

Amendments to the CDP Clearing Rules

Legend: Amendments are marked in *blue*.

RULE AMENDMENTS	
Rule 1 – Application and Definitions	
...	
1.2 Definitions	
1.2.1	
...	
Term	Meaning
<u>A</u>	
...	
<u>“Adjusted Amount”</u>	<u>has the meaning ascribed to it in Rule 7.10.6.</u>
...	
<u>P</u>	
...	
<u>“Prescribed Contributions”</u>	<u>means the aggregate of a Clearing Member’s Collateralised Contribution and Contingent Contribution as determined by CDP pursuant to Rules 7.2.1A(2) and 7.2.1A(3) respectively.</u>
...	
Rule 3 – Membership	
...	
3.10 Resignation by Clearing Member	

3.10.1 Procedure

~~Subject to Rule 7.11, if a Clearing Member who wishes to resign it shall satisfy CDP that it has fulfilled or is able to fulfil its obligations to CDP and such obligations to Trading Members as CDP specifies. That Clearing Member shall give CDP no less than at least 30 days' written notice (inclusive of the day that notice is given)(the "resignation notice") to CDP of its intention to resign and the effective date of resignation. CDP may vary or waive the requirement to give such resignation notice. The Clearing Rules, and any Clearing Directives as may be imposed by CDP, shall continue to apply, and the Clearing Member shall be required to comply with them, until the effective date of resignation. In addition, it shall:—~~

- ~~(1) give not less than 30 days' written notice (the "resignation notice") to CDP of its intention to resign and the effective date of resignation; CDP may vary or waive the resignation notice; and [Rule has been deleted.]~~
- ~~(2) for avoidance of doubt, a Clearing Member shall continue to comply with the Clearing Rules, and any Clearing Directives as may be imposed by CDP until resignation. [Rule has been deleted.]~~

3.10.2 Acceptance of Resignation by CDP

CDP need not accept the resignation of a Clearing Member if it is:—

- (1) conducting an investigation under this Clearing Rules, investigating a complaint, or has initiated disciplinary proceedings against the Clearing Member; or
- (2) not satisfied that the Clearing Member has fulfilled or is able to fulfil:—
 - (a) its obligations to CDP and such obligations to Trading Members, as CDP may specify; and
 - (b) its obligation to its customers, or in the case of a Bank Clearing Member, its customers in relation to its business governed by this Clearing Rules, as CDP may specify.

...

Rule 7 – Clearing Fund

...

7.2 Contributions by Clearing Members

...

7.2.1A

A Clearing Member is required to make the following contributions to the Clearing Fund:

- (1) [Rule has been deleted.]
- (2) a collateralised contribution (“Collateralised Contribution”) which shall be in an amount determined by CDP from time to time based on the exposure that the Clearing Member’s trades bring to CDP and subject to a minimum of \$500,000 or such other amount as CDP may specify; and
- (3) a contingent contribution (“Contingent Contribution”) which shall be in an amount determined by CDP from time to time and shall not exceed an amount equal to the Clearing Member’s Collateralised Contribution. CDP may at any time call for the deposit of a Clearing Member’s Contingent Contribution (or any part thereof).

...

7.8 Application of Clearing Fund**7.8.1**

Subject to Rule 7.8.2 and unless otherwise provided in the Clearing Rules or as determined by CDP, the Clearing Fund may be applied in the manner set out in Rule 7.9, to meet any losses, costs or expenses incurred by CDP arising from or in connection with an Event of Default, whether such losses, costs or expenses are incurred before or after the Event of Default has been declared.

7.8.2

CDP shall apply the Clearing Fund in respect of an Event of Default only after the Defaulting Clearing Member's Collateral deposited with or provided to CDP has been fully applied, in accordance with Rule 8.6B, to satisfy the obligations of the Clearing Member to CDP.

