



NOTICE OF DESIGNATION AND REVOCATION

Classes of transactions in respect of which designation is revoked

Pursuant to section 101J(9) of the Securities and Futures Ordinance (Cap. 571) (**SFO**), the Securities and Futures Commission (**Commission**) hereby revokes Chicago Mercantile Exchange Inc. (**CME Inc.**) as a designated central counterparty (**CCP**) of the transactions listed in **Part 1** of the Annex to this Notice as the said transactions are no longer subject to clearing obligation from 1 July 2024.

Classes of transactions in respect of which designation remains in force

The designation of CME Inc. as a CCP in respect of other classes of transactions listed in **Part 2** of the Annex to this Notice, which took effect on 1 September 2016, remains in force.

Classes of transactions in respect of which designation is made

Pursuant to section 101J(1) of the Securities and Futures Ordinance (Cap. 571) (**SFO**), the Securities and Futures Commission (**Commission**) hereby designates CME Inc. as a CCP in respect of the specified class of OTC derivative products set out in **Part 3** of the Annex to this Notice, with effect from 1 July 2024. The designation is subject to the following conditions.

1. This designation only applies in respect of transactions cleared through the CME Clearing System.
2. CME Inc. must notify the Commission of any material change to information provided by CME Inc. as part of its application for designation, and particularly to changes in the matters specified below –
 - 2.1. the CME Inc.'s regulatory status with the Commodity Futures Trading Commission;
 - 2.2. the jurisdictions (other than the US) in which CME Inc. –
 - carries on business as a CCP; and
 - is regulated (or, if applicable, exempted from having to be regulated) as a CCP, through which transactions in OTC derivative products may be cleared for the purposes of fulfilling any mandatory clearing requirements in force in that jurisdiction; and
 - 2.3. details of any arrangements to facilitate compliance with the Securities and Futures (OTC Derivative Transactions—Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules, as in force from time to time, by persons clearing OTC derivative transactions through CME

Inc.'s facilities.

Any notification of change pursuant to this Condition must be given prior to the change taking effect or (if it is not reasonably practicable to give prior notification) as soon as practicable after the change takes effect.

3. CME Inc. must put in place and/or maintain appropriate business continuity plans and disaster recovery programmes for its activities as a designated CCP in Hong Kong and notify the Commission of any material change to such plans or programmes.
4. In respect of all OTC derivative products covered by this Designation Notice, and subject to paragraph 5 below, CME Inc. must provide the following **monthly** statistics to the Commission –
 - 4.1. the total volume of all trades (in terms of their aggregate notional amount and, if applicable, the total number of contracts) cleared and settled during the relevant month through the CME Clearing System, with a breakdown in respect of each OTC derivative product or product class (as agreed by the Commission in writing);
 - 4.2. the total volume of all trades (in terms of their aggregate notional amount and, if applicable, the total number of contracts) cleared and settled during the relevant month through the CME Clearing System, by each member who is a “Hong Kong Clearing Member” as defined in the Notice of Authorization to provide automated trading services issued to CME Inc. on 31 August 2016 (**Hong Kong Clearing Member**), with a breakdown in respect of each OTC derivative product or product class (as agreed by the Commission in writing);
 - 4.3. the total notional outstanding and, if applicable, the total number of contracts, as at month end, of all of its members combined, with a breakdown in respect of each OTC derivative product or product class (as agreed by the Commission in writing);
 - 4.4. the total notional outstanding and, if applicable, the total number of contracts, as at month end, of each Hong Kong Clearing Member, with a breakdown in respect of each OTC derivative product or product class (as agreed by the Commission in writing);
 - 4.5. the total margin balances and total collateral balances of all of its members combined, as at month end;
 - 4.6. the margin balance and collateral balance of each Hong Kong Clearing



Member, as at month end;

- 4.7. the total size of its default fund, as at month end (and if CME Inc. maintains more than one default fund, the total size of each default fund to which any Hong Kong Clearing Member has contributed); and
- 4.8. the total default fund contributions of each Hong Kong Clearing Member, as at month end (and if CME Inc. maintains more than one default fund, the Hong Kong Clearing Member's total contributions to each default fund to which it has contributed).

