

11 October 2021

Circular to Licensed Corporations

Proposed updates to the Technical Specifications for OTC Derivatives Trade Reporting

On 8 June 2021, the Securities and Futures Commission (**SFC**) and the Hong Kong Monetary Authority (**HKMA**) respectively issued a Circular and communication to the Licence Corporations and Authorized Institutions on the proposed updates to the Administration and Interface Development Guide (**AIDG**) under the OTC derivatives reporting regime.

The key proposed updates to the technical specifications as set out in the Circular/communication include:

- (i) mandating the supporting field value of “Proprietary rates” (which is currently reported on a voluntary basis) under the data fields “Floating Rate Index” and “Floating Rate Option”;
- (ii) making available the data field “Global Unique Transaction Identifier” (**Global UTI**) and related data fields in anticipation of the global implementation of UTI;
- (iii) mandating the reporting of product types under the data field “Special Terms” for products specified in the Supplementary Reporting Instructions (**SRI**); and
- (iv) enhancing the Equity templates to address market feedback and to cater to regulatory needs.

The SFC and the HKMA (**Regulators**) have received feedback and questions from 10 market participants, including reporting entities, central counterparties and a reporting agency. The Regulators thank market participants for their valuable responses and have adjusted some of the proposals to address their concerns. These are set out in more details in the attached List of Proposed Updates. In summary:

For the data field “Special Terms”, a number of respondents requested for a full list of the product scope, which we now set out in the attached List of Proposed Updates. Some respondents also asked for postponing the implementation timeline as alignments with their upstream booking systems and their reporting agent’s technical specifications are needed. The Regulators acknowledge such needs and will postpone the implementation of the data field “Special Terms” to December 2022 (the exact date will be communicated with market participants via the SRI and AIDG). An alternative solution (as set out in the attached List of Proposed Updates) will also be provided for those reporting entities who may have difficulties implementing this data field.

For the enhancement of data fields in the Equity templates, some respondents envisaged practical challenges to report a handful of data fields which are currently not required by the reporting regimes in some major jurisdictions. Other respondents also requested for postponement of implementation for data fields which are included in the Technical Guidance



on the Harmonisation of Critical OTC Derivatives Data Elements (Other Than UTI and UPI) issued by the CPMI-IOSCO (**CDE Technical Guidance**). The Regulators agree that harmonisation and alignment in data fields and in implementation with other major jurisdictions and with the CDE Technical Guidance are important. As such, for all of the proposed data fields for the Equity templates which are currently not required by the reporting regimes in other major jurisdictions, we will not mandate them at this stage but will monitor global development on this front and will re-consider introducing them again should they be implemented by other major jurisdictions. Separately, for those proposed data fields which are included in the CDE Technical Guidance and are expected to form part of the CDE harmonisation exercise, we will align their implementation with the CDE harmonisation exercise to be subsequently rolled out in Hong Kong. Please refer to the attached List of Proposed Updates for specific details.

The Regulators will continue to actively engage market participants to clarify issues and answer questions that they may have during the implementation period.

For questions about the service, operation and testing arrangement of the HKTR, please contact the HKTR at 8100 3115 or email to hktr@hkma.gov.hk. For questions about the policy or regulatory requirements, please email to the HKMA at fss@hkma.gov.hk (for Authorised Institutions and Approved Money Brokers) or to the SFC at otc_enquiries@sfc.hk (for Licensed Corporations and Central Counterparties).

**Supervision of Markets Division
Securities and Futures Commission**