapter 9 Accounts

Accounts for Holding of Non-Cash Collateral

909. OTC Clear may hold non-cash Collateral in the accounts of its Custodian(s) in the following manner:

- (1) non-cash Collateral received in respect of Margin requirements of each Clearing Member's House Account shall be held in a single segregated account, separate from non-cash Collateral received in respect of Margin requirements of another Clearing Member's House Account; and
- (2) non-cash Collateral received in respect of Margin requirements of each Clearing Member's Client Accounts shall be commingled and held in a single segregated account, separate from non-cash Collateral received in respect of Margin requirements of Clearing Members' House Accounts and other Clearing Members' Client Accounts,

in each case separate from any account holding OTC Clear's own assets. Non-cash Collateral received from each Clearing Member will be held separately from and will not be comingled with non-cash Collateral received from another Clearing Member.

OTC Clear Clearing Procedures

Chapter 6

Rates and FX Guarantee Resources

6.1 Rates and FX Guarantee Resources

6.1.1 Rates and FX Guarantee Fund

(2b) Position Account Stress Add-on

In respect of each Clearing Member or Special Clearing House Participant and an OTC Clear Clearing Day, OTC Clear will determine, at the End-of-Day Cut Off Time on such OTC Clear Clearing Day:

- (i) the net present value of each Position Account and Collateral Account of each Clearing Member and the Special Clearing House Participant (the “**Base XNPV**”); and
- (ii) the net present value of each Position Account and Collateral Account of each Clearing Member and the Special Clearing House Participant, under each stress scenario prescribed by the stress test model prescribed by OTC Clear as described further in section 6.3. The stress test value derived for section 6.3 (the “**Stress XNPV**”);

in respect of a Clearing Member, its Collateral Account means the Margin Balance excluding the value of any Excess Margin;

in respect of the Special Clearing House Participant, its Collateral Account means the aggregate of the cash Collateral standing to the credit of the Hong Kong Collateral Account and the amount standing to the credit of the PRC Collateral Account, excluding any Excess Inter-CCP SHCH Margin and any excess collateral posted by OTC Clear.

In respect of each Position Account and Collateral Account on an OTC Clear Clearing Day, the absolute value of the largest decrease in net present value (determined by comparing each Stress XNPV against the Base XNPV) for that Position Account on that day is referred to as the “**Position and Collateral Account STV**”.

Unless a Clearing Member has opted to utilize its Excess Margin to reduce the Expected Uncollateralized Loss in respect of any of its Position Accounts in accordance with Clearing Rule 1218A, Excess Margin shall be excluded in the calculation of Stress XNPV and Position and Collateral Account STV. For the avoidance of doubt, if such Clearing Member has submitted a Withdrawal/Porting Notice or a Non-cash Collateral Withdrawal/Porting Notice, the amount set out in such notice shall be excluded from such calculation from the date of such notice.

In respect of each Position Account on an OTC Clear Clearing Day, the increase in the largest net present value (determined by comparing Position and Collateral Account STV

against the Position Account STV) for that Position Account after taking Collateral Account into account on that day is referred to as the “**Collateral Stress Add-on**”.

In addition to the Collateral Stress Add-on, OTC Clear may apply other stress add-ons, including but not limited to those relating to the risk parameters under Clearing Procedures 4.2.3, 4.5.2(vii), 4.5.2(viii) and 4.5.3, at the End of Day Cut Off Time on each OTC Clear Clearing Day. The aggregate of any Collateral Stress Add-on and such other stress add-ons in respect of each Position Account of a Clearing Member shall be regarded as the “**Position Account Stress Add-on**”.

Chapter 11

CLEARING PROCEDURES RELATING TO THE SPECIAL CLEARING HOUSE PARTICIPANT

Margin and Valuation

11.6 Inter-CCP Margin Amount

11.6.2 GF Component

(b) Position Account Stress Add-on

In respect of each Clearing Member or Special Clearing House Participant and an OTC Clear Clearing Day, OTC Clear will determine, at the End-of-Day Cut Off Time on such OTC Clear Clearing Day:

- (i) the net present value of each Position Account and Collateral Account of each Clearing Member and the Special Clearing House Participant (the “**Base XNPV**”); and
- (ii) the net present value of each Position Account and Collateral Account of each Clearing Member and the Special Clearing House Participant, under each stress scenario prescribed by the stress test model prescribed by OTC Clear as described further in section 6.3. The stress test value derived for section 6.3 (the “**Stress XNPV**”);

in respect of a Clearing Member, its Collateral Account means the Margin Balance excluding the value of any Excess Margin;

in respect of the Special Clearing House Participant, its Collateral Account means the aggregate of the cash Collateral standing to the credit of the Hong Kong Collateral Account and the amount standing to the credit of the PRC Collateral Account, excluding any Excess Inter-CCP SHCH Margin and any excess collateral posted by OTC Clear.

In respect of each Position Account and Collateral Account on an OTC Clear Clearing Day, the absolute value of the largest decrease in net present value (determined by comparing each Stress XNPV against the Base XNPV) for that Position Account on that day is referred to as the “**Position and Collateral Account STV**”.

Unless a Clearing Member has opted to utilize its Excess Margin to reduce the Expected Uncollateralized Loss in respect of any of its Position Accounts in accordance with Clearing Rule 1218A, Excess Margin shall be excluded in the calculation of Stress XNPV and Position and Collateral Account STV. For the avoidance of doubt, if such Clearing Member has submitted a Withdrawal/Porting Notice or a Non-cash Collateral Withdrawal/Porting Notice, the amount set out in such notice shall be excluded from such calculation from the date of such notice.

In respect of each Position Account on an OTC Clear Clearing Day, the increase in the largest net present value (determined by comparing Position and Collateral Account STV against the Position Account STV) for that Position Account after taking

Collateral Account into account on that day is referred to as the “**Collateral Stress Add-on**”.

In addition to the Collateral Stress Add-on, OTC Clear may apply other stress add-ons, including but not limited to those relating to the risk parameters under Clearing Procedures 4.2.3, 4.5.2(vii), 4.5.2(viii) and 4.5.3, at the End of Day Cut Off Time on each OTC Clear Clearing Day. The aggregate of any Collateral Stress Add-on and such other stress add-ons in respect of each Position Account shall be regarded as the “**Position Account Stress Add-on**”.

Appendix I

Fees Schedule

(iii) De-registration Fee

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

For the avoidance of doubt, the de-registration fee is applicable to Contracts that have been de-registered via de-registration requests that fulfil the conditions set out in either section 3.6.1(i) or section 3.6.1(ii).