

PART I GENERAL PROVISIONS

Chapter 1 Definitions and Interpretation

Definitions

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

“2006 ISDA Definitions”	means the definitions and provisions contained in the 2006 ISDA Definitions, as published by ISDA;
“Ad Hoc Intra-day VM Call”	has the meaning given to it in section 4.4.3 of the Clearing Procedures;
“Ad Hoc Intra-day Variation Margin”	means, with respect to a Clearing Member, any Collateral provided by such Clearing Member to OTC Clear for purposes of satisfying its Ad Hoc Intra-day VM Call;
“Additional Amount”	has the meaning given to it in Clearing Rule 1101;
“Additional Margin”	has the meaning given to it in section 4.1(iii)(b) of the Clearing Procedures. Any Additional Margin delivered by a Clearing Member for any of its Position Accounts will be recorded to the Collateral Account relating to the relevant Position Account;
“Affected AET Contract”	means any Contract automatically terminated in accordance with Clearing Rule 1303 that was registered in the name of the relevant Defaulting Clearing Member in relation to its Client Clearing Services immediately prior to the occurrence of the relevant Automatic Early Termination Event;
“Affected Clearing Member”	has the meaning given to it in section 3.19 of the Clearing Procedures;
“Affected Contract”	means: <ol style="list-style-type: none"> (1) if the relevant DMP Event with respect to the Defaulting Clearing Member is not an Automatic Early Termination Event, any Contract registered in the name of the Defaulting Clearing Member in relation to its Client Clearing Services; or (2) if the relevant DMP Event with respect to the Defaulting Clearing Member is an Automatic Early Termination Event, any Affected AET Contract;
“Affiliates”	means, with respect to any specified Person, any other Person that Controls, is Controlled by, or is under common Control with, such specified Person;
“Appeal Period”	has the meaning given to it in Clearing Rule 1409;
“Applicable Laws”	means any applicable national, federal, supranational, state, regional, provincial, local or other statute, law, ordinance, regulation, rule, code, guidance, order, published practice or concession,

	judgment or decision of a Governmental Authority and, for the avoidance of doubt, includes all the provisions of the SFO;
“Applicant”	means a legal person that wishes to be admitted as a Clearing Member;
“Application Form”	has the meaning given to it in section 2.1.1 of the Clearing Procedures;
“Approved Trade Registration System”	has the meaning given to it in section 3.2 of the Clearing Procedures;
“Articles of Association”	means the Articles of Association of OTC Clear in force from time to time;
“ATRS Guide”	means the Approved Trade Registration System User Guide in force from time to time, which sets out each data field on an Approved Trade Registration System accepted by OTC Clear, and the application of values in respect of certain data fields, in each case, for the purpose of submission of an Original Transaction for registration as Contracts via such Approved Trade Registration System;
“Auction”	means the auction process operated in accordance with Chapter 19 of these Clearing Rules;
“Auction Book”	means, in respect of a Defaulting Clearing Member at any given time, all the Auction Positions relating to such Defaulting Clearing Member at such time, excluding any Auction Positions relating to Auction Contracts that have been registered to a Successful Bidder following the completion of Auction in accordance with Chapter 19 of these Clearing Rules;
“Auction Contract”	means each Contract entered into by OTC Clear with a Successful Bidder, on the same economic terms as the Auction Positions that such Successful Bidder has bid for, following the completion of an Auction;
“Auction Failed Position”	means each Auction Position in an Auction Portfolio which is not the subject of a Successful Bid, and OTC Clear reasonably believes that further round(s) of Auction will not be successful in dealing with the Auction Positions in such Auction Portfolio within a reasonable timeframe as determined by OTC Clear in accordance with Clearing Rule 1918A;
“Auction Losses”	means, with respect to an Auction Portfolio constructed as a result of the DMP Event with respect to a Defaulting Clearing Member, the losses (including without limitation and without double-counting) (i) any Auction Receivable payable by OTC Clear to the Successful Bidder, (ii) the Unsettled VM Amounts in respect of the Auction Contracts comprised in such Auction Portfolio (to the extent that such Unsettled VM Amount is payable by the Defaulting Clearing Member to OTC Clear) and/or (iii) any hedging costs relating to such Auction Portfolio) suffered by OTC Clear as a result of such DMP

	Event attributable to such Auction Portfolio;
“Auction Payment”	means the amount a Successful Bidder must pay to OTC Clear for the registration of the relevant Auction Contract to such Successful Bidder, which shall be an amount equal to the absolute value of the difference between (i) the value attributed to such Auction Contract by the Bid of the Successful Bidder and (ii) the net present value in respect of such Auction Contract as determined by OTC Clear pursuant to Chapter 5 of the Clearing Procedures as of the date of the relevant Auction;
“Auction Payment Date”	means, with respect to an Auction Portfolio and its Auction Payment, if any, the Currency Day relating to such Auction Payment immediately following the conclusion of the Auction for such Auction Portfolio;
“Auction Portfolio”	means a portfolio of Auction Positions from the Auction Book;
“Auction Position”	means, in respect of a Defaulting Clearing Member, (1) each of the notional trades comprising the notional portfolio created on the Special Default Account relating to such Defaulting Clearing Member; and (2) any Hedging transactions executed as a result of the occurrence of the DMP Event with respect to such Defaulting Clearing Member;
“Auction Receivable”	means the amount a Successful Bidder must receive from OTC Clear in order to complete the registration of the relevant Auction Contract to such Successful Bidder, which shall be an amount equal to the absolute value of the difference between (i) the value attributed to such Auction Contract by the Bid of the Successful Bidder and (ii) the net present value in respect of such Auction Contract as determined by OTC Clear pursuant to Chapter 5 of the Clearing Procedures as of the date of the relevant Auction;
“Auction Receivable Payment Date”	means, with respect to an Auction Portfolio and its Auction Receivable, if any, the Currency Day relating to such Auction Receivable immediately following the conclusion of the Auction for such Auction Portfolio;
“Auction Transfer Costs(t)”	means, with respect to an OTC Clear Clearing Day t, the costs (converted, where applicable, into the Base Currency at the Latest Exchange Rate determined on such OTC Clear Clearing Day t) representing the total costs incurred by OTC Clear on such OTC Clear Clearing Day t for the purpose of transferring one or more Auction Portfolios constructed during such Loss Distribution Period to the relevant Successful Bidders of each such Auction Portfolio. For the avoidance of doubt, Auction Transfer Costs shall include, without limitation, any administrative costs incurred by OTC Clear for the purpose of liquidating Collateral in satisfaction of the Auction Receivables payable in respect of any such Auction Portfolio;
“Authorized Institution”	has the same meaning as in the Banking Ordinance;

“Automatic Early Termination Event”	has the meaning given to it in Clearing Rule 1303;
“Banking Ordinance”	means the Banking Ordinance (Laws of Hong Kong Cap. 155);
“Base Currency”	means Hong Kong dollars, or such other Eligible Currency as designated by OTC Clear and notified to the Clearing Members from time to time;
“Better Bidder”	means, with respect to an Auction Portfolio, a Bidder who has submitted a Bid to OTC Clear that has a higher value than the Bid of the Successful Bidder for such Auction Portfolio;
“Bid”	means a bid submitted to OTC Clear by a Bidder in an Auction, which for the purpose of determining whether the relevant Bidder is a Better Bidder, Equal Bidder, Lower Bidder or Poor Bidder, shall have (1) a negative value if it requires OTC Clear to pay such value to the Bidder to dispose of the relevant Auction Portfolio, or (2) a positive value if it requires the Bidder to pay such value to OTC Clear for registration of the relevant Auction Portfolio in its name;
“Bidder”	means each Non-Defaulting Clearing Member who is required to bid for an Auction Portfolio pursuant to these Clearing Rules;
“Bulk Settlement Run”	has the meaning given to it in section 3.11.2(i) of the Clearing Procedures;
“Bulk Settlement Run process”	has the meaning given to it in section 3.11.2(i) of the Clearing Procedures;
“Business Day”	means, with respect to a Contract, a day (other than Saturday and Sunday) on which commercial banks in the relevant financial centers specified in such Contract are open for general business;
“Capital”	means, (1) in respect of an entity that is an Authorized Institution incorporated in Hong Kong, “Tier 1 capital” as defined in the Banking (Capital) Rules (Cap. 155L); (2) in respect of an entity that is a Licensed Corporation, “liquid capital” as defined in the Financial Resources Rules; (3) in respect of an entity that is a futures commission merchant registered with the U.S. Commodities Futures Trading Commission, “adjusted net capital” as defined in CFTC Regulation 1.17; (4) in respect of an entity that is a broker-dealer registered with the U.S. Securities and Exchange Commission, “net capital” as defined in SEC Rule 15c3-1; (5) in respect of an entity that is a firm registered with the U.K. Financial Services Authority, “tier one capital” as calculated under the General Prudential sourcebook; (6) in respect of an entity that is an institution licensed by the German Federal Financial Supervisory Authority, “tier one capital” as defined in section 10(2a) of the German Banking Act and as calculated under section 10 of the German Banking Act and the rules stipulated under the Solvency Regulation (<i>Solvabilitätsverordnung</i>); (7) in respect of an entity that is a commercial bank incorporated in the People’s Republic of China, the

	aggregate of “Core Tier 1 Capital” and “Other Tier 1 Capital” as defined in the Administrative Measures for Capital of Commercial Banks (<i>Tentative Implementation</i>) and (8) in respect of an entity that is not subject to any of the aforementioned rules, such other classes, categories or description of capital as set out in the Clearing Procedures or as otherwise may be determined by OTC Clear in its discretion. In the event that an entity falls within more than one category referred to in the immediately foregoing, then OTC Clear shall have the sole right and discretion to select one of the above categories as applicable to such entity for the purposes of the Clearing Documentation and will notify the relevant Clearing Member of such selection;
“Capped Liability Period”	means the period from the date of occurrence of any DMP Event that does not fall within 20 OTC Clear Business Days after the occurrence of a preceding DMP Event, and ending on the 20 th OTC Clear Business Day after such DMP Event, provided that such period shall be extended by 20 OTC Clear Business Days each time there is a subsequent DMP Event occurring prior to the expiry of such period (as may be extended from time to time) starting from the date of such subsequent DMP Event and (unless further extended in the manner set out above) ending on the 20 th OTC Clear Business Day following such subsequent DMP Event;
“CFTC”	means the U.S. Commodity Futures Trading Commission;
“Clearing Documentation”	means the Membership Agreement, these Clearing Rules (including the Clearing Procedures and all exhibits, attachments, annexes, schedules and appendices thereto, and any document incorporated by reference therein, if any), the Clearing Notices and any Deed of Charge, as each such document is amended from time to time;
“Clearing Member”	means any legal entity admitted as a member for the clearing of FX Derivatives and/or Rates Derivatives in accordance with Clearing Rule 302 and in respect of which a Membership Termination Date has not occurred, and “Membership” shall be construed accordingly;
“Clearing Notice”	means any notice, announcement, circular, guidance or practice note issued by OTC Clear under these Clearing Rules and stated to be a clearing notice which relates to the interpretation, application or implementation of these Clearing Rules or the operation or facilities of OTC Clear;
“Clearing Organization”	means any clearing house duly authorized, regulated, recognized or licensed under Applicable Laws in any jurisdiction, including any recognized clearing house, recognized overseas clearing house, derivatives clearing organization or similar entity;
“Clearing Procedures”	means the practices, procedures and administrative requirements prescribed by OTC Clear from time to time in effect, which shall form part of, and supplement, these Clearing Rules;
“Clearing Rules”	means these rules of OTC Clear in respect of the Rates and FX

