

OTC Clear Clearing Procedures

Chapter 2

Membership

2.1 Membership Application Process

2.1.8 Additional Documents Required and Membership Requirements in respect of Non-Hong Kong Incorporated Persons

Where a Licensed Corporation or an Authorized Institution with jurisdiction of incorporation outside Hong Kong, or a Remotely Regulated Entity (a “**Non-Hong Kong Incorporated Person**”) applies to become a Clearing Member, OTC Clear may require such Non-Hong Kong Incorporated Person to demonstrate in its application the ability to satisfy the obligations of a Clearing Member (including but not limited to those set out in Clearing Rule 401(4)), and to provide legal opinions on, among others, the enforceability of OTC Clear’s rights under the Clearing Documentation against such Non-Hong Kong Incorporated Person if it were a Clearing Member in respect of the jurisdiction of incorporation of such Non-Hong Kong Incorporated Person.*

OTC Clear may, at its discretion, apply more stringent on-going risk monitoring to Non-Hong Kong Incorporated Persons and require such persons to implement sufficient outsourcing arrangements to be able to participate in fire drills and support the Default Management Process upon the occurrence of a DMP Event.

*—~~Note: Introduction of remote membership is being considered by HKEX at the moment, and is not intended to be available during the initial phase of establishment of OTC Clear.~~