

Answers and reply to the consultation paper on the proposed regulatory regime for the over-the-counter derivatives market in Hong Kong by SinoPac Securities (Asia) Limited

- Q1. If the aim of proposal is to regulate the wholesale market of OTC derivatives, further deliberation of the pros and cons are needed, as the Hong Kong wholesale market is functioning well over the years up to this moment unlike other developed markets such as United States which are in need of change and further regulation.
- Q2. We are fine with the proposed division as long as the rules are the same and both regulators apply the rules in the same way.
- Q3. We agree with the phased approach if regulations are really needed.
- Q4. Agreed.
- Q5. No comment.
- Q6. The reporting threshold for persons other than AIs and LCs should be net positions only, and the threshold should be high enough of only catching the very big player in the market.
- Q7. No comment.
- Q8. No comment.
- Q9. No comment.
- Q10. No comment.
- Q11. Agreed. We are of the view that parties should be free to decide and able to trade products in organised platform or not based on their own choice legally and economically.
- Q12. The threshold of becoming CCP member should be as low as possible.
- Q13. The conceptual distinction between OTC derivatives and securities should clear enough that the proposed regulation will not be confused with the existing Type 1 dealing in securities regulatory activity.
- Q14. The reporting threshold should be high enough so as to catch only the very big players in the market.