

香港場外結算有限公司

(香港交易及結算所有限公司附屬公司)

OTC CLEARING HONG KONG LIMITED

(A subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Amendments to the Clearing Rules and Clearing Procedures of OTC Clearing Hong Kong Limited ("OTC Clear")

Enquiry: OTC Clear Operation Team : 2211 6538

Clearing Members of OTC Clear are requested to note that the Securities and Futures Commission has approved amendments to the Clearing Rules and Clearing Procedures in connection with:

1. the extension of OTC Clear's clearing service to single currency basis swaps denominated in Hong Kong dollars; and
2. the extension of OTC Clear's clearing service to non-deliverable interest rate swaps denominated in Indian rupee, Korean won, Thai baht, New Taiwan dollar and Malaysian ringgit.

The amendments, as shown in blackline in the Appendix, will come into effect on Monday, 15 May 2017.

The marked-up version of the amendments can be downloaded from the "Rule Update - Rules and Procedures of OTC Clear" section of the HKEX website.

Ferheen Mahomed
Group General Counsel

Amendments to OTC Clear's Clearing Rules and Clearing Procedures

	manner on the designated Early Termination Date;
"EMTA"	means the Emerging Markets Trade Association;
"EMTA Template"	has the meaning given to it in Clearing Rule 2404;
"Encumbrance"	means any claim, charge, mortgage, security, lien, equity, beneficial interest, power of sale, option or other right to purchase, usufruct, hypothecation, retention of title, right of pre-emption or other third party right or security interest of any kind or an agreement to create any of the foregoing;
"Equal Bidder"	means, with respect to an Auction Portfolio, a Bidder, other than the Successful Bidder, who has submitted a Bid the value of which is exactly the same as the Successful Bid for such Auction Portfolio;
"Error Contract"	has the meaning given to it in Clearing Rule 814;
"EUR"	<u>means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty (as such term is defined in the ISDA Definitions);</u>
"Event of Default"	has the meaning given to it in Clearing Rule 1301;
"Excess Margin"	means, in relation to a Clearing Member and any of its Position Account(s), the amount by which its Margin Balance exceeds the aggregate value of its Initial Margin requirements, Additional Margin requirements and Variation Margin requirements in respect of any Routine Intra-day VM Call and any Ad Hoc Intra-day VM Call (but excluding any requirements in respect of end-of-day Variation Margin), in each case, applicable to the relevant Position Account;
"Failure to Pay Notice"	has the meaning given to it in Clearing Rule 1317;
"Final Exchange Amount"	has the meaning given to it in the ISDA Definitions;
"Final Exchange Date"	has the meaning given to it in the ISDA Definitions;
"Final Order Notice"	has the meaning given to it in Clearing Rule 1414;
"Financial Emergency"	means, with respect to any Clearing Member, any situation in which the financial or operational condition of such Clearing Member is not or is likely not to be adequate for such Clearing Member to meet its obligations (including, without limitation, its obligations to comply with these Clearing Rules) or to engage in business, or is such that it would not be in the best interests of OTC Clear or the marketplace for such Clearing Member to continue to be a Clearing Member;
"Financial Resources"	means Securities and Futures (Financial Resources) Rules (Laws of Hong Kong Cap. 571N);

"Hypothetical IM Percentage"	has the meaning given to it in Clearing Rule 1914(1)(c);
"Illegality"	means due to the adoption of, or any change in, any Applicable Laws after the date on which a Contract is registered by OTC Clear, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or Regulatory Authority with competent jurisdiction of any Applicable Laws after such date, it becomes unlawful for a Clearing Member and/or OTC Clear who are a party to the Contract to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Contract or to comply with other material provision of the Clearing Documentation and/or Contract Terms;
"Increased Risk"	has the meaning given to it in Clearing Rule 1510;
"Indebtedness"	means any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of payment or, repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit) or any Derivative Transaction;
"Information Barrier"	means an information barrier established within different divisions of a firm to ensure any and all applicable confidentiality obligation is respected in order to avoid any conflict of interest;
"Initial Exchange Amount"	has the meaning given to it in the ISDA Definitions;
"Initial Exchange Date"	has the meaning given to it in the ISDA Definitions;
"Initial House Resources"	has the meaning given to it in Clearing Rule 1913A(1);
"Initial Margin"	means, with respect to each Clearing Member and a Position Account, an amount required to cover OTC Clear's potential future exposure in respect of such Position Account, as calculated in accordance with section 4.2 of the Clearing Procedures;
"Initial Non-Porting Client Resources"	has the meaning given to it in Clearing Rule 1913B(1);
"Initial Order Notice"	has the meaning given to it in Clearing Rule 1408;
"INR"	<u>means the lawful currency of India;</u>
"Insolvency Proceedings"	<p>means where an entity:</p> <p>(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger);</p>

“Junior Tranche”	has the meaning given to it in Clearing Rule 1914(4)(a);
“KRW”	<u>means the lawful currency of the Republic of Korea;</u>
“Latest Exchange Rate”	means, with respect to any day, the exchange rate determined and applied by OTC Clear on such day for converting a Currency Payment denominated in a currency other than the Base Currency into the Base Currency;
“Licensed Corporation”	means a corporation which is licensed to carry on regulated activity under section 116 of the SFO;
“Limited Recourse Applicable Percentage”	has the meaning given to it in Clearing Rule 1538(2);
“Limited Recourse Final CM Payable”	has the meaning given to it in Clearing Rule 1537(4);
“Limited Recourse Interim CM Payable”	has the meaning given to it in Clearing Rule 1537(1);
“Limited Recourse CM Receivable”	has the meaning given to it in Clearing Rule 1537(1);
“Loser VM Flow Adjustment(t)”	means the Loser VM Flow Adjustment Base Currency(t) converted into the currency in which the relevant Currency Payment is denominated in at the Latest Exchange Rate determined on OTC Clear Clearing Day t;
“Loser VM Flow Adjustment Base Currency(t)”	means an amount determined in the Base Currency on the relevant OTC Clear Clearing Day t for each Currency Payment relating to a Position Account as follows: Currency MTM Chg(t) – (Currency Cum MTM(t) – Currency Cum VM Flow(t-1))
“Loss Distribution Period”	means the period from (and including) the DMP Day to (but excluding) the OTC Clear Clearing Day on which all Auction Portfolios constructed for the relevant DMP Event have been successfully auctioned and all Auction Receivables and/or Auction Payments in respect of each such Auction Portfolio has been discharged in full by the relevant party on or prior to the Auction Receivable Payment Date or Auction Payment Date, respectively; or if one or more subsequent DMP Events occur prior to the end of a Loss Distribution Period, such Loss Distribution Period shall be extended and will end on the day on which all Auction Portfolios constructed for each such subsequent DMP Event have been successfully auctioned and the related Auction Receivables and/or Auction Payments have been discharged in full by the relevant party on or prior to the Auction Receivable Payment Date

