



## **VaR Platform**

# **Official Launch Information Package for HKSCC Clearing Participants**

Issue Date: 6 June 2022

## Table of Contents

1. Introduction.....	4
2. Overview of this Information Package .....	4
3. Recap of VaR Platform and the New Risk Models.....	4
3.1. VaR Platform.....	4
3.2. New Risk Models.....	5
3.2.1. Margin .....	6
3.2.2. Stress testing for Default Fund .....	6
4. Operational Arrangements after Official Launch .....	6
4.1. Marks and Margin Requirement for Hong Kong Market.....	6
4.1.1. Daily Schedule .....	6
4.1.2. Marks and margin related credit.....	7
4.1.3. Currency of marks and margin requirement and payment obligation.....	7
4.1.4. Margin multiplier for Tier N Flat Rate Margin – mode of communication.....	8
4.1.5. Cash prepayment arrangement.....	8
4.1.6. Release of excess cash collateral.....	8
4.1.7. Projection of marks and margin requirements .....	8
4.2. Default Fund.....	9
4.2.1. Review Schedule.....	9
4.2.2. Default Fund (DF) Credit and Threshold.....	9
4.2.3. Default Fund Add-on.....	10
4.2.4. Default Fund Contribution will be shown in CCMS.....	10
4.3. Northbound ( <i>for China Connect Clearing Participant (CCCP) only</i> ).....	10
4.3.1. Daily Mainland Settlement Deposit (MSTD).....	10
4.3.2. Monthly Mainland Settlement Deposit (MSCD) .....	11
4.4. Changes to CCASS Reports and Functions .....	12
5. Pre-Launch Preparation .....	12
5.1. End-of-Day Marks and Margin Requirements as of 10 June 2022 (Friday) .....	12
5.2. Preparation for cash prepayment - no margin offset for payment via CPI .....	13
5.3. Cutover Connectivity Test (12 June 2022) .....	13
6. One-off Transition Arrangements for the official launch .....	13
6.1. Margin Alignment on 13 June 2022.....	13
6.1.1. Determination of Margin Alignment Amount.....	14
6.1.2. Collection of Margin Alignment and Intraday Marks Requirements by 14:00 on 13 June 2022 (Monday) 14	
6.2. Default Fund (DF) Transition on 14 and 15 June 2022 .....	15
6.2.1. Ad hoc DF Review and Collection of DF Deficits .....	15
7. Summary of Upcoming Activities .....	17

8.	Hotline Arrangement.....	18
9.	Technical Information .....	18
10.	Other information.....	19
10.1.	Official Launch information .....	19
10.2.	VaR Platform and CCASS related User Guides .....	19
10.3.	General Rules of CCASS and CCASS Operational Procedures (CCASS Rules and OPs) ....	19
11.	Checklist and Glossary.....	20
11.1.	Checklist .....	20
11.2.	Glossary.....	21
	Appendix A - Contingency Arrangement .....	22
	Appendix B – Daily Operational Schedule .....	23
	Appendix C – Account Details of HKSCC’s Settlement Banks for Intra-day Payment.....	25
	Appendix D – Changes to CCASS Report and Function Changes .....	26
	Appendix E – Cutover Connectivity Test Schedule and Arrangement .....	28
	Appendix F – Margin Alignment Comparison .....	29

## 1. Introduction

As set out in the circular dated 25 May 2022 (Reference: [CD/CDCRM/142/2022](#)), the VaR Platform will be officially launched on **13 June 2022 (Monday)** for Hong Kong Securities Clearing Company Limited (HKSCC) with the introduction of new margin and stress testing models (collectively “new risk models”) for the calculation of margin and Default Fund<sup>1</sup>. Both Central Clearing and Settlement System (CCASS) and VaR Platform will be running in production. To facilitate Clearing Participants (CPs) to have a smooth transition to the official launch, Hong Kong Exchanges and Clearing Limited (HKEX) has arranged a series of activities prior to the official launch, including pre-launch preparation, webinars and cutover connectivity test. All CPs are encouraged to participate in these activities to verify and ensure their internal operational flows, system processes as well as funding preparation are ready for the official launch of VaR Platform.

## 2. Overview of this Information Package

This Information Package is designed to assist CPs in preparing for the official launch, covering the following:

- Recap of VaR Platform and the new risk models
- Operational arrangements after official launch
- Pre-launch preparation
- One-off transitional arrangements for the official launch
- Summary of upcoming activities
- Hotline arrangement
- Technical information
- Other information
- Checklist

CPs should read this Information Package carefully and make necessary preparation and arrangements for the official launch. A copy of this document should also be passed to their relevant teams, such as risk management, settlement, and/or IT team to ensure the availability of proper operational and technical support during the cutover weekend and upon the official launch.

## 3. Recap of VaR Platform and the New Risk Models

### 3.1. VaR Platform

VaR Platform is a risk engine, which is applicable to all CPs of HKSCC. VaR Platform will take over the risk functions from CCASS, including marks, margin and stress testing calculation and relevant reporting. VaR Platform will pass the calculation results to CCASS for the collateralisation and payment processing.

---

<sup>1</sup> Default Fund is equivalent to the term Guarantee Fund being used in General Rules of CCASS.

VaR Platform also introduces new tools for risk functions, including:

- Report Access Platform (RAP), as a centralised report platform for retrieval of VaR Platform reports and data files, will be available from 07:00 to 24:00 Mondays to Fridays, except public holidays; and
- VaR Online<sup>2</sup>, to facilitate CPs to conduct margin and stress test simulation, will be available from 10:00 to 19:30 Mondays to Fridays, except public holidays.

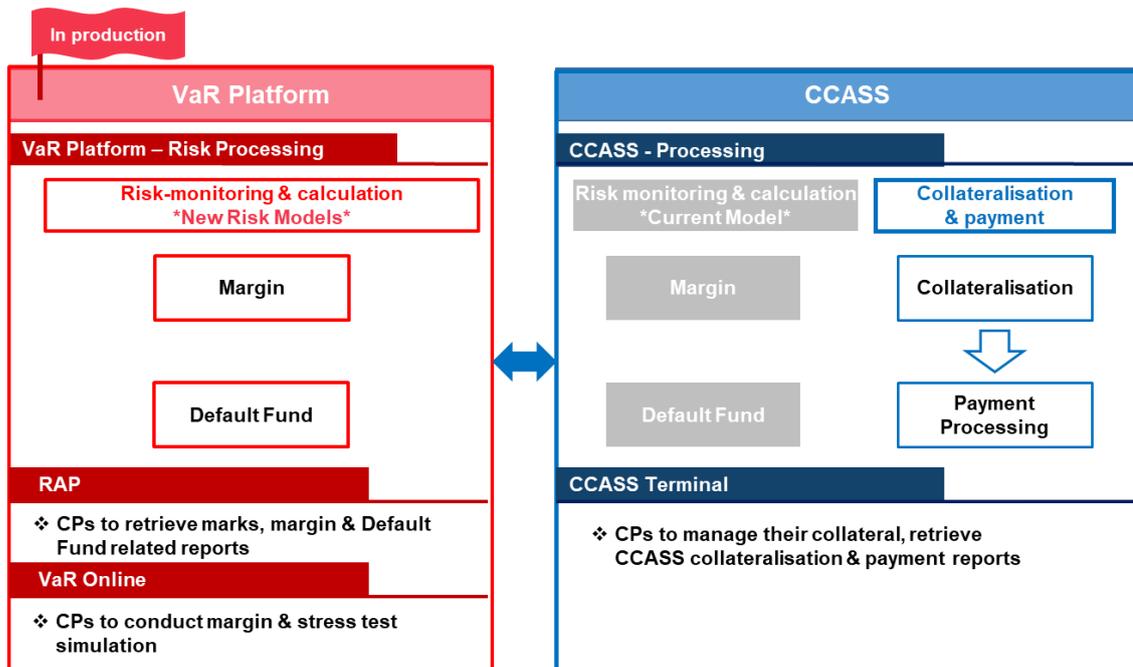


Diagram above is an illustration of an overview of the relationship between CCASS and VaR Platform.

For RAP and VaR Online access, CPs should submit the RAP Registration and Maintenance Form (eService: TechS 8) and the ORP DA Application Form (eService ID: DA 1) via Technical Setup section in [Client Connect](#).

As a prudent measures, in case under an unexpected situation that VaR Platform encounters failure, HKSCC will use an alternative method to calculate the marks and margin, i.e. fallback calculation methodology. Please refer to [Appendix A](#) for details of the methodology

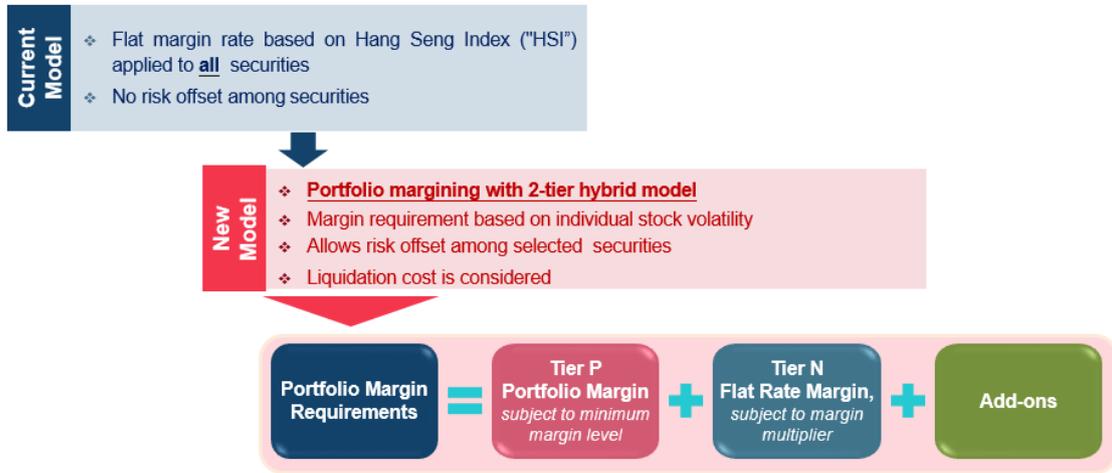
### 3.2. New Risk Models

HKSCC will introduce the new risk models to the Hong Kong securities market, which are applicable to all CPs, covering:

<sup>2</sup> Subject to CPs' own business needs, CPs can develop their own risk management tool, with reference to Risk Parameter Files (RPFs) to simulate margin and/or stress test value.

