



31 March 2014

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

**OTC Derivatives Trade Repository of the HKMA  
New Phase of System Implementation and Refinements to Reporting Procedures**

I am writing to inform you that a new phase of the over-the-counter (OTC) derivatives trade repository of the HKMA (HKTR) is scheduled for launch in September 2014. At the same time, a number of refinements will be made to the procedures and technical specifications for reporting OTC derivative transactions to the HKTR, to cope with latest market developments and experience gained from the operation of the HKTR.

**New phase of HKTR**

The HKTR was first launched in December 2012, to match and confirm OTC derivative transactions for local central clearing. In July 2013, the reporting service was launched to support mandatory reporting under the Interim Reporting Requirements introduced by the HKMA in August 2013. Four types of OTC derivative product are currently supported by the HKTR.

It is the plan of the HKMA to expand the product scope of the **reporting service** of the HKTR to cover all major OTC derivative products. A batch of 15 new products will be added under the new phase to be launched in September 2014. It is anticipated that another batch of products will be added by end 2015 to complete the product coverage of the HKTR.

The new products added to the HKTR, however, will not immediately come under the local mandatory reporting requirements. The time of subjecting them to mandatory reporting will be decided by the regulatory authorities after market consultation.

The list of new products, and the procedures and technical specifications for reporting them to the HKTR are set out in the updated Reference Manual for Reporting Service (Reference Manual) and Administration and Interface Development Guide (AIDG) attached to this letter. Though the new products will not be subject to mandatory reporting immediately, potential reporting institutions are encouraged to review the specifications and make preparations as soon as possible to best ensure that they will become ready when mandatory reporting starts to apply on the new products. The HKTR will make available a testing environment from the third quarter of 2014 for interested institutions to simulate reporting on the products on a voluntary basis. Details of the relevant testing arrangement will be announced in June 2014.

## Refinements to procedures and technical specifications for reporting

Apart from the details of the new products to be added, the updated Reference Manual and AIDG also contain the details of a series of refinements to be made to the procedures and technical specifications for reporting, to take effect when the new phase of the HKTR is launched in September 2014.

### (1) Unique Transaction Identifier

According to the existing reporting procedures and technical specifications, reporting entities are required to supply a unique transaction identifier (UTI) for a transaction if the transaction bears an identifier recognised by the HKTR, and the Unique Swap Identifier (USI)<sup>1</sup> reportable under the mandatory reporting requirements in the US pursuant to Dodd-Frank Act has been recognised by the HKTR for the purpose.

It is noted that mandatory reporting in Europe has commenced in February 2014. The mandatory reporting requirements in Europe, under the European Market Infrastructure Regulation (EMIR), similarly require that a unique transaction identifier, a unique Trade ID (TID)<sup>2</sup>, be reported for each transaction.

To facilitate future cross-border sharing and aggregation of TR data, the HKTR considers it necessary to also call for the reporting of the TID required under EMIR. Under the new phase of the HKTR to be launched in September 2014, an existing unused data field will be adapted to capturing the TID. **Reporting entities are required to start reporting TID for new transactions and to complete the provision of TIDs for existing transactions to the HKTR before the end of 2014.**

### (2) Global Legal Entity Identifier

The HKTR is fully supportive of the initiative to develop a global identification scheme for financial market participants led by the Regulatory Oversight Committee (ROC) of the Global Legal Entity Identifier (LEI) System, the members of which comprise global financial regulatory authorities including the HKMA. The HKTR has therefore assigned top priority to the reporting of the Global LEI or the pre-LEI (an interim identifier endorsed by the ROC for regulatory reporting purposes) to signify the identity of transacting parties, though the HKTR has allowed alternative codes (such as SWIFTBIC, local corporate numbers) be reported for transacting parties who are members of the HKTR.

To promote adoption of the Global LEI, improve efficiency of future data sharing and aggregation, and to address the confusions over the use of the alternative codes observed since the introduction of the reporting service, the HKTR has decided to require the reporting of the Global LEI or pre-LEI even if the transacting party concerned is a member of the HKTR. **Reporting entities are required to apply the modified arrangement to reporting new transactions and to complete the replacement of the non-LEI codes in existing transactions before the end of 2014.** Under the new phase of the HKTR to be launched in September 2014, a tool will be made available to users to efficiently replace an identifier reported for a transacting party in different transactions via a single instruction, instead of having to amend the transactions one by one.

<sup>1</sup> As defined in <http://www.cftc.gov/ucm/groups/public/@swaps/documents/dfs submission/usidatastandards100112.pdf>

<sup>2</sup> As defined in <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:052:0001:0010:EN:PDF>

### (3) Other refinements

Several other refinements to the technical specifications will also be made under the new phase of the HKTR to cope with market needs and developments. For example, some data fields will be made more accommodative and new enumerated values will be supported for some existing fields.

### **Enhancement and version update of file and information transmission standards**

The existing file and information transmission standards for reporting to the HKTR will be enhanced under the new phase to reflect the changes set out in items (1), (2) and (3) above. In addition, the HKTR will add a set of new standards to cope with version update of the relevant market standards and conventions. For the avoidance of doubt, users may continue to make use of the enhanced version of the existing standards or adopt the new standards to report transactions in the four existing products. However, the new standards must be adopted for reporting transactions in the 15 new products to be added to the HKTR in September 2014. The applicability of the different standards is summarised in the table below.

	Enhanced existing standards (FpML5.2, CSV1.0/Excel1.4)	Added new standards (FpML 5.5, CSV2.0/Excel 2.0)
Existing 4 products	Yes	Yes
15 new products to be added in September 2014	No	Yes

To ensure a smooth transition from the existing standards to the new standards, which will eventually be needed when the new products come under mandatory reporting, reporting entities are encouraged to study and plan for the adoption of the new standards as soon as possible.

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

Yours faithfully,



(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