

## **OTC Clear Clearing Procedures**

### **Chapter 3**

#### **Rates and FX Clearing Services**

##### **3.3 Process of Registration and Rejection**

###### **3.3.1 Creation of Contracts through Submission of Original Transactions by Clearing Members - Status of Registration of a Transaction and Notification of Results**

Any Original Transaction submitted by a Clearing Member (or by a Designated Person on its behalf) to OTC Clear for registration is required to satisfy the Eligibility Requirements.

In respect of an Original Transaction submitted for registration before 19:00 hours Hong Kong time on an OTC Clear Clearing Day, OTC Clear will, ~~on at various times throughout~~ such OTC Clear Clearing Day save for the one hour between 12:00 hours Hong Kong time and 13:00 hours Hong Kong time, perform both product eligibility requirement checks set out in section 3.4 and the “Margin Process” set out in section 4.6 of these Clearing Procedures on such Original Transaction.

In respect of an Original Transaction submitted to OTC Clear for registration on a day which is not an OTC Clear Clearing Day, or at or after 19:00 hours Hong Kong time on an OTC Clear Clearing Day, OTC Clear will perform product eligibility requirements checks set out in section 3.4 and the “Margin Process” set out in section 4.6 of these Clearing Procedures on such Original Transaction on the immediately following OTC Clear Clearing Day.

If an Original Transaction does not satisfy the applicable product eligibility requirements as set out in section 3.4, or if it contains any invalid or incomplete trade data, such Original Transaction will be rejected and will not go through the “Margin Process” as set out in section 4.6 of these Clearing Procedures. The result will be communicated to the relevant Approved Trade Registration System.

If an Original Transaction satisfies the applicable product eligibility requirements set out in section 3.4, but does not satisfy the “Margin Process” as set out in section 4.6 of these Clearing Procedures, such Original Transaction will be put on “pending” status in the Rates and FX Clearing System. The result will be communicated to the relevant Approved Trade Registration System. The transaction will be flagged as “WAIT\_MARGIN”, “LIMIT\_FAILED” or “PROCESSING” in the “OTC Clear Trade Report (Report Number TDRP03, TDRP04 or TDRP12)” in relation to any House Position Account or “OTC Clear Trade Report for Client (Report Number TDRP03\_C, TDRP04\_C or TDRP12\_C)” in relation to any Client Position Account. Both “OTC Clear Trade Report (Report Number TDRP03, TDRP04, or TDRP12)” and “OTC Clear Trade Report for Client (Report Number TDRP03\_C, TDRP04\_C or TDRP12\_C)” are available to the Clearing Members on the Web Portal.

Any Original Transaction that is not accepted for registration at or before 19:00 hours Hong Kong time on an OTC Clear Clearing Day will be rejected by OTC Clear and must be resubmitted.

The result of rejection will be communicated to the relevant Approved Trade Registration System. The transaction will be flagged as “REJECTED” in the “OTC Clear Trade Report (Report Number TDRP05, TDRP06 or TDRP13)” in relation to any House Position Account or “OTC Clear Trade Report for Client (Report Number TDRP05\_C, TDRP06\_C or TDRP13\_C)” in relation to any Client Position Account. Both “OTC Clear Trade Report (Report Number TDRP05, TDRP06 or TDRP13)” and “OTC Clear Trade

Report for Client (Report Number TDRP05\_C, TDRP06\_C or TDRP13\_C)" are available to the Clearing Members on the Web Portal.

If an Original Transaction satisfies all applicable Eligibility Requirements, such Original Transaction will be registered by OTC Clear as two Contracts. The result will be communicated to the relevant Approved Trade Registration System. A unique trade identification number will be assigned to each such Contract, and such trade identification number will be published in the "OTC Clear Trade Report (Report Number TDRP01, TDRP02, or TDRP11)" in relation to any House Position Account or "OTC Clear Trade Report for Client (Report Number TDRP01\_C, TDRP02\_C or TDRP11\_C)" in relation to any Client Position Account. Both "OTC Clear Trade Report (Report Number TDRP01, TDRP02 or TDRP11)" and "OTC Clear Trade Report for Client (Report Number TDRP01\_C, TDRP02\_C or TDRP11\_C)" are available to the Clearing Members on the Web Portal. In addition, the Original Transaction submitted for registration will be flagged as "CLEARED" in such "OTC Clear Trade Report (Report Number TDRP01, TDRP02 or TDRP11)" or "OTC Clear Trade Report for Client (Report Number TDRP01\_C, TDRP02\_C or TDRP11\_C)".

#### **3.4.2.12 Payment Date**

- (i) Original Standard Rates Derivatives Transaction and Original Standard Cross-currency Rates Derivatives Transaction

With regard to both an Original Standard Rates Derivatives Transaction and Original Standard Cross-currency Rates Derivatives Transaction, OTC Clear will accept such Original Transaction for registration only if:

- (a) with respect to the Floating Amount Payer (or if a Fixed Amount Payer is not applicable to that Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction, then with respect to each Floating Amount Payer), the frequency of payment of each Floating Amount payable by such Floating Amount Payer during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members is:

(A)

- (1) the same as the interval of the Calculation Period of the Floating Amount payable by such Floating Amount Payer during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members if stub is inapplicable to any Calculation Period in respect of such Floating Amount Payer; or
- (2) the same as the interval of the Calculation Period of the Floating Amount payable by such Floating Amount Payer during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members other than the interval of the Calculation Period in respect of such Floating Amount Payer to which stub is applicable;

(B)

(1) where applicable, the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to each Calculation Period in respect of such Floating Amount Payer if stub is inapplicable to any Calculation Period in respect of such Floating Amount Payer; or

(2) where applicable, the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to each Calculation Period (other than the Calculation Period to which stub is applicable) in respect of such Floating Amount Payer;

(C) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and

(D) three months if IMM Settlement Dates are applicable; and

(b) the frequency of payment of each Fixed Amount (if applicable) being payable during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members is:

(A)

(1) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members if stub is inapplicable to any Calculation Period in respect of the Fixed Amount Payer;

(2) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members other than the interval of the Calculation Period in respect of the Fixed Amount Payer to which stub is applicable; or

(3) once at the maturity of that particular Original Standard Rates Derivatives Transaction as designated by the Clearing Member;

(B) one month, three months, six months, one year, or once at maturity if IMM Settlement Dates are inapplicable; and

(C) three months if IMM Settlement Dates are applicable;

(ii) Original Non Deliverable Rates Derivatives Transaction

With regard to an Original Non Deliverable Rates Derivatives Transaction, OTC Clear will accept such Original Non Deliverable Rates Derivatives Transaction for registration only if:

