<u>Supplementary Reporting Instructions for OTC Derivative Transaction – Part 2</u>

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Introduction

1. This document, along with the already published Supplementary Reporting Instructions for OTC Derivative Transaction (SRI I), the Administration and Interface Development Guide (AIDG), the OTC Derivatives Trade Repository Reporting Service Reference Manual and the Operating Procedures for Hong Kong Trade Repository Reporting Service – User Manual for Participants, forms the complete set of HKTR reporting manuals. It is important that these reporting manuals be read in conjunction with the parts of the SFO relating to the mandatory reporting of OTC derivative transactions and the Reporting Rules. This document forms Part 2 of the SRI (SRI II) with additional instructions including instructions focusing on Reporting Rules which will come into effect on 1 July 2017. The two documents, SRI I and SRI II must be read together, along with the manuals and laws highlighted above.

Section A – Abbreviations and glossary

2. Unless the context otherwise requires, terms defined in Schedule 1 to the SFO or in the Reporting Rules bear the same meaning when used in the instructions, and the following terms bear the following meanings:
   - **“Approved money broker” (AMB)** – has the meaning assigned to it under section 2 of the BO;
   - **“Authorized institution” (AI)** – has the meaning assigned to it under section 2 of the BO;
   - **“BO”** – refers to the Banking Ordinance (Chapter 155, Laws of Hong Kong);
   - **“HKTR”** – means the trade repository operated by or on behalf of the HKMA for submitting and receiving reports on specified OTC derivative transactions for the purposes of the Reporting Rules and section 101B of the SFO;
   - **“Licensed Corporation” (LC) –** has the meaning assigned to it under the SFO;
   - **“Reporting Rules” –** means the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules after reflecting the amendments per the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) (Amendment)

Rules 2016;

- **“SFC”** – means the Securities and Futures Commission;
- **“SFO”** – refers to the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Section B – General Instructions

3. This section highlights general requirements for reporting transactions to the HKTR. To ensure the data quality of the HKTR, requirements in this document should also be applicable to transactions reported to the HKTR voluntarily, unless specified otherwise.

4. A report to the HKTR must be compiled in accordance with the instructions given in the HKTR reporting manuals mentioned in paragraph 1.

B.1 Templates available

5. Reporting entities should identify individually, based on the characteristics of the trade to be reported, the HKTR template to be used for reporting which would best suit their purpose. As a general principle, reporting entities should first identify the appropriate derivative asset class from one of the five supported by the HKTR system, namely, interest rate, foreign exchange, equity, credit, and commodity. They should then identify whether to use the Standard template or the Other template according to the nature of the transaction and the product involved. The Standard template should be used when reporting transactions in products that are supported by the HKTR Standard template in accordance with the AIDG. The Other template should be used when reporting transactions in products not supported by the Standard template, such as when reporting exotic or highly complex transactions. Depending on the event type to be reported, specific template for the specific asset class should be selected. Please refer to the table below for template selection for each event type. Depending on the event type to be reported, the type of event templates supportable under each specific asset class are being stated in the AIDG, reporting entities should select accordingly. For example, the Partial Termination template is not supportable for FX derivatives (in exceptional circumstances, the Amendment template should be used when reporting partial termination for any FX derivatives, if necessary) while the Full Termination template is supportable for all five asset classes when the transaction is submitted via the Standard template. For

reporting the full termination of trades submitted via the Other template, reporting entities should refer to paragraph 11. For reporting valuation, reporting entities should use the Valuation template as specified in the AIDG.

