

## OTC Clear Clearing Procedures

### Chapter 3

#### Rates and FX Clearing Services

#### 3.4 Product Eligibility Requirements

3.4.2.1 OTC Clear will only accept the types of Original Standard Rates Derivatives Transaction, Original Standard Cross-currency Rates Derivatives Transaction and Original Non Deliverable Rates Derivatives Transaction for registration as set out in the table as follows:

Instrument		Currencies / Currency Pairs (swap and FX)	Floating Rate Option	Maximum Residual Term	Designated Maturity
Original Standard Rates Derivatives Transactions	Single currency interest rate swaps	USD	USD-LIBOR-BBA	<del>4</del> 16 years	One month, three months, six months and one year
			USD-SOFR-COMPOUND	<del>4</del> 16 years	Not Applicable
			USD-Federal Funds-H.15- OIS-COMPOUND		
		EUR	EUR-EURIBOR-Reuters	11 years	One month, three months, six months and one year
			EUR-LIBOR-BBA		
			EUR-EuroSTR- COMPOUND	11 years	Not Applicable
		HK\$	HKD-HIBOR-HKAB	16 years	One month, three months, six months and one year
			HKD-HONIX-OIS- COMPOUND	16 years	Not Applicable
		CNY (offshore)	CNY-SHIBOR-Reuters	11 years	One month, three months,
			CNH-HIBOR-TMA		

Instrument		Currencies / Currency Pairs (swap and FX)	Floating Rate Option	Maximum Residual Term	Designated Maturity
					six months and one year
	Single currency basis swaps	USD	USD-LIBOR-BBA	416 years	One month, three months, six months and one year
			(a) USD-SOFR- COMPOUND vs (b) USD-Federal Funds- H.15-OIS-COMPOUND	416 years	(a) & (b): Not Applicable; (c): One month, three months, six months and one year
			(a) USD-SOFR- COMPOUND vs (c) USD-LIBOR-BBA		
		EUR	EUR-EURIBOR-Reuters	11 years	One month, three months, six months and one year
			EUR-LIBOR-BBA		
			(a) EUR-EuroSTR- COMPOUND vs (b) EUR-EURIBOR- Reuters	11 years	(a): Not Applicable (b)&(c): One month, three months, six months and one year
			(b) EUR-EURIBOR- Reuters vs (c) EUR-LIBOR-BBA		
		HK\$	HKD-HIBOR-HKAB	16 years	One month, three months, six months and one year
			(a) HKD-HONIX-OIS- COMPOUND vs (b) HKD-HIBOR-HKAB	16 years	(a): Not Applicable; (b): One month, three months, six months and one year

Instrument		Currencies / Currency Pairs (swap and FX)	Floating Rate Option	Maximum Residual Term	Designated Maturity
Original Standard Cross- currency Rates Derivatives Transactions	Cross-currency interest rate swaps and Cross-currency basis swaps	CNY (offshore) and USD	CNY (offshore): <u>(a) CNH-HIBOR-TMA</u> <u>(b) CNY-SHIBOR-Reuters</u>	11 years	<u>(a), (b) &amp; (c)</u> One month, three months, six months and one year; <u>(d):</u> <u>Not Applicable</u>
			USD: <u>(c) USD-LIBOR-BBA</u> <u>(d) USD-SOFR- COMPOUND</u>		
		HK\$ and USD	HK\$: <u>(a) HKD-HIBOR-HKAB</u> <u>(b) HKD-HONIX-OIS- COMPOUND</u>	<del>11</del> 16 years	<u>(a) &amp; (c):</u> One month, three months, six months and one year; <u>(b) &amp; (d):</u> <u>Not Applicable</u>
			USD: <u>(c) USD-LIBOR-BBA</u> <u>(d) USD-SOFR- COMPOUND</u> <u>For the avoidance of doubt, OTC Clear will not accept for registration any Original Standard Cross- currency Rates Derivatives Transaction for which HKD-HONIX-OIS- COMPOUND and USD- LIBOR-BBA are specified as the applicable Floating Rate Options.</u>		
Original Non Deliverable Rates Derivatives Transactions	Non-deliverable interest rate swaps	CNY	CNY-CNREPOFIX=CFXS- Reuters	5.5 years	Not Applicable
		INR	INR-MIBOR-OIS- COMPOUND	11 years	Not Applicable
			INR-FBIL-MIBOR-OIS- COMPOUND		