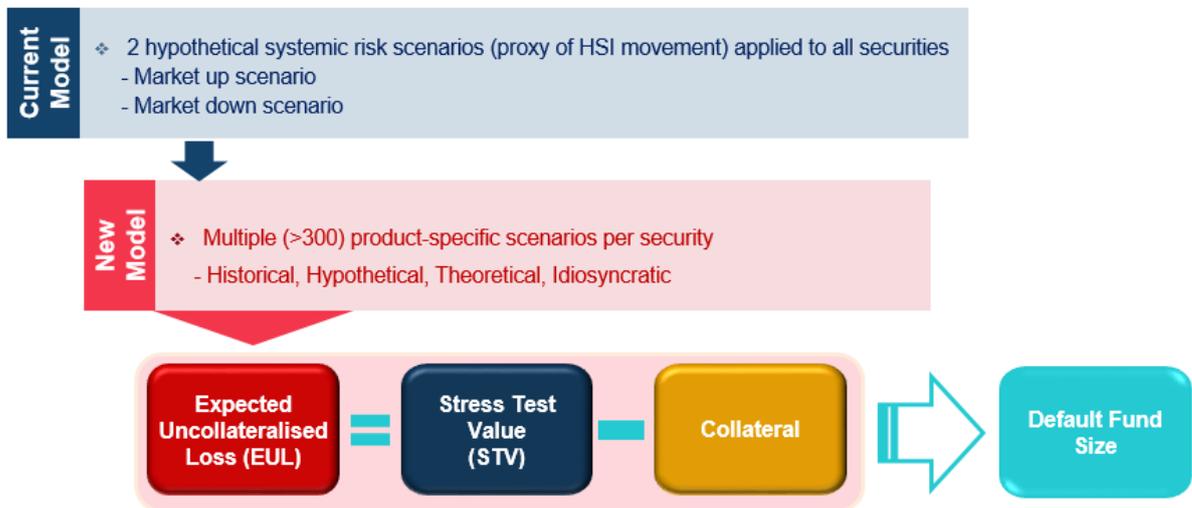
### 3.2.1. Margin

A new 2-tier hybrid model, applicable for HKSCC clearable instruments in the Hong Kong Market, as highlighted below:



### 3.2.2. Stress testing for Default Fund

Default Fund size will be determined and allocated based on a more risk based approach, including the allocation of each CP's Default Fund contribution from CNS position based to "risk based" i.e. stress test value net of its own collateral (EUL).



## 4. Operational Arrangements after Official Launch

### 4.1. Marks and Margin Requirement for Hong Kong Market

#### 4.1.1. Daily Schedule

Marks and margin estimation and calculation will be conducted by VaR Platform, CPs should retrieve new VaR reports (csv format) from RAP for their marks and margin requirements:

- Marginable Position Report (RMAMP01)

- MTM and Margin Requirement Report (RMAMR01)
- MTM and Margin Requirement Report (Summary Version) (RMAMR03)

After the collateralisation process, CCASS will calculate the actual payment amounts, CPs should refer to the following CCASS reports to fulfil their payment obligations

- Posting / Collateralisation Result Report (intra-day) (CCMPY01)
- Posting / Collateralisation Result Report (day-end) (CCMPY02).

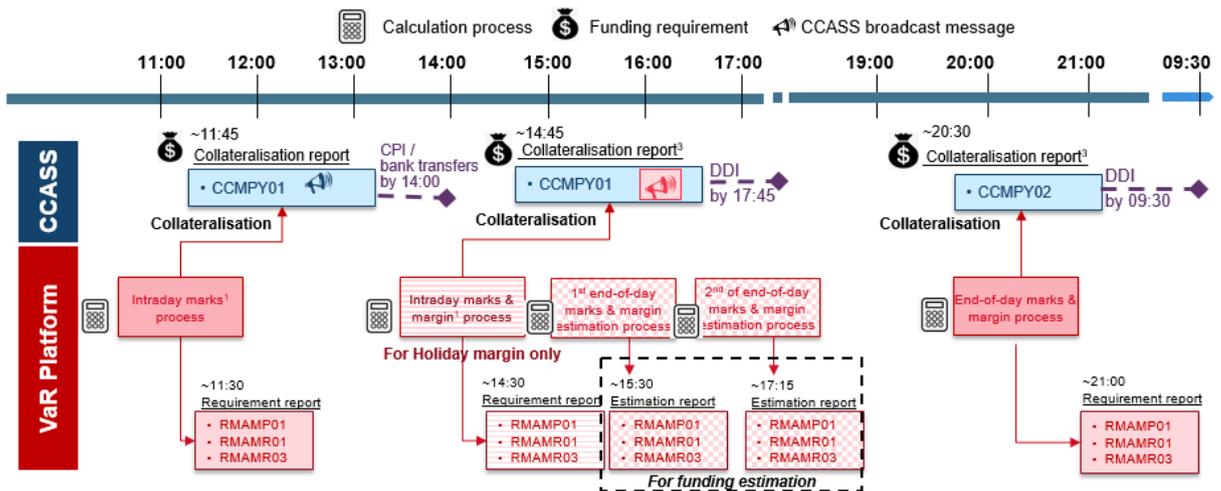


Diagram above highlights the daily schedule for marks and margin calculation and payments. Please refer to [Appendix B](#) for a detailed daily operational schedule.

#### 4.1.2. Marks and margin related credit

##### Marks credit limit

- Currently, CPs' own Default Fund Basic contribution will be considered as a credit limit for marks calculation. Effective from 13 June 2022, to enhance default capital adequacy by isolation of DF resources, such credit limit will **NO** longer be available.

##### Margin credit

- Existing margin credit of HKD 5 million will remain unchanged for margin calculation, which may be subject to further credit assessment.

##### Tolerance limit

- Tolerance limit of HKD 5 million, applicable for intraday marks will be extended to be available for both intra-day marks and margin, if applicable.

#### 4.1.3. Currency of marks and margin requirement and payment obligation

- VaR Platform will calculate and show the marks and margin requirements in HKD equivalent, such as VaR Platform reports "MTM and Margin Requirement Report" (RMAMR01 and RMAMR03), while CPs can continue to pay their marks and margin requirements in their Preferred Single Settlement Currency.

#### 4.1.4. Margin multiplier for Tier N Flat Rate Margin – mode of communication

- Effective from 13 June 2022 (Monday), the Tier N Flat Rate Margin (subject to margin multiplier) will be set as **12%** (subject to change from time to time).
- Starting from 10 June 2022 (Friday), HKSCC will no longer send the margin multiplier information to CPs via emails/letters. CPs should refer to VaR Platform report, “Daily Participant Margin Multiplier Report” (DWH0081C) for their own margin multipliers and corresponding effective dates. The report will be available on next business day morning after each review, while the flat rate margin multiplier shown on the report will take effect on the 2nd business day after the review date.
- For example, for flat rate margin multiplier to be effective on 13 June 2022 (Monday), CPs should refer to “Daily Participant Margin Multiplier Report” (DWH0081C) retrieved from date folder “10 June 2022”, in the morning on 10 June 2022 (Friday), such report should be dated at 9 June 2022 (Thursday).

\*\*\* On the report : Review Date : 9 June 2022; Effective Date : 13 June 2022\*\*\*

- CPs are reminded that for flat rate margin multiplier to be effective on next business day, CPs should refer to “Daily Participant Margin Multiplier Report” (DWH0081C) retrieved from current date folder, with report dated as of previous business day.

#### 4.1.5. Cash prepayment arrangement

- Upon the official launch, the margin refund will **NO** longer be available to offset cash prepayment. For CPs who have set up standing instructions for cash prepayment (paid via CHATS Payment Instruction, i.e. CPI) to release CNS allocated shares, they should take note and ensure they have sufficient fund in their bank account to fulfil their cash prepayment payment (via CPI) on 13 June 2022. Please also refer to [Section 5](#) for the preparation before the official launch.

#### 4.1.6. Release of excess cash collateral

- To mitigate potential under-collateralisation risk if an adverse mark-to-market change is observed after the intra-day call, excess cash collateral will NOT be released during intra-day, rather will only be released to CPs via day-end CCASS payment process. Marks and margin requirements will be combined and shown as **MARGN** instead of separate items as “PDMKS” and “ODMKS” in the modified “Posting / Collateralisation Result Reports” (CCMPY01/02). Following that, the existing “CCMS-to-CCASS Cash Transfer” maintenance functions together with user access group “R” will become **obsolete** and be removed from CCASS Terminal. For details, please refer to the updated CCASS Terminal User Guide.

#### 4.1.7. Projection of marks and margin requirements

- From 13 June 2022, the following CCASS broadcast messages regarding requirement projections will become obsolete:

- a. day-end marks and concentration collateral
  - b. margin requirements
  - c. periodic additional cash collateral requirement
- CPs should refer to the VaR Platform reports, “MTM and Margin Requirement Report” (RMAMR01 and RMAMR03) available at around 15:30 and 17:15 for estimates of their end-of-day marks and margin requirement.
  - Same as existing, CPs should continue to refer to the day-end “Posting / Collateralisation Result Report” (CCMPY02) available at around 20:30 for the actual shortfall amount. Such shortfall has to be paid by DDI by 09:30 on the next business day.

