Supplementary Reporting Instructions for OTC Derivative Transactions (SRI)

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Introduction

1. This document supersedes the previously issued Supplementary Reporting Instructions for OTC Derivative Transactions (SRI) – Part 1, SRI - Part 2, and the 2017 January, February and June Updates to the SRI. This document provides a summary of the general requirements for reporting transactions to the HKTR (including clarification of important concepts) and specific instructions for reporting particular types of transactions under different circumstances. As an annex to the *Administration and Interface Development Guide* (AIDG), this document forms part of the set of HKTR reporting manuals which comprises three documents, i.e. the AIDG, the *OTC Derivatives Trade Repository Reporting Service Reference Manual* and the *Operating Procedures for Hong Kong Trade Repository Reporting Service – User Manual for Participants*. It is important to read this document in conjunction with the parts of the SFO relating to the mandatory reporting of OTC derivative transactions, the Reporting Rules and the HKTR reporting manuals stated above.

Section A - Abbreviations and glossary

2. Unless the context otherwise requires, terms defined in Schedule 1 to the SFO or in the Reporting Rules bear the same meaning when used in the instructions, and the following terms bear the following meanings:
   - **"Approved money broker" (AMB)** – has the meaning assigned to it under section 2 of the BO;
   - **"Authorized institution" (AI)** – has the meaning assigned to it under section 2 of the BO;
   - **"ATS-CCP" –** means a person authorized under section 95(2) of the SFO to provide automated trading services, but only when the person is (a) providing services that it is authorized to provide; and (b) acting in its capacity as a central counterparty;
   - **"BO"** – refers to the Banking Ordinance (Chapter 155, Laws of Hong Kong);
   - **"CCP" –** means a central counterparty;
   - **"HKMA"** – means the Hong Kong Monetary Authority
   - **"HKTR"** – means the trade repository operated by or on behalf of the HKMA for submitting and receiving reports on specified OTC derivative

transactions for the purposes of the Reporting Rules and section 101B of the SFO;

- **"Interim reporting requirement"** – refers to the requirement to report certain OTC derivative transactions to the HKMA, applicable to licensed banks prior to the commencement of the Reporting Rules;
- **"Licensed corporation" (LC)** – has the meaning assigned to it under the SFO;
- **"Recognized clearing house" (RCH)** – means a person that is a recognized clearing house, but only when the person is acting in its capacity as a central counterparty;
- **"Reporting Rules" –** means the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules after reflecting the amendments per the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) (Amendment) Rules 2016;
- **"SFC"** – means the Securities and Futures Commission;
- **"SFO"** – refers to the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Section B - General instructions

3. This section highlights general requirements for reporting transactions to the HKTR. To enhance the data quality of the HKTR, requirements in this document should also be applicable to transactions reported to the HKTR voluntarily, unless specified otherwise.

4. A report to the HKTR must be compiled in accordance with the instructions given in the HKTR reporting manuals mentioned in paragraph 1.

5. Where the reporting obligation applies, under the Reporting Rules, (i) transactions outstanding at the time when the reporting obligation starts to apply[1]; (ii) new transactions; and (iii) subsequent events in relation to the transactions that have been reported to the HKTR, are reportable.

[1] Please refer to the commencement date of Phase 1 and Phase 2 reporting for the relevant scope of OTC derivative transactions.

6. The highlights of the technical reporting requirements contained in this section are not exhaustive. Therefore it is important that a reporting entity must also read the HKTR reporting manuals mentioned in paragraph 1 carefully before compiling a report to the HKTR.

7. The HKTR will announce special treatments to deal with the reporting of an event where system modification on its own part is expected to be required. An event in paragraph 12(ii) below is an example of this kind of event. HKTR will announce when it will start to accept reports of data compiled according to new industry standards. It can also generally be expected that a grace period for reporting the data according to new standards (including amendment of existing data in the HKTR database) will be provided.

B.1 Reporting on T+2 basis

8. Save for the backloading of historical outstanding transactions during the grace periods provided for in the Reporting Rules or special arrangements announced by the HKTR, the reporting obligation must be fulfilled within two business days of the trading day or the day of a subsequent event (i.e. on a T+2 basis). Valuation information also needs to be submitted on a T+2 basis. For the avoidance of doubt, for CCP trades, the reporting obligation must be fulfilled within two business days after the trade is accepted by the CCP for clearing.

9. Subsequent changes to the mandatory fields of a transaction that has been reported to the HKTR should be reported to the HKTR on a T+2 basis after the changes take place.

10. A gale warning day or a black rainstorm warning day, as defined in section 71(2) of the Interpretation and General Clauses Ordinance (Cap 1), will not be counted as a business day under the T+2 reporting requirement. A gale warning or black rainstorm warning happening on the trading date only but not the two days immediately following the trading date should not affect the normal timing for reporting under the T+2 basis.

B.2 Subsequent events

11. "Subsequent event" is defined to cover any event which occurs after the transaction was entered into that affects the terms or conditions on which the

transaction was entered into or the persons involved in entering into the transaction. In brief, it includes any happening that affects the key economic terms of the transactions reported to the HKTR. Key economic terms of a transaction are stated in the column under the title "Reporting Requirement" in each product template in the AIDG.

12. The events that are regarded as subsequent events are as follows:
    (i) Subject to paragraph 13, agreement between the contracting parties to modify the key economic terms (e.g. floating rate in relation to an interest rate swap, notional amount etc.) of the transaction;
    (ii) change in key economic terms due to change in industry standards (e.g. the currency code of a foreign currency being replaced by a new one);
    (iii) termination of the transaction before maturity for any reasons (e.g. central clearing); and
    (iv) any other events that may be specified by the HKTR.

13. Subsequent event does not include:

- the reaching of the contractual maturity of a transaction;
- for interest rate derivatives, the fixing of the floating interest rate during the life of the transaction; and
- changes to mandatory (including "mandatory when applicable") fields (such as "Notional Amount", "Fixed Rate", "Floating Rate Multiplier", "Floating Rate Spread" etc.) occurred according to a predetermined schedule. However, these changes have to be reported to the HKTR by using Amendment templates to facilitate regulatory monitoring, even if the predetermined schedule has been reported to the HKTR before.

14. An institution may take actions to bring an intended effect to an OTC derivative transaction. The institution should consider each event that occurs in the course of such actions individually to determine whether an event is reportable. For example, it is a common industry practice for an institution to "novate" a transaction when seeking to change its counterparty in respect of the transaction from one entity to another.

B.3 Novation

15. "Novation" typically involves termination of the existing transaction and creation of a new transaction with another counterparty. There is no reporting template for "novation" per se. Nonetheless, termination of the existing transaction reported to the HKTR is a reportable event as discussed in paragraph 12(iii) above. The new transaction (though not a subsequent event) is also reportable under the Reporting Rules as mentioned in paragraph 5. The reporting of novation transactions should involve both i) the termination of the existing trade already reported to the HKTR, which should be submitted by both the surviving party and the step-out party and ii) the submission of a new trade reflecting the new counterparty information of the novated trade, which should be done by both the surviving party and the step-in party. Please refer to paragraphs 88 to 89 on the treatment for reporting novation transactions.

B.4 Templates available

16. Submissions to the HKTR must be made by completing the templates provided by the HKTR, unless otherwise instructed by the HKTR. HKTR provides different templates to suit different reporting purposes, e.g. reporting new transactions or subsequent events, backloading outstanding transactions, making amendments, reporting valuation information etc. These reporting purposes are referred to as trade events in the AIDG. A complete list of the templates and technical specification on which templates should be used can be found in Appendices A, B and C of the AIDG. To avoid uncertainty with respect to the choice between the templates for "New Trade" and "Backloading", as a simple rule, if the intention is to report a snapshot of transaction information as at a date which is later than the trade date, the template for "Backloading" instead of "New Trade" should be used. If the transaction involves special product features not supported by the current reporting templates, it is acceptable to report information in respect of the transaction to the extent supported by the templates.

17. Reporting entities should identify individually, based on the characteristics of the trade to be reported, the HKTR template to be used for reporting which would best suit their purpose. As a general principle, reporting entities should first identify the appropriate derivative asset class from one of the five supported by the HKTR system, namely, interest rate, foreign exchange, equity, credit, and commodity. They should then identify whether to use the Standard

template or the Other template according to the nature of the transaction and the product involved. The Standard template should be used when reporting transactions in products that are supported by the HKTR Standard template in accordance with the AIDG. The Other template should be used when reporting transactions in products not supported by the Standard template, such as when reporting exotic or highly complex transactions. Depending on the event type to be reported, specific template for the specific asset class should be selected. Please refer to the table below for template selection for each event type. Depending on the event type to be reported, the type of event templates supportable under each specific asset class are being stated in the AIDG, reporting entities should select accordingly. For example, the Partial Termination template is not supportable for FX derivatives (in exceptional circumstances, the Amendment template should be used when reporting partial termination for any FX derivatives, if necessary) while the Full Termination template is supportable for all five asset classes when the transaction is submitted via the Standard template. For reporting the full termination of trades submitted via the Other template, reporting entities should refer to paragraph 93. For reporting valuation, reporting entities should use the Valuation template as specified in the AIDG.

Template / **Event**	**Amendment**	**New Trade**	**Backloading**	**Termination (Include Partial and Full Termination)**	**Withdrawal**
New trade		✓			
Backloading [i]			✓		
Amendment of Economic Terms [ii]	✓Or			✓Or	
Partial Termination	✓Or			✓Or	
Full Termination	✓Or			✓Or	
Fund allocation (Option 1) [iii]			✓And		✓And
Fund allocation (Option 2) [iii]		✓And		✓And	

Template / Event	Amendment	New Trade	Backloading	Termination (Include Partial and Full Termination)	Withdrawal
Novation [iv]		✓And		✓And	
Error Correction – amendable field (Snapshot approach option 1) [v]	✓				
Error Correction – amendable field (Snapshot approach option 2) [vi, vii]			✓And		✓And
Error Correction – non-amendable field (snapshot approach) [viii]			✓And		✓And
Missing trade [ix]	✓Or	✓		✓Or	

[i] The data field "Backloading Date" should always refer to the date of the trade snapshot being reported unless otherwise specified, e.g. error correction. Please refer to paragraph 18 for specific instructions on how to comply with the Backloading requirement.

[ii] If the Termination template is used to report amendments in notional amounts, a reduced notional amount or a zero amount should be reflected in the data field "Outstanding Notional Amount" for the Partial Termination template and Full Termination template respectively.

[iii.] For reporting transactions involving fund allocation, please refer to paragraph 87 for the specific reporting instructions.

[iv] Please refer to paragraphs 88-89 for specific instructions on reporting novation transactions. Note that the effective date of the original old trade is recommended to be reported into the data field "Remarks".

[v] For the treatment of error corrections on amendable data fields, please refer to paragraph 79 for specific instructions. Note that the data field "Agreement Date" should be input with the last event date or the date of the latest position.

[vi] For the treatment of error corrections on amendable data fields, please refer to paragraph 79 for specific instructions. Note that the data field "Backloading Date" should be input with the last event date or the date of the latest position.

[vii] There is an option of using the life-cycle approach for correcting errors on amendable fields, please refer to paragraph 79 for specific instructions. Where the life-cycle approach is taken, the templates involved are dependent on the specific life-cycle events which need to be rebuilt.

[viii] For the treatment of error corrections on non-amendable data fields, please refer to

paragraph 80 for specific instructions. Note that the data field "Backloading Date" should be input with the last event date or the date of the latest position. There is an option of using the life-cycle approach for correcting errors on non-amendable fields, please also refer to paragraph 80 for specific instructions. Where the life-cycle approach is taken, the templates involved are dependent on the specific life-cycle events which need to be rebuilt.

