

OTC Clear Clearing Procedures

Chapter 3

Rates and FX Clearing Services

3.11.1 RTGS

Except for the situation described in the immediately following paragraph and subject to section 3.11.2 below, all cash payments must be settled through the Real Time Gross Settlement system, where “**Real Time Gross Settlement**” (or “**RTGS**”) means the settlement services provided by “Hong Kong Interbank Clearing Limited.” (“HKICL”). For a Clearing Member who is not a member of RTGS system, for cash settlement purpose, it should maintain an account with a member of RTGS system. If a Clearing Member is a member of RTGS system, it must settle directly with the settlement bank of OTC Clear via RTGS system. The list of the settlement banks appointed by OTC Clear for settlement will be notified by OTC Clear to Clearing Members from time to time.

Except for Bulk Settlement Runs, ~~c~~ash payments may not be settled through the RTGS system if the Clearing Member and OTC Clear use the same member of the RTGS system for settlement of the relevant currency, and in such case, cash payments will be settled through intra-bank transfer within the relevant settlement bank.

Any payment made through RTGS system will be irrevocable at the point in time set out in the relevant operating rules of the RTGS system.

Except for Bulk Settlement Runs, ~~u~~nder RTGS system, the settlement of any amount shall be initiated by the payer of such amounts.

3.11.2 PVP Bulk Settlement Run

(i) In respect to the cash payments relevant to the settlements of Initial Exchange Amount and/or Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX ~~Forward Contract and Deliverable FX Swap Derivatives~~ Contract relevant to a Currency Pair (swap and FX) for a particular Clearing Member, if the netted amounts of ~~both at least one of the~~ currencies of a Currency Pair (swap and FX) derived in accordance with section 3.11 (v) ~~are is~~ greater than zero ~~and the amount in one currency is payable by OTC Clear while the amount in the other currency of the Currency Pair (swap) is receivable by OTC Clear,~~ they must be settled through the Bulk Settlement Run process for such Currency Pair (swap and FX), where “Bulk Settlement Run” is a money clearing and settlement service linked with the RTGS system provided by HKICL, which settles interbank payments through a payment-versus-payment mechanism, where on a bulk settlement basis, “payment-versus-payment” (or “PVP”) means is a mechanism whereby a transfer of one currency in a Currency Pair (swap and FX) occurs only if a transfer of the other currency in the Currency Pair (swap and FX) also takes place, and “Bulk Settlement Run process” is the settlement services linked with RTGS system which is provided by Hong Kong Interbank Clearing Limited. process comprising all the Bulk Settlement Runs in the same Currency Pair (swap and FX) on any particular payment date. For a Clearing Member who is not a member of the RTGS system, for cash settlement purpose, it should maintain an

account with a member of the RTGS system. If a Clearing Member is a member of the RTGS system, it must settle directly ~~with the settlement bank of OTC Clear via RTGS system. The list of the settlement banks appointed by OTC Clear for settlement will be notified by OTC Clear to Clearing Members from time to time through the Bulk Settlement Run process.~~