Measures”	(ii)(d)(B) of section 3.19 of the Clearing Procedures;
“MYR”	means the lawful currency of the Federation of Malaysia;
“NDCM GF”	has the meaning given to it in Clearing Rule 1913A(4);
“NDCM GF Auction Shortfall”	means, with respect to an Auction Portfolio, the amount by which (1) the remaining Auction Losses relating to such Auction Portfolio after utilization of the OTC Clear First Contribution in full pursuant to Clearing Rule 1914(3) exceeds (2) the product of RAP and NDCM GF (each relating to such Auction Portfolio);
“NDCM GF Auction Surplus”	means, with respect to an Auction Portfolio, the amount by which (1) the product of RAP and NDCM GF (each relating to such Auction Portfolio) exceeds (2) the remaining Auction Losses relating to such Auction Portfolio after utilization of the OTC Clear First Contribution in full pursuant to Clearing Rule 1914(3);
“ND IRS Amendment”	has the meaning given to it in Clearing Rule 2308;
“ND IRS Definitions”	has the meaning given to it in Clearing Rule 2303;
“ND IRS Template”	has the meaning given to it in Clearing Rule 2304;
“No Position NDCM”	means, with respect to an Auction Portfolio, a Non-Defaulting Clearing Member who does not, on any day during the 20 OTC Clear Business Day-period immediately preceding the Auction of such Auction Portfolio, have any Contract registered in its name of a Transaction Category which is the same as any Auction Positions within such Auction Portfolio and who chooses not to bid for such Auction Portfolio;
“Non-Bidder”	means a Non-Defaulting Clearing Member who is required to bid for an Auction Portfolio but fails to do so;
“Non-Defaulting Clearing Member”	means at any time, any Clearing Member who is not a Defaulting Clearing Member at such time;
“Non-Default Unwind”	means, in relation to a Clearing Member, the process by which the Clearing Member unwinds its Contracts through a liquidation or other form of close-out of its Contracts as part of the resignation of a Clearing Member’s Membership;
“Non Deliverable Rates Derivatives”	means the types of derivative transactions satisfying the Product Eligibility Requirements for Non Deliverable Rates Derivatives set out in section 3.4 of the Clearing Procedures;
“Non Deliverable Rates Derivatives Contract”	means a Contract relating to Non Deliverable Rates Derivatives;

	software provided by the Society for Worldwide Interbank Financial Telecommunication;
“t”	means an OTC Clear Clearing Day t;
“t-1”	means the OTC Clear Clearing Day preceding OTC Clear Clearing Day t;
“Tax”	means any present or future tax, levy, impost, duty, charge, assessment, or fee of any nature (including interest, penalties, and additions thereto) that is imposed by any Governmental Authority or taxing authority;
“Tax Information Exchange Framework”	means: <ul style="list-style-type: none"> (1) sections 1471 to 1474 of the United States Internal Revenue Code of 1986, as amended (the “Code”) or any similar or successor legislation introduced by the United States; (2) any agreement described in section 1471(b) of the Code; (3) any regulations or guidance pursuant to any of the foregoing; (4) any official interpretations of any of the foregoing; (5) any intergovernmental agreement (an “IGA”) to facilitate the implementation of any of the foregoing; or (6) any law implementing an IGA;
“THB”	<u>means the lawful currency of the Kingdom of Thailand;</u>
“The Hong Kong Observatory”	means a government department of Hong Kong which is responsible for forecasting weather and issuing warnings on weather-related hazards;
“Total Available Resources”	has the meaning given to it in Clearing Rule 1516;
“Total Gains(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of all Position Account Gains in respect of all Position Account Gainers on such OTC Clear Clearing Day t;
“Total Position Accounts Cum MTM(t)”	means, with respect to any OTC Clear Clearing Day t during the Loss Distribution Period, the sum of Total Position Accounts Currency Cum MTM(t) in all currencies;
“Total Position Accounts Currency Cum MTM(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of the Total Position Accounts Currency MTM for each OTC Clear Clearing Day from (from including) the DMP Day to (and including) such OTC Clear Clearing Day t;
“Total Position Accounts Currency MTM(t)”	means, with respect to each OTC Clear Clearing Day t during the Loss Distribution Period, the sum of Currency MTM Chg(t) in respect of all Position Accounts of all Non-Defaulting Clearing Members;
“Tranche”	has the meaning given to it in Clearing Rule 1914(4)(c);

"Transaction Category"	<p>means any of the following:</p> <p>(1) Standard Rates Derivatives Contract – single currency interest rate swap denominated in USD;</p> <p>(2) Standard Rates Derivatives Contract – single currency interest rate swap denominated in EUR;</p> <p>(3) Standard Rates Derivatives Contract – single currency interest rate swap denominated in HK dollars;</p> <p>(4) Standard Rates Derivatives Contract – single currency interest rate swap denominated in CNY (offshore);</p> <p>(5) Standard Rates Derivatives Contract – single currency basis swap denominated in USD;</p> <p>(6) Standard Rates Derivatives Contract – single currency basis swap denominated in EUR;</p> <p><u>(7)</u> <u>Standard Rates Derivatives Contract – single currency basis swap denominated in HK dollars;</u></p> <p>(7)<u>(8)</u> Standard Cross-currency Rates Derivatives Contract – cross currency interest rate swap denominated in CNY (offshore) and USD;</p> <p>(8)<u>(9)</u> Standard Cross-currency Rates Derivatives Contract – cross currency basis swap denominated in CNY (offshore) and USD;</p> <p>(9)<u>(10)</u> Non Deliverable Rates Derivatives Contract denominated in CNY;</p> <p><u>(11)</u> <u>Non Deliverable Rates Derivatives Contract denominated in INR;</u></p> <p><u>(12)</u> <u>Non Deliverable Rates Derivatives Contract denominated in KRW;</u></p> <p><u>(13)</u> <u>Non Deliverable Rates Derivatives Contract denominated in MYR;</u></p> <p><u>(14)</u> <u>Non Deliverable Rates Derivatives Contract denominated in THB;</u></p> <p><u>(15)</u> <u>Non Deliverable Rates Derivatives Contract denominated in TWD;</u></p> <p>(16)<u>(16)</u> FX Derivatives Contract denominated in CNY;</p> <p>(17)<u>(17)</u> FX Derivatives Contract denominated in INR;</p> <p>(18)<u>(18)</u> FX Derivatives Contract denominated in KRW; and</p> <p>(19)<u>(19)</u> FX Derivatives Contract denominated in TWD;</p>
"Transaction Data"	<p>means, in respect of an Original Transaction, the economic terms relating to such Original Transaction as designated by the Clearing</p>

