

Joint consultation paper on proposed amendments to the Clearing Rules for over-the-counter derivative transactions

January 2026



HONG KONG MONETARY AUTHORITY
香港金融管理局



SECURITIES AND
FUTURES COMMISSION
證券及期貨事務監察委員會

TABLE OF CONTENTS

FOREWORD.....	ii
PERSONAL INFORMATION COLLECTION STATEMENT	iii
A. Introduction	1
B. Current Approach to accommodate additional Calculation Periods	1
C. Proposed Approach to accommodate additional Calculation Periods beyond 2026	2
D. Way forward	3
ANNEX – Draft amendments to the Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules	4

FOREWORD

In line with global efforts, the Hong Kong Monetary Authority (**HKMA**) and Securities and Futures Commission (**SFC**) have implemented a regulatory regime for the over-the-counter (**OTC**) derivatives market in Hong Kong. The regime provides for among other things, the introduction of reporting, clearing, trading and record keeping obligations in respect of OTC derivative transactions.

This consultation is in respect of the calculation periods for mandatory clearing. It should be read together with papers relating to earlier consultations on the implementation of the OTC derivatives regulatory regime, in particular the consultations on mandatory clearing. All papers can be viewed on the websites of the HKMA and SFC.

Interested parties are invited to submit written comments on the proposals. Comments should reach either the HKMA or SFC on or before 27 February 2026 and may be submitted by any of the following methods:

By online submission at: <http://www.sfc.hk/edistributionWeb/gateway/EN/consultation/>

By email to: fss@hkma.gov.hk or otcconsult@sfc.hk

By fax to: (852) 2878 7297 or (852) 2521 7917

By post to one of the following:

Financial Stability Surveillance Division
Hong Kong Monetary Authority
55/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Supervision of Markets Division
Securities and Futures Commission
54/F, One Island East
18 Westlands Road
Quarry Bay, Hong Kong

Persons submitting comments on behalf of an organisation should provide details of the organisation whose views they represent.

Please note that the names of respondents and their submissions may be published by the HKMA and SFC on their respective websites and in other documents to be published by them. In this connection, please read the Personal Information Collection Statement attached to this consultation paper.

You may not wish your name or submission to be published by the HKMA and SFC. If this is the case, please state that you wish your name, your submission or both to be withheld from publication when you make your submission.

January 2026

PERSONAL INFORMATION COLLECTION STATEMENT

1. This Personal Information Collection Statement (**PICS**) is made in accordance with the guidelines issued by the Privacy Commissioner for Personal Data. The PICS sets out the purposes for which your Personal Data¹ will be used following collection, what you are agreeing to with respect to the HKMA's and the SFC's use of your Personal Data and your rights under the Personal Data (Privacy) Ordinance (Cap. 486) (**PDPO**).

Purpose of collection

2. The personal data provided in your submission in response to this consultation paper may be used by the HKMA or the SFC for one or more of the following purposes:
 - (a) to administer –
 - (i) the provisions of the Banking Ordinance (Cap. 155) and guidelines published pursuant to the powers vested in the HKMA; and
 - (ii) the relevant provisions² and codes and guidelines published pursuant to the powers vested in the SFC;
 - (b) to perform statutory functions under the provisions of the Banking Ordinance (Cap. 155), the Securities and Futures Ordinance (Cap. 571) and relevant provisions;
 - (c) for research and statistical purposes; or
 - (d) for other purposes permitted by law.

Transfer of personal data

3. Personal data may be disclosed by the HKMA or the SFC to members of the public in Hong Kong and elsewhere as part of this public consultation. The names of persons who submit comments on this consultation paper, together with the whole or any part of their submissions, may be disclosed to members of the public. This will be done by publishing this information on the HKMA and SFC websites and in documents to be published by the HKMA and SFC during the consultation period or at its conclusion.

Access to data

4. You have the right to request access to and correction of your personal data in accordance with the provisions of the PDPO. Your right of access includes the right to obtain a copy of your personal data provided in your submission on this consultation paper. The HKMA and the SFC have the right to charge a reasonable fee for processing any data access request.

