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**Hong Kong Monetary Authority  
Securities and Futures Commission**

*Submitted via email*

**Re: Response to Joint consultation paper on enhancements to the OTC derivatives regime for Hong Kong to– (1) mandate the use of Legal Entity Identifiers for the reporting obligation, (2) expand the clearing obligation and (3) adopt a trading determination process for introducing a platform trading obligation**

20 April 2018

Bloomberg, L.P.'s<sup>1</sup> Open Symbology Group ("Bloomberg") thanks the Hong Kong Monetary Authority ("HKMA") and the Securities and Futures Commission ("SFC") for the opportunity to respond to the Consultation Document (the "Consultation") regarding the OTC Derivatives regime for Hong Kong.

Bloomberg supports open cooperation between the industry and regulatory authorities with the goals of providing transparency, enabling safe and efficient markets, and improving the overall data quality within financial services. Our industry experts work closely with the industry and regulators towards these goals, participating as members, committee chairs and convenors for industry working groups, and standards organizations.

Bloomberg does not currently have direct trade reporting obligations in Hong Kong, though some of our clients do have such obligations. Bloomberg provides LEI issuance and management services globally, as an accredited Local Operating Unit ("LOU") of the GLEIF. Bloomberg LEI includes a Hong Kong based team who can assist with LEI issuance and management in the Hong Kong market.

Please find Bloomberg's responses to the Consultation questions below.

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<sup>1</sup> Bloomberg, L.P., the global business and financial information and news leader, gives influential decision makers a critical edge by connecting them to a dynamic network of information, people and ideas. The company's strength – delivering data, news and analytics through innovative technology, quickly and accurately – is at the core of all Bloomberg services, which provides real time financial information to more than 325,000 subscribers globally. Bloomberg has deep experience with entity and product identification based on our status as an accredited LOU issuing Legal Entity Identifiers ("LEI") in over 200 countries, development of the Financial Instrument Global Identifier ("FIGI") open symbology, and our decades of experience with managing data pursuant to other symbologies used by our customers that spans entity, instrument, analytic, pricing, and news data. The comments set forth herein are based on Bloomberg's significant expertise in transaction reporting, data management, and analytics.

# Bloomberg

## Bloomberg Responses to Consultative Document Questions

**Q1. Do you have any comments or concerns about how we propose to mandate the use of LEIs in OTC derivatives trade reporting? Where appropriate, please separate your comments and concerns for the two phases and the treatment of trades that have already been reported to the HKTR.**

Bloomberg fully supports the proper use and application of the Legal Entity Identifier, ISO 17442 (LEI), and appreciates HKMA and SFC's efforts to adopt and promote the use of global standards. Fit for purpose standard identifiers covering both entities and financial instruments are vital for trade reporting and effective data aggregation. Additionally, Bloomberg appreciates HKMA's current regime of flexibility, allowing for the use of various entity identifiers, which recognizes local market practices that may be embedded in systems and infrastructures of the HKTR's users.

We would agree that the entities, detailed in paragraph 28(a), 28(b), 28(c), 28(d) and 28(e), are likely to be more familiar with the LEI in practice, and in some cases to already be using it to discharge reporting obligations in various jurisdictions. However, studies by the Global LEI Foundation has shown that the issuance of LEI to entities in Hong Kong, and the Asia-Pacific region in general, lags significantly behind Europe and North America. So while awareness may exist, actual engagement and plans to request and maintain LEI's by firms may still be less mature.

As an LOU, Bloomberg has performed outreach specifically in the Asia-Pacific region, and continues to actively promote the adoption of LEI globally.

As paragraph 31 acknowledges, the smaller sized entities defined under paragraph 28(f), may be less impacted so far by the LEI, and it is right to provide more time for them to obtain LEIs.

In regards to natural persons issues discussed in paragraph 36, Bloomberg agrees that LEI is not applicable for identifying natural persons, and agrees with the recommendation to keep the current treatment unchanged.

In regards to identifying natural persons, Bloomberg is encouraging a global industry and regulatory joint study for creating a system for identification of natural persons. Identification of a natural person introduces complex issues. Three primary issues are; 1) data quality in regards to changing roles and use cases, 2) anonymity and the necessary data and privacy protections that need to be considered globally, and 3) the applicability of this across industries is not just limited to financial services. Therefore, any solution should look to create a system that takes into account common needs across financial services, healthcare, government, and other industries.