- (ii) In normal circumstances, in respect of a particular payment date, the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD commences at 11:40 hours Hong Kong time, and the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and CNY (offshore) commences at 12:00 hours Hong Kong time. The commencement times are subject to changes as set out in the relevant operating rules of the RTGS system. In respect of any Bulk Settlement Run process on a particular payment date, the commencement time of a Bulk Settlement Run process as set out in the relevant operating rules of the RTGS system is referred to as the “**Commencement Time**” in these Clearing Procedures.
- (iii) Any Bulk Settlement Run process which is not completed by the relevant Notional Exchange Settlement Cutoff Time will be cancelled in accordance with the relevant operating rules of the RTGS system.
- (iv) For the avoidance of doubt, the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and CNY (offshore) will commence after the completion or cancellation of the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD, in any case no earlier than 12:00 hours Hong Kong time.
- (v) Where OTC Clear determines to continue to settle any amount pursuant to section 3.19(ii)(a) of these Clearing Procedures by means of other methods as determined by OTC Clear, if the Clearing Member is a member of the RTGS system, it must settle directly with the settlement banks appointed by OTC Clear via the RTGS system.
- (vi) Each Clearing Member authorizes OTC Clear to instruct HKICL and each Settlement Institution on the amounts to be cleared and settled in any Bulk Settlement Run process by submitting to HKICL one or more files containing money clearing and settlement instructions between members of the RTGS system. Each Clearing Member (if it is a member of the RTGS system) authorizes and instructs HKICL and each Settlement Institution, or (if it is not a member of the RTGS system) agrees to ensure that each member of the RTGS system with which it maintains an account authorizes and instructs HKICL and each Settlement Institution, to accept such instructions from OTC Clear and to debit and/or credit the accounts of the members of the RTGS system in accordance with such instructions from OTC Clear. Each Clearing Member agrees to ratify and confirm all instructions given, and all actions taken, in good faith by OTC Clear in relation to the matters set out in this section 3.11.2. “**Settlement Institution**” means any of the settlement institutions (in relation to HKD and USD) and clearing bank (in relation to CNY (offshore)) of the RTGS system.
- (vii) Any payment made through ~~PVP mechanism~~ any Bulk Settlement Run process and/or other methods as determined by OTC Clear will be irrevocable at the point in time set out in the relevant operating rules of the RTGS system.

3.12 Cash Settlement Time

- (i) Save and except the Initial Exchange Amount and the Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and the Notional Amounts of any Deliverable FX Derivatives Contract, any cash settlement to be payable by a Clearing Member on a particular payment date must be settled by the Clearing Member:
 - (a) no later than 11:00 hours Hong Kong time on the relevant payment due date if the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published at or prior to 08:30 hours Hong Kong time on such day; or
 - (b) in all other cases, within two hours following the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published or information equivalent to that which would be set out in such reports is communicated to Clearing Member by OTC Clear, subject to the availability of RTGS services.
- (ii) In respect of the Initial Exchange Amount and the Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Derivatives Contract:
 - (a) the Clearing Member must be operationally ready to settle the relevant cash settlement on a particular payment date by ~~providing the relevant instruction to Hong Kong Interbank Clearing Limited and~~ reserving sufficient funding for the relevant cash settlement no later than ~~12:00 hours Hong Kong time~~ the Notional Exchange USD/HKD Settlement Ready Time for the Currency Pair (swap and FX) of USD and HKD and the Notional Exchange USD/CNY (offshore) Settlement Ready Time for the Currency Pair (swap and FX) of USD and CNY (offshore), on the relevant payment due date regardless of whether the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published at or prior to 08:30 hours Hong Kong time on such day or not; ~~and~~
 - (b) the cash settlement process for the Initial Exchange Amount and the Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Derivatives Contract must be completed by both Clearing Member and OTC Clear no later than ~~13:30 hours Hong Kong time~~; (A) the Notional Exchange USD/HKD Settlement Cutoff Time for the Currency Pair (swap and FX) of USD and HKD and the Notional Exchange USD/CNY (offshore) Settlement Cutoff Time for the Currency Pair (swap and FX) of USD and CNY (offshore) or (B) if OTC Clear determines to continue to settle any amount pursuant to section 3.19(ii)(a) of these Clearing Procedures by means of other methods as determined by OTC Clear, then in respect of such amount only, 16:00 hours Hong Kong time, in each case on the relevant payment due date regardless of whether the “OTC Clear Settlement Report (Report Number STRP01)” and/or “OTC Clear Settlement Report for Client (Report Number STRP01_C)” (if applicable) relating to that particular payment date is published at or prior to 08:30 hours Hong Kong time on such day or not but provided that if such reports are not published information equivalent to that which would be set

out in such reports is communicated to Clearing Member by OTC Clear no later than 12:00 hours Hong Kong time the Notional Exchange USD/HKD Settlement Ready Time for the Currency Pair (swap and FX) of USD and HKD, and the Notional Exchange USD/CNY (offshore) Settlement Ready Time for the Currency Pair (swap and FX) of USD and CNY (offshore); and

(c) If a Black Rainstorm Warning or a Typhoon Signal Number 8 or above is issued by The Hong Kong Observatory, the special arrangements as set out in section 9.6 of these Clearing Procedures will apply and the operation of the procedures set out in this section 3.12(ii) shall be construed accordingly.

