

CCASS OPERATIONAL PROCEDURES

Section 18

Guarantee Fund

18.6 ASSESSMENTS, VOLUNTARY RECAPITALIZATION AND REPLENISHMENT OF GUARANTEE FUND

18.6.5 Clearing Participants to replenish Guarantee Fund

Following the occurrence of a Relevant Event, any review of the Guarantee Fund size apart from under Rule 2508 shall be suspended during the relevant Capped Liability Period. Upon the expiry of the relevant Capped Liability Period, HKSCC shall review the size of the Guarantee Fund and the Basic Contribution and/or Dynamic Contribution required from each Clearing Participant in accordance with Rule 2502. Subject to Rule 2509D, HKSCC will notify the Clearing Participant of any replenishment amount required as Basic Contributions and/or Dynamic Contributions as a result of the review. The Clearing Participant shall make such Contributions no later than the first Business Day after the date of the notice, or within such other time period as may be specified by HKSCC. Any such Contributions made by the Clearing Participant following the expiry of such Capped Liability Period shall only be applied in respect of Relevant Events which occur after the expiry of the relevant Capped Liability Period and shall not be applied in respect of any Relevant Event that occurred prior to the expiry of such Capped Liability Period.

18.6.7 Termination of participation in CCASS for limiting liability following the expiry of a Capped Liability Period

- (i) Where a Clearing Participant wishes to terminate its participation in CCASS to limit its liability to any subsequent Events of Default that may occur following the expiry of the applicable Capped Liability Period, it must:
 - (a) submit a notice of termination of participation in CCASS to HKSCC and receive an acknowledgement from HKSCC; and
 - (b) successfully close out or otherwise discharge its liabilities in respect of all its Markets Contracts in accordance with the Rules prior to the expiry of the Capped Liability Period.
- (ii) If the conditions set out in Rule 2509D(i) are met, and notwithstanding Rule 2203, the Clearing Participant will not be subject to the replenishment of Basic Contribution and/or Dynamic Contribution pursuant to Rule 2509B. If the

conditions set out in Rule 2509D(i) are not met, the Clearing Participant will be subject to the replenishment of Basic Contribution and/or Dynamic Contribution pursuant to Rule 2509B (and liabilities thereto) upon the expiry of the applicable Capped Liability Period.

Section 19

Financial and Accounting Requirements

19.1 FINANCIAL REQUIREMENTS

19.1.3 Additional financial commitments of Clearing Participants in CCASS

In addition to the financial commitments referred to in Section 19.1.2, a Clearing Participant will, in summary, also have the following financial commitments as a result of its participation in CCASS :

- (i) the provision of its Basic Contribution and Dynamic Contribution to HKSCC and, subject to Rule 2509D, the replenishment of its Basic Contribution and Dynamic Contribution upon the expiry of the Capped Liability Period for the account of the Guarantee Fund;