

Chapter 21H Tax

Tax

21H01. Subject to Clearing Rule 21H03(1), in the event that any payment made by the Special Clearing House Participant to OTC Clear (other than payment in respect of income on the Collateral credited into the PRC Collateral Account) under this Part VA, Chapter 11 of the Clearing Procedures, the Inter-CCP SHCH Charge Agreement, the Clearing Link Agreement or any Contract is subject to deduction or withholding (either at the time of such payment or in the future) for or on account of any Tax and/or any Withholding Tax, then the Special Clearing House Participant shall pay to OTC Clear an amount, in addition to the payment to which OTC Clear is otherwise entitled under this Part VA, Chapter 11 of the Clearing Procedures, the Inter-CCP SHCH Charge Agreement, the Clearing Link Agreement or any Contract, necessary to ensure that the net amount actually received by OTC Clear (free and clear of any such deduction or withholding for or on account of any such Tax and/or Withholding Tax), will be equal to the full amount OTC Clear would have received in the absence of any such deduction or withholding.

21H02. Subject to Clearing Rule 21H03(2), in the event that any payment made by OTC Clear to the Special Clearing House Participant (other than payment in respect of income on the Collateral credited into the Hong Kong Collateral Account) under this Part VA, Chapter 11 of the Clearing Procedures, the Inter-CCP SHCH Charge Agreement, the Clearing Link Agreement or any Contract is subject to deduction or withholding (either at the time of such payment or in the future) for or on account of any Tax and/or any Withholding Tax, then OTC Clear shall pay to the Special Clearing House Participant an amount, in addition to the payment to which the Special Clearing House Participant is otherwise entitled under this Part VA, Chapter 11 of the Clearing Procedures, the Inter-CCP SHCH Charge Agreement, the Clearing Link Agreement or any Contract, necessary to ensure that the net amount actually received by the Special Clearing House Participant (free and clear of any such deduction or withholding for or on account of any such Tax and/or Withholding Tax), will be equal to the full amount the Special Clearing House Participant would have received in the absence of any such deduction or withholding.

21H03. In the event that:

- (1) any income on cash Collateral provided by the Special Clearing House Participant in the Hong Kong Collateral Account is subject to any Tax, OTC Clear shall pay such Tax with its own funds on behalf of the Special Clearing House Participant and provide the Special Clearing House Participant with the relevant proof of tax payment. Within 30 calendar days from receipt of such proof, the Special Clearing House Participant shall pay to OTC Clear an amount equivalent to such Tax paid by OTC Clear; and
- (2) any income on cash Collateral provided by OTC Clear in the PRC Collateral Account is subject to any Tax, the Special Clearing House Participant shall pay such Tax with its own funds on behalf of OTC Clear and provide OTC Clear with the relevant proof of tax payment. Within 30 calendar days from receipt of such proof, OTC Clear shall pay to the Special Clearing House Participant an amount equivalent to such Tax paid by the Special Clearing House Participant.

21H04. If:

- (1) the Special Clearing House Participant is required by any Applicable Law, as modified by the practice of any relevant Governmental Authority, to make any deduction or withholding from any payment made to OTC Clear under this Part VA, Chapter 11 of the Clearing Procedures or any Contract for or on account of any Tax, in respect of which the Special Clearing House Participant would be required to pay an additional amount pursuant to OTC Clear under Clearing Rule 21H01;
- (2) the Special Clearing House Participant does not so deduct or withhold; and
- (3) a liability resulting from such Tax is assessed directly against OTC Clear, then, except to the extent the Special Clearing House Participant has satisfied or then satisfies the liability resulting from such Tax, the Special Clearing House Participant will promptly pay to OTC Clear the amount of such liability (including any related liability for interest, penalties and costs).

21H05. The Special Clearing House Participant will pay any stamp, registration, documentation, excise, sales or value added Tax or any other similar Tax levied or imposed upon it or in respect of its execution or performance of any agreement, contract or transaction in connection with this Part VA and Chapter 11 of the Clearing Procedures and will indemnify OTC Clear against any such stamp, registration, documentation, excise, sales or value added Tax (to the extent that OTC Clear is not able, in OTC Clear's commercially reasonable judgment, to reclaim or recover such value added Tax) or any other similar Tax levied or imposed upon OTC Clear or in respect of OTC Clear's execution or performance of any agreement, contract or transaction in connection with this Part VA and Chapter 11 of the Clearing Procedures. Any payment required to be made by the Special Clearing House Participant to OTC Clear under this Clearing Rule 21H05 shall include an additional amount equal to any Tax levied or imposed on OTC Clear as a result of the receipt of any payment under this Clearing Rule 21H05.

21H06. The Special Clearing House Participant shall provide OTC Clear with sufficient information so as to enable OTC Clear to determine whether any payments to be made by it under this Part VA and Chapter 11 of the Clearing Procedures or any Contract are withholdable payments pursuant to the Tax Information Exchange Framework and to enable OTC Clear to meet any applicable obligations relating to the Tax Information Exchange Framework.