## 4.2. Default Fund

### 4.2.1. Review Schedule

- Same as existing, a monthly Default Fund (DF) review will take place at the beginning of each month, subject to ad hoc review from time to time. Circulars will be issued to CPs one business day after the DF review; while CPs must pay their DF contribution requirements, if any, by 17:45 (via DDI) on the following business day.
- CPs can refer to the following reports generated after the Default Fund review and collateralisation for their requirements:
  - a. Default Fund Requirement Report (RMADF01) – *available around 10:30 after DF review via RAP*
  - b. Statement of Default Fund Contribution (CCMDF02) – *available around 12:00 noon after DF review via CCASS*
- CPs should refer to CCASS report “Statement of Default Fund Contribution” (CCMDF02) for their contribution requirements, which should be paid by 17:45 (via DDI) on the following business day.

### 4.2.2. Default Fund (DF) Credit and Threshold

#### DF credit

- Existing DF of HKD 1 million will remain unchanged for DF calculation.

#### DF threshold

- Effective from 13 June 2022 onwards, the Default Fund threshold will be set at **HKD 7.3 billion**, instead of the current HKD 6.6 billion.

#### 4.2.3. Default Fund Add-on<sup>3</sup>

- The current “Guarantee Fund Risk Collateral” will be renamed to “Default Fund add-on”, with the payment deadline remains unchanged at 11:00 on next business day after the review.
- Default Fund add-on to be collected will be “Default Fund add-on requirements” shown in MTM and Margin Requirement Report (RMAMR01) *minus* “Collateral on-hand (OCF)” shown in Special-Use Collateral Balance Report (CCMSU04).
- HKSCC will notify those CPs who are subject to payment of Default Fund add-on requirements, with payment details. CPs can pay their Default Fund add-on requirements via bank transfers with any of the 5 HKSCC’s appointed Settlement Banks<sup>4</sup>. Please refer to Appendix C for the bank account details.

#### 4.2.4. Default Fund Contribution will be shown in CCMS

- Default Fund contribution will be shown as Special-use movements / balance in CCMS reports and functions, as the following Special-use types:
  - a. GRA - Additional basic contribution for Default Fund (for HKSCC)
  - b. GRD - Dynamic contribution for Default Fund (for HKSCC)
  - c. GRI - Minimum basic contribution for Default Fund (for HKSCC)

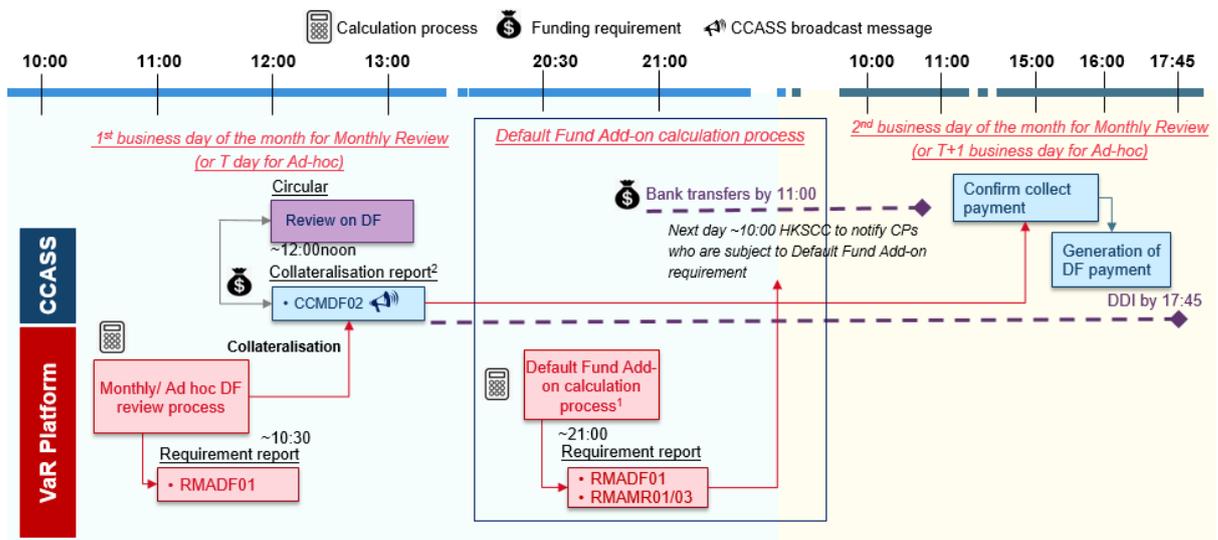


Diagram above highlights the daily schedule for default fund calculation and payments. Please refer to [Appendix B](#) for a detailed daily operational schedule.

### 4.3. Northbound (for China Connect Clearing Participant (CCCP) only)

#### 4.3.1. Daily Mainland Settlement Deposit (MSTD)

- From 13 June 2022, the estimated day-end MSTD projection via CCASS broadcast messages will be retired and CPs should refer to the VaR Platform

<sup>3</sup> Default Fund add-on is equivalent to the term Guarantee Fund Risk Collateral being used in General Rules of CCASS.

<sup>4</sup> The Hong Kong and Shanghai Banking Corporation Ltd, Bank of China (Hong Kong) Ltd, Standard Chartered Bank (Hong Kong) Ltd, OCBC Wing Hang Bank Ltd, Industrial and Commercial Bank of China (Asia) Ltd

report “Risk – Northbound MSTD Requirement Report” (RMCNM01) (via RAP) available at around 16:00 for the estimation of their end-of-day MSTD requirement.

- CPs should continue to refer to the existing CCASS reports:
  - a. Mainland Settlement Deposit Payable Report (Shanghai) (CRMSD01)
  - b. Mainland Settlement Deposit Payable Report (Shenzhen) (CRMSD04)
  - c. Intra-day Mainland Settlement Deposit Payable Report (Shanghai) (CRMSD07)
  - d. Intra-day Mainland Settlement Deposit Payable Report (Shenzhen) (CRMSD09)

for the actual MSTD requirements, and pay their intra-day MSTD requirements by 14:00 (via pre-set CPI arrangement or bank transfers via any of the 5 Settlement Banks<sup>5</sup>. Please refer to Appendix C for the bank account details.

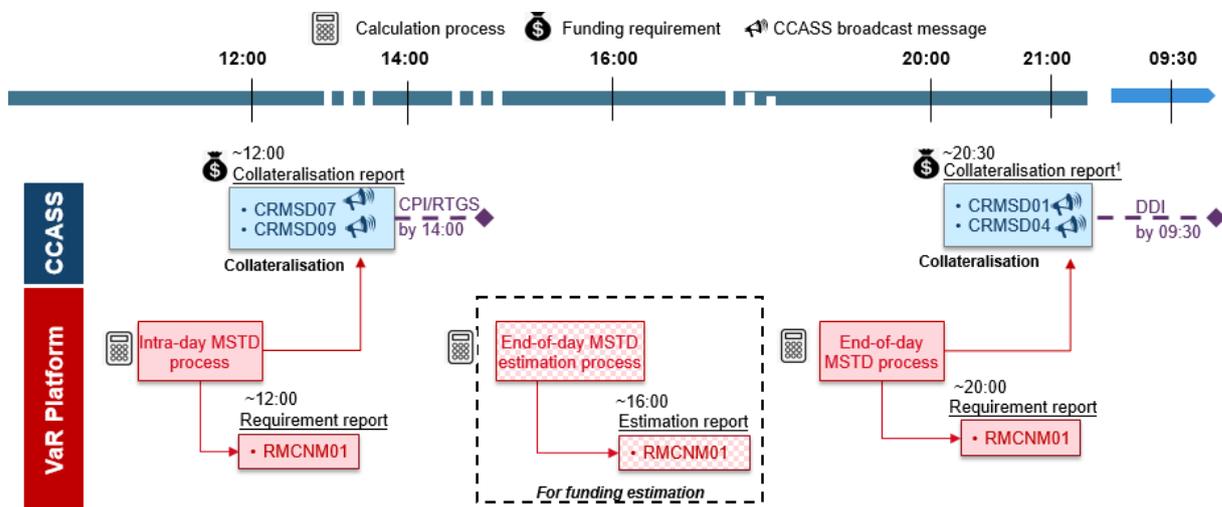


Diagram above highlights the daily schedule for MSTD calculation and payments. Please refer to [Appendix B](#) for a detailed daily operational schedule.

#### 4.3.2. Monthly Mainland Settlement Deposit (MSCD)

- Effective from July 2022, the monthly MSCD calculation will be based on the sum of daily trading amount instead of the daily settlement amount.
- Monthly MSCD calculation will continue to take place on the 1<sup>st</sup> business day of the month with payment by 09:30 (via DDI) on next business day. CPs should refer to the existing CCASS reports as well as a new VaR Platform available around 09:30 on the 1<sup>st</sup> business day of each month, for the MSCD requirements.
  - a. Risk – Northbound MSCD Requirement Report (RMCNM03)
  - b. Mainland Security Deposit Payable Report (Shanghai) (CRMGF01) – via CCASS