[ix] For the reporting of missing trades, please refer to paragraph 86 for specific instructions. Note that the reporting of a missing trade should be completed with the rebuild of all previous life-cycle events as from the trade date. The snapshot approach is not allowed.

B.5 Backloading

18. When backloading outstanding transactions using the Backloading template, reporting entities have the option to either employ the snapshot approach or the lifecycle approach. If the snapshot approach is used, the latest position should be provided in the submission with the data field "Backloading date" as the date of the latest position. If the life-cycle approach is used, the transaction should be rebuilt with all preceding life-cycle events using the relevant templates accordingly.

B.5.1 Special consideration for Backloading of Forward Rate Agreement (FRA)

19. FRAs which will mature on or before the end of the Phase 2 grace period for backloading (30 September 2017) will not be required to be backloaded. Note that for reporting purposes, an FRA is considered to have matured if the effective date is reached, regardless if it is before or after the grace period. Reporting entities will not be required to backload such FRAs which have reached their effective date on or before the last day of the grace period. For FRA trades which are required to be reported, reporting entities should still populate the data field "Termination Date" with the maturity date of the contract instead of the effective date of the FRA. For avoidance of doubt, reporting of valuation is not required for matured FRA if the effective date is reached.

B.6 Data fields

20. Data fields are generally classified as being amendable or non-amendable from a system input perspective. The list of non-amendable fields can be found in Appendices A and C of the AIDG. The manner for updating or correcting a non-amendable data field of a transaction should be by reporting a "withdrawal"

event for the transaction together with reporting the transaction again i.e. re-submission. The re-submission to the HKTR can be a report of i) the latest snapshot position using the Backloading template with the backloading date as at the last event date or the date of the latest position, or ii) all of the life cycle events in chronological order, with updated information in respect of the non-amendable data field (i.e. re-submission should use the same type of template as used when the transaction was reported for the first time and follow with using the Amendment/Termination template to report the subsequent events, where applicable). However, in a situation where the updating of a non-amendable data field is for reasons unrelated to reporting errors or changes in economic terms (e.g. the data field is the currency code and the industry standard for the currency code concerned has been revised), it is also acceptable for the updating to be done by reporting a "quit" event for the transaction together with backloading the latest snapshot position of the transaction as of the quit date. Furthermore, where the updating of an amendable data field (e.g. floating rate index) is for reasons unrelated to reporting errors or changes in economic terms (e.g. the data field is the floating rate index and the industry standard for the floating rate index concerned has been revised), it can be done by reporting an amendment event with agreement date as of current date or the last event date of the transaction. For the situation where correcting an amendable data field is for reasons related to reporting errors, please refer to paragraph 79.

21. The data fields are generally classified according to the nature of the fields. Reporting entities are required to observe the specific nature of respective data fields by referring to the Reporting Rules, FAQ, SRI and the AIDG. Reporting entities have to observe the reporting requirements accordingly and report the data fields as specified in Appendices A and C of the AIDG. Generally, the data fields fall into three categories:

(i) Mandatory fields – All the fields designated as mandatory must be completed. These fields are typically designed for (a) collecting the key economic terms of a transaction; or (b) administrative purposes;

(ii) "Mandatory when applicable" fields – All the fields designated as mandatory when applicable must be completed where applicable (for example, the data field "Clearing Broker" must be completed if the reporting entity appoints or intends to appoint a client clearing service provider); and

(iii) Optional fields – All the fields designated as optional are encouraged to be

completed but their completion is at the discretion of the reporting entity. Note that data fields deemed as system optional might still be regulatory required if they are published in the Government Gazette (G.N. 3912).

22. The data fields "Desk ID" and "Reference Branch of Trade Party" became mandatory fields on 10 July 2016. Reports of transactions entered into on or after this date must contain information in respect of these two data fields. For transactions entered into on or after 10 July 2015, that have already been reported into HKTR and remained outstanding on 10 July 2016, reporting entities should supplement data in respect of these two fields when they submit a report of subsequent event. Although it is not mandatory to supplement the data in respect of these two fields for transactions entered into before 10 July 2015, reporting entities are encouraged to do so if practicable.

Section C - Specific instructions

C.1 Interbranch[2] and intrabranch transactions

23. Transactions between different units of the same legal entity are not reportable. These include interbranch and intrabranch transactions.

C.2 "Conducted in Hong Kong" transactions

24. Where an AI, LC or AMB reports (by itself or through a reporting agent) an OTC derivative transaction that it has "conducted in Hong Kong" on behalf of an affiliate, the report should reflect the following:
    (i) the identifying information of the AI/LC/AMB in "Reporting Party"[3];
    (ii) the identifying information of the affiliate in "Reporting For"[4];

[2] An interbranch transaction refers to a principal-to-principal transaction (or a back-to-back transaction) conducted between different branches of the same institution, including any transaction undertaken to transfer the risk of the transaction (or a portfolio of transactions) from one branch to another.

[3] "Reporting Party" means the party who has the reporting obligation to report the transaction. Meanings of data fields for different parties can be found in the AIDG (master document) and in the *Operating Procedures for Hong Kong Trade Repository– User Manual for Participants (Trade Functions- Reporting Service).*

[4] "Reporting For" is the data field for reporting the trade party that the reporting entity is reporting for. It should be either one of the Trade Parties.

(iii) information in respect of the branch/office of the affiliate of the AI/LC/AMB that books the transaction in "Reference Branch of Trade Party", according to paragraphs 110-112; and

(iv) information in respect of the trading desk in Hong Kong of the AI/LC/AMB that made the decision to enter into the transaction in "Desk ID", according to paragraphs 113-114.

25. Where the transaction in paragraph 24 is reported by the affiliate of the AI/LC/AMB, and the AI/LC/AMB:

(i) appoints the affiliate as its reporting agent, the reporting should follow paragraph 24;

(ii) does not appoint the affiliate as its reporting agent, the reporting of the transaction is regarded as voluntary reporting by the affiliate. It should follow paragraph 24 except that the identifying information of the affiliate of the AI/LC/AMB should be reported in both "Reporting Party" and "Reporting For".

26. Where the "conducted in Hong Kong" transaction concerns the Hong Kong branch of an overseas incorporated AI "conducting" the transaction for its overseas office / branch[5], the report should reflect the following:

(i) the identifying information of the AI in "Reporting Party";

(ii) the identifying information of the AI in "Reporting For";

(iii) information in respect of the overseas branch that books the transaction into "Reference Branch of Trade Party", according to paragraphs 110-112; and

(iv) information in respect of the trading desk in Hong Kong that made the decision to enter into the transaction in "Desk ID", according to paragraphs 113-114.

27. Care should be taken to ensure that if the same entity is to be entered in multiple data fields (e.g. "Trade Party 1"/"Trade Party 2", "Reporting For", "Clearing Broker" etc.); the identifying information (e.g. the ID, ID type and name) of that entity reported in different fields must be exactly the same.

28. To avoid doubt, a transaction that is entered into by the Hong Kong office/branch of a locally incorporated AI and booked in its overseas office/branch is not regarded as a "conducted in Hong Kong" transaction. In this case, follow the

[5] This refers to a transaction falling under Rule 12(1)(b) of the Reporting Rules.

same reporting instructions as under "C.3 Transactions of the overseas branches of a locally incorporated AI/LC/AMB" below.

29. If an AI/LC/AMB incurs multiple reporting obligations with respect to a transaction that it has "conducted in Hong Kong", the AI/LC/AMB may report the transaction once only according to the specification below:
    (i) Subject to (ii), where the AI/LC/AMB is one of the counterparties to the transaction[6] and at the same time has "conducted in Hong Kong" the transaction on behalf of one of its affiliates which is the other counterparty to the transaction, the AI/LC/AMB may submit a single report (either for its counterparty role or "conducted in Hong Kong" role) to satisfy its multiple reporting obligations with respect to the transaction;
    (ii) Where the AI/LC/AMB has "conducted in Hong Kong" the transaction on behalf of both counterparties to the transaction and either (a) one of them is its affiliate and the other is its head office/overseas branch or (b) both of them are its affiliates, the AI/LC/AMB may submit a single report (for its "conducted in Hong Kong" role on behalf of either counterparty) to satisfy its multiple reporting obligations with respect to the transaction.

C.3 Transactions of overseas branches of a locally incorporated AI/LC/AMB

30. Report "Reference Branch of Trade Party" with reference to paragraphs 110 to 112, in particular the example in paragraph 112(ii).

C.4 Transfer booking

31. When a transaction is transferred into or out of the Hong Kong office/branch of an institution, it may create an effect as if the transaction was terminated by the Hong Kong office/branch or result in changes to "Reference Branch of Trade Party". Therefore transfer booking warrants special reporting treatment. Specific reporting instructions are set out below.

"Transfer in"

32. "Transfer in" refers to a situation where a foreign office/branch of an institution

[6] And in the case of an overseas incorporated AI, the transaction is also booked in its Hong Kong branch.

transfers a transaction that it entered into with a third party to the Hong Kong office/branch of the institution, resulting in the transaction being "booked" into the Hong Kong office/branch. Where the institution involved is a locally incorporated AI, LC or AMB, the transaction should have been reported to the HKTR already. This is because locally incorporated AIs/LCs/AMBs are required to report a transaction to which they are a counterparty irrespective of the place of booking of the transaction. In this case, upon "transfer in", a locally incorporated AI/LC/AMB may be required to submit a report to HKTR to update the data field "Reference Branch of Trade Party" (which should have been filled to reflect the location of the original booking branch of the transaction as required in paragraphs 110-112) to reflect the Hong Kong branch as the new booking branch. Specifically, updating the field is not required if the field has not been filled up at the time of "transfer in" (i.e. before 10 July 2016). For a "transfer in" that happens on or after 10 July 2016, however, the reporting entity is required to input (if the field has not been filled up before) or update (if the field has been filled up before) the field accordingly.

33. In the case of an overseas incorporated AI,

(i) if the original transaction has not been reported to the HKTR because it was not a "conducted in Hong Kong" transaction, upon "transfer in" the transaction should be reported to the HKTR as a new transaction.

(ii) if the original transaction has been reported to the HKTR because it was a "conducted in Hong Kong" transaction, upon "transfer in", the AI may be required to update the data field "Reference Branch of Trade Party" to reflect the Hong Kong branch as the new booking branch. Specifically, updating the field is not required if the field has not been filled up at the time of "transfer in" (i.e. before 10 July 2016). For a "transfer in" that happens on or after 10 July 2016, however, the reporting entity is required to input (if the field has not been filled up before) or update (if the field has been filled up before) the field accordingly.

"Transfer out"

34. Conversely, "transfer out" refers to a situation where the Hong Kong office/branch of an institution steps out of a transaction by transferring the transaction to a foreign branch/office of the institution (the latter becomes the booking office).

35. The original transaction should most probably have been reported to the HKTR under the "counterparty" criterion. Where the institution concerned is a locally incorporated AI, LC or AMB, the transaction should remain reportable upon the "transfer out", still by the "counterparty" criterion. In this case, a report may be required to be submitted to the HKTR to update the data field "Reference Branch of Trade Party" (see paragraphs 110-112). Specifically, updating the field is not required if the field has not been filled up at the time of "transfer out" (i.e. before 10 July 2016). For a "transfer out" that happens on or after 10 July 2016, however, the reporting entity is required to input (if the field has not been filled up before) or update (if the field has been filled up before) the field accordingly. In addition, the AI/LC/AMB should still be obliged to report all subsequent events on the transaction to the HKTR.