- (iii) Save and except the Initial Exchange Amount and the Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Derivatives Contract and the interest amount (coupon) received from OTC Clear's Custodian in respect of the relevant non-cash Collateral and payable to the relevant Clearing Member, any cash settlement to be payable by OTC Clear on a particular payment date must be settled by OTC Clear:
- (a) no later than 14:30 hours Hong Kong time on the relevant payment due date if the "OTC Clear Settlement Report (Report Number STRP01)" and/or "OTC Clear Settlement Report for Client (Report Number STRP01_C)" (if applicable) relating to that particular payment date is published at or prior to 08:30 hours Hong Kong time on such day or information equivalent to that which would be set out in the reports is available to OTC Clear no later than 12:00 hours Hong Kong time; or
 - (b) in all other cases within two hours following the "OTC Clear Settlement Report (Report Number STRP01)" and/or "OTC Clear Settlement Report for Client (Report Number STRP01_C)" (if applicable) relating to that particular payment date is published, or information equivalent to that which would be set out in such reports is available to OTC Clear, subject to the availability of RTGS services.

Any Margin requirements must be satisfied in accordance with the timing set out in section 4.7.2 of these Clearing Procedures; and a Clearing Member's request for voluntary withdrawal, porting or deposit of cash Collateral will be governed by section 3.9.

For the avoidance of doubt, OTC Clear will pay the interest amount (coupon) in respect of the relevant non-cash Collateral to the Clearing Member on the appropriate value date only after OTC Clear has been credited with such interest amount (coupon) by its Custodian.

"Notional Exchange USD/HKD Settlement Ready Time" means 11:40 hours Hong Kong time, provided that, where section 3.12(ii)(c) applies, it has the meaning given to it in section 9.6.

"Notional Exchange USD/CNY (offshore) Settlement Ready Time" means 12:00 hours Hong Kong time, provided that, where section 3.12(ii)(c) applies, it has the meaning given to it in section 9.6.

"Notional Exchange Settlement Cutoff Time" means the Notional Exchange USD/HKD Settlement Cutoff Time or Notional Exchange USD/CNY (offshore) Settlement Cutoff Time.

"Notional Exchange USD/HKD Settlement Cutoff Time" means, for the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD:

- (a) subject to sub-sections (b) and (c) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process;
- (b) subject to sub-section (c) below, where OTC Clear requires any Transaction File Replacement in relation to such Bulk Settlement Run process, the time which is 60 minutes after the Commencement Time of such Bulk Settlement Run process; or
- (c) where section 3.12(ii)(c) applies, the meaning given to it in section 9.6.

“Notional Exchange USD/CNY (offshore) Settlement Cutoff Time” means, for a Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and CNY (offshore):

- (a) subject to sub-sections (b) and (c) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process;
- (b) subject to sub-section (c) below, where OTC Clear requires any Transaction File Replacement in relation to such Bulk Settlement Run process, the time which is 60 minutes after the Commencement Time of such Bulk Settlement Run process; or
- (c) where section 3.12(ii)(c) applies, the meaning given to it in section 9.6.

“Transaction File Replacement” means, in relation to any Bulk Settlement Run process in any Currency Pair (swap and FX) on a particular payment date, where OTC Clear has already submitted a transaction file to HKICL, OTC Clear requires to replace such transaction file with an amended transaction file containing an amended list of transactions to be settled through the Bulk Settlement Run process in such Currency Pair (swap and FX) on such date.