7.9 Order of Application of Contributions**7.9.1**

The Clearing Fund shall be applied in the following order:—

- (1) first, the contributions made by the Defaulting Clearing Member to the Clearing Fund;

- (2) second, the CDP First Contribution;
- (3) third, [subject to Rules 7.10.4, 7.10.5 and 7.10.6](#), the Collateralised Contributions from all non-Defaulting Clearing Members. Each non-Defaulting Clearing Member's Collateralised Contribution will be applied on a pro rata basis, based on that non-Defaulting Clearing Member's required Collateralised Contribution relative to the aggregate required Collateralised Contributions of all non-Defaulting Clearing Members;
- (3A) fourth, the CDP Second Contribution; and
- (4) fifth, [subject to Rules 7.10.4, 7.10.5 and 7.10.6](#), the Contingent Contributions from all non-Defaulting Clearing Members. Each non-Defaulting Clearing Member's Contingent Contribution will be applied on a pro rata basis, based on that non-Defaulting Clearing Member's required Contingent Contribution relative to the aggregate required Contingent Contributions of all non-Defaulting Clearing Members.
- (5) [Rule has been deleted.]
- (6) [Rule has been deleted.]

7.9.2

Following the application of the Clearing Fund for the first Event of Default in a Relevant Period, any subsequent application of the Clearing Fund for subsequent Events of Default in the same Relevant Period shall continue from the remaining funds in the source of contribution with the highest order of application that has not been exhausted by the previous Event of Default.

7.9.3

Once all the sources of contribution to the Clearing Fund have been exhausted, any further application of the Clearing Fund (as topped up in accordance with Rule 7.10) shall, irrespective of the number of times it has been topped up, and subject to Rules [7.10.4, 7.10.5 and 7.10.6](#), begin again at the start of and flow in the sequence of the priority set out in Rule 7.9.1.

- (1) [Rule has been deleted.]
- (2) [Rule has been deleted.]

7.9.4

Upon the commencement of a new Relevant Period, regardless of the last source of contribution applied in the previous Relevant Period, any application of the Clearing Fund in the new Relevant Period shall begin at the start of the sequence of priority set out in Rule 7.9.1.

...

7.10 Top-Up of Clearing Member's Contributions in an Event of Default**7.10.1**

CDP shall notify a Clearing Member in writing whenever its contributions to the Clearing Fund (or any part thereof) are applied in accordance with Rule 7.9.

7.10.2

A Defaulting Clearing Member shall reimburse the Clearing Fund for any amount (except the amount it contributed to the Clearing Fund) which was applied out of the Clearing Fund as a result of or in connection with its default. Such reimbursement shall be made by such time as determined by CDP.

7.10.3

If any amount is paid out of a Clearing Member's Collateralised Contributions or Contingent Contributions, the Clearing Member shall, [subject to Rule 7.10.4 and](#) upon demand by CDP, top-up the deficiency in its contributions arising from the said payment within such time as determined by CDP. CDP shall notify each Clearing Member in writing of the amount to be topped up and the time within which such top-up is required to be made under this Rule.

7.10.4

Notwithstanding any top-up pursuant to Rule 7.10.3, the application of a non-Defaulting Clearing Member's [Clearing Fund contribution Collateralised Contribution and Contingent Contribution](#) for each Event of Default shall not exceed an amount equal to its required Collateralised Contribution and Contingent Contribution amounts as set out in Rule 7.2.1A(2) and (3).

7.10.5

Notwithstanding Rule 7.9 and subject to Rule 7.10.6, the aggregate amount of a non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that can be applied in respect of all Events of Default occurring within a period of 30 calendar days shall not exceed an amount equal to three times of that Clearing Member's Prescribed Contributions as at the start of that 30-day period.

7.10.6

Where an Event of Default occurs, the amount of a non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for application in respect of that Event of Default is the lower of:

- (1) an amount equal to three times of the Clearing Member's Prescribed Contributions as at the start of the 30-day period that ends on the day of the Event of Default less the aggregate amount of that Clearing Member's Collateralised Contribution and Contingent Contribution that has already been utilised for all other preceding Events of Default that had occurred in that 30-day period; or
- (2) where the Clearing Member's Collateralised Contribution was adjusted during the aforementioned 30-day period, an amount ("**Adjusted Amount**") equal to three times of the consequently adjusted Prescribed Contributions less the aggregate amount of the Clearing Member's Collateralised Contribution and Contingent Contribution that has already been utilised for Events of Default that occurred after the day of that adjustment but before the Event of Default.

