

Rules and Procedures of HKFE Clearing Corporation Limited

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CHAPTER I

INTERPRETATION

Definitions

101. In these Rules, the definitions contained in the Exchange Rules (as hereinafter defined) shall where the context permits be incorporated herein by reference and the following expressions shall, unless the context otherwise requires, bear the following meanings:-

“Extreme Conditions”	means the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below;
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CHAPTER VIII

EMERGENCIES

Typhoons, Extreme Conditions and rainstorms

802. Clearing, settlement and collateral management services may be temporarily suspended in accordance with the Clearing House Procedures in the event that a Typhoon Signal No. 8 or above is hoisted, Extreme Conditions are announced or a Black Rainstorm Warning is issued on any Business Day.

(a) (deleted)

(b) (deleted)

(c) (deleted)

(d) (deleted)

803. Without limiting Rule 802, the Clearing House may make arrangements for clearing, settlement and collateral management services in relation to specific Markets in the event of typhoons, Extreme Conditions and rainstorms, including, but not limited to, postponing the final settlement of any expiring Contract and extending any related clearing, settlement and collateral managements services, in which case those arrangements shall be set out in the applicable Clearing House Procedures or otherwise notified to HKCC Participants.

**CLEARING HOUSE PROCEDURES FOR FUTURES/OPTIONS CONTRACTS
TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE
("HKATS")**

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**CLEARING HOUSE PROCEDURES FOR FUTURES/OPTIONS CONTRACTS
TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE
("HKATS")**

The Clearing House Procedures below outline the registration, settlement, clearing and margining procedures for the Futures / Options Contracts (in these procedures, referred to as “Contracts”) traded on HKATS. These procedures are divided into the following chapters:- Chapter 1 – Registration Procedures; Chapter 2 – Clearing and Settlement Procedures; Chapter 2A – Settlement of Physical Delivery Contracts; Chapter 3 – Clearing Documentation; Chapter 4 – Reserve Fund Contribution; Chapter 5 – Capital-Based Position Limits; Chapter 6 – Typhoons, Extreme Conditions and Rainstorms; Chapter 7 – Clearing Service Termination Event and Chapter 8 - HKCC Failure to Pay Event and HKCC Insolvency Event.

Chapter 6 Typhoons, Extreme Conditions and Rainstorms

Except as otherwise determined by the Clearing House or the Exchange (which shall have the discretion to suspend, terminate, postpone or extend any clearing, money settlement or collateral management services of the Clearing House for such period and on such terms as it may specify), the following procedures shall apply when a Typhoon Signal No. 8 or above is hoisted or lowered, Extreme Conditions are announced or cancelled or a Black Rainstorm Warning is issued or cancelled on any Business Day.

6.1 Clearing Services

6.1.1 Typhoons and Extreme Conditions

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced before clearing services under DCASS are available and the Typhoon is lowered and Extreme Conditions are cancelled (where applicable) at or before 12:00 noon on any Business Day, such services will resume two hours thereafter and continue to be available in accordance with their normal services hours.

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced before clearing services under DCASS are available and the Typhoon is not lowered or Extreme Conditions are not cancelled at 12:00 noon on any Business Day, such services will resume two hours from 12:00 noon and cease at the System Input Cutoff Time for Contracts traded in Markets with a T+1 Session and any other Market whose underlying instrument is the same as or similar to any of the Markets with a T+1 Session, but no clearing services will be available for the day for all other Contracts. If such Business Day is the last trading day or Expiry Day of an Exchange Contract, clearing services in respect of such expiring Exchange Contract will be further extended by one Business Day.

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced after clearing services under DCASS are available and the Typhoon is lowered and Extreme Conditions are cancelled (where applicable) at or before 12:00 noon on any Business Day, such services will continue to be available in accordance with their normal services hours.

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced after clearing services under DCASS are available and the Typhoon is not lowered or Extreme Conditions are not cancelled at 12:00 noon on any Business Day, such services will continue to be available within two hours after the hoisting of the Typhoon Signal or announcement of Extreme Conditions but will cease thereafter.

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced after 12:00 noon on any Business Day, clearing services under DCASS will continue to be available until two hours after the hoisting of the Typhoon Signal, announcement of Extreme Conditions or the end of its normal services hours, whichever is earlier.

