



13 January 2017

The Chief Executive
All Regulated Entities

Dear Sir / Madam,

OTC Derivatives Trade Repository of the HKMA
Revised HKTR Fees Charge Scheme to be effective on 1 July 2017

This circular serves to inform HKTR Participants of the revised HKTR fees charge scheme which will come into effect from 1 July 2017.

Background

The over-the-counter (OTC) derivatives trade repository of the Hong Kong Monetary Authority (HKTR) has been established since July 2013 to support entities to fulfil their mandatory reporting obligations under the Securities and Futures (OTC Derivative Transactions - Reporting and Record Keeping Obligations) Rules (the "Reporting Rules") which came into force on 10 July 2015. Under the Reporting Rules, all Authorized Institutions ("AIs" which includes LBs), Licensed Corporations ("LCs") and Authorized Money Brokers ("AMBs") are required to report certain types of interest rate swaps transactions and non-deliverable forward to the HKTR. The HKTR has recently launched a new phase of the system in June 2016 to support the Securities and Futures (OTC Derivative Transactions - Reporting and Record Keeping Obligations) (Amendment) Rules 2016 (the "Amendment Rules") which will come into force in July 2017, mainly to expand the reporting product coverage of the HKTR by adding in OTC derivative transactions relating to all five asset classes (Rates, Foreign Exchange, Equity, Credit and Commodity Derivatives Transactions) and to support the reporting of valuation information of transactions.

Since its establishment, the HKTR seeks to recover the recurrent operating costs for providing the day-to-day reporting services from the HKTR Participants, whereas the Hong Kong Monetary Authority (HKMA) has absorbed the substantial capital investments required for developing the HKTR systems and linkage. As the regulatory reporting requirements and international reporting standards are evolving,

the HKTR has been enhancing its system from time to time to support more products and information which are mandatory required to be reported to the HKTR, as well as to support feedbacks on system features from the industry and the latest technology requirements. The increasing system complexity together with evolving requirements (e.g. need for the enhanced computer equipment and network protection) and increasing operation support to the industry (e.g. more training and testing sessions) have significantly increased the on-going maintenance and operating costs of the HKTR. It is therefore necessary for the HKTR to review its fees charge scheme from time to time.

Revised HKTR Fees Charge Scheme

Against this backdrop, we have reviewed the HKTR's current service charges. While the fee per outstanding transaction at month end will remain unchanged at HK\$4.5, the fees cap HK\$1.5 million per reporting entity per annum will be removed for all HKTR participants.

Apart from the removal of fees cap mentioned in above, the fee charge of HK\$4.5 per outstanding transaction at month end, the billing process and payment methods remain unchanged. The new HKTR Fees Charge Scheme will come into effect from 1 July 2017. Should you have any enquiries on the above, please contact the HKTR at 8100 3115 or email to hktr@hkma.gov.hk.

Thank you for your attention.

Yours faithfully,



Stanley Chan

Head, Payment Systems Operation Division
Financial Infrastructure Department

c.c. Ms Daphne Doo, Senior Director, Supervision of Markets, Securities and Futures Commission