	Clearing Services, as from time to time in effect and shall include the Clearing Procedures;
“Client”	means a Person to whom a Clearing Member provides its Client Clearing Services;
“Client Account”	means a Client Position Account or Client Collateral Account;
“Client Auction Portfolio”	has the meaning given to it in Clearing Rule 1913A;
“Client Clearing Agreement”	means the client clearing agreement between a Clearing Member and a Client which governs the terms on which Client Clearing Services are provided and which contains the terms set out in Clearing Rule 817(3);
“Client Clearing Category”	has the meaning given to it in Clearing Rule 819;
“Client Clearing Category 1 Account Balance”	means, in respect of a Client Clearing Category 1 Client, the Margin Balance of the relevant Client Clearing Category 1 Collateral Account held by the relevant Clearing Member on behalf of such Client (together with any receivables, rights, intangibles and any other collateral or assets deposited or held with OTC Clear in connection with such an account) as adjusted by any payments made or received under the relevant Affected Contracts by OTC Clear during the period between the occurrence of the relevant DMP Event and the time immediately prior to porting of such Affected Contracts to the Replacement Clearing Member;
“Client Clearing Category 1 Account Basis”	means Client Clearing Services which are provided by a Clearing Member to the relevant Client through a Client Clearing Category 1 Position Account;
“Client Clearing Category 1 Accounts”	means, in respect of each Client Clearing Category 1 Client, the Client Clearing Category 1 Position Account and Client Clearing Category 1 Collateral Account relating to such Client;
“Client Clearing Category 1 Client”	means a Client in respect of whom a Clearing Member offers Client Clearing Services on Client Clearing Category 1 Account Basis;
“Client Clearing Category 1 Collateral Account”	means, in respect of a Client Clearing Category 1 Position Account opened in the name of a Clearing Member for the purpose of providing Client Clearing Services to a single Client, an account opened in the books of OTC Clear for the purpose of recording the type(s) and amount of Collateral attributed by OTC Clear to such Client Clearing Category 1 Position Account in accordance with these Clearing Rules;
“Client Clearing Category 1 Position Account”	has the meaning given to it in Clearing Rule 902(2);
“Client Clearing Category 2 Account”	means, in respect of an individual Client Clearing Category 2 Client, such part of the Margin Balance of the Client Clearing Category 2 Collateral Account held by the relevant Clearing Member on behalf of

Balance”	such Client which is attributed by the OTC Clear to such Client (together with any receivables, rights, intangibles and any other collateral or assets deposited or held with OTC Clear in connection with such an account) as adjusted by any payments made or received under the relevant Affected Contracts by OTC Clear during the period between the occurrence of the relevant DMP Event and the time immediately prior to porting of such Affected Contracts to the Replacement Clearing Member;
“Client Clearing Category 2 Account Basis”	means Client Clearing Services which are provided by a Clearing Member to the relevant Client through a Client Clearing Category 2 Position Account;
“Client Clearing Category 2 Accounts”	means, in respect of each Client Clearing Category 2 Client, the Client Clearing Category 2 Position Account and Client Clearing Category 2 Collateral Account relating to such Client;
“Client Clearing Category 2 Client”	means a Client in respect of whom a Clearing Member offers Client Clearing Services on Client Clearing Category 2 Account Basis;
“Client Clearing Category 2 Collateral Account”	means, in respect of a Client Clearing Category 2 Position Account opened in the name of a Clearing Member for the purpose of providing Client Clearing Services to one or more Clients, an account shared by one or more Clients on an omnibus net basis opened in the books of OTC Clear for the purpose of recording the type(s) and amount of Collateral attributed by OTC Clear to such Client Clearing Category 2 Position Account in accordance with these Clearing Rules;
“Client Clearing Category 2 Position Account”	has the meaning given to it in Clearing Rule 902(3);
“Client Clearing Services”	means the clearing services provided by a Clearing Member to its Clients so as to enable the Clearing Member’s Clients to access the Rates and FX Clearing Services provided by OTC Clear;
“Client Clearing Services Notice”	means the notice which a Clearing Member shall deliver to its Client(s) prior to the provision of Client Clearing Services to such Client(s) in the form prescribed by OTC Clear;
“Client Collateral Account”	means a Client Clearing Category 1 Collateral Account or Client Clearing Category 2 Collateral Account;
“Client Entitlement”	means: <ul style="list-style-type: none"> (1) in respect of a Non-Porting Client of a Defaulting Clearing Member, the entitlement to Collateral and to any net sums payable by OTC Clear to that Defaulting Clearing Member in respect of the Affected Contracts relating to that Non-Porting Client, as determined by OTC Clear in accordance with Clearing Rule 1309; and (2) in respect of a Porting Client of a Defaulting Clearing Member, the entitlement to any net sums payable by OTC

	Clear to that Defaulting Clearing Member in respect of Contracts relating to that Porting Client, determined by OTC Clear in accordance with Clearing Rule 1309A;
“Client Position Account”	means a Client Clearing Category 1 Position Account or Client Clearing Category 2 Position Account;
“Close-out Variation Margin”	has the meaning given to it in section 10.1 of the Clearing Procedures;
“CM Branch”	means a branch of a Clearing Member;
“CM Funded Contribution Amount”	means, with respect to each Clearing Member, the amount determined for such Clearing Member in accordance with section 6.1.1 of the Clearing Procedures;
“CM Payable Balance”	has the meaning given to it in Clearing Rule 1324(4)(a);
“CM Unfunded Contribution Amount”	means, with respect to each Clearing Member, its proportionate share of the Rates and FX Assessments;
“CNY”	means the lawful currency of the People’s Republic of China excluding, for the purpose of this definition only, Hong Kong, Macau and Taiwan;
“CNY (offshore)”	means the currency denomination in respect of an amount payable in Renminbi under a transaction that will be settled solely by transfer to a Renminbi bank account maintained in an Offshore CNY Center;
“CNY (offshore) Disruption Provisions”	means the “Additional Disruption Event Provisions for an Offshore Deliverable CNY Transaction dated as of September 8, 2016” as published by ISDA or a recognized successor;
“Collateral”	means money, securities and other property as may, from time to time, be so designated by OTC Clear as permissible for Margin or Rates and FX Contribution in respect of the Rates and FX Clearing Services, in each case in such form as may be required by OTC Clear;
“Collateral Account”	has the meaning given to it in Clearing Rule 903;
“Commencement Time”	has the meaning given to it in section 3.11.2(ii) of the Clearing Procedures;
“Compounding/ Averaging Matrix”	has the meaning given to it in the ISDA Definitions;
“Compression Cash Settlement Payments”	means, in respect of a Multilateral Compression Cycle, any cash payments to be made by a Compression Clearing Member to OTC Clear and/or by OTC Clear to a Compression Clearing Member as settlement of the unrealised value of the Eligible Compression Contracts that are proposed to be terminated, amended and/or replaced as set out in the Unwind Proposal relating to that Multilateral Compression Cycle, where such Unwind Proposal has been accepted by all Compression Clearing Members participating in

	that Multilateral Compression Cycle and has been implemented by OTC Clear;
“Compression Clearing Member”	means, in relation to a Multilateral Compression Cycle, a Clearing Member who has adhered to the relevant Compression Documentation with the relevant Compression Service Provider and has notified the relevant Compression Service Provider within the period specified in the relevant Compression Documentation that it wishes to participate in that Multilateral Compression Cycle;
“Compression Documentation”	means the agreements and documents as may be required by the relevant Compression Service Provider and/or OTC Clear in order to allow a Clearing Member to receive the services of the relevant Compression Service Provider and participate in a Multilateral Compression Cycle, and such other documentation relating to any Compression Service Provider which OTC Clear may prescribe from time to time, including but not limited to the triReduce® OTC Clear Compression Protocol;
“Compression Execution Date”	means, in respect of a Multilateral Compression Cycle, the date designated by OTC Clear and notified to Clearing Members via a Clearing Notice on which OTC Clear is scheduled to implement the Unwind Proposal relating to that Multilateral Compression Cycle;
“Compression Service Provider”	means such service providers as approved by OTC Clear from time to time and notified to Clearing Members, including but not limited to TriOptima AB;
“Compression Time”	means, in respect of a Multilateral Compression Cycle, the time on the Compression Execution Date set out in the Compression Documentation at which OTC Clear implements the Unwind Proposal relating to that Multilateral Compression Cycle, by terminating Eligible Compression Contracts, amending the terms thereof and/or simultaneously registering new Contracts in the names of the Compression Clearing Members participating in that Multilateral Compression Cycle;
“Conditional Approval Breach Period”	has the meaning given to it in Clearing Rule 308(1);
“Contract”	means a contract between OTC Clear and a Clearing Member arising in accordance with these Clearing Rules, the terms and conditions of which are the relevant Contract Terms;
“Contract Termination Event”	has the meaning given to it in Clearing Rule 1918A;
“Contract Termination Losses”	means, with respect to an Auction Portfolio constructed as a result of the DMP Event with respect to a Defaulting Clearing Member, the sum of (without double-counting): (i) the aggregate Contract Termination Net Payments payable by OTC Clear to Non-Defaulting Clearing Members as a result of a Contract Termination Event, (ii) the Unsettled VM Amounts in respect of the Auction Failed Positions comprised in such Auction Portfolio (to the extent that such Unsettled VM Amount is payable by the Defaulting Clearing Member to OTC

