

Chapter 21C Legal Obligations

Continuing Obligations

21C01. The Special Clearing House Participant shall at all times:

- (1) adhere strictly to, and be bound by, the Clearing Link Agreement and any conditions stipulated in the notice of approval of its Participantship, agree to and accept the Clearing Documentation and undertake obligations under this Part VA with respect to the Clearing Documentation;¹
- (2) comply with the decisions, directions, directives, determinations, findings of fact and/or interpretation of OTC Clear in the exercise or performance of any right, power, privilege, discretion, function, duty or obligation conferred on it by or pursuant to the Clearing Documentation and the Clearing Link Agreement;
- (3) be validly incorporated and existing under the laws of the PRC, be in good standing and have all the necessary approvals, licences and authorisations in place for the carrying on of its business in all jurisdictions;
- (4) act in good faith in its dealings with OTC Clear;
- (5) pay when due all amounts required by OTC Clear in accordance with this Part VA, Chapter 11 of the Clearing Procedures and the Clearing Link Agreement, including without limitation, its Margin requirements and cash payment obligations, including fees, levies, duties and charges;
- (6) hold an account or accounts (as necessary) for settlement purposes as prescribed under Chapter 11 of the Clearing Procedures;
- (7) have registered with OTC Clear:
 - (a) a Person, having director, general partner, trustee or senior officer status at the Special Clearing House Participant (or a Person occupying a similar status or performing similar functions) who is authorized to act on behalf of the Special Clearing House Participant in respect of all transactions with or involving OTC Clear; and
 - (b) an alternate Person that satisfies the requirements set out in sub-paragraph (a) above and who is authorized to act on behalf of the Special Clearing House Participant in the event that the first Person is incapable or unable to act;
- (8) comply with any procedures or enter into any documentation from time to time prescribed by OTC Clear and which relate to the business of OTC Clear;
- (9) not be subject to Insolvency Proceedings;

¹ Sub-clause 4.2.2 of the Clearing Link Agreement stipulates as follows: "SHCH will become a Special Swap Connect Clearing House Participant of OTC Clear and hereby (i) agrees to and accepts the OTC Clear Rules and Procedures and (ii) undertakes obligations under the rules and procedures specifically applicable to SHCH as identified in Schedule 1B". "SHCH" and "Special Swap Connect Clearing House Participant" and "Schedule 1B" referred to in sub-clause 4.2.2 of the Clearing Link Agreement mean Interbank Market Clearing House Co., Limited, the Special Clearing House Participant and this Part VA respectively.

- (10) (a) be subject to Applicable Laws relating to money laundering and terrorist financing that requires it to undertake due diligence and identity verification measures on its clearing participants, (b) comply with all Applicable Laws relating to its status, the conduct of its business and the performance of its obligations as the Special Clearing House Participant and a central clearing counterparty in the PRC, including, for the avoidance of doubt, all Applicable Laws relating to the prevention of bribery, money laundering, financial crimes and terrorist financing and (c) not be subject to any sanctions promulgated or imposed by the United Nations or any Governmental Authority relevant to it or its clearing activities; and
- (11) be able to demonstrate, to the satisfaction of OTC Clear, the ability to comply with the above.

Transfer of Participantship

21C02. Unless the prior written approval of the OTC Clear Board (after consultation with the Risk Management Committee) has been obtained, the Participantship of the Special Clearing House Participant shall not be capable of being transferred and the Special Clearing House Participant shall not attempt to sell or transfer its Participantship.

21C03. The Special Clearing House Participant shall not pledge or mortgage, or create any trust, charge, lien or other Encumbrance over, its Participantship.

21C04. OTC Clear shall not be bound or in any way compelled to recognize (even if it has notice of the same) any purported dealing or disposition made in contravention of Clearing Rule 21C02 or 21C03.