36. Where the institution concerned is an overseas incorporated AI, whether the transaction should remain reportable after "transfer out" depends on whether a trader responsible for the decision of entering into the transaction was a Hong Kong trader. If this is not the case, the AI should report a "quit" event for the transaction, which serves to inform HKTR that no further update will be provided to this transaction. Conversely, if this is the case, the transaction should remain reportable by the "conducted in Hong Kong" criterion. In this case, the AI may be required to update the data field "Reference Branch of Trade Party" to reflect the new booking branch which should be the overseas branch. Specifically, updating the field is not required if the field has not been filled up at the time of "transfer out" (i.e. before 10 July 2016). For a "transfer out" that happens on or after 10 July 2016, however, the reporting entity is required to input (if the field has not been filled up before) or update (if the field has been filled up before) the field accordingly. The "Desk ID" is expected to be unchanged, i.e. it should reflect the trading desk in Hong Kong. The AI should continue to report subsequent events on the transaction after "transfer out".

"Transfer to an affiliate"

37. The Hong Kong office/branch of an institution may also step out of a transaction by novating it to an affiliate (defined in Rule 2 of the Reporting Rules). The difference between "transfer out" above and "transfer to an affiliate" lies in the institution remaining a counterparty to the transaction under "transfer out" but not under "transfer to an affiliate". The effect of "transfer to an affiliate" is as if

the institution had terminated the transaction. For an AI/LC/AMB, whether the transaction should remain reportable after "transfer to an affiliate" depends on whether a trader responsible for the decision of entering into the transaction was a Hong Kong trader. If this is not the case, the AI/LC/AMB should report a termination event for the transaction. Conversely, if this is the case, the transaction should remain reportable by the "conducted in Hong Kong" criterion. Upon the transfer of the transaction to the affiliate, the AI/LC/AMB should report a termination event for the original transaction but simultaneously report a new transaction (which only needs to reflect the snapshot position on the day of transfer, i.e. no need to report historical events) per instructions for reporting a "conducted in Hong Kong" transaction (see paragraph 24). The AI/LC/AMB should continue to report subsequent events on the transaction after the transfer.

C.5 Centrally cleared transactions

38. Central clearing typically involves cancellation of an original transaction entered into bilaterally between two counterparties and creation of new transactions such that a CCP becomes the counterparty of each of the two parties, either directly or indirectly. To avoid doubt, termination of the original transaction for the purposes of carrying out central clearing is required to be reported and the transactions entered into for the purposes of central clearing and their subsequent events should be reported in chronological order.

39. Under the interim reporting requirement, a "see through" approach was allowed for reporting transactions subject to client clearing[7]. However, such a "see through" approach is not allowed in the Reporting Rules. Therefore from 10 July 2015, whether a transaction is entered into with a client clearing service provider will not make any difference to the way it should be reported to the HKTR. For transactions that have been reported to the HKTR under the "see through" approach, the banks should withdraw those transactions after the commencement of the Reporting Rules and replace them by transactions reported in a manner pursuant to the Reporting Rules. Licensed banks should refer to a

[7] Under the "see through" approach in interim reporting, when a party reports a transaction that it entered into with its client clearing service provider for the purposes of central clearing, it is required to "see through" the client clearing service provider and report the CCP as the counterparty to the transaction. At the same time, the client clearing service provider is not required to report the transactions it entered into incidental to the provision of client clearing services.

separate circular letter issued by the HKMA on the specific arrangements.

Direct clearing

40. Direct clearing applies when an institution clears a transaction with a CCP by becoming the CCP's direct clearing member.

Counterparty to the original transaction

41. The reporting by a counterparty to the transaction that adopts direct clearing should include the following:
    (i) the original bilateral OTC derivative transaction;
    (ii) event of termination of the transaction in (i) above; and
    (iii) the new transaction entered into with the CCP.

42. In reporting the trade events in paragraph 41(i) and (iii), the data field "Central Counterparty ID" must be completed with information in respect of the CCP that is planned to be used to clear the transaction.

CCP

43. In reporting a transaction that a CCP entered into in the capacity of a CCP, it should enter its identifying information into the data field "Central Counterparty ID".

Client clearing (Principal Model[8])

44. As mentioned in paragraph 39, there is no special treatment for reporting transactions subject to client clearing under the Reporting Rules, such as the "see through" approach under the interim reporting requirement.

45. Reporting of transactions subject to client clearing under the principal model is illustrated in the following example (assuming all entities are prescribed persons with no exemption and a reporting obligation applies to all entities as counterparties to the transaction in the example):
    (i) Entity A entered into a transaction bilaterally with Entity B;

[8] Under a principal clearing model, the clearing service provider, being a clearing member of a CCP, clears the transaction by entering into one contract as principal with its client (which may be a sub-clearing agent) and a corresponding back-to-back contract as principal with the CCP.

(ii) Event of termination of the transaction in (i) above;

(iii) Entity A entered into another transaction with its client clearing service provider, Entity C;

(iv) Case 1

(a) Entity C was a direct clearing member of a CCP and it entered into a back-to-back transaction with the CCP for central clearing of the transaction; or

Case 2

(b) Entity C entered into a back-to-back transaction with another client clearing service provider Entity D; and

(c) Entity D was a direct clearing member of a CCP and it entered into a back-to-back transaction with the CCP for central clearing of the transaction;

(v) Entity B was a direct clearing member of a CCP and it entered into a transaction with the CCP for central clearing of the transaction.

Counterparty who appoints client clearing service provider (i.e. Entity A in above example)

46. Entity A is required to report trade events (i) to (iii) in the above example.

47. In reporting the trade events (i) and (iii) in paragraph 45, Entity A must complete the data field "Clearing Broker" with the identifying information of its client clearing service provider (i.e. Entity C) and the data field "Central Counterparty ID" with identifying information of the CCP that is planned to clear the transaction. For the trade event in paragraph 45(iii) above, care should be taken to ensure that the identifying information of Entity C being entered in the data fields for trade party and "Clearing Broker" is exactly the same.

Counterparty who does not appoint client clearing service provider (i.e. Entity B in above example)

48. Entity B is required to report trade events (i), (ii) and (v) in paragraph 45 above. Since Entity B does not appoint a client clearing service provider, it should leave blank the data field "Clearing Broker". It should however report the identifying information of the CCP that is planned to clear the transaction in the data field "Central Counterparty ID".

Client clearing service provider (i.e. Entity C in above example)

49. When an entity reports a transaction that it entered into in the course of providing clearing agency services, it should always report its own identifying information in the data field "Clearing Broker" and the CCP that is planned to clear the transaction in the data field "Central Counterparty ID". This includes the transactions that it entered into with the client (see paragraph 45(iii)) and, in the case that no sub-provider of clearing agency services is involved, transactions with the CCP (see paragraph 45(iv) (a)). It should also ensure that its own identifying information being entered in the data fields for trade party and "Clearing Broker" is exactly the same.

50. When the client clearing service provider (Entity C) is reporting the transaction that it entered into with the sub-provider (Entity D) (see paragraph 45(iv)(b)), the client clearing service provider should input the sub-provider's name (instead of its own name) into the data field "Clearing Broker".

51. An entity may take up dual roles as a counterparty to a bilateral OTC derivative transaction and a client clearing service provider to the other counterparty of the transaction (for example, Entity B is one of the trade parties to the transaction and also the client clearing service provider of Entity A). In this case, the entity should separately report the transactions under each role according to the reporting instructions for a counterparty not appointing a client clearing service provider (paragraph 48) and those for the client clearing service provider (paragraph 49).

Client clearing service sub-provider (i.e. Entity D in above example)

52. When an entity reports a transaction that it entered into in the capacity as a clearing service sub-provider, it should always report its own identifying information in the data field "Clearing Broker" and the CCP that is planned to clear the transaction in the data field "Central Counterparty ID". This includes the transaction with its client (which is the first client clearing service provider, or, in our example, Entity C) (see paragraph 45(iv)(b)) and the transaction with the CCP (see paragraph 45(iv)(c)). It should also ensure that its own identifying information being entered in the data fields for trade party and "Clearing Broker" is exactly the same.

CCP

53. In reporting a transaction that a CCP entered into in the capacity of a CCP, it should enter its identifying information in the data field "Central Counterparty ID". This requirement is the same as in the case of direct clearing.

Client clearing (Agency Model[9])

54. Reporting of transactions subject to client clearing under the agency model is illustrated in the following example (assuming all entities are prescribed persons with no exemption):
    (i) Entity A entered into a transaction bilaterally with Entity B;
    (ii) Event of termination of the transaction in (i) above;
    (iii) Entity A cleared the transaction via its client clearing service provider, Entity C, through a CCP. Entity C, a clearing member of the CCP, acted as an agent for Entity A in its transaction with the CCP and had the obligation towards the CCP in respect of Entity A's transaction with the CCP.
    (iv) Entity B was a direct clearing member of a CCP and it entered into a transaction with the CCP for central clearing of the transaction.

Counterparty who appoints client clearing service provider (i.e. Entity A in above example)

55. Entity A is required to report trade events (i) to (iii) in the above example. In reporting the trade events (i) and (iii) in paragraph 54, Entity A must complete the data field "Clearing Broker" with the identifying information of its client clearing service provider (i.e. Entity C) and the data field "Central Counterparty ID" with identifying information of the CCP that is planned to clear the transaction. For trade event (iii) in paragraph 54, Entity A must report the identifying information of the CCP in the data field for trade party.

Counterparty who does not appoint client clearing service provider (i.e. Entity B in above example)

[9] Under an agency clearing model, the clearing service provider, being a clearing member of the CCP, acts as an agent for its client to clear a transaction with the CCPand takes on the obligations of the client under the contract of the transaction being cleared.

56. The same requirement as paragraph 48 applies.

Client clearing service provider (i.e. Entity C in above example)

57. Entity C with its role as a clearing service provider under the agency clearing model does not incur any reporting obligation.

CCP

58. In reporting a transaction that a CCP entered into in the capacity of a CCP, it should:

- enter its identifying information in the data fields "Central Counterparty ID"; and
- (with respect to the transaction with Entity A) report Entity C as the clearing broker.

C.6 "De-cleared and re-cleared" transactions

59. A "de-clear and re-clear" operation is usually undertaken to amend the economic terms of a transaction that has undergone central clearing. The processes comprise: (i) "de-clear" the transaction, which involves terminating the transactions entered into between the original counterparties and the CCP (and the transactions associated with client clearing where applicable); (ii) the original counterparties enter into a new transaction with amended terms; and (iii) the original counterparties clear the new transaction (may involve client clearing service providers) again with a CCP (i.e. "re-clearing"). There is no special treatment under the Reporting Rules for reporting trade events arising in the course of "de-clearing and re-clearing"[10].

C.7 Ceasing reporting of subsequent events regarding an outstanding transaction

[10] Under the interim reporting requirement, a simplified reporting approach is accepted for reporting a transaction subject to a "de-clear and re-clear" process provided that the "re-cleared" transaction occurred within T+2 from the date of the "de-cleared" transaction. The simplified reporting approach operates by amending the economic terms of the original transaction to reflect the net effect of "de-clearing" and "re-clearing". This approach is not allowed under the Reporting Rules.

60. A person whose reporting obligation has ceased (e.g. an institution has ceased to be an AI/LC/AMB) is not precluded from continuing to report the subsequent events of transactions that the person has reported to the HKTR while its reporting obligation was in force. However, the person can choose to stop reporting further subsequent events on the transactions by reporting a "quit" event for the transactions to the HKTR. Similarly, this applies to a person who has reported transactions to the HKTR voluntarily but determines to stop reporting further subsequent events on the transactions. Where the person is an affiliate of an AI/LC/AMB and the AI/LC/AMB has been relying on the reports submitted by this affiliate in order to have its own reporting obligation taken to have been complied with, upon the affiliate "quitting" the transactions, the AI/LC/AMB should arrange to report these transactions to the HKTR within two business days after the date the affiliate "quit" the transactions. The AI/LC/AMB should continue to comply with the obligation to report subsequent events of these transactions.