- (a) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY or INR, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:
  - (A)
    - (1) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members if stub is inapplicable to any Calculation Period in respect of the Floating Amount Payer; or
    - (2) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members other than the interval of the Calculation Period in respect of the Floating Amount Payer to which stub is applicable;
  - (B) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and
  - (C) three months if IMM Settlement Dates are applicable;
- (b1) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in KRW, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:
  - (A)
    - (1) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members if stub is inapplicable to any Calculation Period in respect of the Floating Amount Payer; or
    - (2) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members other than the interval of the Calculation Period in respect of the Floating Amount Payer to which stub is applicable;
  - (B) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to the Floating Amount payable by the Floating Amount Payer; and
  - (C) three months only;

- (b2) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in MYR or TWD, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:

(A)

- (1) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members if stub is inapplicable to any Calculation Period in respect of the Floating Amount Payer; or
- (2) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members other than the interval of the Calculation Period in respect of the Floating Amount Payer to which stub is applicable;

(B)

- (1) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to each Calculation Period in respect of the Floating Amount Payer if stub is inapplicable to any Calculation Period in respect of the Floating Amount Payer; or
- (2) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to each Calculation Period (other than the Calculation Period to which stub is applicable) in respect of the Floating Amount Payer; and

(C) three months only;

- (c) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in THB, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:

(A)

- (1) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members if stub is inapplicable to any Calculation Period in respect of the Floating Amount Payer; or
- (2) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that

particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members other than the interval of the Calculation Period in respect of the Floating Amount Payer to which stub is applicable;

(B)

- (1) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to each Calculation Period in respect of the Floating Amount Payer if stub is inapplicable to any Calculation Period in respect of the Floating Amount Payer; or
- (2) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to each Calculation Period (other than the Calculation Period to which stub is applicable) in respect of the Floating Amount Payer; and

(C) six months only;

- (d) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, INR, KRW, MYR or TWD, the frequency of payment of each Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:

(A)

- (1) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members if stub is inapplicable to any Calculation Period in respect of the Fixed Amount Payer;
- (2) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members other than the interval of the Calculation Period in respect of the Fixed Amount Payer to which stub is applicable; or
- (3) once at maturity of that particular Original Non Deliverable Rates Derivatives Transactions as designated by the Clearing Member;

(B) one month, three months, six months, one year or once at maturity if IMM Settlement Dates are inapplicable; and

(C) three months if IMM Settlement Dates are applicable; and

- (e) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in THB, the frequency of payment of each Fixed Amount being payable

during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:

(A)

- (1) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members if stub is inapplicable to any Calculation Period in respect of the Fixed Amount Payer;
- (2) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members other than the interval of the Calculation Period in respect of the Fixed Amount Payer to which stub is applicable; or
- (3) once at maturity of that particular Original Non Deliverable Rates Derivatives Transactions as designated by the Clearing Member;

(B) one month, three months, six months, one year or once at maturity;

- (iii) Original Standard Rates Derivatives Transaction and Original Non Deliverable Rates Derivatives Transaction

With regard to both an Original Standard Rates Derivatives Transaction and Original Non Deliverable Rates Derivatives Transaction, OTC Clear will accept such Original Transaction for registration only if such Original Transaction is submitted to OTC Clear for registration prior to 19:00 hours Hong Kong time on an OTC Clear Clearing Day that falls at least onetwo OTC Clear Clearing Days prior to any forthcoming Payment Date of that Original Transaction; and

- (iv) Original Standard Cross-currency Rates Derivatives Transaction

With regard to an Original Standard Cross-currency Rates Derivatives Transaction, OTC Clear will accept such Original Transaction for registration only if such Original Transaction is submitted to OTC Clear for registration prior to 19:00 hours Hong Kong time on an OTC Clear Clearing Day (other than Initial Exchange Date in respect of Initial Exchange Amount (if applicable) which is set out in section 3.4.2.28 and Payment Dates) that falls at least onetwo OTC Clear Clearing Days prior to any forthcoming Payment Date of that Original Transaction.

- (v) OTC Clear will accept Original Standard Rates Derivatives Transactions, Original Standard Cross-currency Rates Derivatives Transactions and Original Non Deliverable Rates Derivatives Transactions for registration only if Section 2.3.6(i)(a) of the ISDA Definitions applies such that if the Modified Following Business Day Convention or the Preceding Business Day Convention applies to any Payment Date and that date would otherwise fall on a day that is not a Business Day as a result of an Unscheduled Holiday, then in respect of such Payment Date (including where the Period End Date or the Termination Date is a Payment Date), that date will instead fall on the first following day that is a Business Day, notwithstanding the provisions of Section 2.3.3 (*Modified Following Business Day Convention*) and Section 2.3.4 (*Preceding Business Day Convention*) of the ISDA Definitions.

### 3.4.2.13 Fixed Amount

OTC Clear will accept for registration an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction to which Fixed Amount is applicable only if a Fixed Rate is specified and such rate is:

~~(i) — greater than or equal to zero;~~

~~(ii)(i)~~ the same for each Calculation Period; and

~~(iii)(ii)~~ an integer or a number rounded up to seven or less decimal points.

For the avoidance of doubt, no amount should be specified as the Fixed Amount.

### 3.4.2.17 Additional Payment

“**Additional Payment**” as used in this Chapter 3 means any additional payment specified in an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction as being payable by the relevant Clearing Member(s) pursuant to the terms therein, and forming part of the Contract Terms upon registration of the Original Transaction.

OTC Clear will only accept an Original Non Deliverable Rates Derivatives Transaction for registration if no Additional Payment is specified in the terms of such Original Non Deliverable Rates Derivatives Transaction.

OTC Clear will accept for registration an Original Standard Rates Derivatives Transaction and an Original Standard Cross-currency Rates Derivatives Transaction regardless of whether Additional Payment is applicable or not.

If Additional Payment is applicable to an Original Standard Rates Derivatives Transaction and an Original Standard Cross-currency Rates Derivatives Transaction, however, OTC Clear will accept that particular Original Transaction for registration only if:

- (i) the financial center(s) elected for the purpose of determining the Payment Date(s) for Additional Payment(s) are as follows:

Currencies for settlement for Additional Payments	Financial center
USD	New York
EUR	TARGET
HKD	Hong Kong
CNY (offshore)	Beijing and Hong Kong

- (ii) the Business Day Convention elected for the purpose of determining the Payment Date(s) for Additional Payment(s) is Following;
- (iii) the currency for settlement of an Additional Payment is (a) the same as the Contractual Currency for such Original Standard Rates Derivatives Transaction or (b) one of the Contractual Currencies for such Original Standard Cross-currency Rates Derivatives Transaction;
- (iv) such Original Transaction is submitted to OTC Clear for registration:



- (a) prior to 19:00 hours Hong Kong time on an OTC Clear Clearing Day that falls at least ~~one~~<sup>two</sup> OTC Clear Clearing Days prior to a forthcoming Payment Date of any Additional Payment of that particular Original Transaction; or
- (b) after the Payment Date of any Additional Payment of that particular Original Transaction;
- (v) the Payment Date for any Additional Payment falls on any day from and including the Effective Date to and including the Termination Date; and
- (vi) the payer and receiver of any Additional Payment payable under an Original Standard Rates Derivatives Transaction or an Original Standard Cross-currency Rates Derivatives Transaction are the Clearing Members who are counterparties to such Original Transaction.