Bloomberg does currently employ a Global Persons Identifier ("GPI"), which is a semantically meaningless, 21 character identifier for natural persons. This GPI allows Bloomberg, and any other firms or regulators using the GPI, to identify the person involved in either the decision-making behind a trade or the actual transaction regardless of whether or not that person is a Bloomberg user, yet does not innately contain any sensitive or identifying information about the underlying person or nationality, preserving anonymity.

### Phase 1

# Bloomberg

Paragraph 29 indicates a first phase be implemented that would provide a 6 month gap (window) between publication of the conclusions to the consultation and implementation of the requirement to use LEI for the specified entities.

Understanding normal system development lifecycles, and the cyclical nature of budget and planning processes, we would comment that a year window may be more appropriate. Additionally, firms that are unfamiliar with LEI may need help to understand how it differs from something they may be using today, such as the BIC, and how to implement LEI properly. HKMA could feasibly begin monitoring LEI compliance beginning at the 6 month window in so that any particular entities or parties that are lagging can be identified.

From experience in other jurisdictions, parties to a transaction reportable to HKMA that may not be directly subject to HKMA or SFC oversight may not be aware of the obligation to have a LEI. Paragraph 38 notes that a "No LEI, no Trade" stance will be encouraged after the two phases of implementation, but in effect this would become a practical requirement after the first phase, in the case of the parties required in 28(a) to 28(e). While the "No LEI, No Trade" stance provides motivation for firms to encourage their trading partners and service providers to obtain LEI's, and the process for attaining an LEI is efficient and quick<sup>2</sup>, there still is the potential an occasional counterparty may not be identified in due course.

Providing a 'soft launch' at the 6 month window, with a monthly compliance rating for reporting firms can provide transparency to reporting firms on where they may need to focus their efforts in encouraging their partners to obtain the proper LEI. It would also serve as an effective awareness tool and promotion mechanism for adoption. HKMA could then elect to revise or accelerate the deadline at that point.

## **Phase 2**

The date for Phase 1 compliance is based off a gap period after publication of findings, yet Phase 2 is determined via a specific date. It would be more consistent to base Phase 2 off the same methodology. Taking into account the above recommendation of a monthly 'compliance rating', this could be extended to those parties within 28(f), as well. If such a method is taken, then our suggestion would be to provide a 6 month gap starting from the beginning of Phase 1 compliance; i.e. 18 months after publication of the consultation results. The staging would then appear as;

- a. Publication
- b. 6 Months; soft compliance, with monthly report card
- c. 12 Months; mandate for 28(a) through 28(e), based on study feasibility
- d. Continued monthly report card
- e. 18 Months; mandate for 28(f)

## **Trades already reported**

The methodology proposed in paragraphs 32 and 33 in regards to trades already reported appear sound and fair.

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<sup>2</sup> During the final weeks before MiFID II, Bloomberg's LOU provided the one of the fastest issuance turnaround times, and had the latest cutoff for guaranteed issuance, without increasing costs or introducing any 'priority pricing' policies. Bloomberg LOU also operates a live customer service support staff.

# Bloomberg

**Q2. Will you have any difficulties adopting the use of LEIs in OTC derivatives trade reporting according to the proposed timelines? If so, please provide details of your difficulties.**

As noted earlier Bloomberg does not itself have a direct reporting obligation under these regulations. We do, however, work closely with many clients who will be impacted by this change. In addition, as part of our Bloomberg LOU, we have a team based locally that can assist participants with obtaining and maintaining LEIs, via live phone support, and email.

**Q3. Do you have any comments or concerns about our proposal to include the full range of IRS denominated in AUD under Phase 2 Clearing, ie, fixed-to floating swap, basis swap and OIS? If you do, please provide specific details.**

Bloomberg does not see any barrier for firms to clear on the noted IRS range of products. We agree that there is depth and liquidity in and outside the Hong Kong market. Bloomberg assigns the open-source Financial Instrument Global Identifier (FIGI)<sup>3</sup> to a wide range of curves, indexes, tenors and fixed maturity dated OTC instruments. There is no requirement to be a Bloomberg customer or user to access or use the FIGI and associated metadata.