Template / **Event**	**Amendment**	**New Trade**	**Backloading**	**Termination (Include Partial and Full Termination)**	**Withdrawal**
New trade		✓			
Backloading[i]			✓		
Amendment of Economic Terms[ii]	✓Or			✓Or	
Partial Termination	✓Or			✓Or	
Full Termination	✓Or			✓Or	
Fund allocation (Option 1)[iii]			✓And		✓And
Fund allocation (Option 2)[iii]		✓And		✓And	
Novation[iv]		✓And		✓And	
Error Correction – amendable field (Snapshot approach option 1)[v]	✓				
Error Correction – amendable field			✓And		✓And

i The data field "Backloading Date" should always refer to the date of the trade snapshot being reported unless otherwise specified, e.g. error correction. Please refer to paragraph 6 for specific instructions on how to complete Backloading requirement.

ii If the Termination template is used to report amendments in notional amounts, a reduced notional amount or a zero amount should be reflected in the data field "Outstanding Notional Amount" for the Partial Termination template and Full Termination template respectively.

iii For reporting transactions involving fund allocation, please refer to paragraph 87 in the SRI I for the specific reporting instructions.

iv Please refer to paragraphs 88-89 of the SRI I for specific instructions on reporting novation transactions. Note that the effective date of the original old trade should be reported into the data field "Remarks".

v For the treatment of error corrections on amendable data fields, please refer to paragraph 79 of the SRI I for specific instructions. Note that the data field "Agreement Date" should be input with the last event date or the date of the latest position.

(Snapshot approach option 2) [vi, vii]					
Error Correction – non-amendable field (snapshot approach)[viii]			✓And		✓And

vi For the treatment of error corrections on amendable data fields, please refer to paragraph 79 of the SRI I for specific instructions. Note that the data field "Backloading Date" should be input with the last event date or the date of the latest position.

vii There is an option of using the life-cycle approach for correcting errors on amendable fields, please refer to paragraph 79 of the SRI I for specific instructions. Where the life-cycle approach is taken, the templates involved are dependent on the specific life-cycle events which need to be rebuilt.

viii For the treatment of error corrections on non-amendable data fields, please refer to paragraph 80 of the SRI I for specific instructions. Note that the data field "Backloading Date" should be input with the last event date or the date of the latest position. There is an option of using the life-cycle approach for correcting errors on non-amendable fields, please also refer to paragraph 80 of the SRI I for specific instructions. Where the life-cycle approach is taken, the templates involved are dependent on the specific life-cycle events which need to be rebuilt.

B.2 Backloading

6. When backloading outstanding transactions using the Backloading template, reporting entities have the option to either employ the snapshot approach or the lifecycle approach. If the snapshot approach is used, the latest position should be provided in the submission with the data field "Backloading date" as the date of the latest position. If the life-cycle approach is used, the transaction should be rebuilt with all preceding life-cycle events using the relevant templates accordingly.

B.3 Novation

7. The reporting of novation transactions should involve both i) the termination of the existing trade already reported to the HKTR and ii) the submission of a new trade reflecting the new counterparty information of the novated trade. Please refer to paragraphs 88-89 of the SRI I for the specific instructions when reporting a novation transaction. Note that in the submission of the new trade, the data fields "Prior – Unique Transaction Identifier (UTI)" and "Prior – Unique Transaction Identifier – Unique Trade ID (UTI-TID)" have to be populated by the value of the original trade's respective USI and the UTI-TID, if applicable.

Section C – Specific Instructions on Data Fields

8. The mandatory data fields were published by notice in Government Gazette on 15 July 2016 (G.N. 3912) and are primarily classified based on the five derivatives asset classes namely interest rate, foreign exchange, equity, credit and commodity. Reporting entities are required to identify the correct template as set out in paragraph 5 for reporting a specified OTC derivative transaction subject to reporting obligation under the Reporting Rules. Descriptions are provided for each data field as in the reporting templates published by Government Gazette. Reporting entities should refer to the descriptions provided for these data fields in order to report the required information for each submission.

9. The following are specific instructions on how to fill out certain data fields under the different categories of information and particulars relating to a specified OTC derivative transaction, and to persons involved in the transaction as listed under Schedule 1 of the Reporting Rules.