For the avoidance of doubt, there is no limitation on the number of Additional Payments.

### 3.6.2 Process of De-registration

In respect of de-registration requests which fulfil the conditions set out in section 3.6.1 (ii), the following procedures shall apply:

- (i) prior to submitting the de-registration request to OTC Clear, the Clearing Member shall identify and select the relevant Contracts for de-registration from the “OTC Clear Compression Report (Report Number COMP01 and COMP01\_C)” published at ~~or prior to~~ <sup>approximately</sup> 20:30 hours Hong Kong time on such OTC Clear Clearing Day available to the Clearing Members on the Web Portal;
- (ii) the Clearing Member shall submit a request for de-registration to OTC Clear before ~~19~~<sup>11</sup>:30 hours Hong Kong time on an OTC Clear Clearing Day. Any request which is submitted (a) on a day other than an OTC Clear Clearing Day or (b) after ~~19~~<sup>11</sup>:30 hours Hong Kong time on such OTC Clear Clearing Day will be rejected;
- (iii) Clearing Members are able to check the status of the de-registration requests through the Web Portal. The relevant information will be updated in “OTC Clear Compression Report (Report Number COMP02 and COMP02\_C)” available at the Web Portal by ~~13~~<sup>14</sup>:30 hours Hong Kong time on each OTC Clear Clearing Day; and
- (iv) if such request is approved by OTC Clear, the de-registration request will be processed by OTC Clear on the same day.

If a de-registration request does not satisfy the conditions set out in section 3.6.1, or if it contains any invalid or incomplete trade data, such de-registration request will be rejected and will not go through the “Margin Process” as set out in section 4.6 of these Clearing Procedures. The result will be communicated to Clearing Members via an acceptable medium designated by OTC Clear from time to time and notified to Clearing Members via Clearing Notice but will not be made available to the Clearing Members on the Web Portal.

If a de-registration request satisfies all conditions set out in section 3.6.1 and “Margin Process” as set out in section 4.6 of these Clearing Procedures, such Contracts will be de-registered by OTC Clear. The result will be communicated to Clearing Members via an acceptable medium designated by OTC Clear from time to time and notified to Clearing Members via Clearing Notice but will not be made available to Clearing Members on the Web Portal. In addition, the relevant Contracts submitted for de-registration will be flagged as “DECLARED” in such “OTC Clear Trade Report (Report Number TDRP01, TDRP02 or TDRP11)” in relation to any House Position Account or “OTC Clear Trade Report for Client (Report Number TDRP01\_C, TDRP02\_C or TDRP11\_C)” in relation to any Client Position Account.

Save and except for the operation of section 3.8.1 and any fees due but unpaid by the relevant Clearing Member to OTC Clear (including the de-registration fee):

- (i) any Contract that has been de-registered shall have no further force or effect thereafter; and
- (ii) the rights and obligations of each of OTC Clear and the relevant Clearing Member under the Contract being de-registered shall be fully relinquished and discharged with effect from the time such Contract is de-registered.

Any de-registered transaction can be submitted for registration again, and subject to the Eligibility Requirements applicable to the relevant transaction.

Cancellation, novation or any other fees which have been agreed between the relevant Clearing Members who are counterparties to the particular Contract in connection with a de-registration request shall not be processed by OTC Clear.

### **3.6A Multilateral Compression**

Each Multilateral Compression Cycle shall be implemented in accordance with the processes set out in the relevant Compression Documentation.

In addition to the circumstances set out in the Clearing Rules and the Compression Documentation, OTC Clear may, at its sole and absolute discretion, decline to implement the Unwind Proposal relating to a Multilateral Compression Cycle, if:

- (i) any participating Compression Clearing Member fails to satisfy its increased Initial Margin requirements by the time(s) set out in the relevant Compression Documentation;
- (ii) the Unwind Proposal would result in any participating Compression Clearing Member breaching its Position Limit or Notional Exchange Risk Limit; or
- (iii) OTC Clear determines that an Event of Default has occurred or is likely to occur with respect to any participating Compression Clearing Member.

If OTC Clear agrees to proceed with the implementation of an Unwind Proposal, it will settle the Compression Cash Settlement Payments due to each relevant participating Compression Clearing Member at the time set out in the relevant Compression Documentation.

Collateral received from participating Compression Clearing Members to satisfy Initial Margin requirements shall form part of the relevant Clearing Member's Margin Balance and such Clearing Members may subsequently request that OTC Clear redeliver such Collateral to the extent that it constitutes Excess Margin.

### **3.8.1 Daily Settlement Components**

OTC Clear will determine the daily settlement components on each OTC Clear Clearing Day. Daily settlement components consist of (i) coupon payment for a Standard Rates Derivatives Contract, Standard Cross-currency Rates Derivatives Contract and Non Deliverable Rates Derivatives Contract, (ii) settlement amount for a Non Deliverable FX Derivatives Contract, (iii) Additional Payment, (iv) Additional Amount, (v) Initial Margin, (vi) Additional Margin, (vii) Variation Margin, (viii) Rates and FX Contribution, (ix) Initial Exchange Amount and Final Exchange Amount for a Standard Cross-currency Rates Derivatives Contract, (x) Notional Amounts for a Deliverable FX Forward Contract and Deliverable FX Swap Contract, (xi) Compression Cash Settlement Payments and any other components which may be specified by OTC Clear from time to time.

Market data (such as non-business days for different financial centers, any interest rate, exchange rate or price) which are applied to determine the daily settlement components will be published in the “OTC Clear Market Data Reports (Report Number MKDR01, MKDR02 and MKDR03)”. The amount of daily settlement components to be settled by a Clearing Member will be published in the “OTC Clear Settlement Report (Report Number STRP01)” in respect of any payment relevant to a House Account or “OTC Clear Settlement Report for Client (Report Number STRP01\_C)” in respect of any payment relevant to a Client Account. Such reports are available to the Clearing Members on the Web Portal. The daily settlement components published in the “OTC Clear Settlement Report (Report Number STRP01)” and “OTC Clear Settlement Report for Client (Report Number STRP01\_C)” shall be final and conclusive, and shall be settled on the relevant “Value Date” as stipulated in the “OTC Clear Settlement Report (Report Number STRP01)” and “OTC Clear Settlement Report for Client (Report Number STRP01\_C)” in accordance with section 3.12. Any de-registration request that is accepted by OTC Clear after the publication of the “OTC Clear Settlement Report (Report Number STRP01)” or “OTC Clear Settlement Report for Client (Report Number STRP01\_C)” for any relevant “Value Date” shall not have any effect on the payment obligation of a Clearing Member to settle the daily settlement components set out in the relevant “OTC Clear Settlement Report (Report Number STRP01)” or “OTC Clear Settlement Report for Client (Report Number STRP01\_C)” for such “Value Date”.