¹ Personal data means personal information as defined in the Personal Data (Privacy) Ordinance (Cap. 486).

² The term “relevant provisions” is defined in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571) and refers to the provisions of that Ordinance together with certain provisions in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), the Companies Ordinance (Cap. 622) and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615).

Retention

5. Personal data provided to the HKMA and the SFC in response to this consultation paper will be retained for such period as may be necessary for the proper discharge of their functions.

Enquiries

6. Any enquiries regarding the personal data provided in your submission on this consultation paper, requests for access to personal data or correction of personal data should be addressed in writing to:

HKMA

Personal Data Privacy Officer
Hong Kong Monetary Authority
55/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong

SFC

Data Privacy Officer
Securities and Futures Commission
54/F, One Island East
18 Westlands Road
Quarry Bay, Hong Kong

7. A copy of the Privacy Policy Statement adopted by the HKMA and the SFC is available upon request.

A. Introduction

1. To meet the G20 commitments to reform over-the-counter (OTC) derivatives markets, since 2014, the HKMA and SFC have implemented a regulatory regime for OTC derivatives in Hong Kong. The regime provides for, among other things, the introduction of reporting, clearing, trading and record keeping obligations in respect of OTC derivative transactions.
2. To date, we have implemented two phases of mandatory reporting and mandatory clearing. Mandatory Clearing took effect on 1 September 2016 to capture specified standardised interest rate swaps among major dealers if certain conditions under the Clearing Rules³ are met.
3. Pursuant to rule 6 of the Clearing Rules, the clearing obligation in respect of a prescribed person⁴ arises when its applicable average (local) total position in relevant OTC derivative transactions in a specified period of time reaches a prescribed threshold (Clearing Threshold) for that period. Currently the Clearing Threshold for each period is set at USD 20 billion. The specified periods of time for calculating the applicable average (local) total position are stipulated in the Clearing Rules as "Calculation Periods". A Calculation Period is set to be a period of three consecutive months, with two Calculation Periods in each calendar year with a gap of six months between the start of each of them.
4. If a prescribed person's applicable average (local) total position during any Calculation Period reaches the corresponding Clearing Threshold, it must clear relevant OTC derivative transactions with a designated central counterparty from the corresponding "Prescribed Day" onward. The Prescribed Day is set on the day that is seven months after the end of the corresponding Calculation Period, to allow time for the prescribed person to prepare to meet its new clearing obligation.
5. Please refer to Schedule 2 to the Clearing Rules for the current specifications of Calculation Periods, Clearing Thresholds and Prescribed Days. Further technical guidance is set out under the "Frequently Asked Questions on the Implementation and Operation of the Mandatory Clearing Regime" on the SFC's website.

B. Current Approach to accommodate additional Calculation Periods

6. In 2016, the implementation of mandatory clearing introduced four Calculation Periods within the Clearing Rules. The establishment of multiple Calculation Periods at consistent six-month intervals (between the start of each of them) serves to:

³ The Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules.

⁴ A "prescribed person" is an authorized institution or approved money broker under the Banking Ordinance or a licensed corporation under the Securities and Futures Ordinance.

- (a) ensure timely identification of new dealers entering Hong Kong's OTC derivatives market, as well as prescribed persons whose OTC derivative activities have expanded to meet the Clearing Threshold, for the purpose of mandatory clearing; and
- (b) mitigate the risk of market participants manipulating their positions during a specific Calculation Period to evade the clearing obligation.

Similarly, this structure enables a prescribed person to exit the clearing obligation upon meeting specified requirements.

7. Since the introduction of mandatory clearing, this approach to Calculation Periods has been applied consistently. Following industry consultations in 2018 and 2021, sixteen additional Calculation Periods were incorporated into Schedule 2 to the Clearing Rules, with the current final Calculation Period ending on 30 November 2026.