10. The data fields highlighted apply to all asset classes, unless otherwise specified.

C.1 Information and particulars relating to administration of the reporting of the transaction

C.1.1 Data field "Full Termination Indicator"

11. This data field is only applicable to the Other template. A reporting entity should fill this field with a "Yes" value to indicate that the transaction being reported was fully terminated before the Final Maturity Date that was previously reported. This field should be left blank if the case does not apply to the transaction being reported.

C.1.2 Data field "Special Terms Indicator"

12. In situations where the Standard and Other templates do not have the relevant data fields to capture the key information relating to the core economic terms that materially affect the pricing of the transaction (pricing information), the reporting entity should indicate with a "Yes" value in the "Special Terms Indicator" field. An example is the case when there are three legs to a

transaction and there are no data fields to capture the information relating to the third leg of the transaction being reported. No further details are required at the time of reporting but the relevant regulator may, where appropriate or necessary, contact the reporting entity if it requires such details. If the other data fields in the template already captured all pricing information relating to the transaction, the reporting entity should populate this field with a "No" value.

13. As mentioned in the further consultation conclusions paper published on 15 July 2016 (**15 July 2016 conclusions paper)**, if reporting entities find that due to system limitation, they are unable to provide information of the specified OTC derivative transaction, other than pricing information as noted above, which are required to be reported, they should contact their relevant regulator (i.e. the HKMA in the case of AIs and AMBs, and the SFC in the case of LCs, RCHs, and ATS-CCPs) within T+2 to clarify how the information is to be provided. For instance if a data field cannot support the inputs for the required information rendering the failure of submission of the whole trade report. An example (albeit remote) might be where the field requires the entry of a numeric value (e.g. notional amount) but the amount to be entered has more digits than the field permits. Such cases are however expected to be extremely rare given that the templates already cater for amounts of up to 20 digits. Reporting entities, however, are not required to contact their relevant regulator for cases involving Equity basket and Credit basket where the relevant data fields do not have sufficient character spaces to list out all the constituents. For such cases, the reporting entity should populate the "Special Term Indicator" field with a "Yes" value and report the constituents of the basket as far as possible in descending order according to their corresponding weighting in the basket. The regulator may, where appropriate or necessary, contact the reporting entity if it requires further information.

C.1.3 Data field "Hybrid-Other Asset Class"

14. This field is used to specify the asset classes involved for hybrid trades, i.e. transactions which involve more than one asset class. When reporting such hybrid trades, a reporting entity should use the Other template and consider which asset class is the key or primary asset class, and which is/are secondary. The key or primary asset class should be indicated in the "Asset Class" data field. The secondary asset class(es) should be reported in the "Hybrid-Other Asset Class" field. It is possible to report more than one asset class in the field for transaction that involve several asset classes. Where the transaction is

reportable by both counterparties, reporting entities should agree on which asset class is the key or primary one and which others is/are the secondary.

C.1.4 Data fields "Reporting for", "Reporting Party" and "Submitting Party"

15. Per Reporting Rules 10(1)(a), 11(1)(a), 12(1)(b) 13(1)(a), 14, and 15 an AI, LC, AMB, RCH or ATS-CCP has to report (by itself or through a reporting agent) a specified OTC derivative transaction if it is a counterparty to the transaction. The data field "Reporting Party" should reflect the identifying information of the reporting AI/LC/AMB/RCH/ATS-CCP which has the reporting obligation under the Reporting Rules. The information in the "Reporting Party" should be identical to the information in the "Reporting For" which is the Trade Party of the transaction. Whereas the data field "Submitting Party" should reflect the identifying information of the party submitting the trade report, either the Reporting Party or its agent. Reporting entities should refer to the instructions in SRI I and the detailed description of the gazetted data fields in order to provide the correct information for each data field.

