

## CONTENTS

<u>HEADING</u>	<u>RULE NO.</u>	<u>PAGE NO.</u>
<b><u>PREFACE</u></b> .....		(i)
General .....		(i)
Participantsip .....		(i)
Relationship to the Exchange .....		(i)
HKCC as Counterparty .....		(ii)
Risk Management .....		(iii)
 <b><u>CHAPTER I - INTERPRETATION</u></b> .....		 1 – 1
Definitions .....	101	1 – 1
Interpretation .....	102	1 – 26
Transitional provisions .....	103 – 104	1 – 27
Notice .....	105 – 106	1 – 27
Exclusions of Liabilities .....	107 – 110	1 – 28
 <b><u>CHAPTER II - HKCC PARTICIPANTSHIP</u></b> .....		 2 – 1
Requirements for Participantsip .....	201 – 202	2 – 1
Rights to record, register and clear .....	203 – 204	2 – 1
Procedure on application .....	205 – 213	2 – 1
Continuing obligations of HKCC Participants .....	214 - 214D	2 – 3
Financial resources requirements .....	215 - 215D	2 – 6
Transfer of HKCC Participantsip .....	216	2 – 7
Resignation and reimbursement of HKCC Participants'		
Deposits and HKCC Participant' Additional Deposits ....	217	2 – 7
Transitional .....	218	2 – 9
Disclosure of information .....	219 - 221	2 – 9
Commencement of clearing business .....	222	2 – 10
Limits on numbers .....	223	2 – 10
Tax .....	224 - 226	2 – 11
Appeal to the Participant Admission Appeals .....	227 - 233	2 – 11
Committee		
Participant Admission Appeals Proceedings by the .....	234 - 244	2 - 12
Participant Admission Appeals Committee		
 <b><u>CHAPTER III - REGISTRATION, CLEARING, RISK</u></b> .....		 3 – 1
General .....	301 - 302	3 – 1
(deleted) .....	303 - 308	
Timing of registration .....	308A	3 – 1
(deleted) .....	308B	
Dispute resolution .....	308C	3 – 2
Legal effect of registration .....	309 - 310	3 – 2
Terms of Contracts where the Clearing House is counterparty...	311	3 – 6
Fees, etc .....	312	3 – 6

## CONTENTS

<u>HEADING</u>	<u>RULE NO.</u>	<u>PAGE NO.</u>
Transfer of Contracts after registration .....	313	3 – 7
Clearing agreements .....	314 - 319	3 – 8
<b><u>CHAPTER IV - CLEARING HOUSE MARGIN, VARIATION</u></b>		
<b><u>ADJUSTMENT, COVER FOR MARGIN</u></b>		
<b><u>AND ACCOUNTS</u></b> .....		
		4 - 1
General .....	401	4 - 1
Clearing House margin .....	402	4 - 1
Withholding Clearing House margin .....	403	4 - 2
Approved Collateral .....	404	4 - 2
(deleted) .....	405	
Release of Clearing House margin .....	406 - 407	4 – 3
Variation adjustment .....	408 - 410B	4 – 3
Mandatory intra-day variation adjustment and margin .....	410C	4 – 4
Additional margin and intra-day variation adjustment .....	411	4 – 5
Special Block Trade Margin .....	411A	4 – 6
Closing Quotations .....	412	4 – 6
Ledger accounts .....	413 - 414	4 – 7
Aggregation and set-off .....	415	4 – 7
Application of monies .....	416-416A	4 – 8
Interest, costs and charges on credit balances .....	417	4 – 9
Interest on debit balances .....	418	4 – 9
Calculation of interest, costs and charges .....	419	4 – 9
“Client CCMS Collateral Account” dealt with separately.....	420	4 – 9
<b><u>CHAPTER V - LIMITS AND DEFAULTS</u></b> .....		
		5 – 1
Position limits .....	501 - 506A	5 – 1
Position limits at direction of Exchange .....	507	5 – 2
Exceeding position limits .....	508	5 – 2
Events of default .....	509 – 509A	5 – 3
Powers of the Chairman on default .....	510 - 511	5 – 4
Compulsory closing out, transfer, sale and settlement.....	512 - 515	5 – 6
Contract Termination.....	515A	5 – 9
Circumstances giving rise to disciplinary proceedings.....	516	5 – 11
Disciplinary powers .....	517	5 – 12
Effect of suspension .....	518	5 – 13
Revocation and effect of revocation .....	519	5 – 14
Disciplinary action against an HKCC Participant .....	520 - 523	5 – 15
Disciplinary matters referred to the Designated Compliance Department Staff .....	524 - 528	5 – 16
Disciplinary matters referred to the Disciplinary Committee .....	529 - 530	5 – 17
Disciplinary Appeals Committee .....	531 - 533	5 – 19
Appeal procedures .....	534 - 538	5 – 19

