

Chapter 26 Product Specific Terms for Deliverable FX Derivatives Contracts

Product Specific Terms for Deliverable FX Derivatives Contracts

2601. The terms of a Deliverable FX Forward Contract and a Deliverable FX Swap Contract shall include the following terms (the “**Deliverable FX Forward Contract Terms**” and “**Deliverable FX Swap Contract Terms**” respectively):

- (1) Clearing Rules 2603 to 2610 (the “**Interpretation Provisions**”);
 - (2) the Economic Terms; and
 - (3) the General Terms, as set out in Clearing Rules 2617 to 2621,
- each as interpreted in accordance with the Interpretation Provisions.

2602. In the event of any inconsistency between the Economic Terms and the General Terms, the General Terms will prevail.

Interpretation

2603. Section 4.8 of the ISDA Definitions and the FX Definitions (Section 4.8 of the ISDA Definitions and the FX Definitions together, the “**ISDA FX Definitions**”) are incorporated by reference into these Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms. Unless otherwise specified, capitalized terms used in the Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms but not defined in the Clearing Documentation shall have the meanings given to them in the ISDA FX Definitions. In the event of any inconsistency between the ISDA FX Definitions and the Clearing Documentation, the Clearing Documentation will prevail.

2604. In respect of a Deliverable FX Forward Contract or Deliverable FX Swap Contract with one of the notional amounts denominated in CNY (offshore), the CNY (offshore) Disruption Provisions shall be incorporated by reference into the relevant Deliverable FX Forward Contract Terms or Deliverable FX Swap Contract Terms respectively.

2605. In deriving the Economic Terms of the Deliverable FX Forward Contract or Deliverable FX Swap Contract, as the case may be, from the Transaction Data of the corresponding Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction respectively, all references in the ISDA FX Definitions to an “**FX Transaction**” shall be deemed to be references to an “**Original Deliverable FX Forward Transaction**” or “**Original Deliverable FX Swap Transaction**” respectively.

2606. Subject to subsequent ISDA FX Deliverables Amendment adopted by OTC Clear pursuant to Clearing Rule 2607, the ISDA FX Definitions and the Deliverable FX Forward Contract Terms or Deliverable FX Swap Contract Terms applicable to a Deliverable FX Forward Contract or Deliverable FX Swap Contract respectively shall be those applicable as at the Registration Time of the relevant Deliverable FX Forward Contract or Deliverable FX Swap Contract.

2607. In case of any amendment to the ISDA FX Definitions, publication of any supplement, annex or standard terms relating to the ISDA FX Definitions by ISDA, EMTA or FXC jointly or severally or publication of any supplement, annex or protocol by ISDA relating to amendment to the CNY (offshore) Disruption Provisions (each an “**ISDA FX Deliverables Amendment**”), OTC Clear may, in its sole discretion, determine whether any such ISDA FX Deliverables Amendment should be adopted for the purpose of interpreting or implementing the Deliverable FX Forward Contract Terms or Deliverable FX Swap Contract Terms, as the case may be, 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 FX Deliverables Amendment by OTC Clear.

2608. In respect of any adoption of ISDA FX Deliverables Amendment by OTC Clear, such adopted ISDA FX Deliverables Amendment shall govern the Deliverable FX Forward Contract Terms of each Deliverable FX Forward Contract and Deliverable FX Swap Contract Terms of each Deliverable FX Swap Contract, as the case may be, then registered with OTC Clear, and any prospective payment obligations arising out of each such Deliverable FX Forward Contract or Deliverable FX Swap Contract, as the case may be, shall be construed accordingly.
- 2608A. For the avoidance of doubt, Section 4.8 of the ISDA Definitions shall be incorporated by reference into the Deliverable FX Derivatives Contract Terms of each Deliverable FX Derivatives Contract then registered with OTC Clear, and any prospective payment obligations arising out of each such Deliverable FX Derivatives Contract shall be construed accordingly.
2609. The Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms supplement, form part of, and are subject to these Clearing Rules. In the event of any inconsistency between the Deliverable FX Forward Contract Terms or Deliverable FX Swap Contract Terms and these Clearing Rules, these Clearing Rules will prevail.
2610. Except where expressly stated otherwise, all reference to “**Sections**” means Sections in the ISDA FX Definitions.

Economic Terms

2611. The Economic Terms of a Deliverable FX Forward Contract and Deliverable FX Swap Contract are derived from the Transaction Data relating to the corresponding Original Deliverable FX Forward Transaction and Original Deliverable FX Swap Transaction respectively. The Original Deliverable FX Forward Transaction or Original Deliverable FX Swap Transaction submitted to OTC Clear for registration must include information that satisfies each of the relevant Economic Terms fields set out in Clearing Rule 2612.
2612. The Economic Terms fields comprise:
- (1) In respect of a Deliverable FX Forward Contract:
 - (a) Trade Date (Section 1.25 of the FX Definitions);
 - (b) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by one party and the identity of such party;
 - (c) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by another party and the identity of such party; and
 - (d) Settlement Date (Section 1.24 of the FX Definitions); and
 - (2) In respect of a Deliverable FX Swap Contract:
 - (a) Trade Date (Section 1.25 of the FX Definitions);
 - (b) In near leg:
 - (A) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by one party and the identity of such party;
 - (B) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by another party and the identity of such party; and
 - (C) Settlement Date (Section 1.24 of the FX Definitions); and

- (c) In far leg:
 - (A) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by one party and the identity of such party;
 - (B) Notional Amount (Section 1.17(a) of the FX Definitions) and currency payable by another party and the identity of such party; and
 - (C) Settlement Date (Section 1.24 of the FX Definitions).