In the event the Clearing Member's Collateralised Contribution is adjusted multiple times during the 30-day period, a separate Adjusted Amount shall be calculated for each adjustment and the lowest Adjusted Amount shall apply for the purpose of this Rule 7.10.6(2).

Refer to Practice Note 7.10.5, 7.10.6.

7.11 Resignation [Rule has been deleted.]

7.11.1

A Clearing Member who is required to make any payment to the Clearing Fund pursuant to Rule 7.10, may resign in accordance with Rule 3.10 to CDP after settlement of such payment. [Rule has been deleted.]

7.11.2

~~A Clearing Member's aggregate liability to make payment into and/or top-up the Clearing Fund by reason of events occurring from the date that CDP receives its resignation notice to the effective date of its resignation shall not exceed an amount equal to its required Collateralised Contribution and Contingent Contribution amounts as set out in Rule 7.2.1A(2) and (3) as at the date of the resignation notice, plus 2 times such amount. [Rule has been deleted.]~~

...

7.13 Return of Contributions

7.13.1

Within 6 months of ~~the resignation of~~ a Clearing Member's effective date of resignation, CDP shall return to the Clearing Member the unapplied portion of its Clearing Fund contributions, net of any outstanding liabilities, whether actual or contingent, that the Clearing Member may owe to CDP ~~at the time~~ before the effective date of resignation.

Practice Note 7.10.5, 7.10.6 — Limit on Non-Defaulting Clearing Members' Liability for Multiple Events of Default

1. Introduction

1.1 Rule 7.10.5 states that the aggregate amount of a non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that can be applied for all Events of Default occurring within a period of 30 calendar days shall not exceed an amount equal to three times of that Clearing Member's Prescribed Contributions as at the start of that 30-day period.

1.2 Rule 7.10.6 states that where an Event of Default occurs, the amount of a non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for application in respect of that Event of Default is the lower of:

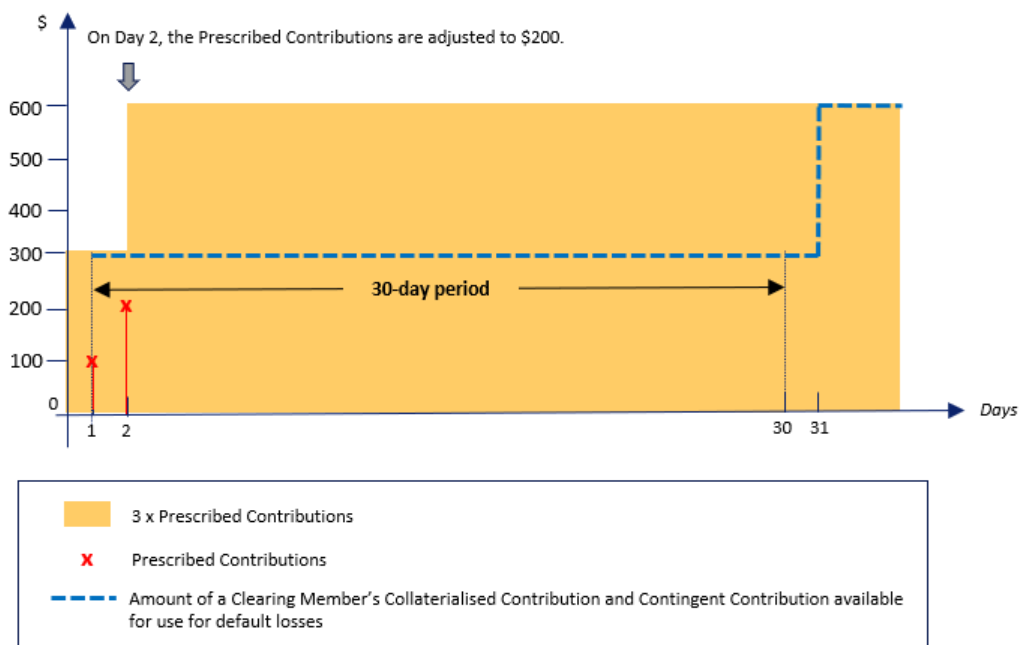
- (1) an amount equal to three times of the Clearing Member's Prescribed Contributions as at the start of the 30-day period that ends on the day of the Event of Default less the aggregate amount of that Clearing Member's Collateralised Contribution and Contingent Contribution that has already been utilised for all other preceding Events of Default that had occurred in that 30-day period; or
- (2) where the Clearing Member's Collateralised Contribution was adjusted during the aforementioned 30-day period, an Adjusted Amount equal to three times of the consequently adjusted Prescribed Contributions less the aggregate amount of the Clearing Member's Collateralised Contribution and Contingent Contribution that has already been utilised for Events of Default that occurred after the day of that adjustment but before the Event of Default.

