

MEMO# 28571

December 12, 2014

Draft ICI Global Comment Letter to HK Authorities on Further Consultation on Reporting and Recordkeeping Obligations for OTC Derivative Transactions; Member Feedback Requested by Thursday, December 18

[28571]

December 12, 2014

TO: DERIVATIVES MARKETS ADVISORY COMMITTEE No. 86-14

ICI GLOBAL MEMBERS No. 57-14

ICI GLOBAL TRADING & MARKETS COMMITTEE No. 4-14

INTERNATIONAL COMMITTEE No. 42-14 RE: DRAFT ICI GLOBAL COMMENT LETTER TO HK AUTHORITIES ON FURTHER CONSULTATION ON REPORTING AND RECORDKEEPING OBLIGATIONS FOR OTC DERIVATIVE TRANSACTIONS; MEMBER FEEDBACK REQUESTED BY THURSDAY, DECEMBER 18

Recently, the Hong Kong Monetary Authority (“HKMA”) and the Securities and Futures Commission (“SFC”) issued a paper 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 draft 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 these types of transactions should not be included in the definition of “OTC derivatives” and be subject to the HK reporting requirements.

A copy of the draft comment letter is attached for your review. If you have any comments on the draft comment letter, please provide them to Jennifer Choi at jennifer.choi@ici.org.

We are requesting member comments by Thursday, December 18.

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.

[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.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.