26 April 2018

Global Legal Entity Identifier Foundation

Comment:

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Hong Kong Monetary Authority/ Securities and Futures Commission 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. GLEIF will focus its comments on the usage of the Legal Entity Identifier (LEI) in the context of the consultation paper. GLEIF would like to thank HKMA and SFC for the proposal to mandate the use of the LEI for the reporting obligation. The use of the LEI in the OTC derivative regulatory reporting obligation by HKTR members, reporting entities, transacting parties of trades, and other entities contained in transaction reports such as central counterparties (CCPs) and providers of clearing services in new trade reports, reports of life-cycle events and valuation information reports will support transparency and data quality of the reporting obligation. GLEIF would like to offer a response to 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. Both the quality and accuracy of LEI data will be maintained as reporting entities renew and keep current their LEI entity and relationship data. GLEIF expects that over time the LEI will be used for multiple public and private purposes and for that reason only valid and renewed LEIs will ensure that the LEI becomes a broad public good as expected by the Financial Stability Board (FSB). Therefore, GLEIF then would like to propose that HKMA and SFC consider requiring that only LEIs that are current and renewed will satisfy the reporting obligation.