	Clear) and (iii) any hedging losses attributable to such Auction Failed Positions;
“Contract Termination Net Payment”	has the meaning given to it in Clearing Rule 1918B;
“Contract Terms”	means any of the Standard Rates Derivatives Contract Terms, Standard Cross-currency Rates Derivatives Contract Terms, Non Deliverable Rates Derivatives Contract Terms, Non Deliverable FX Derivatives Contract Terms, Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms, as applicable;
“Contractual Currency”	<p>means:</p> <ol style="list-style-type: none"> (1) in respect of a Standard Rates Derivatives Contract or an Original Standard Rates Derivatives Transaction, the Currency in which the notional amount of such Standard Rates Derivatives Contract or Original Standard Rates Derivatives Transaction, as the case may be, is denominated; (2) in respect of a Standard Cross-currency Rates Derivatives Contract or an Original Standard Cross-currency Rates Derivatives Transaction, the Currencies in which the notional amounts of such Standard Cross-currency Rates Derivatives Contract or Original Standard Cross-currency Rates Derivatives Transaction, as the case may be, are denominated; (3) in respect of a Non Deliverable Rates Derivatives Contract or an Original Non Deliverable Rates Derivatives Transaction, the “Settlement Currency” of such Non Deliverable Rates Derivatives Contract or Original Non Deliverable Rates Derivatives Transaction, as the case may be; (4) in respect of a Non Deliverable FX Derivatives Contract or an Original Non Deliverable FX Derivatives Transaction, the “Settlement Currency” of such Non Deliverable FX Derivatives Contract or Original Non Deliverable FX Derivatives Transaction, as the case may be; (5) in respect of a Deliverable FX Forward Contract or an Original Deliverable FX Forward Transaction, the Currencies in which the notional amounts of such Deliverable FX Forward Contract or Original Deliverable FX Forward Transaction, as the case may be, are denominated; and (6) in respect of a Deliverable FX Swap Contract or an Original Deliverable FX Swap Transaction, the Currencies in which the notional amounts of such Deliverable FX Swap Contract or Original Deliverable FX Swap Transaction, as the case may be, are denominated, <p>where “Settlement Currency” as used in paragraphs (3) and (4)</p>

	above has the meaning given to it in the FX Definitions;
“Control”	means any Person or entity who is entitled to exercise or control the exercise of 35% or more of the voting power at general meetings of the other entity or Person, or who is in a position to control the composition of a majority of the board of directors of the other entity or Person;
“Corresponding Client Transaction”	means any transaction between a Clearing Member and its Client with commercial terms that correspond to the commercial terms of a Contract cleared by the Clearing Member on behalf of such Client;
“Currency/Business Day Matrix”	has the meaning given to it in the ISDA Definitions;
“Currency Cum MTM(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period and a currency, the sum of Currency MTM Chg relating to the Currency Payment in such currency for each OTC Clear Clearing Day from (and including) the DMP Day to (and including) such OTC Clear Clearing Day t;
“Currency Cum VM Flow(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period and a currency, the total sum, if any, actually paid by OTC Clear to such Non-Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) in respect of the Currency VM Flow in such currency from (and including) the DMP Day to (and including) such OTC Clear Clearing Day t. Currency Cum VM Flow(t-1) shall be the value for Currency Cum VM Flow(t) calculated on the OTC Clear Clearing Day immediately preceding OTC Clear Clearing Day t during the Loss Distribution Period, provided that where OTC Clear Clearing Day t is the DMP Day, Currency Cum VM Flow(t-1) shall be zero;
“Currency Day”	means, in respect of a currency (including any Contractual Currency), a day on which commercial banks and foreign exchange markets in places where payment or settlement of such currency is normally settled are open for general business (including dealings in foreign exchange and foreign currency deposits);
“Currency MTM Chg(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period and a currency, the Currency Payment in such currency (converted, where applicable, into the Base Currency at the Latest Exchange Rate determined on such OTC Clear Clearing Day t) which would be paid by OTC Clear to such Non-Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) on such OTC Clear Clearing Day;
“Currency Pair”	means a currency pair the quotation of which provides the relative value of a currency unit against the unit of another currency;
“Currency Pair (swap and FX)”	means, in respect of an Original Standard Cross-currency Rates Derivatives Transaction, an Original Deliverable FX Forward

	Transaction, an Original Deliverable FX Swap Transaction, a Standard Cross-currency Rates Derivatives Contract, a Deliverable FX Forward Contract or a Deliverable FX Swap Contract, the currency pair in which the notional amounts are denominated;
“Currency Payment”	means, in respect of any OTC Clear Clearing Day and a currency, the aggregated amount which would be paid by OTC Clear to a Non-Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) (including all Variation Margin, coupons and fees but excluding payments of any notional amount in respect of a Deliverable FX Derivatives Contract, Initial Exchange Amount, Final Exchange Amount and VM Reversal due on that OTC Clear Clearing Day) in such currency on such OTC Clear Clearing Day without application of the VM Haircut;
“Currency VM Flow(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period and a currency, an amount equal to the net Currency Payment in such currency for that OTC Clear Clearing Day after taking into account the additional amount payable to OTC Clear or the amount received from OTC Clear pursuant to Clearing Rule 1524(2) or 1524(3);
“Custodian”	means any custodian appointed by OTC Clear from time to time;
“Daily GF Value”	has the meaning given to it in section 6.1.1(6) of the Clearing Procedures;
“Damage”	means any damage, loss, cost or expense of whatsoever nature;
“DCM GF Shortfall”	means, with respect to an Auction Portfolio constructed as a result of the occurrence of a DMP Event with respect to a Defaulting Clearing Member, the amount by which (1) the remaining Auction Losses or Contract Termination Losses relating to such Auction Portfolio after all applications pursuant to Clearing Rule 1914(1) exceeds (2) the product of RAP relating to such Auction Portfolio and the Rates and FX Contribution of such Defaulting Clearing Member;
“DCM GF Surplus”	means, with respect to an Auction Portfolio constructed as a result of the occurrence of a DMP Event with respect to a Defaulting Clearing Member, the amount by which (1) the product of RAP relating to such Auction Portfolio and the Rates and FX Contribution of such Defaulting Clearing Member exceeds (2) the remaining Auction Losses or Contract Termination Losses relating to such Auction Portfolio after utilization of the Initial House Resources in full;
“DCM Margin”	has the meaning given to it in Clearing Rule 1913(A)(1);
“Deed of Charge”	means a deed of charge between a Clearing Member and OTC Clear in respect of non-cash Collateral;
“Default Interest Rate”	means, with respect to an Eligible Currency, the higher of (i) best lending rate obtained by OTC Clear from its banker plus 2% per annum and (ii) the relevant interbank offered rate for such Eligible

	Currency plus 2% per annum as set out in the Fees Schedule;
“Default Management Group”	means the default management group established by OTC Clear in accordance with Clearing Rule 1605;
“Default Management Process”	has the meaning given to it in Clearing Rule 1601;
“Defaulting Clearing Member”	means any Clearing Member in respect of which a DMP Event has occurred;
“Deliverable FX Derivatives”	means both Deliverable FX Forwards and Deliverable FX Swaps;
“Deliverable FX Derivatives Contract”	means a Contract relating to Deliverable FX Derivatives;
“Deliverable FX Forward”	means the types of derivatives transactions satisfying the Product Eligibility Requirements for Deliverable FX Forwards set out in section 3.4 of the Clearing Procedures;
“Deliverable FX Forward Contract”	means a Contract relating to a Deliverable FX Forward;
“Deliverable FX Forward Contract Terms”	has the meaning given to it in Clearing Rule 2601;
“Deliverable FX Swap”	means the types of derivatives transactions satisfying the Product Eligibility Requirements for Deliverable FX Swaps set out in section 3.4 of the Clearing Procedures;
“Deliverable FX Swap Contract”	means a Contract relating to a Deliverable FX Swap;
“Deliverable FX Swap Contract Terms”	has the meaning given to it in Clearing Rule 2601;
“DTC”	means a “deposit-taking company” which has the same meaning as in the Banking Ordinance;
“Derivative Transaction”	means: (1) any transaction (including an agreement with respect to any such transaction) now existing or hereafter to which a Clearing Member is party to (a) which is a rate swap transaction, swap option, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse

	<p>repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (b) which is a type of transaction that is similar to any transaction referred to in (a) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option, or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made; and</p> <p>(2) any combination of these transactions;</p>
“Designated Person”	means, with respect to a Clearing Member, an Affiliate or a CM Branch of such Clearing Member who has been approved by OTC Clear to submit Original Transaction to OTC Clear on behalf, and in the name, of such Clearing Member in accordance with Chapter 7 of these Clearing Rules;
“Disciplinary Appeals Committee”	means the disciplinary appeals committee of OTC Clear or such other committee which the OTC Clear Board has from time to time delegated its power to consider disciplinary appeals;
“Disciplinary Committee”	means the disciplinary committee of OTC Clear or such other committee to which the OTC Clear Board has from time to time delegated its power to adjudicate disciplinary matters;
“DMG Delegate”	has the meaning given to it in Clearing Rule 1609(1);
“DMG Information”	means: <ul style="list-style-type: none"> (1) information (including but not limited to portfolio data and documents) disclosed to a DMG Member, or to which a DMG Member obtains or otherwise has access as a result of participation in the Default Management Process as a member of the Default Management Group, and which is not available to the public; (2) the knowledge that a Person has received any information which is DMG Information; and (3) details of the Permitted Purpose and any of the proposals, terms, conditions, facts or other matters relating to any of the foregoing;
“DMG Member”	means, at any time, a DMG Delegate selected by OTC Clear to participate in the Default Management Group at such time;
“DMP Day”	means the date on which the relevant DMP Event occurs;
“DMP Event”	means each of the events described in Clearing Rule 1601;

“DMP Information”	means, with respect to a Default Management Process, any information provided by OTC Clear to a Receiving Clearing Member relating to such Default Management Process;
“Early Termination Date”	means, in respect of a Contract registered in the name of a Clearing Member, the date determined as an Early Termination Date for such Contract in accordance with Clearing Rule 210(1), 1303, 1305, 1320(1), 1321 or 1322, as the case may be. A Contract shall be terminated or novated with effect from the Early Termination Date relating to it;
“Economic Terms”	means the terms of a Contract derived from the Transaction Data relating to the corresponding Original Transaction;
“Eligible Compression Contracts”	means, in respect of a Multilateral Compression Cycle, Contracts registered to a Compression Clearing Member’s House Position Account which are Standard Rates Derivatives Contracts, Non Deliverable Rates Derivatives Contracts and Standard Cross-currency Rates Derivatives Contracts and which will not have matured on or before the scheduled Compression Execution Date of that Multilateral Compression Cycle;
“Eligibility Requirements”	means, with respect to an Original Transaction submitted for registration with OTC Clear, the eligibility requirements applicable to such Original Transaction as set out in sections 3.4 and 4.6 of the Clearing Procedures;
“Eligible Currency”	means any of Hong Kong dollars, U.S. dollars (“ USD ”), Euros (“ EUR ”) and CNY (offshore). The list of Eligible Currencies may be amended or updated by OTC Clear from time to time;
“Emergency Close-Out”	<p>means the process by which:</p> <p>(1) a Contract with the same terms as an existing Contract is created by OTC Clear pursuant to Clearing Rule 210, provided that (a) in respect of a Rates Derivatives Contract, if the Clearing Member is a floating rate payer under such Rates Derivatives Contract, such Clearing Member shall become the fixed rate payer under the new Rates Derivatives Contract and vice versa; (b) in respect of a Rates Derivatives Contract, if the Clearing Member is floating rate payer I under such Rates Derivatives Contract, such Clearing Member shall become the floating rate payer II under the new Rates Derivatives Contract and vice versa; (c) in respect of a Non Deliverable FX Derivatives Contract, if the Clearing Member is a Reference Currency Buyer under such Non Deliverable FX Derivatives Contract, such Clearing Member shall become the Reference Currency Seller under the new Non Deliverable FX Derivatives Contract and vice versa; and (d) in respect of a Deliverable FX Derivatives Contract, if the Clearing Member is a payer of a notional amount under such Deliverable FX Derivatives Contract, such Clearing Member shall become the receiver of such</p>