In the event the Clearing Member's Collateral Contribution is adjusted multiple times during the 30-day period, a separate Adjusted Amount shall be calculated for each adjustment and the lowest Adjusted Amount shall apply for the purpose of Rule 7.10.6(2).

1.3 This Practice Note illustrates the operation of Rules 7.10.5 and 7.10.6. The scenarios set out are meant only to illustrate the calculation of the usage limits applicable under the Rules in various hypothetical scenarios, and are not representative of how Events of Defaults are managed by CDP nor the actions that CDP can and may take to maintain a fair, orderly, safe and efficient market.

2. Operation of Rule 7.10.5

Illustration for Scenario 1



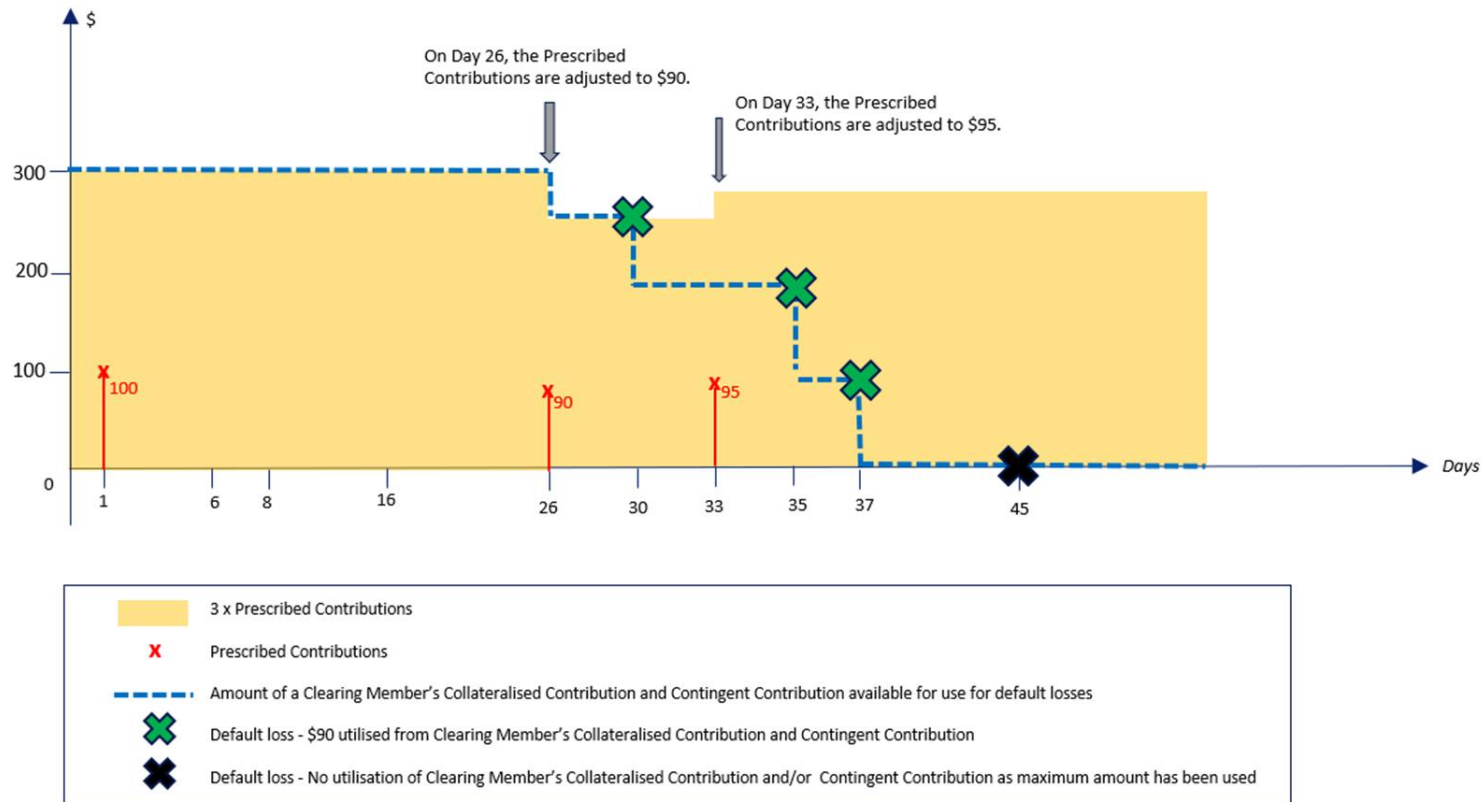
Scenario 1

2.1 Scenario 1: On Day 1, the non-Defaulting Clearing Member's Prescribed Contributions is \$100. On Day 2, the Clearing Member's Prescribed Contributions is increased to \$200. This scenario illustrates how the aggregate amount of a non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that can be applied in respect of all Events of Default occurring within a 30-day period shall not exceed an amount equal to three times of the Clearing Member's Prescribed Contributions as at the start of the 30-day period.

2.2 In accordance with Rule 7.10.5, the aggregate amount of the Clearing Member's Collateralised Contribution and Contingent Contribution that can be applied in respect of all Events of Default occurring within Day 1 to Day 30 shall not exceed an amount equal to three times of that Clearing Member's Prescribed Contributions on Day 1. Therefore, even though the Clearing Member's Prescribed Contributions were increased to \$200 on Day 2, the aggregate amount of the Clearing Member's Collateralised Contribution and Contingent Contribution which can be applied to meet default losses occurring within Day 1 to Day 30 will not exceed \$300 (i.e. 3 x \$100).

3. [Operation of Rule 7.10.6](#)

Illustration for Scenarios 2 to 5



[3.1](#) The following scenarios (Scenarios 2 to 5) illustrate how the amount of a non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that can be used to meet losses is capped in the event of multiple defaults within a 30-day period.

