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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 Enhancements effective 8 August 2022

Enquiry: OTC Clear Operations Team (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 for multilateral compression services, product feature enhancements and extension of collateral withdrawal cut-off times.

Implementation of Multilateral Compression Service

Effective from 8 August 2022, OTC Clear will offer its Clearing Members (“CMs”) multilateral compression service, which allows CMs to reduce the number of individual trades and gross notional outstanding of OTC derivatives of their portfolios by combining or offsetting trades with economically compatible characteristics.

The multilateral compression service will be implemented for Rate Derivatives Contracts (inclusive of Standard Rates Derivatives (“IRS”), Non Deliverable Rates Derivatives (“NDRS”) and Standard Cross-currency Rates Derivatives (“CCS”)) in the CM’s House Position Account.

Each multilateral compression cycle will be coordinated and facilitated by a Compression Service Provider approved by OTC Clear. OTC Clear will notify CMs of the appointment of the Compression Service Provider via circular in due course.

OTC Clear will work with the Compression Service Provider and CMs on scheduling the first multilateral compression cycle and announce the details including the subscription method at least one month prior to the commencement of the cycle via circular.

Product Feature Enhancements

From 8 August 2022, OTC Clear will accept IRS, NDIRS and CCS with the following enhanced features. These enhancements are applicable for both house clearing and client clearing.

Modified Product Features/ Changes	Details of changes	Products Applicable		
		IRS	NDIRS	CCS
Update forthcoming payment eligibility from T+2 to T+1	Acceptance of trades for registration on a day that is at least one (instead of two) OTC Clear Clearing Day prior to the forthcoming coupon / additional payment date	✓	✓	✓
Negative fixed amount	Acceptance of trades for registration with a negative fixed rate	✓	✓	✓

Extension of Collateral Withdrawal Cut-off Times

Effective from 8 August 2022, OTC Clear will also extend the cut-off time for CMs to submit voluntary collateral withdrawal request from 11:00 to 12:00 HKT.

CMs 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 8 August 2022.

Hector Lau
Head of Clearing & Depository