	Member(s) or Client(s) to such Original Transaction;
"Transaction Register"	means any database available to OTC Clear for retrieval of records of Contracts;
"Transferor Clearing Member"	has the meaning given to it in Clearing Rule 825;
"Transferee Clearing Member"	has the meaning given to it in Clearing Rule 825;
<u>"TWD"</u>	<u>means the lawful currency of the Republic of China;</u>
"U.S. Person"	has the same meaning as is given to that term by the CFTC;
<u>"USD"</u>	<u>means the lawful currency of the United States of America;</u>
"Unpaid Amounts"	any amounts that became payable in respect of Contracts recorded in a Defaulting Clearing Member's House Position Account or Client Position Accounts on or prior to such DMP Event and which remain unpaid as at the completion of the Auction of all Auction Portfolios relating to such DMP Event (excluding, for the avoidance of doubt, any Unsettled VM Amounts);
"Unsettled VM Amount"	means, in respect of a Position Account, the aggregate sum of the following amount calculated for each Auction Contract relating to that Position Account: (1) the net present value of that Auction Contract on the date on which that Auction Contract is registered to a Successful Bidder; minus (2) the aggregate net Variation Margin settled by or with the relevant Defaulting Clearing Member in respect of the Contract with the relevant Defaulting Clearing Member corresponding to that Auction Contract up to but excluding the date on which that Auction Contract is registered to a Successful Bidder;
"Variation Margin"	means, in respect of each House Position Account and each Client Position Account of a Clearing Member, the aggregate amount (including any Intra-day Variation Margin) determined by OTC Clear in accordance with Clearing Rules 1206 and 1207 and the Clearing Procedures on each OTC Clear Clearing Day, which is payable to, or receivable by, the Clearing Member in respect of such Position Account;
"VM Flow Adjustment(t)"	means either the Gainer VM Flow Adjustment(t) or Loser VM Flow Adjustment(t), as applicable;
"VM Haircut(t)"	means, on each OTC Clear Clearing Day t during the Loss Distribution Period, an amount equal to the (1) VM Shortfall(t) divided by (2) Total Gains(t), expressed as a percentage figure;
"VM Reversal"	means, in respect of a Standard Cross-currency Rates Derivatives Contract that expires on an OTC Clear Clearing Day, the amount

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 (including all supplements thereto outstanding as at ~~20 March~~ 15 May 2017) 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 “**Swap 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.

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.

Chapter 23 Product Specific Terms for Non Deliverable Rates Derivatives Contracts

Product Specific Terms for Non Deliverable Rates Derivatives Contracts

2301. The terms of a Non Deliverable Rates Derivatives Contract shall include the following terms (together, the **“Non Deliverable Rates Derivatives Contract Terms”**):

- (1) Clearing Rules 2303 to 2310 (the **“Interpretation Provisions”**);
- (2) the Economic Terms; and
- (3) the General Terms, as set out in Clearing Rules 2317 to 2322,

each as interpreted in accordance with the Interpretation Provisions.

2302. In the event of any inconsistency between the Economic Terms and General Terms, the General Terms will prevail.

Interpretation

2303. The ISDA Definitions (together with all supplements thereto outstanding as at ~~20 March 15 May~~ 2017) and the FX Definitions (including all supplements thereto outstanding as at ~~20 March 15 May~~ 2017) (the ISDA Definitions and FX Definitions together, the **“ND IRS Definitions”**), each outstanding as at ~~20 March 15 May~~ 2017 are incorporated by reference into these Non Deliverable Rates Derivatives Contract Terms. Unless otherwise specified, capitalized terms used in the Non Deliverable Rates Derivatives Contract Terms but not defined in the Clearing Documentation shall have the meanings given to them in the ND IRS Definitions. In the event of any inconsistency between the ISDA Definitions and the FX Definitions, the ISDA Definitions will prevail except that the FX Definitions will prevail for purposes of the **“Settlement Terms”** and **“Other Terms”** as set out in the ND IRS Template. In the event of any inconsistency between the ND IRS Definitions and the Clearing Documentation, the Clearing Documentation will prevail.

2304. The **“Asian Currencies Non-Deliverable Swap Transaction Standard Terms Supplement and Fallback Matrix”** outstanding as at ~~28 March 2014~~ 6 September 2016 published by ISDA or a recognized successor (the **“ND IRS Template”**) are incorporated by reference into the relevant Non Deliverable Rates Derivatives Contract Terms.

2305. If the terms of a ND IRS Template conflict with the ND IRS Definitions, the terms of the ND IRS Template shall prevail.

2306. In deriving the Economic Terms of the Non Deliverable Rates Derivatives Contract from the Transaction Data of the corresponding Original Non Deliverable Rates Derivatives Transaction, all references in the ISDA Definitions to a **“Swap Transaction”** shall be deemed to be **“Original Non Deliverable Rates Derivatives Transaction”**.

2307. Subject to the ND IRS Amendment adopted by OTC Clear pursuant to Clearing Rule 2308, the ND IRS Definitions and the Non Deliverable Rates Derivatives Contract Terms applicable to a Non Deliverable Rates Derivatives Contract shall be those applicable as at the Registration time of such Non Deliverable Rates Derivatives Contract.

