

# OTC Clear Rates and FX Derivatives Clearing Rules

## Table of Contents

### RULES

<b>PART I</b>	<b>GENERAL PROVISIONS</b>
<b>Chapter 1</b>	<b>Definitions and Interpretation</b>
101	Definitions
102-110	Interpretation
<b>Chapter 2</b>	<b>General Provisions</b>
201	Amendment
202-205	Liability
206-211	Force Majeure Events and Illegality
212-214	Disclosure of Information
215-218	Governing Law
219-223	Notice
224	Process Agent
225	Time Reference
226-227	Calculations and Currency
228	Third Party Rights
<b>PART II</b>	<b>MEMBERSHIP</b>
<b>Chapter 3</b>	<b>General Provisions</b>
301	OTC Clear Membership
302	Clearing Members
303	Qualification
304-309	Applications and Approval
<b>Chapter 4</b>	<b>Legal Obligations</b>
401-402	Continuing Obligations
403-404	Capital Requirement
405-408	Transfer of Membership
409-412	Reporting Obligation

**Chapter 5 Information Obligations**

- 501 Notifications by Clearing Members
- 502 Right to Demand Documents
- 503 Organization Structure
- 504 Financial Information
- 505 Record Keeping

**Chapter 6 Suspension and Termination of Membership**

- 601-603 Suspension
- 604-606 Resignation
- 607 Termination
- 608-612 Resignation and Termination
- 613 Former Clearing Members

**Chapter 7 Designated Person**

- 701-707 General
- 708 Continuing Authority of a Designated Person
- 709 Acknowledgment by a Designated Person

**Chapter 7A Sponsored Settlement Member**

- 7A01-7A06 General

**PART III CLEARING OPERATIONS**

**Chapter 8 Clearing by OTC Clear**

- 801-805 Acceptance for Registration of Original Transactions
- 806-811 Creation of Contracts through Submission of Original Transactions by Clearing Members or Clients
- 812 Clearing Members' Representations as at Registration Time
- 813 Creation of Contracts other than through Submission of Original Transaction by Clearing Members or Clients
- 814-814B Termination of Contracts relating to Ineligible Original Transactions after Registration
- 815 Transfers of Contracts
- 816-818 Client Clearing
- 819-822 Types of Client Clearing Categories
- 823-824 Segregation of Client Accounts
- 825-829 Porting of Contracts relating to Clients

830	Full Portfolio Porting
831	Partial Portfolio Porting
832	Porting of Client Collateral
833	Conditions Precedent to Porting of Contracts relating to Clients
834-835	Completion of Porting
836-837	Transfer of Contracts between Client Accounts and House Accounts
838-843	Multilateral Compression
<b>Chapter 8A</b>	<b>Clearing by OTC Clear in respect of Original Northbound Transactions</b>
8A01-8A06	Acceptance for Registration of Original Northbound Transactions
8A07-8A13	Creation of Contracts through Submission of Original Northbound Transactions by Clearing Members or Clients
8A14-8A16	Other amendments
8A17-8A18	Suspension of the Participanship of the Special Clearing House Participant or Clearing Link Services
8A19	Termination of the Participanship of the Special Clearing House Participant or Clearing Link Services
<b>Chapter 9</b>	<b>Accounts</b>
901	Accounts
902	Position Accounts
903-904	Collateral Accounts
905-906	GF Accounts
907	Multiple Client Accounts
908-909	Accounts for Holding of Non-Cash Collateral
<b>Chapter 10</b>	<b>Payments</b>
1001	Contract Payments
1002	Margin and Rates and FX Contribution
1002A	Reimbursement of Costs and Expenses
1003	Default Interest
1004	Interest Rates
1005	Income on Cash Collateral
1006-1008C	Income and Redemption Proceeds on Non-Cash Collateral
1009-1011	Fees, Levies and Charges
1012-1015	Payments Calculation

**Chapter 10A Interest Rate Transition**

10A01-10A08 Interest Rate Transition

**Chapter 10B Floating Rate Conversion**

10B01-10B12 Floating Rate Conversion

**Chapter 11 Tax**

1101-1105 Tax

**PART IV RISK MANAGEMENT AND DEFAULT PROCEDURES**

**Chapter 12 Margin for Clearing Members**

1201-1203 Margin and Collateral

1204-1208 Initial Margin, Additional Margin, Participating Margin, Variation Margin, and Intra-day Variation Margin

1209-1213 Margin Settlement

1214-1218A Acceptable Collateral for Margin and Rates and FX Contribution

1219-1221 Rights relating to Collateral in respect of Margin and Rates and FX Contribution and Representations of Clearing Members

1222-1224 Position Limits and Notional Exchange Risk Limits

**Chapter 13 Default Procedures**

1301-1302 Clearing Member Event of Default

1303-1305 Termination following a Clearing Member Event of Default

1306-1310 Calculations of Net Payment following a Clearing Member Event of Default

