

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 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~~ may settle ~~directly~~ with the settlement bank of OTC Clear via the RTGS system either directly from its own account or from an account it maintains with a member of the RTGS system. Sponsored Settlement Members must settle directly with the settlement bank of OTC Clear via the 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 settlements 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 which must be settled through the Bulk Settlement Run process, cash 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 a particular settlement currency and where a Sponsored Settlement Member has been appointed by OTC Clear as a settlement bank for a particular settlement 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, under Regardless of the initiator of the payment made in RTGS system, the settlement of any amount shall be initiated by the payer Clearing Member shall ensure the correctness of such amountspayment made to OTC Clear.~~