

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: **Enhancement to the Clearable Product Features for Swaps**
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OTC Clearing Hong Kong Limited (“OTC Clear”) is pleased to advise that the Securities and Futures Commission (“SFC”) has granted approval of the clearable product features enhancement for deliverable interest rate swap (“IRS”) and cross currency swap (“CCS”) (collectively “Swaps”). These enhancements are applicable to Swaps for both house and client clearing.

OTC Clear will start to accept Swaps with the following enhanced features from 22 May 2023:

New / Modified Product Features	Details of changes	Products Applicable	
		IRS	CCS
Floating Rate Option (FRO)	Acceptance of trades referencing “USD-SOFR” for registration	✓	✓
Delayed Payment	Update the number of relevant Business Days accepted for Delayed Payment	✓	✓
Compounding conventions	Acceptance of three new ISDA compounding conventions (namely Lookback, Lockout, and Observation Period Shift) when referencing USD-SOFR	✓	✓

Clearing Members can refer to OTC Clearing Hong Kong Limited Clearing Procedures (“Clearing Procedures”) for details of the related enhancements. The revised Clearing Procedures will be posted on HKEX website prior to the effective date on 22 May 2023.

Furthermore, OASIS reports have been enhanced to cater for the enhanced product features. Clearing Members can refer to the revised OASIS Report Usage Guide¹ available on HKEX website for details of the changes.

Cyrus Cheung
Senior Vice President
Clearing & Depository

¹ https://www.hkex.com.hk/Services/Clearing/OTC-Clear/Infrastructure?sc_lang=en