

22 November 2019

**Circular in relation to the clearing and record keeping rules for the OTC derivatives regime – changes to the list of persons designated as financial services providers**

The revised list of persons designated as financial services providers (**FSPs**) for the purposes of the Securities and Futures (OTC Derivative Transactions—Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules (**Clearing Rules**) is gazetted<sup>1</sup> today, and becomes effective on 1 January 2020.

Licensed Persons are reminded that if their average total position in OTC derivatives during a Calculation Period<sup>2</sup> reaches the corresponding Clearing Threshold<sup>3</sup>, relevant OTC derivative transactions they enter into on and after the corresponding Prescribed Day<sup>4</sup>, including those with FSPs must be centrally cleared in accordance with the Clearing Rules.

Please refer to the Clearing Rules<sup>5</sup>, the Clearing Amendment Rules<sup>6</sup> and the Frequently Asked Questions on the Implementation and Operation of the Mandatory Clearing Regime<sup>7</sup> for more information.

Supervision of Markets  
Securities and Futures Commission

End

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<sup>1</sup> The gazette notice can be found on the [Government website](#).

<sup>2</sup> A Calculation Period is a specified period of time for calculating a person's average total position in OTC derivatives. Each Calculation Period is three months, and there are two Calculation Periods in each calendar year.

<sup>3</sup> The Clearing Threshold for each Calculation Period is set at USD 20 billion.

<sup>4</sup> A Prescribed Day is the day that is seven months after the end of its corresponding Calculation Period.

<sup>5</sup> The Clearing Rules can be found at : [https://www.sfc.hk/web/EN/files/SOM/OTC/OTC%20-%20Clearing%20\(LN28%20of%202016\)%20-%20EN.pdf](https://www.sfc.hk/web/EN/files/SOM/OTC/OTC%20-%20Clearing%20(LN28%20of%202016)%20-%20EN.pdf)

<sup>6</sup> The Clearing Amendment Rules refer to the Securities and Futures (OTC Derivative Transactions—Clearing and Record Keeping Obligations and Designation of Central Counterparties) (Amendment) Rules 2018 that came into effect on 1 March 2019. The gazetted version can be found at : <https://www.gld.gov.hk/egazette/pdf/20182249/es220182249259.pdf>

<sup>7</sup> The Frequently Asked Questions on the Implementation and Operation of the Mandatory Clearing Regime can be found at : <https://www.sfc.hk/web/EN/files/SOM/OTC/FAQ%20Clearing%20Rules%20-%202011%20Nov%202016.pdf>