

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:** Clearing service launch of Cross-currency interest rates swaps and basis swaps with reference to new Floating Rate Options and product feature enhancements

**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 (**SFC**) has granted approval of the introduction of products and clearing services of Cross-currency Interest Rate Swaps and Basis Swaps with reference to the below new Floating Rate Options:

- Hong Kong Dollar Overnight Index Average (**HONIA**)
- Secured Overnight Financing Rate (**SOFR**)

The table below summarizes the instruments with reference to the newly introduced Floating Rate Options. OTC Clear will accept these new instruments from 10 May 2021.

Instruments		Currency Pair	Floating Rate Option	Maximum Tenor
Original Standard Cross-currency Rates Derivatives Transactions	Cross-currency interest rate swaps (Fixed vs. Float)	CNY (offshore) and USD	CNY (offshore) vs. USD-SOFR-COMPOUND	11 years
		HKD and USD	USD vs. HKD-HONIX-OIS-COMPOUND	16 years
			HKD vs. USD-SOFR-COMPOUND	16 years
	Cross-currency basis swaps (Float vs. Float)	CNY (offshore) and USD	CNH-HIBOR-TMA vs. USD-SOFR-COMPOUND	11 years
			CNY-SHIBOR-Reuters vs. USD-SOFR-COMPOUND	11 years
		HKD and USD	HKD-HIBOR-HKAB vs. USD-SOFR-COMPOUND	16 years
			HKD-HONIX-OIS-COMPOUND vs. USD-SOFR-COMPOUND	16 years

In addition, SFC has granted approval of the clearable products feature enhancements for cross currency interest rate swaps and deliverable interest rate swaps. These enhancements are applicable to swaps for both house clearing and client clearing.

OTC Clear will accept swaps with the following enhanced features from 10 May 2021.

Instruments		Currency / Currency Pair	Modified Product Features	Details of changes
Original Standard Rates Derivatives Transactions	Single currency interest rate swaps and basis swaps	USD	Accepts trades with maximum tenor of 16 years	The maximum tenor of USD IRS is extended from 11 years to 16 years.
Original Standard Cross-currency Rates Derivatives Transactions	Cross-currency interest rate swaps and basis swaps	HKD and USD	Accepts trades with maximum tenor of 16 years	The maximum tenor of USD/HKD CCS is extended from 11 years to 16 years
	Cross-currency interest rate swaps and basis swaps	HKD and USD CNY (offshore) and USD	Provides flexibility on payment lag	The eligible payment lag for LIBOR / HIBOR / SHIBOR is extended to 0, 1 and 2 Business Days.

Clearing Members can refer to OTC Clear Rates and FX Derivatives Clearing Rules and Procedures for details of the related enhancements.

The revised Clearing Rules and Clearing Procedures will be posted on HKEX website on 10 May 2021.

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