

Regulators conclude consultation on revising OTC derivative Clearing Rules

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 (August 29) issued their [joint consultation conclusions](#) on proposed amendments to the Clearing Rules for over-the-counter (OTC) derivative transactions (Note).

Under the proposal, certain interest rate swap transactions referencing alternative reference rates (ARRs) would be subject to the clearing obligation under specified conditions. At the same time, the regulators would repeal the current requirement to clear certain interest rate swap transactions referencing interbank offered rates (IBORs) which are or will no longer be published or considered representative. This is in line with global interest rate benchmark reforms, particularly the transition from the use of IBORs to ARRs.

The proposal received general support and the amendments will be submitted to the Legislative Council for negative vetting. Subject to the legislative process, the amended Clearing Rules are expected to come into effect no earlier than July 1, 2024.

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

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