

## PART VI PRODUCT SPECIFIC TERMS

### Chapter 22 Product Specific Terms for Standard Rates Derivatives Contracts

#### Product Specific Terms for Standard Rates Derivatives Contracts

2201. The terms of a Standard Rates Derivatives Contract shall include the following terms (together, the “**Standard Rates Derivatives Contract Terms**”):
- (1) Clearing Rules 2203 to 2210 (the “**Interpretation Provisions**”);
  - (2) the Economic Terms; and
  - (3) the General Terms, as set out in Clearing Rules 2217 to 2227,
- each as interpreted in accordance with the Interpretation Provisions.
2202. In the event of any inconsistency between the Economic Terms and General Terms, the General Terms will prevail.

#### Interpretation

2203. The ISDA Definitions are incorporated by reference into these Standard Rates Derivatives Contract Terms. Unless otherwise specified, capitalized terms used in the Standard Rates Derivatives Contract Terms but not defined in the Clearing Documentation shall have the meanings given to them in the ISDA Definitions. In the event of any inconsistency between the ISDA Definitions and the Clearing Documentation, the Clearing Documentation will prevail.
2204. In respect of a Standard Rates Derivatives Contract denominated in CNY (offshore), the CNY (offshore) Disruption Provisions shall be incorporated by reference into the relevant Standard Rates Derivatives Contract Terms.
2205. In deriving the Economic Terms of the Standard Rates Derivatives Contract from the Transaction Data of the corresponding Original Standard Rates Derivatives Transaction, all references in the ISDA Definitions to a “**Transaction**” shall be deemed to be an “**Original Standard Rates Derivatives Transaction**”.
2206. Subject to subsequent ISDA Amendment adopted by OTC Clear pursuant to Clearing Rule 2207, the ISDA Definitions and the Standard Rates Derivatives Contract Terms applicable to a Standard Rates Derivatives Contract shall be those applicable as at the Registration Time of such Standard Rates Derivatives Contract.
2207. In case of any amendment to the ISDA Definitions, or publication of any supplement, annex or protocol by ISDA relating to the ISDA Definitions or amendment to the CNY (offshore) Disruption Provisions (each an “**ISDA Amendment**”), OTC Clear may, in its sole discretion, determine whether any such ISDA Amendment should be adopted for the purpose of interpreting or implementing the Standard Rates Derivatives Contract Terms, the manner of any such adoption and when such adoption shall take effect, and notify all Clearing Members of the same. Any non-receipt of such notice by Clearing Members shall not invalidate the effectiveness of the adoption of ISDA Amendment by OTC Clear.
2208. In respect of any adoption of ISDA Amendment by OTC Clear, such adopted ISDA Amendment shall govern the Standard Rates Derivatives Contract Terms of each Standard Rates Derivatives Contract then registered with OTC Clear, and any prospective payment obligations arising out of each such Standard Rates Derivatives Contract shall be construed accordingly.

- 2208A. For the avoidance of doubt, the ISDA Definitions shall govern the Standard Rates Derivatives Contract Terms of each Standard Rates Derivatives Contract then registered with OTC Clear, and any prospective payment obligations arising out of each such Standard Rates Derivatives Contract shall be construed accordingly. Any reference to a Rate Option defined in the 2006 ISDA Definitions as set out in Appendix VI to the Clearing Procedures shall be deemed to be a reference to the equivalent Floating Rate Option as defined in the ISDA Definitions as set out opposite each such Rate Option.
2209. The Standard Rates Derivatives Contract Terms supplement, form part of, and are subject to these Clearing Rules. In the event of any inconsistency between the Standard Rates Derivatives Contract Terms and these Clearing Rules, these Clearing Rules will prevail.
2210. Except where expressly stated otherwise, all reference to “**Sections**” means Sections in the ISDA Definitions.

### **Economic Terms**

2211. The Economic Terms of a Standard Rates Derivatives Contract are derived from the Transaction Data relating to the corresponding Original Standard Rates Derivatives Transaction. The Original Standard Rates Derivatives Transaction submitted to OTC Clear for registration must include information that satisfies each of the Economic Terms fields set out in Clearing Rule 2212.
2212. The Economic Terms fields comprise:
- (1) Notional Amount (see Section 4.4.2 of the ISDA Definitions);
  - (2) Currency (see Section 2.4.1 of the ISDA Definitions);
  - (3) Trade Date (see Section 3.1.1 of the ISDA Definitions);
  - (4) Effective Date (see Section 3.1.2 of the ISDA Definitions);
  - (5) Termination Date (see Section 3.1.3 of the ISDA Definitions);
  - (6) Additional Payments/Fees:
    - (a) the Payer of the Additional Payments/Fees (if applicable);
    - (b) the amount of the Additional Payments/Fees (specify zero if none);
    - (c) the Additional Payments/Fees dates (if applicable);
  - (7) Business Days (see Section 2.1.1 of the ISDA Definitions);
  - (8) Business Day Convention (see Section 2.3 of the ISDA Definitions);
  - (9) Where Fixed Rate – Floating Rate Swap:
    - (a) Fixed Amount (see Section 5.1.3 of the ISDA Definitions);
    - (b) Fixed Amount Payer Payment Dates;
    - (c) Fixed Amount Payer Delayed Payment and a period of days (if applicable) (see Section 3.1.9 of the ISDA Definitions);
    - (d) Fixed Rate and Fixed Rate Day Count Fraction;
    - (e) Floating Amount Payer (see Section 6.1.2 of the ISDA Definitions);
    - (f) Floating Amount Payer Payment Dates;
    - (g) Floating Amount Payer compounding dates (if applicable);