16. Per Reporting Rules 10(1)((b), 11(1)(b), 12(1)(c) and 13(1)(b), an AI, LC or AMB has to report (by itself or through a reporting agent) a specified OTC derivative transaction that it has conducted in Hong Kong on behalf of an affiliate. The report should reflect (i) the identifying information of the reporting AI/LC/AMB in the data field "Reporting Party" which has the reporting obligation under the Reporting Rules, (ii) the identifying information of the affiliate in the data field "Reporting For" and (iii) the identifying information of the party submitting the trade report in the data field "Submitting Party". Reporting entities should refer to the instructions in SRI I and the detailed description of the gazetted data fields in order to provide the correct information for each data field.

C.2 Information and particulars relating to the class or type of product to which the transaction belongs

C.2.1 Data field "Asset Class"

17. The value of the data field "Asset Class" is a default value set by the system based on the asset class selected when choosing a template for reporting the transaction. As mentioned in paragraph 13 above, reporting entities should

agree on which asset class is the key or primary one when the transaction is reportable by both counterparties to a trade, and choose which asset class template to use accordingly.

C.2.2 Data field "Product Taxonomy"

18. The values of the data field "Product Taxonomy" under the Standard template and "OTC Derivatives Product Taxonomy" under the Other template are based on the ISDA Taxonomy List published on 9 January 2015. Reporting entity has to firstly determine if the transaction to be reported suits any of the "Product Taxonomy" values listed under the Standard template, and whether the transaction can be properly reported under the Standard template. If the Standard template is not suitable for reporting the transaction, the reporting entity has to make use of the Other template to report and endeavour to fill in all of the applicable data fields pertinent to the transaction. The data field "OTC Derivatives Product Taxonomy" also has to be populated with the options provided which is the closest to the product in the transaction. The value "Others" under the data field "OTC Derivatives Product Taxonomy" should be selected if none of the other options are suitable for the transaction being reported.

C.2.3 Reporting complex transactions

19. Subject to paragraph 19, when reporting a complex trade or structured transaction, reporting entities should report the transaction following what has been agreed and confirmed among the counterparties based on the confirmation or contract that they executed. For example, if a structured trade involves an Equity Swap and a NDF and the trading parties decided to execute an exotic product contract or confirmation, the reporting entities should follow with the contract or confirmation basis and report the trade as an exotic product using the Other template. However, if the trading parties decided to break down the trade into two contracts (i.e. one Equity Swap and one NDF), then the reporting entities should report two separate trades according to the two contracts.

C.2.4 Reporting FX Swap

20. However, when reporting a FX Swap transaction with the Standard template, the trade must be broken down into two Forward transactions and reported as two separate trades as consistent to industry practice.

C.3 Dates and periods relating to the transaction

C.3.1 General

21. Reporting entities should refer to and follow the detailed descriptions provided for the data fields as published by the G.N. 3912 on 15 July 2016 when reporting information about dates and periods relating to the transaction.

C.3.2 Data field "Backloading Date"

22. When reporting using the Backloading template, the date of when the trade snapshot being reported should be provided in this field.

C.4 Information and particulars relating to the counterparties to the transaction

C.4.1 Data fields "Trade Party 1", "Trade Party 2" and "Reference Branch of Trade Party"

23. A transaction always involves two trade parties, which should be reported in the data fields "Trade Party 1" and "Trade Party 2" respectively. For reporting "Counterparty" based trades, fulfilling the reporting obligation as stated in paragraph 14, it is expected that the reporting entity should keep the consistency and ensure information submitted to either "Trade Party 1" or "Trade Party 2" to be the same as in both the "Reporting For" trade party and the "Reporting Party" trade party (that is the party having the reporting obligation).

24. For reporting "Conducted in HK" trades, fulfilling the reporting obligation as stated in paragraph 15, it is expected that information submitted to the "Reporting For" trade party should be the same as in either the "Trade Party 1" or "Trade Party 2" trade party.

25. For both cases, the data field "Reference Branch of Trade Party" should be completed with reference to the trade party reported in "Reporting For". As such, a reporting entity is only required to fill out the data field "Reference Branch of Trade Party" field in relation to the trade party it is reporting for but not the other counterparty to the transaction.