	<p>notional amount under the new Deliverable FX Derivatives Contract and vice versa, and in each case, at a price and on the terms as determined by OTC Clear in a commercially reasonable manner;</p> <p>(2) a Contract is novated from the relevant Clearing Member to another Clearing Member by agreement between OTC Clear and such other Clearing Member in a commercially reasonable manner on the designated Early Termination Date; or</p> <p>(3) a Contract is terminated at a price and on the terms determined by OTC Clear in a commercially reasonable manner on the designated Early Termination Date;</p>
“EMTA”	means the Emerging Markets Trade Association;
“EMTA Template”	has the meaning given to it in Clearing Rule 2404;
“Encumbrance”	means any claim, charge, mortgage, security, lien, equity, beneficial interest, power of sale, option or other right to purchase, usufruct, hypothecation, retention of title, right of pre-emption or other third party right or security interest of any kind or an agreement to create any of the foregoing;
“Equal Bidder”	means, with respect to an Auction Portfolio, a Bidder, other than the Successful Bidder, who has submitted a Bid the value of which is exactly the same as the Successful Bid for such Auction Portfolio;
“Error Contract”	has the meaning given to it in Clearing Rule 814;
“EUR”	means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty (as such term is defined in the Currency/Business Day Matrix);
“Event of Default”	has the meaning given to it in Clearing Rule 1301;
“Excess Margin”	means, in relation to a Clearing Member and any of its Position Account(s), the amount by which its Margin Balance exceeds the aggregate value of its Initial Margin requirements, Additional Margin requirements and Variation Margin requirements in respect of any Routine Intra-day VM Call and any Ad Hoc Intra-day VM Call (but excluding any requirements in respect of end-of-day Variation Margin), in each case, applicable to the relevant Position Account;
“Failure to Pay Notice”	has the meaning given to it in Clearing Rule 1317;
“Final Exchange Amount”	has the meaning given to it in the ISDA Definitions;
“Final Exchange Date”	has the meaning given to it in the ISDA Definitions;
“Final Order Notice”	has the meaning given to it in Clearing Rule 1414;
“Financial	means, with respect to any Clearing Member, any situation in which

Emergency	the financial or operational condition of such Clearing Member is not or is likely not to be adequate for such Clearing Member to meet its obligations (including, without limitation, its obligations to comply with these Clearing Rules) or to engage in business, or is such that it would not be in the best interests of OTC Clear or the marketplace for such Clearing Member to continue to be a Clearing Member;
“Financial Resources Rules”	means Securities and Futures (Financial Resources) Rules (Laws of Hong Kong Cap. 571N);
“Floating Rate Matrix”	has the meaning given to it in the ISDA Definitions;
“Floating Rate Option”	has the meaning given to it in the ISDA Definitions or means its equivalent defined in the 2006 ISDA Definitions as set out opposite each such floating rate option in Appendix VI to the Clearing Procedures;
“Force Majeure Event”	means any event beyond the control of any of OTC Clear, its Affiliates, a recognized exchange controller which is the controller of OTC Clear or any of their respective Representatives, or the relevant Clearing Member which may hinder, prevent or render it impossible or impracticable for OTC Clear or the relevant Clearing Member to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of a Contract or to comply with other material provision of the Clearing Documentation and/or Contract Terms under such Contract, and may include, but shall not be limited to, acts of God or the public enemy, acts of a civil or military authority, embargoes, fires, floods, explosions, accidents, labor disputes, mechanical breakdowns, failures in the payment systems or settlement systems, computer or system failures or other failures of equipment, failures of or defects in computer or system software, unavailability of or restrictions on any communication media for whatever reason (whether or not such media is used by Clearing Members), interruptions (whether in whole or in part) of power supplies or other utility or service, any law, decree, regulation or order of any government, competent authority or any court or tribunal;
“Former Clearing Member”	means, at any time, a Person who was a Clearing Member but a Membership Termination Date has occurred in respect of it prior to such time;
“FXC”	means The Foreign Exchange Committee;
“FX Derivatives”	means both Deliverable FX Derivatives and Non Deliverable FX Derivatives;
“FX Derivatives Clearing Services”	means the service provided by OTC Clear in respect of clearing FX Derivatives transactions in the over-the-counter derivatives market in accordance with the Clearing Documentation;
“FX Derivatives”	means a Contract relating to FX Derivatives;

Contract	
“FX Definitions”	means the 1998 FX and Currency Option Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC;
“Gainer VM Flow Adjustment(t)”	means the Gainer VM Flow Adjustment Base Currency(t) converted into the currency in which the relevant Currency Payment is denominated at the Latest Exchange Rate determined on OTC Clear Clearing Day t;
“Gainer VM Flow Adjustment Base Currency(t)”	means an amount determined in the Base Currency on the relevant OTC Clear Clearing Day t for each Currency Payment relating to a Position Account as follows: Currency MTM Chg(t) – (Currency Cum MTM(t) X (1-VM Haircut(t)) – Currency Cum VM Flow(t-1))
“General Losses”	has the meaning given to it in Clearing Rule 1515(2);
“GF Account”	has the meaning given to it in Clearing Rule 905;
“GF Increase Effective Date”	has the meaning given to it in Clearing Rule 1512;
“Governmental Authority”	means any Regulatory Authority and any national, federal, supranational, state, regional, provincial, local or other government, government department, ministry, governmental or administrative authority, regulator, agency, commission, secretary of state, minister, court, tribunal, judicial body or arbitral body or any other Person exercising judicial, executive, interpretative, enforcement, regulatory, investigative, fiscal, taxing or legislative powers or authority anywhere in the world with competent jurisdiction;
“Hedging”	means the process of mitigating or reducing the market risk associated with the occurrence of a DMP Event with respect to a Clearing Member, as described in Chapter 18 of these Clearing Rules;
“HKEX”	means Hong Kong Exchanges and Clearing Limited, a recognized exchange controller under the SFO which is the controller of OTC Clear;
“HKEX website”	means the official website of HKEX at http://www.hkex.com.hk or at such other website address specified by HKEX or OTC Clear from time to time;
“HKICL”	has the meaning given to it in section 3.11.1 of the Clearing Procedures;
“HKMA”	means the Hong Kong Monetary Authority;
“Hong Kong”	means the Hong Kong Special Administrative Region;
“Hong Kong dollars”, “HK\$” or “HKD”	means the lawful currency of Hong Kong;
“House Account”	means a House Position Account or House Collateral Account;

“House Auction Portfolio”	has the meaning given to it in Clearing Rule 1913A;
“House Business”	means Contracts recorded in the House Position Account of a Clearing Member;
“House Collateral Account”	means, in respect of a House Position Account opened in the name of a Clearing Member, an account opened in the books of OTC Clear for the purposes of recording the type(s) and amount of Collateral attributed by OTC Clear to such House Position Account in accordance with these Clearing Rules;
“House Credit”	has the meaning given to it in Clearing Rule 1306A(3);
“House Position Account”	has the meaning given to it in Clearing Rule 902(1);
“Hypothetical IM Percentage”	has the meaning given to it in Clearing Rule 1914(1)(c);
“Identified Contract”	has the meaning given to it in Clearing Rule 1918A;
“Illegality”	means due to the adoption of, or any change in, any Applicable Laws after the date on which a Contract is registered by OTC Clear, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or Regulatory Authority with competent jurisdiction of any Applicable Laws after such date, it becomes unlawful for a Clearing Member and/or OTC Clear who are a party to the Contract to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Contract or to comply with other material provision of the Clearing Documentation and/or Contract Terms;
“Increased Risk”	has the meaning given to it in Clearing Rule 1510;
“Indebtedness”	means any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of payment or, repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit) or any Derivative Transaction;
“Information Barrier”	means an information barrier established within different divisions of a firm to ensure any and all applicable confidentiality obligation is respected in order to avoid any conflict of interest;
“Initial Exchange Amount”	has the meaning given to it in the ISDA Definitions;
“Initial Exchange Date”	has the meaning given to it in the ISDA Definitions;
“Initial House Resources”	has the meaning given to it in Clearing Rule 1913A(1);
“Initial Margin”	means, with respect to each Clearing Member and a Position Account, an amount required to cover OTC Clear’s potential future

	exposure in respect of such Position Account, as calculated in accordance with section 4.2 of the Clearing Procedures;
“Initial Non-Porting Client Resources”	has the meaning given to it in Clearing Rule 1913B(1);
“Initial Order Notice”	has the meaning given to it in Clearing Rule 1408;
“INR”	means the lawful currency of India;
“Insolvency Proceedings”	<p>means where an entity:</p> <ol style="list-style-type: none"> (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding 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 and in the case of any such proceeding or petition instituted or presented against it, 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; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (7) has a secured party take possession of all or substantially all its assets, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained in each case within 30 calendar days thereafter; or (8) causes or is subject to any event with respect to it which,

	under Applicable Laws, has an analogous effect to any of the events specified in paragraphs (1) to (7) above;
“ISDA”	means the International Swaps and Derivatives Association, Inc.;
“ISDA Amendment”	has the meaning given to it in Clearing Rule 2207;
“ISDA Definitions”	means the definitions and provisions contained in the 2021 ISDA Interest Rate Derivatives Definitions, including the Compounding/Averaging Matrix, Currency/Business Day Matrix and Floating Rate Matrix (and any successor matrix thereto), each as published by ISDA on its website (http://www.isda.org);
“ISDA FX Amendment”	has the meaning given to it in Clearing Rule 2408;
“ISDA FX Definitions”	has the meaning given to it in Clearing Rule 2403;
“ISDA FX Deliverables Amendment”	has the meaning given to it in Clearing Rule 2607;
“Junior Tranche”	has the meaning given to it in Clearing Rule 1914(4)(a);
“KRW”	means the lawful currency of the Republic of Korea;
“Latest Exchange Rate”	means, with respect to any day, the exchange rate determined and applied by OTC Clear on such day for converting a Currency Payment denominated in a currency other than the Base Currency into the Base Currency;
“Licensed Corporation”	means a corporation which is licensed to carry on regulated activity under section 116 of the SFO;
“Limited Recourse Applicable Percentage”	has the meaning given to it in Clearing Rule 1538(2);
“Limited Recourse Final CM Payable”	has the meaning given to it in Clearing Rule 1537(4);
“Limited Recourse Interim CM Payable”	has the meaning given to it in Clearing Rule 1537(1);
“Limited Recourse CM Receivable”	has the meaning given to it in Clearing Rule 1537(1);
“Loser VM Flow Adjustment(t)”	means the Loser VM Flow Adjustment Base Currency(t) converted into the currency in which the relevant Currency Payment is denominated in at the Latest Exchange Rate determined on OTC Clear Clearing Day t;
“Loser VM Flow Adjustment Base Currency(t)”	means an amount determined in the Base Currency on the relevant OTC Clear Clearing Day t for each Currency Payment relating to a Position Account as follows:

	Currency MTM Chg(t) – (Currency Cum MTM(t) – Currency Cum VM Flow(t-1))
“Loss Distribution Period”	means the period from (and including) the DMP Day to (but excluding) the OTC Clear Clearing Day on which all Auction Portfolios constructed for the relevant DMP Event have either been successfully auctioned or the subject of a Contract Termination Event, and all Auction Receivables, Auction Payments and/or Contract Termination Net Payments (as applicable) in respect of each such Auction Portfolio has been discharged in full by the relevant party on or prior to the relevant date of payment; or if one or more subsequent DMP Events occur prior to the end of a Loss Distribution Period, such Loss Distribution Period shall be extended and will end on the day on which all Auction Portfolios constructed for each such subsequent DMP Event have either been successfully auctioned or the subject of a Contract Termination Event and the related Auction Receivables and/or Auction Payments and/or Contract Termination Net Payments (as applicable) have been discharged in full by the relevant party on or prior to the relevant date of payment;
“Loss Distribution Process”	has the meaning given to it in Clearing Rule 1523;
“Lower Bidder”	means, with respect to an Auction Portfolio, any Bidder, other than any Better Bidder, Equal Bidder or Successful Bidder, who has submitted a Bid the value of which is equal to or greater than (1) the value of the Successful Bid less (2) the value determined by OTC Clear to be the riskiness of such Auction Portfolio, calculated by reference to the hypothetical Initial Margin of such Auction Portfolio determined by OTC Clear in its sole and absolute discretion as at the latest practicable time before the commencement of the Auction for such Auction Portfolio assuming that the Contracts forming part of such Auction Portfolio were all booked into a single separate hypothetical position account;
“Margin”	means Initial Margin (including any intra-day Initial Margin), Additional Margin and Variation Margin (including any intra-day Variation Margin) required by OTC Clear pursuant to these Clearing Rules;
“Margin Allocation Percentage”	means: <ul style="list-style-type: none"> (1) in respect of a House Auction Portfolio, the margin allocation percentage determined by OTC Clear and assigned to such House Auction Portfolio representing the risk that such House Auction Portfolio bears to the aggregate risk of all House Auction Portfolios constructed in respect of a DMP Event; and (2) in respect of a Client Auction Portfolio and a Client Collateral Account, the margin allocation percentage determined by OTC Clear and assigned to such Client Collateral Account

	representing the risk that the Contracts in the Client Position Account attributed to such Client Collateral Account bears to the aggregate risk of all Client Auction Portfolios constructed in respect of a DMP Event which comprise Contracts of the Client Position Account to which such Client Collateral Account is attributed;
“Margin Balance”	means, in respect of a Clearing Member and a Position Account, the aggregate value (as determined in accordance with Chapter 7 of the Clearing Procedures and including any Excess Margin) of Collateral provided in respect of Initial Margin, Additional Margin, Ad Hoc Intra-day Variation Margin and Routine Intra-day Variation Margin by (and not being requested to be redelivered to) such Clearing Member, in each case, as recorded in the corresponding Collateral Account, and subject to application in accordance with Chapter 13, Chapter 15 or Chapter 19 of these Clearing Rules;
“Maximum Current Liability”	has the meaning given to it in Clearing Rule 1544;
“Max EUL”	has the meaning given to it in section 6.1.1(6) of the Clearing Procedures;
“Membership”	has the meaning given to it in the definition of Clearing Member;
“Membership Agreement”	means the agreement in prescribed form between a Clearing Member and OTC Clear regulating the terms and conditions of such Clearing Member’s membership in OTC Clear;
“Membership Termination Date”	means: <ul style="list-style-type: none"> (1) in respect of a voluntary resignation by a Clearing Member pursuant to Clearing Rule 604, the Resignation Effective Date; (2) in respect of the termination of a Clearing Member’s Membership by OTC Clear pursuant to Clearing Rule 1224(2), the date notified by OTC Clear to the relevant Clearing Member; (3) in respect of the termination of a Clearing Member’s Membership by OTC Clear pursuant to Clearing Rule 1405, the date determined in accordance with Clearing Rule 1409; (4) in respect of any occurrence of an Automatic Early Termination Event or delivery of a Notice of Default, the date determined by OTC Clear, and notified, to the Defaulting Clearing Member pursuant to Clearing Rule 1311, which shall fall on a date subsequent to the completion of the Default Management Process; and (5) in respect of the designation of an Early Termination Date arising out of: <ul style="list-style-type: none"> (a) an OTC Clear Failure to Pay Event pursuant to Clearing Rule 1321; (b) an OTC Clear Insolvency Event pursuant to Clearing

	<p>Rule 1322; or</p> <p>(c) such designation by OTC Clear during the OTC Clear Failure to Pay Grace Period pursuant to Clearing Rule 1320(1),</p> <p>in each case referred to in paragraphs (5)(a), (b) and (c) above, if an OTC Clear Default CM Receivable is payable by OTC Clear, the Membership Termination Date shall be the day on which such OTC Clear Default CM Receivable becomes due and payable by OTC Clear; and if an OTC Clear Default Final CM Payable is payable by the relevant Clearing Member, the Membership Termination Date shall be the day on which the relevant Clearing Member has fully discharged its obligation to pay the OTC Clear Default Final CM Payable pursuant to Clearing Rule 1324(7)(d);</p>
“Middle Tranche”	has the meaning given to it in Clearing Rule 1914(4)(b);
“Minimum Capital Requirement”	<p>means, in respect of any day in a calendar month:</p> <p>(1) with respect to any Clearing Member who is an Authorized Institution that is a bank (incorporated in Hong Kong or overseas*), an Authorized Institution that is a DTC or RLB incorporated overseas*, or a Remotely Regulated Entity, the higher of:</p> <p>(a) HK\$10 billion; and</p> <p>(b) an amount equal to the product of (i) 5% and (ii) the average of the aggregate Initial Margin requirements in respect of all Position Accounts (including the House Position Account and all Client Position Accounts) of the Clearing Member for each day falling in the immediately preceding calendar month;</p> <p>(2) with respect to any Clearing Member who is an Authorized Institution that is a DTC or RLB incorporated in Hong Kong, the higher of:</p> <p>(a) HK\$ 390 million;</p> <p>(b) the capital requirement applicable to such Clearing Member set forth in the Seventh Schedule to the Banking Ordinance; and</p> <p>(c) an amount equal to the product of (i) 5% and (ii) the average of the aggregate Initial Margin requirements in respect of all Position Accounts (including the House Position Account and all Client Position Accounts) of the Clearing Member for each day falling</p>

* Note: Introduction of remote membership is being considered by HKEX at the moment, and is not intended to be available during the initial phase of establishment of OTC Clear.

	<p>in the immediately preceding calendar month; and</p> <p>(3) with respect to any Clearing Member who is a Licensed Corporation, the higher of:</p> <p>(a) HK\$ 390 million;</p> <p>(b) the “required liquid capital” set forth by the Financial Resources Rule; and</p> <p>(c) an amount equal to the product of (i) 5% and (ii) the average of the aggregate Initial Margin requirements in respect of all Position Accounts (including the House Position Account and all Client Position Accounts) of the Clearing Member for each day falling in the immediately preceding calendar month;</p>
“Minimum Capital Requirement Breach Period”	has the meaning given to it in Clearing Rule 404(1);
“Mitigating Measures”	means the measures set out in sub-paragraphs (ii)(b), (ii)(c) and (ii)(d)(B) of section 3.19 of the Clearing Procedures;
“Multilateral Compression Cycle”	means a multilateral compression cycle established by OTC Clear and facilitated by a Compression Service Provider nominated by OTC Clear, which shall be open to participation by Clearing Members in respect of their House Business only, in accordance with the provisions of the Clearing Rules and relevant Compression Documentation;
“Multilateral Compression Fees”	means, in respect of a Multilateral Compression Cycle, the fees payable by a Compression Clearing Member in respect of each Unwind Proposal that has been accepted by all Compression Clearing Members participating in that Multilateral Compression Cycle, as set out in Appendix I to the Clearing Procedures;
“MYR”	means the lawful currency of the Federation of Malaysia;
“NDCM GF”	has the meaning given to it in Clearing Rule 1913A(4);
“NDCM GF Shortfall”	means, with respect to an Auction Portfolio, the amount by which (1) the remaining Auction Losses or Contract Termination Losses relating to such Auction Portfolio after utilization of the OTC Clear First Contribution in full pursuant to Clearing Rule 1914(3) exceeds (2) the product of RAP and NDCM GF (each relating to such Auction Portfolio);
“NDCM GF Surplus”	means, with respect to an Auction Portfolio, the amount by which (1) the product of RAP and NDCM GF (each relating to such Auction Portfolio) exceeds (2) the remaining Auction Losses or Contract Termination Losses relating to such Auction Portfolio after utilization of the OTC Clear First Contribution in full pursuant to Clearing Rule 1914(3);
“ND IRS Amendment”	has the meaning given to it in Clearing Rule 2308;

“ND IRS Definitions”	has the meaning given to it in Clearing Rule 2303;
“ND IRS Template”	has the meaning given to it in Clearing Rule 2304;
“No Position NDCM”	means, with respect to an Auction Portfolio, a Non-Defaulting Clearing Member who does not, on any day during the 20 OTC Clear Business Day-period immediately preceding the Auction of such Auction Portfolio, have any Contract registered in its name of a Transaction Category which is the same as any Auction Positions within such Auction Portfolio and who chooses not to bid for such Auction Portfolio;
“Non-Bidder”	means a Non-Defaulting Clearing Member who is required to bid for an Auction Portfolio but fails to do so;
“Non-Defaulting Clearing Member”	means at any time, any Clearing Member who is not a Defaulting Clearing Member at such time;
“Non-Default Unwind”	means, in relation to a Clearing Member, the process by which the Clearing Member unwinds its Contracts through a liquidation or other form of close-out of its Contracts as part of the resignation of a Clearing Member’s Membership;
“Non Deliverable FX Derivatives”	means the types of derivative transactions satisfying the Product Eligibility Requirements for Non Deliverable FX Derivatives set out in section 3.4 of the Clearing Procedures;
“Non Deliverable FX Derivatives Contract”	means a Contract relating to Non Deliverable FX Derivatives;
“Non Deliverable FX Derivatives Contract Terms”	has the meaning given to it in Clearing Rule 2401;
“Non Deliverable Rates Derivatives”	means the types of derivative transactions satisfying the Product Eligibility Requirements for Non Deliverable Rates Derivatives set out in section 3.4 of the Clearing Procedures;
“Non Deliverable Rates Derivatives Contract”	means a Contract relating to Non Deliverable Rates Derivatives;
“Non Deliverable Rates Derivatives Contract Terms”	has the meaning given to it in Clearing Rule 2301;
“Non-delivering Clearing Member”	means the Clearing Member responsible for a “Notional Exchange Failure”;
“Non-Porting AET Contract”	means, in respect of a Porting Client of a Defaulting Clearing Member in respect of which an Automatic Early Termination Event has occurred, any Affected AET Contract that was recorded in the relevant Client Position Account immediately prior to the occurrence of that Automatic Early Termination Event and which had a scheduled Termination Date or Settlement Date, as the case may

	be, that would have fallen prior to the relevant porting being completed;
“Non-Porting Client”	has the meaning given to it in Clearing Rule 1708;
“Non-Porting Client Credit”	has the meaning given to it in Clearing Rule 1306A(4);
“Non-Porting Client Deficit”	has the meaning given to it in Clearing Rule 1306A(3);
“Non-Porting Client Margin”	has the meaning given to it in Clearing Rule 1913B(1);
“Non-Porting Contracts”	means, in respect of a Porting Client of a Defaulting Clearing Member, the Contracts recorded in the relevant Client Position Account that remain outstanding as at the date the relevant DMP Event occurs and which have a scheduled Termination Date or Settlement Date, as the case may be, that falls prior to the relevant porting being completed;
“Non Rule-Based Clearing Member”	means a Clearing Member who is not a Rule-Based Clearing Member;
“Notice of Default”	has the meaning given to it in Clearing Rule 1304;
“Notice of Disciplinary Appeals Committee Hearing”	has the meaning given to it in Clearing Rule 1410;
“Notice of Disciplinary Committee Hearing”	has the meaning given to it in Clearing Rule 1406;
“Notional Exchange Failure”	means a failure by a Clearing Member (a “Non-delivering Clearing Member”) to deliver, by the Notional Exchange USD/HKD Settlement Ready Time for the Currency Pair (swap and FX) of USD and HKD, or the Notional Exchange USD/CNY (offshore) Settlement Ready Time for the Currency Pair (swap and FX) of USD and CNY (offshore): (1) an Initial Exchange Amount or Final Exchange Amount of a Standard Cross-currency Rates Derivatives Contract as the case may be, on the Initial Exchange Date or Final Exchange Date respectively of a Standard Cross-currency Rates Derivatives Contract and/or (2) a notional amount of a Deliverable FX Derivatives Contract on the Settlement Date of a Deliverable FX Derivatives Contract;
“Notional Exchange Failure Adjustment Amount”	has the meaning given to it in section 3.19 of the Clearing Procedures;
“Notional Exchange Failure Margin”	has the meaning given to it in Clearing Rule 1002A;