Scenario 2

3.2 Scenario 2: On Day 1, the non-Defaulting Clearing Member's Prescribed Contributions is \$100. On Day 26, the Clearing Member's Prescribed Contributions is reduced to \$90. Subsequently, an Event of Default occurred on Day 30. This scenario illustrates the amount of a non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for application in respect of the Event of Default that occurred on Day 30.

3.3 Pursuant to Rule 7.10.6, the amount of a non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available in respect of the Event of Default on Day 30 is the lower of:

(a) <u>an amount equal to three times of the Clearing Member's Prescribed Contributions as at the start of the 30-day period that ends on the day of the Event of default (i.e. Day 1) less the aggregate amount utilised for all preceding events of default (i.e. from Day 1 up until the current Event of Default); or</u>	<div> <u>3 x Prescribed Contributions on Day 1</u> $= 3 \times \\$100$ $= \\$300$ </div> <div> <u>Aggregate amount utilised for all preceding Events of Default from Day 1 until the current Event of Default on Day 30</u> $= \\$0$ </div> <div> <u>Amount that results under limb (a)</u> $= \\$300 - \\0 $= \\$300$ </div>
(b) <u>where the Clearing Member's Collateralised Contribution was adjusted during the 30-day period, an Adjusted Amount equal to three times of the consequently adjusted Prescribed Contributions (i.e. the Prescribed Contributions on Day 26) less the aggregate amount of the Clearing Member's Collateralised Contribution and Contingent Contribution that has already been utilised in respect of Events of Default that occur after the day of that adjustment but before the Event of Default (i.e. from Day 26 up until the current Event of Default).</u>	<div> <u>3 x adjusted Prescribed Contributions on Day 26</u> $= 3 \times \\$90$ $= \\$270$ </div> <div> <u>Aggregate amount utilised for all Events of Default from Day 26 until the current Event of Default on Day 30</u> $= \\$0$ </div> <div> <u>Adjusted Amount that results under limb (b)</u> $= \\$270 - \\0 $= \\$270$ </div>

