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December 23, 2014

Financial Stability Surveillance Division  
Hong Kong Monetary Authority  
55/F Two International Finance Center  
8 Finance Street, Central  
Hong Kong  
Via Email: [fss@hkma.gov.hk](mailto:fss@hkma.gov.hk)

**Re: Consultation Conclusions and Further Consultation on the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules (“Consultation Paper”) - November 2014 issued by the Hong Kong Monetary Authority (“HKMA”) and Securities and Futures Commission (“SFC”)**

Dear Sir or Madam,

On behalf of the Depository Trust and Clearing Corporation (“DTCC”), we appreciate the opportunity to comment on the Consultation Paper.

#### **DTCC’s Repository Service**

DTCC operates companies that provide trade reporting around the world. These companies and the countries in which they are incorporated are listed below:

DTCC Data Repository (U.S.) LLC	(“DDR”)	United States
DTCC Derivatives Repository Ltd.	(“DDRL”)	United Kingdom
DTCC Data Repository (Japan) KK	(“DDRJ”)	Japan
DTCC Data Repository (Singapore) Pte Ltd	(“DDRS”)	Singapore

DDR, DDRJ and DDRS are licensed and are actively engaged in operating as trade repositories at present in their countries of incorporation. DDR is now licensed as a trade repository in Canada by the Ontario Securities Commission, Manitoba Securities Commission and Autorité Des Marchés Financier respectively, to meet reporting compliance on October 31, 2014. DDRS has applied to the Australian Securities and Investments Commission to be licensed as a foreign trade repository in Australia and has received its license to support reporting compliance on October 1, 2014. DDRL is licensed to operate as a trade repository by the European Securities and Markets Authority (“ESMA”) under European Market Infrastructure Regulation (“EMIR”) and is also licensed as an FCA service company and offers trade repository services for voluntary reporting. DDRL is acting as an agent to facilitate banks and licensed corporations to report their trades to the Hong Kong Trade Repository (“HKTR”).

DTCC through its subsidiaries offering the Global Trade Repository service is the only company that supports regulatory reporting in the Asia-Pacific region for all five major derivatives asset classes,

including credit, interest rates, equities, FX and commodities. It now processes two million submissions a week from across the region.

Attached are our comments to the Consultation Paper. DTCC welcomes the opportunity to discuss these comments with HKMA in greater detail if you so desire.

Yours Sincerely,

DTCC Data Repository (Singapore) Pte. Ltd

**1. THE REPORTING OF VALUATION TRANSACTION INFORMATION**

- 1.1. DTCC understands that the information reporting entities will be required to report is aligned to requirements in other jurisdictions, thus have no further comments on the proposed definitions.
- 1.2. DTCC does not have any comments on the proposed timing and scope.
- 1.3. DTCC does not have any comments on the proposal regarding transactions that are cleared through a CCP. The proposed approach in relation to non-centrally cleared transactions is not aligned to other jurisdictions and we feel this approach may be difficult to implement for the industry. We suggest that the HKMA conduct further research to consider the impact of this proposal on the industry and align the requirements with other jurisdictions.
- 1.4. DTCC is appreciative that the HKMA and SFC decided to propose valuation requirement to be implemented around Q1 2016. However, due to multiple other regulatory initiatives in 2015 and 2016, DTCC would highly encourage the HKMA and SFC to finalise the requirement to provide sufficient lead time for the industry to comply. Further, DTCC supports the intention to only require regulated entities (i.e. AIs, AMBs, LCs, RCHs and ATS-CCPs) to report valuation transaction information during the first phase.
  - 1.4.1. Based on our experience, both the industry and agents would need to plan operationally, financially and technologically well in advance for a new requirement introduced to a jurisdiction. Although the HKTR would release the technological specifications prior to the publication of the reporting requirement, clarification that could halt technological builds would usually arise during the consultation period. As such, the industry and agents may not be able to commence on the final build until the final publication is released.
  - 1.4.2. It should be noted that any change of requirements would require a round of internal and industry testing. DTCC would prefer to allow for a 6 to 8 weeks testing period between itself and the industry. Based on experience, shortened timeframe exposes the industry to resource constraints and technological risk in trying to meet the compliance reporting requirements.

**2. THE PROPOSED LIST OF JURISDICTIONS TO BE DESIGNATED BY THE SFC FOR THE PURPOSES OF THE MASKING RELIEF**

- 2.1. DTCC does not have any comments on this proposal other than to encourage robust dialogue with impacted stakeholders regarding the designated jurisdictions coverage.

**3. THE PROPOSED LIST OF MARKETS AND CLEARING HOUSES TO BE PRESCRIBED BY THE FINANCIAL SECRETARY FOR THE PURPOSE OF THE DEFINITION OF "OTC DERIVATIVES PRODUCT"**

- 3.1. DTCC does not have any comments on this proposal other than to encourage robust dialogue with impacted stakeholders regarding the list of proposed markets and clearing houses to be prescribed.