



香港交易所

OTC Clearing Hong Kong Limited (“OTC Clear”)

Supplementary Notes on Clearing Fees Charged by OTC Clear

Annual Fee

Effective period of Annual Fee:

1. Annual Fee payment of a particular Fee Tariff implies the full subscription of the fee schedule of the particular contract type under such Fee Tariff from the 1st January to the 31st December of a calendar year. Annual Fee payment should be in full amount (aka full year Annual Fee) as stated in the Fee Schedule.
2. Annual Fee, however, may be calculated and paid on pro-rata basis (aka pro-rata Annual Fee) under the following conditions.
 - (i) The effective date of the clearing membership of a clearing member is started in the midst of a calendar year. In this case, the Annual Fee applied to the clearing member from the effective date of the clearing membership up till 31st December of that calendar year will be charged on pro-rata basis.
 - (ii) A clearing member opts to change the Fee Tariff in the midst of a calendar year. In this case, the Annual Fee from the effective date of new Fee Tariff to 31st December of that calendar year will be charged on pro-rata basis.

Payment Date of Annual Fee:

1. For a full year Annual Fee, the payment date will be the 15th OTC Clear Business Day of January.
2. For a pro-rata Annual Fee, the payment date will be the 15th OTC Clear Business Day of the month next to the month of the start date of the applicable Fee Tariff.

Calculation of pro-rata Annual Fee:

The pro-rata Annual Fee is calculated as follow:

$$\frac{\text{No. of calendar days from the membership commencement date/effective date of the new Fee Tariff to 31st December of same year}}{365} \times \text{Annual Fee of the Fee Tariff chosen by the Clearing Member}$$

(Amount to be rounded to the nearest dollar)

For example, if a Clearing Member commences its membership on 25-November and selected Tariff Type B, its first year annual fee will be:

$$= \frac{\text{No. of calendar days between 25th November and 31st December}}{365} \times \text{HKD 1 million}$$

$$= \frac{37}{365} \times \text{HKD 1 million} = \text{HKD 101,367.00 (Rounded to the nearest dollar)}$$

Refund of full year Annual Fee

In general, the full amount (or any portion) of the paid full year Annual Fee is non-refundable. OTC Clear may, however, refund unutilized Annual Fee under the following situations.

- (i) A clearing member opts to change the Fee Tariff from the one with lower Annual Fee to the one with higher Annual Fee. In this case, the unutilized Annual Fee of the old Fee Tariff (from the effective date of the new Fee Tariff to 31st December of that calendar year) will be refunded to that clearing member on the 15th OTC Clear Business Day of the month next to the month of the effective date of new Fee Tariff.
- (ii) A clearing member serves a notice of the resignation of the clearing membership. In this case, the unutilized Annual Fee (from the Resignation Effective Date to 31st December of that calendar year) will be refunded and paid to that clearing member no later than 10 OTC Clear Business Days after the Resignation Effective Date. The payment date of the unutilized Annual Fee will be further agreed between OTC Clear and the resigned clearing member.

Calculation of unutilized Annual Fee:

The unutilized Annual Fee is calculated as follow:

$$\frac{\text{No. of calendar days from the effective date of the new Fee Tariff / Resignation Effective Date to 31st December of same year}}{365} \times \text{Annual Fee of the Fee Tariff originally chosen by the Clearing Member}$$

(Amount to be rounded to the nearest dollar)

Change of Fee Tariff at the start of a calendar year

Clearing member can reset the Fee Tariff of different contract types applicable to a new calendar year by submitting the “Request for change of Fee Tariff type” form in December at the specified time period indicated in the form.

OTC Clear will assume the Fee Tariff applied on current calendar year to be inherited to the next calendar year if clearing member does not submit the change request of Fee Tariff.

Change of Fee Tariff in the midst of a calendar year

OTC Clear accepts clearing members to change the Fee Tariff for a particular contract type in the midst of a calendar year only if the requested change is from a Fee Tariff with lower Annual Fee to one with higher Annual Fee. The effective date of the new Fee Tariff can only be set as the first day of a month (i.e. the old Fee Tariff will be ceased to be effective at the same day). To initiate the change of the Fee Tariff, clearing member is required to submit the “**Request for change of Fee Tariff type**” form to inform OTC Clear of their intent.