2308. In case of any amendment to the ND IRS Definitions, the form of the relevant ND IRS Template, or publication of any supplement, annex or protocol by ISDA relating to the ND IRS Definitions (each a **“ND IRS Amendment”**), OTC Clear may, in its sole discretion, determine whether any such ND IRS Amendment should be adopted for the purpose of interpreting or implementing the Non Deliverable 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

Chapter 24 Product Specific Terms for FX Derivatives Contracts

Product Specific Terms for FX Derivatives Contracts

2401. The terms of a FX Derivatives Contract shall include the following terms (together, the “**FX Derivatives Contract Terms**”):

- (1) Clearing Rules 2403 to 2411 (the “**Interpretation Provisions**”);
- (2) the Economic Terms; and
- (3) the General Terms, as set out in Clearing Rules 2418 to 2422,

each as interpreted in accordance with the Interpretation Provisions.

2402. In the event of any inconsistency between the Economic Terms and the General Terms, the General Terms will prevail.

Interpretation

2403. Sections 8.1 and 8.2 of the ISDA Definitions and the FX Definitions (Sections 8.1 and 8.2 of the ISDA Definitions and the FX Definitions together, the “**ISDA FX Definitions**”), each outstanding as at ~~20 March~~ 15 May 2017, are incorporated by reference into these FX Derivatives Contract Terms. Unless otherwise specified, capitalized terms used in the FX Derivatives 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.

2404. Any template terms of an FX Derivatives Contract outstanding as at ~~20 March~~ 15 May 2017 recommended by EMTA or a recognized successor (the “**EMTA Template**”) are incorporated by reference into the relevant FX Derivatives Contract Terms.

2405. If the terms of an EMTA Template conflict with the ISDA FX Definitions, the terms of the EMTA Template shall prevail.

2406. In deriving the Economic Terms of the FX Derivatives Contract from the Transaction Data of the corresponding Original FX Derivatives Transaction, all references in the ISDA FX Definitions to an “**FX Transaction**” shall be deemed to be references to an “**Original FX Derivatives Transaction**”.

2407. Subject to subsequent ISDA FX Amendment adopted by OTC Clear pursuant to Clearing Rule 2408, the ISDA FX Definitions and the FX Derivatives Contract Terms applicable to a FX Derivatives Contract shall be those applicable as at the Registration Time of such FX Derivatives Contract.

2408. In case of any amendment to the ISDA FX Definitions, the form of the relevant EMTA Template or publication of any supplement, annex or standard terms relating to the ISDA FX Definitions by ISDA, EMTA or FXC jointly or severally (each, an “**ISDA FX Amendment**”), OTC Clear may, in its sole discretion, determine whether any such ISDA FX Amendment should be adopted for the purpose of interpreting or implementing the FX 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 FX Amendment by OTC Clear.

2409. In respect of any adoption of ISDA FX Amendment by OTC Clear, such adopted ISDA FX Amendment shall govern the FX Derivatives Contract Terms of each FX Derivatives Contract then registered with OTC Clear, and any prospective payment obligations arising out of each such FX Derivatives Contract shall be construed accordingly.

Chapter 25 Product Specific Terms for Standard Cross-currency Rates Derivatives Contracts

Product Specific Terms for Standard Cross-currency Rates Derivatives Contracts

2501. The terms of a Standard Cross-currency Rates Derivatives Contract shall include the following terms (together, the “**Standard Cross-currency Rates Derivatives Contract Terms**”):

- (1) Clearing Rules 2503 to 2510 (the “**Interpretation Provisions**”);
- (2) the Economic Terms; and
- (3) the General Terms, as set out in Clearing Rules 2517 to 2522,

each as interpreted in accordance with the Interpretation Provisions.

2502. In the event of any inconsistency between the Economic Terms and General Terms, the General Terms will prevail.

Interpretation

2503. The ISDA Definitions (including all supplements thereto outstanding as at ~~20 March~~ 15 May 2017) are incorporated by reference into these Standard Cross-currency Rates Derivatives Contract Terms. Unless otherwise specified, capitalized terms used in the Standard Cross-currency 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.

2504. In respect of a Standard Cross-currency Rates Derivatives Contract with one of the notional amounts denominated in CNY (offshore), the CNY (offshore) Disruption Provisions shall be incorporated by reference into the relevant Standard Cross-currency Rates Derivatives Contract Terms.

2505. In deriving the Economic Terms of the Standard Cross-currency Rates Derivatives Contract from the Transaction Data of the corresponding Original Standard Cross-currency Rates Derivatives Transaction, all references in the ISDA Definitions to a “**Swap Transaction**” shall be deemed to be an “**Original Standard Cross-currency Rates Derivatives Transaction**”.

2506. Subject to subsequent ISDA Amendment adopted by OTC Clear pursuant to Clearing Rule 2507, the ISDA Definitions and the Standard Cross-currency Rates Derivatives Contract Terms applicable to a Standard Cross-currency Rates Derivatives Contract shall be those applicable as at the Registration Time of such Standard Cross-currency Rates Derivatives Contract.

2507. 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 Cross-currency 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.

2508. In respect of any adoption of ISDA Amendment by OTC Clear, such adopted ISDA Amendment shall govern the Standard Cross-currency Rates Derivatives Contract Terms of each Standard Cross-currency Rates Derivatives Contract then registered with OTC Clear, and any prospective payment obligations arising out of each such Standard Cross-currency Rates Derivatives Contract shall be construed accordingly.

- (i) to the extent that a particular subject matter or data field appearing in an Original Non Deliverable Rates Derivatives Transaction is prescribed for in the ND IRS Template, the election made with respect to such subject matter or data field in the Original Non Deliverable Rates Derivatives Transaction is consistent with that prescribed for in the relevant ND IRS Template; and
- (ii) to the extent that a particular subject matter or data field appearing in an Original FX Derivatives Transaction is prescribed for in the EMTA Template, the election made with respect to such subject matter or data field in the Original FX Derivatives Transaction is consistent with that prescribed for in the relevant EMTA Template.