The above statistics must be provided within **four** weeks after the end of the relevant month or within such other period as the Commission may agree in writing. A nil return is required if no trade was cleared or settled in the relevant reporting period.

5. The requirement (under paragraphs 4.2, 4.4, 4.6, 4.7, 4.8 above) to provide statistics in respect of Hong Kong Clearing Members applies only in respect of Hong Kong Clearing Members that are incorporated in Hong Kong.
6. This Notice takes effect from 1 July 2024, and is in addition to the designation granted on 31 August 2016 (as from time to time in force).

DATED: 20 June 2024

Part 1

Classes of transactions in respect of which designation has been revoked

Transactions in BASIS SWAPS¹ with the following features

| CURRENCY | FLOATING RATE INDEX | TENOR | OPTIONALITY | CONSTANT NOTIONAL |
|----------|---------------------|---------------------|-------------|-------------------|
| USD | LIBOR | 28 days to 10 years | No | Yes |
| GBP | LIBOR | 28 days to 10 years | No | Yes |
| JPY | LIBOR | 28 days to 10 years | No | Yes |

Transactions in FIXED-TO-FLOATING SWAPS¹ (except OVERNIGHT INDEX SWAPS¹) with the following features

| CURRENCY | FLOATING RATE INDEX | TENOR | OPTIONALITY | CONSTANT NOTIONAL |
|----------|---------------------|---------------------|-------------|-------------------|
| USD | LIBOR | 28 days to 10 years | No | Yes |
| GBP | LIBOR | 28 days to 10 years | No | Yes |
| JPY | LIBOR | 28 days to 10 years | No | Yes |

Transactions in OVERNIGHT INDEX SWAPS with the following features

| CURRENCY | FLOATING RATE INDEX | TENOR | OPTIONALITY | CONSTANT NOTIONAL |
|----------|---------------------|-------------------|-------------|-------------------|
| EUR | EONIA | 7 days to 2 years | No | Yes |
| GBP | SONIA | 7 days to 2 years | No | Yes |

¹ As defined in section 1 of Schedule 1 to the Securities and Futures (OTC Derivative Transactions—Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules (Cap. 571 sub. leg. AN).

Part 2

Classes of transactions in respect of which designation remains in force

Transactions in BASIS SWAPS with the following features

| CURRENCY | FLOATING RATE INDEX | TENOR | OPTIONALITY | CONSTANT NOTIONAL |
|----------|---------------------|---------------------|-------------|-------------------|
| EUR | EURIBOR | 28 days to 10 years | No | Yes |

Transactions in FIXED-TO-FLOATING SWAPS (except OVERNIGHT INDEX SWAPS) with the following features

| CURRENCY | FLOATING RATE INDEX | TENOR | OPTIONALITY | CONSTANT NOTIONAL |
|----------|---------------------|---------------------|-------------|-------------------|
| EUR | EURIBOR | 28 days to 10 years | No | Yes |
| HKD | HIBOR | 28 days to 10 years | No | Yes |

Transactions in OVERNIGHT INDEX SWAPS with the following features

| CURRENCY | FLOATING RATE INDEX | TENOR | OPTIONALITY | CONSTANT NOTIONAL |
|----------|---------------------|-------------------|-------------|-------------------|
| USD | Fed Funds | 7 days to 2 years | No | Yes |

Part 3

Classes of transactions in respect of which designation has been made

Transactions in BASIS SWAPS with the following features

| CURRENCY | FLOATING RATE INDEX | TENOR | OPTIONALITY | CONSTANT NOTIONAL |
|----------|---------------------|---------------------|-------------|-------------------|
| HKD | HIBOR | 28 days to 10 years | No | Yes |

Transactions in OVERNIGHT INDEX SWAPS with the following features

| CURRENCY | FLOATING RATE INDEX | TENOR | OPTIONALITY | CONSTANT NOTIONAL |
|----------|---------------------|--------------------|-------------|-------------------|
| EUR | €STR | 7 days to 3 years | No | Yes |
| GBP | SONIA | 7 days to 50 years | No | Yes |
| JPY | TONA | 7 days to 30 years | No | Yes |
| USD | SOFR | 7 days to 50 years | No | Yes |
| HKD | HONIA | 7 days to 10 years | No | Yes |