<sup>5</sup> The Hong Kong and Shanghai Banking Corporation Ltd, Bank of China (Hong Kong) Ltd, Standard Chartered Bank (Hong Kong) Ltd, OCBC Wing Hang Bank Ltd, Industrial and Commercial Bank of China (Asia) Ltd

c. Mainland Security Deposit Payable Report (Shenzhen) (CRMGF03) – via CCASS

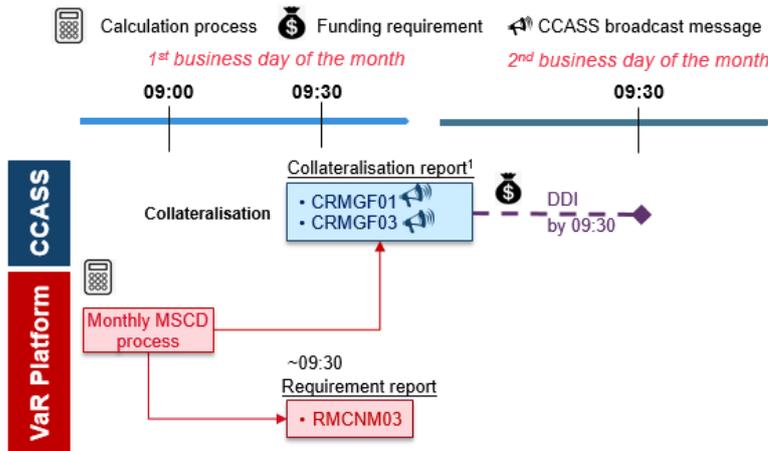


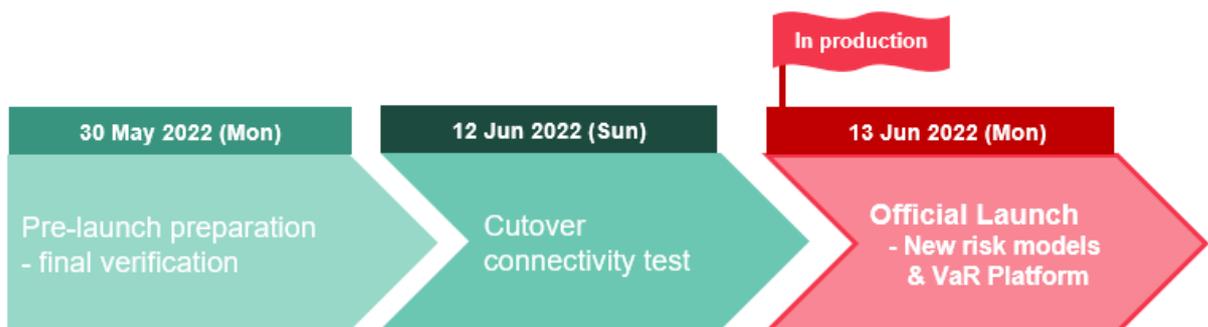
Diagram above highlights the daily schedule for MSCD calculation and payments. Please refer to [Appendix B](#) for a detailed daily operational schedule.

#### 4.4. Changes to CCASS Reports and Functions

Effective from 13 June 2022, CCASS reports, functions and broadcast messages will be modified, obsolete and replaced by VaR Platform reports. Please refer to [Appendix D](#) for details.

#### 5. Pre-Launch Preparation

CPs should conduct final check on their internal system processes, funding preparation for making payments and operational flows before the official launch. It is important for CPs to ensure they are operational and technical ready for the official launch of the new risk models and VaR Platform on **13 June 2022**.



*VaR Platform reports retrieved from RAP are for reference only, CPs should only refer to VaR Platform reports for funding projection while refer to CCASS reports for payment obligation upon the official launch on 13 June 2022 (Monday).*

#### 5.1. End-of-Day Marks and Margin Requirements as of 10 June 2022 (Friday)

– same as existing, i.e. to be collected on 13 June 2022 (Monday) by 09:30 (via DDI)

The current model will still be applicable for the end-of-day marks and margin calculation on 10 June 2022 (Friday). CPs who would like to arrange specific stock collateral (SSC) to cover short positions to reduce their risk obligations, should do so before the cut-off time at 18:30 on 10 June 2022 (Friday). Same as the current arrangement, CPs should prepare funding for their payment obligations to be paid by 09:30 (via DDI) on 13 June 2022 (Monday).

## 5.2. Preparation for cash prepayment - no margin offset for payment via CPI

– CPI will be generated at 08:00 on 13 June 2022 (Monday)

As mentioned in [Section 4.1.5](#), margin refund will not be available to offset cash prepayment upon the official launch. For CPs who have set up standing instructions for cash prepayment (paid via CPI) to release CNS allocated shares, they should take note and ensure they have sufficient fund in their bank account to fulfil their cash prepayment payment (via CPI) on 13 June 2022.

When preparing funding for cash prepayment on the 1<sup>st</sup> business day of the official launch, i.e. 13 June 2022, CPs **should disregard** the margin amount displayed under section H “Refund of Margin as Part of Cash Prepayment” of the to-be-obsolete CCASS report, Margin Payable Report (CRMMG02), generated on 10 June 2022, as extracted below:

SECTION H REFUND OF MARGIN AS PART OF CASH PREPAYMENT			
(82)MARGIN TO BE REFUNDED ON NEXT SETTLEMENT DAY IF STANDING INSTRUCTION FOR CASH PREPAYMENT IS SET UP TO RELEASE CNS ALLOCATED SHARES	HKD :		0.00

## 5.3. Cutover Connectivity Test (12 June 2022)

CPs should continue to access CCASS and VaR Platform (i.e. Report Access Platform (RAP) and/or VAR Online, if applicable) by using their existing connectivity configuration. In case CPs would like to conduct a final connectivity verification, a cutover connectivity test will be available from 12:00 noon to 13:00 on 12 June 2022 (Sunday) for such purpose.

Interested CPs should register for the connectivity test via Event section in [Client Connect](#) on or before 10 June 2022 (Friday). For the details of the schedule and arrangement, please refer to [Appendix E](#).

CPs should note this is a cutover connectivity test, there will be NO report retrieval, online access during the connectivity test. Also, NO support on account unlock for VaR DA or password reset for CCASS DA will be provided during the connectivity test.

## 6. One-off Transition Arrangements for the official launch

To align the margin and DF requirements when moving from “current model” to “new risk models”, there will be a one-off transition arrangements from 13 to 15 June 2022.

### 6.1. Margin Alignment on 13 June 2022

HKSCC will calculate the margin alignment arising upon transiting from the “current margin model” to “new margin model” during cutover; and collect such margin deficits, if any, together with the daily intra-day marks by 14:00 (via CPI or bank transfers) on 13 June 2022.

#### 6.1.1. Determination of Margin Alignment Amount

- HKSCC will calculate and compare the day-end margin requirements, between current model and new risk models, as of 10 June 2022; as illustrated below:

Margin Requirement Comparison	One-off Margin Alignment	Actual payment by 14:00 on 13 June 2022
New Margin Requirement is <u>LARGER THAN</u> Flat Rate Margin	<u>To-be-top-up</u> Collect margin deficits together with intra-day marks by 14:00 on 13 June 2022, Monday	Margin Deficits + Marks
New Margin Requirement is <u>EQUAL TO</u> Flat Rate Margin	NIL	Marks
New Margin Requirement is <u>LESS THAN</u> Flat Rate Margin	<u>To-be-refunded</u> Utilised margin surplus during day-end collateralisation on 13 June 2022	Marks

#### 6.1.2. Collection of Margin Alignment and Intraday Marks Requirements by 14:00 on 13 June 2022 (Monday)

- CPs should refer to CCASS report, “Posting/Collateralisation Result Report” (CCMPY01), available at around 11:45 for the actual intra-day marks and margin alignment (if any) to be paid by 14:00 (via CPI or bank transfers) on 13 June 2022 (Monday).
- For CPs who are interested to project their margin alignment please refer to [Appendix F](#) for details.

**\*\*\*\*\* CPs should note that failure to settle any payment obligations on time, including those for one-off transitional arrangement for the collection of margin deficits, will constitute an event of default and HKSCC may take default actions against the concerned CPs if it is considered appropriate. \*\*\*\*\***

Note : To ensure a smooth settlement for the intra-day risk payment, CPs should set up standing instructions to settle intra-day risk payment by CHATS Payment Instruction (CPI) (if not yet ready), by applying via “Standing Instruction to HKSCC for Settlement of Intra-day Marks, Intra-day Margin and Intra-day Mainland Settlement Deposit by CPI” (eService: AC 15) via [Client Connect](#), which would take around 1 to 2 weeks to be effective.

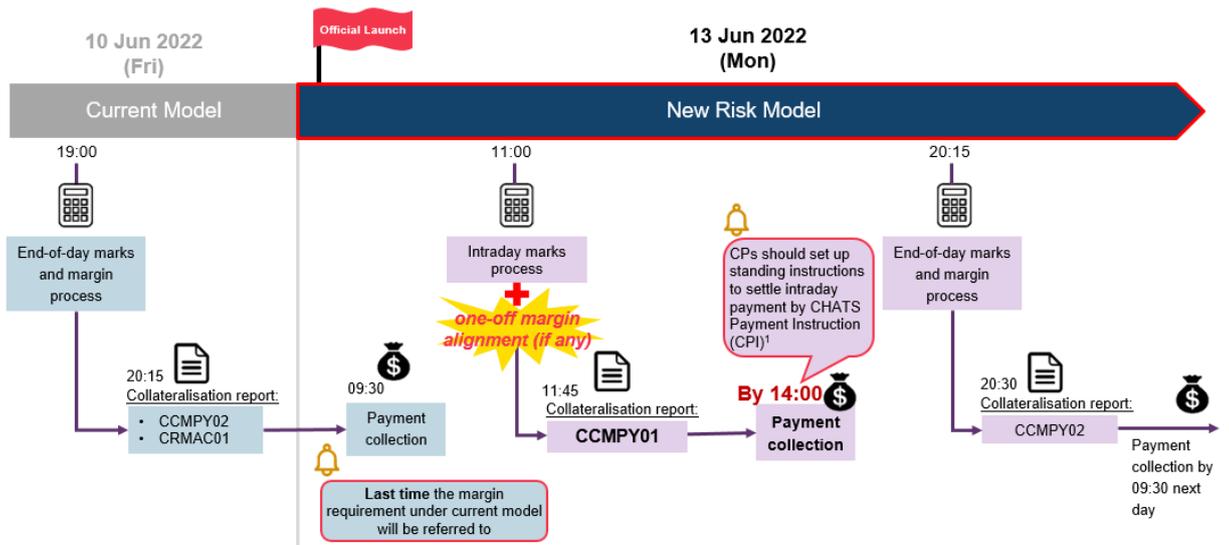


Diagram above highlights the on-off transitional arrangement for margin alignment. Please refer to [Section 7](#) for a summary.