1311 Termination of the Membership of a Defaulting Clearing Member

1312-1315 General Provisions relating to Clearing Member Event of Default

1316 Indemnity

1317-1321 OTC Clear Failure to Pay Event

1322-1323 OTC Clear Insolvency Event

1324-1325 Calculations of Net Payment following OTC Clear Default

**Chapter 14 Disciplinary Actions and Proceedings**

1401-1402 Situations Calling for Disciplinary Action

1403 Co-operation

1404 Notification

1405 Disciplinary Actions

1406-1408 Procedures relating to Disciplinary Committee

1409-1410 Appeals to the Disciplinary Appeals Committee

1411-1414	Grounds for Appeal
1415-1417	Order as to Costs
<b>Chapter 15</b>	<b>Rates and FX Guarantee Resources</b>
1501-1502	Rates and FX Guarantee Resources Purpose
1503	Calculations relating to the Rates and FX Guarantee Fund, Rates and FX Assessments and Rates and FX Contribution Balance
1504	Initial Rates and FX Contribution
1505	Further Rates and FX Contribution
1506-1507	Rates and FX Assessments Demand
1508-1511	Rates and FX Contribution due to Recalculations or Replenishments
1512-1513	Changes to Calculations relating to the Rates and FX Guarantee Fund and Rates and FX Assessments
1514	OTC Clear Use of the Participating Margin Balance and Rates and FX Guarantee Resources
1515-1518	Reduction of Losses on a DMP Event and Application of the Rates and FX Guarantee Resources
1519-1521	Accounts of Rates and FX Guarantee Resources
1522	Recoveries
1523-1528	Loss Distribution Process
1529	Rates and FX Clearing Service Limited Recourse
1530-1540	Winding Down of the Rates and FX Clearing Services
1541-1543A	Voluntary Recapitalisation
1544-1545	Multiple DMP Events
1546-1549	Terms of Redelivery or Repayment of Rates and FX Contribution
<b>Chapter 15A</b>	<b>Default relating to a Sponsored Settlement Member</b>
15A01-15A02	Default relating to a Sponsored Settlement Member

**PART V            DEFAULT MANAGEMENT PROCESS**

**Chapter 16        Default Management Process**

1601-1604	Default Management Process
1605-1608	Default Management Group
1609	Undertaking by Clearing Members
1610-1612	Amendments to Default Management Process

<b>Chapter 17</b>	<b>Porting</b>
1701-1710	Porting
<b>Chapter 18</b>	<b>Hedging</b>
1801-1804	Hedging
<b>Chapter 19</b>	<b>Auction</b>
1901-1904	Auction Portfolios
1905	Auction for Multiple Auction Portfolios
1906-1909	Conduct of Auction
1910-1912	Bidding
1913-1913C	Initial Allocation of Resources
1914-1917	Loss Allocation
1918-1919	Successive Auction
1920	OTC Clear Financial Resources
1921-1922	Registration of Auction Contracts (non-PRC Bidders)
1923-1924	Failed Registration (non-PRC Bidders)
<b>Chapter 20</b>	<b>Confidentiality Obligations relating to Receipt of DMP Information</b>
2001-2004	Confidentiality
2005	Term
2006	Rights to DMP Information
2007	Liability of OTC Clear
2008-2009	Relief
<b>Chapter 21</b>	<b>Obligations, Undertaking and Liability of Clearing Members relating to Participation in the Default Management Group</b>
2101-2103	Confidentiality Obligations
2104	Conflict of Interest
2105	Representations and Warranties
2106	No Liability

**PART VA PROVISIONS RELATING TO THE SPECIAL CLEARING HOUSE PARTICIPANT**

**Chapter 21A General Provisions**

- 21A01 General Provisions
- 21A02-21A03 Obligations of the Special Clearing House Participant
- 21A04-21A06 Liability
- 21A07-21A09 Disclosure of Information
- 21A10-21A11 Governing Law
- 21A12-21A17 Notice
- 21A18 Process Agent
- 21A19 Calculations and Currency
- 21A20 Force Majeure Event and Illegality
- 21A21 Original Northbound Transactions

**Chapter 21B Participanship**

- 21B01 The Special Clearing House Participant
- 21B02 Qualification
- 21B03 Publication

**Chapter 21C Legal Obligations**

- 21C01 Continuing Obligations
- 21C02-21C04 Transfer of Participanship

**Chapter 21D Information Obligations**

- 21D01 Information Obligations

**Chapter 21E Suspension and Termination of Participanship**

- 21E01-21E03 Suspension
- 21E04-21E09 Termination

**Chapter 21F Accounts**

- 21F01 Accounts
- 21F02 Position Account
- 21F03-21F04 Collateral Account

**Chapter 21G Payments**

- 21G01 Contract Payments
- 21G02 Margin
- 21G03 Default Interest
- 21G04 Interest Rates

