

Chapter 1

Introduction to Clearing Procedures

1.1 Interpretation

These Clearing Procedures form part of the Clearing Rules. The information contained herein must be read in conjunction with the Clearing Rules. Unless otherwise specified, definitions and terminologies set forth in these Clearing Procedures carry the same meanings as defined in the Clearing Rules. All other definitions and terminologies set forth in these Clearing Procedures which are not defined in the Clearing Rules shall have the same meanings as defined herein. The Glossary included at the end of these Clearing Procedures provides the page reference of which each of these terms is defined.

1.2 Amendments

Subject to the SFO and the Articles of Association of OTC Clear:

- (i) the OTC Clear Board, after consultation with the Risk Management Committee, shall have the power to amend this section 1.2 and add to, vary or waive any of these Clearing Procedures set out in Chapter 2, Chapter 4, Chapter 5, Chapter 6, Chapter 8, Chapter 10 and Chapter 11 of these Clearing Procedures; and
- (ii) the OTC Clear Board shall have the power to amend, add to, vary or waive any of the remaining Clearing Procedures which are not referred to in sub-paragraph (i) above without first consulting the Risk Management Committee.

Without prejudice to the foregoing, OTC Clear recognizes that circumstances may arise which may require it to make ad hoc or urgent decisions on a case specific basis or where a meeting of the OTC Clear Board and/or the Risk Management Committee cannot be convened in a timely manner. Accordingly, the OTC Clear Board may delegate its powers under sub-paragraphs (i) and (ii) above to the chief executive or such other senior executives of OTC Clear as it considers appropriate provided that in respect of matters referred to in sub-paragraph (i) above, the chairman of the Risk Management Committee shall be consulted before a decision is made.

1.3 Operations of the Rates and FX Clearing Services and Clearing Link Services

Unless otherwise notified, the “Margin Process” described in section 4.6 of these Clearing Procedures and related curve construction or calculations will be performed during 08:30 – 19:00 hours Hong Kong time on each OTC Clear Clearing Day and on each Northbound Clearing Day (the “**Margin Process Hours**”).

The product eligibility requirements check in respect of Original Transactions described in section 3.4 of these Clearing Procedures will be performed during 08:30 – 19:00 hours Hong Kong time on each OTC Clear Clearing Day.

Unless otherwise notified, the product eligibility requirements check in respect of Original Northbound Transactions described in section 3.4.5 of these Clearing Procedures will be performed during 09:00 – 17:30 hours Hong Kong time on each Northbound Clearing Day.