

**MEMO# 28605**

December 22, 2014

# **ICI Global Comment Letter to HK Authorities on Further Consultation on Reporting and Recordkeeping Obligations for OTC Derivative Transactions**

[28605]

December 22, 2014

TO:

DERIVATIVES MARKETS ADVISORY COMMITTEE No. 89-14  
ICI GLOBAL MEMBERS No. 58-14  
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 5-14  
INTERNATIONAL MEMBERS No. 49-14

RE:

ICI GLOBAL COMMENT LETTER TO HK AUTHORITIES ON FURTHER CONSULTATION ON REPORTING AND RECORDKEEPING OBLIGATIONS FOR OTC DERIVATIVE TRANSACTIONS

ICI Global submitted a comment letter in response to a further consultation by the Hong Kong Monetary Authority (“HKMA”) and the Securities and Futures Commission (“SFC”) on reporting and recordkeeping rules for OTC derivative transactions. [\[1\]](#) The Consultation Paper includes a summary of comments received on the proposals for the mandatory reporting and related recordkeeping requirements for OTC derivatives, [\[2\]](#) the HKMA and the SFC’s responses to those comments, their conclusions, and a request for further comment on three particular matters.

In the letter, ICI Global addresses one of the matters raised by the HKMA and the SFC for further consultation – the proposal to define products traded on US swap execution facilities (“SEFs”) and EU multilateral trading facilities (“MTFs”) as “OTC derivatives,” which would subject these products to the Hong Kong (“HK”) reporting and recordkeeping rules. The letter argues that US SEFs should be included in the list of markets based outside of Hong Kong for which products traded on these markets would be excluded from the definition of

“OTC derivative” and not be subject to the HK reporting requirements. In addition, the letter urges the HKMA and the SFC to consider carefully whether MTFs also should be included in the list when the European Union adopts final rules governing MTFs.

Jennifer S. Choi  
Senior Associate Counsel Securities Regulation

#### [Attachment](#)

#### **endnotes**

[1] Consultation Conclusions and Further Consultation on the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules (November 2014), available at <http://www.sfc.hk/edistributionWeb/gateway/EN/consultation/conclusion?refNo=14CP6> (“Consultation Paper”). For a summary of the Consultation Paper, see ICI Memorandum No. 28545 (Dec. 2, 2014), available at [http://www.ici.org/my\\_ici/memorandum/memo28545](http://www.ici.org/my_ici/memorandum/memo28545).

[2] Consultation Paper on the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping) Rules (July 2014), available at <http://www.sfc.hk/edistributionWeb/gateway/EN/consultation/openFile?refNo=14CP6> (“Original Consultation”). For a summary of ICI Global’s comment letter on the Original Consultation, see ICI Memorandum No. 28349 (Aug. 28, 2014), available at [http://www.ici.org/my\\_ici/memorandum/memo28349](http://www.ici.org/my_ici/memorandum/memo28349).