## 6.2. Default Fund (DF) Transition on 14 and 15 June 2022

The introduction of the scenario-based stress testing methodology may result in an increase of DF exposure. To align the DF requirements, HKSCC will conduct an ad hoc DF review on the 2<sup>nd</sup> business day after the official launch, 14 June 2022 (Tuesday) and collect the Default Fund deficits by 17:45 (via DDI) on the 3<sup>rd</sup> business day, 15 June 2022 (Wednesday).

### 6.2.1. Ad hoc DF Review and Collection of DF Deficits

- HKSCC will trigger an ad hoc DF review on 14 June 2022 (Tuesday), with the latest Default Fund threshold of HKD 7.3 billion. CPs should refer to CCASS report, “Statement of Default Fund Contributions” (CCMDF02), available at around 12:00 for the actual DF deficits (if any) to be paid by 17:45 (via DDI) on next business day, i.e. 15 June 2022 (Wednesday).

**\*\*\*\*\* CPs should note that failure to settle any payment obligations on time, including those for one-off transitional arrangement for the collection of default fund deficits, will constitute an event of default and HKSCC may take default actions against the concerned CPs if it is considered appropriate. \*\*\*\*\***

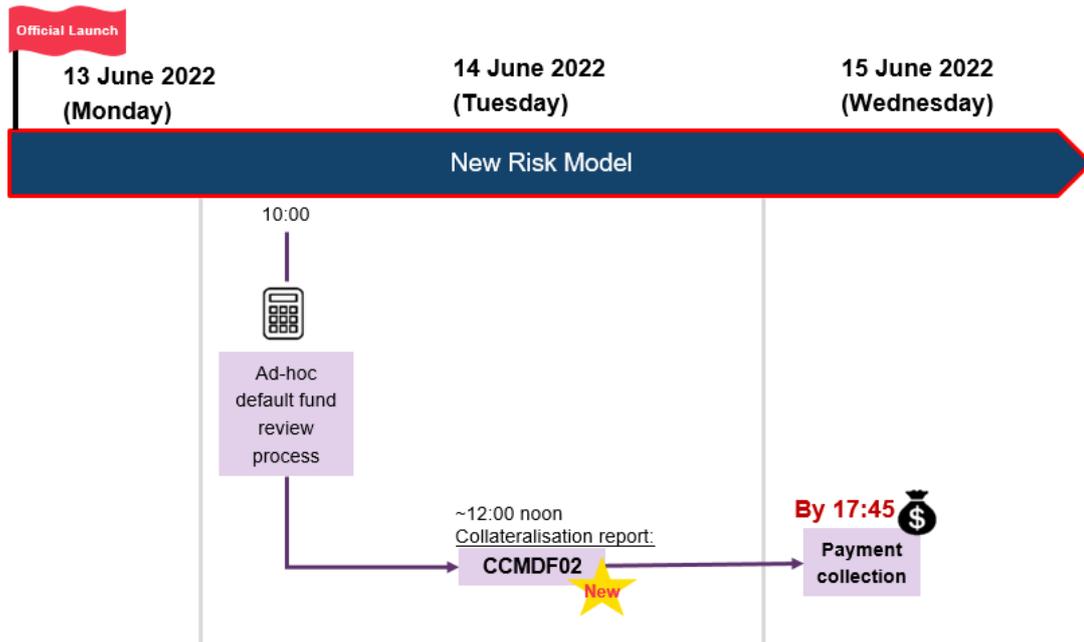


Diagram above highlights the one-off transitional arrangement for default fund alignment. Please refer to [Section 7](#) for a summary.

*Please note that from July 2022 onwards, the regular monthly Default Fund review will take place on the 1<sup>st</sup> business day of each month (e.g. 4 July 2022, Monday, for July 2022 review), and the contribution to be paid on next business day by 17:45 (e.g. 5 July 2022, Tuesday, for July 2022 payment).*

## 7. Summary of Upcoming Activities

Following is a summary of the official launch activities for reference:

<b>A. 10 June 2022 (Friday) – Operational preparation for new risk models</b>	
After 07:00	Retrieve “Daily Participant Margin Multiplier Report” (DWH0081C) from RAP date folder “10 June 2022”; with report dated 9 June 2022 and margin multiplier effective on 13 June 2022 (Monday)
Before 18:30	Perform Specific Stock Collateral (SSC) before 18:30 (if applicable) to reduce the risk obligations to be paid on 13 June 2022 (Monday), including the margin deficits for the one-off transitional arrangement
Before day-end	Prepare funding for cash prepayment to be paid on 13 June 2022 (Monday), and take into account of NO longer have margin refund offset for cash prepayment
<b>B. 12 June 2022 (Sunday) – Technical verification</b>	
12:00 to 13:00	Conduct cutover connectivity test for CCASS and VaR Platform (i.e. Report Access Platform (RAP) and/or VAR Online, if applicable)
<b>C. 13 June 2022 (Monday) – One-off Margin Call</b>	
11:45	Download CCASS report “Posting / Collateralisation Result Report” (CCMPY01) for the payment obligation of intra-day marks and margin (if any)
11:45 to 14:00	Prepare relevant funding and ensure the payment obligation of intra-day marks and margin can be settled <u>by 14:00</u>
<b>D. 14 June 2022 (Tuesday) – One-off Default Fund Review</b>	
12:00 noon	Download CCASS report “Statement of Default Fund Contributions” (CCMDF02) for the payment obligation of Default Fund contribution
<b>E. 15 June 2022 (Wednesday) – One-off Default Fund Call</b>	
Before 17:45	Prepare funding and ensure the payment obligation of Default Fund contribution can be settled <u>by 17:45</u>

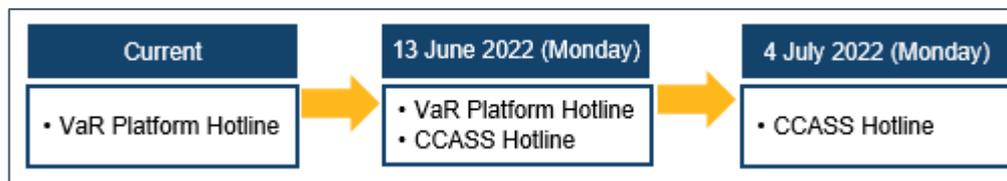
## 8. Hotline Arrangement

For any enquiries about the VaR Platform, please contact our designated email at [NG\\_PostTrade@hkex.com.hk](mailto:NG_PostTrade@hkex.com.hk) or VaR Platform Hotline at +852 2211 6828 during office hours from 09:00 to 18:00 (Mondays to Fridays, excluding public holidays).

Starting from 13 June 2022, CCASS Hotline will cover HKSCC services, including VaR Platform related matters, while VaR Platform Hotline, including the designated email, will be retired from 4 July 2022.

CCASS Hotline: +852 2979 7111 during normal office hours from 09:00 to 18:00 (Mondays to Fridays, excluding public holidays)

CCASS Email: [ClearingPS@hkex.com.hk](mailto:ClearingPS@hkex.com.hk)



## 9. Technical Information

CPs should continue to access CCASS and VaR Platform (i.e. Report Access Platform (RAP) and/or VAR Online, if applicable) by using their existing connectivity configuration. CPs are reminded of the following highlighted below.

System	Remarks
RAP	Renewal of public key at least every two years
VaR Online	Install Google Chrome version 100.0.4896.88
CCASS	Upgrade browser version to Microsoft (MS) Edge

For more details, please refer to [RAP technical Guide](#) and [CCASS/ VaR Online/ RAP Technical Guide](#).

## **10. Other information**

### **10.1. Official Launch information**

Information related to the official launch of the VaR Platform and new risk models, including respective circulars, briefing material and this Information Package are published on [HKEX website](#). CPs should read through such documentations and make all necessary arrangements to ensure proper operational procedures and technical support are available during the cutover weekend and after the official launch of VaR Platform.

### **10.2. VaR Platform and CCASS related User Guides**

The VaR Platform user guide including report description, report specification, VaR Online, calculation guide and technical guide, etc, as well as modified CCASS Terminal User Guide will be modified to reflect the changes upon the official launch of VaR Platform are now available via [Client Connect](#).

### **10.3. General Rules of CCASS and CCASS Operational Procedures (CCASS Rules and OPs)**

Corresponding amendments to [CCASS Rules](#) and [OPs](#) for implementing the VaR Platform and new risk models is now available via the [HKEX website](#) for CPs for reference.

## 11. Checklist and Glossary

### 11.1. Checklist

ITEMS TO BE CHECKED		✓
<b>(A) CPs should have already done:</b>		
1	Setup RAP and verified connectivity	
2	Studied and understood the new operational and payment flows under the new risk models and VaR Platform	
3	Aware of how to locate the payment obligation information and when to pay the risk obligations	
4	Modified and verified your internal system processes and operational flows, if applicable	
<b>(B) Checklist before 13 June 2022 (Monday)</b>		
5	Do you know VaR Platform and new risk models will be effective on <b>13 June 2022</b> ?	
6	Have you read and understood this document (“VaR Platform Official Launch Information Package”)?	
7	Have you passed this Information Package to your Risk Management, Settlement, Finance, Responsible Officer and/or IT teams and ensured that they will provide necessary support?	
8	Have you set up standing instructions to settle intra-day risk payment by CHATS Payment Instruction (CPI) with eService AC15 <sup>6</sup> with ClientConnect?	
9	Have you performed final check on your internal system processes; operational flow as well as funding preparation for the launch of VaR Platform and effective of new risk models from <b>13 June 2022</b> onwards?	
<b>Technical Readiness</b>		
10	Do you know the current network setting and configuration for CCASS, RAP and/or VaR Online connection <u>remain unchanged</u> upon the official launch of VaR Platform (13 June 2022, Monday)?	
11	Do you need to re-configure your internal network for RAP or VaR Online connection from development state to production state ? If so, have you registered for the cutover connectivity test from 12:00 to 13:00 on 12 June (Sunday)?	
<b>Operational Readiness</b>		
12	Have you ensured your operational / risk management personnel familiarise with the operational arrangement with VaR Platform and new risk models ?	
13	Have you studied the VaR Platform Official Launch Information Package and made necessary preparation ?	
14	Have you ensured your responsible personnel understand the margin and Default Fund one-off transitional arrangement during the first 3 days upon the effective of new risk models, i.e. 13 to 15 June 2022?	
15	Do you know the following projection information have been shifted from CCASS broadcast messages to corresponding VaR Platform reports? <ul style="list-style-type: none"> <li>• day-end marks and concentration collateral</li> <li>• margin requirements</li> <li>• periodic additional cash collateral requirement</li> <li>• MSTD requirement</li> </ul>	
<b>(C) Checklist on 13 June 2022 – 1<sup>st</sup> business day new risk models &amp; VaR Platform become effective</b>		
16	Have you arranged responsible personnel to ensure your modified operational & system processes are in place and ready for the new risk models as well as VaR Platform?	

