

Amendments to OTC Clear’s Clearing Rules and Procedures

OTC Clear Rates and FX Derivatives Clearing Rules

Chapter 1 Definitions and Interpretation

Definitions

101. In these Clearing Rules, unless the context otherwise requires:

<u>“U.S. Person”</u>	<u>has the same meaning as is given to that term by the CFTC;</u>
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Chapter 4 Legal Obligations

Continuing Obligations

401. Each Clearing Member shall at all times:

(14A) if such Clearing Member is a U.S. Person, limit its submission of Original Transactions to OTC Clear for registration to those transactions in which one of the counterparties is: (i) such Clearing Member; (ii) a Client of such Clearing Member who is not a U.S. Person; or (iii) a Client of such Clearing Member who is a U.S. Person that falls within such Clearing Member’s “proprietary account”, as that term is defined in CFTC Regulation 1.3(y) (17 C.F.R. § 1.3(y));

(14B) if such Clearing Member is not a U.S. Person, limit its submission of Original Transactions to OTC Clear for registration on behalf of Clients who are U.S. Persons to those U.S. Persons that fall within such Clearing Member’s “proprietary account”, as that term is defined in CFTC Regulation 1.3(y) (17 C.F.R. § 1.3(y));

(14C) if such Clearing Member is registered with the CFTC as a futures commission merchant (an “FCM”), limit its submission of Original Transactions to OTC Clear for registration to those transactions in which one of the counterparties is either: (i) such FCM; or (ii) a Client of such FCM who is a U.S. Person that falls within such Clearing Member’s “proprietary account”, as that term is defined in CFTC Regulation 1.3(y) (17 C.F.R. § 1.3(y));

(14D) if such Clearing Member submits Original Transactions to OTC Clear for registration on behalf of Clients who are Affiliates that are registered

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with the CFTC as FCMs, limit its submission of such Original Transactions to those transactions in which one of the counterparties is one of such FCMs;

OTC Clearing Hong Kong Limited Clearing Procedures

Chapter 3

Rates and FX Clearing Services

3.2 Approved Trade Registration System

OTC Clear does not discriminate or distinguish between Original Transactions based upon execution method or venue. However, Original Transactions can only be submitted through an Approved Trade Registration System. Any Original Transaction submitted to OTC Clear through an Approved Trade Registration System shall be deemed to be submitted for or by the relevant Clearing Member. The Approved Trade Registration Systems designated by OTC Clear are the matching and confirmation service for over-the-counter derivatives transactions provided by (i) MarkitSERV Limited (“MarkitWire”), (ii) the HKMA (the “HKTR-MC service”) and (iii) MarkitSERV, LLC (“DSMatch”) (each an “Approved Trade Registration System”). A Clearing Member can only submit trades through an Approved Trade Registration System. The Approved Trade Registration Systems designated by OTC Clear are MarkitWire, HKTR MC service and DSMatch (each an “Approved Trade Registration System”). OTC Clear only accepts any Original Transaction that is submitted via one of the relevant Approved Trade Registration Systems. Please refer to the ATRS Guide which sets out each data field on an Approved Trade Registration System accepted by OTC Clear for the purpose of submission of an Original Transaction for registration as Contracts. The ATRS Guide will also provide the relevant values applied by OTC Clear in respect of certain data fields. Each Clearing Member agrees and acknowledges that it shall be bound by the ATRS Guide.

Chapter 4

Margin and Valuation

4.7.3 No Compression or Offsets

Original Transactions with the same terms and conditions, as defined by the Eligibility Requirements, are economically equivalent within OTC Clear. However, notwithstanding the foregoing, even where a Clearing Member has Contracts registered to a Position Account which have substantially the same but opposite Economic Terms to other Contracts in the same Position Account, such Contracts shall not be compressed or offset one against one another. All Contracts registered to a Position Account shall remain in full force and effect, and shall continue to be binding upon Clearing Members, until terminated, novated, or de-registered pursuant to the Clearing Rules.