3.19 Notional Exchange Failure Handling Procedures

Following the occurrence of a Notional Exchange Failure:

- (i) OTC Clear may, on the basis of the Notional Exchange Failure, determine that the Non-delivering Clearing Member is or appears to be unable, or likely to become unable, to meet its obligations in respect of the Clearing Documentation and/or one or more Contracts to which it is party, such that an Event of Default occurs with respect to the Non-delivering Clearing Member pursuant to Clearing Rule 1301 (an **“Event of Default Determination”**); and
- (ii) irrespective of whether OTC Clear makes an Event of Default Determination in respect of that Notional Exchange Failure:
 - (a) subject to sub-paragraph (d) below, OTC Clear will continue the settlement of Initial Exchange Amounts and Final Exchange Amounts of Standard Cross-currency Rates Derivatives Contracts and the settlement of Notional Amounts of Deliverable FX Derivatives Contracts with other Clearing Members. Such settlement may be processed by means of Bulk Settlement Run(s) and/or any other methods as determined by OTC Clear;
 - (b) OTC Clear may, in its sole discretion, obtain one or more short term loans and/or enter into one or more FX Transactions in order to fulfil OTC Clear’s outstanding obligations with other Clearing Members under Standard Cross-currency Rates Derivatives Contracts or Deliverable FX Derivatives Contracts;

- (c) if the relevant Initial Exchange Amount or Final Exchange Amount under a Standard Cross-currency Rates Derivatives Contract or the relevant Notional Amount under a Deliverable FX Derivatives Contract, as the case may be (the “**Unpaid Exchange Amount**”), remains unpaid ~~at 13:30 hours Hong Kong time~~: (a) in respect of a Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD, 15 minutes after the Commencement Time of such Bulk Settlement Run process; or (b) in respect of a Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and CNY (offshore), 15 minutes after the Commencement Time of such Bulk Settlement Run process, on the relevant Initial Exchange Date or Final Exchange Date or Settlement Date, as the case may be, OTC Clear may, in its sole discretion, elect to satisfy its obligation to pay the Corresponding Exchange Amount in the following manner;
- (A) the obligation of the Non-delivering Clearing Member to pay the Unpaid Exchange Amount shall be replaced by an obligation to pay an amount (the “**Substitute Exchange Amount**”) equal to (and payable in the same currency and on the same date as) the Corresponding Exchange Amount. The obligation of OTC Clear to pay the Corresponding Exchange Amount shall be immediately and automatically set-off against the obligation of Non-delivering Clearing Member to pay the Substitute Exchange Amount such that each such obligation is discharged in full;
 - (B) OTC Clear shall determine the Notional Exchange Failure Adjustment Amount in respect of the Unpaid Exchange Amount; and
 - (C) if that Notional Exchange Failure Adjustment Amount is a positive number, the Non-delivering Clearing Member shall pay it to OTC Clear immediately upon demand and if that Notional Exchange Failure Adjustment Amount is a negative number, OTC Clear shall pay the absolute value of such amount to the Non-delivering Clearing Member as soon as practicable (subject to any rights of set-off against amounts owed by the Non-delivering Clearing Member to OTC Clear, including, without limitation, amounts owed by the Non-delivering Clearing Member pursuant to Clearing Rule 1002A);
- (d) in the event that OTC Clear is unable, as a result of that Notional Exchange Failure, to satisfy its obligation to pay any part or the whole of an Initial Exchange Amount or Final Exchange Amount under a Standard Cross-currency Rates Derivatives Contract and/ or any part or the whole of a Notional Amount under a Deliverable FX Derivatives Contract (each such amount the “**Affected Amount**”) with any other Clearing Member (the “**Affected Clearing Member**”) in the currency in which the Affected Amount is denominated by 16:00 hours Hong Kong time on the relevant Initial Exchange Date or Final Exchange Date or Settlement Date, as the case may be:

Chapter 9

Special Events / Business Continuity

9.6 Special Arrangements of settlement of Initial Exchange Amount and/or Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Derivatives Contract under Adverse Weather Conditions

This section 9.6 includes the arrangements surrounding settlement of Initial Exchange Amount and/or Final Exchange Amount of any Standard Cross-currency Rates Derivatives Contract and Notional Amounts of any Deliverable FX Derivatives Contract as adopted by OTC Clear when a Black Rainstorm Warning or a Typhoon Signal Number 8 or above is issued by The Hong Kong Observatory.

