

Regulators conclude consultation on annual update to the list of Financial Services Providers under the clearing obligation for OTC derivative transactions

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) today issued [joint consultation conclusions](#) on the annual update to the list of Financial Services Providers (FSP List) (Note 1) under the clearing obligation for OTC derivative transactions (Note 2).

Pursuant to market feedback, the HKMA and the SFC will proceed with their proposals on the FSP List in the joint consultation (Note 3) with some fine tuning. The consultation conclusions paper can be downloaded from the websites of the [HKMA](#) or the [SFC](#).

Notes:

1. The FSP List includes entities that meet the following two criteria –
(i) They belong to a group of companies appearing on the list of global systemically important banks published by the Financial Stability Board, or on the list of dealer groups which undertook to the OTC Derivatives Supervisors Group to work collaboratively with central counterparties, infrastructure providers and global supervisors to continue to make structural improvements to the global OTC derivatives markets; and
(ii) They are members of the largest central counterparties offering clearing for interest rate swaps in the United States, Europe, Japan and Hong Kong.
2. The current clearing regime covers transactions between major dealers where at least one of them is a prescribed person (ie, an authorized institution, an approved money broker or a licensed corporation). Transactions in standardised interest rate swaps in G4 currencies (ie, US dollar, Euro, British pound and Japanese yen) and Hong Kong dollar between a prescribed person which has reached the prescribed clearing threshold and another major dealer which is not a prescribed person also have to be centrally cleared. To that end, the concept of FSP was introduced to identify such major dealers outside of Hong Kong.
3. See the April 2019 [joint consultation paper](#) on enhancements to the OTC derivatives regulatory regime for Hong Kong to mandate the use of Unique Transaction Identifiers for the reporting obligation, revise the list of designated jurisdictions for the masking relief of the reporting obligation

and update the FSP List under the clearing obligation for OTC derivative transactions.