

# Regulatory framework for trade reporting obligation set out in Securities and Futures Ordinance in 2014



Coordination between the authorities in Hong Kong – the Financial Services and the Treasury Bureau (FSTB), Hong Kong Monetary Authority (HKMA) and Securities and Futures Commission (SFC)



Coordination with other regulators in the region, taking developments in other major markets into consideration.



The HKMA and SFC have consulted the industry during the implementation of the regulatory reforms and have published Frequently Asked Questions, guidelines and manuals.



Established the Hong Kong Trade Repository (HKTR) in 2013 and achieved efficient reporting process with good management of data quality issues and high matching rates.



Active use of trade repository (TR) data for market analysis, surveillance and policy development.

# Phases of implementation of trade reporting obligation as part of G20's OTC Derivative Market Reforms



### **Interim Reporting**

Required Licensed Banks (LBs) to report OTC derivatives transactions with another LB to the HKTR.

### Phase 1 Reporting Phase 2 Reporting

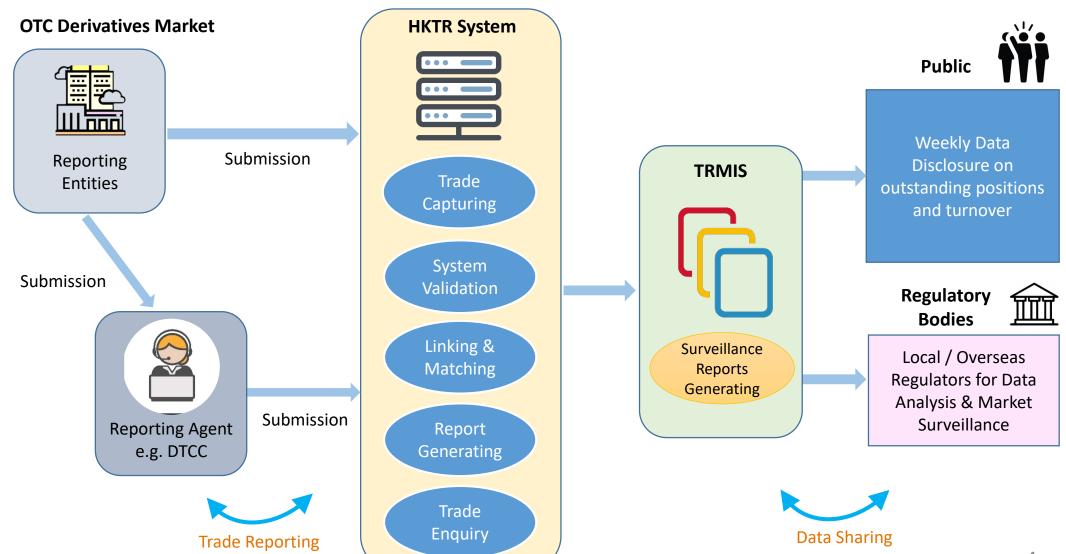
Mandatory reporting in respect of certain interest rate swaps (IRS) and non-deliverable forwards.

Reporting scope covered OTC derivatives under all five key asset classes (i.e. interest rates, foreign exchange, equities, credit and commodities).

### **Future Development**

The implementation of **Unique Transaction** Identifier (UTI), Unique Product Identifier (UPI) as the unique identifiers for transactions and products, and Critical Data Elements (CDE) for global aggregation.

# The infrastructure design of HKTR



## Implementation Plan of UPI reporting

**UPI** 

- We welcome the development of UPI which will uniquely identify the product involved in OTC derivatives transactions reported to TRs.
- This will help HKMA and other authorities to aggregate data on OTC derivatives transactions by product.

**DSB** 

- The Derivatives Service Bureau (DSB) is currently developing its UPI service, as part of its function as the issuer of UPI codes and operator of the UPI reference data library.
- DSB expects to issue UPIs for OTC derivatives from July 2022 onwards.

TR

• Subject to the timeline of the UPI service development by DSB and lead time for the industry's readiness on system implementation and testing, if any, we expect the UPI implementation will not be earlier than the end of 2022.

Q & A