

Consultation on further enhancements to OTC derivatives regime

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) today (April 26) issued a [joint consultation](#) on further enhancements to the over-the-counter (OTC) derivatives regulatory regime in Hong Kong.

To align with global standards, the regulators propose that transactions to be submitted to the Hong Kong Trade Repository for the reporting obligation (Note 1) would be required to be identified by unique transaction identifiers with the structure and format as set out in the Technical Guidance issued by the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions (Note 2).

The regulators also propose to remove 17 jurisdictions from the list of designated jurisdictions for the masking relief of the reporting obligation (Note 3) in view of the recent clarification by the Financial Stability Board (Note 4), and to update the list of Financial Services Providers under the OTC derivatives clearing regime (Note 5). These proposals ensure that the Hong Kong reporting and clearing regimes keep up with international developments and remain relevant and appropriate.

Interested parties are invited to submit comments to the HKMA or the SFC on the updated list of Financial Services Providers by May 25 and on the other proposals by June 25.

The joint consultation paper can be downloaded from the websites of the HKMA or the SFC.

Note 1: Phase 2 reporting of OTC derivatives transactions came into effect on July 1, 2017, and covers all five major asset classes (interest rates, foreign exchange, credit, commodities and equities) of OTC derivatives.

Note 2: [Technical Guidance on the Harmonisation of the Unique Transaction Identifier](#) issued by the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions in February 2017.

Note 3: Masking relief was introduced when phase 1 reporting took effect in July 2015 to deal with situations where a reporting entity is prevented from submitting certain information identifying the counterparty to the Hong Kong Trade Repository due to legal or regulatory barriers to full trade reporting in certain jurisdictions. The masking relief enables reporting entities to mask counterparty information when they encounter reporting barriers in a jurisdiction that is on the designated list.

Note 4: [Follow-up Report on Trade Reporting Legal Barriers](#) issued by the Financial Stability Board in November 2018.

Note 5: Phase 1 clearing, covering specified standardised interest rate swaps

between major dealers, came into effect on September 1, 2016.