- (h) Floating Rate Option (see Section 6.5.1 of the ISDA Definitions);
  - (i) Floating Amount Payer Delayed Payment and a period of days (if applicable) (see Section 3.1.9 of the ISDA Definitions);
  - (j) Designated Maturity (see Section 6.7.4 of the ISDA Definitions) (if applicable);
  - (k) Linear Interpolation (see Section 6.10.1 of the ISDA Definitions), Shorter Designated Maturity and Longer Designated Maturity (see Section 6.10.2 of the ISDA Definitions) (if applicable);
  - (l) Spread (if applicable) (see Section 6.5.4 of the ISDA Definitions);
  - (m) Reset Dates (see Section 6.5.5 of the ISDA Definitions);
  - (n) Floating Rate Day Count Fraction (see Section 6.5.3 of the ISDA Definitions);
  - (o) Floating Rate (if applicable) (see Section 6.3.1 of the ISDA Definitions);
- (10) Where Floating Rate – Floating Rate Swap (“**basis**” swap):
- (a) Floating Amount Payer 1 (see Section 6.1.2 of the ISDA Definitions):
    - (A) Floating Amount Payer Payment Dates;
    - (B) Floating Amount Payer compounding dates (if applicable);
    - (C) Floating Rate Option (see Section 6.5.1 of the ISDA Definitions);
    - (D) Floating Amount Payer Delayed Payment and a period of days (if applicable) (see Section 3.1.9 of the ISDA Definitions);
    - (E) Designated Maturity (see Section 6.7.4 of the ISDA Definitions);
    - (F) Linear Interpolation (see Section 6.10.1 of the ISDA Definitions), Shorter Designated Maturity and Longer Designated Maturity (see Section 6.10.2 of the ISDA Definitions) (if applicable);
    - (G) Spread (if applicable) (see Section 6.5.4 of the ISDA Definitions);
    - (H) Reset Dates (see Section 6.5.5 of the ISDA Definitions);
    - (I) Floating Rate Day Count Fraction (see Section 6.5.3 of the ISDA Definitions);
    - (J) Floating Rate (if applicable) (see Section 6.3.1 of the ISDA Definitions);
  - (b) Floating Amount Payer 2 (see Section 6.1.2 of the ISDA Definitions):
    - (A) Floating Amount Payer Payment Dates;
    - (B) Floating Amount Payer compounding dates (if applicable);
    - (C) Floating Rate Option (see Section 6.5.1 of the ISDA Definitions);
    - (D) Floating Amount Payer Delayed Payment and a period of days (if applicable) (see Section 3.1.9 of the ISDA Definitions);
    - (E) Designated Maturity (see Section 6.7.4 of the ISDA Definitions);

- (F) Linear Interpolation (see Section 6.10.1 of the ISDA Definitions), Shorter Designated Maturity and Longer Designated Maturity (see Section 6.10.2 of the ISDA Definitions) (if applicable);
- (G) Spread (if applicable) (see Section 6.5.4 of the ISDA Definitions);
- (H) Reset Dates (see Section 6.5.5 of the ISDA Definitions);
- (I) Floating Rate Day Count Fraction (see Section 6.5.3 of the ISDA Definitions);
- (J) Floating Rate (if applicable) (see Section 6.3.1 of the ISDA Definitions); and

(11) Details of the relevant financial center(s) must be indicated in the Original Standard Rates Derivatives Transaction.

2213. Pursuant to Clearing Rule 806(1), if Clearing Member 1 was the party paying a rate ("**Rate A**") to, and receiving a rate ("**Rate B**") from, Clearing Member 2, and Clearing Member 2 was the party paying Rate B to, and receiving Rate A from, Clearing Member 1 under an Original Standard Rates Derivatives Transaction, then upon registration of the same as two Standard Rates Derivatives Contracts between OTC Clear and each of Clearing Member 1 and Clearing Member 2, and when deriving the relevant Economic Terms relating to any Floating Amount Payer and/or Fixed Amount Payer from the Transaction Data of the corresponding Original Standard Rates Derivatives Transaction, the terms shall be derived such that OTC Clear will pay Rate A to, and receive Rate B from, Clearing Member 2 and pay Rate B to, and receive Rate A from, Clearing Member 1.