3.4.2 Specific Requirements for an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction, and an Original Non Deliverable Rates Derivatives Transaction

3.4.2.1 OTC Clear will only accept the types of Original Standard Rates Derivatives Transaction, Original Standard Cross-currency Rates Derivatives Transaction and Original Non Deliverable Rates Derivatives Transaction for registration as set out in the table as follows:

Instrument		Currencies / Currency Pairs (swap)	Floating Rate Option	Maximum Residual Term	Designated Maturity
Original Standard Rates Derivatives Transactions	Single currency interest rate swaps	USD	USD-LIBOR-BBA	10 years (3,660 days)	One month, three months, six months and one year
		EUR	EUR-EURIBOR-Reuters EUR-LIBOR-BBA	10 years (3,660 days)	One month, three months, six months and one year
		HK\$	HKD-HIBOR-HIBOR=	10 years (3,660 days)	One month, three months, six months and one year
			HKD-HIBOR-HKAB		
		CNY (offshore)	CNY-SHIBOR-Reuters	10 years (3,660 days)	One month, three months, six months and one year
			CNH-HIBOR-TMA		
	Single currency basis swaps	USD	USD-LIBOR-BBA	10 years (3,660 days)	One month, three months, six months and one year
		EUR	EUR-EURIBOR-Reuters	10 years (3,660 days)	One month, three months, six months and one year
			EUR-LIBOR-BBA		
		HK\$	HKD-HIBOR-HKAB	10 years (3,660 days)	One month, three months, six months and

Instrument		Currencies / Currency Pairs (swap)	Floating Rate Option	Maximum Residual Term	Designated Maturity
					<u>one year</u>
Original Standard Cross-currency Rates Derivatives Transactions	Cross-currency interest rate swaps and Cross-currency basis swaps	CNY (offshore) and USD	CNY (offshore): CNH-HIBOR-TMA CNY-SHIBOR-Reuters	10 years (3,660 days)	One month, three months, six months and one year
			USD: USD-LIBOR-BBA		
Original Non Deliverable Rates Derivatives Transactions	Non-deliverable interest rate swaps	CNY	CNY-CNREPOFIX=CFX S-Reuters	5 years (1,830 days)	Not Applicable
		INR	INR-MIBOR-OIS-COMP OUND	10 years (3,660 days)	Not Applicable
			INR-FBIL-MIBOR-OIS-C OMPOUND		
		KRW	KRW-CD-KSDA-Bloomb erg	10 years (3,660 days)	Three months
			KRW-CD-3220		
		MYR	MYR-KLIBOR-BNM	10 years (3,660 days)	Three months
		THB	THB-THBFIX-Reuters	10 years (3,660 days)	Six months
		TWD	TWD-TAIBOR-Reuters	10 years (3,660 days)	Three months

3.4.2.2 Day Count Fraction

OTC Clear will only accept the Floating Rate Day Count Fractions as follows:

Instrument		Currencies	Floating Rate Day Count Fraction
Original Standard Rates Derivatives Transactions	Single currency interest rate swaps	USD	Actual/360
		EUR	Actual/360
		HK\$	Actual/365 (Fixed)
		CNY (offshore)	Actual/360 and Actual/365 (Fixed)
	Single currency basis	USD	Actual/360

Instrument		Currencies	Floating Rate Day Count Fraction
	swaps	EUR	Actual/360
		HK\$	Actual/365 (Fixed)
Original Standard Cross-currency Rates Derivatives Transactions	Cross-currency interest rate swaps	USD	Actual/360
		CNY (offshore)	Actual/360 and Actual/365 (Fixed)
	Cross-currency basis swaps	USD	Actual/360
		CNY (offshore)	Actual/360 and Actual/365 (Fixed)
Original Non Deliverable Rates Derivatives Transactions	Non-deliverable interest rate swaps	CNY	Actual/365 (Fixed)
		INR	Actual/365 (Fixed)
		KRW	Actual/365 (Fixed)
		MYR	Actual/365 (Fixed)
		THB	Actual/365 (Fixed)
		TWD	Actual/365 (Fixed)

OTC Clear will accept any of the following Fixed Rate Day Count Fractions:

- (i) Actual/Actual;
- (ii) Actual/365 (Fixed);
- (iii) Actual/360;
- (iv) 30/360;
- (v) 30E/360; and
- (vi) 30E/360 (ISDA).

3.4.2.3 Business Day for Payment Dates

- (i) with regard to an Original Standard Rates Derivatives Transaction, OTC Clear will accept such Original Standard Rates Derivatives Transaction for registration only if the financial center(s) as shown in the table below in the column entitled "Mandatory Financial Center" and marked against the relevant Contractual Currency has/have been elected for such Original Standard Rates Derivatives Transaction for the purpose of determining Payment Dates:

Contractual Currencies	Mandatory Financial Center
USD	New York
EUR	TARGET
HK\$	Hong Kong
CNY (offshore)	Beijing and Hong Kong

- (i) greater than or equal to one unit of the relevant currency;
- (ii) an integer if the relevant Notional Amount is denominated in KRW, or an integer or a number rounded up to two or less decimal points if the relevant Notional Amount is denominated in USD, EUR, HK\$, CNY (offshore), CNY, INR, MYR, THB or TWD; and
- (iii) the same for each Calculation Period during the term of that particular Original Transaction.

3.4.2.7 Effective Date

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if:

- (i) only one Effective Date is applicable to that particular Original Transaction; and
- (ii) such an Effective Date is not subject to any adjustment (in accordance with any Business Day Convention).

For the avoidance of doubt, the Effective Date specified for an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction may fall prior to, after, or on the same date as the date on which such Original Transaction is submitted for registration.

3.4.2.8 Calculation Period

- (i) The period of time between one Period End Date to the next following Period End Date is known as the “interval” for the purpose of this section 3.4.2.8 and section 3.4.2.12. For example, if the Period End Dates fall on 1 January 2013, 1 April 2013, 1 July 2013 and 1 October 2013 of calendar year 2013, then the interval will be quarterly;
- (ii) the period of time between one Payment Date to the next following Payment Date is known as the “frequency of payment” for the purpose of this section 3.4.2.8 and section 3.4.2.12. For example, if the term of an Original Transaction is one year, and the Payment Dates fall on 30 June and 30 December of that calendar year, the “frequency of payment” for that particular Original Transaction is 6 months;
- (iii) Floating Amount

with regard to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction or an Original Non Deliverable Rates Derivatives Transaction and the Floating Rate Payer for that particular Original Transaction (or if a Fixed Rate Payer is not applicable to that particular Original Transaction, then each Floating Rate Payer), OTC Clear will accept that particular Original Transaction for registration provided that:

- (a) the frequency of payment of such Floating Amount is the same as the interval of the Calculation Period of such Floating Amount as designated by the Clearing Members; and
- (b) the intervals for the initial Calculation Period, the final Calculation Period and all other Calculation Periods (if applicable) in respect of the Floating Amounts payable by the Floating Rate Payer during the term of the Original Transaction are the same; and
- (iv) Fixed Amount

with regard to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction or an Original Non Deliverable Rates Derivatives Transaction whose terms include one or more Fixed Amount(s), OTC Clear will accept that particular Original Transaction for registration provided that:

- (a) the frequency of payment of such Fixed Amount is the same as the interval of the Calculation Period of such Fixed Amount as designated by the Clearing Members; and
- (b) the intervals for the initial Calculation Period, the final Calculation Period and all other Calculation Periods (if applicable) in respect of the Fixed Amount(s) being payable during the term of the Original Transaction are the same.