9.6.1 Black Rainstorm Warning

The following arrangements will be adopted when a Black Rainstorm Warning is issued by The Hong Kong Observatory:

<u>Time at which Black Rainstorm Warning is issued and/or cancelled on a particular payment date</u>	<u>Arrangements</u>
<u>(i) Black Rainstorm Warning is issued at or after 09:00 hours Hong Kong time</u>	<u>Same as a day on which no Black Rainstorm Warning is issued or cancelled.</u>
<u>(ii) Black Rainstorm Warning is issued before 09:00 hours Hong Kong time, and is cancelled at or before 08:00 hours Hong Kong time (and after issued time)</u>	
<u>(iii) Black Rainstorm Warning is issued before 09:00 hours Hong Kong time, and is cancelled after 08:00 hours Hong Kong time</u>	<u>“Notional Exchange USD/HKD Settlement Ready Time” means T+3.5 hours.</u> <u>“Notional Exchange USD/CNY (offshore) Settlement Ready Time” means T+3.75 hours or, if later, 12:00 hours Hong Kong time.</u> <u>“Notional Exchange USD/HKD Settlement Cutoff Time” means, in relation to the Bulk Settlement Run process for the Currency Pair (swap and FX)</u>

<p><u>and at or before 09:30 hours Hong Kong time</u></p>	<p><u>of USD and HKD:</u></p> <p><u>(a) subject to sub-section (b) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process; or</u></p> <p><u>(b) where OTC Clear requires any Transaction File Replacement in relation to such Bulk Settlement Run process, the time which is 60 minutes after the Commencement Time of such Bulk Settlement Run process.</u></p> <p><u>“Notional Exchange USD/CNY (offshore) Settlement Cutoff Time” means, in relation to the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and CNY (offshore), the earlier of:</u></p> <p><u>(a) (A) subject to sub-section (B) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process; or</u></p> <p><u>(B) where OTC Clear requires any Transaction File Replacement in relation to such Bulk Settlement Run process, the time which is 60 minutes after the Commencement Time of such Bulk Settlement Run process,</u></p> <p><u>and</u></p> <p><u>(b) 14:45 hours Hong Kong time.</u></p>
<p><u>(iv) Black Rainstorm Warning is issued before 09:00 hours Hong Kong time, and is cancelled after 09:30 hours Hong Kong time and at or before 10:30 hours Hong Kong time</u></p>	<p><u>“Notional Exchange USD/HKD Settlement Ready Time” means 11:30 hours Hong Kong time.</u></p> <p><u>“Notional Exchange USD/CNY (offshore) Settlement Ready Time” means 12:00 hours Hong Kong time.</u></p> <p><u>“Notional Exchange USD/HKD Settlement Cutoff Time” means, in relation to the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD, the earlier of:</u></p> <p><u>(a) (A) subject to sub-section (B) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process; or</u></p> <p><u>(B) where OTC Clear requires any Transaction File Replacement in relation to the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD, the time which is 60 minutes after the scheduled commencement of such Bulk Settlement Run process,</u></p> <p><u>and</u></p> <p><u>(b) T+2.5 hours.</u></p> <p><u>“Notional Exchange USD/CNY (offshore) Settlement Cutoff Time” means, in relation to the Bulk Settlement Run process for the Currency Pair (swap</u></p>

	<p><u>and FX) of USD and CNY (offshore):</u></p> <p><u>(a) subject to sub-section (b) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process; or</u></p> <p><u>(b) where the Commencement Time is at or after 13:45 hours Hong Kong time in accordance with the operating rules of the RTGS system, 14:45 hours Hong Kong time.</u></p>
<p><u>(v) Black Rainstorm Warning is issued before 09:00 hours Hong Kong time, and is cancelled after 10:30 hours Hong Kong time and at or before 12:00 hours Hong Kong time</u></p>	<p><u>“Notional Exchange USD/HKD Settlement Ready Time” means 11:30 hours Hong Kong time.</u></p> <p><u>“Notional Exchange USD/CNY (offshore) Settlement Ready Time” means 12:00 hours Hong Kong time.</u></p> <p><u>“Notional Exchange USD/HKD Settlement Cutoff Time” means, in relation to the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD:</u></p> <p><u>(a) subject to sub-section (b) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process; or</u></p> <p><u>(b) where OTC Clear requires any Transaction File Replacement in relation to such Bulk Settlement Run process, the time which is 60 minutes after the Commencement Time of such Bulk Settlement Run process.</u></p> <p><u>“Notional Exchange USD/CNY (offshore) Settlement Cutoff Time” means, in relation to the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and CNY (offshore), the earlier of:</u></p> <p><u>(a) (A) subject to sub-section (B) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process; or</u></p> <p><u>(B) where OTC Clear requires any Transaction File Replacement in relation to such Bulk Settlement Run process, the time which is 60 minutes after the Commencement Time of such Bulk Settlement Run process,</u></p> <p><u>and</u></p> <p><u>(b) T+2.5 hours.</u></p>
<p><u>(vi) Black Rainstorm Warning is issued before 09:00 hours Hong Kong time and is cancelled after 12:00 hours Hong Kong time</u></p>	<p><u>“Notional Exchange USD/HKD Settlement Ready Time” means 11:30 hours Hong Kong time.</u></p> <p><u>“Notional Exchange USD/CNY (offshore) Settlement Ready Time” means 12:00 hours Hong Kong time.</u></p> <p><u>“Notional Exchange USD/HKD Settlement Cutoff Time” means, in relation to the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD:</u></p>

