

L.N. 150 of 2023

**Securities and Futures (OTC Derivative Transactions—
Clearing and Record Keeping Obligations and
Designation of Central Counterparties) (Amendment)
Rules 2023**

(Made by the Securities and Futures Commission under sections 101N and 101P of the Securities and Futures Ordinance (Cap. 571) with the consent of the Monetary Authority and after consultation with the Financial Secretary)

1. Commencement

These Rules come into operation on 1 July 2024.

2. Securities and Futures (OTC Derivative Transactions—Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules amended

The Securities and Futures (OTC Derivative Transactions—Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules (Cap. 571 sub. leg. AN) are amended as set out in rule 3.

3. Schedule 1 amended (specified OTC derivative transactions for the purposes of clearing obligation and record keeping obligation)

(1) Schedule 1, Table 1—

Repeal items 1, 3 and 4.

(2) Schedule 1, Table 2—

Repeal items 1, 3 and 4.

(3) Schedule 1, Table 3—

Repeal item 2

Substitute

“2. EUR €STR 7 days to 3 years No Yes”.

(4) Schedule 1, Table 3, item 3—

Repeal

“2 years”

Substitute

“50 years”.

(5) Schedule 1, Table 3, after item 3—

Add

“4. JPY TONA 7 days to 30 years No Yes

5. USD SOFR 7 days to 50 years No Yes

6. HKD HONIA 7 days to 10 years No Yes”.

Julia LEUNG
Chief Executive Officer,
Securities and Futures Commission

18 October 2023

Explanatory Note

The object of these Rules is to amend the Securities and Futures (OTC Derivative Transactions—Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules (Cap. 571 sub. leg. AN) (*principal Rules*) for the purposes of the clearing obligation and record keeping obligation by—

- (a) removing OTC derivative transactions that have LIBOR (i.e. London Interbank Offered Rate) as their floating rate index from Tables 1 and 2 of Schedule 1 to the principal Rules such that they are no longer specified for the purposes of rules 4 and 5 of the principal Rules; and
- (b) updating the list of overnight index swaps specified in Table 3 of Schedule 1 to the principal Rules, that is—
 - (i) to remove overnight index swaps that have EONIA (i.e. Euro Overnight Index Average) as their floating rate index;
 - (ii) to add overnight index swaps that have €STR (i.e. Euro Short-Term Rate), TONA (i.e. Tokyo Overnight Average Rate), SOFR (i.e. Secured Overnight Financing Rate) or HONIA (i.e. Hong Kong Dollar Overnight Index Average) as their floating rate index; and
 - (iii) to revise the tenor of overnight index swaps that have SONIA (i.e. Sterling Overnight Index Average) as their floating rate index.

2. Rule 1 provides for the commencement of these Rules.

Securities and Futures (OTC Derivative Transactions—Clearing and Record Keeping Obligations and Designation of Central Counterparties) (Amendment)

Explanatory Note
Paragraph 3

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3. Rule 3 amends Tables 1, 2 and 3 of Schedule 1 to the principal Rules.