3.4.2.9 Interpolation

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction or an Original Non Deliverable Rates Derivatives Transaction for registration only if interpolation is inapplicable.

3.4.2.10 Period End Date

- (i) OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, KRW, MYR, THB or TWD for registration only if either:
 - ~~(i)(a)~~ the Termination Date and all Period End Dates of that particular Original Transaction are subject to adjustment; or
 - ~~(i)(b)~~ none of the Termination Date or any Period End Dates of that particular Original Transaction is subject to adjustment;
- (ii) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in INR, OTC Clear will accept such Original Transaction for registration only if the Termination Date and all Period End Dates of that particular Original Transaction are subject to adjustment; and
- (iii) ~~If~~ if the Period End Date(s) or Payment Date(s) is/are designated to be the last calendar day of a calendar month during the term of an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction regardless of the currency in which such Original Non Deliverable Rates Derivatives Transaction is denominated, OTC Clear will accept such Original Transaction for registration provided that both the Effective Date and Termination Date of that particular Original Transaction fall on the last calendar day of a relevant calendar month.

3.4.2.11 Payment Lag

In respect of each Original Transaction, payment lag is the number of the relevant Business Days by which the Payment Date precedes or follows the Period End Date of the relevant Calculation Period of that particular Original Transaction.

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if the payment lag is zero.

3.4.2.12 Payment Date

- (i) Original Standard Rates Derivatives Transaction and Original Standard Cross-currency Rates Derivatives Transaction

With regard to both an Original Standard Rates Derivatives Transaction and Original Standard Cross-currency Rates Derivatives Transaction, OTC Clear will accept such Original Transaction for registration only if:

- (a) with respect to the Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction, then with respect to each Floating Rate Payer), the frequency of payment of each Floating Amount payable by such Floating Rate Payer during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members is:
- (A) the same as the interval of the Calculation Period of the Floating Amount payable by such Floating Rate Payer during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members;
 - (B) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to the Floating Amount payable by such Floating Rate Payer;
 - (C) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and
 - (D) three months if IMM Settlement Dates are applicable; and
- (b) the frequency of payment of each Fixed Amount (if applicable) being payable during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members is:
- (A) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Standard Rates Derivatives Transaction or Original Standard Cross-currency Rates Derivatives Transaction as designated by the Clearing Members;
 - (B) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and
 - (C) three months if IMM Settlement Dates are applicable;

- (ii) Original Non Deliverable Rates Derivatives Transaction

With regard to an Original Non Deliverable Rates Derivatives Transaction, OTC Clear will accept such Original Non Deliverable Rates Derivatives Transaction for registration only if:

- (a) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY or INR, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:

- (A) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members;
 - (B) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and
 - (C) three months if IMM Settlement Dates are applicable; ~~and~~
- (b) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in KRW, MYR or TWD, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:
- (A) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members;
 - (B) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to the Floating Amount payable by the Floating Rate Payer; and
 - (C) three months only;
- (c) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in THB, the frequency of payment of each Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:
- (A) the same as the interval of the Calculation Period of the Floating Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members;
 - (B) the same as the Designated Maturity elected for the relevant Floating Rate Option applicable to the Floating Amount payable by the Floating Rate Payer; and
 - (C) six months only;
- ~~(b)~~(d) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, INR, KRW, MYR or TWD, the frequency of payment of each Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:
- (A) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members;
 - (B) one month, three months, six months or one year if IMM Settlement Dates are inapplicable; and
 - (C) three months if IMM Settlement Dates are applicable; and
- (e) in respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in THB, the frequency of payment of each Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members is:

(A) the same as the interval of the Calculation Period of the Fixed Amount being payable during the term of that particular Original Non Deliverable Rates Derivatives Transaction as designated by the Clearing Members; and

(B) one month, three months, six months or one year;

- (iii) Original Standard Rates Derivatives Transaction and Original Non Deliverable Rates Derivatives Transaction

With regard to both an Original Standard Rates Derivatives Transaction and Original Non Deliverable Rates Derivatives Transaction, OTC Clear will accept such Original Transaction for registration only if the date on which OTC Clear performs the product eligibility requirements checks (set out in this section 3.4) on that particular Original Transaction precedes any forthcoming Payment Date of that particular Original Transaction by a minimum of four days, where each of these four days is (a) a Currency Day for the Contractual Currency of that particular Original Transaction and (b) an OTC Clear Clearing Day; and

- (iv) Original Standard Cross-currency Rates Derivatives Transaction

With regard to an Original Standard Cross-currency Rates Derivatives Transaction, OTC Clear will accept such Original Transaction for registration only if the date on which OTC Clear performs the product eligibility requirements checks (set out in this section 3.4) on that particular Original Transaction precedes any forthcoming Payment Date (other than Initial Exchange Date in respect of Initial Exchange Amount (if applicable) which is set out in section 3.4.2.28 and Payment Dates in respect of Additional Payments which are set out in section 3.4.2.17) of that particular Original Transaction by a minimum of four days, where each of these four days is (a) a Currency Day for each Contractual Currency of that particular Original Transaction and (b) an OTC Clear Clearing Day.

3.4.2.13 Fixed Amount

OTC Clear will accept for registration an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction to which Fixed Amount is applicable only if a Fixed Rate is specified and such rate is:

- (i) greater than or equal to zero;
- (ii) the same for each Calculation Period; and
- (iii) an integer or a number rounded up to seven or less decimal points.

For the avoidance of doubt, no amount should be specified as the Fixed Amount.