	<p>(a) <u>subject to sub-section (b) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process; or</u></p> <p>(b) <u>where OTC Clear requires any Transaction File Replacement in relation to such Bulk Settlement Run process, the time which is 60 minutes after the Commencement Time of such Bulk Settlement Run process; and</u></p> <p><u>“Notional Exchange USD/CNY (offshore) Settlement Cutoff Time” means, in relation to the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and CNY (offshore):</u></p> <p>(a) <u>subject to sub-section (b) below, the time which is 15 minutes after the Commencement Time of such Bulk Settlement Run process; or</u></p> <p>(b) <u>where OTC Clear requires any Transaction File Replacement in relation to such Bulk Settlement Run process, the time which is 60 minutes after the Commencement Time of such Bulk Settlement Run process.</u></p>
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For the purpose of this section 9.6.1 only, “T” means the time at which the Black Rainstorm Warning is cancelled, rounded up to the next nearest quarter of an hour. For example, if the Black Rainstorm Warning is cancelled at 09:10 hours Hong Kong time, T means 09:15 hours Hong Kong time.

For the avoidance of doubt, the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and CNY (offshore) will commence after the completion or cancellation of the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD, in any case no earlier than 12:00 hours Hong Kong time.

9.6.2 Typhoon Signal Number 8 or Above

The following arrangements will be adopted when a Typhoon Signal Number 8 or above is hoisted by the Hong Kong Observatory:

<u>Time at which Typhoon Signal Number 8 is hoisted and/or cancelled on a particular payment date</u>	<u>Arrangements</u>
<u>(i) Typhoon Signal Number 8 or above is hoisted after 09:00 hours Hong Kong time</u>	<u>Same as a day on which no Typhoon Signal Number 8 or above is hoisted or cancelled.</u>
<u>(ii) Typhoon Signal Number 8 or above is hoisted at or before 09:00 hours Hong Kong time, and is lowered to a Typhoon Signal Number 3 or below at or before 08:00 hours Hong Kong time (and after hoisted time)</u>	
<u>(iii) Typhoon Signal Number 8 or above is hoisted at or before 09:00 hours Hong Kong time, and is lowered to a Typhoon Signal Number 3 or below after 08:00 hours Hong Kong time and at or before 09:30 hours</u>	<u>Same as the arrangements set out in section 9.6.1(iii) of these Clearing Procedures.</u>

<u>Hong Kong time (and after hoisted time)</u>	
<u>(iv) Typhoon Signal Number 8 or above is hoisted at or before 09:00 hours Hong Kong time, and is lowered to a Typhoon Signal Number 3 or below after 09:30 hours Hong Kong time and at or before 10:30 hours Hong Kong time</u>	<u>Same as the arrangements set out in section 9.6.1(iv) of these Clearing Procedures.</u>
<u>(v) Typhoon Signal Number 8 or above is hoisted at or before 09:00 hours Hong Kong time, and is lowered to a Typhoon Signal Number 3 or below after 10:30 hours Hong Kong time and at or before 12:00 hours Hong Kong time</u>	<u>Same as the arrangements set out in section 9.6.1(v) of these Clearing Procedures.</u>
<u>(vi) Typhoon Signal Number 8 or above is hoisted at or before 09:00 hours Hong Kong time, and is lowered to a Typhoon Signal Number 3 or below after 12:00 hours Hong Kong time</u>	<u>Same as the arrangements set out in section 9.6.1(vi) of these Clearing Procedures.</u>