C.8 Transactions cancelled or terminated within T+2

61. Under the interim reporting requirement, it is not necessary to report a transaction otherwise reportable if it is cancelled or fully terminated within the T+2 reporting timeline. The Reporting Rules, however, no longer allow this treatment. Accordingly with effect from 10 July 2015, a reporting entity should report every transaction in respect of which it has a reporting obligation without regard to whether the transaction will be / has been cancelled or terminated within two business days after the trade day.

62. If a new transaction is entered into and cancelled/fully terminated within the same day, a report of the new transaction must still be submitted. In addition, if more than one subsequent event happens on that day (including the event of cancellation/ full termination), submission of one report incorporating all these subsequent events is acceptable pursuant to Rule 25(3).

C.9 Identifiers for transactions and counterparties

Identifiers for transactions

63. To facilitate the HKTR to link up the reports submitted by the two transacting TR

Members of the same transaction, and to facilitate TR Members to efficiently identify and resolve potential reporting errors, TR Members on both sides of a transaction are required to provide: (i) a transaction reference, which may be an internal reference; and (ii) a unique and paired transaction identifier (UTI) when reporting their respective sides of the transaction to the HKTR. This section sets out the key standards and requirements for the UTIs.

64. To facilitate future global sharing and aggregation of TR data, specified overseas UTIs, if available, must be used in reporting the UTI of a transaction to the HKTR. The specified overseas UTIs include the Unique Swap Identifier (USI) reportable under the mandatory reporting requirements in the U.S. pursuant to the Dodd-Frank Act[11], and the Unique Trade ID (TID) reportable under the mandatory reporting requirements in the European Union[12]. The data field "UTI indicator" is for identifying whether a USI is available to the transaction and must be reported as either "Yes" or "No". For example, for a transaction assigned with a USI, the field "UTI indicator" should be filled with "Yes" and the field "UTI" should be filled with the value of the USI. For a transaction assigned with a TID only, the field "UTI indicator" should be filled with "No" and the field "UTI-TID" should be filled with the value of the TID. For a transaction assigned with both a USI and a TID, the field "UTI indicator" should be filled with "Yes" and the fields of "UTI" and "UTI-TID" should be filled with the value of the USI and TID respectively. Please note that the field "UTI indicator" must always be filled with "Yes" or "No" to reflect whether the transaction is assigned with a USI.

65. In the case where neither a USI nor TID has been assigned in respect of the transaction, the reporting of UTI is optional until further notice. After the reporting of UTI becomes mandatory, transactions that do not have a USI or TID

[11] Please refer to rule 45.5 of Document 1 under footnote 12 for the details on the construction of a USI and Document 2 under footnote 12 for the details on the USI data standards.

[12] Please refer to "TR Question 18" of Document 3 below for the details on the construction of a TID.

- Document 1 *Swap Data Recordkeeping and Reporting Requirements (17 CFR Part 45), Jan 2012* http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2011-33199a.pdf
- Document 2 Unique Swap Identifier Data Standard, Oct 2012 http://www.cftc.gov/idc/groups/public/@swaps/documents/dfsubmission/usidatastandards100112.pdf
- Document 3 *Questions and Answers, Implementation of the Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR), Apr 2015* https://www.esma.europa.eu/sites/default/files/library/2015/11/2015_775_qa_xii_on_emir_implementation_april_2015.pdf

must be assigned a bilaterally agreed UTI which is unique and shared and paired between the two counterparties. This bilaterally agreed UTI must then be included when reporting the transaction to the HKTR. It should be noted that although the reporting of a bilaterally agreed UTI is currently optional, market participants are nevertheless expected to exercise best endeavours in the meantime to: (i) agree on a UTI in respect of transactions that have to be reported, even if they are unable to report the bilateral UTI immediately; and (ii) when sharing and pairing a UTI, adopt a methodology which is in line with agreed industry best practices for generating, communicating and matching transaction identifiers. For transactions reported before the reporting of UTI is mandatory, and in respect of which no bilaterally shared and paired UTI was submitted at the time of reporting, a UTI may subsequently have to be added to the report, and in accordance with any international standards on UTIs that the HKMA may then require reporting entities to adopt.

66. Reporting entities should also note that where a UTI has been agreed on, irrespective of whether it has been reported, a record of it has to be kept as per the record keeping obligation.

67. The HKMA may (on or after the implementation of the UTI "share-and-pair" requirement) require the UTIs to follow a particular format or practice. The HKMA will provide guidance nearer the time if it intends to impose such a requirement. In that event, all previously submitted UTIs that follow a different format or practice may have to be re-submitted. Institutions are therefore encouraged to adopt methodologies and formulae that are in line with industry best practices for generating UTIs.

68. Where applicable, the bilaterally agreed UTI should be entered in the field "Bilateral Comments" in a format allowed by HKTR's specification spelled out in the AIDG.

69. A USI or TID can be obtained by, for example:
    (i) executing the transactions on the electronic platforms capable of generating a USI/TID;
    (ii) using the transaction matching services capable of generating a USI/TID; or
    (iii) clearing the transactions in CCPs capable of generating a USI/TID.

    Alternatively, it may be generated by a counterparty to the trade according to the

prescribed criteria on USI or TID generation. The transacting parties should communicate and confirm with each other the availability of any of the specified overseas UTIs for the transaction, and report all of them to the HKTR. For the avoidance of doubt, if both a USI and TID are available, both should be reported. Also, the two sides of the trade should communicate to ensure that the same types of UTI (USI, TID, or bilaterally agreed UTI) and the same value for each applicable type will be reported by both sides of the same transaction to the HKTR. For example, if both counterparties to a transaction are capable of generating a USI, they should agree on the one to conduct the generation. The generating party should inform the other of the result so that both of them would report the same USI in their respective reports of the same transaction to the HKTR.

Identifiers for reporting entities or transacting parties

70. This paragraph applies to the reporting of identifiers for reporting entities or transacting parties which are not private individuals (i.e. natural persons). As set out in the enumerations and coding schemes in the AIDG, the HKTR can support several types of third party-assigned identifiers for indicating the identity of the reporting or transacting parties of a transaction. If none of such third party-assigned identifiers is available for a party, a unique internal customer/counterparty reference code assigned by the reporting entity (the same code should be used for identifying the same party in all transactions reported by the reporting entity) meeting the specifications in the AIDG can be used. Where a party possesses several types of third party-assigned identifiers, the identifier to be reported for indicating the identity of the party should be determined by the order of priority applicable to the different types of identifiers. Specifically, among the various types of third party-assigned identifiers that may be available, the identifier with the highest level of priority in the following list should be reported to indicate the identity of the party:

(i) **1st Priority:** Global Legal Entity Identifier (Global LEI) issued under the Global LEI System established by the Regulatory Oversight Committee (ROC) of the Global LEI System. If the Global LEI is not yet available, pre-LEI identification codes (pre-LEIs) issued by pre-Local Operating Units (pre-LOUs) that have been endorsed by the ROC. The ROC will make an announcement when a pre-LOU is endorsed to issue pre-LEIs. A hyperlink to the updated list of pre-LOUs announced by the ROC can be

found on the HKTR Info Page website (https://hktr.hkma.gov.hk). Alternatively, the TR Member code assigned and published by the HKTR can be used.

(ii) **2nd Priority:** SWIFT BIC (Business Identifier Code) issued by SWIFT under ISO 9362.

(iii) **3rd Priority:** Number of the Certificate of Incorporation (CI) (for locally incorporated companies)/Certificate of Registration (CR) (for companies incorporated overseas) issued by the Companies Registry of Hong Kong.

(iv) **4th Priority:** Business Registration Number (BRN) issued by the Inland Revenue Department of Hong Kong.

71. The list of TR Members, their TR Member codes and other third party-assigned identifiers that have been registered with the HKTR can be found in the HKTR Info Page website (https://hktr.hkma.gov.hk). The list will be updated regularly. Upon request by a counterparty TR Member, TR Members should supply the relevant identifiers to the counterparty TR Member for reporting to the HKTR.

72. Where masking relief is applicable under the Reporting Rules, reporting entities should fill in the counterparty particulars of the masked entity in the following manner:

- Data fields related to "Party Name" – enter "Masked".
- Data fields related to party "Type" – enter "User Defined Code".
- Data fields related to party "ID" – enter a unique internal reference code.[13]

73. When reporting a transaction with a private individual (whether masking relief is applicable or not), with effect from 25 November 2016, the counterparty particulars of the individual should be reported in the following manner[14]:

- Data fields related to "Party Name" - leave blank. An input of an asterisk or another symbol which does not lead to identifying the counterparty would be deemed as equivalent to leaving the field blank.
- Data fields related to party "Type" - enter "User Defined Code".

[13] In this connection, each counterparty should be assigned a unique internal reference code, which should be used consistently when reporting all transactions with the same counterparty.

[14] Reporting entities are also required to complete the withdrawal and resubmission of outstanding reported transactions which contain particulars of private individual by 30 June 2017.

- Data fields related to party "ID" - enter a unique internal reference code.
- Data field "Counterparty Industrial Sector" – enter "Individual"

Maintenance of reporting or transacting party identifiers at the HKTR

74. For transactions reported to the HKTR that have not yet matured, TR Members are required to review the identifiers reported by them and update those that are no longer valid:
    (i) for transactions carrying internal customer/counterparty reference codes, to review whether any of the third party-assigned identifiers specified by the HKTR have become available for the parties for whom internal customer/counterparty reference codes have been reported, and replace the codes by the available third party-assigned identifier of the highest level of priority; and
    (ii) for transactions carrying third party-assigned identifiers, to review whether those identifiers have become invalid, e.g. the reporting or transacting party no longer possesses an identifier; or an identifier of a higher level of priority has become available for the reporting or transacting party. The TR Member should obtain valid identifiers from the relevant parties and update the records at the HKTR.

75. The HKTR will notify TR Members when an entity becomes a TR Member, when a TR Member relinquishes its Member status, or when a TR Member reports that its third party-assigned identifier(s) has/have been changed. This facilitates TR Members to keep track of and report the appropriate identifiers arising from changes related to TR Member status or when any of the third party-assigned identifiers is no longer valid.

76. TR Members should review and update the identifiers reported for parties that are not TR Members at least annually, say during annual reviews of the parties' banking or trading facilities. The HKTR will issue half-yearly reminders to TR Members in this regard.

C.10 Error corrections and missing trades

77. A reporting entity should correct errors in their reports submitted to the HKTR within two business days from the day the errors are identified.

78. There are two approaches to error correction: (1) snapshot approach – this approach only corrects the latest position of the transaction; and (2) the life-cycle approach – this approach corrects the error in all the previous reports submitted to the HKTR. An institution is free to apply either the snapshot or life-cycle approach when correcting errors.

79. When correcting errors on amendable data fields, a reporting entity should (i) update the relevant data field with the correct information by using the Amendment template with the agreement date field input with the last event date or the date of the latest position, thereby applying the snapshot approach, or (ii) withdraw the original trade with the error, and make a re-submission of the transaction by using the Backloading template with the backloading date field input with the last event date or the date of the latest position, thereby also employing the snapshot approach, or (iii) if using the life-cycle approach, withdraw the old trade record and submit the old trade with the correct information and followed by all the life-cycle events accordingly (i.e. re-submission should use the same type of template as used when the transaction was reported for the first time and follow with using the Amendment/Termination template to report the subsequent events, if applicable).