C.4.2 Data fields "Industrial Sector" and "Counterparty Industrial Sector"

26. The possible values of the data fields "Industrial Sector" and "Counterparty Industrial Sector" will be expanded on 1 July 2017 to include 1. Bank, 2. Non-bank financial sector, 3. Central counterparty, 4. Private non-financial sector, 5. Public sector, 6. Individual and 7. Others. Reporting entities should populate the fields accordingly. After 1 July 2017, the previous possible values of "Corporate" and "Individual" will only be valid for transactions entered into before 1 July 2017. All transactions entered into on or after 1 July 2017 will have to apply the expanded set of possible values.

C.4.3 Data fields "Buyer" and "Seller"

27. As mentioned in Appendix B of the 15 July 2016 conclusions paper, for transactions where the buyer or seller will change, reporting entities should use the Other template at the outset and for each change in the buyer and seller, it should be reported as a subsequent event also using the Other template. For FX swaps, as mentioned in paragraph 20, the transaction should be reported as two separate Forward transactions and there is no "Buyer" data field when reporting under the Standard template.

C.4.4 Data fields relating to "Payer"

28. When populating the "Payer" data fields in the commodity Standard template, reporting entities should be mindful of whether the relevant underlying commodity specified in the data fields are applicable to the transaction as there are corresponding "Payer" fields with respect to each type of underlying commodity subject to the reporting requirement, i.e. bullion, metal, coal, gas, oil, electricity. For example, when the underlying commodity is a bullion, reporting entities should populate the data field "Bullion Physical Leg Payer", whereas when it is a metal, the data field "Metal Physical Leg Payer" should be populated. Similar principle applies to other underlying commodities.

C.5 Information and particulars relating to the pricing of the transaction

29. When reporting pricing information of a transaction, sometimes reporting entities are required to report information relating to the identifiers of the underlying assets or reference entities/ obligations/ index reference information.

The requirement for identifiers is to ensure better data aggregation and harmonization. (As set out in the requirements in the gazette, several types of identifiers are allowed for the underlying assets of equity derivatives and for the reference entity, reference obligation of credit derivatives. The following paragraphs set out how identifiers should be reported in the event that more than one identifier is available. In the case of interest rate, foreign exchange and commodity derivatives, no identifier is required in the data field “Underlying Asset”.

C.5.1 Data field “Underlying Asset” in the Equity template

30. When reporting for the data field “Underlying Asset” in either the Equity Standard template or the Equity Other template, the underlying asset involved on which the pricing of the trade is based should be filled in.

31. Where the asset type is a single share, the field value “Share” should be selected in the data sub-field “Asset Type” of the data field “Underlying Asset” when reporting the transaction. The field value “Index” should be selected for transactions involving an index. The field value “Basket” should be selected where the asset type is shares in a basket or indices in a basket (this applies to reporting using the Other template only).

C.5.1.1 Data field “Underlying Asset” in the Equity templates where the asset type is a single share or shares in a basket

32. When reporting the “Identifier Type” of the data fields of underlying assets (including the data field “Underlying Asset” under the Standard template, the data fields “Underlying Asset – Leg 1” and “Underlying Asset – Leg 2” under the Other template) for equity derivatives where the asset type is a single share or shares in a basket, reporting entities should adopt ISIN for reporting if ISIN is available for the underlying share(s).

33. If ISIN is not available for the underlying share(s), reporting entities may select any one of the third party assigned identifiers supported by HKTR (i.e. RIC, SEDOL, CUSIP, Valoren, Bloomberg or SICC). Reporting entities should agree with their counterparties as to which third party assigned identifier to be used for reporting if ISIN is not available. Reporting entities are encouraged to use the same third party assigned identifier for all underlying shares without ISIN to the extent possible.