3.4 Under this scenario, the amount that results under limb (b) is lower than the amount that results under limb (a). Therefore, the amount of the non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for the Event of Default that occurred on Day 30 is the amount that results under limb (b), which is **\$270**.

Scenario 3

3.5 Scenario 3: Continuing from Scenario 2, \$90 of the Clearing Member's Collateralised Contribution and Contingent Contribution was used for the Event of Default on Day 30. On Day 33, the Clearing Member's Prescribed Contributions is increased to \$75. A second default occurs on Day 35. This scenario illustrates the amount of the non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for application in respect of the second Event of Default that occurred on Day 35.

3.6 Pursuant to Rule 7.10.6, the amount of a non-defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for application in respect of the Event of Default on Day 35 is the lower of:

<p>(a) <u>an amount equal to three times of the Clearing Member's Prescribed Contributions as at the start of the 30-day period that ends on the day of the Event of Default (i.e. Day 35 – 29 days = Day 6) less the aggregate amount utilised for all preceding Events of Default (i.e. from Day 6 up until the current Event of Default); or</u></p>	<p><u>3 x Prescribed Contributions on Day 6</u> <u>= 3 x \$100</u> <u>= \$300</u></p> <p><u>Aggregate amount utilised for all preceding events of default from Day 6 until the current Event of Default on Day 35</u> <u>= \$90*</u></p> <p><i>* From the default on Day 30</i></p> <p><u>Amount that results under limb (a)</u> <u>= \$300 - \$90</u> <u>= \$210</u></p>
<p>(b) <u>where the Clearing Member's Collateralised Contribution was adjusted during the 30-day period, an Adjusted Amount equal to three times of the consequently adjusted Prescribed Contributions less the aggregate amount of the Clearing Member's Collateralised Contribution and Contingent Contribution that has already been utilised in respect of Events of Default that occurred after the day of that adjustment but before the Event of Default.</u></p>	<p><u>Rule 7.10.6 also states that in the event the Clearing Member's Collateralised Contribution is adjusted multiple times during the 30-day period, a separate Adjusted Amount shall be calculated for each adjustment and the lowest Adjusted Amount shall apply for the purpose of Rule 7.10.6(2).</u></p> <p><u>In this case, the Clearing Member's Collateralised Contribution was adjusted twice resulting in two adjusted Prescribed Contributions within the relevant 30-day period. Therefore two separate Adjusted Amounts will be calculated.</u></p> <p><u>Adjusted Amount A:</u></p> <p><u>3 x adjusted Prescribed Contributions on Day 26</u> <u>= 3 x \$90</u> <u>= \$270</u></p> <p><u>Aggregate amount utilised for Events of Default from Day 26 until the current Event of Default on Day 30</u> <u>= \$90*</u></p>

	<p><u>* From the default on Day 30</u></p> <p><u>Adjusted Amount A</u> <u>= \$270 - \$90</u> <u>= \$180</u></p> <p><u>Adjusted Amount B:</u></p> <p><u>3 x adjusted Prescribed Contributions on Day 33</u> <u>= 3 x \$95</u> <u>= \$285</u></p> <p><u>Aggregate amount utilised for Events of Default from Day 33 until the current Event of Default on Day 35</u> <u>= \$0</u></p> <p><u>Adjusted Amount B</u> <u>= \$285 - \$0</u> <u>= \$285</u></p> <p><u>Adjusted Amount A (\$180) is lower than Adjusted Amount B (\$285), therefore Adjusted Amount A applies for the purpose of Rule 7.10.6(2) and the amount that results under limb (b) is \$180.</u></p>
--	---

3.7 In this scenario, the amount of the non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for the second Event of Default that occurred on Day 35 is the lowest Adjusted Amount calculated pursuant to limb (b), which is **\$180**.