### 3.8.2.1 Fees

Types of fees which are applicable to a Clearing Member and Sponsored Settlement Member (where applicable) will be notified by OTC Clear to its Clearing Members and Sponsored Settlement Member from time to time and include, but are not limited to, the following:

- (x) fees for processing each request for deposit, porting or withdrawal of non-cash Collateral by a Clearing Member. For the avoidance of doubt, such fees are payable by such Clearing Member irrespective of whether each request is successful; ~~and~~
- (xi) accommodation charges, administrative fees and/or commitment fees for credit lines in respect of any non-cash Collateral delivered by a Clearing Member for purposes of satisfying its Initial Margin requirements and/or its Additional Margin requirements in respect of its House Position Account and/or its Client Position Account (if Client Clearing Services are provided by such Clearing Member); ~~and~~
- (xii) the Multilateral Compression Fees payable by each Compression Clearing Member who has agreed to participate in a Multilateral Compression Cycle for the implementation of the Unwind Proposal relating to that Multilateral Compression Cycle. For the avoidance of doubt, such fees become payable upon successful implementation of the Unwind Proposal that has been accepted by all Compression Clearing Members participating in that Multilateral Compression Cycle.

Fees itemised in this section 3.8.2.1 are stipulated in the Fees Schedule (see Appendix I to these Clearing Procedures). OTC Clear shall be entitled to make any changes to the Fees Schedule and, in addition, OTC Clear reserves the right to waive any fee or to charge any additional fee prescribed by it from time to time by notifying such waiver or additional fee to Clearing Members via Clearing Notice.

For the avoidance of doubt, no fees will be charged for the porting of Contracts and Collateral held by a Defaulting Clearing Member to a Replacement Clearing Member upon the occurrence of a DMP Event.

### **3.9.1 Procedure for Voluntary Withdrawal of Cash Collateral representing Excess Margin and Rates and FX Contribution Excess**

The following procedures apply to voluntary withdrawal of cash Collateral by a Clearing Member in respect of its Excess Margin, and its Rates and FX Contribution Excess:

- (i) prior to requesting withdrawal of any cash Collateral then deposited with OTC Clear for the purpose of satisfying its Margin requirements, the Clearing Member should check and ensure there is a positive cash balance (after taking into account any Collateral Concentration Limit(s) set out in section 7.4 of these Clearing Procedures) standing to the credit of its relevant House Collateral Account or Client Collateral Account, as the case may be, representing Excess Margin;
- (ii) prior to requesting withdrawal of any cash Collateral then deposited with OTC Clear for the purpose of satisfying its Rates and FX Liability, the Clearing Member should check and ensure there is a positive cash balance standing to the credit of its GF Account representing Rates and FX Contribution Excess;
- (iii) the Clearing Member shall input a request for withdrawal via the collateral management window of the Web Portal before **14:12:00** hours Hong Kong time on a day that is both a Currency Day relating to the relevant cash Collateral and an OTC Clear Business Day; provided that if the Clearing Member has opted to utilize its Excess Margin to reduce the Expected Uncollateralized Loss in respect of any of its Position Accounts in accordance with Clearing Rule 1218A, it must give OTC Clear no less than three Business Days' prior notice (or such shorter notice period as determined by OTC Clear at its absolute discretion) (each a "**Withdrawal Notice**") via the collateral management window of the Web Portal that it wishes to withdraw any part of such Excess Margin under this section 3.9.1(iii).

Any request which is submitted on a day other than a day that is both a Currency Day relating to the relevant cash Collateral and an OTC Clear Business Day or after **14:12:00** hours Hong Kong time on such day will be rejected; and

- (iv) if such withdrawal is approved by OTC Clear:
  - (a) the amount of withdrawal will be deducted from the cash balance of the House Collateral Account, Client Collateral Account or the GF Account, as the case may be, relating to the Clearing Member once such request is processed by OTC Clear; and
  - (b) OTC Clear will make the payment for value on the same day by the cash settlement method described in section 3.11.1.

For the avoidance of doubt, any request for withdrawal of cash Collateral which is designated with a value date for settlement other than the date on which such request is made will not be accepted or processed by OTC Clear.

Clearing Members are able to monitor the progress of their withdrawal requests on a daily basis through the Web Portal. The relevant information will be updated on the Web Portal by 19:00 hours Hong Kong time on each OTC Clear Business Day.

### **3.9.3 Procedure for porting of Cash Collateral representing Excess Margin**

The following procedures apply to porting of cash Collateral by a Clearing Member representing Excess Margin in its House Collateral Account to any of its Client Collateral Accounts. For the avoidance of doubt, porting of Excess Margin in a Client Collateral Account at a Clearing Member to satisfy Margin

requirements in respect of another Client Position Account of that Clearing Member and porting of Excess Margin amongst Client Collateral Accounts of that Clearing Member is prohibited:

- (i) prior to requesting porting of any cash Collateral then deposited with OTC Clear for the purpose of satisfying its Margin requirements from its House Collateral Account to any of its Client Collateral Accounts, a Clearing Member should check and ensure that there is a positive cash balance (after taking into account any Collateral Concentration Limit(s) set out in section 7.4 of these Clearing Procedures) standing to the credit of its House Collateral Account representing Excess Margin;
- (ii) a Clearing Member with cash Collateral representing Excess Margin in its House Collateral Account may input a request for porting of such Excess Margin to any of its Client Collateral Accounts via the collateral management window of the Web Portal before **4412:00** hours Hong Kong time on a day that is both a Currency Day for the currency of the relevant cash Collateral and an OTC Clear Business Day; provided that if the Clearing Member has opted to utilize its Excess Margin to reduce the Expected Uncollateralized Loss in respect of any of its Position Accounts in accordance with Clearing Rule 1218A, it must give OTC Clear no less than three Business Days' prior notice (or such shorter notice period as determined by OTC Clear at its absolute discretion) (each a "**Porting Notice**") via the collateral management window of the Web Portal that it wishes to port any part of such Excess Margin under this section 3.9.3(ii).

Any request which is submitted after **4412:00** hours Hong Kong time will be rejected and must be re-submitted on the next day that is both a Currency Day for the currency of the relevant cash Collateral and an OTC Clear Business Day. For the avoidance of doubt, any request for porting of cash Collateral with a value date for settlement other than the date on which such request is made will not be accepted or processed by OTC Clear;

- (iii) if such porting is approved by OTC Clear, the amount to be ported will be deducted from the cash balance of the relevant Clearing Member's House Collateral Account once such request has been processed by OTC Clear;
- (iv) OTC Clear will endeavour to effect the porting for value on the same day; and
- (v) upon receipt of confirmation by OTC Clear from its settlement bank that the transfer has been completed, OTC Clear will reflect the cash increase in the balance of the relevant Client Collateral Account of the relevant Clearing Member.