“Notional Exchange Risk Limit”	has the meaning given to it in section 4.6.1.3 of the Clearing Procedures;
“Notional Exchange Settlement Cutoff Time”	has the meaning given to it in section 3.12 of the Clearing Procedures;
“Notional Exchange USD/CNY (offshore) Settlement Cutoff Time”	has the meaning given to it in section 3.12 of the Clearing Procedures;
“Notional Exchange USD/HKD Settlement Cutoff Time”	has the meaning given to it in section 3.12 of the Clearing Procedures;
“Notional Exchange USD/CNY (offshore) Settlement Ready Time”	has the meaning given to it in section 3.12 of the Clearing Procedures;
“Notional Exchange USD/HKD Settlement Ready Time”	has the meaning given to it in section 3.12 of the Clearing Procedures;
“Offshore CNY Center”	means the jurisdiction specified as such by a Clearing Member or a Client to an Original Transaction, or if no Offshore CNY Center is specified by the Clearing Member or Client, as the case may be, the Offshore CNY Center shall be Hong Kong;
“open position”	means a position that arises if a Person is a party to a Contract which has not been closed and is not offset by the position arising from other Contracts to which such Person is a party;
“Original Deliverable FX Forward Transaction”	means an Original Transaction in relation to a Deliverable FX Forward transaction;
“Original Deliverable FX Swap Transaction”	means an Original Transaction in relation to a Deliverable FX Swap transaction;
“Original Non Deliverable FX Derivatives Transaction”	means an Original Transaction in relation to a Non Deliverable FX Derivatives transaction;
“Original Non Deliverable Rates Derivatives Transaction”	means an Original Transaction in relation to a Non Deliverable Rates Derivatives transaction;

“Original Standard Cross-currency Rates Derivatives Transaction”	means an Original Transaction in relation to a Standard Cross-currency Rates Derivatives transaction;
“Original Standard Rates Derivatives Transaction”	means an Original Transaction in relation to a Standard Rates Derivatives transaction;
“Original Transaction”	means a transaction in relation to Rates Derivatives or FX Derivatives originally entered into between two Clearing Members, a Clearing Member and a Client, or two Clients, and that is submitted for registration with OTC Clear in accordance with these Clearing Rules;
“OTC Clear”	means OTC Clearing Hong Kong Limited, a company incorporated under the laws of Hong Kong, which is a subsidiary of HKEX;
“OTC Clear Board”	means the board of directors of OTC Clear and, where the context so permits, any committee of that board;
“OTC Clear Business Day”	means a day (other than Saturday and Sunday) on which commercial banks are open for general business in Hong Kong;
“OTC Clear Clearing Day”	means, at any time, each day appearing on the OTC Clear Clearing Days Calendar that is in effect at such time;
“OTC Clear Clearing Days Calendar”	means the OTC Clear clearing days calendar published by OTC Clear which includes each day on which the Rates and FX Clearing Services is in operation, as updated from time to time;
“OTC Clear Contribution”	means OTC Clear First Contribution and OTC Clear Second Contribution together;
“OTC Clear Default Applicable Percentage”	has the meaning given to it in Clearing Rule 1324(8)(b);
“OTC Clear Default CM Receivable”	has the meaning given to it in Clearing Rule 1324(7)(a);
“OTC Clear Default Final CM Payable”	has the meaning given to it in Clearing Rule 1324(7)(d);
“OTC Clear Default Interim CM Payable”	has the meaning given to it in Clearing Rule 1324(7)(a);
“OTC Clear Failure to Pay Event”	has the meaning given to it in Clearing Rule 1318;
“OTC Clear Failure to Pay Grace Period”	means the period from (but excluding) the day on which OTC Clear receives a Failure to Pay Notice from a Relevant Clearing Member to (and including) the 21st OTC Clear Business Day following such day;
“OTC Clear First Contribution”	means an amount equal to HK\$ 150 million, which represents the first tranche of the contribution payable by OTC Clear to the Rates

	and FX Guarantee Resources as may be replenished by OTC Clear from time to time in accordance with Clearing Rule 1511;
“OTC Clear Insolvency Event”	has the meaning given to it in Clearing Rule 1322;
“OTC Clear Second Contribution”	means an initial amount of HK\$ 6 million which may be built up to a maximum value of HK\$ 650 million as described in section 6.4 of the Clearing Procedures, and represents the second tranche of the contribution payable by OTC Clear to the Rates and FX Guarantee Resources. OTC Clear may replenish the OTC Clear Second Contribution from time to time in accordance with Clearing Rule 1511;
“OTC Derivatives Contract”	has the meaning given to it in the Preface to the Clearing Rules;
“Outright Transfer Margin Balance”	means, with respect to any Position Account and at any time, any unused Margin Balance recorded in the Collateral Account relating to such Position Account (but excluding the aggregate value of any non-cash Collateral comprising such Margin Balance provided to OTC Clear on a security interest basis for such Position Account);
“Paying Clearing Member”	has the meaning given to it in Clearing Rule 814B(3);
“Permitted Purpose”	means, with respect to a Default Management Process, any purpose the objective of which is to allow the Clearing Member to fulfil its duties under such Default Management Process;
“Person”	means any individual, partnership, firm, body corporate, association, trust, unincorporated organization or other entity;
“Personal Data (Privacy) Ordinance”	means the Personal Data (Privacy) Ordinance (Laws of Hong Kong Cap. 486);
“Poor Bidder”	means, with respect to an Auction Portfolio, any Bidder who submitted a Bid the value of which is lower than (1) the value of the Successful Bid less (2) the value determined by OTC Clear to be the riskiness of such Auction Portfolio, calculated by reference to the hypothetical Initial Margin of such Auction Portfolio determined by OTC Clear in its sole and absolute discretion as at the latest practicable time before the commencement of the Auction for such Auction Portfolio assuming that the Contracts forming part of such Auction Portfolio were all booked into a single separate hypothetical position account;
“Porting AET Contract”	means, in respect of a Porting Client of a Defaulting Clearing Member in respect of which an Automatic Early Termination Event has occurred, any Affected AET Contract that was recorded in the relevant Client Position Account immediately prior to the occurrence of that Automatic Early Termination Event and which had a scheduled Termination Date or Settlement Date that would have fallen on or after the relevant porting being completed;

“Porting Client”	has the meaning given to it in Clearing Rule 1708;
“Porting Instruction”	means the instructions to OTC Clear, in such form as OTC Clear may require from time to time, provided by a Client, its original Clearing Member and the Replacement Clearing Member appointed by such Client, which evidence the consent of all parties thereto to: <ul style="list-style-type: none"> (1) if a DMP Event (other than an Automatic Early Termination Event) occurs with respect to the original Clearing Member, terminate all Affected Contracts registered in the name of the original Clearing Member in respect of the Client Position Account relating to such Client and re-establishing the same with the Replacement Clearing Member; or (2) if an Automatic Early Termination Event occurs with respect to the original Clearing Member, enter into new Contracts with the Replacement Clearing Member on the same terms as the Porting AET Contracts for such Client;
“Position Account”	means a Client Position Account or House Position Account;
“Position Account Cum MTM(t)”	means, with respect to each Position Account and each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of Currency Cum MTM(t) in all currencies payable on such Position Account;
“Position Account Gain”	means, with respect to each Position Account Gainer and an OTC Clear Clearing Day during the Loss Distribution Period, the amount of positive Position Account Cum MTM in respect of such Position Account Gainer on such OTC Clear Clearing Day;
“Position Account Gainer”	means, with respect to any OTC Clear Clearing Day during the Loss Distribution Period, each Position Account of a Non-Defaulting Clearing Member in respect of which the value of the Position Account Cum MTM on such OTC Clear Clearing Day is greater than zero;
“Position Account Loser”	means, with respect to any OTC Clear Clearing Day during the Loss Distribution Period, each Position Account of a Non-Defaulting Clearing Member in respect of which the value of the Position Account Cum MTM on such OTC Clear Clearing Day is equal to or less than zero;
“Position Limit”	means, with respect to a Clearing Member, an Account Limit and/or an Absolute Risk Limit, whether in relation to its House Position Account or Client Position Account(s) relating to such Clearing Member as described in section 4.6.1 of the Clearing Procedures;
“Preliminary Available Resources”	has the meaning given to it in Clearing Rule 1913;
“RAP”	means, in respect of each Auction Portfolio, the risk allocation percentage determined by OTC Clear and assigned to such Auction

	Portfolio representing the risk that such Auction Portfolio bears to the aggregate risk of the Auction Book;
“Rates and FX Assessments”	means an amount determined by OTC Clear in accordance with section 6.1.2 of the Clearing Procedures;
“Rates and FX Clearing Services”	means Rates Derivatives Clearing Services and FX Derivatives Clearing Services together;
“Rates and FX Clearing System”	means the IT system managed by OTC Clear and providing Clearing Members with technical access to the Rates and FX Clearing Service;
“Rates and FX Clearing Termination Event”	has the meaning given to it in Clearing Rule 1530;
“Rates and FX Contribution”	means, with respect to each Clearing Member, the Collateral that has been provided by such Clearing Member as contribution to the Rates and FX Guarantee Fund or Rates and FX Assessments pursuant to Clearing Rule 1502;
“Rates and FX Contribution Balance”	means, with respect to each Clearing Member, the aggregate value of its Rates and FX Contribution, which is subject to application in accordance with Chapter 13, Chapter 15 and Chapter 19 of these Clearing Rules;
“Rates and FX Contribution Determination Date”	means each of the days referred to in Clearing Rule 1503;
“Rates and FX Contribution Excess”	means, in relation to a Clearing Member, the amount (if any) by which its Rates and FX Contribution Balance exceeds its Rates and FX Liability;
“Rates and FX Guarantee Fund”	means, at any given time, the aggregate value of all CM Funded Contribution Amounts at such time;
“Rates and FX Guarantee Resources”	means the aggregate of the Rates and FX Guarantee Fund, Rates and FX Assessments and OTC Clear Contribution;
“Rates and FX Liability”	means, in respect of a Clearing Member, the aggregate of its CM Funded Contribution Amount and, if demanded in accordance with Clearing Rule 1507, its CM Unfunded Contribution Amount;
“Rates and FX Loss”	has the meaning given to it in Clearing Rule 1515;
“Rates and FX Minimum Contribution Amount”	means the amount set out in section 6.1.1(i) of the Clearing Procedures;
“Rates Derivatives”	means Standard Rates Derivatives, Standard Cross-currency Rates Derivatives and Non Deliverable Rates Derivatives together;

