

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: **Notification of Routine Recalculation of Rates and FX Guarantee Fund**

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Notification of Routine Recalculation of Rates and FX Guarantee Fund

Please be advised that pursuant to Rule 1503 of the OTC Clear Rates and FX Derivatives Clearing Rules ("Clearing Rules"), OTC Clearing Hong Kong Limited has completed its routine Rates and FX Guarantee Fund recalculation on the Rates and FX Contribution Determination Date i.e. 2 October 2024. The GF Calculation Period is from 2 September 2024 to 30 September 2024 (both dates inclusive) in accordance with Chapter 6 of the OTC Clearing Hong Kong Limited Clearing Procedures (Clearing Procedures). The Rates and FX Guarantee Fund has been resized to HKD4,257 million.

Each Clearing Member can obtain the additional Collateral required to meet its new CM Funded Contribution Amount through the report distributed via OASIS at 2:30 p.m. Hong Kong Time on 2 October 2024 (file name: WEB GF Recalculation Result.csv). Clearing Members are advised to deliver the additional collateral, if any, by 4:00 p.m. Hong Kong Time on 3 October 2024. Any unfulfilled amount will be demanded via GF call at 4:00 p.m. Hong Kong Time on 3 October 2024, and the concerned Clearing Member(s) shall meet it within one hour (i.e. 5:00 p.m. Hong Kong Time on 3 October 2024).

Adequacy of the Rates and FX Guarantee Fund

The Rates and FX Guarantee Fund covers the tail risks arising from the potential default of Clearing Members, their affiliates and Clients (i.e. potential default losses exceeding the coverage

of Initial Margin).

OTC Clear conducts stress testing to ensure the adequacy of the Rates and FX Guarantee Fund. The stress testing is conducted using a wide range of historical and theoretical scenarios that take into account relevant peak historic price movements, shifts in market factors such as yield curves, multiple defaults over various time horizons and other extreme but plausible market conditions. OTC Clear also conducts reverse stress testing quarterly to ensure that the adopted stress scenarios are appropriate, and to incorporate new or revised scenarios if necessary.

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