Bloomberg leverages its deep experience in OTC instruments, as well as standard listed equities, fixed income and futures and options in providing a framework for identifying these complex financial instruments. To help illustrate this, we offer examples of this structure that corresponds to the instrument types included under Phase 2 Clearing.

The general structure Bloomberg follows in assigning FIGIs to various OTC instruments takes into consideration various components.

On a high level, these are;

- Curve: Corresponds mostly to an aggregate level in line with current CPMI-IOSCO UPI specifications. Specifically, asset class, instrument type, and underlying index(es), currencies, and/or target instrument (i.e. equity, fixed income, etc.). For example, an IRS Basis USD - LIBOR 3M v USD-LIBOR 6M fixing curve.
- Tenor: Corresponds to a specific tenor on the curve. So, the 3M, 6M, 1Y, 2Y, 3Y, 5Y, 10Y, 20Y, 30Y tenor points on the above referenced Basis Swap curve. The metadata associated with any specific tenor would include the curve-related metadata, as well as the specific tenor notation.

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<sup>3</sup> FIGI is an international standard of the Object Management Group (OMG.org), an international technical standards consortium known globally for standards like CORBA and UML. Bloomberg acts as the Registration Agent and Certified Provider for the FIGI standard on behalf of OMG, and as nominated by the OMG's Financial Domain Task Force.

As Registration Agent, Bloomberg is responsible for the integrity and quality of the standard, and ensuring the FIGI and its associated metadata remains free and open, without any restrictions on use or redistribution, and without any terms, as specified under the MIT Open Source license.

As Certified Provider, Bloomberg issues FIGIs based on a publicly available allocation methodology. The FIGI standard provides for the existence of multiple Certified Providers, provided they meet the standards of the OMG's Financial Domain Task Force.

# Bloomberg

- Fixed Maturity Date. Where a particular tenor is executed, the expiry date becomes fixed for the purposes of ongoing lifecycle management (NAV, etc.). In this case, the metadata would include the curve-related metadata, as well as the specific fixed maturity date (i.e. 02March2025 for a 20-year basis swap executed on 02March2005).

This fixed maturity date representation can relate, loosely, to what is being produced as the 'OTC-ISIN' by the Derivatives Service Bureau, the Special Purpose Vehicle created by ANNA (Association of National Numbering Agencies) to assign ISINs for OTC derivatives trading on EU platforms under MiFID II. The OTC derivative ISIN model currently adopted for MiFID II has limitations which make it unsuitable for wider adoption. Specifically:

- it is based on unfinished analysis from an ISO Study Group;
- it has issues with disambiguation between an index and multiple potential pricing sources;
- it lacks a relationship model;
- has a close tie-in with European regulatory data requirements as opposed to the data being driven by what defines a OTC instrument in the industry;
- All of these issues create friction in terms of wider adoption within the trade lifecycle, as well as difficulties in providing an appropriate level of transparency

We provide some examples that align with what HKMA has outlined as expected to be reported. The goal of the examples is to illustrate how HKMA and other authorities would be able to associate specific tenors or related indexes, and then aggregate and analyze data more effectively through use of a persistent, unchanging, metadata based identification framework. As HKMA and SFC explore methodologies for creating more transparency, and more efficient reporting, we hope this provides a foundation for new ideas.

We believe the use of an open data framework<sup>4</sup> for identifying instruments, especially complex instruments, provides multiple benefits, including the following:

- Text name conventions are difficult to reconcile, and vary across firms and jurisdictions; yet in many cases are a driving data point within legacy systems. Use of a metadata based framework allows integration into legacy systems and reporting systems without mandating significant change to those systems' core functionality
- Unlike a singular identifier standard, an open data framework standard like FIGI allows for multiple standards to exist side-by-side, and at different levels of aggregation, yet can tie these individual standards together through metadata without mandating costly change or creation of additional industry infrastructure

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<sup>4</sup> A 2018 TABB FinTech Report, "A Case of Mistaken Identity; Is there strength in numbers?", by Dayle Scher, Senior Analyst, found that 86% of industry respondents globally believed the industry needed an Open Standard Identifier Framework. Of those that believed one already existed, 66% pointed to FIGI.

