

Explanatory Notes for Public Disclosure of the Trade Repository of the HKMA (HKTR)

There are two sets of report available for public disclosure (Public Disclosure Reports) for each product class which is mandated under the current Securities and Futures (OTC Derivative Transaction – Reporting and Record Keeping Obligations) Rules – the (I) outstanding positions report and (II) the turnover report. Public Disclosure Reports are published monthly to provide a snapshot as of the close-of-business of the last business day of each month.

I. Outstanding positions report

The outstanding positions report provides breakdowns of outstanding trades* under three dimensions:

- by product type and intention to clear*,
- by product type and currency*, and
- by product type and residual maturity*.

Each breakdown is given under two units of measure:

- outstanding notional*, and
- number of outstanding trades*.

II. Turnover report

The turnover report contains statistics regarding new trades* reported to the HKTR with a trade date falling within the previous month. The breakdowns are the same as those of the outstanding positions report.

Each breakdown is given under two units of measure:

- new trade turnover*, and
- number of new trades*.

* Please refer to the Key Definitions section for further explanations.

Key Definitions

Outstanding trades Outstanding trades are trades reported to the HKTR that have not yet been terminated, quitted, withdrawn or reached their scheduled maturity date.

Outstanding notional Outstanding notional represents a sum of notional amount (i.e. the face value of a trade upon which the payment is derived upon) of outstanding trades that are reported to the HKTR. The outstanding notional presents one measure of the total size of the OTC derivatives market.

I. Double counting

Depending on the link status, the outstanding notional of a linked trade is equal to the notional amount divided by 2. For an unlinked or single sided trade, outstanding notional is equal to the notional amount.

II. Currency conversion

Outstanding notional is expressed in millions of U.S. Dollar. Notional amount of trades denominated in other currencies are converted to U.S. Dollar equivalent using publicly available exchange rate information as at the position date.

Number of outstanding trades Number of outstanding trades counts all outstanding trades that are reported to the HKTR. Depending on the link status, a pair of linked trades is counted as 1 outstanding trade.

New trades New trades are submissions to the HKTR by reporting a “New Trade” event.

New trade turnover New trade turnover represents a sum of the notional amount of new trades that are reported to the HKTR. The new trade turnover presents one measure of the activities of the OTC derivatives market.

I. Double counting

Depending on the link status, the new trade turnover of a linked

trade is equal to the notional amount divided by 2. For an unlinked or single sided trade, new trade turnover is equal to the notional amount.

II. Currency conversion

New trade turnover is expressed in millions of U.S. Dollar. Notional amount of trades denominated in other currencies are converted to U.S. Dollar equivalent using publicly available exchange rate information as at the date when the HKTR receives a new trade.

Number of new trades Number of new trade counts all new trades that are reported to the HKTR. Depending on the link status, a pair of linked trades is counted as 1 new trade.

Intention to clear Intention to clear is indicated by the “Clearing” data field in trades reported to the HKTR.

Currency

I. Foreign exchange

Foreign exchange products are categorised into 7 major currency pairs (USD/CNY, USD/IDR, USD/INR, USD/KRW, USD/MYR, USD/PHP and USD/TWD). All other currency pairs which fall outside these are grouped under “Others”.

II. Interest rate

Interest rate products are categorised into 6 major currencies (USD, CNY, EUR, GBP, JPY and HKD). All the other currencies which fall outside these are grouped under “Others”.

Residual Maturity Residual maturity of a trade is defined as the length of the period calculated from the day of the report to the scheduled maturity of the trade. The calculation is carried out in a calendar-month basis.

I. Foreign exchange

Foreign exchange products are categorised into 7 different residual maturities, they are 0-3 months, 3-6 months, 6-9 months, 9-12 months, 1-2 years, 2-5 years and over 5 years.

II. Interest rate

Interest rate products are categorised into 7 different residual maturities, they are 0-1 year, 1-2 years, 2-5 years, 5-10 years, 10-15 years, 15-20 years and over 20 years.

Examples:

- A trade which will mature in 5 months falls into the “3-6 months” category.
- A trade which will mature in 18 months falls into the “1-2 years” category.
- A trade with 12 months and 1 day of residual maturity falls into the “1-2 years” category
- A trade with exactly 60 months (5 years) of residual maturity falls into the “2-5 years” category.

Link status

I. Linked trades

When the product taxonomy and the two trade parties of a trade submitted by a reporting entity are identical to those of another trade submitted by another reporting entity, the automatic linking process of the HKTR system will compare some key fields of the two submissions to identify if they are referring to the same real life trade contract. There are five sets of key fields that the system will compare in a pre-set sequence as shown below:

1. Unique Trade ID (UTI-TID)
2. Unique Trade Identifier (UTI)
3. Confirmation Platform (CP) ID and CP Trade Reference
4. The bilaterally agreed identifier in the Bilateral Comments field
5. Linking Fields #

Linking Fields are defined specifically for each product, they are mainly the core economical terms such as the notional amount, trade date, maturity date, floating rate index etc. Please refer to the Admiration and Interface Development Guide

(AIDG) Appendix C for details.

Once all the key fields is matched, the HKTR system will stop comparing and the two trades will be linked.

II. Unlinked trades

When a reporting entity submits a trade with the other side of the trade party being a registered member of the HKTR but the other side of the submission cannot be found in the HKTR system, the trade will be unlinked. This might due to a number of reasons:

- The counterparty has not yet submitted the trade or;
- The counterparty does not have the obligation to report or;
- The counterparty has already submitted the trade but the information entered into the key fields, either by a reporting entity or the counterparty, are incorrect.

Unlinked trades are still subject to further automatic linking process once the issues aforementioned have been resolved.

III. Single sided trades

A single sided trade is a trade that does not link to any other trades and it will not subject to automatic linking process. There are a number of conditions that a trade is regarded as single sided and below describes the major ones:

- The counterparty of the trade is a non-TR entity
- The trade is manually set as single sided

Disclaimer

The Public Disclosure Reports are compiled by information obtained from all reporting institutions. Although great care has been taken to ensure that the information provided in this table is accurate and up to date as at the date of publication, there is a possibility that the reporting institutions may subsequently make amendments or revisions to their reported transactions to the HKMA. In these circumstances, the HKMA will not make a corresponding amendment to the reports.

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