



HONG KONG MONETARY AUTHORITY
香港金融管理局

18 September 2014

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

OTC Derivatives Trade Repository of the HKMA
Updated Requirements and Technical Specifications for Reporting

I refer to my letters of 31 March 2014 and 4 July 2014 on the new phase of the over-the-counter (OTC) derivatives trade repository of the HKMA (HKTR) to be launched on 29 September 2014. The new phase covers introduction of new products and refinement of requirements and technical specifications for reporting.

In the light of the enquiries and comments received since the new phase was announced, and after having consulted local regulatory authorities, the HKTR considers it appropriate to allow more time for reporting entities to adopt the updated requirements and technical specifications for reporting, and get ready for the provision of the unique Trade ID (TID) required under the European Market Infrastructure Regulation (EMIR) in Europe to the HKTR.

Requirements and technical specifications for reporting

According to the announcement in March 2014, a set of updated requirements and technical specifications for reporting, set out in version 1.4 of the Administration and Interface Development Guide (AIDG) attached with the announcement, will start to apply from 29 September 2014. Despite the fact that the updated requirements and technical specifications were announced well in advance, many reporting entities have reported to have difficulties in fully understanding them and getting ready for their adoption in time. Considering that this is the first time a batch update is made to the requirements and technical specifications for reporting, and to allow some time for reporting entities to deploy the additional tools developed by the HKTR to assist them in reporting, the HKTR considers it appropriate to defer the deadline of the adoption of the updated requirements and technical specifications to end-December 2014.

Attached please find a supplementary note setting out the schedule for effecting the transition. Also attached is version 1.4.1 of the AIDG carrying clarifications made by the HKTR in response to the comments received on version 1.4 of the document. Reporting entities are reminded to read the supplementary note and the updated AIDG (version 1.4.1) carefully to ensure that they are fully aware of the changes (from existing version 1.3) and will meet the revised deadline for adopting the updated requirements and technical specifications, i.e. end-December 2014.

Unique Trade ID (TID)

In the announcement in March 2014, reporting entities were required to start reporting TID for new transactions and complete the provision of TIDs for existing transactions to the HKTR before the end of 2014. The importance of the TID was shared by the industry but the industry found it challenging to complete the preparation for reporting TID before the end of this year, and had requested that more time be allowed.

The HKTR noted the difficulties faced by the industry and has consulted local regulatory authorities on the industry's request for deferring the deadline. Based on the discussion with the authorities, the HKTR agrees to defer the deadline from end-December 2014 to end-March 2015. The HKTR will continue to pay close attention to relevant international developments and maintain close dialogue with the regulatory authorities and industry to ensure that the requirement can be introduced timely to cope with relevant local and international regulatory requirements, and can be implemented by reporting entities in an orderly manner.

Global Legal Entity Identifier (Global LEI)

For the avoidance of doubt, the requirement in the announcement in March 2014 for reporting entities to adopt a modified arrangement to report the Global LEI and to complete replacing non-LEI codes in existing transactions before the end of 2014 has remained unchanged.

If there are any questions, please contact the HKTR at (852) 8100 3115 or e-mail to hktr@hkma.gov.hk.

Yours sincerely,



(Colin Pou)

Head, Payment Systems Operation Division
Financial Infrastructure Department

Encl.

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

Supplementary Note

HKMA OTC Derivatives Trade Repository

Schedule for applying updated requirements and technical specifications for reporting

1. Updated requirements and technical specifications for reporting

The HKMA announced on 31 March 2014 the introduction of a new phase of the HKMA OTC Derivatives Trade Repository (HKTR) on 29 September 2014. Apart from new products, the new phase will introduce a set of updated requirements and technical specifications for reporting, as set out in version 1.4 of the Administration and Interface Development Guide (AIDG) issued with the announcement. The HKTR further issued a clarification on 4 July 2014 that a reporting entity might continue to use the existing specifications (in version 1.3 of the AIDG) if it does not require the updated specifications (in version 1.4 of the AIDG) to support the reports to be made to the HKTR, until the existing specifications are phased out by the HKTR. The updated requirements and technical specifications were further supplemented with clarifications made in response to questions and comments received, and issued to become version 1.4.1 on 18 September 2014.