Porting of cash Collateral: (a) from the GF Account to the House Collateral Account or any Client Collateral Account, (b) from any Client Collateral Account to the House Collateral Account or the GF Account, (c) from the House Collateral Account to the GF Account or (d) amongst Client Collateral Accounts, is not allowed.

Cash Collateral representing Excess Margin ported from a Clearing Member's House Collateral Account to a Client Collateral Account on a particular OTC Clear Clearing Day will not be available in time to satisfy Margin calls made in respect of the corresponding Client Position Account on that OTC Clear Clearing Day.

Clearing Members are able to monitor the progress of their transfer requests on a daily basis through the Web Portal. The relevant information will be updated on the Web Portal by 19:00 hours Hong Kong time on each OTC Clear Business Day.

### 3.9.4 Black Rainstorm Warning, Typhoon Signal Number 8 or Extreme Conditions

If a level “black” of the rainstorm warning system (a “**Black Rainstorm Warning**”) or a number 8 tropical cyclone warning signal (a “**Typhoon Signal Number 8**”) or above is issued by The Hong Kong Observatory or the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal Number 8 or above is ~~replaced with Typhoon Signal Number 3~~ lowered to a number 3 tropical cyclone warning signal (a “**Typhoon Signal Number 3**”) or below by The Hong Kong Observatory, the special arrangement as set out in section 9.5 of these Clearing Procedures will apply and the operation of the procedures set out in this section 3.9 shall be construed accordingly.

### 3.10.2. Procedures for Voluntary Withdrawal of Non-Cash Collateral representing Excess Margin

The following procedures apply to voluntary withdrawal of non-cash Collateral by a Clearing Member representing Excess Margin:

- (i) prior to requesting withdrawal of any non-cash Collateral then deposited with OTC Clear, the Clearing Member should ensure that there is a positive balance of the relevant security represented by the relevant international securities identification number assigned by the International Securities Identification Numbers Organization (“**ISIN code**”) standing to the credit of its House Collateral Account or relevant Client Collateral Account, as the case may be, and that such Collateral represents Excess Margin;
- (ii) the Clearing Member shall input a request for withdrawal of the relevant security via the collateral management window of the Web Portal before ~~14~~12:00 hours Hong Kong time on an OTC Clear Clearing Day; provided that if the Clearing Member has opted to utilize its Excess Margin to reduce the Expected Uncollateralized Loss in respect of any of its Position Accounts in accordance with Clearing Rule 1218A, it must give OTC Clear no less than three Business Days’ prior notice (or such shorter notice period as determined by OTC Clear at its absolute discretion) (each a “**Non-cash Collateral Withdrawal Notice**”) via the collateral management window of the Web Portal that it wishes to withdraw any part of such Excess Margin under this section 3.10.2(ii).

Each withdrawal request must specify: (a) the ISIN code of each relevant non-cash Collateral that it is seeking to withdraw, (b) the notional amount of each such Collateral that it is seeking to withdraw and (c) the value date for settlement;

- (iii) in addition, each withdrawal request must comply with the following parameters:

Type of non-cash Collateral to be withdrawn	Value Date for Settlement to be specified in each withdrawal request	Minimum withdrawal amount
US Treasury Bills	one New York Business Day following the day on which such request is submitted, provided that such value date shall not fall on or after the maturity date of the relevant security.	USD100 and integral multiples of USD100 in excess thereof
US Treasury Notes	Where, “ <b>New York Business Day</b> ” means a day (other than Saturday and Sunday) on which commercial banks in New York City are open for general business.	USD100 and integral multiples of USD100 in excess thereof



Type of non-cash Collateral to be withdrawn	Value Date for Settlement to be specified in each withdrawal request	Minimum withdrawal amount
Hong Kong Exchange Fund Bills	one Hong Kong Business Day following the day on which such request is submitted, provided that such value date shall not fall on or after the maturity date of the relevant security.	HKD500,000 and integral multiples of HKD500,000 in excess thereof
Hong Kong Exchange Fund Notes	Where, “ <b>Hong Kong Business Day</b> ” means a day (other than Saturday and Sunday) on which commercial banks in Hong Kong are open for general business.	HKD50,000 and integral multiples of HKD50,000 in excess thereof
Bonds issued by the Ministry of Finance of the People’s Republic of China denominated in CNY(offshore)	one day (which is both a Hong Kong Business Day and a Beijing Business Day) following the day on which such request is submitted, provided that such value date shall not fall on or after the maturity date of the relevant security.  Where, “ <b>Beijing Business Day</b> ” means a day (other than Saturday and Sunday) on which commercial banks in Beijing are open for general business.	CNY (offshore)500,000 and integral multiples of CNY (offshore)500,000 in excess thereof

- (iv) a withdrawal request which does not comply with the above parameters or which is submitted after ~~4~~12:00 hours Hong Kong time on an OTC Clear Clearing Day will be rejected and must be re-submitted on the next OTC Clear Clearing Day with the necessary amendments;
- (v) if such withdrawal request is approved and processed by OTC Clear:
  - (a) the Margin Balance of the Clearing Member’s House Collateral Account or relevant Client Collateral Account, as the case may be, will be reduced to reflect the notional amount of securities withdrawn;
  - (b) OTC Clear will instruct CMU to deliver the relevant securities free of payment on the relevant value date for settlement specified in such withdrawal request in accordance with the latest standard delivery instructions (provided by the Clearing Member as set out in this section 3.10) in relation to its House Collateral Account or Client Collateral Accounts, as the case may be; and
  - (c) the Clearing Member should ensure that the information submitted to OTC Clear in the withdrawal request matches the details it submits to its receiving custodian. In the event of a discrepancy, delivery will fail; and
- (vi) if such withdrawal request is rejected by OTC Clear, it will inform the Clearing Member via the Web Portal.