80. Whereas when correcting errors on non-amendable data fields, a reporting entity should withdraw the original trade with the error, and make a re-submission of the transaction with either (i) the latest position by using the Backloading template with the backloading date field input with the last event date or the date of the latest position, thereby applying the snapshot approach or (ii) all of the changes in previous positions corrected, if applicable, under the life-cycle approach, by submitting the old trade with the correct information and followed by all the life-cycle events accordingly (i.e. the re-submission should use the same type of template as used when the transaction was reported for the first time and follow with using the Amendment/Termination template to report the subsequent events, if applicable).

81. For reported trades where certain information is missing, a reporting entity should provide the missing information as an error correction with the treatment stated in paragraphs 78-80 above. Reporting entities should make such correction as soon as they become aware of any errors or omission of information in the report of the transaction without prejudice to the regulators taking any enforcement actions in respect of reporting breaches if appropriate.

82. An example is provided below to illustrate the application of the snapshot approach and the life-cycle approach:

> *Entity A and Entity B entered into a transaction on 1 January. Both entities have a reporting obligation in respect of this transaction and both reported the transaction correctly. On 1 February, a subsequent event of partial termination occurred. The resultant amount of the transaction was reported correctly by Entity A but wrongly by Entity B. On 1 March, a further partial termination occurred (last subsequent event). The error of Entity B started on 1 February carried through to this date. The error was eventually identified by Entity B on 1 April.*

Errors identified by Entity B (i.e. entries underlined below) on 1 April:

	1 January	1 February	1 March
Entity A	USD 10 million	USD 9 million	USD 8 million
Entity B	USD 10 million	<u>USD 9.5 million</u>	<u>USD 8.5 million</u>

Snapshot approach

83. To correct the error by the snapshot approach, Entity B may, if choosing to withdraw the trade, make a re-submission of the transaction by using the Backloading template with the backloading date field input as 1 March (the last event position) or 1 April (e.g. the date which the latest position is based on). In the case of correcting an amendable data field, Entity B can alternatively simply submit one report, using the Amendment template to correct the error in the relevant data field, with the agreement date field input as 1 March (the last event position) or 1 April (e.g. the date which the latest position is based on). The result of this approach is as follows:

	1 January	1 February	1 March
Entity A	USD 10 million	USD 9 million	USD 8 million
Entity B	USD 10 million	USD 9.5 million	USD 8 million *

*Amended position (*Trade date: 1 January; Agreement date/Backloading date: 1 March (date of the last subsequent event) / 1 April (date of which the latest position reported is based on) and Notional: USD 8 million)*

Life-cycle approach

84. To correct the error by the life-cycle approach, Entity B should withdraw the original transaction and report new transactions with positions corrected at all subsequent event dates. The result of this approach is as follows:

	1 January	1 February	1 March
Entity A	USD 10 million	USD 9 million	USD 8 million
Entity B	USD 10 million *	USD 9 million *	USD 8 million *

*Newly reported transaction (*Trade date: 1 January; Agreement date: each respective agreement date and Notional: each respective notional)*

85. Where a reporting error is identified after the transaction has already matured / been terminated, no correction is to be made.

86. For trades missing the T+2 reporting timeframe, reporting entities should make a submission of the transaction as soon as possible, without prejudice to the regulators taking any enforcement actions in respect of reporting breaches if appropriate. In any event, the reporting of a missing trade should be completed with the rebuild of all previous life-cycle events as from the trade date. The snapshot approach is not allowed for such cases.

C.11 Fund allocation

87. When trading with a fund manager, a reporting entity may only be informed of the allocated funds that are the actual counterparties of the transaction after the point of execution of the trade. If the reporting entity were to report the transaction after the allocation, the report should already contain the correct counterparties. If, however, the report was submitted prior to the allocation, there is a need to correct the counterparty in the submitted report. The reporting entity should either:

(i) Withdraw the original trade report and make a re-submission with the Backloading template, amending the counterparties data fields and providing a snapshot of the latest position with the backloading date field input with the date of the latest position. The re-submission report should keep both the trade date and the effective date as in the original trade; or

(ii) Terminate the original trade report and make a submission of the new

trade(s) using the New Trade template with the correct counterparties and a snapshot of the latest position. The re-submission report should keep both the trade date and the effective date as in the original trade. Reporting entities should populate the "Prior-UTI" data field should a USI be provided in the "UTI" data field previously, the "Prior-UTI-TID" data field should a TID be provided in the "UTI-TID" data field previously, or both the "Prior-UTI" and "Prior-UTI-TID" data fields should both a USI and TID be available from the original trade report. The requirement for a bilaterally agreed UTI in the case where neither a USI nor TID is available will be subject to the implementation of the UTI "share-and-pair" requirement and will not be mandatory until further notice. The requirement to populate the data fields "Prior-UTI" and "Prior-UTI-TID" is subject to whether a USI or TID is available. Under the scenario where a block trade is allocated within T+2, and therefore the original block trade would not be reported and thereby would not have an original USI or TID, the reporting of the resulting split trades would not be required to populate the "Prior-UTI" or the "Prior-UTI-TID" data fields. However, for cases where a block trade has been reported to the HKTR and therefore have an original USI or TID, then the "Prior-UTI" or the "Prior-UTI-TID" data fields must be populated accordingly for the resulting split trades under this "one-to-many" scenario.

C.12 Novation[15]

88. As mentioned in paragraph 15, the reporting of novation transactions involves both i) the termination of the existing trade to the HKTR by the surviving party

[15] In light of the consultation on reporting novation transactions by the Committee on Payments and Market Infrastructure - International Organization of Securities Commissions (CPMI-IOSCO) Harmonization Group and in the expectation that further guidance will be released following the consultation and related discussion, the effective date for compliance with the requirements stated in paragraphs 89 (ii) and (iii) in section C.12 will be deferred until further notice. Entities may continue reporting information relating to the relevant dates as they are doing currently. Entities that have already adopted the requirements in section C.12 do not need to change back. Further guidance on the reporting treatment relating to dates will be issued once international standards have been published. In the meantime, entities may adopt different approaches to reporting dates of novation transactions, discrepancies in reports from the counterparties to some trades will be unavoidable. Reporting entities are not required to reconcile discrepancies arising from differences in the reporting of Trade Date/Effective Date until the further guidance on reporting of such information is issued but should continue to do so for discrepancies arising from all other causes.

and step-out party and ii) the submission of a new transaction reflecting the new counterparty information by the surviving party and step-in party

89. An example is provided below to illustrate the reporting of novation transactions:

> *Entity A and Entity B entered into a transaction on 1 January. Both entities have a reporting obligation in respect of this transaction and both reported the transaction correctly. On 1 April, Entity A novated the trade to Entity C.*

(i) Entity A should terminate the original reported trade between itself and Entity B.

(ii) Entity B should terminate the original reported trade between itself and Entity A, and submit a new trade using the New Trade template. In the new trade submission, Entity B should fill in the "Prior-UTI" data field should a USI be provided in the "UTI" data field previously, the "Prior-UTI-TID" data field should a TID be provided in the "UTI-TID" data field previously, or both the "Prior-UTI" and "Prior-UTI-TID" data fields should both a USI and TID be available from the original trade report. The requirement for a bilaterally agreed UTI in the case where neither a USI nor TID is available will be subject to the implementation of the UTI "share-and-pair" requirement and will not be mandatory until further notice. The "Trade Date" and "Effective Date" data fields should be populated by the respective trade and effective dates of the new trade between Entity B and Entity C, i.e. the novation trade date and novation effective date. If Entity B wishes to report the effective date of the original old trade between Entity A and Entity B, it may do so using the optional data field "Remarks" under the Event Block in the Trade Event section of the New Trade template as listed in the AIDG. Regulators encourage the reporting of the effective date of the original trade and may consider mandating the reporting of this information in the future.

(iii) Entity C should input a new trade between itself and Entity B. In the new trade submission, Entity C should fill in the "Prior-UTI" data field should a USI be provided in the "UTI" data field previously, the "Prior-UTI-TID" data field should a TID be provided in the "UTI-TID" data field previously,

or both the "Prior-UTI" and "Prior-UTI-TID" data fields should both a USI and TID be available from the original trade report. The requirement for a bilaterally agreed UTI in the case where neither a USI nor TID is available will be subject to the implementation of the UTI "share-and-pair" requirement and will not be mandatory until further notice. There are instances where Entity C, as a step-in-party, would not have access to information relating to the identifiers from the original trade. For purposes of clarification, in the new trade submission for the novated trade, Entity C would not be required to populate the "Prior-UTI" or the "Prior-UTI-TID" data fields if the original trade's USI or TID were not provided to it. However, Entity C would be required to report in the "Prior-UTI" or the "Prior-UTI-TID" data fields if it was provided with the information from the original reported trade. The "Trade Date" and "Effective Date" data fields should be populated by the respective trade and effective dates of the new trade between Entity B and Entity C i.e. the novation trade date and novation effective date. If Entity C wishes to report the effective date of the original old trade between Entity A and Entity B, it may do so using the optional data field "Remarks" under the Event Block in the Trade Event section of the New Trade template as listed in the AIDG. Regulators encourage the reporting of the effective date of the original trade and may consider mandating the reporting of this information in the future.

Section D - Specific instructions on Data Fields

90. The mandatory data fields were published by notice in Government Gazette on 15 July 2016 (G.N. 3912) and are primarily classified based on the five derivatives asset classes namely interest rate, foreign exchange, equity, credit and commodity. Reporting entities are required to identify the correct template as set out in paragraph 16 for reporting a specified OTC derivative transaction subject to reporting obligation under the Reporting Rules. Descriptions are provided for each data field as in the reporting templates published by Government Gazette. Reporting entities should refer to the descriptions provided for these data fields in order to report the required information for each submission.

91. The following are specific instructions on how to fill out certain data fields under the different categories of information and particulars relating to a specified OTC derivative transaction, and to persons involved in the transaction as listed under Schedule 1 of the Reporting Rules.

92. The data fields highlighted apply to all asset classes, unless otherwise specified.

D.1 Information and particulars relating to administration of the reporting of the transaction

D.1.1 Data field "Full Termination Indicator"

93. This data field is only applicable to the Other template. A reporting entity should fill this field with a "Yes" value to indicate that the transaction being reported was fully terminated before the Final Maturity Date that was previously reported. This field should be left blank if the case does not apply to the transaction being reported.

D.1.2 Data field "Special Terms Indicator"

94. In situations where the Standard and Other templates do not have the relevant data fields to capture the key information relating to the core economic terms that materially affect the pricing of the transaction (pricing information), the reporting entity should indicate with a "Yes" value in the "Special Terms Indicator" field. An example is the case when there are three legs to a transaction and there are no data fields to capture the information relating to the third leg of the transaction being reported. No further details are required at the time of reporting but the relevant regulator may, where appropriate or necessary, contact the reporting entity if it requires such details. If the other data fields in the template already captured all pricing information relating to the transaction, the reporting entity should populate this field with a "No" value.

95. As mentioned in the further consultation conclusions paper published on 15 July 2016 (**15 July 2016 conclusions paper)**, if reporting entities find that due to system limitation, they are unable to provide information of the specified OTC derivative transaction, other than pricing information as noted above, which are required to be reported, they should contact their relevant regulator (i.e. the

HKMA in the case of AIs and AMBs, and the SFC in the case of LCs, RCHs, and ATS-CCPs) within T+2 to clarify how the information is to be provided. For instance if a data field cannot support the inputs for the required information rendering the failure of submission of the whole trade report. An example (albeit remote) might be where the field requires the entry of a numeric value (e.g. notional amount) but the amount to be entered has more digits than the field permits. Such cases are however expected to be extremely rare given that the templates already cater for amounts of up to 20 digits. Reporting entities, however, are not required to contact their relevant regulator for cases involving Equity basket and Credit basket where the relevant data fields do not have sufficient character spaces to list out all the constituents. For such cases, the reporting entity should populate the "Special Term Indicator" field with a "Yes" value and report the constituents of the basket as far as possible in descending order according to their corresponding weighting in the basket. The regulator may, where appropriate or necessary, contact the reporting entity if it requires further information.