2214. Pursuant to Clearing Rule 806(2), if the Relevant Client was the party paying a rate ("**Rate A**") to, and receiving a rate ("**Rate B**") from, Clearing Member 4, and Clearing Member 4 was the party paying Rate B to, and receiving Rate A from, the Relevant Client under an Original Standard Rates Derivatives Transaction, then upon registration of the same as two Standard Rates Derivatives Contracts between OTC Clear and Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client) and Clearing Member 4 (in respect of its House Position Account), and when deriving the relevant Economic Terms relating to any Floating Amount Payer and/or Fixed Amount Payer from the Transaction Data of the corresponding Original Standard Rates Derivatives Transaction, the terms shall be derived such that OTC Clear will pay Rate A to, and receive Rate B from, Clearing Member 4 (in respect of its House Position Account) and pay Rate B to, and receive Rate A from, Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client).

If, pursuant to Clearing Rule 806(2)(c), Clearing Member 3 and Clearing Member 4 are the same Clearing Member, then OTC Clear will pay Rate A to, and receive Rate B from, such Clearing Member's House Position Account, and will pay Rate B to, and receive Rate A from, such Clearing Member's Client Position Account relating to the Relevant Client.

2215. Pursuant to Clearing Rule 806(3), if Client 1 was the party paying a rate ("**Rate A**") to, and receiving a rate ("**Rate B**") from, Client 2, and Client 2 was the party paying Rate B to, and receiving Rate A from, Client 1 under an Original Standard Rates Derivatives Transaction, then upon registration of the same as two Standard Rates Derivatives Contracts between OTC Clear and Clearing Member 5 (in respect of its Client Position Account relating to Client 1) and Clearing Member 6 (in respect of its Client Position Account relating to Client 2), and when deriving the relevant Economic Terms relating to any Floating Amount Payer and/or Fixed Amount Payer from the Transaction Data of the corresponding Original Standard Rates Derivatives Transaction, the terms shall be derived such that OTC Clear will pay Rate A to, and

receive Rate B from, Clearing Member 6 (in respect of its Client Position Account relating to Client 2) and pay Rate B to, and receive Rate A from, Clearing Member 5 (in respect of its Client Position Account relating to Client 1).

If, pursuant to Clearing Rule 806(3)(c), Clearing Member 5 and Clearing Member 6 are the same Clearing Member, then OTC Clear will pay Rate A to, and receive Rate B from, such Clearing Member's Client Position Account relating to Client 2, and will pay Rate B to, and receive Rate A from, such Clearing Member's Client Position Account relating to Client 1.

### **General Terms**

2216. Clearing Rules 2217 to 2227 are designated as General Terms of a Standard Rates Derivatives Contract.

### **Clearing Rules**

2217. A Standard Rates Derivatives Contract shall be subject to the Clearing Rules, which shall form a part of its terms. In the event of any inconsistency between these Contract Terms and the Clearing Rules, the Clearing Rules will prevail.

### **Economic and Monetary Union (EMU) Provisions**

2218. The occurrence or non-occurrence of an event associated with EMU will not alter, discharge or excuse the obligation of a party under a Standard Rates Derivatives Contract, where "**an event associated with EMU**" include those set out in the "**EMU Continuity Provisions**" published by ISDA.

2219. In case of the occurrence of an event associated with EMU, OTC Clear may, in its sole discretion determine whether any changes to the Standard Rates Derivatives Contract Terms are necessary, and whether such changes shall take immediate or deferred effect.

2220. OTC Clear will notify Clearing Members of its decision to implement any changes to the Standard Rates Derivatives Contract Terms as a result of the occurrence of an event associated with EMU, and the time at which such changes will take effect. OTC Clear may deem any such changes to be effective from the time an event associated with EMU occur.

2221. Any non-receipt of such notice by Clearing Members, shall not invalidate the effectiveness of changes made to the Standard Rates Derivatives Contract Terms by OTC Clear.

### **Floating Negative Interest Rates**

2222. Notwithstanding Section 6.8.1 of the ISDA Definitions, "**Floating Negative Interest Rate Method**" will be deemed to apply to a Standard Rates Derivatives Contract, and Sections 6.8.2 and 6.8.3 of the ISDA Definitions will apply to a Standard Rates Derivatives Contract.

2223. [DELETED]

### **Rounding**

2224. Section 4.8 of the ISDA Definitions will apply to a Standard Rates Derivatives Contract.

### **Tax Provisions**

2225. Chapter 11 of these Clearing Rules shall form part of the Standard Rates Derivatives Contract Terms as if they were set out in full herein.

### **Calculation Agent**

2226. OTC Clear shall be deemed the Calculation Agent in respect of each Standard Rates Derivatives Contract.

**Governing Law**

2227. Each Standard Rates Derivatives Contract shall be governed by and construed in accordance with the laws of Hong Kong and the parties irrevocably agree for the benefit of OTC Clear that the courts of Hong Kong shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. Each Clearing Member hereto irrevocably submits to such jurisdiction and agrees to waive any objection it might otherwise have to such jurisdiction, save that this submission to the jurisdiction of the courts of Hong Kong shall not (and shall not be construed so as to) limit the right of OTC Clear to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude OTC Clear from taking action in any other jurisdiction, whether concurrently or not.