

27 February 2026

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**Re: Joint Consultation on Proposed Amendments to the Clearing Rules for OTC Derivative Transactions**

Dear Sir/Madam,

The International Swaps and Derivatives Association, Inc. (ISDA)<sup>1</sup> appreciates the opportunity to comment on the consultation paper issued on 29 January 2026 regarding the proposed amendments to Schedule 2 of the Clearing Rules for over-the-counter (OTC) derivative transactions.

ISDA supports the introduction of a permanent methodology for determining Calculation Periods<sup>2</sup> from 1 March 2027 onwards. Designating two recurring periods, i.e. 1 March to 31 May and 1 September to 30 November, in each year provides a clear and operationally efficient framework for market participants, while reducing the need for future legislative amendments. This approach enhances regulatory certainty and promotes the continued effectiveness of Hong Kong's clearing

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<sup>1</sup>Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 78 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: [www.isda.org](http://www.isda.org).

<sup>2</sup> A "Calculation Period" is a three-month period specified under Schedule 2 of the Clearing Rules during which a prescribed person's applicable average (local) total position in relevant OTC derivative transactions is measured to determine whether it meets the USD 20 billion Clearing Threshold. If the threshold is reached during any Calculation Period, the prescribed person becomes subject to the mandatory clearing obligation from the corresponding Prescribed Day (set seven months after the end of that Calculation Period).

regime. We note that this approach is consistent with international practice, such as in the EU and UK, where firms calculate aggregate month-end average position for the previous 12 months on 17 June<sup>3</sup> annually.

Additional recommendation to expand clearing exemption to Post-Trade Risk Reduction Exercises

While the current consultation focuses on amendments to the Calculation Period framework, ISDA would like to take this opportunity to draw the attention of the HKMA and SFC to Rule 10 of Cap. 571AN<sup>4</sup>, which currently limits the clearing exemption to multilateral portfolio compression exercises. Other jurisdictions, including Australia<sup>5</sup>, the EU and the UK<sup>6</sup>, are moving or have moved to extend such exemptive relief to post-trade risk reduction (“PTRR”) exercises more broadly, recognizing that compression is just one of several risk-reducing tools increasingly used by market participants. ISDA respectfully recommends that the HKMA and SFC consider a similar amendment to Rule 10 in a future review and welcomes the opportunity to engage further on this matter at an appropriate time.

Should you require any further information, please do not hesitate to contact Ulrich Karl ([ukarl@isda.org](mailto:ukarl@isda.org)) and Shule Peh ([speh@isda.org](mailto:speh@isda.org)) at ISDA.

Yours faithfully,

For the **International Swaps and Derivatives Association, Inc.**

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<sup>3</sup> Under EMIR Refit and the UK EMIR framework, 17 June 2019 serves as the reference date for annual clearing threshold calculations for entities active in OTC derivatives at that time.

<sup>4</sup> <https://www.elegislation.gov.hk/hk/cap571AN>

<sup>5</sup> See ASIC’s Simple consultation 33 Proposed remake of the ASIC Derivative Transaction Rules (Clearing) 2015 <https://www.asic.gov.au/regulatory-resources/find-a-document/consultations/cs-33-proposed-remake-of-the-asic-derivative-transaction-rules-clearing-2015/>

Also refer to ISDA’s response to ASIC’s Simple Consultation 33 (dated 3 December 2025) <https://www.isda.org/a/JXvgE/ISDA-Responds-to-ASIC-Consultation-on-Derivatives-Transaction-Rules.pdf>

<sup>6</sup> Both ESMA and FCA provide clearing exemptions for PTRR exercises. See Article 4b of EMIR <https://www.esma.europa.eu/publications-and-data/interactive-single-rulebook/emir/article-4b-post-trade-risk-reduction> and FCA Handbook MAR 12 <https://handbook.fca.org.uk/handbook/mar12?timeline=true>