

OTC Clear Rates and FX Derivatives Clearing Rules and Clearing Procedures

PRC Clearing Member Schedule

This Schedule sets out certain amendments to the Clearing Rules and Clearing Procedures that are applicable to Clearing Members incorporated in the People's Republic of China (excluding Hong Kong, Macao Special Administrative Region, and the Taiwan area) ("**PRC**"). For the avoidance of doubt, this Schedule shall only apply to Clearing Members who are incorporated in the PRC.

Amendments to the Clearing Rules

1. The definition of "Affiliates" in Clearing Rule 101 shall be replaced in its entirety with the following:

"means, with respect to any specified Person, any other Person that Controls, is Controlled by, or is under common Control with, such specified Person, provided that, two Persons both of which are controlled, directly or indirectly, by the PRC government will not become Affiliates of each other merely because the PRC government directly or indirectly controls both of them."
2. Paragraph (4) of the definition of "Insolvency Proceedings" in Clearing Rule 101 shall be replaced in its entirety with the following:

"(4) institutes or has instituted against it a proceeding outside of the PRC seeking judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding-up or liquidation outside of the PRC and in the case of any such proceeding or petition instituted or presented against it outside of the PRC, such proceeding or petition: (a) results in a judgment of insolvency or bankruptcy, or the entry of an order for relief, or the making of an order for winding-up or liquidation; or (b) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof;

(4A) institutes or has instituted against it a proceeding in the PRC seeking judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding-up or liquidation in the PRC;"
3. The following definition of "PRC" shall be included in Clearing Rule 101:

"**"PRC"** means the People's Republic of China (excluding Hong Kong, Macao Special Administrative Region, and the Taiwan area);"
4. Clearing Rule 1303 shall be replaced in its entirety with the following:

1303. "The occurrence of an event described in paragraph (4A) under the definition of Insolvency Proceedings with respect to a Clearing Member will constitute an "**Automatic Early Termination Event**" in respect of such Clearing Member. Where an Automatic Early Termination Event has occurred with respect to a Clearing Member, an Early Termination Date in respect of all Contracts then registered in the name of such Clearing Member shall occur immediately upon the

occurrence of the relevant event; and in each case, without the need for any other or prior notice or determination by OTC Clear. With effect from, and including, the date on which an Early Termination Date occurs with respect to all Contracts registered in a name of a Clearing Member as a result of an Automatic Early Termination Event, such Clearing Member shall become a Defaulting Clearing Member.”

5. The following shall be inserted after Clearing Rule 1316(3):

“(4) If any Early Termination Date is deemed to have occurred under Clearing Rule 1303 as a result of the occurrence of an Automatic Early Termination Event, the Defaulting Clearing Member shall fully indemnify OTC Clear on demand against all expense, loss, damage or liability that OTC Clear may incur in respect of each Contract as a consequence of the movements in interest rates, currency exchange rates or market quotations between the Early Termination Date and the date upon which OTC Clear first becomes aware that the Early Termination Date has occurred under Clearing Rule 1303.”

Amendments to the Clearing Procedures

6. The first paragraph of paragraph 8.6.1 of the Clearing Procedures shall be replaced in its entirety with the following:

“The entire Auction process may take a number of days, but is expected to be completed (i) as soon as reasonably practicable and (ii) no later than 30 calendar days from the commencement of the Auction process. Auction Portfolios may be auctioned at different times. Each Auction Portfolio shall be subject to its own Auction.”