# Bloomberg

## Basis Swaps Examples (tenors between 28 days and 10 years or more)

CCY	Floating Rate Index	Curve of Index v Index basis swap in CCY (showing FIGI)	Name of Curve	Index(es) curves are based on (FIGI IDs)	Name for Index(es)	Examples of tenors (points on associated curve)	Name of tenor
1 USD	LIBOR	curve for USD3M v USD6M basis swap		<b>BBG002SBS5T7</b>	ICE LIBOR USD 3 Month	<b>BBG008KVQ002</b>	USD BASIS SWAP 3v6 1 YR
		<b>BBG006Z3S7J5</b>	US 6 month Libor Curve	versus	versus	<b>BBG008KVQ0H4</b>	USD BASIS SWAP 3v6 5 YR
				<b>BBG002SBS7M0</b>	ICE LIBOR USD 6 Month	<b>BBG008KVQ011</b>	USD BASIS SWAP 3v6 10YR
2 EUR	EURIBOR	(EUR 3M v USD 3M Curve)		<b>BBG002SDWKB4</b>	Euribor 3 Month ACT/360	<b>BBG008KVL Y03</b>	EUR-USD XCCY BASIS 3Y
		<b>BBG006Z3S8F7</b>	EUR Basis Swaps Curve	<b>BBG002SBS5T7</b>	ICE LIBOR USD 3 Month	<b>BBG008KVLXJ5</b>	EUR-USD XCCY BASIS 10Y
3 GBP	LIBOR	GBP Basis Swap Curve (3M GBP LIBOR vs 3M USD LIBOR):		<b>BBG002SCHN63</b>	ICE LIBOR GBP 3 Month	<b>BBG008KVM D17</b>	GBP BASIS SW 3M LIB 1 YR
		<b>BBG006Z3S8D9</b>	GBP Basis Swaps Curve	versus	versus	<b>BBG008KVM D26</b>	GBP BASIS SWAP 10 YR
				<b>BBG002SBS5T7</b>	ICE LIBOR USD 3 Month		
4 JPY	LIBOR	JPY Basis Swap Curve: (3M JPY LIBOR v 3M USD LIBOR)		<b>BBG002SCHL V9</b>	ICE LIBOR JPY 3 Month	<b>BBG008KVNTR3</b>	JPY BASIS SW (LIBOR) 3MO
		<b>BBG006Z3S8L0</b>	JPY Basis Swaps Curve	versus	versus	<b>BBG008KVNC09</b>	JPY BASIS SW (LIBOR) 5YR
				<b>BBG002SBS5T7</b>	ICE LIBOR USD 3 Month	<b>BBG008KVN B65</b>	JPY BASIS SW (LIBOR)10YR

# Bloomberg

CCY	Floating Rate Index	Curve description of Index v Index basis swap in currency	Name of Curve	Index(es) curves are based on (FIGI IDs)	Name for Index(es)	Examples of tenors (points on associated curve)	Name of tenor			
5	HKD	HIBOR	HKD Basis Swap (HKD/USD 3M:							
			<b>BBG006Z3S8K1</b>	HKD Basis Swaps Curve	versus	HK Assoc of Banks Hong Kong Do	versus	<b>BBG002SBPZX9</b>	<b>BBG008KVN0V1</b>	HKD BASIS SWAP 3MV3M 3YR
						ICE LIBOR USD 3 Month		<b>BBG002SBS5T7</b>	<b>BBG008KVN0L2</b>	HKD BASIS SWAP 3MV3M 10Y
6	AUD	BBSW	AUD Basis Swap Curve: (BBSW 3M vs USD3M)							
			<b>BBG006Z3S8J3</b>	AUD Basis Swaps Curve	versus	ASX Australian Bank Bill Short	versus	<b>BBG002SBHB16</b>	<b>BBG008KVKGG6</b>	AUD BASIS SWAP 1 YR
						ICE LIBOR USD 3 Month		<b>BBG002SBS5T7</b>	<b>BBG008KVKGZ5</b>	AUD BASIS SWAP 5 YR
									<b>BBG008KVKGS3</b>	AUD BASIS SWAP 20YR
			AUD Basis Swap Curve: (BBSW 3M vs EUR3M)							
			<b>BBG006Z3SD66</b>	AUD vs. EUR Basis Swaps Curve	versus	ASX Australian Bank Bill Short	versus	<b>BBG002SBHB16</b>	<b>BBG008KVKK86</b>	AUD BASIS SW EURIBOR 2YR
			Euribor 3 Month ACT/360		<b>BBG002SDWKB4</b>	<b>BBG008KVKKJ4</b>	AUD BASIS SW EURIBOR 7YR			

