EMIR/MiFID II Pricing and Fees Disclosure Document for Clearing Services on UK Central Counterparties (CCPs)

Overview

The onshored UK European Market Infrastructure Regulation[1] ("UK EMIR") and the UK Markets in Financial Instruments Directive[2] and Regulations[3] (collectively "UK MiFID II") require CITIC Securities (UK) to provide clients and prospective clients with transparent disclosures relating to clearing services. This includes information on:
- available clearing account structures and associated protections; and
- the costs, fees and financial requirements applicable to such services

(i) Clearing Account Structures and Associated Protections[4]

CITIC Securities (UK) offers clients a choice of clearing account structures at the relevant central counterparties ("CCPs") through which clearing services are provided. These include:
- Omnibus Client Accounts ("OCA"); and
- Individual Client Accounts ("ICA"). ICA generally incurs additional operational and CCP charges.

Each account type provides a different level of protection, portability, costs and operational structure in relation to client positions and collateral in the event of a default or insolvency scenario. Both account types apply to direct clearing clients. CITIC Securities (UK) may offer omnibus and individually segregated account structures, subject to the account models and terminology used by the relevant CCP.

For indirect clearing arrangements, CITIC Securities (UK) may also offer:
-Net Omnibus Segregated Accounts ("NOSA"); and
-Gross Omnibus Segregated Accounts ("GOSA"),
in each case subject to the relevant CCP's account offerings and CITIC Securities (UK)'s indirect clearing arrangements.

Further details, including:
- the features of each account type;
- the associated legal and insolvency considerations; and
- the relative benefits and risks

are set out in the CITIC Securities (UK) EMIR Clearing Member Disclosure Document, which is available on our website: https://www.clsa.com/terms-of-business/.
This disclosure is provided in accordance with Articles 38[5] and 39[6] of UK EMIR and is applicable to all clients or prospective clients receiving clearing services directly from CITIC Securities (UK).

(ii) Costs, Fees and Financial Requirements

CITIC Securities (UK) provides transparent disclosure of the costs and financial requirements associated with each clearing account structure.
These include, where applicable:
- CITIC Securities (UK) Clearing fees, including execution and clearing service charges;

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[1] *Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.* as it forms part of domestic law in the United Kingdom pursuant to the European Union (Withdrawal) Act 2018.
[2] *Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast)*
[3] *Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) no 648/2012*
[4] *Account terminology may differ between CCPs.Clients should review the relevant CCP disclosure documents and CITIC Securities (UK)'s EMIR Clearing Member Disclosure Document.*
[5] *Article 38 of UK EMIR*
[6] *Article 39 of UK EMIR*

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- Pass-through costs from CCPs, exchanges, and other third-party infrastructure providers;
- Margin requirements (initial margin and variation margin);
- Default fund contributions (where applicable);
- Costs associated with different levels of segregation (e.g. ICA vs OCA); and
- Any additional service charges including operational and cash management fees.

Note CITIC Securities (UK) does not currently offer standardised rebates or discount arrangements in respect of the below mentioned fees. Pricing may vary based on objective commercial criteria described in this document.

Fees are determined based on a range of factors, including:
- client trading activity and volume;
- operational complexity and service requirements;
- client credit profile and risk considerations;
-capital consumption;
-liquidity costs;
-default management considerations;
-funding costs;
-legal and operational servicing requirements; and
- the specific CCP(s) selected through which clearing services are provided. Further details on these fees are set out in this document. CITIC Securities (UK) applies its pricing methodology in accordance with its obligation to provide services on fair, reasonable, non-discriminatory and transparent commercial terms[7]. Pricing differences between clients or account structures are based on objective criteria, including risk profile, trading activity, operational complexity, and the costs associated with providing clearing services across different CCPs and jurisdictions.

For transparency, clearing costs can be broadly categorised as follows:
(1) CITIC Securities (UK) charges:
- Clearing and service fees
- Operational and cash management fees

(2) CCP and market infrastructure charges (pass-through)[8]:
- CCP clearing fees
- Exchange fees
- Margin requirements
- Default fund contributions[9]

(3) Account structure-related costs:
- Incremental costs associated with ICA vs OCA
- Increased margin requirements for certain account types

(4) Optional or conditional charges:
- Cash movement fees
- Additional services (where applicable)

For the purposes of this fee disclosure:

- "OCA" means an Omnibus Client Account made available under Article 39 UK EMIR.
- "ICA" means an Individual Client Account made available under Article 39 UK EMIR.