C.5.1.2 Data field “Underlying Asset” in the Equity templates where the asset type is an index/ indices

34. When reporting the “Identifier Type” of the data fields of underlying assets (including the data field “Underlying Asset” under the equity Standard template, the data fields “Underlying Asset – Leg 1” and “Underlying Asset – Leg 2” under the equity Other template) for equity derivatives where the asset type is an index/ indices, reporting entities should adopt ISIN for reporting if ISIN is available for the underlying index/ indices.

35. If ISIN is not available for the underlying index/ indices, reporting entities should select “SingleOther” from the sub-field “Identifier Type” and populate the full name(s) of the underlying index/ indices as assigned by the index provider in the sub-field “Instrument ID”.

C.5.2 Data field “Reference Entity” in the Credit templates

36. When reporting the “ID Type” of the data field “Reference Entity” for credit derivatives (including a single reference entity and reference entities in a basket), reporting entities may select RED or Bloomberg codes and report the “Entity ID” correspondingly. Alternatively, reporting entities may leave both of the sub-fields “ID Type” and “Entity ID” blank. Reporting entities should agree with their counterparties as to which third party assigned identifier is to be used for reporting or whether to leave the two relevant sub-fields blank. Reporting entities are encouraged to use the same third party assigned identifier for all reference entities to the extent possible.

37. In any circumstances, when reporting the sub-field “Entity Name”, reporting entities should populate the exact full name(s) of the reference entity(ies) as appeared in the confirmation document of the transaction.

C.5.3 Data field “Reference Obligation” in the Credit templates

38. When reporting the “ID Type” of the data field “Reference Obligation” for credit derivatives (including a single reference obligation and reference obligations in a basket), reporting entities should adopt ISIN for reporting if ISIN is available for the reference obligation(s).

39. If ISIN is not available for the reference obligation(s), reporting entities may

select any one of the third party assigned identifiers supported by HKTR (i.e. RED, CUSIP, SEDOL or Bloomberg). Reporting entities should agree with their counterparties as to which third party assigned identifier is to be used for reporting if ISIN is not available. Reporting entities are encouraged to use the same third party assigned identifier for all reference obligations without ISIN to the extent possible.

C.5.4 Data field "Index Reference Information" in the Credit templates

40. When reporting the "ID Type" of the data field "Index Reference Information" for underlying credit index/indices, reporting entities should adopt RED for reporting. Although we try to avoid mandating the reporting of proprietary identifiers which require users to maintain commercial arrangements with the providers, we do not believe this will be an issue for credit indices. We understand that counterparties need to subscribe to RED in order to have access to the mappings of the different versions of the series of indices and therefore they should also be able to have access to the relevant RED codes.

C.5.5 Data field "Commodity" in the Commodity templates

41. When reporting for the data field "Commodity" for underlying commodity of the transaction, reporting entities should populate the subfields "Instrument ID", "Base", "Details", "Unit of Measure", and "Currency" when the relevant information is applicable. For the Commodity Standard template, when "Instrument ID" or information for sub-fields (i.e. "Base", "Details", "Unit of Measure" and "Currency") is applicable, reporting entities should provide such information accordingly. If neither the sub-field "Instrument ID" nor the set of sub-fields "Base", "Details", "Unit of Measure" and "Currency" is applicable, reporting entities should report the transaction using the Commodity Other template.

C.5.6 Data fields relating to multiple underlying assets

42. Some transactions involve multiple underlying assets. If there is more than one underlying asset involved, reporting entities should list all of the relevant underlying assets involved using the Other template, with each underlying asset value separated by a comma, when populating the data field. When reporting Equity basket, as a type of multiple underlying assets, the Equity Other template should always be used, as mentioned in section C.5.1.1 and C.5.1.2.

For cases where the field length is insufficient to capture all of the underlying assets involved, please refer to paragraph 13 for the related reporting instructions.

C.6 Information and particulars relating to the execution of the transaction

C.6.1 Data field "Execution Date Time"

43. Hong Kong time (Coordinated Universal Time (UTC) +8:00) should be used by reporting entities when reporting in the "Execution Date Time" data field.