<sup>6</sup> eService AC15 would takes 1 to 2 weeks to be effective. For CPs yet to setup CPI with their designated banks (DB), please do setup CPI with DB first; then submit & complete eService AC 12; before submitting eService AC15. Usually DB needs 3 to 4 weeks to setup CPI.

ITEMS TO BE CHECKED		✓
17	Have you ensured your operational teams are aware of the daily schedule, especially for the intra-day and day-end payment obligations, with reference to Appendix B?	
<i>One-off Transitional Arrangement - Margin Deficits</i>		
18	Have you arranged to download CCASS report "Posting / Collateralisation Result Report" (CCMPY01) at around 11:45 for the <u>actual payment obligation</u> of intra-day marks and margin deficits (if any) to be paid?	
19	Have you arranged to preparing funding and ensured the <u>actual payment obligation</u> can be completed by 14:00 (via CPI or bank transfers)?	
20	<b>Are you aware that failure to settle any payment obligations on time, including the one-off transitional margin deficits, will constitute an event of default and HKSCC may take default actions against the concerned CPs if it is considered appropriate.</b>	
<b>(D) Checklist on 14 &amp; 15 June 2022</b>		
<b>– 2<sup>nd</sup> &amp; 3<sup>rd</sup> business days with One-off Transitional Default Fund Arrangement</b>		
<i>Ad hoc Default Fund Review (14 June 2022, Tuesday)</i>		
21	Have you arranged to download CCASS report "Statement of Default Fund Contributions" (CCMDF02) at around 12:00 noon, for the actual payment obligation of Default Fund contribution?	
<i>One-off Default Fund Alignment - payment (15 June 2022, Wednesday)</i>		
22	Have you arranged to preparing funding and ensured the <u>Default Fund deficits obligation</u> can be completed by 17:45 (via DDI)?	
23	<b>Are you aware that failure to settle any payment obligations on time, including the one-off transitional default fund deficits, will constitute an event of default and HKSCC may take default actions against the concerned CPs if it is considered appropriate.</b>	

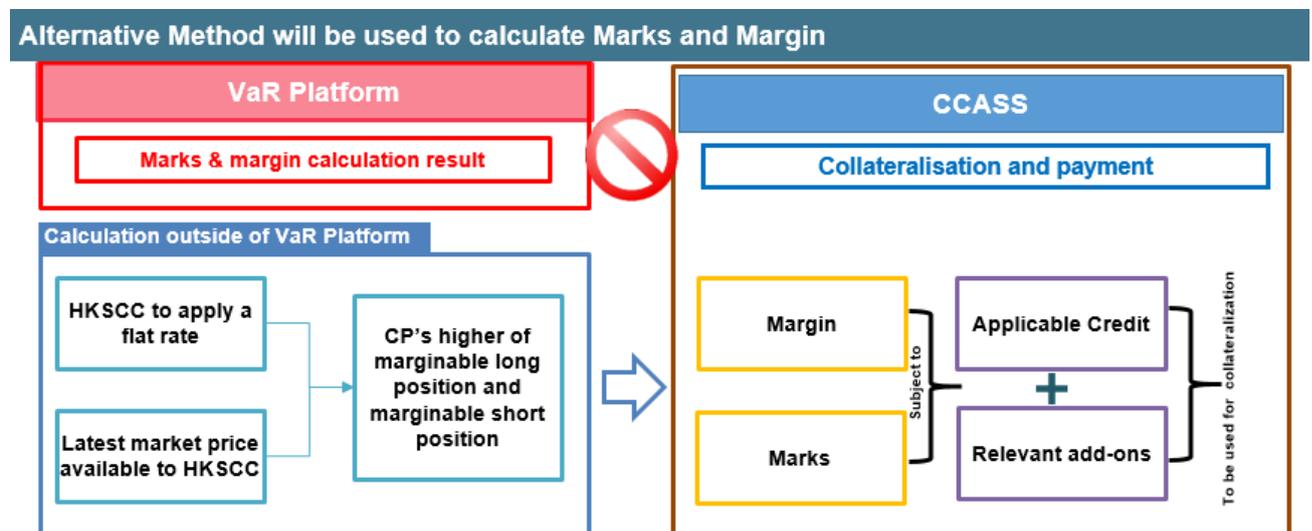
## 11.2. Glossary

New Term	Existing Term being replaced
Margin related	
Instrument Price	Market Price
Contract Value	Position Amount
MTM	Mark Amount
Favorable MTM	Favorable Marks for Offset Margin
Ad-hoc add-on	Upfront Collateral Requirement
Position Limit add-on	Additional cash collateral requirement
Default Fund related	
Default Fund Add-on	GF Risk Collateral Requirement
Daily EUL	Net Projected Loss

## Appendix A - Contingency Arrangement

Under an unlikely situation that VaR Platform failed to operate, HKSCC will use an alternative method to come up with the CPs' initial margin and marks requirements. Please refer to the key points below:

- HKSCC will adopt the fallback calculation methodology stipulated below for CPs' initial margin and marks requirements under contingency.
- CPs have to rely on CCASS to receive HKSCC's notifications.
- CPs should retrieve CCASS reports for their collateral requirements and payment obligations for funding preparation accordingly.



CP's margin and marks requirement<sup>1</sup> = Max {Round up<sup>2</sup> [Flat rate<sup>3</sup> x higher of (CP's marginable long positions<sup>4</sup>, CP's marginable short positions<sup>5</sup>), 250,000] – margin credit<sup>6</sup> – favourable marks<sup>7</sup>, 0} + unfavourable marks<sup>8</sup> + position limit add-on<sup>9</sup> + credit risk add-on<sup>9</sup> + ad hoc add-on<sup>9</sup>

Where:

1. If the flat rate calculation result is smaller than the current requirement, excess collateral will be released to CPs.
2. Margin requirement will be rounded up to the nearest HKD 250,000 for each CP.
3. Flat rate will be determined as the higher of (i) 3 x HSI EWMA volatility; and (ii) a floor of 6%.
4. CP's marginable long positions refer to the aggregated market value of marginable position CP bought.
5. CP's marginable short positions refer to the aggregated market value of marginable position CP sold (in absolute value).
6. Margin credit is assumed to be HKD 5 million for each CP, which may be subject to further credit assessment.
7. Favourable marks means mark-to-market gain / profit of CP's portfolio.
8. Unfavourable marks means mark-to-market loss of CP's portfolio.
9. Position limit add-on, credit risk add-on, and ad hoc add-on refer to the latest results calculated and shown in the MTM and Margin requirement report before the VaR platform failure.

## Appendix B – Daily Operational Schedule

CPs can refer to the below tables for the processing, reporting and payment timing.

	Payment Obligations	Means of Settlement	Settlement Time	Information for Funding Arrangement	
				Via	Approximate Time
1	Intra-day marks payment	CHATS Payment Instruction (CPI) or Bank transfer	By 2:00 p.m. on each trading day	Posting / Collateralisation Result Report (CCMPY01)	11:45 a.m. on each trading day
2	Intra-day Mainland Settlement Deposit <i>(for China Connect Clearing Participant only)</i>	CPI/ Bank transfer	By 2:00 p.m. on each trading day	Intra-day Mainland Settlement Deposit Payable Report (Shanghai) (CRMSD07)  Intra-day Mainland Settlement Deposit Payable Report (Shenzhen) (CRMSD09)	11:50 a.m. on each trading day
3	Intra-day margin payment <i>(for non-Settlement Day)^</i>	CPI/ Bank transfer	By 2:00 p.m. on the trading day that intra-day margin is required	Posting / Collateralisation Result Report (CCMPY01)	11:45 a.m. on the trading day that intra-day margin is required
4	Intra-day margin payment <i>(for Settlement Day)^</i>	Direct Debit Instruction (DDI)	By 5:45 p.m. on the trading day that intra-day margin is required	Posting / Collateralisation Result Report (CCMPY01)	2:45 p.m. on the trading day that intra-day margin is required
5	End of day marks and margin payment	DDI	By 9:30 a.m. on the next trading day	Posting / Collateralisation Result Report (CCMPY02)  <i>Notes:</i> <i>CPs may refer to the following estimation reports for reference purpose:</i> <i>(i) MTM and Margin Requirement Report (RMAMR01)+</i> <i>(ii) MTM and Margin Requirement Report (Summary Version) (RMAMR03)+</i>	8:30 p.m. on each trading day  2 rounds of estimations at 3:30 p.m. and 5:15 p.m. (for reference purpose)
6	End of day Mainland Settlement Deposit <i>(for China Connect Clearing Participant only)</i>	DDI	By 9:30 a.m. on the next business day	Mainland Settlement Deposit Payable Report (Shanghai) (CRMSD01)  Mainland Settlement Deposit Payable Report (Shenzhen) (CRMSD04)  <i>Notes:</i> <i>CPs may refer to the following estimation report for reference purpose:</i> <i>(i) Risk - Northbound MSTD Requirement Report (RMCNM01)+</i>	8:30 p.m. on each trading day  Estimation at 4:00 p.m. on each trading day (for reference purpose)

