

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 National Day Golden Week Holidays and Special Working Days**
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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 National Day Golden Week Holidays and Special Working Days:

- Northbound Holiday Margin will be applied to each Clearing Member's CNY IRS portfolio at the close of clearing on 26 September 2024. An amount equal to **10% of a Clearing Member's CNY IRS portfolio margin** will be added to the End-of-Day Initial Margin call to be collected on 27 September 2024. 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. Northbound Holiday Margin will be **reduced to 0%** at the close of clearing on 29 September 2024. Clearing Members are advised to check margin add-on amounts under the report named "WEB MRCleared.csv" via OASIS.
- Subsequently, Northbound Holiday Margin will be applied again to each Clearing Member's CNY IRS portfolio at the close of clearing on 1 October 2024. An amount equal to **35% of a Clearing Member's CNY IRS portfolio margin** will be added to the End-of-Day Initial Margin call to be collected on 2 October 2023. 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. Northbound Holiday Margin will be **reduced gradually to 0%** until the close of clearing on 7 October 2024.

3. Lastly, Northbound Holiday Margin will be applied to each Clearing Member's CNY IRS portfolio at the close of clearing on 9 October 2024. An amount equal to **10% of a Clearing Member's CNY IRS portfolio margin** will be added to the End-of-Day Initial Margin call to be collected on 10 October 2023. 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. Northbound Holiday Margin will be **reduced to 0%** at the close of clearing on 12 October 2024.

Below is an illustrative example:

Close of Clearing on	26 Sep	27 Sep	29 Sep (SWD)
Initial Margin requirement	2,000	2,000	2,000
Holiday Margin multiplier	0%	0%	0%
Holiday Margin	0	0	0
CNY IRS portfolio margin	1,000	1,000	1,000
Northbound Holiday Margin multiplier	10%	10%	0%
Northbound Holiday Margin	100	100	0
Total Initial Margin requirement	2,100	2,100	2,000

Close of Clearing on	1 Oct	2 Oct	3 Oct	4 Oct	7 Oct
Initial Margin requirement	2,000	2,000	2,000	2,000	2,000
Holiday Margin multiplier	0%	0%	0%	0%	0%
Holiday Margin	0	0	0	0	0
CNY IRS portfolio margin	1,000	1,000	1,000	1,000	1,000
Northbound Holiday Margin multiplier	35%	27%	19%	10%	0%
Northbound Holiday Margin	350	270	190	100	0
Total Initial Margin requirement	2,350	2,270	2,190	2,100	2,000

Close of Clearing on	9 Oct	10 Oct	11 Oct	12 Oct (SWD)
Initial Margin requirement	2,000	2,000	2,000	2,000
Holiday Margin multiplier	0%	0%	0%	0%
Holiday Margin	0	0	0	0
CNY IRS portfolio margin	1,000	1,000	1,000	1,000
Northbound Holiday Margin multiplier	10%	10%	10%	0%
Northbound Holiday Margin	100	100	100	0
Total Initial Margin requirement	2,100	2,100	2,100	2,000

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

- There will be no Routine Intra-day Variation Margin Calls on 29 September, 1 October, 11 October and 12 October pursuant to Chapter 4 of the OTC Clearing Hong Kong Limited Clearing Procedures.

Please note that:

- 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.
- The application of Northbound Holiday Margin will increase Clearing Members' Margin requirements. The impact will vary depending on individual Clearing Member's CNY IRS portfolios. Clearing Members may contact us (via the hotline and email address mentioned above) to assess the potential impact on their Margin requirements.
- 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.

Johnny Chan
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