For the purpose of this section 9.6.2 only, “T” means the time at which the Typhoon Signal Number 8 is lowered, rounded up to the next nearest quarter of an hour. For example, if the Typhoon Signal Number 8 is lowered at 09:10 hours Hong Kong time, T means 09:15 hours Hong Kong time.

For the avoidance of doubt, the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and CNY (offshore) will commence after the completion or cancellation of the Bulk Settlement Run process for the Currency Pair (swap and FX) of USD and HKD, in any case no earlier than 12:00 hours Hong Kong time.

Glossary

Defined Term	Page No
Absolute Risk Limit	4 / 10
Accepted Medium for De-registration	3 / 37
Account Limits	4 / 9
Accrual Factor	4 / 5
Ad Hoc Intra-day VM Call	4 / 7
Additional Payment	3 / 25
Affected Amount	3 / 67
Affected Clearing Member	3 / 67
Application Form	2 / 1
Approved Trade Registration System	3 / 1
Base NPV	6 / 2
Black Rainstorm Warning	3 / 49
<u>Bulk Settlement Run</u>	<u>3 / 56</u>
<u>Bulk Settlement Run process</u>	<u>3 / 57</u>
Client Account Limit	4 / 9
Client Business	3 / 49
Client Risk Management	2 / 4
Close-out Variation Margin	10 / 1
CNY IRS	8 / 2
CNY NDF	8 / 2
Collateral Concentration Limit	7 / 2
Collateral Haircut	7 / 2
Daily GF Value	6 / 3
Daily GF Value with Reserve	6 / 4
End-of-Day Cut Off Time	4 / 12
End-of-Day Margin Requirements	4 / 12
End-of-Day Settlement Process	4 / 12
Event of Default Determination	3 / 66
Expected Uncollateralized Loss	6 / 3
Fees Schedule	3 / 46
Final Settlement Cycle Determination Date	10 / 1
first Clearing Member or Client	3 / 37
Fixing Days Offset	3 / 24
Frequency	5 / 3
GF Calculation Period	6 / 1
HK\$ IRS	8 / 2
Holiday Margin	4 / 7
<u>HKICL</u>	<u>3 / 56</u>
House Account Limit	4 / 9
Intra-day VM Limit	4 / 6
Liquidity Risk Multiplier	4 / 4
Margin Process	4 / 9
Margin Process Hours	1 / 1
Max EUL	6 / 3
MTM	5 / 1
Non-Hong Kong Incorporated Person	2 / 2
Novation Transaction	3 / 29
Notional Exchange Risk Multiplier	4 / 4
OIS	4 / 5
OTC	2 / 1
PAI	4 / 5
PAI Rate	4 / 5

payment-versus-payment <u>(or PVP)</u>	3 / 57
Porting Completion Time	3 / 63
Position Account EUL	6 / 3
Position Account STV	6 / 2
Product Suspension Event	3 / 36
Real Time Gross Settlement	3 / 56
Real-Time Novation	4 / 10
relative pro-rata percentage share	6 / 3
Relevant Market Sources	5 / 2
Report Usage Guide	3 / 45
Routine Intra-day VM Call	4 / 6
Routine VM Call Time	4 / 6
Settlement Component	3 / 39
Settlement Institution	3 / 57
Source	5 / 2
Stress NPV	6 / 2
Substitute Affected Amount	3 / 67
Substitute Exchange Amount	3 / 66
T ₀	4 / 5
T ₋₁	4 / 5
Tenor	5 / 3
T _{PAI}	4 / 5
Typhoon Signal Number 3	9 / 7
Typhoon Signal Number 8	3 / 49
Unpaid Exchange Amount	3 / 66
Valuation Days Offset	3 / 33
Web Portal User Manual	3 / 59