Maintenance Fee

Maintenance fees are fees payable by each Clearing Member on a monthly basis in respect of each Standard Rates Derivatives Contract and Non Deliverable Rates Derivatives Contract until its maturity. The charge for maintenance fee varies across different Fee Tariff (please refer to section “Fee Schedule” for further detail).

Maintenance fee is calculated as follows:

No. of Contracts registered in the Clearing Member’s name on the last OTC Clear Clearing Day of the month	x	Maintenance Fee of the Fee Tariff chosen by the Clearing Member
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For example, a Clearing Member selected Tariff A with its membership commenced on 26 June. The Clearing Member registered a contract on 26 June and 13 July, respectively, and de-registered one of the contracts on 3 August, its maintenance fees due will be:

For June:

= 1 registered contract x HKD 20 = HKD 20

For July:

= 2 registered contract x HKD 20 = HKD 40

For August:

= 1 registered contract x HKD 20 = HKD 20

Backloading

Backloading applies when (a) the Trade Date of a Contract registered in the name of a Clearing Member precedes the commencement of the Membership of that particular Clearing Member; or (b) the Trade Date of an Original Transaction submitted for registration as Contracts precedes the effective date of the amendment in the specific product eligibility requirements (as set out in section 3.4 of the OTC Clear Clearing Procedures) and such Original Transaction, but for such amendment, would have not been accepted for registration.

Example of (a)

A Clearing Member used Tariff B with its membership commenced on 18 April. The Clearing Member registered the following (IRS) contracts on 25 April:

	<u>Contract #1</u>	<u>Contract #2</u>	<u>Contract #3</u>	<u>Contract #4</u>	<u>Contract #5</u>
Trade Date:	10 April	17 April	18 April	24 April	25 April
Effective Date:	12 April	19 April	20 April	26 April	27 April

Contract #1 and Contract #2 are considered backloading and registration fee do not applied;
While Contract #3, Contract #4 and Contract #5 are charged a registration fee of HK\$ 750 each.

Example of (b)

A Clearing Member used Tariff B with its membership commenced on 18 April. OTC Clear announced effective 15 July, the clearing house will accepted JPY IRS. The Clearing Member registered the following JPY IRS contracts on 24 July:

	<u>Contract #1</u>	<u>Contract #2</u>	<u>Contract #3</u>	<u>Contract #4</u>	<u>Contract #5</u>
Trade Date:	10 May	14 July	15 July	23 July	24 July
Effective Date:	12 May	16 July	17 July	25 July	26 July

Contract # 1 and Contract #2 are considered backloading and registration fee do not applied;
While Contract #3, Contract #4 and Contract #5 are charged a registration fee of HK\$ 750 each.

Fee Schedule

(a) Standard Rates Derivatives Contract and Non Deliverable Rates Derivatives Contract

Tariff	Annual Fee	Registration Fee	Maintenance Fee
Tariff A	HK\$ 5 million	Nil	HK\$ 20 on a monthly basis

Tariff	Annual Fee	Registration Fee	Maintenance Fee
			in respect of each Contract until its maturity.
Tariff B	HK\$ 1 million	In case of backloading, Nil for registration of a Contract. Otherwise HK\$ 750 for registration of a Contract.	HK\$ 60 on a monthly basis in respect of each Contract until its maturity.
Tariff C	Nil	In case of backloading, Nil for registration of a Contract. Otherwise HK\$ 1,500 for registration of a Contract.	HK\$ 120 on a monthly basis in respect of each Contract until its maturity.

(b) FX Derivatives Contract

Tariff	Annual Fee	Registration Fee
Tariff A	HK\$ 5 million	In case of backloading, HK\$ 3.9 per each million notional amount (in USD) for registration of a Contract. Otherwise HK\$ 7.8 per each million notional amount (in USD) for registration of a Contract.
Tariff B	HK\$ 1 million	In case of backloading, HK\$ 11.7 per each million notional amount (in USD) for registration of a Contract. Otherwise HK\$ 23.4 per each million notional amount (in USD) for registration of a Contract.
Tariff C	Nil	In case of backloading, HK\$ 23.4 per each million notional amount (in USD) for registration of a Contract. Otherwise HK\$ 46.8 per each million notional amount (in USD) for registration of a Contract.