

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:-

“Bank Business Day”	means, in relation to a jurisdiction outside Hong Kong, any day (except <u>a</u> Saturdays, Sundays, and public holiday <u>s</u>) on which banks in that jurisdiction are open for business;
“Business Day”	means any day other than a Saturday, Sunday or public holiday in Hong Kong;
“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;

CHAPTER VIII

EMERGENCIES

Suspension of services

801A. ~~If in the opinion of the Managing Director, the Board or the HKEX board Clearing House, an emergency (including but not limited to fire, epidemic or other casualty or accident, severe weather conditions, earthquake, natural disaster, power failures, communications breakdowns, computer malfunction, war, riot, civil commotion, labour strike, terrorist attack and other similar events) is imminent or threatened or has occurred or developed, and in consequence no orderly operation of the clearing, settlement and collateral management services can take place, the functioning of DCASS, CCMS or any other clearing, settlement and collateral management services and facilities it provides under these Rules is or is likely to be impaired by any event or circumstance, the Managing Director (with prior reference to the Board) and the Board shall the Clearing House may have full authority (in consultation with the Commission) to suspend the whole or any part of the Clearing House's facilities or services and to take such other action as the Managing Director and the Board may, in their absolute discretion, deem necessary or appropriate to deal with such emergency or as directed by the HKEX board. Notwithstanding the foregoing, the Managing Director may suspend the Clearing House's facilities or services under this Rule without prior reference to the Board if, but only if, in his opinion it is not possible for a meeting of the Board to be convened immediately. The Managing Director may not otherwise suspend the Clearing House's facilities or services under this Rule and whenever the Clearing House's facilities or services are suspended by the Managing Director in accordance with this Rule, he shall arrange for a meeting of the Board to be held as soon as practicable after the suspension. Under no circumstances shall the Clearing House or HKEX be responsible for damages arising from any such emergency or any action taken by the Clearing House in respect thereof. suspend the whole or any part of the operations of such facilities or services available to HKCC Participants for such duration as it sees fit.~~

~~The Clearing House may also take such other action as it may deem necessary or appropriate in the interests of the Clearing House and HKCC Participants.~~

Typhoons, Extreme Conditions and rainstorms

802. ~~(deleted) 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 Trading Day.~~

~~(a) (deleted)~~

~~(b) (deleted)~~

~~(c) (deleted)~~

~~(d) (deleted)~~

803. ~~(deleted) 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(deleted)~~; Chapter 7 – Clearing Service Termination Event and Chapter 8 - HKCC Failure to Pay Event and HKCC Insolvency Event.

Chapter 2 Clearing and Settlement Procedures

2.11 Final Settlement of Futures Contract

2.11.3 Hong Kong Interbank Offered Rate Futures (“HIBOR Futures”) Contracts

In respect of HIBOR Futures Contracts, if no HKD Interest Settlement Rate is available by The Hong Kong Association of Banks on the Last Trading Day due to typhoon signal no. 8 or above is hoisted, black rainstorm warning is issued or “extreme conditions” are announced by any government authority of Hong Kong, the corresponding clearing services and final settlement will be extended to the next Trading Day on which the Final Settlement Price is available.

Chapter 2A Settlement of Physical Delivery Contracts

2A.3 Physically Settled Metal Futures Contract

2A.3.6 Special arrangements under severe weather conditions

If typhoon signal No. 8 or above is hoisted, black rainstorm warning is issued or “extreme conditions” are announced by any government authority of Hong Kong on a Trading Day which is after the Last Trading Day up to and including the Final Settlement Day of an expiring Physically Settled Metal Futures Contract and physical delivery cannot be effected by an Approved Depository or any other relevant depository or facilities which effects the physical delivery of such Physically Settled Metal Futures Contract, physical delivery service relating to the final settlement of such Physically Settled Metal Futures Contract will be postponed to the next Trading Day on which physical delivery service resumes.

Chapter 6 ~~(deleted)~~ **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 Trading 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 Trading 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 Trading 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 Trading 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 Trading 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 Trading 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 Trading 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 Trading 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.~~

~~6.1.2 Rainstorms~~

- ~~—— If a Black Rainstorm Warning is issued before clearing services under DCASS are available and is cancelled at or before 12:00 noon on any Trading Day, such services will resume two hours thereafter and continue to be available in accordance with their normal services hours.~~
- ~~—— If a Black Rainstorm Warning is issued before clearing services under DCASS are available and is not cancelled at 12:00 noon on any Trading 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 Trading 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 Trading Day.~~

~~— If a Black Rainstorm Warning is issued after clearing services under DCASS are available and is cancelled at or before 12:00 noon on any Trading Day, such services will continue to be available in accordance with their normal services hours.~~

~~— If a Black Rainstorm Warning is issued after clearing services under DCASS are available and is not cancelled at 12:00 noon on any Trading Day, such services will continue to be available until the T+1 Session Cutoff Time if the T+1 Session of any Market continues to be available on that day. Otherwise, clearing services under DCASS will cease at the System Input Cutoff Time.~~

~~Notwithstanding 6.1.1 and 6.1.2 above, the Clearing House will continue to perform the daily clearing process and compute each HKCC Participant's liabilities as stated in section 2.1.~~

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 Trading 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 Trading Day the Exchange is open for business, and will be due for settlement by no later than 9:15 a.m. if such Trading Day is a full Trading Day or one hour after resumption of money settlement services if such Trading Day is not a full Trading 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 Trading 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 Trading 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 Trading 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 Trading Day the Exchange is open for business, and will be due for settlement by no later than 9:15 a.m. if such Trading Day is a full Trading Day or one hour after resumption of money settlement services if such Trading Day is not a full Trading Day.~~

~~If a Black Rainstorm Warning is issued before 9:00 a.m. and is cancelled at or before 12:00 noon on any Trading 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 Trading 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 Trading Day, each Designated Bank, Approved Settlement Bank and Prime Settlement Bank will, upon resumption of such banking services on the next Trading 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~~

~~The procedures below are applicable to collateral management services provided via CCMS, whereas money settlement services are dealt with in accordance with section 6.2.~~

~~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 Trading 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 Trading 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 Trading Day which is also a 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.~~

~~6.3.2 — Rainstorms~~

~~If a Black Rainstorm Warning is issued before 9:00 a.m. and is cancelled at or before 12:00 noon on any Trading Day, collateral management services via CCMS will resume in two hours and 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 Black Rainstorm Warning is issued before 9:00 a.m. and is not cancelled at 12:00 noon on any Trading Day, collateral management services via CCMS will not be available on that day.~~

~~If a Black Rainstorm Warning is issued at or after 9:00 a.m. on any Trading Day, normal collateral management services via CCMS will continue to be available for the day.~~

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 Trading 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 Trading Day.~~

~~6.4.2 — Rainstorms~~

~~If a Black Rainstorm Warning is issued on a Trading 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 Trading Day.~~