21G05	Income on Cash Collateral
21G06	Fees
21G07-21G09	Payments Calculation
<b>Chapter 21H</b>	<b>Tax</b>
21H01-21H06	Tax
<b>Chapter 21I</b>	<b>Inter-CCP SHCH Margin Amount</b>
21I01-21I07	Inter-CCP SHCH Margin Amount, Collateral and Variation Margin
21I08-21I11	Acceptable Collateral for Inter-CCP SHCH Margin Amount
21I12-21I14	Rights relating to Collateral in respect of Inter-CCP SHCH Margin Amount and Representations
21I15-21I16	Position Limits
21I17	Inter-CCP OTCC Margin Amount and Collateral
<b>Chapter 21J</b>	<b>Default Procedures</b>
21J01-21J04	Defaulting Special Clearing House Participant
21J05	Termination of the Participantsip of the Special Clearing House Participant
21J06-21J07	Calculations of Net Payment for the Defaulting Special Clearing House Participant
21J08-21J09	General Provisions relating to the Special Clearing House Participant
21J10	Indemnity
21J11-21J14	OTC Clear Default
21J15-21J16	Calculations of Net Payment following OTC Clear Default
<b>Chapter 21K</b>	<b>Rates and FX Guarantee Resources</b>
21K01-21K03	Rates and FX Guarantee Resources
<b>Chapter 21L</b>	<b>Default Management Process</b>
21L01-21L02	Default Management Process
21L03	General Provisions relating to the Special Clearing House Participant
<b>Chapter 21M</b>	<b>Auction</b>
21M01-21M05	General Provisions
21M06-21M07	Successful Auction (PRC Bidders)
21M08-21M09	Failure to Pay where PRC Bidders are Successful Bidders
<b>Chapter 21N</b>	<b>Confidentiality Obligations relating to receipt of DMP Information</b>
21N01-21N04	Confidentiality
21N05	Term
21N06	Rights to DMP Information
21N07-21N08	Relief



**Chapter 210 Product Specific Terms for Inter-CCP Rates Derivatives Contracts**

21001 Product Specific Terms for Inter-CCP Rates Derivatives Contracts

21002 Interpretation

21003 Economic Terms

21004-21005 General Terms

**Appendix Inter-CCP SHCH Charge Agreement**

**PART VI PRODUCT SPECIFIC TERMS**

**Chapter 22 Product Specific Terms for Standard Rates Derivatives Contracts**

2201-2202 Product Specific Terms for Standard Rates Derivatives Contracts

2203-2210 Interpretation

2211-2215 Economic Terms

2216 General Terms

2217 Clearing Rules

2218-2221 Economic and Monetary Union (EMU) Provisions

2222 Negative Interest Rates

2223 [DELETED]

2224 Rounding

2225 Tax Provisions

2226 Calculation Agent

2227 Governing Law

**Chapter 23 Product Specific Terms for Non Deliverable Rates Derivatives Contracts**

2301-2302 Product Specific Terms for Non Deliverable Rates Derivatives Contracts

2303-2310 Interpretation

2311-2315 Economic Terms

2316 General Terms

2317 Clearing Rules

2318 Calculation Agent

2319 Negative Interest Rates

2320 Rounding

2321 Tax Provisions

2322 Governing Law

**Chapter 24 Product Specific Terms for Non Deliverable FX Derivatives Contracts**

2401-2402 Product Specific Terms for Non Deliverable FX Derivatives Contracts

2403-2411 Interpretation

2412-2416 Economic Terms

2417 General Terms

2418 Clearing Rules

2419 Calculation Agent

2420 Rounding

2421 Tax Provisions

2422 Governing Law

**Chapter 25 Product Specific Terms for Standard Cross-currency Rates Derivatives Contracts**

2501-2502 Product Specific Terms for Standard Cross-currency Rates Derivatives Contracts

2503-2510 Interpretation

2511-2515 Economic Terms

2516 General Terms

2517 Clearing Rules

2518 Negative Interest Rates

2519 Rounding

2520 Tax Provisions

2521 Calculation Agent

2522 Governing Law

**Chapter 26 Product Specific Terms for Deliverable FX Derivatives Contracts**

2601-2602 Product Specific Terms for Deliverable FX Derivatives Contracts

2603-2610 Interpretation

2611-2615 Economic Terms

2616 General Terms

2617 Clearing Rules

2618 Calculation Agent

2619 Rounding

2620 Tax Provisions

2621 Governing Law

**Chapter 27 Product Specific Terms for Standard Northbound Rates Derivatives Contracts**

2701-2702	Product Specific Terms for Standard Northbound Rates Derivatives Contracts
2703-2707	Interpretation
2708-2710	Economic Terms
2711	General Terms
2712	Clearing Rules
2713	Calculation Agent
2714	Tax Provisions
2715	Governing Law

**Supplement I SOFR DISCOUNTING SWITCH SUPPLEMENT**

**Supplement II SOFR FLOATING RATE CONVERSION SUPPLEMENT**