“Rates Derivatives Clearing Services”	means the service provided by OTC Clear in respect of clearing Rates Derivatives transaction in the over-the-counter derivatives market in accordance with the Clearing Documentation;
“Rates Derivatives Contract”	means a Contract relating to Rates Derivatives;
“Receiving Clearing Member”	has the meaning given to it in Clearing Rule 2001;
“recognized exchange controller”	has the same meaning as in the SFO;
“Registration Time”	means, with respect to each Contract, the time shown in the “OTC Clear Trade Report (Report Number TDRP01, TDRP02 or TDRP11)” in respect of a House Position Account or Report Number TDRP01_C, TDRP02_C or TDRP11_C in respect of a Client Position Account) as the “Registration Time”;
“Regulated Exchange”	means any exchange or similar body duly authorized, regulated, recognized or licensed (to the extent necessary) under Applicable Laws in any jurisdiction, including, but not limited to, any recognized exchange company, recognized investment exchange, recognized overseas investment exchange, designated investment exchange, designated contract market, exempt commercial market, regulated market, alternative trading system, multilateral trading facility or similar entity;
“Regulatory Authority”	means any governmental authority which exercises a regulatory or supervisory function under the laws of any jurisdiction in relation to financial services, the financial markets, Regulated Exchanges or Clearing Organizations (including, without limitation, the SFC, any Person given powers under the SFO, the HKMA and the Financial Secretary of Hong Kong);
“Regulatory Capital Requirement”	means any requirement regarding capitalization, solvency, liquidity or similar financial requirement with which an entity is required to comply under Applicable Laws, and for the avoidance of doubt includes the (1) Financial Resources Rules for Licensed Corporations; and (2)(a) Part XVIA and the Seventh Schedule (section 6) of the Banking Ordinance and (b) the Banking (Capital) Rules (Laws of Hong Kong Cap. 155L) for Authorized Institutions incorporated in Hong Kong;
“Relevant Clearing Member”	has the meaning given to it in Clearing Rule 1317;
“Relevant CM Contract”	has the meaning given to it in Clearing Rule 1319;
“relevant proportion of the OTC Clear First Contribution”	means, with respect to an Auction Portfolio, the product of (1) RAP of such Auction Portfolio and (2) the OTC Clear First Contribution determined immediately prior to the commencement of the relevant

	Auction;
“relevant proportion of the OTC Clear Second Contribution”	means, with respect to an Auction Portfolio, the product of (1) RAP of such Auction Portfolio and (2) the OTC Clear Second Contribution determined immediately prior to the commencement of the relevant Auction;
“relevant proportion of the Rates and FX Assessments”	means, with respect to each Non-Defaulting Clearing Member and an Auction Portfolio, the product of (1) RAP of such Auction Portfolio and (2) the CM Unfunded Contribution Amount of such Non-Defaulting Clearing Member determined immediately prior to the commencement of the relevant Auction;
“relevant proportion of the Rates and FX Guarantee Fund”	means, with respect to each Non-Defaulting Clearing Member and an Auction Portfolio, the product of (1) RAP of such Auction Portfolio and (2) the CM Funded Contribution Amount of such Non-Defaulting Clearing Member determined immediately prior to the commencement of the relevant Auction;
“Remaining Balance”	has the meaning given to it in Clearing Rule 1534(1);
“Remaining Non-Porting Client Deficit”	has the meaning given to it in Clearing Rule 1306A(4);
“Remotely Regulated Entity”	has the meaning given to it in Clearing Rule 401(4)(b);
“Replacement Clearing Member”	means, in relation to Client Clearing Services, the Clearing Member appointed by a Client who will be acting as a replacement Clearing Member in the event of the occurrence of an Event of Default with respect to such Client’s original Clearing Member, and as notified to OTC Clear;
“Representative”	means any Person that carries out or is responsible for (or purports to carry out or be responsible for) any of the functions of another Person, including without limitation any director, partner, officer, executive, employee, Affiliate, Client, contractor or agent of that other Person;
“Resignation Effective Date”	has the meaning given to it in Clearing Rule 604;
“Risk Management Committee”	means the risk management committee established by OTC Clear whose main function is to manage the risk that is, or may be, assumed by OTC Clear in respect of its provision of the Rates and FX Clearing Services;
“RLB”	means a “restricted licence bank” which has the same meaning as in the Banking Ordinance;
“Routine Intra-day VM Call”	has the meaning given to it in section 4.4.2 of the Clearing Procedures;
“Routine Intra-day	means, with respect to a Clearing Member, any Collateral provided

Variation Margin	by such Clearing Member to OTC Clear for purposes of satisfying its Routine Intra-day VM Call;
“Rule-Based Clearing Member”	means a Clearing Member who is incorporated in Hong Kong and who only provides Client Clearing Services through its Hong Kong head office, or a Clearing Member incorporated in other suitable jurisdictions as notified by OTC Clear from time to time;
“Security Deed”	means a security deed or similar instrument (that is in form and substance satisfactory to OTC Clear) entered into by a Non Rule-Based Clearing Member in favour of its Clients(s) in respect of any relevant Client Entitlements under which such Clearing Member charges, assigns and agrees to assign absolutely to its Client(s) its rights, title and interest (present and future) in and to the Contracts booked in its Client Position Account(s) designated by the Clearing Member for such Client(s) and the Collateral standing to the credit of the corresponding Client Collateral Account(s) to such Client(s) as security for the amounts owing to such Client(s) under the relevant Client Clearing Agreement(s);
“Senior Tranche”	has the meaning given to it in Clearing Rule 1914(4)(c);
“SFC”	means the Securities and Futures Commission which was established under the repealed Securities and Futures Commission Ordinance (Laws of Hong Kong Cap. 24) and whose existence continued by virtue of section 3(1) of the SFO or any other body which assumes in whole or in part the powers and functions of the Securities and Futures Commission and has jurisdiction over OTC Clear under the SFO;
“SFO”	means the Securities and Futures Ordinance (Laws of Hong Kong Cap. 571);
“Special Default Account”	means the book-keeping account of OTC Clear for the purpose of recording the notional portfolio of trades the economic terms of which is the same as the portfolio of Contracts registered in the name of a Defaulting Clearing Member immediately prior to the occurrence of an Automatic Early Termination Event or delivery of a Notice of Default, but excluding any Affected Contract registered in the name of such Defaulting Clearing Member which have been successfully ported in accordance with Chapter 17 of these Clearing Rules. For the avoidance of doubt, if a DMP Event has occurred with respect to more than one Clearing Member, and the relevant Default Management Processes are continuing, there will be one notional portfolio created on the Special Default Account for each relevant Defaulting Clearing Member;
“Sponsored Settlement Member” or “SSM”	means a Client Clearing Category 1 Client of a Clearing Member that has been admitted by OTC Clear to be a sponsored settlement member of such Clearing Member in accordance with Clearing Rule 7A02 and that has not been terminated as a sponsored settlement member in accordance with Clearing Rule 7A04 or 7A05;

“SSM Eligibility Criteria”	has the meaning given to it in Clearing Rule 7A02;
“SSM Payment Amount”	means, in respect of a Sponsored Settlement Member and OTC Clear, any payment by or to the relevant Clearing Member in respect of Variation Margin (other than Routine Intra-day Variation Margin), coupon payments of a Standard Rates Derivatives Contract, a Standard Cross-currency Rates Derivatives Contract and a Non Deliverable Rates Derivatives Contract, settlement amounts due in respect of an FX Derivatives Contract, and the Initial Exchange Amount and the Final Exchange Amount of a Standard Cross-currency Rates Derivatives Contract, relating to the Client Account in respect of the Sponsored Settlement Member, and other amounts as may be specified by OTC Clear in Clearing Notices issued from time to time to be payable by a Sponsored Settlement Member on behalf of the relevant Clearing Member to OTC Clear, or payable by OTC Clear to such Sponsored Settlement Member;
“Standard Cross-currency Rates Derivatives”	means the types of derivative transactions satisfying the Product Eligibility Requirements for Standard Cross-currency Rates Derivatives set out in section 3.4 of the Clearing Procedures;
“Standard Cross-currency Rates Derivatives Contract”	means a Contract relating to Standard Cross-currency Rates Derivatives;
“Standard Cross-currency Rates Derivatives Contract Terms”	has the meaning given to it in Clearing Rule 2501;
“Standard Rates Derivatives”	means the types of derivative transactions satisfying the Product Eligibility Requirements for Standard Rates Derivatives set out in section 3.4 of the Clearing Procedures;
“Standard Rates Derivatives Contract”	means a Contract relating to Standard Rates Derivatives;
“Standard Rates Derivatives Contract Terms”	has the meaning given to it in Clearing Rule 2201;
“Successful Bid”	means a Bid that has been accepted by OTC Clear pursuant to Clearing Rule 1912 and the Clearing Procedures;
“Successful Bidder”	means a Bidder of a Successful Bid;
“SWIFT”	means the secured messaging services platform and interface software provided by the Society for Worldwide Interbank Financial Telecommunication;
“t”	means an OTC Clear Clearing Day t;

“t-1”	means the OTC Clear Clearing Day preceding OTC Clear Clearing Day t;
“Tax”	means any present or future tax, levy, impost, duty, charge, assessment, or fee of any nature (including interest, penalties, and additions thereto) that is imposed by any Governmental Authority or taxing authority;
“Tax Information Exchange Framework”	means: <ol style="list-style-type: none"> (1) sections 1471 to 1474 of the United States Internal Revenue Code of 1986, as amended (the “Code”) or any similar or successor legislation introduced by the United States; (2) any agreement described in section 1471(b) of the Code; (3) any regulations or guidance pursuant to any of the foregoing; (4) any official interpretations of any of the foregoing; (5) any intergovernmental agreement (an “IGA”) to facilitate the implementation of any of the foregoing; or (6) any law implementing an IGA;
“THB”	means the lawful currency of the Kingdom of Thailand;
“The Hong Kong Observatory”	means a government department of Hong Kong which is responsible for forecasting weather and issuing warnings on weather-related hazards;
“Total Available Resources”	has the meaning given to it in Clearing Rule 1516;
“Total Gains(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of all Position Account Gains in respect of all Position Account Gainers on such OTC Clear Clearing Day t;
“Total Position Accounts Cum MTM(t)”	means, with respect to any OTC Clear Clearing Day t during the Loss Distribution Period, the sum of Total Position Accounts Currency Cum MTM(t) in all currencies;
“Total Position Accounts Currency Cum MTM(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of the Total Position Accounts Currency MTM for each OTC Clear Clearing Day from (from including) the DMP Day to (and including) such OTC Clear Clearing Day t;
“Total Position Accounts Currency MTM(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of Currency MTM Chg(t) in respect of all Position Accounts of all Non-Defaulting Clearing Members;
“triReduce® OTC Clear Compression”	means a protocol on compression of cleared trades to be established between TriOptima AB, OTC Clear, and the relevant

