

Comments on Proposed Reform of Clearing in OTC Derivative Market in Hong Kong

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Question 1:

Do you have any comments regarding our proposed changes as set out in paragraphs 10 and 11 above? If so, please provide details and justifications for your comments, as well as suggestions on how best to address them.

Comments:

Basically, I agree on most of the proposed changes to the clearing rules. But I would like to suggest that (d) Transactions referencing HKD HONIA should be re-considered. It was proposed that 'The proposed addition of OIS in HKD referencing HONIA for mandatory clearing along with the retention of the current transaction types referencing HIBOR is consistent with the HKMA's "multi-rate approach" to maintaining both HIBOR and HONIA.' However, the specific calculation methods of the multi-rate approach is suggested to be explained as a reference for derivative traders.