#### 3.10.4 Procedures for Porting of Non-Cash Collateral representing Excess Margin

The following procedures apply to porting of non-cash Collateral by a Clearing Member representing Excess Margin in its House Collateral Account to any of its Client Collateral Accounts. For the avoidance of doubt, porting of Excess Margin amongst Client Collateral Accounts of a Clearing Member and porting

of Excess Margin from a Client Collateral Account of a Clearing Member to the House Collateral Account of that Clearing Member is prohibited:

- (i) prior to requesting porting of any non-cash Collateral then deposited with OTC Clear, the Clearing Member should ensure that:
  - (a) there is a positive balance of the relevant security represented by the relevant ISIN code standing to the credit of its House Collateral Account, and that such Collateral represents Excess Margin; and
  - (b) any Collateral Concentration Limits imposed on it would not be exceeded upon the completion of such porting request;
- (ii) the Clearing Member shall input a request for porting of such Excess Margin to any of its Client Collateral Accounts via the collateral management window of the Web Portal before ~~4~~**12**:00 hours Hong Kong time on an OTC Clear Clearing Day; provided that if the Clearing Member has opted to utilize its Excess Margin to reduce the Expected Uncollateralized Loss in respect of any of its Position Accounts in accordance with Clearing Rule 1218A, it must give OTC Clear no less than three Business Days' prior notice (or such shorter notice period as determined by OTC Clear at its absolute discretion) (each a **"Non-cash Collateral Porting Notice"**) via the collateral management window of the Web Portal that it wishes to port any part of such Excess Margin under this section 3.10.4(ii).

Each porting request must specify: (a) the ISIN code of each relevant non-cash Collateral that it is seeking to port, (b) the notional amount of each such Collateral that it is seeking to port, (c) the value date for settlement and (d) the Client Collateral Account into which such Collateral is to be ported;

- (iii) in addition, each porting request must comply with the following parameters:

Type of non-cash Collateral to be ported	Value Date for Settlement to be specified in each porting request	Minimum porting amount
US Treasury Bills	one New York Business Day following the day on which such request is submitted, provided that such value date shall not fall on or after the maturity date of the relevant security.	USD100 and integral multiples of USD100 in excess thereof
US Treasury Notes	Where, <b>"New York Business Day"</b> means a day (other than Saturday and Sunday) on which commercial banks in New York City are open for general business.	USD100 and integral multiples of USD100 in excess thereof
Hong Kong Exchange Fund Bills	one Hong Kong Business Day following the day on which such request is submitted, provided that such value date shall not fall on or after the maturity date of the relevant security.	HKD500,000 and integral multiples of HKD500,000 in excess thereof
Hong Kong Exchange Fund Notes	Where, <b>"Hong Kong Business Day"</b> means a day (other than Saturday and Sunday) on which commercial banks in Hong Kong are open for general business.	HKD50,000 and integral multiples of HKD50,000 in excess thereof
Bonds issued by the Ministry of Finance of the People's Republic	one day (which is both a Hong Kong Business Day and a Beijing Business	CNY (offshore) 500,000 and integral



Type of non-cash Collateral to be ported	Value Date for Settlement to be specified in each porting request	Minimum porting amount
of China denominated in CNY(offshore)	<p>Day) following the day on which such request is submitted, provided that such value date shall not fall on or after the maturity date of the relevant security.</p> <p>Where, “<b>Beijing Business Day</b>” means a day (other than Saturday and Sunday) on which commercial banks in Beijing are open for general business.</p>	<p>multiples of CNY (offshore) 500,000 in excess thereof</p>

- (iv) a porting request which does not comply with the above parameters or which is submitted after ~~4~~12:00 hours Hong Kong time on an OTC Clear Clearing Day will be rejected and must be re-submitted on the next OTC Clear Clearing Day with the necessary amendments;
- (v) a porting request which if processed would result in the Clearing Member breaching a Concentration Limit imposed on it will be rejected;
- (vi) if such porting request is rejected by OTC Clear, it will inform the Clearing Member via the Web Portal; and
- (vii) if such porting request is approved by OTC Clear, upon confirmation from CMU that the relevant securities have been transferred from OTC Clear’s CMU account in which Collateral for Clearing Members’ House Business is held to OTC Clear’s CMU account in which Collateral for Clearing Members’ Client Business is held, OTC Clear will update the Margin Balance of the Clearing Member’s House Collateral Account and its relevant Client Collateral Account to reflect such porting. For the avoidance of doubt, the Clearing Member will continue to be responsible for complying with any Margin calls until the Margin Balance of the relevant Client Collateral Account has been updated, regardless of the value date on which such securities are transferred at CMU.

Clearing Members should be aware that non-cash Collateral representing Excess Margin ported from a Clearing Member’s House Collateral Account to its Client Collateral Account on a particular OTC Clear Clearing Day will not be available in time to satisfy Margin calls made in respect of the corresponding Client Position Account on that OTC Clear Clearing Day.

## Chapter 4

### Margin and Valuation

#### 4.6.5 Margin Process in respect of a de-registration request, an Unwind Proposal and porting of Client Contracts

- (i) In respect of a de-registration request for a Contract and an Unwind Proposal, OTC Clear will process such de-registration request and Unwind Proposal only if, in respect of the Position Account to which the relevant Contract is recorded, subsequent to the de-registration of such Contract and/or Unwind Proposal:
  - (a) there remains sufficient Margin Balance in the corresponding Collateral Account to satisfy the Margin requirement relating to Contracts remaining in such Position Account; and
  - (b) the Position Limits of such Position Account would not be breached
- (ii) In respect of (a) any porting of Client Contracts following a DMP Event or (b) the porting of Contracts relating to Clients pursuant to Clearing Rule 825, OTC Clear will process such porting request only if:
  - (a) (in the case where not all the Contracts recorded in the same Position Account are to be ported) there is sufficient Margin Balance in the corresponding Collateral Account to satisfy the Margin requirement relating to Contracts remaining in such Position Account;
  - (b) in respect of the Position Account to which the relevant Contract is recorded, subsequent to the porting of such Contract, there is or will be sufficient Margin Balance in the corresponding Collateral Account to satisfy the revised Margin requirement relating to such Position Account; and
  - (c) the Position Limits of the relevant Position Accounts of the Clearing Member, Transferor Clearing Member, the Transferee Clearing Member and/or the Replacement Clearing Member as applicable would not be breached.

## Chapter 9

### Special Events / Business Continuity

#### 9.5.1 Black Rainstorm Warning

##### 9.5.1.1 Deposit of Cash Collateral

- (i) if a Black Rainstorm Warning is issued ~~prior to 07:00 hours Hong Kong time~~ on an OTC Clear Clearing Day ~~and is cancelled at or before 07:00 hours Hong Kong time on that day~~, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking settlement services to OTC Clear ~~and such Clearing Member in Hong Kong on such the day such deposit is due to be processed~~;
- (ii) ~~[Deleted]if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Clearing Day and is cancelled after 07:00 hours Hong Kong time but at or before 11:00 hours Hong Kong time, subject to sub-paragraphs (iii) and (iv) below, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed;~~
- (iii) ~~[Deleted]if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Clearing Day and is cancelled at or before 11:00 hours Hong Kong time and re-issued at or before 13:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed;~~
- (iv) ~~[Deleted]if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Clearing Day and is cancelled at or before 11:00 hours Hong Kong time and re-issued after 13:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed;~~
- (v) ~~[Deleted]if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Clearing Day and is cancelled after 11:00 hours Hong Kong time, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed; or~~
- (vi) ~~[Deleted]if a Black Rainstorm Warning is issued at or after 09:00 hours Hong Kong time on an OTC Clear Clearing Day, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of~~