Protocol	Clearing Members;
Tranche	has the meaning given to it in Clearing Rule 1914(4)(c);
Transaction Category	<p>means any of the following:</p> <ol style="list-style-type: none"> (1) Standard Rates Derivatives Contract – single currency interest rate swap denominated in USD; (2) Standard Rates Derivatives Contract – single currency interest rate swap denominated in EUR; (3) Standard Rates Derivatives Contract – single currency interest rate swap denominated in HK dollars; (4) Standard Rates Derivatives Contract – single currency interest rate swap denominated in CNY (offshore); (5) Standard Rates Derivatives Contract – single currency basis swap denominated in USD; (6) Standard Rates Derivatives Contract – single currency basis swap denominated in EUR; (7) Standard Rates Derivatives Contract – single currency basis swap denominated in HK dollars; (8) Standard Cross-currency Rates Derivatives Contract – cross currency interest rate swap denominated in CNY (offshore) and USD; (9) Standard Cross-currency Rates Derivatives Contract – cross currency basis swap denominated in CNY (offshore) and USD; (10) Standard Cross-currency Rates Derivatives Contract – cross currency interest rate swap denominated in HK dollars and USD; (11) Standard Cross-currency Rates Derivatives Contract – cross currency basis swap denominated in HK dollars and USD; (12) Non Deliverable Rates Derivatives Contract denominated in CNY; (13) Non Deliverable Rates Derivatives Contract denominated in INR; (14) Non Deliverable Rates Derivatives Contract denominated in KRW; (15) Non Deliverable Rates Derivatives Contract denominated in MYR; (16) Non Deliverable Rates Derivatives Contract denominated in THB; (17) Non Deliverable Rates Derivatives Contract denominated

	<p>in TWD;</p> <p>(18) Non Deliverable FX Derivatives Contract denominated in CNY;</p> <p>(19) Non Deliverable FX Derivatives Contract denominated in INR;</p> <p>(20) Non Deliverable FX Derivatives Contract denominated in KRW;</p> <p>(21) Non Deliverable FX Derivatives Contract denominated in TWD;</p> <p>(22) Deliverable FX Forward Contract denominated in CNY (offshore) and USD;</p> <p>(23) Deliverable FX Forward Contract denominated in HK dollars and USD;</p> <p>(24) Deliverable FX Swap Contract denominated in CNY (offshore) and USD; and</p> <p>(25) Deliverable FX Swap Contract denominated in HK dollars and USD;</p>
"Transaction Data"	means, in respect of an Original Transaction, the economic terms relating to such Original Transaction as designated by the Clearing Member(s) or Client(s) to such Original Transaction;
"Transaction Register"	means any database available to OTC Clear for retrieval of records of Contracts;
"Transferor Clearing Member"	has the meaning given to it in Clearing Rule 825;
"Transferee Clearing Member"	has the meaning given to it in Clearing Rule 825;
"TWD"	means the lawful currency of the Republic of China;
"U.S. Person"	has the same meaning as is given to that term by the CFTC;
"USD"	means the lawful currency of the United States of America;
"Unpaid Amounts"	any amounts that became payable in respect of Contracts recorded in a Defaulting Clearing Member's House Position Account or Client Position Accounts on or prior to such DMP Event and which remain unpaid as at the completion of a successful Auction or the occurrence of a Contract Termination Event (as applicable) in respect of all Auction Portfolios relating to such DMP Event (excluding, for the avoidance of doubt, any Unsettled VM Amounts);
"Unsettled VM Amount"	means, in respect of a Position Account and: <p>(a) in respect of each Auction Contract relating to that Position Account;</p>

	<p>(1) the net present value of that Auction Contract as determined by OTC Clear pursuant to Chapter 5 of the Clearing Procedures on the date on which that Auction Contract is registered to a Successful Bidder; minus</p> <p>(2) the aggregate net Variation Margin settled by or with the relevant Defaulting Clearing Member in respect of the Contract with the relevant Defaulting Clearing Member corresponding to that Auction Contract up to but excluding the date on which that Auction Contract is registered to a Successful Bidder; and</p> <p>(b) in respect of each Auction Failed Position relating to that Position Account:</p> <p>(1) the net present value of that Auction Failed Position as determined by OTC Clear pursuant to Chapter 5 of the Clearing Procedures as of the last End-of Day Settlement Process immediately preceding the relevant Final Settlement Cycle Determination Date; minus</p> <p>(2) the aggregate net Variation Margin settled by or with the relevant Defaulting Clearing Member in respect of the Contract with the relevant Defaulting Clearing Member corresponding to that Auction Failed Position as of the last End-of Day Settlement Process immediately preceding the relevant Final Settlement Cycle Determination Date;</p>
“Unwind Proposal”	means, in relation to a Multilateral Compression Cycle, a proposal produced by a Compression Service Provider which may comprise a combination of termination of Eligible Compression Contracts, amendment to the terms thereof and/or replacement with new Contracts, as the case may be;
“Variation Margin”	means, in respect of each House Position Account and each Client Position Account of a Clearing Member, the aggregate amount (including any Intra-day Variation Margin) determined by OTC Clear in accordance with Clearing Rules 1206 and 1207 and the Clearing Procedures on each OTC Clear Clearing Day, which is payable to, or receivable by, the Clearing Member in respect of such Position Account;
“VM Flow Adjustment(t)”	means either the Gainer VM Flow Adjustment(t) or Loser VM Flow Adjustment(t), as applicable;
“VM Haircut(t)”	means, on each OTC Clear Clearing Day t during the Loss Distribution Period, an amount equal to the (1) VM Shortfall(t) divided by (2) Total Gains(t), expressed as a percentage figure;
“VM Reversal”	means, <p>(1) in respect of a Standard Cross-currency Rates Derivatives Contract that expires on an OTC Clear Clearing Day, the amount which would be paid by OTC Clear to a Non-</p>

	<p>Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) on such OTC Clear Clearing Day, calculated by:</p> <ul style="list-style-type: none"> (a) aggregating the amount of Variation Margin, in relation to the change in market value of Initial Exchange Amount and Final Exchange Amount, paid by such Clearing Member to OTC Clear during the term of such Standard Cross-currency Rates Derivatives Contract (excluding the amount of any Variation Margin calculated in respect of the expiry date); and (b) subtracting the aggregate amount of Variation Margin, in relation to the change in market value of Initial Exchange Amount and Final Exchange Amount, paid by OTC Clear to such Clearing Member during the term of such Standard Cross-currency Rates Derivatives Contract (excluding the amount of any Variation Margin calculated in respect of the expiry date); <p>For the avoidance of doubt, Variation Margin, in relation to the change in market value of coupons, paid or received by OTC Clear during the term of such Standard Cross-currency Rates Derivatives Contract will not form part of the VM Reversal.</p> <p>(2) in respect of a Deliverable FX Derivatives Contract that expires on an OTC Clear Clearing Day, the amount which would be paid by OTC Clear to a Non-Defaulting Clearing Member (expressed as a positive number) or by such Non-Defaulting Clearing Member to OTC Clear (expressed as a negative number) on such OTC Clear Clearing Day, calculated by:</p> <ul style="list-style-type: none"> (a) aggregating the amount of Variation Margin, in relation to the change in market value of Notional Amount, paid by such Clearing Member to OTC Clear during the term of such Deliverable FX Derivatives Contract (excluding the amount of any Variation Margin calculated in respect of the expiry date); and (b) subtracting the aggregate amount of Variation Margin, in relation to the change in market value of Notional Amount, paid by OTC Clear to such Clearing Member during the term of such Deliverable FX Derivatives Contract (excluding the amount of any Variation Margin calculated in respect of the expiry date);
<p>“VM Shortfall(t)”</p>	<p>means, in respect of OTC Clear Clearing Day t, the greater of (1) zero and (2) an amount equal to (i) Total Position Accounts Cum MTM(t) plus (ii) the Auction Transfer Costs less (iii) the Total Available Resources, each determined on such OTC Clear Clearing</p>

	Day t, but excluding any Rates and FX Assessments which have not been deposited with OTC Clear on such day;
“Voluntary Recap Amount”	has the meaning given to it in Clearing Rule 1541;
“Voluntary Recap Request Notice”	has the meaning given to it in Clearing Rule 1541;
“Web Portal”	means a user interface via which a Clearing Member can, amongst other things, lodge a request for movement of Collateral or retrieve a report; and
“Withholding Tax”	means any withholding or deduction pursuant to the Tax Information Exchange Framework.

Interpretation

102. Where the context so permits, words importing the singular number include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa.
103. The headings shall not affect the construction of these Clearing Rules.
104. Where reference is made in the Clearing Documentation to a Chapter or Clearing Rule, such reference is to the relevant Chapter or Clearing Rule of these Clearing Rules except as otherwise expressly provided in these Clearing Rules. Schedules to these Clearing Rules form part of these Clearing Rules.
105. References to any law or regulation in the Clearing Documentation shall include any rule, notice, order, guidance, example or subordinate legislation made from time to time under such law or regulation.
106. References to any law, regulation or directive in the Clearing Documentation shall be construed as references to such law, regulation or directive as in force from time to time. To the extent any liability arises under such law, regulation or directive as a result of an act or omission by a Person, the reference to such law, regulation or directive shall include any relevant law, regulation or directive which was applicable at the time of such act or omission.
107. Except as otherwise expressly provided in these Clearing Rules, a reference to these Clearing Rules include the Clearing Procedures. The Clearing Procedures supplement and form part of these Clearing Rules, and therefore, subject to Clearing Rule 108, shall take effect and shall be binding on Clearing Members. OTC Clear may from time to time issue Clearing Notices, which shall be binding on all Clearing Members.
108. In the event of any conflict between:
 - (1) any definition or provision contained in these Clearing Rules, the Clearing Procedures or any Clearing Notices, unless OTC Clear otherwise determines, the document first listed shall have precedence and shall prevail over the documents listed later, in descending order, as follows:
 - (a) these Clearing Rules;
 - (b) the Clearing Procedures; and
 - (c) the Clearing Notices.
 - (2) the Clearing Rules or the Membership Agreement on the one hand and the Client Clearing Agreement, the Security Deed or any Deed of Charge on the other, the Clearing Rules or the Membership Agreement shall prevail.
 - (3) the Client Clearing Agreement and the Security Deed, the Security Deed will prevail over the Client Clearing Agreement.
109. OTC Clear shall, at all times, act in good faith and in a commercially reasonable manner in its interpretation of these Clearing Rules. The interpretation by OTC

Clear of these Clearing Rules and Clearing Notices shall be final, conclusive and binding on all Clearing Members and the parties to all Contracts.

110. These Clearing Rules are in the English language.