

Regulators conclude consultation on new calculation periods and consult on annual update to list of Financial Services Providers under OTC derivatives regulatory regime

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

The Hong Kong Monetary Authority (HKMA) and Securities and Futures Commission (SFC) today (April 1) issued [joint consultation conclusions](#) on the addition of new calculation periods under the over-the-counter (OTC) derivatives regulatory regime. Proposed legislative amendments to the Clearing Rules (Note 1) for adding eight calculation periods will be submitted to the Legislative Council for negative vetting. The amended rules are expected to come into effect on March 1, 2023, subject to the legislative process.

The document issued today also contains a joint consultation issued by the HKMA and SFC on the annual update to the list of Financial Services Providers (FSP List) (Note 3) under the OTC derivatives clearing regime (Note 2). One new entity is proposed to be included in the FSP List.

Interested parties are invited to submit comments on the proposed revision to the FSP List to the HKMA or SFC by May 14, 2022.

The joint consultation conclusions and consultation paper can be downloaded from the websites of the [HKMA](#) or [SFC](#).

Note 1: Securities and Futures (OTC Derivative Transactions–Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules.

Note 2: The current clearing regime covers transactions between major dealers where at least one of them is a prescribed person (i.e. an authorized institution, an approved money broker or a licensed corporation). Transactions in certain standardised interest rate swaps in G4 currencies (i.e. 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 Financial Services Providers was introduced to identify such major dealers outside Hong Kong.

Note 3: The FSP List includes entities that meet the following two criteria: (a) 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
(b) They are clearing members of the largest central counterparties offering clearing for interest rate swaps in the US, Europe, Japan and Hong Kong.