## CONTENTS

<u>HEADING</u>	<u>RULE NO.</u>	<u>PAGE NO.</u>
Co-operation .....	539	5 – 22
Settlement .....	540	5 – 22
Principles of natural justice .....	541	5 – 22
Liability of the Clearing House, the Exchange and a recognized exchange controller which is the controller of the Clearing House .....	542	5 – 22
Notice of decisions .....	543	5 – 23
Transitional provision .....	544	5 – 23
HKCC Failure to Pay Event.....	545-549	5 – 24
HKCC Insolvency Event.....	550-551	5 – 25
Calculations of Net Payments under an HKCC Failure to Pay Event or an HKCC Insolvency Event.....	552-554	5 – 26
Liability of the Clearing House under an HKCC Failure to Pay Event or an HKCC Insolvency Event.....	555	5 – 27
<b><u>CHAPTER VI - CASH SETTLEMENT, DELIVERY AND EXCHANGE OF FUTURES .....</u></b>		6 – 1
Cash Settled Contracts and Physical Delivery Contracts .....	601	6 – 1
Cash settlement and delivery governed by Exchange Rules, these Rules and the Clearing House Procedures .....	602	6 – 1
Rights of the Clearing House against an HKCC Participant under a Cash Settled Contract .....	602A	6 – 1
Assignment process .....	603 – 605A	6 – 3
Information regarding an HKCC Participant's delivery obligations .....	606	6 – 3
Open positions of a Non-delivery HKCC Participant under a Physically Settled Metal Futures Contract.. ..	606A	6 – 3
Action of the Clearing House against a Non-delivery HKCC Participant under a Physically Settled Metal Futures Contract .....	606B	6 – 3
Failure to comply with delivery and/or payment obligations .....	607 - 609	6 – 4
Rights of the Clearing House against an HKCC Participant under a Physical Delivery Contract .....	610 – 611B	6 – 5
"Exchange of futures" .....	612	6 – 6
<b><u>CHAPTER VII - THE RESERVE FUND AND LOSS DISTRIBUTION PROCESS.....</u></b>		7 – 1
General .....	701	7 – 1
Accounts and accounting .....	702	7 – 3
Notify resources of Reserve Fund .....	703	7 – 3
Appropriations to Reserve Fund .....	704	7 – 4
Support for Reserve Fund .....	705 - 705A	7 – 4
Use and order of application of Reserve Fund and application of HKCC Participant Additional Deposits Credit .....	706	7 – 4

## CONTENTS

<u>HEADING</u>	<u>RULE NO.</u>	<u>PAGE NO.</u>
(deleted) .....	706A-706D	
Assessments .....	707 - 707A	7 - 7
Replenishment of Reserve Fund.....	707B-707C	7 - 8
Resignation of HKCC Participantship for limiting liability following the expiry of the Capped Liability Period.....	707D	7 - 9
Payments out of Reserve Fund .....	708	7 - 10
Voluntary Recapitalization.....	709	7 - 11
Loss Distribution Process.....	710-714	7 - 11
<b><u>CHAPTER VIII - EMERGENCIES</u></b> .....	801	8 - 1
Suspension of services .....	801A	8 - 1
Typhoons, Extreme Conditions and rainstorms .....	802 - 803	8 - 1
<b><u>CHAPTER IX - DCASS</u></b> .....		9 - 1
Introduction .....	901	9 - 1
Connection to DCASS .....	902 - 907	9 - 1
DCASS equipment and software .....	908 - 911	9 - 1
(deleted) .....	912	
Backup Centre for DCASS .....	912A	9 - 2
(deleted) .....	912B	
Liability of HKCC Participants .....	913 - 914	9 - 2
<b><u>CHAPTER X - CCMS</u></b> .....		10 - 1
Introduction .....	1001	10 - 1
Connection to CCMS .....	1002 - 1005	10 - 1
CCMS equipment and software .....	1006 - 1010	10 - 1
Backup Centre for CCMS .....	1011	10 - 2
Liability of HKCC Participants .....	1012 - 1013	10 - 2
<b><u>CHAPTER XI - CLEARING SERVICE TERMINATION EVENT</u></b> .....		11 - 1
Clearing Service Termination Event.....	1101-1103	11 - 1
Liability of the Clearing House under a Clearing Service Termination Event.....	1104	11 - 2
----- 0 -----		
Appendix A - Fees		A - 1
Appendix B - T+1 Session Cutoff Time		B - 1