



6 June 2016

The Chief Executive
All Regulated Entities

Dear Sir / Madam,

OTC Derivatives Trade Repository of the HKMA
Technical Specifications for New Phase of System Implementation

Further to my letter dated 29 December 2015 announcing a new phase of system development of the OTC derivatives trade repository of the HKMA (HKTR), I am writing to inform you that the HKTR system implementation for the new phase was launched on 6 June 2016. Corresponding to the launch, an updated version of the *OTC Derivatives Trade Repository Reporting Service Reference Manual* ("Reference Manual") and *Administration and Interface Development Guide* ("AIDG") for reporting have been published and attached to this letter.

Requirements and technical specifications for reporting

The new phase of system implementation is introduced to expand the scope of reporting products to cover all OTC derivative products and supporting the reporting of valuation information as well as new technical standards to cope with latest market developments and regulatory requirements. The new reporting products, the new data fields for reporting valuation information of transactions and the new technical specifications (collectively referred to as "New Features") are all set out in the updated AIDG version 1.5.1 attached to this letter. Further to this, an updated *Operating Procedures for Hong Kong Trade Repository – User Manual for Participants* has also been published in the HKTR website for the refined procedures and enhanced functionalities of the HKTR system.

Transition from existing to new reporting standards

Though the New Features may not be subject to mandatory reporting immediately after system launch, the existing reporting standards and technical specifications are expected to phase out eventually. Reporting institutions are encouraged to review the new reporting standards and technical specifications, and make preparations as soon as possible to ensure that they will be ready when the mandatory reporting requirements on them start to apply. Before reporting transactions of new reporting products through the system, reporting institutions are required to lodge a readiness declaration form with the HKTR.

The testing environment for the New Features will be available from 6 June 2016 to facilitate TR members and reporting agents to conduct the relevant tests themselves. HKTR will also provide training sessions on the New Features. Please contact HKTR at (852) 8100 3115 or email to hktr@hkma.gov.hk for the training sessions.

New reporting standards for expanded mandatory reporting

Subsequent to the first phase of mandatory reporting requirement commenced since 10 July 2015, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) tabled the Securities and Future (OTC Derivative Transactions – Reporting and Record Keeping Obligations) (Amendment) Rules 2016 (“Reporting Amendment Rules”) before the Legislation Council in February 2016 for expanding the scope of mandatory reporting of over-the-counter (OTC) derivatives transactions (“Phase 2 Reporting”). Subject to the legislative process, the expected commencement time of Phase 2 Reporting is 1 July 2017. Subject to the final mandatory reporting data field requirement for the Phase 2 Reporting to be published by the HKMA and SFC, the HKTR may further refine the technical specifications to cope with the regulatory needs. Reporting entities should pay attention to the progress of the relevant regulations and requirements introduced by regulatory authorities.

If there are any questions about regulatory issues including the Phase 2 Reporting requirements, please contact the Banking Policy Department of the HKMA at (852) 2878 1279 or email to bpd_otc@hkma.gov.hk (for Authorized Institutions); the Financial Market Infrastructure Oversight and Licensing Division of the HKMA at (852) 2878 1470 or email to ivan_yy_lam@hkma.gov.hk (for Approved Money Brokers); or the Supervision of Markets Division of the Securities and Futures Commission at (852) 2231 1788 or email to otc_enquiries@sfc.hk (for other entities). For questions about the service and operation of the HKTR, and the training and system tests, please contact the HKTR at 8100 3115 or email to hktr@hkma.gov.hk.

Thank you for your attention.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Stanley Chan', with a long horizontal flourish extending to the right.

Stanley Chan

Head, Payment Systems Operation Division
Financial Infrastructure Department

Encl.

c.c. Mr Rico Leung, Senior Director, Supervision of Markets, Securities and Futures Commission