VaR Platform  
Official Launch Information Package for HKSCC Clearing Participants

	Payment Obligations	Means of Settlement	Settlement Time	Information for Funding Arrangement	
				Via	Approximate Time
7	Mainland Security Deposit (for China Connect Clearing Participant only)	DDI	By 9:30 a.m. on the second business day of each month	Mainland Security Deposit Payable Report (Shanghai) (CRMGF01)  Mainland Security Deposit Payable Report (Shenzhen) (CRMGF03)	9:30 a.m. on the first business day of each month
8	Guarantee Fund Contribution	DDI	By 5:45 p.m. on the next business day after review day	Statement of Default Fund Contributions (CCMDF02)	12:00 noon on review day
9	Guarantee Fund Risk Collateral (a.k.a. Default Fund Add-on) #/*	Bank transfer	By 11:00 a.m. on the next business day	MTM and Margin Requirement Report (RMAMR01)+  MTM and Margin Requirement Report (Summary Version) (RMAMR03)+	9:00 p.m. on each trading day when Default Fund Add-on is triggered

<sup>^</sup> To mitigate the risk arising from significant movements in other major markets during holiday of the Hong Kong market, intra-day margin will be called from participants when such holiday is more than one day, excluding Saturday and Sunday.

<sup>#</sup> Guarantee Fund Risk Collateral in the amount of Expected Uncollateralised Loss of the participant in excess of 50% of the Guarantee Fund Threshold will be collected from the concerned participants should the Guarantee Fund Threshold be reached. Information can be obtained via HKSCC circular after each Guarantee Fund review.

<sup>\*</sup> The concerned participants will be notified by email for the amount required to pay.

<sup>+</sup> These are reports from VaR Platform. Participants may retrieve the reports from Report Access Platform (RAP)<sup>7</sup>.

*In addition to the above payment obligations, HKSCC may demand additional collateral requirement from participants from time to time. Participants are required to meet and settle such demand using the channel within the timeline as advised by HKSCC at the time. Moreover, HKSCC may isolate certain Exchange Trades from the CNS System for risk management purpose.*

<sup>7</sup> Link to RAP Registration and Maintenance Form ([Client Connect eService: TechS 8](#)).

**Appendix C – Account Details of HKSCC’s Settlement Banks for Intra-day Payment**

Bank account name of HKSCC: Hong Kong Securities Clearing Company Limited

<b>Bank Name</b>	<b>HKD Bank A/C No.</b>	<b>RMB Bank A/C No.</b>	<b>USD Bank A/C No.</b>
The Hong Kong and Shanghai Banking Corporation Ltd	004-741-301956-001	004-600-398168-209	004-600398168-230
Bank of China (Hong Kong ) Ltd	012-875-0-039438-7	012-875-0-601117-4	012-875-0-801463-2
STANDARD CHARTERED BANK (HONG KONG) LTD Standard Chartered Bank (Hong Kong) Ltd	003-447-0022875-9	003-447-0778578-5	003-447-1070729-3
OCBC Wing Hang Bank Ltd	035-802-433622-001	035-802-433622-057	035-802-433622-060
Industrial and Commercial Bank of China (Asia) Ltd	072-861-512028722	072-861-560021797	072-861-507001071

## Appendix D – Changes to CCASS Report and Function Changes

### 1. CCASS Reports – new

New CCASS Reports – Default Fund	
CCASS Report	Remarks
<ul style="list-style-type: none"> <li>Statement of Default Fund Contribution (CCMDF02)</li> </ul>	<ul style="list-style-type: none"> <li>Available around 12:00 noon after the monthly (1st business day of each month) or ad hoc Default Fund review</li> <li>This new report will be available for selection via Report Profile function for Overnight Report Distribution (ONRD)</li> </ul>

### 2. CCASS Reports – modified

Modified CCASS Reports	
CCASS Report	Remarks
<ul style="list-style-type: none"> <li>Statement of Money Ledger (intra-day) (CSEMA08)</li> <li>Statement of Money Ledger (day-end) (CSEMS08)</li> </ul>	<ul style="list-style-type: none"> <li>Rename 'MARGIN &amp; PENDING MARKS' account to 'MARKS &amp; MARGIN' account</li> <li>Remove 'OVERDUE POSITION MARKS' account to 'RESERVED' account</li> <li>Modify the following money ledger descriptions                             <ul style="list-style-type: none"> <li>CL CCMS Marks &amp; Margin SH for intra-day / Mks &amp; Mgn SH for IM</li> <li>CM CCMS Marks &amp; Margin SH / MKS &amp; MGN SH</li> <li>XI Marks &amp; Mgn Collection for Chinaclear SB / MCM Deposit Instr</li> <li>XJ Marks &amp; Mgn Refund for Chinaclear SB / MCM Refund Instr</li> <li>81 Collection of Default Fund Contribution / Default Fund Collection</li> <li>82 Refund of Default Fund Contribution / Default Fund Refund</li> <li>92 Transfer from/to Marks &amp; Margin A/C</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Posting / Collateralisation result Report (intra-day) (CCMPY01)</li> <li>Posting / Collateralisation result Report (day-end) (CCMPY02)</li> <li>Collateral Account Balance Report (CCMCA02)</li> </ul>	<ul style="list-style-type: none"> <li>Remove the following                             <ul style="list-style-type: none"> <li>ODMKS (due/overdue marks)</li> <li>PDMKS (pending marks)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Participant Collateral Account Movement Report (CCMMV01)</li> <li>Special-use Collateral Balance Report (CCMSU04)</li> <li>Collateral Parameters Information List (CCMIR02)</li> <li>Monthly Interest &amp; Accommodation fee Report – Detail (CCMIA02)</li> </ul>	<ul style="list-style-type: none"> <li>Default Fund contribution will be shown as Special-use movements / balance in various CCMS reports                             <ul style="list-style-type: none"> <li>GRA Additional basic contribution for Default Fund (for HKSCC)</li> <li>GRD Dynamic contribution for Default Fund (for HKSCC)</li> <li>GRI Minimum basic contribution for Default Fund (for HKSCC)</li> </ul> </li> <li>Modified the collateral usage description of "EMG" to EOT Margins &amp; Margin<sup>1</sup></li> </ul>

Note: 1. Not applicable to "Monthly Interest & Accommodation fee Report – Detail" (CCMIA02).

### 3. CCASS Reports – modified (for CCCP only)

Modified CCASS Reports - Northbound related (for CCCP only)	
CCASS Report	Remarks
<ul style="list-style-type: none"> <li>Mainland Settlement Deposit Payable Report (Shanghai) (CRMSD01)</li> <li>Mainland Settlement Deposit Payable Report (Shenzhen) (CRMSD04)</li> <li>Intra-day Mainland Settlement Deposit Payable Report (Shanghai) (CRMSD07)</li> <li>Intra-day Mainland Settlement Deposit Payable Report (Shenzhen) (CRMSD09)</li> </ul>	<ul style="list-style-type: none"> <li>Shifted to VaR Platform, removed the following info from CCASS reports:                             <ul style="list-style-type: none"> <li>Buy Turnover in SH/SZ Securities</li> <li>Overdue Short Position in SH/SZ Securities</li> <li>SPSA Sell Turnover in SH/SZ Securities</li> <li>Settlement Deposit Rate (SH/SZ) (%)</li> <li>Minimum Amount</li> <li>Monthly MSTD Requirement per last Monthly Review</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Mainland Security Deposit Payable Report (Shanghai) (CRMGF01)</li> <li>Mainland Security Deposit Payable Report (Shenzhen) (CRMGF03)</li> </ul> <p> CCASS broadcast messages will be issued upon the availability of report</p>	<ul style="list-style-type: none"> <li>Generation / calculation shifted from month end to 1st bank day of the month – to be collected via 09:30 via DDI, obligations with margin (include MTM)</li> <li>Removed the following info:                             <ul style="list-style-type: none"> <li>Daily average net settlement amount in SH/SZ Securities of previous 6 months</li> <li>Mainland Security Deposit Rate (SH/SZ)(%)</li> <li>Minimum Amount</li> </ul> </li> </ul>

4. CCASS Reports – obsolete and replaced

- *Obsolete CCASS reports will be removed from Report Profile function and Overnight Report Distribution (ONRD)*

Obsolete CCASS Reports	
CCASS Report	Remarks
<p><i>G Fund related</i></p> <ul style="list-style-type: none"> <li>• Statement of Guarantee Fund Contributions (GFR608)</li> <li>• Guarantee Fund Risk Collateral Requirement Report (GFR806)</li> <li>• NCP(s) Guarantee Fund Contribution Projection By Position (GFR616) (for GCP only)</li> </ul>	<ul style="list-style-type: none"> <li>• Information shifted to the following <u>CCASS report</u> <ul style="list-style-type: none"> <li>• Statement of Default Fund Contribution (CCMDF02)</li> </ul> </li> <li>•  <i>CCASS broadcast messages will be issued upon completion of the review and availability of report</i></li> <li>• <u>VaR reports</u> <ul style="list-style-type: none"> <li>• Risk – Stress Testing Report (RMAST01)</li> <li>• Default Fund Requirement Report (RMADF01)</li> </ul> </li> </ul>
<p><i>Marks &amp; margin related</i>  <i>*****Corresponding CCASS broadcast messages will also be obsolete</i></p> <ul style="list-style-type: none"> <li>• Marks and Collateral Collection Report (CFIPM01)</li> <li>• Intra-day Marks and Collateral Collection Report (CRMIM01)</li> <li>• Margin Payable Report (CRMMG02)</li> <li>• Intra-day Margin Payable Report (CRMMG01)</li> <li>• Additional Cash Collateral Payable Report (CRMAC01)</li> </ul>	<ul style="list-style-type: none"> <li>• Information shifted to the following VaR reports: <ul style="list-style-type: none"> <li>• Marginable Position Report (RMAMP01)</li> <li>• MTM and Margin Requirement Report (RMAMR01)</li> <li>• MTM and Margin Requirement Report (Summary Version) (RMAMR03)</li> </ul> </li> </ul>
<p><i>Marks &amp; margin related (for GCPs only)</i></p> <ul style="list-style-type: none"> <li>• NCP Marks Projection Report (intra-day) (CRMNP01)</li> <li>• NCP Marks Projection Report (day-end) (CRMNP02)</li> <li>• NCP Margin Projection Report (intra-day) (CRMNP03)</li> <li>• NCP Margin Projection Report (day-end) (CRMNP04)</li> </ul>	