## Notes for reading charts:

- FIGIs are highlighted in yellow. Note that the Curves and Indexes listed are not exhaustive.
- The metadata associate with the FIGIs provides linkage at the various levels of granularity. Taking AUD, above, in Basis Swaps for an example. The 'Curve', as noted by FIGI BBG006Z3SD66 identifies an AUD Basis Swap, between two indexes, the ASX Australian Bank Bill Short Rate (BBSW; identified by FIGI BBG002SBHB16) and the Euribor 3 Month benchmark (represented by FIGI BBG002SDWKB4).

Further, the 2Year tenor is represented by FIGI BBG008KVKK86, while the 7 year tenor is represented by FIGI BBG008KVKKJ4. The listed tenors are provided as examples only, and are not an exhaustive list of what is available. In practice, all standard tenors should exist and be allocated FIGIs.

# Bloomberg

*Fixed-to-Floating Swaps Examples (except overnight index swaps) (tenors between 28 days and 10 years or more)*

	CCY	Floating Rate Index	Curve description of Index in currency and FIGI	Name of Curve	Index(es) curves are based on (FIGI ID)	Name for Index(es)	Examples of tenors (points on associated curve)	Name of tenor
1	USD	LIBOR	<b>BBG006Z3S0Q2</b>	USD LIBOR Fixings Curve	Curve of LIBOR Fixings (i.e. O/N, 1M, 2M, 3M, ^m, 1Y..)		N/A	
			<b>BBG006Z3S6W2</b>	US Dollar Swaps (30/360, S/A)	LIBOR USD 3M rate <b>BBG002SBS5T7</b>	ICE LIBOR USD 3 Month	<b>BBG009HXZSR0</b>	USD SWAP SEMI 30/360 1YR
			<b>BBG009HXZSV5</b>				USD SWAP SEMI 30/360 5YR	
			<b>BBG009HY7N54</b>				USD SWAP SEMI 30/360 30Y	
			<b>BBG009HXZSN4</b>				USD SWAP SEMI 30/360 2YR	
			<b>BBG006Z3S7F9</b>	US Dollar Swaps (Act/360, Ann)	<b>BBG002SBS5T7</b>	ICE LIBOR USD 3 Month	<b>BBG009HXYSH2</b>	USD SWAP ANN ACT360 2 YR
2	EUR	EURIBOR	<b>BBG006Z3S7C2</b>	Euro Swaps Curve	<b>BBG002SDWKF0</b>	Euribor 6 Month ACT/360	<b>BBG009HYGZW7</b>	EUR SWAP ANN (VS 6M) 2Y
							<b>BBG009HYGVK9</b>	EUR SWAP ANN (VS 6M) 5Y
							<b>BBG009HY1KG4</b>	EUR SWAP ANN (VS 6M) 20Y
3	GBP	LIBOR	<b>BBG006Z3S0B8</b>	GBP LIBOR Fixings Curve	Curve of LIBOR Fixings (i.e. O/N, 1M, 2M, 3M, 6M, 1Y..)		N/A	
			<b>BBG006Z3S6V3</b>	GBP Swaps Curve Act/365	<b>BBG002SCHN90</b>	ICE LIBOR GBP 6 Month	<b>BBG009HXZ3K2</b>	GBP SWAP SA (VS 6M) 5Y
			<b>BBG009HXZ3J4</b>				GBP SWAP SA (VS 6M) 2Y	



