

To: mdd@hkma.gov.hk

cc:

bcc:

From:

Date: 31/08/2012 03:54 PM

Subject: Comment on Supplemental consultation on the OTC derivatives regime for Hong Kong - proposed scope of new/expanded regulated activities and regulatory oversight of systemically important players

Dear Sir / Madam,

For the comment on the supplementary consultation on the OTC derivatives regime for HK - Proposed scope of new/expanded regulated activities and regulatory oversight of systemically important players, please refer to the points as follow:

- For the proposed transitional arrangement for new RAs (Type 11 and Type 12) and expanded RA (Type 9), AIs are exempted for these registration but the intermediaries that work for AIs are not be exempted. We proposed that "Grandfather Rule" should be applied to the intermediaries in AIs as AIs were regulated and licensed under HKMA.
- The proposed transitional period is 4-6 weeks, it seems to be too short and it would be better extend to 3 months or above.

Furthermore, we would like to take this chance to express our views on the consultation conclusion on the Proposed Regulatory Regime for the OTC Derivatives Market in Hong Kong issued on July 2012:

- For the definition of "Originated or executed" of transaction mandatory reporting, proposed that more examples and scope of explanation required to facilitate our operations to meet with compliance issues. And the detailed reporting procedure guidelines for bank reference as well.
- For "Hong Kong Nexus", please provide more examples and detailed explanation for elaboration.
- For "Commercial Users", more detailed guideline on the requirement or obligations of AIs to fulfill the exemption requirement (e.g. supporting documents required from customer to identify their "hedging purpose").
- Extension on the grace period for mandatory clearing, properly 6 months as 3 months is too short.
- Training and information sessions to market participants for more detailed understanding on the regulatory requirement and CCP operations.

Please withheld our name from publication.

If there are any enquiries, please contact

Thanks & Regards,