Scenario 4

3.8 Scenario 4: Continuing from Scenario 3, \$90 of the Clearing Member's Collateralised Contribution and Contingent Contribution was used in respect of the second default on Day 35. A third default occurred on Day 37. This scenario illustrates the amount of the non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for the default that occurred on Day 37.

3.9 Pursuant to Rule 7.10.6, the amount of a non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for utilisation in respect of the Event of Default on Day 37 is the lower of:

<p>(a) <u>an amount equal to three times of the Clearing Member's Prescribed Contributions as at the start of the 30-day period that ends on the day of the Event of Default (i.e. Day 37 – 29 days = Day 8) less the aggregate amount utilised for all preceding Events of Default (i.e. from Day 8 up until the current Event of Default); or</u></p>	<p><u>3 x Prescribed Contributions on Day 8</u> <u>= 3 x \$100</u> <u>= \$300</u></p> <p><u>Aggregate amount utilised for all preceding Events of Default from Day 8 until the current Event of Default on Day 37</u> <u>= \$90*+ 90**</u> <u>= \$180</u></p> <p><i>* From the default on Day 30</i> <i>** From the default on Day 35</i></p> <p><u>Amount that results under limb (a)</u> <u>= \$300 - \$180</u> <u>= \$120</u></p>
<p>(b) <u>where the Clearing Member's Collateralised Contribution was adjusted during the 30-day period, an Adjusted Amount equal to three times of the consequently adjusted Prescribed Contributions less the aggregate amount of the Clearing Member's Collateralised Contribution and Contingent Contribution that has already been utilised in respect of Events of Default that occurred after the day of that adjustment but before the Event of Default.</u></p>	<p><u>Rule 7.10.6 states that in the event the Clearing Member's Collateralised Contribution is adjusted multiple times during the 30-day period, a separate Adjusted Amount shall be calculated for each adjustment and the lowest Adjusted Amount shall apply for the purpose of Rule 7.10.6(2).</u></p> <p><u>In Scenario 3 from which this scenario continues, the Clearing Member's Collateralised Contribution was adjusted twice resulting in two adjusted Prescribed Contributions within the relevant 30-day period. Therefore two separate Adjusted Amounts will be calculated.</u></p> <p><u>Adjusted Amount A:</u></p> <p><u>3 x adjusted Prescribed Contributions on Day 26</u> <u>= 3 x \$90</u> <u>= \$270</u></p> <p><u>Aggregate amount utilised for Events of Default from Day 26 until the current Event of Default on Day 37</u> <u>= \$90*+\$90**</u> <u>= \$180</u></p> <p><i>* From the default on Day 30</i> <i>** From the default on Day 35</i></p> <p><u>Adjusted Amount A</u> <u>= \$270 - \$180</u> <u>= \$90</u></p> <p><u>Adjusted Amount B:</u></p>

	<u>3 x adjusted Prescribed Contributions on Day 33</u> <u>= 3 x \$95</u> <u>= \$285</u>
	<u>Aggregate amount utilised for Events of Default from Day 33 until the current Event of Default on Day 37</u> <u>= \$90**</u>
	<u>** From the default on Day 35</u>
	<u>Adjusted Amount B</u> <u>= \$285 - \$90</u> <u>= \$195</u>
	<u>Adjusted Amount A (\$90) is lower than Adjusted Amount B (\$195), therefore Adjusted Amount A applies for the purpose of Rule 7.10.6(2) and the amount that results under limb (b) is \$90.</u>

3.10 The amount of the non-defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for the third Event of Default that occurred on Day 37 is the lowest Adjusted Amount calculated pursuant to limb (b), which is \$90.