D.1.3 Data field "Hybrid-Other Asset Class"

96. This field is used to specify the asset classes involved for hybrid trades, i.e. transactions which involve more than one asset class. When reporting such hybrid trades, a reporting entity should use the Other template and consider which asset class is the key or primary asset class, and which is/are secondary. The key or primary asset class should be indicated in the "Asset Class" data field. The secondary asset class(es) should be reported in the "Hybrid-Other Asset Class" field. It is possible to report more than one asset class in the field for transaction that involve several asset classes. Where the transaction is reportable by both counterparties, reporting entities should agree on which asset class is the key or primary one and which others is/are the secondary. For trades involving more than one underlying asset class, for example hybrid trades, reporting entities are only required to agree with their counterparties the primary asset class of the transaction for reporting purposes. Entities are to note that only the "Asset Class" data field will be used for matching purposes by the HKTR system but not the "Hybrid-Other Asset Class" data field.

D.1.4 Data fields "Reporting for", "Reporting Party" and "Submitting Party"

97. Per Reporting Rules 10(1)(a), 11(1)(a), 12(1)(b) 13(1)(a), 14, and 15 an AI, LC, AMB, RCH or ATS-CCP has to report (by itself or through a reporting agent) a specified OTC derivative transaction if it is a counterparty to the transaction. The data field "Reporting Party" should reflect the identifying information of the reporting AI/LC/AMB/RCH/ATS-CCP which has the reporting obligation under the Reporting Rules. The information in the "Reporting Party" should be identical to the information in the "Reporting For" which is the Trade Party of the transaction. Whereas the data field "Submitting Party" should reflect the identifying information of the party submitting the trade report, either the Reporting Party or its agent. Reporting entities should refer to the instructions in this SRI and the detailed description of the gazetted data fields in order to provide the correct information for each data field.

98. Per Reporting Rules 10(1)((b), 11(1)(b), 12(1)(c) and 13(1)(b), an AI, LC or AMB has to report (by itself or through a reporting agent) a specified OTC derivative transaction that it has conducted in Hong Kong on behalf of an affiliate. The report should reflect (i) the identifying information of the reporting AI/LC/AMB in the data field "Reporting Party" which has the reporting obligation under the Reporting Rules, (ii) the identifying information of the affiliate in the data field "Reporting For" and (iii) the identifying information of the party submitting the trade report in the data field "Submitting Party". Reporting entities should refer to the instructions in this SRI and the detailed description of the gazetted data fields in order to provide the correct information for each data field.

D.2 Information and particulars relating to the class or type of product to which the transaction belongs

D.2.1 Data field "Asset Class"

99. The value of the data field "Asset Class" is a default value set by the system based on the asset class selected when choosing a template for reporting the transaction. As mentioned in paragraph 96 above, reporting entities should agree on which asset class is the key or primary one when the transaction is

reportable by both counterparties to a trade, and choose which asset class template to use accordingly. This also applies to cases where the transaction involves paper gold (XAU) as it is not our policy intention to prescribe which asset class reporting entities should classify transactions but rather that it be agreed among the counterparties. Reporting entities should also find a reporting template which best captures the trade structure of the trade to be reported. For transactions involving paper gold and a currency, reporting entities may follow market practice in terms of the classification of asset class. As such, if market practice is to treat a transaction with paper gold and a currency as belonging to the FX asset class, the FX template should be used for reporting, provided that the two trade parties agree to that effect.

D.2.2 Data field "Product Taxonomy"

100. The values of the data field "Product Taxonomy" under the Standard template and "OTC Derivatives Product Taxonomy" under the Other template are based on the ISDA Taxonomy List published on 9 January 2015. Reporting entity has to firstly determine if the transaction to be reported suits any of the "Product Taxonomy" values listed under the Standard template, and whether the transaction can be properly reported under the Standard template. If the Standard template is not suitable for reporting the transaction, the reporting entity has to make use of the Other template to report and endeavour to fill in all of the applicable data fields pertinent to the transaction. The data field "OTC Derivatives Product Taxonomy" also has to be populated with the options provided which is the closest to the product in the transaction. The value "Others" under the data field "OTC Derivatives Product Taxonomy" should be selected if none of the other options are suitable for the transaction being reported.

D.2.3 Reporting complex transactions

101. Subject to paragraph 100, when reporting a complex trade or structured transaction, reporting entities should report the transaction following what has been agreed and confirmed among the counterparties based on the confirmation or contract that they executed. For example, if a structured trade involves an Equity Swap and a NDF and the trading parties decided to execute an exotic product contract or confirmation, the reporting entities should follow with the

contract or confirmation basis and report the trade as an exotic product using the Other template. However, if the trading parties decided to break down the trade into two contracts (i.e. one Equity Swap and one NDF), then the reporting entities should report two separate trades according to the two contracts. If a multi-leg complex transaction is confirmed between the trade parties as separate trades with each leg having its own UTI, reporting entities should report each different leg as a separate reporting entry with its UTI. If a complex transaction is confirmed as a single trade with only one UTI, reporting entities should submit one reporting entry with all the legs of the transactions.

D.2.4 Reporting FX Swap

102. When reporting a FX Swap transaction with the Standard template, the trade must be broken down into two Forward transactions and reported as two separate trades as consistent to industry practice. If the near leg of the swap is a spot transaction, reporting entities should still report this near leg, along with the far leg forward transaction and link the two transactions with a unique value in the "Swap ID" data field.

103. For the backloading of FX Swap transactions, reporting entities will not be required to backload the near leg of the FX Swap transaction if the near leg will mature on or before the end of grace period. However, the corresponding far leg is still required to be backloaded if it will not mature on or before the end of grace period. For such cases, the data field "Swap Link ID" can be left blank.

D.2.5 Reporting Zero Notional Swap

104. For reporting swaps which will still be regarded as outstanding when the trade is downsized to zero notional amounts and subject to being upsized again at a later time, the trade that is reported under the Standard template has to be terminated first in the HKTR. When the swap is upsized again, it should be (i) reported as a new trade with the New Trade template or (ii) re-backloaded with the Backloading template (with the Backloading Date populated as the date when the upsize happened). Regardless of whether the New Trade or Backloading template was used, the reporting submission of the upsizing should use the same identifiers of the original trade (e.g. USI, TID). Reporting entities are encouraged to agree with their counterparties on the Trade Date and Effective

Date to be reported to avoid mismatch. If the trade is reported under the Other template, no trade termination is needed but its notional amount has to be amended when downsized to zero and subsequently upsized.

D.3 Dates and periods relating to the transaction

D.3.1 General

105. Reporting entities should refer to and follow the detailed descriptions provided for the data fields as published by the G.N. 3912 on 15 July 2016 when reporting information about dates and periods relating to the transaction.

D.3.2 Data field "Backloading Date"

106. When reporting using the Backloading template, the date of when the trade snapshot being reported should be provided in this field.

D.3.3 Data field "Effective Date"

107. When reporting a credit derivative transaction with a credit index as the underlying asset, it is acceptable for reporting entities to follow market convention and agree with their counterparties to use the issuance date of the credit index as "Effective Date" for the trade.

D.3.4 Data field "Agreement Date"

108. When backloading additional information required under phase 2 reporting for already reported transactions from phase 1 using an Amendment template, it is acceptable to use the backloading submission date as the "Agreement Date" for the reporting entry so that the backloading entry will not be treated as a late submission by the HKTR system. This is the only exception. In all other cases, reporting entries should report the event trade date of the post-trade event (i.e. the date of agreeing the post-trade event). Note that the "last event date" or "date of latest position" is also acceptable for backloading purposes, but using these dates will appear in the late submission report generated by the HKTR system. However, from the compliance perspective, regulators will not treat these entries as late submissions if the "last event date" or "date of latest position" is used for backloading the additional information.

D.3.5 Reporting transactions with open-ended maturity date

109. For certain transactions where there is no specific final maturity date at the time the transactions were entered into (e.g. an open-end total return swap trade), reporting entities should agree with their counterparties and populate the relevant maturity or termination dates of the transaction with "9999-12-31" under both the Standard template and Other template.

D.4 Information and particulars relating to the counterparties to the transaction

D.4.1 Data field "Reference Branch of Trade Party"

110. This has become a mandatory field since 10 July 2016. The intention is to identify, through this field, the location of the branch/office (of that Trade Party) into which the transaction is booked. A transaction always involves two trade parties. The data field "Reporting For" indicates the trade party that the reporting entity is reporting for. "Reference Branch of Trade Party" should be completed with reference to the trade party reported in "Reporting For" (i.e. a reporting entity is only required to fill out the "Reference Branch of Trade Party" field in relation to the trade party it is reporting for but not the other counterparty to the transaction).

111. Report in "Reference Branch of Trade Party" any of the following:
    (i) The Swift BIC code (the first 11 characters) of the branch concerned;
    (ii) A value formed by adding the jurisdiction code stated in Annex 1 (which contains essentially ISO 3166-1 alpha-3 codes) as a prefix to the internal branch code of the trade party; or
    (iii) The jurisdiction code from Annex 1 for the branch concerned (if a trade party has no branch, report the jurisdiction code corresponding to its office location).

112. Some illustrative examples for completing "Reference Branch of Trade Party" (the same treatment should apply for cases where the report is submitted by a reporting agent) are provided below:
    (i) A locally incorporated AI/LC reports an OTC derivative transaction that is booked in Hong Kong. In this case the reference branch should be the Hong Kong branch of the AI/LC. Assuming that due to internal policy the AI/LC prefers to report the Swift BIC code for the Hong Kong branch, this

is acceptable.

(ii) A locally incorporated AI reports an OTC derivative transaction of its branch in Singapore. In this case the reference branch should be the AI's Singapore branch. Assuming that the AI prefers to report the internal branch code of SIN123 for its Singapore branch, the value "SGPSIN123" should be reported. The prefix "SGP" is obtained from Annex 1.

(iii) A foreign incorporated AI reports a transaction that is booked into its Hong Kong branch. In this case the reference branch should be its Hong Kong branch. Assuming that the AI prefers to report the jurisdiction code from Annex 1, "HKG" should be reported.

(iv) A foreign incorporated AI reports a transaction that its Hong Kong branch "conducted in Hong Kong" on behalf of its UK branch (i.e. the transaction is booked into the UK branch). In this case the reference branch should be the UK branch. Assuming that due to internal policy the AI prefers to report the Swift BIC Code for its UK branch, this is acceptable.

(v) An AI/LC reports a transaction that its Hong Kong branch/office "conducted in Hong Kong" on behalf of an affiliate in the US (i.e. the transaction is booked into the affiliate in the US). In this case the trade party is the affiliate of the AI and therefore the reference branch should be the office/branch of the affiliate into which the transaction is booked. For administrative convenience, it is also acceptable for the AI/LC to report the jurisdiction code from Annex 1 corresponding to the principal place of business of the affiliate as an additional option to the ones stated in paragraph 111.

(vi) Assuming in the example in paragraph 112(v) above it is the affiliate of the AI/LC instead of the AI/LC itself that reports the transaction, it remains the case that the affiliate is the trade party and so the reference branch should still be the office/branch of the affiliate of the AI/LC. The same reporting instruction applies.

(vii) Where a company reports an OTC derivative transaction voluntarily to the HKTR, it should also complete "Reference Branch of Trade Party" according to paragraph 111.

(viii) A CCP reports the transactions that it cleared to the HKTR. Most likely a CCP would choose to report the jurisdiction code corresponding to its office location pursuant to the instruction in paragraph 111(iii).