Instrument		Currencies / Currency Pairs (swap and FX)	Floating Rate Option	Maximum Residual Term	Designated Maturity
		KRW	KRW-CD-KSDA- Bloomberg	11 years	Three months
			KRW-CD-3220		
		MYR	MYR-KLIBOR-BNM	11 years	Three months
		THB	THB-THBFIX-Reuters	11 years	Six months
		TWD	TWD-TAIBOR-Reuters	11 years	Three months

### 3.4.2.9 Interpolation

- (i) OTC Clear will accept an Original Standard Rates Derivatives Transaction (except an Original Standard Rates Derivatives Transaction for which HKD-HONIX-OIS-COMPOUND, USD-SOFR-COMPOUND, USD-Federal Funds-H.15-OIS-COMPOUND or EUR-EuroSTR-COMPOUND is specified as one of the applicable Floating Rate Option(s)), an Original Standard Cross-currency Rates Derivatives Transaction (except an Original Standard Cross-currency Rates Derivatives Transaction for which HKD-HONIX-OIS-COMPOUND or USD-SOFR-COMPOUND is specified as one of the applicable Floating Rate Option(s)) or an Original Non Deliverable Rates Derivatives Transaction which is denominated in MYR, THB or TWD for registration regardless of whether interpolation is applicable or not.

In the case that interpolation is applicable to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction or an Original Non Deliverable Rates Derivatives Transaction which is denominated in MYR, THB or TWD, OTC Clear will accept that particular Original Transaction for registration provided that:

- (a) linear interpolation is elected for the Calculation Period(s) in respect of the Floating Rate Payer to which stub is applicable; and
- (b) in respect of the Designated Maturities elected for interpolation:
  - (A) both Designated Maturities are available for the relevant Floating Rate Option as shown in Appendix V to these Clearing Procedures; and
  - (B) prior to any adjustment being made in accordance with the applicable Business Day Convention to the relevant Calculation Period to which stub applies, one of the Designated Maturities is shorter than the interval of

the Calculation Period to which stub applies and another Designated Maturity is longer than the interval of the Calculation Period to which stub applies;

- (ii) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, INR or KRW, OTC Clear will accept that particular Original Transaction for registration only if interpolation is inapplicable; or
- (iii) in respect of an Original ~~Standard Rates Derivatives~~-Transaction for which HKD-HONIX-OIS-COMPOUND, USD-SOFR-COMPOUND, USD-Federal Funds-H.15-OIS-COMPOUND or EUR-EuroSTR-COMPOUND is specified as one of the applicable Floating Rate Option(s), OTC Clear will accept that particular Original Transaction for registration only if interpolation is inapplicable to the Floating Amount calculated by reference to the HKD-HONIX-OIS-COMPOUND, USD-SOFR-COMPOUND, USD-Federal Funds-H.15-OIS-COMPOUND ~~and-or~~ EUR-EuroSTR-COMPOUND Floating Rate Option, as the case may be.

#### 3.4.2.10 Period End Date

- (i) OTC Clear will accept an Original Standard Rates Derivatives Transaction (except an Original Standard Rates Derivatives Transaction for which HKD-HONIX-OIS-COMPOUND, USD-SOFR-COMPOUND, USD-Federal Funds-H.15-OIS-COMPOUND or EUR-EuroSTR-COMPOUND is specified as one of the applicable Floating Rate Option(s)), an Original Standard Cross-currency Rates Derivatives Transaction (except an Original Standard Cross-currency Rates Derivatives Transaction for which HKD-HONIX-OIS-COMPOUND or USD-SOFR-COMPOUND is specified as one of the applicable Floating Rate Option(s)) and an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, KRW, MYR, THB or TWD for registration only if the Termination Date and the Period End Date for determination of each Calculation Period of Fixed Amount with respect to the Fixed Rate Payer and of Floating Amount with respect to the Floating Rate Payer (or each Floating Rate Payer if Fixed Rate Payer is inapplicable) are either subject to adjustment on the same basis or are both not subject to adjustment respectively.
- (ii) OTC Clear will accept an Original Standard Rates Derivatives Transaction for which HKD-HONIX-OIS-COMPOUND, USD-SOFR-COMPOUND, USD-Federal Funds-H.15-OIS-COMPOUND or EUR-EuroSTR-COMPOUND is specified as one of the applicable Floating Rate Option(s), an Original Standard Cross-currency Rates Derivatives Transaction for which HKD-HONIX-OIS-COMPOUND or USD-SOFR-COMPOUND is specified as one of the applicable Floating Rate Option(s) and an Original Non Deliverable Rates Derivatives Transaction which is denominated in INR for registration only if the Termination Date and the Period End Dates for determination of each Calculation Period of a Floating Amount are both subject to adjustment.