6.2 Money Settlement Services

6.2.1 *Typhoons and Extreme Conditions*

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced before 9:00 a.m. and the Typhoon is not lowered or Extreme Conditions are not cancelled at 12:00 noon on any Business Day, money settlement services will not be available for the day. In such event, money settlement will be effected prior to the resumption of trading on the Exchange on the next Business Day the Exchange is open for business, and will be due for settlement by no later than 9:15 a.m. if such Business Day is a full Bank Business Day or one hour after resumption of money settlement services if such Business Day is not a full Bank Business Day.

If a Typhoon Signal No. 8 or above is lowered and Extreme Conditions are cancelled (where applicable) at or before 12:00 noon on any Business Day, money settlement services will normally resume in two hours and any amounts demanded from HKCC Participants by the Clearing House must be

settled no later than one hour after the resumption of the money settlement services on that Business Day.

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced at or after 9:00 a.m., HKCC Participants' outstanding amounts due for settlement according to the normal schedule set forth in Chapter 2 shall be settled by HKCC Participants. Money settlement services will cease two hours after the hoisting of the Typhoon Signal or announcement of Extreme Conditions.

6.2.2 *Rainstorms*

If a Black Rainstorm Warning is issued before 9:00 a.m. and is not cancelled at 12:00 noon on any Business Day, money settlement services will not be available for the day. In such event, money settlement will be effected prior to the resumption of trading on the Exchange on the next Business Day the Exchange is open for business, and will be due for settlement by no later than 9:15 a.m. if such Business Day is a full Bank Business Day or one hour after resumption of money settlement services if such Business Day is not a full Bank Business Day.

If a Black Rainstorm Warning is issued before 9:00 a.m. and is cancelled at or before 12:00 noon on any Business Day, money settlement services will normally resume in two hours and any amounts demanded from HKCC Participants by the Clearing House must be settled no later than one hour after the resumption of the money settlement services on that Business Day.

If a Black Rainstorm Warning is issued at or after 9:00 a.m., HKCC Participants' outstanding amounts due for settlement according to the normal schedule set forth in Chapter 2 shall continue to be settled by HKCC Participants. Money settlement services will continue to be available in accordance with their normal services hours.

Notwithstanding 6.2.1 and 6.2.2 above, money settlement services of the Clearing House, which are dependent on the availability of banking services in Hong Kong, will not be available if the banking services in Hong Kong become unavailable in case of typhoon, Extreme Conditions or rainstorm situations. If the banking services in Hong Kong remain unavailable for any Business Day, each Designated Bank, Approved Settlement Bank and Prime Settlement Bank will, upon resumption of such banking services on the next Business Day, debit the amounts due from HKCC Participants according to Chapter 2. HKCC Participants must ensure that their bank accounts have sufficient funds to fulfill their money settlement obligations. Failure to do so will subject an HKCC Participant to disciplinary action pursuant to Rule 510 and/or Rule 517.

6.3 Collateral Management Services

6.3.1 *Typhoons and Extreme Conditions*

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced before 9:00 a.m. and the Typhoon is lowered and Extreme Conditions are cancelled (where applicable) at or before 12:00 noon on any Business Day, collateral management services via CCMS will resume two hours thereafter, while requests for redelivery of surplus funds will be processed on a best efforts basis subject to the availability of the applicable services of corresponding banks.

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced before 9:00 a.m. and the Typhoon is not lowered or Extreme Conditions are not cancelled at 12:00 noon on any Business Day, collateral management services via CCMS will not be available on that day.

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced at or after 9:00 a.m. but prior to the deadline for requests for redelivery of surplus funds (normally 11:00 a.m.) on any Business Day, those requests for redelivery of surplus funds already submitted will be accepted as usual, subject to the availability of the applicable services of corresponding banks.

6.4 Settlement Services relating to Physical Delivery Contracts

6.4.1 *Typhoons and Extreme Conditions*

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced on a Business Day which is after the last trading day or Expiry Day and up to and including the Final Settlement Day of an expiring Physical Delivery Contract and physical delivery of the underlying commodity or instrument for the settlement of the Physical Delivery Contract cannot be effected on the day by the CMU, an Approved Depository or any other relevant depository or facility which effects the physical delivery of such Physical Delivery Contract, as the case may be, services relating to the final settlement of such Physical Delivery Contract (i.e. both physical delivery and the corresponding money settlement) will be postponed by one Business Day.