

Comments to the Securities and Futures Commission on the OTC derivatives regime for Hong Kong- proposed scope of new/expanded regulated activities and regulatory oversight of systemically important players

Please refer below for our opinion:

Question 1:

Do you have any comments or concerns about our proposals for how the initial ambit of the new type 11 RA should be cast, and the specific activities to be excluded from its scope? If you consider additional carve-outs are needed, please elaborate with justification.

Response:

No.

Question 2:

Do you have any comments or concerns about our proposals on how the provision of ATS (for OTC derivatives) by AIs and AMBs should be regulated?

Response:

No.

Question 3:

Do you have any comments or concerns about our proposals for how the initial ambit of the new Type 12RA should be cast, and the specific activities to be excluded from its scope?

Response:

No.

Question 4:

Do you have any comments or concerns about our proposals for expanding the scope of the exciting Type 9RA?

Response:

No.

Question 5:

Do you have any comments or concerns about our proposed transitional arrangements for the new Type 11 and Type 12 RAs, and for the expanded Type 9 RA?

Response:

The proposed transitional period of four to six weeks is not in line with the Commission's standard license processing time of eight to fifteen weeks. The transitional period should be streamlined to be more in line with standard practise.

With respect to the licensing requirement for Type 11 and Type 12 RA's, a detailed illustration on the competency requirements for the Responsible Officers should be issued and similar to fund managers, a parametric approach should be adopted for the Responsible Officers.

For existing Type 9 registrants, if they want to expand the scope of their work to include OTC derivatives, the Commission should specify whether they should apply for a condition in addition to their existing license and detail the procedures for the application.

Question 6:

Do you have any comments or concerns about our proposals for how SIPs should be identified and regulated?

Response:

No.

For enquiry of the comments above, please contact

Yours faithfully,

KINETIC PARTNERS (Hong Kong) Limited