#### 3.4.2.11 Payment Lag

In respect of each Original Transaction, payment lag is the number of the relevant Business Days by which the Payment Date precedes or follows the Period End Date of the relevant Calculation Period of that particular Original Transaction.

OTC Clear will only accept Original Standard Rates Derivatives Transactions, Original Standard Cross-currency Rates Derivatives Transactions and Original Non Deliverable Rates Derivatives Transactions for registration if the payment lag specified for the relevant Floating Amount payments corresponds to the parameters specified below:

Instrument		Currencies / Currency Pairs (swap and FX)	Floating Rate Option	Payment Lag (number of relevant Business Days)
Original Standard Rates Derivatives Transactions	Single currency interest rate swaps	USD	USD-LIBOR-BBA	0, 1 or 2
			USD-SOFR-COMPOUND	2
			USD-Federal Funds-H.15-OIS-COMPOUND	
		EUR	EUR-EURIBOR-Reuters	0, 1 or 2
			EUR-LIBOR-BBA	
			EUR-EuroSTR-COMPOUND	1
		HK\$	HKD-HIBOR-HKAB	0, 1 or 2
			HKD-HONIX-OIS-COMPOUND	2
		CNY (offshore)	CNY-SHIBOR-Reuters	0, 1 or 2
			CNH-HIBOR-TMA	
	Single currency basis swaps	USD	USD-LIBOR-BBA	0, 1 or 2
			(a) USD-SOFR-COMPOUND vs	2 for each of the Floating Amounts

Instrument		Currencies / Currency Pairs (swap and FX)	Floating Rate Option	Payment Lag (number of relevant Business Days)
			(b) USD-Federal Funds-H.15-OIS-COMPOUND	
			(a) USD-SOFR-COMPOUND vs (c) USD-LIBOR-BBA	2 for USD-SOFR-COMPOUND and any of 0, 1 or 2 for USD-LIBOR-BBA. For the avoidance of doubt, the payment lag specified for the two Floating Amounts may differ
		EUR	EUR-EURIBOR-Reuters	0, 1 or 2
			EUR-LIBOR-BBA	
			(a) EUR-EuroSTR-COMPOUND vs (b) EUR-EURIBOR-Reuters	1 for EUR-EuroSTR-COMPOUND and any of 0, 1 or 2 for the EUR-EURIBOR-Reuters. For the avoidance of doubt the payment lag specified for the two Floating Amounts may differ

Instrument		Currencies / Currency Pairs (swap and FX)	Floating Rate Option	Payment Lag (number of relevant Business Days)
			(b) EUR-EURIBOR-Reuters vs (c) EUR-LIBOR-BBA	Any of 0, 1 or 2 for each Floating Amount. For the avoidance of doubt, the payment lag specified for the two Floating Amounts may differ
		HK\$	HKD-HIBOR-HKAB  (a) HKD-HONIX-OIS-COMPOUND vs (b) HKD-HIBOR-HKAB	0, 1 or 2  2 for HKD-HONIX-OIS-COMPOUND and any of 0, 1 or 2 for HKD-HIBOR-HKAB. For the avoidance of doubt the payment lag specified for the Floating Amounts may differ
Original Standard Cross-currency Rates Derivatives Transactions	Cross-currency interest rate swaps and Cross-currency basis swaps	CNY (offshore) and USD	CNY (offshore): (a) CNH-HIBOR-TMA (b) CNY-SHIBOR-Reuters	<u>0, 1 or 2</u> <u>For the avoidance of doubt, the payment lag specified for the two Floating Amounts may differ</u>
			USD: (c) USD-LIBOR-BBA (d) USD-SOFR-COMPOUND	<u>2 for USD-SOFR-COMPOUND and any of 0, 1 or 2 for the USD-LIBOR-BBA.</u>