2613. Pursuant to Clearing Rule 806(1), (1) if Clearing Member 1 was the party paying Notional Amount A to, and receiving Notional Amount B from, Clearing Member 2, and Clearing Member 2 was the party paying Notional Amount B to, and receiving Notional Amount A from, Clearing Member 1 under an Original Deliverable FX Forward Transaction, then upon registration of the same as two Deliverable FX Forward Contracts between OTC Clear and each of Clearing Member 1 and Clearing Member 2, and when deriving the relevant Economic Terms relating to the relevant payer of each of Notional Amount A and Notional Amount B from the Transaction Data of the corresponding Original Deliverable FX Forward Transaction, the terms shall be derived such that OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, Clearing Member 2 in one Deliverable FX Forward Contract and pay Notional Amount B to, and receive Notional Amount A from, Clearing Member 1 in another Deliverable FX Forward Contract; and (2) under an Original Deliverable FX Swap Transaction if (a) Clearing Member 1 was the party paying Notional Amount C to, and receiving Notional Amount D from, Clearing Member 2, and Clearing Member 2 was the party paying Notional Amount D to, and receiving Notional Amount C from, Clearing Member 1 in the near leg and (b) Clearing Member 1 was the party paying Notional Amount E to, and receiving Notional Amount F from, Clearing Member 2, and Clearing Member 2 was the party paying Notional Amount F to, and receiving Notional Amount E from, Clearing Member 1 in the far leg, then upon registration of the same as two Deliverable FX Swap Contracts between OTC Clear and each of Clearing Member 1 and Clearing Member 2, and when deriving the relevant Economic Terms relating to the relevant payer of each of Notional Amount C, Notional Amount D, Notional Amount E and Notional Amount F from the Transaction Data of the corresponding Original Deliverable FX Swap Transaction, the terms shall be derived such that (c) in one Deliverable FX Swap Contract OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, Clearing Member 2 in the near leg and pay Notional Amount E to, and receive Notional Amount F from, Clearing Member 2 in the far leg and (d) in another Deliverable FX Swap Contract OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, Clearing Member 1 in the near leg and pay Notional Amount F to, and receive Notional Amount E from, Clearing Member 1 in the far leg.

2614. Pursuant to Clearing Rule 806(2), (1) if the Relevant Client was the party paying Notional Amount A to, and receiving Notional Amount B from, Clearing Member 4, and Clearing Member 4 was the party paying Notional Amount B to, and receiving Notional Amount A from, the Relevant Client under an Original Deliverable FX Forward Transaction, then upon registration of the same as two Deliverable FX Forward Contracts between OTC Clear and each of 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 the relevant payer of each of Notional Amount A and Notional Amount B from the Transaction Data of the corresponding Original Deliverable FX Forward Transaction, the terms shall be derived such that OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, Clearing Member 4 (in respect of its House Position Account) in one Deliverable FX Forward Contract and pay Notional Amount B to, and receive Notional Amount A from, Clearing Member 3 (in respect of its Client Position Account

relating to the Relevant Client) in another Deliverable FX Forward Contract; and (2) under an Original Deliverable FX Swap Transaction if (a) the Relevant Client was the party paying Notional Amount C to, and receiving Notional Amount D from, Clearing Member 4, and Clearing Member 4 was the party paying Notional Amount D to, and receiving Notional Amount C from, the Relevant Client in the near leg and (b) the Relevant Client was the party paying Notional Amount E to, and receiving Notional Amount F from, Clearing Member 4, and Clearing Member 4 was the party paying Notional Amount F to, and receiving Notional Amount E from, the Relevant Client in the far leg, then upon registration of the same as two Deliverable FX Swap Contracts between OTC Clear and each of 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 the relevant payer of each of Notional Amount C, Notional Amount D, Notional Amount E and Notional Amount F from the Transaction Data of the corresponding Original Deliverable FX Swap Transaction, the terms shall be derived such that (c) in one Deliverable FX Swap Contract OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, Clearing Member 4 (in respect of its House Position Account) in the near leg and pay Notional Amount E to, and receive Notional Amount F from, Clearing Member 4 (in respect of its House Position Account) in the far leg and (d) in another Deliverable FX Swap Contract OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client) in the near leg and pay Notional Amount F to, and receive Notional Amount E from, Clearing Member 3 (in respect of its Client Position Account relating to the Relevant Client) in the far leg.