[7] *FCA UK EMIR*
[8] *Refer to LME Group fees and charges available on the LME website.*
[9] *The pricing of CITIC Securities (UK)'s clearing services may reflect costs incurred by CITIC Securities (UK) in maintaining CCP default fund contributions.*

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- "NOSA" means a Net Omnibus Segregated Account made available for indirect clearing arrangements under the Indirect Clearing RTS.
- "GOSA" means a Gross Omnibus Segregated Account made available for indirect clearing arrangements under the Indirect Clearing RTS.

Fees by market and CCP (currently available)

Product area	Relevant CCP	OCA Fee (Per Annum)	Indirect NOSA Fee (Per Annum)	Indirect GOSA Fee (Per Annum)	ICA Fee (Per Annum)
LME	**LME Clear**[10]	Fees vary according to the factors described in this document and indicative pricing will be provided to prospective clients before onboarding and prior to selection of an account structure.	Fees vary according to the factors described in this document and indicative pricing will be provided to prospective clients before onboarding and prior to selection of an account structure.	Relevant CCP fees plus additional account maintenance fees as notified by *CITIC Securities* (UK).	Relevant CCP fees plus additional account maintenance fees as notified by *CITIC Securities* (UK)- ICA account maintenance fees are generally expected to be materially higher than OCA fees and are determined by operational complexity, CCP charges and account administration requirements.

CITIC Securities (UK) may offer omnibus segregated account structures ("OCAs") and individually segregated account structures. ("ICAs"), where applicable, in each case subject to the terminology and account models offered by the relevant CCP.

Additional Charges – ICA accounts

In addition to the above, a charge for cash payments or receipts on behalf of the client to or from the CCP in USD$ (or currency equivalent) per transfer will be levied (where applicable). Details of applicable cash movement fees are available upon request and may vary depending on currency, settlement location and the relevant CCP.

[10] *Links to relevant CCP Account Costs (where available) and structures information: LME EMIR Disclosure and LME Clearing Please note a CCP could change its charging structure at any time. CITIC Securities (UK) is not responsible for the content of any of any external websites. Please contact the CCP directly if you have any queries about its charging structure.*

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If you choose an individual client account at the CCP, in addition to the CITIC Securities (UK) Clearing Fees, we will charge an Account Maintenance Fee. The level of the Account Maintenance Fee per month will depend on a number of factors including:

- the volume of business the client does with us;
- the number of different CCPs through which the client clears;
- the complexity of the operational arrangements that CITIC Securities (UK) needs to put in place in order to provide the client with an individual client account;
- any third-party fees incurred by CITIC Securities (UK) in connection with providing the client with an individual client account including those of the CCP; and
- the overall scope of services provided to the client.

The operational implications of providing an individual client account are still being considered in the industry and the indicative pricing set out above may change. If the client has elected an individual client account, CITIC Securities (UK) will notify you if the pricing changes.

Please note that if you choose an individual client account, CITIC Securities (UK) may require additional margin above the relevant CCP initial margin requirement in respect of certain account structures where justified by risk, liquidity, portability or operational considerations. Such additional margin requirements may be higher than those applicable to omnibus client account structures.

Any additional initial margin that we ask you to pay will be held at the CCP in accordance with our obligations under EMIR.

Minimum Financial Resource Requirements

Any (prospective) client that wishes to open an indirect NOSA or GOSA at CITIC Securities (UK) must meet CITIC Securities (UK)'s minimum financial resource requirement. CITIC Securities (UK) may impose minimum capital requirements from time to time assessed having regard to creditworthiness, expected trading volumes, margin requirements and risk profile.

CITIC Securities (UK) reserves the right to set lower or higher thresholds as appropriate, based on jurisdiction, regulatory requirements, or client-specific considerations.

Important Information for Clients

Clients should note that:

- total clearing costs may vary depending on CCP-specific pricing, market conditions, and regulatory requirements; and
- additional information regarding CCP-level costs, margin methodologies, and risk frameworks is available in the disclosures published by the relevant CCPs.

CITIC Securities (UK) consolidates relevant disclosures to facilitate client understanding of clearing costs, in line with regulatory expectations and industry best practice.

Please note CITIC Securities (UK) does not currently intend to provide an indirect clearing service in relation to over-the-counter derivatives.

Disclaimer

This document provides a high-level indication of CITIC Securities (UK)'s fee charging structure as it relates to relevant CCPs. It does not provide all the information you may need to make the decision on which account type is suitable for you. It is intended as a basis for further discussion and for further detailed information regarding the costs of an omnibus or individual segregated account as offered on relevant CCPs. Please contact your Account Executive or usual CITIC Securities (UK) contact for further information.

This document is provided for information purposes only and does not constitute legal, tax, accounting, regulatory or investment advice.