

22 December 2025

Circular to licensed corporations - Exemption for non-centrally cleared equity options from margin requirements

The Securities and Futures Commission (**SFC**) issues this circular to inform licensed corporations that it will exempt non-centrally cleared single-stock options, equity basket options and equity index options (collectively, “**non-centrally cleared equity options**”) from its margin requirements¹ from 4 January 2026 until further notice to align with the latest global developments.

The margin requirements for non-centrally cleared equity options were originally scheduled to take effect on that date. However, to prevent regulatory arbitrage and considering that licensed corporations’ exposures to non-centrally cleared equity options are currently insignificant, the SFC has decided to align the exemptions of its margin requirements with the approaches in the European Union (**EU**) and the UK:

- In the EU, a permanent exemption from the requirement to exchange margin for single-stock equity options and equity index options became effective on 24 December 2024, subject to monitoring and periodic reporting².
- On 27 November 2025, the UK’s Prudential Regulation Authority and Financial Conduct Authority published a joint policy statement³ containing amendments to the Binding Technical Standards 2016/2251⁴. It implemented an indefinite exemption from the UK bilateral margining requirements for single-stock equity options and index options.

Paragraph 7(e) of Part III of Schedule 10 to the Code of Conduct will be amended accordingly and gazetted in due course.

Should you have any queries regarding the contents of this circular, please contact your case officer.

Intermediaries Division
Securities and Futures Commission

End

SFO/IS/042/2025

¹ As set out in Part III of Schedule 10 to the [Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission](#) (Code of Conduct).

² Regulation (EU) 2024/2987 <https://eur-lex.europa.eu/eli/reg/2024/2987/oj/eng>

³ PS23/25 – Margin requirements for non-centrally cleared derivatives: Amendments to BTS 2016/2251 <https://www.bankofengland.co.uk/prudential-regulation/publication/2025/november/margin-requirements-for-non-centrally-cleared-derivatives-policy-statement>

⁴ Binding Technical Standards 2016/2251 refer to the UK version of Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 and the regulatory technical standards for risk-mitigation techniques for over-the-counter (OTC) derivative contracts not cleared by a central counterparty.