If, pursuant to Clearing Rule 806(2)(c), Clearing Member 3 and Clearing Member 4 are the same Clearing Member, then (3) OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, such Clearing Member's House Position Account in one Deliverable FX Forward Contract, and OTC Clear will pay Notional Amount B to, and receive Notional Amount A from, such Clearing Member's Client Position Account relating to the Relevant Client in another Deliverable FX Forward Contract; and (4)(a) in one Deliverable FX Swap Contract, OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, such Clearing Member's House Position Account in the near leg and pay Notional Amount E to, and receive Notional Amount F from, such Clearing Member's House Position Account in the far leg and (b) in another Deliverable FX Swap Contract, OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, such Clearing Member's Client Position Account relating to the Relevant Client in the near leg and pay Notional Amount F to, and receive Notional Amount E from, such Clearing Member's Client Position Account relating to the Relevant Client in the far leg.

2615. Pursuant to Clearing Rule 806(3), (1) if Client 1 was the party paying Notional Amount A to, and receiving Notional Amount B from, Client 2, and Client 2 was the party paying Notional Amount B to, and receiving Notional Amount A from, Client 1 under an Original Deliverable

FX Forward Transaction, then upon registration of the same as two Deliverable FX Forward Contracts between OTC Clear and each of 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 the relevant payer of each of Notional Amount A and Notional Amount B from the Transaction Data of the corresponding Original Deliverable FX Forward Transaction, the terms shall be derived such that OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, Clearing Member 6 (in respect of its Client Position Account relating to Client 2) in one Deliverable FX Forward Contract and pay Notional Amount B to, and receive Notional Amount A from, Clearing Member 5 (in respect of its Client Position Account relating to Client 1) in another Deliverable FX Forward Contract; and (2) under an Original Deliverable FX Swap Transaction if (a) Client 1 was the party paying Notional Amount C to, and receiving Notional Amount D from, Client 2, and Client 2 was the party paying Notional Amount D to, and receiving Notional Amount C from, Client 1 in the near leg and (b) Client 1 was the party paying Notional Amount E to, and receiving Notional Amount F from, Client 2, and Client 2 was the party paying Notional Amount F to, and receiving Notional Amount E from, Client 1 in the far leg, then upon registration of the same as two Deliverable FX Swap Contracts between OTC Clear and each of 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 the relevant payer of each of Notional Amount C, Notional Amount D, Notional Amount E and Notional Amount F from the Transaction Data of the corresponding Original Deliverable FX Swap Transaction, the terms shall be derived such that (c) in one Deliverable FX Swap Contract OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, Clearing Member 6 (in respect of its Client Position Account relating to Client 2) in the near leg and pay Notional Amount E to, and receive Notional Amount F from, Clearing Member 6 (in respect of its Client Position Account relating to Client 2) in the far leg and (d) in another Deliverable FX Swap Contract OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, Clearing Member 5 (in respect of its Client Position Account relating to Client 1) in the near leg and pay Notional Amount F to, and receive Notional Amount E from, Clearing Member 5 (in respect of its Client Position Account relating to Client 1) in the far leg.

If, pursuant to Clearing Rule 806(3)(c), Clearing Member 5 and Clearing Member 6 are the same Clearing Member, then (3) OTC Clear will pay Notional Amount A to, and receive Notional Amount B from, such Clearing Member's Client Position Account relating to Client 2 in one Deliverable FX Forward Contract, and OTC Clear will pay Notional Amount B to, and receive Notional Amount A from, such Clearing Member's Client Position Account relating to Client 1 in another Deliverable FX Forward Contract; and (4)(a) in one Deliverable FX Swap Contract, OTC Clear will pay Notional Amount C to, and receive Notional Amount D from, such Clearing Member's Client Position Account relating to Client 2 in the near leg and pay Notional Amount E to, and receive Notional Amount F from, such Clearing Member's Client Position Account relating to Client 2 in the far leg and (b) in another Deliverable FX Swap Contract, OTC Clear will pay Notional Amount D to, and receive Notional Amount C from, such Clearing Member's Client Position Account relating to Client 1 in the near leg and pay Notional Amount F to, and receive

Notional Amount E from, such Clearing Member's Client Position Account relating to Client 1 in the far leg.

General Terms

2616. Clearing Rules 2617 to 2621 are designated as General Terms of a Deliverable FX Forward Contract and a Deliverable FX Swap Contract.

Clearing Rules

2617. A Deliverable FX Forward Contract and a Deliverable FX Swap Contract shall be subject to the Clearing Rules, which shall form a part of their relevant terms. In the event of any inconsistency between these Contract Terms and the Clearing Rules, the Clearing Rules will prevail.

Calculation Agent

2618. OTC Clear shall be deemed the Calculation Agent in respect of each Deliverable FX Forward Contract and Deliverable FX Swap Contract.

Rounding

2619. Section 4.8 of the ISDA Definitions will apply to a Deliverable FX Forward Contract and a Deliverable FX Swap Contract.

Tax Provisions

2620. Chapter 11 of these Clearing Rules shall form part of the Deliverable FX Forward Contract Terms and Deliverable FX Swap Contract Terms as if they were set out in full herein.

Governing Law

2621. Each Deliverable FX Forward Contract and Deliverable FX Swap 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.