

PART II MEMBERSHIP

Chapter 3 General Provisions

OTC Clear Membership

301. The OTC Clear Board shall have the power to establish categories of membership in the provision of clearing services in respect of different types of OTC Derivatives Contracts, and to attach different rights, benefits, obligations and liabilities to each category established as it may from time to time consider appropriate after consultation with the Risk Management Committee. These Clearing Rules may be expanded, or separate sets of rules and procedures may be introduced, to govern the clearing of different types of OTC Derivatives Contracts and different categories of membership.

Clearing Members

302. OTC Clear may admit Clearing Members for the clearing of FX Derivatives and/or Rates Derivatives and/or such other types of OTC Derivatives Contracts as OTC Clear may determine from time to time. OTC Clear will only register an Original Transaction and an Original Northbound Transaction if such transaction satisfies the Eligibility Requirements applicable to such transaction at the time of its submission to OTC Clear for registration, through to the Registration Time. Clearing Members may register Contracts to their House Account and, if permitted to do so under Applicable Laws and if approved by OTC Clear, and subject to the provisions in Chapter 8 and other relevant provisions of the Clearing Rules relating to client clearing, to one or more Client Accounts.

Qualification

303. To be eligible for admission as a Clearing Member, an Applicant must enter into a Membership Agreement with OTC Clear and must be able to comply, and be able to demonstrate to the satisfaction of OTC Clear the ability to comply, at all times with each of the requirements set out in Clearing Rule 401 and in Chapter 2 of the Clearing Procedures.

Applications and Approval

304. Applications for admission as a Clearing Member, or to change the types of contracts a Clearing Member may register with OTC Clear or any other conditions to which a Clearing Member is subject, shall be made in accordance with the Clearing Procedures. OTC Clear shall have the power to charge a fee for the processing of any applications.
305. Each Applicant shall provide OTC Clear with such further information as OTC Clear may require for dealing with the application.
306. The OTC Clear Board shall determine, in consultation with the Risk Management Committee (provided that such committee has been constituted), whether to approve or reject applications made under Clearing Rule 304. The decision of the OTC Clear Board shall be final and binding.
307. The OTC Clear Board in consultation with the Risk Management Committee shall give written notice of approval or rejection to each Applicant and, in the case where an application is made by an Applicant or a Clearing Member for the provision of Client Clearing Services, the OTC Clear Board in consultation with

the Risk Management Committee shall give written notice of approval or rejection to each such application.

308. Any notice of approval issued pursuant to Clearing Rule 307 may be granted subject to such conditions as the OTC Clear Board, in consultation with the Risk Management Committee (provided that such committee has been constituted), thinks fit. Applicants may be required to satisfy such conditions within a certain time period specified in the notice of approval, or on a continued basis. In the former case, Applicants must satisfy all conditions attached to their approval within the time period specified in the notice of approval (or such longer period as the OTC Clear Board may allow). In the event that an Applicant becomes a Clearing Member on the basis of a conditional approval, but fails to satisfy the relevant conditions within the time period specified, and the period for satisfaction is not extended by OTC Clear Board, OTC Clear may determine that such failure constitutes an Event of Default in accordance with Clearing Rule 1301, provided that OTC Clear shall not make such determination in the case where:
- (1) the relevant Clearing Member remedies such breach within 10 OTC Clear Business Days (the “**Conditional Approval Breach Period**”); or
 - (2) such breach continues and is existing upon the expiry of the Conditional Approval Breach Period, but the relevant Clearing Member has given notice of resignation in accordance with Clearing Rule 608 prior to the expiry of such Conditional Approval Breach Period and the related Non-Default Unwind is completed within 10 OTC Clear Business Days following the expiry of the Conditional Approval Breach Period, provided that the Clearing Member is at all relevant times in full compliance with its obligations set out in Clearing Rules 608 and 609.
309. OTC Clear may publish on its website a list of the names of the Clearing Members from time to time.