# Bloomberg

CCY	Floating Rate Index	Curve description of Index in currency and FIGI	Name of Curve	Index(es) curves are based on (FIGI ID)	Name for Index(es)	Examples of tenors (points on associated curve)	Name of tenor	
4	JPY	LIBOR	<b>BBG006Z3S0L7</b>	JPY LIBOR Fixings Curve	Curve of LIBOR Fixings (i.e. O/N, 1M, 2M, 3M, ^m, 1Y..)		N/A	
			<b>BBG006Z3S6N2</b>	Japan Yen Swaps Curve	<b>BBG002SCHLY6</b>	ICE LIBOR JPY 6 Month	<b>BBG009HXZQ85</b>	JPY SWAP SA 5Y
							<b>BBG009HXZ7S5</b>	JPY SWAP SA 10Y
	JPY TIBOR Curve:	<b>BBG006Z3SB97</b>	JPY TIBOR Curve	<b>BBG002SGT329</b>	JBA EUR-YEN6M Index:	<b>BBG009HXZ9J1</b>	JPY SWAP TIBOR 5YR	
5	HKD	HIBOR	<b>BBG006Z3S162</b>	HKD HIBOR Fixings Curve			N/A	
			<b>BBG006Z3S6M3</b>	Hong Kong Dollar Swaps Curve	<b>BBG002SBPZX9</b>	HK Assoc of Banks Hong Kong 3M	<b>BBG009HY7HK0</b>	HKD SWAP 1Y
							<b>BBG009HY1NZ7</b>	HKD SWAP 10YR
6	AUD	BBSW	<b>BBG006Z3SD93</b>	Australian Dollar 3M Swaps Cur	<b>BBG002SBHB16</b>	ASX Australian Bank Bill Short 3M	<b>BBG009HY00N1</b>	AUD SWP QTR (VS 3M) 2Y
			<b>BBG006Z3S6H9</b>	AUD Swaps Curve 6M Act/365	Short end of this curve is based on Australian bank bill short term cash rates (under 4 years)			
					1Y-3Y portion of this curve are based on 3M ( <b>BBG002SBHB16</b> )		<b>BBG009HY00N1</b>	AUD SWP QTR (VS 3M) 2Y
					Long End of this curve (4y-30y) are based on 6M			
			<b>BBG002SBHB43</b>	ASX Australian Bank Bill Short 6M	<b>BBG009HY15J4</b>	AUD SWAP SA (VS 6M) 10Y		

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## Overnight Index Swaps

	CCY	Floating Rate Index	Curve description of OIS in currency plus FIGI	Name of Curve	Index(es) curves are based on (FIGI ID)	Name for Index(es)	Examples of tenors (points on associated curve)	Name of tenor
1	USD	FedFunds	BBG006Z3S787	USD OIS Curve	BBG002SBKL10	US Federal Funds Effective Rate	BBG008LPM7M9	USD SWAP OIS 1 WK
							BBG008LPM6M1	USD SWAP OIS 3 MO
							BBG008LPM6S5	USD SWAP OIS 1 YR
2	EUR	EONIA	BBG006Z3S8W8	EUR OIS - EONIA	BBG002SGCVD3	EMMI EURO OverNight Index Aver	BBG008LPL2P8	EUR SWAP (EONIA) 1WK
							BBG008LPL2Q7	EUR SWAP (EONIA) 6M
							BBG008LPL1T6	EUR SWAP (EONIA) 2Y
3	GBP	SONIA	BBG006Z3S947	GBP OIS SONIA Curve	BBG002SFJL68	WMBA Sonia O/N Deposit Rates	BBG008LPL7G7	GBP SWAP (vs SONIA) 1WK
							BBG008LPL9B8	GBP SWAP (vs SONIA) 2Y
(Note that as of April 23, SONIA reference will reference Bank of England, not WMBA. This will not affect the FIGI noted; only metadata related to the administration and calculation.								
4	AUD	IBOC	BBG006Z3S9K9	AUD OIS Curve	BBG002SC2BJ1	RBA Interbank Overnight Cash RBACOR	BBG008LPHZR8	AUD SWAP OIS 1W
							BBG008LPHZP0	AUD SWAP OIS 3M
							BBG008LPHZZ9	AUD SWAP OIS 1Y
	HKD	HIBOR	BBG006Z3S983	HKD OIS Curve	BBG002SPQ2Q8	TMA HKD Overnight Index Average	BBG008LPLD01	HKD SWAP OIS 3 MO

# Bloomberg

Overall, Bloomberg believes that the use of open, freely redistributable identifiers based on a metadata driven framework helps provide better data quality in trade lifecycle processes, and in communication across parties. Encouraging the use of identifiers that users currently use in their processes, and creating a strong interoperable system of identification through relating together different identifiers that represent the same instrument can help in both transparency and error reduction.