~~banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed.~~

#### **9.5.1.2 Withdrawal of Cash Collateral**

- (i) if a Black Rainstorm Warning is issued prior to 07:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled at or before 07:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.1 of these Clearing Procedures and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such withdrawal is due to be processed;
- (ii) if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled after 07:00 hours Hong Kong time but at or before ~~412~~:00 hours Hong Kong time, subject to sub-paragraphs (iii) and (iv) below, any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.1 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such withdrawal is due to be processed;
- (iii) if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled at or before ~~412~~:00 hours Hong Kong time and re-issued at or before ~~4314~~:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will, notwithstanding section 3.9.1 of these Clearing Procedures, not be processed on that day;
- (iv) if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled at or before ~~412~~:00 hours Hong Kong time and re-issued after ~~4314~~:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.1 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such withdrawal is due to be processed;
- (v) if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled after ~~412~~:00 hours Hong Kong time, any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will, notwithstanding section 3.9.1 of these Clearing Procedures, not be processed on that day; or
- (vi) if a Black Rainstorm Warning is issued at or after 09:00 hours Hong Kong time on an OTC Clear Business Day, any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.1 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such withdrawal is due to be processed.

#### **9.5.1.3 Porting of Cash Collateral from the House Collateral Account of a Clearing Member to a Client Collateral Account of that Clearing Member**

- (i) if a Black Rainstorm Warning is issued prior to 07:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled at or before 07:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for porting of cash Collateral on such day will be

processed by OTC Clear in accordance with section 3.9.3 of these Clearing Procedures and subject to the availability of banking services to OTC Clear in Hong Kong on the day such transfer is due to be processed;

- (ii) if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled after 07:00 hours Hong Kong time but at or before ~~11~~12:00 hours Hong Kong time, subject to sub-paragraphs (iii) and (iv) below, any request which is submitted by a Clearing Member for porting of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.3 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear in Hong Kong on the day such transfer is due to be processed;
- (iii) if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled at or before ~~11~~12:00 hours Hong Kong time and re-issued at or before ~~13~~14:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for porting of cash Collateral on such day will, notwithstanding section 3.9.3 of these Clearing Procedures, not be processed on that day;
- (iv) if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled at or before ~~11~~12:00 hours Hong Kong time and re-issued after ~~13~~14:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for porting of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.3 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear in Hong Kong on the day such transfer is due to be processed;
- (v) if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled after ~~11~~12:00 hours Hong Kong time, any request which is submitted by a Clearing Member for porting of cash Collateral on such day will, notwithstanding section 3.9.3 of these Clearing Procedures, not be processed on that day; or
- (vi) if a Black Rainstorm Warning is issued at or after 09:00 hours Hong Kong time on an OTC Clear Business Day, any request which is submitted by a Clearing Member for porting of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.3 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear in Hong Kong on the day such transfer is due to be processed.

**9.5.1.4 Porting of Cash Collateral from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member**

- (i) if a Black Rainstorm Warning is issued ~~prior to 07:00 hours Hong Kong time~~ on an OTC Clear Business Day ~~and is cancelled at or before 07:00 hours Hong Kong time on that day~~, requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed by OTC Clear in accordance with section 3.17.6 or 3.18.2 of these Clearing Procedures on reasonable endeavour basis, respectively, ~~notwithstanding that banking services are not available to OTC Clear in Hong Kong on the day such porting of cash Collateral is due to be processed~~;
- (ii) ~~[Deleted]if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled after 07:00 hours Hong Kong time but at or before 11:00~~

~~hours Hong Kong time, subject to sub-paragraphs (iii) and (iv) below, requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed by OTC Clear in accordance with section 3.17.6 or 3.18.2 of these Clearing Procedures, respectively, on reasonable endeavour basis;~~

- (iii) ~~[Deleted]if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled at or before 11:00 hours Hong Kong time and re-issued at or before 13:00 hours Hong Kong time on that day, requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed by OTC Clear in accordance with section 3.17.6 or 3.18.2 of these Clearing Procedures, respectively, on reasonable endeavour basis;~~
- (iv) ~~[Deleted]if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled at or before 11:00 hours Hong Kong time and re-issued after 13:00 hours Hong Kong time on that day, requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed by OTC Clear in accordance with section 3.17.6 or 3.18.2 of these Clearing Procedures, respectively, on reasonable endeavour basis;~~
- (v) ~~[Deleted]if a Black Rainstorm Warning is issued prior to 09:00 hours Hong Kong time on an OTC Clear Business Day and is cancelled after 11:00 hours Hong Kong time, any porting of cash Collateral on such day, requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed by OTC Clear in accordance with section 3.17.6 or 3.18.2 of these Clearing Procedures, respectively, on reasonable endeavour basis; or~~
- (vi) ~~[Deleted]if a Black Rainstorm Warning is issued at or after 09:00 hours Hong Kong time on an OTC Clear Business Day, any porting of cash Collateral on such day, requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed by OTC Clear in accordance with section 3.17.6 or 3.18.2 of these Clearing Procedures, respectively, on reasonable endeavour basis.~~

## 9.5.2 Typhoon Signal Number 8 or Above or Extreme Conditions

### 9.5.2.1 Deposit of Cash Collateral

- (i) if a Typhoon Signal Number 8 or above is hoisted by The Hong Kong Observatory or Extreme Conditions are announced ~~prior to 07:00 hours Hong Kong time~~ on an OTC Clear Clearing Day and the typhoon is lowered to a number 3 tropical cyclone warning signal (a **"Typhoon Signal Number 3"**) or below by The Hong Kong Observatory and Extreme Conditions are cancelled (where applicable) ~~at or prior to 07:00 hours Hong Kong time on that day~~, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by



OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis, and subject to the availability of banking settlement services to OTC Clear and such Clearing Member in Hong Kong on the such day such deposit is due to be processed;

- (ii) ~~[Deleted]if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Clearing Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before 11:00 hours Hong Kong time on that day, subject to sub-paragraphs (iii)(a) and (iv) below, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed;~~
- (iii) ~~[Deleted]if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Clearing Day; and~~
  - ~~(a) — the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before 11:00 hours Hong Kong time on that day and the typhoon is re-hoisted or Extreme Conditions are re-announced at or before 13:00 hours Hong Kong time on that day; or~~
  - ~~(b) — the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) after 11:00 hours Hong Kong time on that day,~~

~~any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed; or~~
- (iv) ~~[Deleted]if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Clearing Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before 11:00 hours Hong Kong time on that day and the typhoon is re-hoisted or Extreme Conditions are re-announced after 13:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for deposit of cash Collateral on such day will be processed in accordance with section 3.9.2 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such deposit is due to be processed.~~

