



NOTICE OF DESIGNATION

Pursuant to section 101J(1) of the Securities and Futures Ordinance (Cap. 571) (**SFO**), the Securities and Futures Commission (**Commission**) hereby designates OTC Clearing Hong Kong Limited (**OTC Clear**) as a designated central counterparty (**CCP**) in respect of the specified class(es) of OTC derivative products set out in the Annex to this Notice. The designation is subject to the following conditions.

1. This designation applies in respect of transactions cleared through OTC Clear's OCASS system.
2. OTC Clear must notify the Commission of any material change to information provided by OTC Clear as part of its application for designation, and particularly to changes in the matters specified below –
 - 2.1. the jurisdictions (other than Hong Kong) in which OTC Clear –
 - 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
 - 2.2. 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 OTC Clear'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. OTC Clear must put in place and/or maintain appropriate business continuity plans and disaster recovery programmes for OTC Clear's 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, OTC Clear 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 OCASS 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 OCASS system, by each 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 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 Clearing Member, as at month end;
- 4.7. the total size of its default fund, as at month end (and if OTC Clear maintains more than one default fund, the total size of each default fund to which any Clearing Member has contributed); and
- 4.8. the total default fund contributions of each Clearing Member, as at month end (and if OTC Clear maintains more than one default fund, the 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. OTC Clear must provide a **monthly** report of the identity and location of its Clearing Members and their clients (to the extent that the latter are separately identifiable). Such report must be provided to the Commission within **four** weeks after the end of the relevant month or within such other period as the Commission may agree in writing.
6. This Notice takes effect from 1 September 2016.

DATED: 31 AUGUST 2016



BASIS SWAPS¹

CURRENCY	FLOATING RATE INDEX	TENOR	OPTIONALITY ²	CONSTANT NOTIONAL
USD	LIBOR	28 DAYS TO 10 YEARS	NO	YES
EUR	EURIBOR	28 DAYS TO 10 YEARS	NO	YES

FIXED TO FLOATING SWAP³ (EXCEPT OVERNIGHT INDEX SWAPS⁴)

CURRENCY	FLOATING RATE INDEX	TENOR	OPTIONALITY	CONSTANT NOTIONAL
USD	LIBOR	28 DAYS TO 10 YEARS	NO	YES
EUR	EURIBOR	28 DAYS TO 10 YEARS	NO	YES
HKD	HIBOR	28 DAYS TO 10 YEARS	NO	YES

¹ As defined in section 1 of Schedule 1 to the Securities and Futures (OTC Derivatives Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules.

² Ditto.

³ Ditto.

⁴ Ditto.