Instrument		Currencies / Currency Pairs (swap and FX)	Floating Rate Option	Payment Lag (number of relevant Business Days)
		HK\$ and USD	HK\$: <u>(a) HKD-HIBOR-HKAB</u> <u>(b) HKD-HONIX-OIS-COMPOUND</u>	<u>02 for HKD-HONIX-OIS-COMPOUND and any of 0, 1 or 2 for HKD-HIBOR-HKAB. For the avoidance of doubt the payment lag specified for the Floating Amounts may differ</u>
			USD: <u>(c) USD-LIBOR-BBA</u> <u>(d) USD-SOFR-COMPOUND</u>	<u>2 for USD-SOFR-COMPOUND and any of 0, 1 or 2 for the USD-LIBOR-BBA.</u>
Original Non Deliverable Rates Derivatives Transactions	Non-deliverable interest rate swaps	CNY	CNY-CNREPOFIX=CFXS-Reuters	0
		INR	INR-MIBOR-OIS-COMPOUND	
			INR-FBIL-MIBOR-OIS-COMPOUND	
		KRW	KRW-CD-KSDA-Bloomberg	
			KRW-CD-3220	
		MYR	MYR-KLIBOR-BNM	
		THB	THB-THBFIX-Reuters	
		TWD	TWD-TAIBOR-Reuters	

## 3.4.2.15 Reset Date

OTC Clear will accept an Original Transaction for registration only if:

- (i) with regard to an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, any Reset Date is the first day of each Compounding Period;
- (ii) with regard to an Original Non Deliverable Rates Derivatives Transaction which is denominated in INR, any Reset Date is the last day of each relevant Calculation Period;
- (iii) with regard to an Original Non Deliverable Rates Derivatives Transaction which is denominated in KRW, MYR, THB or TWD, any Reset Date is the first day of each relevant Calculation Period;
- (iv) with regard to both an Original Standard Rates Derivatives Transaction and an Original Standard Cross-currency Rates Derivatives Transaction,
  - (a) the Reset Date is the first day of each relevant Calculation Period; or
  - (b) the Reset Date is the last day of each relevant Calculation Period, if the Floating Amount of ~~an such~~ Original ~~Standard Rate Derivatives~~ Transactions is calculated by reference to HKD-HONIX-OIS-COMPOUND, USD-SOFR-COMPOUND, USD-Federal Funds-H.15-OIS-COMPOUND or EUR-EuroSTR-COMPOUND Floating Rate Option, as the case may be;

## 3.4.2.30 Floating Rate

OTC Clear will accept:

- (i) an Original Standard Rates Derivatives Transaction or an Original Standard Cross-currency Rates Derivatives Transaction for registration if:
  - (a) in respect of the initial Calculation Period of such Original Transaction:
    - (A) no Floating Rate has been designated by the Clearing Members for such Calculation Period; or
    - (B) the Floating Rate has been designated by the Clearing Members for such Calculation Period and such Floating Rate is any numerical value which is an integer or a number rounded up to seven or less decimal points, provided that no numerical Floating Rate may be designated for any such Calculation Period in respect of an such Original ~~Standard Rates Derivatives~~ Transaction for which HKD-HONIX-OIS-COMPOUND, USD-SOFR-COMPOUND, USD-Federal Funds-H.15-OIS-COMPOUND or EUR-EuroSTR-COMPOUND has been specified as the Floating Rate Option; and
  - (b) in respect of any Calculation Period other than the initial Calculation Period of such Original Transaction, no Floating Rate has been designated by the Clearing Members for such Calculation Period;

- (ii) an Original Non Deliverable Rates Derivatives Transaction which is denominated in KRW, MYR, THB or TWD for registration if:
  - (a) in respect of the initial Calculation Period of such Original Transaction:
    - (A) no Floating Rate has been designated by the Clearing Members for such Calculation Period; or
    - (B) the Floating Rate has been designated by the Clearing Members for such Calculation Period and such Floating Rate is any numerical value which is an integer or a number rounded up to seven or less decimal points; and
  - (b) in respect of any Calculation Period other than the initial Calculation Period of such Original Transaction, no Floating Rate has been designated by the Clearing Members for such Calculation Period;

