



29 December 2015

The Chief Executive
All Regulated Entities

Dear Sir/Madam,

OTC Derivatives Trade Repository of the HKMA
New Phase of System Implementation

I am writing to inform you that a new phase of the over-the-counter (OTC) derivatives trade repository of the HKMA (HKTR) is scheduled for launch in May 2016 and a revised settlement arrangement for fees and charges for making use of the Reporting Service is introduced. In the new phase, new reporting product scope will be introduced to the HKTR, and refinements to existing reporting procedures and technical specifications will be made to cope with latest market developments and regulatory requirements, in particular those set out in the "Consultation paper on introducing mandatory clearing and expanding mandatory reporting" (Consultation Paper) issued jointly by the HKMA and the Securities and Futures Commission (SFC) on 30 September 2015.

New products

After the introduction of nineteen OTC derivative products for reporting, the product scope of the HKTR will be further expanded in the new phase to cover all remaining OTC derivative products, including products in new asset classes (i.e. commodity and credit) as well as exotic products.

Data fields for reporting of valuation information

Apart from adding new reporting products, the new phase will add a number of data fields to support the reporting of valuation information of OTC derivative transactions which is a new feature requested by the local regulatory authorities. Details of the relevant regulatory requirements can be found in the Consultation Paper.

Refinements to procedures and technical specifications for reporting

The HKTR will also take this opportunity to refine certain procedures and technical specifications for reporting to cope with market needs and developments. For example, some data fields will be made more accommodative and new enumerated values will be supported for some existing fields. Reporting entities should note the refinements and make corresponding changes to their reporting procedures or systems, if necessary.

The list of new reporting products and the new data fields for reporting valuation information of transactions (collectively referred to as "New Features") are all set out in the updated Administration and Interface Development Guide (AIDG) attached to this letter. Reporting entities, however, should note that the New Features may not immediately come under the mandatory reporting requirements when they are launched, and should pay attention to the progress of the introduction of the relevant regulations and rules by the regulatory authorities.

Transition from existing to new reporting standards

Though the New Features may not be subject to mandatory reporting immediately after launched, reporting institutions are encouraged to review the specifications and make preparations as soon as possible to ensure that they will be ready when the mandatory reporting requirements on them start to apply. The HKTR will make available a testing environment from the second quarter of 2016 for interested institutions to simulate reporting on the New Features on a voluntary basis. Details of the relevant testing arrangement will be announced in the first quarter of 2016.

New reporting requirements have been incorporated in the latest version of AIDG

	AIDG v1.4.1	AIDG v1.4.2	AIDG v1.5
4 products introduced in August 2013	Yes	Yes	Yes
15 products introduced in September 2014	Yes	Yes	Yes
2 new asset classes products (Credit and Commodity) and all other derivative products, and valuation information reporting to be supported in May 2016	No	No	Yes
Incorporated the 10 July 2015 Reporting Rule requirements	No	Yes	N/A
Incorporated the expanded mandatory reporting requirements in the Consultation Paper	No	No	Yes

For the list of the products supported / to be supported in HKTR, please refer to the Annex 1 for more information.

Settlement arrangement

To simplify and standardise the settlement procedure, the fees and charges for making use of the Reporting Service will only be settled via the autodebit facility provided by a bank in Hong Kong. The settlement via a designated account at a CMU Member bank will no longer be available. TR Members are required to provide their authorisations, autodebit accounts and payment limits by completing the Direct Debit Authorisation (DDA) form. TR Members do not

need to obtain the DDA form from their appointed banks in Hong Kong. The DDA form will be provided by the HKTR in due course. TR Members should submit the completed DDA form to their appointed banks and copy to the HKMA.

If there are any questions about the mandatory reporting requirements, please contact the Banking Policy Department of the HKMA at (852) 2878 1279 / email: (bpd_otc@hkma.gov.hk) (for Authorized Institutions); the Payment Systems and Oversight and Licensing Division of the HKMA at (852) 2878 1470 / email: (ivan_yy_lam@hkma.gov.hk) (for Approved Money Brokers); or the Supervision of Markets Division of the SFC at (852) 2231 1222 / email: (otc_enquiries@sfc.hk) (for other entities). For questions about the service and operation of the electronic reporting system, training and simulation tests, please contact the HKTR at (852) 8100 3115 or email to hktr@hkma.gov.hk.

Yours faithfully,



Stanley Chan

Head, Payment Systems Operation Division
Financial Infrastructure Department

Encl.

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

HKTR Reporting Service Product Scope

The following are the products supported by the Reporting Service of the HKTR:

Interest rate derivatives

Product Type	Product Sub-Type	Introduced in July 2013	Introduced in September 2014	To be introduced in May 2016
Single Currency Interest Rate Swap	Floating vs Fixed	✓ (deliverable, non-deliverable)	✓ (cancellable, amortization schedule, early termination)	-
	Basis Swap (Floating vs Floating)	✓ (deliverable)	✓ (non-deliverable, cancellable, amortization schedule, early termination)	
	Overnight Index Swap ¹ (Floating vs Fixed)			
	Fixed vs Fixed	-	✓ (deliverable, non-deliverable, cancellable, amortization schedule, early termination)	
	Inflation Swap	-		
Cross Currency Interest Rate Swap	Floating vs Fixed	-		
	Fixed vs Fixed	-		
	Basis Swap (Floating vs Floating)	-		
CapFloor		-	✓ (deliverable, non-deliverable, amortization schedule, early termination)	
FRA		-	✓	
Option	Swaption	-	✓	
Other	(All Interest Rate derivatives products)	-	-	✓

¹ Overnight Index Swap with floating vs floating legs to be reported as Basis Swap

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Foreign exchange derivatives

Product Type	Introduced in July 2013	Introduced in September 2014	To be introduced in May 2016
Non-Deliverable Forward	✓	-	-
Forward ²	-	✓	
Non-Deliverable Option	-	✓	
Vanilla Option	-	✓	
Other (All Foreign Exchange derivatives products)	-	-	✓

² FX swaps to be reported as two FX forward transactions

Equity derivatives

Product Type	Product Sub-Type	Introduced in July 2013	Introduced in September 2014	To be introduced in May 2016
Swap	Price Return Basic Performance (Single Index and Single Name)	-	✓	-
	Parameter Return Variance (Single Index and Single Name)	-	✓	
	Parameter Return Dividend (Single Index and Single Name)	-	-	✓
Option	Price Return Basic Performance (Single Index and Single Name)	-	✓	-
Other	(All Equity derivatives products)	-	✓	

HKMA OTC Derivatives Trade Repository

Credit derivatives

Product Type	Product Sub-Type	To be introduced in May 2016
Single Name	Corporate	✓
	Sovereign	
Index Tranche	CDX	
	iTraxx	
Index	CDX	
	iTraxx	
Other	(All Credit derivatives products)	

Commodity derivatives

Transaction Type	Trade Leg Type	To be introduced in May 2016
Swap	Fixed Float	✓
	Float Float	
	Float Coal / Gas / Oil / Electricity	
	Fixed Coal / Gas / Oil / Electricity	
Option	Financial Option	
	Fixed Bullion / Metal	
	Average Bullion / Metal	
Forward	Fixed Bullion / Metal	
	Average Bullion / Metal	
Other	(All Commodity derivatives products)	

For Product Type "Other" under all supported asset classes, a simplified excel template plus uploading of supplementary documents (e.g. file in PDF format) is supported.