In response to the comments and requests of the industry, the HKTR agreed to defer the deadline for the adoption of the updated requirements and technical specifications (version 1.4.1) from 29 September 2014 to end-December 2014. In the case where the updated requirements and technical specifications (version 1.4.1) are applicable to a new transaction (a relevant new transaction), or a transaction reported to the HKTR has to be amended due to the introduction of the updated requirements and technical specifications (a relevant existing transaction), the reporting of the relevant new transaction or the updating of the relevant existing transaction based on the updated requirements and technical specifications should be effected in accordance with the schedule set out in this supplementary note. Table A at the end of this note sets out a few examples of the updated requirements and technical specifications for illustration purpose.

2. Schedule for adopting the updated requirements and technical specifications

(i) System launch date: 29 September 2014

Reporting entities that are ready to adopt the updated requirements and technical specifications can start reporting relevant new transactions, on the usual T+2 basis, and updating relevant existing transactions, according to the updated requirements and technical specifications

(ii) Transition Period from 29 September 2014 to 30 December 2014

(a) Reporting entities not yet ready to adopt the updated requirements and technical specifications have to report relevant new transactions remained supported by the existing specifications (version 1.3), e.g. using the currency code in the current version, which will be replaced in version 1.4.1, on the usual T+2 basis

(b) Reporting entities not yet ready are not required to report relevant new transactions not supported by the existing specifications (version 1.3), e.g. transactions with a value exceeding 15 digits in length (the number of digits in version 1.4.1 will be expanded to 20), until they become ready

(iii) Deadline for adoption of the updated requirements and technical specifications:
31 December 2014

Reporting entities should complete (1) updating all relevant existing transactions (including those new trades reported using the existing specifications in (ii)(a) above) according to the updated requirements and technical specifications and (2) backloading relevant new transactions occurred on or before 31 December 2014 but not reported to the HKTR as mentioned in (ii)(b) above according to the updated requirements and technical specifications

Trades terminated or mature on or before 31 December 2014 are not required to be updated to align with the updated requirements and technical specifications or backloaded

(iv) Full implementation: from 1 January 2015

All relevant new transactions should be reported according to the updated requirements and technical specifications, again on the usual T+2 basis

3. Specific instructions for updating a relevant existing trade in accordance with the updated requirements and technical specifications

When updating a relevant existing transaction with the updated requirements and technical specifications, reporting entities should insert the date of submission of the amendment event as the “Agreement Date”

When backloading a relevant existing transaction with the updated requirements and technical specifications, the position reference day of the backloaded transaction, the “Backloading Date”, should be no earlier than 2 days before the day on which the information is submitted

Table A: Examples of updated requirements and technical specifications for reporting in version 1.4.1 of the AIDG

Type	Example(s)
1. New mandatory reporting fields:	<u>Unique transaction identifier</u> Unique Trade ID (TID) under the mandatory reporting requirements of the European Market Infrastructure Regulation (EMIR) is added as a recognised unique transaction identifier. Reporting entities are required to report TID for a transaction if the transaction bears a TID (The adoption of this requirement has been deferred to end-March 2015) <u>Settlement Currency</u> Settlement currency is required to be provided for a transaction if the settlement currency of the transaction is different from its notional currency
2. New enumerated values	New floating rate index and new currency codes are added to the values & enumeration support list

3. Expanded numerical values	<p>Notional amount value is expanded to 20 integers, exchange rate for FX transaction is expanded to 18 integers, etc.</p> <p>Reporting procedure for trade with notional amount greater than 20 integers</p>
4. Revised reporting or transacting parties code priority	<p>Reporting entities should report the identification code of reporting or transacting parties according to the following revised priority:</p> <ol style="list-style-type: none"> 1) Global LEI/ HKTR Member ID 2) SWIFT BIC 3) CI/ CR 4) BRN 5) User Defined Code
5. Others	<p>Notification procedure when switching trade reporting by agent submission</p>

The table above sets out only some examples of the updated specifications. For the full set of the updates, please refer to the AIDG version 1.4.1.