

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: Interest Rebate Program for Standard Cross-Currency Rates Derivatives Transactions (“**CCS**”) Cleared through OTC Clear

Enquiry: OTC Product Development Team (Phone: 2211 6068 /
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OTC Clearing Hong Kong Limited (“**OTC Clear**”) is offering an Interest Rebate Program from 1 July 2024 to 31 Dec 2024 (both dates inclusive) to promote the clearing of CCS at OTC Clear. During this period OTC Clear will pay a Rebate to Clearing Members in respect of the HKD posted as Collateral to satisfy its CCS Initial Margin requirements on each of its Position Accounts.

The rebate amount shall be calculated by OTC Clear in respect of each Clearing Member’s House Position Account and Client Position Account, based on the following formula:

Rebate amount	= Rebate rate x HKD Initial Margin requirement eligible for rebate
Rebate rate	= Max [0, (HIBOR O/N minus 50 bps, less the prevailing bank savings rate as set out in Section 7.6.1.1 of the Clearing Procedures)]
HKD Initial Margin requirement eligible for rebate	$= \text{Min} [\text{Max} \left(0, (A - B) \times \frac{C}{D} \right), E]$ <p>Where:</p> <p>A = total Initial Margin requirement of the Position Account</p> <p>B = value of the non-cash Collateral recorded in the Collateral Account relating to that Position Account, determined in HKD at the prevailing exchange rate and taking into account the relevant Collateral Haircut(s)</p> <p>C = aggregate Initial Margin requirement of all Standard cross-currency Rates Derivatives Contracts recorded in the Position Account</p> <p>D = aggregate Initial Margin requirement of all Contracts recorded in the Position Account, calculated on a gross basis without applying cross-product netting</p> <p>E = total amount of HKD recorded in the Collateral Account relating to that Position Account disregarding the relevant Collateral Haircut(s)</p>

In the absence of manifest error, the rebate amount calculated by OTC Clear shall be final and conclusive.

The rebate amount shall be paid monthly in arrears.

Capitalised terms used herein shall have the meaning ascribed thereto in Rates and FX Derivatives Clearing Rules and Clearing Procedures of OTC Clear.

For any enquiries, please contact the OTC Product Development Team on 2211 6068 or OTC_BCD@HKEX.COM.HK

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OTC Product Development