5. CCASS Functions – modified

Modified CCASS Function	
CCASS Function	Remarks
<ul style="list-style-type: none"> <li>• Enquire Collateral Account Balance function</li> </ul>	<ul style="list-style-type: none"> <li>• Removed “PDMKS” &amp; “ODMKS”, which will be combined into MARGN (collateral will be on-hold or earmarked under MARGN)</li> <li>• Removed “EOTMK”, which will be combined into EOTMG</li> </ul>
<ul style="list-style-type: none"> <li>• Enquire Collateral Account Movement</li> <li>• Enquire Interest Calculation Result / Accommodation fee</li> </ul>	<ul style="list-style-type: none"> <li>• Default Fund contribution will be shown as Special-use movements / balance in various CCMS reports</li> <li>• GRAAdditional basic contribution for Default Fund (for HKSCC)</li> <li>• GRDDynamic contribution for Default Fund (for HKSCC)</li> <li>• GRI Minimum basic contribution for Default Fund (for HKSCC)</li> <li>• Modified the description of “EMG” to EOT Margins &amp; Margin</li> </ul>

6. CCASS Functions – obsolete

Obsolete CCASS Function	
CCASS Function	Remarks
<ul style="list-style-type: none"> <li>• Maintain CCMS-to-CCASS Cash Transfer functions</li> </ul>	<ul style="list-style-type: none"> <li>• Removed from CCASS, hence the user group “R” will also be removed</li> </ul>

7. CCASS Broadcast Messages – obsolete

Obsolete CCASS Broadcast Messages – Projection related	
 CCASS Broadcast Messages	Remarks
<ul style="list-style-type: none"> <li>• Projections of <ul style="list-style-type: none"> <li>• day-end marks and concentration collateral</li> <li>• margin requirements</li> <li>• periodic additional cash collateral requirement</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Projection information shifted to VaR reports <ul style="list-style-type: none"> <li>• MTM and Margin Requirement Report (RMAMR01 and RMAMR03)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Projection of MSTD requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Projection information shifted to VaR report <ul style="list-style-type: none"> <li>• Risk - Northbound MSTD Requirement Report (RMCNM01)</li> </ul> </li> </ul>

## Appendix E – Cutover Connectivity Test Schedule and Arrangement

CPs can refer to the schedule and arrangement of the cutover connectivity test in the table below:

<b>12 June 2022 (Sunday) – Cutover Connectivity Test</b>		
Time	Activities	Expected Results
12:00 noon – 13:00	<b>Connectivity to VaR Platform</b> <ul style="list-style-type: none"> <li>• Access RAP to verify connectivity</li>   <li>• Access VaR Online to verify connectivity via <a href="https://rmcd.hkexposttrade.com.hk">https://rmcd.hkexposttrade.com.hk</a></li> </ul>	<ul style="list-style-type: none"> <li>• An error message “Connection Refused” will be displayed</li>   <li>• An error message “Authentication Failure” will be displayed</li> </ul>
	<b>Connectivity to CCASS</b> <ul style="list-style-type: none"> <li>• Logon to CCASS using the production Smartcard and password via <a href="https://www.ccass.com">https://www.ccass.com</a></li> <li>• Logout from CCASS after the message is displayed</li> </ul>	<ul style="list-style-type: none"> <li>• A message "Function not available" will be displayed</li> </ul>

For any queries during the cutover connectivity test, please contact NGRM Hotline at 2211-6828, which will be available from 12:00 noon to 13:00 on 12 June 2022 (Sunday).

## Appendix F – Margin Alignment Comparison

For CPs who are interested in projecting their potential margin requirement between the current model and the new risk models (i.e. margin alignment), they can follow the below work flows:

### 1. Current flat rate margin calculated and collected as of 10 June 2022 (Friday)

= Flat rate margin (subject to margin multiplier) + Additional collateral requirement  
i.e. sum of (73) from CCASS report CRMMG02<sup>8</sup> + sum of (16) & (17) from CCASS report (CRMAC01)

where

Flat rate margin (subject to margin multiplier)

= (73) Margin Before Marks Offset and Margin Credit at Margin Rate & Margin Multiplier from Margin Payable Report (CRMMG02)

(72)MARGINING POSITION:	CNY :	278,563.66
	HKD :	88,062,115.00
	USD :	38,538.50
(73)MARGIN BEFORE MARKS OFFSET AND MARGIN CREDIT AT MARGIN RATE 6.00% & MARGIN MULTIPLIER OF 1.0000	CNY :	16,713.82
	HKD :	5,153,774.70
	USD :	2,312.31
(74)FAVORABLE MARKS FOR OFFSET MARGIN	CNY :	0.00
	HKD :	0.00
	USD :	0.00
(75)MARGIN CREDIT APPLIED	CNY :	16,093.78
	HKD :	4,962,583.36
	USD :	2,226.53
(76)MARGIN REQUIREMENT INCLUDING EOT	CNY :	620.04
	HKD :	191,191.34
	USD :	85.78

Additional collateral requirement

= (16) Additional Cash Collateral Requirement + (17) Other Collateral from Additional Cash Collateral Payable Report (CRMAC01)

CRMAC01 B00003		HKSCC - CCASS	
B00003 PARTICIPANT FULL NAME		ADDITIONAL CASH COLLATERAL PAYABLE REPORT	
DATE : 16NOV20			
(7) TOTAL CROSS-DAY NET CNS POSITIONS	: HKD	109,421,900.00	
(8) ADJUSTMENT IN SSC	: HKD	10,000,000.00	
(9) ADJUSTMENT IN SCC	: HKD	0.00	
(10) TOTAL CROSS-DAY NET CNS POSITIONS AFTER ADJUSTMENT	: HKD	99,421,900.00	
(11) POSITION LIMIT	: HKD	90,419,710.00	
(12) EXCESS AMOUNT	: HKD	902,000.00	
(13) MARGIN RATE (%)	:	6.00	
(14) APPLICABLE RATE (%)	:	25.00	
(15) MINIMUM CASH COLLATERAL REQUIREMENT	: HKD	10,000.00	
(16) ADDITIONAL CASH COLLATERAL REQUIREMENT	: HKD	13,530.00	
(17) OTHER COLLATERAL	: HKD	0.00	
(18) ADDITIONAL CASH COLLATERAL ON HAND (EXCLUDED OTHER COLLATERAL)	: HKD	8,000.00	
(19) ADDITIONAL CASH COLLATERAL TO BE (COLLECTED) / REFUNDED*	: HKD	5,530.00-	
* FOR -VE VALUE, AMOUNT TO BE COLLECTED VIA DAY-END DDI			
FOR +VE VALUE, AMOUNT TO BE REFUNDED BY RELEASING SURPLUS AMOUNT AS GENERAL CASH COLLATERAL BEFORE			

<sup>8</sup> In case the settlement currency is non-HKD in CCASS report, CPs can use the following formula to find out the HKD equivalent amount. [Amount \* Exchange Rate \* (1 + Haircut % from (Currency) to HKD)], while the exchange rate and haircut % information can be found in the bottom of the CCASS report.

**2. New margin calculated as of 10 June 2022 (Friday)**

= Aggregated margin + Positions limit add-on + Credit risk add-on + Ad-hoc add-on  
i.e. *sum of (R25) + (R31) + (R32) + (R33) from VaR report MTM and Margin Requirement Report (RMAMR01)*

where

Aggregated margin

= (R25) Rounded Aggregated Market-risk-component Margin

Positions limit add-on

= (R31) Positions limit add-on

Credit risk add-on

= (R32) Credit risk add-on

Ad hoc add-on

= (R33) Ad hoc add-on

(R25) Rounded Aggregated Market-risk-component Margin	.....	(R31) Position Limit Add-on	(R32) Credit Risk Add-on	(R33) Ad-hoc Add-on
9650000		25000	0	0

**3. Projected Margin Alignment as of 10 June 2022 (Friday)** – with potential to be collected by 14:00 on 13 June 2022 (Monday)

**Margin Requirements before launch on 10 June 2022 (Friday)**

**Current flat rate margin**

VS

**New margin requirements**

Project Margin Alignment

= new margin requirement - current flat rate margin

sum of [(R25) + (R31) + (R32) + (R33)]  
from MTM and Margin Requirement Report (RMAMR01)

*minus*

Sum of [(73) from Margin Payable Report (CRMMG02)<sup>9</sup> + (16) & (17) from Additional Cash Collateral Payable Report (CRMAC01)]

CPs should refer to the intraday “Posting/Collateralisation Result Report” (CCMPY01) available from CCASS at around 11:45 on 13 June 2022 (Monday) for the actual payment obligation (i.e. intra-day marks & margin deficits, if any) to be paid by 14:00 (via CPI or bank transfer) on 13 June 2022 (Monday).

<sup>9</sup> In case the settlement currency is non-HKD in CCASS report, CPs can use the following formula to find out the HKD equivalent amount. [Amount \* Exchange Rate \* (1 + Haircut % from (Currency) to HKD)], while the exchange rate and haircut % information can be found in the bottom of the CCASS report.