Scenario 5

3.11 Scenario 5: Continuing from Scenario 4, \$90 of the Clearing Member's Collateralised Contribution and Contingent Contribution was used to meet losses suffered by the Clearing House arising from the third default on Day 37. A fourth default occurred on Day 45. This scenario illustrates the amount of the non-defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available to meet losses suffered by the Clearing House arising from or in connection with the default that occurred on Day 45.

3.12 Pursuant to Rule 7.10.6, the amount of a non-defaulting Clearing Member's Collateralised Contribution and Contingent Contribution that is available for use in respect of the Event of Default on Day 45 is the lower of:

(a) <u>an amount equal to three times of the Clearing Member's Prescribed Contributions as at the start of the 30-day period that ends on the day of the Event of Default (i.e. Day 45 – 29 days = Day 16) less the aggregate amount used to meet default losses from all preceding events of default (i.e. from Day 16 up until the current Event of Default); or</u>	<u>3 x Prescribed Contributions on Day 16</u> <u>= 3 x \$100</u> <u>= \$300</u>
	<u>Aggregate amount utilised for all preceding Events of Default from Day 16 until the current Event of Default on Day 45</u> <u>= \$90* + \$90** + \$90^</u> <u>= \$270</u>

	<p><u>* From the default on Day 30</u> <u>** From the default on Day 35</u> <u>^ From the default on Day 37</u></p> <p><u>Amount that results under limb (a)</u> <u>= \$300 - \$270</u> <u>= \$30</u></p>
<p>(b) <u>where the Clearing Member's Collateralised Contribution was adjusted during the 30-day period, an Adjusted Amount equal to 3 times of the consequently adjusted Prescribed Contributions less the aggregate amount of the Clearing Member's Collateralised Contribution and Contingent Contribution that has already been utilised in respect of Events of Default that occurred after the day of that adjustment but before the Event of Default.</u></p>	<p><u>Rule 7.10.6(2) states that in the event the Clearing Member's Collateralised Contribution is adjusted multiple times during the 30-day period, a separate Adjusted Amount shall be calculated for each adjustment and the lowest Adjusted Amount shall apply for the purpose of Rule 7.10.6(2).</u></p> <p><u>In Scenario 3 from which this scenario continues, the Clearing Member's Collateralised Contribution had been adjusted twice resulting in two adjusted Prescribed Contributions within the relevant 30-day period. Therefore two separate Adjusted Amounts will be calculated.</u></p> <p><u>Adjusted Amount A:</u></p> <p><u>3 x adjusted Prescribed Contributions on Day 26</u> <u>= 3 x \$90</u> <u>= \$270</u></p> <p><u>Aggregate amount utilised for Events of Default from Day 26 until the current Event of Default on Day 45</u> <u>= \$90* + \$90** + \$90^</u> <u>= \$270</u></p> <p><u>* From the default on Day 30</u> <u>** From the default on Day 35</u> <u>^ From the default on Day 37</u></p> <p><u>Adjusted Amount A</u> <u>= \$270 - \$270</u> <u>= \$0</u></p> <p><u>Adjusted Amount B:</u></p> <p><u>3 x adjusted Prescribed Contributions on Day 33</u> <u>= 3 x \$95</u> <u>= \$285</u></p>

	<u>Aggregate amount utilised for Events of Default from</u> <u>Day 26 until the current Event of Default on Day 45</u>	<u>= \$90** + \$90^</u> <u>= \$180</u>
	<u>** From the default on Day 35</u> <u>^ From the default on Day 37</u>	
	<u>Adjusted Amount B</u>	<u>= \$285 - \$180</u> <u>= \$105</u>
	<u>Adjusted Amount A (\$0) is lower than Adjusted Amount B (\$105), therefore</u> <u>Adjusted Amount A applies for the purpose of Rule 7.10.6(2) and the amount that</u> <u>results under limb (b) is \$0.</u>	

3.13 In this case, the non-Defaulting Clearing Member's Collateralised Contribution and Contingent Contribution cannot be utilised for the fourth Event of Default that occurred on Day 45 as the lowest Adjusted Amount calculated pursuant to limb (b) is \$0.