HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B9/135C
B1/15C

1 September 2016

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

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

As you may be aware, the Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules (the "Clearing Rules") come into operation today.

I am pleased to attach a set of frequently asked questions ("FAQs") prepared by the Securities and Futures Commission and the Hong Kong Monetary Authority, which serves to provide clarifications with regard to how the Clearing Rules operate.

For the purpose of facilitating our regulatory monitoring, Authorized Institutions are requested to notify the HKMA when they have reached the clearing threshold for the first time (and the first time again after an exit notice has been given). Such notification should be sent via email to "OTCDclearing@hkma.gov.hk" within 60 days after the end of the relevant calculation period for the clearing threshold.

If you have any questions about this letter, please call our hotline on 2878-1279 or write to the e-mail address "bpd_otc@hkma.gov.hk".

Yours faithfully,

Karen Kemp
Executive Director (Banking Policy)

Encl.

c.c. Financial Services and the Treasury Bureau
(Attention: Mr Jackie Liu)

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