3.4.2.14 Floating Rate Option

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if the Floating Rate Option elected for the Floating Amounts payable by the Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that particular Original Transaction, then each Floating Rate Payer) is:

- (i) consistent with Floating Rate Options as set out in section 3.4.2.1; and

- (ii) with respect to the Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that Original Transaction, then with respect to each Floating Rate Payer), the same for all the relevant Calculation Periods of the Floating Amounts payable by such Floating Rate Payer.

For the avoidance of doubt, OTC Clear will not accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction or an Original Non Deliverable Rates Derivatives Transaction for registration if the Floating Rate has been designated by a Clearing Member.

3.4.2.15 Reset Date

OTC Clear will accept an Original Transaction for registration only if:

- (i) with regard to an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, any Reset Date is the first day of each Compounding Period; ~~and~~
- (ii) with regard to an Original Non Deliverable Rates Derivatives Transaction which is denominated in INR, any Reset Date is the last day of each relevant Calculation Period;
- (iii) with regard to an Original Non Deliverable Rates Derivatives Transaction which is denominated in KRW, MYR, THB or TWD, any Reset Date is the first day of each relevant Calculation Period; and
- ~~(ii)~~(iv) with regard to both an Original Standard Rates Derivatives Transaction and an Original Standard Cross-currency Rates Derivatives Transaction, any Reset Date is the first day of each relevant Calculation Period.

3.4.2.16 Spread

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration regardless of whether Spread is applicable or not.

If Spread is applicable to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction, however, OTC Clear will accept that particular Original Transaction for registration only if the Spread is:

- (i) an integer or a number rounded up to seven or less decimal points; and
- (ii) the same for each Calculation Period.

3.4.2.17 Additional Payment

“**Additional Payment**” as used in this Chapter 3 means any additional payment specified in an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction as being payable by the relevant Clearing Member(s) pursuant to the terms therein, and forming part of the Contract Terms upon registration of the Original Transaction.

OTC Clear will only accept an Original Non Deliverable Rates Derivatives Transaction for registration if no Additional Payment is specified in the terms of such Original Non Deliverable Rates Derivatives Transaction.

OTC Clear will accept for registration an Original Standard Rates Derivatives Transaction and an Original Standard Cross-currency Rates Derivatives Transaction regardless of whether Additional Payment is applicable or not.

In respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, OTC Clear will accept such Original Non Deliverable Rates Derivatives Transaction for registration only if:

- (i) Compounding is elected to be applicable; and
- (ii) Straight Compounding is applicable.

In respect of an Original Non Deliverable Rates Derivatives Transaction which is denominated in INR, KRW, MYR, THB or TWD, OTC Clear will accept such Original Non Deliverable Rates Derivatives Transaction for registration only if Compounding is elected to be inapplicable to such Original Non Deliverable Rates Derivatives Transaction.

3.4.2.19 Designated Maturity

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if the Designated Maturity elected for the relevant Floating Rate Option in respect of the Floating Amounts payable by the Floating Rate Payer (or if a Fixed Rate Payer is not applicable to that particular Original Transaction, then with respect to each Floating Rate Payer) of that particular Original Transaction is:

- (i) consistent with the period stipulated in section 3.4.2.1; and
- (ii) the same for all relevant Calculation Periods of the Floating Amounts payable by such Floating Rate Payer.

3.4.2.20 Settlement Currency

This is applicable to an Original Non Deliverable Rates Derivatives Transaction only.

OTC Clear will accept an Original Non Deliverable Rates Derivatives Transaction for registration only if the Settlement Currency of that particular Original Non Deliverable Rates Derivatives Transaction is USD.

3.4.2.21 Optional Early Termination and Mandatory Early Termination

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration regardless of whether Optional Early Termination of such Original Transaction is applicable or not.

If Optional Early Termination is applicable to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction, however, OTC Clear will accept that particular Original Transaction for registration only if both parties have the right to early terminate the Original Transaction.

If Optional Early Termination is provided for under the terms of an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction:

- (i) OTC Clear will not maintain or record the feature of Optional Early Termination within its Rates and FX Clearing System when registering such Original Transaction;
- (ii) the Optional Early Termination feature, and its related provisions, will not form part of the Contract Terms of the Contracts created as a result of registration of such Original Transaction; and

- (iii) Clearing Members who become parties to the Contracts created as a result of registration of such Original Transaction may not exercise the right to early terminate such Contracts.

OTC Clear will not accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration if such Original Transaction contains provisions permitting Mandatory Early Termination.

3.4.2.22 IMM Settlement Dates

- (i) OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, INR, KRW, MYR or TWD for registration regardless of whether IMM Settlement Dates are applicable or not.
- (ii) If IMM Settlement Dates are applicable to an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction which is denominated in CNY, INR, KRW, MYR or TWD, ~~however,~~ OTC Clear will accept that particular Original Transaction for registration only if
 - (i)(a) such IMM Settlement Dates are limited to the third Wednesday of March, June, September and December of each calendar year; and
 - (ii)(b) both the Effective Date and Termination Date of that particular Original Transaction fall on a day which is the third Wednesday of March, June, September or December of a calendar year.
- (iii) OTC Clear will accept an Original Non Deliverable Rates Derivatives Transaction which is denominated in THB for registration only if IMM Settlement Dates are inapplicable.

3.4.2.23 Unweighted Average and Weighted Average

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if neither Unweighted Average nor Weighted Average is elected as applicable.

3.4.2.24 Termination Date

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction for registration only if only one Termination Date is applicable to that particular Original Transaction.

If both the Effective Date and Termination Date of an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives Transaction fall on the last calendar day in the relevant calendar month, OTC Clear will accept that particular Original Transaction for registration only if the Period End Date(s) or Payment Date(s) is/are designated to be the last calendar day in any calendar month(s) during the term of such Original Transaction.

3.4.2.25 Novation Transaction

OTC Clear will accept an Original Standard Rates Derivatives Transaction, an Original Standard Cross-currency Rates Derivatives Transaction and an Original Non Deliverable Rates Derivatives

there is not any such numerically corresponding day in the calendar month in which the Payment Date or Period End Date would otherwise fall, then the relevant Payment Date or Period End Date shall be deemed to fall on the last calendar day of the relevant calendar month, and be subject to adjustment in accordance with the Business Day Convention specified in the Contract Terms relating to such Standard Rates Derivatives Contract, Standard Cross-currency Rates Derivatives Contract or Non Deliverable Rates Derivatives Contract.

