

香港場外結算有限公司  
(香港交易及結算所有限公司附屬公司)  
**OTC CLEARING HONG KONG LIMITED**  
(A subsidiary of Hong Kong Exchanges and Clearing Limited)

## 通告 CIRCULAR

Subject: Various Enhancements to the Clearable Product Feature for Swaps  
Enquiry: OTC Clear Operations Team ([OTC\\_Operations@hkex.com.hk](mailto:OTC_Operations@hkex.com.hk))

OTC Clearing Hong Kong Limited (“OTC Clear”) is pleased to advise that the Securities and Futures Commission has granted approval of the clearable products feature enhancements for cross currency swap (“CCS”), deliverable interest rate swap (“IRS”) and non-deliverable interest rate swap (“NDIRS”) (collectively “swaps”). These enhancements are applicable to swaps for both house clearing and client clearing.

OTC Clear will start to accept swaps with the following enhanced features from 06 July 2020:

Modified Product Features/ Changes	Products applicable			Details of changes
	IRS	NDIRS	CCS	
Accepts trades with “zero-coupon” on the fixed leg	✓	✓	-	Trades with one fixed amount on termination date during the term of the trade can be cleared.
Accepts trades with front and back stub	✓	✓	-	To allow more flexibility for trades to have irregular first and last calculation period.
Accepts trades with single calculation period on the fixed leg	✓	✓	✓	Trades that has a tenor of less than a year but with annual payment frequency can be cleared. In such case, there will only be one payment on the fixed leg at maturity.
Provide additional option in fixed rate day count fractions	✓	✓	✓	To allow more flexibility to clearing members to elect “Actual/Actual (ICMA)” as the day count fraction for the fixed leg of a swap.

Modified Product Features/ Changes	Products applicable			Details of changes
	IRS	NDIRS	CCS	
Updates the EURIBOR tenors in the designated maturities of floating rate options	✓	-		To remove two-month EURIBOR from the accepted calculation periods due to their cessations by EMMI.
Revise legacy trade definition	✓	✓	✓	The definition of legacy trade has been revised to align with the mandatory clearing regime.

Clearing Members can refer to OTC Clear Rates and FX Derivatives Clearing Rules (“Clearing Rules”) and OTC Clearing Hong Kong Limited Clearing Procedures (“Clearing Procedures”) for details of the related enhancements.

The revised Clearing Rules and Clearing Procedures will be posted on HKEX website on 06 July 2020.

**Hector Lau**  
**Managing Director**  
**Clearing Operations**