

## Chapter 9 Accounts

### Accounts

901. Each Clearing Member shall establish Position Accounts and Collateral Accounts (including Client Position Accounts and Client Collateral Accounts, if applicable) with OTC Clear in accordance with the Clearing Procedures.

### Position Accounts

902. OTC Clear shall, with respect to each Clearing Member, open one House Position Account and may open one or more Client Position Accounts, in each case, in accordance with the Clearing Documentation, where:
- (1) a **“House Position Account”** is a book-keeping account opened by a Clearing Member with OTC Clear in order to book Contracts in respect of such Clearing Member’s own account;
  - (2) a **“Client Clearing Category 1 Position Account”** is a book-keeping account opened by a Clearing Member with OTC Clear in order to book Contracts in respect of its Client Clearing Services provided to a single Client only; and
  - (3) a **“Client Clearing Category 2 Position Account”** is a book-keeping account opened by a Clearing Member with OTC Clear in order to book Contracts in respect of one or more Clients sharing the same account on an omnibus net basis, where the Contracts in respect of such Clients are recorded/booked on a gross basis and Margin in respect of Contracts in the whole Client Clearing Category 2 Position Account are calculated on a net basis in accordance with Clearing Rules 1012 to 1015.

### Collateral Accounts

903. A **“Collateral Account”** is a book-keeping account opened in the books of OTC Clear for the purpose of identifying the type(s) and amount of Collateral provided by each Clearing Member to meet its Margin requirements in respect of each of its Position Account(s). OTC Clear shall maintain:
- (1) a House Collateral Account in respect of its House Position Account;
  - (1A) a Participating Margin Collateral Account in respect of its own and all its Client’s exposure to their Standard Northbound Rates Derivatives Contracts;
  - (2) a separate Client Clearing Category 1 Collateral Account in respect of each Client Clearing Category 1 Position Account; and
  - (3) a separate Client Clearing Category 2 Collateral Account in respect of each Client Clearing Category 2 Position Account.
904. Cash Collateral provided by a Clearing Member for the purpose of satisfying its Margin requirements will be delivered by way of outright transfer and will be held by OTC Clear in accordance with the Clearing Procedures, whereas non-cash Collateral provided by a Clearing Member for the purpose of satisfying its Margin (excluding Participating Margin) requirements will be transferred to OTC Clear by way of security interest in accordance with the Clearing Procedures.

### **GF Accounts**

905. A “**GF Account**” is an account opened in the books of OTC Clear for the purpose of recording the type(s) and amount of Collateral provided by each Clearing Member in respect of its Rates and FX Liability. There will be one GF Account recorded on the books of OTC Clear in respect of each Clearing Member.
906. Collateral provided by a Clearing Member for the purposes of satisfying its Rates and FX Liability will be delivered by way of outright transfer and will be held by OTC Clear in accordance with the Clearing Procedures.

### **Multiple Client Accounts**

907. In the event that (i) more than one Client Account is established by and in respect of a Clearing Member and (ii) a Termination Date has occurred or been designated in respect of all Contracts registered in the name of such Clearing Member, subject to Clearing Rules 823(2) and 1306A in relation to the application of any excess Margin Balance to set off against losses in respect of any Client Account:
- (1) there shall not be any set-off, combination or consolidation between any of the Client Position Accounts in the name of such Defaulting Clearing Member; and
  - (2) pursuant to Clearing Rules 1306, 1306A, 1306B, 1306C and 1307, the closing out of all open positions with respect to the House Account and each Client Account shall be conducted independently and separately with respect to each such account.

### **Custody of Non-Cash Collateral**

908. OTC Clear may custody non-cash Collateral received by it for the Clearing Members on and subject to the terms of the relevant Deed of Charge.
909. OTC Clear may custody non-cash Collateral through its sub-custodian(s) (which expression shall include depository(ies)) in the following manners:
- (1) in respect of House Collateral Accounts:
    - (a) non-cash Collateral received and recorded in all the Clearing Members' House Collateral Accounts may be held in one or more commingled accounts; or
    - (b) non-cash Collateral received and recorded in a House Collateral Account may be held in a separate segregated sub-account;
  - (2) in respect of Client Clearing Category 1 Collateral Accounts:
    - (a) non-cash Collateral received and recorded in all the Clearing Members' Client Clearing Category 1 Collateral Accounts may be held in one or more commingled accounts; or
    - (b) non-cash Collateral received and recorded in a Client Clearing Category 1 Collateral Account may be held in a separate segregated sub-account; and
  - (3) in respect of Client Clearing Category 2 Collateral Accounts:

- (a) non-cash Collateral received and recorded in all the Clearing Members' Client Clearing Category 2 Collateral Accounts may be held in one or more commingled accounts; or
- (b) non-cash Collateral received and recorded in a Client Clearing Category 2 Collateral Account may be held in a separate segregated sub-account,

in each case separate from any account holding OTC Clear's own assets.