3.8.1.1.1 Calculation of the Fixed Amount

Calculation of the Fixed Amount is based on the methodologies stipulated in Sections 5.1(b) and 5.2 of the ISDA Definitions and the Economic Terms specified in the relevant Contract.

For the avoidance of doubt, irrespective of the Registration Time of a Contract, the Calculation Period of a Fixed Amount of such Contract is the period from and including the immediately preceding Period End Date (or the Effective Date if such Calculation Period is the initial Calculation Period of that particular Contract) to but excluding the Period End Date of the relevant Calculation Period (or the Termination Date if such Calculation Period is the final Calculation Period of that particular Contract).

3.8.1.1.2 Calculation of the Floating Amount

- (i) In respect of a Standard Rates Derivatives Contract, calculation of the Floating Amount is based on the methodologies stipulated in Section 6.1 of the ISDA Definitions and the Economic Terms specified in the relevant Standard Rates Derivatives Contract;
- (ii) in respect of a Non Deliverable Rates Derivatives Contract which is denominated in CNY, calculation of the Floating Amount is based on the methodologies stipulated in Section 6.3(c) of the ISDA Definitions and the Economic Terms specified in the relevant Non Deliverable Rates Derivatives Contract and the Compounding Date is deemed to be each relevant CNY 7-Repo Compounding Date in accordance with Section 7.1(ah)(ii) of the ISDA Definitions; ~~and~~
- ~~(iii)~~ in respect of a Non Deliverable Rates Derivatives Contract which is denominated in INR, KRW, MYR, THB or TWD, calculation of the Floating Amount is based on the methodologies stipulated in Section 6.1 of the ISDA Definitions and the Economic Terms specified in the relevant Non Deliverable Rates Derivatives Contract; and
- ~~(iii)(iv)~~ in respect of a Standard Cross-currency Rates Derivatives Contract, calculation of the Floating Amount is based on the methodologies stipulated in Section 6.1 of the ISDA Definitions and the Economic Terms specified in the relevant Standard Cross-currency Rates Derivatives Contract.

For the avoidance of doubt, irrespective of the Registration Time of a Contract, the Calculation Period of a Floating Amount of such Contract is the period from and including the immediately preceding Period End Date (or the Effective Date if such Calculation Period is the initial Calculation Period of that particular Contract) to but excluding the Period End Date of the relevant Calculation Period (or the Termination Date if such Calculation Period is the final Calculation Period of that particular Contract).

A Clearing Member should note the provisions set out in Clearing Rules 2222, 2319 and 2518 in relation to the applicability of the "Negative Interest Rate Method" to a Standard Rates Derivatives Contract, Standard Cross-currency Rates Derivatives Contract or Non Deliverable Rates Derivatives Contract, as applicable.

3.8.1.1.3 Determination of the Rate for a Reset Date

The rate for a Reset Date, including the source and the time at which such source is obtained from the relevant provider, is determined by reference to Article 7 of the ISDA Definitions.

8.6 Auction

8.6.1 Auction Protocol

The entire Auction process may take a number of days, but is expected to be completed as soon as reasonably practicable. Auction Portfolios may be auctioned at different times. Each Auction Portfolio shall be subject to its own Auction.

In respect of each Auction, DMP Information relating to such Auction will be provided to each Non-Defaulting Clearing Member participating in such Auction. The information provided will allow the Non-Defaulting Clearing Members to assess the risk in the Auction Portfolio and value the same.

8.6.2 Construction of Auction Portfolio

OTC Clear will, in consultation with the Default Management Group, construct various Auction Portfolios in respect of the Auction Book relating to a Defaulting Clearing Member. Clearing Rules 1902 to 1904 set out the general principle in constructing such Auction Portfolios, and OTC Clear, in consultation with the Default Management Group, will review the Transaction Categories that the Defaulting Clearing Member had registered with OTC Clear immediately before the occurrence of the DMP Event. An Auction Portfolio may contain Auction Positions belonging to more than one Transaction Category.

The following example illustrates how the Auction Portfolio construction process works:

Assuming OTC Clear has four Clearing Members: Clearing Member A “CM-A”, Clearing Member B “CM-B”, Clearing Member C “CM-C”, and Clearing Member D “CM-D”. Assuming further that CM-D is in default and immediately prior to default, it had registered Contracts with OTC Clear belonging to the following Transaction Categories: Rates Derivatives Contracts denominated in CNY (offshore) (“**CNY IRS**”), FX Derivatives Contracts denominated in CNY (“**CNY NDF**”) and Rates Derivatives Contracts denominated in HK\$ (“**HK\$ IRS**”).

In the example above, subsequent to the creation of the Auction Book relating to CM-D on the Special Default Account, three Auction Portfolios may be constructed for CM-D:

- (i) CNY IRS = 50%
- (ii) CNY NDF = 40%
- (iii) HK\$ IRS = 10%

In the event that OTC Clear, in consultation with the Default Management Group, determines that the likelihood of successfully disposing all Auction Positions on the Auction Book relating to CM-D will be increased by combining CNY IRS with CNY NDF, it may do so as follows:

- (a) CNY IRS + CNY NDF = 90%
- (b) HK\$ IRS = 10%

In either of the above examples, the percentages marked against each of the three Auction Portfolios is the RAP (please refer to Clearing Rule 1913) determined in respect of each such Auction Portfolio by OTC Clear in consultation with the Default Management Group.

Glossary

Defined Term	Page No
Absolute Risk Limit	<u>7473</u>
Account Limits	7473
Accrual Factor	<u>6769</u>
Ad Hoc Intra-day VM Call	<u>6870</u>
Additional Payment	<u>2627</u>
Affected Amount	<u>6463</u>
Affected Clearing Member	<u>6463</u>
Application Form	<u>6</u>
Approved Trade Registration System	<u>14</u>
Base NPV	<u>8284</u>
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Client Account Limit	<u>7473</u>
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Client Risk Management	<u>9</u>
Close-out Variation Margin	<u>109111</u>
CNY IRS	<u>9294</u>
CNY NDF	<u>9294</u>
Collateral Concentration Limit	<u>8890</u>
Collateral Haircut	<u>8890</u>
Daily GF Value	<u>8385</u>
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