D.4.2 Data field "Desk ID"

113. This has become a mandatory field since 10 July 2016. The intention is to identify, through this field, the location of the trading desk responsible for the decision of entering into the transaction. The trading desk need not belong to any of the trade parties. For example, if an AI/AMB/LC "conducted in Hong Kong" an OTC derivative transaction on behalf of an affiliate, the trading desk is in the AI/AMB/LC whereas the trade party is the affiliate. Report in this field any of the following:
    (i) A value formed by adding the jurisdiction code stated in Annex 1 as a prefix to the internal desk ID of the trading desk concerned; or
    (ii) The jurisdiction code from Annex 1 corresponding to the trading desk concerned.

114. Some illustrative examples for completing "Desk ID" are provided below:
    (i) A bank (whether a local bank or the Hong Kong branch of a foreign bank) entered into an OTC derivative transaction through trading desk HKG123456 in Hong Kong – It can simply report "HKG", which is the jurisdiction code for Hong Kong obtained from Annex 1. Alternatively, if the bank chooses to record its internal desk ID into this field, it should report "HKGHKG123456". The prefix "HKG" is obtained from Annex 1[16]. Same reporting treatment should be adopted no matter whether the transaction is booked in the Hong Kong branch, an overseas branch or an affiliate of the bank (i.e. it does not matter whether it is a "counterparty" or "conducted in Hong Kong" type of transaction).
    (ii) The Singapore branch of an AI incorporated in Hong Kong entered into an OTC derivative transaction domestically through the trading desk 98765 – It can simply report "SGP", which is the jurisdiction code for Singapore obtained from Annex 1. Alternatively, if the AI chooses to record the internal desk ID into this field, "SGP98765" should be reported.
    (iii) Where an institution reports an OTC derivative transaction voluntarily to the HKTR, it should also complete the "Desk ID" field according to paragraph 113. The reporting should be straightforward if the decision of entering into the transaction is made by its own trading desk. Where the

[16] In this case, reporting "HKG123456" (i.e. simply the internal desk ID) is also acceptable because by coincidence the first three digits of the internal desk ID match exactly the relevant jurisdiction code "HKG".

institution does not have a trading desk, simply report the jurisdiction code that reflects the location of its office that made the trading decision. Where the institution has appointed another entity to make the decision of entering into the transaction on its behalf and it only knows the location but not the internal desk ID of the trading desk of that entity, simply report the jurisdiction code from Annex 1 that reflects the location of the trading desk. This treatment is applicable to the case where the institution is an affiliate of an AI/LC/AMB and the entity being appointed to make the trading decision is the AI/LC/AMB.

(iv) A CCP reports the transactions that it cleared to the HKTR. Since a CCP does not have trading desks and therefore does not have any internal desk ID to provide, it should report the jurisdiction code from Annex 1 corresponding to its office location.

115. Reporting entities are reminded to report according to the instructions provided above. For instance, for an OTC derivative transaction transacted through a trading desk in Hong Kong, we would accept an input of "HKG", being the three-letter jurisdiction code stated in Annex 1. We do not accept submissions in any other formats not specified in the SRI. Some unacceptable formats include "Banking", "Hong Kong", "Trading" and "HK".

D.4.3 Data fields "Trade Party 1", "Trade Party 2" and "Reference Branch of Trade Party"

116. A transaction always involves two trade parties, which should be reported in the data fields "Trade Party 1" and "Trade Party 2" respectively. For reporting "Counterparty" based trades, fulfilling the reporting obligation as stated in paragraph 97, it is expected that the reporting entity should keep the consistency and ensure information submitted to either "Trade Party 1" or "Trade Party 2" to be the same as in both the "Reporting For" trade party and the "Reporting Party" trade party (that is the party having the reporting obligation).

117. For reporting "Conducted in HK" trades, fulfilling the reporting obligation as stated in paragraph 98, it is expected that information submitted to the "Reporting For" trade party should be the same as in either the "Trade Party 1" or "Trade Party 2" trade party.

118. For both cases, the data field "Reference Branch of Trade Party" should be completed with reference to the trade party reported in "Reporting For". As such, a reporting entity is only required to fill out the data field "Reference Branch of Trade Party" field in relation to the trade party it is reporting for but not the other counterparty to the transaction.

D.4.4 Data fields "Industrial Sector" and "Counterparty Industrial Sector"

119. The possible values of the data fields "Industrial Sector" and "Counterparty Industrial Sector" has been expanded on 1 July 2017 to include 1. Bank, 2. Non-bank financial sector, 3. Central counterparty, 4. Private non-financial sector, 5. Public sector, 6. Individual and 7. Others. The requirement for reporting entities to populate the data fields with these expanded values will be deferred until further notice as international standards are still being developed. Reporting entities could continue to report in these fields using the existing values "Corporate" or "Individual" until further notice.

D.4.5 Data fields "Buyer" and "Seller"

120. As mentioned in Appendix B of the 15 July 2016 conclusions paper, for transactions where the buyer or seller will change, reporting entities should use the Other template at the outset and for each change in the buyer and seller, it should be reported as a subsequent event also using the Other template. For FX swaps, as mentioned in paragraph 102, the transaction should be reported as two separate Forward transactions and there is no "Buyer" data field when reporting under the Standard template.

D.4.6 Data fields relating to "Payer"

121. When populating the "Payer" data fields in the commodity Standard template, reporting entities should be mindful of whether the relevant underlying commodity specified in the data fields are applicable to the transaction as there are corresponding "Payer" fields with respect to each type of underlying commodity subject to the reporting requirement, i.e. bullion, metal, coal, gas, oil, electricity. For example, when the underlying commodity is a bullion, reporting entities should populate the data field "Bullion Physical Leg Payer",

whereas when it is a metal, the data field "Metal Physical Leg Payer" should be populated. Similar principle applies to other underlying commodities.

D.4.7 Data fields relating to Names

122. Reporting entities are reminded to provide the registered legal name of the party in full. For example, "Bank of East Asia" is not acceptable, but should be entered as "Bank of East Asia, Limited (The)". Reporting entities are only required to report in this format after 1 July 2017, it is not required to correct names reported prior to 1 July 2017.

D.5 Information and particulars relating to the pricing of the transaction

123. When reporting pricing information of a transaction, sometimes reporting entities are required to report information relating to the identifiers of the underlying assets or reference entities/ obligations/ index reference information. The requirement for identifiers is to ensure better data aggregation and harmonization. (As set out in the requirements in the gazette, several types of identifiers are allowed for the underlying assets of equity derivatives and for the reference entity, reference obligation of credit derivatives. The following paragraphs set out how identifiers should be reported in the event that more than one identifier is available. In the case of interest rate, foreign exchange and commodity derivatives, no identifier is required in the data field "Underlying Asset".

D.5.1 Data field "Underlying Asset" in the Equity template

124. When reporting for the data field "Underlying Asset" in either the Equity Standard template or the Equity Other template, the underlying asset involved on which the pricing of the trade is based should be filled in.

125. Where the asset type is a single share, the field value "Share" should be selected in the data sub-field "Asset Type" of the data field "Underlying Asset" when reporting the transaction. However, the field value "Share" can also be used for other single name asset type such as exchange traded fund, warrant or mutual fund when the Standard template is used to report the transaction. The field value "Index" should be selected for transactions involving an index. The field value "Basket" should be selected where the asset type is shares in a basket

or indices in a basket (this applies to reporting using the Other template only).

126. For the sub-field "Exchange ID", if MIC code is not available for a particular exchange, reporting entities may populate the sub-field with the full name of the relevant exchange.

D.5.1.1 Data field "Underlying Asset" in the Equity templates where the asset type is a single share or a basket

127. When reporting the "Identifier Type" of the data fields of underlying assets (including the data field "Underlying Asset" under the Standard template, the data fields "Underlying Asset – Leg 1" and "Underlying Asset – Leg 2" under the Other template) for equity derivatives where the asset type is a single share or a basket, reporting entities should adopt ISIN for reporting if ISIN is available for the underlying share(s).

128. If ISIN is not available for the underlying share(s), reporting entities may select any one of the third party assigned identifiers supported by HKTR (i.e. RIC, SEDOL, CUSIP, Valoren, Bloomberg or SICC). Reporting entities should agree with their counterparties as to which third party assigned identifier to be used for reporting if ISIN is not available. Reporting entities are encouraged to use the same third party assigned identifier for all underlying shares without ISIN to the extent possible.

129. When reporting an asset type of share using the Equity Standard template or Other template where the share is listed on multiple exchanges, reporting entities should populate the sub-field "Exchange ID" with the Exchange ID of the primary exchange of the share.

D.5.1.2 Data field "Underlying Asset" in the Equity templates where the asset type is an index/ indices

130. When reporting the "Identifier Type" of the data fields of underlying assets (including the data field "Underlying Asset" under the equity Standard template, the data fields "Underlying Asset – Leg 1" and "Underlying Asset – Leg 2" under the equity Other template) for equity derivatives where the asset type is an index/ indices, reporting entities should adopt ISIN for reporting if ISIN is

available for the underlying index/ indices.

131. If ISIN is not available for the underlying index/ indices, reporting entities should either (i) select "SingleOther" from the sub-field "Identifier Type" and populate the sub-field "Instrument ID" with the full name(s) of the underlying index/ indices as assigned by the index provider; or (ii) use any one of the third party assigned identifiers supported by HKTR (i.e. RIC, SEDOL, CUSIP, Valoren, Bloomberg or SICC). In either case, reporting entities should agree with their counterparties what is to be used for reporting to avoid mismatch. If a third party assigned identifier is used, reporting entities are encouraged to use the same identifier for other trades with the same underlying index/ indices to the extent possible.

132. When reporting an asset type of index/ indices in the Equity Standard or Other template, the sub-field "Exchange ID" is not applicable and can be left blank.

D.5.2 Data field "Reference Entity" in the Credit templates

133. When reporting the "ID Type" of the data field "Reference Entity" for credit derivatives (including a single reference entity and reference entities in a basket), reporting entities may select RED or Bloomberg codes and report the "Entity ID" correspondingly. Alternatively, reporting entities may leave both of the sub-fields "ID Type" and "Entity ID" blank. Reporting entities should agree with their counterparties as to which third party assigned identifier is to be used for reporting or whether to leave the two relevant sub-fields blank. Reporting entities are encouraged to use the same third party assigned identifier for all reference entities to the extent possible.

134. In any circumstances, when reporting the sub-field "Entity Name", reporting entities should populate the exact full name(s) of the reference entity(ies) as appeared in the confirmation document of the transaction.

D.5.3 Data field "Reference Obligation" in the Credit templates

135. When reporting the "ID Type" of the data field "Reference Obligation" for credit derivatives (including a single reference obligation and reference obligations in a basket), reporting entities should adopt ISIN for reporting if

ISIN is available for the reference obligation(s).

136. If ISIN is not available for the reference obligation(s), reporting entities may select any one of the third party assigned identifiers supported by HKTR (i.e. RED, CUSIP, SEDOL or Bloomberg). Reporting entities should agree with their counterparties as to which third party assigned identifier is to be used for reporting if ISIN is not available. Reporting entities are encouraged to use the same third party assigned identifier for all reference obligations without ISIN to the extent possible.

137. The "Place of Incorporation" of the "Reference Obligation" for credit derivatives refers to the place of incorporation of the reference entity (i.e. the issuer of the reference obligation), not the place of issuance or listing of the reference obligation.