C. Proposed Approach to accommodate additional Calculation Periods beyond 2026

8. During the previous two consultations to add Calculation Periods, we adopted the same methodology for adding new Calculation Periods. This allowed us, at that time, to monitor market developments and assess whether there was a need to adjust any of the three key elements related to Calculation Periods: (i) the three-month duration, (ii) the frequency of Calculation Periods per calendar year, and (iii) the Prescribed Day, which occurs seven months after the end of each Calculation Period.
9. Our observations thus far indicate that having two Calculation Periods per calendar year, each spanning three months, has proven effective. This is evidenced by regular updates on the list of prescribed persons meeting the Clearing Threshold for mandatory clearing. Regarding the Prescribed Day, we have also found that the timeframe is sufficient for a dealer that has met the threshold for the first time to make the necessary operational arrangements to comply with the clearing obligation by the Prescribed Day.
10. In the same context, the existing Clearing Threshold of USD 20 billion adopted in each of the past Calculation Periods has also been appropriate. The number of prescribed persons who have reached the Clearing Threshold has increased from 17 to 27 from 2017 to 2025.
11. As the current list of Calculation Periods under Schedule 2 of the Clearing Rules will be exhausted within approximately one year (with the last available Calculation Period covering 1 September 2026 to 30 November 2026), it is proposed that additional Calculation Periods be incorporated into the Clearing Rules.
12. Given the stability of the existing framework, we propose amending the Clearing Rules to adopt a more efficient methodology that aligns with the current approach to Calculation Periods, the Prescribed Day, and the Clearing Threshold. This approach would provide prescribed persons with certainty that future Calculation Periods can be determined based on the established methodology, without reliance on adding new calculation periods to Schedule 2 to the Clearing Rules from time to time. The proposed approach is

more efficient, as it eliminates the need for regular amendments to the Clearing Rules to add new Calculation Periods and offers greater certainty to dealers in identifying future applicable Calculation Periods.

13. In this regard, we propose amending Schedule 2 to the Clearing Rules to give the effect that from 1 March 2027 onwards, two calendar periods, i.e. 1 March to 31 May and 1 September to 30 November, in each year will be designated as calculation periods. The amendments will serve to generate new calculation periods under the Clearing Rules going forward without requiring further legislative amendments. Such a formulaic approach also does not engender operational changes relating to compliance with the Clearing Rules by prescribed persons. A draft of the proposed amendments to the Clearing Rules is provided in the Annex, marked up for reference.

Question: Do you have any comments about our proposed changes to Schedule 2 to the Clearing Rules setting out the Calculation Periods, Prescribed day and Clearing Threshold from 1 March 2027 onwards?

D. Way forward

14. We invite comments on the proposal. Comments should reach the HKMA or SFC by no later than 27 February 2026.
15. Thereafter, we aim to table the necessary subsidiary legislation for effecting the proposed changes before the Legislative Council for negative vetting by the third quarter of 2026, and propose that the amendments commence on 1 March 2027, in time for the new Calculation Period that commences on 1 March 2027.

ANNEX – Draft amendments to the Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules

Securities and Futures (OTC Derivative Transactions—Clearing and Record Keeping Obligations and Designation of Central Counterparties) (Amendment) Rules 2026

(Made by the Securities and Futures Commission under sections 101N and 101P of the Securities and Futures Ordinance (Cap. 571) with the consent of the Monetary Authority and after consultation with the Financial Secretary)

Schedule 2

Calculation Periods, Clearing Thresholds and Prescribed Days

Column 1	Column 2	Column 3	Column 4
Item	Calculation period	Clearing threshold	Prescribed day
1.	1 September 2016 to 30 November 2016	US\$20 billion	1 July 2017
2.	1 March 2017 to 31 May 2017	US\$20 billion	1 January 2018
...
19.	1 March 2026 to 31 May 2026	US\$20 billion	1 January 2027
20.	1 September 2026 to 30 November 2026	US\$20 billion	1 July 2027
21.	From 1 March 2027 onwards, 1 March to 31 May in a year	US\$20 billion	1 January in the following year
22.	From 1 March 2027 onwards, 1 September to 30 November in a year	US\$20 billion	1 July in the following year