C.7 Information and particulars relating to the clearing of the transaction

C.7.1 Information relating to clearing

44. For information relating to the clearing of the transaction, reporting entities should report according to the detailed descriptions as set out in the gazetted data fields.

C.8 Particulars of identifying references assigned to the transaction

C.8.1 General

45. Different identifiers are collected for different purposes by data fields such as "Agent Trade Reference" and "User Trade Reference", "Unique Transaction Identifier (UTI) Indicator", "Unique Transaction Identifier - Unique Trade ID (UTI-TID)". Reporting entities should populate the data fields with the relevant details from their trades according to the description of each data fields selected. For any trades which are associated with an older trade, for instance, in cases of novation, exercise or expiry of option and centrally cleared transactions, where a relevant Prior-UTI or Prior-UTI-TID exists, the input should be provided in the corresponding data field.

C.8.2 Data field "Bilateral Comments"

46. Every trade should carry a unique trade identifier. If a USI exists for the trade, the data field "Unique Transaction Identifier (UTI)" should be populated accordingly. Similarly, this applies for trades where a UTI-TID exists whereby the data field "Unique Transaction Identifier – Unique Trade ID (UTI-TID)" would have to be populated. Only for cases where there are no USI or

UTI-TID, the reporting entities need to agree on an identifier per the "share-and pair" requirement. Subsequent to the implementation of the UTI "share-and-pair" requirement, dependent on the international development on the finalisation of the rules, where applicable, the bilaterally agreed UTI should be entered into the field "Bilateral Comments" in the format allowed by HKTR's specification spelled out in the AIDG.

C.8.3 Data field "Swap Link ID"

47. As mentioned in paragraph 19, an FX Swap trade must be broken down into two Forward transactions and reported as two separate trades. When reporting each separate trade, reporting entities should populate the data field "Swap Link ID" with the identifier of the other Forward transaction so that the separate trades reported will indicate they belong to the same FX Swap trade.

C.9 Information and particulars about any compression relating to the transaction

C.9.1 Data field "Compression"

48. Reporting entities are required to indicate "Yes" in the data field "Compression" if the reported transaction results from an existing trade that was previously reported and that has been amended or terminated as a result of a compression exercise. A reporting entity should use the Amendment template for reporting such cases with the updated notional values and an indication of "Yes" in the "Compression" data field. For the reporting of a termination as a result of a compression exercise, a reporting entity should report with a value of zero in the "Notional Amount" data field in the Amendment template. Alternatively, if a reporting entity wishes to do so, the termination can also be reported using the Partial/ Full Termination templates. For instances where the compression exercise results in a new trade, the reporting entity should use the New Trade template to report with the data field "Compression" also indicated with "Yes". However, the reporting entity will always have to report the compression using the Amendment template as stated above first before reporting the termination using the Termination templates or the new trade using the New Trade templates. A "No" confirmation must be given if compression does not apply to the transaction. In other words, the field "Compression" cannot be left blank.

C.10 Information and particulars relating to the valuation of the transaction

49. When reporting information relating to the valuation of a transaction, reporting entities should populate the mandatory data fields “Valuation Date Time”, “Valuation Value” and “Valuation Type”. When reporting the data field “Valuation Type”, if the reported transaction is centrally cleared, the reporting entity should select the value “CCP Valuation” for the data field; if the valuation is mutually agreed between the two counterparties to the trade, even if the mutually agreed valuation comes from marking to model, the value “Mark-to-Market” should be selected; if the valuation is based on internal references, the value “Mark-to-Model” should be selected.

50. When reporting the valuation of a FX swap, the valuations of the near leg and the far leg have to be reported separately as they are broken down for reporting as separate trades as highlighted in paragraph 19 above.

C.10.1 Data field “Valuation Date Time”

51. Hong Kong time (UTC+8:00) is adopted for the input of the data field “Valuation Date Time”.

Hong Kong Monetary Authority
25 November 2016