D.5.4 Data field "Index Reference Information" in the Credit templates

138. When reporting the "ID Type" of the data field "Index Reference Information" for underlying credit index/indices, reporting entities should adopt RED for reporting. Although we try to avoid mandating the reporting of proprietary identifiers which require users to maintain commercial arrangements with the providers, we do not believe this will be an issue for credit indices. We understand that counterparties need to subscribe to RED in order to have access to the mappings of the different versions of the series of indices and therefore they should also be able to have access to the relevant RED codes.

139. The "Place of Issuance Reference" of the data field "Index Reference Information" for credit derivatives refers to the place of incorporation of the reference entities of the underlying index of the credit derivatives, not the place of incorporation of the issuer of the index. For example, if the underlying index comprises a group of European reference entities, the "Index Reference Information" should be populated with "Europe". Apart from ISO 3166 country list, this field also supports other values as stated in the AIDG.

D.5.5 Data field "Commodity" in the Commodity templates

140. When reporting for the data field "Commodity" for underlying commodity of

the transaction, reporting entities should populate the subfields "Instrument ID", "Base", "Details", "Unit of Measure", and "Currency" when the relevant information is applicable. For the Commodity Standard template, when "Instrument ID" or information for sub-fields (i.e. "Base", "Details", "Unit of Measure" and "Currency") is applicable, reporting entities should provide such information accordingly. If neither the sub-field "Instrument ID" nor the set of sub-fields "Base", "Details", "Unit of Measure" and "Currency" is applicable, reporting entities should report the transaction using the Commodity Other template.

D.5.6 Data fields relating to multiple underlying assets

141. Some transactions involve multiple underlying assets. If there is more than one underlying asset involved, reporting entities should list all of the relevant underlying assets involved using the Other template, with each underlying asset value separated by a comma, when populating the data field. When reporting Equity basket, as a type of multiple underlying assets, the Equity Other template should always be used, as mentioned in section D.5.1.1 and D.5.1.2. For cases where the field length is insufficient to capture all of the underlying assets involved, please refer to paragraph 94 for the related reporting instructions.

D.5.7 Data field "Initial Price" in the Equity template

142. When reporting equity forwards and contracts for differences, Equity Other template should be used. The forward price of equity forwards and the opening price of contracts for differences should be used to populate the field "Initial Price".

D.5.8 Data field "Option Entitlement" in the FX, Equity and Credit templates

143. For FX options, the units of underlyer per option for the data field "Option Entitlement" should be based on the notional currency and the number of units should be the amount in that currency. The notional currency should be the first currency in the currency pair when sorted alphabetically. For example, an FX option with the currency pair EUR/USD would have the unit as one euro and the number of units would be the amount in euros. If the said option buyer

will receive EUR 1,000,000 upon exercising the option, the data field "Option Entitlement" should be populated with "1,000,000".

144. For equity share options, the data field "Option Entitlement" should be populated with the number of the underlying shares per option. For equity index options, the data field "Option Entitlement" should be populated with the contract multiplier, i.e. the value of each index point movement.

145. For standard credit index options where the market standard is 1 to 1, the data field "Option Entitlement" should be populated with "1".

D.5.9 Data sub-field "Currency" for notional amounts

146. For reporting transactions with notional amounts denominated in CNH, which is not currently in the ISO 4217 list supported by the HKTR, the "Currency" field should be populated with "CNY" first, to be supplemented by populating "CNH" in the data field "Offshore Currency Indicator" which accepts currency codes not supported by the ISO 4217 list. The data field "Offshore Currency Indicator" is not a mandatory data field but is intended to facilitate reporting of transactions involving CNH in response to market participants' request. We expect that "CNH" will be added to the list of supported values under the standard "Currency" data fields in the future.

D.5.10 Reporting IRS Cross Currency Resettable swaps

147. When trading a cross currency swap where its initial exchange rate is subject to reset at a later time (e.g. T+2, T+3), the initial exchange amount will be unknown at trade execution. Therefore, when reporting such transactions to the HKTR, there is no notional amount to be provided. Since notional amount is a required field under the IRS Standard template, reporting entities have to first report this type of trades by using the IRS Other template, where the notional amount can be left blank. Subsequently, when the initial exchange rate is reset, reporting entities should report the corresponding notional amount per the reset rate with the Amendment template.

D.6 Information and particulars relating to the execution of the transaction

D.6.1 Data field “Execution Date Time”

148. The data field “Execution Date Time" is mandatory. Hong Kong time (Coordinated Universal Time (UTC) +8:00) should be used by reporting entities when reporting in the “Execution Date Time” data field. Similar requirements are found in other reporting regimes. We accept that 'trade input time' can be used as a proxy for the field “Execution Date Time” as long as the reporting entities have in place a robust internal control process to ensure all executed trades are inputted into their systems within a reasonable time. Other proxies including 'the time of trade creation' and, if the trade is executed via a broker, the printed time or time stamp on the broker's confirmation are also acceptable. Please note that it is not a matching data field, i.e. reporting parties do not have to agree with their counterparties on the value for input.

149. For avoidance of doubt, it is acceptable not to backload this data field as additional information under phase 2 reporting for already reported transactions from phase 1. However, this information is required for new trades reported under phase 2 reporting.

D.6.2 Data field “Execution Type”

150. When reporting on how a trade is executed, reporting entities should select among the provided values of “Electronic”, “Voice” or “Written” according to their own internal classification based on the detailed description of the values, which follows the FpML standards (please refer to the AIDG). The value “Electronic” refers to an “execution via electronic execution facility, derivatives contract market, or other electronic message such as an instant message”. Examples include emails, and execution via Bloomberg and Reuters dealing. Please note that it is not a matching data field, i.e. reporting parties do not have to agree with their counterparties on the value for input.

D.7 Information and particulars relating to the clearing of the transaction

D.7.1 Information relating to clearing

151. For information relating to the clearing of the transaction, reporting entities should report according to the detailed descriptions as set out in the gazetted data fields.

D.8 Particulars of identifying references assigned to the transaction

D.8.1 General

152. Different identifiers are collected for different purposes by data fields such as "Agent Trade Reference" and "User Trade Reference", "Unique Transaction Identifier (UTI) Indicator", "Unique Transaction Identifier - Unique Trade ID (UTI-TID)". Reporting entities should populate the data fields with the relevant details from their trades according to the description of each data fields selected. For any trades which are associated with an older trade, for instance, in cases of novation, exercise or expiry of option and centrally cleared transactions, where a relevant Prior-UTI or Prior-UTI-TID exists, the input should be provided in the corresponding data field.

D.8.2 Data field "Bilateral Comments"

153. Every trade should carry a unique trade identifier. If a USI exists for the trade, the data field "Unique Transaction Identifier (UTI)" should be populated accordingly. Similarly, this applies for trades where a UTI-TID exists whereby the data field "Unique Transaction Identifier – Unique Trade ID (UTI-TID)" would have to be populated. The "Bilateral Comment" field was originally required for reporting entities to report a "shared and paired" unique trade reference identifier when there is neither a USI nor a UTI-TID for the transaction. However, given the pending implementation of the new international standard for UTI, the requirement to populate the "Bilateral Comments" field will be deferred until further notice.

D.8.3 Data field "Swap Link ID"

154. As mentioned in paragraph 102, an FX Swap trade must be broken down into two Forward transactions and reported as two separate trades. When reporting each separate trade, reporting entities should populate the data field "Swap Link ID" with the identifier of the other Forward transaction so that the separate trades reported will indicate they belong to the same FX Swap trade.

D.9 Information and particulars about any compression relating to the transaction

D.9.1 Data field "Compression"

155. Reporting entities are required to indicate "Yes" in the data field "Compression" if the reported transaction results from an existing trade that was previously reported and that has been amended or terminated as a result of a compression exercise. A reporting entity should use the Amendment template for reporting such cases with the updated notional values and an indication of "Yes" in the "Compression" data field. For the reporting of a termination as a result of a compression exercise, a reporting entity should report with a value of zero in the "Notional Amount" data field in the Amendment template. Alternatively, if a reporting entity wishes to do so, the termination can also be reported using the Partial/ Full Termination templates. For instances where the compression exercise results in a new trade, the reporting entity should use the New Trade template to report with the data field "Compression" also indicated with "Yes". However, the reporting entity will always have to report the compression using the Amendment template as stated above first before reporting the termination using the Termination templates or the new trade using the New Trade templates. A "No" confirmation must be given if compression does not apply to the transaction. In other words, the field "Compression" cannot be left blank.

D.10 Information and particulars relating to the valuation of the transaction

156. When reporting information relating to the valuation of a transaction, reporting entities should populate the mandatory data fields "Valuation Date Time", "Valuation Value" and "Valuation Type". When reporting the data field "Valuation Type", if the reported transaction is centrally cleared, the reporting entity should select the value "CCP Valuation" for the data field; if the valuation is mutually agreed between the two counterparties to the trade, even if the mutually agreed valuation comes from marking to model, the value "Mark-to-Market" should be selected; if the valuation is based on internal references, the value "Mark-to-Model" should be selected. Reporting entities have the option to report internal valuations first where valuations are not agreed within T+2, thereby reporting the value "Mark-to-Model" in the "Valuation Type" data field, and to update the field value to "Mark-to-Market" if and when subsequently the reporting entities reached a mutually agreed valuation with their counterparties. However, it is not required for the

reporting entities to retrospectively amend the previously provided valuation figures owing to such subsequent mutual agreement. Discrepancies in valuations are also allowed, as long as they are in line with the threshold stipulated by the Risk Mitigation Standards (RMS)." The RMS can be found in the Supervisory Policy Manual (SPM) module CR-G-14 "Non-centrally Cleared OTC Derivatives Transactions – Margin and Other Risk Mitigation Standards" issued by the Hong Kong Monetary Authority. For transactions not covered by the RMS, it is recommended the reporting entities refer to the guidance stipulated by the RMS as well, although it is not a mandatory requirement.

157. When reporting the valuation of a FX swap, the valuations of the near leg and the far leg have to be reported separately as they are broken down for reporting as separate trades as highlighted in paragraph 102 above.

D.10.1 Data field "Valuation Date Time"

158. Hong Kong time (UTC+8:00) is adopted for the input of the data field "Valuation Date Time".

Hong Kong Monetary Authority
16 August 2017

Annex 1 - Frequently-used jurisdiction codes for reporting the prefix for certain data fields* (ISO 3166-1 3-letter country codes)

***"Desk ID"and "Reference Branch of Trade Party"**

Jurisdiction	Prefix Code
Australia	AUS
Austria	AUT
Bahamas	BHS
Bahrain	BHR
Bangladesh	BGD
Belgium	BEL
Brazil	BRA
Brunei	BRN
Canada	CAN
Cayman Islands	CYM
Chile	CHL
China	CHN
France	FRA
Germany	DEU
Hong Kong	HKG
India	IND
Indonesia	IDN
Italy	ITA
Japan	JPN
Jersey	JEY
Liechtenstein	LIE
Luxembourg	LUX
Macau	MAC

Jurisdiction	Prefix Code
Malaysia	**MYS**
Maldives	**MDV**
Mauritius	**MUS**
Netherlands	**NLD**
New Zealand	**NZL**
Pakistan	**PAK**
Philippines	**PHL**
Qatar	**QAT**
Republic of Latvia	**LVA**
Singapore	**SGP**
South Africa	**ZAF**
South Korea	**KOR**
Spain	**ESP**
Sri Lanka	**LKA**
Sweden	**SWE**
Switzerland	**CHE**
Taiwan	**TWN**
Thailand	**THA**
United Arab Emirates	**ARE**
United Kingdom	**GBR**
United States	**USA**
Vietnam	**VNM**
Any other jurisdiction	**Please refer to ISO 3166-1 3-letter country code of the corresponding jurisdiction: https://www.iso.org/obp/ui/#search/code/ (On the left, choose officially assigned codes for the Code Type to access the 3-letter codes)**