## Appendix I

### Fees Schedule

(i) Annual Fee, Registration Fee and Maintenance Fee (for Clearing Members engaged in House Business)

(b) Standard Cross-currency Rates Derivatives Contract

Tenor	Fee Rate	
	Registration Fee	Maintenance Fee
0 – 1 year	0.0015% of the notional amount of the USD leg of the Contract*, provided that the registration fee for Standard Cross-currency Rates Derivatives Contracts created pursuant to Section 3.20 of the Clearing Procedures payable by each exceeding Clearing Member shall be 0.0215% of the notional amount of the USD leg of the Contract and no rebate or discount shall apply.	0.00008% of the notional amount of the USD leg of the Contract, on a monthly basis in respect of each Contract until its maturity.  Registration Fees and Maintenance Fees will be billed in aggregate (in HK\$) monthly in arrears.
>1 – 3 years	0.0035% of the notional amount of the USD leg of the Contract*.	
>3 – 5 years	0.0065% of the notional amount of the USD leg of the Contract*.	
>5 – 7 years	0.0085% of the notional amount of the USD leg of the Contract*.	
>7 – 10 years	0.0115% of the notional amount of the USD leg of the Contract*.	
<u>&gt;10 – 12 years</u>	<u>0.0145% of the notional amount of the USD leg of the Contract*.</u>	
<u>&gt;12 – 14 years</u>	<u>0.0165% of the notional amount of the USD leg of the Contract*.</u>	
<u>&gt;14 – 16 years</u>	<u>0.0185% of the notional amount of the USD leg of the Contract*.</u>	

(ii) **Registration Fee and Maintenance Fee (for Clearing Members providing Client Clearing Services to their Clients)**

**(b) Standard Cross-currency Rates Derivatives Contract**

Tenor	Fee Rate	
	Registration Fee	Maintenance Fee
0 – 1 year	0.0015% of the notional amount of the USD leg of the Contract*, provided that the registration fee for Standard Cross-currency Rates Derivatives Contracts created pursuant to Section 3.20 of the Clearing Procedures payable by each exceeding Clearing Member shall be 0.0215% of the notional amount of the USD leg of the Contract and no rebate or discount shall apply.	0.00008% of the notional amount of the USD leg of the Contract, on a monthly basis in respect of each Contract until its maturity.  Registration Fees and Maintenance Fees will be billed in aggregate (in HK\$) monthly in arrears.
>1 – 3 years	0.0035% of the notional amount of the USD leg of the Contract*.	
>3 – 5 years	0.0065% of the notional amount of the USD leg of the Contract*.	
>5 – 7 years	0.0085% of the notional amount of the USD leg of the Contract*.	
>7 – 10 years	0.0115% of the notional amount of the USD leg of the Contract*.	
<u>&gt;10 – 12 years</u>	<u>0.0145% of the notional amount of the USD leg of the Contract*.</u>	
<u>&gt;12 – 14 years</u>	<u>0.0165% of the notional amount of the USD leg of the Contract*.</u>	
<u>&gt;14 – 16 years</u>	<u>0.0185% of the notional amount of the USD leg of the Contract*.</u>	

**Note:**

Backloading applies when (a) the Trade Date of a Contract registered in the name of a Clearing Member precedes the commencement of the Membership of that particular Clearing Member; or (b) the Trade Date of an Original Transaction submitted for registration as Contracts precedes the effective date of the amendment in the specific product eligibility requirements (as set out in section 3.4 of the Clearing Procedures) and such Original Transaction, but for such amendment, would have not been accepted for registration.

\* If (a) the Trade Date of an Original Transaction precedes the date on which such Original Transaction is submitted to OTC Clear for registration by more than 1 OTC Clear Clearing Day and backloading does not apply; or (b) the aggregate notional amount of Contracts cleared by a Clearing Member exceeds an amount notified in a Clearing Notice to Clearing Members by OTC Clear, the relevant registration fee or such lesser amount as OTC Clear may from time to time agree with the Clearing Member will apply.