



HONG KONG MONETARY AUTHORITY
香港金融管理局

9 January 2015

The Chief Executive
All Regulated Entities

Dear Sir/Madam,

Training and testing for commencement of the new OTC derivatives regime

You may be aware that the HKMA and the Securities and Futures Commission (SFC) published in late November 2014 their conclusions on a joint public consultation on the mandatory reporting and related record keeping obligations under the new over-the-counter (OTC) derivatives regime. As indicated in the consultation conclusions, the obligations under the regime for regulated entities (i.e. Authorized Institutions, Approved Money Brokers, Licensed Corporations and Central Counterparties operating in Hong Kong) are expected to commence in the first quarter of 2015.

According to the consultation conclusions, regulated entities will have 6 months (concession period) to prepare for reporting from the commencement of the obligations, and backloading of trades is required to be completed within 9 months from commencement (including the 6-month concession period). For details, please refer to the consultation conclusions.

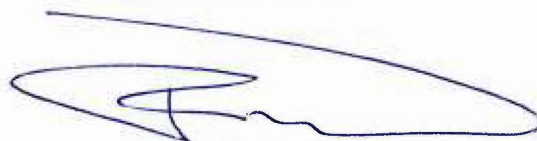
To facilitate regulated entities to get ready for reporting, the OTC derivatives trade repository of the HKMA (HKTR) will organise a series of training and simulation tests in 2015. Regulated entities are required to sign up for the reporting service of the HKTR and complete a simulation test (including for entities intending to report via an agent) before they will be accepted for reporting. The schedule for the training and simulation tests in the first and second quarter of 2015 is set out in the enrolment forms attached to this letter. The schedule for the third and fourth quarter will be set and announced in mid-2015. Regulated entities should consider, within the timeframe allowed by the OTC derivatives regime, the time for them to commence reporting, and ensure they will sign up for the reporting service and complete a simulation test in time. Nevertheless, regulated entities are encouraged to participate in a simulation test as early as possible, to allow more time for them to get ready for reporting, including to resolve any reporting issues uncovered during the simulation test.

For the avoidance of doubt, entities that had signed up for the reporting service and completed a simulation test for reporting under the Interim Reporting Requirements introduced by the HKMA in August 2013 are not required to sign up again and complete another simulation test for the purpose of reporting under the new OTC derivatives regime.

If there are any questions about the regulatory requirements under the new OTC derivatives regime, please contact the Banking Policy Department of the HKMA at 2878 1279 (for Authorized Institutions and Approved Money Brokers) or the Supervision of Markets Division of the SFC at 2231 1788 (for other entities). For

questions about the service and operation of the HKTR, and the training and simulation tests, please contact the HKTR at 8100 3115 or e-mail to hktr@hkma.gov.hk.

Yours sincerely,

A handwritten signature in blue ink, consisting of a large, sweeping loop followed by a smaller, more intricate flourish.

(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

Enrollment form for User Training of the HKTR Reporting Service

Name of institution: _____

TR Member code (if applicable): _____

Training sessions for the first half year of 2015

(Please tick the applicable session)

| | Date | Time | Language# | Venue | Enrolment cut-off |
|--------------------------|-------------|---------------|-----------|-----------------|-------------------|
| <input type="checkbox"/> | 04-Mar-2015 | 14:30 – 18:00 | English | HKMA Office* | 27-Feb-2015 |
| <input type="checkbox"/> | 06-May-2015 | 14:30 – 18:00 | English | | 01-May-2015 |

#Video demonstration (English and Cantonese) on the use of the Reporting Service can be downloaded from the website of the HKTR

*Venue: HKMA office, 55/F Two International Finance Centre, Central, Hong Kong

My institution would like to nominate the following officers to attend the training session selected above:

| Name | Telephone | Email |
|------|-----------|-------|
| | | |
| | | |
| | | |

Note: Priority will be given to institutions that have signed the Reporting Service Agreement. If the number of enrolled participants exceeds the capacity of the session, additional sessions will be arranged, and the enrolled participants will be advised accordingly.

(Please complete and return this form to the HKTR by fax to (852)2878-1679 or by e-mail to hktr@hkma.gov.hk on or before the respective enrolment cut-off dates)

Enrolment form for Simulation Test of the HKTR Reporting Service

Name of institution: _____

TR Member code (if applicable): _____

The Simulation Test is composed of two parts: (i) Scenario Test and (ii) Product Specific Test. A participant **MUST** select one asset class and follow the schedule set by the HKMA to complete the Scenario Test, the Product Specific Test can be completed according to the own schedule set by the participant. The Simulation Test package can be downloaded in the HKTR Info Page at <https://hktr.hkma.gov.hk/>

Simulation Tests Schedule for the first half year of 2015

(Please tick the applicable period and one applicable asset class)

| | Simulation Test Sessions |
|--------------------------|--|
| <input type="checkbox"/> | 16-Mar-2015 to 20-Mar-2015 |
| | <input type="checkbox"/> Interest Rate Derivatives <input type="checkbox"/> Equity Derivatives |
| <input type="checkbox"/> | 18-May-2015 to 22-May-2015 |
| | <input type="checkbox"/> Interest Rate Derivatives <input type="checkbox"/> Foreign Exchange Derivatives |

My institution will participate in the simulation test in above selected period. Please contact the following officers of our institution for system and logistical arrangements:

| Name | Telephone | Email |
|------|-----------|-------|
| | | |
| | | |

*(Please complete and return this form to the HKTR by fax to (852)2878-1679 or by e-mail to hktr@hkma.gov.hk on or before **6 Mar 2015**)*