**Q4. Do you have any comments or concerns about our proposal not to introduce new products for Phase 2 Clearing other than IRS denominated in AUD? If so, please provide specific details.**

We agree it is prudent to focus on those instruments that contribute to the bulk of activity, and not to introduce products that account for a small outstanding gross notional value. The only caveat we may provide is if the volume is significantly higher, in contrast to a low outstanding gross value.

**Q5. Do you have any comments or concerns about our proposal to maintain the current scope of Prescribed Person? If you do, please provide specific details.**

We agree with HKMA's assessment.

**Q6. Do you have any comments or concerns about our proposal to maintain the FSP criteria? If you do, please provide specific details.**

We agree with HKMA's assessment and would like to note that it was a thoughtful and thorough decision that takes into account many factors. Bloomberg appreciates HKMA's acknowledgement and utilization of industry feedback, as well as the impact analysis that strikes a reasoned balance.

**Q7. Do you have any comments or concerns on our proposed revised FSP list? If you do, please provide specific details.**

N/A

**Q8. Do you have any comments or concerns about our approach to annually updating the FSP list and the exit mechanism from the FSP list? If you do, please provide specific details.**

We would offer that a specific date be set for any such update, as opposed to the general Q1 mention, given the effective date is specifically set to September 1 of that year. Optimally, a date that would give at least 6 months for any newly named FSP time to react and comply.

**Q9. Do you have any comments or concerns regarding our proposal to maintain the Clearing Threshold and the calculation method of outstanding positions to be measured against the threshold? If you do, please provide specific details.**

N/A

# Bloomberg

**Q10. Do you have any comments or concerns regarding our proposal to maintain the current frequency of two Calculation Periods in a year and the length of three consecutive calendar months for each Calculation Period?**

N/A

**Q11. Do you have any comments or concerns regarding our proposal to add the eight additional Calculation Periods? If you do, please provide specific details.**

N/A

**Q12. Do you have any comments or concerns regarding our proposed trading determination process and criteria? If you do, please provide specific details.**

N/A

## **In Closing**

If there are follow-up questions, requests for further information, or other clarifications needed, please reach out to us. Direct contact information is provided below.

Best regards,

**From:** (BLOOMBERG/ PRINCETON)  
**Sent:** 26, April, 2018 8:01 PM  
**To:** otcconsult; fss@hkma.gov.hk  
**Cc:**  
**Subject:** Response to Consultation Paper  
**Attachments:** HKMA LEI Joint Consult Bloomberg Comments 20Apr2018.pdf

Please accept apologies, as we would like to add the below response to question 12, which was not originally included in our attached response.

Bloomberg believes that the factors proposed to be taken into account in paragraph 72 of the Consultation Paper are appropriate and reasonable for determining which products should be subject to a trading platform obligation in Hong Kong. These factors align with the factors considered by regulators in other jurisdictions in establishing trading platform obligations. As the HKMA and the SFC progresses with their analysis, Bloomberg believes it would be helpful to also have clarity regarding the types of Hong Kong participants that the trading platform obligation would apply to, and to understand the impact, if any, on the regulation of electronic trading platforms in Hong Kong that are available for trading products that will be subject to a trading platform obligation. Bloomberg welcomes the opportunity to be part of the HKMA's and the SFC's consultative process, and to provide further feedback (including by meeting in person) as the HKMA and the SFC progresses in its analysis.

Thank you.

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To Whom It May Concern;

Please see enclosed Bloomberg's response to the March 2018 Joint consultation paper on enhancements to the OTC derivatives regime for Hong Kong to– (1) mandate the use of Legal Entity Identifiers for the reporting obligation, (2) expand the clearing obligation and (3) adopt a trading determination process for introducing a platform trading obligation.

Please do contact us for any questions, clarity, or issues in receiving this response.

Kind Regards,

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