#### 9.5.2.2 Withdrawal of Cash Collateral

- (i) if a Typhoon Signal Number 8 or above is hoisted or Extreme Conditions are announced prior to 07:00 hours Hong Kong time on an OTC Clear Business Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or prior to 07:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.1 of these Clearing Procedures subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such withdrawal is due to be processed;

- (ii) if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Business Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before ~~412~~:00 hours Hong Kong time on that day, subject to sub-paragraphs (iii)(a) and (iv) below, any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.1 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such withdrawal is due to be processed;
- (iii) if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Business Day and
  - (a) the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before ~~412~~:00 hours Hong Kong time on that day and the typhoon is re-hoisted or Extreme Conditions are re-announced at or before ~~4314~~:00 hours Hong Kong time on that day; or
  - (b) the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) after ~~412~~:00 hours Hong Kong time on that day,
 any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will, notwithstanding section 3.9.1 of these Clearing Procedures, not be processed on that day; or
- (iv) if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Business Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before ~~412~~:00 hours Hong Kong time on that day and the typhoon is re-hoisted or Extreme Conditions are re-announced after ~~4314~~:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for withdrawal of cash Collateral on such day will be processed in accordance with section 3.9.1 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear and such Clearing Member in Hong Kong on the day such withdrawal is due to be processed.

#### **9.5.2.3 Porting of Cash Collateral from the House Collateral Account of a Clearing Member to a Client Collateral Account of that Clearing Member**

- (i) if a Typhoon Signal Number 8 or above is hoisted or Extreme Conditions are announced prior to 07:00 hours Hong Kong time on an OTC Clear Business Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or prior to 07:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for porting of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.3 of these Clearing Procedures subject to the availability of banking services to OTC Clear in Hong Kong on the day such transfer is due to be processed;
- (ii) if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Business Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before ~~412~~:00 hours Hong Kong time on that day, subject to sub-paragraphs (iii)(a) and (iv) below, any request which is submitted by a Clearing Member for porting of cash Collateral on such day will be processed by OTC Clear in accordance with section 3.9.3 of these Clearing Procedures on



reasonable endeavour basis and subject to the availability of banking services to OTC Clear in Hong Kong on the day such transfer is due to be processed;

- (iii) if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Business Day and
  - (a) the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before 4412:00 hours Hong Kong time on that day and the typhoon is re-hoisted or Extreme Conditions are re-announced at or before 4314:00 hours Hong Kong time on that day; or
  - (b) the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) after 4412:00 hours Hong Kong time on that day,

any request which is submitted by a Clearing Member for porting of cash Collateral on such day will, notwithstanding section 3.9.3 of these Clearing Procedures, not be processed on that day; or

- (iv) if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Business Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before 4412:00 hours Hong Kong time on that day and the typhoon is re-hoisted or Extreme Conditions are re-announced after 4314:00 hours Hong Kong time on that day, any request which is submitted by a Clearing Member for porting of cash Collateral on such day will be processed in accordance with section 3.9.3 of these Clearing Procedures on reasonable endeavour basis and subject to the availability of banking services to OTC Clear in Hong Kong on the day such transfer is due to be processed.

#### **9.5.2.4 Porting of Cash Collateral from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member**

- (i) if a Typhoon Signal Number 8 or above is hoisted by The Hong Kong Observatory or Extreme Conditions are announced ~~prior to 07:00 hours Hong Kong time~~ on an OTC Clear Business Day ~~and the typhoon is lowered to a Typhoon Signal Number 3 or below by The Hong Kong Observatory and Extreme Conditions are cancelled (where applicable) at or prior to 07:00 hours Hong Kong time on that day~~, requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed by OTC Clear in accordance with section 3.17.6 or 3.18.2 of these Clearing Procedures on reasonable endeavour basis, respectively, ~~notwithstanding that banking services are not available to OTC Clear in Hong Kong on the day such porting of cash Collateral is due to be processed;~~
- (ii) ~~[Deleted] if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Business Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before 11:00 hours Hong Kong time on that day, requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed by OTC Clear in accordance with~~

~~section 3.17.6 or 3.18.2 of these Clearing Procedures, respectively, on reasonable endeavour basis;~~

- (iii) ~~[Deleted]if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Business Day; and~~
- ~~(a) the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before 11:00 hours Hong Kong time on that day and the typhoon is re-hoisted or Extreme Conditions are re-announced at or before 13:00 hours Hong Kong time on that day; or~~
  - ~~(b) the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) 11:00 hours Hong Kong time on that day;~~

~~requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed by OTC Clear in accordance with section 3.17.6 or 3.18.2 of these Clearing Procedures, respectively, on reasonable endeavour basis; or~~

- (iv) ~~[Deleted]if a Typhoon Signal Number 8 or above or Extreme Conditions are in effect at or after 07:00 hours Hong Kong time on an OTC Clear Business Day and the typhoon is lowered to a Typhoon Signal Number 3 or below and Extreme Conditions are cancelled (where applicable) at or before 11:00 hours Hong Kong time on that day and the typhoon is re-hoisted or Extreme Conditions are re-announced after 13:00 hours Hong Kong time on that day, requests submitted for the porting of cash Collateral on such day from a Client Account opened with a Transferor Clearing Member to a Client Account opened with a Transferee Clearing Member or amongst Client Accounts of a Clearing Member, as the case may be, will be processed in accordance with section 3.17.6 or 3.18.2 of these Clearing Procedures, respectively, on reasonable endeavour basis.~~

## Appendix I

### Fees Schedule

**(xi) Multilateral Compression Fees**

<b><u>Contract Type</u></b>	<b><u>Multilateral Compression Fee</u></b>
<u>Standard Rates Derivatives Contract</u>	<u>In respect of each Eligible Compression Contract forming part of an accepted Unwind Proposal which is a Standard Rates Derivatives Contract, 0.0003% of the reduction in the notional amount of each such Contract. If an Eligible Compression Contract is terminated in full, the Multilateral Compression Fee shall be 0.0003% of the notional amount of that Contract.</u>
<u>Non Deliverable Rates Derivatives Contract</u>	<u>In respect of each Eligible Compression Contract forming part of an accepted Unwind Proposal which is a Non Deliverable Rates Derivatives Contract, 0.0003% of the reduction in the notional amount of each such Contract. If an Eligible Compression Contract is terminated in full, the Multilateral Compression Fee shall be 0.0003% of the notional amount of that Contract.</u>
<u>Standard Cross-currency Rates Derivatives Contract</u>	<u>In respect of each Eligible Compression Contract forming part of an accepted Unwind Proposal which is a Standard Cross-currency Rates Derivatives Contract, 0.00096% of the reduction in the notional amount of the USD leg of each such Contract. If an Eligible Compression Contract is terminated in full, the Multilateral Compression Fee shall be 0.00096% of the notional amount of the USD leg of that Contract.</u>

## Glossary

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